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WORKING DOCUMENT

on Governance in the European Commission

Part 2

Decentralisation
Overhead through decentralisation: 48.9% of EU Commission employees
Decentralised Management: Observations
Externalisation

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1. Decentralisation

One of the most commonly used words in the reform process, and one of the most formative results so far of the administrative reform, has been 'decentralisation' within the Commission. In line with the White Paper actions, this focused on the following areas: budget and finances, control, staff, information technology, communications, logistics, document management and internal audit (recently created) in almost all general administrative areas (intersecting areas). Although decentralisation was one of the most fundamental results of the reform process, the Commission has still not produced a single study, report or interim assessment on the subject. Not only do existing progress reports and communications[1] studiously skip over the consequences of decentralisation, they also present it as an inviolable goal of political reform. In its present configuration, decentralisation and the resultant consequences are not called into question, not even with the aim of improving matters.

This working document is an attempt to highlight, with examples, some results of the administrative reform and some persistent weaknesses, thereby clearly underpinning working documents 1, 3 and 4 of the rapporteur for the 'Governance' workshop of the Committee on Budgetary Control. It makes no claim to give a complete account. The examples are intended to underline the overall problems of governance encountered in decentralisation. What effects does decentralisation give rise to? And what are the repercussions for the Commission's policy makers? How can the EU Commission and the college of Commissioners remain accountable to the European Parliament in the face of directorates-general acting with increasing independence and which in turn are granted discharge as an institution by Council and Parliament? The specialist literature has come to regard the directorates-general as being the true 'winners' of the reform[2]; this is underlined by Commissioners' criticisms of the current structural framework of the Commission and raises the question of what influence politicians still believe they can exert.

2. Increased need for staff as a result of decentralisation

2.1 Need for more staff in the budgetary and financial sphere

Both centralised and decentralised agencies in the budgetary and financial sphere have been reinforced. 530 new permanent posts were created in 2001-2002 for the establishment of the new central services in DG Budget and the Internal Audit Service (IAS) and the reinforcement of the financial management.[3] Between the Financial Regulation coming into force on 1 January 2003 and mid-September 2005, another 372 new jobs were created in the Commission's financial sectors, which was an increase of 35.75%.[4]

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[1] COM (2003) 40 final/2: Commission communication, progress report on the reform, 7 February 2003; COM (2004) 93 final, Completing the Reform Mandate: Progress Report and Measures to be Implemented in 2004; COM (2005) 668 final, Progress Report on the Commission Reform. Beyond the Reform Mandate.
[2] Bauer, Michael, The Reform of the European Commission. In: VerwArch 06/2001, 20.
[3] Reply from Commissioner Grybauskaité (E-3022/04) of 24 January 2005 to a written question from the rapporteur.
[4] Written question E-3053/05 from the rapporteur of 22 August 2005 and reply from Commissioner Kallas, with annexed table, of 22 February 2006.

More than 450 new staff were taken on.[1] The number of financial posts in the Commission rose from 1 040.5 in 2002 to 1 412.5 by mid-September 2005. This meant that finance had the largest influx of new staff in the Commission, second only to the number of accession-related posts.

Moving the ex-ante controls to the individual directorates-general and agencies, which was the focus of the reform, turned out to require extremely large numbers of staff. The newly established Directorate General JLS went from 0 to 66, INFSO from 66 to 108, OPOCE from 36 to 51, ENVI from 21 to 50, DIGIT from 0 to 28, JRC from 118 to 149, RTD from 11 to 29, REGIO from 27 to 51, and TREN from 25 to 47.[2]

This increase in posts is, according to Commissioner Grybauskaitė, a consequence of the overall reorganisation resulting from the reform: 'Since the new Financial Regulation came into force on 1 January 2003, the Commission has not requested any permanent positions for employees who would be directly and exclusively concerned with implementing the Financial Regulation, as it does not consider this to be separate from the new financial environment.'[3]

There is still only one document dealing with this question which claims to be comprehensive and to involve all staff: the Commission's staff screening, which was undertaken afresh following the previous screening in 1997[4], at the insistence of the European Parliament. The results[5] are dated April 2007. According to the screening, 9.6% of the staff of the Commission - including those involved in combating fraud - are employed decentrally in the budgetary and financial sphere, whilst 1.2% are employed centrally. The figures clearly show the need for staff resulting from decentralisation in the budgetary and financial sphere, which is the key area of the reform.

