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DRAFT REPORT

on a European Parliament recommendation to the Council and the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy concerning the Proposal of the High Representative of the Union for Foreign Affairs and Security Policy, with the support of the Commission, to the Council for a Council Decision establishing a European Peace Facility
(2018/2237(INI))

Committee on Foreign Affairs

Rapporteur: Hilde Vautmans

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The European Parliament,

- having regard to the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU),
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000,
- having regard to Council Regulation (EU) 2015/322 of 2 March 2015 on the implementation of the 11th European Development Fund¹,
- having regard to Council Decision (CFSP) 2015/528 of 27 March 2015 establishing a mechanism to administer the financing of the common costs of European Union operations having military or defence implications (Athena) and repealing Decision 2011/871/CFSP²,
- having regard to Regulation (EU) No 230/2014 of the European Parliament and of the Council of 11 March 2014 establishing an instrument contributing to stability and peace³,
- having regard to Regulation (EU) 2017/2306 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 230/2014 establishing an instrument contributing to stability and peace⁴,
- having regard to Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund⁵,
- having regard to the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement, and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies⁶,

¹ OJ L 58, 3.3.2015, p. 1.

² OJ L 84, 28.3.2015, p. 39.

³ OJ L 77, 15.3.2014, p. 1.

⁴ OJ L 335, 15.12.2017, p. 6.

⁵ OJ L 58, 3.3.2015, p. 17.

⁶ OJ L 210, 6.8.2013, p. 1.

- having regard to the Proposal of 13 June 2018 of the High Representative of the Union for Foreign Affairs and Security Policy, with the support of the Commission, to the Council for a Council Decision establishing a European Peace Facility (HR(2018) 94),
 - having regard to the European Council conclusions of 20 December 2013, 26 June 2015, 15 December 2016, 9 March 2017, 22 June 2017, 20 November 2017, 14 December 2017 and 28 June 2018,
 - having regard to the document entitled ‘Shared Vision, Common Action: A Stronger Europe – A Global Strategy for the European Union’s Foreign and Security Policy’, presented by the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy (VP/HR) on 28 June 2016,
 - having regard to the Council conclusions of 13 November 2017 and 25 June 2018 on security and defence in the context of the EU Global Strategy,
 - having regard to the Commission communication of 7 June 2017 entitled ‘Reflection Paper on the Future of European Defence’ (COM(2017)0315),
 - having regard to the Joint Communication of the Commission and the EEAS of 5 July 2016 on ‘Elements for an EU-wide strategic framework to support security sector reform’,
 - having regard to the European Court of Auditors’ special report No 20 of 18 September 2018 on ‘The African Peace and Security Architecture: need to refocus EU support’,
 - having regard to its resolution of 22 April 2015 on financing the Common Security and Defence Policy¹,
 - having regard to its resolution of 22 November 2016 on the European Defence Union²,
 - having regard to its resolutions of 13 December 2017³ and [XX December 2018] on the implementation of the common security and defence policy (CSDP),
 - having regard to Rule 113 of its Rules of Procedure,
 - having regard to the report of the Committee on Foreign Affairs (A8-0000/2018),
- A. whereas the challenging security environment surrounding the EU necessitates the provisions of instruments which enhance the EU’s ability to preserve peace, prevent conflicts and strengthen international security;
- B. whereas the EU has found it challenging in the past to finance operations with defence implications; whereas Parliament has repeatedly emphasised the need for funding that is more flexible and efficient and expresses solidarity; whereas additional instruments are necessary to ensure that the EU can play its role as a global actor; whereas any

¹ OJ C 353, 27.9.2016, p. 68.

² OJ C 224, 27.6.2018, p. 18.

³ Texts adopted, P8_TA(2017)0492.

such instruments need to be subject to proper parliamentary control;

- C. whereas internal and external security are increasingly intertwined; whereas the EU has always prided itself on its soft power and will keep doing so; whereas an evolving reality, however, requires the EU not to remain an exclusively ‘civilian power’, but to extend its hard power, since soft and hard power go hand in hand; whereas development in third countries is not possible without security and peace; whereas the military plays a key role in this, especially in countries where civilian authorities are unable to fulfil their tasks in the light of the security situation; whereas the European Peace Facility (EPF or the Facility) will lead to a stronger engagement of the EU towards partner countries and will increase the effectiveness of EU external action;
- D. whereas the Treaties do not foresee any external military action of the Union outside the framework of the CSDP; whereas the only external military action possible under the CSDP takes the form of missions outside the Union for peace-keeping, conflict prevention and strengthening international security in accordance with the principles of the UN Charter as referred to in Article 42(1) TEU;
- E. whereas support to partners’ military peace support operations has up to now been provided outside of the EU budget through the African Peace Facility (APF), established under and funded by the EDF; whereas the APF is currently limited to operations led by the African Union (AU) or by African regional organisations;
- F. whereas the EPF is expected to give the Union the capacity to contribute directly to the financing of peace support operations led by third states, as well as to the relevant international organisations, on a global basis and not limited to Africa or to the AU;
- G. whereas the proposed Facility will replace the Athena mechanism and the APF; whereas it will complement the Capacity Building for Security and Development initiative by financing the costs of EU defence activities such as AU peace-keeping missions, common costs of own military CSDP operations, and military capacity building of partners, which are excluded from the EU budget in accordance with Article 41(2) TEU;
- H. whereas the current proportion of the common costs remains very low (estimated at approximately 5-10 % of all costs), and the high share of nation-borne costs and responsibilities in military operations based on the ‘costs lie where they fall’ principle runs counter to the principles of solidarity and burden-sharing, and further deters Member States from taking an active part in CSDP operations;
- I. whereas the proposed average annual envelope for the EPF is EUR 1 500 000 000, while the combined spending under the Athena mechanism and the APF has fluctuated between EUR 250 000 000 and EUR 500 000 000 annually; whereas the potential purposes of the additional EUR 1 000 000 000 per year are not adequately specified in the proposal;
- J. whereas as an off-budget mechanism financed through yearly contributions by Member States, based on a GNI distribution key, the EPF is expected to allow the EU to fund a higher proportion of the common costs (35-45 %) of military missions and operations, as is currently the case with the Athena mechanism; whereas the EPF is

