



**COUNCIL OF
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COVER NOTE

from:	Mr Janusz LEWANDOWSKI, Member of the European Commission
date of receipt:	18 April 2012
to:	Mr Bjarne CORYDON, President of the Council of the European Union
Subject:	Transfer of appropriations No DEC06/2012 within Section III - Commission - of the general budget for 2012

Delegations will find attached Commission document DEC06/2012.

Encl.: DEC06/2012



EUROPEAN COMMISSION

BRUSSELS, 16/04/2012

GENERAL BUDGET - 2012
SECTION III - COMMISSION TITLES 23, 40

TRANSFER OF APPROPRIATIONS N° **DEC 06/2012**

EUR

FROM

CHAPTER - 4002 Reserves for financial interventions
ARTICLE - 40 02 42 Emergency aid reserve

Commitments	- 25 000 000
Payments	0

TO

CHAPTER - 2302 Humanitarian aid including aid to uprooted people, food aid and disaster preparedness
ARTICLE - 23 02 02 Food aid

Commitments	25 000 000
Payments	0

I. INCREASE

a) Heading

23 02 02 - Food aid

b) Figures at 26/03/2012

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	251 580 000	230 602 367
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	0
3. Final appropriation for the year (1A+1B+2)	251 580 000	230 602 367
4. Utilisation of final appropriation	250 350 000	86 712 541
5. Amount not used/available (3-4)	1 230 000	143 889 826
6. Requirements up to year-end	26 230 000	143 889 826
7. Increase proposed	25 000 000	0
8. Increase as percentage of appropriation in budget (7/1A)	9.94%	0.00%
9. Increase, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 23(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 17a of the implementing rules	n/a	n/a

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

	Commitments	Payments
1. Appropriation available at start of year	392 627	0
2. Appropriation available on the 26/03/2012	391 662	0
3. Rate of utilisation $[(1-2)/1]$	0.25%	n/a

d) Detailed grounds for the increase

At 1 March 2012 the overall implementation rate of commitment appropriations of the food aid budget line (chapter 23 03) was at 99.4%.

This high implementation rate is in conformity with the operational strategy and budgetary planning for 2012 established by the Commission and which was presented to the Development Committee (DEVE) of the European Parliament and to the meeting of Council Working Party on Humanitarian and Food Aid (COHAFA).

Based on humanitarian needs assessment, undertaken internally and by its technical experts present in the field, the Commission establishes, for protracted crises, a preliminary budget allocation at country level for the year ahead. 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 of the initial food aid budget was initially set at EUR 51 million. During the first quarter 2012 an amount of EUR 50 million has been used for the Sahel Region, leaving an unused balance for further interventions in new or worsening crises of EUR 1.6 million.

The scale of the crisis in Sahel goes beyond the purpose of the humanitarian aid operational reserve and, an adequate intervention capacity needs to be maintained for further interventions in the multiple small scale and other unforeseen crises that might occur during the remaining 9 months of 2012. For these reasons a reinforcement of EUR 25 million in commitment appropriations is requested to meet urgent needs arising from the food crisis in the Sahel region and ensure a proper future intervention capacity.

With respect to payment appropriations the Commission herewith does not request budgetary reinforcement taking into account that, at this stage of the year, there are still sufficient payment appropriations on the budget lines concerned.

For a detailed description of the context and the planned use of the funds for the Sahel Region, please see the Annex.

II. DECREASE

a) Heading

40 02 42 - Emergency aid reserve

b) Figures at 26/03/2012

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	258 937 000	90 000 000
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	0
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3. Final appropriation for the year (1A+1B+2)	258 937 000	90 000 000
4. Utilisation of final appropriation	0	0
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5. Amount not used/available (3-4)	258 937 000	90 000 000
6. Requirements up to year-end	233 937 000	90 000 000
7. Proposed decrease	25 000 000	0
8. Decrease as percentage of appropriation in budget (7/1A)	9.65%	0.00%
9. Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 23(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 17a of the implementing rules	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 26/03/2012	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).

