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On 13 June 2018, former High Representative of the Union for Foreign Affairs and Security Policy (High Representative), Federica Mogherini presented a proposal for a European Peace Facility (EPF). The proposal is designed to allow financing of all Common Foreign and Security Policy (CFSP) external action with military and defence implications. The aim behind the creation of the EPF is to enhance the EU's ability to safeguard European security interests and prevent conflict, build peace and strengthen security around the world.

The new EPF is to be constituted as an off-budget fund, to be financed by yearly contributions from EU Member States. Contributions of individual EU Member States will be determined on the basis of a Gross National Income distribution key. The Facility is expected to have a budget of €10.5bn in current prices (€9.2bn in constant 2018 prices) for the period of seven years, starting in 2021. Even though it is outside the EU budget, the Facility will run alongside the Multiannual Financial Framework (MFF) for the period 2021-2027.

High Representative Federica Mogherini proposed in 2018 to establish the Facility through a Council Decision under the CFSP, with the support of the Commission (a possibility foreseen under Article 30(1) of the Treaty on European Union (TEU)). The College of Commissioners of the European Commission took the decision on 12 June 2018 to support the proposal. On 25 June 2018, the Foreign Affairs Council took note of the proposal for the establishment of the Facility, and invited the relevant Council preparatory bodies to take the work forward and to present concrete recommendations on the proposed EPF. The Council will also define the exact nature, scope and limits of the actions supported by the EPF. Actions to be funded by the Facility will be decided by the Council or the Political and Security Committee (PSC), acting by unanimity on the basis of proposals made by the High Representative.

The EU Treaty does not currently allow the Union's budget to be used to finance expenditure with military or defence implications. However, as an off-budget mechanism financed through contributions by EU Member States, the EPF will allow the EU:

- to contribute to the funding of EU military operations,
- to provide support to partners' military peace support operations, and
- to support broader actions of a military/defence nature in support of CFSP objectives.

Since 2004, the EU's involvement in military missions and operations has been funded through the ATHENA mechanism, an off-budget

mechanism funded by Member States. The EPF will replace the ATHENA mechanism, through which the EU has so far financed the “common costs” of EU military Common Security and Defence Policy (CSDP) operations and missions. The Facility will make EU funding available on a permanent basis, which will allow for more rapid deployment, and improve both flexibility and predictability.

Secondly, the EPF will allow the EU to contribute to the financing of military peace support operations led by partners anywhere in the world. Until now, this support could only be provided to African-led peace support operations - led by the African Union or by African regional organisations - through the African Peace Facility (AFP).

Thirdly, the EPF will allow the EU to support the armed forces of partner countries with infrastructure, equipment or military assistance, and more effective capacity-building.

The EPF is supposed to be managed by an EPF Committee, composed of Member State representatives and chaired by a representative of the High Representative.

In accordance with Rule 113 of the European Parliament's Rules of Procedure, the Foreign Affairs Committee drafted a recommendation on the Union's external policy concerning the European Peace Facility. The AFET Committee approved the recommendations on 20-21 February 2019. Plenary adopted the recommendation on 28 March 2019.

In their recommendation, MEPs call for proper parliamentary control over the EPF. MEPs expect the Council and the High Representative to brief them regularly on decisions taken under the EPF and on the Facility's implementation and to take account of Parliament's views when preparing proposals for multi-year action programmes.

The work programme of the new Von der Leyen Commission also includes the EPF. The Van der Leyen Commission's proposal on the MFF included a proposal to reduce funding for the EPF from €10.5bn to €4.5bn. The Special Meeting of the European Council (17-21 July 2020) agreed on a financial ceiling of € 5bn for the Facility for the period 2021-2027.

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As of 23 October 2020.

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