



EU COUNCIL SECRETARIAT

~FACTSHEET~

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Financing of ESDP¹ operations

Article 28 of the Treaty on European Union (TEU) sets the principles for the financing of civilian and military crisis management operations. Under that provision, the expenditure related to the Common Foreign and Security Policy (CFSP) shall be charged to the budget of the European Community, except for such expenditure arising from operations having military or defence implications and cases where the Council acting unanimously decides otherwise.

Civilian crisis-management operations are funded from the CFSP budget which is established following the budgetary procedure laid down for the Community budget.

Operations with military implications or defence operations cannot be financed from Community funds. For the common costs of such operations the Council of the EU has established a special mechanism (ATHENA).

A. Financing of military operations: the ATHENA mechanism

In February 2004, the Council of the European Union established a mechanism to administer the financing of common costs of operations having military or defence implications².

This mechanism, called ATHENA, is managed under the authority of a Special Committee. ATHENA manages the common costs from the preparatory phase to the termination of each military operation. ATHENA has a permanent structure and the legal capacity³.

¹ European Security and Defence Policy (ESDP)

² Council Decision 2004/197/CFSP of 23 February 2004 (O.J. No L 63, 28 February 2004, p. 68), amended by Decisions 2004/925/CFSP of 22 December 2004, 2005/68/CFSP of 24 January 2005 and 2007/91/CFSP. A consolidated version has been adopted in May 2007 (Council Decision 2007/384/CFSP)

³ ATHENA has the necessary legal capacity, in particular, to hold a bank account, acquire, hold or dispose of property, enter into contracts and administrative arrangements and be a party to legal proceedings.

P R E S S

Common costs

The Council Decision establishing ATHENA⁴ includes a list of common costs⁵.

The Operation Commander is the authorising officer for the operation he commands. Where there is no Operation Commander, ATHENA's administrator is the authorising officer.

During the preparatory phase of an operation (i.e. before the Operation Commander is appointed), ATHENA finances the costs for transport and accommodation necessary for exploratory missions and preparations (in particular fact-finding missions) by military forces⁶.

As of the date when the Operation Commander is appointed, ATHENA finances most incremental costs for Operation-, Force- and Component Headquarters, as well as incremental costs for infrastructure, essential additional equipments and evacuation for persons in need of medical help (MEDEVAC)⁷

⁴ See footnote No 2.

⁵ Annexes I, II, III and IV of Council Decision 2007/384/CFSP.

⁶ See Annex II of Council Decision 2007/384/CFSP.

⁷ See Annex III of Council Decision 2007/384/CFSP. Operational common costs borne by ATHENA are as follows:

A. Operational common costs relative to the active phase of operations always borne by ATHENA:

- Incremental costs for (deployable or fixed) headquarters for EU-led operations or exercises: (a) Headquarters; (b) Operation Headquarters (OHQ); (c) Force Headquarters (FHQ); (d) Component Headquarters (CCHQ); (e) transport costs: transport to and from the theatre of operations to deploy, sustain and recover FHQs and CCHQs; transport costs incurred by the OHQ necessary to an operation; (f) administration; (g) locally hired personnel; (h) communications; (i) transportation/travel; (j) barracks and lodging/infrastructure: expenditure for acquisition, rental or refurbishing of required HQ facilities; (k) public information; (l) representation and hospitality.
- Incremental costs incurred for providing support to the force as a whole (costs incurred following the force deployment to its location): (a) works for deployment /infrastructure; ; (b) identification marking; (c) medical services.
- Incremental costs incurred by EU recourse to NATO common assets and capabilities made available for an EU-led operation: The cost for the European Union of the application for one of its military operations of the arrangements between the EU and NATO relating to release, monitoring and return or recall of NATO common assets and capabilities made available for an EU-led operation.
- Incremental costs incurred by the Eu for goods, services or works included in the list of common costs and made available in an EU-led operation by a Member State, an EU institution, a third State or an international organisation pursuant to an arrangement referred to at Articles 11 and 12. Reimbursements by a State, an EU institution or an international organistaion based on such arrangements.

