

1474th meeting, 14 September 2023

11 Programme, Budget and Administration

11.1 Budgetary Management Accounts of the Council of Europe for the year ended 31 December 2022

¹ This document has been classified restricted until examination by the Committee of Ministers.
Website: www.coe.int/cm

Budgetary Management Accounts
of the Council of Europe
for the year ended 31 December 2022
and Report of the External Auditor

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COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

CERTIFICATION OF THE BUDGETARY MANAGEMENT ACCOUNTS

The Budgetary Management Accounts of the Council of Europe have been prepared in accordance with Article 63 of the Financial Regulations.

These accounts fairly present the budgetary performance of the Council of Europe for the year ended 31 December 2022.

These budgetary management accounts include:

the General Budget which comprises:

- Ordinary Budget,
- Subsidiary Budgets for Internal Recharged Services,
- Subsidiary Budget of the European Youth Centres,
- Subsidiary Budget for Publications,
- Extraordinary Budget,
- Pensions Budget,
- Pensions Reserve Fund,
- Budget of the European Youth Foundation,

the Budgets of the following Enlarged/Partial Agreements:

- Partial Agreement of the European Pharmacopoeia,
- Enlarged Partial Agreement on the Council of Europe Development Bank,
- Enlarged Partial Agreement on the International Co-operation Group on Drugs and Addictions (Pompidou Group),
- Enlarged Partial Agreement on the Co-operation Group for the prevention of, protection against, and organisation of relief in major natural and technological disasters,
- Enlarged Agreement on the European Commission for Democracy through Law,
- Enlarged Partial Agreement on the Youth Mobility through the Youth Card,
- Enlarged Partial Agreement establishing the European Centre for Modern Languages (Graz),
- Enlarged Agreement on the "Group of States against corruption – GRECO",
- Enlarged Partial Agreement on Sport – EPAS,
- Enlarged Partial Agreement on Cultural Routes,
- Enlarged Partial Agreement of the European Support Fund for the co-production and distribution of creative cinematographic and audiovisual works "Eurimages",
- Enlarged Partial Agreement establishing the European Centre for Global Interdependence and Solidarity,
- Enlarged Partial Agreement on the Observatory on History Teaching in Europe

and the special accounts.

Strasbourg, 10 May 2023

Signed
Alison Sidebottom,
Director of Programme and Budget

Cour des comptes
FRANCE



The First président

Paris, 24 MAI 2023

To Mrs. Marija Pejčinović Burić
Secretary General
Council of Europe

OPINION OF THE EXTERNAL AUDITOR

We have examined the budgetary management accounts of the Council of Europe for the year ended 31 December 2022 which include the statement of expenditure and revenue of each budget and subsidiary budget of the Council of Europe, including the Fund Support for European Cinema (Eurimage) and the European Centre for Global Interdependence and Solidarity ("North-South Centre"), as well as partial agreements and special accounts, and their explanatory notes.

The Secretary General of the Council of Europe is responsible for the preparation and correct presentation of the budgetary management accounts in accordance with the provisions of Articles 61 and 63 of the Financial Regulations of the Council of Europe and for the establishment of a control adequate internal procedure for the preparation of budgetary management accounts free from material inaccuracies, whether of fraudulent origin or due to an error.

It is our responsibility to express, on the basis of our audits, an opinion on these budgetary management accounts in accordance with Article 72 of the Financial Regulations of the Council of Europe. We conducted our work in accordance with applicable international auditing standards and the provisions of Article 71 of the Financial Regulations of the Council of Europe. Our work was organized and carried out in such a way as to obtain reasonable assurance that the budget management accounts do not contain any material inaccuracies. We proceeded to the examination, on the basis of surveys, of the amounts and other data appearing in the budgetary accounts. We examined the accounting principles followed, as well as the presentation of the budget management accounts. We consider that the checks carried out constitute a reasonable basis on which to base our opinion.

Our opinion is that the budgetary management accounts correctly reflect the financial records and transactions of the Council of Europe for the year ended 31 December 2022 and that they have been prepared in accordance with the Financial Regulations.

In accordance with Articles 71 and 72 of the Financial Regulations, we have also drawn up a report for the Committee of Ministers recording our observations on the budgetary management accounts of the Council of Europe.

Pierre MOSCOVICI

HOW TO USE THE DOCUMENT

CONTEXT

As described in “Chapter 4 – Reporting” of Part 4 of the Financial Regulations, the Secretary General shall keep the annual accounts of the Organisation by producing two different types of annual reports (article 61):

- The **financial statements** prepared in accordance with International Public Sector Accounting Standards (IPSAS);
- The **budgetary management accounts** presenting a reconciliation of the budget outcome and the approved budget.

These accounts shall be made available to the External Auditor before **31 March of the year following** the financial year to which they refer.

The **objective** of this document is to present the budgetary management accounts (end of year budgetary position) of each budget included in the Programme and Budget².

Each **budget** shall include the following elements (article 63 of the Financial Regulations):

- **Receipts** (obligatory contributions, invoices raised in respect of goods or services delivered, and any other income);
- **Expenditure** incurred during the financial year;
- A summary of **transfers** of appropriations;
- The balance of **unspent appropriations**;
- The budget outcome of the **prior year**;
- The report of **any other element** subject to a specific decision when the budget was approved, including the salary ceiling and the tables of posts and positions.

In addition, expenditure and receipts relating to multi-annual projects, financed through joint programmes with the European Union and voluntary contributions (extrabudgetary resources), are presented for information to provide a complete overview of the Organisation's activities for the year.

The present document has been structured around five different chapters:

- Chapter 1 – **Global overview**;
- Chapter 2 – **Ordinary Budget**;
- Chapter 3 – **Other Budgets**
- Chapter 4 – **Special accounts**;
- Chapter 5 – **Supplementary information**.

The certification of the budgetary management accounts by the Director of Programme and Budget and the opinion of the External Auditor are located at the beginning of the document.

The **Appendix** contains the report of the External Auditor.

This budgetary information is completed by the **Progress Review Report (CM/Inf(2023)7)** presenting a review of Programme implementation and the resources utilised for each programme (Article 65).

GENERAL BUDGET DESCRIPTION

General Budget	Short description
Ordinary Budget	The Ordinary Budget is the main budget of the Organisation used to implement the Programme approved by the Committee of Ministers. All member States of the Council of Europe contribute to this budget and are entitled to take part in the activities implemented. This budget covers the cost of the intergovernmental structure, of the Institutions (including the Court) and of the support entities.
Subsidiary Budgets: internal recharged services (Translation, Interpretation & Documents)	The aim of the three internal service departments is to provide services of the necessary quality as efficiently and cost effectively as possible. The costs are charged to the requesting budgets according to predefined rates.
Subsidiary Budget of the European Youth Centres (EYC)	The EYC in Strasbourg and Budapest are educational and residential establishments and a knowledge base on youth policy, research, non-formal education and youth work.
Subsidiary Budget for Publications	The budget covers the production, promotion and distribution of commercial publications, periodicals and audio-visual material for sale as well as related staff expenditure.
Other Budgets: General Budget	
Extraordinary Budget	The Extraordinary Budget assures the financing of the construction of buildings and other major investments.
Pensions Budget	<p>Three pension schemes are in force for permanent staff of the Council of Europe.</p> <p>Member States' obligations under these pension schemes are financed through the Pension Reserve Fund, the revised statute of which was adopted by the Committee of Ministers under Resolution Res(2006)1.</p> <p>The pensions budget includes:</p> <ul style="list-style-type: none"> (a) All benefits paid under the three pension schemes. (b) Appropriations for the performance of an actuarial study and for the Pension Reserve Fund's managing body. Receipts include an allocation from the Pension Reserve Fund to balance the pensions' budget.
Pensions Reserve Fund Budget	<p>As per its statute (Resolution Res(2006)1 and Resolution CM/Res(2012)12), the objective of the Pension Reserve Fund is to stabilise, in the medium and long term, the financing of the member States' obligations under the Organisation's Pension Schemes.</p> <p>The financing of the Fund is ensured by:</p> <ul style="list-style-type: none"> (a) All staff members' contributions. (b) Annual contributions from member States. (c) Employer's contributions from the budgets of the General Budget, the Partial Agreements and from special accounts. (d) Income earned on the assets of the Fund. (e) Such other amounts as the Committee of Ministers may decide to allocate to the Fund. <p>Expenditure includes the amounts credited to the Pensions Budget for payment of the Organisation's pension benefit obligations as well as the cost to the Organisation of the Fund's administration.</p> <p>A table detailing the changes in the financial situation of the Fund for both 2022 and 2021 features on page 39.</p>
Budget of the European Youth Foundation	<p>The European Youth Foundation was established in 1972 to encourage participation and co-operation among young people. It supports activities which allow young people to participate actively in local, regional, national or international life.</p> <p>It comprised 47 member States of the Council of Europe at 1 January 2022 and also funds activities organised by civil-society organisations based in the three non-member States signatories to the European Cultural Convention: Belarus, the Holy See and Kazakhstan.</p> <p>① www.eyf.coe.int/fej</p>

PARTIAL AGREEMENTS DESCRIPTION

Other Budgets: Partial Agreements	Short description ²
<p>Partial Agreement of the European Pharmacopoeia</p>	<p>The European Directorate for the Quality of Medicines & Healthcare (EDQM, also known as the Pharmacopoeia) is a partial agreement of the Council of Europe created in 1964.</p> <p>It aims at developing, establishing and distributing high quality documentary and material standards for human and veterinary medicinal products, blood transfusion, organ transplantation and safe and appropriate use of medicines. It also includes participating in consumer health protection programmes, and working in partnership with national, regional and international agencies, authorities and institutions.</p> <p>It comprised 39 members and the EU, and 29 observers at 1 January 2022.</p> <p>① www.edqm.eu</p>
<p>Enlarged Partial Agreement on the Council of Europe Development Bank</p>	<p>The Council of Europe Development Bank is a multilateral development bank with an exclusively social mandate created in 1956.</p> <p>It participates in financing investment projects with a social vocation. The objective of the Secretariat of the Enlarged Partial Agreement on the CEB is to enable CEB stakeholders to carry out their functions effectively.</p> <p>It comprised 42 members at 1 January 2022.</p> <p>① www.coebank.org</p>
<p>Enlarged Partial Agreement on the International Co-operation Group on Drugs and Addictions (Pompidou Group)</p>	<p>The International Co-operation Group on Drugs and Addictions (Pompidou Group) was established in 1971 and integrated into the Council of Europe as an enlarged partial agreement in 1980.</p> <p>It develops and provides guidance and tools for policy makers, managers and practitioners involved in drug policy development and implementation.</p> <p>It comprised 42 members at 1 January 2022 including Ukraine's accession and 1 observer.</p> <p>① www.coe.int/pompidou</p>
<p>Enlarged Partial Agreement on the Co-operation Group for the Prevention of, Protection Against, and Organisation of Relief in Major Natural and Technological Disasters (EUR-OPA)</p>	<p>The European and Mediterranean Major Hazards Agreement is a Partial agreement established in 1987 to foster prevention and reduce the effects of natural disasters on people.</p> <p>It comprised 24 members at 1 January 2022 and 1 observer. It had one withdrawal in 2022 (Belgium).</p> <p>① www.coe.int/europarisks</p>
<p>Enlarged Agreement on the European Commission for Democracy through Law</p>	<p>The European Commission for Democracy through Law (Venice Commission) is an enlarged agreement created in 1990.</p> <p>It is the Council of Europe's advisory body on constitutional matters; as such, it provides, upon request by the State in question, an international organisation and/or a Council of Europe organ, legal assessments on constitutional or legal texts, either already adopted or in draft form.</p> <p>It comprised 62 members and 4 observers at 1 January 2022.</p> <p>① www.venice.coe.int</p>
<p>Enlarged Partial Agreement on the Youth Mobility through the Youth Card</p>	<p>The Enlarged Partial Agreement on Youth Mobility through the Youth Card was created in 1991.</p> <p>According to its Statute, it aims at "developing the Youth Card scheme, particularly at European level, in the best interests of young people under the age of 30 and with a view to facilitating their mobility as well as their access to the various goods and services necessary for their personal and cultural development."</p> <p>It comprised 24 members at 1 January 2022. It had one accession in 2022 (Greece).</p> <p>① www.coe.int/youth</p>

² A more detailed description is available in the Programme and Budget document.

Other Budgets: Partial Agreements	Short description ²
<p>Enlarged Partial Agreement establishing the European Centre for Modern Languages (Graz)</p>	<p>The Enlarged Partial Agreement “European Centre for Modern Languages” (ECML) was set up in 1994.</p> <p>Its mission is to promote excellence and innovation on language education practice. It comprised 35 members at 1 January 2022.</p> <p>① www.ecml.at</p>
<p>Enlarged Agreement on the “Group of States against corruption – GRECO”</p>	<p>The Enlarged Agreement “Group of States against Corruption” (GRECO) was established in 1999 by the Council of Europe.</p> <p>Its objective is to improve the capacity of its members to fight corruption by monitoring their compliance with relevant Council of Europe standards through a dynamic process of mutual evaluation and peer pressure. It comprised 50 members and 7 observers at 1 January 2022.</p> <p>① www.coe.int/greco</p>
<p>Enlarged Partial Agreement on Sport – EPAS</p>	<p>The Enlarged Partial Agreement on Sport (EPAS) was established in 2007.</p> <p>It aims to promote the development of sport in modern society, while emphasising its positive values. It comprised 40 members and 1 observer at 1 January 2022. It had two accessions during 2022 (Slovak Republic and Canada).</p> <p>① www.coe.int/epas</p>
<p>Enlarged Partial Agreement on Cultural Routes</p>	<p>The Enlarged Partial Agreement on Cultural Routes was set up in 2011 to demonstrate how the heritage of the different countries and cultures of Europe contribute to shared history and identity. It comprised 38 members at 1 January 2022. It had 3 accessions during 2022 (Lebanon, Albania and North Macedonia).</p> <p>① www.coe.int/routes</p>
<p>Enlarged Partial Agreement of the European Support Fund for the co-production and distribution of creative cinematographic and audiovisual works “Eurimages”</p>	<p>The Enlarged Partial Agreement “Eurimages” is the Council of Europe Fund for co-production, distribution and exhibition of European cinematographic works. It was set up in 1988. It comprised 39 members and one associate member at 1 January 2022. It had one accession during 2022 (Canada).</p> <p>① www.coe.int/eurimages</p>
<p>Enlarged Partial Agreement establishing the European Centre for Global Interdependence and Solidarity (North South Centre)</p>	<p>The European Centre for Global Interdependence and Solidarity or North-South Centre in Lisbon was created in 1989 with the purpose of promoting dialogue between North and South, fostering solidarity and raising awareness of global interdependence. It comprised 21 members at 1 January 2022.</p> <p>① www.coe.int/t/dg4/nscentre</p>
<p>Enlarged Partial Agreement on the Observatory on History Teaching in Europe</p>	<p>The new enlarged partial agreement on the Observatory on History Teaching in Europe will provide an opportunity to share good practices and experiences between the member States of the enlarged partial agreement and reinforce co-operation in the field of history education at the European level. It comprised 17 members at 1 January 2022.</p> <p>① www.coe.int/fr/web/observatory-history-teaching/</p>
<p>European Audiovisual Observatory</p>	<p>The European Audiovisual Observatory was set up in Strasbourg in 1992 and continues to provide a comparative European overview of the audiovisual industry in 42 different countries as well as detailed analysis of national and even regional industries. The Enlarged Partial Agreement has its own financial regulations, Financial Committee and Executive Council. Its budgetary results are not included in this report</p> <p>① www.obs.coe.int</p>

Special accounts	Short description
	Special accounts are established under Article 4 of the Financial Regulations. They have their own resources financed principally through extrabudgetary contributions ¹ and budgetary allocations. Appropriations in special accounts are automatically carried forward to the following financial year until the termination of the activity for which they are intended, at which point any remaining balance will be allocated in accordance with the donor's instructions or by decision of the Committee of Ministers, as outlined in Article 11 of the Financial Regulations.
Programmes special accounts (joint programmes and voluntary contributions)	Programmes special accounts (joint programmes and voluntary contributions) are included in the overall budget table under two columns separating extrabudgetary resources ³ coming from the European Union (Joint Programme and EU co-operation) and other voluntary contributions (VC).
Other Special Accounts	"Other special accounts" are funded by internal allocations and include the investments accounts as well as early departure schemes, deferred expenditure and the administrative levy on extrabudgetary resources. This category is not included in the overall table to avoid duplication.

³ Extrabudgetary contributions are resources received by the Council of Europe through voluntary contributions, including joint financing arrangements. These contributions are recorded in the Special Accounts or according to the relevant budgetary statute.

BUDGETARY POSITION

The budgetary position is presented for each budget following the same basic structure. These tables are presented in thousands of euros, in accordance with the presentation of the approved budget.

Given the nature of the activity of some budgets (e.g. European Pharmacopeia, Eurimages, Internal recharged services) some specific categories have been added. It should be noted that the Pension Reserve Fund (PRF) has a different structure with the presentation of the statement of financial performance of the PRF in IPSAS terms.

The "Adjustments" column shows adjustments to receipts and expenditure authorisations in relation to actual receipts.

The "Transfers" column corresponds to expenditure authorisations transferred between budget lines.

	Approved Budget	Adjustments to Budget (a)	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Adjusted Original Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	29 371.1	0.0	(12.2)	29 358.9	26 949.5	2 421.6	2 409.4	26 795.0 ^(a)
Salaries and related costs	25 935.6	0.0	(12.2)	25 923.4	23 514.0	2 421.6	2 409.4	23 268
Contributions to the Pension Reserve Fund	3 435.5	0.0	0.0	3 435.5	3 435.5	0.0	0.0	3 527
Non staff expenditure	95 319.7	(49 338.6)	12.2	45 993.3	27 290.9	18 690.2	18 702.4	25 914
Grant to investments special accounts	4 600.0	0.0	0.0	4 600.0	4 600.0	0.0	0.0	4 600.0
Reserve for future investments	66 957.3	(49 338.6)	0.0	17 618.7	0.0	17 618.7	17 618.7	0.0
Other expenditure (b)	23 762.4	0.0	12.2	23 774.6	22 690.9	1 071.5	1 083.7	21 314.0 ^(c)
Total Expenditure	124 690.8	(49 338.6)	0.0	75 352.2	54 240.4	21 111.8	21 111.8	52 709.9
Contributions	2 852.8	0.0	0.0	2 852.8	2 852.8	0.0	0.0	2 847.1
Obligatory contributions	2 852.8	0.0	0.0	2 852.8	2 852.8	0.0	0.0	2 847.1
Other receipts	121 838.0	(49 338.6)	0.0	72 499.4	72 499.4	0.0	0.0	116 889.7
Sales and activities receipts	66 733.0	5 705.1	0.0	72 438.1	72 438.1	0.0	0.0	70 307.6
Financial income net of charges	90.0	(40.0)	0.0	50.0	50.0	0.0	0.0	(44.4)
Provision for bad debts	0.0	6.4	0.0	6.4	6.4	0.0	0.0	(32.5)
Balance from previous year	55 000.0	(55 000.0)	0.0	0.0	0.0	0.0	0.0	45 947.7
Other income	15.0	(10.2)	0.0	4.8	4.8	0.0	0.0	711.2
Total Receipts	124 690.8	(49 338.6)	0.0	75 352.2	75 352.2	0.0	0.0	119 736.8
Net surplus/(deficit) (c)						21 111.8		67 026.9

This indicates that an explanation of the variance is available below the table.

This indicates that some detailed explanation is available below the table.

(a) The amount of €49 343.4 K is an adjustment for actual revenues recorded.
 (b) "Other expenditure" includes an amount of €731.1 K relating to investment expenditure (see chapter IV - Supplementary information).
 (c) The surplus will be treated as outlined in the Draft Resolution.

In the same section, explanatory notes at the end of each budget following each table cover differences representing a variance of more than €100 K and 10%.

ADDITIONAL INFORMATION IN RESPECT OF THE IMPLEMENTATION OF THE BUDGET

In the first chapter, some **global information** about the budget implementation is presented:

- The **total expenditure and receipts** using the **pillar/ programme** structure;
- The **budgetary results for each budget**;

Information is included regarding special accounts and the detail of expenditure /receipts in Chapter 4.

Some specific information has also been included in Chapter 5 which shows:

- Total **investments** expenditure
- **Provisions** for litigation
- The table of **Posts and Positions** in Full Time Equivalentents (FTE)
- Budgetary **reserves**
- A reconciliation of **budgetary and net accounting results**

**CHAPTER 1 –
GLOBAL OVERVIEW**

- **GLOBAL OVERVIEW OF THE BUDGET IMPLEMENTATION**
- **BUDGETARY RESULTS: SURPLUSES/DEFICITS**

GLOBAL OVERVIEW OF THE BUDGET IMPLEMENTATION

Overview of Programme and Budget: actual receipts and expenditure by programme

Pillar/Programme	Ordinary Budget	Other budgets	Joint Programme EU	Voluntary Contributions	Budgetary allocation to Extrabud. Projects	Total
	€ K	€ K	€ K	€ K	€ K	€ K
HUMAN RIGHTS	115 929,6	1 541,9	17 836,3	14 476,3	(2 433,9)	147 350,1
The European Court of Human Rights	74 026,4	0,0	0,0	3 295,4	0,0	77 321,8
Commissioner for Human Rights	3 681,6	0,0	0,0	0,0	0,0	3 681,6
Effective ECHR implementation	19 085,2	0,0	10 290,9	5 723,1	(1 208,1)	33 891,0
Equality and human dignity	5 063,8	0,0	2 591,0	2 407,8	(335,7)	9 726,9
Anti-discrimination, diversity and inclusion	9 754,3	1 541,9	4 954,4	2 606,9	(869,5)	17 988,0
Social rights	4 318,4	0,0	0,0	443,1	(20,6)	4 740,9
RULE OF LAW	15 210,7	68 593,2	27 323,4	14 717,6	(7 224,1)	118 620,8
Rule of Law based institutions	4 092,0	4 194,8	8 986,6	2 823,8	(728,9)	19 368,3
Action against crime, security and protection of citizens	11 118,7	64 398,4	18 336,8	11 893,8	(6 495,2)	99 252,5
DEMOCRACY	41 225,1	38 003,7	7 127,8	9 342,2	(2 077,1)	93 621,7
Parliamentary Assembly	16 318,1	0,0	409,3	159,4	(43,1)	16 843,7
Congress of Local and Regional Authorities	5 737,4	0,0	0,0	1 388,4	(33,2)	7 092,5
Democratic governance	5 123,8	0,0	1 734,8	3 261,2	(423,8)	9 696,1
Democratic participation	11 659,3	38 003,7	4 983,7	4 044,1	(1 577,1)	57 113,7
European Youth Centres (Buildings)	2 386,6	0,0	0,0	489,1	0,0	2 875,7
GOVERNING BODIES, GENERAL SERVICES AND OTHER	82 897,7	38 209,0	7 484,4	2 457,2	(39,8)	131 008,5
Committee of Ministers	3 056,2	0,0	0,0	0,0	0,0	3 056,2
Secretary General, Deputy Secretary General and Private Office	2 927,5	0,0	0,0	0,0	0,0	2 927,5
Field presence	5 992,4	0,0	6 897,2	2 296,8	(39,8)	15 146,7
Common Services	14 400,6	0,0	0,0	38,7	0,0	14 439,2
General administration	44 714,7	0,0	0,0	112,4	0,0	44 827,1
Investments, common provisions and other	11 806,5	38 209,0	587,2	9,3	0,0	50 611,9
PROVISION	3 750,1		252,0			4 002,1
Operational	172 365,5	108 138,7	52 287,5	38 536,1	(11 735,2)	359 592,6
Support	86 647,8	38 209,0	7 736,4	2 457,2	(39,8)	135 010,6
Total Expenditure	259 013,3	146 347,7	60 023,9	40 993,3	(11 775,0)	494 603,3
Member States' Contributions	250 082,7	83 326,9	0,0	0,0	0,0	333 409,6
Other receipts	9 163,0	115 518,1	50 401,0	48 903,9	(11 775,0)	212 211,1
Total Receipts	259 245,7	198 845,0	50 401,0	48 903,9	(11 775,0)	545 620,6
Surplus / (Deficit)	232,4	52 497,3	(9 622,9)	7 910,5	0,0	51 017,3

The above table provides an overview of the Organisation's receipts and expenditure for the year comparable to the table in the inside flap of the Programme and Budget. While the budgets for the first two columns of the table (Ordinary Budget and Other budgets) are approved annually, joint programmes and voluntary contributions are signed on an ongoing and multiannual basis.

OVERVIEW

2022 was largely marked by the aggression by the Russian Federation against Ukraine and its consequences in Europe and beyond. Following the expulsion of the Russian Federation from the Organisation, the 2022 budgets were adjusted to deduct direct costs relating to its membership. The adjustment to the Ordinary Budget amounted to a reduction of €0.6 M, and included the closure of the Moscow office, one less member in each intergovernmental committee, elimination of Russian as a working language and other direct activities. The budgets of the European Youth Foundation and Eurimages were reduced by the equivalent of the Russian Federation contributions in 2022 (€0.3 M and €0.7 M respectively). In respect of the remaining shortfall in receipts, the 46 member States agreed to collectively fill the gap in the 2022⁴ contributions resulting from the expulsion of the Russian Federation.

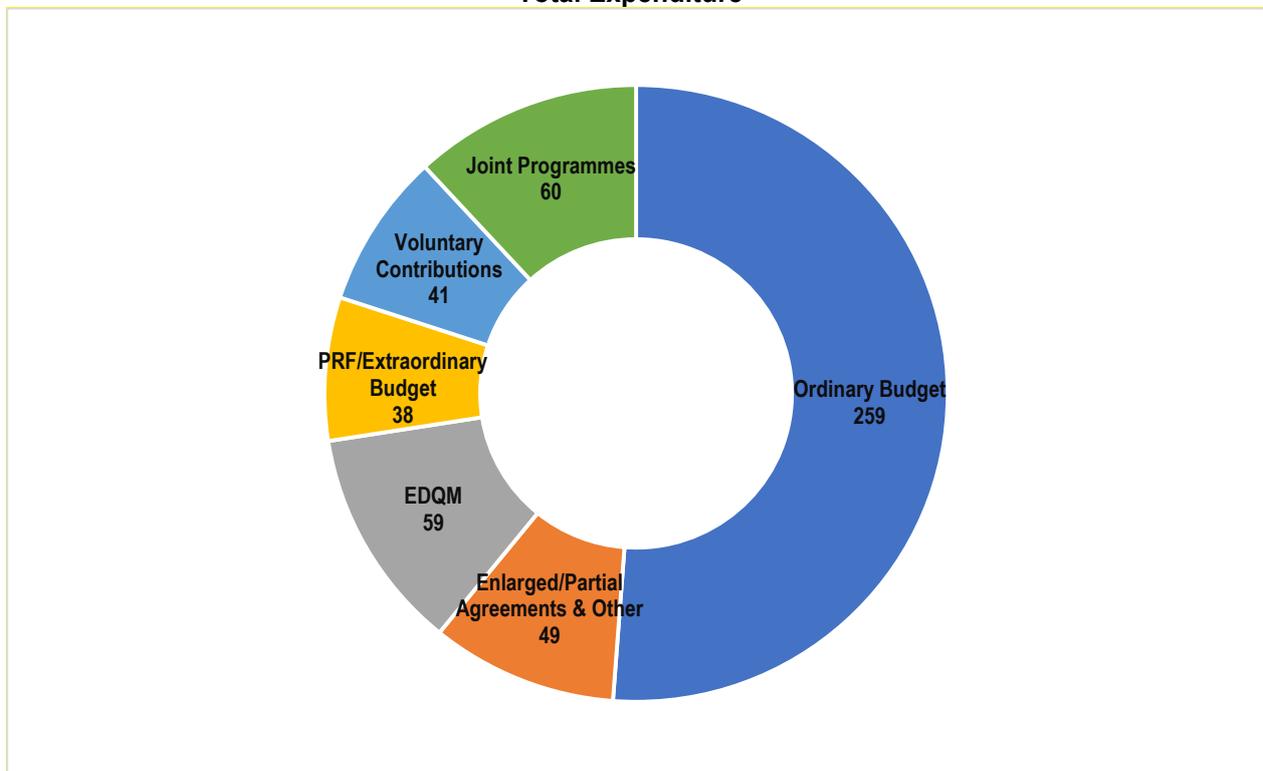
The impact of the Covid-19 pandemic on budgetary implementation had significantly reduced in 2022. Certain restrictions due to the pandemic, which were still in place at the start of the year, were gradually lifted during the first half of the year, enabling the resumption of activities and the return to in-presence meetings for committees and country visits. The hybrid meeting format was heavily used during the year, including for Parliamentary Assembly and Congress sessions, which, along with the recourse to other working methods, offset to some degree the lower cost of experts’ travel and subsistence.

A number of activities, which could not be implemented in 2022, principally due to the impact of the Russian aggression against Ukraine and the Covid-19 pandemic, were carried forward to 2023 (€0.3 M).

Budgetary and extrabudgetary receipts for 2022 amounted to €545.6 M (2021: €550.9 M). Obligatory contributions from member States made up 61% of budgetary receipts (€333.4 M). €8.5 M remain unpaid at the end of 2022⁵. The main sources of other receipts are sales receipts for the European Pharmacopoeia (EDQM) of €73.3 M (+13%) and extrabudgetary contributions of €91.5 M (+17%).

Receipts to joint programmes and voluntary contributions were €30.8 M ahead of forecast levels. This is mainly due to the increase in voluntary contributions, showing the strong support of member States. The increase included support for ongoing action plans and the new Action Plan for Ukraine “Resilience, Recovery and Reconstruction” 2023-2026.

Total Expenditure⁶



⁴ CM/Del/Dec(2022)132/2.

⁵ CM(2023)100.

⁶ Total Expenditure does not take account of budgetary allocations of €11.5 M which are removed from consolidated expenditure on page 13.

Overall expenditure for 2022 of the Organisation for the year was €494.6 M⁷ (2021: €451.3 M). This includes provisions of €5.2 M in respect of ongoing appeals to the Administrative Tribunal concerning the salary adjustment 2022.⁸ Excluding the provision, expenditure levels are below budget by €3.1 M for the Ordinary Budget (1.2%) and €2.7 M for Enlarged/Partial agreements (1.8%) (excluding the variation on the EDQM budget linked to the reserve for future investments of - €11.8 M).

Staff expenditure across the Organisation amounted to €234.1 M (2021: €220.8 M). The increase in staff expenditure (€13.3 M, +6%) comes mainly from the implementation of the departure scheme (departure indemnities (+€6.1 M)) and additional activities through extrabudgetary projects (+€4.7 M). Staff expenditure covers the financing of 2 911.3 full-time equivalent (FTE) staff and seconded officials (2021: 2 843.1 FTE), using both budgetary and extrabudgetary resources. 74% of FTEs are financed through budgetary resources, in line with the table of posts presented in the Programme and Budget. The remaining staff are funded through special accounts to implement extrabudgetary projects. More detailed information on staffing is presented on pages 67-68 of the document.

Operational expenditure variances include a significant increase in extrabudgetary activity with budgetary activity mainly being in line with forecast. Covid-19 restrictions had a much lower impact on activities, although some measures were still in place during the first half of the year. The Organisation continued to benefit from the increased capacity to hold meetings online and in hybrid format.

The year-end budgetary surplus of €51.0 M mainly comes from :

- budgetary surpluses of the **Ordinary Budget (€0.2 M)**, **European Youth Foundation (€1.3 M)** and other **enlarged/partial agreements (€0.5 M)**;
- **EDQM (Pharmacopoeia) (€16.9 M)**, predominantly concerning sales and activity receipts higher than expenditure ;
- **Eurimages (€33.9 M)**, mainly due to the timing difference between the Eurimages Board's decision to grant support and the signature of the contract and the recording of the support in the accounts ;
- offset by **extrabudgetary expenditure** incurred on ongoing projects at a higher level than receipts received during the year (**-€1.7 M**).

⁷ Expenditure includes budgetary and extrabudgetary amounts as presented in the table on page 13. It excludes special accounts fully financed through budgetary grants, including investments budgets, staff departure schemes and levy administrative account.

⁸ The table on page 13 shows the provisions for the Ordinary Budget and Joint Programmes. Provisions for Other budgets are included in the programme line concerned to clearly identify the total budget (cf. page 66 for full details).

- **ORDINARY BUDGET**

Actual **receipts** amounted to **€258.3 M**, an increase of €0.9 M in other receipts compared to budgetary levels. Member States' contributions account for 96% of receipts. Other receipts were increased by an increase in financial income of €0.3 M as well as the release of €0.5 K of part of the provision for interest on late payments.

Expenditure for 2022 amounted to **€259.0 M** for an approved budgetary envelope of €258.3 M. Total expenditure includes a provision of €3.8 M in respect of ongoing appeals to the Administrative Tribunal concerning the salary adjustment 2022. Excluding the provision, the **€3.1 M** balance (1.2%) is made up of lower expenditure on staff costs. Part of this movement is due to activities, such as security, which were externalised in 2022 and their cost reflected behind non-staff expenditure (€0.5 M).

Activities were partially impacted by the Covid-19 pandemic at the start of the year, as well as the war against Ukraine. Many meetings were held in hybrid format to maximise participation, and expenditure relating to travel, subsistence and honoraria was lower than initially foreseen, with increases on other expenditure, such as audiovisual services. Operational programmes adapted their working methods to achieve expected outcomes, with slightly increased expenditure in other areas. A number of activities which could not be implemented in 2022, principally due to the impact of the Russian aggression against Ukraine and the Covid-19 pandemic, were carried forward to 2023.⁹ Certain sanitary measures remained in place in 2022 to limit the impact of Covid-19 (€0.1 M) and significant transfers¹⁰ was carried out during the year to cover the additional needs, as well as covering increased costs to the Parliamentary Assembly following the Russian aggression against Ukraine.

Staff costs account for €167.7 M of the annual expenditure (98% of the budgeted amount). The €3.1 M variance to forecast related mainly to post vacancies and outsourcing of certain expenses. The full-time equivalent (FTE) staffing behind the General Budget (Ordinary Budget and subsidiary budgets) is 1 482 FTE for 2022 (2021: 1 491 FTE).

In 2022, a departure scheme was implemented on 1 November, enabling 31 staff members to benefit from the scheme and reducing posts by 19 FTE. Savings in 2022 from the scheme covered the target savings of -€0.6 M foreseen in the 2022 budget.

Expenditure relating to the employer's share of contributions to the Pension Reserve Fund are aligned to the budget (€22.3 M).

- **OTHER BUDGETS**

EUROPEAN YOUTH FOUNDATION

The Foundation's expenditure for the year reached €4.6 M, including activities and grants relating to voluntary contributions received in 2021 and 2022. The year end balance is made up of appropriations for future projects of €0.4 M, grants not awarded during the year of €0.6 M and additional receipts of €0.3 M. The surplus of €1.3 M will be carried forward to 2023 in line with the European Youth Foundation's statute.

ENLARGED / PARTIAL AGREEMENTS

The budgetary implementation of the enlarged/partial agreements budgets was mainly in line with forecast.

Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. A provision has been recorded behind each budget in the event that the appeals are upheld by the Administrative Tribunal, totalling €0.9 M across all agreements.

⁹ CM(2022)186.

¹⁰ CM/Inf(2022)24 and CM/Inf(2022)26.

8 accessions have occurred during 2022 and one withdrawal notification with effect on 31/12/2022, the details are presented below:

Partial Agreement	Accessions	Date of accession	Withdrawal	Date of withdrawal
Pompidou Group	Ukraine	01/01/2022		
Cultural routes	Lebanon	01/01/2022		
	Albania	12/05/2022		
	North Macedonia	16/09/2022		
Enlarged Partial Agreement on Sport (EPAS)	Slovak Republic	11/01/2022		
	Canada	30/03/2022		
Youth Mobility through the Youth Card	Greece	25/01/2022		
Eurimages	Canada	03/10/2022		
Major Hazards (EUR-OPA)			Belgium	31/12/2022

EDQM, PHARMACOPOEIA

Sales and activity receipts continued to grow in 2022, reaching €73.3 M, an increase of 1% on 2021. The budgeted €11.8 M higher level of receipts over expenditure was surpassed due to lower expenditure in both staff and non-staff costs than initially foreseen, bringing the total surplus to €16.9 M from the reserve for future investments as well as lower than initially planned personnel and operating expenses.

EURIMAGES

Eurimages reported an end of year balance of €33.9 M, mainly due to the timing difference between the Eurimages Board's decision to grant support and the signature of the contract and the recording of the support in the accounts. For coproduction, contracts awaiting signature have decreased from €34.8 M at the end of 2021 to €28.2 M at the end of 2022.

JOINT PROGRAMMES AND VOLUNTARY CONTRIBUTIONS (EXTRABUDGETARY RESOURCES)

As of 31 December 2022, a total of **€91.5 M extrabudgetary contributions** were received, a significant increase of €27.6 M compared with 2021 (cf. DD(2023)46). The European Union contributed €44.7 M for Joint Programmes (2021: €36.5 M) and member States and other donors contributed voluntary contributions of €46.8 M (2021: €27.4 M). Receipts to joint programmes and voluntary contributions were also increased by budgetary allocations of €11.8 M. Taking account of reimbursements to donors, the carry forward of budgetary results and other sundry receipts (-€4.0 M), total joint programmes and voluntary contributions amount to €99.3 M (2021: €106.0 M).

Expenditure on joint programmes and voluntary contributions also showed a strong increase in 2022. Expenditure levels increased from €74.9 M in 2021 to €101.0 M in 2022, reflecting the increase in contribution levels.

ADMINISTRATIVE REFORM MEASURES

The implementation of the reform continued throughout 2022 but was impacted by the consequences of the aggression by the Russian Federation against Ukraine and the continuing effects of the Covid-19 pandemic and rising costs, requiring the mobilisation of resources and efforts to maintain business continuity while containing costs as much as possible.

Key deliverables and milestones since March 2022 are presented in the latest progress report on the administrative reform measures (CM(2023)56).

SURPLUSES / DEFICITS 2022

	2022 Surplus / (deficit) € K	2021 Surplus / (deficit) € K
Ordinary Budget	232,4	6 599,9
Other Budgets	52 497,3	61 928,8
Appropriations carried forward from 2020 - Ordinary Budget	0,0	376,2
Budget of the European Youth Foundation	1 267,3	1 765,9
Budget of the Enlarged Partial Agreement on the Council of Europe Development Bank	42,8	9,6
Budget of the Partial Agreement of the European Pharmacopoeia	16 871,6	21 111,8
Budget of the Enlarged Agreement on the European Commission for Democracy through Law	119,1	167,5
Budget of the Enlarged Agreement on the "Group of states against corruption - GRECO"	173,7	151,2
Budget of the Enlarged Partial Agreement on the International Co-operation Group on Drugs and Addictions (Pompidou Group)	65,2	8,4
Appropriations carried forward from 2020 - Pompidou Group	0,0	1,2
Budget of the Enlarged Partial Agreement on Sport (EPAS)	32,7	8,0
Budget of the Enlarged Partial Agreement establishing the European Centre of Modern Languages (Graz)	7,0	27,7
Budget of the Enlarged Partial Agreement establishing the European Centre for Global Interdependence and Solidarity (North South Centre)	(27,2)	29,9
Budget of the Enlarged Partial Agreement on Youth Mobility through the Youth Card	6,7	0,0
Budget of the Enlarged Partial Agreement of the European Support Fund for the co-production and distribution of creative cinematographic and audiovisual works "Eurimages"	33 887,2	38 018,0
Budget of the Enlarged Partial Agreement on Co-operation Group for the Prevention of, Protection Against, and Organisation of Relief in Major Natural and Technological Disasters	57,4	28,1
Budget of the Enlarged Partial Agreement on Cultural Routes	(0,3)	19,8
Budget of the Enlarged Partial Agreement of Observatory on History teaching in Europe (OHTE)	(6,0)	205,6
Joint Programmes	(9 622,9)	789,1
Voluntary Contribution	7 910,5	30 315,3
Total	51 017,3	99 633,2

In addition to the above surpluses, the subsidiary budget for Publications has a surplus of €170K, the balance being carried over to the subsequent year.

