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*Committee on Foreign Affairs  
Committee on Budgets*

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**2014/2258(INI)**

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## **DRAFT REPORT**

on financing the Common Security and Defence Policy  
(2014/2258(INI))

Committee on Foreign Affairs  
Committee on Budgets

Rapporteurs: Eduard Kukan, Indrek Tarand

(Joint committee meetings – Rule 55 of the Rules of Procedure)

**CONTENTS**

	<b>Page</b>
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	3

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on financing the Common Security and Defence Policy (2014/2258(INI))

*The European Parliament,*

- having regard to Title V of the Treaty on European Union (TEU), in particular Articles 21, 24, 41, 42, 43, 44, 46,
- having regard to the Treaty on the Functioning of the European Union (TFEU),
- having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020<sup>1</sup>,
- having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management<sup>2</sup>,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>3</sup> and its subsequent modifications,
- having regard to the European Court of Auditors' Special Report No 18/2012 on 'European Union assistance to Kosovo related to the rule of law',
- having regard to the European Council conclusions of 18 December 2013,
- having regard to the Council conclusions on the Common Security and Defence Policy of 25 November 2013 and 18 November 2014,
- having regard to the progress report of 7 July 2014 by the Vice-President / High Representative (VP/HR) and the Head of the European Defence Agency on the implementation of the European Council conclusions of December 2013,
- having regard to the Joint Communication by the VP/HR and the Commission on 'The EU's Comprehensive Approach to External Conflicts and Crises', and the related Council conclusions of 12 May 2014,
- having regard to its resolution of 3 April 2014 on the EU comprehensive approach and its implications for the coherence of EU external action<sup>4</sup>,
- having regard to the Presidency conclusions adopted by the European Council at Helsinki on 11 December 1999 (Headline Goal 2003) and to the Headline Goal 2010,

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<sup>1</sup> OJ L347, 20.12.2013, p. 884.

<sup>2</sup> OJ C373, 20.12.2013, p. 1.

<sup>3</sup> OJ L298, 26.10.2012, p. 1.

<sup>4</sup> Texts adopted, P7\_TA(2014)0286.

approved by the Council on 17 May 2004,

- having regard to the Civilian Headline Goal 2010 approved by the ministerial Civilian Capabilities Improvement Conference and noted by the General Affairs and External Relations Council on 19 November 2007,
  - having regard to Rule 52 of its Rules of Procedure,
  - having regard to the joint deliberations of the Committee on Foreign Affairs and the Committee on Budgets under Rule 55 of the Rules of Procedure,
  - having regard to the report of the Committee on Foreign Affairs and the Committee on Budgets (A8-0000/2015),
- A. whereas the increasingly volatile security environment calls for a strengthening of the CSDP to make it a more effective policy instrument;
- B. whereas budgetary cuts in defence spending and existing duplications require the rethinking of the financing of CSDP missions and operations by using budgetary allocations in a better and more cost-efficient way;
- C. whereas 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 that procedures and rules enable the Union to be more flexible and efficient in the deployment of EU civilian missions and military operations;
1. Notes that the EU and its Member States are by far the main funders of peace operations, while CSDP operations and missions represent only a small part of all funding; regrets the very modest nature of CSDP interventions, especially the military ones, consisting mainly of low-profile military training missions instead of substantial European contributions to peace-keeping and peace-enforcement;
  2. Calls on the VP/HR and the Member States to unleash the full potential of the Lisbon Treaty with regard to a faster and more flexible use of the CSDP missions and operations;
  3. Notes with concern that despite a combined yearly defence budget of some EUR 190 billion, the Member States are still unable to meet the 1999 Helsinki Headline Goals; recalls the ambitious civilian headline goals set by the EU; calls for the EU to be strengthened as an actor in defence, and regrets the lack of a clear military doctrine which operationalises the tasks listed in Article 43 TEU (the expanded ‘Petersberg tasks’); strongly advocates closer defence coordination and cooperation between Member States and at EU level, in particular pooling and sharing of resources, capabilities and assets;
  4. Notes that the level of funding for civilian CSDP missions under the CFSP chapter of the EU budget has declined over the past years and is expected to stay stable as part of the multiannual financial framework 2014-2020; regrets that civilian missions have been affected by the generalised shortfall of payment appropriations, obliging the Commission to delay the payment of EUR 22 million to 2015 as a mitigating measure;

welcomes, however, that some EUR 16 million have been identified as possible savings, allowing further missions to be funded should the need arise in the near future;

