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Delegations will find attached a note on the orientations for 2016 and 2017 of the CFSP budget.

CFSP BUDGET – ORIENTATIONS FOR 2016 AND 2017

Common Foreign and Security Policy (CFSP) remains a vital, flexible and visible instrument in the area of EU's external action. The EU can respond with a CFSP action in relatively short timelines to an emerging challenge or crisis situation. This is an asset that needs to be preserved. The responsiveness here is contingent on availability of resources. The ongoing process of closure or downsizing of the biggest civilian CSDP missions offers a sufficient financial margin for the upcoming years. However, the security environment in the immediate and wide neighbourhood remains volatile. The refugees' crisis and the terrorist attacks we have been witnessing in the recent months are a striking example of the EU's external-internal security nexus and call for an increased investment in the external security. In this context, it remains crucial to ensure adequate financial resources in the CFSP budget for the upcoming years.

1. In accordance with the procedures *CFSP Budget: political priority-setting* (doc. 17270/13), the PSC should hold a discussion on policy orientations for the year n+1 in order to allow the Commission to adjust, as necessary, its budget proposal in respect of the CFSP chapter, i.e. for the **Draft Annual Budget 2017**. The objective of this note, which has been prepared by the EEAS in cooperation with COM/FPI, is to provide a basis for such discussion. Given the nature of the Common Foreign and Security Policy, it is impossible to predict firm needs at this stage. A high degree of flexibility has to be maintained in order to preserve the responsiveness of the instrument. Therefore, it will be necessary that these orientations are kept under constant review and adjusted as required in the course of the budgetary year.
2. The **CFSP budget** is based on the following actions: a) civilian CSDP missions (consuming historically ca. 80-90 % of the budget), b) EUSR's, c) non-proliferation and disarmament projects (NPD), d) preparatory & follow-up measures and emergency measures (for which a reasonable margin should be kept). Other activities with a CFSP objective can also be funded through the CFSP budget as is already the case regarding e.g. the CSDP Warehouse and the ESDC College.
3. The EU budget 2016 was adopted by the European Parliament on 25 November 2015. The funds

foreseen for the CFSP actions amount to €26.8 million which represents an increase of €5 million compared to 2015. The Budgetary Authority agreed the amount proposed by the European Commission which was in line with the Multiannual Financial Framework (MFF) for 2014-2020. According to the current estimates, the budget for the CFSP for 2016 includes a margin of around 180M€ for new actions. This amount does not take into account the cost of the closure of EUPOL Afghanistan (estimate: €30 million), the support to the Kosovo Specialist Chambers (estimate: €40 million), a possible full redeployment of EUBAM Libya or the increase of the budget for any of the ongoing CSDP missions.

4. The MFF lays down the maximum annual amounts which the EU may spend in different political fields. Heading IV - Global Europe - is ca. 6.1 % of the EU budget in commitments; CFSP accounts for ca. 0.22 % of the EU budget. Together with the Instrument contributing to Stability and Peace (IcSP) (ca. 0.22 % of the EU budget) these are the two tools of first response to external crisis situations. **The review of the current MFF will start at the end of 2016.** It will be important to ensure that the specific character of the CFSP is duly taken into account during this upcoming review.

CFSP and CSDP in the changing global security environment

5. Europe's strategic and geopolitical environment is evolving rapidly and not in a benign direction. The conflicts, threats and instability in the EU's immediate and wider neighbourhood, affecting *inter alia* Iraq, Libya, the Sahel, Syria and Ukraine together with long standing and newly emerging security challenges, are significantly impacting European security as well as international peace and security. In light of these challenges, a process of strategic reflection is essential. In this context, the work on a new EU's Global Strategy has started. The High Representative will present her report to the European Council in June 2016.
6. Common Foreign and Security Policy will have a due place in this reflection. Common Security and Defense Policy, an integral part of the CFSP, contributes to enhancing the security of European citizens and to international peace and stability. This was recognized by the Council on 18 May 2015 and the European Council in June 2015.
7. The European Union has the means to be an influential global player in future. In a world of great risk and opportunity, crafting effective responses will hinge on the Union's ability to adjust, react and innovate in partnership with others. Currently, the EU conducts 17 CSDP missions: six

military and 11 civilian deployed across three continents. The missions differ in size and tasks. The work continues to make them more efficient and result-oriented. These missions are a highly visible sign of the EU engagement in assisting our partners.