**CHAPTER 2 –
ORDINARY BUDGET INCLUDING SUBSIDIARY BUDGETS**

- **ORDINARY BUDGET**
- **SUBSIDIARY BUDGETS FOR INTERNAL RECHARGED SERVICES**
- **SUBSIDIARY BUDGET OF THE EUROPEAN YOUTH CENTRES**
- **SUBSIDIARY BUDGET FOR PUBLICATIONS**
- **COMPLEMENTARY INFORMATION**

ORDINARY BUDGET

BUDGETARY RESULTS

	2022							2021
	Approved Budget	Adjustments to Budget (a)	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€ K	€ K	€ K	€ K	€ K	€ K	€ K	€ K
Staff expenditure	170 830,1	(84,0)	(2 138,8)	168 607,3	167 690,9	3 055,2	916,4	166 989,2
Salaries and related costs	148 544,2	(84,0)	(2 138,8)	146 321,4	145 405,0	3 055,2	916,4	144 565,7
Contributions to the Pension Reserve Fund	22 285,9	0,0	0,0	22 285,9	22 285,9	0,0	0,0	22 423,5
Non staff expenditure	88 106,7	(528,4)	2 138,8	89 717,1	87 572,3	6,0	2 144,7	83 955,9
Grant to investments special accounts	8 328,5	0,0	0,0	8 328,5	8 328,5	0,0	0,0	8 328,5
Other expenditure (b)	79 778,2	(528,4)	2 138,8	81 388,6	79 243,8	6,0	2 144,7	75 627,4
Provision	0,0	0,0	0,0	0,0	3 750,1	(3 750,1)	(3 750,1)	0,0
Provision in respect of ongoing litigation (c)	0,0	0,0	0,0	0,0	3 750,1	(3 750,1)	(3 750,1)	0,0
Total Expenditure (d)	258 936,8	(612,4)	0,0	258 324,4	259 013,3	(688,9)	(688,9)	250 945,1
Contributions	250 695,1	(612,4)	0,0	250 082,7	250 082,7	0,0	0,0	249 926,6
Obligatory contributions	250 695,1	(612,4)	0,0	250 082,7	250 082,7	0,0	0,0	249 926,6
Other receipts (e)	8 241,7	0,0	0,0	8 241,7	9 163,0	921,3	921,3	7 618,5
Fixed sum contributions from Partial agreements	7 164,0	0,0	0,0	7 164,0	7 164,0	0,0	0,0	6 972,4
Financial income net of charges	200,0	0,0	0,0	200,0	515,3	315,3	315,3	227,9
Provision for bad debts	0,0	0,0	0,0	0,0	(1,1)	(1,1)	(1,1)	(215,1)
Other income	877,7	0,0	0,0	877,7	1 484,8	607,1	607,1	633,2
Total Receipts	258 936,8	(612,4)	0,0	258 324,4	259 245,7	921,3	921,3	257 545,1
Net surplus/(deficit) (f)					232,4			6 599,9

- (a) The budget was adjusted following the cessation of membership of the Russian Federation with effect from 16 March 2022 (cf. CM/Res(2022)7).
- (b) "Other expenditure" includes an amount of €2 575 K relating to investment expenditure (see Chapter 5).
- (c) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal (cf. Chapter 5).
- (d) "Total expenditure" split by programme line is available on page 21.
- (e) The detail of "Other receipts" is available on page 23.
- (f) The surplus will be treated as outlined in the draft Resolution.

(d) ORDINARY BUDGET: TOTAL EXPENDITURE BY PROGRAMME

Pillar/Programme	Adjusted Budget 2022	Total Transfers (a)	Final Budget	Actual	Balance compare to Adjusted Budget	Balance compared to Final Budget	Note
	€K	€K	€K	€K	€K	€K	
HUMAN RIGHTS	118 086,2	(1 077,0)	117 009,2	115 929,6	2 156,6	1 079,6	
The European Court of Human Rights	74 510,3	(265,0)	74 245,3	74 026,4	483,9	218,9	
Commissioner for Human Rights	3 850,6	(87,3)	3 763,3	3 681,6	169,0	81,7	
Effective ECHR implementation	20 219,9	(773,7)	19 446,2	19 085,2	1 134,7	361,0	
Equality and human dignity	5 076,1	116,5	5 192,6	5 063,8	12,3	128,8	
Anti-discrimination, diversity and inclusion	10 010,8	(85,8)	9 925,0	9 754,3	256,5	170,7	
Social rights	4 418,5	18,3	4 436,8	4 318,4	100,1	118,4	
RULE OF LAW	15 506,2	116,9	15 623,1	15 210,7	295,5	412,3	
Rule of Law based institutions	4 246,2	(13,6)	4 232,6	4 092,0	154,2	140,7	
Action against crime, security and protection of citizens	11 260,0	130,4	11 390,4	11 118,7	141,3	271,7	
DEMOCRACY	42 180,2	63,3	42 243,5	41 225,1	955,1	1 018,4	
Parliamentary Assembly	16 395,0	171,7	16 566,7	16 318,1	76,9	248,6	
Congress of Local and Regional Authorities	6 498,7	(356,9)	6 141,8	5 737,4	761,3	404,4	(1)
Democratic governance	4 638,5	593,6	5 232,1	5 123,8	(485,3)	108,3	(2)
Democratic participation	12 228,7	(322,2)	11 906,5	11 659,3	569,4	247,2	
European Youth Centres (Buildings)	2 419,3	(22,9)	2 396,4	2 386,6	32,7	9,8	
GOVERNING BODIES, GENERAL SERVICES AND OTHER	82 551,8	896,9	83 448,7	82 897,7	(345,9)	550,9	
Committee of Ministers	2 994,7	65,0	3 059,7	3 056,2	(61,5)	3,5	
Secretary General, Deputy Secretary General and Private Office	2 696,5	259,9	2 956,4	2 927,5	(231,0)	28,9	
Field presence	6 861,3	(528,4)	6 332,9	5 992,4	868,9	340,5	(3)
Common Services	14 657,9	(148,2)	14 509,7	14 400,6	257,3	109,1	
General administration	43 809,6	894,5	44 704,1	44 714,7	(905,1)	(10,6)	
Investments, common provisions and other (b)	11 531,8	354,1	11 885,9	11 806,5	(274,7)	79,4	
PROVISIONS				3 750,1	(3 750,1)	(3 750,1)	(4)
TOTAL	258 324,4	0,0	258 324,4	259 013,3	(688,9)	(688,9)	

(a) Details of transfers are given on page 28.

(b) The "Investment, Common provisions and other" line includes the allocation from the Ordinary Budget to the special account for Investments. The movement on the special account during the year can be seen on page 62.

EXPLANATION OF VARIANCES¹¹**Congress of Local and Regional Authorities (€761 K / 11.7 %) (1)**

Significant variance

The under-spending is mainly due to the impact of the conflict in Ukraine

- a significant drop in attendance at the spring session,
- the impact on cooperation activities.

In addition, there were lower staff costs due to some delays in recruitment procedures.

¹¹ Significant variances are considered to cover differences between the approved budget and the actual expenditure representing a variance of more than €100 K and 10%.

Democratic governance (-€485 K / -10.5 %) (2)Significant
variance

The higher expenditure is mainly due to actual costs of postholders higher than budgeted and an additional seconded official (-€253 K) and a higher than initially foreseen allocation to joint programmes via this programme (-€287 K). These variances were slightly offset by lower non-staff expenditure (€57 K) due to the situation in Ukraine and the continuation of Covid-19 restrictions; despite higher costs for the Platform to Promote the Protection of Journalism and Safety of Journalists to promote its report “Defending Press Freedom in Times of Tension and Conflict” and to increase its advocacy outreach.

Field Presence (€869 K / 12.7 %) (3)Significant
variance

The underspend is mainly due to lower staff costs due to delays in recruitment procedures and the replacement of staff in the Kyiv, Yerevan and Baku Offices by seconded staff (€665 K).

The underspend in operational costs is mainly due to higher level of field office costs being covered by the charge-back to extrabudgetary projects and some delays in the purchase of equipment (€203 K).

Provisions in respect of ongoing litigation (-€3 750 K) (4)

Several appeals concerning the Committee of Ministers' decision not to apply in full the 2022 salary adjustment have been filed to the Administrative Tribunal. This line corresponds to the provision set aside in the event that the appeals are upheld by the Administrative Tribunal.

CARRY FORWARD TO 2023

The Committee of Ministers authorised the carry forward of activities from 2022 to 2023 for a total amount of €307.8 K (cf. CM(2022)186). The activities concerned mainly monitoring visits and committee meetings of open conventions to which the Russian Federation remained party pending decisions on modalities for its participation and activities impacted by Covid-19.

Programme	2023 (in €K)
EFFECTIVE ECHR IMPLEMENTATION	240.0
EQUALITY AND HUMAN DIGNITY	52.8
ACTION AGAINST CRIME, SECURITY AND PROTECTION OF CITIZENS	15.0
TOTAL EXPENDITURE	307.8
Appropriations carried forward	307.8
TOTAL RECEIPTS	307.8

(e) ORDINARY BUDGET: OTHER RECEIPTS

	2022 €K	2021 €K
Fixed sum contributions from partial agreements (a)	7 164,0	6 972,4
Financial income net of charges	515,3	227,9
Interest earned on current account and on money market deposits	601,4	296,6
Late payment interest	12,1	13,7
Exchange differences	23,0	26,2
Bank charges	(121,2)	(108,5)
Other sundry financial income	0,0	(0,0)
Provision for bad debts	(1,1)	(215,1)
Other income (b)	1 484,8	633,2
Total	9 163,0	7 618,5

- (a) Fixed sum contributions reflect the cost to the Ordinary Budget of providing administrative support to enlarged/partial agreements.
- (b) "Other income" includes the release of €524.9 K of the provision for interest on late payment from the Russian Federation, following the distribution of 2021 credit balances.

SUBSIDIARY BUDGETS FOR INTERNAL RECHARGED SERVICES

The budgets for the three internal recharged services are adjusted during the year as a function of actual receipts (CM/Res(2021)22).

TRANSLATION BUDGET: BUDGETARY RESULTS

After a strong year in 2021, 2022 translation volumes fell by –21% compared to the previous year.

	2022							2021
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Adjusted Approved Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€ K	€ K	€ K	€ K	€ K	€ K	€ K	€ K
Staff expenditure	4 188,1	0,0	(605,0)	3 583,1	3 496,5	691,6	86,6	3 633,7
Salaries and related costs	3 641,8	0,0	(605,0)	3 036,8	2 950,2	691,6	86,6	3 038,8
Contributions to the Pension Reserve Fund	546,3	0,0	0,0	546,3	546,3	0,0	0,0	594,9
Non staff expenditure	811,9	0,0	605,0	1 416,9	1 324,0	(512,1)	92,9	1 769,0
Other expenditure	811,9	0,0	605,0	1 416,9	1 324,0	(512,1)	92,9	1 769,0
Total Expenditure	5 000,0	0,0	0,0	5 000,0	4 820,5	179,5	179,5	5 402,8
Contributions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other receipts	5 000,0	0,0	0,0	5 000,0	4 820,5	(179,5)	(179,5)	5 402,8
Internal recharged services	3 136,0	100,0	0,0	3 236,0	3 067,1	(168,9)	(168,9)	3 912,9
Grant from other budgets	1 864,0	(100,0)	0,0	1 764,0	1 752,7	(11,3)	(11,3)	1 488,2
Other income	0,0	0,0	0,0	0,0	0,7	0,7	0,7	1,7
Total Receipts	5 000,0	0,0	0,0	5 000,0	4 820,5	(179,5)	(179,5)	5 402,8
Net surplus/(deficit)					0,0			0,0

INTERPRETATION BUDGET: BUDGETARY RESULTS

The interpretation budget again responded to a very high demand in 2022, with an extraordinary session of the Parliamentary Assembly and many meetings in hybrid format. Hybrid meetings are more complex to organise and therefore require a larger team of interpreters, resulting in higher income. The number of meetings with interpretation remained stable compared to 2021.

	2022							2021
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Adjusted Approved Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€ K	€ K	€ K	€ K	€ K	€ K	€ K	€ K
Staff expenditure	1 143,2	(32,7)	0,0	1 110,5	1 110,5	0,0	0,0	1 051,6
Salaries and related costs	989,0	(32,7)	0,0	956,3	956,3	0,0	0,0	902,6
Contributions to the Pension Reserve Fund	154,2	0,0	0,0	154,2	154,2	0,0	0,0	149,0
Non staff expenditure	6 333,3	1 155,0	0,0	7 488,3	7 481,4	6,9	6,9	7 633,0
Other expenditure	6 333,3	1 155,0	0,0	7 488,3	7 481,4	6,9	6,9	7 633,0
Total Expenditure	7 476,5	1 122,3	0,0	8 598,8	8 591,9	6,9	6,9	8 684,6
Contributions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other receipts	7 476,5	1 122,3	0,0	8 598,8	8 591,9	(6,9)	(6,9)	8 684,6
Sales and activities receipts	581,8	22,3	0,0	604,1	599,2	(4,9)	(4,9)	357,8
Internal recharged services	6 894,7	1 100,0	0,0	7 994,7	7 992,7	(2,0)	(2,0)	8 326,7
Total Receipts	7 476,5	1 122,3	0,0	8 598,8	8 591,9	(6,9)	(6,9)	8 684,6
Net surplus/(deficit)					0,0			0,0

DOCUMENTS BUDGET: BUDGETARY RESULTS

The Documents budget has three distinct income streams: printing, postage and prepress. Both printing and prepress have fixed costs with the pricing of services calculated on estimated volumes at the start of the year.

Volumes have been relatively unchanged compared to previous year with printing volumes increasing slightly in to 13.3 M copies (2021:13.0 M) and prepress remaining stable.

	2022							2021
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Adjusted Approved Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€ K	€ K	€ K	€ K	€ K	€ K	€ K	€ K
Staff expenditure	1 574,7	(34,3)	(75,0)	1 465,4	1 410,1	130,3	55,3	1 498,7
Salaries and related costs	1 329,6	(34,3)	(75,0)	1 220,3	1 165,0	130,3	55,3	1 226,0
Contributions to the Pension Reserve Fund	245,1	0,0	0,0	245,1	245,1	0,0	0,0	272,7
Non staff expenditure	1 113,6	100,0	75,0	1 288,6	1 156,4	57,2	132,2	1 153,1
Other expenditure (a)	1 113,6	100,0	75,0	1 288,6	1 156,4	57,2	132,2	1 153,1
Total Expenditure	2 688,3	65,7	0,0	2 754,0	2 566,6	187,4	187,4	2 651,8
Contributions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other receipts	2 688,3	65,7	0,0	2 754,0	2 566,6	(187,4)	(187,4)	2 651,8
Internal recharged services (b)	2 444,5	0,0	0,0	2 444,5	2 311,3	(133,2)	(133,2)	2 196,9
Grant from other budgets	243,8	65,7	0,0	309,5	255,3	(54,2)	(54,2)	454,9
Total Receipts	2 688,3	65,7	0,0	2 754,0	2 566,6	(187,4)	(187,4)	2 651,8
Net surplus/(deficit)					0,0			0,0

- (a) Other expenditure includes an amount of €32 K relating to investment expenditure (see Chapter 5).
 (b) The detail of "Internal recharged services" is available hereafter:

	2022 € K	2021 € K
Internal recharged services		
Document production	1 301,5	1 174,2
Postage	231,2	240,7
Prepress	778,5	781,9
Total	2 311,3	2 196,9

SUBSIDIARY BUDGET OF THE EUROPEAN YOUTH CENTRES¹²

The European Youth Centres continued to be impacted by restrictions relating to the Covid-19 pandemic. In addition, in 2022, both centres were closed for a number of months for essential maintenance works. The restricted availability of the Centres impacted the activities as well as reducing the running costs (catering, cleaning, laundry services and staff). Both centres were used to accommodate Ukrainian staff and their families directly following the Russian aggression against Ukraine

BUDGETARY RESULTS

	2022							2021
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Adjusted Approved Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€ K	€ K	€ K	€ K	€ K	€ K	€ K	€ K
Staff expenditure	221,4	0,0	0,0	221,4	209,5	11,9	11,9	172,4
Salaries and related costs	210,3	0,0	0,0	210,3	198,4	11,9	11,9	161,5
Contributions to the Pension Reserve Fund	11,1	0,0	0,0	11,1	11,1	0,0	0,0	10,9
Non staff expenditure	3 685,7	0,0	0,0	3 685,7	3 309,3	376,4	376,4	2 816,1
Other expenditure (a)	3 685,7	0,0	0,0	3 685,7	3 309,3	376,4	376,4	2 816,1
Total Expenditure	3 907,1	0,0	0,0	3 907,1	3 518,8	388,3	388,3	2 988,5
Contributions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other receipts	3 907,1	0,0	0,0	3 907,1	3 518,8	(388,3)	(388,3)	2 988,5
Sales and activities receipts (b)	986,0	0,0	0,0	986,0	595,1	(390,9)	(390,9)	215,1
Grant from other budgets	2 921,1	0,0	0,0	2 921,1	2 921,1	0,0	0,0	2 771,1
Provision for bad debts	0,0	0,0	0,0	0,0	(0,2)	(0,2)	(0,2)	(0,3)
Other income	0,0	0,0	0,0	0,0	2,7	2,7	2,7	2,5
Total Receipts	3 907,1	0,0	0,0	3 907,1	3 518,8	(388,3)	(388,3)	2 988,5
Net surplus/(deficit)					0,0			0,0

- (a) Other expenditure includes an amount of €24.3 K relating to investment expenditure (see Chapter 5).
 (b) The detail of "Sales and activities receipts" is available hereafter.

	2022 € K	2021 € K
Sales and activities receipts		
Registration fees	34,8	19,1
Board and lodgings	560,3	196,0
Total	595,1	215,1

¹² The subsidiary budget is part of the Ordinary Budget and is financed by a contribution from that budget as well as by its own receipts, up to the amount stipulated in the budget. Sales and activities receipts collected by the centres in excess of the budgeted amount are transferred to the special account for youth activities. This was not the case in 2022.

SUBSIDIARY BUDGET FOR PUBLICATIONS

BUDGETARY RESULTS

	2022						2021	
	Approved Budget	Adjustments to Budget (a)	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Adjusted Approved Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€ K	€ K	€ K	€ K	€ K	€ K	€ K	€ K
Staff expenditure	98,4	0,0	15,6	114,0	103,4	(5,0)	10,6	118,7
Salaries and related costs	83,9	0,0	15,6	99,5	88,9	(5,0)	10,6	104,2
Contributions to the Pension Reserve Fund	14,5	0,0	0,0	14,5	14,5	0,0	0,0	14,5
Non staff expenditure	189,9	70,5	(15,6)	244,8	83,3	177,1	161,5	39,0
Other expenditure	189,9	70,5	(15,6)	244,8	83,3	177,1	161,5	39,0
Provision	0,0	0,0	0,0	0,0	2,1	(2,1)	(2,1)	0,0
Provision in respect of ongoing litigation (b)	0,0	0,0	0,0	0,0	2,1	(2,1)	(2,1)	0,0
Total Expenditure	288,3	70,5	0,0	358,8	188,8	170,0	170,0	157,7 (1)
Contributions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other receipts	288,3	70,5	0,0	358,8	358,8	0,0	0,0	324,9
Sales and activities receipts	64,9	27,4	0,0	92,3	92,3	0,0	0,0	63,1
Court publication receipts	0,0	2,2	(2,2)	0,0	0,0	2,2	0,0	18,1
Grant from other budgets	98,4	0,0	0,0	98,4	98,4	0,0	0,0	97,7
Balance from previous year	125,0	40,0	2,2	167,2	167,2	(2,2)	0,0	146,0
Other income	0,0	0,9	0,0	0,9	0,9	0,0	0,0	0,0
Total Receipts	288,3	70,5	0,0	358,8	358,8	0,0	0,0	324,9
Net surplus/(deficit) (c)					170,0			167,2

- (a) The budget is adjusted to reflect actual receipts.
- (b) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal (cf. Chapter 5).
- (c) As the net surplus of the subsidiary budget is automatically carried over to the following year's budget, there is consequently no apportionment of the surplus.

EXPLANATIONS OF VARIANCES

(1) Total Expenditure

The variance is due to the carried forward balance from 2021.

ORDINARY BUDGET: BUDGETARY TRANSFERS

The table below shows the technical transfers and non-technical transfers carried out within the Ordinary Budget in 2022.

Pillar/Programme	2022 Adjusted Budget	Technical transfers (a)	Transfers (b)	Final Budget	Note
	€K	€K	€K	€K	
HUMAN RIGHTS	118 086,2	(1 010,7)	(66,3)	117 009,2	
The European Court of Human Rights	74 510,3	(265,0)	0,0	74 245,3	
Commissioner for Human Rights	3 850,6	(87,3)	0,0	3 763,3	
Effective ECHR implementation	20 219,9	(707,7)	(65,9)	19 446,2	
Equality and human dignity	5 076,1	86,6	29,9	5 192,6	
Anti-discrimination, diversity and inclusion	10 010,8	(43,5)	(42,3)	9 925,0	
Social rights	4 418,5	6,2	12,0	4 436,8	
RULE OF LAW	15 506,2	85,7	31,1	15 623,1	
Rule of Law based institutions	4 246,2	(32,4)	18,8	4 232,6	
Action against crime, security and protection of citizens	11 260,0	118,1	12,3	11 390,4	
DEMOCRACY	42 180,2	28,1	35,2	42 243,5	
Parliamentary Assembly	16 395,0	(25,3)	197,0	16 566,7	(1)
Congress of Local and Regional Authorities	6 498,7	(159,9)	(197,0)	6 141,8	(1)
Democratic governance	4 638,5	498,1	95,5	5 232,1	
Democratic participation	12 228,7	(272,7)	(49,5)	11 906,5	
European Youth Centres (Buildings)	2 419,3	(12,1)	(10,8)	2 396,4	
GOVERNING BODIES, GENERAL SERVICES AND OTHER	82 551,8	896,9	0,0	83 448,7	
Committee of Ministers	2 994,7	0,0	65,0	3 059,7	
Secretary General, Deputy Secretary General and Private Office	2 696,5	147,9	112,0	2 956,4	(2)
Field presence	6 861,3	(172,8)	(355,6)	6 332,9	(1)
Common Services	14 657,9	(8,4)	(139,8)	14 509,7	(2)
General administration	43 809,6	238,7	655,8	44 704,1	(1)
Investments, common provisions and other	11 531,8	691,5	(337,3)	11 885,9	(1)
TOTAL	258 324,4	0,0	0,0	258 324,4	

(a) Technical transfers concern staff costs and movements relating to provisions (joint programmes, action plans and secondments).

(b) In pursuance of Article 28 of the Financial Regulations, in case non-technical transfers between programme lines exceed 10% of the supplying and receiving programme line or €100 K, the Committee of Ministers shall be immediately informed.

Transfers are made in accordance with Article 28 of the Financial Regulations. The Secretary General is authorised to make transfers of a technical nature related to the charging of staff costs and the allocation of common provisions. If need be, the Secretary General is authorised to make other transfers between programme lines within the operational pillars and between programme lines within the support pillar of the Budget for a given financial year. Whenever the total of other transfers between programme lines exceeds 10% of the supplying or receiving programme line or €100 000, the Committee of Ministers is immediately informed of the transfers and their justification.

Significant transfers

The Committee of Ministers was informed of two significant transfers during 2022 justified by the following:

(1) Notification was made of the following transfers in document CM/Inf(2022)24:

Receiving programmes:

Parliamentary Assembly (€197 K): in close cooperation with the Committee of Ministers, the Assembly held an extraordinary plenary session following the Russian Federation's aggression against Ukraine

General Administration (€620 K): General administration continued to cover additional administrative and videoconferencing costs relating to the Covid-19 pandemic (€1.0 M forecast). Part of these costs (€0.4 M) are financed by savings within this line.

Supplying lines

Congress of local and regional authorities (€197 K): the Congress held its 42nd session in hybrid format with less physical presence than expected and had fewer requests for election observation activities.

Field presence (€300 K): Higher levels of field office costs have been covered by the charge back to projects financed by extrabudgetary resources.

Investments, Common provisions, and other (€320 K): The overall staff costs were lower than expected due to unforeseen retirements and other contractual changes during the year leading to a lower use of the staff reserve

(2) Notification was made of the following transfers in document CM/Inf(2022)26:

Receiving lines

Secretary General, Deputy Secretary General and Private Office (€115.0 K): The number and cost of official journeys increased during the year. In addition, the Private Office incurred expenses related to the High-Level Reflection Group, which were not foreseen at the time of the approval of the budget for 2022.

Supplying lines

Common services (€115.0 K): Savings have been achieved in-year due to cancellation of study visits and official journeys, lower hospitality costs and other administrative costs.

ORDINARY BUDGET: COMMON PROVISIONS

The line "Common Provisions and Other" contains the budget for provisions that are allocated to the relevant programmes before being spent. The table below outlines the expenditure and allocation of provisions at the end of 2022.

	2022 Budget		
	Yearly Provision	Actual Expenditure/ allocations	Balance compared to Budget
	€ K	€ K	€ K
Common provisions	7 612,5	7 663,1	(50,6)
Placement of national civil servants on secondment	1 145,4	1 259,5	(114,1)
Traineeship indemnities	510,0	446,5	63,5
Joint programmes	5 386,3	5 386,3	0,0
Action plans and priority actions	909,8	909,8	0,0
Reserve for Staff expenditure	223,1	223,1	0,0
Staff departure scheme savings	(562,1)	(562,1)	0,0

ORDINARY BUDGET: ALLOCATION OF JOINT PROGRAMME AND ACTION PLAN PROVISIONS BY PROGRAMME

An estimated allocation of the Organisation's contributions to joint programmes and action plans is budgeted behind programmes in the Programme and Budget with any remaining balance included behind "Common Provisions and Other". The actual allocation depends on new projects being signed or ongoing projects reaching a stage of further payment. The actual allocations are reflected behind expenditure and can be seen in the table below.

	Budget	Actual	Variance
	€K	€K	€K
HUMAN RIGHTS	2 583,8	2 396,1	187,7
The European Court of Human Rights			
Commissioner for Human Rights			
Effective ECHR implementation	1 498,3	1 170,3	328,0
Equality and human dignity	288,3	335,7	(47,4)
Anti-discrimination, diversity and inclusion	776,6	869,5	(92,9)
Social rights	20,6	20,6	0,0
RULE OF LAW	2 668,6	2 674,1	(5,5)
Rule of Law based institutions	792,4	728,9	63,5
Action against crime, security and protection of citizens	1 876,2	1 945,2	(69,0)
DEMOCRACY	1 003,9	1 186,0	(182,1)
Parliamentary Assembly	18,4	8,1	10,3
Congress of Local and Regional Authorities	33,2	33,2	0,0
Democratic governance	136,3	423,8	(287,5)
Democratic participation	816,0	721,0	95,0
European Youth Centres (Buildings)			
GOVERNING BODIES, GENERAL SERVICES AND OTHER	39,8	39,8	0,0
Committee of Ministers			
Secretary General, Deputy Secretary General and Private Office			
Field presence	39,8	39,8	0,0
Common Services			
General administration			
Investments, common provisions and other	0,0	0,0	0,0
TOTAL	6 296,1	6 296,1	0,0

ORDINARY BUDGET: GENERAL MANAGEMENT EXPENDITURE (GME)

The financial management system identifies actual expenditure against budget by means of the coding structure in place for the preparation and implementation of the budget.

Certain costs such as General Management expenditure (e.g., Central costs of the Office of the Director General, Administrative Unit of the Directorate) of Directorate General I, Directorate General II and the Directorate of Programme Co-ordination are directly related to the implementation of Programmes. However, for the purposes of sound financial management they are budgeted for and managed separately within the financial management system.

In order to recognise the full cost of programmes both the budget and actual expenditure in relation to these costs are then allocated pro rata to each programme's value.

The allocation is done on the basis of the comparative weights of the budgets in the programmes concerned. For example, DGI GME is allocated across all programmes managed by DGI dependent on the size in euros of each programme. The same ratio is used for both budget and actual expenditure allocation.

The table below shows the breakdown of General Management Expenditure (GME).

	2022						2021
	Adjusted Budget	Transfers	Final Budget	Actual expenditure	Balance compared to Adjusted Budget	Balance compared to Final Budget	Actual expenditure
	€ K	€ K	€ K	€ K	€ K	€ K	€ K
General Management Expenditure - DGI	1 647,4	42,9	1 690,3	1 683,8	(36,4)	6,5	1 764,9
General Management Expenditure - DGII	2 324,4	(196,2)	2 128,2	2 121,4	203,0	6,8	2 378,0
General Management Expenditure - DPC	1 593,1	13,8	1 606,9	1 407,4	185,7	199,5	1 563,1
Total	5 564,9	(139,5)	5 425,4	5 212,6	352,3	212,8	5 706,1

ORDINARY BUDGET: EXPENDITURE BY TYPE

Staff expenditure amounted to €145.4 M in 2022 and was lower than foreseen, mainly due to staff vacancies and to the outsourcing of some support services. Temporary staffing was used to cover vacancies in permanent staff while recruitment was underway.

There was significant movement in non-staff expenditure types in 2022 to respond to the continuing impact of Covid-19 and the situation in Ukraine. *Travel, subsistence and honoraria* remained below forecast levels as meetings and country visits continued to be impacted by external events. The underspend was offset in part by hybrid meetings and the use of *audiovisual services*, insurance and other travel related costs (behind *Buildings, Vehicles and Equipment*), and some activities were postponed to 2023 (€0.3 M within *Grants*). The Court, which had lower expenditure in staff, judges, interpretation and translation costs, advanced some maintenance work. After two years of restricted travel, the Secretary General, Deputy Secretary General and the Human Rights Commissioner carried out a higher number of official journeys than foreseen, and at a higher cost.

Administrative measures were still in place, particularly in the first half of the year, to reduce the impact of Covid-19. Unforeseen expenditure of €1.0 M was principally reflected behind *Buildings, vehicles and equipment* and *Other types of expenditure*.

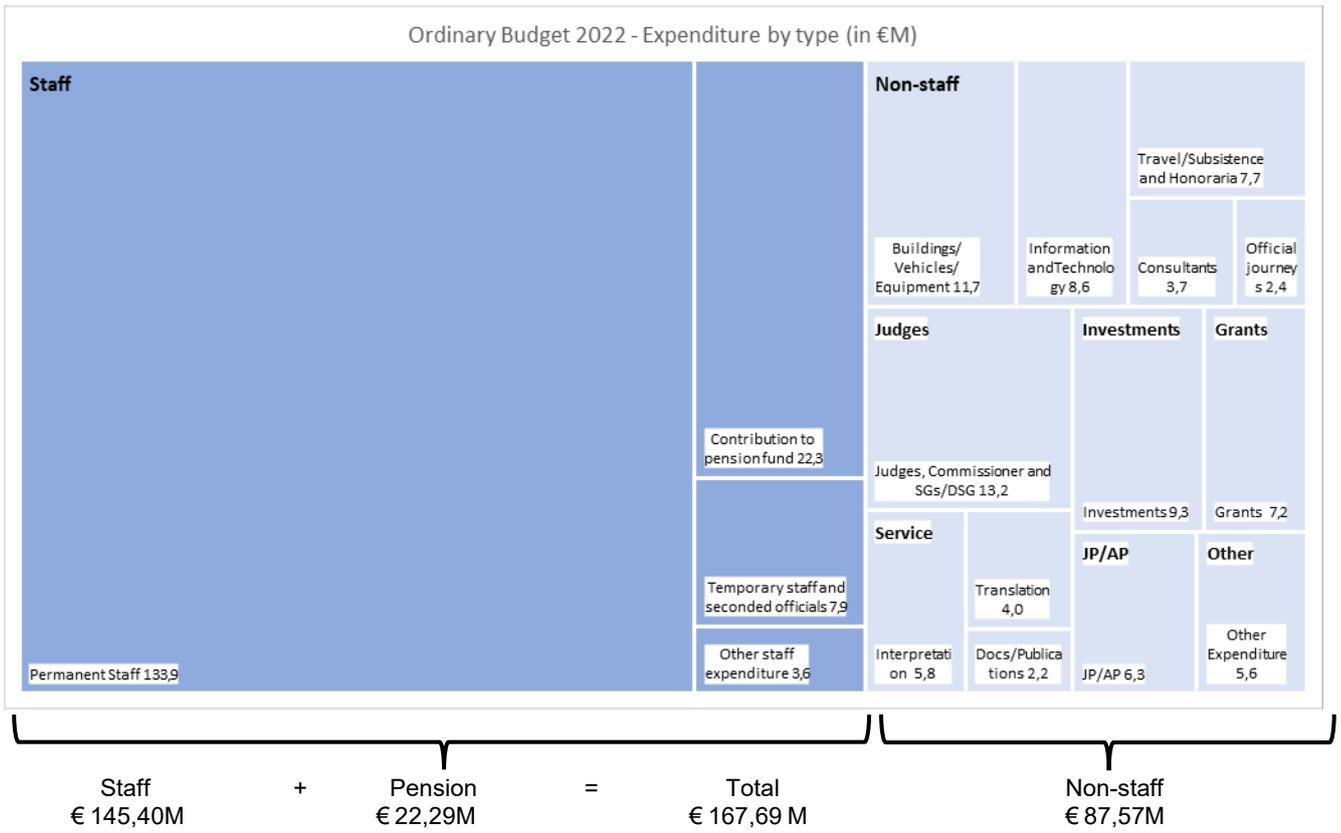
Certain measures were put in place towards the end of the year to reduce energy consumption, which, along with the capped energy costs, resulted in savings of €0.3 M in energy compared to forecast. Further savings were made in rental costs for field offices where a greater extent of costs was absorbed by extrabudgetary projects. This allowed building maintenance works to be progressed to benefit from savings.

IT expenditure was higher than forecast, in part due to Programme expenditure on IT, such as additional HELP courses, and in part due to general IT support costs.

	2022 Adjusted Budget € K	2022 Actuals € K	Variance € K	Variance %	
Permanent Staff	142 080,5	133 910,1	8 170,4	5,8%	
Temporary Staff	1 735,3	6 650,8	(4 915,5)	-283,3%	
Seconded Officials	1 145,4	1 259,5	(114,1)	-10,0%	
Other Staff Expenditure	3 551,6	3 584,5	(32,9)	-0,9%	
Total Staff	148 512,8	145 405,0	3 107,8	2,1%	(1)
Secretary General, Deputy Secretary General/ Secretary General of the Parliamentary Assembly	1 100,4	1 054,3	46,1	4,2%	
Judges and Human Rights Commissioner	12 559,6	12 182,7	376,9	3,0%	
Official journeys (Staff/Judges/Commissioner)	2 129,6	2 416,6	(287,0)	-13,5%	(2)
Consultants and Outsourced Activity Costs	3 198,9	3 654,8	(455,9)	-14,3%	(3)
Travel/Subsistence/Honoraria	11 163,1	7 710,2	3 452,9	30,9%	(4)
Official Hospitality	358,5	232,3	126,2	35,2%	(5)
Interpretation	5 997,5	5 750,1	247,4	4,1%	
Translation	4 480,2	3 975,6	504,6	11,3%	(6)
Publications, Documents and Postage	2 458,0	2 162,2	295,8	12,0%	(7)
Buildings, Vehicles and Equipment	10 624,4	11 732,1	(1 107,7)	-10,4%	(8)
Information and Technology	7 670,7	8 612,4	(941,7)	-12,3%	(9)
Audiovisual services	716,8	1 589,5	(872,7)	-121,7%	(10)
Grants to Political Groups	852,3	842,1	10,2	1,2%	
Investments (allocation)	9 286,3	9 286,3			
Grants	5 724,2	6 345,1	(620,9)	-10,8%	(11)
Other Types of Expenditure	2 909,1	3 730,0	(820,9)	-28,2%	(12)
Joint Programmes, Action Plans and Priority actions	6 296,1	6 296,1	0,0	0,0%	
Total Non Staff	87 525,7	87 572,3	(46,6)	-0,1%	
Contribution to the Pension Reserve Fund	22 285,9	22 285,9	0,0	0,0%	
Total expenditure before provisions	258 324,4	255 263,2	3 061,2	1,2%	

- (1) **Staff costs:** Temporary staff were recruited to fill vacancies, particularly in the Court and in the field offices. In addition, certain services were outsourced, with expenditure reflected behind non-staff expenditure.
- (2) **Official journeys:** In particular, official visits by the Secretary General, Deputy Secretary General and their private office and the Human Rights Commissioner which were more numerous and costly than foreseen.
- (3) **Consultants and outsourced activities:** There was an increase in the use of consultancy services, in particular the Help programme (Human Rights Training Programme for Legal Professionals) and for the implementation of Recommendation CM/Rec(2010)5 on combating discrimination on grounds of sexual orientation or gender identity.
- (4) **Travel/subsistence/honoraria:** Travel resumed at a higher rate than last year but was still not at the levels seen before the Covid 19 pandemic. Meetings in hybrid format have also reduced travel and per diem costs across the Organisation, particularly for Congress and Parliamentary Assembly meetings and sessions, allowing for the participation of Ukrainian delegations. A number of periodic monitoring visits to Ukraine and Belarus scheduled for the first half of 2022 (including by the CPT) had to be postponed to 2023.
- (5) **Official hospitality:** The number of official receptions increased compared to 2021 but remained below pre-pandemic levels, in particular due to meetings in on-line format.
- (6) **Translation:** Translation volumes were lower than foreseen, including in the Parliamentary Assembly.
- (7) **Publications, documents and postage:** The volume of printing was lower than expected as the implementation of the paperless policy continues, giving priority to the distribution of documents in electronic format for official meetings.
- (8) **Buildings, vehicles and equipment:** A number of sanitary measures continued in the context of the Covid 19 pandemic (purchase of hydro-alcohol gel, additional cleaning of premises, etc.) (-€0.2 M). Unforeseen travel costs relating to car hire and insurance are reflected behind this category (-€0.3 M). In contrast, a number of savings were made in the context of the implementation of projects financed by external resources, where a significant part of the rent for the field offices was charged to the special account for re-invoicing of direct costs, in accordance with the methodology in place (+€0.4 M). Due to special measures put in place and capped pricing, energy costs were lower than foreseen (+€0.3 M) and building maintenance works were higher than foreseen, in part made possible by savings (-€0.8 M). Purchases on furniture and equipment were higher than foreseen (-€0.6 M), particularly by the Court.
- (9) **Information technology:** Expenditure was higher than expected, in particular due to Programme expenditure on IT, such as additional HELP courses, and in part due to IT support costs, including additional license costs and purchase of equipment.
- (10) **Audiovisual services:** The extensive use of meetings in hybrid format in official meetings, in particular, in the Parliamentary Assembly, the Committee of Ministers and the Congress allowed for Ukrainian participation in the various debates. This resulted in a number of costs associated with the use of online platforms for interpretation. The Organisation also continued to deploy audio-visual equipment and videoconferencing in several small rooms at headquarters, the Court and in Brussels.
- (11) **Grants:** Grants were higher than expected, in particular due to the difficulties of travelling to the field for the organisation of certain activities, so a number of municipalities and political schools received grants on various topics. Eight activities could not be implemented in 2022 and were allocated to the budget for appropriations carried forward to 2023 (cf document CM(2022)186) by means of a grant.
- (12) **Other types of expenditure:** The increase in other types of expenditure is notably linked to the payment of compensation for loss of employment and increases in service contracts for catering.

The table below shows the relative weight of each expenditure type compared to the overall Ordinary Budget.



Ordinary Budget: Salary ceiling

Type of Expenditure	Adjusted Budget €K	Ratio of Staff and Non Staff/Budget	Actuals €K	Ratio of Staff and Non Staff/Budget
HUMAN RIGHTS	106 569,8		104 384,9	
Salaries and related costs	76 649,5	71,92%	75 355,8	72,19%
Judges	12 326,5	11,57%	11 949,6	11,45%
Commissioner for Human Rights	233,1	0,22%	233,1	0,22%
Non Staff (a)	17 360,7	16,29%	16 846,4	16,14%
RULE OF LAW	14 468,4		14 129,0	
Salaries and related costs	7 399,6	51,14%	7 428,6	52,58%
Non Staff (a)	7 068,8	48,86%	6 700,3	47,42%
DEMOCRACY	38 549,1		37 516,5	
Salaries and related costs	22 313,4	57,88%	21 763,6	58,01%
Specially Appointed Officials (b)	413,8	1,07%	412,4	1,10%
Non Staff (a)	15 821,9	41,04%	15 340,5	40,89%
GOVERNING BODIES GENERAL SERVICES AND OTHER	76 451,2		76 947,0	
Salaries and related costs	42 150,3	55,13%	40 857,0	53,10%
Specially Appointed Officials (b)	686,6	0,90%	641,8	0,83%
Non Staff (a)	33 614,3	43,97%	35 448,1	46,07%
Total Ordinary Budget	236 038,5		232 977,3	
Salaries and related costs	148 512,8	62,92%	145 405,0	62,41%
Specially Appointed Officials	1 100,4	0,47%	1 054,3	0,45%
Judges and Commissioner for Human Rights	12 559,6	5,32%	12 182,7	5,23%
Non Staff (a)	73 865,7	31,29%	74 335,3	31,91%
Total recharged services	14 219,2		15 033,4	
Salaries and related costs (c)	5 960,4	41,92%	5 071,5	33,74%
Non Staff	8 258,8	58,08%	9 961,8	66,26%
Total Staff - Salary ceiling	154 473,2	65,44%	150 476,5	64,59%
Ordinary Budget - Salaries and related costs	148 512,8	62,92%	145 405,0	62,41%
Recharged services - Salaries and related costs	5 960,4	2,53%	5 071,5	2,18%
Total Ordinary Budget after contribution to the Pension Reserve Fund and before provision for ongoing litigation	258 324,4		255 263,2	
Total Ordinary Budget before contribution to the Pension Reserve Fund and provision for ongoing litigation	236 038,5		232 977,3	
Contribution to the Pension Reserve Fund	22 285,9		22 285,9	

(a) This line includes the staff cost element of recharged services: Translation, Interpretation, Documents and Publications

(b) Specially appointed officials are the Secretary General, Deputy Secretary General and the Secretary General of the Parliamentary Assembly.

(c) These figures do not include the costs of freelance interpreters and translators.

