Title
DG FPI – Impact assessment report on capacity building in support of security and development
(version of 7 June 2016)*

(A) Context

Member States have called on the Commission and the High Representative to present proposals that would allow the Union to engage comprehensively in capacity building in support of security and development. Member States understand this to be an essential part of EU support to security sector reform. The implication of “comprehensive engagement” would make it possible for military actors to receive funding from the budget of the Union, as long as the action being financed is not for defence-related purposes.

In 2014, Council stated the need to enhance the effectiveness of the Common Security and Defence Policy (CSDP) underlining the importance of addressing the need to sustain sufficient expenditures related to security and defence. Furthermore, the Council invited the High Representative and the Commission “to present a joint proposal for a policy approach for concrete implementation” which was followed up by the Joint Communication on capacity building in support of security and development in 2015 and ensuing Council conclusions.

(B) Overall opinion: NEGATIVE

The Board gives a negative opinion because the report contains shortcomings that need to be addressed, particularly with respect to the following issues:

1) The report should provide a clearer presentation of the wider policy context of this initiative, referring more extensively to the EU-wide Security Sector Reform and the need to bring together CSDP/CFSP tools and development cooperation instruments, with particular reference to the April 2015 CBSD Joint Communication, but also to the 18 May 2015 Foreign Affairs Council and the 26 June 2015 European Council Conclusions on CSDP.

2) The report needs to be much clearer about the problem this initiative aims to address, its objectives, what type of non-defensive actions, training and equipment it would finance in support of non-civilian beneficiaries (and what it would not), as well as the estimated (limited) amount of financing needed.

3) The report should explain why action is needed now and clarify what is foreseen in the short term, as compared to the longer-term agenda. The assessment of policy

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.
options should focus on those choices that are relevant for the short term, discarding longer-term options early on, in order to make the analysis more proportionate. In doing so, it should clarify more extensively why some of the existing financial programmes and instruments, or a combination thereof, cannot be mobilised for the envisaged purposes. On this basis the corresponding options should be discarded.

4) The report should integrate a risk assessment with a focus on the extent to which financing of security capacity measures would involve additional risks for the EU and how such risks can be mitigated.

5) The report should demonstrate much more clearly how a rather limited budgetary effort in the area of security capacity building can reduce risks and improve the prospects for development policy goals. It should elaborate on the added value of funding such activities as compared to expenditure on traditional development aid areas.

6) The report should address more directly and transparently the reasons why the restrictions of Article 41(2) TEU would not apply in this context, owing to the development center of gravity of the objectives of this initiative, which needs to be further substantiated.

Once revised, the IA must be resubmitted to the Board, which will issue a new opinion on the revised draft.

(C) Main recommendations for improvements

(1) The policy context. The report should clearly place the issue in its wider policy context. Relevant Council conclusions and policy statements should be referred to. The broader background of the security development nexus should be set out, including the repercussions for good governance, development policy and migration. It should explain the political changes requiring the EU to act now.

(2) The problem analysis and baseline. The problem description should be further developed and clarified. Firstly, the report should specify the type of issues that need to be addressed, while clearly setting out the boundaries for which elements would be covered by the envisaged initiative and which would not. Secondly, the identified 'gap' in development financing and its reasons should be clearly spelled out. In this context, an overview should be included comparing the different existing EU financial instruments, showing clearly their particular scope and limitations, and explaining why they could not be mobilised (individually or in combination) for the envisaged purposes. Thirdly, the report should elaborate on the negative consequences for development policy of this 'gap' and give evidence of the size of the problem. Concrete examples of this 'gap' and related negative consequences could usefully be included as illustrations. Fourthly, the geographical extent of the problem should be addressed. Finally, the baseline – i.e. what would happen under a no-policy change scenario – should be developed and projected into the future, and be used as basis for comparison of the various options.

(3) Risk management. The issue of risk management should be integrated and developed in the analysis, already in the description of the options. This should address the additional risks incurred by financing security capacity and how such risks can be mitigated.

(4) The objectives. The objectives section should be made much clearer about what 'covering the gap' exactly entails. It should spell out what the intended financing of military
expenses is supposed to cover, under what conditions and what the limitations would be. The report should explain why the restrictions of Article 41(2) TEU would not be applicable and how the development 'center of gravity' argument can be substantiated and would be applied in practice. It should also spell out why it is urgent to act now and why a short-term transition solution is needed. The specific objectives should build on the bullets on page 23. It should also spell out the envisaged funding objectives, which should be aligned with the assessment criteria for the comparative analysis of the options.

(5) Options analysis. The options should be described more comprehensively, clarifying that the CFSP and development options open the way to different types of expenditures. The description of the options should also indicate the range and type of expenditures to be covered under the various scenarios. The significance of financing third country military actors vis-à-vis EU military actors should be elaborated. The presentation of the various options could benefit from an overall table comparing their limitations (as suggested in 2). The assessment of options should focus in on those choices that are relevant for the shorter-term, discarding longer-term options up front. Similarly, options relating to existing financial programmes, which for legal or design reasons cannot be used for the foreseen purposes, should be explained but not kept for the more detailed analysis. Options should preferably be assessed individually, against clearly defined assessment criteria, in particular the preferred option of IcSP. The report should clarify in which way options on financing of capacity building will be integrated in a 'comprehensive engagement' approach and in what way the financing of military actors will be accessory to other activities.

(6) Policy coherence. The impact analysis should take clear account of the envisaged (limited) funding and place the envisaged impacts in that context. The impact analysis should demonstrate how 'small' investments in security actions may prevent large risks or ineffective expenditure for development policy.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation
The report will have to be thoroughly revised, to introduce clearer language on what the problem is, what the objectives are and which is the best solution to address it. It should be made more readable for non-experts.

(E) RSB scrutiny process
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