also expected to ensure that EU funding is available on a permanent basis, making rapid deployment easier and improving flexibility; whereas the ambitious expansion of the Athena mechanism for the common funding of CSDP missions and operations has been a long-standing demand of Parliament; whereas, however, the proposed Council Decision does not have the same binding character as the internal agreement of the APF, which means that Member States may opt out from funding EPF actions;

- K. whereas through the increase of the common costs, the proposed Facility will enhance solidarity and burden-sharing between Member States, and encourage Member States, especially those lacking financial or operational resources, to contribute to CSDP operations;
- L. whereas all military tasks under the Facility, such as joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peacekeeping tasks, tasks of combat forces in crisis management, including peacemaking and post-conflict stabilisation, the fight against terrorism, including by supporting third countries in combating terrorism in their territories, fall within the remit of the CSDP; whereas the exception of Article 41(2) TEU applies to the operating expenditure arising from those military missions only; whereas all other operating expenditure arising from the CSDP, including expenditure arising from any other action referred to in Article 42 TEU, should be charged to the Union budget; whereas the administrative expenditure of the EPF should be charged to the Union budget;
- M. whereas under Article 41(2) TEU all operating expenditure to which the CFSP gives rise shall be charged to the Union budget except for expenditure arising from operations having military or defence implications; whereas Article 2 (a) and (d) of the proposal for a decision state respectively that the EPF should fund both ‘operations having military or defence implications’ and ‘other Union operational actions having military or defence implications’;
- N. whereas military and civilian missions outside the Union need to be kept separate from each other in order to ensure that the civilian missions are funded from the Union budget only;
- O. whereas the EU should grant the personnel of CSDP missions a status similar to that of seconded national experts by providing them with a uniform status and the best possible protection under the Union’s Staff Regulations; whereas all allowances arising from that status and all travel, subsistence and healthcare expenditure should be charged to the Union budget as administrative expenditure;
- P. whereas the European Court of Auditors has published a special report on the African Peace and Security Architecture funded via the APF, which is proposed to be included and expanded in the EPF; whereas the Court finds that this support was poorly prioritised and had limited effect, which raises serious questions about the proposed radically increased funding for the new Facility;
- Q. whereas the Commission did not submit a financial impact assessment regarding the administrative expenditure to accompany its proposal; whereas the administrative expenditure for the EPF has substantial implications for the EU budget; whereas no

extra staff should be hired by or delegated to the EPF beyond the staff currently working on the instruments being replaced; whereas the synergies arising from bringing together the current distinct instruments in one administrative structure should facilitate managing the larger geographical scope of the EPF; whereas additional staff should only be recruited if and when the revenue for a mission or measure has been effectively collected from all participating Member States; whereas the time-limited character of the revenue calls for the contracts of staff recruited by the Facility or the secondments to the Facility for a particular mission or measure to have corresponding time limits; whereas no staff should be recruited by or seconded to the Facility from a Member State where it has made a formal declaration under Article 31(1) TEU for a particular mission or measure;

R. whereas the VP/HR should regularly consult Parliament on all main aspects and basic choices of the CFSP and CSDP and their subsequent evolution; whereas Parliament should be consulted and informed in a timely manner to allow it to present its views and ask questions to the VP/HR and the Council before decisions are made or decisive action is taken; whereas the VP/HR should consider Parliament's views and incorporate them into his or her proposals, should reconsider decisions or parts of decisions that Parliament opposes, or withdraw such proposals, notwithstanding the possibility of a Member State advancing the initiative in such a case, and should propose Council decisions relating to the CSDP where invited by Parliament to do so;