CHAPTER 3 – OTHER BUDGETS

OTHER BUDGETS – GENERAL BUDGET

- **EXTRAORDINARY BUDGET**
- **PENSIONS BUDGET**
- **PENSIONS RESERVE FUND**
- **BUDGET OF THE EUROPEAN YOUTH FOUNDATION**

OTHER BUDGETS - PARTIAL AGREEMENTS

- **BUDGET OF THE PARTIAL AGREEMENT OF THE EUROPEAN PHARMACOPOEIA**
- **BUDGET OF THE ENLARGED PARTIAL AGREEMENT ON THE COUNCIL OF EUROPE DEVELOPMENT BANK**
- **BUDGET OF THE ENLARGED PARTIAL AGREEMENT ON THE INTERNATIONAL CO-OPERATION GROUP ON DRUGS AND ADDICTIONS (POMPIDOU GROUP)**
- **BUDGET OF THE PARTIAL AGREEMENT ON THE CO-OPERATION GROUP FOR THE PREVENTION OF, PROTECTION AGAINST, AND ORGANISATION OF RELIEF IN MAJOR NATURAL AND TECHNOLOGICAL DISASTERS (EUR-OPA)**
- **BUDGET OF THE ENLARGED AGREEMENT ON THE EUROPEAN COMMISSION FOR DEMOCRACY THROUGH LAW**
- **BUDGET OF THE ENLARGED PARTIAL AGREEMENT ON THE YOUTH MOBILITY THROUGH THE YOUTH CARD**
- **BUDGET OF THE ENLARGED PARTIAL AGREEMENT ESTABLISHING THE EUROPEAN CENTRE FOR MODERN LANGUAGES (GRAZ)**
- **BUDGET OF THE ENLARGED AGREEMENT ON THE “GROUP OF STATES AGAINST CORRUPTION – GRECO”**
- **BUDGET OF THE ENLARGED PARTIAL AGREEMENT ON SPORT – EPAS**
- **BUDGET OF THE ENLARGED PARTIAL AGREEMENT ON CULTURAL ROUTES**
- **BUDGET OF THE ENLARGED PARTIAL AGREEMENT OF THE EUROPEAN SUPPORT FUND FOR THE CO-PRODUCTION AND DISTRIBUTION OF CREATIVE CINEMATOGRAPHIC AND AUDIOVISUAL WORKS “EURIMAGES”**
- **BUDGET OF THE ENLARGED PARTIAL AGREEMENT ESTABLISHING THE EUROPEAN CENTRE FOR GLOBAL INTERDEPENDENCE AND SOLIDARITY (NORTH SOUTH CENTRE)**
- **BUDGET OF THE ENLARGED PARTIAL AGREEMENT OBSERVATORY ON HISTORY TEACHING IN EUROPE**

OTHER BUDGETS - GENERAL BUDGET

EXTRAORDINARY BUDGET

BUDGETARY RESULTS

	2022						2021	
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Adjusted Approved Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€ K	€ K	€ K	€ K	€ K	€ K	€ K	€ K
Staff expenditure	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Non staff expenditure	5 103,7	0,0	0,0	5 103,7	5 103,7	0,0	0,0	5 103,7
Grant to investments special account	13,7	0,0	0,0	13,7	13,7	0,0	0,0	13,7
Other expenditure	5 090,0	0,0	0,0	5 090,0	5 090,0	0,0	0,0	5 090,0
Total Expenditure	5 103,7	0,0	0,0	5 103,7	5 103,7	0,0	0,0	5 103,7
Contributions	5 103,7	0,0	0,0	5 103,7	5 103,7	0,0	0,0	5 103,7
Obligatory contributions	5 103,7	0,0	0,0	5 103,7	5 103,7	0,0	0,0	5 103,7
Other receipts	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total Receipts	5 103,7	0,0	0,0	5 103,7	5 103,7	0,0	0,0	5 103,7
Net surplus/(deficit)					0,0			0,0

PENSIONS BUDGET¹³**BUDGETARY RESULTS**

	2022							2021
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Adjusted Approved Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Non staff expenditure	62 427,5	2 559,4	0,0	64 986,9	64 850,0	136,9	136,9	59 264,0
Pensions (a)	59 051,7	2 528,5	0,0	61 580,2	61 580,2	0,1	0,1	56 222,0
Leaving allowances	2 800,0	30,8	0,0	2 830,8	2 830,8	0,0	0,0	2 591,1
Management of the pension reserve fund	551,6	0,0	(1,6)	550,0	413,2	138,4	136,8	426,2
Actuarial study	24,2	0,0	1,6	25,8	25,8	(1,6)	0,0	24,7
Total Expenditure	62 427,5	2 559,4	0,0	64 986,9	64 850,0	136,9	136,9	59 264,0
Contributions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other receipts	62 427,5	2 559,4	0,0	64 986,9	64 850,0	(136,9)	(136,9)	59 264,0
Grant from other bodies (b)	62 427,5	2 559,4	0,0	64 986,9	64 427,3	559,5	559,5	58 915,9
Financial income net of charges	0,0	0,0	0,0	0,0	33,7	(33,7)	(33,7)	23,4
Other income (c)	0,0	0,0	0,0	0,0	389,0	(389,0)	(389,0)	324,7
Total Receipts	62 427,5	2 559,4	0,0	64 986,9	64 850,0	(136,9)	(136,9)	59 264,0
Net surplus/(deficit)					0,0			0,0

- (a) The detail of "Pensions" is available hereafter.
(b) Grant from the Pension Reserve Fund.
(c) "Other income" includes the reimbursement of leaving allowances by returning staff members (€389 K)

	2022	2021
	€K	€K
Pensions		
Retirement pensions	48 371,3	43 738,6
Invalidity pensions	3 861,5	3 604,2
Survivors' – reversion pensions	6 881,9	6 640,4
Orphans' pensions	304,2	255,1
Family allowances	2 161,2	1 983,7
Total	61 580,2	56 222,0

¹³ The amounts in the pensions budget are estimated and have to be adjusted on the basis of the actual figures, which depend on the actual number of staff affiliated to the scheme.

NET CHANGE IN NUMBER OF PENSIONS GRANTED

The difference between benefits paid in 2021 and 2022 (+9.53%) resulted from the net change in the number of pensions granted (+58; see below) and pension adjustments for 2022.

	at 31/12/2021	Awarded	Cessations	at 31/12/2022
Retirement pensions	754	74	16	812
Invalidity pensions	80	6	5	81
Survivors' / Reversion pensions	156	9	11	154
Orphan's pensions	23	2	1	24
TOTAL	1013	91	33	1071

**STATEMENT OF FINANCIAL PERFORMANCE OF THE PENSIONS RESERVE FUND
(IN IPSAS TERMS)**

	2022 €K	2021 €K
Member States' contributions	33 105,3	32 096,0
Employer's share of pensions	33 934,2	32 082,4
Employees' share of pensions	20 313,6	19 215,9
Validation of temporary service	1 310,7	621,8
Total income	88 663,9	84 016,1
Pensions	61 580,2	56 222,0
Leaving allowances	2 830,8	2 591,1
Other expenditure	469,8	1 350,4
Total expenditure	64 880,8	60 163,5
Net contributions	23 783,1	23 852,6
Net gain / (loss) on investments	(72 787,9)	77 765,5
Net increase / (decrease) in the reserve	(49 004,8)	101 618,1
Reserve as at 31 December	540 789,4	589 794,3

BUDGET OF THE EUROPEAN YOUTH FOUNDATION

BUDGETARY RESULTS

	2022							2021
	Approved Budget	Adjustments to Budget (a)	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Adjusted Approved Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	882,1	0,0	44,0	926,1	860,9	21,2	65,2	704,5
Salaries and related costs	802,6	0,0	44,0	846,6	781,4	21,2	65,2	622,3
Contributions to the Pension Reserve Fund	79,5	0,0	0,0	79,5	79,5	0,0	0,0	82,2
Non staff expenditure	4 022,5	926,4	(44,0)	4 904,9	3 684,6	1 264,2	1 220,2	3 559,2
Reserve for future activities	401,5	(18,5)	(64,0)	319,0	20,7	362,3	298,3	0,0
Other expenditure (b)	3 621,0	944,8	20,0	4 585,8	3 663,9	901,9	921,9	3 559,2
Provision	0,0	0,0	0,0	0,0	18,1	(18,1)	(18,1)	0,0
Provision pour recours Contentieux (c)	0,0	0,0	0,0	0,0	18,1	(18,1)	(18,1)	0,0
Total Expenditure	4 904,6	926,4	0,0	5 831,0	4 563,7	1 267,3	1 267,3	4 263,7 (1)
Contributions	3 428,9	58,8	0,0	3 487,7	3 487,7	0,0	0,0	3 755,9
Obligatory contributions	3 408,9	(309,8)	0,0	3 099,1	3 099,1	0,0	0,0	3 395,3
Voluntary contributions from member States (d)	20,0	368,5	0,0	388,5	388,5	0,0	0,0	360,6
Other receipts	1 475,7	867,6	0,0	2 343,3	2 343,3	0,0	0,0	2 273,7
Financial income net of charges	2,0	1,9	0,0	3,9	3,9	0,0	0,0	4,3
Balance from previous year	1 173,7	592,2	0,0	1 765,9	1 765,9	0,0	0,0	2 072,8
Other income	300,0	273,5	0,0	573,5	573,5	0,0	0,0	196,7
Total Receipts	4 904,6	926,4	0,0	5 831,0	5 831,0	0,0	0,0	6 029,6
Net surplus/(deficit) (e)					1 267,3			1 765,9

- (a) The budget adjustment of €926.4 K reflects the reduction in obligatory contributions following the cessation of membership of the Russian Federation with effect from 16 March 2022 (cf. CM/Res(2022)7), the change to the forecast carry forward from the previous year of €592.2 K (CM/Res(2022)16) as well as €368.5 K higher than budgeted voluntary contributions.
- (b) "Other expenditure" includes an amount of €27.1 K relating to investment expenditure (see Chapter 5 - Supplementary information)
- (c) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal.
- (d) The detail of "Voluntary contributions from member States" is presented hereafter.

	2022 €K	2021 €K
Voluntary contributions from member States		
France		10,6
Germany	388,5	350,0
Total	388,5	360,6

- (e) The surplus will be carried forward to the following year according to the Foundation's statute (Article 6.3).

EXPLANATIONS OF VARIANCES

(1) Total Expenditure

The unspent balance is in part due to grants not awarded in-year with less applications being received; and to additional receipts during the year which will be allocated to future work. In addition, €362 K relates to projects to be implemented in 2023.

OTHER BUDGETS - PARTIAL AGREEMENTS

BUDGET OF THE PARTIAL AGREEMENT
OF THE EUROPEAN PHARMACOPOEIA

BUDGETARY RESULTS

	2022							2021
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	30 607,6	0,0	0,0	30 607,6	27 833,9	2 773,7	2 773,7	26 949,5 ⁽¹⁾
Salaries and related costs	27 035,6	0,0	0,0	27 035,6	24 261,9	2 773,7	2 773,7	23 514,0
Contributions to the Pension Reserve Fund	3 572,0	0,0	0,0	3 572,0	3 572,0	0,0	0,0	3 435,5
Non staff expenditure	45 310,2	338,9	0,0	45 649,1	30 923,2	14 725,9	14 725,9	27 290,9 ⁽²⁾
Grant to investments special accounts	4 500,0	0,0	0,0	4 500,0	4 500,0	0,0	0,0	4 600,0
Reserve for future investments	11 761,3	338,9	0,0	12 100,2	0,0	12 100,2	12 100,2	0,0
Other expenditure (a)	29 048,9	0,0	0,0	29 048,9	26 423,2	2 625,7	2 625,7	22 690,9
Provision	0,0	0,0	0,0	0,0	628,0	(628,0)	(628,0)	0,0
Provision in respect of ongoing litigation (b)	0,0	0,0	0,0	0,0	628,0	(628,0)	(628,0)	0,0
Total Expenditure	75 917,8	338,9	0,0	76 256,7	59 385,1	16 871,6	16 871,6	54 240,4
Contributions	2 852,8	0,0	0,0	2 852,8	2 852,8	0,0	0,0	2 852,8
Obligatory contributions	2 852,8	0,0	0,0	2 852,8	2 852,8	0,0	0,0	2 852,8
Other receipts	73 065,0	338,9	0,0	73 403,9	73 403,9	0,0	0,0	72 499,4
Sales and activities receipts	73 100,0	195,2	0,0	73 295,2	73 295,2	0,0	0,0	72 438,1
Financial income net of charges	0,0	318,7	0,0	318,7	318,7	0,0	0,0	50,0
Provision for bad debts	(50,0)	(140,6)	0,0	(190,6)	(190,6)	0,0	0,0	6,4
Other income	15,0	(34,4)	0,0	(19,4)	(19,4)	0,0	0,0	4,8
Total Receipts	75 917,8	338,9	0,0	76 256,7	76 256,7	0,0	0,0	75 352,2
Net surplus/(deficit) (c)					16 871,6			21 111,8

- (a) "Other expenditure" includes an amount of €936.4 K relating to investment expenditure (see Chapter 5 - Supplementary information).
- (b) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event of a negative decision.
- (c) The surplus of the Partial Agreement will be treated as outlined in the draft Resolution where a reimbursement of the total of member States contributions for 2022, along with an additional €1.0 M, is proposed.

EXPLANATION OF VARIANCES:

(1) Staff expenditure:

Staff costs lower than forecast (€2.8 M) due to delays in recruitment, non-acceptance of some contract offers, unforeseen staff departures and interviews taking place online.

(2) Non staff expenditure:

The remaining balance mainly concerns the reserve for future investments (€11.8 M). In addition, €0.8 M are related to longer delivery times for packaging and lower needs than forecast, €0.6 M linked to travel restrictions only being lifted from March 2022 and the continued use of the hybrid format, €0.5 M related to delays in IT outsourcing and €0.4 M related to the purchase of substances.

**BUDGET OF THE ENLARGED PARTIAL AGREEMENT
ON THE COUNCIL OF EUROPE DEVELOPMENT BANK**

BUDGETARY RESULTS

	2022							2021
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	1 177,6	17,6	0,0	1 195,2	1 138,2	57,0	57,0	1 150,3
Salaries and related costs	1 012,5	17,6	0,0	1 030,1	973,1	57,0	57,0	993,9
Contributions to the Pension Reserve Fund	165,1	0,0	0,0	165,1	165,1	0,0	0,0	156,4
Non staff expenditure	370,1	19,4	0,0	389,5	381,0	8,5	8,5	384,0
Other expenditure	370,1	19,4	0,0	389,5	381,0	8,5	8,5	384,0
Provision	0,0	0,0	0,0	0,0	22,6	(22,6)	(22,6)	0,0
Provision in respect of ongoing litigation (a)	0,0	0,0	0,0	0,0	22,6	(22,6)	(22,6)	0,0
Total Expenditure	1 547,7	37,0	0,0	1 584,7	1 541,9	42,8	42,8	1 534,2
Contributions	968,7	0,0	0,0	968,7	968,7	0,0	0,0	964,8
Obligatory contributions	968,7	0,0	0,0	968,7	968,7	0,0	0,0	964,8
Other receipts	579,0	37,0	0,0	616,0	616,0	0,0	0,0	579,0
Grant from other bodies (b)	579,0	37,0	0,0	616,0	616,0	0,0	0,0	579,0
Other income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total Receipts	1 547,7	37,0	0,0	1 584,7	1 584,7	0,0	0,0	1 543,8
Net surplus/(deficit) (c)					42,8			9,6

(a) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal.

(b) The Grant from the Development Bank covers certain costs in the budget, notably staff costs.

(c) The surplus will be treated as outlined in the draft Resolution.

**BUDGET OF THE ENLARGED PARTIAL AGREEMENT
ON THE INTERNATIONAL CO-OPERATION GROUP
ON DRUGS AND ADDICTIONS (POMPIDOU GROUP)**

BUDGETARY RESULTS

	2022							2021
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Adjusted Approved Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	890,7	0,0	2,2	892,9	892,8	(2,1)	0,1	870,8
Salaries and related costs	752,0	0,0	2,2	754,2	754,1	(2,1)	0,1	735,0
Contributions to the Pension Reserve Fund	138,7	0,0	0,0	138,7	138,7	0,0	0,0	135,8
Non staff expenditure	610,9	0,0	(2,2)	608,7	606,2	4,7	2,5	593,4
Other expenditure	610,9	0,0	(2,2)	608,7	606,2	4,7	2,5	593,4
Provision	0,0	0,0	0,0	0,0	17,9	(17,9)	(17,9)	0,0
Provision in respect of ongoing litigation (a)	0,0	0,0	0,0	0,0	17,9	(17,9)	(17,9)	0,0
Total Expenditure	1 501,6	0,0	0,0	1 501,6	1 517,0	(15,4)	(15,4)	1 464,2
Contributions	1 501,6	0,0	0,0	1 501,6	1 501,6	0,0	0,0	1 471,0
Obligatory contributions	1 501,6	0,0	0,0	1 501,6	1 501,6	0,0	0,0	1 471,0
Other receipts	0,0	0,0	0,0	0,0	80,6	0,0	0,0	1,6
Grant from other budgets (b)	0,0	0,0	0,0	0,0	80,6	(80,6)	(80,6)	0,0
Other income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,6
Total Receipts	1 501,6	0,0	0,0	1 501,6	1 582,2	80,6	80,6	1 472,6
Net surplus/(deficit) (c)					65,2			8,4

- (a) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event of a negative decision.
- (b) "Grant from other budgets" includes the release of €80.6 K from a special account, held in reserve following delayed payment of its contributions by the Russian Federation in 2017-2019. The amount forms part of the Pompidou group's net surplus.
- (c) The surplus will be treated as outlined in the draft Resolution.

**BUDGET OF THE ENLARGED PARTIAL AGREEMENT
ON THE CO-OPERATION GROUP FOR THE PREVENTION OF, PROTECTION AGAINST, AND ORGANISATION OF RELIEF IN
MAJOR NATURAL AND TECHNOLOGICAL DISASTERS**

BUDGETARY RESULTS

	2022							2021	
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts	
	€K	€K	€K	€K	€K	€K	€K	€K	
Staff expenditure	394,1	0,0	0,0	394,1	380,0	14,1	14,1	384,4	
Salaries and related costs	343,2	0,0	0,0	343,2	329,1	14,1	14,1	334,4	
Contributions to the Pension Reserve Fund	50,9	0,0	0,0	50,9	50,9	0,0	0,0	50,0	
Non staff expenditure	307,7	0,0	0,0	307,7	260,7	47,0	47,0	286,5	
Other expenditure	307,7	0,0	0,0	307,7	260,7	47,0	47,0	286,5	
Provision	0,0	0,0	0,0	0,0	7,0	(7,0)	(7,0)	0,0	
Provision in respect of ongoing litigation (a)	0,0	0,0	0,0	0,0	7,0	(7,0)	(7,0)	0,0	
Total Expenditure	701,8	0,0	0,0	701,8	647,7	54,1	54,1	670,9	
Contributions	701,8	0,0	0,0	701,8	701,8	0,0	0,0	699,0	
Obligatory contributions (b)	701,8	0,0	0,0	701,8	701,8	0,0	0,0	699,0	
Other receipts	0,0	0,0	0,0	0,0	3,3	3,3	(3,3)	0,0	
Other income	0,0	0,0	0,0	0,0	3,3	3,3	3,3	0,0	
Total Receipts	701,8	0,0	0,0	701,8	705,1	3,3	(3,3)	699,0	
Net surplus/(deficit) (c)					57,4			28,1	

- (a) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal.
- (b) Of which €36.2 K remains unpaid at 31.12.2022 (Lebanon and Morocco).
- (c) The surplus will be treated as outlined in the draft Resolution.

**BUDGET OF THE ENLARGED AGREEMENT
ON THE EUROPEAN COMMISSION FOR DEMOCRACY THROUGH LAW**

BUDGETARY RESULTS

	2022							2021
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to final budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	3 050,1	0,0	(30,0)	3 020,1	2 952,6	97,5	67,5	2 838,4
Salaries and related costs	2 630,7	0,0	(30,0)	2 600,7	2 533,2	97,5	67,5	2 422,9
Contributions to the Pension Reserve Fund	419,4	0,0	0,0	419,4	419,4	0,0	0,0	415,5
Non staff expenditure	1 246,3	0,0	30,0	1 276,3	1 181,8	64,5	94,5	1 273,6
Other expenditure	1 246,3	0,0	30,0	1 276,3	1 181,8	64,5	94,5	1 273,6
Provision	0,0	0,0	0,0	0,0	60,3	(60,3)	(60,3)	0,0
Provision in respect of ongoing litigation (a)	0,0	0,0	0,0	0,0	60,3	(60,3)	(60,3)	0,0
Total Expenditure	4 296,4	0,0	0,0	4 296,4	4 194,8	101,6	101,6	4 112,0
Contributions	4 296,4	0,0	0,0	4 296,4	4 296,4	0,0	0,0	4 279,3
Obligatory contributions	4 296,4	0,0	0,0	4 296,4	4 296,4	0,0	0,0	4 279,3
Other receipts	0,0	0,0	0,0	0,0	17,5	17,5	17,5	0,3
Grant from other budgets (b)	0,0	0,0	0,0	0,0	17,2	17,2	17,2	0,0
Other income	0,0	0,0	0,0	0,0	0,3	0,3	0,3	0,3
Total Receipts	4 296,4	0,0	0,0	4 296,4	4 313,9	17,5	17,5	4 279,6
Net surplus/(deficit) (c)					119,1			167,5

- (a) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal.
- (b) "Grant from other budgets" includes the release of €17.2 K from a special account, held in reserve following delayed payment of its contributions by the Russian Federation in 2017-2019. The amount forms part of the Venice Commission's net surplus.
- (c) The surplus will be treated as outlined in the draft Resolution.

**BUDGET OF THE ENLARGED PARTIAL AGREEMENT
ON THE YOUTH MOBILITY THROUGH THE YOUTH CARD**

BUDGETARY RESULTS

	2022						2021	
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	14,8	0,0	0,0	14,8	14,8	(0,0)	0,0	14,4
Salaries and related costs	12,7	0,0	0,0	12,7	12,7	(0,0)	0,0	12,3
Contributions to the Pension Reserve Fund	2,1	0,0	0,0	2,1	2,1	0,0	0,0	2,1
Non staff expenditure	57,2	0,0	(0,0)	57,2	55,7	1,5	1,5	57,3
Other expenditure	57,2	0,0	(0,0)	57,2	55,7	1,5	1,5	57,3
Provision	0,0	0,0	0,0	0,0	0,4	(0,4)	(0,4)	0,0
Provision in respect of ongoing litigation (a)	0,0	0,0	0,0	0,0	0,4	(0,4)	(0,4)	0,0
Total Expenditure	72,0	0,0	0,0	72,0	70,9	1,1	1,1	71,7
Contributions	72,0	0,0	0,0	72,0	72,0	0,0	0,0	71,7
Obligatory contributions (b)	72,0	0,0	0,0	72,0	72,0	0,0	0,0	71,7
Other receipts	0,0	0,0	0,0	0,0	5,6	5,6	5,6	0,0
Other income	0,0	0,0	0,0	0,0	5,6	5,6	5,6	0,0
Total Receipts	72,0	0,0	0,0	72,0	77,6	5,6	5,6	71,7
Net surplus/(deficit) (c)					6,7			0,0

- (a) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal.
- (b) Of which €3.8 K remains unpaid at 31.12.2022 (Azerbaijan and North Macedonia).
- (c) The surplus will be treated as outlined in the draft Resolution.

**BUDGET OF THE ENLARGED PARTIAL AGREEMENT
ESTABLISHING THE EUROPEAN CENTRE FOR MODERN LANGUAGES (GRAZ)**

BUDGETARY RESULTS

	2022							2021
	Approved Budget	Adjustments to Budget (a)	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	872,6	0,0	(26,5)	846,1	836,9	35,7	9,2	856,9
Salaries and related costs	754,9	0,0	(26,5)	728,4	719,2	35,7	9,2	741,4
Contributions to the Pension Reserve Fund	117,7	0,0	0,0	117,7	117,7	0,0	0,0	115,5
Non staff expenditure	579,6	20,2	26,5	626,3	610,6	(10,8)	15,7	535,7
Other expenditure	579,6	20,2	26,5	626,3	610,6	(10,8)	15,7	535,7
Provision	0,0	0,0	0,0	0,0	17,9	(17,9)	(17,9)	0,0
Provision in respect of ongoing litigation (b)	0,0	0,0	0,0	0,0	17,9	(17,9)	(17,9)	0,0
Total Expenditure (c)	1 452,2	20,2	0,0	1 472,4	1 465,4	7,0	7,0	1 392,6
Contributions	1 452,2	0,0	0,0	1 452,2	1 452,2	0,0	0,0	1 394,6
Obligatory contributions	1 452,2	0,0	0,0	1 452,2	1 452,2	0,0	0,0	1 394,6
Other receipts	0,0	20,2	0,0	20,2	20,2	0,0	0,0	25,7
Other income	0,0	20,2	0,0	20,2	20,2	0,0	0,0	25,7
Total Receipts	1 452,2	20,2	0,0	1 472,4	1 472,4	0,0	0,0	1 420,3
Net surplus/(deficit) (d)					7,0			27,7

- (a) The budget has been adjusted to reflect actual income including the accession of Hungary (€20.2 K).
- (b) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal.
- (c) The Centre operates a four-year programme of activities which is financed by a budgetary grant and implemented through its special account to take account of the multi-annual nature of the programme. "Total expenditure" split by operational expenditure and the grant to the programme is available hereafter.

	2022 €K	2021 €K
Operational expenditure	937,2	934,5
Programme expenditure	528,2	458,1
Total	1 465,4	1 392,6

- (d) The surplus will be treated as outlined in the draft Resolution.

**BUDGET OF THE ENLARGED AGREEMENT
ON THE “GROUP OF STATES AGAINST CORRUPTION – GRECO”**

BUDGETARY RESULTS

	2022						2021	
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	1 742,6	0,0	0,0	1 742,6	1 606,6	136,0	136,0	1 605,3
Salaries and related costs	1 479,5	0,0	0,0	1 479,5	1 343,5	136,0	136,0	1 351,2
Contributions to the Pension Reserve Fund	263,1	0,0	0,0	263,1	263,1	0,0	0,0	254,1
Non staff expenditure	762,5	35,5	0,0	798,0	729,3	68,7	68,7	739,4
Other expenditure	762,5	35,5	0,0	798,0	729,3	68,7	68,7	739,4
Provision	0,0	0,0	0,0	0,0	30,9	(30,9)	(30,9)	0,0
Provision in respect of ongoing litigation (a)	0,0	0,0	0,0	0,0	30,9	(30,9)	(30,9)	0,0
Total Expenditure	2 505,1	35,5	0,0	2 540,6	2 366,9	173,7	173,7	2 344,8
Contributions	2 505,1	0,0	0,0	2 505,1	2 505,1	0,0	0,0	2 495,1
Obligatory contributions	2 505,1	0,0	0,0	2 505,1	2 505,1	0,0	0,0	2 495,1
Other receipts	0,0	35,5	0,0	35,5	35,5	0,0	0,0	0,9
Grant from other budgets (b)	0,0	34,4	0,0	34,4	34,4	0,0	0,0	0,0
Other income	0,0	1,1	0,0	1,1	1,1	0,0	0,0	0,9
Total Receipts	2 505,1	35,5	0,0	2 540,6	2 540,6	0,0	0,0	2 496,0
Net surplus/(deficit) (c)					173,7			151,2

- (a) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal.
- (b) "Grant from other budgets" includes the release of €34.4 K from special accounts, held in reserve following delayed payment of its contributions by the Russian Federation in 2017-2019. The amount forms part of GRECO's net surplus.
- (c) The surplus will be treated as outlined in the draft Resolution.

**BUDGET OF THE ENLARGED PARTIAL AGREEMENT
ON SPORT – EPAS**

BUDGETARY RESULTS

	2022							2021
	Approved Budget	Adjustments to Budget (a)	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	613,6	0,0	25,0	638,6	629,0	(15,4)	9,6	616,3
Salaries and related costs	549,5	0,0	25,0	574,5	564,9	(15,4)	9,6	553,1
Contributions to the Pension Reserve Fund	64,1	0,0	0,0	64,1	64,1	0,0	0,0	63,2
Non staff expenditure	488,3	60,3	(25,0)	523,6	485,6	63,0	38,0	476,2
Other expenditure	488,3	60,3	(25,0)	523,6	485,6	63,0	38,0	476,2
Provision	0,0	0,0	0,0	0,0	14,9	(14,9)	(14,9)	0,0
Provision in respect of ongoing litigation (b)	0,0	0,0	0,0	0,0	14,9	(14,9)	(14,9)	0,0
Total Expenditure	1 101,9	60,3	0,0	1 162,2	1 129,5	(32,7)	(32,7)	1 092,5
Contributions	1 101,9	0,0	0,0	1 101,9	1 101,9	0,0	0,0	1 078,5
Obligatory contributions (c)	1 101,9	0,0	0,0	1 101,9	1 101,9	0,0	0,0	1 078,5
Other receipts	0,0	60,3	0,0	60,3	60,3	0,0	0,0	22,0
Grant from other budgets (d)	0,0	10,4	0,0	10,4	10,4	0,0	0,0	0,0
Other income	0,0	49,9	0,0	49,9	49,9	0,0	0,0	22,0
Total Receipts	1 101,9	60,3	0,0	1 162,2	1 162,2	0,0	0,0	1 100,5
Net surplus/(deficit) (e)					32,7			8,0

- (a) The budget has been adjusted for actual receipts, including the accessions of the Slovak Republic (€7.9 K) and Canada (€39.7 K).
- (b) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal.
- (c) Of which €16.6 K remains unpaid at 31.12.2022 (Belarus and Morocco).
- (d) "Grant from other budgets" includes the release of €10.4 K from a special account, held in reserve following delayed payment of its contributions by the Russian Federation in 2017-2019. The amount forms part of EPAS's net surplus.
- (e) The surplus will be treated as outlined in the draft Resolution.

**BUDGET OF THE ENLARGED PARTIAL AGREEMENT
ON CULTURAL ROUTES**

BUDGETARY RESULTS

	2022							2021
	Approved Budget	Adjustments to Budget (a)	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	280,7	0,0	7,5	288,2	287,5	(6,8)	0,8	269,0
Salaries and related costs	248,5	0,0	7,5	256,0	255,3	(6,8)	0,8	237,2
Contributions to the Pension Reserve Fund	32,2	0,0	0,0	32,2	32,2	0,0	0,0	31,8
Non staff expenditure	103,9	11,7	(7,5)	108,1	104,4	11,2	3,7	93,1
Other expenditure	103,9	11,7	(7,5)	108,1	104,4	11,2	3,7	93,1
Provision	0,0	0,0	0,0	0,0	4,7	(4,7)	(4,7)	0,0
Provision in respect of ongoing litigation (b)	0,0	0,0	0,0	0,0	4,7	(4,7)	(4,7)	0,0
Total Expenditure	384,6	11,7	0,0	396,3	396,6	(0,3)	(0,3)	362,0
Contributions	384,6	0,0	0,0	384,6	384,6	0,0	0,0	377,8
Obligatory contributions (c)	384,6	0,0	0,0	384,6	384,6	0,0	0,0	377,8
Other receipts	0,0	11,7	0,0	11,7	11,7	0,0	0,0	4,0
Grant from other budgets (d)	0,0	1,4	0,0	1,4	1,4	0,0	0,0	0,0
Other income	0,0	10,3	0,0	10,3	10,3	0,0	0,0	4,0
Total Receipts	384,6	11,7	0,0	396,3	396,3	0,0	0,0	381,8
Net surplus/(deficit) (e)					(0,3)			19,8

- (a) The budget has been adjusted to reflect actual income including the accession of Lebanon, Albania and North Macedonia (€10.3 K).
- (b) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal.
- (c) Of which €10.6 K remains unpaid at 31.12.2022 (Ukraine and Lebanon).
- (d) "Grant from other budgets" includes the release of €1.4 K from special accounts, held in reserve following delayed payment of its contributions by the Russian Federation in 2017-2019 and of the 2018's surplus. The amount reduces the net deficit of the enlarged partial agreement.
- (e) The deficit will be treated as outlined in the draft Resolution.

**BUDGET OF THE ENLARGED PARTIAL AGREEMENT
OF THE EUROPEAN SUPPORT FUND FOR THE CO-PRODUCTION AND DISTRIBUTION
OF CREATIVE CINEMATOGRAPHIC AND AUDIO-VISUAL WORKS "EURIMAGES"**

BUDGETARY RESULTS

	2022							2021	
	Approved Budget	Adjustments to Budget (a)	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts	
	€K	€K	€K	€K	€K	€K	€K	€K	
Staff expenditure	3 035,8	0,0	0,0	3 035,8	2 465,0	570,8	570,8	2 692,0	(1)
Salaries and related costs	2 632,6	0,0	0,0	2 632,6	2 061,8	570,8	570,8	2 298,2	
Contributions to the Pension Reserve Fund	403,2	0,0	0,0	403,2	403,2	0,0	0,0	393,8	
Non staff expenditure	23 989,4	37 766,0	0,0	61 755,4	27 032,8	34 722,5	34 722,5	23 507,5	
Other expenditure (b)	23 989,4	37 766,0	0,0	61 755,4	27 032,8	34 722,5	34 722,5	23 507,5	(2)
Provision	0,0	0,0	0,0	0,0	47,1	(47,1)	(47,1)	0,0	
Provision in respect of ongoing litigation (c)	0,0	0,0	0,0	0,0	47,1	(47,1)	(47,1)	0,0	
Total Expenditure (d)	27 025,2	37 766,0	0,0	64 791,2	29 544,9	35 246,2	35 246,2	26 199,5	
Contributions	25 585,2	(748,3)	0,0	24 836,9	24 836,9	0,0	0,0	25 483,3	
Obligatory contributions	25 585,2	(748,3)	0,0	24 836,9	24 836,9	0,0	0,0	25 483,3	
Other receipts	1 440,0	38 514,2	0,0	39 954,2	38 595,2	(1 359,1)	(1 359,1)	38 734,2	
Income arising from programme activities	1 300,0	(181,4)	0,0	1 118,6	1 118,6	0,0	0,0	1 373,6	
Cancellations of aid	0,0	192,6	0,0	192,6	192,6	0,0	0,0	19,4	
Financial income net of charges	140,0	270,1	0,0	410,1	410,1	0,0	0,0	266,7	
Provision for bad debts (e)	0,0	0,0	0,0	0,0	(1 359,1)	(1 359,1)	(1 359,1)	(140,6)	
Balance from previous year	0,0	38 018,0	0,0	38 018,0	38 018,0	0,0	0,0	36 994,6	
Other income	0,0	215,0	0,0	215,0	215,0	0,0	0,0	220,5	
Total Receipts	27 025,2	37 766,0	0,0	64 791,2	63 432,1	(1 359,1)	(1 359,1)	64 217,5	
Net surplus/(deficit) (f)					33 887,2			38 018,0	

- (a) Following the decision of the Committee of Ministers, the budget has been adjusted to reflect the reduction in obligatory contributions following the cessation of membership of the Russian Federation with effect from 16 March 2022 (cf. CM/Res(2022)10) and changes in "Other receipts", including the balance from 2021 (CM/Res(2022)27).
- (b) "Other expenditure" includes an amount of €17.0 K relating to investment expenditure (see Chapter 5 - Supplementary information).
- (c) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the that the appeals are upheld by the Administrative Tribunal.
- (d) The budget of Eurimages includes the European support Fund for the co-production and distribution of creative cinematographic and audiovisual works (programme expenditure) and operational expenditure for its implementation. "Total expenditure" split by operational/programme expenditure is available hereafter.

	2022 €K	2021 €K
Operational expenditure	3 672,6	3 986,3
Programme expenditure	25 872,4	22 213,2
Total	29 544,9	26 199,5

- (e) The Provision for bad debts includes a provision for obligatory contributions for 2020 from Argentina and interest on its late payment (€ 1 359.1 K).
- (f) The surplus will be treated as outlined in the draft Resolution.

EXPLANATIONS OF VARIANCES**(1) Staff Expenditure**

Staff costs are lower than planned due to several vacant posts (€571K)

(2) Other Expenditure

The unspent balance includes €28.2 M for contracts awaiting signature at the end of 2022 (2021: €34.8 M). In addition, €5.7 M was not allocated to programme activities during the year and operational costs for meetings, travel and consultancy were lower than initially foreseen (€0.4 M).

**BUDGET OF THE ENLARGED PARTIAL AGREEMENT
ESTABLISHING THE EUROPEAN CENTRE FOR GLOBAL INTERDEPENDENCE
AND SOLIDARITY**

BUDGETARY RESULTS

	2022							2021
	Approved Budget	Adjustments to Budget (a)	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	312,8	0,0	0,0	312,8	307,8	5,0	5,0	271,1
Salaries and related costs	294,6	0,0	0,0	294,6	289,6	5,0	5,0	253,3
Contributions to the Pension Reserve Fund	18,2	0,0	0,0	18,2	18,2	0,0	0,0	17,8
Non staff expenditure	178,5	15,1	0,0	193,6	142,4	51,2	51,2	443,6
Other expenditure	178,5	15,1	0,0	193,6	142,4	51,2	51,2	443,6
Provision	0,0	0,0	0,0	0,0	4,9	(4,9)	(4,9)	0,0
Provision in respect of ongoing litigation (b)	0,0	0,0	0,0	0,0	4,9	(4,9)	(4,9)	0,0
Total expenditure (c)	491,3	15,1	0,0	506,4	455,1	51,3	51,3	714,7
Contributions	491,3	0,0	0,0	491,3	491,3	0,0	0,0	731,7
Obligatory contributions (d)	491,3	0,0	0,0	491,3	491,3	0,0	0,0	489,3
Voluntary contributions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	242,4
Other receipts	0,0	15,1	0,0	15,1	(63,5)	(78,5)	(78,5)	12,8
Grant from other budgets	0,0	5,7	0,0	5,7	5,7	0,0	0,0	7,2
Financial income net of charges	0,0	8,2	0,0	8,2	8,2	0,0	0,0	5,6
Provision for bad debts (e)	0,0	0,0	0,0	0,0	(78,5)	(78,5)	(78,5)	0,0
Other income	0,0	1,1	0,0	1,1	1,1	(0,0)	(0,0)	0,0
Total receipts	491,3	15,1	0,0	506,4	427,8	(78,5)	(78,5)	744,5
Net surplus/(deficit) (f)					(27,2)			29,9

- (a) The budget has been adjusted to reflect actual receipts.
- (b) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal.
- (c) The Centre's budget includes the programme of activities and operational expenditure for its implementation. "Total expenditure" split by operational and programme expenditure is available hereafter. Programme expenditure includes allocations of voluntary contributions received during the year to the Centre's special account.

	2022 €K	2021 €K
Operational expenditure	387,5	337,5
Programme expenditure	67,6	377,2
Total	455,1	714,7

- (d) Of which €19.8 K remains unpaid at 31.12.2022 (Cape Verde and Tunisia).
- (e) The Provision for bad debts includes a provision for obligatory contributions for 2017-2022 from Cape Verde and interest on its late payment.
- (f) The deficit will be treated as outlined in the draft Resolution.

**BUDGET OF THE ENLARGED PARTIAL AGREEMENT
ON THE OBSERVATORY ON HISTORY TEACHING IN EUROPE**

BUDGETARY RESULTS

	2022							2021
	Approved Budget	Adjustments to Budget	Transfers	Final Budget	Actual Expenditure/ Receipts	Balance compared to Approved Adjusted Budget	Balance compared to Final Budget	Actual Expenditure/ Receipts
	€K	€K	€K	€K	€K	€K	€K	€K
Staff expenditure	484,3	0,0	(36,0)	448,3	446,0	38,3	2,3	283,9
Salaries and related costs	435,8	0,0	(36,0)	399,8	397,5	38,3	2,3	240,6
Contributions to the Pension Reserve Fund	48,5	0,0	0,0	48,5	48,5	0,0	0,0	43,3
Non staff expenditure	369,1	0,0	36,0	405,1	404,3	(35,2)	0,8	360,5
Other expenditure	369,1	0,0	36,0	405,1	404,3	(35,2)	0,8	360,5
Provision	0,0	0,0	0,0	0,0	9,1	(9,1)	(9,1)	0,0
Provision in respect of ongoing litigation (a)	0,0	0,0	0,0	0,0	9,1	(9,1)	(9,1)	0,0
Total Expenditure	853,4	0,0	0,0	853,4	859,4	(6,0)	(6,0)	644,4
Contributions	853,4	0,0	0,0	853,4	853,4	0,0	0,0	850,0
Obligatory contributions	853,4	0,0	0,0	853,4	853,4	0,0	0,0	850,0
Other receipts	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total Receipts	853,4	0,0	0,0	853,4	853,4	0,0	0,0	850,0
Net surplus/(deficit) (b)					(6,0)			205,6

- (a) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal.
- (b) The deficit will be treated as outlined in the draft Resolution.

**CHAPTER 4 –
SPECIAL ACCOUNTS – PROGRAMMES SPECIAL ACCOUNTS
(JOINT PROGRAMMES AND VOLUNTARY CONTRIBUTIONS) AND
OTHER SPECIAL ACCOUNTS**

- **SPECIAL ACCOUNTS - OVERVIEW**
- **SPECIAL ACCOUNTS - EXPENDITURE BY TYPE**
- **SPECIAL ACCOUNTS - RECEIPTS**
- **SPECIAL ACCOUNTS - RECEIPTS BY SOURCE**
- **GENERAL INVESTMENT PROJECTS PLAN**
- **EDQM INVESTMENT PROJECTS PLAN**

SPECIAL ACCOUNTS - OVERVIEW

The section below shows summary information (end of year balances) on the Special accounts.

Special accounts are established under Article 4 of the Financial Regulations. They have their own resources financed through extrabudgetary contributions and budgetary allocations. Appropriations in special accounts are automatically carried forward to the following financial year until the termination of the activity for which they are intended, at which point any remaining balance will be allocated in accordance with the donor's instructions or by decision of the Committee of Ministers, as outlined in Article 11 of the Financial Regulations.

