

COUNCIL DECISION (CFSP) 2016/2382
of 21 December 2016
establishing a European Security and Defence College (ESDC) and repealing Decision
2013/189/CFSP

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on European Union, and in particular Articles 28(1) and 42(4) and 43(2) thereof,

Having regard to the proposal from the High Representative of the Union for Foreign Affairs and Security Policy,

Whereas:

- (1) On 18 July 2005, the Council adopted Joint Action 2005/575/CFSP establishing the European Security and Defence College ('ESDC') ⁽¹⁾. That Joint Action was replaced by Joint Action 2008/550/CFSP ⁽²⁾. In turn, that Joint Action was repealed by Council Decision 2013/189/CFSP ⁽³⁾.
- (2) In November 2008, the Council adopted the European Young Officers Exchange Scheme, modelled on Erasmus ⁽⁴⁾ and agreed that an implementing working party would meet within the framework of the Executive Academic Board of the ESDC.
- (3) On 15 July 2016, the ESDC Steering Committee agreed on recommendations on the future perspectives of the ESDC.
- (4) The training and education activities within the ESDC framework are to be carried out in the field of CSDP/CFSP including in the areas of conflict stabilisation, conflict resolution and the conditions necessary for sustainable development.
- (5) Whilst the staff of the ESDC should consist mainly of secondees it may be necessary to fill the post of administrative and financial assistant by a contracted staff member.
- (6) Pursuant to Council Decision 2010/427/EU ⁽⁵⁾, the EEAS should provide the ESDC with the support previously provided by the General Secretariat of the Council,

HAS ADOPTED THIS DECISION:

CHAPTER I

ESTABLISHMENT, MISSION, OBJECTIVES AND TASKS

Article 1

Establishment

A European Security and Defence College ('ESDC') is hereby established.

⁽¹⁾ Council Joint Action 2005/575/CFSP of 18 July 2005 establishing a European Security and Defence College (ESDC) (OJ L 194, 26.7.2005, p. 15).

⁽²⁾ Council of 23 June 2008 establishing a European Security and Defence College (ESDC) and repealing 2005/575/CFSP (OJ L 176, 4.7.2008, p. 20).

⁽³⁾ Council Decision 2013/189/CFSP of 22 April 2013 establishing a European Security and Defence College (ESDC) and repealing Joint Action 2008/550/CFSP (OJ L 112, 24.4.2013, p. 22).

⁽⁴⁾ Council Conclusions on the ESDP, 2903rd External Relations Council meeting.

⁽⁵⁾ Council Decision 2010/427/EU of 26 July 2010 establishing the organisation and functioning of the European External Action Service (OJ L 201, 3.8.2010, p. 30).

*Article 2***Mission**

The ESDC shall provide training and education in the field of the Union's Common Security and Defence Policy (CSDP) in the wider context of the Common Foreign and Security Policy (CFSP) at European level in order to develop and promote a common understanding of CSDP and CFSP among civilian and military personnel, and to identify and disseminate best practice in relation to various CSDP and CFSP issues through its training and education activities ('ESDC training and education activities').

*Article 3***Objectives**

The ESDC shall have the following objectives:

- (a) to further enhance the common European security and defence culture within the Union and to promote the principles laid down in Article 21(1) TEU outside the Union;
- (b) to promote a better understanding of CSDP as an essential part of CFSP;
- (c) to provide Union instances with knowledgeable personnel able to work efficiently on all CSDP and CFSP matters;
- (d) to provide Member States' administrations and staff with knowledgeable personnel familiar with Union policies, institutions and procedures in the field of CSDP and CFSP;
- (e) to provide CSDP Missions' and Operations' personnel with a common understanding of CSDP Missions' and Operations' functioning principles and a sense of common European identity;
- (f) to provide training and education responding to training and educational needs of CSDP Missions and Operations;
- (g) to support Union partnerships in the field of CSDP and CFSP in particular partnerships with those countries participating in CSDP missions;
- (h) to support civilian crisis management including in the field of conflict prevention, and establishing or preserving the conditions necessary for sustainable development;
- (i) to promote the European Initiative for the Exchange of Young Officers;
- (j) to help promote professional relations and contacts among the participants in the training and education activities.

