

# **THE ATHENA MECHANISM – FINANCING THE EU MILITARY OPERATIONS**

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## **Abstract**

*The Defense component of the European Union, ESDP is an integral part of the pillar of the Common Security and Defense Policy (CFSP). A very important aspect of ESDP is the problem of financing military operations and civilian crisis management carried out under the European Union. If civilian crisis management operations are financed through the CFSP budget, operations with military or defense implications can not be financed from this source. To cover this area, the European Union decided to develop a flexible system of financing the common costs of military operations, regardless of size, complexity or urgency – the Athena mechanism. The accomplishment of operations to which Romania participates as a member of European Union involves the integration of participation to the Athena mechanism in the broader framework of the integrated of defense resources management.*

A crucial component of the Common Foreign and Security Policy pillar of the European Union, the European Security and Defense Policy (ESDP) is the domain of EU policy which focuses on the defense and military aspects. The ESDP is the successor of the *European Security and Defense Identity* under NATO, but differs in that it falls under the jurisdiction of the European Union itself, including countries with no ties to NATO.

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

Civilian crisis-management operations are funded from the CFSP budget which is established following the budgetary procedure laid down for the Community budget. Operations with military implications or defence operations cannot be financed from Community funds. For the common costs of such operations the Council of the EU has established a special mechanism – named Athena Mechanism.

The Athena mechanism is managed under the authority of the Special Committee, a body composed of representatives of the contributing countries. All Member States of the European Union, except Denmark, participate to this mechanism.

On 22 September 2003, the European Council decided that the European Union should acquire the capacity to flexibly manage the financing of common costs of military operations of any scale, complexity or urgency, in meaning of Article 28(3) of the Treaty. On 23 February 2004, the Council adopted Decision 2004/197/CFSP establishing a mechanism to administer the financing of the common costs of European Union operations having military or defense implications (ATHENA). The Decision has subsequently been amended several times. The Council therefore codified the Decision by adopting Decision 2007/384/CFSP (2) on 14 May 2007.

Previously, an ad hoc funding system had to be put in place at the beginning of each ESDP operation. However, in 2003, funding problems for operations CONCORDIA in the former Yugoslav Republic of Macedonia and ARTEMIS in the Democratic Republic of the Congo highlighted the need for a legal framework providing a permanent funding mechanism for military operations – and therefore ready ahead of any operations – that would cover, between the allies, the preparatory phase and the involvement of third states, and establish clear guidelines and rules.

The Athena mechanism was designed in order to improve the pre-financing of the European Union's military operations, with the scheme for early financing therefore intended first and foremost for Rapid Response operations. The Council is the one who decides on a case-by-case basis whether an operation has military or defense implications, within the meaning of Article 28(3) of the Treaty. The mechanism relates primarily to two types of operations:

- conventional EU military operations;
- military supporting actions, decided by the Council, in support of a third State or a third organization.

The Athena Mechanism management framework is composed mainly from an Administrator, an Accounting Officer and the Operational Commanders, under the authority of the Special Committee.

The main authority for the Athena mechanism is the **Special Committee**, the composition of which varies according to the topic discussed. All member states (apart from Denmark) attend when general affairs are discussed. The Special Committee, composed of one representative of each participating Member State, is convened and chaired by the Presidency of the Council of the EU. Its members unanimously approve all Athena's budgets and financial decisions. When a

particular operation is discussed, only the representatives of member states that contribute financially to the operation attend. Representatives of the Commission and of contributing non-member states can also attend the meeting, but cannot vote. The Special Committee approves Athena's annual budget, and amends it, if needed, when an operation starts. It also controls annual accounts and financial rules. Decisions are adopted by unanimity.

The **Administrator**, who is the mechanism's permanent coordinator and main contact point for states, is appointed by the Secretary General of the Council of the EU for a period of three years. He is the permanent executive authority of the mechanism, and acts as the authorizing officer during the preparatory and winding-up phases of operations when there is no Operation Commander, and is based in Brussels. He also draws up any draft budget for any operation financed through Athena Mechanism and submits it to the Special Committee.