### ***Cost saving/efficiency-increasing initiatives***

5. Welcomes the concrete measures and pragmatic solutions introduced recently by the Commission within the existing framework of financial rules in order to shorten financial procedures; deplores, however, the still significant delays in procuring essential equipment and services to the missions under the CSDP, partially due to the often slow process of adopting decisions by the Council, but also to a certain lack of flexibility of the financial rules, and the resulting negative effect on the missions' functioning; recalls that the Court of Auditors already criticised this in its 2012 Special Report on the EU assistance to Kosovo related to the rule of law;
6. Urges the Commission to mitigate these shortfalls, and to propose the necessary adaptations to financial rules for civilian CSDP missions, in order to facilitate the rapid and flexible conduct of missions, while guaranteeing sound financial management of the EU resources and an adequate protection of the Union's financial interests; takes the view that the budget implementation powers should be delegated to the Civilian Operation Commander, in the same way that has been done for Heads of EU Delegations;
7. Strongly encourages the setting up of a Shared Services Centre (SSC), together with an Integrated Resource Management System (IRMS), as a way to improve the speed of deployment, and cost-efficiency, of civilian missions; deplores that this initiative has been in a stalemate so far; notes that a mission support platform is currently being considered, but calls on the Commission and the EEAS to make further steps towards establishing a genuine SSC;
8. Believes that the chronic constraints of the EEAS/Civilian Planning and Conduct Capability's administrative budget should be alleviated, as the yearly budget allocation remains too small to cater for all planning, conduct and support tasks, notably when more missions are launched almost simultaneously;
9. Takes the view that the permanent CSDP Warehouse, which currently only serves new CSDP civilian missions, should quickly be upgraded by enlarging its scope to include existing missions and by improving the availability of stored equipment, and that it should be managed by the future SSC;
10. Stresses the need for adequate staffing of missions in line with the various commitments made by Member States in this respect (e.g. the Civilian Headline Goal 2010, the Multi-Annual Civilian Capability Development Plan); deplores, however, the difficulties to recruit – and keep – a sufficient number of qualified personnel for CSDP missions; encourages the widespread use of rapidly deployable Civilian Response Teams (CRTs), which would increase the rapid reaction capacity of the EU, facilitate swift build-up of missions and contribute to the effectiveness of its crisis management response;

### ***Coherence and complementarity***

11. Considers that the CSDP should be viewed as part of the broader CFSP framework and

of EU external action as a whole; strongly believes that coherence and complementarity should be ensured between the various instruments to achieve economies of scale and maximise the impact of EU spending; is convinced that the EU has more tools and leverage potential than any other supranational institution, given that its security and defence policy can be reinforced by a comprehensive approach with other types of EU instruments and financing mechanisms; believes, therefore, that CFSP resources should be used in a smarter way by tying CSDP in with the different programmes managed by the Commission;

12. Calls for better military-civilian synergies where appropriate, notably in the areas of logistics, transport and the security of missions, while respecting the different chains of command and the different nature of civilian and military missions;
13. Welcomes the review of Crisis Management Procedures (CMP) agreed in 2013, as it led to improvements in the planning and launching of CSDP missions; stresses, however, that more needs to be done to overcome the persistent 'silos' separating different parts of the EU foreign policy machinery;
14. Welcomes the 'Train & Equip' initiative that would ensure the capacity building of partners, as part of a transition or exit strategy, by facilitating the financing of equipment for security forces of third countries; supports a systematic use of project cells, in which interested Member States or third countries can contribute; welcomes the fact that the Commission is considering a more permanent financial support for this initiative;

