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The 'EU Legislation in Progress' briefings are updated at key stages throughout the legislative procedure. Please note this document has been designed for on-line viewing.

The EU's new approach to funding peace and security

The link between security, peace and development is recognised by both security and development communities. However, the practical implications of this nexus still pose challenges – especially in the light of a rapidly evolving security environment. While the EU's assistance for peace and security comes in different forms – for instance through budgetary support or under common security and defence policy – the existing rules of financing under the EU budget exclude activities aimed at enhancing cooperation with the defence sector and the military in third countries.

The proposed amendment to Regulation (EU) No 230/2014 of 11 March 2014 establishing the Instrument contributing to Stability and Peace (IcSP) aims to remedy this situation by creating the conditions to allow EU budgetary support for capacity-building programmes in third countries aimed at training and mentoring, the provision of non-lethal equipment and assistance with infrastructure improvements, and help with strengthening the capacity of military actors in order to contribute to the achievement of peaceful and inclusive societies and sustainable development.

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 230/2014 of the European Parliament and of the Council of 11 March 2014 establishing an instrument contributing to stability and peace

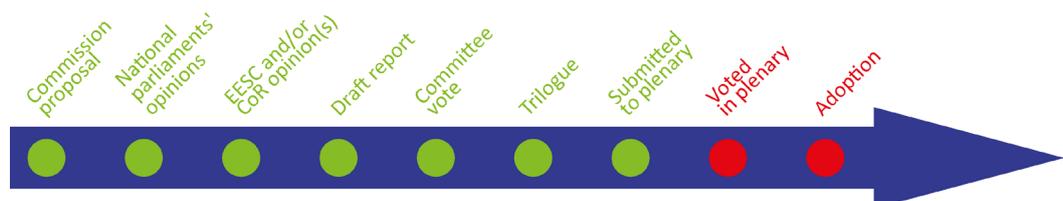
COM(2016) 447 of 5.7.2016, 2016/0207(COD), Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')

Committee responsible: Foreign Affairs (AFET)

Rapporteur: Arnaud Danjean (EPP, France)

Shadow rapporteurs:
Soraya Post (S&D, Sweden)
Anders Primdahl Vistisen (ECR, Denmark)
Hilde Vautmans (ALDE, Belgium)
Sabine Lösing (GUE/NGL, Germany)
Bodil Valero (Greens/EFA, Sweden)
Fabio Massimo Castaldo (EFDD; Italy)

Next steps expected: First-reading vote in plenary



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Introduction

The instrument contributing to stability and peace (IcSP) is one of the external financing instruments (EFIs) that were adopted as a package in 2014¹ to increase the efficiency and coherence of the European Union's actions by creating a more explicit link between security and development policies. The focus was specifically on crisis management and peacebuilding (i.e. crisis preparedness, crisis response, conflict prevention and peacebuilding,) and on addressing global and trans-national threats (i.e. terrorism, cyber-security and illicit trafficking). While the EU recognises a clear link between security and development – as reflected in the 2006 [European Consensus on Development](#), the EU's support for the New Deal for Engagement in Fragile States, and the Council conclusions on the EU's [comprehensive approach](#) – like other international donors it faces a number of constraints when committing funding for peace and security through traditional development channels. In July 2016, the European Commission presented a [proposal](#) for a regulation amending Regulation (EU) No 230/2014 of 11 March 2014 establishing an instrument contributing to stability and peace. The proposal aims to adapt the existing regulation to revised reporting directives on official development assistance (ODA) in the field of peace and security and to strengthen the EU's role as a security actor.

Context

The 2011 World Bank report on [Conflict, Security and Development](#) explored the theoretical link between conflict, security and development issues. The report noted that at least 1.5 billion people globally were (at that time) affected by ongoing violence or its legacies. It found that organised violence was often spurred by a range of domestic and international stresses, such as youth unemployment, income shocks, tension among ethnic, religious or social groups, and trafficking networks. Risks of violence were greater when high pressures combined with weak capacity or a lack of legitimacy among key national institutions. Societal, economic, technological and geopolitical [trends](#) point to the growing vulnerability of the world's population to shocks and stresses, including: interstate conflicts, natural disasters, extreme weather events, water crises, state collapse and cyber-attacks. In such a rapidly [changing environment](#), complex and interconnected risks do not fit within neat categories delineated by geographical borders or legal boundaries, and they challenge the functionality of the funding instruments that traditionally aimed to maintain clear dividing lines between peace and security on the one hand and development on the other. This is mostly the result of the fact that the increasingly complex security environment is having a direct impact on the definition of the development objectives, requiring a redefinition of the respective missions of actors involved in delivering security and development functions. For instance, the United Nations' 2030 Agenda for Sustainable Development underlines the importance of promoting peaceful and inclusive societies, both as a sustainable development goal ([SDG 16](#) – Promote just, peaceful and inclusive societies) and in support of other development objectives.

