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EUROPEAN UNION
THE COUNCIL

Brussels, 21 December 1993
(OR. f)

10363/1/93

REV 1
CONFIDENTIEL

ENFORC 12

N O T E

from: K.4 Committee

on : 16 December 1993

to : Permanent Representatives Committee (Part 2)

No. prev. doc.: 10363/93 ENFORC 12

Subject: Draft recommendations concerning the establishment of the Europol Drug Unit (EDU) and the Project Team

At its meeting on 15 and 16 December 1993, the K.4 Committee noted that the Netherlands and Spanish delegations had withdrawn the reservations they had maintained on these recommendations at the Council meeting on 29 and 30 November 1993. It accordingly agreed to suggest to the Permanent Representatives Committee that it propose that the Council adopt the attached draft recommendations as an "A" item at a forthcoming meeting.

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1st recommendation:Appointment of a Caretaker Co-ordinator

It is proposed that the Council appoint Mr STORBECK, the present Chairman of the Project Team, as Caretaker Co-ordinator for the start-up phase of EDU until 2 April 1994, the planned date for moving on the provisional phase. This proposal is without prejudice one way or the other to the appointments to be made for the provisional phase of EDU. The proposal does not involve any value judgment on the other applications put forward.

2nd recommendation:Budget for 1994 and financial principles of EDU

It is suggested that the EDU budget for 1994 and the financial principles of EDU should be submitted to the Council for approval (Annex 1).

3rd recommendation:Salaries of the Co-ordinator and Assistant Co-ordinators for 1994

It is suggested that the Council should agree that the State nominating them be responsible for paying the salaries of the Co-ordinator and Assistant Co-ordinators for 1994. This arrangement is without prejudice to that for 1995.

4th recommendation:Work programme for the implementation of EDU for 1994

It is suggested that the Council should decide that EDU is to begin technical operations on 1 December 1993, and should approve the planned work programme for 1994 (Annex 2).

It is also suggested that the Council should agree that the Project Team will provide its assistance, until 1 February at the latest, for the establishment of EDU, under the supervision of the Caretaker Co-ordinator and Assistant Co-ordinator.

5th recommendation

As instructed by Ministers on 29 June 1993, the Project Team has drawn up under the ad hoc Group's supervision:

- a provisional report on the general situation regarding illicit drug trafficking in the EC and a crime analysis of the threat of illicit drug trafficking from Eastern Europe (see ADD 1 and ADD 2).

Ministers are invited to take note of those reports.

Project Team
EUROPOL
Sub project
Personnel/Finance

Strasbourg, 19.11.93
File No: 221-8r6

Financing EDU in 1994[1]

1. Basis of the draft budget 1994

The Draft Budget for 1994 is established on the basis of the following decisions and reports:

1.1. The main financing principle as defined in Paragraph 16 of the Ministerial Agreement: "The cost of maintaining officers sent to the Unit from Member States, and their necessary equipment, will be borne by their respective Ministers. Other costs of establishing and maintaining the Unit, which are to be met initially by the host country, will be defrayed jointly by the Ministries."

1.2. The methods for financing EDU in 1993 (start-up and provisional phase) as approved by the ad hoc group on Europol and Senior Officials.[2]

1.3. Further recommendations concerning financing EDU as made by financing experts at their meeting on 22./23.10.92 and on 21/22.09.93 in Strasbourg.[3]

1.4. A draft budget for 1993 as approved by the ad hoc group on Europol and TREVI Ministers..[4]

1.5 The basic principles are absorbed into a new draft budget for 1994 elaborated by the financial experts in their meeting on 21/22 September 1993

2. Principles

2.1. The following draft budget has been prepared for one year on the assumption that the proposed structure[5] of the start-up phase will extend to the provisional phase on 1 January 1994 (with the agreed staffing level of 70 persons: personnel of the start-up phase plus 1 Assistant Co-ordinator, 4 Analysts and additional ELO's and EDP personnel).

2.2. No funds have been provided for the Project Team due to its demise in 1994.

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[1] This document replaces Project Team's document (File No. 221-8r1 and 221-8r2) circulated before the meeting of the ad hoc group on Europol on 30.06.93.

