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COVER NOTE

from:	Mr Janusz LEWANDOWSKI, Member of the European Commission
date of receipt:	5 June 2012
to:	Mr Bjarne CORYDON, President of the Council of the European Union
Subject:	Transfer of appropriations No DEC13/2012 within Section III - Commission - of the general budget for 2012

Delegations will find attached Commission document DEC13/2012.

Encl.: DEC13/2012



EUROPEAN COMMISSION

BRUSSELS, 31/05/2012

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

TRANSFER OF APPROPRIATIONS N° DEC 13/2012

EUR

FROM

CHAPTER - 4002 Reserves for financial interventions

ARTICLE - 40 02 42 Emergency aid reserve

Commitments	- 40 000 000
Payments	0

TO

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

ARTICLE - 23 02 02 Food aid

Commitments	40 000 000
Payments	0

I. INCREASE

a) Heading

23 02 02 - Food aid

b) Figures at 16/05/2012

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	251 580 000	230 602 367
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	25 000 000	0
3. Final appropriation for the year (1A+1B+2)	276 580 000	230 602 367
4. Utilisation of final appropriation	246 383 740	112 239 065
5. Amount not used/available (3-4)	30 196 260	118 363 302
6. Requirements up to year-end	70 196 260	150 363 302
7. Increase proposed	40 000 000	0
8. Increase as percentage of appropriation in budget (7/1A)	15.90%	0.0%
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 16/05/2012	389 098	0
3. Rate of utilisation $[(1-2)/1]$	0.90%	n/a

d) Detailed grounds for the increase

At 15 May 2012 the overall implementation rate of commitment appropriations of the food aid budget line (chapter 23 02) was at 89.1%.

This high implementation rate is in conformity with the operational strategy and budgetary planning for 2012 established by the DG for Humanitarian Aid and Civil Protection (DG ECHO) 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 its humanitarian needs assessment, DG ECHO establishes, for the 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 operational reserve was initially set at EUR 152 million. During the first months of 2012 an amount of EUR 132 million has been used, the biggest requests being for the Sahel Region (EUR 50 million) and several new or aggravating crisis like the follow-up of the floods in Pakistan (EUR 20 million) and in South-East Asia (EUR 11 million), the Syria crisis (EUR 20 million) and the conflict in Mali (EUR 9 million). Taking into account some reassigned revenue, there is an unused balance for further interventions in new or worsening crises of EUR 46.5 million.

The scale of this disaster goes beyond the purpose of the DG ECHO operational reserve and, an adequate intervention capacity needs to be maintained for further interventions in the multiple small scale and other unpredictable disasters that might occur until the end of the year.

For these reasons a further reinforcement of EUR 40 million in commitment appropriations is requested in order to meet the increasing needs following the food crisis in the Sahel region and ensure a proper future intervention capacity.

No payment appropriations are requested at this point.

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 16/05/2012

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	258 937 000	90 000 000
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	-25 000 000	0
3. Final appropriation for the year (1A+1B+2)	233 937 000	90 000 000
4. Utilisation of final appropriation	0	0
5. Amount not used/available (3-4)	233 937 000	90 000 000
6. Requirements up to year-end	n/a	n/a
7. Proposed decrease	40 000 000	0
8. Decrease as percentage of appropriation in budget (7/1A)	15.45%	0.0%
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 16/05/2012	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 02 FOOD AID
IN ORDER TO COVER INCREASED HUMANITARIAN NEEDS FOR THE FOOD CRISIS IN SAHEL REGION
SITUATION AT 14/05/2012

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 (Directorate General for Humanitarian Aid and Civil Protection – DG ECHO) to cope with the situation.

1. REGIONAL CONTEXT

The food crisis in the Sahel is deepening with a worrying massive increase in the number of children requiring treatment for severe malnutrition, accentuated by failing rains and a low food harvest. Food prices throughout the region have continued to rise sharply with in some areas an increase of over 100% on normal years. This is increasing the vulnerability of the poorest households and pushing an increasing number of people over the edge into crisis. The peak of the "hungry period" will hit from June to September. The UN estimates are that nine million people need emergency assistance to help them survive this peak period. The countries hardest hit remain Niger, Chad, and Mauritania but the crisis is region wide affecting all the countries of Sahel including Burkina Faso, Senegal, Gambia and Mali. All of the governments concerned have declared a state of emergency and called for international assistance.

