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## PROPOSAL

From:	High Representative of the Union for Foreign Affairs and Security Policy, signed by Mr Stefano SANNINO, Secretary-General
date of receipt:	1 February 2023
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
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 amending Council Decision (CFSP) 2021/509 of 22 March 2021 establishing a European Peace Facility, and repealing Decision (CFSP) 2015/528

Delegations will find attached document HR(2023) 24.

Encl.: HR(2023) 24

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EUROPEAN EXTERNAL ACTION SERVICE



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

**of 30/01/2023**

**for a Council Decision amending Council Decision (CFSP) 2021/509 of 22  
March 2021 establishing a European Peace Facility, and repealing Decision  
(CFSP) 2015/528**

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**EXPLANATORY MEMORANDUM**

On 12 December 2022, the Council agreed that the overall financial ceiling of the European Peace Facility (the ‘Facility’) should be increased by EUR 2 000 million (in 2018 prices). The implementation of this increase should respect the ceiling for payments agreed for 2023. The Council invited the High Representative to present, in early 2023, a proposal for an amendment of Council Decision (CFSP) 2021/509 to that end, including the distribution of the overall ceiling increased by EUR 2 000 million among the annual ceilings across the years between 2024 and 2027 in Annex 1 of the amended Council Decision. The Council acknowledged that the evolution of the international security environment could make further increases of the EPF overall financial ceiling necessary until 2027. Any further increase is to be decided by the Council acting unanimously and is to be laid down in an amendment of Council Decision (CFSP) 2021/509. The total overall increase of the EPF financial ceiling until 2027 should not exceed EUR 5 500 million (in 2018 prices).

In its conclusions of 15 December 2022, the European Council reaffirmed the importance of the Union’s commitment to support its partners in the field of security and defence, especially through instruments such as the European Peace Facility and CSDP missions and operations, reiterated the global dimension of the Facility and welcomed the agreement in the Council on 12 December 2022 to ensure its financial sustainability.

This proposal includes a new Annex 1 of the amended Council Decision, in which the annual distribution of the new ceiling takes into account a) the use actually made of the annual ceilings in both 2021 and 2022, in line with Article 17(3) of Decision (CFSP) 2021/509, b) the use currently deemed necessary during 2023, taking into account that the related payments should respect the ceiling for payments agreed for 2023, and c) the distribution of the remaining overall ceiling in the period 2024-2027, with a higher amount for 2024 and similar amounts for the years 2025 to 2027. The resulting new overall ceiling for the period 2021-2027 would amount to EUR 7 977 000 000 in current prices.

The Strategic Compass for Security and Defence, approved by the Council on 21 March 2022, calls for a re-assessment by 2023 of the scope and definition of common costs to enhance solidarity and stimulate participation in military missions and operations, as well as exercise-related costs, also in view of proposals regarding the EU Rapid Deployment Capacity.

On 18 January 2023, the Political and Security Committee discussed on considerations and way ahead on the scope and definition of common costs. In view of this discussion, this proposal also includes: a) a definition of “exercises”, in line with the Exercise Policy of the EU under the CFSP<sup>1</sup>, and b) an alignment of the common costs related to EU exercises, including LIVEX, to those of missions and operations. However, eligibility of the following costs for each exercise would always be subject to the previous approval by the Facility Committee: a) capital acquisitions, (b) planning

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<sup>1</sup> Exercise Policy of the European Union under the Common Foreign and Security Policy (CFSP), 18047/1/13 REV 1, of 1 April 2014.

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and preparatory phases of the exercises, and (c) transport, including to and from the simulated theatre of operations, barracks and lodging.

The experience gathered since the adoption of Decision (CFSP) 2021/509 makes it necessary to introduce more flexibility in the collection and use of financial contributions from Member States and in their use by the Facility. Thus, this proposal also includes the possibility of allowing the reception of advance contributions from Member States on a voluntary basis, and their use as needed in a given year without imposing additional obligations to the other Member States. The financial impact of the use of such advance contributions would be deferred to future years.

Finally, the proposal includes 1) the expansion of the scope the minimum deposit for assistance measures to cover urgent needs of liquidity in relation to individual assistance measures, subject to the authorisation of the Facility Committee, and 2) based on experience, an extension of the current period from 5 days to 10 days to pay contributions to the minimum deposit, to help Member States that have proved to have difficulties in meeting the current deadline.