1 The 2014 EFIs Package includes three geographic instruments (the Development Cooperation Instrument, the European Neighbourhood Instrument and the Instrument for Pre-Accession Assistance), three thematic instruments (Democracy and Human Rights Worldwide, the Partnership Instrument and the Instrument contributing to Stability and Peace), and a horizontal regulation with common implementing rules. IcSP is managed partly by the Service for Foreign Policy Instruments (FPI) and partly by DG International Cooperation and Development (DG DEVCO).



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The June 2016 [global strategy](#) for the EU's foreign and security policy identified building state and societal resilience as one of its priorities in responding to fragility and instability and building sustainable growth and societal development. According to the strategy, 'a resilient state is a secure state, and security is key for prosperity and democracy. But the reverse holds true as well. [...] A resilient society featuring democracy, trust in institutions, and sustainable development lies at the heart of a resilient state'. In order to achieve this aim, the strategy calls for enhanced efforts towards a union that is more:

- > responsive, whereby the EU's diplomatic action is fully grounded in the Lisbon Treaty, makes a better use of common security and defence policy instruments and enhanced cooperation between Member States, and development policies are more flexible and aligned with the EU's other strategic priorities; and
- > 'joined up' across the EU's external policies, between Member States and EU institutions, and between the internal and external dimensions of our policies. This is particularly relevant to the implementation of the Sustainable Development Goals, migration, and security, notably counter-terrorism.

To date, EU action in support of the security-development nexus has come in various forms, including building effective, legitimate and sustainable institutions in the field of justice, the security sector, and border management, for instance, through political dialogue, technical cooperation, training and the provision of essential equipment and material, excluding the provision of lethal weapons. Several of the EU's CSDP missions and operations have also included capacity building elements.

Existing situation

While the EU's peace and security assistance comes in different forms – including EU budgetary support for security sector reform with a primarily civilian objective and EU advice and training for the security actors of partner countries and organisations (including military organisations) under the CSDP – the existing framework excludes use of the EU budget to finance activities aimed at enhanced cooperation with third country defence sectors and armed forces.² The joint communication of 28 April 2015 from the European Commission and the EU's High Representative for Foreign and Security Policy (HR/VP) on capacity building in support of security and development ([CBSD](#)) concluded that the absence of such systematic and longer-term EU support for defence and military security sector capacity building has negatively affected the overall effectiveness of EU support and continues to hamper the EU's ability to deal comprehensively with the deteriorating security environment. Consequently, the Commission's 2016 Work Programme includes a package on capacity building in the security sector and a proposal for the amendment of Regulation 230/2014 in order to do more to reflect the key role that the military can play in creating an enabling environment for sustainable development and in ensuring human security.

² Recognising the potential contribution that more effective and professional armies can make to civilian control over the military, better governance and human security, the EU is engaged in enhanced cooperation with defence sectors and armed forces in African countries under the ACP Partnership Agreement, within the framework of the African Peace Facility. This is, however, an isolated case.

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Provisions of the existing regulation

Regulation 230/2014 establishing an instrument contributing to stability and peace lists three main instances in which the IcSP can be mobilised:

Responding to crises or emerging crises to prevent conflicts: The instrument is mobilised to contribute swiftly to stability by providing an effective response to help preserve, establish or re-establish the conditions essential for proper implementation of the Union's external policies and actions in accordance with Article 21 TEU. Practical examples of measures listed under Article 3 of Regulation 230/2014 include supporting the development of democratic institutions and strengthening the capacity of law enforcement and judicial authorities involved in the fight against terrorism, organised crime and all forms of illicit trafficking. Measures adopted on the basis of Article 3 of the Regulation are not subject to programming but are decided by the Commission, after consultation with the EEAS and after informing the Council. For amounts higher than €20 million, consultation of the Member States by means of [comitology](#) is required.

Conflict prevention, peacebuilding and crisis preparedness: The IcSP can be used to contribute to the prevention of conflicts and to ensure capacity and preparedness to address pre- and post-crisis situations and build peace. Examples of measures that can be funded by the instrument under Article 4 of the regulation include measures aimed at building and strengthening the capacity of the Union and its partners to promote early warning and conflict-sensitive risk analysis; facilitating and building capacity in confidence building; and strengthening capacity for participation and deployment in civilian stabilisation missions. Measures under Article 4 are subject to programming and achieved through annual action programmes adopted by the Commission in line with thematic strategy papers and multi-annual indicative programmes, and following consultations with Member States by means of comitology.

