



## No Pain, No Gain: Taking PESCO to the Gym

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It is fair to assume that at least one out of three readers of this paper have at some point in their life accepted to join a group of friends to do regular sporting activities together. While this idea sounds great in principle (we become fitter while building our friendships), when the day comes, only a few of those who committed actually show up. Excuses abound: more important commitments; too busy; jealous friends who were not invited in the first place. This is why a much more effective method of keeping commitments is through peer-pressure: having a designated buddy keeping tabs on you, making sure you show up and help you do the work. Vice versa, you are responsible for helping and motivating another friend, until the square is circled. So, what does Permanent Structured Cooperation (PESCO) have to do with becoming fitter? Everything.

### **THE TIME IS NOW**

The decision of 25 EU members in 2017 to deepen their defence cooperation by launching PESCO has been the topic of numerous analyses,

perhaps most notably in this outlet. Despite the enthusiasm with which PESCO was received, even its staunchest supporters now start to doubt its chances of success. A ravaged post-COVID19 European economic front is accelerating the urgency to spend expectedly strained defence budgets smartly, that is coordinated and jointly. In a dark sense, the timing of the coronavirus pandemic could be used as an opportunity during the ongoing PESCO strategic review process to capitalise on this urgency. A close inspection shows that at least 17 of the current PESCO projects could leave the participating Member States (pMS) [better prepared](#) for the next health crisis. But if PESCO doesn't start to concretely deliver in the next years, it will likely become a mere addition to a rather abundant list of failed plans for tighter EU defence cooperation. A peer-reviewing process could just be the incentive PESCO needs to make its wheels turn faster.

The list of PESCO criticisms is generous. While some argue that the initial *avantguard* intention behind PESCO failed due to its indulgent membership, others highlight that too few pMS have put their hearts and souls into it. Some of its projects fall short in terms of filling capability gaps and are anyway not advancing fast enough,

one often hears. Finally, its 20 [binding commitments](#) are not enforceable despite their legality and there is no *naming-and-shaming* foreseen in the annual assessments. So, we have PESCO, we need PESCO, but PESCO does not work as we need it to. Questions on the drivers of PESCO projects and broader political motivations for delivery thus emerge.

At the end of the day, PESCO's broad aim is to ensure that pMS, through deeper collaboration, achieve a fitter defence posture and the ability to undertake the range of missions in accordance with the EU level of ambition. Ideally, jointly developing projects should also result in a stronger shared strategic culture and deepen interoperability and cooperation. Similarly to an unmotivated friend, more pressure through peer-reviewing could play a catalyst role in achieving one's ambitions, be they fitness or defence capabilities. This brief puts forward an argument for the benefits of a peer-reviewing system in PESCO inspired by that of the Organisation for Economic Co-operation and Development (OECD).<sup>1</sup> On the eve of PESCO's first strategic review, it is time to make PESCO more strategic.

### **A PESCO PEER-REVIEWING PROCESS. OPPORTUNITY FOR ANOTHER ACRONYM?**

Peer-reviewing is believed to hone a wide range of benefits, including improved performance, increasing mutual trust and creating a system of mutual accountability. The OECD [defines](#) peer-reviewing as a 'systematic examination and assessment of the performance of a State by other States, with the ultimate goal of helping the reviewed State improve its policy-making, adopt best practices and comply with established standards and principles'. Peer-reviewing naturally relies on mutual trust and on pMS' confidence in the process. In this sense, it is distinguished from peer-pressure, which in itself can condition the effectiveness of a peer-review,

depending on the 'influence and persuasion exercised by the peers'. The latter can thus form a solid basis for generating peer-pressure. If the OECD can launch a peer-review process mandated by its Ministerial Council, why couldn't the EU?

The preconditions for establishing a functional one-to-one peer-reviewing mechanism in PESCO would entail pMS ownership and unanimity regarding implementation, indicators and conditions. Willingness to provide the required staffing as well as access to internal structures and information are sine qua non. The responsibility for guaranteeing a credible process would lie with the coordinating body (plausibly the PESCO Secretariat). Though 'fair' indicators might be difficult for all pMS to agree upon, more precise political guidance stemming from the upcoming strategic reflection – set to culminate in a [Strategic Compass](#) – could serve as benchmarks for assessing countries' performance.

A performance-based ranking of pMS at the end of a cycle could be envisioned, though the ranking per se might prove counterproductive (and likely politically unacceptable) given the differences between Members' defence apparatuses and political (wo)manpower to deliver. Nevertheless, a precedent exists. The EU has been conducting a [single market scoreboard](#) since 1997. The scoreboard evaluates how EU rules were applied and how Member States contributed to the improvement of the single market. Its latest edition, published in July 2019, for example, uses a traffic light system to [rank](#) each country based on performance indicators. Such a system is thus not only palatable but could also provide an opportunity to demonstrate that the EU is more than the largest single market and trade bloc, but also a cohesive defence actor.

