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## PROPOSAL

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From: High Representative of the Union for Foreign Affairs and Security Policy,  
signed by Ms. Helga SCHMID, Secretary General

date of receipt: 13 June 2018

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of  
the European Union

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Subject: 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

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Delegations will find attached document HR(2018) 94.

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Encl.: HR(2018) 94

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EUROPEAN EXTERNAL ACTION SERVICE



GREFFE

**Proposal of the High Representative of the Union for Foreign Affairs and Security  
Policy, with the support of the Commission, to the Council**

**of 13/06/2018**

**for a Council Decision establishing a European Peace Facility**

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## EXPLANATORY MEMORANDUM

The proposal to establish a European Peace Facility (EPF/the Facility) aims at providing the EU with an off-budget fund for the duration of the next Multiannual Financial Framework (MFF) to finance all Common Foreign and Security Policy (CFSP) operational actions having military or defence implications which the Council may decide.

The proposal of the High Representative is to establish the Facility by a Council decision under the CFSP, with the support of the Commission (this possibility is foreseen under Article 30(1) TEU). The Commission gave its support to the proposal on 13 June 2018.

The Facility will endow the Union with a capacity to fund actions under the CFSP which have military or defence implications, in order to prevent conflict, preserve peace and strengthen international security in accordance with the objectives of the Union's external action set out in Art 21(2) TEU. It will do so by drawing together existing off-budget mechanisms devoted to security and defence, and overcoming their current gaps and limitations in three key areas:

- **EU military operations**: the Facility will provide a permanent fund, thus facilitating the launch of new operations and enhancing the effectiveness and predictability of ongoing efforts. Successive reviews of the Athena mechanism have not led to a marked evolution in the scope of costs funded in common. The proposal for the Facility aims at enhancing the scope of common costs, setting in place an incentive structure for Member States that will facilitate EU military operations, or military tasks that might be entrusted by the Council to a group of Member States pursuant to Article 44 TEU.<sup>1</sup> Moreover, the Facility will allow EU military operations to provide integrated packages within the scope of their mandates, combining security, training, provision of equipment and direct military assistance, with the aim of delivering a full, comprehensive engagement in theatre.
- **Support to partners' military peace support operations**: financing has up to now been provided outside of the EU budget through the African Peace Facility (APF) established under, and funded by, the European Development Fund (EDF). This is currently limited to operations led by the African Union or by African regional organisations. The new European Peace Facility will give the Union the capability to contribute directly to the financing of peace support operations led by third States as well as to international organisations on a global basis, not limited to Africa or to the African Union.
- **Broader actions of a military / defence nature in support of CFSP objectives**: at present, the capacity to engage in such actions is limited, in particular as regards capacity building activities for military actors, and the provision of military training, equipment and infrastructure. Current provisions on Capacity Building of military actors in support of Development and Security for Development (CBSD) as set out in the Instrument contributing to Stability and Peace, provide for actions which mainly pursue objectives in the field of development. The Facility will be able to finance capacity building activities in support of third countries' armed forces in pursuit of CFSP objectives.

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<sup>1</sup> The current scope of common costs is estimated to lie between 5-15 per cent of overall mission costs, depending on mission type. The EPF proposal would raise this percentage up to 35-45 per cent at the most.

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The proposal addresses these requirements in an ambitious, innovative and flexible manner. Its main features would be:

## Financing

- A fund will be established, financed through contributions by Member States based on a Gross National Income distribution key.
- The Facility's annual budget will be subject to an annual ceiling. Deciding on this ceiling in parallel to the MFF will allow Member States to decide (a) the overall amount they wish to grant to the Union for seven years; (b) within this ceiling which amount they wish to dedicate to EU external actions; and (c) from this latter amount which maximum amount they wish to allocate to EU CFSP operational actions with military or defence implications.
- As announced on 2 May 2018 in the Commission Communication<sup>2</sup> on the MFF, the proposed ceiling of the Facility is €10.5 billion for seven years (i.e. starting at €800 million in 2021, increasing to €2 billion in 2026 and 2027). This figure is derived from a needs-based approach, the level of ambition and actual experience.<sup>3</sup>
- Funding all EU CFSP actions with military or defence implications from one single source will offer the possibility to provide our partners with integrated support packages and the ability to adapt to evolving needs and priorities over the seven-year period.
- The Facility would supersede and replace the APF and the Athena mechanism.
- Given Denmark's non-participation in actions of the Union which have defence implications, it will not be bound to make yearly contributions to the Facility. However, it could potentially make voluntary contributions to individual actions. In addition, the fund will be open to voluntary contributions by third countries, subject to the prior agreement of the Council.

## Decision-making

- Actions to be funded by the Facility will be decided by the Council or, within the framework of Action Programmes approved by the Council, by the High representative with the endorsement by the Political and Security Committee (PSC).
- The key element is flexibility - there will be full fungibility of funds in the Facility between actions in all three key areas listed above.
- Actions in support of partners will, as it was the case with the APF, be determined by overarching, multi-year 'Action programmes' as well as *ad hoc* assistance measures as required.
- The definitions of 'Action programmes', 'ad hoc assistance measures' etc. are kept as broad as possible. Whenever an envisaged action cannot be financed under the EU budget because of its operational military or defence implications (Art. 41(2) TEU), the Facility will be able to provide the necessary financing.

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<sup>2</sup> Commission Communication of 2 May 2018 to the European Parliament, the European Council and the Council "A Modern Budget for a Union that Protects, Empowers and Defends – The Multiannual Financial Framework for 2021 – 2027."

<sup>3</sup> Combined spending under the Athena mechanism and APF over the current MFF has fluctuated between €250 – 500m annually.

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- The decisions to adopt 'Action programmes', 'ad hoc assistance measures', 'other operational actions' and CSDP military operations will be taken by the Council, acting by unanimity on the basis of proposals from the High Representative. In addition, within multiannual 'Action programmes', specific 'assistance measures' to be implemented by the HR will require prior endorsement by the Political and Security Committee (reflecting the existing practice for the APF).
- A European Peace Facility Committee (EPF Committee) composed of Member States' representatives, and chaired by a representative of the High Representative, will take key decisions on the management of the Facility and in particular will approve budgets and accounts. Except for EU military operations, the Committee would act by Qualified Majority Voting. Where the Committee is unable to take a decision, it may refer an issue to the Council through the Political and Security Committee.

### Implementation framework of the Facility

- The High Representative intends to appoint the Head of the Commission department responsible for the implementation of the CFSP budget (the Service for Foreign Policy Instruments - FPI) as the administrator of the Facility, who will exercise these financial management responsibilities with the support of the FPI and other Commission services as required. This is a change from present circumstances, whereby the Council Secretariat hosts the Athena administrator and its support staff, and DEVCO manages APF expenditure.
- Proposals for Action Programmes and assistance measures will be prepared by the European External Action Service with the contribution of the relevant Commission services in order to ensure overall consistency of Union actions.
- The Facility shall use existing administrative structures of the Union to the greatest possible extent. Provisions will also need to be made for the FPI and the EEAS to acquire the additional resources necessary to support the High Representative in the implementation of the Facility.
- Detailed and specific financial rules for the implementation of expenditure financed through the Facility will be drawn up in due course and be adopted by the EPF Committee. These rules will largely be in line with the relevant provisions of the EU Financial Regulation, with specific allowances for defence / military activities, and especially CSDP military operations. They will take into account lessons learned and best practices from the Athena mechanism and APF.
- It is proposed that the external audit of the Facility be carried out by the European Court of Auditors.
- Actions under the Facility will be undertaken in full respect of obligations under international law, in particular human rights law and international humanitarian law.

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## COUNCIL DECISION (CFSP) 20XX/XXX

of (date)

### establishing a European Peace Facility

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on European Union, and in particular Articles 28(1), 41(2), 42(4) and 30 (1) thereof,

Having regard to the proposal from the High Representative of the Union for Foreign Affairs and Security Policy, with the support of the Commission,

Whereas:

- (1) In accordance with Article 21(1) of the Treaty on European Union (TEU), the Union's external action, including its Common Foreign and Security Policy, of which the Common Security and Defence Policy forms an integral part, *inter alia* pursues the objective of preserving peace, preventing conflicts and strengthening international security, in accordance with the purposes and principles of the United Nations Charter.
- (2) Union action under the Common Foreign and Security Policy should fully respect the obligations of the EU and its Member States under international law, in particular human rights law and international humanitarian law.
- (3) For the purposes of the Common Foreign and Security Policy, the Union notably conducts operations and provides support and assistance to third states, international organisations and regional organisations, which may have defence or military implications.
- (4) Operational actions of the Union under the Common Foreign and Security Policy, their objectives, scope and means are decided by the Council as required by the international situation.

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- (5) The Union acknowledges the leading role played by the African Union in preserving peace and security in the African continent, which it has historically supported under the African Peace Facility, and remains committed to building African Union capacities in this area as well as to provide assistance to African-led peace support operations and to strengthen the African Peace and Security Architecture, in line with the Memorandum of Understanding on Peace, Security and Governance agreed between the European Union and the African Union.
- (6) Pursuant to Article 41(2) of the Treaty on European Union (TEU), operating expenditure arising from the implementation of the Common Foreign and Security Policy is charged to the Union budget, except for operating expenditure arising from operations having military or defence implications.
- (7) A facility of the Union should therefore be set up to finance Union actions under the Common Foreign and Security Policy which in view of their military or defence implications may not be funded from the Union budget.
- (8) In accordance with Article 41(2) of the Treaty on European Union, the resulting operating expenditure should be charged to the Member States in accordance with the gross product national product scale, unless the Council acting unanimously decides otherwise; however, Member States whose representatives have made a formal declaration pursuant to the second subparagraph of Article 31(1) TEU shall not be obliged to contribute to the financing of the operation having military or defence implications concerned.
- (9) In accordance with Article 41(1) of the Treaty on European Union, the administrative expenditure to which the implementation of the facility established by this Decision may give rise should be charged to the Union's budget.
- (10) In accordance with Article 5 of the Protocol n°22 on the position of Denmark annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union, Denmark does not participate in the elaboration and implementation of decisions and actions of the Union which have defence implications. Denmark does not participate in this Decision and therefore does not participate in the financing of the Facility.