Addressing global and trans-regional threats to peace, international security and stability: Through longer-term interventions, the instrument provides assistance in addressing threats to law and order, to the security and safety of individuals, to critical infrastructure and to public health. In addition, funding from the IcSP can be used to mitigate and prepare against risks related to chemical, biological, radiological and nuclear materials and agents. Assistance provided under Article 5 of the regulation can be used to: strengthen the capacity of law enforcement and judicial and civil authorities involved in the fight against terrorism, organised crime, including cybercrime, and all forms of illicit trafficking; address threats to critical infrastructure; and ensure an adequate response to major threats to public health and the transnational effects of climate change. Measures under Article 5 are subject to the same procedure as in the case of Article 4.

EU funding for security actors, including the military

Recognising new challenges and the evolving security environment, on 19 February 2016 the OECD Development Assistance Committee (DAC) took the [decision](#) to update and clarify the reporting directives for official development assistance (ODA) on peace and security. The primary criterion when assessing the ODA eligibility of activities in the field of peace and security is their focus on the promotion of the economic development and welfare of developing countries. In order to avoid channelling ODA funds to strengthen



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partner countries' military capabilities, the financing of military equipment or services, the enforcement aspects of peacekeeping, and activities combatting terrorism are in general excluded from ODA reporting.³

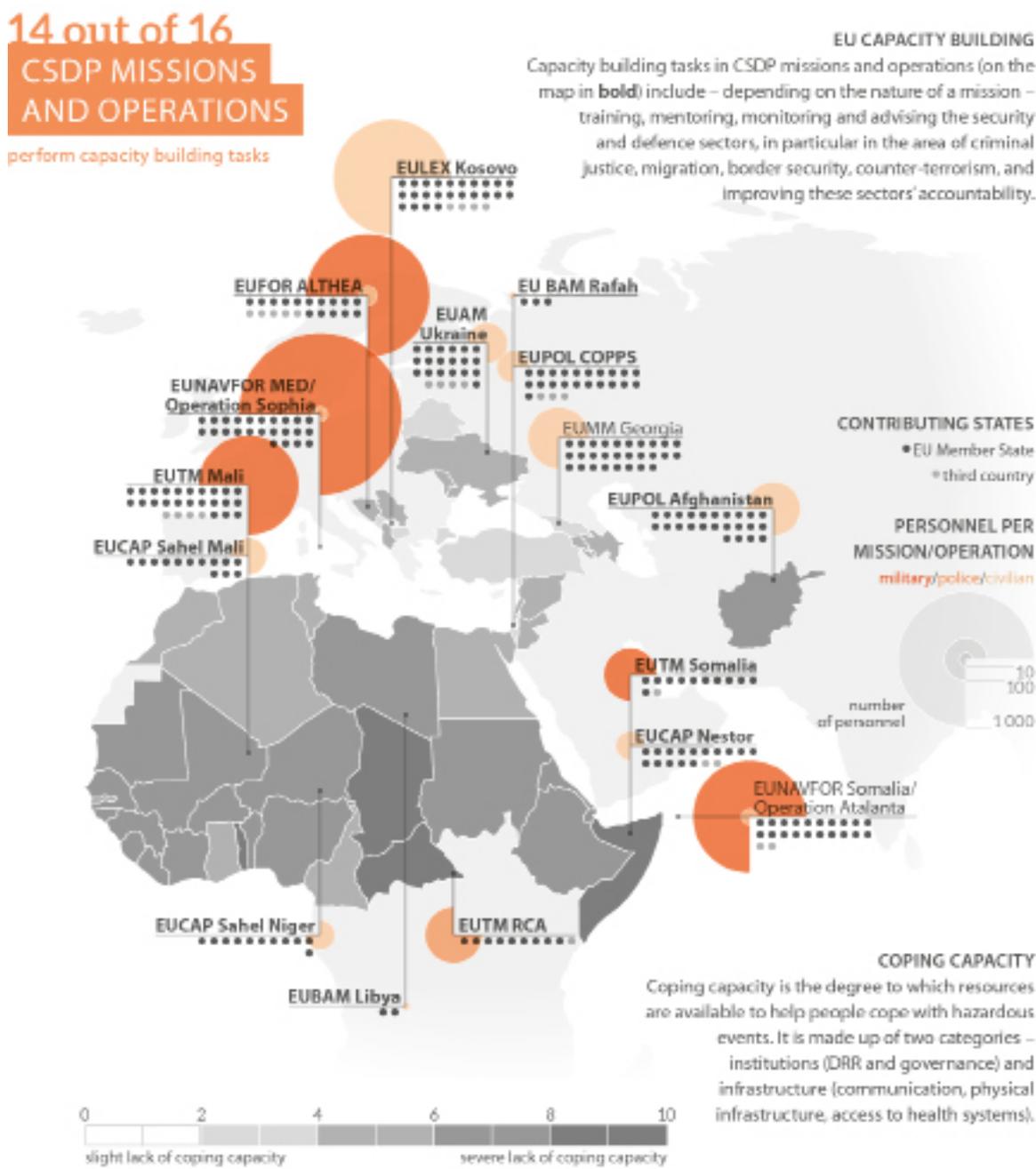
However, military CSDP operations that aim to support and train armed forces in third countries are currently [financed](#) either through voluntary contributions from Member States or through the Athena mechanism.⁴ The financial contribution of the EU's development instruments towards supporting justice and security sectors in partner countries has gradually increased, mostly through the IcSP and its predecessor, the Instrument for Stability (IfS). For instance, police forces in Niger have received basic equipment, training and mentoring to develop their capabilities. In Cameroon, the police have received equipment financed by the IcSP with the aim of supporting their fight against Boko Haram.

