



The Hague, 4 June 2019  
MBS 110.2019

To: Antonio Tajani  
President of the European Parliament  
Carmen Daniela Dan  
Co-Chair of the Justice and Home Affairs  
Council of the European Union  
Cc: MB Members  
Executive Director

Multi-annual Financial Framework 2021-2027 - prospects for Europol

Dear President Tajani,  
Dear Minister Dan,

At its 23-24 May 2019 meeting, the Management Board (MB) discussed Europol's budget outlook for the forthcoming years and expressed deep concern about the current proposal put forward by the European Commission in relation to the Multi-annual Financial Framework (MFF) 2021-2027.

The MB regrets the lack of a sustainable budget for Europol, which is in sheer contrast with the steady increase in Member States' demands for Europol's products and services, and may thus adversely impact not only the Agency's performance but also the achievement of the Security Union. Yet, major budgetary and resource constraints have compelled Europol to de-prioritise a number of important projects and activities foreseen in its Work Programme 2018 and are likely to continue affecting Europol's ability to fully meet Member States' operational needs in 2019 and 2020.

The MB considers that the current estimated budget of Euro 123.7 M. per year until 2027 is clearly insufficient for Europol to perform its core tasks, rendering the Agency unable to provide the services needed by the Member States' law enforcement authorities to ensure internal security. As a matter of fact, such a discouraging budget outlook puts at stake the Agency's ability to provide Member States with the high-quality and innovative operational support they expect to effectively tackle increasingly aggressive and highly sophisticated criminal activities in key priority areas such as cybercrime, migrant smuggling, drug trafficking, financial and economic crime, or terrorism, to name only a few.

Further, Europol is in pressing need to undertake structural and long-term budgetary and resource-related investments with a view to managing an ever-increasing amount of information in a more integrated and thus efficient manner, and to providing advanced criminal analysis, new policing solutions and appropriate tools that strengthen our collective response to the challenges posed by terrorism and all forms of serious crime.

In view of the above, the MB respectfully invites Europol's budgetary authority to cater for the referred investments by agreeing on a sustainable budget increase which, starting in 2020, gradually leads to at least doubling the Agency's current budget by 2027 in line with the indicative projections outlined by Europol in the attached 'non-paper' dated 29 March 2019.

We rely on your decisive support to ensure that Europol delivers, through the full implementation of its Strategy 2020+, a substantial breakthrough in the way it services our law enforcement community.

A handwritten signature in black ink, appearing to read "Andrei Linta".

Sincerely,

Andrei Linta

Chairperson

**Europol non-paper - Budget Outlook 2020-2027****Europol needs:**

- A budget to overcome the budget constraints of 2019 and 2020
- A sustainable budget for the Multiannual Financial Framework 2021-2027
- An investment budget to turn Europol into a modern tech-enabled organisation, providing the best possible operational support to Member States.

All of these areas require additional investment in the next Multiannual Financial Framework. (MFF). In general, there is a major imbalance between the budgets made available for border management (€ 21bn of which **€ 12bn** to the decentralised agencies) as opposed to that for internal security (€ 4.8bn of which **€ 1.1bn** to the decentralised agencies) in the MFF, despite the two areas being of the highest priority. Europol is one of the main instruments for the EU's internal security, yet its budgetary needs are markedly underestimated in the latest MFF proposal, which reflects an outdated view.

If implemented, the proposed MFF will determine an effective reduction of Europol's budget for the related financial period, in comparison to the budget currently implemented by Europol. Europol also recognises that the current structure of the Headings (Europol is put under Heading 5 - Security and Defence unlike most of the JHA Agencies) would prevent flexibility and possible transfers if the security situation should require a sudden increase of Europol's budget.

The MFF should be corrected to include structural long-term resource investments which would allow Europol to:

- Increase operational support to Member States in the fight against organised crime and terrorism;
- Provide the technological means to support Member States with the most advanced and modern tools;
- Invest in information management as a crucial prerequisite for future-proof European law enforcement cooperation;
- Bring Member States to the next level of criminal investigations by providing advanced crime analysis and EU policing solutions;
- Increase support for financial investigations- the only way to truly disrupt sophisticated organised crime groups.

**In conclusion, for Europol to continue delivering on its current and known new tasks, Europol's budget and establishment plan should be at least doubled by 2027.**

**1. Background**

Europol has produced excellent results in recent years, both in a steady increase of its core operational activities and in the rapid establishment of new services (such as the European Cybercrime Centre and EU Internet Referral Unit) in response to urgent demand from policy and operational stakeholders.