Where appropriate, attention shall be paid to ensuring consistency with other activities of the Union.

*Article 4***Tasks of the ESDC**

1. The main tasks of the ESDC shall be, in accordance with its mission and objectives, to organise and conduct ESDC training and education activities in the field of the CSDP and CFSP.
2. The ESDC training and education activities shall include:
 - (a) basic and advanced level courses promoting generic understanding of CSDP and CFSP;
 - (b) courses developing leadership;
 - (c) courses directly supporting CSDP Missions and Operations, including pre-deployment and in-mission or in-operation training and education;
 - (d) courses supporting EU partnerships and countries participating in CSDP Missions and Operations;

- (e) modules supporting civilian and military training and education in the field of CSDP and CFSP;
- (f) CSDP and CFSP courses, seminars, programmes and conferences for specialised audiences or with specific focus;
- (g) common modules run under the European Initiative for the Exchange of Young Officers, inspired by the Erasmus Programme.

Although formally not ESDC training and education activities, the ESDC shall also support and promote European semesters and joint masters degrees making use of the common modules referred to in the first subparagraph.

Other training and education activities shall be undertaken, as decided by the Steering Committee referred to in Article 9 ('the Steering Committee').

3. In addition to the activities referred to in paragraph 2, the ESDC shall, in particular:

- (a) support the relations to be established between the institutes referred to in Article 5(1) engaged in the network referred to in that paragraph ('the network');
- (b) run and further develop an e-Learning system to support CSDP and CFSP training and education activities or, in exceptional circumstances, to be used as stand-alone training and education activities;
- (c) develop and produce training and educational material in the field of CSDP and CFSP also drawing on already existing relevant material;
- (d) support an Alumni Association between former training participants;
- (e) support exchange programmes in the field of CSDP and CFSP between the Member States' training and educational institutes;
- (f) act as compartment administrator of the Schoolmaster module of the Goalkeeper project and provide contributions to the annual Union Training Programme in CSDP through this module;
- (g) provide support to the management of training and education in the field of conflict prevention, civilian crisis management, establishing or preserving the conditions necessary for sustainable development and Security Sector Reform initiatives, as well as promotion of cyber security and hybrid threats' awareness;
- (h) organise and run an annual network conference bringing together civilian and military training and education experts in CSDP from Member States' training and educational institutes and ministries, and relevant external training and education actors as appropriate and;
- (i) maintain relationships with relevant actors in the field of Freedom Security and Justice, in the field of Development and Cooperation, and with relevant International Organisations.

CHAPTER II

ORGANISATION

Article 5

Network

1. The ESDC shall be organised as a network bringing together civilian and military institutes, colleges, academies, universities, institutions and other actors dealing with security and defence policy issues within the Union as identified by Member States, as well as the European Union Institute for Security Studies ('EUISS').

The ESDC shall establish close links with the Union institutions and relevant Union agencies, in particular:

- (a) with the EU Agency for law enforcement training ('CEPOL');
- (b) with the European Border and Coast Guard Agency ('Frontex');

- (c) with the European Defence Agency ('EDA');
- (d) with the European Satellite Centre ('EU SatCen'); and
- (e) with the European Police Office (Europol).

2. Where appropriate, international, intergovernmental, governmental and non-governmental organisations may obtain the status of 'associate network partner' ('ANP'), the detailed arrangements for which will be agreed by the Steering Committee.

3. The ESDC shall work under the overall responsibility of the High Representative of the Union for Foreign Affairs and Security Policy ('HR').