#### ***Financing military operations***

15. Acknowledges that military operations are financed by the Member States outside the EU budget and that their common costs are covered by the Athena mechanism; underlines that Athena is crucial to the fast deployment of those operations and is an instrument of solidarity between Member States, as well as a major incentive, notably for those lacking financial resources, to contribute to CSDP operations; regrets, however, that the proportion of the common costs remains very low (around 10-15 % of all costs) and that the 'costs lie where they fall' principle further deters Member States from taking an active part; finds that the long-term financing of military missions should be ensured;
16. Deplores, in this context, that the review of the Athena mechanism has not produced tangible results, and calls on the Council to deliver quickly on this issue; supports, in particular, an expansion of the costs eligible under Athena, such as the pre-financing of certain costs or the strategic transport of EU battle groups; expects a final decision on these issues at the next European Council on defence;
17. Supports initiatives to explore the possibility of attracting and managing financial contributions from third countries or international organisations within Athena, but warns against any contribution by the EU budget which risks having a detrimental effect on the financing of civilian missions; also supports the option of 'joint financing', whereby a smaller number of participating countries would finance some operational costs of the missions, under the condition that their contributions are managed by Athena and supplement rather than replace the common costs;

18. Recalls that the Lisbon Treaty provides the EU with new CSDP provisions which are yet untapped; encourages the Council to make use of Article 44 TEU, enabling a group of willing Member States to go ahead with the implementation of a CSDP task; takes the view that the ad hoc funding mechanisms for a military operation should cover more than the traditional common costs reimbursed by Athena;
19. Calls on the Council to initiate the setting-up of the start-up fund (foreseen by Article 41(3) TEU) for the urgent financing of the initial phases of military operations, which could also serve as a strong tool for capacity development; notes that, while civilian missions benefit from a dedicated budget for preparatory measures, the deployment and efficiency of military missions will remain structurally hindered as long as this possibility is not used; strongly encourages Member States to engage in the permanent structured cooperation provided for by Article 46 TEU, which would also considerably strengthen the EU rapid reaction capability;

### ***Transparency and accountability***

20. Stresses that transparency and accountability are essential requirements not only for democratic scrutiny but also for the adequate functioning, and the credibility, of missions carried out under the EU flag; welcomes the reporting mechanisms provided for by the interinstitutional agreement of 2 December 2013, such as the joint consultation meetings on CFSP and the quarterly reports on the CFSP budget; calls on the Commission to make an extensive interpretation of Article 49 (1) (g) of the Financial Regulation and to propose specific lines for each civilian CSDP mission under the CFSP chapter;
21. Looks forward to initiatives which would bring clarity and consistency as to the financing and operating rules applying to civilian missions; welcomes, in the light of the ongoing discussion on flexibility in the financial rules, the commitment by the Commission to prepare a specific template for all CSDP missions, and to adapt the existing guidelines to their needs;

### ***Match words with deeds***

22. Encourages the VP/HR to take leadership in CSDP and to play a steering role in breaking down silos by ensuring coordination between the Council, the Commission and the EEAS, and by guaranteeing coherence within the two latter bodies; suggests that EU Special Representatives could be entrusted with the mandate to improve dialogue and cooperation between the various EU players on the ground, in order to increase the coherence of the EU action and turn the multiple sources of funding from a challenge into an asset;
23. Takes the view that the next European Council on defence should not waste an opportunity to have a deep discussion and produce concrete proposals on reforming the financial arrangements for CSDP missions and operations; urges the Member States to deliver on the commitments undertaken at the European Council of December 2013;
24. Instructs its President to forward this resolution to the President of the European Council, the VP/HR, the Council, the Commission, the governments and parliaments of the Member States, the Secretary-General of NATO and the President of the NATO

Parliamentary Assembly.