On top of the overall severe food crisis, the humanitarian situation in the Sahel has now been seriously aggravated by the impact of the Mali political crisis. Mali is now effectively cut in two with the northern part under the control of several armed groups, some of whom are seeking an independent homeland for the Touareg people and the rest affiliated to Arab militias seeking to impose an Islamic caliphate on the whole country. Nearly one-third of the population of northern Mali is either internally displaced or have fled as refugees to neighbouring countries. The humanitarian condition of the remaining civilian population in the north (estimated at one million) is of great concern as fighting and chaos have disrupted food movements and the functioning of basic services. The situation in the southern part of the country is equally complicated by the aftermath of an attempted military "coup d'état" which removed the previous democratic government but has left a political vacuum.

2. HUMANITARIAN SITUATION

The UN and regional bodies estimate that the shortfall in food production in the Sahel as result of erratic rains and the subsequent rise in food prices have together put 15 million people at risk of food insecurity of which over nine million are considered to be at severe risk. Humanitarian agencies are on the ground and working to mitigate the impact of the crisis and reduce the number of people exposed to hunger. Much has already been done over the past months to improve access to food for the most vulnerable and to strengthen capacity and resources to respond to the peak for the crisis inform June onwards. But much more will need to be done quickly to reduce the risk that the crisis will deteriorate into a full scale disaster with consequent high mortality and suffering.

UNICEF estimates that 1.4 million children will need treatment for Severe Acute Malnutrition (SAM) in the Sahel over the next months. 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).

3. PRIORITY NEEDS

The most urgent priority needs are to ensure access to food assistance for the population most at risk and scaling up the capacity to treat malnutrition. This will involve both the procurement and distribution of food commodities and the use of cash and voucher mechanisms. Continued support to the health sector will also be vital. The World Food Programme (WFP) is already working to bring in food and ensure that it is rapidly available to those in need. Many other aid agencies are using cash transfer schemes to boost the resilience of the most vulnerable and encourage small traders to bring food to market. However, the funding of the pipelines both for food for general distribution and of the specialised products for the treatment of malnutrition is not fully covered. A break in these pipelines would lead quickly to a major crisis and a rapid increase in suffering.

What is particularly worrying is how close this new crisis has followed and aggravated 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 case are still repaying debts incurred to buy food during the previous crisis. Humanitarian agencies throughout the region are reporting increasing numbers of children that need treatment for acute malnutrition. The Sahel governments' food stockpiles are currently at a very low level and will not be inadequate 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.

With the addition of extra funds, the Commission will 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. EUROPEAN COMMISSION'S STRATEGY FOR THE SAHEL IN THE RESPONSE TO THE CURRENT FOOD CRISIS

Based on lessons learned after the 2005 and 2010 crises, the Commission put in place a multi-sector strategy to fight malnutrition in the Sahel in a sustainable and permanent way. Targeted especially on children under 5 and pregnant and nursing women, this strategy mixes improved understanding and knowledge of the causes of malnutrition with support to innovative action to treat malnutrition and to advocate for the permanent inclusion of food and nutrition security as priority actions for Sahel governments. Over EUR 225 million has been spent in implementing this strategy since 2005. The knowledge and experience gained through this has prepared Commission services to respond quickly and adequately to new crises such as the one affecting the Sahel in 2012.

The Commission (DG ECHO) is implementing a phased approach with activities identified for funding relevant to each phase (Phase 1 – Mitigation; Phase 2 – Emergency response; Phase 3 – Recovery and resilience building).

- **Implementation of phase 1** enabled many partners to respond pro-actively to the growing crisis and position experienced staff and resources on the ground to try to mitigate the impact of the crisis. This included large scale assistance with cash transfer schemes. Considerable assistance was also provided to ensure that the pipelines of essential foods are well organised to ensure the availability of stocks when needed.
- **Implementation of phase 2**, which is the emergency response phase, is now well underway with support to partners on the ground to expand their action to respond to the growing humanitarian caseload.

- **Implementation of phase 3** which is the post-crisis recovery phase will start immediately after the current peak of the crisis to start to strengthen the coping mechanisms of the most vulnerable households which have been badly damaged during this crisis. A major focus will be on boosting resilience to increase their capacity to withstand further crises.

