National Audit Office of Lithuania
Public Audit Report

Preparations for the Presidency of the Council of the European Union

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Summary

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Presidency of the Council of the European Union from 1 July to 31 December 2013 is legal and political responsibility of Lithuania as Member State of the European Union, the main aim of which is to ensure functioning and successful continuity of activity of the Council of the European Union. One of the most significant tasks of Lithuanian diplomacy until 2012 in the Government Activity Programme 2008–2012 is proper preparation for the Lithuanian Presidency of the Council of the European Union. In order to implement this task taking into consideration EU development trends and importance of implementing a coherent and effective foreign policy it is foreseen to create effective internal preparatory structures, to strengthen upon necessity EU affairs coordination capacity, to restructure national EU affairs coordination model. Importance of implementation of Lithuania’s responsibilities and necessity to ensure reputation of a reliable country, continuity of activity and importance of takeover of responsibilities encouraged the National Audit Office to become interested in preparations for the Presidency of the Council of the European Union.

Audit aim is to analyse Lithuania‘s preparation for the EU Presidency in 2013, to establish positive developments and possible risks and provide recommendations for further management of those risks.

A number of institutions take part in the preparation for the EU Presidency: Government, President’s Office, Seimas (Parliament), all the ministries and their subordinate agencies as well as Permanent Representation of Lithuania in the European Union. Lithuanian model for coordination of EU affairs was further developed in 2009 – a Governmental Commission on EU Affairs was set up assisting the Government in the development of coordinated Lithuanian EU policy and ensuring its implementation, whereas the Ministry of Foreign Affairs was assigned a function of an overall coordinator of the preparation for the Presidency of the Council of the European Union. In 2010 the

Government approved the Guidelines for Preparation for the Presidency of the Council of the European Union in 2013 defining the main principles and provisions following which preparations for the EU Presidency and EU Presidency activities will be organised. The Guidelines form the basis for the Interdepartmental Plan for the Lithuanian Presidency of the Council of the European Union that was prepared in 2011 and approved by the Seimas (Parliament) and the Government. The estimated central budget for the implementation of the Interdepartmental plan is LTL214 million. The funds allocated for the preparation for the EU presidency – the so called Presidency budget - was named as too small by the Government compared to the Presidency budgets of the countries that were holding the Presidency in 2007-2010. However the presiding countries followed different principles for the Presidency budget, besides the adoption of the Lisbon Treaty influenced the Rules of Procedure of the Council of the European Union including Presidency and Presidency budget formation therefore there is no point to compare Lithuanian Presidency budget with Presidency budgets of other countries.

The greatest amount of the funds for the preparation for the Presidency of the Council of the European Union and its execution, i.e. LTL144 million (67 per cent) will consist of the funds allocated for the implementation of the goal "Presidency and Representation of the EU Council" within the Programme for the Lithuanian Presidencies (Coordination) implemented by the Ministry of Foreign Affairs. This is the continuous programme within the Strategic Plan of the Ministry of Foreign Affairs implementation of which started in 2010. The amount allocated (be allocated) for the implementation of this Programme in 2010-2014 from the State budget totals to LTL158.81 million. LTL3.83 million of this amount were spent during 9 months in 2010–2011, out of which LTL0.3 million (7 per cent of total expenditure) were used for implementation of the tasks relating to the preparation for the EU Presidency. According to the results of the survey carried out in the course of the audit expenditure of other ministries and their subordinate agencies relating to the implementation of the preparatory activities of the EU Presidency totalled to LTL102.94 thousand during 9 months in the period from 1 January 2009 to 2011. (Staff business trips expenses made the biggest part of expenditure).

