



## A European Peace Facility Could Make a Pragmatic Contribution to Peacebuilding around the World

### Summary

The question of how the EU should finance peacebuilding in developing countries has challenged policy-makers and pundits for many years. At one level this is a technical and legal issue of budget lines and financing rules. It nevertheless touches on the much deeper political and even moral issues of whether the EU should use development aid to finance security provision, how best the EU can respond to the legitimate needs of partners in conflict-affected countries and what kind of civil and/or military engagements the EU can support as part of its external relations. The question has come to resemble the proverbial can being kicked along the road by successive European Commissioners, Council working groups and parliamentary committees. It has come to a head again because intra-EU negotiations for the next Multiannual Financial Framework for 2021-2027 are starting in earnest. This time, a sensible proposal is on the table which can potentially provide a pragmatic and workable solution, at least for a while.

In December 2017, the European Council requested the Foreign Affairs Council to adopt a recommendation on a dedicated instrument for Capacity Building in Support of Security and Development (CBSD) for the post-2020 EU budget by the spring of 2018. In this context, the High Representative (HR) of the EU for Foreign and Security Affairs, Federica Mogherini, proposed that the EU create a European Peace Facility (EPF). While she did not provide any details, the general idea is that the EPF would be an 'off-budget' fund to finance peace support operations and the capacity building of partner countries' security sectors.

The fact that HR Mogherini's proposal sounds similar to another EU peacebuilding instrument – the African Peace

Facility (APF) – is no accident. It is precisely due to problems experienced by the APF that the EPF is needed. Chief among these is the need to be able to provide stable, predictable funding to the African Union's peacebuilding activities and peacekeeping missions. This has proved more difficult than it should have been because of a second problem: the legal restrictions on financing military activities from the EU's budget. Overcoming this dilemma is only possible through an off-budget instrument which can meet the legitimate requirement of financing peace support operations while respecting one of the EU's core principles.

The design of such an instrument presents political, legal and technical challenges for the EU's decision-makers. The most promising model for the EPF is to set it up as a multi-donor trust fund, open for direct contributions from member states. This model has the advantages of flexibility regarding EU budget rules, additionality (it could finance a mixture of Official Development Assistance (ODA) and non-ODA eligible expenses, rather than diverting aid to security activities) and visibility, since the EPF can be a global instrument based on the proven logic of the APF.

The model has disadvantages as well, particularly that in the current crisis-driven climate there is strong pressure to use this kind of instrument for protecting Europe against real or perceived threats, such as terrorism or irregular migration. Some member states, and even parts of the Commission and EEAS, are highly likely to try to exempt the EPF from oversight by the European Parliament. The governance of the instrument is crucial, if it is to fulfil its mission of supporting developing countries' efforts to provide a secure basis for development.

## The proposal for a European Peace Facility

At a high-level conference on EU security and defence on 13 December 2017, High Representative (HR) Federica Mogherini proposed the creation of a 'European Peace Facility' (EPF). With reference to future initiatives to advance EU cooperation on matters of security and defence, HR Mogherini made the following remarks:

'I would propose to create a new European Peace Facility, financed and managed together with our Member States. This would allow to be much more efficient in planning and deploying our military missions, but also to support our partners in dealing with our shared security challenges' (Mogherini, 2017).

Although HR Mogherini did not further elaborate on the potential design and scope of the EPF, the proposal has aroused considerable interest among EU institutions, member states and the wider EU foreign policy community. The basic idea behind her proposal is to create a new instrument for providing dedicated funding to peace support operations and capacity building within partner countries' security sectors. The instrument would link activities currently financed by the African Peace Facility (APF) and the Instrument contributing to Stability and Peace (IcSP) and would extend their scope, potentially enabling the EU to finance peacekeeping and peacebuilding wherever it is needed.

HR Mogherini's proposal takes up the idea of a 'dedicated instrument' for peace and security that has been floating around in Brussels policy circles for some time. While this may seem a rather technical issue, it touches upon deep sensitivities regarding the EU's role in the world and its self-identification as a 'civilian power'. Article 41(2) of the Treaty on European Union forbids the use of budgetary resources for expenditures arising from operations having military or defence implications. This legal provision, which is rooted in the EU's traditional *raison d'être* as a peace project for Europe and the world, has in recent decades clashed with the requirements of the EU's global engagement, particularly in contexts where supporting the provision of security is an essential element of fighting poverty. This does not mean that Article 41(2) is out of date – indeed, it expresses a core principle of European integration that needs to be defended against proposals that risk militarising the EU, such as the 'EU army'. The practical realities of working in conflict-affected parts of the world nevertheless create a pragmatic need to work around Article 41(2) in the interests of the world's most vulnerable people. The proposed European Peace Facility may be able to resolve this long-standing dilemma, if it is done properly.