Nonetheless, the Commission and the European External Action Service argue that one of the key constraints when it comes to leveraging the EU's role as a regional security provider is the EU's ability to provide capacity building support for the military actors of partner countries, for instance by combining training and reform support provided through CSDP operations with short- and long-term financing as well as providing non-lethal equipment. For instance, the EU training mission in Mali (EUTM Mali) provides Malian soldiers with training and advice, enabling them to form an effective and democratically accountable national armed force. The support provided by EUTM Mali focuses on operational training, command and control, logistical chains and human resources. Additional training is provided on international humanitarian law, the protection of civilians and human rights. The existing assistance, however, excludes communications equipment, which hinders command and control, and also excludes ambulances, water tanks and fuel trucks, hindering operational autonomy.

- 3 Nonetheless, the DAC [has agreed](#) that certain conflict prevention and resolution, peacebuilding and security expenditures meet the development criteria of ODA. These include costs incurred for the use of military personnel to deliver humanitarian aid or perform development services. Police training is reportable as security-related when it is primarily aimed at supporting security system reform or undertaken in connection with peacekeeping activities. Bilateral ODA-eligible security expenditure includes: security system management and reform; civilian peacebuilding, conflict prevention and resolution; participation in international peacekeeping operations within a UN context; reintegration and small arms and light weapons (SALW) control; removal of land mines and explosive remnants of war; and preventing the recruitment of child soldiers.
- 4 The principles for the financing of EU civilian and crisis management operations are set out in Article 41 TEU. The common costs of such operations are covered by Council Decision (CFSP) 2015/528 of 27 March 2015 establishing the mechanism to administer the financing of the common costs of European Union operations having military or defence implications (Athena) and repealing Decision 2011/871/CFSP, OJ L 84, 28 March 2015.

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Map 1 – Capacity building in the EU's missions and operations



Data source: [INFORM 2016](#), [SIPRI Multilateral Peace Operations Database](#).

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Use of development funding for security purposes

[Article 208](#) of the Treaty on the Functioning of the European Union (TFEU) clearly prescribes that the focus of the EU's development cooperation policy must remain on reducing and eradicating poverty. Article 21 of the Treaty on European Union (TEU), on the other hand, lists a number of objectives for the EU's external action, including preserving peace, preventing conflict, strengthening international security, and fostering the sustainable economic, social and environmental development of developing countries. Consequently, some of the root causes of instability and conflict are addressed through the EU's development policy goals, for instance reducing and eradicating poverty, securing sustainable development, levelling inequalities and social injustice, and addressing human rights violations. This broad scope of the EU's development policy, going beyond Article 208(1) TFEU, was confirmed by the Court of Justice in case C-377/12, *European Commission v Council (PCA Philippines)*. When addressing instability and conflict, the EU also relies on operational capabilities under the common security and defence policy for peacekeeping and conflict prevention missions and operations outside the EU's territory. Consequently, the EU has repeatedly highlighted that security is a [precondition](#) for development while there cannot be [sustainable peace](#) without development and poverty eradication. Whereas security sector capacity building is not ruled out under Articles 209 on development cooperation and 212 TFEU on economic, financial and technical cooperation with third countries, it does require a case-by-case assessment. As a general rule, ODA excludes military expenses, thus imposing restrictions on the EU's development and technical assistance under the existing financial instruments. That means that there is currently no single instrument in the EU budget designed to provide comprehensive assistance for security capacity building in partner countries, with particular regard to initiatives with a military component.