	Balance at 31 December 2021	Expenditure 2022	Receipts 2022	Balance at 31 December 2022 (a)
	€ K	€ K	€ K	€ K
Programmes Special accounts				
I. Special Accounts to the Ordinary Budget	48 693,2	32 677,8	42 372,9	58 388,4
Special Account General Services	1 342,9	133,4	343,2	1 552,7
Special Account Operational Programmes (b)	41 615,6	29 046,4	37 529,4	50 098,6
Special Account Parliamentary Assembly	227,5	159,4	287,6	355,6
Special Account European Court of Human Rights	5 227,7	3 295,4	4 212,8	6 145,1
Special Account Congress of Local and Regional Authorities	279,6	43,1	0,0	236,5
II. Special Accounts Joint Programmes	46 105,2	58 338,5	46 509,0	34 275,6
Special Account Joint programmes (c)	46 105,2	58 338,5	46 509,0	34 275,6
III. Special Accounts to the Partial and/or Enlarged Agreements	40 132,5	10 000,9	10 423,0	40 554,5
Special Account to the Enlarged Partial Agreement EPAS	134,7	42,0	50,0	142,7
Special Account to the Enlarged Partial Agreement Pompidou Group	691,0	633,2	624,7	682,5
Special Account to the Enlarged Partial Agreement Natural disasters	0,9	0,5	0,0	0,4
Special Account to the Enlarged Agreement GRECO	608,7	206,1	15,0	417,5
Special Account to the Enlarged Agreement Democracy through Law	1 540,2	757,4	407,3	1 190,1
Special Account to the Enlarged Agreement Observatory on History Teaching in Europe	354,8	116,0	7,3	246,1
Special Account to the Enlarged Partial Agreement Graz Centre	999,5	970,3	1 040,0	1 069,3
Special Account to the Enlarged Partial Agreement Cultural Routes	41,9	38,8	132,9	135,9
Special Account to the Partial Agreement of the European Pharmacopoeia (d)	35 300,1	6 529,2	7 108,5	35 879,4
Special Account to the Enlarged Partial Agreement North South Centre	460,6	707,3	1 037,2	790,6
Total Programmes special accounts	134 930,9	101 017,2	99 304,9	133 218,5
<i>Of which: Joint Programmes</i>		<i>60 023,9</i>	<i>50 401,0</i>	
<i>: Voluntary contributions</i>		<i>40 993,3</i>	<i>48 903,9</i>	
Other Special accounts				
Special Account Administrative Support Financed by External Contributions	11 601,2	7 777,3	7 968,6	11 792,5
Special Account Staff departure scheme (e)	4 112,9	7 413,2	1 307,8	(1 992,5)
Special Account Deferred expenditure (f)	118,3	118,3	0,0	0,0
Special Account Investments of EDQM (g)	50 983,0	2 934,5	21 924,9	69 973,4
Special Account General Investments account	21 174,6	16 451,2	9 300,0	14 023,5
Total Other special accounts	87 990,1	34 694,5	40 501,3	93 796,8
Total	222 921,0	135 711,8	139 806,1	227 015,4

Detailed information regarding expenditure and receipts is included hereafter.

- For contracts signed and awaiting receipt of contributions, some €14.2 M of appropriations have been advanced at 31/12/2022 to allow the projects to proceed and expenditure to be incurred. These advances are not included in actual receipts until the contributions have been received.
- The balance includes €395 K relating to the remaining balance from action plans finalised as at 31 December 2022.
- The balance includes €390 K relating to the remaining balance from joint programmes finalised as at 31 December 2022 and a €400 K (Liability Shield) allowing the Organisation to meet financial liabilities in respect of events arising after the finalisation of projects, such as an EU decision that certain expenses are ineligible. No ineligible costs were covered by this reserve during 2022.
- The balance includes reserves of €32 M (see Chapter 5).

- (e) The special account is financed by an internal loan. The final amount for the current staff departure plans will be granted in 2025 as foreseen in the Programme and Budget 2022-2025.
- (f) The balance has been returned to the budgets concerned. The special account can now be closed.
- (g) The balance includes reserves of €8.2 M (cf. Chapter 5).

SPECIAL ACCOUNTS - EXPENDITURE BY TYPE

	Staff	Non Staff (a)	Pensions	Total
	€ K	€ K	€ K	€ K
I. Special Accounts to the Ordinary Budget	13 703,2	18 161,7	812,9	32 677,8
Special Account General Services	4,3	129,1	0,0	133,4
Special Account Operational Programmes	11 157,1	17 377,3	512,0	29 046,4
Special Account Parliamentary Assembly	54,7	99,0	5,8	159,4
Special Account European Court of Human Rights	2 471,4	530,8	293,2	3 295,4
Special Account Congress of Local and Regional Authorities	15,7	25,4	1,9	43,1
II. Special Accounts Joint Programmes	17 376,5	39 931,9	1 030,1	58 338,5
Special Account Joint Programmes (b)	17 376,5	39 931,9	1 030,1	58 338,5
III. Special Accounts to the Partials and/or Enlarged Agreements	4 268,3	5 240,2	492,4	10 000,9
Special Account to the Enlarged Partial Agreement EPAS	27,0	15,0	0,0	42,0
Special Account to the Enlarged Partial Agreement Pampidou Group	155,8	469,7	7,6	633,2
Special Account to the Enlarged Partial Agreement Natural disasters	0,0	0,5	0,0	0,5
Special Account to the Enlarged Agreement GRECO	114,6	74,1	17,4	206,1
Special Account to the Enlarged Agreement Democracy through Law	141,1	602,0	14,3	757,4
Special Account to the Enlarged Agreement Observatory on History Teaching in Europe	19,8	96,2	0,0	116,0
Special Account to the Enlarged Partial Agreement Graz Centre	101,2	869,1	0,0	970,3
Special Account to the Enlarged Partial Agreement Cultural Routes	0,0	38,8	0,0	38,8
Special Account to the Partial Agreement of the European Pharmacopoeia	3 549,9	2 526,2	453,0	6 529,2
Special Account to the Enlarged Partial Agreement North South Centre	158,9	548,4	0,0	707,3
Total Programmes special accounts	35 348,1	63 333,8	2 335,4	101 017,2
Other Special accounts				
Special Account Administrative Support Financed by External Contributions (b)	4 243,6	3 116,1	417,6	7 777,3
Special Account Staff departure scheme (c)	6 136,0	0,0	1 277,3	7 413,2
Special Account Deferred expenditure (unpaid contributions) (d)	0,0	118,3	0,0	118,3
Special Account Investments of EDQM (b)	620,8	2 250,4	63,3	2 934,5
Special Account General Investments account (b)	1 706,0	14 582,9	162,3	16 451,2
Total Other special accounts	12 706,4	20 067,7	1 920,4	34 694,5
Total special accounts	48 054,4	83 401,5	4 255,8	135 711,8

- (a) Non-staff expenditure includes an amount of €15 900.2 K relating to investment expenditure (cf. Chapter 5 – supplementary information, page 65).
- (b) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal (cf. Chapter 5).
- (c) The amount shown under "staff" relates to indemnities under the staff departure scheme.
- (d) Non staff costs include the reallocation of balances to the original budgets, given that the reason to set aside these funds is no longer relevant.

SPECIAL ACCOUNTS – RECEIPTS

	Contributions received (a)	Reimbursements to donors	Budgetary Grants	Carry forward of results	Other receipts (b)	Total Receipts 2022
	€K	€K	€K			€K
I. Special Accounts to the Ordinary Budget	44 006,3	(2 975,9)	982,6	0,0	359,9	42 372,9
Special Account General Services	0,0	0,0	37,8	0,0	305,4	343,2
Special Account Programme	39 423,3	(2 858,2)	909,8	0,0	54,5	37 529,4
Special Account Parliamentary Assembly	368,8	(116,2)	35,0	0,0	0,0	287,6
Special Account European Court of Human Rights	4 214,3	(1,5)	0,0	0,0	0,0	4 212,8
Special Account Congress of Local and Regional Authorities	0,0	0,0	0,0	0,0	0,0	0,0
II. Special Accounts Joint programmes	42 077,6	(1 324,6)	5 746,3	0,0	9,6	46 509,0
Special Account Joint programmes	42 077,6	(1 324,6)	5 746,3	0,0	9,6	46 509,0
III. Special Accounts to the Partial and/or Enlarged Agreements	5 334,4	(110,9)	5 046,1	42,7	110,7	10 423,0
Special Account to the Enlarged Partial Agreement EPAS	0,0	0,0	50,0	0,0	0,0	50,0
Special Account to the Enlarged Partial Agreement Pompidou Group	622,8	0,0	0,0	0,0	1,9	624,7
Special Account to the Enlarged Partial Agreement Natural disasters	0,0	0,0	0,0	0,0	0,0	0,0
Special Account to the Enlarged Agreement GRECO	0,0	0,0	0,0	15,0	0,0	15,0
Special Account to the Enlarged Agreement Democracy through Law	296,6	0,0	0,0	0,0	110,7	407,3
Special Account to the Enlarged Agreement Observatory on History Teaching in Europe	7,3	0,0	0,0	0,0	0,0	7,3
Special Account to the Enlarged Partial Agreement Graz Centre	559,1	(75,0)	528,2	27,7	0,0	1 040,0
Special Account to the Enlarged Partial Agreement Cultural Routes	132,9	0,0	0,0	0,0	0,0	132,9
Special Account to the Partial Agreement of the European Pharmacopoeia	2 610,4	0,0	4 500,0	0,0	(1,9)	7 108,5
Special Account to the Enlarged Partial Agreement North South Centre	1 105,3	(35,9)	(32,1)	0,0	0,0	1 037,2
Total Joint programmes and voluntary contributions	91 418,3	(4 411,4)	11 775,0	42,7	480,2	99 304,9
Other special accounts	0,0	0,0	15 107,8	17 259,0	8 134,5	40 501,3
Special Account Administrative Support Financed by External Contributions	0,0	0,0	0,0	0,0	7 968,6	7 968,6
Special Account Staff departure scheme	0,0	0,0	1 307,8	0,0	0,0	1 307,8
Deferred expenditure (unpaid contributions)	0,0	0,0	0,0	0,0	0,0	0,0
Special Account Investments of EDQM	0,0	0,0	4 500,0	17 259,0	165,9	21 924,9
Special Account General Investments account	0,0	0,0	9 300,0	0,0	0,0	9 300,0
Total	91 418,3	(4 411,4)	26 882,8	17 301,7	8 614,6	139 806,1

(a) Contributions received from donors are detailed on page 60.

(b) Other receipts include appropriations received through the administrative levy and other sundry receipts.

SPECIAL ACCOUNTS - RECEIPTS BY SOURCE

Source of contributions received within Special Accounts

€ K	Contributions received
Member States	
Albania	10.0
Andorra	4.3
Austria	1 811.7
Azerbaijan	1.3
Belgium	90.5
Bulgaria	20.0
Croatia	2.0
Cyprus	400.8
Czech Republic	119.5
Estonia	28.0
Finland	3 305.5
France	1 636.2
Germany	13 686.5
Greece	2.0
Hungary	5.0
Iceland	305.0
Ireland	817.4
Italy	870.0
Latvia	20.0
Liechtenstein	125.9
Lithuania	35.0
Luxembourg	607.1
Malta	82.5
Monaco	130.0
Netherlands	1 283.9
Norway	7 948.7
Poland	168.1
Portugal	375.4
Romania	52.0
Serbia	7.0
Slovak Republic	65.0
Slovenia	22.7
Spain	157.5
Sweden	2 937.9
Switzerland	2 426.8
Türkiye	5.0
United Kingdom	639.2
Observer States	740.5
European Union	46 291.2
Other	4 181.2
Total Extrabudgetary contributions within special accounts	91 418.3
Contributions not recorded within special accounts (a)	388.5
Contributions not considered as voluntary (b)	(116.8)
Movement in HRTF balance held within special accounts	(238.7)
Total Extrabudgetary contributions reported to CM (c)	91 451.4

(a) Voluntary contributions to European Youth Foundation budget

(b) Contributions relating to Moneyval cycle 2021 and Cultural convention contributions

INVESTMENT PROJECTS PLAN

	Cumulative Appropriations (a) as at 31/12/2022 € K	Cumulative Actual as at 31/12/2021 € K	Yearly Actual 2022 € K	Balance as at 31/12/2022 € K
IT Strategy	27 568,5	20 475,9	4 433,0	2 659,5
Digital Strategy	5 355,4	1 421,7	1 792,4	2 141,3
Capital Master Plan	41 931,3	19 266,5	9 300,7	13 364,1
ECHR IT Business Solutions	6 175,3	5 017,8	886,8	270,8
Provision (b)	0,0	0,0	38,3	(38,3)
Projects finalised as at 1 January 2022	80 315,7	80 315,7	0,0	0,0
Total Expenditure (c)	161 346,2	126 497,6	16 451,2	18 397,5
Voluntary Contributions from member States	302,8	302,8	0,0	0,0
Sundry receipts	0,1	0,1	0,0	0,0
Allocation to other budgets or special accounts to special accounts	19 997,6	19 983,9	13,7	0,0
Allocation from the Ordinary Budget	130 854,0	117 193,7	9 286,3	(4 374,0)
Balance brought forward special account Fire safety	1 100,0	1 100,0	0,0	0,0
AI Internal loan	8 693,5	8 693,5	0,0	0,0
Balance brought forward on 01/01/2001	398,3	398,3	0,0	0,0
Total Receipts	161 346,2	147 672,2	9 300,0	(4 374,0)
Balance as at 31/12/2022				14 023,5

- (a) Cumulative appropriations include appropriations brought forward from previous projects which were started before the Capital Master Plan (CMP) and IT Strategy were put in place. Appropriations have been made available until 2023 for the CMP to allow expenditure commitments to be made over the long term.
- (b) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal (cf. Chapter 5).
- (c) "Total expenditure" includes an amount of €13 069 K relating to investment expenditure (cf. Chapter 5).

EDQM INVESTMENT PROJECTS PLAN

	Cumulative Appropriations	Cumulative Actual	Yearly Actual	Balance
	as at 31/12/2022 € K	as at 31/12/2021 € K	2022 € K	as at 31/12/2022 € K
European Directorate for the Quality of Medicines (EDQM, Pharmacopoeia)	109 470,1	44 769,2	2 919,9	61 780,9
Scientific and Technical Equipment investment and renewals	14 459,3	5 548,1	957,4	7 953,7
IT investment and renewals	7 042,3	3 439,1	1 045,1	2 558,1
Building renewals and statutory adaptations	42 861,6	35 782,0	794,9	6 284,7
Investment Programme 2030	45 106,9	0,0	122,5	44 984,4
Reserve for future projects (a)	8 238,8	0,0	0,0	8 238,8
Provision in respect of ongoing litigation (b)	0,0	0,0	14,6	(14,6)
Projects finalised as at 1 January 2022	4 630,0	4 630,0	0,0	0,0
Total Expenditure (c)	122 338,9	49 399,3	2 934,5	70 005,1
Sundry receipts	197,6	0,0	165,9	(31,7)
Allocation of the financial results	52 302,9	35 043,9	17 259,0	0,0
Allocation from the EDQM budget	69 838,4	65 338,4	4 500,0	0,0
Total Receipts	122 338,9	100 382,3	21 924,9	(31,7)
Balance as at 31/12/2022				69 973,4

- (a) Following a Committee of Ministers' decision,¹⁴ the 2021 budgetary balance for future investments was transferred to the EDQM's special accounts in 2022 (cf. Chapter 5).
- (b) Several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment have been filed to the Administrative Tribunal. The amount of this adjustment has been accrued in the event that the appeals are upheld by the Administrative Tribunal (cf. Chapter 5).
- (c) "Total expenditure" includes an amount of €1 846 K relating to investment expenditure (cf. Chapter 5).

¹⁴ CM/Res(2022)17

**CHAPTER 5 -
SUPPLEMENTARY INFORMATION**

- **TOTAL INVESTMENTS EXPENDITURE**
- **PROVISIONS FOR LITIGATION**
- **GLOBAL STAFF INFORMATION**
- **BUDGETARY RESERVES**
- **RECONCILIATION OF BUDGETARY AND NET ACCOUNTING RESULTS**

TOTAL INVESTMENTS EXPENDITURE

The table below summarises total investments expenditure, according to IPSAS standards, reflected within each budget and special account.

	2022	2021
	€K	€K
General Budget	2 658,7	2 758,5
Ordinary Budget	2 575,3	2 649,0
Subsidiary budget for Documents	32,0	0,0
Subsidiary budget for the European Youth Centres	24,3	109,5
Budget of the European Youth Foundation	27,1	0,0
Partial Agreements	953,4	880,0
Partial Agreement of the European Pharmacopoeia	936,4	731,1
Enlarged Agreement on the European Commission for Democracy through Law	0,0	10,7
Enlarged Partial Agreement of the European Support Fund for the co-production and distribution of creative cinematographic and audio-visual works "Eurimages"	17,0	138,2
Special Accounts	15 900,2	8 054,8
Special Account General services	0,0	0,4
Special Account Programme	222,2	250,8
Special Account European Court of Human Rights	240,8	0,0
Special Account Joint programmes	75,0	74,3
Special Account to the Partial Agreement EDQM	48,1	0,0
Special Account to the Enlarged Agreement on the European Commission for Democracy through Law	114,3	0,0
Special Account to the Enlarged Partial Agreement Graz Centre	0,0	16,6
Special Account to the Enlarged Partial Agreement North South Centre	0,0	11,8
Special Account Administrative Support Financed by External Contributions	284,5	74,8
Special Account Investments of EDQM	1 846,3	1 936,0
Special Account General Investments account	13 069,0	5 690,0
Total	19 512,2	11 693,2

PROVISIONS FOR LITIGATION

Provisions have been established for all staff concerning several appeals concerning the Committee of Ministers' decision not to apply the full 2022 salary adjustment which have been filed to the Administrative Tribunal. The table below shows the provisions behind each budget and special account.

	€K
Ordinary Budget (a)	3 750,1
Other budgets	
Budget of the European Youth Foundation	18,1
Budget of the Enlarged Partial Agreement on Sport (EPAS)	14,9
Budget of the Partial Agreement of the European Pharmacopoeia	628,0
Budget of the Enlarged Partial Agreement on the Council of Europe Development Bank	22,6
Budget of the Enlarged Partial Agreement on the International Co-operation Group on Drugs and Addictions (Pompidou Group)	17,9
Budget of the Enlarged Partial Agreement on Co-operation Group for the Prevention of, Protection Against, and Organisation of Relief in Major Natural and Technological Disasters	7,0
Budget of the Enlarged Agreement on the "Group of states against corruption - GRECO"	30,9
Budget of the Enlarged Agreement on the European Commission for Democracy through Law	60,3
Budget of the Enlarged Partial Agreement on Youth Mobility through the Youth Card	0,4
Budget of the Enlarged Partial Agreement of Observatory on History teaching in Europe (OHTE)	9,1
Budget of the Enlarged Partial Agreement establishing the European Centre of Modern Languages (Graz)	17,9
Budget of the Enlarged Partial Agreement on Cultural Routes	4,7
Budget of the Enlarged Partial Agreement establishing the European Centre for Global Interdependence and Solidarity (North South Centre)	4,9
Budget of the Enlarged Partial Agreement of the European Support Fund for the co-production and distribution of creative cinematographic and audiovisual works "Eurimages"	47,1
Joint programmes special account	
Special Account Joint programmes	252,0
Total provisions behind Table 1	4 885,9
Individual special accounts and subsidiary budgets	
Subsidiary budget for Publications	2,1
Special Account Administrative Support Financed by External Contributions (b)	303,3
Special Account Investments of EDQM	14,6
Special Account General Investments account	38,3
Total provisions	5 244,2

(a) Includes provisions for staff in service budgets.

(b) Includes provisions for staff on voluntary contributions.

**GLOBAL STAFF INFORMATION:
TOTAL STAFFING**

Global staff expenditure across the Organisation amounted to €234.1 M (2021: €220.8 M), an increase of 6%, principally due to the implementation of the departure scheme (departure indemnities of €6.1 M). Excluding these indemnities, staff expenditure increased by 3.2% which is explained by an increase in the global staff full-time equivalent (FTE) and a salary increase awarded for 2022 of 1.26%.

The number of staff (FTE) on permanent contracts has increased by 1% in 2022, particularly due to the increased needs to carry out extrabudgetary activities. Temporary staffing (for short-term needs (post vacancies and maternity leave) and project work in the field) increased by 5%, mainly due to post vacancies.

75% of FTE are on indefinite or fixed duration contracts, 22% on temporary contracts and 3% are seconded officials (2021: 76%, 21%, 3% respectively).

Budgetary resources cover 86% of FTEs on indefinite or fixed duration contracts (2021: 87%). The slight move towards extrabudgetary resources reflects the increased levels of project activity during 2022 and vacancies in budgetary roles. The increase in 30 permanent FTEs comes predominantly from staff working on extrabudgetary projects, including joint programmes. The increase in 30 temporary FTEs comes predominantly from budgetary resources, including the EDQM (+9), the Court (+7), as a temporary solution to staffing vacancies.

The tables below show the staffing appropriations and full-time equivalents across all budgetary and extrabudgetary resources of the Organisation.

Global Staff expenditure¹⁵

	Budgetary Financing	Financing from Special Accounts	Total Global 2022	Total Global 2021	Var.Previous year
Permanent Staff (a)	171 073,3	24 560,5	195 633,8	191 855,7	3 778,1 (1)
Temporary Staff	9 662,9	17 120,0	26 783,0	23 438,0	3 345,0 (2)
Seconded Officials	1 332,0	224,2	1 556,1	1 618,6	-62,4
Other Staff Expenditure	3 973,2	6 149,7	10 122,9	3 911,4	6 211,6 (3)
Global Total - Staff	186 041,3	48 054,4	234 095,8	220 823,6	13 272,2

(a) Contracts of indefinite and definite duration.

- (1) The increase is linked to staff costs on special accounts (in particular, costs of extra-budgetary funded programmes €3 M).
- (2) Linked to the increase in staff expenditure on programmes financed by extra-budgetary resources (€1.6 M); to an increase in expenditure of €0.9 M on the Ordinary budget and €0.9 M on partial agreements.
- (3) Linked to the departure scheme (indemnities amounting to €6,1 M).

Global Staff Full Time Equivalent¹⁵

	Budgetary Financing	Financing from Special Accounts	Total FTE 2022	Total FTE 2021	Var.Previous year
Permanent Staff	1 869,2	314,9	2 184,1	2 153,7	30,5
Temporary Staff	193,9	444,4	638,3	607,0	31,3
Seconded Officials	84,0	4,9	88,9	81,7	7,2
Total Full Time Equivalent (FTE)	2 147,2	764,2	2 911,3	2 842,4	69,0

¹⁵ Total Global 2021 staff expenditure has been adjusted following the alignment of expenditure categories between budgetary and special account funding. Total FTE 2021 has been adjusted to exclude FTE for the European Audiovisual Observatory, not included in the Global Staff expenditure table.

GLOBAL STAFF INFORMATION: BUDGETARY TABLE OF JOBS

Tables of posts are presented in the Programme and Budget by entity. The table below presents the staff in place during the year in full-time equivalents for comparative purposes.

TABLE OF POSTS FOR 2022

	Total Approved Posts	Actual Full time equivalent
General Budget	1 620	1 481,3
Private Office of the Secretary General and the Deputy Secretary General	18	17,8
Secretariat of the Committee of Ministers	22	20,3
Secretariat of the Parliamentary Assembly	83	74,9
Registry of the European Court of Human Rights	585	552,1
Secretariat of the Congress of Local and Regional Authorities of the Council of Europe	34	31,3
Office of the Commissioner for Human Rights	27	20,1
Office of the Directorate General of Programmes	45	35,0
Directorate General I: Human Rights and Rule of Law	193	171,5
Directorate General II: Democracy	190	181
Directorate General of Administration	312	266,6
Protocol	9	8,7
Directorate of Communications	50	45,1
Directorate of Political Affairs and External Relations	27	21,8
Directorate of Programme and Budget	9	7,8
Directorate of Legal Advice and Public International Law	13	12,1
Directorate of Internal Oversight	13	10,8
Administrative Tribunal	2	2,1
Staff Committee	1	2,0
Savings	- 13	
Partial Agreements	425	388,0
DGI - GRECO	12	10,1
DGI - Pompidou Group	7	5,6
DGI - Venice Commission - Democracy through Law	23	21,1
DGII - EUR - OPA	3	2,7
DGII - Centre for Modern Languages (Graz)	7	6,9
DGII - Observatory History	5	3,8
DGII - Eurimages	24	20,7
DGII - European Directorate for the Quality of Medicines and Healthcare	327	299,9
DGII - Lisbon	2	3,0
DGII - Secretariat of the Development Bank	8	7,0
DGII - Sport	5	5,9
DGII - Youth Mobility	1	0,3
DGII - Cultural Routes	1	1,0
Total	2 045	1 869,2

BUDGETARY RESERVES

The table below shows all budgetary reserves held at 31 December 2022. Some are held in special accounts while others are reflected in the financial statements.

Budgetary Reserves		
€K	2022	
Special Accounts		
Special Account to the Partial Agreement of the European Pharmacopoeia		
Contingency operation costs - 6 months	23 000,0	(1)
Indemnity for project staff departures	4 000,0	(1)
Installation of production zone Metz	5 000,0	(1)
Special Account Investments of EDQM		
Reserve for future projects	8 238,8	(2)
Total reserves in special accounts	40 238,8	
Suspense accounts		
Europa credit balance 2018	48,4	(3)
Energy inflation contingency	1 900,0	(4)
Total other reserves	1 948,4	
Total budgetary reserves	42 187,2	

(1) CM/Del/Dec(2021)1414/11.1b.

(2) CM/Del/Dec(2022)1442/11.1b.

(3) CM/Del/Dec(2019)1361/11.6e – The reserve is proposed to be reimbursed to member States with the 2022 net surplus, as outlined in the draft decisions.

(4) CM/Del/Dec(2022)1448/11.1-Part1, para12 - Reserve held to offset energy inflation costs.

RECONCILIATION OF BUDGETARY AND NET ACCOUNTING RESULTS

The budgetary and extrabudgetary information presented in the table on page 13 (Global overview) excludes the subsidiary budgets and Other special accounts, to reflect the results presented in Table 1 of the Programme and Budget (CM(2022)1). Among the subsidiary budgets, only the subsidiary budget for Publications shows a surplus (€170 K), the balance being carried forward to the following year. Other special accounts are entirely financed by budgetary grants, including the investment budgets, the staff departure scheme and the administrative support account.

2022 Surpluses/(deficits) (K€)	Global overview	Other	Total
Ordinary Budgets	232		232
Other budgets (partial agreements and European Youth Foundation)	52 497		52 497
Subsidiary budgets			
Subsidiary budget for Publications		170	170
Total budgetary surpluses	52 730	170	52 900
Programmes special accounts			
Joint Programmes	(9 623)		(9 623)
Voluntary contributions	7 911		7 911
Other special accounts		5 807	5 807
Total surpluses/(deficits) special accounts	(1 712)	11 613	4 094
Total surpluses	51 017	11 783	56 994

The table below shows the main differences between the budgetary accounts and the accounting results found in the Financial Statements. Further explanations on the application of IPSAS can be found in the Financial Statements (CM(2023)100).

	Notes CM(2023)100	2022 € K
Budgetary result - Ordinary Budget and other budgets		52 900
Special accounts annual balance		4 094
Net budgetary result for the year		56 994
Special accounts adjustments in deferred income ⁽¹⁾	9	1 734
Variance in obligations for employee benefits	10 and 14	(142 813)
Variance in Pension Reserve Fund net assets	10	(49 005)
Net movement in inventories	12	1 609
Fixed asset capitalisation, depreciation and amortisation ⁽²⁾	6 and 7	(3 163)
Adjustment concerning the closing of the special account relating to the Agora building and security measures	11	4 735
Budgetary results carried forward from previous year ⁽³⁾	23	(57 253)
Other differences between budgetary and financial accounting methods	12, 14 et 15	3 018
Net IPSAS result		(184 144)

⁽¹⁾ The balance of special accounts "Staff departure scheme", General investment projects plan and EDQM investment projects plan are not included under deferred income. The annual balance of these special accounts (€5 734 K) is included in the net result and is reflected in Reserves.

⁽²⁾ This line does not take into account acquisitions made during the year under new finance leases which are included on the "Other differences" line.

⁽³⁾ In 2022, the balances carried forward from 2021 include Eurimages (€38 018 K), the subsidiary budget for Publications (€167 K), the European Youth Foundation (€1 766 K), the partial carry forward of the budgetary result for the partial agreement EDQM to its special account for Investments (€17 259K), as well as the result for the partial agreement for the European Centre for Modern Languages (Graz) (€28 K) and a partial carry forward of the enlarged agreement for GRECO (€15 K) towards their respective special accounts.

Cour des comptes
FRANCE



EXTERNAL AUDIT OF THE COUNCIL OF EUROPE

AUDIT REPORT ON THE
BUDGETARY MANAGEMENT ACCOUNTS
OF THE COUNCIL OF EUROPE

FOR THE YEAR ENDED
31 DECEMBER 2022

Reference: CE 2023-01

COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

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I. OBJECTIVES AND SCOPE OF THE AUDIT

1. In accordance with our letter of notification dated 6 January 2023, a team of four auditors audited the budgetary management accounts of the Council of Europe for 2022, the fourth year of our mandate.
2. As set out in “Chapter 4 – Reporting” of Part IV of the Financial Regulations, the Secretary General of the Council of Europe keeps the annual accounts of the Organisation by producing two different annual reports (Article 61): the financial statements, prepared in accordance with International Public Sector Accounting Standards (IPSAS); and the budgetary management accounts presenting a reconciliation of the budget outcome and the approved budget. These accounts must be made available to the External Auditor before 31 March of the year following the financial year to which they refer. The External Auditor effectively had access to them through the draft report submitted on 31 March 2023. The subsequent changes made were marginal.
3. The External Auditor consulted all of the documents and written responses to the questionnaire sent on 17 February 2023 and was able to ask all the questions that it deemed necessary. These questions were answered promptly, thanks in particular to the rapid responses supplied by the Directorate of Programme and Budget (DPB).
4. The audit was carried out in accordance with Part VI of the Financial Regulations of the Council of Europe, the International Standards of Supreme Audit Institutions (ISSAI 16) on compliance auditing, ISSAI 4000, and, where appropriate, ISA 805 and ISAE 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information).
5. An interim audit phase took place at the Council of Europe headquarters from 7 to 18 November 2022. The purpose of this phase was to analyse certain aspects of budgetary management that were significant due to the risks incurred or innovations introduced. This work, which was summarised in eight documents crosschecked with the Organisation in January 2022, covered the following points:
 - budget execution;
 - the budget’s overall structure;
 - the effects of inflation;
 - the budgetary implications of the exclusion of the Russian Federation;
 - human resources;
 - indicators;
 - the budget of the European Directorate for the Quality of Medicines and HealthCare (EDQM);
 - the budget of Eurimages.
6. Throughout its work, during both the interim audit phase and the final audit, the team worked in close co-operation with the second external audit team tasked with reviewing the financial statements. In terms of logistics, the team did not experience any specific issues and was able to conduct interviews on-site and carry out its IT checks as planned.
7. Article 72, paragraph 1, of the Financial Regulations states that “the External Auditor shall formulate opinions on the financial statements and the budgetary management accounts no later than 31 May following the financial year to which they relate”.
8. Article 72 of the Financial Regulations relates to both certification of the financial statements and certification of the budgetary management accounts. The two certifications form a whole. The only due diligence provided for in Article 72 specifically applicable to the audit of the budgetary management accounts is referred to in paragraph 1 d), which requires the External Auditor to certify that “transactions were in accordance with the Financial Regulations and budgetary authorisations”.
9. Two provisions in Article 72 apply to both certifications, stipulating that in both instances, the External Auditor’s opinions shall:
 - “identify the accounts examined”;
 - “describe the nature and scope of the audit”.

¹⁶ International Standards of Supreme Audit Institutions.

10. As regards the “nature and scope of the audit” mentioned in Article 72, the audit of the draft budgetary management accounts for 2022 concerned:

- primarily the regularity, accuracy, consistency and comprehensiveness of the financial data concerning receipts and expenditure recorded in the budgetary management accounts for the 2022 financial year, and the compliance of the relevant operations with the Financial Regulations;
- the comments or explanations contained in the draft report on the budgetary management accounts in support of these figures. These explanations were discussed before the Committee of Ministers on several occasions in the 2022 financial year. Member States are therefore deemed to be familiar with them, so the External Auditor has referred only to the most important ones¹⁷ in this report, and analysed more specifically:
 - the Ordinary Budget and the European Youth Foundation (EYF);
 - the EDQM, GRECO¹⁸ and Venice Commission partial agreements;
 - the special accounts;
 - the budgets of Eurimages and the North-South Centre;
 - staff expenditure;
 - budgetary management and performance, in particular the indicators;
 - follow-up to previous recommendations.

11. As regards the checks run on figures extracted from FIMS¹⁹, the External Auditor extracted a large number of figures using the reporting tool WebFocus. These extracted figures were then restated in order to check that they matched the amounts presented in the draft budgetary accounts submitted to the External Auditor. Satisfactory answers were provided to the questions raised by these checks.

¹⁷ Conversely, the External Auditor has not gone back over the implementation of internal control, which was reviewed in detail in the report accompanying the 2021 budgetary accounts, and does not call for additional procedures at this stage. A new review may be carried out in the next financial year.

¹⁸ Group of States against corruption

¹⁹ Financial Information Management System

II. RECOMMENDATIONS OF THIS REPORT AND PREVIOUS RECOMMENDATIONS

1. List of recommendations

12. The recommendations made have been prioritised by the External Auditor as follows:

Priority 1: a crucial area of concern, requiring immediate attention from management;

Priority 2: a less urgent area, which needs to be addressed by management;

Priority 3: an area where controls could be improved and to which the attention of management is drawn.

Field and departments concerned	Priority	Recommendations
Special accounts DPB	1	1) In future programmes and budgets, upper limits be approved, at least on an indicative basis, for authorisations of expenditure and receipts for each special account.
Budgetary management DPB/Eurimages Fund	2	2) The amount of the reserve needed to cover the multiannual commitments of Eurimages be distinguished more clearly in the budget documents.
Budgetary management DPB/MAE	3	3) A target level be set for all indicators relating to quantitative targets, and that the use of indicators mixing both quantitative and qualitative targets, as well as indicators associated with both immediate and intermediate outcomes, be discontinued.
Human resources special accounts DPB/DHR/DPC	1	4) The presentation of staff commitments in the special accounts be expanded by including a projection of the total number of FTE staff members employed by the Council in the Programme and Budget.
Human resources DPB/DHR	2	5) Professional and geographical mobility, which are key to achieving the "Agility" target set out in the 2019-2023 People Strategy, be included in the indicators of the Programme and Budget for the next four-year period (2024-2027).

2. Follow-up to previous recommendations

13. The Treasurer conducted an annual review of implementation of the recommendations accepted by the Committee of Ministers and its subsidiary bodies during the annual examination of the external audit reports on the consolidated financial statements and budgetary management. For the previous financial year (financial year 2021), seven recommendations were made. The External Auditor considers that six of them have been fully implemented and the other one partially so.

14. Recommendations No. 1 (on the Financial Regulations), No. 3 (on the special accounts), No. 4 (on budgetary management) and Nos. 5, 6 and 7 (on human resources) have been implemented (see below).

15. However, the External Auditor considers that Recommendation No. 2 on the special accounts²⁰ has not yet been implemented. Despite the new presentation of the Budgetary Management Accounts (BMA) set out on page 57, the budgetary result of the special accounts contains flows of expenditure and receipts accounted for in different ways and representing different types of balances.

16. The following table shows the degree of implementation, as assessed by the External Auditor, of the recommendations from the external audit reports on budgetary management issued concerning the 2021 financial year and earlier.

Table 1: Follow-up to recommendations not yet implemented concerning budgetary management

	Recommendations implemented since 1 April 2022	Recommendations still in process of being implemented as at 1 April 2023
Audit reports on budgetary management for 2021 and earlier	1	1

Source: Restatement of the External Auditor

17. In 2022, as regards the audit of the budgetary management accounts, two recommendations from previous audits remained to be implemented as at 1 April 2022. Only one remains as of the date of this report.

²⁰ "The External Auditor recommends that the notions and methods used for the special accounts be clarified, in particular as regards balances, commitments and amounts remaining due, and general operating principles."

III. OVERVIEW

18. As in 2021, the Council of Europe's 2022 budget execution was marked by the significant impact of external events on the Council's routine activities. While the consequences of the pandemic, which were partly noticeable in the first quarter, receded considerably, the budget was implemented against the backdrop of two major events.

19. The first was the exclusion of the Russian Federation from the Council of Europe on 16 March 2022. While the decision by member States to offset a very substantial portion of budget commitments considerably reduced the impact of this decision, and while crisis management-related expenditure was limited, the medium-term effects of this exclusion raise a number of questions, such as on covering the risks borne by the Pension Reserve Fund.

20. The second was the impact of inflation, which primarily weighed on staff expenditure. Changes were managed in 2022 by a provision covering ongoing litigation regarding the change in remuneration during this financial year, but the likelihood of increases remains high in 2023. Lasting inflation would have a significant impact on the Organisation's budget: while energy-related expenditure is, on the whole, under control, the risk of pay increases must be integrated into long-term budget projections.

21. The Organisation's receipts for the year came to €546 M, €36 M higher than the budgeted amount and €5 M lower than the amount recorded in 2021. Member States' obligatory contributions (€333 M²¹) were in line with projections. They were €0.4 M higher than in 2021. Other receipts for the Ordinary Budget, other general budgets²² and the partial agreements came to €115.5 M, i.e. €39 M more than foreseen (mainly due to the Eurimages 2021 balance carried forward), but represented roughly the same amount as in 2021.

22. Lastly, the so-called "extrabudgetary" receipts, recorded in the special accounts, comprise voluntary contributions from States and the European Union (EU) to fund Joint Programmes, as well as payments arising from unspent prior-year budget appropriations (predominantly from partial agreements). They came to €99 M, which was €7 M higher than projected for 2022, but €7 M lower than in 2021.

23. The Organisation's expenditure in 2022 (€495 M) was €15 M lower than initially projected (adjusted budget) and €44 M higher than in 2021. The variance between projection and execution was markedly lower than in the prior year (€70 M in 2021).

24. With the end of the public health crisis, the quality of expenditure projections for the Ordinary Budget improved in 2022, with an under-execution of €3 M (€255 M in total expenditure versus €258 M projected, in addition to a provision in respect of ongoing litigation for €3.8 M to cover the risk associated with the litigation regarding remuneration in 2022). In 2021, the variance was €7 M. For the partial agreements, the quality of projections also improved, with an under-execution of €17 M (€74 M versus €91 M projected), much lower than in 2021 (€72 M). The EDQM's projections did not follow this trend, with an under-execution of staff expenditure and non-staff expenditure that went from €3.5 M to €5.4 M²³.

25. Expenditure financed by Joint Programmes of the European Union and voluntary contributions by donor States (known as "extrabudgetary" resources) accelerated once again in 2022, going from €75 M in 2021 to €101 M in 2022, and substantially exceeding the amount projected in the adjusted budget (€92 M). This was due to the large share of the Council's activities funded through voluntary contributions (€41 M in expenditure for €32 M in the budget). However, projections were very accurate for expenditure by Joint Programmes of the European Union (€60 M). Such expenditure has increased significantly over the past two years: during the period 2016-2020, it varied between €45 M and €69 M per year.

26. Overall, budget execution in 2022 featured smaller movements in internal appropriations and more accurate projections for the Ordinary Budget and the partial agreements. Its overall clarity was improved and the €51 M surplus that resulted from the change in expenditure and receipts was a more accurate reflection of the Council's activities than the result recorded in 2021. But understanding the result's different components, in particular the contribution of the Eurimages partial agreement and the special accounts, remains challenging. The most noteworthy change was the doubling of the amount of joint projects and voluntary contributions, which amounted to 10.6% of expenditure in 2016 and 20.4% in 2022.

27. The detailed review of the main budgets does not call for any major comments. The audit work was focused on the issues deemed to be important or potential sources of budget risk.

²¹ €250 M in contributions to the Ordinary Budget, €33 M in contributions to the pensions budget, €5 M for the Extraordinary Budget, €4 M for the European Youth Foundation (EYF) and €42 M for the partial agreements.

²² Subsidiary budgets, Extraordinary Budget and EYF.

²³ Comparison based on final budgets, excluding the reserve for future investments.

28. Budgetary management of the two main partial agreements, the EDQM and Eurimages, was reviewed. The EDQM's activities continued to grow and, as in previous years, it generated a surplus. While the clarity of its result improved in 2022, the amount of reserves increased and call for a clarification on how they are to be used, which should materialise with the updated investment strategy by September 2023. The Eurimages budget saw an upturn in programme expenditure and a slight decrease in the balance, following the substantial surpluses recorded in 2020 and 2021. Despite the reduction in contributions related to the exclusion of the Russian Federation, this balance still amounted to 120% of co-production commitments as at year-end 2022. More clearly identifying the amount of the reserve dedicated to covering the Fund's commitments would make it easier to understand the available balance.

29. Implementation of the special accounts must balance adherence to donor specifications with consideration of local realities. However, the fact remains that these "extrabudgetary" "accounts" are in reality components of the Council's budget that are managed on a multiannual basis and funded by a portion of its members and by outside partners.