2.2. Need for more staff in other areas

The other areas covered by decentralisation are also set out in the screening document (SEC (2007) 530): staff, information technology, communications, logistics, document management and internal audit. The document shows that a total of 31.8% of Commission staff are employed in posts of this kind, either in administrative support (23.8%) or in coordinating roles (8.0% in the areas of evaluation, communications, activity-based management, interinstitutional relations and policy coordination). Although this group is involved in general administrative tasks, more than half (16%) do not work in the Directorates-General for Administration or Information Technology but are employed decentrally in the staff or IT departments of the office directorates and the directorates-general. The following table, which shows extracts from the areas specified in the screening document, gives an idea of the overlapping work and great expense involved when offices are organised in this way. Unfortunately no absolute figures for staff numbers are provided by the Commission, only

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[1] Written reply E-3053/05 from Commissioner Kallas to the rapporteur, 22 February 2006
[2] All figures: Annex, ibid.
[3] E-3022/04, Commissioner Grybauskaitė, op. cit.
[4] European Commission, Inspectorate General: Designing tomorrow´s Commission. A review of the Commission's Organisation and Operation, Brussels, 7. July 1999, 74 pp; in French: DECODE, Dessiner la Commission de Demain (*Designing tomorrow's Commission*).
[5] Report from the Commission: Planning & Optimising Commission human resources to serve EU priorities, SEC (2007)530, 24 April 2007.

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percentages of the total.

Directorates-general/Offices	Decentralised	Centralised	Total
Administrative support			
Human Resources	2.2%	3.1%	**5.3%**
IT	3.8%	2.0%	**5.8%**
Document Mgmt/ Logistics/Security	5.3%	5.2%	**10.5%**
…	…	…	**…**
Administrative support:	**12.1%**	**11.7%**	*23.8%*
Coordination			
Communication	1.8%	3.4%	**5.2%**
Interinstitutional Relations	0.5%	0.3%	**0.8%**
…	…	…	**….**
Coordination:	**3.9%**	**4.1%**	*8.0%*
Total	**16.0%**	**15.8%**	**31.8%**

If we compare this with the staff employed in EU-specific areas such as translation and interpreting (just 7.5% of Commission employees) or interinstitutional coordination (0.8% of staff), it becomes clear that the current form of decentralisation employed needs to be put under the microscope.

3. Commission overhead: 48,9% of employees

48.9% of Commission staff work on horizontal administrative tasks ('overhead'), a surprising and slightly disturbing figure which is arrived at by adding together the percentage totals in the screening document: 31.8% for administrative support and coordination, 9.6% for the budgetary and financial spheres (which are listed separately) and 7.5% for translation and interpreting, which also appear separately. **Now, for the first time, a figure for the expenditure on staff within administrative costs which includes all employees and is therefore credible is there in black and white.[1]**

It is surprising that, although these figures have existed since the beginning of May 2007, the

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[1] The documents submitted so far give rise to considerable doubts. In 2005 DG Budget explained that, of 25 061 employees, 5 587 (22.2%) worked in administrative support and coordination (not including contract staff and other employees). A year later it stated that there had been a fall in the number of employees working in this area (20%, or 5 573 out of a total of 27 256; Working Paper: Commission´s staffing of support and coordination, 20 September 2006, 2).

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Commission has made no response. It is accountable, in terms of the results of the staff screening, the conclusions which must be drawn from it to ensure better, more efficient budgeting, and the staff it really needs in the future.[1] The time has also come for the Commission to make available more, factual information about its own performance as an administration since its reform.

It is extremely difficult to gain an overview from the presentation of the results of the latest staff screening, which was made by the Budget Commissioner at the beginning of May 2007. This is because:
1. Precious few absolute figures are given.
2. The details and analyses of the figures given as percentages are incomplete.
3. The details of the total staff numbers are incomplete and obscure the true number of staff.