The EU's Coordinated Annual Review on Defence (CARD) could, in theory, address several issues a peer-review process would aim to solve but, in its current state, it cannot. Though the rationale behind having a CARD process is sound, its voluntary character and narrow focus on the Capability Development Plan is unlikely to nudge Member States towards better implementation. A peer-reviewing process would be more appropriate for at least four reasons. First, having the pMS firmly in the driver's seat would shield the system from claims of transferring additional responsibilities to the EU since it would unfold in the spirit of the intergovernmental principle. Second, a more mixed grouping of EU stakeholders (as in the PESCO Secretariat, which includes the EDA, the EEAS and the EUMS) is more suited to coordinate such an exercise, rather than a single actor as is the case with CARD, which is led by the European Defence Agency. Third, concrete observations and recommendations resulting from a review would complement the technical reporting provided through CARD and feed into a larger capability development picture. And finally, the political and diplomatic dimensions of a peer-review system are more fitted to generate delivery incentives and trigger reform in national defence planning processes compared to a largely technocratic report highlighting shortfalls.

NATO's Defence Planning Process (NDPP) showcases the value of political pressure for generating results. The so-called C-1 'multilateral' meetings during each NDPP cycle is the place where each Ally's progress and planning are 'exposed' and up for debate by all the others. While this NATO context is irreproducible in the EU, it does illustrate that similar peer-pressure and scrutiny can yield results in terms of cohesion and filling capability targets.

The OECD argues that the greatest pressure to act occurs when performance assessments are made public. In an EU/PESCO context, this role could fit the European Parliament (EP) –at the time of writing demanding in a draft [report](#) that deepening defence cooperation be proportional with its scrutiny responsibilities in defence - like a hand in a glove. The recommendations at the end of a peer-review cycle need not be legally binding, at least not at first, but instead provide concrete, tailored and realistic steps to be taken. The EP could, in theory, serve as an additional layer of pressure for pMS to deliver.

Granted, security and defence are a more delicate area for peer-reviews than, say, development, due to the confidentiality and sensitivity of the data involved. However, as PESCO has the aim to deepen defence and military cooperation between its members and to jointly develop defence capability projects, sensitive-information sharing is implicit. On the one hand, it would be at the reviewee's discretion what information to share with the reviewer. But on the other, the more information is shared, the more a country can demonstrate its efforts in meeting obligations. Transparency can be an opportunity for a country to legitimise a course of action. Plus, how could opponents justify themselves given their country's legal commitments and reinforcing discourse around PESCO?

Though the most adept follower of peer-reviews, having made use of them since its creation, the OECD is not alone. Others have made use of such systems to incentivise members to deliver, including the IMF, the UN, the WTO, and as exemplified above, even the EU. So why not envision a PESCO peer-reviewing process (PPRP)?

### HOW WOULD IT WORK?

The subjects of peer-review would logically be PESCO pMS following a sequence and attribution established by the PESCO Secretariat as part of the broader PESCO governance. The latter would have the delicate task of developing a methodology (based on pre-agreed criteria) and a bespoke pairing system. The principle of ‘everyone is equal before the Law’ applies in such a system as big countries could (and should) find themselves reviewed by smaller countries. As the impartial body, the PESCO Secretariat could support the whole PPRP much alike a railway traffic planning and management keeping all the trains running on schedule (maybe not the Belgian one). The impartiality of its staff is imperative.

In practice, peer-reviews would entail close exchanges, field missions and staff secondments of civil servants in the reviewee’s relevant ministry (usually defence). The reviewed country thus assumes responsibility for facilitating these activities and for disclosing information. Precedents exist here too. The established practice of Franco-German staff secondment across ministries, for example. Or the custom of seconding civil servants to the EU Council Presidency holder. Professional socialisation, networking and better mutual understanding would thus be facilitated by the PPRP, particularly between paired countries that might not have the strongest bilateral relationship. Reviewers could, for example, evaluate intra-ministry coordination between desk officers dealing with the different capability development processes, linkages with the national and international defence industry, including SMEs, to identify eye-catching projects and suitable companies to implement existing ones, but also ensuring robust channels between the relevant departments and political cabinets or help

improve dialogues with civil society and academia.

This practice would not entail additional financial commitments – the PESCO Secretariat is financed from the EU budget (or includes seconded experts from MS) - and civil servants from each pMS would equally be posted through secondments. The minimal human resource effort would be worth it given the significant potential for added-value. For most countries, particularly those with more rigid bureaucratic structures, this process could even be a stimulus for national and institutional reform.

A PPRP cycle could take one year: the review as such 9 months; the performance evaluation and report drafting in the remaining months. The reviewee could also submit an evaluation report for the purpose of fine-tuning the PPRP as it evolves. The peer-review report would assess performance according to pre-defined criteria (potentially resulting from the ongoing strategic reflection), against the binding commitments, the Annual Report, and the National Implementation Plan (NIP) of the previous year. Submitting the NIPs alongside the peer-review report would provide PESCO members and the High Representative with more tools not only for evaluating performance but also national project implementation.