[2] for details see Project Team's document "Financing Europol in the start-up and provisional phase", file no. 221-5r2, approved by Senior Officials on 16/17.11.92

[3] for details see results of the Expert meeting on Financing held on 22./23.10.92, file no. 221-3rec

[4] for details see Project Team's document "Financing Europol in 1993 - Draft budget", file no. 221-7r1, approved by the AHWG on 16./20.04.93 and by TREVI Ministers on 02.06.93

[5] for details see Project Team's document "Structure of EDU in the provisional phase", file no. 2-2, approved by Senior Officials on 16./17.11.92

4.1. Personnel Expenditure

There is no direct model for fixing the salaries as EDU is not similar to any other international institution. It has also to be taken into account that EDU is an entity having no separate legal personality. For economy reasons and in order to secure maximum acceptance in the member countries it was agreed not to model remuneration on the existing EC salary structures.

The estimate of salaries for the individual posts has been based on the salaries paid in the Member States for approximately equivalent positions and/ or on the salary structure of ICPO-Interpol.

For the positions that are not likely to be staffed with local manpower (e.g., the analysts), a foreign-service allowance has been taken into account.

Figures relate to net salaries including also housing allowances (any tax payments would be funnelled back to the host country).

The question of social security (old-age pension fund, health insurance, other kinds of insurance) remains to be settled. This requires an exploration of the possibilities to provide insurance cover for EDU staff under the insurance system of the future host country.

For the different posts mean values have been taken; within individual posts, the final amount to be paid may differ depending on the type of job assignment, age and qualification.

Analyst salaries were calculated on the basis of information on the remuneration of analysts working at the Dutch CRI and the British NCIS.
The salaries of EDP and other staff were based on mean salaries paid for suitably qualified personnel in the potential headquarters countries.

Appendix B provides an overview of estimated staff expenses.
The expert group has recommanded that those personnel expenditure amounts may not in any case be transferred to other expenditure divisions for 1994.

3. Expenses not included in the joint EDU budget

Certain items of expenditure will be met by the Host State, some by each Member State and others will be paid for jointly (most of the funds will be advanced by the Host State). Only items of joint expenditure will be listed in the joint EDU budget.

3.1. Expenses met by the Host State

Security personnel expenses will be met by the Host State[6]. Additionally the premises and the start-up equipment (except for the equipment for coded communications with the Member States) will be supplied by the Host State.[7]

3.2. Expenses met by the Member States

The liaison officers' will be paid directly by each Member State.
Concerning the payment of senior management , the financial experts group, in its meeting on 21/22 September 1993 in Strasbourg, has noted that the beginning of the provisional phase has in practise been postponed for 1 year. In view of this, the members of that group came to the conclusion that the recommendation of the previous year for direct payment by the sending State for the first year will still be valid for 1994.

4. Draft joint EDU budget

The draft budget elaborated by the experts group is divided as follows:

1. Revenue
2. Expenditure for Personnel
3. Capital Expenditure
4. Expenditure on supplies and other costs
   - 4.0 Operating expenditure and associated costs
   - 4.1 Studies (consultancy) and documentation and
   - 4.2 Costs related to the building at the disposal of EDU.

[6] see Results of the Experts meeting on Financing Europol (File no. 221-3res): "1o)... The working party made the following recommendations in relation to expenditure on personnel: - **direct payment, without compensation, by the host State** of the salaries and social contributions of the security personnel"
[7] for details see Paragr. 1 and Appendix 2 of Project Team's document "Financing Europol in 1993 - Draft budget", file no. 221-7r1, approved by the AHWG on 19./20.04.93

4.2 Capital Expenditure

The items of capital expenses to be paid for jointly (in addition to the capital expenditure the Host Country is paying for) are acquisition of EDP Hardware and software, Miscellaneous Equipments and Furnitures and those relating to the purchases of 3 service vehicles for management and personnel (in addition to 3 vehicles for general services of the start-up equipment).