The **Accounting Officer**, also based in Brussels, consolidates Athena's accounts. He keeps the accounts and is responsible for proper implementation of payments, collection of revenue and recovery of amounts established as being receivable. In relation to the Accounting Officer, other component of the Athena Mechanism's management process are the audits, performed by a **College of Auditors**, composed of six members appointed by the Special Committee.

The **Operation Commanders** are the "executive branch" of the Athena Mechanism, authorizing officers for individual operations, and implementing expenditure. The Operation Commander is the authorising officer for the operation he commands. Where there is no Operation Commander, Athena's administrator is the authorising officer. They send the administrator proposals for the "expenditure – operational common costs" section of the budgets, prepare draft budgets for their respective operations and, with the support of the Administrator, submit these to the Special Committee. Operation Commanders are based in their respective Operation Headquarters and they also implement the appropriations relating to the above-mentioned costs and provide the Special Committee with a report on their spending every quarter.

Once a Crisis Management Concept is approved by the Special Committee, a **preparatory phase** begins, during which Athena pays for common costs of transport and accommodation necessary for exploratory missions and preparations by military forces, such as fact-finding and reconnaissance missions.

The **active phase** starts when an Operation Commander is officially appointed. The Athena mechanism then funds the Operation Headquarters (in Europe), the Force Headquarters (in theatre), the Component Headquarters (in theatre, land/air/sea or Special Forces components) and the infrastructure necessary for the force as whole (communications, camps). Athena also reimburses or is reimbursed, when necessary, costs for equipment and services provided by or to NATO or the UN. Athena can cover the transport and lodging of forces, if approved by the Council, and various operational costs such as satellite images or air surveillance when the Council or the Special Committee so decide.

The mechanism has special provisions for the following:

- Financial rules applicable to all expenditure financed through Athena Mechanism
- Rules on procurement
- Financial rules applicable to expenditure financed through ATHENA in EU Military Operations where headquarters are provided by EU Member States
- Financial rules applicable to expenditure financed through ATHENA in EU Military Operations with recourse to NATO assets and capabilities

A more detailed list of the costs covered by ATHENA is presented below:

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

- Incremental costs for (deployable or fixed) headquarters for EU-led operations or exercises: (a) Headquarters; (b) Operation Headquarters (OHQ); (c) Force Headquarters (FHQ); (d) Component Headquarters (CCHQ); (e) transport costs: transport to and from the theatre of operations to deploy, sustain and recover FHQs and CCHQs; transport costs incurred by the OHQ necessary to an operation; (f) administration; (g) locally hired personnel; (h) communications; (i) transportation/travel; (j) barracks and lodging/infrastructure: expenditure for acquisition, rental or refurbishing of required HQ facilities; (k) public information; (l) representation and hospitality.

- Incremental costs incurred for providing support to the force as a whole (costs incurred following the force deployment to its location): (a) works for deployment /infrastructure; ; (b) identification marking; (c) medical services.

- Incremental costs incurred by EU recourse to NATO common assets and capabilities made available for an EU-led operation: The cost for the European Union of the application for one of its military operations of the arrangements between the EU and NATO relating to release, monitoring and return or recall of NATO common assets and capabilities made available for an EU-led operation.

- Incremental costs incurred by the Eu for goods, services or works included in the list of common costs and made available in an EU-led operation by a Member State, an EU institution, a third State or an international organisation pursuant to an arrangement referred to at Articles 11 and 12. Reimbursements by a State, an EU institution or an international organistaion based on such arrangements.

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

- Transport costs: transport to and from the theatre of operations to deploy, support and recover the forces necessary for the operation;

- Barracks and lodging/infrastructure: expenditure for acquisition, rental or refurbishing of premises in theatre (rental of buildings, shelters, tents), as necessary for the forces deployed for the operation.

- Multinational task-force headquarters: the multi-national headquarters of EU task-forces deployed in the area of operation;

- Acquisition of information: acquisition of information (satellite images; theatre level intelligence, reconnaissance and surveillance (ISR), including Air-to Ground Surveillance (AGSR); human intelligence).