HAS ADOPTED THIS DECISION:

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## TITLE I

### ESTABLISHMENT AND STRUCTURE

#### CHAPTER 1

##### **Establishment, definitions, objectives and scope of financing**

###### *Article 1*

###### **Establishment**

A European Peace Facility (the “Facility”) is hereby established to administer the financing of Union actions falling within the objectives and scope of the Common Foreign and Security Policy and which in view of their military or defence implications cannot be charged to the Union budget in accordance with Article 41(2) TEU.

###### *Article 2*

###### **Objectives**

The objective of the Facility is to enhance the Union's ability to preserve peace, prevent conflicts and strengthen international security, in accordance with Article 21(2) (c) TEU, through:

- a) contributing to the financing of Union operations under the Common Security and Defence Policy (CSDP) having military or defence implications;
- b) 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;
- c) contributing to the financing of peace support operations led by a regional or international organisation or by third States;
- d) financing other Union operational actions under the Common Foreign and Security Policy (CFSP) having military or defence implications.

###### *Article 3*

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## Financial envelope

1. The financial envelope for the implementation of this Facility for the period 2021 – 2027 shall be EUR 10 500 000 000 in current prices.
2. The breakdown of this financial envelope per annum shall be as set out in Annex I.

## *Article 4*

### Legal capacity

The Facility shall have legal capacity, in particular to hold bank accounts, acquire, hold or dispose of assets, supplies and services, employ staff, enter into contracts, agreements and administrative arrangements, discharge its liabilities and be a party to legal proceedings, as required in order to implement this Decision.

## *Article 5*

### Definitions

For the purpose of this Decision:

- a) 'participating Member States' means the Member States of the Union, except Denmark;
- b) 'contributing States' means the Member States and third states contributing to the financing of an action to be funded from the Facility in accordance with Article 41(2) of the TEU;
- c) 'operation' means a Union operation or 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;
- d) 'operation commander' means an EU Operation Commander as defined in the EU Concept for Military Command and Control;
- e) 'assistance measure' means Union support to the armed forces of a third State or to military peace support operations led by a group of third States, a regional or an international organisation, as well as support aimed at building the military capacities and capabilities of those organisations. Such support may be financial, technical or provided in kind, and may notably include the provision of infrastructure, assets, equipment, supplies, associated services, technical and financial assistance and training.

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- f) an 'Action programme' provides the general framework for assistance measures with a given geographical or thematic focus to be undertaken over a certain period of time;
- g) an 'ad hoc assistance measure' is an assistance measure not covered by an Action Programme approved by the Council;
- h) 'other operational action' means any other Union operational action under the Common Foreign and Security Policy having military or defence implications which the Council may decide to finance under the Facility on a proposal from the High Representative;
- i) 'implementing actor' means a Member State, a third State, a regional or international organisation or another actor to whom the implementation of an assistance measure has been entrusted.

### *Article 6*

#### **Types of Financing**

The Facility, in pursuit of the objectives set out in Article 2, shall:

- a) administer the financing of the common costs of operations, as defined under this Decision;
- b) finance assistance measures, which may be covered by multiannual Action Programmes or consist in *ad hoc* assistance measures.
- c) finance other operational actions where so decided by the Council, in accordance with the procedures set out in this Decision.

### *Article 7*

#### **Initiative**

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.

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## *Article 8*

### **Legal basis for financing Union actions**

1. The financing of any operation, Action Programme, *ad hoc* assistance measure or other operational action under this Decision shall require the prior adoption of a Council decision under the relevant legal bases of Title V, chapter 2 of the Treaty on European Union (Specific Provisions on the Common Foreign and Security Policy).
2. Council decisions referred to in paragraph 1 shall indicate their objectives and scope, the general conditions for their implementation and the reference amount for the financial resources to be funded through the Facility.
3. Council decisions referred to in paragraph 1 may either cover individual actions (decisions initiating an operation, an *ad hoc* assistance measure or another operational action), or lay down the general framework for assistance measures to be undertaken over a certain period of time (Action Programmes).
4. When the Council adopts Decisions laying down in Action Programmes the general framework for assistance measures to be undertaken over a certain period of time, it shall authorise the High Representative to take the necessary decisions on specific assistance measures falling within the scope and objectives of the relevant Decision.

## *Article 9*

### **Implementation**

1. The High Representative shall be responsible for the implementation of this Decision, with the support of the European External Action Service, in accordance with Article 2 (1), 1<sup>st</sup> indent, of Council Decision 2010/427/EU.
2. For the purposes of the financial implementation of this Decision, the High Representative shall be assisted by the administrative structure referred to in Chapter 2. He/she shall exercise this responsibility with the support of the Commission department referred to in Article 9 (6) of Council Decision 2010/427/EU and other Commission services as required.

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## *Article 10*

### **Consistency of Union action**

1. Consistency between the actions of the Union to be financed under the Facility and other actions undertaken within the Common Foreign and Security Policy, as well as with other areas of the Union's external action and its other policies shall be ensured in accordance with Articles 21 (3) and 26 (2) TEU.
2. The High Representative, when submitting proposals to the Council for ad hoc assistance measures, and when preparing decisions for assistance measures under this Facility, shall ensure compliance with Article 41(2) TEU.
3. The Council, the Commission and the High Representative shall closely cooperate to that effect.

## **CHAPTER 2**

### **ADMINISTRATIVE STRUCTURE**

## *Article 11*

### **Operational and financial management structure**

1. The Facility shall operate under the overall authority of the High Representative and shall have the following operational and financial management structure:
  - a) The Facility Committee;
  - b) The administrator;
  - c) The operation commanders;
  - d) The accounting officer of the Facility.
2. The Facility shall use existing administrative structures of the Union to the greatest possible extent. Union institutions, bodies and agencies, and Member States shall make staff available to the Facility as required, upon a request from the administrator.

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## *Article 12*

### **Facility Committee**

1. A Facility Committee (hereafter "the Committee") composed of one representative of each participating Member State is established.

Representatives of the European External Action Service (EEAS) and of the Commission shall be invited to attend the meetings of the Committee without taking part in its votes.

Representatives of the European Defence Agency (EDA) may be invited to attend Committee meetings for items under discussion that relate to the EDA's area of activity, without taking part in or being present at its votes.

2. The Committee exercises its competences pursuant to this Decision.
3. In particular, the Committee shall approve the annual budget and the amending budgets, taking into account the relevant reference amounts for operations, Action Programmes, *ad hoc* assistance measures and other operational actions.
4. The Committee shall approve the annual accounts and shall give discharge.
5. The Committee shall approve, on a proposal from the administrator, a decision establishing rules for the implementation of expenditure financed through the Facility supplementing the present Decision.
6. The Committee shall adopt its rules of procedures on a proposal from the High Representative.
7. When the Committee is discussing the financing of a given Union operation, Action Programme, *ad hoc* assistance measure or another operational action:
  - a) the Committee shall be composed of one representative of each contributing Member State;
  - b) the administrator shall participate in the proceedings of the Committee without taking part in its votes;
  - c) each operation commander or his or her representative shall participate in the proceedings of the Committee for the operation he or she commands, without taking part in its votes;
  - d) the representatives of contributing third States and of voluntary contributors shall be invited to participate in the proceedings of the Committee when an item under

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discussion directly relates to their financial contribution. They shall neither take part in nor be present at its votes;

- e) the accounting officer of the Facility may be invited to participate as necessary in the proceedings of the Committee, without taking part in its votes.
  - f) representatives of other relevant actors may be invited to participate in the proceedings of the Committee for the assistance measure which they implement in whole or in part, without taking part in its votes;
8. A representative of the High Representative for Foreign Affairs and Security Policy shall convene and chair the meetings of the Committee.
  9. If a participating Member State, the administrator or an operation commander so requests, the Chair of the Committee shall convene the Committee within at most 15 days.
  10. Taking into account its composition as defined in paragraphs 1 and 7, the Committee shall act :
    - by unanimity of its members when deciding on matters pertaining to operations;
    - by qualified majority of its members, as defined in Article 238(3) of the Treaty on the Functioning of the European Union, when deciding on matters pertaining to actions other than operations;
    - by simple majority of its members when adopting its rules of procedures.
  11. The Committee's decisions shall be binding.
  12. On the initiative of the Chair of the Committee, in urgent matters a decision may be adopted by a written procedure in accordance with its rules of procedure, unless a Member State requests a meeting of the Committee.
  13. The Committee shall be informed by the administrator, each operation commander, the accounting officer of the Facility and other relevant actors as provided for in this Decision. In particular, the administrator shall adequately inform the Committee of any claim or dispute involving the Facility.
  14. The text of the acts approved by the Committee pursuant to this Decision shall at the time of their approval be signed by the Chair of the Committee and by the administrator.
  15. Where no agreement may be reached within the Committee on a particular item, this item shall be referred to the Council through the Political and Security Committee.