Article 6

The role of European Union Institute for Security Studies

1. As part of the ESDC network, the EUISS cooperates with the ESDC by making its expertise and knowledge-gathering capabilities available for ESDC training activities, including through EUISS publications, within the limits of its own capabilities.

2. In particular, the EUISS provides lectures given by EUISS analysts and contributes to the further development of the ESDC e-Learning content.

3. The EUISS also supports the ESDC Alumni Association.

Article 7

Legal Capacity

1. The ESDC shall have the necessary legal capacity in order to:

- (a) fulfil its tasks and meet its objectives;
- (b) enter into contracts and administrative arrangements necessary for its functioning including to implement staff secondments and recruit contract staff; acquire equipment, notably teaching equipment;
- (c) hold bank accounts; and
- (d) be a party to legal proceedings.

2. Any liability which may arise from contracts concluded by the ESDC shall be covered by the funds available to it pursuant to Articles 16 and 17.

Article 8

Structure

The following structure shall be set up under the ESDC:

- (a) the Steering Committee with responsibility for the overall coordination and direction of the ESDC training and education activities;
- (b) the Executive Academic Board ('the Board') with responsibility for ensuring the quality and coherence of the ESDC training and education activities;

- (c) the Head of the ESDC ('the Head'), sole legal representative of the ESDC, with responsibility for the financial and administrative management of the ESDC, as well as advising the Committee and the Board on the organisation and management of ESDC activities;
- (d) the ESDC Secretariat ('the Secretariat') which is to assist the Head in fulfilling his tasks and in particular in assisting the Board to ensure the overall quality and coherence of the ESDC training and education activities.

Article 9

Steering Committee

1. The Steering Committee, composed of one representative appointed by each Member State, shall be the decision-making body of the ESDC. Each member of the Committee may be represented or accompanied by an alternate member.
2. Members of the Steering Committee may be accompanied by experts to meetings of the Committee.
3. The Steering Committee shall be chaired by a representative of the HR who has appropriate experience. It shall meet at least four times a year.
4. Representatives from countries acceding to the Union may attend the Steering Committee's meetings as active observers.
5. The Head, other ESDC staff, the Chairperson of the Board and when appropriate the Chairpersons of its different configurations as well as a representative of the Commission and other EU Institutions, including the EEAS shall participate in the meetings of the Steering Committee without the right to vote.
6. The tasks of the Steering Committee shall be to:
 - (a) approve and keep under regular review the ESDC training and education activities reflecting the agreed ESDC training and education requirements;
 - (b) approve the annual academic programme of the ESDC;
 - (c) select and prioritise the training and education activities to be run under the ESDC, taking into account the resources available to the ESDC and the training and education requirements identified;
 - (d) select the Member State(s) hosting the ESDC training and education activities and the institutes conducting them;
 - (e) decide on opening specific ESDC training activities and education to third-country participation within the general political framework set by the Political and Security Committee;
 - (f) adopt the curricula for all ESDC training and education activities;
 - (g) take note of the course evaluation reports;
 - (h) take note of the general annual report on ESDC training and education activities and adopt the recommendations therein, to be forwarded to the relevant Council bodies;
 - (i) provide overall guidance to the work of the Board;
 - (j) appoint the Chairpersons of the Executive Academic Board and its different configurations;
 - (k) take the necessary decisions with regard to the functioning of the ESDC in so far as these are not attributed to other bodies;
 - (l) approve the annual budget and any amending budget, acting on proposals from the Head;
 - (m) approve the annual accounts and give a discharge to the Head;

- (n) approve additional rules applicable to expenditure managed by the ESDC;
 - (o) approve any financing agreement and technical arrangements with the Commission, the EEAS, a Union Agency or a Member State regarding the financing or the implementation of the ESDC's expenditure;
 - (p) contribute to the selection process of the Head as defined in Article 11(3).
7. The Steering Committee shall approve its Rules of Procedure.
8. Except of the case provided for in Article 2(6) of the financial rules applicable to expenditure funded by the ESDC and its financing, the Steering Committee shall act by qualified majority, as defined in Article 16(4) of the Treaty on European Union.