Concerning the charge of obfuscation: In Annex 1 of the screening report there is a comparison of the increase in Commission and office posts (not including executive agencies!) on the one hand and the remaining EU institutions on the other. The comparison indicates an increase in posts at the Commission and the offices of just 13.2% (2002-2007), which is remarkably modest in the light of the enlargement policy (p. 20). In its screening report the Commission considers this to be justified, when set against the increases of 36.8% at the European Parliament, 45.4% at the Court of Auditors and 66.7% at the Court of Justice. However, if we take another year – 2000 – as the base year (when the White Paper on Administrative Reform appeared), the results are completely different, with the Commission and the offices proudly registering a staff increase of 85%.

But this playing with numbers is just a (small) part of the problem. The real point is that the Commission completely excludes a sizeable number of its employees from these figures: the contract staff, who comprise no less than 40% of the total. Nor can any information on other in-house staff such as service provider employees be found in this important overview, which is the only part of the whole document where absolute figures are given.[2] 9 263 people work as contract staff for the Commission and are employed as auxiliary staff, national experts, employees recruited through agencies, technical assistants and administrative assistants, but they are not mentioned *per se* in the official screening report. As at July 2007, the contract staff can only be found on the Internet.[3]

Other in-house staff, numbering perhaps several thousand[4], have to be made 'visible' by means of parliamentary questions. The benchmarking which Parliament and other international institutions are demanding, will no doubt also have to be 'asked for'.

This is also true for 'internal benchmarking', which, at least officially, does not exist. The need

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[1] European Commission, Budget: Working Paper, Medium term programming for the Commission human resources 2007-2013, Brussels, 8 September 2006.
[2] The contract staff and other in-house staff are included solely in the percentage figures, which do not give such a clear picture.
[3] http://ec.europa.eu/civil_service/about/figures/index_de.htm.
[4] 'Traces' of these employees can be found in other documents. For example, external service providers make up, as 'in-house staff', 5% of the employees of DG Enterprise. In: Annual Activity Report of the Director-General, 13, 2006.

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for this kind of internal benchmarking was, however, set down by the Commission itself in its report on the last screening in 1997, which was both meticulous and comprehensive.[1]

The rapporteur welcomes the existence of the information on staff screening. In spite of its shortcomings and lack of clarity, it is the first document to really take into account and classify all staff. When the Finnish Presidency of the Council put forward staff reductions in the course of the budget deliberations for 2007, Parliament backed the Commission and rejected the suggestion. Parliament considered it important that the Commission be given the opportunity to present its staff needs; however, the lack of transparency in the way it has gone about this is poor reward for those who lent it their support. The document leaves the reader to hunt around for the figures which are there, whilst there is a complete absence of other relevant information such as absolute figures. This is not acceptable and leaves doubts about the intellectual good faith, credibility and completeness of information from the Commission. Parliaments and their members must, of course, actively seek what they need. But the institutions which they are to monitor also have an obligation to provide, and this is something which the Commission has failed to do in terms of staff matters for long enough now. This is a most regrettable observation eight years after the resignation of the Santer Commission.

The conclusions of the screening are clearly more than just uncomfortable and awkward for the EU Commission and its management. Its attempts to brush the conclusions under the carpet recall the way it behaved before it was reformed. The only way to proceed with the conclusions is to deal with them immediately and openly. The Commission is requested and called upon to do just that.

4. Decentralised management: observations

In addition to the purely numeric effects on staffing levels noted above, the decentralisation which followed the administrative reform has also impacted on administrative action and procedures. There follows a list, which is not exhaustive, of observations which the rapporteur considers to be symptomatic of the current state of the Commission:

- Secret-mongering where benchmarks and control parameters are concerned. This leads to the impression that directorates and sections lack guidelines and supervision.

- A diffuse image. The directorates-general come across on their websites as being independent parts of the Commission, without having a corporate identity. This makes it impossible to gain an overview of the Commission using the most important medium, and its work and results as a collegiate body cannot be deduced in a user-friendly way. The same is true for the Commission's written information material. In May 2007 at least 64 different brochures on the current policies of the Commission, produced by the directorates-general, were available at the DGs' Infopoints in the Member States.

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[1] European Commission, Inspectorate General: Designing tomorrow´s Commission, op. cit., p. 40 ff.

- An underdeveloped, common service provider culture. One-stop shops, standardised forms and instruction booklets for applicants for similar types of funding to be used across several directorates-general, the same funding criteria and conditions (for example, eligible costs), or help desks for applicants, all of which Parliament has demanded, have not been provided, as a result of resistance from individual directorates-general.[1]

- Discrepancies in applying the rules. The implementing provisions for the same administrative procedures, subject to the same rules, can vary between different directorates-general.