## *Article 13*

### **Administrator**

1. The High Representative of the Union for Foreign Affairs and Security Policy, after informing the Committee, shall appoint an administrator for a period of three years.
2. The administrator shall carry out his or her duties on behalf of the Facility.
3. The administrator shall be the legal representative of the Facility, including in legal proceedings and dispute settlements.
4. The administrator:
  - a) shall draw up and submit to the Committee any draft budget;
  - b) shall implement and report on the budgets after their approval by the Committee;
  - c) shall be the authorising officer by delegation for the Facility revenue and for its expenditure and shall sub-delegate as required;
  - d) as regards revenue, shall implement the financial arrangements made with third parties in relation to the financing of operations and assistance measures.
5. The administrator shall provide the secretariat for the Committee. He or she shall draw up the minutes of the result of the Committee's discussions. He or she shall not take part in its votes. The administrator shall ensure that the rules established by this Decision are complied with, and that the decisions of the Committee are implemented. For that purpose, the administrator may issue the necessary instructions to operation commanders and implementing actors.
6. The administrator shall be authorised to adopt any measures, in compliance with this Decision and the rules established by the Committee pursuant to Article 12(5), which he or she deems necessary to implement the expenditure financed through the Facility. He or she shall inform the Committee thereof.
7. The administrator shall coordinate work on financial questions relating to operations, assistance measures and other operational actions. He or she shall be the contact point with national administrations and, as appropriate, international organisations on these matters.
8. The administrator shall ensure continuity of his/her functions through the administrative structure of the Commission department referred to in article 9.

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## *Article 14*

### **Accounting officer of the Facility**

1. The High Representative shall appoint the accounting officer of the Facility for a period of three years.
2. The accounting officer of the Facility shall carry out his or her duties on behalf of the Facility.
3. The accounting officer of the Facility shall be responsible for:
  - a) properly implementing payments, collecting revenue and recovering amounts established as being receivable;
  - b) preparing the Facility's annual accounts and submitting them to the Committee for approval;
  - c) keeping the accounts for the Facility;
  - d) laying down the accounting rules and procedures and the chart of accounts;
  - e) laying down, validating and monitoring the accounting systems for revenue and, where appropriate, validating and monitoring systems laid down by the authorising officer to supply or justify accounting information, checking information received and requesting corrective measures when deemed necessary.
  - f) treasury management.
4. For the requirements of treasury management, the accounting officer of the Facility shall open one or more bank accounts in the name of the Facility or cause such accounts to be opened. He/she shall also be responsible for closing such accounts, or cause them to be closed.
5. As a general rule bank accounts shall be opened in euro; in duly justified circumstances bank accounts may be opened in currencies other than the euro.
6. No bank account may be overdrawn.
7. The administrator, each operation commander and each operation accounting correspondent as referred to in Art 16(7) shall provide the accounting officer of the Facility with all the information necessary for the production of accounts which accurately represent the Facility's financial situation and budget implementation, and shall guarantee its reliability.

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## *Article 15*

### **General provisions applicable to the authorising officers, the accounting officer of the Facility and staff**

1. The functions of authorising officer, on the one hand, and accounting officer, on the other, shall be mutually incompatible. The implementation of appropriations according to the principle of the segregation of the authorising officer and the accounting officer shall be ensured. Payments made from funds administered by the Facility shall be authorised by the authorising officer and implemented by the accounting officer.
2. The accounting officer of the Facility may, in the performance of his/her duties, delegate certain tasks to subordinate staff; he/she may also entrust certain tasks to operation accounting correspondents appointed with his/her agreement in accordance with Article 16 (7).
3. Officials and other servants of the Union, when carrying out functions on behalf of the Facility, shall remain subject to the rules and regulations applicable to them, including as regards disciplinary measures.
4. The staff made available to the Facility by the Member States shall be subject to the rules applicable to the national experts on secondment to the Union institution in charge of their administrative management, and to the provisions agreed on by their national administration and the Union institution or the Facility.
5. Before their appointment, the staff of the Facility must have received clearance for access to classified information up to at least 'SECRET UE/EU SECRET' level, or equivalent clearance by a Member State.

## *Article 16*

### **Operation Commanders**

1. Each operation commander shall receive full authorising officer powers from the administrator, including the power of sub-delegation, from the moment of his or her appointment by the Council and shall carry out his or her duties on behalf of the Facility in relation to the financing of the common costs of the operation which he or she commands.
2. For the operation which he or she commands, each operation commander shall:
  - a) send the administrator his or her proposals for the ‘expenditure’ section of the draft budgets;
  - b) as an authorising officer, implement the appropriations relating to the operational common costs as well as expenditure for Nation Borne Costs; he or she shall exercise authority over any person participating in the implementation of those appropriations, including pre-financing; he or she may award contracts and enter into contracts on behalf of the Facility: He or she may request to the accounting officer of the Facility to open bank accounts for the operation he or she commands, in duly justified operational circumstances.
  - c) as an authorising officer, implement the appropriations relating to expenditure for the operation which he or she commands funded from voluntary contributions; he or she shall exercise authority over any person participating in the implementation of those appropriations, on the basis of the relevant provisions in the ad hoc administrative agreement with the third party. He or she may award and enter into contracts on behalf of the third party; he or she may request to the accounting officer of the Facility of the Facility to open one bank account for each third party contribution, in duly justified operational circumstances.
3. The operation commander shall be authorised to adopt any measures, in compliance with this Decision and the rules established by the Committee pursuant to Article 12(5), which he or she deems necessary to implement the expenditure financed through the Facility, for the operation which he or she commands. He or she shall inform the administrator and the Committee thereof.

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4. The operation commander shall keep account of funds received from the Facility, of expenditure he or she has committed and of payments made and of revenue received, as well as an inventory of the movable property financed by the Facility's budget and used for the operation which he or she commands. These accounts should be available for inspection by the accounting officer of the Facility when requested.
5. The operation commander shall follow guidance from the administrator with regard to the financial management of the Facility.
6. Except in duly warranted circumstances approved by the administrator and the accounting officer of the Facility, the operation commanders shall use the accounting and asset management system provided by the Facility.
7. The operational commander shall appoint, with the agreement of the accounting officer of the Facility, an operation accounting correspondent. With regard to the operation in which he/she is nominated, the operation accounting correspondent shall be responsible for the proper implementation of accounting tasks assigned to him/her by the operation commander and the accounting officer of the Facility.
8. The operation accounting correspondent shall perform the tasks assigned to him/her, in full compliance with the guidelines and instructions established by the accounting officer of the Facility.

### *Article 17*

#### **Authorising officers' specific duties**

1. Authorising officers shall be responsible for implementing the Facility's revenue and expenditure in accordance with this Decision, the rules established by the Committee pursuant to Article 12(5), notably the principle of sound financial management, and for ensuring that the requirements of legality and regularity are complied with.
2. To implement expenditure, the authorising officers shall make budgetary commitments and legal commitments, shall validate expenditure and authorise payments and shall undertake the necessary steps for the implementation of appropriations.
3. An authorising officer may delegate his or her duties by a decision determining:
  - a) staff at an appropriate level for such delegation;
  - b) the extent of the conferred powers;

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- c) the scope for beneficiaries to sub-delegate their powers.

### *Article 18*

#### **Liability**

1. In accordance notably with Article 15 paragraphs 3 and 4, the conditions governing the disciplinary or criminal liability of the operation commander, the administrator and other staff made available in particular by the Union institutions or Member States, in the event of misconduct or negligence in the implementation of the budget shall be governed by the staff regulations or the arrangements applicable to them. In addition, the Facility may at its own initiative or at the request of a contributing State or third party bring a civil action against the abovementioned staff.
2. In no case may the Union or the High Representative for Foreign Affairs and Security Policy be held liable by a contributing State as a result of the performance of their duties by the administrator, the accounting officer of the Facility or the staff assigned to them.
3. The contractual liability which may arise from contracts concluded in the context of implementation of the budget shall be covered through the Facility by the contributing States or third parties. It shall be governed by the law applicable to the contracts in question.
4. In the case of non-contractual liability, any damage caused by the operation headquarters, force headquarters and component headquarters of the crisis structure, the composition of which shall be approved by the operation commander, or by their staff in the course of their duties shall be covered through the Facility by the contributing States or third parties, in accordance with the general principles common to the laws of the Member States and the staff regulations of the forces, applicable in the theatre of operations.
5. In no case may the Union or the Member States be held liable by a contributing State for contracts concluded in the framework of budget implementation or for damage caused by the units and departments of the crisis structure, the composition of which shall be approved by the operation commander, or by their staff in the course of their duties.

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## TITLE II

### BUDGET

#### CHAPTER 3

#### PRINCIPLES

##### *Article 19*

##### **Budgetary principles**

1. The budget, drawn up in euro, is the act which for each financial year lays down and authorises all the revenue and expenditure administered by the Facility.
2. All expenditure shall be linked to a specific operation, Action programme, *ad hoc* assistance measure or another operational action except where appropriate for the costs listed in Annex II.
3. The appropriations entered in the budget are authorised for the duration of a financial year which begins on 1 January and ends on 31 December of the same year. They shall include appropriations for commitments and appropriations for payments.
4. Budget revenue and expenditure shall be in balance.
5. No revenue or expenditure may be implemented other than by allocation to a title in the budget and within the limit of the appropriations entered there, except pursuant to Article 46 paragraphs 2 and 6.
6. The Facility's appropriations shall be used in accordance with the principles of sound financial management, i.e. economy, effectiveness and efficiency.

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## CHAPTER 4

### BUDGET STRUCTURE AND OPERATIONS

#### *Article 20*

#### **Annual budget**

1. Each year the administrator shall draw up the draft budget for the following financial year, on the basis of the estimated needs of the operations, Action programmes, ad hoc assistance measures and other operational actions which are on-going or planned, or which may be approved during the year while taking into account the ceilings set out in Annex I.
2. The draft budget shall include:
  - a) the appropriations deemed necessary to cover:
    - the operational common costs for ongoing or planned operations;
    - the costs of Action Programmes, *ad hoc* assistance measures and other operational actions approved by the Council;
  - b) a general part, which shall show the appropriations deemed necessary to cover:
    - support expenditure which may not be linked to a specific operation, Action programme, *ad hoc* assistance measure or another operational action, as outlined in Annex II;
    - costs incurred by the Facility in preparation for operations, Action Programmes, *ad hoc* assistance measures or other operational actions, as outlined in Annex III;
    - an unallocated amount for operational common costs of operations and the costs of Action Programmes, *ad hoc* assistance measures and other operational actions which may be approved by the Council during the year;
  - c) a forecast of the revenue needed to cover expenditure.
3. The general part in the initial budget adopted for a given year shall represent at least 30% of the ceiling set out in Annex I for that year, insofar as possible in view of appropriations deemed necessary for ongoing or planned operations, Action Programmes, *ad hoc* assistance measures and other operational actions.