30. In view of a new four-year programme, the dimension that extrabudgetary management has reached within the Organisation is an important issue in terms of projection and monitoring. Progress has been made in improving the clarity of commitments made, particularly with regard to FTEs funded through the special accounts. But the balance set out in the Financial Regulations between the classic principles of budget unity and universality, on the one hand, and the specific provisions of the special accounts, on the other hand, are assessed differently depending on whether the latter comprises 10% or 20% of the Organisation's expenditure, or even more given the ongoing development of co-operation activities. Beyond year-to-year changes, this issue, which is also addressed in the External Auditor's report on the financial statements, should be studied over the medium term, including for example the notion of a cap.

31. Progress has been made in monitoring staff expenditure and workforce levels, which increased by 6% and 2.4%, respectively, in 2022. The budgetary accounts now include an overall analysis of financial commitments and the number of FTE staff members, regardless of funding method. In light of the growing share of staff expenditure within the special accounts (21% of total staff expenditure compared with 17% in 2021), the Programme and Budget should be expanded to show not only items concerning the current year, which was the case in 2022, but also a projection of the commitments relating to FTE staff members for future financial years. Given the impact of inflation on remuneration, the ongoing growth in workforce levels automatically increases the need for funding of staff expenditure and calls for even more careful management.

32. Furthermore, the budgetary implications of pension obligations continue to be a major medium- to long-term issue for the Organisation. The net contribution to the Pension Reserve Fund (PRF) decreased slightly in 2022, while market developments reduced the value of the assets covering future pensions. Beyond the current book value of employee benefit obligations, which fluctuates very widely from year to year depending on discount rates, the Organisation needs to think about the best way to present issues related to the long-term balance of the PRF.

33. Lastly, as part of the results-based management approach, the issue of indicators for the Programme and Budget was reviewed. While this point is being studied with regard to possible adjustments in preparation for the new quadrennium, a few improvements could be made for greater clarity in terms of budgetary authorisation.

34. Ultimately, the Organisation's high-quality budgetary management was a key factor in establishing a favourable assessment of its budgetary sustainability for the coming years. After two years dominated by the public health crisis, the Organisation was able to mobilise the resources needed to address the challenges posed by the exclusion of the Russian Federation and inflation. The legibility of the budget documents was improved, building on the recommendations made in the External Auditor's previous report. Still, there are several key issues to address, most of which are related to the growing proportion of extrabudgetary commitments.

IV. BUDGET EXECUTION UNDER A NEW FRAMEWORK

1. Global overview of budget execution in 2022

35. In response to the recommendations made in the External Auditor's 2021 report, changes were made to the presentation of the budgetary accounts in 2022 to improve their clarity. Multiple efforts were made to refine terminology:

- the summary table presenting the global overview of budget execution replaced the term “*surplus*” in French with “*excédent*” (surplus);
- the budgetary results table was replaced with the more neutral table presenting the surpluses and deficits for the year, expanded to include the balances of Joint Programmes and voluntary contributions;
- the special accounts were elaborated on in greater depth.

36. This clarification of the budgetary accounts is commendable, and it should be noted that work is under way on a new presentation of the Programme and Budget as part of the upcoming 2024-2027 quadrennium²⁴.

37. Certain limitations remaining in the overview have yet to be resolved. The first concerns the multiannual aim of the Programme and Budget. The 2022 financial year was the first financial year of the 2022-2023 biennium, as part of a quadrennium. Yet in the budget, the financial year remains a one-year period, with the notable exception of expenditure for the special accounts. As such, the presentation of commitments does not address the budgetary implications of programmes for years 3 and 4 of the quadrennium. This point is specifically expanded upon in this report.

38. The second limitation, which is more problematic and has been brought up several times in the External Auditor's previous reports, concerns the continued distinction between budgetary resources and so-called “extrabudgetary” resources²⁵. The report on financial year 2021 reiterated that this distinction did not exist in the Financial Regulations, while the notion of voluntary contributions, which are considered budgetary resources if they fund a partial agreement, is taken to comprise extrabudgetary resources if they fund an external initiative registered under a special account. It also underscored that extrabudgetary resources may arise from balances of unused budget appropriations transferred to a special account (for the partial agreements such as EDQM), following approval by the Committee of Ministers.

39. The current ambiguity surrounding extrabudgetary resources, which appear to resemble those of a special budget, has the effect of obfuscating the budget, as well as the scope of budgetary authorisation. The External Auditor's report on the 2022 financial statements also reiterates the questions raised by the special accounts in terms of compliance with IPSAS. The terms used should be defined more precisely by the budgetary authority itself (the Committee of Ministers) to make it easier to understand the authorisation and budget execution statements. This issue is revisited later in this report, in the review of these special accounts.

40. As it was last year, expenditure is broken down into three operational pillars - “Human Rights”, “Rule of Law” and “Democracy” - and one support pillar - “Governing Bodies, General Services and Other”. They are also presented by category (by type).

Table 2: Organisation expenditure in 2022 by pillar (€K)

		Human Rights	Rule of Law	Democracy	Governing Bodies, General Services and Other	Provisions	Total
Ordinary Budget	Budget	118 086	15 506	42 180	82 552	-	258 324
	Expenditure	115 930	15 211	41 225	82 898	3 750	259 013
Other budgets	Budget	1 548	85 323	34 827	38 209	-	159 907
	Expenditure	1 542	68 593	38 004	38 209	-	146 348
EU Joint Programmes	Budget	18 019	30 140	8 164	3 407.6	-	59 731
	Expenditure	17 837	27 323	7 128	7 484	252	60 024
Voluntary contributions	Budget	12 399	10 690	8 049	1 255	-	32 392
	Expenditure	14 476	14 718	9 342	2 457	-	40 993
Extrabudgetary projects	Budget	-	-	-	-	-	-
	Expenditure	(2 434)	(7 224)	(2 077)	(39.8)	-	-11 775
Total approved budget		150 052	141 659	93 220	125 423	0	510 354
Total expenditure		147 351	118 621	93 622	131 009	4 002	494 604

Source: CM(2023)1 Adjusted budget and Document CM(2023)100-add, draft version dated 31 March 2023

²⁴ A new four-year programme for 2024-2027, currently under discussion, will soon be discussed.

²⁵ Resources from the special accounts: in particular funding provided under contract by a partner (a State, the European Union, etc.) to carry out a specific action, for which receipts and expenditure are presented in a special account.

41. The Organisation's total expenditure came to €494.6 M, 52% of which was spent on the Ordinary Budget, 30% on other budgets, 12% on Joint Programmes and 8% on voluntary contributions.

42. The Ordinary Budget (€259 M) covers expenditure for the three operational pillars (67%), for the support pillar (32%), and for provisions (1%). Their breakdown by category shows that 56% of expenditure was for staff pay, 9% for employer contributions paid into the Pension Reserve Fund (PRF), and 34% for non-staff expenditure²⁶.

43. On page 18, the budgetary management accounts show a total budget surplus of €51 M for 2022, equating to 10% of the Organisation's budget.

Table 3: Change in surpluses and deficits (€K)

	2016	2017	2018	2019	2020	2021	2022	Change 2016-2022	Change 2021-2022
Ordinary Budget	3 060	1 189	3 411	2 778	5 143	6 600	232	-92%	-96%
Subsidiary budget	135	106	102	122	146	167		-100%	-100%
EYF	235	246	996	1 578	2 073	1 766	1 267	439%	-28%
Partial agreements	226	293	84	99	765	657	471.1	108%	-28%
EDQM	25 920	33 730	40 245	49 795	67 027	21 112	16 872	-35%	-20%
Eurimages	26 123	25 624	24 556	27 637	36 995	38 018	33 887	30%	-11%
Extrabudgetary	17 488	1 430	3 577	15 496	25 470	31 104	-1 712	-110%	-106%
Total	73 186	62 618	72 971	97 504	137 618	99 800	51 017	-30%	-49%

Source: External Auditor, on the basis of the budgetary management accounts

44. While the term "surplus" appears to better describe the reality of the situation than "result" (the term used until 2021), it should be noted that this surplus still comprises different types of aggregate components.

45. For the Ordinary Budget, the surplus results from the difference between receipts and expenditure for the 2022 financial year, in line with the Financial Regulations and standard budget principles.

46. Unlike the situation up until 2020, the result for the EDQM (€16.9 M) only contains the surplus for the financial year, as cumulative surpluses from prior financial years were mainly transferred to special accounts in 2021 (€63.2 M).

47. On the other hand, the surplus for Eurimages, as in previous years, is composed of receipts recorded for projects validated by the Board of Management but with the aim of fulfilling financial commitments beyond this financial year. Therefore the €33.9 M do not constitute a budget surplus but a cash balance as at 31 December 2022, intended in particular to cover €28.2 M in support committed for the years ahead.

48. The result of the special accounts was given a new presentation in 2022, following the 2021 recommendations of the External Auditor, who had questioned the presentation of two different results: one with the fourth category of special accounts²⁷, in the table reconciling the budgetary and accounting results; and the other without that category, in the global overview of budget execution. The new presentation distinguishes between the "Programmes" special accounts and the "Other" special accounts, which makes it easier to separate out the various components of surpluses or deficits.

49. This new, more detailed presentation helps distinguish the various components of results. The surplus of Eurimages, associated with the balances of the "Programmes" special accounts, came to €51.02 M (but combines earnings from activities and, with regard to Eurimages, a cash balance). An additional surplus comprised the surplus of one of the subsidiary budgets (Publications, €0.17 M²⁸), and that of the individual special accounts (€5.98 M²⁹), for a grand total of €56.99 M.

50. There is still room for improvement in clarifying the method for calculating the overall result. In particular, it is important to more clearly distinguish between the result of the financial year's activities – as was done for the EDQM's result, for instance – and the result of reserves for future expenditure or unused appropriations (arising from prior financial years) in the process of being reallocated.

Finding Nr. 1: The more precise presentation of surpluses and deficits is a welcome change: Recommendation No. 1 from the External Auditor's report on financial year 2021 has been implemented. The Organisation is invited to refine the definition of the budgetary result for the entire financial year.

²⁶ Including investment grants and other expenditure.

²⁷ The fourth category of special accounts corresponds to individualised special accounts funded through budget allocations ("Investments" special account, etc.). Surpluses are of a different type, as they do not correspond to contractual commitments by donors. Appropriations fund multi-annual work plans such as the Capital Master Plan (CMP, which is submitted to the CM for approval).

²⁸ For technical reasons having to do with how receipts are recorded, in contrast with the other subsidiary budgets, the Publications budget was not able to be balanced through grants from other budgets.

²⁹ The terminology of which would benefit from being unified: this category is referred to "Other special accounts" on page 57 and "Individual special accounts" on page 70.

2. Updated framework for the 2022–2025 Programme and Budget

A. Multiannual framework defined by the Financial Regulations

51. Pursuant to Article 3 of the Financial Regulations, the Programme and the Budget cover two consecutive financial years and are presented in a single integrated document. According to the same article, “the Programme shall set the Organisation’s objectives for the biennium, along with expected results and performance indicators. The Budget shall authorise the budgetary receipts and budgetary expenditure of the Organisation for the implementation of the Programme for each of the financial years of the biennium.”

52. For the first time in its history, the Organisation adopted a “Programme and Budget” covering a quadrennium: 2022-2025. More specifically, the Programme covers a four-year period and the Budget covers two financial years.

53. This change was made in line with the Council of Europe’s new strategic framework, adopted by the Committee of Ministers following its 131st session in Hamburg. The Committee of Ministers invited the Secretary General to introduce a four-year programme while maintaining the existing budgetary cycle and having the Programme and Budgets for this four-year period take into account the guidelines entitled “The Council of Europe in the coming four years”.

54. Following the exclusion of the Russian Federation, and pursuant to the decisions that will be taken at the Summit of Heads of State and Government in Reykjavik, the Programme and Budget for 2022-2025 is expected to be revised in 2023, while maintaining this four-year framework.

B. Structural consistency between the Programme and Budget to be improved

55. The Programme and Budget presented by the Secretary General adheres to the directives issued by the Committee of Ministers. It also meets the requirements set out in the Financial Regulations, in particular the obligation to cover two consecutive financial years and to set objectives, expected results and performance indicators.

56. It should be noted, however, that the target date for the objectives is 2025, while budgetary resources are limited to 2023. Without assurance that resources will be available over the full four-year period, setting objectives under that timeline is more declaratory than effective, and integration of the Programme and Budget remains limited.

57. The Organisation would benefit from having both its Programme and its Budget cover four consecutive financial years. Admittedly, this change would require a longer-term financial commitment for member States, but it would give the Organisation a coherent framework for its Programme and Budget.

Finding Nr.2: As part of the ongoing strategic review of the Organisation’s purpose and missions, the External Auditor considers that the Organisation would benefit from examining the merits of introducing a four-year budget.

V. KEY EXTERNAL FACTORS AFFECTING BUDGETARY MANAGEMENT IN 2022

1. Consequences of the exclusion of the Russian Federation

58. The exclusion of the Russian Federation by Resolution CM/Res(2022)2 of 16 March 2022 had major budgetary repercussions. The Russian Federation’s contribution for 2022 came to €34.3 M, equating to 10.2% of the total contributions expected under the Council of Europe’s budgets. The management implications of this exclusion led to the adoption of measures commensurate with the issues at stake.

A. Covering the shortfall in Russian contributions

Financial obligations of the Russian Federation

59. As of 16 March 2022, Russia was no longer required to contribute to the Council’s general budget. However, in accordance with Resolution CM/Res(2022)3 of 23 March 2022, “the Russian Federation is bound to fulfil its full financial obligations arising out of its membership of the Council of Europe and of partial agreements, up to the date it ceased to be a member of the Organisation, including its contributions for 2022 determined on a *pro rata temporis* basis. It also remains liable for all arrears accrued at the date of termination of its membership [...]”.

60. Russia’s financial obligations in respect of 2022 came to €34.3 M, of which €32 M for the general budget and €2.3 M for the eight partial or enlarged agreements of which it was a member. Russia paid all its financial obligations on a *pro rata temporis* basis until 16 March 2022, in the amount of €6.9 M. But the late payment interest for financial years 2017 to 2019, amounting to €8.3 M, remains due. A provision was recognised for this full amount by the Organisation.

61. Compared to the initial budget, the amount of contributions not paid by Russia for 2022 therefore totalled €27.4 M.

Appropriate but temporary mitigation measures

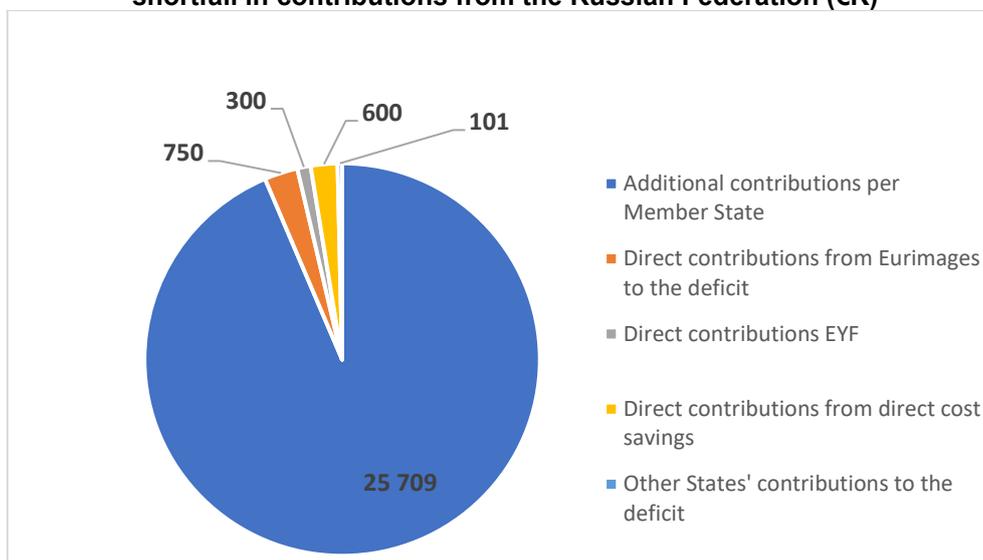
62. The Organisation had three options for addressing this shortfall:

- a call for additional contributions from the other member States;
- budget reductions;
- a hybrid solution combining budget reductions and increased contributions.

63. The Organisation chose this last option through a resolution of the Committee of Ministers on 11 May 2022, reducing this shortfall by €1.7 M, through direct contributions from Eurimages (€748 K) and the EYF (€310 K) as well as savings achieved in direct costs from the Ordinary Budget for 2022 in the amount of €612 K due to the suspension of certain activities scheduled in the region, with the final amount totalling €25.7 M to be divided up among the member States. In addition, other States contributed €101 K.

64. The amount remaining due by member States for 2022 came to €25 709 K, equating to an average increase in contributions by member States of 8.1% compared with 2021. Breakdowns by State are set out in the Appendix.

Chart No. 1: Additional contributions in 2022 to mitigate the shortfall in contributions from the Russian Federation (€K)



Source: CM(2022)76 Appendix 3, analysis by the External Auditor

65. The contributions from Ukraine, totalling €4.5 M, were maintained at its request. Ukraine also wished to participate in the effort to mitigate the shortfall caused by the exclusion of Russia in the amount of €428 K.

66. Lastly, the Committee of Ministers issued a decision on 19 October 2022 to carry forward the date used to calculate late payment interest, in accordance with Article 10 of the Statute. For the additional 2022 contributions, out of a total of €25.7 M, €8.5 M remained due at the end of the financial year.

Finding Nr.3: In a crisis situation, the Organisation was able to react within a limited timeframe to balance its budget by increasing contributions from member States and, to a lesser extent, by achieving expenditure savings.

B. Human resources crisis management called for statutory adjustments

Management measures concerning Russian-national staff members

67. Various management decisions were taken regarding Russian-national staff members. As at 31 December 2021, the Council employed 130 staff members (including 119 in Strasbourg and 7 in Moscow) for a budgetary amount of €12.9 M in 2021.

68. Under Article 38-e of the Statute, the Secretary General “shall [...] submit to the Committee of Ministers an estimate of the expenditure to which the implementation of each of the recommendations presented to the Committee would give rise. Any resolution the implementation of which requires additional expenditure shall not be considered as adopted by the Committee of Ministers unless the Committee has also approved the corresponding estimates for such additional expenditure.”

69. In a statement to the Committee of Ministers on 20 April 2022, the Secretary General specified the approach chosen with regard to Russian-national staff members employed by the Organisation: *“Staff members holding indefinite-term contracts may continue their employment within the Organisation. Staff members on fixed-term contracts holding the citizenship of a member State alongside their Russian citizenship will be considered, on the basis of this second citizenship, to meet the eligibility criterion for appointment on the occasion of renewal of their contracts. As regards those staff members who hold solely Russian citizenship, further temporary or fixed-term contracts cannot be offered on the expiry of current contracts, since they do not hold the citizenship of a member State at the time of renewal. This non-renewal of fixed-term and temporary contracts will affect approximately 45 staff members over the coming months and years; it includes staff members in the Moscow Office, which is closing.”*

Finding Nr.4: The External Auditor notes that the Secretary General fulfilled the duty of disclosure required by Article 38-e of the Statute.

70. As at 31 December 2022, 95 Russian-national staff members were still employed by the Organisation, 43 of whom under fixed-term contracts (CDD) and 52 under indefinite-term contracts (CDI). 60 of them were employed under category A posts (including one grade-A6 senior manager) and 35 under category B posts. 71 staff members had the nationality of another member State. Pursuant to the statement of 20 April 2022, these staff members may therefore continue working for the Organisation. Some of them, employed in positions deemed sensitive, were offered other assignments.

71. Retaining these staff members has various budgetary implications, firstly for the table presenting the distribution of category A posts. In accordance with the guidelines issued by the Committee of Ministers on 20 January 1978, each member State is to have a national quota of category A posts calculated according to its budget contribution. As such, the Russian Federation had a quota of 269 points for the 2022 budget. In reality, it only used 156 points.

Finding Nr. 5: Seven sole-Russian-national staff members remain employed on indefinite-term contracts. Three of them are grade A3. Their continued presence within the workforce constitutes an ad hoc category with regard to the guidelines of 20 January 1978 and the quota system.

The Staff Regulations did not provide for the withdrawal or exclusion of a member State

72. The approach chosen by the Secretary General complies with the provisions of the Staff Regulations. Article 23 of the Staff Regulations in force until 31 December 2022 stated the conditions under which contracts for either a fixed or an indefinite period may be terminated by³⁰:

- “a) *The staff member, as a result of his or her resignation;*
- b) *The Secretary General, on one of the following grounds:*
 - i. *Abolition of the post;*
 - ii. *Dismissal for disciplinary reasons;*
 - iii. *Manifest unsuitability or unsatisfactory work;*
 - iv. *Permanent invalidity.”*

73. Under these conditions, the Secretary General could only terminate fixed- or indefinite-term contracts by abolishing posts, after consulting with the Joint Committee, and subject to three months' notice.

74. The provisional version of the new Staff Regulations had not included any specific provisions in the event of the withdrawal or exclusion of a member State. By decision of the Committee of Ministers on 14 December 2022, the Organisation adopted a new Article 6.5.6. The Secretary General may now terminate the appointment of staff members confirmed in their employment if the State of which the staff member is a citizen ceases to be a member of the Organisation, subject to prior notice and the award of an indemnity.

Finding Nr 6: The Organisation rapidly adopted a statutory provision, giving it the possibility of terminating appointments in the event of the withdrawal or exclusion of a member State.

Long-term implications for contributions to the Pension Reserve Fund

75. A portion of member States' contributions is used for the Pension Reserve Fund (PRF). In the budget for 2022, this portion totalled €2 995 K for the Russian Federation, out of a total of €33 105 K, making it the fifth-largest contribution. In 2021, the Organisation paid a pension to eight former staff members for an annual total of €344 K.

76. As at 31 December 2021, the PRF's assets totalled €589.8 M and its liabilities €4 183 M. The External Auditor had already highlighted the scale of budgetary effort that would theoretically be necessary to make in order to cover all pension obligations. The Organisation noted that the exclusion of the Russian Federation would result in the commitments borne by this State being divided up among the other 46 member States³¹. Obviously, this commitment is by definition a lasting one and, unlike other budget items covered by the other member States, cannot be offset later by a reduction in expenditure.

77. In this regard, the exclusion of Russia weakens the Organisation's ability to cope with this budget risk. The exclusion of this major contributor to the PRF does not affect the number of pensioners. The 46 member States must inevitably contribute more to the fund over the medium and long term.

Finding Nr. 7: The exclusion of the Russian Federation burdens the member States with the long-term budget risk of higher contributions to the Pension Reserve Fund.

C. Crisis management-related expenditure was limited

78. The invasion of Ukraine brought about a number of extraordinary meetings of the Committee of Ministers, translation and interpretation costs, and unscheduled travel, without this expenditure requiring a budgetary adjustment.

79. Furthermore, the implementation of the Ukraine 2018-2022 plan was temporarily suspended, but projects were resumed starting in May 2022, with no impact on funding. With a revised amount of €38 M, the plan had been fully funded before the conflict broke out. An unspent balance of nearly €2 M was recorded at the end of financial year 2022. It should be reallocated under the new action plan.

Finding Nr. 8: Crisis management-related expenditure, in terms of both the Ordinary Budget and extrabudgetary resources, was limited and had no particular impact on overall budget balance.

³⁰ The External Auditor has only cited the main grounds for termination herein, without stipulating the specific provisions accompanying them, for which readers are referred to the Staff Regulations.

³¹ Resolution CM/Res(2022)2 regarding the cessation of membership of the Russian Federation in the Council of Europe.

2. The effects of inflation on budget execution

80. Adopted by Resolution CM/Res(2021)-22 of 24 November 2021, the Organisation's Programme and Budget for 2022-2025 provided for a 0.4% increase in contributions for 2022 compared with 2021, and a 2.6% increase for the 2023 adjusted budget.

Table 4: Change in the 2021 (Adjusted) and 2022 (Original) Ordinary Budgets

Pillars	Staff	Non Staff	Pensions	Budget
Human Rights	3.2%	1.8%	1.7%	2.7%
Rule of Law	3.6%	-0.3%	-3.4%	1.3%
Democracy	1.1%	-1.9%	-0.1%	-0.2%
Governing Bodies, General Services and Other	-5.4%	2.2%	-4.5%	-2.3%
Total	0.3%	1.1%	-0.6%	0.5%

Source: External Auditor, on the basis of the Organisation's Programme and Budget

81. Yet in December 2022, annual inflation stood at 9.2% for the eurozone and 6.7% for the host country³², much higher than the target set by the European Central Bank (CEB). In this context of rising prices, a range of measures were taken by the Organisation to address the impact of inflation on 2022 budget execution, which ultimately ended up having only a marginal effect on its expenditure.

A. The salary adjustment for 2022 is uncorrelated with the Harmonised Index of Consumer Prices (HICP)

82. Within the International Service for Remunerations and Pensions (ISRP), the Co-ordinating Committee on Remuneration (CCR) sets the salary adjustment coefficient on behalf of the Council of Europe and seven other international organisations. The Organisation may apply the so-called affordability clause if budgetary and/or economic circumstances so require. For 2022, the CCR proposed an increase of 3.7%, equating to an additional cost to the Organisation of €7.75 M.

83. In this instance, the Committee of Ministers invoked the affordability clause to limit the increase and apply it in two phases: 1.2% in January 2022, then 0.7% in December 2022, for a total of €2.94 M for all budgets and agreements. However, this decision was challenged before the Administrative Tribunal. Consequently, the Organisation recognised a budgetary provision in the amount of €3.75 M for the Ordinary Budget and €5.24 M for the entirety of the general budget, partial agreements and special accounts.

84. Furthermore, pursuant to Article 2 of Appendix IV of the Staff Regulations, the basic salary for staff members assigned to external offices must take into account a coefficient reflecting the cost of living and living conditions in Belgium. As inflation in Belgium was above 7% for three consecutive months, the Committee of Ministers adopted a 7% increase in salaries and the monthly amounts of allowances expressed in absolute value, as well as in the maximum amounts of the settling-in allowance.

85. For the external office in Turkey, given the much higher level of inflation there³³, the Committee of Ministers made a number of special adjustments to the contracts of staff members serving in Ankara, mainly for temporary contracts. The difficulty lies in rapidly responding to regular adjustments spurred by high inflation.

86. A ruling by the Tribunal in favour of the applicants would result in the salary ceiling being exceeded, but to a moderate degree. It would also require staff expenditure to be revised upwards in the 2023 Ordinary Budget by an estimated €3.0 M.

Finding Nr.9: At the end of financial year 2022, inflation did not require additional contributions but it did lead to an increase in salaries for 2023, along with related litigation before the Administrative Tribunal, as well as organisational challenges to address adjustments for temporary staff employed in external offices.

B. Energy costs for 2022 are indexed to 2020 prices

87. The Organisation also assessed the impact of higher energy prices, the results of which it communicated to the Rapporteur Group – Programme, Budget and Administration (GR-PBA). The Organisation purchases its electricity under an advance contracting arrangement. As the energy used in 2022 was purchased in 2020, the budgetary impact of the increase in prices per MWh was limited.

88. Moreover, gas consumption was reduced (0.004 GWh per year). Building D still relies on oil-fired heating, using nearly 100 000 litres per year. A documented, updated study was provided to the GR-PBA, presenting the financial and energy-related issues at stake and recommending adaptation measures.

³² Source: Euro indicators 122-2022, Eurostat.

³³ 85.5% in October 2022. Source: OECD.

89. The Organisation assessed the impact of the increase in electricity prices at €1.9 M for 2023. This increase was documented and accompanied by recommendations to save energy, in particular by reducing temperatures and turning off heating for estimated annual savings of €0.42 M. In addition to these reductions, the Organisation opted to have staff telework for the first week of January (savings of €0.08 M). It did, however, decide against having staff telework for the month of August.

C. Taking into account the risk of inflation in budget preparation

90. Staff expenditure accounted for at least 75% of the Ordinary Budget for 2022, including pensions³⁴. As such, this structural component constitutes the Council of Europe's main source of exposure to inflationary risk. Through the "wage-price" spiral, persistently high inflation – substantially higher than central bank targets – weakens the Council's budget projections.

91. For 2023, the Co-ordinating Committee on Remuneration (CCR) of the ISRP proposed a 6.1% increase in remuneration. Invoking the affordability clause, the Committee of Ministers decided to adopt a 4.4% increase in January 2023, followed by a 1.7% increase in December 2023.

Finding Nr.10: Inflation places an additional burden on funding for staff expenditure (€2.9 M in 2022, plus €8 M related to the increase decided for 2023 and the risk related to ongoing litigation)

92. The budget preparation cycle starts at the beginning of financial year N-1. For the 2022 and 2023 budgets, discussions with member States on the amount of contributions were launched in February 2021, with the aim of maintaining contributions at a constant level.

93. In its macroeconomic projections for the euro area published on 11 March 2021, the European Central Bank (ECB) forecast inflation of 1.2% for 2022 and 1.4% in 2023. In November 2021, when the Programme and Budget was approved, the latest known estimate of inflation was 4.1%. In its end-of-year macroeconomic projections, the European Central Bank considered that "HICP inflation is expected to decrease sharply over the course of 2022". It forecast inflation of 1.7% in 2022 and 1.5% in 2023.

94. At the beginning of the budget preparation cycle and when the Programme and Budget was adopted, the known risk appeared limited and confined to a cyclical episode in 2022. The Organisation had also set aside a €3.76 M reserve for price increases for 2023, equating to 1.5% of the amount of expenditure in the Ordinary Budget for 2022, in line with the ECB's macroeconomic forecasts.

Finding Nr. 11: Given the information available during the preparation and adoption of the Programme and Budget for 2022-2025, for financial year 2022, the Organisation took inflationary risk into account; its assessment was in line with the ECB's forecasts at the time. It fulfilled its duty of care in this regard.

High inflation will nevertheless have a significant impact on the Organisation's budget. With the main risk coming from salary increases, it must build this into its long-term budget projections.

³⁴ Comprising staff expenditure as set out in the breakdown by type (see Table 8), plus expenditure for the Council of Europe Secretariat, judges and commissioners, interpretation and translation.

VI. ANALYSIS OF THE ACCOUNTS OF THE GENERAL BUDGET

95. Article 63, paragraph 2, of the Financial Regulations states that “The budgetary management accounts shall include for each budget comprising the Programme and Budget: a) under receipts: i. the States’ obligatory contributions for the financial year concerned; ii. invoices raised in respect of goods or services delivered to third parties during the financial year; iii. any other income received during the financial year; b) expenditure incurred during the financial year concerned; c) a summary of transfers of appropriations during the financial year and observations on transfers exceeding the threshold as defined in Article 28; d) the balance of unspent appropriations at the financial year end; e) the budget outcome of the prior year, restated as appropriate; and f) a report on any other element which appears in Article 2035 or was the subject of a specific decision when the budget was approved, including the salary ceiling and the tables of posts and positions.”

96. Within the main budget, the External Auditor analysed the Ordinary Budget and the European Youth Foundation. It was able to use the initial version of the draft budgetary management accounts to carry out its checks and had access to all the information necessary, as provided for by the Regulations, to complete its certification procedures.

97. The following table summarises the main features of the implementation of the Ordinary Budget for the 2022 financial year relative to the adjusted budget, with receipts divided into obligatory contributions and other income, and programme expenditure broken down by pillar.

Table 5: Ordinary Budget expenditure and receipts in 2022 (€K)

	2022 Ordinary Budget : Adjusted	2022 Ordinary Budget : Expenditure
Member States’ contributions	250 082	250 082
Other receipts	8 242	9 163
Total receipts	258 324	259 245
Human Rights	118 086	115 930
Rule of Law	15 506	15 211
Democracy	42 180	41 255
Governing Bodies, General Services and Other	82 552	82 898
Provisions		3 750
Total expenditure	258 324	259 013
Surplus/Deficit	0	232

Source: CM(2023)1 Adjusted budget and Document CM(2023)100-add, draft version dated 31 March 2023

1. Receipts

A. Member States’ contributions

98. Obligatory contributions to the Ordinary Budget in 2022 came to €250.1 M, the same level as in 2021. This information is set out in the table on page 13 of the draft budgetary management accounts. These figures are consistent with those in the FIMS database and with the amounts presented in the adjusted budget for 2022.

Finding Nr. 12: The obligatory contribution figures in the draft budgetary management accounts for 2022 are compliant with Article 63 of the Financial Regulations. They are consistent with the data in the Organisation’s financial information management system. The execution of these receipts is in line with projections in the adjusted budget for 2022.

³⁵ Article 20 of the Financial Regulations specifies the information to be included in the draft Programme and Budget submitted to the Committee of Ministers.

B. Other Ordinary Budget receipts

99. The following table shows other Ordinary Budget receipts.

Table 6: Other receipts for the Ordinary Budget in 2022 (€K)

	Final budget	Actual receipts	Variance
Fixed sum contributions to partial agreements	7 129.4	7 164.0	34.6
Net financial income	200.0	515.3	315.3
Provisions for doubtful debt	0.0	(1.1)	(1.1)
Other income	912.3	1 485.1	572.8
Total	8 241.7	9 163.4	921.7

Source: Document CM(2023)100-add, draft version dated 31 March 2022

Finding Nr.13: The Ordinary Budget's "Receipts other than obligatory contributions" presented in the draft budgetary management report for 2021 are compliant with the Financial Regulations; the amounts reported in this draft are consistent with those in the FIMS database.

2. Expenditure

A. Presentation of expenditure by programme/activity

Table 7: Ordinary Budget expenditure 2022 by pillar (€K)

In €K	Adjusted Budget	Total expenditure	Variance	Utilisation rate
Human Rights	118 086.2	115 929.6	2 156.6	98.2%
Rule of Law	15 506.2	15 210.7	295.5	98.1%
Democracy	42 180.2	41 225.1	955.1	97.7%
Governing Bodies, General Services and Other	82 551.8	82 897.7	(345.9)	100.4%
Provisions	0.0	3 750.1	(3 750.1)	
TOTAL	258 324.4	259 013.3	(688.9)	100.3%

Source: Document CM(2023)100-add, draft version dated 31 March 2023

100. Excluding provisions, overall expenditure execution for the Ordinary Budget came to 98.8%, resulting in a surplus of €3.1 M. Owing to the end of the public health crisis, this figure improved considerably compared to 2021 (97.4%). The breakdown by pillar shows a satisfactory level of execution, with marked improvements for the "Rule of Law" and "Democracy" pillars. The expenditure and execution rates shown in the table above do not include transfers during the financial year, which are duly presented in the accounts.

101. It should be noted, however, that the provision recognised to cover the litigation risk related to the appeal lodged with the Administrative Tribunal over the salary adjustment has the effect of increasing the execution of the Ordinary Budget, slightly exceeding the upper limit authorised when the budget was approved. An analysis of this provision is set out earlier in this report, in the section focused on the impact of inflation.

102. Beyond this provision, the budgetary management accounts provide the necessary explanations to understand variances between projection and execution.

Finding Nr. 14: The data relating to Ordinary Budget expenditure by pillar and by programme are consistent with the data in the Financial Information Management System (FIMS). Due to the provision for litigation risk, budget execution exceeded budgetary authorisations, but to a moderate degree and for reasons that were justified by the inflationary context.

B. Expenditure execution by type

103. While the budget is organised by pillar, it is technically prepared on the basis of requests from departments, stated in terms of the type of expenditure. Appendix VII to the revised budget for 2022 provides a breakdown of budget appropriations by type. The “Supplementary information” section of the budgetary management accounts contains the statement of actual expenditure for the financial year and provides explanations for any variances observed.

104. The following table shows the actual expenditure execution in 2022, with respect to the adopted budget, and provides a comparison of expenditure execution over the past four financial years. The orange-highlighted cells show overspends and the yellow-highlighted cells show underspends (by at least 5% of the adopted budget).

Table 8: Ordinary Budget execution by type in 2022 (€K and %)

	Budget 2022	Expenditure 2022	Utilisation Rate 2022	Utilisation Rate 2021	Utilisation Rate 2020	Utilisation Rate 2019
Permanent posts and positions	142 080.5	133 910.1	94.2%	95.2%	94.2%	97.3%
Temporary staff	1 735.3	6 650.8	383.3%	323.6%	419.6%	308.1%
Seconded officials	1 145.4	1 259.5	110.0%	116.3%	68.9%	72.2%
Other staff expenditure	3 551.6	3 584.5	100.9%	85.5%	87.5%	95.7%
Total staff expenditure	148 512.8	145 404.9	97.9%	97.9%	97.5%	99.9%
Secretary General/Deputy Secretary General/Secretary General of the Parliamentary Assembly	1 100.4	1 054.3	95.8%	114.0%	96.3%	98.3%
Judges and Human Rights Commissioner	12 559.6	12 182.7	97.0%	99.2%	99.9%	101.9%
Official journeys (Staff/Judges/Commissioner)	2 129.6	2 416.6	113.5%	36.9%	19.0%	97.9%
Consultants and outsourced activity costs	3 198.9	3 654.8	114.3%	145.0%	142.1%	116.4%
Travel/Subsistence/Honoraria	11 163.1	7 710.2	69.1%	29.3%	20.1%	93.1%
Official hospitality	358.5	232.3	64.8%	26.8%	28.0%	95.2%
Interpretation	5 997.5	5 750.1	95.9%	105.0%	77.3%	81.5%
Translation	4 480.2	3 975.6	88.7%	89.5%	97.7%	94.0%
Documents and postage	2 458.0	2 162.2	88.0%	90.1%	95.5%	173.8%
Buildings, vehicles and equipment	10 624.4	11 732.1	110.4%	112.8%	111.7%	109.6%
Information Technology	7 670.7	8 612.4	112.3%	119.1%	119.4%	108.6%
Audiovisual services	716.8	1 589.5	221.7%	915.5%	608.4%	57.4%
Grants to Political Groups	852.3	842.1	98.8%	100.5%	108.2%	107.6%
Investments (grant)	9 286.3	9 286.3	100.0%	100.0%	160.3%	100.0%
Grants	5 724.2	6 345.1	110.8%	140.5%	152.7%	102.4%
Other types of expenditure	2 909.1	3 730.0	128.2%	86.0%	59.0%	81.6%
Joint Programmes and Action Plans	6 296.1	6 296.1	100.0%	100.0%	100.0%	100.0%
Total non-staff expenditure	87 525.7	87 572.4	100.1%	95.9%	98.0%	99.9%
Contribution to the Pension Reserve Fund	22 285.9	22 285.9	100.0%	100.0%	100.0%	100.0%
TOTAL	258 324.4	255 263.2	98.8%	97.4%	97.9%	99.9%

Source: Document CM(2023)100-add, draft version dated 31 March 2023; 2022, 2021 and 2020 budgetary management accounts

105. In 2022, three categories of expenditure showed a variance of more than €2.6 M (i.e. 1% of the adjusted budget) between projection and execution:

- Permanent staff (under-executed by €8.2 M);
- Temporary staff (over-executed by €4.9 M);
- Travel/Subsistence/Honoraria (under-executed by €3.5 M).

106. The Organisation explained these variances as having arisen from difficulties filling vacancies for permanent staff and, consequently, the need to use temporary staff. It should be noted, however, that these variances have continued for a number of financial years, as shown in the table above, without the Organisation truly adapting to a trend that now appears structural.

107. Nevertheless, these variances in no way affect compliance with the salary ceiling set when the budget was adopted. Should the Administrative Tribunal rule against the Secretary General, however, the salary adjustment restated for the provision would likely affect the quality of this execution with a modest but real overrun of the upper limit.

108. In addition, on a lesser scale, five types of expenditure have been under-budgeted for at least the past three financial years, albeit with a substantial improvement in 2022:

consultants and outsourced activity costs;
buildings, vehicles and equipment;
information technology;
audiovisual services;
grants.

109. While the exclusion of the Russian Federation may explain a minimal share of the variances observed in 2022, the review of expenditure by type shows that, beyond the difficulties encountered, the quality of budget projections can be further improved. With regard to travel, subsistence and honoraria, in particular, the Organisation must draw all the relevant conclusions from the public health crisis at the end of financial year 2023, revising its projections downwards if necessary.

Finding Nr. 15: Subject to the Administrative Tribunal's ruling in the salary adjustment case, staff expenditure under the Ordinary Budget complied with the salary ceiling.

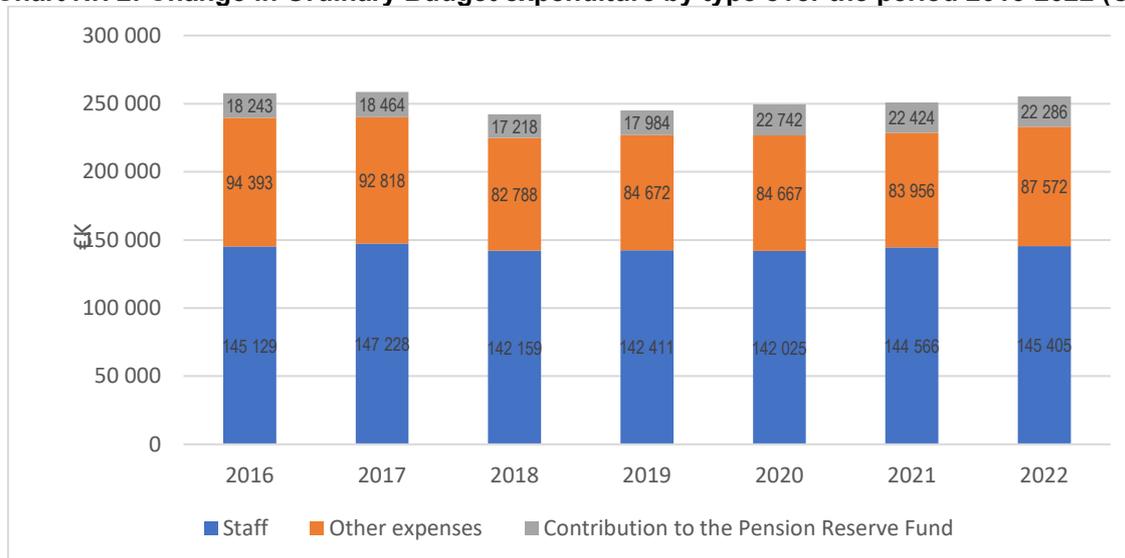
Finding Nr. 16: While overall budget execution improved in 2022, the Organisation has not yet fully adapted its budgetary management to take into account post-COVID working practices with respect to travel, subsistence and honoraria.