8. The CSDP is facing increasing challenges in various areas of the world:
 - a) The CSDP still has to contribute to the stabilization of fragile countries or areas where peace and security have been challenged since the end of the Cold War and the dissolution of the Soviet Union, i.e. the Western Balkans, Georgia and more recently Ukraine. In spite of the substantial progress made over the years and partly due to new destabilizing challenges such as migration, these are likely to require continued efforts from the EU, including through the CSDP. Moreover, the establishment in the Netherlands of a Kosovo Specialist Chambers and a Specialist Prosecutor's Office to deal with crimes against humanity and war crimes will require substantial resources;
 - b) The Horn of Africa continues to demand constant and multi-faceted support from the European Union. The CSDP will have to continue supporting peace, security and the restoration of state authorities in Somalia through EUTM Somalia, EUCAP Nestor and Atalanta – in parallel to the establishment in Mogadishu of an EU delegation;
 - c) The Sahel-Sahara strips as well as Libya remain ungoverned areas affected by the threat of terrorism and destabilization, notably fed by the rise and expansion of radical Islam. The CSDP will likely have to intensify actions in the Sahel to help reinforce G5 Sahel state's authorities, especially Mali and Niger. In addition, should a Government of National Accord be formed in Libya, support from the EU, including the CSDP, will be considered.
 - d) In the Middle-East, the support to the Peace Process is still a key contribution to crisis management in the region. Lastly, the international mobilisation to initiate a political process in Syria, as launched in Vienna on 30 October 2015, is likely to call for EU support.
9. Consideration should be given to possibly reinforcing contributions by the CSDP, including in ongoing missions, to meeting challenges of a new nature and growing importance: migration and destabilization by radical and terrorist organizations. In addition, the challenging security environments prevailing in some of the areas of operations might require an increase in security

costs.

10. **Migration** is at the heart of the political debate in the EU and, for a few years now, is one of the strategic priorities of the external relations of the Union. The ongoing refugee crisis has put discussions on refugees and irregular migration on top of political agenda of the EU. The EU has not only set up a military CSDP operation EUNAVFOR MED Sophia, but also taken significant steps together with its neighbours and partners by creating a set of measures and action plans to jointly meet the challenges. Civilian CSDP missions in the concerned regions may need to be further reinforced with migration dimension and experts, as it was the case in 2015 of EUCAP Sahel Niger.
11. **Destabilization by radical and terrorist organizations** is already partly addressed through notably CSDP missions assisting with capacity building in Mali and Niger. Pending the evolution of the fragile regional environment, additional experts and assets could possibly be requested to reinforce CSDP missions.
12. A reflection should also be pursued on the possible scope of CSDP actions. The EU's external action instruments have different and complementary roles. The link between security and development is a key underlying principle of the EU's comprehensive approach to external conflicts and crises and complementary to the internal security policies, maritime security and others. However, the EU's comprehensive approach needs to be strengthened to cover gaps in the current EU response. This is the case where training has been provided by CSDP missions, but its sustainability and effectiveness has been hampered by a lack of basic partner country equipment. Although CSDP missions, especially those aimed at capacity building, do engage in small scale projects, a more systematic approach is needed to tackle the problem. The discussion on the best way to address the issue of **capacity building in support of security and development** will continue. At this stage, it is too early to say whether they will result the establishment of a dedicated instrument or in a new approach to the use of currently available resources.
13. Altogether, there will likely be needs to intensify CFSP actions in support of Third States, either via projects implemented by civilian CSDP missions or through dedicated CFSP projects. This will also require additional staffing, skills and expertise in project management.

