

**EXPLANATORY MEMORANDUM ON THE EUROPEAN UNION'S
COMMON FOREIGN AND SECURITY POLICY**

**Council Decision amending Decision 2012/389/CFSP on the European Union
Mission on Regional Maritime Capacity Building in the Horn of Africa (EUCAP
Somalia)**

Submitted by the Foreign & Commonwealth Office on 1 February 2018.

SUBJECT MATTER

1. This draft Council Decision proposes a budget for the civilian CSDP mission, EUCAP Somalia (previously EUCAP NESTOR), for the period 1 March 2018 to 31 December 2018. It foresees an increase in the budget from €22.9m (for 12 months) to €27.4m (for 10 months), in order to enable EUCAP Somalia to expand its operations. The current budget expires on 28 February 2018.
2. EUCAP NESTOR was launched in July 2012 in order to assist countries in the Horn of Africa and the Western Indian Ocean to strengthen their maritime security capacity and more effectively fight piracy. On 12 December 2016, its mandate was extended until 31 December 2018 and the mission was renamed EUCAP Somalia.

SCRUTINY HISTORY

3. An Explanatory Memorandum on the Council Decision regarding the budget was submitted for Parliamentary Scrutiny to the House of Lords Select Committee on the European Union on 14 February 2017, and cleared through the Chairman's sift on 21 February 2017. The European Scrutiny Committee cleared the document as 'politically important' on 29 March 2017 (ESC 38544, 37th report, 2016/17). A post-adoption Explanatory Memorandum was submitted to the House of Commons European Scrutiny Committee on 15 December 2016, which has yet to be considered for scrutiny (ESC 38391).

MINISTERIAL RESPONSIBILITY

4. The Secretary of State for Foreign & Commonwealth Affairs is the Minister with overall responsibility for UK policy on the EU's Common Foreign & Security Policy.

INTEREST OF THE DEVOLVED ADMINISTRATIONS

5. Policy on foreign affairs is a reserved matter under the UK's devolution settlements and no devolved administration interests arise. The devolved administrations have therefore not been consulted in the preparation of this EM.

LEGAL AND PROCEDURAL ISSUES

6. Legal Basis: Articles 28, 42(4) and 43(2) of the Treaty on European Union.
7. Voting Procedures: Council by Unanimity for the Council Decision.
8. Impact on UK Law: There will be no impact on domestic law.
9. Application to Gibraltar: Yes. While the Common Foreign & Security Policy does apply to Gibraltar in principle, the project here is external to the EU and has no impact on Gibraltar in practice.
10. Fundamental rights analysis: None.

APPLICATION TO THE EUROPEAN ECONOMIC AREA

11. None.

SUBSIDIARITY

12. The action proposed is more effectively undertaken at Union level rather than at Member State level because it allows all EU Member States to pool expertise and share the resource burden.

POLICY IMPLICATIONS (including Exit implications where appropriate)

13. On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until Exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation.
14. There has been a sharp decline in the number of piracy attacks off the Horn of Africa since a peak in 2011, thanks to significant international efforts. These have included an international naval presence, including from the EU's Operation ATALANTA, as well as efforts to encourage the shipping industry to Best Management Practice and use of Private Security Teams. But any long term solution to address the causes of piracy must take place on land. The Government has therefore supported capacity building projects to enable Somalia to police its own territorial waters effectively.
15. As a result, the Government believes that EUCAP Somalia's capacity-building work remains valuable and necessary. We still judge that the mission remains a cost effective way to support long-term solutions to the piracy problem. In 2015, a strategic review into the mission concluded that the mission should move away from a regional approach and focus its activities primarily in Somalia.
16. UK officials have shaped the mission's new mandate and revised operational plan to ensure a clear focus on Somali maritime security.

Since June 2017 we have had two UK secondees in the mission, as the Deputy Head of Mission and as Head of Operations. As the second and third most senior mission members, they are responsible for the full range of operations, operational support and personnel functions. Much of their activity is in support of, and supported by, UK activity and interests in Somalia and Somaliland.

17. The Government continues to believe that, while the environment remains challenging, EUCAP Somalia is providing effective support to Somalia's maritime security institutions. There is daily cooperation with Operation ATALANTA, manifested in an exchange of information, access and life support from EUCAP SOMALIA for information and capacity-building support from ATALANTA.
18. On 11 May 2017, the UK, UN and Federal Government of Somalia hosted in London a major conference on Somalia, intended to agree a new partnership between the international community and Somalia up to 2020. One outcome was the development of a Security Pact between Somalia and the international community which is Somali led and owned. EUCAP Somalia remains an important element of this package of support.