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4. The commitment and payment appropriations shall be classified in titles. A specific title shall be dedicated to each operation, Action Programme, ad hoc assistance measure or other operational action. The general part shall also form one title.
5. Each title may include a chapter entitled ‘provisional appropriations’. These appropriations shall be entered where there is uncertainty, based on serious grounds, about the amount of appropriations needed or the scope for implementing the appropriations entered.
6. Revenue shall consist of:
  - a) contributions payable by the participating and contributing Member States and, where appropriate, by contributing third states;
  - b) revenue, subdivided by title, which includes interest received, revenue from sales, recoveries of funds unspent during implementation and the remaining balance of contributions from the previous financial year, after it has been determined by the Committee.
7. The administrator shall propose the draft budget to the Committee by 31 October at the latest. The Committee shall approve the draft budget by 31 December. The administrator shall notify the participating Member States and contributing third states of the approved budget.

### *Article 21*

#### **Amending budgets**

1. The administrator shall propose to the Committee an amending budget when:
  - a) The Council has approved a new Action Programme, *ad hoc* assistance measure or another operational action or when the formal budget of a new operation has been approved in accordance with Article 41 (3) during the course of the financial year;
  - b) due to unavoidable, exceptional or unforeseen circumstances, the needs of existing operations, Action Programmes, *ad hoc* assistance measures or other operational actions cannot be covered under the budget;
  - c) the balance of the budget outturn for a financial year for which the accounts have been approved in accordance with Article 36 (7) needs to be entered in the budget of the following financial year.

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2. The Committee shall discuss and approve the amending budget taking account of its urgency.
3. Before requesting an increase of the budget, the administrator shall seek to, as much as possible, limit the overall increase in budget appropriations through transfers of available funds from other budget titles and from the general part of the annual budget.

### *Article 22*

#### **Transfers of appropriations**

1. The administrator, where appropriate on the basis of a proposal by an operation commander or as necessary for an Action Programme, an *ad hoc* assistance measure or another operational action, may make transfers of appropriations within the same title.
2. However, the prior approval of the Committee shall be required when the planned transfer will amend the appropriations provided for an operation, an Action Programme, an *ad hoc* assistance measure or another operational action.

### *Article 23*

#### **Carryover, re-use of appropriations and split commitments**

1. Commitment appropriations which have not been committed by the end of the financial year shall be carried over and may be committed up to 31 December of the following financial year, subject to the approval of the Committee.
2. Payment appropriations may be carried over where they are necessary to cover existing commitments or commitments linked to commitment appropriations carried over and where the payment appropriations provided for in the relevant budget lines for the following year are not sufficient to cover the requirements.
3. The administrator shall present his or her proposal to the Committee pursuant to paragraphs 1 and 2 by 1 March of the following financial year. The Committee shall decide on the proposal by 31 March.
4. However, appropriations may be carried-over by a decision of the administrator in the following cases:

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- a) commitment appropriations for which most of the preparatory stages of the commitment procedure have been completed by 31 December. Such amounts may then be committed up to 31 March of the following year;
- b) amounts which are necessary when the Council Decision for a new operation, an Action Programme, an ad hoc assistance measure or another operational action has been adopted in the final quarter of the financial year and the authorising officer has been unable to commit the appropriations provided for this purpose by 31 December.

The administrator shall inform the Committee of the carry-over decision by 1 March.

5. Commitment appropriations corresponding to the amount of de-commitments made as a result of total or partial non implementation of an operation, an Action Programme, an *ad hoc* assistance measure or another action may be made available again to the benefit of the Facility.
6. Budgetary commitments for Action Programmes, ad hoc assistance measures or other operational actions extending over more than one financial year may be broken down over several years into annual instalments.

### *Article 24*

#### **Anticipated implementation**

Once the annual budget has been approved, appropriations may be used to cover commitments and payments in so far as operationally necessary.

## CHAPTER 5

### CONTRIBUTIONS AND REIMBURSEMENTS

### *Article 25*

#### **Determination of contributions**

1. Payment appropriations to cover the general part of the budget which are not covered by revenue shall be financed by contributions from the participating Member States.

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2. Payment appropriations to cover the operational common costs of an operation or the costs of an Action Programme, an *ad hoc* assistance measure or another operational action, which are not covered by revenue, shall be covered by contributions from the contributing States.
3. The contributions payable by the contributing Member States for an operation, an Action Programme, an *ad hoc* assistance measure or another operational action shall be equal to the amount of the payment appropriations entered in the budget to cover the operational common costs of that operation or the costs of that Action Programme, *ad hoc* assistance measure or other operational action, after deduction of revenue and the amounts of the contributions payable for the same operation, Action Programme, *ad hoc* assistance measure or other operational action by contributing third States.
4. The breakdown of contributions between the Member States from whom a contribution is required shall be determined in accordance with the gross national product scale as specified in Article 41(2) of the TEU and in accordance with Council Decision 2014/335/EU, Euratom<sup>4</sup>, or any other Council Decision which may replace it.
5. The data for the calculation of contributions shall be those set out in the ‘GNI-based own resources’ column in the ‘Summary of financing of the general budget by type of own resource and by Member State’ table appended to the latest general budget adopted by the Union. The contribution of each Member State from whom a contribution is due shall be proportional to the share of gross national income (GNI) of that Member State in the total GNI aggregate of the Member States from whom a contribution is due.

### *Article 26*

#### **General provisions applicable to the collections of contributions**

1. Contributions to the Facility shall be made in euro.
2. The administrator shall send the corresponding calls for contributions by letter to the national administrations whose details have been communicated to him or her when:
  - a) a budget for a financial year is approved by the Committee. The first call for contributions shall cover the amount of forecasted payment needs for the first eight months. The second call for contributions shall cover the remaining balance of

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<sup>4</sup> Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union ([OJ L 168, 7.6.2014, p. 105](#)).

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contributions, taking into account the balance of the previous year when the Committee has decided to enter this balance in the current budget;

- b) an amending budget is approved as provided for in Article 21, when it increases the overall payment appropriations in the budget;
3. By derogation from paragraph (2) (b), when the reference amount for a new operation has been approved by the Council and the amount cannot be covered by the general part of the budget, the call for contributions shall be issued as necessary before the adoption of the amending budget in order to ensure the immediate availability of funds for the operation.
4. Without prejudice to other provisions of this Decision, the contributions shall be paid within 30 days following despatch of the relevant call for contributions.
5. In the unavoidable, exceptional and unforeseen circumstances where the availability of funds in the Facility is not sufficient to cover a new urgent rapid response operation, the Administrator may issue an urgent call for contributions to be paid within 5 days following despatch of the call.
6. Once the draft budget has been submitted to the Committee, for those Member States with budgetary and financial procedures not allowing payment of their contribution within the established deadlines the administrator may issue to the State concerned an anticipated call for contributions before the end of the current financial year as a prepayment for the call for contributions for the following financial year's budget.
7. Each contributing State shall pay the bank charges relating to the payment of its own contribution.
8. The administrator shall acknowledge receipt of the contributions.

### *Article 27*

#### **Management by Facility of voluntary financial contributions**

1. In line with the relevant provisions of the legal framework governing the operation, the Action programme, the *ad hoc* support measure or the other operational action, and following acceptance by the Political and Security Committee, the Committee may authorise that the administrative management of a voluntary financial contribution by a Member State or a third party be entrusted to the Facility. Such a voluntary financial contribution may be earmarked for a particular project in support of the operation, assistance measure or other operational action.

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2. The administrative costs relating to the management of the contribution shall be covered by the contribution itself, unless the Committee decides otherwise.
3. The administrator shall conclude with the Member State or third party concerned the necessary administrative arrangements.
4. Any such voluntary contribution may only be used for the purpose for which it is provided to the Facility as set out in the administrative arrangement with the Member State or the third party.
5. The administrator shall ensure that the management of such contributions comply with the relevant administrative arrangements. The administrator shall provide each contributor, directly or through the operation commander, with the relevant information relating to the management of the contribution as agreed in the applicable administrative arrangement.

### *Article 28*

#### **Interest on late payment**

1. Without prejudice to paragraph 2, if a State does not fulfil its financial obligations, the Union rules on interest on late payment determined pursuant to Article 78 (4) of Regulation (EU, Euratom) No 966/2012<sup>5</sup> of the European Parliament and of the Council or any other Regulation which may replace it shall be applicable by analogy.
2. When a payment is late by no more than 20 days, no interest shall be charged. When payment is late by more than 20 days, interests shall be charged for the entire delay.

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<sup>5</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 ([OJ L 298, 26.10.2012, p. 1](#)).

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## CHAPTER 6

### IMPLEMENTATION

#### *Article 29*

#### **Methods of implementation**

1. The Facility shall finance the common costs of an operation through the operation commander when he or she is in office, and through the administrator, otherwise.
2. The Facility may implement an assistance measure:
  - a) directly by itself or through an operation, in accordance with its mandate, notably with a view to providing an integrated package including the provision of support and military training;
  - b) indirectly, through implementing actors, which may be:
    - i. one or several Member States
    - ii. an international organisation, a regional organisation or a specialised agency set up by an international organisation;
    - iii. third countries or the bodies they have designated;
    - iv. public law bodies, including Member State organisations;
    - v. bodies governed by private law with a public service mission, including Member State organisations, to the extent that they provide adequate financial guarantees;
    - vi. bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
    - vii. entities and persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU.
3. A Member State, a Union institution, an international organisation, a regional organisation or another actor to whom the implementation of expenditure of an operation financed through the Facility is entrusted shall apply the rules applicable to the implementation of its own expenditure, in so far as the operation commander retains financial management responsibilities or the administrator takes the necessary remedial measures that guarantee a sufficient protection of the financial interests of the Facility.