However, Europol has struggled over the years to acquire the resources to drive the organisation forward, not necessarily in a broader or expanded role but in a more meaningful and productive level of support for Member States. The demands, both internal and external, on the agency have been hugely influential on internal planning and prioritising and have left very little space in which to grow the business. The financial crisis which led to a

shrinking of our workforce allied to an essentially standstill budget was compounded by both the migration and terrorist crises. In the meantime, we saw, across Europe, a growth in transnational serious organised crime such that the services offered by Europol were in a demand never seen before.

Across the piece operational support in fields including drugs, human trafficking, organised crime groups, economic and financial crimes, financial investigations, asset recovery and all forms of cybercrime have all seen unprecedented growth in both demand for operational and analytical support and data submissions from Member States.

## **2. Short term – budgets 2019 - 2020**

In the short term, for 2019, the agency has been allocated a budget of € 138M and an increase of 15 posts. This is against a budget proposed by the Europol Management Board of € 143M and an increase of 43 TA posts.

The programming for 2020 taken by the Commission as the baseline for the MFF proposal was € 124 M, some € 14 M lower than the Europol budget for 2019 and a staggering € 51 M lower than the budget requested by Europol's Management Board for 2020, since it does not even take into account major COM proposals such as interoperability and VIS regulations, or requirements from the proposed regulation on removing terrorism content online. This level of appropriations may threaten Europol's performance in several ways.

While it is recognised that the Commission is working on addressing this, the best expected outcome would be a budget similar to that allocated in 2019 although it will appear that Europol will have had a substantial uplift compared to earlier estimations/proposals.

What does this mean in reality? Following her appointment in May 2018, the Executive Director canvassed the ideas and requirements of Member States police chiefs and senior officials. These requirements, which have now been incorporated in the Europol Strategy 2020+, have been welcomed and endorsed by the Europol Management Board. In the main, they focus on two areas – operational support and technological innovation. While it is possible to address these new priorities, it is very difficult to plan effectively against a backdrop of a possible 9% cut in budget in 2020. The refocusing of human resources has already begun in terms of prioritising recruitment procedures, but it will take years to move resources and recruit skill sets that meet the priorities.

### **Information management – future-proofing Europol**

Data and information are at the heart of Europol's mission and tasks and, how that is managed, is critical to the success of the agency. If we look to the future, the prospect of Interoperability alone (EU systems as EES, ETIAS, VIS and SIS) and the role foreseen for Europol in respect of handling travel intelligence make it clear that Europol needs to invest further in information management.

But it's not only interoperability - Europol needs to ensure that it can maximise the value derived from the data and analytic assets that it controls. Europol's role as the EU law enforcement information hub has largely been fulfilled so far by collecting data and providing technical capabilities centred around a "search concept"; making Europol essentially a reactive entity. Europol's role to provide analysis of the data remains one of the agency's key objectives but the volumes involved today mean that analysts using search type tools can no longer fully exploit the value of the data held by the agency. This understanding largely influenced the Integrated Management Data Concept (IDMC) of the Europol Regulation, which legislates what Europol is allowed to do rather than dictating which systems it has to use. Lack of resources has meant that the agency has been unable to fully realise the opportunities that this very innovative piece of legislation allows for.

Where progress has been made, for example in respect of facial recognition and entity extraction, early results are very positive and much welcomed by Member States. But with close to 90% of the available ICT budget committed to maintaining existing services there is little available for investment in developing new technologies. Current industry thinking places "modernising IT" as the top strategic challenge facing the public sector in an age of Artificial Intelligence.

In addition to a sufficient regular budget for information management, an investment budget would allow for a true breakthrough in the way Europol operates (see section 4) .

### Maximising operational performance

Europol has identified, in conjunction with Member States the five key areas for development of our operational response.

On **Financial Investigations and economic crimes**, there is a compelling demand from Member States and EU Institutions to reinforce the expertise and practical support available from Europol. This demand is driven by four main factors: 1) the growing financial impact of economic crimes such as **complex fraud and trans-national money laundering** which remain a persistent threat, recognized as critical by recent EU level regulations which provide for the criminalisation of money laundering as a standalone offence. The UNODC estimates that 2-5% of global GDP is laundered each year. 2) The need to increase the effectiveness of national law enforcement authorities in the pursuit of **illicit profits of organised crime** through reinforced asset recovery capabilities; currently only a very small proportion of estimated criminal proceeds ranging between 1-3% is either seized or confiscated. 3) The growing attention to **crimes against the financial interests of the Union** (PIF) and the upcoming establishment of the **European Public Prosecutor Office (EPPO)**. Under the EPPO Regulation, Europol is called to provide analytical support to EPPO investigations and share any relevant information held at Europol concerning offences under the EPPO competence. 4) The growing political attention to **grand corruption cases** and institutional calls for stronger Europol involvement in this area.

All this calls for the establishment of a dedicated **Economic Financial and Corruption Crimes Centre** at Europol to enhance operational effectiveness and reinforce support to Member states by concentrating all financial intelligence and economic crime capabilities under one single coordinated entity.