Although addressing the security-development nexus in practice is an important precondition for effective EU external action, Article 40 TEU excludes the possibility of the same action being financed by both CFSP measures⁵ and a project or programme based on Articles 209/212 TFEU on development cooperation, on account of the different and incompatible procedures they follow.⁶

In the *ECOWAS* case (C-91/05), the Court of Justice distinguished three categories for establishing the appropriate legal basis in accordance with the objectives and content of the relevant measures:

- > A CFSP legal basis should apply if the centre of gravity of the content and scope fell within the scope of CFSP.
- > Articles 209 and/or 212 TFEU should apply if both the objective and content of the measure were covered by a non-CFSP EU legal basis.
- > Articles 209 and/or 212 TFEU should apply if a measure pursued several objectives falling within Union competence alongside other objectives within CFSP, neither of which would be incidental upon the other.

⁵ Case C-91/05, *Commission v Council (ECOWAS)*.

⁶ Case C-300/89, *Commission v Council*. Judgment of the Court of 11 June 1991.



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In addition, Article 41(2) TEU rules out the possibility of using the EU budget for 'expenditure arising from operations having military or defence implications'. The fact that this exception is included in the EU's primary law led the European Commission's Legal Service to argue with regard to the joint communication on CBSD that the modification of existing EU external action instruments or the adoption of new ones, as a matter of secondary law, could not provide for such financing.

Parliament's starting position

Several resolutions adopted by the European Parliament in the past and the accompanying policy debates give a flavour of what is to come with regard to the proposal at hand.

Options for an EU instrument that would link security and development objectives more effectively were first discussed in connection with the Commission [proposal](#) for a regulation establishing the Instrument for Stability (COM(2004) 630) of 29 September 2004. On 6 July 2006, the European Parliament adopted a [legislative resolution](#) concerning the IfS in which it made no reference to the military dimension despite such provisions being included in the Commission proposal. According to the opinion of the Committee on Development of 17 November 2005, the withdrawal of financial and technical support for peacekeeping operations led by foreign armies (even in the case of a partnership with international, regional or sub-regional organisations operating under UN approval) was desirable owing to the absence of democratic scrutiny over military operations (even peacekeeping ones). The opinion argued that the Parliament should not give the Commission a blank cheque for supporting foreign armies. Consequently, the resolution included provisions providing for: EU budgetary support for the development of democratic, pluralistic state institutions, including measures to enhance the role of women in such institutions; effective civilian administration and related legal frameworks at national and local level; an independent judiciary, good governance and law and order, including non-military technical cooperation to strengthen overall civilian control; and oversight over the security system and measures to strengthen the capacity of law enforcement and judicial authorities involved in the fight against the illicit trafficking of people, drugs, firearms and explosive materials.

Nonetheless, the European Parliament has adopted several resolutions that address a number of issues of relevance to the discussion about the amending regulation:

The resolution of 25 November 2014 on the EU and the [global development framework](#) after 2015 stressed the importance of the 'New Deal' and insisted upon a long-term commitment that prioritised 'security sector reform and the establishment of the rule of law and democratic institutions'.

The resolution on [financing for development](#) of 19 May 2015 recalled that the reduction and eventual eradication of poverty was the EU's primary objective in the development field, while the defence of human rights, gender equality, social cohesion and the fight against inequalities should remain at the core of development activities. It also emphasised the importance of setting clear priorities for expenditure, with a special focus on measures in the areas of health, education, energy, water supply and infrastructure.

The resolution on the [implementation](#) of the common security and defence policy of 21 May 2015 affirmed the crucial role of financing for CSDP missions and operations in general. Parliament invited the Commission to explore innovative sources of financing for CSDP that put missions on a long-term footing, with efficient



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mandates and objectives suited to the situations with which they were confronted (i.e. including the provision of financial and material assistance for training), and to further the work under the 'Train and Equip' and 'E2I' initiatives.

The resolution on [financing](#) the common security and defence policy of 21 May 2015 welcomed the 'Train and Equip' initiative, which would ensure the capacity-building of partners, as part of a transition or exit strategy, by facilitating the financing of various forms of hardware and non-lethal equipment for security and defence forces of third countries, and expressed support for a joint approach by the EEAS and the Commission on the matter.