- Neglect of efficiency criteria. Little pooling of specialist knowledge in central offices, for example in a procurement office[2], and virtually no outsourcing. Since everybody does everything – including dealing with invitations to tender in the small directorates-general – specialists also have to be employed where they cannot be properly used. There are also high training costs.

- Instability and the establishment of hierarchies. Short-lived organisation schemata and an increasing number of reorganisation measures in directorates-general on the one hand, and the establishment of hierarchies on the other. An increase in management posts in middle management as the directorates and sections become ever smaller. In 2002 there were 800 sections in the Commission; today there are over 1 200 (+ 66%), although the staff has, according to Annex 1 of the screening report, increased by only 13.2% over the same period.

5. Externalisation

The White Paper on the reform of the Commission signals the drawing up of a policy of externalisation and refers to 'decentralised agencies', 'executive agencies' and 'national/transnational public bodies' as possible institutions.[3] The last communication from the Commission on implementing the reform, produced five years later, talks only about executive agencies and administrative offices of the Commission.[4] The Commission clearly no longer considers the decentralised agencies, which in the meantime number 28, as instruments with which to carry out its policies.

The administrative offices. There were 2 017 temporary or permanent posts at the beginning of this year, as opposed to 776[5] when the White Paper was produced (an increase of 160%). This does not include the contract staff, who currently number 1 126.[6] This makes a total of 3 143 externalised posts spread across the agencies. From the point of view of efficiency, a concentration of specialised knowledge in centralised offices is a most welcome situation. But the lack thus far of a track record for externalisation by the administrative offices is worrying.

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[1] Report by Gräßle on the reform of the Financial Regulation, PE 367.649v02-00, 8 March 2006.
[2] As an example: The Office of Government Commerce in GB;
http://ogcbuyingsolutions.gov.uk/about/about/asp
[3] COM (2000) 0200 final, Part 2, Chapter IX.
[4] COM (2005) 668 final, 6.
[5] Figures: Budget Support Unit, Committee on Budgets and Committee on Budgetary Control.
[6] http://ec.europa.eu/civil_service/about/figures/index_de.htm

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The decentralised agencies. This area has seen fast, unguided growth. With some exceptions, these agencies are not systematically integrated into the tasks of the Commission, which, however, is responsible for cooperation with Member States. The areas of responsibility are frequently concerned with 'open coordination'. The Commission does not consider itself to have jurisdiction over these agencies and has attempted to waive all responsibility for them, such as when drawing up the Financial Regulation.[1] This has been rejected on a number of occasions by the European Parliament, which has called on the Commission to integrate the agencies more closely into its work.[2]

At the beginning of 2007, these agencies had 3 153.5 temporary and permanent posts,[3] the figure in 2000 having been 166.[4] This hefty increase of around 1 800% has thrown the governance problem in the European Union into even sharper relief and cries out for rectification. The decentralised agencies generally draw up their work programmes with their supervisory bodies, in which the Commission plays a minor role. The rapporteur's parliamentary question to the Commission on the form and content of the cooperation between the Commission and the decentralised agencies was submitted on 7 March 2007 and is still being considered.

The executive agencies. Four of these have been set up by the Commission since 2004, with 582 posts (as of 2007), whilst a further two are being established for research, with an as yet unknown number of staff. One of the executive agencies is due to complete its work at the end of 2010. When the current financing period finishes, in 2013, the three remaining executive agencies will account for 858 full-time posts (including contract staff). This does not include the new agencies being set up to implement the Research Framework Programmes,[5] although the figures must be available, because of the parliamentary procedure which has been initiated. The task of the executive agencies is clear: to implement EU programmes. Unfortunately the Commission has never explained what the impact of the executive agencies in terms of added value is, or why the programmes could not equally well be implemented within the Commission. No benchmarking of the results of the programme management conducted by executive agencies as compared with direct management by directorates-general is available. The impression of the rapporteur, on the basis of conversations with Commission staff, is that the directorates-general have so far carried out their programmes with fewer staff than the executive agencies.