**Drugs Trafficking** remains the **largest criminal market in the EU** and the number of organized crime groups and supply of illicit drugs are increasing. More than one third of the criminal groups active in the EU are involved in the production, trafficking or distribution of various types of drugs. The trade in illicit drugs generates multi-billion euro profits in the EU and these immense profits fund various other criminal activities. In the last two years, Member States and Europol have initiated a '**Bold Response to Drugs**' to enhance the joint operational response to this phenomenon which constitutes a growing threat to the internal security and public health of the EU and its Member States.

In the field of **Criminal Analysis**, in terms of analytical products, techniques, methodology, standard setting and tools Europol has been asked by Member States to take the lead. Europol's analysis is increasingly used to support prosecutions and therefore standardisation across the EU MS is becoming a priority. As mentioned above, both Europol's operational and strategic analysis capabilities need further strengthening - on operational analysis, Europol needs to be a forerunner in the EU and assist the Member States during their investigations with the highest quality of analysis; on strategic analysis, Europol is called to provide the EU institutions with the right advice as to enable them to set priorities at the EU level.

The concept of **High Value Targets** aims at refocusing operational efforts in fighting those organised crime groups that constitute the **highest threat to the internal security of the EU**. The number of OCGs in the EU under investigation was 3600 in 2013, and 5000 in 2017. This phenomenon is becoming increasingly complex, with more transnational and poly-criminal groups. Focusing on low and mid-level actors is not enough as these groups work like enterprises where employees are interchangeable. There is a need to go against their senior management (high value targets) and refocus efforts on criminal groups that are extensive and wide, complex, cross-border by nature and that operate in several MS (top OCGs). Europol is increasingly called upon by Member States to provide operational support in complex high-profile investigations, which are very resource-intensive and require highly specialised criminal expertise in a number of domains; these investigations also require the latest investigative processes and technical tools. There is a need to increase Member States and Europol resources and funding to support criminal investigations against top OCGs and their leaders. This would result in a substantial increase in the number of High Value Targets identified and therefore of top OCGs dismantled, with an effective impact on enhancing the EU internal security.

Member States' demand for **Forensic support** from Europol has considerably increased, in both volume and level of sophistication. Europol's role in digital and document forensics has acquired a growing significance. Forensics is one of the niche capabilities at the forefront of **law enforcement innovation and research**. Europol is called to extend its assistance well beyond traditional forensic support to include state-of-the-art forensic expertise on the ground. Due to the lack of knowledge and resources in some Member States, Europol's role will only grow and expand to additional areas. This will include: digital forensic strategy/tactics advisers (leading experts from Member States that can be called to support operations and give advice on tactical/technical approach of operations); large-scale technically demanding support on the ground; network acquisition/cloud forensics/live forensics, etc. Europol's European Cybercrime Centre (EC3) aims at providing a platform for European Policing solutions through an upgraded Decryption platform, which will provide Member States with cutting-edge high demand decryption capabilities at pan-European level. This ambitious endeavour will require sustained funding and resources over time.

The proposed changes focus on ensuring delivery to our external stakeholders – while internal adjustments will also be made to ensure optimising the use of current resources, the changes cannot reach full potential unless a significant investment is made.

In addition, to achieve the full operational potential of the EU Policy Cycle for organised and serious international crime, the budget available for grants to Member States for their Operational Action Plans should be multiplied.

### Administration

Europol has a very strong administrative performance: a 0% vacancy rate and a budget implementation rate consistently above 99% means that Europol has been fully utilising its resources.

As an example, over the period 2015 to 2019 Europol has been granted 177 additional posts but has had to cut 45 posts due to austerity measures, a net gain of only 132 posts. Unlike most EU agencies and institutions, Europol already had a 40-hour working week so were unable to absorb austerity measures by simply increasing the length of the working week. In addition, the agency has already cut 38 posts in non-core areas and reallocated those positions to our core business.

Europol's results are achieved by an expert European, multi-cultural workforce who applies its knowledge and experience through information management systems. On 31 December 2018, over 1,300 staff worked at the Headquarters, including Member States and third country partner liaison officers. As the current premises in The Hague, generously provided by The Netherlands, were filled earlier than expected due to the sustained growth of the Agency and do not allow any further expansion, Europol and the Host State are discussing the headquarters' expansion.

### 3. Mid to long term – MFF – a sustainable budget

Europol looked towards the MFF 2021 – 2027 as the vehicle to deliver the long sought-after sustainable budget for the agency. However, as mentioned above the initial COM proposal for the MFF is grossly underestimated and set the Europol budget at € 124 M in 2021 through to 2027 despite there being an almost doubling of the overall internal security budget of the EU to €4.8bn.