The resolution of 13 April 2016 on the EU in a changing [global environment](#) stressed that development is not possible without security, and security is not possible without development. It pointed out that the EU development policy needed to be an essential part of the EU global strategy on foreign and security policy and called on the VP/HR, the Commission and the Member States to establish a clear link between the EU global strategy and the structure and priorities of the EU budget, including enhanced own resources.

The resolution of 23 November 2016 on the [implementation of the Common Security and Defence Policy](#) noted that CSDP capacity-building missions must be coordinated with security sector reform and rule of law work by the Commission. It also called on the EEAS and the Commission to ensure full coherence and coordination in order to achieve the best results, and to avoid duplication in capacity-building in the security and defence field.

The resolution of 14 February 2017 on the revision of the [European Consensus on Development](#) reiterated the direct link between security and development, but stressed the need to strictly follow the recent ODA reform on the use of development instruments for security policy. The document also calls for strengthening the synergies between the common security and defence policy (CSDP) and development instruments in order to find the right balance between conflict prevention, conflict resolution and post-conflict rehabilitation and development.

Council & European Council starting position

The European Council [conclusions](#) of December 2013 emphasised the importance of supplying training, advice, equipment and resources where appropriate to partner countries and regional organisations so that they are increasingly able to prevent or manage crises by themselves. In order to secure additional EU funding for security sector reform missions, the conclusions of the Foreign Affairs Council on Defence of 18 May 2015 invited the Commission and HR/VP, Federica Mogherini, to reflect further and to present a proposal on capacity building in support of security and development (CBSD) in third countries. The conclusions also called for an EU-wide strategic framework for security sector reform (SSR), to establish the broader context for the CBSD initiative and outline how coordination between the various strands of capacity building in support of security and development could be reinforced. The European Council in June 2015 [recalled](#) the need to empower and enable partners to prevent and manage crises, including through practical capacity building projects with a flexible geographical scope.

The Foreign Affairs Council [conclusions](#) on Security and Defence in the context of the EU Global Strategy, adopted on 18 May 2017, called for the swift finalisation of legislative work on the revision of the IcSP, as



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a contribution to putting the EU in a position to provide capacity-building in an effective, responsible and seamless way. The Council also called for continuation of the ongoing preparatory work to identify needs in the area of CBSD, and recalled its proposal to work on a dedicated instrument for provision of capacity-building.



Proposal

Preparation of the proposal

The inception impact assessment for the CBSD communication presented several options both within the general EU budget (e.g. adapting the IcSP, creating a 'facility' with existing EU instruments, proposing new dedicated instrument, and establishing an instrument by Council decision under the CFSP) and outside (e.g. adapting the African Peace Facility and proposing a new dedicated instrument – a revised Athena mechanism). After evaluating various options, the [impact assessment](#) report accompanying the proposed amending regulation concluded that an amendment of the IcSP would be the most appropriate and effective short-term option. In terms of budgetary implications, the Commission assesses the cost of this initiative at €100 million over the period 2017-2020 financed through redeployment within Heading IV of the EU budget without mobilisation of any additional resources. In addition, the mid-term review report of the IcSP is expected by end 2017 as set out in the Common Implementing Regulation (CIR). The report is preceded by a [mid-term evaluation](#), published on 30 June 2017, which addresses issues such as relevance, EU added value, coherence and complementarity, effectiveness, efficiency, sustainability, leverage and impact of the instrument.

EPRS has published an [Initial Appraisal](#) of the Commission's impact assessment (IA). The Initial Appraisal concludes that the IA does not make a convincing case for the need to act now nor does it sufficiently substantiate the problem scale and its root causes. It also questions the other options considered in the IA and suggests that the IA does not appear to fulfil the guidelines the Commission has set itself for IAs.

The changes the proposal would bring

According to the Commission, the main intention of the proposed amendments is to create conditions that would allow the EU to support capacity building programmes through training and mentoring, the provision of non-lethal equipment and infrastructure improvements, and the building and strengthening of the capacity of military actors in order to contribute to the achievement of peaceful and inclusive societies and sustainable development. In that sense, the proposal aims to rectify the main challenges as identified in the CBSD communication, namely the absence of an EU budget instrument designed to provide comprehensive financing for security capacity programmes in partner countries, in particular their military component. According to the authors of the proposal, the inability to finance capacity building in the security sector (both equipment and training) impinges on partners' ability to fulfil their development needs. Consequently, the legal basis for this legislative proposal is Article 209(1) and Article 212(2) TFEU and not provisions relevant to common foreign and security policy.

