



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 17 April 2013

8474/13

FIN 191

COVER NOTE

from:	Mr Janusz LEWANDOWSKI, Member of the European Commission
date of receipt:	16 April 2013
to:	Mr Brian HAYES, President of the Council of the European Union
Subject:	Transfer of appropriations No DEC 06/2013 within Section III - Commission - of the general budget for 2013

Delegations will find attached Commission document DEC 06/2013.

Encl.: DEC 06/2013



BRUSSELS, 15/04/2013

GENERAL BUDGET - 2013
SECTION III - COMMISSION TITLES 23, 40

TRANSFER OF APPROPRIATIONS N° **DEC 06/2013**

EUR

FROM

CHAPTER - 4002 Reserves for financial interventions

ARTICLE - 40 02 42 Emergency aid reserve

Commitments	- 38 000 000
Payments	- 12 000 000

TO

CHAPTER - 2302 Humanitarian aid including aid to uprooted people, food aid and disaster preparedness

ARTICLE - 23 02 02 Food aid

Commitments	38 000 000
Payments	12 000 000

I. INCREASE

a) Heading

23 02 02 - Food aid

b) Figures at 25/03/2013

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	259 187 000	226 941 029
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	0
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3. Final appropriation for the year (1A+1B+2)	259 187 000	226 941 029
4. Utilisation of final appropriation	209 000 000	67 734 738
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5. Amount not used/available (3-4)	50 187 000	159 206 291
6. Requirements up to year-end	88 187 000	171 206 291
7. Increase proposed	38 000 000	12 000 000
8. Increase as percentage of appropriation in budget (7/1A)	14.66%	5.29%
9. Increase, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a	n/a

c) Receipts arising from recovery (carried over) (C5)

	Commitments	Payments
1. Appropriation available at start of year	12 693	114
2. Appropriation available on the 25/03/2013	10 201	0
3. Rate of utilisation [(1-2)/1]	19.63%	100.00%

d) Detailed grounds for the increase

On 15 March 2013 the overall implementation rate of the food aid budget line was at 80.6% in commitments and 26.6% in payments appropriations.

This high implementation rate is in conformity with the operational strategy and budgetary planning for 2013 established by the Commission, which was presented to the Council Working Party on Humanitarian and Food Aid (COHAFA). Based on its humanitarian needs assessment, the Commission establishes for the protracted crises a preliminary budget allocation at country and regional level for the year ahead. For 2013 this budget allocation for the Sahel region amounts to EUR 12 million for humanitarian aid and EUR 38 million for food aid, and for Chad to EUR 19 million for humanitarian aid and EUR 4 million for food aid. In line with the Council and European Parliament orientations, at least 15% of the initial operational budget line remains unallocated to address changing priorities and new emerging needs.

Applying this methodology the unallocated amount (operational reserve) of the initial food aid budget was initially set at EUR 50 million (some 19% of the annual amount). This operational reserve has to be seen in conjunction with the operational reserve on the humanitarian aid budget line which is at this time of the year at an historic low of EUR 28 million.

The initial HIP allocations of EUR 50 million for Sahel and EUR 23 million for Chad are clearly not sufficient to cover the escalating needs. A reinforcement of EUR 38 million is requested from the Emergency Aid Reserve (EAR) in order to meet the needs following the food crisis in the Sahel region (including Chad) and ensure a proper future intervention capacity.

Given the current level of payment appropriations still available on the Food Aid line, the Commission has limited its request to EUR 12 million (around one third of the amount in commitments). Taking account of implementation, and possibilities for redeployment later in the year, this amount may need to be supplemented at a later date.

This transfer request is accompanied by two other requests (Mali and Syria/Syrian refugees) for transfer from the Emergency aid reserve, following the changes in the Financial Regulation (Article 29.2). The Commission is therefore submitting a separate proposal for each emergency action.

For a detailed description of the humanitarian situation in the Sahel region and the use of funds, please refer to the annex.