Article 10

The Executive Academic Board

1. The Board shall be composed of senior representatives from those civilian and military institutes and other actors identified by Member States to support the conduct of ESDC training and education activities and of the Director of EUISS or the Director's representative.
2. The Chairperson of the Board shall be appointed by the Steering Committee among the members of the Board.
3. Representatives of the Commission and of EEAS shall be invited to attend the meetings of the Board.
4. Senior representatives of the associate network partners shall be invited to attend the meetings of the Board as active observers.
5. Academic experts and senior officials from Union and national institutions may be invited to attend the meetings of the Board as observers. When appropriate and on a case-by-case basis, academic experts and senior officials who are representatives of institutes that are not members of the network may be invited to participate in the meetings of the Board.
6. The tasks of the Board shall be to:
 - (a) provide academic advice and recommendations to the Steering Committee;
 - (b) implement, through the network, the agreed annual academic programme;
 - (c) oversee the e-Learning system;
 - (d) develop curricula for all ESDC training and education activities;
 - (e) ensure general coordination of ESDC training and education activities among all institutes;
 - (f) review standards of the training and education activities undertaken in the previous academic year;
 - (g) submit proposals to the Steering Committee for training and education activities in the next academic year;
 - (h) ensure a systematic evaluation of all ESDC training and education activities and approve the course evaluation reports;
 - (i) contribute to the draft general annual report on ESDC activities;
 - (j) support the implementation of the European Initiative for the Exchange of Young Officers, inspired by the Erasmus Programme.
7. To fulfil its tasks, the Board may meet in different project-focused configurations. The Steering Committee shall agree on those configurations and the Board shall draw up the rules and arrangements governing the creation and functioning of those configurations. Each configuration will report its activities back to the overall Board at least once every year, after which its mandate may be extended.

8. A member of the ESDC Secretariat will support and assist the Board and each of its configurations. He or she will attend the meetings without the right to vote. If no other candidate can be identified, he or she may, at the same time, chair the meetings.
9. The Rules of Procedure of the Board and each of its configurations shall be adopted by the Steering Committee.

Article 11

The Head

1. The Head shall:
 - (a) be responsible for the ESDC activities;
 - (b) be the sole legal representative of the ESDC;
 - (c) be responsible for the financial and administrative management of the ESDC;
 - (d) advise the Steering Committee and the Board and support their work; and
 - (e) act as the representative of the ESDC for training and education activities within and outside the network.
2. Candidates for the position of Head shall be persons with recognised long-standing expertise and experience in training and education. The Member States may put forward candidates for the position of Head. Staff of the Union institutions and the EEAS may apply for this position, in accordance with the applicable rules.
3. The pre-selection process shall be organised under the responsibility of the HR. The pre-selection panel shall be composed of three representatives of the EEAS. It shall be chaired by the Chair of the Steering Committee. On the basis of the pre-selection results, the HR shall provide to the Steering Committee a recommendation with a shortlist of at least three candidates, drawn-up in the order of the pre-selection panel's preference. At least half of the candidates on the shortlist should come from the Member States. The candidates will present their vision for the ESDC to the Steering Committee, after which the Member States will be invited to rank the candidates in a written, secret vote. The Head shall be appointed by the HR as a member of the EEAS staff.
4. The tasks of the Head shall in particular be to:
 - (a) take all necessary steps, including the adoption of internal administrative instructions and the publication of notices, to ensure the effective functioning of ESDC activities;
 - (b) draw up the preliminary draft annual report of the ESDC and its preliminary draft work programme to be submitted to the Steering Committee on the basis of the proposals submitted by the Board;
 - (c) coordinate the implementation of the ESDC work programme;
 - (d) maintain contacts with the relevant authorities in the Member States;
 - (e) maintain contacts with relevant external training and education actors in the field of CFSP and CSDP;
 - (f) conclude where necessary technical arrangements on ESDC training and education activities with the relevant authorities and training and education actors in the field of CFSP and CSDP;
 - (g) perform any other task attributed to him or her by the Steering Committee.
5. The Head shall be responsible for the financial and administrative management of the ESDC, and in particular shall:
 - (a) draw up and submit to the Steering Committee any draft budget;
 - (b) adopt the budgets after their approval by the Steering Committee;
 - (c) be the authorising officer for the ESDC's budget;
 - (d) open one or more bank accounts on behalf of the ESDC;