CONSULTATION

19. None.

REGULATORY IMPACT ASSESSMENT

20. Not applicable.

FINANCIAL IMPLICATIONS

21. The draft Budget Impact Statement sets out a proposed budget from 1 March 2018 until 31 December 2018 of €27,407,000, an increase of approximately €4.5m on the previous budget of €22.95m (which was for a full year). The reason for a 10 month budget this year is to bring the budget cycle back to a January to December cycle.
22. The following table compares the proposed budget with the previous budget. This budget aligns the budgetary cycle to the end of mission date.

Budget Heading	Proposed budget 1 March – 31 Dec 2018	Previous budget 2017-18
Personnel Expenditure	€9,092,991	€7,321,212
Mission Expenditure	€760,282	€526,250
Running Costs	€15,432,224	€13,845,796
Capital Expenditure	€811,900	€537,607
Representation	€30,000	€30,000
Projects	€969,500	€589,640
Contingencies	€310,102	€99,430
TOTAL	€27,407,000	€22,950,000

23. A key driver of the budget growth is a rise in staff numbers, which lead to security and accommodation as well as salary costs. To date the mission has been running with a high vacancy rate. The new budget assumes this can be lowered and that staff numbers will rise towards the numbers envisaged for the mission in the Operational Plan. For example, numbers of international staff will rise from 85 in post today to 112. This will help to ensure that the mission delivers in line with the Operational Plan. The previous budget assumed 94 would be in post; the number set out in the Operational Plan is 125.
24. Budget discussions continue to take place. Should the final agreed budget be different then I will write to the committees with details. We judge the proposed expenditure to be commensurate with the mission's planned activity. I recommend the UK support the proposed budget in principle.
25. The costs break down as follows:

Personnel (€9,092,991)

26. This covers the cost of personnel, including the Head of Mission, Seconded Staff, Local Staff and Internationally Contracted Staff. As for 2017/18, staffing costs account for just over a third of the overall budget. The Commission foresee a gradual increase in the number of budgeted-for personnel from 71 in 2015/16 to 124 for 2017/18 and 136 in 2018 reflecting an expansion in the mission's activity from its Mogadishu, Hargheisa and Garowe offices. Associated costs, including insurance and risk allowances related to operating in a high risk environment would rise pro rata with the increase in staffing levels.

Mission expenditure (€760,282)

27. This covers costs related to implementing the mandate and includes transportation, flights and accommodation costs, as well as per diems. The increase is commensurate with the higher staffing levels based in Somalia and additional costs of flights and transportation to and from Somalia.

Running costs (€15,432,224)

28. This covers a range of costs such as transport, IT, communications, as well as office rental and security costs required to operate in a hostile environment. Running costs will increase pro rata with staffing numbers, largely due to rental costs associated with increased accommodation requirements at field offices in Hargheisa and Garowe and the use of facilities at the new ‘fortified’ EU compound in Mogadishu (€2,250,000).
29. The budget assumes that the new EU Delegation Offices will be occupied from the beginning of the budget cycle. The new EU compound provides improved services and facilities and is designed to increase coordination and cooperation with the EU Delegation and EU Special Representative as well as providing future economies of scale. A high level of security provision for staff operating in Somalia, including close protection, is necessary to ensure staff safety.

Capital Expenditure (€567,070)

30. The increase in costs stems largely from the need to provide additional IT and communications equipment for the proposed increased numbers of the mission along with a requirement to replace outdated/worn out IT. The mission operates under very harsh field conditions and therefore more robust and expensive IT equipment is required to ensure reliability at a cost of €201,600.

Representation (€30,000)

31. No increase on the previous budget.

Projects (€969,500)

32. The mission is proposing ten new projects to support development and training in line with the Operational Plan. This focus on front line delivery is welcome. Significant projects are shown below, including projects which continue from last year.

	Title	Amount (EUR)
1	Establish a basic boarding, search and seizure training facility for Mogadishu Maritime Police	200,000
2	Expanding Joint Maritime Information and Coordination Centre in Garowe (Phase II)	131,500
3	<i>Development of Somali law drafting capacity including in its regions (Phase II)</i>	<i>123,000</i>
4	<i>Enhancement of Police-Prosecutors cooperation and maritime related expertise (Phase II)</i>	<i>100,000</i>

Contingency (€310,102)

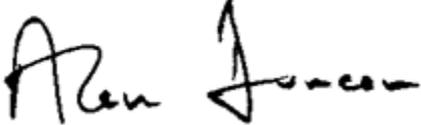
33. This has been set at 1.15% of the budget, an increase from 0.35% last year. Contingency funds can only be used with prior written approval of the Commission, and exist for unforeseen needs.

TIMETABLE

34. The current budget runs out on 28 February 2018. The draft Council Decision will be submitted to the Council for agreement before this date.

OTHER OBSERVATIONS

35. None.

A handwritten signature in black ink that reads "Alan Duncan". The signature is written in a cursive style with a large initial 'A' and a long, sweeping underline.

The Rt Hon Sir Alan Duncan MP
Minister for Europe and the Americas
Foreign and Commonwealth Office