EXPLANATORY MEMORANDUM**ADDITIONAL COMMITMENT APPROPRIATIONS REQUESTED FOR
THE BUDGET LINE 23 02 01 FOOD AID IN ORDER TO COVER INCREASED HUMANITARIAN NEEDS FOR THE
FOOD CRISIS IN SAHEL REGION – SITUATION AT 01/03/2012**

This explanatory memorandum provides the context of the humanitarian situation in the Sahel Region and the justification for the urgent need to allow the Commission to cope with the situation.

1. REGIONAL CONTEXT

The Sahel is again facing a major food crisis. Niger, Chad, and Mauritania are hardest hit but the crisis is region wide affecting a wide band of countries across the entire Sahel belt including Senegal, Mali and Burkina Faso. Most of the governments concerned have already declared a state of emergency and called for international assistance. Niger was first in October 2011, followed by Mauritania, Mali and Burkina Faso in November. Chad requested international community assistance on 21 December. The risk of severe localised food crises across the West African Sahel region has also been confirmed by the Permanent Interstate Committee for Drought Control in the Sahel.

The cause of this current crisis is again low food production as a result of the poor harvest following erratic rains during the 2011/2012 agricultural season, combined with rapidly rising food prices and the prevailing near exhaustion of resilience, and therefore, increased vulnerability faced by many segments of the local population.

2. HUMANITARIAN SITUATION

The shortfall in food production in the Sahel is estimated at over 2.5 million tons. The deficits in Chad and Mauritania are estimated at 50% and in Niger 30%. This low level of production and therefore consequent low level of household reserves means that many of the most affected households will fall into serious food shortage very early in 2012. The "hungry period" normally from May/June to September is expected to start already in February.

Already high food prices (average of over 50% over the past 5 year norm) have continued to rise rapidly, further reducing access to food for the poorest.

Nearly 12 million people are now considered to be at risk of food insecurity.

This new crisis is aggravating the ongoing quasi-permanent nutrition emergency in the Sahel, affecting in particular the children under the age of 2 and their mothers.

An estimated 1 million children will need treatment for Severe Acute malnutrition (SAM) in the Sahel in 2012. The cost of treatment (estimated at EUR 100 on average per child) far exceeds the cost of preventative health and nutrition care and targeted livelihoods support (estimated at EUR 20 on average per child).

The spill-over from the crises in Ivory Coast and Libya have led to the mass return of migrant-workers to their Sahel countries of origin, greatly reducing remittances to a dependent local economy.

3. PRIORITY NEEDS

The 2012 Linking Relief Rehabilitation and Development based Sahel response of EUR 45 million (EUR 35 million in the Sahel Humanitarian Implementation Plan (HIP) with a further EUR 10 million drawn from the Chad HIP) foresees funding to cover the needs of 300 000 malnourished children in a "normal" year. In view of the developing crisis, however, additional funds are needed to respond to the expected additional caseload in severe risk of food insecurity as a result of the localised deficits and high food prices. A first emergency decision of EUR 10 million has been adopted in December 2011 to mitigate the impact of food shortages on most vulnerable households. All funds from these two decisions have been allocated. Activities such as targeted cash transfers, further vulnerability assessments surveys such as Household Economy Analysis and positioning stocks of nutritional food have already started.

The rapidly increasing scale of the food crisis in the Sahel is now evident with clear data on the extent of the food shortages and the number of people affected. The food production shortfall is established at over 2.5 million tons with nearly 12 million people considered at risk of food insecurity. Of these nearly 3 million are estimated to be at severe risk. These figures will rise as the annual hungry period between harvests is starting abnormally early (already in February). The World Food Program (WFP) released an up-dated appeal on 24 February giving their overall funding needs alone at nearly USD 809 million and stating that their target was to feed 8.8 million people during the hungry period in the Sahel in 2012. Most of the funds requested are for cereals for general food distribution (GFD) food assistance to the most vulnerable. Effective targeted GFD either done through local government agencies or WFP will be essential in preventing mass hunger in the Sahel this year. So far only just over USD 100 million of their appeal have been met. The current shortfall is nearly USD 695 million.