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**Proposal for a**  
**COUNCIL DECISION**

**amending Council Decision (CFSP) 2021/509 of 22 March 2021 establishing a European Peace Facility, and repealing Decision (CFSP) 2015/528**

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) On 12 December 2022, the Council agreed that the overall financial ceiling of the European Peace Facility (the ‘Facility’) should be increased by EUR 2 000 million (in 2018 prices) across the years between 2024 and 2027. The implementation of this increase should respect the ceiling for payments agreed for 2023. The Council also acknowledged that the evolution of the international security environment could make further increases of the Facility overall financial ceiling necessary until 2027. Any further increase is to be decided by the Council acting unanimously and is to be laid down in an amendment of Council Decision (CFSP) 2021/509. The total overall increase of the EPF financial ceiling until 2027 should not exceed EUR 5 500 million (in 2018 prices).
- (2) In its conclusions of 15 December 2022, the European Council reiterated the global dimension of the Facility and welcomed the agreement in the Council on 12 December 2022 to ensure its financial sustainability.
- (3) The Strategic Compass for Security and Defence, approved by the Council on 21 March 2022, calls for a re-assessment by 2023 of the scope and definition of common costs to enhance solidarity and stimulate participation in military missions and operations, as well as exercise-related costs, also in view of proposals regarding the EU Rapid Deployment Capacity.
- (4) The experience gathered since the adoption of Decision (CFSP) 2021/509 makes it necessary to introduce more flexibility in the collection and use of financial contributions from Member States and in their use by the Facility, notably by allowing receiving and using advance contributions and by expanding the use of the early financing for assistance measures under the authorisation of the Facility Committee.
- (5) Based on the above, Decision (CFSP) 2021/509 should be amended accordingly.

HAS ADOPTED THIS DECISION:

*Article 1*

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Decision (CFSP) 2021/509 is amended as follows:

1. Article 2(1) is replaced by the following:

“1. The financial ceiling for the implementation of the Facility for the period 2021–2027 shall be EUR 7 977 000 000 in current prices.”

2. The following subparagraph (f) is added to Article 4:

“(g) ‘exercise’ means a Union military CSDP exercise or the military component of a civilian CSDP exercise, conducted in accordance with the Exercise Policy of the European Union under the CFSP.”

3. The following paragraph (4) is added to Article 17:

“4. By derogation from paragraph 3 of this Article, each administrator may propose to the Committee to enter in the titles of the budget under his or her responsibility for a given year additional commitment appropriations related to payments financed with advance contributions, as referred to in Article 29(15), to cover unforeseen implementation needs. In such case, the additional commitment appropriations entered in the budget shall be deducted from the annual financial ceilings in future years.”

4. Article 26(8) is replaced by the following:

“8. Contributions of Member States in any given year shall not exceed their respective share of the payment ceiling referred to in Article 25(2). This limit shall however not apply to additional contributions pursuant to paragraph 7 of this Article resulting from abstentions from assistance measures, or to advance contributions as referred to in Article 29(15).”

5. Article 28 is replaced by the following:

“1. The Facility shall have a minimum deposit system to provide early financing for Union rapid response operations, urgent measures as referred to in Article 58 and, subject to the prior authorisation by the Committee, for individual assistance measures, where sufficient funds are not available and the ordinary procedure for collecting contributions would not allow for those needs to be met in good time. The minimum deposits for rapid response operations and urgent measures shall be managed by each administrator respectively.

2. The amount of the minimum deposits shall be decided, and revised as necessary, by the Committee, following proposals by the administrator.

3. For the purpose of early financing of the minimum deposits, the Member States shall either:

(a) pay contributions to the Facility in advance; or

(b) when the Council decides to launch a rapid response operation to which they contribute, approves an urgent measure, or when the Committee authorises its use for individual assistance

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measures pursuant to paragraph 1, and it is necessary to resort to the minimum deposit, pay their contributions within ten days following dispatch of the call at the level of the reference amount of the rapid response operation or of the authorised cost of the urgent measure or individual assistance measure, unless the Council decides otherwise.”

6. The following paragraph (15) is added to Article 29:

“15. In addition to the payments made following a call for contributions issued in accordance with this Article, a Member State, on a voluntary basis and in coordination with the responsible administrator, may pay advance contributions in a given financial year. In this case, the Member State that provided the advance contribution shall indicate in coordination with the responsible administrator the financial years in which that amount shall be deducted from its future contributions.”

7. Article 45 is replaced by the following:

“1. The common costs of the Union’s exercises shall be financed by all Member States through the Facility following the rules and procedures applicable to operations.

2. Exercise common costs shall not include, unless approved by the Committee, costs related to:

(a) capital acquisitions, including those related to buildings, infrastructure and equipment;

(b) the planning and preparatory phase of exercises;

(c) transport, including to and from the simulated theatre of operations, barracks and lodging for forces.”

8. Annex I is replaced by the following:

The annual appropriations shall be authorised within the limits of the following amounts, without prejudice to Article 17(3), 17(4) and subject to Article 73(2):

Current prices, in million euros

	2021	2022	2023	2024	2025	2026	2027
Current prices	399	605	980	1 800	1 370	1 400	1 423

#### *Article 2*

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

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Done at Brussels,

*For the Council*  
*The President*