Future CSDP

14. Considerations on civilian CSDP actions for 2016, 2017 are outlined below. They are indicative and without prejudice to the autonomy of the Council to decide on political and operational needs. In the annex, an overview of current CSDP missions is listed. The CSDP engagement will certainly evolve in many places. Some big missions are likely to be downsized or closed, e.g. EULEX Kosovo or EUPOL Afghanistan. Conversely, new actions might be considered by the Council.

Balkans region

15. The ongoing EULEX strategic review process foresees an in-depth recalibration of CSDP engagement in Kosovo. While the Mission is due to focus on executive core activities, other tasks among EULEX strengthening mandate could be phased-out or transferred to other instruments by the end of June 2016. The underlying trend for EULEX activities should be heading down after June 2016. However, even in the event that EULEX Kosovo would need fewer resources than previously, the establishment and financing of the Kosovo Specialist Chambers will have a significant impact on the CFSP budget. The current estimates for the expected legal foresee indicative costs of €5/40 million on an annual basis for the period of five years.

Eastern Neighbourhood

16. The strategic review of EUMM Georgia is planned for the beginning of 2016. The Mission is an important element of the monitoring of the ceasefire agreement of 2008. The current level of financing is likely to remain.

17. The EUAM Ukraine mission was launched on 1 December 2014 to help Ukraine with the security sector reform in the area of police and rule of law. The mandate of the Mission was extended until 30 November 2017. EUAM Ukraine is a relatively new mission and extension of its operations and staffing is currently under discussion, hence a significant increase of the financial resources is likely to be needed.

Horn of Africa

18. CSDP engagement in the Horn of Africa is well embedded in the wider EU political objectives and is a valuable contribution to the EU's Comprehensive Approach, including military CSDP. Stabilisation of Somalia, support to defence forces and counter-piracy remain at the core of the EU's CSDP engagement. The security environment in Somalia remains nevertheless very unstable and Somali capabilities to tackle piracy networks ashore are still insufficient. It is envisaged that EUCAP Nestor, having already refocussed as a "Somalia-only" mission, is renamed and establishes a clearer link to security contributing to development allowing Somali exploitation of the marine environment – while maintaining the end-state of counter piracy. This will be achieved by supporting the maritime and coastal police, allowing adequate law enforcement along the coastal zone and off shore. Civilian CSDP engagement devoted to security sector reform in the Horn of Africa region under the current MFF is likely to increase in the coming years.

Afghanistan

19. The current mandate of EUPOL Afghanistan will expire at the end of 2016. An overall transition strategy should be presented to the Council in spring 2016. It can be assumed that, independently from the question of EUPOL Afghanistan, the country will still require continuous EU assistance, possibly through the CFSP budget.

Middle-East

20. In spite of the increase of tensions in the region and a complicated political dialogue between Israel and the EU, it is expected that the CSDP engagement in the Palestinian territories (EUPOL COPPS and EUBAM Rafah) will continue. Should the circumstances on the ground change, the EU stands ready to rapidly reactivate EUBAM Rafah and possibly expand the two missions.

Sahel

21. Following the issuing of the EU Sahel strategy in 2011, the EU has been gradually translating its strategic views into operational commitment through CSDP missions. Both EUCAP Sahel Niger

and EUCAP Sahel Mali mandates have been extended until 2016. While part of a regional unity of efforts, each mission is dedicated to support national internal security forces through an adapted course of action framed according to local needs. The permanence of instability in the region as well as the uncertainty of the outcomes of the Algiers process on northern Mali may require a long term EU support in the field of defence and security. EUCAP Sahel Mali Strategic Review expected in spring 2016 will provide orientations on the possible adaptations of the Mission activities.