B. Operational common costs relative to the active phase of a specific operation, borne by ATHENA when the Council so decides:

- Transport costs: transport to and from the theatre of operations to deploy, support and recover the forces necessary for the operation;
- Barracks and lodging/infrastructure: expenditure for acquisition, rental or refurbishing of premises in theatre (rental of buildings, shelters, tents), as necessary for the forces deployed for the operation.
- Multinational task-force headquarters: the multi-national headquarters of EU task-forces deployed in the area of operation;
- Acquisition of information: acquisition of information (satellite images; theatre level intelligence, reconnaissance and surveillance (ISR), including Air-to Ground Surveillance (AGSR); human intelligence).

C. Operational common costs borne by ATHENA when requested by the Operation Commander and approved by the Special Committee:

- (a): essential additional equipment: the rental or purchase in the course of the operation of unforeseen specific equipment essential for the execution of the operation, in so far as the purchased equipment is not repatriated at the end of the mission;
- (b): medical services: Roles 1, 2 and 3 facilities in theatre;
- (c): acquisition of information: (satellite images; theatre level intelligence, reconnaissance and surveillance (ISR), including Air-to Ground Surveillance (AGSR); human intelligence);
- (d): other critical theatre-level capabilities: theatre-level capabilities (demining within theatre insofar as necessary to the operation; chemical, biological, radiological and nuclear protection (CBRN); fuel

Moreover, the Council of the European Union decides for each operation whether the transportation of the forces and their lodging will be financed in common. However, up to now these costs have never been financed in common.

Finally, the Special Committee may decide that certain expenditures that do not figure on the list of common costs, can be financed in common for a given operation. Transport and lodging of the forces, multinational task-forces and acquisition of information however remain under the Council's competence.

Given the restrictive definition of the list of common costs adopted by the Council of the EU so far, the ratio of costs financed in common to total incremental costs for an operation is small (less than 10%). The remainder of the expenditure is financed directly by Member States on the basis of the "costs lie where they fall" principle.

ATHENA currently administers the financing of the common costs of the following operations/actions:

- Operation **EUFOR-Althea** (Bosnia and Herzegovina): 33 million euros in 2007;
- EU supporting action to **AMIS** (Sudan / Darfur): 1.3 million euros in 2007.

In 2006 ATHENA administered the financing of the common costs operation **EUFOR RD Congo**: for an amount of 23 million euros .

In 2005, ATHENA was responsible for the financing of specific common costs during the first two months of a civilian project to reform the chain of payment in the Democratic Republic of Congo (DRC) (**EUSEC-RD Congo** mission) financed with voluntary contributions from 6 Member States, until the mission could be accommodated under the CFSP-budget (0.9 million euros).

The ATHENA budget (financed by 24 Member States) in 2005 was approximately 60 million euros. For 2006, the budget was about 68 million euros

Early financing

In order to improve the rapid reaction capability of the European Union, an early financing process has been set up.⁸ It allows rapid decision-making and planning as well as rapid deployment of forces. Member States have the choice either to pay contributions in anticipation of a possible Rapid Response operation or to pay their contribution to a Rapid Response operation within five days.

18 Member States have participated in the provisional financing scheme and ATHENA is endowed with provisional appropriations exceeding 10 million euros. In addition, each of the 18 Member States may decide individually that its contribution to the provisional appropriations (up to 50%) can be used for an operation other than Rapid Response.

Participating States and contributions

Participating States are the Member States of the European Union except Denmark (this country has opted out from actions with defence implications under the EU Treaty). Third states may contribute to the financing of a given military operation.

storage and supply facilities; storage and destruction of arms and ammunitions collected within the area of operation), in accordance with the Joint Action.

D. Operational common costs relative to the winding-up of an operation, borne by ATHENA.

⁸ Council Decision 2005/68/CFSP of 24 January 2005.

In accordance with the Treaty on European Union, contributions to ATHENA are based on a GNI-scale⁹ (see Annex below).