II. DECREASE

a) Heading

40 02 42 - Emergency aid reserve

b) Figures at 25/03/2013

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	264 115 000	80 000 000
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	0
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3. Final appropriation for the year (1A+1B+2)	264 115 000	80 000 000
4. Utilisation of final appropriation	0	0
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5. Amount not used/available (3-4)	264 115 000	80 000 000
6. Requirements up to year-end	n/a	n/a
7. Proposed decrease	38 000 000	12 000 000
8. Decrease as percentage of appropriation in budget (7/1A)	14.39%	15.00%
9. Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a	n/a

c) Receipts arising from recovery (carried over) (C5)

	Commitments	Payments
1. Appropriation available at start of year	0	0
2. Appropriation available on the 25/03/2013	0	0
3. Rate of utilisation [(1-2)/1]	n/a	n/a

d) Detail grounds for the transfer

The Emergency Aid Reserve (EAR) is intended to allow a rapid response to the specific aid requirements of third countries following an event which could not be foreseen when the budget was established. The EAR is first and foremost for humanitarian operations, but also for civil crisis managements and protection where circumstances so require (Point 25 of the Inter-institutional Agreement signed on 17 May 2006).

SAHEL/CHAD

Key financial information	Sahel	Chad
Previous year: total amount in 2012	EUR 141.5 million	EUR 59 million
Amount in the World Wide Decision 2013	EUR 50 million	EUR 23 million
Additional (already approved) credits from the Operational Reserve from the 2013 Budget of which: Humanitarian Implementation Plan (revision) Emergency Decisions Additional credits from the Emergency Aid Reserve (EAR)		
Other EU Funding (Development cooperation, etc.)		EUR 34.05 million
Other donors (<i>source Financial Tracking Service (FTS) as of 06/03/2013</i>)	USD 59 527 617 (or EUR 45 777 139) (for EU Member States (MS) see details in the table at the end)	USD 38 746 708 (or EUR 29 558 904) (for EU MS see details in the table at the end)

Additional needs (as of 1 March 2013)	Sahel	Chad
Total needs	EUR 30 million	EUR 8 million
When are the credits needed	Now	Now
Breakdown by country (if applicable)	Not applicable	Not applicable
Financed from	EAR	EAR

Why do we need additional funding?

The EUR 50 million allocation to respond to food insecurity in the Sahel at the beginning of 2013 permitted the Commission to contribute to funding life-saving needs, like the treatment of acute malnutrition and associated diseases in children under five years of age and pregnant and lactating women. In the context of the continuing food and nutrition crisis in the Sahel, an estimated 10 million people are considered food insecure and over one million children are suffering from severe acute malnutrition.

Recent updated information now shows that the number of people at risk is growing rapidly. Initial hopes for a reasonable harvest and adequate food stocks in 2013 in the Sahel have proven to be too optimistic notably as a consequence of the damage from massive flooding in the food producing areas of Nigeria, which is a key producer in the region and an important source of supply to the markets of neighbouring countries. The resulting fall in production is already causing shortages and rapidly rising food prices across the region. Those are already over 30% above the five years average in Niger and in Burkina Faso. In Chad, they are higher now than the record high prices of December 2011, following the harvest failure of that year. Prices throughout the region are expected to rise further until at least the end of the "hungry period" in September 2013. This is of major concern as at least half of the population of the Sahel is dependent on market access to purchase cereals to maintain food security and survival. Many of these people are from the most vulnerable households with little access to land and very few economic assets. Their resilience has been badly damaged as a result of the crisis in 2012 and their dependency on scarce day labour opportunities to find the money to buy increasingly expensive food puts them at severe risk. Many households are already incurring debts and other negative coping mechanisms to survive, as shown by the recent Commission's field monitoring visits. They are entering the "hungry" period three to four months earlier than normal.

A recent survey in Burkina Faso showed that 40% of households are already highly in debt. These households do not have the capacity to maintain this as a coping mechanism. Without access to cash transfers from a seasonal social safety nets programme they will fall rapidly into severe crisis. Some governments of the region (Burkina Faso and Niger) have been proactive in preparing national response plans. Others, such as Chad, are falling behind. In some of these countries, humanitarian actors are preparing humanitarian response plans. A donor alert has been prepared by the Regional Food Security and Nutrition Working Group (RFSNWG) indicating the most urgent needs. This includes an appeal for USD 716.5 million in immediate additional humanitarian aid to support operations to increase food and nutrition security and stresses the need for urgent implementation to mitigate the risk of a serious food crisis as the "hungry period" starts. So far 5% of the total funding requirements (United Nations estimates) for the Sahel have been met as of 1 March 2013. It is expected that with the rapidly evolving situation and the deterioration of the socio-economic situation in many countries of the Sahel, the caseload of those in urgent need of humanitarian assistance will increase in the coming months.