#### *Article 30*

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## **Administrative arrangements to facilitate future procurement or mutual support**

1. The Facility may conclude administrative arrangements with Member States, Union institutions, bodies and agencies, third States, international organisations and regional organisations, their agencies and other actors in order to facilitate future procurement and/or the financial aspects of mutual support in the most cost-effective manner.
2. Such arrangements shall be:
  - a) subject to consultation of the Committee if they are concluded with Member States, Union institutions, bodies or agencies;
  - b) submitted to the Committee for approval if they are concluded with third States, international organisations or regional organisations.
3. Such arrangements shall be signed by the administrator or, where appropriate, the respective operation commander, acting on behalf of the Facility and by the competent administrative authorities of the other parties referred to in paragraph 1.

## **CHAPTER 7**

### **REPORTS, ACCOUNTS AND AUDIT**

#### *Article 31*

#### **Regular reports to the Committee**

Every four months, the administrator, with the support of the accounting officer of the Facility and operation commanders, shall present to the Committee a report on the implementation of revenue and expenditure since the beginning of the financial year.

#### *Article 32*

#### **Accounts**

1. The accounting officer of the Facility shall keep the accounts of contributions called for and transfers of funds made. He or she shall also draw up the accounts for the common costs incurred in preparation for, or further to, operations, and for operational expenditure and revenue implemented under the direct responsibility of the administrator. The operation

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accounting correspondent shall keep the accounts of transfers of funds made to his operation and transmit the financial situation of the operation to the accounting officer of the Facility whenever requested and in the format required.

2. The accounting officer of the Facility shall draw up the annual accounts for the Facility. Each operation commander and operation accounting correspondent shall send him the accounts for the expenditure he or she has committed and the payments he has made, and of revenue received, on behalf of the Facility according to the accounting rules and instructions laid down by the accounting officer of the Facility.

### *Article 33*

#### **Conditions for the exercise of controls**

1. The persons responsible for auditing the Facility's revenue and expenditure shall, before carrying out their task, have received clearance for access to classified information up to at least 'SECRET UE/EU SECRET' level held by the Council, or equivalent clearance from a Member State or NATO, as appropriate. Those persons shall ensure that they respect the confidentiality of the information and protect the data of which they acquire knowledge during their audit task, in accordance with the rules applicable to that information and those data.
2. The persons responsible for auditing the Facility's revenue and expenditure shall have access without delay and without giving prior notice to the documents and to the contents of all data supports relating to that revenue and expenditure, and to the premises where those documents and supports are kept. They may make copies. The persons involved in implementing the Facility's revenue and expenditure shall give the administrator and the persons responsible for the audit of that revenue and expenditure the necessary assistance in performing their task.

### *Article 34*

#### **Internal auditing of the Facility**

1. The administrator shall propose to the Committee the appointment of an internal auditor of the Facility, and at least one deputy internal auditor, for a period of four years, renewable up to a total period not exceeding 8 years. Internal auditors must have the necessary professional qualifications and offer sufficient guarantees of security and independence. The internal auditor

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may not be either the authorising officer or accounting officer; he or she may not take part in the preparation of financial statements.

2. The internal auditor shall report to the administrator on dealing with risks, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the internal audit in operations and promoting sound financial management. He or she shall be responsible in particular for assessing the suitability and effectiveness of internal management systems and the performance of departments in implementing policies and reaching objectives by reference to the risks associated with them.
3. The internal auditor shall perform his or her duties on all departments involved in the collection of the Facility's revenue or the implementation its expenditure.
4. The internal auditor shall perform one or more audits during the financial year as appropriate. He or she shall report to the administrator and, where appropriate inform the operation commanders of his or her findings and recommendations. The operation commanders and the administrator shall ensure that action is taken on recommendations resulting from the audits.
5. The administrator shall submit a report each year to the Committee on the internal audit work done, indicating the number and type of internal audits carried out, observations made, recommendations put forward and how those recommendations were followed up.
6. Furthermore, each operation commander shall give the internal auditor full access to the operation which he or she commands. The internal auditor shall check that the financial and budgetary systems and procedures function correctly, and shall ensure that robust and effective internal audit systems are in operation.
7. The proceedings and reports of the internal auditor shall be made available to the Court of Auditors along with all supporting documents relating thereto.

### *Article 35*

#### **External auditing of the Facility**

1. The accounts of revenue and expenditure arising from the implementation of this Decision shall be examined by the Court of Auditors of the European Union, in accordance with this Decision.
2. Without prejudice to paragraph 1, persons appointed by the administrator, notably external auditors, may at any time carry out an audit of the expenditure financed through the Facility. Furthermore, the Committee, on the basis of a proposal by the administrator or a Member State,

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may at any time appoint external auditors, whose tasks and conditions of employment it shall determine.

### *Article 36*

#### **Presentation of annual accounts**

1. Each operation accounting correspondent, with the assistance of his or her operation commander, shall prepare the annual accounts of the operation in accordance with the accounting rules and instructions of the accounting officer of the Facility. These accounts shall be submitted to the accounting officer of the Facility and the Court of Auditors by 15 February following the end of the financial year and they shall certify the reliability of these accounts.
2. The accounting officer of the Facility, with the assistance of the administrator, and using the accounts supplied by the operation accounting correspondents, shall establish and provide to the Court of Auditors, by 15 March following the end of the financial year, the draft annual accounts of the Facility. By the same date, the accounting officer of the Facility shall provide the Committee with the budget surplus of the financial year and the administrator shall provide the Committee with the annual activity report of the Facility.
3. The Court of Auditors shall provide the accounting officer of the Facility and each operational commander and operation accounting correspondent with their audit findings on their respective accounts by 15 May.
4. The accounting officer of the Facility, assisted by the administrator, shall transmit the Facility's final audited annual accounts to the Committee by 30 June.
5. The Committee shall be provided, by 30 September following the end of the financial year, with the audit report by the Court of Auditors, including the audit opinion. It shall examine the audit report, the audit opinion and the annual accounts with a view to granting a discharge to the administrator and each operation commander.
6. Supporting documents for these annual accounts shall be retained, for a period of five years from the date on which the corresponding discharge was granted. When an operation is terminated, the operation commander shall ensure transmission of all supporting documentation to the administrator.

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7. The Committee shall decide to enter the balance of the budget outturn for a financial year for which the accounts have been approved in the budget for the following financial year, as revenue or expenditure depending on the circumstances. The administrator shall present in this respect an amending budget taking into account the carry-over of funds. The Committee may, however, decide to enter the balance of the abovementioned budget outturn after having received the audit opinion from the Court of Auditors.

### *Article 37*

#### **Controls by the Facility**

1. The Facility, through its representatives or through control or audit bodies it shall designate, shall carry out on-the-spot checks in the operations and implementing actors, with a view to ensuring that the provisions in the administrative agreements with these implementing partners are complied with.
2. For that purpose, the Facility shall have access to any relevant information, including information in databases, held by the operations or implementing actors concerned, and to the premises where such information is kept or where the infrastructure, assets, equipment or supplies financed from the Facility are kept or used.
3. The Facility, if irregularities are detected, shall ensure with the operation or implementing actor concerned the recovery or the restitution of amounts wrongly paid.

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## TITLE III

### SPECIFIC RULES APPLICABLE TO OPERATIONS AND TO ASSISTANCE MEASURES

#### CHAPTER 8

### SPECIFIC RULES APPLICABLE TO OPERATIONS

#### *Article 38*

##### **Definition of common costs and periods for eligibility**

1. The Facility shall bear the operational common costs listed in Annex III during the preparatory phase which runs from the approval of the crisis management concept for the operation until the appointment of the operation commander. In particular circumstances, after the Political and Security Committee has been consulted, the Committee may extend the period during which these costs shall be borne by the Facility.
2. During the active phase of an operation, which runs from the date on which the operation commander is appointed to the day on which the operation headquarters ceases its activity, the Facility shall bear as operational common costs:
  - a) the common costs listed in Part A of Annex IV;
  - b) the common costs listed in Part B of Annex IV, when the operation commander so requests and if the Committee approves it.
3. The operational common costs of an operation also include the expenditure necessary to wind it up, as listed in Annex V.
4. The Union operation is wound up when the equipment and infrastructure commonly funded for the operation have found their final destination and the accounts for the operation have been approved.
5. No expenditure incurred with a view to covering costs which would in any case have been borne by one or more contributing States, a Union institution or an international organisation, independently of the organisation of a Union operation, may be eligible as a common cost.

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6. The Committee may decide on a case-by-case basis that, in view of particular circumstances, certain incremental costs other than those listed in Part B of Annex IV shall be regarded as common costs for a given operation.

### *Article 39*

#### **Exercises**

1. The common costs of the Union's exercises shall be financed through the Facility following the rules and procedures similar to those for operations to which all participating Member States contribute.
2. These exercise common costs shall be composed of, firstly, incremental costs for deployable or fixed headquarters and, secondly, incremental costs incurred by the Union recourse to NATO common assets and capabilities when made available for an exercise.
3. Exercise common costs shall not include costs related to:
  - a) capital acquisitions, including those related to buildings, infrastructure and equipment;
  - b) the planning and preparatory phase of exercises, unless approved by the Committee;
  - c) transport, barracks and lodging for forces.

