



## European Security and Defence Assembly Assembly of Western European Union

### Assembly Fact Sheet No. 9

#### **Financial aspects of EU crisis management: the ATHENA mechanism**

On 23 February 2004,<sup>1</sup> the Council of the European Union established the ATHENA mechanism to administer the financing of the **common costs** of EU operations having **military or defence implications**. 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 funding mechanism for the common costs of military operations, ready in advance, that would cover, *inter alia*, the preparatory phase and the involvement of third states, and establish clear guidelines and rules.

#### ***ATHENA funding***

According to the Treaty on European Union, civilian crisis-management operations are funded from the European Union budget. However, **operations that have defence implications cannot be financed from the Union budget**. Funding must come from the member states, unless decided otherwise by the Council. The ATHENA mechanism provides funding for the **common costs** involved in such operations and contributions are based on **gross national income (GNI)**. ATHENA is currently managed in accordance with Council Decision 2008/975/CFSP<sup>2</sup> which provides for its own review, if necessary, at the request of a member state or following each operation. It is revised at least every three years.

#### ***Management of the ATHENA mechanism***

The ATHENA mechanism is managed by a **Special Committee**, the composition of which varies according to the topic under discussion. All member states (apart from Denmark)<sup>3</sup> attend when general affairs are on the agenda. When a particular operation is discussed, only the representatives of member states that contribute financially to that operation attend. In practice, however, all member states with the exception of Denmark usually contribute financially to operations and therefore take part in the discussions. Representatives of the Commission and of non-contributing member states can also attend the meeting, but cannot vote. The Special Committee approves ATHENA's annual budget, and amends it, if necessary, when an operation starts. It also approves annual accounts and adopts financial rules. Decisions are adopted by unanimity. Under the latest revision, if unanimity cannot be achieved in the Special Committee, the latter may, at the initiative of the Presidency, refer the question to the Council.

An **administrator**, who is the mechanism's permanent coordinator and main contact point for states, is appointed by the Council Secretary General for a period of three years. As the mechanism's executive authority, he is the authorising officer during the preparatory and winding-up phases of operations when there is no operation commander, and is based in Brussels. The administrator, with the support in particular of the Union military staff and, if he/she is in post, the operation commander, evaluates the amount judged necessary to cover the common costs of the operation for the planned period. The administrator proposes this amount through the Presidency to the Council bodies responsible for examining the draft joint action or decision. At the same time, the Special Committee is kept informed by the administrator of the proposal made. An **accounting officer**, also based in Brussels, consolidates ATHENA's accounts. Audits are performed by a **College of Auditors**, composed of six members appointed by the Special Committee. **Operation commanders** are the authorising officers for individual operations, and implement expenditure. They 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 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, lodging, operational communications and payment of the civilian personnel (interpreters, drivers, etc.) necessary for exploratory missions and preparations by military forces, such as fact-finding and reconnaissance missions.

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The **active phase** starts when an operation commander is officially appointed. The ATHENA mechanism then funds all the costs associated with 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 a whole. Subject to the approval of the Special Committee, the operation commander may also request funding for specific items, such as chemical, biological, radiological and nuclear (CBRN) protection or demining capabilities. 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 sundry operational costs such as satellite images or air surveillance when the Council or the Special Committee so decide.

Since member states' contributions are payable within 30 days of the Council approving a Decision to launch a new operation, cash flow problems that might be encountered at the beginning of EU military operations are covered by an **early financing scheme**. This can provide funding for the early stages of an operation. A number of member states have provided a fund totalling several million euros that can be made available immediately when a rapid response is required.<sup>4</sup> The other member states that do not contribute to this fund have undertaken to pay their contributions within five days. Once used, the fund must be replenished within 90 days. Towards the end of an operation, ATHENA provides guidelines for establishing the final destination of equipment and infrastructure financed in common and for settling invoices.

ATHENA also provides for the common management of essential items in the area of manpower support, particularly food and fuel, in return for monthly reimbursement of expenditure incurred by the participating states or by international organisations (such as the UN or NATO).

#### *Effects of the implementation of the ATHENA mechanism*

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 defence and external intervention policy. The ATHENA mechanism can 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 ATHENA mechanism provides funding for common costs only; these costs generally represent less than 10% of the total cost of EU military operations. Each member state bears the cost of the resources it provides, such as deployment costs, logistical support or pay. For the moment, ATHENA is a modest tool, useful but imperfect.

The brunt of the costs is borne by those member states participating in the operations. As a result some member states and third states are reluctant to play a more active part in force generation. Moreover, it is the forces of the countries whose armies have the necessary capabilities, in particular strategic airlift and rapid reaction capabilities, which are most often called upon and put on standby.

Under the Treaty of Lisbon, military operations are still excluded from Community funding and common costs for EU military operations will continue to be funded through ATHENA. On the other hand, the Commission bears the cost of civil missions, though the Council decides on the use of funds. The Lisbon Treaty nevertheless takes on board the increasing overlap between civil and military resources in EU missions and notably provides for a **common start-up fund** (in particular for "preparatory" activities for EU missions) which will cover military costs and, if the Council so decides, the civil costs. This might go some way to improving the EU's rapid response capability in the event of a crisis.

ATHENA has financed the common costs of operation ALTHEA in Bosnia and Herzegovina since December 2004. More recently, it has been used to finance improvements to N'Djamena and Abéché airports and for basic camp infrastructure required for the deployment of EUFOR Tchad/RCA. ATHENA is also being used to finance some of the common costs for the European Union's first naval operation, ATALANTA, which aims to deter, prevent and repress acts of piracy and armed robbery off the coast of Somalia.

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<sup>1</sup> Decision 2004/197/CFSP.

<sup>2</sup> European Union Official Journal L 345 of 23 December 2008, p. 96-114.

<sup>3</sup> In accordance with the Protocol on the position of Denmark annexed to the Treaty on the European Union, Denmark does not participate in the elaboration and the implementation of decisions and actions of the Union which have defence implications.

<sup>4</sup> Rapid response is defined as an operation having military or defence implications in which the EU force would be capable of beginning an action in theatre within five to 30 days of the Council of the European Union taking the decision to launch the operation. The decision to launch an operation, that is to begin deployment in theatre, comes after the Joint Action.