1. Recommends the following to the Council:

- (a) not to decrease a Member State's contribution to the Facility if the Member State has recourse to Article 31(1) TEU, as this would undermine the GNI key underlying the financing mechanism and the overall financing of the Facility;
- (b) to include in the decision reference to Parliament's role as discharge authority, as is currently the case with the European Development Fund (EDF) and therefore for the APF, in accordance with the relevant provisions of the financial regulations applicable to the EDF, with a view to preserving the consistency of the EU's external action in line with Article 18 (TEU);
- (c) to provide Parliament with access to all information, including original documents, regarding the EPF annual budget, amending budgets, transfers, action programmes (including during the preparatory phase), implementation of assistance measures (including ad hoc measures), agreements with implementing actors, and reports on the implementation of revenue and expenditure, as well as the annual accounts;
- (d) to agree to include access to all confidential documents in the negotiations for the updated Interinstitutional Agreement between the European Parliament and the Council concerning access of Parliament to sensitive information of the Council in the field of security and defence policy;
- (e) to ensure that operations, action programmes, ad hoc assistance measures and other operational actions funded by the Facility will not in any way violate or be used to violate the fundamental principles laid down in Article 21 TEU or be used to violate international law, in particular international humanitarian and human

rights law;

- (f) to incorporate the following amendments:
- to replace ‘Common Foreign and Security Policy’ by ‘Common Security and Defence Policy’ in recital (4) and Article 1;
 - to add a new recital (10a) as follows: ‘(10a) Military advice and assistance tasks referred to in Article 43(1) TEU may take the form of strengthening the military and defence capacities of third states, regional and international organisations to preserve peace, to prevent, manage and resolve conflicts and to address threats to international security.’;
 - to add a new recital (10b) as follows: ‘(10b) Conflict prevention and peace-keeping tasks referred to in Article 43 (1) TEU may take the form of contributing to the financing of peace support operations led by a regional or international organisation or by third States.’;
 - to amend point a) of Article 2 as follows: ‘a) contributing to the financing of missions under the Common Security and Defence Policy (CSDP) having military or defence implications’;
 - to add a new subparagraph at the end of Article 2 as follows: ‘All civilian aspects, assets or missions under the CFSP and in particular under the CSDP, or parts thereof, shall be exclusively funded from the Union budget.’;
 - to add a new point 2a to Article 3 as follows: ‘2a. The annual breakdown of the administrative expenditure for this facility that is charged to the Union budget shall be set out in Annex I a (new) for information.’;
 - to amend point c) of Article 5 as follows: ‘c) ‘operation’ means a military mission established under the Common Security and Defence Policy in accordance with Article 42 TEU to fulfil the tasks referred to in Article 43(1) TEU having military or defence implications, including a task entrusted to a group of Member States in accordance with Article 44 TEU.’;
 - to amend Article 7 as follows: ‘Any Member State, the High Representative or the High Representative with the support of the Commission may submit proposals for Union actions under Title V TEU to be financed by the Facility. The High Representative shall inform the European Parliament immediately any such proposal.’;
 - to add a new point 3a to Article 10 as follows: ‘3a. Twice a year the High Representative shall report to the European Parliament on the consistency referred to in paragraph 1.’;
 - to add a new point 2a to Article 11: ‘2a. The facility shall have a liaison officer to the European Parliament. The liaison officer shall appear before the relevant parliamentary body before taking up his or her post, and subsequently in order to provide regular briefings.’;

- to add a new point 8a. to Article 13 as follows: ‘8a. The administrator shall be involved in briefing the European Parliament.’;
 - to add a new point 8a. to Article 16 as follows: ‘8a. The operation commanders shall be involved in briefing the European Parliament.’;
 - to amend point 1 of Article 48 as follows: ‘The High Representative may submit to the Council a Concept for a possible Action Programme or a possible ad hoc assistance measure. The High Representative shall inform the European Parliament immediately about any such Concept.’;
 - to amend point a of Article 54 as follows: ‘Any implementing actor entrusted with the implementation of expenditure financed through the Facility shall respect the principles of sound financial management and transparency and shall have due regard for EU fundamental values and international law, notably concerning human rights.’;
2. Recommends the following to the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy:
- (a) to consult Parliament on the recommended amendments, and to ensure that Parliament’s views are duly taken into consideration, in line with Article 36 TEU;
 - (b) in line with Article 36 TEU, to duly take into consideration Parliament’s views when preparing proposals for multi-year ‘action programmes’ or ad hoc assistance measures, including by withdrawing proposals that are opposed by Parliament;
 - (c) to provide a full financial impact assessment for the decision, given its implications for the EU budget, outlining in particular additional personnel needs;
 - (d) to submit draft Council decisions relating to the EPF to Parliament for consultation at the same time as they are submitted to the Council or to the Political and Security Committee, leaving Parliament time to present its views; invites the VP/HR to amend draft Council decisions where asked to do so by Parliament;
 - (e) to ensure, in line with Article 18 TEU, the consistency of the EPF with all other aspects of the EU’s external action, notably as regards the Capacity Building for Security and Development initiative (CBSD), which should in all cases be implemented in the framework of the wider security sector reform programme;
3. Instructs its President to forward this recommendation to the Council and the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy and, for information, to the European External Action Service and the Commission.