- (e) negotiate, submit to the Steering Committee and conclude any financing agreement and/or technical arrangement with the Commission, the EEAS or a Member State regarding the financing and/or the implementation of the ESDC's expenditure;
 - (f) select the staff of the Secretariat, assisted by a selection panel;
 - (g) negotiate and sign on behalf of the ESDC any Exchange of Letters for the secondment to the ESDC of Secretariat staff;
 - (h) negotiate and sign on behalf of the ESDC any contract of employment for staff paid from the ESDC budget;
 - (i) generally, represent the ESDC for the purpose of all legal acts with financial implications;
 - (j) submit to the Steering Committee the ESDC's annual accounts.
6. The Head shall be accountable to the Steering Committee for his or her activities.

Article 12

The ESDC Secretariat

1. The Secretariat shall assist the Head in fulfilling the tasks of the Head.
2. The Secretariat shall provide support to the Steering Committee, to the Board including its configurations and to institutes for the management, coordination and organisation of the ESDC training and education activities.
3. The Secretariat shall support and assist the Board in ensuring the overall quality and coherence of ESDC training and education activities and in ensuring that they remain in line with the Union's policy developments. In particular, they shall help to ensure that all steps in the delivery of a training and education activity, from curriculum development and the content to the methodologic approach, shall reflect the highest possible standards.
4. Each institute forming the ESDC network shall designate a point of contact with the Secretariat to deal with the organisational and administrative issues connected with the organisation of the ESDC training and education activities.
5. The Secretariat shall closely cooperate with the Commission and the EEAS.

Article 13

ESDC Staff

1. The ESDC staff shall consist of:
 - (a) staff seconded to the ESDC by Union institutions, the EEAS and Union agencies;
 - (b) national experts seconded to the ESDC by Member States;
 - (c) contracted staff when no national expert has been identified for the position of administrative and financial assistant and following approval by the Steering Committee.
2. The ESDC may receive interns and visiting fellows.
3. The number of ESDC staff shall be decided by the Steering Committee together with the budget for the next year and have a clear link to the number of ESDC training and education activities and other tasks as defined in Article 4.

4. The Decision of the HR ⁽¹⁾ establishing the rules applicable to national experts seconded to the EEAS shall be applicable *mutatis mutandis* to national experts seconded to the ESDC by Member States. The Union Staff Regulations remain applicable for personnel seconded to the ESDC by European Union Institutions, including for contracted staff paid from the ESDC budget.
5. The Steering Committee, acting on a proposal from the HR, shall define in so far as necessary the conditions applicable to interns and visiting fellows.
6. ESDC staff cannot conclude contracts or engage in any kind of financial obligations on behalf of the ESDC without prior written authorisation by the Head.

CHAPTER III

FINANCING

Article 14

Contributions in kind to training and education activities

1. Each Member State, Union institution, Union agency and institute, and EEAS shall bear all costs related to its participation in the ESDC, including salaries, allowances, travel and subsistence expenses and costs related to organisational and administrative support of the ESDC training and education activities.
2. Each participant in ESDC training and education activities shall bear all costs related to his or her participation.

Article 15

Support by the EEAS

1. The EEAS shall bear the costs arising from the hosting of the Head and the ESDC Secretariat within its premises, including information technology costs, the secondment of the Head and the secondment of one assistant staff member to the ESDC Secretariat.
2. The EEAS shall provide the ESDC with the administrative support necessary to recruit and manage its staff and to implement its budget.

