

# Financing the common security and defence policy

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The Committee on Foreign Affairs and the Committee on Budgets adopted the joint own-initiative report by Eduard KUKAN (EPP, SK) and Indrek TARAND (Greens/EFA, EE) on financing the Common Security and Defence Policy. The report noted that the EU and its Member States were major funders of the various peace and crisis management operations throughout the world, while CSDP civilian and military missions and operations constitutes a very small share of all funding.

Members regretted **the modest nature of CSDP interventions**, especially the military ones, consisting mainly of small-scale military training missions instead of substantial European contributions to peacekeeping and peace enforcement. They were convinced that the EU cannot allow itself to focus exclusively on instruments for a post-crisis context or for supporting exit from crisis, but must, rather, be **capable of intervention across the full spectrum of crisis management**.

In this context, budget cuts in defence spending and existing duplications required the **rethinking of the financing of CSDP missions** and operations by using budget allocations in a better and more cost-efficient way while ensuring proper democratic scrutiny at EU institutional level of all missions and operations, whether civil or military.

**Cost saving/efficiency-increasing initiatives:** given the still significant delays in procuring essential equipment and services to the CSDP missions under the CFSP framework, the Commission was asked to mitigate these shortfalls by preparing **a specific template for the financial rules for civilian CSDP missions** and by adapting existing guidelines to their needs, in order to facilitate the rapid, flexible and more efficient conduct of missions, while guaranteeing sound financial management of EU resources and an adequate protection of the Union's financial interests. Members took the view that the budget should be delegated to the Civilian Operation Commander.

The Commission and Member States were asked to conduct an **annual evaluation** of the overall costs of security and defence policies, including a **transparent presentation of procurement procedures**, with a view to managing the budget allocated to this field as efficiently as possible in the future. Members strongly encouraged the setting-up of a Shared Services Centre, together with an Integrated Resource Management System as a way to improve the speed of deployment and cost-efficiency of civilian missions.

**Coherence and complementarity:** CFSP resources should be used in a smarter way, notably through **enhanced coordination between CSDP instruments and the different EU funding programmes** managed by the Commission. The report called for **better military-civilian synergies** where appropriate, and in particular for them to be taken into account at the beginning of the planning processes, notably in the areas of premises, medical services, logistics, transport and the security of missions, while respecting the different chains of command and clearly distinguishing between the natures, objectives and modes of functioning of civilian missions and military operations.

The Commission was asked to set up **permanent financial procedures** for the cooperation between the Commission, the EEAS, the EDA, the ESA and Member States in the fields of CSDP and common market, industry, space, research and development policies.

**Financing military operations:** the European Council of December 2013 decided to examine the financial aspects of EU missions and operations, including the **review of the Athena mechanism**, in order to ensure procedures and rules that enable the Union to be faster, more flexible and efficient in the deployment of EU civilian missions and military operations. The report stressed that Athena was crucial to the deployment of those operations and is an instrument of solidarity between Member States. It regretted, however, that the **actual proportion of the common costs remained very low** (estimated at approximately 10-15 % of all costs) and that the high proportion of nation-borne costs and responsibilities in military operations based on the ‘costs lie where they fall’ principle was **counter to the principles of solidarity and burden-sharing**, and further deterred Member States from taking an active part in CSDP operations.

Consequently, Members called on the next European Council on Defence to consider a further **expansion of the common costs eligible under Athena**, such as the automatic financing of expenditure on CSDP operational and mission deployment (infrastructure for the accommodation of forces, expenses relating to the establishment of points of entry for troops into theatres of operations and security stocks of food and fuel where necessary).

The Council was also asked to (i) initiate, during the current budget year, the setting-up of the **start-up fund** (Article 41(3) TEU) for the urgent financing of the initial phases of military operations; (ii) put forward a proposal on how in a crisis situation the consultation of Parliament could be carried out quickly.

Regarding **transparency and accountability**, Members reiterated the importance attached by Parliament to exercising oversight over the way the different CSDP missions and operations were budgeted.

Lastly, the report **encouraged the VP/HR to take on leadership** regarding the CSDP and to play a steering role in breaking down ‘silos’ by ensuring coordination between the Council, the Commission and the EEAS and guaranteeing coherence within the two latter bodies. It suggested that EU Special Representatives could be entrusted with a mandate to improve dialogue and cooperation between the various EU players on the ground, in order to increase the coherence of EU action and turn the multiple sources of funding from a challenge into an asset.