What is particularly worrying is how close this new crisis has followed the last crisis in 2010 in the Sahel. The Sahel is in the front line of climate change. The resilience of the most vulnerable households (estimated at over 20% of the population) is at near zero. They have had no time to rebuild reserves and assets and in many cases are still repaying debts incurred to buy food during the previous crisis. Humanitarian agencies throughout the region are reporting increasing numbers of children who need treatment for acute malnutrition. Sahel governments' food stockpiles are currently at a very low level and will not be adequate to provide subsidised and free distribution of cereals to the most needy at the scale that will be required over the next months. And with rapidly rising food prices in one of the poorest regions of the world, a growing percentage of the most vulnerable population are being locked out of the market for food. There is therefore a race against time to pre-position and distribute the food and other assistance to avert a major disaster. Government food security and humanitarian action needs to be rapidly scaled up to meet the surge of additional populations falling into crisis.

In the context of the above additional caseload and to fund specific activities to respond to the food crisis, additional funding of EUR 50 million on the top of the initial EUR 45 million in the Commission's Sahel response has been allocated to the 2012 Sahel HIP. With the addition of these extra funds, the Commission will be able to respond to the crisis through increased support for the most vulnerable populations through activities such as the scaling-up of Cash & Voucher transfers; purchase of food stocks for General Food Distribution; implement Blanket feeding operations to provide nutrition supplements for children from 6 to 24 months old and pregnant and breastfeeding women, and reinforce nutrition and treatment operations to deal with acute malnutrition in children under 5 years of age, and for pregnant and lactating women.

4. OVERVIEW OF EXISTING AND PLANNED EU ASSISTANCE FOR THE SAHEL REGION

The crisis is in constant progress and therefore the appeals of funds and the contributions from the Member States arrive progressively which explains why completeness cannot be ensured yet in the Commission and United Nations Office for the Coordination of Humanitarian Affairs' (UN OCHA) databases.

Nevertheless, to give a rough idea of the current state of play from UN OCHA, the current total contribution from the donors community (excluding the Commission and EU Member States) for Niger, Nigeria, Chad, Mauritania, Senegal, Mali, Cameroon and Burkina Faso stands already at USD 98.6 million with an additional pledged amount of USD 25.5 million.

Through its humanitarian aid budget the Commission will invest a total amount of EUR 123.5 million: EUR 85 million through the HIP Sahel, EUR 28.5 million through the HIP Chad and EUR 10 million from an end 2011 emergency decision.

As an additional response to the crisis, the Commission will commit EUR 42 million through its Food Security Thematic Program. The services are also working to make available a further EUR 122.5 million from the 10th European Development Fund reserve. It should also be noted that the Commission has already committed EUR 226.7 million to the Sahel region through the European Development Fund.

In a nutshell, the Commission's **immediate** response to this crisis will stand at a substantial amount of EUR 288 million.

	Million EUR
Humanitarian aid budget, of which	123.5
2012 HIP Sahel	85.0
2012 HIP Chad	28.5
end 2011 Emergency decision	10.0
Development aid budget, of which	42.0
Food Security Thematic Program	42.0
10th EDF reserve	122.5
TOTAL	288.0

A total of EUR 40 million (including the December 2011 emergency decision of EUR 10 million) has already been allocated by the European Commission to DG ECHO partners present in the region allowing them to start intervening at field level.

As explained above, a substantial increase in funding from the donor community is expected.

5. USE OF THE REQUESTED REINFORCEMENT

The Commission is requesting the mobilisation of the Emergency Aid Reserve for an amount of **EUR 25 million** in order to scale up the response to the increasing humanitarian needs for Sahel Region.

The additional funding will be utilised to respond to the priority needs as outlined in point 3 above. All the needs are in the food and nutrition sectors, where a substantial support to WFP operations is foreseen.