

Financing of CSDP missions and operations

The complex financing rules governing crisis-management operations, deployed under the EU's Common Security and Defence Policy (CSDP), affect the Union's ability to respond efficiently to crises. While civilian missions fall under the EU budget, the costs of military operations are borne by the participating states. The European Parliament has called for increased flexibility, transparency, and accountability, as well as simpler procedures for the financing of CSDP operations.

Financing CSDP missions and operations: EU Treaty rules

Article 41 of the [Treaty on European Union](#) (TEU) outlines the rules governing the financing of the common foreign and security policy (CFSP), including CSDP missions and operations (which are defined in Articles 42(1) and 43 TEU). In line with Article 41(1) TEU, administrative expenditure is automatically charged to the EU budget. Operational expenditure is also charged to the EU budget, as long as it does not arise from operations having military or defence implications, or as long as the Council does not unanimously decide otherwise (Article 42(2) TEU). Thus, civilian CSDP missions are financed from the CFSP budget provisions, whereas for military operations (or if the Council so decides), the [costs](#) are charged to the Member States, in accordance with a gross national income scale. To ensure the rapid disbursement of funds, in particular for preparatory actions for missions and operations, the Lisbon Treaty introduced [two mechanisms](#) in Article 41(3) TEU. For preparatory activities for civilian CSDP missions, the Council would adopt a decision on 'specific procedures for guaranteeing rapid access to appropriations in the Union budget', after consulting the European Parliament. Preparatory activities for CSDP operations with military or defence implications would be financed by an intergovernmental start-up fund to which Member States contribute. The Council should adopt, by qualified majority, decisions relating to setting up, financing and administering the fund, acting on a proposal by the High Representative (HR/VP). The HR/VP would use the fund with the authorisation of the Council. The Council has yet to adopt decisions on either mechanism.

CSDP civilian missions

The common costs of CSDP civilian missions are financed by the **CFSP budget** (Chapter 19 03 of the EU budget), although some [difficulty](#) in determining the applicable rules may arise in the case of a 'hybrid' mission with both civilian and military elements. The CFSP budget is administered by the Commission's [Service for Foreign Policy Instruments](#) under the responsibility of the HR/VP. In the [2014-2020 Multiannual Financial Framework](#), CFSP is allocated, in constant 2011 prices, up to €2 076 million (some 3.5% of heading 4, 'Global Europe'), with commitments annually of around €296 million. In current prices, the [total CFSP budget](#) for 2014-2020 amounts to €2 338.7 million. In some cases, CSDP activities may be [financed](#) by a non-CFSP budget provision. Furthermore, where operational expenditure is not charged to the EU budget, Member States [bear the costs](#) (such as the salaries of seconded personnel).

In 2015, commitments for the 11 ongoing [civilian missions](#) (excluding preparatory and emergency measures) amounted to €258.25 million of a [CFSP budget](#) of €320.77 million (current prices). In 2016, [commitments](#) for the same civilian missions [amount](#) to more than €280 million of a [CFSP budget](#) of €327.3 million (current prices).

CSDP military operations: the Athena mechanism

As mentioned, CSDP military operations cannot be funded by the EU budget. EU Member States (and third countries) that decide to contribute to an EU military operation cover their participation costs, on the principle that 'costs lie where they fall.' Nevertheless, to ensure some solidarity between participating and non-participating states, it was [decided](#) to finance some costs of military operations in common. Since March 2004, when it was established, the **Athena financing mechanism** [funds](#) certain common costs of EU military operations. The Member States (except Denmark which has opted out of military CSDP activities) contribute



to the mechanism, with an annual share based on their gross national income. A list of common costs is decided by the Council and may include costs relating to the running of the headquarters, medical services (in theatre) and medical evacuation, as well as nation-borne costs (e.g. fuel, food consumed by national contingents etc.). Transport of forces to the theatre of operations and lodging remain costs for Member States. However, the Special Committee which manages the mechanism may [decide](#) that expenditure not covered by the list can be financed by Athena for a particular operation (on a case-by-case basis). Athena also includes **early or pre-financing arrangements** for military rapid-response operations, according to which Member States may either pay contributions to Athena in advance of a possible rapid-response operation or within five days of a call for contributions. In certain cases, an 'anticipating state' may ask that the advanced contribution cover the state's contribution to an operation other than a rapid-response one.