### *Article 40*

#### **Reference amount for an operation**

Any Council decision by which the Council decides to establish or extend an operation shall contain a reference amount for the common costs of that operation. The administrator shall, with the support in particular of the EU Military Staff and, if he/she is in office, the operation commander, evaluate the amount deemed necessary to cover the common costs of the operation for the planned period. The administrator shall transmit the proposed amount to the Presidency of the Council for examination by the Council preparatory body responsible for examining the draft decision.

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## *Article 41*

### **Spending based on the reference amount**

#### **and schedule for payment of contributions for an operation**

1. By way of derogation from Article 19(5), when the Council has adopted a reference amount for an operation, appropriations can be drawn immediately from the general part of the budget up to the level of 30 % of the reference amount for the period of initial setup of the operation, unless the Council decides on a different percentage.
2. If the appropriations in the general part of the budget are not sufficient to cover the reference amount, the administrator shall issue a call for the necessary additional contributions from the contributing Member States followed by an amending budget in accordance with Article 21.
3. The operation commander shall submit to the Committee the formal budget of the operation within a period of four months after the approval of the reference amount, unless the Committee decides on a longer deadline.

## *Article 42*

### **Reimbursement of pre-financing**

1. A Member State, a third State or, as appropriate, an international organisation which has been authorised by the Council to pre-finance a part of the common costs of an operation may obtain reimbursement from the Facility by making a request accompanied by the necessary supporting documents and addressed to the administrator at the latest two months after the date of completion of the operation concerned.
2. No request for reimbursement may be honoured if it has not been approved by the operation commander, if still in office, and by the administrator.
3. If a request for reimbursement presented by a contributing State is approved, it may be deducted from the next call for contributions addressed to that State by the administrator.
4. If no call for contributions is anticipated when the request is approved, or if the approved request for reimbursement would exceed the anticipated contribution, the administrator shall make payment of the amount to be reimbursed within 30 days, taking account of the Facility's cash flow and of what is needed to finance the common costs of the operation concerned.
5. Reimbursement shall be due in accordance with this Decision even if the operation is cancelled.

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6. Reimbursement shall include interest earned on the amount made available through pre-financing.

### *Article 43*

#### **Management by the Facility**

##### **of expenditure not included in common costs (Nation Borne Costs)**

1. The Committee, on the basis of a proposal by the administrator, with the assistance of the operation commander, or by a Member State, may decide that the administrative management of certain expenditure in relation to an operation ('nation borne costs'), while remaining the responsibility of the Member State which it concerns, shall be entrusted to the Facility.
2. The Committee, in its decision, may authorise the operation commander to enter into contracts on behalf of the Member States participating in an operation and, where appropriate, third parties, for the acquisition of the services and supplies to be financed as nation borne costs.
3. The Committee, in its decision, shall lay down the modalities for the pre-financing of nation borne costs.
4. The Facility shall keep accounts of the nation borne costs entrusted to it and incurred by each Member State and, where appropriate, third parties. Each month the administrator shall send each Member State and, where appropriate, those third parties, a statement of the expenditure borne by it and incurred by it or by its staff during the preceding month, and shall call for the necessary funds to pay for this expenditure. The Member States and, where appropriate, those third parties, shall pay the Facility the funds required within 30 days following despatch of the call for funds.

### *Article 44*

#### **Management by the Facility of pre-financing and expenditure not included in common costs to facilitate the initial deployment of the forces to an operation**

1. The Committee, if particular operational circumstances so require, on the basis of a proposal by the administrator, with the assistance of the operation commander, or by a Member State, may decide that the pre-financing and administrative management of certain expenditure in relation to an operation, while remaining the responsibility of the Member State which it concerns, shall

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be entrusted to the Facility in order to facilitate the initial deployment of the forces to an operation, before Member States taking part in the operation are confirmed.

2. The management of these costs shall be assured within existing means and resources and the initial outlay capped at 20 % of the reference amount. In this case the Committee shall outline in its decision the modalities for pre-financing and reimbursement of the pre-financed amounts by the future Member States and third parties taking part in the operation.

### *Article 45*

#### **Common costs incurred in preparation for, or further to, operations, or not linked directly to a specific operation**

The administrator shall perform the duties of authorising officer for expenditure covering the common costs incurred during the preparatory phase and after the end of the active phase of operations, as well as common costs which cannot be linked directly to a specific operation.

### *Article 46*

#### **Operational common costs**

1. The operation commander shall carry out the duties of authorising officer for expenditure covering the operational common costs of the operation he or she commands.
2. By way of derogation from Article 19(5), the adoption of a reference amount shall activate the right of the administrator and the operation commander to commit and pay expenses for the operation concerned up to the percentage of the reference amount approved as provided for in Article 41(1).
3. The Committee, on the basis of a proposal from the administrator or the operation commander and taking into account the operational necessity and urgency, may decide that additional expenditure may be committed and, as appropriate, paid. The Committee may decide to refer the question to the competent preparatory bodies of the Council through the Presidency unless operational circumstances dictate otherwise. This derogation shall not be applied as from the date of adoption of a formal budget for the operation concerned.
4. During the period prior to the adoption of a budget for an operation, the administrator and the operation commander or his or her representative shall report to the Committee every month, each reporting on the matters concerning him or her, as regards the expenses which are eligible

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as common costs for that operation. The Committee, on the basis of a proposal by the administrator, the operation commander or a Member State, may issue directives on the implementation of expenditure during that period.

5. When appropriations have been entered in the title for an operation, the operation commander may make transfers of appropriations allocated for the operation, between articles and between chapters in the title dedicated to the operation, when he or she deems this to be necessary for the proper conduct of the operation. He or she shall inform the administrator and the Committee thereof.
6. By way of derogation from Article 19(5), in the case of imminent danger to the lives of personnel involved in a Union operation, the operation commander for that operation may implement the necessary expenditure to save the lives of those personnel, in excess of the appropriations entered in the budget. He or she shall inform the administrator and the Committee as soon as possible. In such a case, the administrator shall, liaising with the operation commander, propose the transfers needed to finance this unexpected expenditure. If it is not possible to ensure sufficient funding for such expenditure by means of a transfer, the administrator shall propose an amending budget.

### *Article 47*

#### **Final destination of equipment and infrastructure financed in common**

1. A depreciation rate for equipment and other assets for all operations shall be adopted by the accounting officer of the Facility. If operational circumstances so require, and upon approval by the Committee, the operation commander may apply a different depreciation rate.
2. With a view to winding up the operation which he or she has commanded, the operation commander shall propose to the Committee a final destination for the equipment and infrastructure financed in common for that operation.
3. The administrator shall manage the equipment and infrastructure remaining after the end of the active phase of the operation, with a view if necessary to finding its final destination.
4. The final destination of equipment and infrastructure financed in common shall be approved by the Committee, taking into account operational needs and financial criteria. The final destination may be as follows:

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- a) in the case of infrastructure, be sold or transferred through the Facility to the host country, a Member State or a third party;
  - b) in the case of equipment, be sold through the Facility to a Member State, the host country or a third party, or be stored and maintained by the Facility, a Member State or such a third party, for use in a subsequent operation.
5. When sold, equipment and infrastructure shall be sold for their market value, or, where no market value can be determined, for a fair and reasonable price taking into account specific local conditions.
  6. Sale or transfer to the host country or a third party shall be in accordance with the relevant security rules in force.
  7. When it is decided that the Facility shall retain equipment financed in common for an operation, the contributing Member States may ask for financial compensation from the other participating Member States. The Committee, composed of the representatives of the participating Member States, shall take the appropriate decisions on the basis of a proposal from the administrator.

### CHAPTER 9

#### SPECIFIC RULES APPLICABLE TO ASSISTANCE MEASURES

##### *Article 48*

##### **Preparatory phase**

1. The High Representative may submit to the Council a Concept for a possible Action Programme or a possible *ad hoc* assistance measure.
2. Such a Concept shall be endorsed by the Political and Security Committee.
3. When endorsing such a Concept, the Political and Security Council may authorise measures to be funded under the Facility for the preparation of Action Programmes or *ad hoc* assistance measures.

##### *Article 49*

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## Action Programmes

1. Action Programmes shall be approved by the Council on a proposal from the High Representative.
2. Each Action Programme shall specify its objective, its scope, the nature of potential assistance measures, estimates of the overall resources needed for its implementation and the foreseen implementation modalities.
3. The resources under Action Programmes may include allocations directly necessary for the preparation, follow-up, monitoring, audit, evaluation, communication and visibility of assistance measures covered by the Action Programme.
4. The Council, when adopting Decisions on the Action Programmes, shall authorise the High Representative to decide on the assistance measures under the Action Programmes in accordance with the procedure set forth in Article 50.

## Article 50

### Assistance Measures

1. The High Representative shall decide on the assistance measures under the Action Programmes referred to in Article 49 upon request from a third State or a regional or international organisation.
2. Assistance measures to be decided by the High Representative, including their reference amount, shall require the prior endorsement of the Political and Security Committee.
3. Where a request falls outside the existing Action Programmes, the Council may approve an *ad hoc* assistance measure on a proposal from the High Representative.
4. The Facility shall finance the assistance measures endorsed by the Political and Security Committee in accordance with paragraph 2 or approved by the Council in accordance with paragraph 3.
5. The High Representative shall ensure the implementation of assistance measures with the support of the administrator as regards their financial management. The High Representative shall keep the Political and Security Committee informed on the implementation of the assistance measures.

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## *Article 51*

### **Preparation of proposals**

Concepts for Action Programmes or *ad hoc* assistance measures and proposals for Action Programmes, assistance measures under Action Programmes and *ad hoc* assistance measures referred to in Articles 49 and 50 shall be prepared by the EEAS with the contribution of the relevant Commission services, in accordance with the principles referred to in Article 10.