The new Article 3a of the proposed amending regulation specifies that the EU's assistance for capacity building in support of security and development may cover programmes in support of training, mentoring and advice and also provision of equipment, infrastructure improvements and provision of other services. Such assistance can be provided only on the condition that the EU's objectives cannot be achieved by recourse to non-military actors and where the functioning of the state institutions and the protection of human rights and fundamental freedoms are threatened. The following aspects will continue to be



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ineligible for EU assistance: recurrent military expenditure, the procurement of arms and ammunition, and training that is solely designed to contribute to the fighting capacity of the armed forces.

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Views

Advisory committees

Consultation of the Committee of the Regions or the European Economic and Social Committee is not mandatory. However, in its own-initiative [opinion](#) of 2 July 2015 giving the position of civil society on financing development, the EESC stressed that ODA funds should be used as a priority to eliminate poverty in poor countries and in countries in vulnerable situations. At the same time, the EESC recognised the importance of conditions such as peace, stability and good governance for national development strategies and investment.

National parliaments

The subsidiarity [deadline](#) for national parliaments to submit reasoned opinions on the application of the principles of subsidiarity and proportionality expired on 27 October 2016. Only three national parliaments submitted opinions, all three positive: the Romanian Senate, the Italian Senate and the Portuguese Parliament. However, each also commented on the proposal itself. In the case of [Italy](#), the Joint Committees on Foreign Affairs and Defence adopted a positive resolution with the following qualifications, expressing 'an encouragement' to use all tools currently available under the Treaties in order to effectively support the CSDP, and its hope for effective coordination between the military cooperation measures under the proposed regulation and any other EU military operations in the area. In addition, the EU Policies Committee issued an opinion highlighting that the choice of a legal basis consistent with development assistance should not entail that aid should normally be used for military purposes, and stressed the risk that entities other than a partner government may benefit from development aid as a result of such aid also being made available for military capacity enhancement. The report attached to the [opinion](#) by the European Affairs Committee of the Portuguese Parliament further stresses the need to closely monitor implementation of the proposed regulation, in particular with regard to the financing of military expenditure and purchase of arms and munition. The Romanian Senate has also used the opportunity to [stress](#) the need for cooperation with the EU's partners in the field of security and defence. The Senate recommended a more inclusive and balanced geographical approach taking into account the situation of countries in both the EU's eastern and southern neighbourhoods, as well as the need to take into consideration assistance provided by other international organisations and partners – for instance NATO's Defence Capacity-Building – in order to avoid unnecessary duplication and ensure efficient use of resources.

Stakeholders' views⁷

[Public consultation](#) on a range of issues addressing the security-development nexus in EU external actions took place between 1 April and 27 May 2016. A total of 78 responses were submitted by civil society and industry representatives. While there is a definite consensus that security and development are mutually

⁷ This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.

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reinforcing, most concerns refer to a potential imbalance between the respective policy objectives and ways to prevent a progressive redistribution of development funds from poverty reduction towards security objectives.

The submission by the European Peacebuilding Liaison Office (EPLO) – the independent civil society platform of European NGOs, networks of NGOs and think tanks that are committed to peacebuilding and the prevention of violent conflict – [questions](#) the effectiveness of military capacity building for peacebuilding and stresses that support for ‘train and equip’ initiatives should not divert funding away from measures aimed at building peace and preventing violent conflicts, including the activities led by civil society players. Additional observations in the EPLO submission concern the disproportionate focus on the military dimension and insufficient attention to the risks associated with such support, including potential reinforcement of unaccountable and corrupt institutions and their capacity for violence. The EPLO opinion includes the argument of certain non-governmental organisations that provision of ‘non-lethal equipment’ as proposed in the regulation might include tear gas, surveillance equipment, leg cuffs, or plastic bullets that can be used for torture, mistreatment and other human rights violations that can lead to death. Consequently, the opinion calls for efforts to ensure that the priorities identified reflect a broader EU political strategy for long-term peace and development rather than standalone interventions. This means securing financial and political support for civilian oversight of the security sector, including the military and civil society monitoring role, and involving civil society in needs assessment for capacity building programmes. In a [second submission](#), EPLO also expressed concern at the potential redeployment of funds from the development cooperation instrument to finance measures under the revised IcSP. Other NGOs, such as the Protestant development agency, [Bread for the World](#), have also opposed the plan to use funds destined for development cooperation to support the security sector.

Security and defence industry associations present a different position. A [position paper](#) on CBDSD presented by the AeroSpace and Defence Industries Association of Europe (ASD) – a grouping comprising major European aerospace and defence companies as well as national associations – expresses support for expanding capacity building to the military as the best way to implement the ‘train and equip concept’ rapidly. The paper puts forward several additional proposals, including a specific list of types of ‘non-lethal equipment’ and services that IcSP can fund, and a thorough assessment of budgetary needs for a credible capacity building component. In addition, the paper calls for guidelines to specify the modalities of the procurement process, including EU responsibility for defining needs, direct management of the procurement by the FPI, and systematic assessment of current and future security capability needs.