In order to maintain an effective delivery and customer satisfaction, particularly in those areas where investments were moderate in recent years and demands are growing, such as operational ICT and information management, the staff and budget planning for the mid-term period should be set at higher levels.

The imbalance between the budgets made available for border management (€ 21bn with € 12bn to the decentralised agencies) as opposed to that for security (€ 4.8bn with € 1.1bn to the decentralised agencies) is another important factor to take into consideration. Within the borders of the EU, Europol analysis has shown that of the 5,000 organised crime groups currently under investigation, 70% of their members are EU nationals; increasingly terrorism is seen as a home-grown problem with most of those involved never having had any direct contact with conflict zones outside the EU border; cybercrime is committed on a daily basis from all corners of the world attacking and victimising EU businesses and citizens. The investment made in securing the external

border does not address the threat faced by internal security actors, which continues to rise without a commensurate uplift in resourcing.

Should this remain unchanged, based on previous experience the likelihood going forward is that Europol will have to fight on an annual basis to secure a budget that allows it to fulfil most of its basic tasks but without providing any headroom for delivering the changes requested by the MS and proposed by the Executive Director in her Europol Strategy 2020+.

The proposed changes focus on ensuring delivery to our external stakeholders with some important, but minor, largely cost neutral, internal adjustments.

#### 4. Investment budget

A substantial additional investment in modern information management approaches and instruments would lead to a substantial breakthrough in the way Europol operates. This step change would address both the limitations of the current systems available and equip the agency to manage the constantly increasing volumes and variety of data supplied by Member States. Searching is no longer limited to biographic or biometric parameters but increasingly requires technology to search and analyse new data types. As an example there will shortly be a need to be able to analyse travel and associated data such as (very) big data including patterns and concepts, video, biographic and biometric forms. Such analysis needs to be predictive to allow Europol to provide investigative opportunities and make early identification of transnational criminal behaviour available to Member States. Europol needs to advance from a demand – supply cycle of delivery to one that anticipates and responds to the emerging threats and challenges it identifies.

If, as is generally understood, there will be a substantial underspend in the budget allocated to other areas of the EU Internal Security portfolio, there may be an option to re-allocate resources to Europol at a level which would allow the continuation of current services and the development of new information products and services for Member States in addition to improving existing systems.

#### 5. Indicative projections

The proposals shown below reflect the considerations outlined throughout this document. Given the timeframe involved, rounded figures are shown. While the proposed growth may appear ambitious, in reality it is a reflection of both Europol's growth to date, including a proven ability to absorb and perform new tasks, and of the projected increase in demand on Europol's services, based on current trends.

		Actual		MFF 2021-2027						
	Year	2019	2020	2021	2022	2023	2024	2025	2026	2027
Million € 2018 prices	COM proposal May 2018		123.7	123.7	123.7	123.7	123.7	123.7	123.7	123.7
	Europol estimate (budget)		174.8	240	260	270	275	290	295	300
<i>Europol estimate (posts - establishment plan<sup>1</sup>)</i>		591	657	740	845	915	980	1040	1100	1160

<sup>1</sup> More than 1300 people work at Europol HQ in 2019, including Europol staff, trainees and contractors (~ 1050) and Liaison Officers to Europol from MS and Third Parties (~ 250)

These estimates are firmly grounded in information available about Europol's current and planned tasks, and proven trends in the increasing demand for Europol's services. A more strategic transformation of Europol to deliver a complete portfolio of European policing solutions – demand for which has been clearly expressed by law enforcement agencies across the EU – would require a more significant increase. The additional<sup>2</sup> investment budget required in order to deliver a substantial breakthrough in the way Europol operates is presented below.

	Million € 2018 prices	Actual		MFF 2021-2027						
	Year	2019	2020	2021	2022	2023	2024	2025	2026	2027
Investment budget	Europol estimate	-	13.0	10.0	6.0	1.0	-	-	-	-

<sup>2</sup> For 2020, part of the investment budget has been requested in the context of the annual budgetary process.

**From:** MB Secretariat <mbs@europol.europa.eu>  
**Sent:** 04 June 2019 14:58  
**To:** TAJANI Antonio, President; 'lewp@consilium.europa.eu'  
**Cc:** CANGA FANO Diego; SCHIDA Radovan (CONSILIUM); MB Secretariat  
**Subject:** @EXT: Multi-annual Financial Framework 2021-2027  
**Attachments:** EDOC-#1046623-v1-  
Letter\_from\_the\_MB\_Chairperson\_to\_the\_Budgetary\_Authority\_.DOC

Dear President Tajani,

Dear Minister Dan,

Please find enclosed a letter from Mr Andrei Linta, Chairperson of the Europol Management Board (MB), concerning the implications for Europol of the currently proposed Multi-annual Financial Framework 2021-2027.

Best regards,

Maria Letizia Luzzi

**EUROPOL** - Management Board Secretariat

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