Article 16

Contribution from the Union Budget

1. The ESDC shall receive an annual or multi-annual contribution from the general budget of the European Union. That contribution may cover, in particular, costs of supporting training and education activities and the costs of national experts seconded by Member States to the ESDC and up to one contracted staff member.
2. The financial reference amount intended to cover the expenditure related to the ESDC for the period from 1 January 2017 to 31 December 2017 shall be EUR 700 000. The financial reference amount for the subsequent periods shall be decided by the Council, following a recommendation by the Steering Committee.
3. Following the decision by the Council as referred to in paragraph 2, a financing agreement with the Commission shall be negotiated by the Head.

Article 17

Voluntary contributions

1. For the purpose of financing specific activities, the ESDC may receive and manage voluntary contributions from Member States and institutes or other donors. Such contributions shall be specifically designated by the ESDC.

⁽¹⁾ Decision of the High Representative of the Union for Foreign Affairs and Security Policy of 23 March 2011 establishing the rules applicable to National Experts Seconded to the European External Action Service (OJ C 12, 14.1.2012, p. 8).

2. Technical arrangements for the contributions referred to in paragraph 1 shall be negotiated by the Head.

Article 18

Implementation of projects

1. The ESDC can apply for research and other projects in the field of CFSP. The ESDC can act as a project coordinator or a member. The Head can be attached to the 'advisory board' of such a project. He or she may delegate this task to one of the Chairpersons of the EAB configurations or to a member of the ESDC Secretariat.
2. Contribution coming from those projects has to be made visible in the (amended) budget of the ESDC, designated and used according to the tasks and objectives of the ESDC.

Article 19

Financial rules

The Financial Rules set out in the Annex shall apply to expenditure funded by the ESDC and to financing such expenditure.

CHAPTER IV

MISCELLANEOUS PROVISIONS

Article 20

Participation in ESDC training and education activities

1. All ESDC training and education activities shall be open to participation by nationals of all Member States and acceding States. The organising and conducting institutes shall ensure that this principle applies without any exception.
2. The ESDC training and education activities shall also be open in principle to participation by nationals of countries that are candidates for accession to the Union and, as appropriate, of other third States and Organisations, in particular for those training and education activities referred to in Article 4(2)(d).
3. Participants shall be civilian/diplomatic/police/military personnel dealing with aspects in the fields of CSDP and CFSP and experts to be deployed in CSDP missions or operations.

Representatives of, inter alia, international organisations, non-governmental organisations, academic institutions and the media, as well as members of the business community, may be invited to participate in ESDC training and education activities.

4. A certificate signed by the HR shall be awarded to a participant who has completed an ESDC course. The modalities of the certificate shall be kept under review by the Steering Committee. The certificate shall be recognised by the Member States and by the Union institutions.

Article 21

Cooperation

The ESDC shall cooperate with and draw on the expertise of international organisations and other relevant actors, such as national training and education institutes of third States, in particular but not limited to those referred to in Article 5(2).

*Article 22***Security regulations**

The provisions set out in Decision 2013/488/EU ⁽¹⁾ shall apply to the ESDC.

CHAPTER V

FINAL PROVISIONS*Article 23***Continuity**

The rules and regulations adopted for the implementation of Decision 2013/189/CFSP shall remain in force for the purpose of implementing this Decision in so far as they are compatible with the provisions of this Decision and until they are amended or repealed.

*Article 24***Repeal**

Decision 2013/189/CFSP is hereby repealed.

*Article 25***Entry into force and expiry**

1. This Decision shall enter into force on 1 January 2017. It shall be reviewed as appropriate, and, in any case, no later than six months before its expiry.
2. This Decision shall expire on 2 January 2021.

Done at Brussels, 21 December 2016.