The question of procurement modalities gains in importance if one takes into account the vast amounts of money involved in public spending on defence and security and highly secretive and centralised decision-making, which expose this sector to significant corruption risks. According to [estimates](#) by Transparency International (TI), the financial cost of corruption in the defence sector is, at a minimum, US\$20 billion a year. In Africa, for instance, total defence spending across the continent increased by 91 % between 2005 and 2014. At the same time, nearly 40 % of countries covered in the TI reports do not publish their defence budgets at all, while the oversight functions of bodies such as parliamentary defence committees remain particularly weak across the region, with little evidence that they are exerting meaningful influence on defence decision-making.



Legislative process

The legislative proposal was submitted to Parliament on 5 July 2016. The Committee for Foreign Affairs (AFET), which is responsible for the file, appointed Arnaud Danjean (EPP, France) as rapporteur in December 2016. Initially, the Committee on Development (DEVE), the Committee on International Trade (INTA) and the Budgets Committee (BUDG) were asked for opinions. In the end, only the DEVE Committee delivered an opinion, on 5 July 2017.

The Legal Affairs Committee (JURI) was asked to deliver an opinion on the legal basis of the proposal to amend the regulation. At its meeting of 13 July 2017, the Committee decided to recommend a slight amendment to the legal basis for the proposed to amend the regulation.

The first-reading report, adopted by the AFET Committee on 11 July 2017, welcomed the Commission's proposal, since it intended to strengthen the link between security and development established since 2003 in the European Security Strategy, and expressly reiterated since then in all strategic, global or thematic documents from the EU institutions. The report recalled that Parliament had consistently held that enhancing capacities in the security sector appeared to make a vital contribution to the objectives of sustainable development. The report noted that revising Regulation (EU) No 230/2014 would remedy existing shortcomings, in that it would allow the EU to support all security-sector actors, including the military. At the same time, the report welcomed the Commission's choice of the IcSP to channel these new types of assistance, since the IcSP was a highly flexible instrument. The committee proposed several amendments to the Commission's proposal, calling for use of the new financing instrument to be closely monitored, regular updates to be given to Parliament, and a fully fledged interdisciplinary evaluation at the end of the current 2014-2020 Multiannual Financial Framework (MFF). Moreover, AFET wanted the new types of assistance to be financed through redeployment within Heading IV of the general budget of the EU under the 2014-2020 MFF without recourse to additional resources. Importantly, Parliament called for the redeployment of funds under Heading IV to exclude the Development Cooperation Instrument (DCI) or the European Development Fund (EDF), in order to keep those funds primarily for poverty alleviation and eradication.

After adopting its report, the AFET Committee also voted to authorise the opening of negotiations with the Council. That mandate was subsequently confirmed by plenary, on 14 September, by 430 to 157 votes, with 23 abstentions.

The Council had endorsed its negotiating mandate on the proposed CBDSD amendment on 13 December 2016, following agreement in Coreper the previous week. The main change would be the insertion of article 3a on capacity-building of military actors in support of development and security for development. Under exceptional circumstances, the new article would allow EU assistance to build the capacity of military actors in partner countries to deliver development assistance and security for development activities. However, the new provisions exclude EU assistance to finance capacity-building of military actors for purposes other than the delivery of development or security for development. Such wording excludes the use of the IcSP for financing recurrent military expenditure, the procurement of arms and ammunition, or any other equipment designed to deliver lethal force, or to fund training which is designed to contribute specifically to the fighting capacity of armed forces.



Trilogue meetings took place on 27 September and 18 October 2017, with a compromise text being agreed at the latter. On 27 October, the ambassadors of the 28 Member States (Coreper) endorsed the compromise. Once formally adopted by Parliament and then by the Council, the amending regulation is expected to be signed in December 2017.

At the request of the European Parliament, a non-binding political declaration has been attached to the regulation amending the IcSP, stating that the new measures will be financed 'primarily' through the redeployment of existing resources under the general budget of the Union (Heading IV of the MFF). €100 million will be allocated for the 2018-2020 period. These are to be taken from the European Neighbourhood Instrument (ENI), the EU's civilian police and justice missions under the common foreign and security policy (CFSP), and the margin for the foreign affairs heading of the budget. Parliament insisted that the redeployment of funds should exclude any use of appropriations allocated to measures under Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation (DCI).



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