22. As a result of the Interim Strategic Review EUCAP Sahel Niger has been reinforced to enable it to support the capacity of the Nigerien authorities to better prevent, control and manage irregular migration flows through Niger and in particular Agadez, a major transit hub en route to Europe via Libya. The opening of a field office in Agadez in early 2016 will provide the Mission with an increased understanding of the migration flows and related issues. The next Strategic Review to be conducted in March 2016 will take stock of the work done so far and may propose new activities where appropriate. Further involvement might explore the enhancement of regional security coordination.

23. Therefore, it is safe to assume that the CSDP engagement in the region will be on the increase in a mid-term perspective.

Libya

24. The instability in Libya poses a direct threat to the EU, through terrorism, increased irregular migration and trafficking of illicit goods, including arms. The EU is committed to continue to support Libya in sectors like security, migration, civil society, protection of vulnerable groups and promotion of human rights. This hinges on the success of the national reconciliation process led under the auspices of the UN which has resulted in the creation of a Government of National Accord. The mandate of EUBAM Libya has been extended until 21 August 2016. It is envisaged that EUBAM would inform EU planning for a possible civilian capacity building and assistance crisis management mission in the field of Security Sector Reform, co-operating closely with, and contributing to, UNSMIL efforts, liaising with the legitimate Libyan authorities and other relevant security actors.

Syria

25. Given the importance of Syria for migration, on the one hand, on the security within the EU, on the other hand, room should likely be made in the 2017 CFSP budget for possible CSDP actions in support of the Vienna process and the restoration of peace and stability in this country.

European Union Special Representatives

26. The annual running costs for the current nine EUSRs (BiH, Kosovo, Afghanistan, South Caucasus and crisis in Georgia, Sahel, Horn of Africa, Human Rights, Middle East peace process and Central Asia) are estimated at ca. €20 million¹. In October 2015 the HR proposed to extend the mandates of all EUSRs until February 2017. In the beginning of 2016 a discussion is foreseen on the phasing out of the double-hatted EUSRs in BiH, Kosovo and Afghanistan through reinforced EU delegations. The outcome of this debate will have an impact on the financial needs for this budgetary line, as the three double-hatted EUSRs cost ca. €14 million on a yearly basis.

Non-proliferation and disarmament projects

27. Activities in the areas of Disarmament, Non-Proliferation and Arms Exports Control continue to be of fundamental importance to both European and global security. Activities in these areas are closely linked with our foreign and security policy priorities in the neighbourhood, the Middle East and Africa. Projects envisaged (as listed in Annex II) support key international organisations such as the IAEA and the OPCW as well as the universalization and effective implementation of international instruments such as the Comprehensive Nuclear-Test-Ban Treaty, the Chemical Weapons Convention and the Anti-Personnel Mine-Ban Convention, etc.

Conclusion

The Annexes below present the state of play of current CSDP missions and possible projects in the areas of disarmament, non-proliferation and arms exports control. Some regions like Afghanistan and Kosovo will see a reduction of CSDP engagement, while others might require additional EU attention. The future Kosovo Specialist Chambers will certainly represent a substantial cost to the CFSP budget.

¹ In 2015 the figure was much higher due to the extension of the mandates and budgets of most EUSRs until February 2017.

At the same time, taking into account the unstable security environments in the south and the east, migration crisis, actions of the Islamic State and the related terrorist threats and the capacity building needs of many of our partners, the CFSP budget for 2017 should have a sufficiently large margin for contingency and possible new actions. As the CFSP is a reactive and therefore to a large extent non-programmable policy, it is possible that the full amount will not be used, in which case the available margin could be transferred at the end of the year to the other policy areas as foreseen in the Financial Regulation.

Annex I

Current CSDP missions and mid-term forecast

EUBAM Libya – mandate and budget to be extended until 21 August 2016

With Libya currently facing major security and political challenges, EUBAM Libya remains relocated in Tunisia since July 2014. The mandate of the Mission, expiring on 21 February 2016 was further extended by six months. It is envisaged that EUBAM would inform EU planning for a possible civilian capacity building and assistance crisis management mission in the field of Security Sector Reform, co-operating closely with, and contributing to, UNSMIL efforts, liaising with the legitimate Libyan authorities and other relevant security actors.