Non-governmental organisations. In the meantime, the Commission, and in particular the Relex, AIDCO and ECHO, Environment and JLS Directorates-General, is making substantial use of non-governmental organisations, to such an extent that NGOs can, for example in the fields of justice, freedom and security, draw up Commission documents for deliberations in

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[1] The Commission's internal auditor should no longer be responsible for controlling the decentralised agencies and should merely confirm that their own audit functions comply with international standards.
In: COM (2005) 181, Article 1, No 95 to Article 185,3, Regulation (EC), Euratom, No 1605/2002.
[2] Reports by Herczog, of 30 March 2007 and 2 April 2007, on Discharge Agencies 2005.
[3] There will be an increase in these posts to 3 588.5 during financial year 2007, with 3 926.5 posts envisaged in the Preliminary Draft Budget. Source: Budget Support Unit, Meeting with the Decentralised Agencies, 11 June 2007, p. 37.
[4] Budget Support Unit, Committee on Budgets and Committee on Budgetary Control.
[5] All figures: SEC (2007) 530, Annex 4.

the European Parliament. The rapporteur is relying in this context on the observations of her colleagues in the EP. This kind of externalisation was not envisaged anywhere in this form; however, it is virtually impossible to obtain information on the extent of the use of NGOs for project execution and policy management. The European Parliament has several times called for information on these matters, but none has been forthcoming. The number of posts involving this kind of cooperation which are directly or indirectly financed is, therefore, at present unknown. This is another area in which the Commission has an obligation to provide information.

Figure 1: Development of staff numbers as a result of externalisation since the 2000 White Paper on administrative reform

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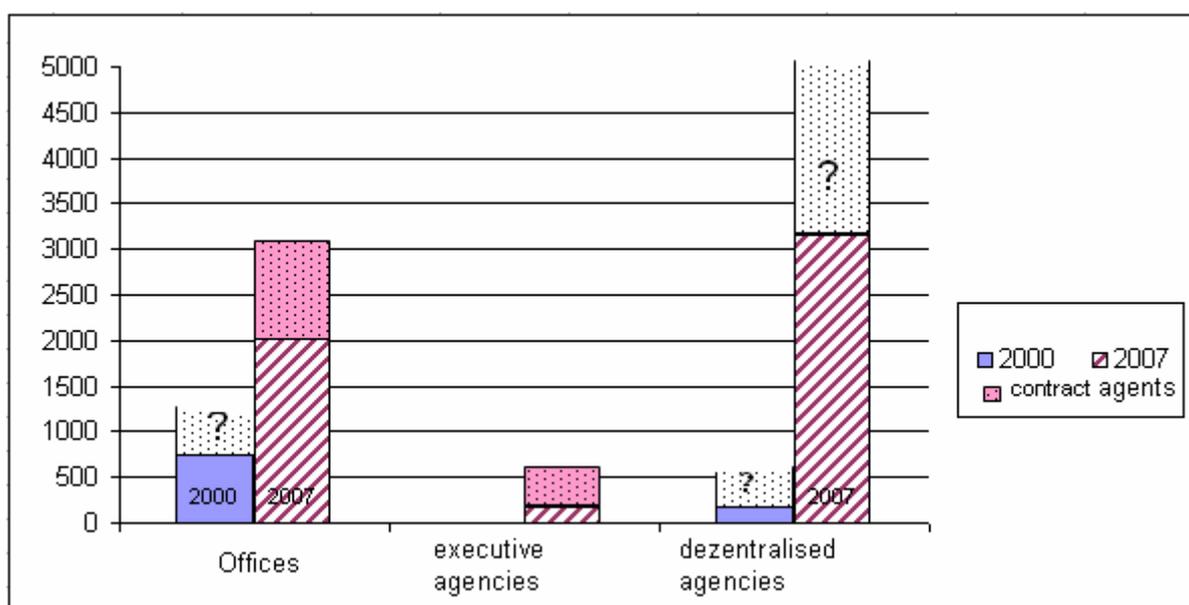
In conclusion…

… the Barroso Commission has since shelved the administrative reform. The website on the reform of the Commission has been confined to the archives, with the charming note that nothing new had happened since September 2004.[1]

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[1] http://ec.europa.eu/reform/index_en.htm: "This site has been archived. Most of the content reflects the state of play as of September 2004"

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