The third phase will be implemented in close coordination with relevant government and development agencies to ensure coherence and effectiveness. Humanitarian aid can only help in the short-term response to alleviate suffering and save lives. Increased prioritisation of food and nutrition security in public and development policies needs to be given a higher priority. The increasing frequency of food crises in the Sahel call for a more comprehensive and coordinated response from all actors.

The governments of the Sahel are already taking action within their means to do what they can to help their populations faced with the crisis. And they are also well aware of the need to invest much more in building resilience and develop long-term sustainable food production and to find permanent solutions to improve food security including tackling demographic growth. It is important that there is an increase in targeted and adequate long-term development assistance to help the governments address issues causing the structural food insecurity and chronic malnutrition affecting the region.

5. OVERVIEW OF EXISTING AND PLANNED ASSISTANCE FOR THE SAHEL REGION

The Commission (DG ECHO) has already allocated a total amount of **EUR 123.5 million** through the Humanitarian Implementing Plan (HIP) for the Sahel (**EUR 85.0 million** i.e. EUR 35.0 million from the initial HIP 2012 reinforced by EUR 25.0 million from the operational reserve and EUR 25.0 million from the Emergency Aid Reserve (EAR), the HIP Chad (**EUR 28.5 million** i.e. EUR 8.5 million reallocated from HIP 2011, EUR 10.0 million from HIP 2012 and EUR 10.0 million from an ad-hoc decision funded under the 10th EDF) and **EUR 10.0 million** of an end 2011 emergency decision.

In addition, The Commission (DG Europe Aid) is working to make available an extra EUR 164.5 million from the 10th EDF reserve and the Food Security Thematic Programme to strengthen the capacity of Sahel governments to provide food security for their people. However, most of these funds will only be available in the medium term and will arrive too late to have a mitigating impact on this year's crisis.

According to the Office for the Coordination of Humanitarian Affairs (OCHA), the total humanitarian requirements for Sahel food crisis in 2012 as described in the major interagency and government appeals are USD 923 879 444 of which 58% has been funded, leaving a present gap of about USD 387 million.

Summary of funding status in the region at 15/5/2012 in million USD¹

Country	Funding need	Funding received	%	Funding gap
Chad	179	216	121%	-37
Niger	393	145	37%	248
Burkina Faso	75	40	53%	35
Cameroon	27	11	40%	16
Mali	119	61	52%	58
Mauritania	65	31	47%	34
Nigeria	17	0	0%	17
Senegal	48	15	32%	33
Regional funding	1	18	1800%	-17
Total US\$	924	537	58%	387

¹ OCHA

The main single donor in the region is the US and the European Commission (DG ECHO) the second largest humanitarian donor. To date the combined European response (European Union and Member States) amounts to EUR 197.1 million² and is detailed below:

EU BUDGET AND EU MEMBER STATES CONTRIBUTIONS TO THE COUNTRIES OF THE SAHEL REGION IN 2012 - 15/05/2012	
<u>Donor</u>	<u>Contributions input in EDRIS³</u>
Austria	EUR 1 500 000
Belgium	EUR 2 000 000
Denmark	EUR 5 029 807
EU Budget	EUR 123 500 000
Estonia	EUR 50 000
Finland	EUR 7 575 000
France	EUR 10 500 000
Germany	EUR 13 118 791
Hungary	EUR 26 697
Ireland	EUR 1 750 000
Italy	EUR 500 000
Luxembourg	EUR 3 336 372
Netherlands	EUR 4 000 000
Spain	EUR 3 153 270
Sweden	EUR 9 114 981
United Kingdom	EUR 11 957 698
Total	EUR 197 112 617

6. USE OF THE REQUESTED REINFORCEMENT

The Commission is requesting the mobilisation of the Emergency Aid Reserve for an amount of EUR 40.0 million in commitment appropriations in order to scale up the response to the increasing humanitarian needs for Sahel Region, as a result of the food crisis and the conflict in Mali.

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

As concerns payment appropriations, the Commission considers that at this stage of the year, there are still sufficient availabilities within the humanitarian aid budget and therefore does not propose the use of the EAR.

² This does not include extra funding from Germany and Ireland of respectively EUR 15 M and EUR 5 M, announced very recently but not yet incorporated in EDRIS.

³ EDRIS – European Disaster Response Information System