Estimated costs: ECU: 195.000

4.3. Expenditure on Supplies and other Costs

As partly provided for 1993 as well, traditional operating expenses will be financed jointly like expenditure for telecommunications, costs of organising meetings (with support of interpreters), representation, public relation and official hospitality expenses, maintenance of and fuel for the unit's vehicles, postal, delivering and duplication costs, translations, training for staff members and purchase of small items of equipment and supplies.

Estimated Costs: ECU: 670.000

4.4 Studies and Documentation

The draft budget foresees expenditures for expert studies (consultancy) and specific documentation.

Estimated costs: ECU: 20.000

4.5 Building

A minimum of requirements of services is to be provided by the host state (document "Financing EUROPOL in 1993", date 23/04/1993, file no. 221-7r1, Appendix 2) running costs related to the ownership included. EDU is paying for the user part of the running costs after the occupation of the building .
To cover day to day operating expenses to be paid for jointly the budget contains items like installation and alterations, rentals, local taxes, water, gas,electricity, heating, cleaning and maintenance.

Estimated costs: ECU: 120.000

4.6. A structured and detailed specification of the draft budget 1994 is to be found in Appendix A.

The total amount of the expenditures of the 1994 budget is shown in the following diagram:

Categories	excluding expenses (salaries, social contributions) for senior management
2. Personnel expenditure:	ECU 960.000
3. Capital expenditure:	ECU 195.000
4.0 Expenditure on Supplies and other costs:	ECU 670.000
4.1 Studies and documentation	ECU 20.000
4.2 Building	ECU 120.000
Total:	**ECU 2.065.000**

5. Conclusion

It is not possible to calculate the exact amount of each State's contribution since the figure to be used as a base for the calculation of the 1994 budget (1993 GNP base) have not yet been published at the time of drafting this document.
As an indication, appendix C provides an estimate of the amount of each Member State's contribution, established on the basis of the cost-sharing formula 1992 GNP base, used to calculate their share for 1993 . Each State's true contribution will be calculated as soon as the figures to be used as the base for calculation of the 1994 budget are known.

APPENDIX A

THE STRUCTURED AND DETAILED EDU BUDGET FOR 1994:

	1. Revenue		
	10 Constributions		
100	Member States' Contributions (see Appendix C)		
	2. Expenditure for Personnel		
	20 Remuneration and Additional Costs		
201	Remuneration of Personnel		960.000
202	Allowances and Expensis on Entering the Service and on Transfer (Removal Costs)	included in 201 for 1994	
203	Overtime	included in 201 for 1994	
204	Expenses related to duty travel + subsistance costs of staff		100.000
		SUBTOTAL:	**1.060.000**
	3. Capital expenditure		
	30 Capital expenses		
300	Acquisition of Vehicles		60.000
301	Acquisition of DP Hardware and Software		115.000
302	Acquisition of Miscellaneous Equipments + Furnitures		20.000
		SUBTOTAL	**195.000**
	4. Expenditure on Supplies and other Costs		
	40 Operating Expenditure and Associated Costs		
400	Telecommunications		300.000
401	Cost of Organising Meetings (interpretors included)		120.000
402	Representation Expenses, Public Relations, Official Hospitality		50.000
403	Running Costs for the Vehicles		30.000
404	Postal, Delivering and Reproduction Costs		30.000
405	Translations		110.000
406	Training for staff members		20.000
407	Other expenditure		10.000

		SUBTOTAL	670.000
	41 Studies + Documentation		
410	Studies		10.000
411	Documentation		10.000
		SUBTOTAL	20.000
	42 Building		
420	Installation and Alterations		5.000
421	Rentals and local taxes		10.000
422	Water, Gas, Electricity and Heating		45.000
423	Cleaning and Maintenance		60.000
		SUBTOTAL	120.000
		TOTAL ECU	2.065.000

APPENDIX B

The following are estimated staff expenses :

Categories	Average unit cost	Number	Total Cost
Travel + Subs. Costs of Management	-	-	100.000
Analysts	80.000	4	320.000
EDP	70.000	5	350.000
Administration	40.000	2	80.000
Secretariat	30.000	3	90.000
General services	30.000	2	60.000
Drivers	30.000	2	60.000
Total			1.080.000 without expenses for senior management