Organisational structure

ATHENA is managed under the authority of a Special Committee composed of representatives of the Member States contributing to the financing of each operation - which may vary from one operation to the next. Third states which contribute to the financing of an operation may take part in its meetings, without taking a vote. The Commission attends the Special Committee's meetings, but cannot take a vote either.

The Secretary General of the Council of the EU appoints an administrator for ATHENA for a period of three years. The administrator coordinates work on financial questions relating to the Union's military operations. He/She is the contact point for national administrations and for international organisations. His/her tasks are *inter alia* drawing up a draft budget that he/she submits to the Special Committee as well as administering revenue and common costs that occur outside the active phase of operations.

Furthermore, the Secretary General of the Council appoints an accounting officer for ATHENA for a period of two years. He is responsible for keeping ATHENA's accounts and for implementing payments on behalf of ATHENA.

During the active phase of an operation, it is the Operation Commander who provides elements for the budget of the operation he commands. In this function, he/she can enter into contracts on behalf of ATHENA and can open a bank account on behalf of ATHENA for the operation he commands.

Review

The Council Decision which established ATHENA has been reviewed during the second half of 2006.

B. Financing of civilian operations

Civilian crisis-management operations are funded from the CFSP budget (allocated 62.6 million euros in 2005 and 102.6 million euros in 2006). The use of the funds on this budget line is decided by the Council of the EU.

The CFSP budget is established following the budgetary procedure laid down for the Community budget. The CFSP budget is implemented by the European Commission. A specific sub-section of the Community budget covers the CFSP operational expenditure (Chapter 19 03). It is part of Title 19 (External Relations) of the Community budget.

Among the different CFSP instruments, only Joint Actions translate into administrative and operational expenditure. The Council of the EU adopts a Joint Action and decides on the budgetary resources allocated to it. The European Commission commits, contracts and disburses the budget allocated to the action.

⁹ Gross national income (GNI) of Member States.

The following ESDP¹⁰ operations were/are financed under the Community budget line:

- EU Police Mission in Bosnia Herzegovina (EUPM)
- EU Police Mission in the former Yugoslav Republic of Macedonia (Proxima)
- EU police advisory team in the former Yugoslav Republic of Macedonia (EUPAT)
- EU Police Mission in DR Congo (EUPOL Kinshasa)
- EU Integrated Rule of Law Mission for Iraq (EUJUST Lex)
- EU Rule of Law Mission in Georgia (EUJUST Themis)
- EU security sector reform mission in the Democratic Republic of the Congo (EUSEC Congo)
- EU Support to AMIS II (Darfur)
- EU Monitoring Mission in Aceh (AMM)
- EU Police Mission for the Palestinian Territories (EUPOL COPPS)
- EU Border Assistance Mission for the Rafah crossing point (EU BAM Rafah)

¹⁰ European Security and Defence Policy (ESDP)

ANNEX

**GNI scale (in %) used for contributions to ATHENA
where 26 Member States are contributing**

Member State	2005	2006	2007
Belgium	2.83	2.88	2.83
Bulgaria			0.22
Czech Republic	0.80	0.91	0.96
Germany	21.46	20.97	20.18
Estonia	0.08	0.09	0.11
Greece	1.69	1.74	1.77
Spain	8.05	8.28	8.78
France	16.13	16.19	16.08
Ireland	1.21	1.30	1.36
Italy	13.36	13.29	12.80
Cyprus	0.12	0.12	0.13
Latvia	0.10	0.12	0.14
Lithuania	0.18	0.19	0.21
Luxemburg	0.23	0.24	0.23
Hungary	0.80	0.83	0.77
Malta	0.04	0.04	0.04
Netherlands	4.53	4.47	4.66
Austria	2.29	2.28	2.29
Poland	1.86	2.21	2.30
Portugal	1.33	1.31	1.35
Romania	---	---	0.90
Slovenia	0.26	0.27	0.27
Slovakia	0.33	0.36	0.39
Finland	1.48	1.48	1.47
Sweden	2.76	2.83	2.72
United Kingdom	18.07	17.57	17.01

NB: percentages shown here are rounded for legibility. To calculate actual contributions, figures are not rounded.