The extent of food insecurity in northern Nigeria is of particular concern. Humanitarian agencies are working to establish the scale of the potential humanitarian caseload as a result of the crop losses due to flooding, but given the size of the population of northern Nigeria (over 60 million people) and their already high vulnerability and weakened resilience from last year crisis, this is expected to be massive. Global Acute Malnutrition rates are already over the alert threshold in many regions.

In Chad, based on the Commission's latest field monitoring visits, the number of people in need of food aid is estimated to reach or exceed one million beneficiaries, i.e. the double of the figure initially projected by the World Food Program (WFP) Protracted Relief and Recovery Operations. This figure is expected to be substantially revised following the results of the Emergency Food Security Assessment in March/April this year. The latest analyses, issued on 6 March 2013, indicate that 5 Sahel regions of Chad have severe acute malnutrition rates that are greater than or equal to the emergency threshold (15%). The causes of malnutrition are numerous, and not only linked to food production. The number of severely malnourished children targeted by United Nations Children's Fund (UNICEF) for nutritional care in Chad in 2013 has been revised upwards, from 126 000 to 150 000 children under 5, following projections based on the latest 2012 statistics.

What for?

The additional funding will help address additional needs in terms of emergency food assistance operations and provide funds for early pilot operations to strengthen resilience and improve the coping capacity of the most vulnerable households. Cash transfers will be the main instrument as they encourage household self-sufficiency and provide reassurance to farmers and small traders that there is liquidity at local level to purchase food, including highly nutritious food items. This helps to maintain commercial pipelines to smaller markets and maintain price stability by multiplying the commercial sources of food and support local value chains. However, the response will be tailored to the specific context and other response mechanisms, such as targeted food assistance and supplementary feeding of children under five, will also be considered when required.

In Niger and to some extent in Burkina Faso and Nigeria, the humanitarian food assistance will be designed with the additional objective of supporting the creation of the predictable and sustainable social safety net programmes that are urgently needed in the region to address the chronic food insecurity of the poorest sections of the population. Special attention will also be given to reinforcing the humanitarian response capacity in countries of Sahel where this is considered to be too weak.

In Chad, some of the funds will be used by WFP to cover 50% of the needs of 425 000 beneficiaries with half rations for four months, starting in June 2013. If the funds can be pledged in time, they will enable WFP to mobilise supplementary resources to procure and deliver aid in a timely manner (as in Chad delivery time takes four months).

The UNICEF operation in Chad, which has been scaled up, is currently only 11% funded. Some of the amount requested will strengthen UNICEF's contribution, notably to guarantee the continuation of the care of 150 000 malnourished children and ensure the ready-to use therapeutic foods' (RUTF) pipeline, which is only financed until April 2013.

Other Relevant Information

Actions funded in the context of this extension to the 2013 HIP for Sahel will play a very important role in proving the effectiveness of action to strengthen resilience in the Sahel and help to anchor resilience in local government development priorities in the Global Alliance for Resilience Initiative context.

EU Member States' contributions to the Sahel and Chad as indicated in the Commission's database Emergency and Disaster Response Information System (EDRIS) for 2012 (Sahel) and 2013 (Sahel and Chad)			
Donor	Commitments in EDRIS		
	Sahel		Chad
	Total 2012 (cash and in-kind)	Total 2013 (cash and in-kind)	Total 2013 (cash and in-kind)
Austria	EUR 1 900 000		
Belgium	EUR 750 000		
Czech Republic	EUR 77 948		
Denmark	EUR 5136 218		
Estonia	EUR 170 000		
Finland	EUR 6 375 000		
France	EUR 20 405 707		
Germany	EUR 29 419 479		EUR 1 000 000
Hungary	EUR 28 185		
Ireland	EUR 6 175 000		
Italy	EUR 2 015 500		
Luxembourg	EUR 6 015 430		
Malta	EUR 15000		
Netherlands	EUR 18 241 864		
Poland	EUR 120 668		
Romania	EUR 30 000		
Spain	EUR 9 623 328		
Sweden	EUR 23 969 863		
United Kingdom	EUR 26 845 158	EUR 24 675 213	EUR 2 150 000
Total Member States	EUR 157 314 348	EUR 24 675 213	EUR 3 150 000