Athena is said to [cover](#) 10 to 15% of the costs of an operation; but this is hard to verify, because of the difficulty in determining the total costs of a military operation (i.e. all common costs and participating nations' expenses). In 2014, the Athena budget (for five military operations) was estimated at around €78 million. Although it provides a permanent collective mechanism for burden-sharing, the [impact](#) of Athena has been assessed as limited: because Member States bear the largest share of the costs, CSDP military operations remain dependent on their willingness to engage and to provide the necessary capabilities.

Review of CSDP financing

The December 2013 European Council meeting [mandated](#) a review of the financing of CSDP missions and operations. This is still ongoing but several [proposals](#) have been discussed. The debate on financing focuses both on ensuring availability of financial means for CSDP operations and improved burden-sharing, as well as on finding alternative ways to finance certain CSDP activities through exploring the possibility to use EU cooperation instruments, including development funds, in [certain cases](#) (e.g. ['Train and Equip' initiative](#)).

In March 2015, EU Member States reached agreement on the **revision of the Athena mechanism** (it is reviewed every three years), and adopted Council Decision (CFSP) [2015/528](#) of 27 March 2015. The new Athena Decision does not guarantee the inclusion of certain costs pertaining to the EU Battlegroups (i.e. the EU's rapid reaction force, yet to be deployed), as sought by some Member States, but a separate [Political Declaration](#) extending the current arrangements on Battlegroups until December 2016 foresees that Athena will cover the strategic transport costs for their deployment, if the Council decides to deploy them.

The European Parliament

Through sharing budgetary authority with the Council, the Parliament is able to [exert](#) control and influence over CSDP civilian missions, since the CFSP budget is part of the EU budget. On the other hand, the EP has no formal oversight role on the Athena mechanism, as military expenditure is outside CFSP. The EP has concurred with experts in [considering](#) that the fragmentation and complexity of the rules and mechanisms governing financing of CSDP missions and operations have hindered the functioning of CSDP, by preventing rapid reaction, failing to ensure sufficient funding for CSDP missions and representing a source of inter-institutional conflict. A Cost of Non-Europe [study](#) by EPRS argued that, despite the CSDP's added value to EU Member States in economic and non-economic terms (e.g. contribution to peace and security), there were still enormous potential gains from additional European defence action, including in budgetary aspects.

Therefore, the EP has assumed a prominent role in calling for the reform of CSDP's financing. Its position was set out in three spring 2015 resolutions on CSDP: on the [Annual Report from the HR/VP on CFSP](#), on the [Implementation of the CSDP](#) and on [Financing the CSDP](#). In these resolutions, the EP called for more flexibility in the EU's financial rules, in order to support its ability to respond to crises and for the implementation of those Lisbon Treaty provisions that could increase flexibility such as Article 41(3) TEU. The EP also suggested a number of ways to enhance and improve the financing of CSDP, including long-term financing of CSDP missions and operations, and underlined the importance of transparency and democratic accountability. Moreover, the EP emphasised the need for the Athena mechanism to cover more of the common costs of military operations, including extending it to cover the deployment of the EU Battlegroups. It also called for the systematic use of Athena for military operations as well as for simplified procedures for financing civilian missions. Finally, the EP called on the Council to 'initiate, during the current budget year, the setting-up of the start-up fund ... for the urgent financing of the initial phases of military operations'. It called on the Commission to propose specific lines for each civilian CSDP mission under the CFSP chapter, and to report annually on the costs incurred by each.