## *Article 52*

### **Agreements with implementing actors**

#### **for the implementation of assistance measures**

1. Agreements, including delegation agreements may be concluded by the Facility with one or several implementing actors for the implementation of assistance measures.
2. Such agreements shall include detailed arrangements ensuring the protection of the Facility financial interests and the transparency of the activities carried out. They shall include at least the following:
  - a) provisions to ensure that assistance measures financed under this Facility are in compliance with the general objectives of the EU's external action and with EU external action policies, and fully respect the obligations of the EU and its Member States under international law, in particular human rights law and international humanitarian law.
  - b) rules on reporting to the Facility on how the assistance measures are performed, on the obligation to notify the Facility without delay of cases of detected fraud and irregularities which occurred and which would be detrimental to the funds made available by the Facility and the preventive or corrective measures taken, including recovery or the restitution of the amounts wrongly paid;
  - c) conditions and detailed arrangements on the performance of the appropriate internal and external audits on the legality and regularity of the expenditure financed from the Facility;
  - d) provision of the Facility, no later than one and half months before the transmission of the provisional accounts, with the accounts of the expenditure financed from the Facility

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which they incurred, during the relevant reference period, with a management declaration that, in the opinion of those in charge of the management of the funds, the information is properly presented, complete and accurate, the expenditure was used for its intended purpose and the control systems in place give the necessary guarantees in those regards, and with an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards;

- e) provisions granting the Facility and the Court of Auditors the power to carry out the necessary on-the-spot checks.

### *Article 53*

#### **Provisions in agreements for assistance measures**

##### **on the management of assistance in kind**

1. The agreements to be concluded on the basis of Article 52 for the management of assistance in kind shall define the conditions to ensure that infrastructure, assets, equipment and supplies are:
  - a) procured in accordance with the applicable European legislation on public procurement, or with rules deemed equivalent to those applicable to direct procurement by the Facility;
  - b) delivered effectively to the armed forces of the third state concerned;
  - c) properly maintained to ensure their usability and their operational availability over the life cycle of the infrastructure, assets, equipment or supplies;
  - d) used in accordance with Union policies, with due regard for international law, notably concerning human rights;
  - e) managed in compliance with any restriction or limitation on their use, sale or transfer decided by the Council or by the Committee.
2. In addition, these agreements shall include the necessary provisions to ensure that the implementing actors shall:
  - a) provide the Facility with regular reports on the implementation of the assistance measure entrusted to them, including where appropriate inventories of the infrastructure, assets, equipment and supplies financed from the Facility;

- b) provisions granting the Facility the power to carry out the necessary on-the-spot checks.

### *Article 54*

#### **Conditions on implementing actors**

1. Any implementing actor entrusted with the implementation of expenditure financed through the Facility shall respect the principles of sound financial management and transparency.
2. Prior to signing agreements with implementing actors for the implementation of assistance measures, the Facility shall ensure a level of protection of its financial interests equivalent to the one that is provided for when the Facility implements the funds directly. The Facility shall do so by carrying out an assessment of the systems and procedures of the entities implementing the expenditure under the Facility if it intends to rely on such systems and procedures for the implementation of the assistance measure or by applying appropriate supervisory measures in accordance with paragraph 4.
3. The assessment shall be made in accordance with the principle of proportionality and with due consideration for the nature of the action and financial risks involved, that the entities implementing the assistance measures:
  - a) set up and ensure the functioning of an effective and efficient internal control system based on international best practices and allowing in particular to prevent, detect and correct irregularities and fraud;
  - b) use an accounting system that provides accurate, complete and reliable information in a timely manner;
  - c) are subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the entity or person concerned;
  - d) apply appropriate rules and procedures for providing financing to third parties including transparent, non-discriminatory, efficient and effective review procedures, rules for recovering funds unduly paid and rules for excluding from access to funding.

Implementing actors which have been assessed in accordance with the first and second subparagraphs shall inform the Facility without undue delay if any substantive changes are made to their rules, systems or procedures which may impact the reliability of the Facility's assessment.

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4. Where implementing actors comply only in part with the requirements referred to in paragraph 2, the Facility shall take appropriate supervisory measures ensuring the protection of the Facility's financial interests. These measures shall be specified in the relevant agreements under Article 52.
5. The Facility may rely in full or in part on assessments made by itself or other entities, insofar as these assessments were made with regard to conditions equivalent to those set out in this Decision. To this end, the Facility shall promote the recognition of internationally accepted standards or international best practices.
6. Any implementing actor shall fully cooperate in the protection of the Facility's financial interests and shall, as a condition for receiving the funds, grant the Facility and auditors it designates the necessary rights and access to comprehensively exert the necessary controls.
7. The implementing actor shall provide the authorising officer with:
  - a) a report on the implementation of the expenditure;
  - b) the accounts drawn up for the expenditure incurred;
  - c) a management declaration confirming that the information referred to in point (a) is properly presented, complete and accurate, the expenditure was used for its intended purpose and the control systems in place give the necessary guarantees concerning the legality and regularity of the underlying transactions;
  - d) a summary of the final audit reports carried out, including an analysis of the nature and extent of errors and weaknesses identified in its systems and any corrective action taken or planned.

Where an audit based on internationally accepted audit standards providing reasonable assurance has been conducted by an independent auditor on the reports setting out the implementation of expenditure, that audit shall form the basis of the overall assurance provided that there is evidence of the independence and competence of the auditor. In case of cross-reliance on audits, the summary shall include all relevant audit documentation to be relied upon.

The documents referred to in the above subparagraph shall be accompanied by an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards. That opinion shall establish whether the control systems put in place function properly and are cost-effective, and whether the underlying transactions are legal and regular. The opinion shall also state whether the audit work puts in doubt the assertions made in the management declaration under

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point (c) of the above subparagraph. Where such an opinion is absent, the authorising officer may seek an equivalent level of assurance through other independent means.

### *Article 55*

#### **Provisions applicable to the implementation of an assistance measure by an operation**

Where an assistance measure is implemented through an operation, the operation commander shall ensure that the requirements set out for implementing actors in Articles 52, 53 and 54 are met by the operation.

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## TITLE IV

### FINAL PROVISIONS

#### CHAPTER 10

#### MISCELLANEOUS PROVISIONS

##### *Article 56*

##### **Security**

Council Decision 2013/488/EU<sup>6</sup> or any other Council Decision which may replace it shall apply in relation to classified information relating to the Facility's proceedings.

##### *Article 57*

##### **Protection of personal data**

The Facility shall protect individuals with regard to the processing of their personal data in accordance with the principles and procedures laid down in Regulation (EC) No 45/2001<sup>7</sup> of the European Parliament and of the Council. To this effect, the Committee shall adopt the necessary implementing rules upon a proposal of the High Representative.

##### *Article 58*

##### **Public access to documents**

The Committee shall adopt rules as necessary on public access to documents held by the Facility upon a proposal from the High Representative.

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<sup>6</sup> Council Decision 2013/488/EU of 23 September 2013 on the security rules for protecting EU classified information ([OJ L 274, 15.10.2013, p. 1](#)).

<sup>7</sup> Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data ([OJ L 8, 12.1.2001, p. 1](#)).

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## *Article 59*

### **Communication, information and visibility**

1. The High Representative shall as necessary implement information and communication activities relating to the Facility, its actions and results. Financial resources allocated to the Facility shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Article 2.
2. The recipients of support under the Facility may be requested to acknowledge its origin and ensure the visibility of the Union (in particular when promoting the actions and their results) by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

## *Article 60*

### **Transitional measures**

1. The High Representative shall conclude the necessary arrangements with the Secretary General of the Council and with the Commission in order to organise a smooth transition from the mechanism to administer the common costs of European Union operations having military or defence implications (Athena) established by Council Decision 2015/328 CFSP and from the African Peace Facility established by Council Regulation (EU) 2015/322 on the implementation of the 11th European Development Fund, respectively.
2. The Facility shall finance Action Programmes, assistance measures, operations and other operational actions as of 1 January 2021, unless the Council on a case-by-case basis decides on an earlier date.

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## CHAPTER 11

### Repeal and entry into force

#### *Article 61*

#### **Repeal**

Decision 2015/528/CFSP is hereby repealed as of 31 December 2020.

#### *Article 62*

#### **Entry into force**

This Decision shall enter into force on the date of its adoption.

Done at Brussels, on (date).

*For the Council*

*The President*

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## ANNEX I FINANCIAL ENVELOPE

The annual appropriations shall be authorised within the limits of the following amounts, which shall constitute the prime reference amount in the annual budgetary procedure:

*Current prices, in million euros*

2021	2022	2023	2024	2025	2026	2027
800	1 050	1 300	1 550	1 800	2 000	2 000

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## ANNEX II

### **COSTS BORNE BY THE FACILITY**

#### **WHICH ARE NOT DIRECTLY LINKED TO AN OPERATION, ACTION PROGRAMME, AD HOC ASSISTANCE MEASURE OR AN OPERATIONAL ACTION**

The general part of the annual budget shall include the appropriations necessary to cover the following costs where those cannot be linked directly to a specific operation, an Action Programme, an *ad hoc* assistance measure or another operational action:

1. Mission expenditure incurred by the operation commander, another relevant actor and his or her staff to attend the Committee for discussions related to that operation, Action Programme, *ad hoc* assistance measure or an operational action or upon the Committee's request;
2. Indemnities for damages and costs resulting from claims and legal actions to be paid through the Facility;
3. Costs pursuant to any decision to store material which was acquired in common for an operation, Action programme, *ad hoc* assistance measure or an operational action;
4. Banking costs;
5. Costs related to the development and maintenance of the Facility accounting, asset management and other IT systems;
6. Costs related to the Administrative Arrangements in accordance with Article 33;
7. Operational support expenditure in Headquarters and Delegations.
8. Monitoring and evaluation;
9. Auditing costs;
10. Communication and visibility;
11. Other technical assistance as necessary.