Once established, the PPRP should have a regularity of at least 5 years with initially a yearly review cycle before its overall effectiveness can be evaluated. The ongoing PESCO strategic review is an ideal opportunity to table this proposal. Its evaluation could then be subject to the 2025 strategic review.

### WHAT DOES THE LAW OFFER?

A PPRP could be institutionalised and attached to the binding commitments through a Council Decision. Since with the establishment of PESCO Member States ‘made more binding commitments to one another’ (Article 42.6, TEU), it could be inferred that they are also accountable to one another. This process could simply feed into the annual assessment conducted by the High Representative.

Jointly fulfilling capability shortfalls is a key goal of PESCO. Hence, any process that would stimulate deeper cooperation, shared experiences and capability development processes through advice, institutional reform and budgetary efficiency (getting more bang for the buck) should be welcomed.

Since pMS adopt projects by unanimity, it would follow that such a process would also require it. Unanimity is desirable to ensure the credibility of the process and the ownership of pMS. The first step would be for the Political and Security Committee (PSC) to table this proposal, as articulated by the PESCO Secretariat. It would then be discussed in the PESCO formats of the Politico-Military Group and the EU Military Committee. Finally, it would arrive on the table of PESCO Defence Ministers in the Foreign Affairs Council.

‘The assessors’, the 2017 PESCO [notification](#) notes, ‘will focus on the credibility of PESCO commitments by screening Member States NIPs, factual provisions and contributions to projects’. While this provision makes reference to the PSC, it could be understood more widely to provide a mandate to peer-reviewers. As a final legal remark, the [Council Decision](#) establishing PESCO would also make a PPRP compliant with at least three of the 20 binding commitments<sup>2</sup>. In

other words, the legal space is there for s/he who wishes to see it.

### WHAT ARE THE BENEFITS?

A peer-review mechanism could help PESCO fulfil the ‘4 Cs’ listed in the notification for achieving common security and defence: coherence, continuity, coordination and collaboration. It is a win-win scenario: the reviewee is under pressure to deliver and receives tailored advice, while the reviewer takes home lessons-learned. PESCO as a whole becomes a tighter group with a coherent way forward. At the same time, *naming-and-shaming* would be proportionate since pMS are equally exposed and at risk of criticism. This could either serve as an incentive to perform (fearing the shame) or altogether avoid giving any rough criticism to ensure reciprocity (shameless). To avoid the latter, the PESCO Secretariat can ensure a rotation each cycle that avoids close overlaps between reviewee and reviewer, as ideally one pMS reviews another each year of the first five.

This process would uphold the treasured intergovernmental character of European defence while potentially increasing its Europeanisation. Leaping into the PPRP would take pMS out of their comfort zone and cement bilateral cooperation in diverse constellations while benefiting overall European defence cooperation. Ideally, it would also lead to PESCO earning a reference in national defence planning processes. This would have the twofold effect of increasing its legitimacy and justifying financial commitments to PESCO projects.

The working assumption of positive experiences and results stemming from a PPRP, could endow national politicians with concrete deliverables to show voters at home. This could be part of a wider citizen awareness and strategic communication campaign about the threats and

challenges faced by the continent. Done correctly, this could ensure more citizen buy-in and thus higher stakes for delivering PESCO - together with the whole EU defence package.

Solidarity between Member States stems from mutual trust and joint stakes: just as countries on the Atlantic coast could become more empathetic to Eastern Members' threat perceptions, so could Europe's South to its North. These are building blocks of a shared strategic culture and convergence. Sharing best practices, lessons learned, and staff-to-staff exchanges through a PPRP would provide pMS with a solid basis for increasing mutual trust. The timing could not be more ripe as the transatlantic security guarantee becomes more shaky and EU Members realise with every crisis that they can only rely on each other. But reliance rests on trust.

## CONCLUSION

Business as usual clearly does not work as it was hoped. A peer-review mechanism is an opportunity to switch gears and develop a new way of cooperating. Without risking a Europe of two or three speeds, showing vulnerability to a peer usually serves to build trust, empathy and, oftentimes, integration.

A PPRP would substantiate the annual assessment of PESCO and its projects. It would also depoliticise sensitive decisions such as scraping certain projects or even enacting the nuclear Article 46.4 TEU to suspend pMS that are not delivering. The "nuclear" option is never easy, but recurring evidence of malperformance could be the ammunition needed to pull the trigger. The nuclear option could even foresee a role for the EP to weigh into this decision and provide an extension of scrutiny.

Finally, realising a European Defence Union

requires compliance with the rules, better incentives and greater strategic convergence. Though uncomfortable at first, a peer-review system would help Member States advance towards this goal. But, as your motivated gym-buddy would say: no pain, no gain.

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## ENDNOTES

<sup>1</sup> The basis for the technical arguments regarding peer-reviewing mechanisms has been the OECD's study 'Peer Review. An OECD Tool for Co-operation and Change' from 2003.

<sup>2</sup> For example: (b) committing pMS to 'bring their defence apparatus into line with each other' and by 'encouraging cooperation'; 13, committing to agree on 'common technical and operational standards of forces'; and (d), 'work together to ensure that they take the necessary measures to make good'