Finding Nr. 17: Although their rates of execution improved in 2022, expenditure on consultants, buildings, vehicles, equipment, information technology and audiovisual services, in particular, were still under-budgeted.

C. Multiannual analysis of the change in expenditure by type

110. Between 2021 and 2022, actual expenditure under the Ordinary Budget increased by 1.7%, staying within budgetary authorisations.

Chart Nr. 2: Change in Ordinary Budget expenditure by type over the period 2016-2022 (€K)



Source: External Auditor, on the basis of the budgetary management accounts

111. With regard to long-term trends, the review of actual expenditure for the Ordinary Budget calls for three comments:

- In 2018, the risk of non-payment of late payment interest by the Russian Federation drew a stronger budgetary reaction than its exclusion in 2022, with the budget decreasing by 5.8% between 2017 and 2018, compared with a 1.7% increase between 2021 and 2022.
- This increase is lower than the rate of inflation observed in the host country (5.2%).
- Expenditure has continued to grow at a moderate pace since 2019.

Finding Nr. 18: Subject to the ruling by the Administrative Tribunal, the change in actual expenditure is in line with the amounts authorised by the budget.

3. European Youth Foundation (EYF)

112. According to Article 1 of its statute, the EYF is “an establishment of the Council of Europe, the aim of which is to promote youth co-operation in Europe by providing financial support to European youth activities”.

113. This fund covers the 46 member States of the Council of Europe and also funds youth activities in the three non-member States that are signatories to the European Cultural Convention³⁶. In 2022, to this end, it received €3 M in obligatory contributions and €388 500 in voluntary contributions³⁷.

114. A presentation in the form of receipts and expenditure of the EYF budget does indeed appear in Chapter 3 “Other budgets” (page 41) of the budgetary management accounts, in accordance with Article 6 of the EYF’s statute³⁸. In addition, unlike in previous years, under the new presentation of the budgetary management accounts, the EYF is listed separately from the partial agreements in the “Other budgets – General Budget” section, in accordance with the statute.

115. As in 2021, the overall presentation on page 17 includes this budget within “Other budgets”; the Foundation’s budgetary result is presented within “Other budgets” along with the partial agreements on page 18.

Table 9: EYF expenditure and receipts in 2022 (€K)

	Final budget	Actual expenditure /receipts	Variance
Expenditure			
Staff expenditure	926.1	860.9	65.2
Non-staff expenditure	4 904.9	3 684.6	1 220.3
Provision in respect of ongoing litigation		18.1	(18.1)
Total expenditure	5 831.0	4 563.6	1 267.4
Receipts			
Obligatory contributions	3 099.1	3 099.1	0.0
Voluntary contributions	388.5	388.5	0.0
Financial income net of charges	3.9	3.9	0.0
Balance from previous year	1 765.9	1 765.9	0.0
Other income	573.5	573.5	0.0
Total receipts	5 830.9	5 830.9	0.0

Source: Document CM(2023)100-add, draft version dated 31 March 2023

116. The External Auditor checked that all the EYF budgetary data tallied with the figures extracted from FIMS. The execution of this budget, in terms of both receipts and expenditure, does not call for any comments.

Finding Nr. 19: The data in the draft budgetary management accounts are consistent with the corresponding figures extracted from the FIMS database.

³⁶ Belarus, the Holy See and Kazakhstan.

³⁷ Germany

³⁸ Which states that “the Foundation’s income and expenditure shall be provided for and authorised in a separate budget within the general budget of the Council of Europe and shall be submitted for approval to the Committee of Ministers.”

VII. PARTIAL AGREEMENTS AND SPECIAL ACCOUNTS

1. Partial/enlarged agreements

117. The Council of Europe has 13 partial agreements (enlarged or not)³⁹. Only 11 partial agreement budgets are examined here. As the audits of the Eurimages and North-South Centre budgets are accounted for separately in FIMS, they are presented separately (see below).

A. Overall presentation

118. Expenditure executed for the 11 partial agreements (excluding related special accounts) came to €77.7 M in 2022, equating to nearly 15.7% of the Organisation's expenditure. As a reminder, this level rises to nearly 21.7% when including Eurimages (€29.5 M) and the North-South Centre (€0.4 M).

119. Between 2021 and 2022, the budgetary result of the 11 partial agreements (excluding related special accounts) went from €21.7 M to €17.4 M. This €4.3 M decrease in cumulative surpluses resulted from the decrease in surpluses for the European Directorate for the Quality of Medicines and HealthCare (EDQM). However, the partial agreements make up 34.1% of the Organisation's budget surplus (€51 M), a higher proportion than their share of expenditure.

120. The External Auditor analysed the budgets of the three partial agreements comprising the most substantial amounts: the European Pharmacopoeia, Democracy through Law and the Group of States against Corruption. These three alone account for 85% of the expenditure of the 11 partial agreements, excluding special accounts.

B. The European Pharmacopoeia

121. The European Pharmacopoeia budget (€59.39 M) accounted for 12% of the Organisation's expenditure in 2022. It covers the main activity of the European Directorate for the Quality of Medicines and HealthCare (EDQM), which is a Council of Europe partial agreement. Established in 1964, this partial agreement now has 39 countries, plus the European Union (EU), as members, and 29 observers.

122. Until 1 September 2022, the EDQM was a directorate of the Directorate General of Democracy (DG II). This purely administrative reporting line was not ideal in terms of managerial responsibility and the External Auditor had recommended reviewing it. A Committee of Ministers decision dated 6 July 2022 had the EDQM report directly to the Secretary General of the Council of Europe as of 1 September 2022.

Table 10: Expenditure and receipts on the European Pharmacopoeia budget for 2022 (€K)

	Final budget	Actual expenditure /receipts	Variance
Expenditure			
Staff expenditure	30 607.6	27 833.9	2 773.7
Non-staff expenditure	45 649.1	31 551.2	14 097.9
Grant to investments special account	4 500.0	4 500.0	0.0
Reserve for future investments	12 100.2	0.0	12 100.2
Other expenditure	29 048.9	26 423.2	2 625.7
Provision in respect of ongoing litigation	0.0	628.0	(628.0)
Total expenditure	76 256.7	59 385.1	16 871.6
Receipts			
Contributions	2 852.8	2 852.8	0.0
Other receipts	73 403.9	73 403.9	0.0
Sales and activities receipts	73 295.2	73 295.2	0.0
Financial income net of charges	318.7	318.7	0.0
Provision for bad debts	(190.6)	(190.6)	0.0
Balance from previous year	0.0	0.0	0.0
Other income	(19.4)	(19.4)	0.0
Total receipts	76 256.7	76 256.7	0.0
	Surplus	16 871.6	

Source: Document CM(2023)100-add, draft version dated 31 March 2023

123. The External Auditor checked that the data for the budget executed for this partial agreement tallied with the data extracted from FIMS and that the amount of contributions tallied with the figures in Resolution CM/Res(2021)31 on the European Pharmacopoeia's budget for 2022-2025.

³⁹ As the Council of Europe's Financial Regulations do not apply to the European Audiovisual Observatory, that partial agreement does not fall within the scope of this audit.

124. Sales and activities receipts, which were up 1% in 2022 (€73.3 M) compared with 2021 (€72.4 M), made up the majority of the European Pharmacopoeia's resources, with obligatory contributions paid by member States (€2.9 M) due to be returned. Compared with the previous financial year, budget projections significantly improved in this area, with actual activity receipts close to the level projected in the original budget (€73.1 M).

125. Expenditure totalled €59.4 M in 2022, half of which was staff expenditure (€27.8 M). Execution of this expenditure item was at its lowest level since 2016 (90.9%). This under-execution, related to postponed recruitments and hiring difficulties in particular, added around €2.8 M to the surplus for the year. Overall, budget projections for staff expenditure, which are relatively predictable by nature, can be improved.

Table 11: Execution of staff expenditure with respect to the final budget (€K)

	2016	2017	2018	2019	2020	2021	2022
Final Budget	24 668	25 263	26 080	26 534	27 053	29 359	30 608
Actual expenditure	22 953	23 361	24 277	25 768	26 796	26 950	27 834
Balance / Final Budget	1 715	1 902	1 803	766	257	2 409	2 774
Utilisation rate	93.0%	92.5%	93.1%	97.1%	99.1%⁴⁰	91.8%	90.9%

Source: 2016-2021 budgetary management accounts and Document CM(2023)100-add, draft

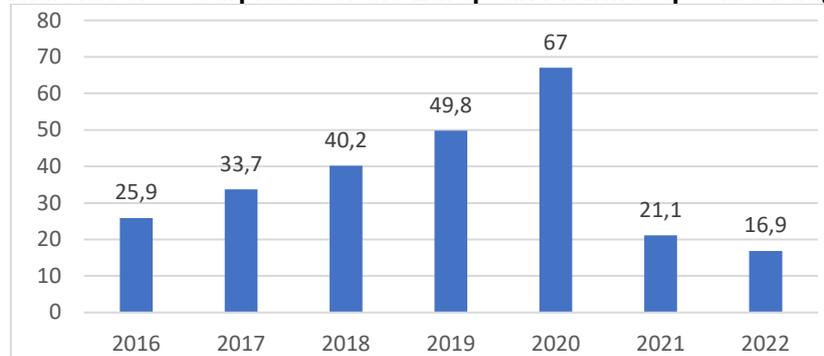
126. Expenditure utilisation for "Other expenditure" (91%) also declined relative to the previous financial year (95.4%). This result was mainly caused by late deliveries of orders and services and by an overestimate of certain needs. This expenditure line added €2.6 M to the surplus for financial year 2022.

Substantial surpluses resulting from a structurally low level of expenditure utilisation

127. Insofar as its expenditure is structurally lower than its receipts, this budget records substantial surpluses each year, the cumulative amount of which peaked in 2020. In 2021, all the surpluses carried forward (€67 M) were used in two ways: a €3.8 M payment to the States members of the Partial Agreement and, above all, the transfer of €63.2 M to the agreement's two special accounts.

128. The 2022 surplus (€16.9 M) corresponds to the annual result for that financial year alone. While lower than the prior-year amount (€21.1 M), it was the third-highest amount recorded since 2016. In 2022, the surplus for financial year 2021 was repaid to the States members of the Partial Agreement in the amount of €3.9 M and transferred to the agreement's "Investments" special account in the amount of €17.3 M.

Chart Nr. 3: Surpluses of the European Pharmacopoeia's budget⁴¹ (€M)



Source: 2016-2021 budgetary management accounts and Document CM(2023)100-add, draft

129. The 2022 surplus mainly resulted from the "Reserve for future investments" (€12.1 M) and, to a lesser extent, the under-execution of "Staff expenditure" and "Other expenditure". This expenditure reserve is separate from the EDQM's "Grant to investments special account". It helps balance receipts and expenditure at the budget projections stage and is not intended to carry out expenditure on this budget. On the other hand, it may not necessarily serve to fund the EDQM's future investments, in contrast with the grant to the investment budget. The European Pharmacopoeia's "Investments" special account already showed a surplus balance of nearly €70 M as at end-2022. The External Auditor invites the Council of Europe to give this item a clearer name, such as "Provisional surpluses".

⁴⁰ In 2020, a transfer during the course of the financial year reduced the Pharmacopoeia's staff expenditure by €2.06 M. Without that measure, this expenditure line would have shown an end-of-year balance of €2.32 M and an utilisation level of 92%.

⁴¹ Until 2020, these amounts corresponded to cumulative surpluses. In 2021 and 2022, they only concerned surpluses for the financial year.

130. Lastly, the budget's presentation has been improved over the 2022-2025 quadrennium compared with the 2020-2021 biennium. During the biennium, surpluses carried forward had been included in budgetary resources. This inclusion of surpluses in the same category as the year's resources affected the clarity of projections and the result for the financial year. Since 2022, receipts no longer include surpluses carried forward, which makes the information provided to the Committee of Ministers more understandable.

Transfers to the member States of the Partial Agreement

131. Noting "the strong financial position of the EDQM as at 31 December 2010", the Budget Committee, in Resolution CM(2011)123, proposed returning €1 M per year to the member States of the European Pharmacopoeia, in addition to their obligatory contributions.

132. In respect of the 2021 financial year, the 39 States members of the Partial Agreement therefore recovered not only their annual obligatory contributions (€2.9 M) but also an additional sum of €1 M, for a total of €3.9 M. In accordance with a recommendation made in the budgetary audit report for the 2019 financial year, Resolution CM/Res(2022)17 on the allocation of the 2021 results specified that the amount returned to member States was higher than their contributions. The same reimbursement is planned in respect of 2022.

EDQM investment plan

133. Document CM(2021)92 presented to the Committee of Ministers on 8 September 2021 sets out the EDQM's long-term investment strategy. The investment plan totals €72 M for the period 2022-2029 in order to "to 'future-proof' the Organisation for the next 15-20 years and mitigate potential risks".

134. The EDQM is planning the construction of a third building, ideally in the Strasbourg urban area, along with a remodelling of its current premises in Strasbourg (total cost estimated at €45 M). This project aims to expand the analytical capacity of the current site in Strasbourg, increase and secure sample storage capacity, boost the EDQM's efficiency by implementing high-performance technical distribution equipment, and expand administrative and IT spaces.

135. In addition, the plan provides for the establishment of a total of €32 M in emergency reserves. These may only be used in the event of a crisis and with the approval of the Committee of Ministers. They are earmarked as follows:

- €5 M to set up a production area at the Metz site enabling it to cope in the event of a sudden interruption in operations at the main site;
- €23 M to ensure continuity of the EDQM's other activities in the event of a crisis, corresponding to 6 months of running costs;
- €4 M to cover potential staff cuts in the event of a sudden drop in income for the EDQM or a considerable decrease in contracts entered into with the European Union or its contributions.

Finding Nr. 20: The situation with regard to the reserves established by the EDQM remains unchanged. The External Auditor's recommendations concerning this point have yet to be implemented. The strategic plan that will soon be submitted to the Committee of Ministers should provide an opportunity to determine how these reserves are to be used.

C. Democracy through Law (Venice Commission)

136. The European Commission for Democracy through Law (Venice Commission) is an enlarged agreement established in 1990. It currently has 62 members and four observers. The table below compares the final budget with the budget executed in 2022.

Table 12: Budget of Democracy through Law for 2022 (€K)

	Final budget	Actual expenditure /receipts	Variance
Expenditure			
Staff expenditure (including pensions)	3 020.1	2 952.6	67.5
Non-staff expenditure	1 276.3	1 181.8	94.5
Provisions		60.3	(60.3)
Total expenditure	4 296.4	4 194.7	101.7
Receipts			
Contributions	4 296.4	4 296.4	0.0
Other receipts		17.5	17.5
Total receipts	4 296.4	4 313.9	17.5

Source: Document CM(2023)100-add, draft version dated 31 March 2023

137. The receipts recovery rate was 100% in 2022; expenditure utilisation stood at 98%, a two-point increase from 2021. This rate was achieved thanks to a level of more than 97.8% reached for staff expenditure and 100% for contributions to the Ordinary Budget (€0.67 M). On the other hand, expenditure execution was only 84.5% for operating expenditure (€0.5 M).

138. The budget resulted in a surplus of €0.12 M in 2022, lower than in 2021 (€0.17 M). A €17.2 K grant⁴² arising from the release of a provision for appropriations frozen in 2017 following delayed payment of its contributions by the Russian Federation in 2017-2019 was a component of this net surplus in 2022. In addition, a provision in respect of ongoing litigation was made in the amount of €60.3 K to cover the risk of litigation over the salary adjustment before the Administrative Tribunal in 2022.

139. However, the surplus will not have an impact on the 2022 financial year if, as was the case for the 2021 financial year, the Committee of Ministers decides to return it to the members of the agreement in proportion to their contributions.

140. The data and budgetary results for this budget in the 2022 management accounts are consistent with the data extracted from FIMS.

D. Group of States against Corruption (GRECO)

141. The Enlarged Agreement on the “Group of States against Corruption (GRECO)” was established in 1999 and now has 50 members and seven observers. The table below compares the final budget with the budget executed in 2022.

Table 13: Budget of GRECO for 2022 (€K)

	Final budget	Actual expenditure /receipts	Variance
Expenditure			
Staff expenditure (including pensions)	1 743	1 607	136
Non-staff expenditure	798	729	69
Provision in respect of ongoing litigation		31	(31)
Total expenditure	2 541	2 367	174
Receipts			
Contributions	2 505	2 505	0
Other receipts	36	36	0
Total receipts	2 541	2 541	0

Source: Document CM(2023)100-add, draft version dated 31 March 2023

⁴² CM/Del/Dec(2017)1297/11.2

142. The receipts recovery rate was 100% and expenditure utilisation was 93.2%. This rate was achieved thanks to a level of more than 90.8% reached for staff expenditure and 100% for contributions to the Ordinary Budget (€0.35 M). The execution rate was only 84.7% for operating expenditure (€0.4 M), however.

143. The budget resulted in a surplus of €0.17 M in 2022. A €34.4 K grant arising from the release of a provision for appropriations frozen in 2017 following delayed payment of its contributions by the Russian Federation in 2017-2019 was a component of this net surplus in 2022.

144. In addition, a provision in respect of ongoing litigation was set aside in the amount of €31 K to cover the risk of litigation over the salary adjustment before the Administrative Tribunal in 2022.

145. However, the surplus will not have an impact on the 2022 financial year if, as was the case for the 2021 financial year, the Committee of Ministers decides to return it to the members of the agreement in proportion to their contributions.

146. The data and budgetary results for this budget in the 2022 management accounts are consistent with the data extracted from FIMS.

Finding No. 21: The information presented in the budgets for the GRECO and Venice Commission partial agreements is valid; the relatively low level of operating expenditure execution by GRECO warrants the Organisation's attention.

2. Special accounts

A. General framework

147. Article 4 of the Financial Regulations states that, under certain conditions, the Committee of Ministers may create accounts with a specific purpose and their own resources. In addition, Article 11 states that "where they are allocated to special accounts, unspent appropriations are automatically carried forward to the following financial year until the termination of the activity for which they were intended".

148. Since Decision CM/Del/Dec(2005)951/11.1, the Council of Europe Secretariat has been responsible for including in the annual accounts a statement of expenditure and receipts for all the special accounts, according to the same format as the budgetary management accounts.

Finding No. 22: The statement of expenditure and receipts for the special accounts on which movements were recorded in 2022 appears in the budgetary management accounts, in accordance with Decision CM/Del/Dec(2005)951/11.1.

149. Since 2006, there have been four categories of special accounts, the results for which are set out in an annual report on special accounts formalised by DPB:

Table 14: Consolidated balances of the special accounts in 2022 (€K)

	Balance 31/12/21	Expenditure 2022	Receipts 2022	Balance 31/12/22
I. Ordinary Budget special accounts (A)	48 693.2	32 677.8	42 372.9	58 388.4
II. Joint Programmes special accounts (B)	46 105.2	58 338.5	46 509.0	34 275.6
III. Partial and/or Enlarged Agreement special accounts (C)	40 132.5	10 000.9	10 423.0	40 554.5
IV. Other individualised accounts (D)	87 990.1	34 694.5	40 501.3	93 796.8
Total A + B + C + D	222 921.0	135 711.7	139 806.2	227 015.3

Source: Document CM(2023)100-add, draft version dated 31 March 2023

150. As at 31 December 2022, extrabudgetary resources totalled €99.3 M, down €6.7 M compared with 2021, made up of €50.4 M (€43.6 M in 2021) in receipts from Joint Programmes of the European Union and €48.9 M (€62.3 M in 2021) in voluntary contributions from States.

151. In its previous report, the External Auditor recommended that the scope of costs taken into account within programme contracts be updated. In response, the Organisation carried out an audit on the methodology used to calculate lump sums, unit costs and fixed rates in order to charge direct costs to projects in accordance with the decisions of the European Union. The assessment of the cost calculation method has been validated.

Finding No. 23: Recommendation No. 3 from the report on the budgetary management accounts for 2021, regarding the scope of costs for programme contracts, has been implemented.

B. Difficulties reconciling the adopted budget with the budget executed

152. Article 63 of the Financial Regulations states that the budgetary management accounts for the financial year shall reconcile the budget outcome to the approved budget. As the budget documentation currently stands, there are no authorisations for expenditure and receipts for the special accounts. Reconciling the budget outcome with the approved outcome as provided for in the Financial Regulations is therefore difficult.

153. Effectively, with regard to the special accounts, the Organisation's approved budget does not include any authorisation of receipts or authorisation of expenditure discussed by the Committee of Ministers. Yet the adoption of budgetary authorisations for these accounts falls under the provisions of IPSAS 24, a standard to which the Organisation adheres⁴³. This standard states that approved budgets are budgets for which the entity is held publicly accountable. The special accounts unquestionably fall within this scope. With regard to this point concerning the accounts' compliance with IPSAS 24, the External Auditor refers more specifically to its report appended to the Organisation's financial statements.

154. In any event, as defined in Article 17.3 of the Financial Regulations⁴⁴, the approved budget only includes information in respect of estimated voluntary contributions for each financial year of the biennium.

Finding No. 24: Reconciliation of the results of the special accounts is affected by the restrictive definition of the budget used by the Organisation in Article 17 of the Financial Regulations, with regard to IPSAS 24.

The absence of budgetary authorisations for receipts and expenditure for the special accounts affects the clarity of information provided to the Committee of Ministers on resources that now make up nearly 20% of the Organisation's budget.

Table 15: Execution of receipts and expenditure for the special accounts in 2022 (€K)

	Joint Programmes	Voluntary Contributions	Budget allocations to extra-budgetary projects
Estimated expenditure	59 731.1	32 392.4	92 123.5
Actual expenditure	60 023.9	40 993.3	101 017.2
Estimated receipts	59 731.1	32 392.4	92 123.5
Actual receipts	50 401.0	48 903.9	99 304.9

Source: External Auditor, on the basis of the budgetary management accounts and the adjusted budget for 2022

155. The review of the results of the special accounts shows that the results in 2022 exceeded projections by around €8 893.7 K. Actual receipts were also €7 181.4 K higher than budget projections. Annual expenditure exceeded annual receipts by €1 712.3 K.

Finding No. 25: The results of the special accounts in 2022 markedly exceeded projections in terms of receipts and expenditure, which were based on contributions secured when the Programme and Budget was prepared; this calls for more carefully targeted budgeting that should be updated over the course of the financial year.

156. Information on the special accounts was improved, particularly with regard to staff expenditure. But the absence of formal budgetary authorisations broken down by special accounts limits the Committee of Ministers' oversight and decision-making power, and even its access to adequate information. Although the conditions for participating in and funding the projects supported by these accounts are subject to specific rules, the Organisation is nonetheless publicly bound by its commitments with respect to conventions, recruitments, pensions and markets, inter alia.

157. Given these commitments and the growing financial weight of these accounts, the External Auditor therefore invites the Organisation to have upper limits on expenditure and authorisations for receipts for each special account approved in the Programme and Budget. On the basis of the overview of the special

⁴³ Article 62 of the Financial Regulations.

⁴⁴ Article 17 of the Financial Regulations:

1. The Programme and Budget of the Organisation shall include the General Budget and the budgets of the partial agreements and shall consist of pillars, sectors and programme lines.
2. The General Budget shall comprise the expenditure and receipts of the Organisation. It shall include the Ordinary Budget, the Extraordinary Budget, the Budget of the European Youth Foundation and the pensions reserve fund and any subsidiary budgets thereto.
3. The Programme and Budget shall include information in respect of estimated voluntary contributions for each financial year of the biennium.
4. The Programme and Budget shall include a summary table of the budgetary authorisations of the budgets comprising the Programme and Budget, according to the structure adopted for the biennium.

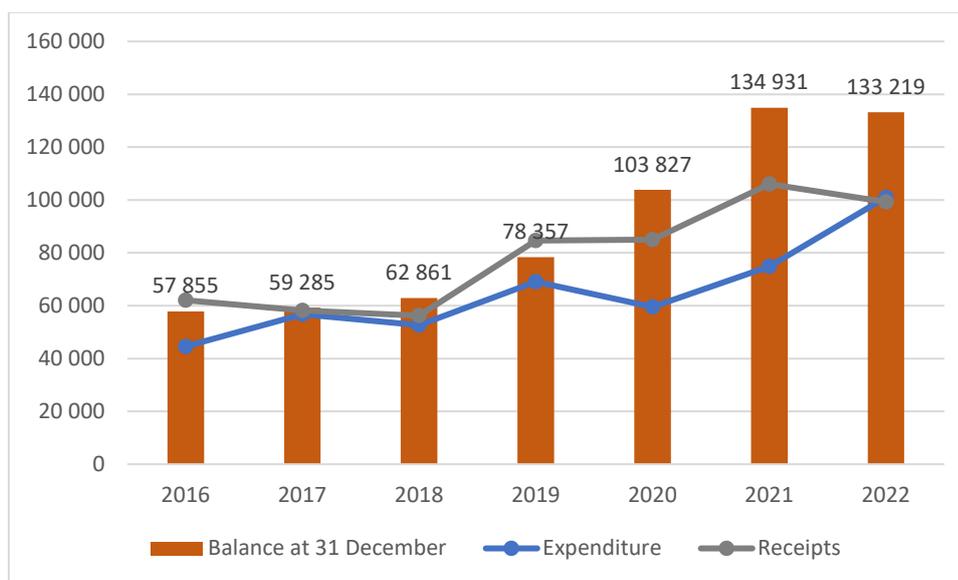
accounts provided in the budgetary management accounts, adopting such a table in the budget would allow the Committee of Ministers to apply a common decision-making framework to this budgetary outgrowth.

Recommendation Nr.1: The External Auditor recommends that, in future Programmes and Budgets, upper limits be approved by the Committee of Ministers, at least on an indicative basis, for authorisations of expenditure and receipts for each special account.

C. Assessment of balances calls for a necessary clarification of methods

158. The cumulative balance of the “Programmes” special accounts corresponds to the sum of balances of special accounts under the Ordinary Budget, Joint Programmes and partial or enlarged agreements. By convention it excludes the other special accounts, which are funded through internal grants. As at 31 December 2022, that balance came to €133.2 M, down 1.3% from 2021. Including the other special accounts, the total balance came to €227 M, up 1.8%.

Chart Nr. 4: Change in cumulative balances of the Programmes special accounts (€K)



Source: Budgetary management accounts

159. As stipulated in Note 21 to the financial statements, in compliance with IPSAS 24, the budgetary management accounts are prepared on a modified cash basis. During the review of the 2021 budgetary management accounts, the External Auditor recommended that the notions and methods used for the special accounts be clarified, in particular as regards balances, commitments and amounts remaining due, and general operating principles.

160. As this recommendation has not been implemented, the above-mentioned sources of confusion remain. For instance, in the special accounts, receipts received in advance in December 2022 for 2023 are recorded under financial year 2022, whereas they are restated differently in the general budget. This point was reviewed in a sample-based audit for the “Operational programme” and “Joint Programmes” special accounts, the results of which are appended to this report. The budgetary result of the special accounts thus contains flows of expenditure and receipts accounted for in different ways.

161. In addition, whether on the basis of the budgetary management accounts, the financial statements or the annual report on special accounts, the Committee of Ministers does not have a clear, specific, consolidated overview of the financial position of these accounts.

162. The External Auditor therefore reiterates the importance of the changes to be made regarding this point. It reaffirms and refines its previous recommendation, inviting the Organisation to establish a procedure defining the methods used to record expenditure and receipts for the special accounts within the budgetary management accounts, which should be consistent with the items recorded in the general budget.

Finding No. 26: The method used to present the results of the special accounts, in particular those related to “Joint Programmes” and the “Operational programme”, does not provide a satisfactory level of information on their economic and financial balance.

D. The two EDQM special accounts

163. The “Investment programme” special account (€2.9 M in expenditure and €21.9 M in receipts) covers expenditure, including staff-related expenditure, incurred by investments in IT, equipment and buildings. It receives an annual grant from the European Pharmacopoeia’s budget (€4.5 M in 2022). In 2021, it was also allocated a portion (€31.2 M) of the European Pharmacopoeia’s budget surplus for financial year 2020 in order to fund the construction of the third building and the expansion of its current premises. An additional allocation of a portion of the surplus for financial year 2021 was made in 2022 in the amount of €17.2 M. Of this amount, €9 M was again allocated to fund the new building and the expansion of its premises.

164. In the EDQM’s long-term investment strategy presented to the Committee of Ministers on 8 September 2021, the funding requirement for these projects, taking into account budgets already planned for certain expenditure, was estimated at €40.2 M. This requirement is therefore covered by the two transfers made in 2021 and 2022.

165. The “Investment programme” special account also has an unspent balance from the surplus allocated in 2022 (€8.2 M). In the budgetary management accounts for financial year 2022, this amount appeared under expenditure on a new line entitled “Reserve for future projects”. This reserve has not yet been earmarked for clearly identified, costed projects.

166. The EDQM plans to revise its long-term investment strategy in 2023. The External Auditor issued a recommendation regarding this point. The management of the European Pharmacopoeia consider that the funding requirement set in 2021 must be revised upwards, given the increase in construction costs and land purchase prices for the third building. The “Reserve for future projects” could be used to this end, in part or in full. Should this be the case, the item’s name does not appear to be very specific. As part of the reassessment of the EDQM’s investment strategy, the Organisation should ensure that the appropriations recognised in this reserve are allocated to a specific, quantifiable purpose.

167. The EDQM’s second special account, known as Medicines Agency (AM)⁴⁵ (€6.5 M in expenditure and €7.1 M in receipts in 2022) includes multiannual funding agreements entered into with the European Commission and the European Medicines Agency (EMA). On that basis, it receives contributions from the European Union and the EMA, which amounted to €1.7 M and €0.9 M, respectively, in 2022. In addition, it receives a grant from the European Pharmacopoeia’s budget to fund contracts with these partners (€4.5 M in 2022).

168. In 2021, this special account received an allocation of a portion (€32 M) of the 2020 cumulative surplus of the European Pharmacopoeia’s budget. This amount constituted the emergency reserves presented in the EDQM’s long-term investment strategy: extension of the Metz site (€5 M), coverage of six months of operating costs for the EDQM (€23 M), and coverage of potential staff cuts (€4 M).

169. The audit of the 2021 budgetary accounts and the 2022 audit of the EDQM gave rise to remarks on these reserves, which still apply. First of all, these reserves concern the EDQM’s activities. As such, their allocation to the MA special account is not consistent with the original purpose of this account, which is meant to track partnerships with EU institutions.

170. In addition, the establishment of two reserves to cover the possibility of an early departure scheme for staff (€4 M) and to cover six months of emergency operating costs in the event of an incident interrupting the EDQM’s activities (€23 M) is questionable. The first is based on the hypothetical situation in which the European Union and the European Medicines Agency end their partnership with the EDQM. This is highly unlikely, as funding from these two partners remained relatively stable between 2016 (€2.3 M) and 2022 (€2.6 M). Above all, the EDQM has not received any information announcing a reduction in the scale of these partnerships over the coming years. Under these circumstances, the occurrence of such an event is not sufficiently likely to justify the establishment of a reserve.

171. The justification for the reserve aimed at protecting the Council of Europe from the consequences of a loss of receipts caused by a six-month interruption in the EDQM’s activities can also be questioned. Such an interruption is highly unlikely, particularly given the launch of the Metz site, which, since 2019, has in principle secured sample storage⁴⁶. Above all, since no risk of failure has been identified in terms of equipment or the Organisation itself, this risk appears insufficiently grounded to justify the establishment of a reserve.

172. Following the External Auditor’s recommendation on the 2021 budgetary accounts, the Directorate of Programme and Budget posted a briefing note online formalising the rules for establishing provisions and budgetary reserves. This recommendation can be considered implemented. In addition, the budgetary

⁴⁵ Now called the European Medicines Agency, for which this special account was originally opened but which is no longer its sole funder.

⁴⁶ It seems that ongoing refrigeration issues have hampered the site’s capacity to carry out this important function up until now.

management accounts for the financial year 2022 now include a table outlining the various budgetary reserves, most of which are from the special accounts of the European Pharmacopoeia. This measure gives the Committee of Ministers access to more comprehensive information.

173. However, the reserves of the “Investment programme” special account, currently without any specific purpose identified, as well as those of the “MA” special account, the grounds of which are questionable, must both be reassessed in light of the EDQM’s actual needs. This reassessment is all the more necessary since the EDQM budget generates substantial surpluses each year, for which an allocation must be found. The EDQM’s investment strategy, even if its amount is revised upwards, and the associated operating costs, may not be enough to use up all of these surpluses. Should this be the case, it would be worth discussing the best use of the funds freed up in order to improve the implementation of the EDQM’s missions, expand its contribution to the Council’s missions, or further reduce the expenses borne by States. The External Auditor has already commented on this point in its recent report on the EDQM.

Finding 27 : Recommendation No. 4 from the report on the budgetary management accounts for 2021, regarding the clarification of the rules relating to the establishment of provisions and budgetary reserves, has been implemented.

The External Auditor’s recommendations in its reports on the 2020 budgetary management accounts and on the EDQM, calling for the precise nature of the EDQM’s investments to be determined, have been only partially implemented.

Specific, documented and quantitative allocations must be made for the substantial reserves built up under the European Pharmacopoeia’s special accounts as part of an updated investment strategy, or even a new financial model, which shall be presented to the Committee of Ministers in 2023.

3. Budgets of Eurimages and the North-South Centre

A. Eurimages

Eurimages contributed €33.9 M to the Organisation’s surplus in 2022.

174. Eurimages is the partial agreement of the multilateral European Support Fund aimed at supporting cinematographic and audiovisual co-productions and facilitating their distribution. It comprised 39 member States and one associate member at 1 January 2022. Canada became an associate member of Eurimages on 13 March 2017 and a full member on 3 October 2022, while Argentina left Eurimages in 2021. The Eurimages Fund has its own financial regulations but applies the Council of Europe’s Financial Regulations in cases where the Fund’s financial regulations do not set out specific rules.

Table 16: Budget for Eurimages for 2022 (€K)

	Final budget	Actual expenditure/receipts	Variance
Expenditure			
Staff expenditure	3 035.8	2 465.0	570.8
Non-staff expenditure	61 755.4	27 032.8	34 722.5
Provision in respect of ongoing litigation	0	47.1	(47.1)
Total expenditure	64 791.2	29 544.9	35 246.2
Receipts			
Obligatory contributions	24 836.9	24 836.9	0.0
Receipts from programme activities	1 118.6	1 118.6	0.0
Cancellations of aid	192.6	192.6	0.0
Financial income net of charges	410.1	410.1	0.0
Provision for bad debts	0	(1 359.1)	(1 359.1)
Balance from previous year	38 018.0	38 018.0	0.0
Other income	215.0	215.0	0.0
Total receipts	64 791.2	63 432.1	(1 359.1)
Surplus	0	33 887.2	33 887.2

Source: Document CM(2023)100-add, draft version dated 31 March 2023

175. The External Auditor checked that the sums in the table above tallied with the data in FIMS, without finding any discrepancies, and found that the amount of contributions, operating expenditure and programme expenditure tallied with those presented in Resolution CM/Res(2021)38 adopting the 2022 budget for Eurimages.

176. In 2022, the budgeted amount of obligatory contributions, totalling €24.8 M, was collected. This amount was slightly lower than in the previous year (€25.5 M in 2021), due in particular to the exclusion of the Russian Federation⁴⁷. Receipts from the Fund's activities (reimbursements of advances on receipts for co-produced films) were also down (€1.1 M compared with €1.4 M in 2021): this appears to indicate the beginning of a new downward trend following the one observed from 2016 (€2.2 M) to 2018 (€1.4 M). In contrast, with interest rates rising, receipts from interest increased, from €0.3 M in 2021 to €0.4 M in 2022.

177. Two provisions affected the result in 2022: first, as for the entire Council of Europe, a €47 K provision related to ongoing litigation concerning remuneration; and second, a €1.36 M provision related to the obligatory contributions of Argentina⁴⁸.

Since 2019, the Eurimages balance has shown very significant fluctuations in co-production commitments.

178. Eurimages usually generates a substantial surplus, due in large part to the time lag between commitment of expenditure and the actual payment of grants, which can take place over several years⁴⁹. However, the recent change in the balance cannot be solely explained by the change in commitments made: it also resulted from the change in programme expenditure between 2019 and 2021.

179. Excluding the 2021 balance carried forward, in 2022 Eurimages recorded a €4.18 M deficit, the first time this had occurred since financial year 2018. The corresponding aggregate had been positive in 2021 (€1.98 M), and even more so in 2019 (€9.36 M) and 2020 (€3.08 M). The deficit shown for the financial year should be understood more as a catch-up from previous years, within the context of an abnormally high balance for Eurimages, than as an exceptional level of activity weakening the Fund's budgetary position.

180. The table below shows the medium-term changes in "Operational expenditure" and "Programme expenditure"⁵⁰, obligatory contributions, the amount of commitments at year-end and the balance of Eurimages. The €13.5 M increase in the annual balance arose from the cumulative reduction in "Programme expenditure" over three consecutive years (2019-2021) relative to their previous level, as well as delays in incurring expenditure for co-productions entered into, the amount of which at year-end went from €22.2 M at end-2019 to €34.8 M at end-2021.

181. Financial year 2022 saw activity recover to a level comparable with 2017 and 2018: programme expenditure accounted for 88% of overall expenditure. The resulting reduction in the balance was accentuated by the reduction in contributions from the Russian Federation following its exclusion.

Table 17: Eurimages, change in expenditure, 2017-2022 (€M)

	2017	2018	2019	2020	2021	2022
Programme expenditure	24.16	24.02	19.95	14.97	22.21	25.87
Operational expenditure	3.20	3.40	3.50	3.64	3.99	3.67
Co-production commitments at 31.12	24.10	21.00	22.20	30.50	34.80	28.20
Obligatory contributions	23.42	24.36	24.36	26.07	25.48	24.84
Balance	25.62	24.56	27.64	36.99	38.02	33.89
Programme expenditure / total expenditure	88%	88%	85%	80%	85%	88%
Balance / co-production commitments	106%	117%	125%	121%	109%	120%

Source: Budgetary management accounts, 2017-2023

182. Incidentally, expenditure had already started trending downwards before the pandemic: it began with the decrease in the number of films co-produced in 2018 and 2019 (78 compared with 110 in previous years), and with the suspension of distribution expenditure starting in 2020. On a procedural level, the surplus carried forward is indeed used to fund programme expenditure, in accordance with Article 8 of Eurimages' Financial Regulations, with the corresponding amount allocated to the account dedicated to support for European co-production. But the extent to which commitments are covered by the balance has varied widely over the past few years, without the pattern being able to be explained by a change in the commitment coverage policy. While this level was between 106% and 109% from 2015 to 2017, it then surged to 125% in 2019. Despite the reduction in contributions related to the exclusion of the Russian

⁴⁷ CM/Res(2022)3: The Russian Federation was a net contributor to the fund, and the loss of contributions that resulted from its departure was not compensated. The budget was reduced, in terms of resources and expenditure, by €748 262.16.

⁴⁸ The consequences of the departure of Argentina, which left Eurimages as at 1 January 2021, are not yet settled: Argentina has still not paid the balance of its commitments and interest, which continues to accrue.

⁴⁹ When the Board of Management decides to approve a project, the appropriation is reserved, which can be considered a pre-commitment, as the final commitment only takes effect once the co-production agreement is signed. The majority of expenditure in 2022 corresponded to co-productions committed to in 2020 and 2021, with a minority comprised of commitments made in 2019 and 2022.

⁵⁰ Programme expenditure corresponds to project-specific expenditure, as opposed to operating expenditure, which covers staff expenditure and support services.

Federation, the 2022 balance still amounted to 120% of commitments as at year-end 2022⁵¹, while commitments made to date for 2022 (71 co-productions for €18.7 M) are limited.

Finding No. 28: The External Auditor confirms the information presented for the budget of the Eurimages Enlarged Partial Agreement.

The discussions under way regarding programme commitments call for a framework that more clearly documents how future commitments are to be covered

183. These sharp fluctuations in the balance show that it is necessary to establish a more documented framework for the optimal rate of coverage of commitments by the balance, which constitutes, more than a surplus reflecting the annual activity of Eurimages, a reserve enabling it to cover its multiannual commitments. This would make it possible, if necessary, to allocate a larger share of this balance to other programme expenditure.

184. Clarifying the economic framework under which co-production commitments are covered would be all the more useful given that since 2018 the Eurimages Fund has been reforming its governance and its decision-making process, and that numerous discussions are under way regarding expenditure for programmes other than co-productions. They are presented in Appendix 11. These discussions have potential budgetary implications, whether in relation to the resumption of support for distribution, developments regarding support for TV series, work done by the Sustainability Study Group, or the discussions launched on support for cinemas and promotion, which is a particularly sensitive issue for the industry following the public health crisis.