In 2015, the creation of a dedicated instrument was discussed in the context of Capacity Building in Support of Security and Development (CBSD). Through CBSD, the EU seeks to fund the provision of non-lethal equipment and training to armed forces in partner countries, such as Somalia and Mali, where the EU has deployed military

training missions. In the end, EU institutions agreed to fund CBSD activities through the IcSP, which was adapted for that purpose in December 2017. This set a precedent for using EU budget resources for financing assistance to military actors.

However, the IcSP reform is a temporary solution until the end of the current Multiannual Financial Framework (MFF) in 2020. The EU's financing architecture for activities at the interface of security and development policy will again be on the table as part of the negotiations on the next MFF. The European Council's request to the Foreign Affairs Council to adopt a recommendation on a new dedicated instrument for CBSD activities after 2020 by the spring of 2018 is a clear indication that this debate will be commencing soon (European Council, 2017).

## Reforming EU financing for peace and security

The EU has at its disposal several instruments to fund actions in the field of conflict prevention, crisis management and peacebuilding (Figure 1). They include three 'standing instruments': the APF, the IcSP and the Common Foreign and Security Policy (CFSP) budget. There is also the ad-hoc Athena instrument which finances common costs of EU military operations such as infrastructure and transport. Measures funded from the CFSP budget include civilian crisis management missions, election monitoring, EU special representatives and measures supporting disarmament.

**Figure 1: EU instruments for supporting activities in the field of peace and security**

Instrument	APF	IcSP	CFSP	Athena
<b>Responsible EU Institution</b>	EEAS/COM	EEAS/COM	EU Council	EU Council
<b>Type of activities financed</b>	AU-led peace-keeping in Africa	Crisis response/ conflict prevention	CFSP except military costs	CSDP military operations
<b>Actors financed</b>	Civilian/military	Civilian/military	Civilian	Military
<b>Geographical scope</b>	Regional (Africa)	Global	Global	Global
<b>Budget 2014-2020 (EUR million)</b>	1,051 (2014-2016)	2,438	2,338	280 (2014-2017)
Source: Authors, compiled from public EU resources				

The evolution of these instruments over time has led to a fragmented EU financing architecture for peace and security that spreads policy responsibility among several actors. The instruments vary in scope and flexibility, and the choice of instrument depends on the political context of a conflict, the constellation of actors in Europe pushing for a

given intervention and the perception of what kind of means (civilian or military) are best suited to the conflict at hand. The EPF proposal is particularly relevant for the APF and the IcSP's CBSD component. Integrating Athena into the EPF would only make sense if EU military operations were designated as peace support missions, which the Athena-financed EUNAVFOR operations in the Mediterranean and off the Somali coast are not.

The APF has been the EU's primary funding channel for supporting the African Peace and Security Architecture since 2004. It is partly used to cover the expenses of African soldiers in the field, which means that it contravenes the letter of Article 41(2). Nevertheless, both the African and European Union agree that these payments are essential for the success of missions in troubled parts of Africa, such as Somalia and the Central African Republic. The EU's member states, therefore, agreed to channel funds through the European Development Fund (EDF), which is outside of the EU's budget and therefore not regulated by Article 41(2). Since then, the APF has been trapped between its purpose to provide sustainable funding for African-led peace missions, its legal framework and the fact that its budget is limited under the EDF.

The IcSP is the EU's main thematic instrument within the budget to fund actions in the areas of crisis response, conflict prevention and peacebuilding. Activities have been financed in the areas of mediation, confidence building, security sector reform, transitional justice and gender mainstreaming. While the IcSP has long been considered the EU's flagship for *civilian* conflict prevention and crisis response, the inclusion of CBSD activities from 2018 onwards also allows for providing military actors with non-lethal equipment.

Both the APF and the latest IcSP reform have raised concerns about the subordination of development policy to security interests (CONCORD, 2018). The EDF is, of course, an instrument of Official Development Assistance (ODA), and is therefore subject to OECD rules on aid spending which also restrict payments for military activities. As civil society actors in particular have long argued, there are very good reasons not to relax these restrictions. Similarly, while the IcSP reform was accompanied by concerns about further securitisation of EU development policy, shifting CBSD activities outside of the EU's budget after 2020 would restore the boundaries that existed between budgetary funding for civilian conflict prevention and off-budget financing for military actors.

The main reason for establishing the EPF should be to find a permanent solution to EU financing for peace and security that ensures predictable, long-term support to partners' efforts in peacebuilding and crisis management. Moreover, the creation of the EPF should serve to disentangle the funding for military capacity building from civilian conflict prevention and peacebuilding activities. While both types of EU engagement are needed, having separate financial instruments for military missions and civilian peacebuilding cooperation would help balance the EU's approach to the security-development nexus. It would also clarify the legal

grey areas concerning the use of ODA that surround the IcSP and the APF.