For the Council
The President
M. LAJČÁK

⁽¹⁾ Council Decision 2013/488/EU of 23 September 2013 on the security rules for protecting EU classified information (OJ L 274, 15.10.2013, p. 1).

ANNEX

Financial rules applicable to expenditure funded by the ESDC and to the financing of the expenditure of the ESDC*Article 1***Budgetary principles**

1. The ESDC's budget, drawn up in euro, is the act which for each financial year lays down and authorises all the ESDC's revenue and all expenditure funded by the ESDC.
2. Budget revenue and expenditure shall be in balance.
3. No revenue or expenditure funded by the ESDC may be implemented other than by allocation to a heading in the budget.

*Article 2***Adoption of budgets**

1. Each year the Head shall draw up a draft budget for the following financial year, which begins on 1 January and ends on 31 December of the same year. The draft budget shall include the appropriations deemed necessary to cover the expenditure to be funded by the ESDC during that period and a forecast of the revenue expected to cover such expenditure.
2. Appropriations shall be classified as necessary by type or purpose in chapters and articles. Detailed comments by article shall be included in the draft.
3. Revenue shall consist of Member States' or other donors' voluntary contributions as well as the annual contribution from the budget of the European Union.
4. The Head shall submit a detailed budget report on the previous financial year by 31 March. He or she shall propose the draft budget for the following financial year to the Steering Committee by 31 July.
5. The Steering Committee shall approve the draft budget by 31 October.
6. In case the ESDC shall receive a multi-annual contribution from the general budget of the Union, the Steering Committee shall approve the annual budget by consensus.

*Article 3***Transfers of appropriations**

In the case of unforeseen circumstances, transfers of appropriations between budget lines or budget headings of the contribution referred to in Article 16, not exceeding 25 % of those budget lines or headings, may be decided by the Head, who will keep the Steering Committee informed of such transfers. Transfers of appropriations between budget lines or headings exceeding 25 % of the budget lines or headings shall be submitted to the Steering Committee in an amended budget for approval.

*Article 4***Carryovers of appropriations**

1. Appropriations necessary to pay for legal obligations entered into by 31 December of a financial year shall be carried over to the next financial year.

2. Appropriations coming from voluntary contributions shall be carried over to the next financial year.
3. Appropriations coming from projects shall be carried over to the next financial year.
4. The Head may carry over other appropriations in the budget to the next financial year with the approval of the Steering Committee.
5. Other appropriations shall be cancelled at the end of the financial year.

Article 5

Implementation of the budget and staff management

For the purpose of implementing its budget and managing its staff, the ESDC shall use existing administrative structures of the Union, notably the EEAS, to the greatest possible extent.

Article 6

Bank accounts

1. Any ESDC bank account shall be opened at a first-rate financial institution with its head office in a Member State and shall be a current or short-term account in euro.
2. No bank account shall be overdrawn.

Article 7

Payments

Any payment from an ESDC's bank account shall require the joint signature of the Head of the ESDC and another member of the ESDC staff.

Article 8

Accounting

1. The Head shall ensure that accounts showing the ESDC's revenue, expenditure and inventory of assets are kept in accordance with the internationally accepted accounting standards for the public sector.
2. The Head shall submit to the Steering Committee the annual accounts for a given financial year no later than the following 31 March, together with the detailed report mentioned in Article 2(4).
3. The necessary accounting services shall be outsourced.

Article 9

Auditing

1. An audit of the ESDC's accounts shall be conducted annually.
2. The necessary auditing services may be outsourced.
3. The audit reports shall be made available to the Steering Committee together with the detailed report mentioned in Article 2(4).

*Article 10***Discharge**

1. The Steering Committee shall decide on the basis of the detailed report, the annual accounts and the annual audit report whether to grant the Head a discharge in respect of the implementation of the ESDC's budget.
 2. The Head shall take all appropriate steps to satisfy the Steering Committee that a discharge may be granted and to act on the observations in the decisions giving discharge, if any.
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