185. A number of contextual elements explain the lower expenditure on programme items other than co-productions. In assessing the process of allocating financial aid and drawing conclusions from the ongoing discussions on other topics, in order to avoid generating excessive surpluses in future financial years, careful attention should be paid to finding the right balance between a balance enabling the Organisation to cover commitments made in respect of future co-productions and covering the additional needs that are likely to arise for Eurimages.

Recommendation Nr. 2: The External Auditor recommends that the amount of the reserve needed to cover the multiannual commitments of Eurimages be distinguished more clearly in the budget documents.

B. North-South Centre

186. The aim of the European Centre for Global Interdependence and Solidarity (known as the North-South Centre) is to empower civil society, in particular young people and women, through intercultural dialogue and education for democratic citizenship, to play an active role in member States and neighbouring regions. At 1 January 2022, it comprised 21 member States, five of which are not members of the Council of Europe (Algeria, Cape Verde, Morocco, the Holy See and Tunisia).

187. The North-South Centre does not have its own Financial Regulations; it applies those of the Council of Europe. Budget execution in 2022 was as follows.

Table 18: Budget of the North-South Centre for 2022 (€K)

	Final budget	Actual expenditure /receipts	Variance
Expenditure			
Staff expenditure	312.8	307.8	5.0
Non-staff expenditure	193.6	142.4	51.2
Provision in respect of ongoing litigation	0.0	4.9	(4.9)
Total expenditure	506.4	455.1	51.3
Receipts			
Obligatory contributions	491.3	491.3	0.0
Voluntary contributions	0.0	0.0	0.0
Other income	15.1	15.1	0.0
Provision for doubtful debts	0.0	(78.5)	(78.5)
Total receipts	506.4	427.8	(78.5)
Deficit	0	(27.2)	(27.2)

Source: Document CM(2023)100-add, draft version dated 31 March 2023

⁵¹ The amount for contracts awaiting signature decreased in 2022, going from €34.8 M at end-2021 to €28.2 M.

188. The North-South Centre's expenditure (funded through voluntary contributions) decreased significantly in 2022, going from €714.7 K to €455.1 K. This decrease was due to the programmes funded through voluntary contributions moving to the special accounts, as from financial year 2022.

189. The receipts initially stipulated in the 2022 budget of the North-South Centre were indeed received, in the amount of €506.4 K. The recording of provisions, however, led to a deficit to the amount of €27.2 K. A portion of these provisions concerned the appeals lodged with the Administrative Tribunal over the salary adjustment (€4.9 K), while another much larger portion concerned bad debts recognised for the obligatory contributions of Cape Verde and corresponding late payment interest (€78.5 K).

190. The External Auditor checked the data presenting actual expenditure by type of expenditure and the total receipts, by comparison with the FIMS data, and did not note any discrepancies.

Finding Nr. 29: The External Auditor confirms the information presented in the draft budgetary management report for execution of the budget of the enlarged partial agreement on the North-South Centre.

VIII. BUDGETARY MANAGEMENT AND PERFORMANCE

1. Results-based management at the Council of Europe

191. Results-based budgeting (RBB) was introduced at the Council of Europe in 2004, with the budget and the programme brought together for the first time in 2011.

192. Results-based management (RBM) is wider in scope than results-based budgeting. It aims to shift the management strategy towards a focus on results through programmes and budgets structured around public policy objectives and by developing monitoring and evaluation systems. In the introduction to the Programme and Budget for 2022-2025, the Council of Europe states that it follows a results-based management (RBM) approach.

193. Internal tools have been developed to this end. These include progress review reports (PRRs) and interim progress review reports (IPRRs), which provide the Committee of Ministers Rapporteur Group on Programme, Budget and Administration (GR-PBA) with updates on progress made towards achieving the expected results. Within the departments, the Programme and Budget Tool (PBT) facilitates dialogue between the Directorate of Programme and Budget and the Major administrative entities (MAEs) on the programme's implementation.

2. Indicators used in the operational and support pillars

194. The Council of Europe distinguishes between three levels of outcomes for the operational programmes:

- First level: immediate outcome (direct changes observed at the level of the target groups as a result of actions taken). According to the Programme and Budget for 2022-2025, this level is where the Organisation has effective control over outcomes.
- Second level: intermediate outcome, which corresponds to changes expected from target groups. It is now associated with "evidence of changes" and "evidence of commitment" (Programme and Budget 2022-2025), which are non-exhaustive indicators.
- Third level: impact (changes observed at the level of beneficiaries as a consequence of intermediate outcomes).

195. Given the limited means to monitor actions taken by States, the introduction of non-exhaustive indicators is an interesting innovation. They track evidence of changes or commitment by member States through notable achievements following the actions requested. Information may come from the Treaty Office or by contacting stakeholders in the countries concerned, including non-governmental organisations, media representatives and researchers.

196. Intermediate-level indicators characterised as "evidence of" are not exhaustive and may not have a specific target. They aim to provide evidence of the Council of Europe's actions based on the information available at the time of reporting, generally without the sources of this information necessarily being known.

197. With respect to the support pillar (Committee of Ministers, Council of Europe Secretariat, Common Services, General Administration, etc.), the majority of indicators used concern output rather than outcome. And yet, among all the Council of Europe's activities, its administrative, financial and logistical support positions are those for which the performance approach should logically be the easiest to implement since in most cases their performance can be tracked through measurable outcomes and actions.

198. The Programme and Budget for 2022-2025 made several improvements in this area. One notable switch from output-based to outcome-based indicators was the decision to measure the level of staff satisfaction with training rather than just the number of training sessions completed.

3. Main remarks on the indicators

A. Large number of indicators

199. The Programme and Budget for 2022-2025 includes around 700 indicators. In the budget for financial year 2022,⁵² every million euros in resources is covered by an average of 1.2 indicators. This average masks major differences between programmes and sub-programmes: from 0.15 indicators per million euros of resources for “Quality of Medicines and Healthcare” to 57.1 indicators for “Youth Mobility through the Youth Card”.

200. The absence of a correlation between the number of indicators used and the amount of budgetary resources allocated to each programme and sub-programme may be justified. For instance, a programme may have a limited budget but implement numerous initiatives that require monitoring through a series of specific indicators.

201. The information provided to the Committee of Ministers at the level of the Programme and Budget may be redundant at times, however. Certain indicators presented in this document concern “deliverables” (such as a report, guidelines, draft recommendation, etc.) for which a deadline has been set. These deliverables are based on the terms of reference provided by the Committee of Ministers to the steering committees. This is the case with the eight deliverables presented in the “Effectiveness of the ECHR system at national and European level” sub-programme and the ten deliverables in the “Human rights in the fields of biomedicine and health” sub-programme. These indicators could be removed from the Programme and Budget without affecting the information provided to the Committee of Ministers.

202. For certain programmes and sub-programmes, indicators could be streamlined. For instance, the “Culture, Nature and Heritage” mission has two intermediate outcome-based indicators and three immediate outcome-based indicators for which no targets have been set. These five indicators take the form of “Evidence of” and concern long-term objectives. The three immediate outcome-based indicators cover the same topics as those concerning intermediate outcomes. They could be removed without substantially weakening the information submitted to the Committee of Ministers. In addition, two other very specific indicators do not appear to meet the management expectations of the Committee of Ministers: “Number of member States participating in sessions of the Landscape Award of the Council of Europe and in the Landscape Award Alliance of the Council of Europe”; and “Number of specific recommendations for the implementation of the European Landscape Convention”. These indicators are probably more appropriate in internal documents for management.

B. Indicators to be expanded upon or clarified concerning support services

203. The “General administration” support service has 30 indicators, which is proportionate to the financial volume at stake (€43.8 M in 2022). However, the content of 15 indicators whose titles begin with “Evidence of” is undefined, since these indicators refer to examples. None of these indicators is backed up by a target, which has a detrimental effect on the information provided to the Committee of Ministers.

204. Certain indicators, however, refer to quantifiable results, such as the efficiency of the procurement management services. The indicator concerning the effectiveness of the financial and accounting management services, which in principle should be easily measurable, could thus be given a target, such as invoice processing times or overall payment terms. It also appears feasible to measure the costs of certain internal services (operating costs per unit of outcome, for example, in IT, logistics, real estate, human resources, etc.) in order to compare them with market standards or those observed at other international organisations.

205. In addition, five indicators combine quantitative and qualitative targets, following the same “Evidence of the quality and efficiency” pattern. These combined indicators therefore bring together data that are not measured the same way, making for less clarity and precision.

206. Certain sensitive topics, while they are listed among the Council of Europe’s priorities, are not documented by any targets or output indicators. For example, there is no target set for the indicator entitled “Evidence of improvements in the field of gender equality and balanced geographical representation”. The decision, too, to combine two types of equality concerning quite different subjects is questionable in terms of legibility, as this indicator is relatively vague.

⁵² 2022 resources, updated as at 17 October 2022 (CM(2023)1).

207. In addition, certain significant expenditure items are not associated with any indicators in the Programme and Budget.

208. This is the case for the real estate strategy known as the Capital Master Plan, which covers the period 2016-2032. Yet this Capital Master Plan projects substantial expenditure for the quadrennium, amounting to €9.4 M per year on average⁵³. It concerns in particular the acquisition and renovation of D Building, which houses two directorates and the Administrative Tribunal, as well as the modernisation of equipment. Indicators specific to this strategy could be included in the Programme and Budget: “Acquisition and renovation of D Building”, “Upgrades to premises”, “Energy savings”, etc.

C. Indicators that should be more effectively presented and integrated into the budgeting process

209. The presence of a large number of indicators for certain programmes and sub-programmes may be justified by the issues they address, the initiatives they implement or the financial volume at stake. Still, to make the Council of Europe’s priorities stand out more clearly, a selection of three to five key indicators for its initiatives under each pillar could be included at the beginning of the Programme and Budget. Immediate outcome-based indicators, including targets, should be prioritised since the Organisation has effective control over this level of outcomes.

210. Methods should also be sought to link the support services’ performance with the budgeting procedure. Admittedly, applying penalties if predefined targets are not met, as is the case with outside service providers, seems difficult to implement in practice. One solution may be to increase accountability among the managers and directors concerned by weighting the appraisal of their individual performance at annual performance reviews according to whether immediate outcome-based targets set for their respective services have been met.

Recommendation Nr. 3: The External Auditor recommends that a target level be set for all indicators relating to quantitative targets, and that the use of indicators mixing both quantitative and qualitative targets, as well as indicators associated with both immediate and intermediate outcomes, be discontinued.

IX. STAFF EXPENDITURE

211. Staff expenditure, which totalled €234 M across all budgets in 2022, represented 2 911 FTE staff members. It constituted the Organisation’s biggest expenditure item. While this item’s relative scale has decreased, totalling 47.3% of consolidated expenditure (€494.6 M) compared with 49% in 2021, it remains a decisive component of budgetary management. Given the exclusion of the Russian Federation, inflation and the development of extrabudgetary programmes, controlling staff expenditure is the Organisation’s main priority for the months ahead.

212. The budgetary implications of salary growth within the context of inflation are set out above. Last year’s external audit report looked at issues related to managing and monitoring performance. The implementation of three recommendations made in 2021 – the key drivers of changes in expenditure in 2022, the launch of the People Strategy and the medium-term commitments related to the Pension Reserve Fund – is reviewed below.

1. The budget presentation of staff expenditure is clearer but could still be improved

213. The report accompanying the 2021 accounts reiterated the importance of the quality of expenditure projections, monitoring and management, given the rise in partial agreements and Joint Programmes, as well as the relatively decentralised management accompanying them. It contained three recommendations concerning human resources.

214. Recommendations No. 5 and 6 concerned the clarity of information on staff expenditure and on permanent posts funded through appropriations from the special accounts⁵⁴. Additional tables were included in the accounts for 2021 to specify the amount of expenditure and number of FTEs related in particular to the special accounts. The number of permanent posts funded through special accounts was presented in an appendix to the documents provided for the Committee of Ministers meeting in September 2022 (see below).

⁵³ CM(2021)126.

⁵⁴ Recommendation No. 5. “The External Auditor recommends that information be added to budgetary documentation that makes it possible to immediately and comprehensively assess the amount of total staff expenditure in relation to authorised appropriations.” Recommendation No. 6. “The External Auditor recommends the indication in the budget of permanent posts funded through special accounts.”

215. The 2022 budgetary accounts contain more detailed comments on the change in staff expenditure, breaking down funding between the budget and the special accounts, as well as the change in full-time equivalent staff members, broken down between permanent and temporary staff⁵⁵.

216. At the same time, however, the presentation used in the adjusted budget for 2023 does not include all staff-related commitments. The information provided in Appendix VII only refers to posts and expenditure under the Ordinary Budget, with a projected €145.5 M in staff expenditure.

217. Although staff-related commitments are partly covered by budgetary authorisations through the upper limit on the number of jobs, authorised posts and the Ordinary Budget, and partly by projections related in particular to projects funded through voluntary contributions and joint contributions, the Programme and Budget document remains incomplete. The Organisation should expand the data presented under staff expenditure in 2022 for the budgetary accounts component with additional information to improve its clarity for readers of the Programme and Budget document (see above).

218. Recommendation No. 7 concerned the reliability of budgetary analyses regarding staff expenditure⁵⁶. A report was produced by DPB and DIT to ensure that data relating to staff expenditure is available in a standard format: these items appear in the "Total staff expenditure" section of the budgetary accounts.

Finding Nr. 30: Recommendations No. 5, 6 and 7 from the External Auditor's 2021 report have been implemented.

2. Sharp increase in staff expenditure in 2022

219. Staff expenditure increased by 6.0% between 2021 and 2022, going from €220.8 M to €234.1 M. This increase was sharper than in 2021 (4.1%), 2020 (0.6%) and 2019 (4.5%). Since the reduction in expenditure in 2018, related to the non-payment of contributions by the Russian Federation, staff expenditure has grown by a total of 15.8%.

Table 19: Staff expenditure by budget from 2016 to 2022 (€K)

	2016	2017	2018	2019	2020	2021	2022
Ordinary budget	145 129	147 228	142 159	142 411	142 025	144 566	145 405
Subsidiary budgets	7 018	7 011	6 300	6 272	6 232	6 055	6 140
Partial agreements	29 157	29 967	30 819	32 500	32 924	33 687	34 496
Special accounts, of which:	20 407	24 729	22 804	29 922	31 129	36 763	48 054
Investments special accounts (EDQM and general programme)	1 153	1 648	1 861	2 106	1 721	2 526	2 327
Special account: ECHR (0187)	1 235	1 283	1 578	1 731	1 923	2 328	2 471
Special account: EDQM (1033)	402	464	524	906	2 322	3 382	3 550
Programmes (extrabudgetary resources):	16 399	18 833	18 212	20 881	24 773	28 000	32 777
Special account: LS (0155)	2 271	2 540	2 624	2 800	3 269	3 594	4 244
Special account: Voluntary contributions (0185)	5 037	5 753	5 979	7 398	7 836	9 139	11 157
Special account: Joint Programmes (0189)	9 091	10 540	9 609	10 683	13 668	15 267	17 377
Other special accounts	1 218	2 502	628	4 298	389	526	9 254
Total	194 692	201 923	195 782	204 834	206 078	215 016	234 096

Source: Council of Europe

A. The increase in funding for staff expenditure is more pronounced in the special accounts

220. However, these trends varied depending on the budget. Actual expenditure funded through the Ordinary Budget, while up slightly (€145.4 M, compared with €144.6 M in 2021), went from 65.4% to 62.1% of total expenditure. This follows a long-term trend: the Ordinary Budget made up 71.9% of total staff expenditure in 2016 and 70.4% in 2018.

221. Expenditure increased more sharply for the partial agreements, rising 2.4% over the past year, and 18.3% since 2016. But these agreements now make up 14.7% of total staff expenditure, compared with 15% in 2016.

222. This expenditure has now been largely overtaken by staff expenditure for the special accounts⁵⁷, which has grown very rapidly, surging 30.6% between 2021 and 2022, from €36.8 M to €48 M. A large share of this increase (€6.1 M) was related to the departure scheme (see below). Excluding this one-off expenditure, the special accounts now make up 18.5% of staff expenditure, compared with 17% in 2021,

⁵⁵ Estimates for 2021 were adjusted in this report to remove from the total the number of FTE staff members assigned to the European Audiovisual Observatory, which is not covered by the scope of the external audit.

⁵⁶ Recommendation No. 7: "The External Auditor recommends that budgetary analyses concerning staff expenditure be made more reliable by defining a precise method for extracting and analysing data from FIMS."

⁵⁷ Special accounts of the partial agreements, "Investments" special accounts and special accounts for Joint Programmes.

11% in 2018 and 10% in 2016⁵⁸. The proportion of staff on indefinite-term and fixed-term contracts funded through special accounts and Joint Programmes followed a similar trajectory, amounting to 14.7% in 2022 compared with 7.7% in 2016⁵⁹.

223. The trend of moving staff expenditure off the budget has therefore continued: more than a third of the Council of Europe's employees (33.6% compared with 24.4% in 2016) do not come under the Ordinary Budget. This explains why, when comparing actual FTE staff numbers with the workforce levels authorised in the budget (Ordinary Budget and partial agreements), a substantial discrepancy still exists – 2 045 approved posts versus 2 911 FTE staff members – due to the number of FTEs not included in the general budget⁶⁰.

B. Substantial increase in flexible contracts once again in 2022

224. The number of temporary staff once again saw a marked increase in 2022: they returned to their 2020 level relative to total staff, making up 11.4% of staff expenditure, compared with 10.6% in 2021 and 9.9% in 2016. This trend reflected the growing need to cover vacancies at the European Court of Human Rights and at external offices.

Table 20: Total staff expenditure by category of staff and expenditure (€K)

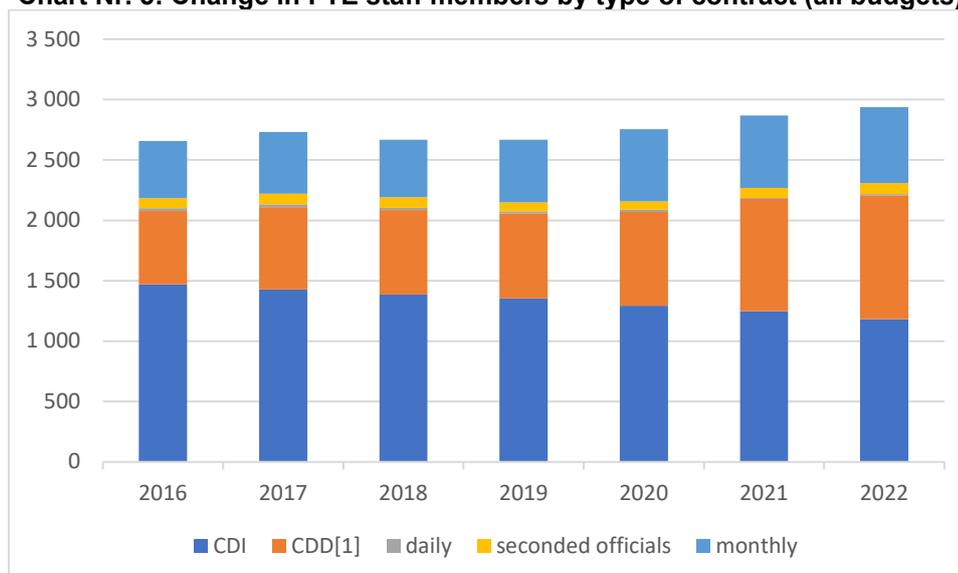
Including Ordinary Budget, subsidiary budgets, partial agreements & special accounts	2016	2017	2018	2019	2020	2021	2022	Evolution 2016-2022
Permanent staff	174 900	179 645	176 546	179 810	183 652	191 856	195 634	12%
Temporary staff	20 005	21 652	19 933	21 873	24 193	23 438	26 783	34%
Seconded Officials	1 635	1 771	1 558	1 169	1 044	1 619	1 556	(5)%
Other staff expenditure	5 170	5 866	4 045	8 254	3 421	3 911	10 123	96%
Total	201 710	208 934	202 082	211 106	212 310	220 824	234 096	16%

Source: Council of Europe

225. The Council's workforce grew by 10.6% over the period 2016-2022, going from an annual average of 2 657 full-time equivalent (FTE) staff members in 2016 to 2 938 in 2022. Most of this increase took place in the past three years (2.4% in 2022, 4.1% in 2021 and 3.2% in 2020, equating to 243 additional FTE staff members and 10.1% total growth since 2019)⁶¹.

226. Movements by type of contract followed the trend described in 2021: the number of staff members on indefinite-term contracts fell by 20%, while those on fixed-term contracts grew by 68% between 2016 and 2021. The number of staff on what are known as flexible contracts grew by 26%, with a 34% increase in monthly temporary contracts, which constitute the largest share of this type of contract.

Chart Nr. 5: Change in FTE staff members by type of contract (all budgets)



Source: Council of Europe

⁵⁸ See Table 25, Appendix 8.

⁵⁹ Data still provisional, taken from the Staff Data Report currently in progress.

⁶⁰ See Table 26, Appendix 8.

⁶¹ See Table 27, Appendix 8.

227. The share of staff on indefinite-term contracts continued to fall (from 53% to 40% between 2016 and 2022), with a corresponding increase in fixed-term contracts (from 23% to 35%) and temporary contracts (from 22% in 2016 to 25% in 2022). This increase reflected changes in the Council's activities over the past three years, mainly in the special accounts. The same observation applies to the Organisation's overall workforce, which, with 2 944 staff members, has grown continuously since 2016 (up 10%)⁶². But the increase in flexible contracts should end with the implementation of the new Staff Regulations, which limits the duration of fixed-term contracts.

C. Improve clarity of estimated staff expenditure

228. The External Auditor's 2021 report emphasised the utility of informing the Committee of Ministers of the number of permanent posts funded through special accounts. The adjusted Programme and Budget for 2023 does not feature any changes to its presentation regarding this point, but a document provides this information in the appendix⁶³. There continue to be operational justifications for managing these jobs in a particular way: this note appended to the document is a positive step, providing an overview as at 30 June of the current year and additional information on the previous financial year, within the framework of the budgetary accounts.

229. Given the trend of creating jobs funded through the special accounts, it would make sense to expand the Programme and Budget document itself by adding a table showing projections or even upper limits for staff expenditure, as well as the corresponding FTEs, including those funded outside the Ordinary Budget, in order to provide a realistic view of the commitments made in this regard.

Recommendation Nr. 4: The External Auditor recommends that the presentation of staff commitments in the special accounts be expanded by including a projection of the total number of FTE staff members employed by the Council in the Programme and Budget document.

3. Persistent discrepancies between projected and actual expenditure

230. The External Auditor's report for 2021 noted the steady decline in actual expenditure over the period 2016-2021. This situation was further accentuated in 2022⁶⁴.

231. In 2022, the overestimate of permanent staff expenditure exceeded the level reached during the public health crisis, at €8.2 M (compared with €6.7 M in 2021 and €8.1 M in 2020). Likewise, the underestimation of temporary staff expenditure was higher than in 2021, at €4.9 M compared with €4 M. Effectively, budget projections concerning temporary staff are highly theoretical, with actual expenditure nearly three times higher than projected.

232. The implementation of the People Strategy and of the new Staff Regulations changes the context of budget projections. The 12-month limit on the duration of contracts for temporary staff could lead to a decline in the number of temporary posts, at least in terms of temporary staff recruited under the budgeted posts of permanent staff. The 2023 adjusted budget also provides for a 3% increase in expenditure on permanent posts. But temporary posts cover other needs, such as absences and hiring difficulties. The first year of operation of the new Staff Regulations could be an opportunity, in preparation for the 2024 budget, to make budget projections for temporary staff more realistic.

Finding Nr. 31: Expenditure projection for temporary posts remains a relatively theoretical exercise, in light of the chronic discrepancies between projected and actual expenditure. The new Staff Regulations should lead to a reduction in this variance over the medium term.

4. Implementation of the 2019-2023 People Strategy

233. The 2019-2023 People Strategy is being gradually implemented. Appendix 9 sets out the main steps involved in the implementation of this strategy. One of the main changes concerns the application of the new Staff Regulations, adopted in 2021, initially planned for June 2022 and postponed to 1 January 2023, due to the consequences for the Council of the war in Ukraine.

234. These Staff Regulations and various rules provide for five different situations: open-ended appointments; fixed-term contracts whose maximum term is now set at four years; short-term temporary contracts; daily temporary staff; and temporary contracts for local staff members.

235. As such, the Staff Regulations overturn the 2012 reform, which discontinued hiring under indefinite-term contracts to make human resources management more agile, boosting flexibility and motivating staff members. This system was not sustainable over the long term given the legal uncertainty it created (growth in fixed-term contracts, whose average length of service exceeded 4 years in 2021), the inability to carry out long-term assignments under fixed-term contracts, the administrative burden involved in repeatedly renewing

⁶² See Table 28, Appendix 8.

⁶³ CM(2022)130.

⁶⁴ See Chart No. 10, Appendix 8

contracts, and lastly the difficulties the system caused for employees under fixed-term contracts. The new reform is aimed at offering greater job security and limiting the administrative burden of renewing fixed-term contracts, the vast majority of whose staff work on long-term assignments.

236. By limiting the term of fixed-term contracts to four years, the new Staff Regulations have led to the creation of 450 open-ended contract appointments, previously under fixed-term contracts, and expanded the total number of indefinite-term contracts, which in 2023, at just under 1 700 people, should return to a level comparable with, or even higher than, the one observed in 2012.

237. It is noteworthy that the number of staff members joining the Council of Europe under fixed-term contracts picked up between financial years 2020 and 2022: 527 new hires under fixed-term contracts over this three-year period, compared with 301 over the previous three-year period, between 2017 and 2019 – a 75% increase⁶⁵. With the adjustments made to the Staff Regulations, the nature of these new hires will change, with the return of contracts without a defined end-date.

238. The strategy includes many other components that are being gradually implemented, particularly with regard to hiring, training and assessment, which are presented in Appendix 9. The External Auditor noted several elements with implications in terms of budgetary impact and overall efficiency.

239. Workforce planning should help the Organisation effectively address the challenges posed by the age breakdown and its impact on payroll trends. Average age stabilised in 2022, at 47.2, compared with 46 in 2017, but remained high, and while length of service has decreased since 2019, going from 13.5 to 12.8 years, it remains higher than in 2017 (12.2 years).

240. The People Strategy provided for the implementation of a workforce plan. Workforce planning measures included, in particular, a departure scheme targeting the departure of around 40 people. So far, this scheme has generated €2.2 M in savings and been applied to 31 staff members, at a total cost of €7.1 M.

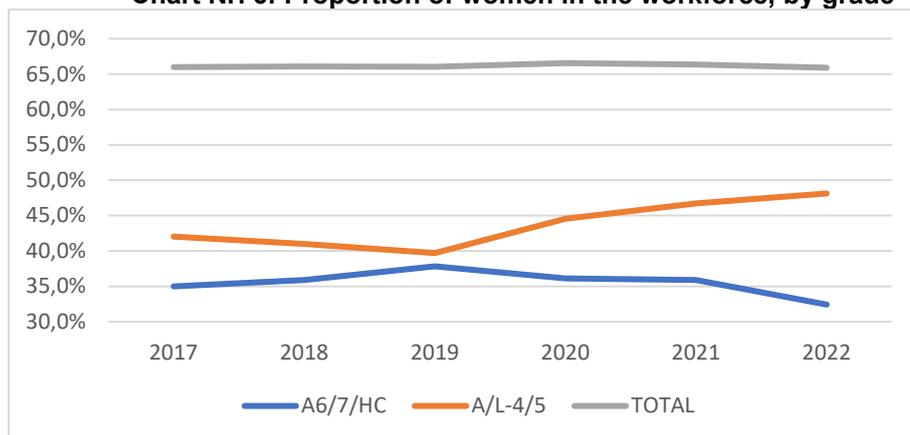
241. The aim of professional and geographical mobility is to reinforce skills at the different sites where programmes are implemented. Due to the specific nature of the Organisation's professions (lawyers specialising in a single country, for example), this mobility is not yet seen as an essential component of career development. It is still limited by personal barriers related to children's schooling or a spouse's job. While the number of employees transferred to another site increased slightly in the 2020-2022 three-year period compared with the 2017-2019 three-year period, going from 28 to 34 people, the 14 transfers in 2022 accounted for only 0.7% of staff members.

Recommendation Nr. 5 : The External Auditor recommends that professional and geographical mobility, which are key to achieving the “Agility” target set out in the 2019-2023 People Strategy, be included in the indicators of the Programme and Budget for the next four-year period (2024-2027).

242. Improving gender balance is another important change⁶⁶, but one which is not yet complete, in particular at the highest job grade level. As shown in the chart below, while the proportion of women in the overall workforce has been high and stable over the past several years (66%), it has decreased in leadership roles (A6 and above), going from 38% to 32% since 2019, compared with a gender parity target of 40% under the previous Staff Regulations and now set at 45% in the new version. In this category of posts, which by definition is held by few people, the number of women went from 14 to 12, whereas the number of men went from 23 to 25. This category should be monitored closely and consistently if the Organisation wishes to make progress in this area.

⁶⁵ This change can be explained by the hiring freeze in 2017-2019 due to the difficulties related to Russia's contributions, and the subsequent catch-up phase.

⁶⁶ The budgetary impact of which appears limited, since the remuneration framework for new hires leaves little room for negotiation, thereby reducing the likelihood of a gender pay gap within a given category.

Chart Nr. 6: Proportion of women in the workforce, by grade

Source: Council of Europe

Finding Nr. 32: In order for the Organisation to fully achieve its gender parity targets in categories A6 and above, which it has done elsewhere, careful attention should be paid to appointments to these high-level categories.

243. Various other components of the modernisation of human resources management were addressed in the Auditor's work, including the absenteeism rate and the implementation of telework: the information gathered, which is presented in Appendix 9, did not call for any comments.

5. Change in the Pension Reserve Fund

244. The contribution to the Pension Reserve Fund (PRF) is one of the Organisation's biggest budgetary charges. The objective of the PRF is to stabilise, in the medium term, the funding of member States' obligations under the Organisation's pension schemes.

A. Change in the budgetary charge

245. The annual balance between the PRF's funds and use has worsened.

Table 21: Annual balance between the PRF's funds and use (€M)

	2016	2017	2018	2019	2020	2021	2022	Evolution 2016 -2022
Funds	64.1	66.5	65.6	71.4	80.2	84	88.6	38%
Member States' contributions	25.1	26.2	26.5	30.3	28.7	32.1	33.1	32%
Employer's share (pension budget)	24.5	24.7	24.2	25.8	32	32.1	33.9	38%
Employer contributions	14.1	14.5	14.4	15.1	18.6	19.2	20.3	44%
Other funds	0.5	1	0.5	0.3	0.9	0.6	1.3	160%
Use of funds	48.5	49.6	52.4	55.5	54.9	60.2	64.9	34%
Payment of pensions (via pension budget)	45	47.1	49.1	51.4	52.1	56.2	61.6	37%
Payment of leaving allowances (via pensions budget)	3.1	2.1	2.8	3.7	2.3	2.6	2.8	(10)%
Other expenditure	0.4	0.4	0.4	0.4	0.5	1.4	0.5	25%
Net contributions (investments of the year)	15.6	16.9	13.2	15.9	25.3	23.9	23.8	53%
Net gain (loss) on financial assets	23.5	24.9	(17.6)	63.7	25.3	77.8	(72.8)	(410)%
Net increase (decrease) in financial assets	39.1	41.8	(4.3)	79.6	50.7	101.6	(49)	(225)%
Amount of assets at 31/12	320.4	362.2	357.9	437.5	488.2	589.8	540.8	69%

Source: Annual reports on the budgetary management accounts

246. In 2022, the funds in the PRF amounted to €88.6 M, including €33.9 M paid by the pensions budget; this budgetary charge for pensions grew by 32% between 2016 and 2022, twice as fast as wage expenditure (16%). As in the previous year, resources increased (up 5.5%), but this increase was lower than the increase in expenditure. Fund use came to €64.9 M, of which €61.6 M corresponded to pension benefits paid to pensioners via the pensions budget and €2.8 M to leaving allowances⁶⁷. The "Other expenditure" item, which usually covers the Fund's management fees, returned to its customary level of utilisation in 2022

⁶⁷ Leaving allowances concern the contributions of staff who leave the Organisation before having completed the ten years of service required to be eligible for a pension. These contributions are repaid to them by the Fund upon their departure.

(€0.5 M per year), after financial year 2021, in which a provision for bad debts had been recognised related to late payment interest payable by the Russian Federation.

247. Resources have grown by 10.5% since 2020, but expenditure has increased more rapidly, by 18.2%. Net contributions covered 37% of fund use in 2022, lower than in 2020 and 2021, when they covered 46% and 40% of fund use, respectively.

248. Beyond the reduction in net contributions, the most noteworthy element concerned the change in net financial assets, driven in part by the annual net contribution and also by movements specific to the investments of financial assets.

249. 2022 saw the recognition of €72.8 M in impairment of financial assets, i.e. 12.3% of total asset value as at 31 December of the previous year⁶⁸. It was the first time since 2018 that a net decrease was observed, and in that previous case the decline was much more limited (€17.6 M, and 4.9%). The downturn in financial markets (for both stocks and bonds) explains this loss on investments, but its scale markedly reduces the effects of the previous increase in asset values. Following a significant increase in 2019-2020 (up 36% thanks to the combined effects of net contributions and investment growth), the market downturn and less dynamic growth in net contributions led to less robust growth in assets in 2021-2022 (up 11%).

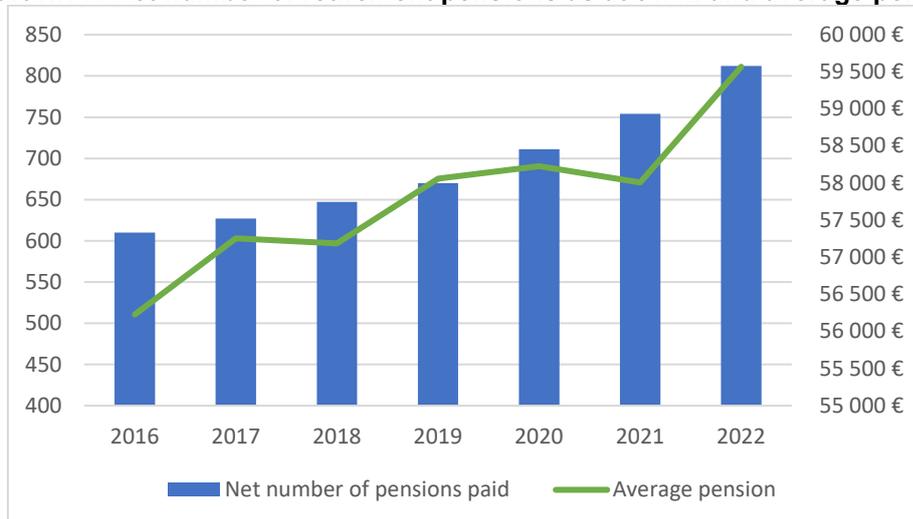
B. Rapid growth in expenditure

250. The total amount of benefits paid grew by 36% between 2016 and 2021; retirement pensions, which make up more than three-quarters of the total, grew by 41%. This pace of growth was substantially swifter than in the previous financial year: retirement pensions grew by 24.2% over the past three years (between 2019 and 2022), whereas they had only grown by 13.4% over the previous three-year period (between 2016 and 2019).⁶⁹

251. The increase in expenditure was largely due to the more rapid increase in the net number of pensions paid. The total number of pensions paid increased by 26% between 2016 (847) and 2022 (1 071), with this trend accelerating over the past three years (21% increase in retirement pensions between 2019 and 2022, with a 7.7% increase in the latest financial year alone).

252. The average pension paid grew less quickly in terms of expenditure. It was around €56 500 per year in 2016 and now stands at €59 500. The average retirement pension per pensioner was 2.7% higher in 2022 than in the previous year, and 5.9% higher than in 2016, but the pace of increase slowed, going from 3.3% between 2016 and 2019 to 2.6% between 2019 and 2022.

Chart Nr. 7: Net number of retirement pensions as at 31/12 and average pension



Source: Budgetary management accounts, 2016-2023

253. The average pension amount is closely linked to both overall demographics and the different parts of the workforce who are members of the various schemes that coexist among the Council's pensioners. The increase in inflation and its impact on the average pension level should be considered even more carefully: the consequences of a potential adjustment to this level would affect a greater number of pensions paid.⁷⁰

⁶⁸ As stated in the financial audit report, this decrease in value does not yet constitute a loss, as the securities in question have not been sold.

⁶⁹ See Table 29, Appendix 9.

⁷⁰ For France, the adjustment to pensions in 2022 was 3.4%. An additional special adjustment of 6.4% was made in November 2022, which was deducted from the annual adjustment as at 1 January 2023, which had been 6.7%.

C. Links between budgetary expenditure and overall balance for the PRF

254. The analysis of the pensions budget and of its cross-connections with the PRF cannot be dissociated from the review of the PRF's overall medium-term balance. The actuarial trend in defined-benefit obligations⁷¹ shows a very substantial decrease in the obligation to be covered, which fell by 38% in 2022. As such, despite the decrease in the value of assets, the variance between this value and the obligation has narrowed considerably. Still, this variance remains high, amounting to €2 049 M.⁷²

255. For a company, which must be able to very rapidly meet its pension obligations in the event of a bankruptcy, such an indicator is particularly relevant. For the Council of Europe, however, which is under no threat of having to pay all the liabilities represented by the pensions of its former employees at short notice, this highly volatile indicator is relatively unclear. A projection of the annual balance between, on the one hand, pensions to be paid and, on the other hand, net contributions and projected asset yields, appears more pragmatic.

256. From this standpoint, beyond market fluctuations, the decrease in net contributions to the PRF justifies an ongoing substantial budgetary effort for pensions, which constitute a major priority in terms of managing expenditure and the level of contributions from member States.

257. Pension obligations are still a major issue for the Council's budget. Expenditure on retirement pensions made up 17% of staff expenditure in 2016; it now accounts for 20.6%. The demographic outlook for both the immediate future, with more numerous retirements, and over the longer term, with the continued increase in the number of FTE staff members, weighs more heavily than the abatement in average pension growth, a trend which itself slowed in 2022.

Finding Nr. 33: The Organisation should clarify the issues involved in the funding of its pensions by expanding budget presentations to include specific, forward-looking information on projections of future costs and receipts, as well as their financial impact on the Organisation.

X. ACKNOWLEDGMENTS

258. The audit team wishes to express its sincere gratitude to the Council of Europe teams, especially those of the Directorate of Programme and Budget (DPB), for their very thorough answers to the External Auditor's questions.

End of Auditor's comments.

⁷¹ These figures highlight the scale of budgetary effort that would theoretically be necessary to make each year in order to cover employee benefit obligations within a reasonable timeframe, as such obligations are calculated on an actuarial basis and approved each year according to International Public Sector Accounting Standards (IPSAS).

⁷² See Table 30, Appendix 9.