APPENDIX C

1994 BUDGET *
EACH STATE'S CONTRIBUTION
(1992 GNP base)

COUNTRY	GNP (**)	%	Amount(***) of Contribution excluding Senior Management Expenses
BELGIUM	174.90	2.99	61.744
DENMARK	111.60	1.91	39.442
NETHERLANDS	257.00	4.40	90.860
GREECE	67.60	1.16	23.954
SPAIN	498.00	8.53	176.145
FRANCE	1084.30	18.56	383.264
IRELAND	34.86	0.60	12.390
ITALY	1040.00	17.80	367.570
LUXEMBOURG	11.03	0.19	3.924
GERMANY	1577.60	27.01	557.757
PORTUGAL	73.20	1.25	25.813
UNITED KINGDOM	911.00	15.60	322.140
TOTAL	5840.99	100.00 %	2.065.000

* For establishment of the EDU at 1/01/94
** in milliards of ECU
*** In ECU

Project Team
EUROPOL

Bruxelles, 22.10.93

BUDGET REGULATIONS AND FINANCING PRINCIPLES OF EDU
IN THE PROVISIONAL PHASE

BACKGROUND

On November 16th and 17th, 1992, TREVI Senior Officials agreed to the document "Financing EUROPOL in 1993", file number 202-1r2/221-5r2, prepared by the Project Team and approved by the Ad Hoc Working Group (AHWG). On the December 1992 meeting of TREVI Ministers the document was presented as an annex to the Ministerial Agreement. This Agreement was signed by the Ministers on June 2nd, 1993.

The document "Financing EUROPOL in 1993 and the budget for 1993", file number 221-7r1, has also been approved by the Ministers.

In addition, the Project Team had been asked to provide more detailed financial procedures of EDU in the provisional phase; the document file number 221-9 had been elaborated.

During the AHWG meeting of September 30th and October 1st the sub-group of budget and finance experts were given the mandate to finalize the preparation of the budget regulations and financing principles of EDU in the provisional phase.

Meeting in Strasbourg 14th and 15th October 1993 this sub-group has established the following proposals for the budget regulations and financial principles for EDU within the present file 221-9r2.

I. BUDGET REGULATIONS

1. Financial year.

The budget commences on the first of January and ends on the 31st of December.

2. Preparation and approval of the budget

The draft budget for the financial year X as well as the middle-range estimates for the years X+1 until X+3 have to be prepared by the Co-ordinator of the EDU at latest at 1st of April of the year X -1.

- Presentation of the draft budget to the AHWG for consideration.

- Approval of the draft budget by the AHWG after an eventual examination by budget and financial experts of the Member States.

- Consideration by Senior Officials and approval by Ministers before the 1st July of the year X-1.

Immediately after that 1st of July the Co-ordinator is to send a notification of the budget and of the amount of each Member States contribution based on the agreed defraying key of the GNP of each Member State for the preceeding year X - 2.

Before the 1st of December of the year X-1 the Host State should forward "a call for payment" for the contribution for the year X to the competent authority of each Member State.

The whole amount of this contribution has to be paid before April 30th of year X.

3. Implementation of the budget

The Co-ordinator of EDU is responsible for the implementation of the EDU budget under the supervision of the AHWG.

4. Amendments to the budget

The Co-ordinator may propose amendments to the budget during the year. Those amendments have to follow the same procedure as the budget itself.

5. Transfers of funds

In the approved EDU budget structure for 1994 are called:

* title: subdivisions 1, 2, 3 and 4

* chapter: subdivisions 10, 20, 30, 40, 41 and 42

* article: subdivisions 100, 200, 201, 202,..., 300, 301, 302,..., 400, 401, etc

During the four last months of the budget year the co-ordinator is allowed to transfer:

- a maximum of 25% of the total amount in the different chapters

- a maximum of 25% of the total amount of the "receiving" chapter between the different chapters of a title

- higher amounts in or between the different chapters after a request to and approval by the AHWG

- between the titles after a request to and approval by the AHWG.

n.b.: the amounts from title 2 are not allowed to be transferred to another title

