

# Financial Regulation applicable to the general budget of the European Communities: European External Action Service (EEAS)

2010/0054(COD) - 24/02/2010 - Legislative proposal

**PURPOSE:** to amend the Financial Regulation to take account of the creation of the European External Action Service (EEAS), as provided for in the Lisbon Treaty.

**PROPOSED ACT:** Regulation of the European parliament and of the Council.

**LEGAL BASE:** Article 322 of the Treaty on the functioning of the European Union (TFEU), in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof.

**BACKGROUND:** the Treaty of Lisbon establishes the EEAS. In its conclusions, the European Council of October 29-30, 2009 endorsed some guidelines for the creation of the future EEAS as a *sui generis* service and invited the High Representative to put the EEAS in place 'by the end of April 2010'.

The Commission will present, as foreseen in the Financial Regulation, its proposal for the triennial review of the Financial Regulation at the end of the first semester 2010. However, the Commission considers that an ad-hoc revision of the FR is inevitable before and separately from the triennial review if the EEAS is to be put in place rapidly.

It should be noted that the Financial Regulation (FR) is complemented by Implementing Rules (IRs) which should also be amended, in a separate proposal. Specificities for the management of the EEAS Staff are put forward in a separate Commission proposal to amend the Staff Regulation.

**IMPACT ASSESSMENT:** no impact assessment was undertaken.

**CONTENT:** the main changes proposed build on the guidelines endorsed by the European Council of October 2009.

In budgetary terms, the **EEAS will be treated as an institution in the sense of the Financial Regulation** so that it will have budgetary autonomy, i.e. its own section in the EU budget. It will implement its own administrative expenditure (like all other institutions) and will therefore receive discharge from the European Parliament for it. The European Parliament will continue to grant discharge to the Commission for the implementation of the Commission section of the Budget, including operational appropriations implemented by Heads of Union Delegations who will act as sub-delegated authorising officers of the Commission.

The Lisbon Treaty foresees that **Commission Delegations become part of the EEAS as Union Delegations**. Ways will need to be found to allow them to implement operational expenditure while they are no longer part of the Commission, taking into account that part of their staff, i.e. operational and financial staff, will remain Commission staff. To achieve this, the modifications introduced in the Financial Regulation aim at integrating the EEAS within the financial governance framework of the Commission whenever it participates in the implementation of its operational budget.

The proposed approach is that Heads of Union Delegations be given sub-delegated implementation powers by the **responsible Commission Directors Generals** (DG). They would become authorising officers by sub-delegation (AOSDs) of the Commission and would be responsible before the DG which has sub-delegated budget implementation tasks to them. Specific rules are therefore proposed so that Heads of Union Delegations, when they implement part of the Commission section of the budget apply the Commission rules for the implementation of the budget and are submitted to the same duties and obligations as any other sub-delegated authorising officer of the Commission. To this effect the Commission may give them instructions where necessary and appropriate. The proposal includes a new provision so that the panel of **irregularities** of the Commission is also the panel of irregularities for the EEAS in cases where the Commission sub-delegates implementation powers to Heads of Union Delegations.

New provisions are also proposed to ensure that the HR plays a central role for the proper coordination and exchange of information between the EEAS and the Commission.

Lastly, in order to ensure an efficient management of Union Delegations, it is proposed that administrative and support expenditure which finance common costs in Delegations should be executed by a **single support service**, whatever the section of the Budget in which the respective appropriations are entered. To that effect, the possibility for detailed rules should be foreseen in the FR, to be agreed with the Commission.

**BUDGETARY IMPACT:** this proposal has no impact on the budget of the European Union.