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## ANNEX III

### **COSTS BORNE BY THE FACILITY RELATING TO THE PREPARATORY PHASE OF AN OPERATION, ACTION PROGRAMME, AD HOC ASSISTANCE MEASURE OR AN OPERATIONAL ACTION**

Incremental costs necessary for exploratory missions and preparations (in particular fact-finding missions and reconnaissance) by military and civilian personnel with a view to a specific Union operation: transport, accommodation, use of operational communications tools, recruitment of local civilian personnel for the execution of the mission, e.g. interpreters and drivers.

Medical services: the cost of emergency medical evacuations (Medevac) of persons taking part in exploratory missions and preparations by military and civilian personnel with a view to a specific Union operation, when medical treatment cannot be provided in theatre.

Any other costs incurred in the preparation of an Actions Programme, ad hoc assistance measure or another operational measure.

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## ANNEX IV

### PART A

#### OPERATIONAL COMMON COSTS RELATIVE TO THE ACTIVE PHASE OF UNION OPERATIONS ALWAYS BORNE BY THE FACILITY

For any Union operation, the Facility will bear as operational common costs the incremental costs required for the Union operation defined below.

#### 1. Incremental costs for (deployable or fixed) headquarters for Union-led operations

##### 1.1. Definition of headquarters whose incremental costs are financed in common:

- a) **Headquarters (HQ):** the headquarters (HQ); the command and support elements approved in the operation plan (OPLAN).
- b) **Operation Headquarters (OHQ):** the static, out-of-area headquarters of the operation commander, which is responsible for building up, launching, sustaining and recovering a Union force.

The definition of common costs applicable to an OHQ for an operation shall also be applicable to the General Secretariat of the Council, the EEAS including the MPCC, and the Facility in so far as they are acting directly for that operation.

- c) **Force Headquarters (FHQ):** the headquarters of a Union force deployed to the area of operations of an executive military operation.
- d) **Mission Force Headquarters (MFHQ):** the headquarters of a Union force deployed to the area of operations of a non-executive military mission .
- e) **Component Command Headquarters (CCHQ):** the headquarters of a Union component commander deployed for the operation (i.e. air, land, maritime and other special forces commanders whom it could be deemed necessary to designate depending on the nature of the operation).

##### 1.2. Definition of incremental costs for headquarters financed in common:

- a) **Transport costs:** transport to and from the theatre of operations to deploy, sustain and recover FHQs, MFHQs and CCHQs.
- b) **Travel and accommodation:** travel and accommodation costs incurred by the OHQ for official journeys necessary to an operation; travel and accommodation costs incurred by personnel from deployed HQs travelling on official journeys to Brussels and/or operation related meetings.
- c) **Transport/travel (excluding 'per diem' costs) of HQs within the theatre of operations:** expenditure related to vehicle transport and other travel by other means and freight costs, including travel by national augmentees and visitors; incremental costs of fuel over and above what normal operations would have cost; lease of additional vehicles; third-party insurance

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costs imposed by some countries upon international organisations conducting operations in their territory.

- d) **Administration:** additional office and accommodation equipment, contractual services and utilities, maintenance costs of the HQ buildings.
- e) **Civilian personnel recruited specifically in the eligible HQs for the requirements of the operation:** civilian personnel working in the Union, international and local personnel hired in theatre needed for the conduct of the operation over and above the normal operational requirements (including any overtime compensation payments).
- f) **Communications between eligible HQs and between eligible HQs and directly subordinate forces:** capital expenditure for the purchase and use of additional communications and IT equipment and costs for rendered services (lease and maintenance of modems, telephone lines, satphones, cryptofaxes, secure lines, internet providers, data lines, local area networks).
- g) **Barracks and lodging/infrastructure:** expenditure for acquisition, rental or refurbishing of required HQ facilities in theatre (rental of buildings, shelters, tents), if required.
- h) **Public information:** costs related to information campaigns and to inform media at HQ level, in accordance with the information strategy developed by the HQ.
- i) **Representation and hospitality:** representational costs; costs at HQ level necessary for the conduct of an operation.

### 2. Incremental costs incurred for providing support to the force as a whole

The costs defined below are those incurred as a consequence of the force deployment to its location:

- a) **Works for deployment/infrastructure:** expenditure absolutely needed for the force as a whole to fulfil its mission (jointly used airport, railway, harbours, main logistical roads, including points of disembarkation and forward assembly areas; water surveys, pumping, treatment, distribution and disposal, water and power supply, earthworks and static force protection, storage facilities (in particular for fuel and ammunition), logistical assembly areas; technical support for jointly financed infrastructure).
- b) **Identification marking:** specific identification marks, 'European Union' identity cards, badges, medals, flags in Union colours or other Force or HQ identification marking (excluding clothes, hats or uniforms).
- c) **Medical services and facilities:** emergency medical evacuations (Medevac). Role 2 and 3 services and facilities at theatre operational element level, such as airports and disembarkation ports approved in the operation plan (OPLAN). Role 1 services and facilities for non-executive military missions.
- d) **Acquisition of information:** Satellite images for intelligence approved in the operation plan (OPLAN), if they cannot be financed from the funds available in the budget of the European Union Satellite Centre (SATCEN).
- e) **Transport to and from the theatre of operations to deploy to the host country, support and recover the forces necessary for the operation, by air, sea and land, within the limit of the budget, where appropriate on the basis of flat rates of reimbursement to be approved by the Committee.**

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- f) **Transport and support aircraft, helicopters and drones in theatre: incremental costs for flight hours, within the limit of the budget, where appropriate on the basis of flat rates of reimbursement to be approved by the Committee.**
- g) **Petrol, oil and lubricants (POL) needed for transport in theatre and electricity generation in theatre during the sustainment of the force to the host country;**
- h) **Force protection: incremental costs for force protection for non-executive military missions.**

### 3. Additional incremental costs specific for the EU Battlegroup

The costs defined below are those incurred in addition as a consequence of the EU Battlegroup deployment and redeployment to and from the theatre of operations:

- a) **Running costs:** incremental costs for services absolutely needed for the direct support to the EU Battlegroup deployment at air and/or maritime entry points and logistical and assembly areas, in particular but not limited to secured storage of equipment and materiel, Role 1 services and facilities, sleeping accommodation, sanitation (washing, shower, toilets), dining facilities, waste disposal, general engineer support.
- b) **Deployment readiness package:** incremental costs for food, water and fuel for up to 10 days of supply for the deployment of the EU Battlegroup as a whole, as approved in the OPLAN.

### 4. Additional incremental costs for operations providing training to third states' armed forces

- a) Barracks and lodging/infrastructure on the training site: expenditure for the acquisition, rental or refurbishing of premises in theatre (buildings, shelters, tents), as necessary for the security and accommodation of the forces deployed for the training and of the trainees on the training site.
- b) Infrastructure and supplies necessary to provide military training: obstacle run, shooting range, mock village for **Military** Operations on Urbanised Terrain, basic school facilities including elementary equipment and furniture, stationery.
- c) Transportation of trainees to the training site and back to their operational base;
- d) Medical support for trainees.

### 5. Incremental costs incurred by Union recourse to NATO common assets and capabilities made available for a Union-led operation.

The cost for the Union of the application for one of its military operations of the arrangements between the Union and NATO relating to release, monitoring and return or recall of NATO common assets and capabilities made available for a Union-led operation. Reimbursements by NATO to the Union.

- 6. **Incremental costs incurred by the Union** for goods, services or works included in the list of common costs and made available in a Union-led operation by a Member State, a Union institution, a third State or an international organisation pursuant to an arrangement referred to in Article 11. Reimbursements by a State, a Union institution or an international organisation based on such an arrangement.

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## PART B

### OPERATIONAL COMMON COSTS BORNE BY THE FACILITY WHEN REQUESTED BY THE OPERATION COMMANDER AND APPROVED BY THE COMMITTEE

- a) **Barracks and lodging/infrastructure:** expenditure for acquisition, rental or refurbishing of premises in theatre (buildings, shelters, tents), as necessary for the forces deployed for the operation.
  - b) **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.
  - c) **Medical services and facilities:** Role 2 services and facilities in theatre, other than those mentioned in Part A.
  - d) **Acquisition of information:** acquisition of information (satellite images; theatre-level intelligence, reconnaissance and surveillance (ISR), including air-to-ground surveillance (AGSR); human intelligence).
  - e) **Other critical theatre-level capabilities:** demining if needed for the operation, chemical, biological, radiological and nuclear (CBRN) protection; storage and destruction of weapons and ammunitions collected within the area of operation.
  - f) **Running costs of an executive operation deployment to the theatre of operations:** incremental costs for services absolutely needed for the direct support to the initial deployment of the forces as a whole during their temporary posting at air and/or maritime entry points and logistical and assembly areas on the way to their final destination (air/maritime traffic management, cargo and passenger handling, customs and transit services, security and safety services, including force protection, secured storage of equipment and materiel, Role 1 services and facilities, sleeping accommodation, sanitation (washing, shower, toilets), dining facilities, waste disposal, general engineer support).
  - g) **Deployment readiness package of an executive operation:** incremental costs for food, water and fuel for up to 10 days of supply for the initial deployment of the forces as a whole, as approved in the OPLAN.
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## ANNEX V

### **OPERATIONAL COMMON COSTS RELATIVE TO THE WINDING UP OF AN OPERATION BORNE BY THE FACILITY**

Costs incurred for finding the final destination for the equipment and infrastructure commonly funded for the operation.

Incremental costs of drawing up the accounts for the operation. The eligible common costs shall be determined in accordance with Annex IV, keeping in view the fact that the staff needed to draw up the accounts belong to the headquarters for that operation, even after the latter has ceased its activities.

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