### Designing the EPF: key issues to consider

The question of how to provide adequate funding will be crucial. Some member states have already stated that the limited financial envelope of €100 million for CBSD activities funded by the IcSP between 2018 and 2020 is not enough to make EU efforts in capacity building and security sector reform (SSR) more effective. Similarly, the steadily increasing APF budget over the last three EDFs (up to €1,053 billion in 2014-2016) demonstrates growing demand for EU assistance to peace support operations in Africa. The whole EPF idea crucially depends on the EU member states' willingness to make substantial, off-budget contributions. Both France and Germany have indicated their support for an off-budget instrument for military capacity building, in Germany's case as part of the new government's coalition agreement.

The EPF would need to maintain a delicate balance between boosting the EU's contributions to peacebuilding, which requires military engagements from time to time, and pressures for the securitisation of European development policy. Any contributions from Heading IV (Global Europe) of the EU's budget to the fund would signal a strong collective commitment by the EU to support partner countries' security. However, these contributions should mostly come from the CFSP budget rather than instruments associated with EU development policy. Any contributions from EU development instrument(s) would need to be clearly earmarked for ODA-eligible expenses. At the same time, the ODA-eligible projects currently funded under the IcSP, could either be integrated into a new external instrument as a component for civilian conflict prevention or financed by a reformed IcSP with an explicitly civilian mandate.

For African countries, the creation of the EPF may raise concerns that the EU's support is at risk because the EPF would be a global instrument rather than specifically dedicated to African security. The EU would need to ensure that missions implemented by the African Union, other African regional organisations and individual partner countries like Mali would remain of highest priority. The EPF would therefore need a dedicated envelope for providing sustainable finance to Africa. At the same time, the need for African countries to also increase financial contributions to peace and security on their continent has been widely discussed. The fact that the EPF would be a global instrument with competing demands should act as an incentive for African governments to contribute more and follow up on their commitments to strengthen the African Union's role as a security provider on the continent.

### A peace and security trust fund

The most sensible institutional design for the EPF would be to create an off-budget, multi-donor EU trust fund. This would permit financing for a wider array of peacebuilding

activities than allowed under Article 41(2) of the EU Treaty, and the ODA rules governing the EDF. Launching the EPF as a trust fund would also be a litmus test for EU member states' commitment to supporting partner organisations and countries' efforts in stabilisation and peacebuilding on a global scale. While core contributions to the fund should come from EU member states, it should also be open to contributions by external partners. A multi-donor trust fund would, for example, provide a mechanism for the United Kingdom to continue contributing to European efforts in conflict prevention and peacebuilding in fragile states, a key priority of the UK's security and development policy.

Establishing the EPF as a trust fund would, nevertheless, be risky from a development policy perspective. For an off-budget EPF trust fund to be used as a defence mechanism rather than in support of 'security for development' is a real danger in the current crisis-driven international climate. As recent controversies regarding the EU's emergency trust fund on migration in Africa have shown, there is a strong temptation to take advantage of the flexibility offered by trust funds to focus spending on measures that protect Europe against perceived threats. The risk is that a new EPF would be used to fund activities that build the capabilities of military actors without taking into consideration potential implications for sustainable development. The danger that the instrument could fund cooperation with the security services of regimes that abuse human rights is real and has to be guarded against.

The design of the instrument and its governance are crucially important if it is to fulfil its purpose as a peacebuilding instrument rather than as a tool for dealing with perceived threats such as irregular migration or transnational terrorism. To prevent this, a mechanism for strong oversight from the

European Parliament as well as from the parliaments of member states that finance the facility must be built into the EPF's governance structure from the beginning.

## Conclusions

HR Mogherini's proposal to create a European Peace Facility has the potential to result in a truly global instrument that signals the EU's strong commitment to peace and security worldwide. EU policy-makers should therefore seriously consider the proposal during the negotiations on the next EU budget. Decoupling the APF from the EDF would also remove one of the main arguments against including the EDF in the EU budget. While both the Commission and a number of EU member states have long advocated the 'budgetisation' of the EDF, opponents of this idea have always pointed to the incompatibility of APF activities with Article 41(2). If financial assistance to African peace support operations were budgeted within a newly created EPF, at least the legal argument against EDF budgetisation would be obsolete.

The EPF should be a panacea for the legal and technical challenges of supporting peace for development, and not a placebo for addressing real or imagined security threats to the EU. Merging the financing of the APF and CBSD into the EPF would unify two instruments that share a very similar focus. This could resolve longstanding problems inherent in the EU's financing architecture for peace and security. The EPF needs to be designed and governed in accordance with the logic that prosperity can only come in places where there is peace, and that this is in the long-term interest of the EU. A new, off-budget trust fund for financing peace support operations will certainly test the commitment of the EU institutions and member states to ensure this is their ultimate purpose.

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**Dr Mark Furness**  
Senior Researcher  
Inter- and Transnational Cooperation  
German Development Institute /  
Deutsches Institut für Entwicklungspolitik (DIE)



**Dr Julian Bergmann**  
Researcher  
Inter- and Transnational Cooperation  
German Development Institute /  
Deutsches Institut für Entwicklungspolitik (DIE)

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