Positive developments in preparation for the EU Presidency:

– Interdepartmental Plan for the Lithuanian Presidency of the Council of the European Union in 2013 prepared identifying main preparation objectives, measures and funds for their implementation;

– Out of the EU Presidency Troika (Ireland, Lithuania, Greece) only Lithuania has prepared and provided for the partners its Presidency priorities. We constantly consult with the

Troika states in relation to the upcoming Presidency; Lithuania has provided its partners a number of proposals concerning possible distribution of Presidency activities;

– Organisation (coordination) Framework for Preparation for the EU Presidency created, staff required to implement the Presidency tasks envisaged, their training started; list of the Presidency functions and persons responsible for their implementation prepared; long-term structure for the Permanent Representation of Lithuania in the EU prepared;

– Possibilities are used to finance part of the Presidency activities from the EU funds. They are used to cover expenses for developing skills and foreign language training for the staff who will be implementing the Presidency tasks as well as for the impact analyses on the relevant Presidency issues. These funds were used to finance development of Strategies for Logistics and Communication, they will also be used to create additional staff positions for the limited period necessary to implement the Presidency tasks;

– Risk analysis was carried out relating to the Presidency logistics (lack of suitable premises and infrastructure, equipping International Vilnius Airport, organisation of additional flight to/from Brussels) and implementation of the Presidency budget which provides prerequisites for further risk management.

We established the following risks:

1. Interdepartmental Plan for the Lithuanian Presidency of the Council of the European Union in 2013 does not include all the measures (activities) relating to the Presidency and their supporting funds. This increases the risk of overlap of activities and inefficient use of the State budget funds.
2. Existing procedure for provision of information on the funds used to the Ministry of Foreign Affairs and the European Commission might not ensure or aggravate provision of information to the Seimas and does not provide proper prerequisites for effective monitoring of the expenditure.
3. The Treaty of Lisbon provides for the possibility to distribute the Presidency load among the Member States of Presiding Troika. The Ministry of Foreign Affairs constantly provide proposals for the Troika partners however not all the issues relating to organisation of joint events and other measures have been discussed therefore possibilities of sharing the load among the partners might not be fully used.
4. There is delay in the implementation of the activities relating to the EU Presidency that are funded from the European Social Fund and the State budget. Given the proper risk management means are not established the project outcomes might not be achieved in time and not be used for the purpose.

5. Infrastructure of the required EU Presidency premises is not fully developed. Its adaptation for the Presidency needs without adequate preparation might lead to ineffective use the State budget funds.

6. Interdepartmental Plan for the Lithuanian Presidency of the Council of the European Union in 2013 does not envisage which way, by which means and how much funding will be required to ensure that there would be 2 direct daily flights to Brussels available not later than beginning with 1 January 2013, therefore there is a risk that this task might not be implemented.

7. VIP zone at the International Vilnius Airport is not convenient enough to render services for official delegations from foreign countries. Final decisions concerning equipping the VIP lounge have not been adopted yet however delay in decision making might lead to the risk of ineffective use of the State budget funds.

We provided recommendations for:

Government:

1. To ensure effective preparation for the EU Presidency and efficient use of funds allocated for the preparation and execution of the EU Presidency:

1.1. To envisage measures which would reduce risks of overlap of measures (activities) relating to the preparation and execution of the EU Presidency (Risk 1).

1.2. To envisage measures for equipping VIP lounges in the International Vilnius Airport (Risk 7).

1.3. To envisage measures and funds to satisfy the increasing need for air flights (Risk 6).

1.4. To adopt decisions ensuring that premises necessary for the Presidency events would be ready in due time and State budget funds would be used sparingly (Risk 5).

1.5. To envisage measures ensuring effective monitoring of expenditure and provision of the required information to the Seimas upon request (Risk 2).

Ministry of Foreign Affairs:

2. To envisage ways and measures to fully use the possibilities provided by the Lisbon Treaty concerning distribution of the Presidency load among the Troika Member States or to organise joint measures (Risk 3).

3. To envisage risk management measures relating to the projects funded from the European Social Fund to ensure timely achievement of the project outcomes and possibility of their use for the implementation of the Presidency tasks. (Risk 4).