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

- (a): essential additional equipment: the rental or purchase in the course of the operation of unforeseen specific equipment essential for the execution of the operation, in so far as the purchased equipment is not repatriated at the end of the mission;

- (b): medical services: Roles 1, 2 and 3 facilities in theatre;

- (c): acquisition of information: (satellite images; theatre level intelligence, reconnaissance and surveillance (ISR), including Air-to Ground Surveillance (AGSR); human intelligence);

- (d): other critical theatre-level capabilities: theatre-level capabilities (demining within theatre insofar as necessary to the operation; chemical, biological, radiological and nuclear protection (CBRN); fuel

Since member states' contributions are payable within 30 days of a Joint Action being called, cash flow problems that could be faced at the beginning of EU military operations are covered by an **Early Financing** scheme. It allows rapid decision-making and planning as well as rapid deployment of forces. Member States have the choice either to pay contributions in anticipation of a possible Rapid Response operation or to pay their contribution to a Rapid Response operation within five days. 18 Member States have participated in the provisional financing scheme and ATHENA is endowed with provisional appropriations exceeding 10 million euros. In addition, each of the 18 Member States may decide individually that its contribution to the provisional appropriations (up to 50%) can be used for an operation other than Rapid Response.

The implementation of the Athena Mechanism does not prevent the funding of other operations from different sources. Below is an overview of the amounts spent on ESDP military operations since January 2004 under the Athena mechanism and outside this mechanism is set out below. The amount spent on ESDP military operations since January 2004 not under the Athena mechanism format includes national borne costs which are held theatre wide rather than for NATO/ESDP (for example in the Balkans).

<i>EU operation</i>	<i>Where</i>	<i>When</i>	<i>Under <u>ATHENA</u> (£ million)</i>
ALTHEA	(Bosnia and Herzegovina)	Since July 2004	15.177
<u>EUFORDRC</u>	<u>Democratic Republic of Congo</u>	April 2006 to November 2006	1.417
EUFOR CHAD/ <u>CAR</u>	CHAD/ <u>Central African Republic</u>	Yet to deploy	5.902
Total	—	—	22.496

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

- Operation **EUFOR-Althea** (Bosnia and Herzegovina): 33 million euros in 2007;

- EU supporting action to **AMIS** (Sudan / Darfur): 1.3 million euros in 2007.

In 2006 Athena administered the financing of the common costs operation **EUFOR RD Congo**: for an amount of 23 million euros. In 2005, Athena was responsible for the financing of specific common costs during the first two months of a civilian project to reform the chain of payment in the Democratic Republic of Congo (**EUSEC-RD Congo** mission) financed with voluntary contributions from 6 Member States, until the mission could be accommodated under the CFSP-budget (0.9 million euros). The Athena budget (financed by 24 Member States) in 2005 was approximately 60 million euros. For 2006, the budget was about 68 million euros.

Considering that many EU members are also NATO members and that many countries do not embrace gladly the additional expenses entailed by the EU missions, the implementation of the Athena mechanism was a first step towards sharing the increasingly heavy financial burden for external operations among member states, and strengthened EU integration in the field of defense and external intervention policy. The Athena mechanism may also be used to finance certain aspects of EU military supporting actions, such as EU support to the African Union Mission in the Sudan (AMIS), where the EU covered the transport, lodging and communication costs of EU military personnel in the AMIS chain of command from June 2005 to the end of 2007.

The reality, similar to the issue of free riding debated strongly within NATO, is that member states whose armed forces have the necessary capabilities, in particular strategic airlift and rapid reaction capabilities, still carry the heaviest financial burden. The Athena mechanism provides funding for common costs only, which represent less than 10% of the total cost of EU military operations. Although the Athena mechanism is useful, it still remains to be perfected, as still those member states actually participating in the operations that bear the main part of the costs. This does little to encourage member states to play an active part in force generation. In this respect, the Athena Mechanism is intended to be a forerunner to a genuinely common fund for financing EU operations, as envisaged in the Lisbon Treaty.

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

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

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

<http://www.consilium.europa.eu>

## References

- [1] Decision 2007/384/CFSP 14.5.2007 - OJ L 152 of 13.6.2007
- [2] Decision 2004/197/CFSP
- [3] <http://www.theyworkforyou.com/wrans/?id=2008-01-25c.177526.h>
- [4] <http://www.consilium.europa.eu>
- [5] <http://www.securitycommunity.eu>