6. Accounting procedures

The following general accounting and revising rules are determined:

A. Execution

For the payment of regular commitments before the end of the year X the budget may continue to be executed to the 1st of March of the year X+1

For capital expenditure the ear-marked amounts for regular commitments before the end of the year X may be forwarded to the budget of the year X + 1

The ear-marked amounts for other costs regularly committed are considered as savings after the 1st of March of the year X + 1. The expenditures have then to be regulated by the budget of the year X + 1. The above mentioned savings will be considered as a surplus of the budget from the year X

Eventual surplus of the budget will be credited to the Member States on their contribution of the year X + 2

Unforeseen major compulsory expenditures during the budget year have to be regulated through the above mentioned amendment procedure; a written procedure could be used.

B. Control

After the year X, the co-ordinator of the EDU has to submit a report on the implementation of the budget of the year X to the AHWG before the 1st of April of the year X+1., after an eventual examination by budget and financial experts of the Member States.

The accounts for the financial year X shall be verified by the from the Host State determined account institution or office.

The audit certificate about the results of the revising and controlling procedure is to be produced and reported back to the AHWG and to the Member States as soon as possible.
In case of eventual recommendations by the audit institution or office they have to be taken into consideration for the implementation of the budget of the year X + 1.

In principle, the Ministers are giving discharge for the implementation of the budget of the year X to the Co-ordinator before the 1st of July of the year X + 1 after approval of the AHWG and recommendation by the Senior Officials.

Conclusion:

Being aware of the fact that as soon as the location for EDU and Europol is determined, in co-operation with the Host State some changes may be necessary,

the adoption of the above-mentioned budget regulations for EDU is recommended.

Draft decision:

The AHWG decides:

the above-mentioned budget regulations are adopted.

II. FINANCING PRINCIPLES OF EDU

1. European Currency Unit

The budget and all other financial documents circulated by EDU shall be established in terms of European Currency Unit (ECU) as defined in the Financial Regulations of the EC No. 3180/78 of 18 December 1978.

All receipts and payments in national currencies shall be accounted in ECUs calculated at the prevailing rates of the market on the day of the transaction.

Commitments in national currencies shall be converted at the rate determined at the prevailing rates on the market on the day of the commitment.

2. Funds at the disposal of EDU

During the provisional phase EDU has no separate legal entity. As a consequence of this, EDU is not authorised to have its own bank account with the funds of the common budget and could have serious problems to implement the budget.

Once the site is chosen, it will be necessary for the AHWG and the Co-ordinator to discuss with the Host State the best means to overcome this problem by giving the Co-ordinator the possibility autonomously to make commitments, pay the bills and support the operating costs.

3. Reimbursement by the Member States

Within the limits of their budgetary rules and annual procedures, each Ministry's voluntary annual contribution for this purpose will be determined on the basis of the country's GNP, according to the scale used for the determination of the GNP element of the own resources that finance the budget of the EC. In each year the GNP of each Member State for the preceding year will be the basis used.

Member States in common should find a solution to avoid any non-implementation of the budget.

Conclusion:

Being aware of the fact that, as soon as the location for EDU and EUROPOL is determined, negotiations with the Host State will be necessary and some changes may be necessary,

the approval of the above-mentioned financing principles is recommended.

Draft decision:

Without prejudice to the agreements to be found with the future Host State for EDU,

the above-mentioned financing principles are adopted.

Project Team
EUROPOL

Strasbourg, 05.Nov.93
File No. 2-3r3

Work Programme for the implementation of EDU

Preliminary remark

A work programme for Europol / EDU prepared by the Project Team[1] was agreed by TREVI Ministers on 2 June 1993 but could not come into force because no decision on the (even provisional) location could be reached.

This revised version is based on the decision on the final site of EUROPOL taken by the European Council on 29 Oct. 93 in Brussels.

Because the new date of 1st. December 1993 will be presented by the Belgian Presidency for the start of EUROPOL / EDU a modified work programme will be brought forward from the former date of 1st Jan. 1994 taking into consideration the constraint of the Christmes and New Year holiday period.