Conclusion: Potential scope for a substantial CSDP engagement once the security situation becomes permissive.

EUPOL COPPS – mandate until 30 June 2016

EUPOL COPPS continues to be a key vehicle of EU support to Palestinian state-building and of ensuring that technical conditions for a two-state solution remain in place. The mission is firmly anchored in the mainstream of security and justice reform in support of a Palestinian state, and at the strategic level in the relevant Ministries where it serves as a point of reference for local stakeholders, EU Member States and international donors. If conditions allow, the EU could be ready to re-engage and expand the mission in the Gaza Strip.

Conclusion: Mission was the subject of a Strategic Review in March 2015 and extended for one year until 30 June 2016, and in principle, for a further year until June 2017 based on an Interim Strategic Review (spring 2016).

EUBAM Rafah – mandate until 30 June 2016 – non-active

This mission is the sole precedent to a functioning third party security arrangement in the Israeli-Palestinian context. EUBAM Rafah, and what it stands for, is relevant to political calculations of all stakeholders in the ISR-PAL peace process. There is a strong political commitment to the immediate, sustained and unconditional opening of crossings to and from the Gaza Strip, and in this context there is a strong political commitment to redeploy and expand the mission in the Gaza Strip once conditions allow. The mission is currently working on capacity building with PA General Authority for Borders

and Crossings to enhance their preparedness to return to the Rafah Crossing Point and operate it according to international standards.

Conclusion: Mission was the subject of a Strategic Review in March 2015 and extended for one year until 30 June 2016, and in principle, for a further year until June 2017 based on an Interim Strategic Review (spring 2016).

EUPOL Afghanistan –mandate until 31 December 2016

The current mandate of EUPOL Afghanistan will expire at the end of 2016. An overall transition strategy should be presented to the Council in spring 2016. It can be assumed that, independently from the question of EUPOL Afghanistan, the country will still require continuous EU assistance, possibly through the CFSP budget.

Conclusion: Transition strategy for Afghanistan should be discussed in spring 2016.

EULEX Kosovo –mandate until mid-June 2016

EULEX has made further progress towards achieving its foreseen end state. The mission will be downsized and reconfigured against the backdrop of a much-changed political and operational environment. Pending further political decisions, the proposed reconfiguration of EULEX might result in an enhanced focus by the Mission on executive core tasks with other tasks being transitioned to either the Kosovo authorities, the EUSR or other instruments with effect from June 2016.

Conclusion: continued yet reduced budget will be necessary. An additional substantial commitment will be required for the Kosovo Specialist Chambers

EUMM Georgia –mandate until December 2016

By monitoring the ceasefire between Georgia and the Russian Federation (sealed in the Six Point Agreement) the mission is conducting security oriented confidence building measures in an attempt to reach out to the people living in Georgia and its breakaway regions of Abkhazia and South Ossetia. The conflict between Georgia, Russia and the breakaway regions is becoming increasingly static, but not quite leading to de facto 'borderisation' and lack of progress in the Geneva international discussions. The overall situation has further deteriorated in 2015 by signing the so-called Treaties between ABK and RU and SO and RU. This state of affairs leads to poor prospects for a genuine

resolution of the conflict in the foreseeable future. A comprehensive review of the EU strategy will be undertaken following a strategic review for EUMM by early 2016.

Conclusion: after the recent streamlining of EUMM the new Mission structure is fit-for-purpose in the current operational environment. The current level of financial needs and political attention is likely to remain.

Central Africa

EUSEC RDC –mandate until June 2016

EUSEC RDC has been downsized in 2015 in order to ensure a seamless transition to preserve the achievements of the CSDP engagement in support of the army reform.

Conclusion: this CSDP activity will cease in June 2016.