XI. APPENDICES

APPENDIX 1: List of persons interviewed

Treasury, Payments and Accounting (TPA)

- Mr Mesut Ozyavuz: Head of the Treasury, Payments and Accounting Department
- Ms Rossella Tutino: External Audit Recommendation Monitoring Officer

Directorate of Human Resources

- Mr Alejandro Zamorano Sainz: Head of the Administrative Management of Staff Department
- Elena Piscopo: Head of the Recruitment and Employment Management Division

Business Data

- Mr Richard Wieder: Computer Correspondent, Business Data Officer

Directorate of Programme and Budget (DPB)

- Ms Alison Sidebottom: Director of Programmes and Budget
- Ms Tara Nagle: Head of Division (Budget)
- Ms Samira Kessour: DPB Budget Monitoring Officer
- Ms Catherine Du Bernard-Rochy: Head of Division (Programme)

Directorate of Internal Oversight (DIO)

- Mr Colin Wall: Director of Internal Oversight
- Ms Elena Koudriavtseva: Head of the Internal Audit Division

Directorate of Programme Co-ordination (DPC)

- Mr Konstantin Trousevitch: Head of the External Presence and Programme Support Department
- Mr Fredrik Holm: Head of the Central Co-ordination and Risk Management Division
- Mr Aydemir Demiroz: Head of the Finance Unit
- Ms Kheira Mokkedem: Budget Manager
- Ms Delphine Freymann: Head of the Programme Department

Directorate of General Services (DGS)

- Mr Michael Siffert: Director General of Services
- Mr Vincent Lecorche: Head of Division

Eurimages

- Mr Thierry Hugot: Financial Analyst
- Mr Enrico Vannucci: Deputy Director, Interim Director
- Mr Sébastien Viller: Eurimages CCM Assistant

European Directorate for the Quality of Medicines and HealthCare (EDQM)

- Ms Suzanne Henderson: Head of the Administration and Finance Division
- Ms Wendeline Chouteau: Head of the Budgeting, Costing and Financial Reporting Section

APPENDIX 2: Budgets of the partial agreements for 2022 (€K)

	Final budget	Actual Expenditure / Receipts	Variance
Expenditure			
Pharmacopoeia	76 256.7	59 385.1	16 871.6
Development Bank	1 584.7	1 541.9	42.8
Pompidou Group	1 501.6	1 517.0	(15.4)
Major natural and technological hazards	701.8	647.7	54.1
Democracy through law	4 296.4	4 194.7	101.7
Youth Card	72.0	70.9	1.1
GRAZ	1 472.4	1 465.4	7.0
GRECO	2 540.6	2 366.8	173.8
EPAS	1 162.2	1 129.5	32.7
Cultural routes	396.3	396.6	-0.3
North South Centre	506.4	455.1	51.3
Eurimages	64 791.2	29 544.9	35 246.2
Observatory on History Teaching in Europe	853.4	859.4	(6.0)
Total Expenditure	91 344.5	74 030.1	17 314.4
Receipts			
Pharmacopoeia	76 256.7	76 256.7	0.0
Development Bank	1 584.7	1 584.7	0.0
Pompidou Group	1 501.6	1 582.2	80.6
Cultural routes	396.3	396.3	0.0
Major natural and technological hazards	701.8	705.1	3.3
Democracy through law	4 296.4	4 313.9	17.5
Youth Card	72.0	77.6	5.6
GRAZ	1 472.4	1 472.4	0.0
GRECO	2 540.6	2 540.6	0.0
EPAS	1 162.2	1 162.2	0.0
North South Centre	506.4	427.8	(78.6)
Eurimages	64 791.2	63 432.1	(1 359.1)
Observatory on History Teaching in Europe	853.4	853.4	0.0
Total Receipts	156 135.7	154 805.0	(1 330.7)
Deficit or surplus	(64 791.2)	(80 774.9)	18 645.1

Source: Document CM(2023)100-add, draft version dated 31 March 2023

APPENDIX 3: Special accounts by type of expenditure (€K)

	Staff	Non Staff	Pensions	Total
I. Ordinary Budget special accounts	13 703.2	18 161.6	812.9	32 677.7
Special account General services	4.3	129.1	0.0	133.4
Special account Programmes	11 157.1	17 377.3	512.0	29 046.4
Special account Parliamentary Assembly	54.7	99.0	5.8	159.5
Special account European Court of Human Rights	2 471.4	530.8	293.2	3 295.4
Special account Congress of Local and Regional Authorities	15.7	25.4	1.9	43.0
II. Joint Programmes special accounts	17 376.5	39 931.9	1 030.1	58 338.5
Special account Joint Programmes	17 376.5	39 931.9	1 030.1	58 338.5
III. Comptes spéciaux des accords partiels et/ou élargis	4 268.3	5 240.0	492.3	10 000.6
Special account EPAS enlarged partial agreement	27.0	15.0	0.0	42.0
Special account Pompidou Group enlarged partial agreement	155.8	469.7	7.6	633.1
Special account Natural Disasters enlarged partial agreement	0.0	0.5	0.0	0.5
Special account GRECO	114.6	74.1	17.4	206.1
Special account Democracy through Law enlarged partial agreement	141.1	602.0	14.3	757.4
Special account Observatory on History Teaching in Europe partial agreement	19.8	96.2	0.0	116.0
Special account Graz Centre partial agreement	101.2	869.1	0.0	970.3
Special account Cultural Routes partial agreement	0.0	38.8	0.0	38.8
Special account Partial Agreement of the European Pharmacopoeia	3 549.9	2 526.2	453.0	6 529.1
Special account North-South Centre enlarged partial agreement	158.9	548.4	0.0	707.3
IV. Other individualised accounts	12 706.4	20 067.7	1 920.5	34 694.6
Special account Administrative support	4 243.6	3 116.1	417.6	7 777.3
Special account Early termination of service	6 136.0	0.0	1 277.3	7 413.3
Special account Deferred expenditure	0.0	118.3	0.0	118.3
Special account EDQM investment programme	620.8	2 250.4	63.3	2 934.5
Special account General investments	1 706.0	14 582.9	162.3	16 451.2
Total	48 054.4	83 401.2	4 255.8	135 711.4

Source: Document CM(2023)100-add, draft version dated 31 March 2023

APPENDIX 4: Member States' direct contributions (€k)

	2019	2020	2021	2022	Evolution 2021 - 2022
Member States of the Council of Europe					
Albania	493.0	511.9	534.8	576.1	7.7%
Andorra	236.6	242.8	262.5	286.0	9.0%
Armenia	497.3	513.4	537.2	577.6	7.5%
Austria	5 624.5	5 830.6	6 014.7	6 578.1	9.4%
Azerbaijan	1 217.5	1 132.7	1 108.5	1 253.2	13.1%
Belgium	7 894.3	8 151.8	8 455.3	9 234.8	9.2%
Bosnia and Herzegovina	583.2	601.8	603.2	650.1	7.8%
Bulgaria	1 215.2	1 265.6	1 330.7	1 484.2	11.5%
Croatia	1 076.0	1 107.6	1 157.6	1 275.2	10.2%
Cyprus	519.9	539.3	556.8	597.5	7.3%
Czech Republic	3 263.8	3 467.0	3 681.8	4 143.7	12.5%
Denmark	4 638.0	4 835.5	5 004.6	5 397.0	7.8%
Estonia	505.7	529.7	552.9	613.3	10.9%
Finland	3 529.4	3 623.0	3 755.5	4 088.9	8.9%
France	38 659.0	39 420.5	40 297.0	43 597.0	8.2%
Georgia	539.5	555.8	582.2	640.1	9.9%
Germany	36 914.0	37 723.0	38 254.2	41 629.3	8.8%
Greece	3 350.2	3 379.3	3 441.0	3 732.1	8.5%
Hungary	2 320.9	2 412.8	2 493.9	2 809.8	12.7%
Iceland	523.1	539.8	557.6	610.9	9.6%
Ireland	3 960.8	4 487.0	4 802.5	5 454.2	13.6%
Italy	35 873.4	36 610.1	37 323.1	40 771.2	9.2%
Latvia	589.1	620.1	638.3	697.4	9.3%
Liechtenstein	381.5	392.1	400.4	434.4	8.5%
Lithuania	824.3	861.7	893.1	988.9	10.7%
Luxembourg	1 162.2	1 205.7	1 273.7	1 416.0	11.2%
Malta	391.0	401.8	422.2	460.9	9.2%
Republic of Moldova	360.6	370.7	378.8	418.8	10.6%
Monaco	361.9	372.1	380.1	415.2	9.2%
Montenegro	394.2	535.2	540.7	575.8	6.5%
Netherlands	11 220.2	11 577.9	12 004.4	13 216.2	10.1%
North Macedonia	501.6	520.6	537.9	577.0	7.3%
Norway	5 798.3	5 680.8	5 797.2	6 233.8	7.5%
Poland	8 557.7	8 882.9	9 189.6	10 274.8	11.8%
Portugal	3 360.4	3 372.8	3 513.4	3 905.4	11.2%
Romania	3 778.9	4 002.4	4 225.4	4 771.7	12.9%
Russian Federation	32 644.9	33 155.6	33 949.2	6 962.9	(79.5)%
San Marino	144.7	148.0	148.3	157.6	6.3%
Serbia	1 103.9	1 136.5	1 207.9	1 347.4	11.6%
Slovak Republic	1 589.7	1 668.3	1 737.0	1 934.3	11.4%
Slovenia	828.8	843.1	903.7	996.0	10.2%
Spain	18 748.9	19 301.1	19 939.0	21 770.0	9.2%
Sweden	7 358.2	7 624.9	7 743.5	8 192.3	5.8%
Switzerland	9 082.5	9 467.2	9 401.5	10 176.7	8.2%
Türkiye	14 318.7	15 226.8	15 478.0	16 178.6	4.5%
Ukraine	3 789.1	3 827.5	4 112.7	4 926.9	19.8%
United Kingdom	33 403.5	34 153.7	34 689.8	38 082.2	9.8%
Total member States	314 129.9	322 830.5	330 813.0	331 111.4	0.1%

	2019	2020	2021	2022	Evolution 2021 - 2022
Non-members of the Council of Europe					
Algeria	90.7	90.0	46.5	47.2	1.5%
Argentina	0.0	1 066.8	0.0		
Belarus	15.3	15.6	16.2	17.7	8.3%
Brazil	90.6	87.9	87.4	92.2	5.5%
Canada	1 051.1	1 182.5	1 080.7	1 062.8	(1.7)%
Cape Verde	9.9	10.1	10.3	10.3	0.2%
Chile	10.1	10.3	10.7	11.6	8.2%
Costa Rica	2.3	2.4	2.4	2.6	8.6%
Holy See	15.1	15.4	15.6	16.2	3.8%
Israel	50.5	58.8	56.9	65.4	14.9%
Kazakhstan	8.0	7.5	20.8	22.8	9.4%
Korea	49.3	50.4	52.4	56.8	8.4%
Kosovo	4.0	4.1	4.1	4.3	3.8%
Kyrgyzstan	1.6	1.7	1.7	1.8	8.2%
Lebanon	10.5	11.4	11.4	18.0	58.0%
Mexico	196.3	197.0	195.5	216.5	10.7%
Morocco	90.0	94.1	95.9	119.6	24.7%
Peru	10.6	10.8	11.0	11.9	8.5%
Tunisia	13.0	13.1	13.3	13.5	1.1%
United States of America	451.4	462.7	482.6	507.0	5.1%
Total non-members	2 170.4	3 392.8	2 215.3	2 298.1	3.7%
Total member states and non-members	316 300.3	326 223.3	333 028.3	333 409.6	0.1%

APPENDIX 5: Adjusted Ordinary Budget by type of expenditure in 2022 (€K)

Type of expenditure	Human Rights		Rule of Law		Democracy		Governing Bodies, General Services and Other		Total 2022	
	K€	%	K€	%	K€	%	K€	%	K€	%
Permanent staff	75 359.1	63.8%	7 219.6	46.6%	21 413.7	50.8%	38 083.1	46.1%	142 075.5	55.0%
Temporary staff	93.2	0.1%		0.0%	632.2	1.5%	1 009.9	1.2%	1 735.3	0.7%
Seconded officials	571.9	0.5%	180.0	1.2%	240.0	0.6%	153.5	0.2%	1 145.4	0.4%
Other staff expenditure	625.3	0.5%		0.0%	27.5	0.1%	2 903.8	3.5%	3 556.6	1.4%
Total Staff	76 649.5	64.9%	7 399.6	47.7%	22 313.4	52.9%	42 150.3	51.1%	148 512.8	57.5%
Secretary General		0.0%		0.0%	413.8	1.0%	686.6	0.8%	1 100.4	0.4%
Judges and Human Rights Commissioner	12 559.0	10.6%		0.0%		0.0%		0.0%		0.0%
Missions (Staff /Judges / Commissioner)	752.5	0.6%	340.8	2.2%	619.7	1.5%	416.6	0.5%	2 129.6	0.8%
Consultants and outsourced activity costs	887.4	0.8%	350.0	2.3%	975.1	2.3%	986.4	1.2%	3 198.9	1.2%
Travel / subsistence / Honoraria	4 775.2	4.0%	2 544.2	16.4%	3 578.2	8.5%	265.5	0.3%	11 163.1	4.3%
Official Hospitality	75.3	0.1%	3.8	0.0%	128.5	0.3%	150.9	0.2%	358.5	0.1%
Interpretation	2 476.7	2.1%	583.2	3.8%	2 489.0	5.9%	448.6	0.5%	5 997.5	2.3%
Translation	1 082.7	0.9%	268.2	1.7%	846.2	2.0%	2 283.2	2.8%	4 480.3	1.7%
Publications, documents and Postage	833.5	0.7%	155.9	1.0%	553.0	1.3%	915.6	1.1%	2 458.0	1.0%
Buildings, vehicles and equipment	66.3	0.1%		0.0%	45.1	0.1%	10 513.0	12.7%	10 624.4	4.1%
Information Technology (IT)	1 426.5	1.2%	37.7	0.2%	305.0	0.7%	5 901.5	7.1%	7 670.7	3.0%
Audiovisual services	127.3	0.1%	42.9	0.3%	87.9	0.2%	458.7	0.6%	716.8	0.3%
Grants to political groups		0.0%		0.0%	852.3	2.0%		0.0%	852.3	0.3%
Investments (grant)	957.8	0.8%		0.0%		0.0%	8 328.5	10.1%	9 286.3	3.6%
Grants	457.2	0.4%	30.0	0.2%	3 698.5	8.8%	1 538.5	1.9%	5 724.2	2.2%
Other types of expenditure	858.7	0.7%	43.5	0.3%	639.4	1.5%	1 367.5	1.7%	2 909.1	1.1%
Joint programmes	2 583.8	2.2%	2 668.6	17.2%		0.0%	39.8	0.0%	5 292.2	2.0%
Total non-staff	29 920.4	25.3%	7 068.8	45.6%	16 235.6	38.5%	34 300.9	41.6%	87 525.7	33.9%
Total before contribution to PRF	106 569.9		14 468.4		38 549.0		76 451.2		236 038.5	
Contribution to pension reserve fund	11 516.3	9.8%	1 037.8	6.7%	3 631.2	8.6%	6 100.6	7.4%	22 285.9	8.6%
TOTAL	118 086.2		15 506.2		42 180.2		82 551.8		258 324.4	

Source: Adjusted 2022 budget

APPENDIX 6: Growth in Ordinary Budget expenditure by type over the period 2016-2022 (€K)

	2016	2017	2018	2019	2020	2021	2022	Progression 2016-2022	Progression 2021-2022
Permanent staff	131 491	134 556	131 492	131 763	131 342	133 982	133 910	1.8%	(0.1)%
Temporary staff	8 312	7 658	5 783	5 923	6 955	5 761	6 651	(20.0)%	15.4%
Seconded officials	1 482	1 631	1 392	982	937	1 332	1 260	(15.0)%	-5.4%
Other staff expenditure	3 844	3 382	3 492	3 744	2 791	3 491	3 585	(6.8)%	2.7%
Total Staff	145 129	147 228	142 159	142 411	142 025	144 566	145 405	0.2%	0.6%
Secretary General/ Deputy Secretary General/ Secretary General of the Parliamentary Assembly	818	824	810	809	915	1 052	1 054	28.9%	0.2%
Judges and Human rights Commissioner	11 156	11 354	11 228	11 597	12 078	12 165	12 183	9.2%	0.1%
Missions (staff /judges / Commissioner)	3 371	3 082	2 726	2 973	578	1 108	2 417	(28.3)%	118.1%
Consultants and outsourced activity costs	3 492	2 942	2 788	3 023	3 929	4 160	3 655	4.7%	-12.1%
Travel/ subsistence/ honoraria	11 763	11 662	10 264	10 545	2 395	3 513	7 710	(34.5)%	119.5%
Official Hospitality	422	334	323	374	105	100	232	(45.0)%	132.3%
Interpretation	6 445	6 234	4 819	4 792	4 618	6 382	5 750	(10.8)%	(9.9)%
Translation	5 156	5 180	4 487	4 649	4 647	4 303	3 976	(22.9)%	(7.6)%
Documents and Postage	3 022	2 728	2 416	2 441	2 392	2 304	2 162	(28.5)%	(6.2)%
Buildings, vehicles and equipment	11 983	11 327	11 454	11 749	11 724	12 166	11 732	(2.1)%	(3.6)%
Information Technology (IT)	7 953	7 666	7 244	7 302	8 069	8 044	8 612	8.3%	7.1%
Media and public relations (audiovisual services)	781	581	950	999	1 434	1 819	1 590	103.5%	(12.6)%
Grants to political groups	778	769	772	828	834	834	842	8.2%	1.0%
Investments (grant)	11 070	11 190	8 592	8 877	14 232	9 056	9 286	(16.1)%	2.5%
Grants	4 276	7 862	5 210	5 079	8 748	8 014	6 345	48.4%	(20.8)%
Other types of expenditure	4 123	2 653	2 254	2 339	1 673	2 640	3 730	125.2%	251.8%
Joint programmes, action plans	7 785	6 432	6 452	6 296	6 296	6 296	6 296	(18.5)%	0.8%
Total non-staff	94 393	92 818	82 788	84 672	84 667	83 956	87 572	(7.2)%	4.3%
Contribution to the Pension Reserve Fund	18 243	18 464	17 218	17 984	22 742	22 424	22 286	22.2%	(0.6)%
Total before provision	257 765	258 510	242 164	245 068	249 435	250 945	255 263	(1.0)%	1.7%
Provision in respect of ongoing litigation	0	1 044	2 410	2 527	0	0	0	Non pertinent	Non pertinent
Total after provision	257 765	259 554	244 574	247 595	249 435	250 945	255 263	(1.0)%	1.7%

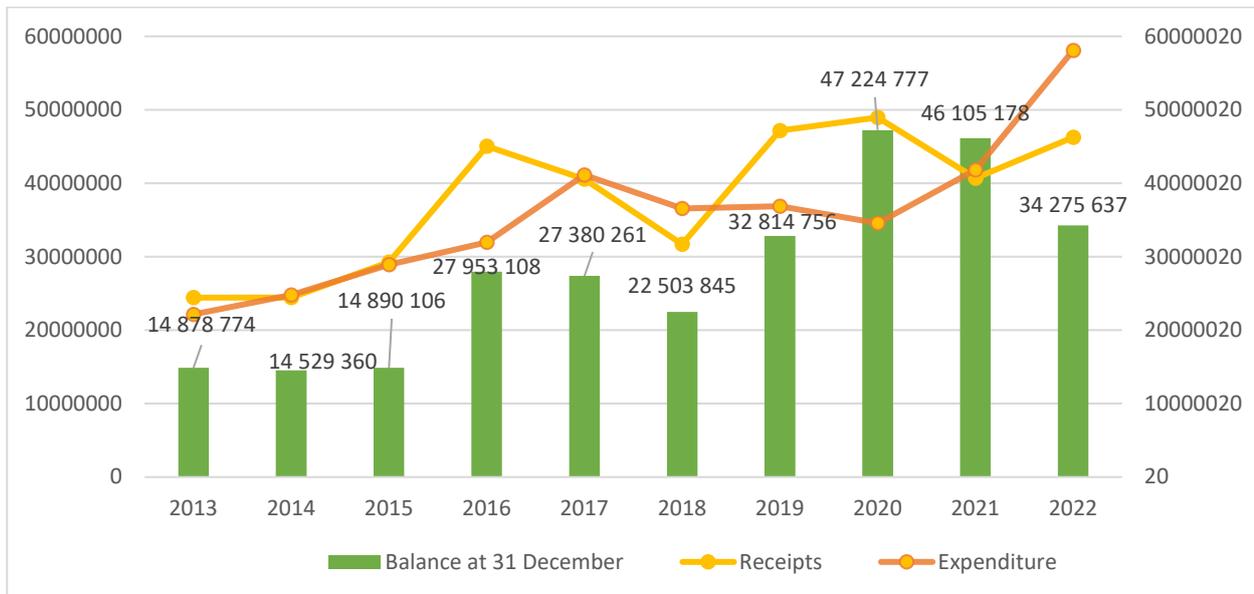
Source: Directorate of Programme and Budget

APPENDIX 7: Review of the “Joint Programmes” and “Operational programme” special accounts

Budgetary change in the “Joint Programmes” special account

Joint programmes are multiannual programmes financed by the European Union and the Council of Europe. As at 31 December 2022, this special account funded 187 projects, compared with 167 in 2021. From a budgetary perspective, expenditure recorded in the latest financial year came to €58.3 M for €46.5 M in receipts, resulting in a deficit of €11.8 M.

Chart No. 8: Change in the “Joint Programmes” special account



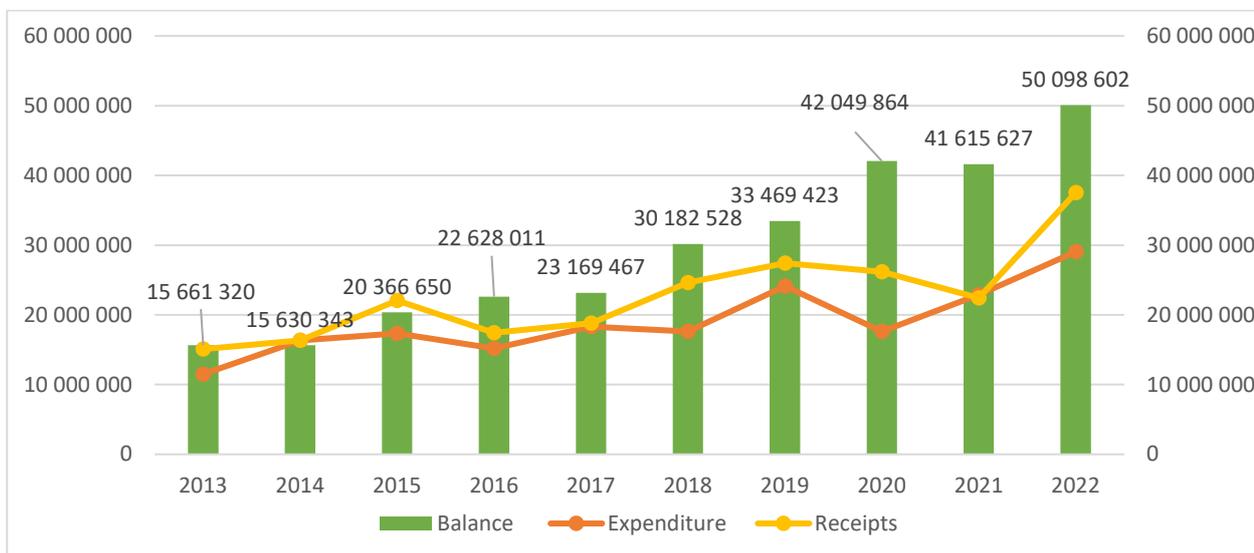
Source: Budgetary management accounts

A sample of 16 contracts totalling €12.5 M in receipts recorded in December 2022 was checked for this account, equating to one third of total receipts. Four contracts were not included in the Project Management Methodology tool (PMM) for 2022, totalling €1.2 M, of which nearly €530 K that was not justified by a contract in PMM, €310 K recorded without notification and €876.2 K for which contracts covered a period prior to 2022.

Change in the “Operational programme” special budgetary account

As at 31 December 2022, this special account funded 285 projects, compared with 268 in 2021. Expenditure recorded in 2022 came to €29 M for €37.5 M in receipts, resulting in a surplus of €8.5 M.

Chart No. 9 Budgetary change in the “Operational programme” special account



Source: Budgetary management accounts

The External Auditor analysed the type of receipts recorded in the budgetary management accounts for the month of December 2022. Of the 68 payments received, nine payments amounting to more than €200 K were selected, covering a total of €12.5 M out of the €14.4 M received that month. Of these nine payments, which totalled €13.9 M, six payments went toward funding projects beginning in 2023 or ending in 2021, amounting to €11 M.

The partial review of receipts for these two special accounts illustrates the likely scale of the variance between the budgetary result and the theoretical accounting result of these accounts. The information supplied does not provide political decision-makers with all the elements necessary to form an opinion on the overall economic and financial balance of these accounts.

APPENDIX 8: Tables on the change in staff expenditure

Breakdown of staff expenditure by budget (%)

	2016	2017	2018	2019	2020	2021	2022
Ordinary Budget	72	70	70	67	67	65	62
Subsidiary budgets	3	3	3	3	3	3	3
Partial agreements	14	14	15	15	16	15	15
Special accounts	10	12	11	14	15	17	21 ⁷³
Total	100	100	100	100	100	100	100

Source: Council of Europe

Comparison between posts approved in the budget and actual FTEs

	Total approved posts	Actual FTEs
General Budget	1 620	1 481
of which:		
ECHR	585	552.1
DG I	193	171.5
DG II	190	181.3
ODGP	45	35
DGA	312	266.6
Direction communication	50	45.1
Partial agreements	425	388
of which: EDQM	327	299.9
Total	2 045	1 869
FTEs not included in the budget		1 042
Grand total	2 045	2 911

Source: External Auditor, on the basis of Council of Europe data (2022 report on the budgetary management accounts for the general budget and the partial agreements, table of annual FTE staff members 2016-2022 for the overall total, with the 1 042 FTE staff members not included in the budget calculated by subtraction).

Change in annual FTE staff members from 2016 to 2021 (all budgets)

	2016	2017	2018	2019	2020	2021	2022	Variance 2016-2022
Indefinite-term contracts	1 469	1 428	1 386	1 353	1 292	1 247	1 182	(20)%
Fixed-term contracts ⁷⁴	610	683	700	705	779	931	1 026	+68%
Total permanent staff	2 079	2 112	2 086	2 059	2 071	2 178	2 208	+6%
Daily temporary staff	23	22	18	18	17	9	10	(56)%
Seconded officials	83	89	88	74	70	82	89	+7%
Monthly temporary staff	471	510	476	517	596	600	631	+34%
Total flexible contracts	578	622	581	609	683	691	730	+26%
Grand total	2 657	2 733	2 668	2 668	2 754	2 869	2 938	+11%

Source: Council of Europe (DPB)

⁷³ 18.5% excluding exceptional expenditure related to the departure scheme.

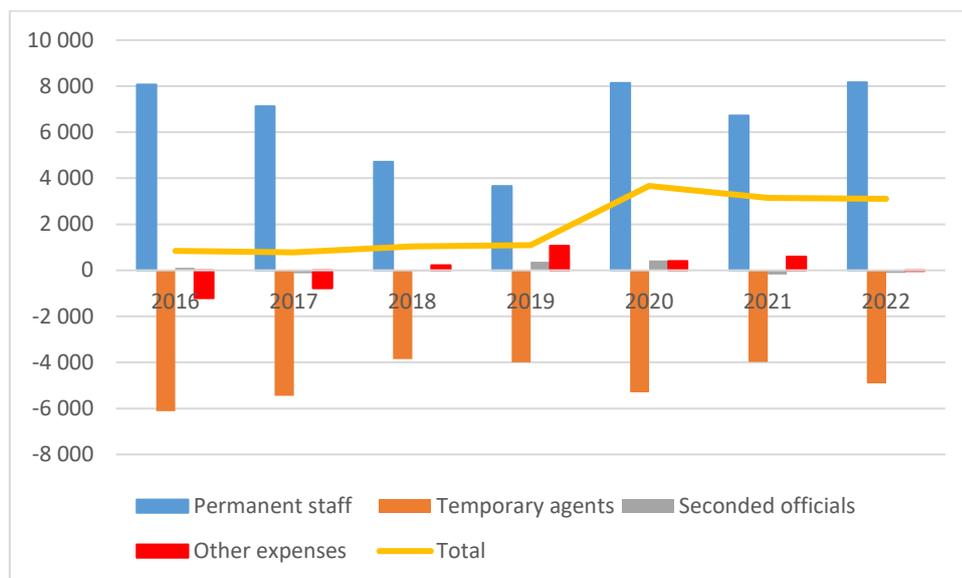
⁷⁴ Staff on fixed-term contracts are recognised within the workforce of permanent staff along with staff on indefinite-term contracts, even though their terms are limited to three years (non-renewable).

Change in FTE staff members by type of contract (all budgets)

	2016	2017	2018	2019	2020	2021	2022	Change 2016-2022
Indefinite-term contracts	1 537	1 485	1 452	1 409	1 338	1 275	1 189	(22)%
Fixed-term contracts	656	733	736	755	910	999	1 104	+68%
Seconded officials	87	87	89	73	74	90	91	+5%
Monthly temporary staff	408	393	389	480	484	537	560	+37%
Total	2 688	2 698	2 666	2 717	2 806	2 901	2 944	+10%

Source: Council of Europe (DPB)

Chart No. 10: Over-budgeted (+) or under-budgeted (-) staff expenditure by category of staff (Ordinary Budget) (€K)



Source: Council of Europe (DPB)

APPENDIX 9: Tables on pension expenditure**Change in the various categories of pensions paid from 2016 to 2022 (€M)**

	2016	2017	2018	2019	2020	2021	2022	Change 2016-2022
Retirement pensions	34.3	35.9	37	38.9	41.4	43.7	48.3	41%
Invalidity pensions	3	3.1	3.1	3.3	3.5	3.6	3.8	27%
Survivors' benefits/pensions	5.9	6.3	6.4	6.5	6.6	6.6	6.8	15%
Orphans' pensions	0.2	0.2	0.2	0.2	0.2	0.3	0.3	50%
Family allowances	1.6	1.7	1.7	1.8	1.9	2	2.1	31%
Total^[1]	45	47.1	48.4	50.7	53.6	56.2	61.3	36%

Source: Annual reports on the 2016 to 2022 budgetary management accounts

Balance between the PRF's assets and liabilities (€M)

	2016	2017	2018	2019	2020	2021	2022
Obligation related to future staff benefits as at 31/12	2 757	2 796	3 207	3 940	4 646	4 183	2 588
Value of PRF assets as at 31/12 ⁷⁵	320	362	358	438	488	590	539
Variance	(2 437)	(2 434)	(2 849)	(3 503)	(4 158)	(3 593)	(2 049)

Source: Financial statements for 2016 to 2022

⁷⁵ Including cash flow.

APPENDIX 10: Implementation OF THE PEOPLE STRATEGY

New Staff Regulations

The clarification of contractual relations, including in particular a change to the provisions in force since 2012, is a key component of this strategy.

In 2012, the Organisation ceased hiring under indefinite-term contracts, with the aim of making human resources management more agile in response to the increasingly diverse range of missions it was taking on. The implementation of the **new Staff Regulations** adopted in 2021, initially planned for June 2022, was postponed to 1 January 2023, as the necessary consultation with the other departments had been delayed due to the consequences for the Council of the war in Ukraine.

The implementation of the new Staff Regulations leads to five different situations.

The **first concerns open-ended appointments**, created to remedy the workforce-related, legal and administrative issues caused by the repeated renewal of fixed-term contracts, since indefinite-term contracts were frozen in 2012. While the new system does not constitute a full return to the situation existing before 2012 (as the maximum term of fixed-term contract has been extended to four years; see below), the new open-ended appointment is very similar to the former indefinite-term contract: a contract with no end date, and thus entered into for an indefinite term, whose characteristics, with regard to the conditions under which the contract can be ended, for example, are comparable to those of the former indefinite-term contracts, although it is reaffirmed that the contract may be terminated under certain circumstances related to budget changes, specific staffing requirements or the discontinuation of a programme.

The second concerns **fixed-term contracts, the maximum term of which is now limited to four years**. With this new system, the Council now has, in theory, a legal framework allowing it to reconcile flexibility in bringing people into the Organisation, particularly with regard to the possibility of discontinuing programmes and retaining staff under turnover profiles, and the end of sequential fixed-term contracts, but also the ability to retain staff beyond a four-year term, which is in line with the Council's needs.

The third concerns **so-called short-term temporary contracts**, now limited to a cumulative term of 12 months over the course of an individual's career, in order to avoid having short-term contracts created and renewed indefinitely in Strasbourg, and to refocus on competitive entrance exams as a key method in bringing people into the Organisation.

The fourth concerns **daily temporary contracts**, limited to 100 days per year, which are not affected by the new Staff Regulations, but whose number has in fact fallen (98 in 2021 compared with 250 in 2017).

The fifth concerns **temporary contracts for local staff members**, which are not affected by the new Staff Regulations either, remaining assigned to local projects and programmes, and for which multiple renewals are therefore still possible. This type of contract will also be reviewed in 2023, while remaining within the legal framework of limited-term contracts corresponding to the programming needs of external offices.

The new Staff Regulations have brought about other changes as well, in particular the shortening of the probationary period from 24 to 12 months.

Other key components of the People Strategy

The strategy includes many other components that will be gradually implemented in areas ranging from recruitment (remote surveillance tools for online tests) to training (mandatory online training programme for managers) and assessment (360° assessment, changes to tools), as well as day-to-day departmental procedures, with the digitisation of staff members' personal files. The new ethical framework and the reform of the assessment system took effect at the beginning of 2023. The conditions under which staff members can change from one grade category to another are also changing under a timeline spread out between 2023 and 2025.

Among the various objectives of the strategy being developed, a certain number have implications in terms of budgetary impact and the Organisation's overall efficiency, and should therefore be reviewed in more detail: jobs and skills planning, mobility, improving the gender balance and telework.

Jobs and skills planning is a key factor in the Organisation's ability to use the financial resources at its disposal as effectively as possible so that its human resources help it navigate these changes. The **age breakdown** of staff members remains a constraint for the Organisation. The average age remained stable in 2022, at 47.2, compared with 46 in 2017 (this indicator is stabilising, having been 44.8 in 2013 and 45.8 in 2016⁷⁶). While **length of service** has decreased since 2019, going from 13.5 to 12.8 years, in particular due

⁷⁶ Workforce Plan, 6/5/2019.

to the reduction in length of service in categories L and B, it remains higher than in 2017 (12.2 years). The combination of these two changes weighs on payroll, although the departure of highly paid staff helps offset these effects.

The People Strategy provided for the implementation of a **Workforce Plan** (established in May 2019), co-ordinated by the Directorate of Human Resources and putting this jobs and skills planning strategy into practice. In its current configuration, this plan provides an overview of jobs and skills (more operational than administrative), and an assessment of future needs in terms of both skills and geographic location, in the field and at headquarters. Other key priorities include improving the gender balance in certain posts, particularly management roles, reducing the average age of staff overall, being able to quickly hire staff in certain critical sectors (EDQM, project managers, lawyers), and promoting internal and geographical mobility.

Three priorities have been set to meet these needs: improving the external recruitment procedure by not only prioritising key sectors but also adjusting recruitment methods (junior professional programme, turnover workforce scheme, traineeship programme); scaling up internal mobility and associated training programmes, in particular to prepare for numerous departures in certain job categories (management, assistants).

However, this plan does not include systematic planning for posts that could be eliminated or reassigned. A plan to reduce staff numbers by 14% was scheduled for 2019, in the specific context of funding issues related to Russia. This plan was not implemented due to the end of this crisis, but a more limited **departure scheme**, with a €4.9 M budget, was implemented in 2019. In the Programme and Budget for 2022-2025, workforce planning measures included a departure scheme with two objectives: achieving a level of cost savings that would allow the Organisation to handle the 2022 salary adjustment, with these cost savings carried over to the Ordinary Budget for the following years; and helping to achieve the objectives of the People Strategy, particularly with regard to the renewal of staff profiles and skills. It targeted the departure of around 40 people. So far, this plan has generated €2 215.4 K in savings and been applied to 31 staff members, at a total cost of €7 064.5 K. In all, 12 posts have been transferred to priority areas, including one in 2023, and seven other posts have been abolished, with the others to be replaced.

Beyond the scope of these plans, the Directorate of Human Resources is responsible for applying the Workforce Plan on a day-to-day and case-by-case basis for each departure (retirements in particular). However, given the attrition in available resources, the External Auditor considers that it would be useful at this stage to draw up a medium-term plan for posts that may be eliminated or reassigned if the postholder leaves the Organisation, updated each year and approved at the highest level of the Organisation.

Mobility, both professional and geographical, is a very important issue, inextricably linked to the goal of making the Organisation's human resources more agile, which figured very prominently in its 2012 decisions as well as its 2019 People Strategy. This goal is shared across all levels of the Organisation, in order to reinforce skills at the different sites where the Council's and its partners' programmes are implemented. It is based on a range of incentives (taking into account mobility in considering applications for a new post internally, where applicable resetting the period of payment of the expatriation allowance in the event of further geographical mobility). Furthermore, a policy aimed at building up a pool of human capital was implemented in September 2022, under which the Organisation identifies, within each major directorate, 5% of staff effectively available for a limited-term professional mobility assignment, spanning a diverse range of high-priority projects.

The major event that was meant to symbolise the revival of this policy within the Organisation – a forum that was to be held in 2020, bringing together all the Organisation's professions and employees to promote this type of mobility – had to be postponed due to the public health crisis, however. It should take place in 2024. Currently, according to the Directorate of Human Resources, due to the specific nature of many of the Organisation's job categories (lawyers specialising in a single country, for example), this mobility is not yet seen as an essential component of career development. Geographical mobility is also still limited by personal barriers related to children's schooling or a spouse's job; work is continuing on these issues, as well as on the conditions for returning to headquarters.

Improving the gender balance is a topic that has seen slow but real changes over the past five years, and another key component of the People Strategy. The budgetary impact of this policy appears limited, since the remuneration framework for new hires leaves little room for negotiation, thereby reducing the likelihood of a gender pay gap within a given category.

Among the other items with a potential budgetary impact, **telework** was addressed in an agreement implemented in 2022, with a scope that was more limited than during the public health crisis, but wider than before the crisis. Telework may now be used for up to 50% of working time, with up to 20 days per year worked more than two hours away from the staff member's duty station. Due to the change in staff equipment during the public health crisis (with the widespread use of laptops), and in the absence of a specific allowance for telework-related staff expenditure, the Directorate of Human Resources considers that there were no additional

costs arising from the widespread use of this practice. The number of regular teleworkers at year-end went from 76 in 2018 to 194 in 2021, stabilising at 188 at end-2022.

Lastly, the **absenteeism rate** was slightly higher than in 2021 (4.71%), coming to 5.86% in 2022, which was in line with its usual level over the period 2017-2019. The public health crisis drew to a close, as did the dual trend in 2020-2021 of a reduction in standard sick leave and a significant share of “Covid” leave. There have been fewer than 30 work accidents per year since 2020, compared with more than 40 per year previously.

Various other components of the modernisation of human resources management were addressed in the interviews, including the digitisation of files and upcoming changes to the system for assessing staff member performance, which did not call for any specific comments.

APPENDIX 11: EURIMAGES – discussions under way regarding programme commitments

Clarifying the economic framework under which co-production commitments are covered would be all the more useful given that since 2018 the Eurimages Fund has been reforming its governance and its decision-making process, and that numerous discussions are under way regarding expenditure for programmes other than co-productions.

With respect to the **allocation of co-production funding**, since 1 January 2022, a committee of outside independent experts – representing the film, audiovisual and cultural industries and selected through a call for expressions of interest – has been tasked with evaluating applications and making recommendations on the allocation of financial support, in compliance with the selection criteria and guidelines set by the Board of Management and, by delegated authority, the Executive Committee. These recommendations are made on the basis of selection criteria decided upon by the Board of Management and the Executive Committee, and set out in Article 3 of the Co-production Support Regulations.

The Committee of Experts holds meetings three times a year, compared with four times a year under the previous arrangement. Pursuant to the recommendation made as part of the performance audit of DG II⁷⁷, an assessment will be carried out on this new system in 2023. In particular, this should help evaluate the initial results in terms of the impact of changes on management structures and the conditions under which support is allocated.

The **Distribution Support Programme ended on 31 March 2020**, following a decision by the Board of Management of Eurimages at its 156th meeting (October 2019).

This Programme was solely reserved for distributors whose registered office was located in a member State of the Fund which did not have access to the European Union’s Creative Europe MEDIA distribution programme (as at 1 January 2019: Armenia, Canada, the Russian Federation, Georgia, Switzerland and Türkiye), and aimed to help cover marketing and advertising costs for eligible films supported by distributors selected by Eurimages.

Following a market consultation launched on 31 August 2020, a study on the feasibility, relevance and conception of a programme aimed at supporting the distribution, circulation and sales of feature-length fiction, animation and documentary films from Eurimages member States was entrusted to Ernst & Young Advisory (France). The final report of this study was presented to the Board of Management during its plenary meeting held on 19 March 2021. The Board of Management’s study group tasked with monitoring external oversight will review the recommendations detailed in this report at a later date.

The plan is to relaunch this programme component in 2024, on the basis of a draft reform proposed in June 2023. Whereas before this component was suspended, it aimed to support initiatives in regions that were complementary to the European Union, for the future, several different scenarios will be presented, with differentiated options according to the purpose of the support in question (digital marketing, other forms of support), paying close attention to the effectiveness of support and more effectively prioritising the films supported. One option being considered is the possibility of limiting support to films co-produced by Eurimages. The goal, given the limited scope of the overall budget (between €600 K and €800 K) is to carefully target this expenditure to make it as effective as possible.

⁷⁷ “Recommendation No. 2. The External Auditor recommends that an independent evaluation be carried out in 2023 to verify that the new provisions governing the operation of Eurimages are implemented in such a way as to ensure the efficiency and transparency of the management of the Fund.”

Another project concerns **the co-production of TV series** within the Secretariat of Eurimages. The conference entitled “Preserving independent production, diversity and pluralism in drama series in Europe” (Budapest, 30/09-01/10 2021) helped launch a process that continued in 2022. In December 2021, the Steering Committee for Culture, Heritage and Landscape decided to establish an expert working group to assess the possible creation of a legal instrument to support European drama series, and if appropriate, draw up such an instrument, possibly in the form of a convention which would consider recent technological and financial changes in the European film and drama sector.

For this new programme, so far expenditure remains limited to funding preliminary studies, in the amount of €50 000, and a ministerial meeting. There is also one full-time employee working on preparing the programme. The legal instrument is being developed based on the model of film co-production; it should help ensure the involvement of independent producers who understand their rights. The financial consequences of potentially launching a new fund for drama series are, however, still uncertain: support would be provided through extrabudgetary resources and its scale would depend, in any event, on the number of countries participating in this fund, which, were it to be created, would take the form of either an additional budget, a partial agreement or a set of voluntary contributions managed separately. While Eurimages’ operational expenditure could be allocated to this project, the amounts currently allocated to the cinema co-production fund would therefore not be concerned.

In the spring of 2021, the Fund established a **Sustainability Study Group** with the participation of members of the Board of Management and specialists in environmental protection and sustainable film production. The group met four times in 2021 and drew up the Fund’s strategy in this area, which was adopted by the Board of Management in December 2021.

This project is expected to generate additional expenditure starting in 2023, with the implementation of support for green shooting (specific training, awards), and a new budget line to be created in 2023, in the amount of €60 K.

Expenditure related to cinemas and promotion has decreased for the past three years in a row, going from €1.29 M in 2019 to €0.91 M in 2022. Discussions are under way regarding the cinema programme, with the aim of complementing the European Union’s Media programme. They should lead to a set of priorities being drawn up for this expenditure, particularly in light of the growing difficulties faced by cinemas in many European countries.