Main working fields

One of the most important tasks in the first weeks will be the procurement and installation of the EDP equipment (in-house equipment). The installation of the ELO's direct access to their national data bases depends on the efforts to be taken by Member States. . .
Parallel to that, personnel and analysts have to be recruited.

The European Liaison Officers (ELO's) sent from the Member States have to be introduced to general working regulations / working practises[2]. They will be instructed in EDP and other technical matters.

Until the full installation of the communication equipment is finished exchange of information can only be provided by phone or fax.

The analysis of intelligence projects can not fully start before

- analysts are recruited,
- the technical requirements are met and
- Europol/EDU is provided with sufficient information from the Member States.

[1] File No. 2-3r1
[2] for details see Project Team documents "Administrative working regulations for EDU's staff" (File No. 231-3r3), "Working practises during the start-up phase" (File No. 205-1r2) and "Guidelines governing the day-to day work for the ELO's" (File No. 205-4)

Work Programme for the implementation of EDU

			← Decision on the location:	29.10.1993
			Start EDU:	01.12.1993
1	Administrative matters			
	Establishment of the infrastructure	8 weeks		
2	Technical matters			
	Procurement of the office communication equipment	4-12 weeks		
	Installation of Office communication equipment	3 weeks		
	Installation of external links	4-12 weeks		
	Contacts to NDIU's/NCIS (tests)			
3	General Personnel matters			
	Recruitment of Staff Personnel	4-12 weeks		
	Recruitment of Analysts	4-12 weeks		
4	Instruction and Training of Personnel			
	General working regulations	2 days		
	EDP Instruction / Training	2 weeks		
	Working practises / Guidelines Day-to-day work	1 week		
5	Practical work			
	Exchange of information			
	Situation reports			
	Intelligence projects			
6	Planning / Development (post-convention phase)	??		

PROJECT TEAM
EUROPOL

Strasbourg, 5th November 1993
File no. 2 - 4r1

TIME TABLE

I. PLANNED IMPLEMENTATION OF EDP IN THE LIAISON

subject	*done by*	*finished*
ADMINISTRATIVE MATTERS		
0. establishment of the infra structure	NL (+ PL/CC)	31th December '93
TECHNICAL MATTERS		
1. procurement of office communication equipment	PT/Edp + NL	31st December '93
2. installation of office communication equipment	PT/Edp + NL	31st December '93
3. installation of external links	PT/Edp + MS + NL	31st December '93
4. tests with NDIU's/NCIS	PT/Edp + MS + ELO's	28th January '94
GENERAL PERSONNEL MATTERS		
5. recruitment of staff personnel	NL (+ PL/CC)	31st December '93
6. recruitment of analysts	PL/CC + NL + MS	31st Dec'93/25th Febr'94
INSTRUCTION AND TRAINING OF PERSONNEL		
7. general working regulations	PT/Intell + ELO's	31st December '93
8. edp instruction and training	PT/Edp + ELO's	31st December '93
9. working practices	PT/Intell + ELO's	10th December '93

subject		*done by*	*finished*
2.	INTELLIGENCE WORK		
10.	exchange of information	ELO's	1st December '93 (*start*)
11.	situation reports:		
	• general situation report	PT	30th November '93
	• drugs threat from eastern europe	PT	30th November '93
	• organised crime groups in the European Union	PT	30th November '93
3.	ADDITIONAL PAPERS FOR PRE-CONVENTIONAL PHASE		
11.	relations of EDU with Member States Agencies	PT/Int.Co-ord.	30th November '93
12.	relations of EDU with international institutions in the provisional phase	PT/Int. Co-ord.	30th November '93
13.	security measures EDU	PT	30th November '93
14.	personnel structure (after decision on the site)	PT	30th November '93
15.	data protection	PT/Edp	30th November '93
16.	methods and techniques of crime analysis	PT/CA (Minnebo)	30th November '93
17.	training programme	PT/Edp + PT/PO	30th November '93
18.	MANUAL	PT/PO	30th November '93
4.	PAPERS FOR POST CONVENTIONAL PHASE		
19.	information architecture europol	EDU/Edp	30th December '93