Horn of Africa

EUCAP Nestor –mandate until December 2016

The period ahead is critical in that it will see the mission enhance its deployment in Somalia – both in Mogadishu as well as in Somaliland and possibly Puntland. Deployment into Somalia is essential for the development of the regions' and in particular the Somali authorities' self-sustainable maritime security and rule of law capacity. Deployment into Somalia will take place in a phased approach and will take full account of the prevailing local security situation so that the mission personnel are not placed at undue risk.

Conclusion: Although the mission has refocused its activities on Somalia and Djibouti, the financial needs might rise in the coming years depending on the security environment and further outreach to the regions.

EUCAP Sahel Niger –mandate until July 2016

The current priority is to strengthen operational activities across Nigerien regions, with a special focus on the North in terms of trafficking and terrorism. Significant attention is also paid to supporting Niger to counter the threat of Boko Haram in the South East close to Nigeria. EUCAP will also focus on reinforcing local crisis management structures at central and regional levels. The absence of a National Security Strategy and a National Plan of Border Management remains a key challenge in Niger and the EU will continue to stress the importance of these strategic documents.

Conclusion: likelihood of an increase of financing needs for the mission in the next two years with a

view to addressing border control linking the Sahel region with the situation in Libya.

EUCAP Sahel Mali – budget until January 2016 and two year mandate until January 2017

The mission aims to support the restructuration of the internal security forces and to repair their institutional link with the political authorities. The main activities are strategic advice (focused on HR) and training.

The mission has been launched on 15 January 2015 and reached its initial operational capacity in August 2015. A recent revision of the OPLAN to extend the Mission activities in the field of border control, illicit trafficking and migration-related issues will lead to an increase of the Mission's strength. The persisting terrorist threat in the country and the implementation of the Peace Agreement might generate even additional needs assistance in support of Malian authorities and to the broader SSR, as well as extra costs related to Mission's own protection.

Conclusion: likelihood of an increase of financing needs for the mission in the next two years.

Annex II

Possible non-proliferation and disarmament projects:

Nuclear

- a. IAEA Low Enriched Uranium (LEU) Bank: Support for the establishment and secure management of a nuclear fuel bank under the control of the IAEA. A total of €5 million should be allocated.
- b. Comprehensive Nuclear-Test-Ban Treaty (CTBT): 20th Anniversary of the CTBT and further support for the activities of the Preparatory Commission of the Comprehensive Nuclear-Test-Ban Treaty Organisation (CTBTO).
- c. Nuclear Security and Verification: Further support for the activities of the IAEA in the area of nuclear security and verification which is worth EUR 8 050 000 will expire in 2016.

Chemical Weapons

- a. Destruction of chemical weapons in Syria, Libya: Further support for OPCW chemical weapon destruction activities in Syria or in Libya could be considered.
- b. Chemical safety and security in Ukraine: Support for Ukraine's program on Chemical safety and security.

3. UNSCR 1540

Continued support to the implementation of UNSCR 1540, when the existing Council Decision will expire in April 2016 (approx. 1 million euro).

4. Mines

- a. Anti-Personnel Mine Ban Convention (Ottawa Treaty): Further support to the Implementation Support Unit with a dedicated Council decision scheduled for adoption in 2016 in order to promote the universalization and implementation of the Convention.
- b. De-mining in Eastern Ukraine: Support for de-mining/ERW activities.

5. Small Arms and Light Weapons

- a. Arms Trade Treaty (ATT): Further support for ATT related implementation.
- b. Support to the Arab League for training, assistance on legislation, export controls, stock pile management, tracing and marking.
- c. Possible initiatives aimed at fighting illicit trafficking of firearms in Libya, securing sites, destructing firearms, stockpile management.
- d. Possible initiatives in order to combat or prevent illicit trafficking in firearms entering in the EU from Sahel, the Western Balkans and the Middle East.
- e. Further support for SALW control activities of the OSCE.

6. EU Non-Proliferation Consortium of think tanks

Further support for the EU Non-Proliferation Consortium of think tanks may be adopted in 2016. The current Council Decision expires in mid-2017.