



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 28 November 2012

16765/12

FIN 902

COVER NOTE

from:	Mr Janusz LEWANDOWSKI, Member of the European Commission
date of receipt:	27 November 2012
to:	Mr Vassos SHIARLY, President of the Council of the European Union
Subject:	Transfer of appropriations No DEC 47/2012 within Section III - Commission - of the general budget for 2012

Delegations will find attached Commission document DEC 47/2012.

Encl.: DEC 47/2012



BRUSSELS, 23/11/2012

GENERAL BUDGET - 2012

SECTION III - COMMISSION TITLES 01, 05, 19, 23, 40

TRANSFER OF APPROPRIATIONS N° DEC 47/2012

EUR

FROM

CHAPTER - 0103 International economic and financial affairs

ARTICLE - 01 03 02 Macroeconomic assistance

Commitments - 33 000 000

CHAPTER - 0506 International aspects of the 'Agriculture and rural development' policy area

ARTICLE - 05 06 01 International agricultural agreements

Commitments - 2 000 000

CHAPTER - 1906 Crisis response and global threats to security

ITEM - 19 06 01 01 Crisis response and preparedness (Instrument for Stability)

Commitments - 15 000 000

CHAPTER - 4002 Reserves for financial interventions

ARTICLE - 40 02 42 Emergency aid reserve

Payments - 15 700 000

TO

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

ARTICLE - 23 02 01 Humanitarian aid

Commitments 50 000 000

Payments 15 700 000

The implementation rate in the humanitarian aid chapter (23 02) stood at 96.7% as of 15 October 2012.

This year the humanitarian aid operational budget has already been reinforced four times through the mobilisation of the Emergency Aid Reserve (EAR) and redeployment within Heading 4, for a total amount of EUR 240 million for interventions in the Sahel region, Sudan and South Sudan, Syria, Yemen, Pakistan and the Horn of Africa.

The initial amount of the operational reserve (EUR 152 million) of the humanitarian aid budget and its subsequent reinforcements (EUR 240 million) have been used to respond to the following new or worsening humanitarian crises and disasters:

- EUR 90 million for the Sahel crisis to offer food assistance following the deepening drought;
- EUR 90 million for the people affected by the violence in Syria;
- EUR 25 million for Yemen, in particular for the Internally Displaced Persons (IDPs) in the South and acute malnutrition of children;
- EUR 35 million for Pakistan to cope with the consequences of the 2011 monsoon and the conflict in the country;
- EUR 40 million for humanitarian assistance in Sudan and South Sudan to cope with the consequences of the hostilities between the two countries and the exacerbation of internal conflicts;
- EUR 30 million for the on-going food crisis in the Horn of Africa;
- EUR 65 million for response to other natural disasters or worsening crises such as: the follow-up of the 2011 floods in South-East Asia, the food insecurity in Ethiopia, the follow-up to the floods in South Africa, IDPs and the tropical storm in Haiti.

As of 15 October 2012, the unallocated amount of the operational reserve available for further interventions in new or worsening crises, including assigned revenues from previous years, stood at EUR 21.4 million.

The currently requested budgetary reinforcement of EUR 50 million will be used to provide humanitarian assistance for the following crises:

- Sudan/South Sudan:
Additional funding of EUR 30 million in commitment appropriations is requested in order to help address increased needs in terms of food, protection, water, sanitation, hygiene, shelter, medical supplies and nutritional items, for both countries and to increase the presence of partners providing basic services in key locations of South Sudan (reinforced presence in the five border states and in Jonglei; reaction capacity in the rest of the country). The expectation is that most of the additional funding would be used in South Sudan. However, flexibility must be preserved to ensure reactivity to changing events on the ground so as to be able to allocate funds on the basis of both needs and access.
- Mali:
Additional funding of EUR 20 million in commitment appropriations is requested in order to tackle the dramatic situation in the region. An estimated 4.6 million people are considered at serious risk of food insecurity. More than 400 000 people are directly affected by the violence of the conflict in northern Mali and over 320 000 people are displaced. The additional funding will be used for emergency assistance on health, nutrition, water and sanitation, logistical support, emergency protection, shelters, non-food items.

The scale of these crises goes beyond the purpose of the operational reserve of the humanitarian budget. The amount currently available in the reserve has to be preserved in order to maintain an adequate intervention capacity for further interventions in the multiple disasters and crises that might occur till the end of the year.

Therefore, a further reinforcement of EUR 50 million in commitment appropriations is needed for the humanitarian aid budget line 23 02 01.

As of 15 October 2012, the level of available payment appropriations in the humanitarian aid chapter (including assigned revenues from previous years) is extremely low – EUR 5.8 million which may, in the short term, affect the Commission's capacity to meet its contractual obligations. It should be recalled that the Commission generally makes a pre-financing payment of 80% to its partners at the start of the humanitarian operations, while the remaining balance is paid following completion of the operation.

For these reasons and keeping in mind the rapid absorption capacity that may impact on sound financial management, the Commission requests a reinforcement in payment appropriations for the amount of EUR 15.7 million still available under the Emergency Aid Reserve.

In conformity with the provisions of the Inter Institutional Agreement of 17 May 2006 the Commission has examined all possibilities for reallocations within Heading 4. As a result, the Commission proposes to meet the needs in commitment appropriations through redeployment within Heading 4 and the needs in payment appropriations through the mobilisation of the Emergency Aid Reserve.

For a detailed description of the context and the planned use of the funds, please see Annexes 1 and 2.

I. INCREASE

a) Heading

23 02 01 - Humanitarian aid

b) Figures at 15/10/2012

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	553 261 000	518 574 685
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	195 000 000	65 000 000
3. Final appropriation for the year (1A+1B+2)	748 261 000	583 574 685
4. Utilisation of final appropriation	713 251 384	577 880 662
5. Amount not used/available (3-4)	35 009 616	5 694 023
6. Requirements up to year-end	85 009 616	5 694 023
7. Increase proposed	50 000 000	15 700 000
8. Increase as percentage of appropriation in budget (7/1A)	9.04%	3.03%
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	449 190	188 817
2. Appropriation available on the 15/10/2012	391 436	33
3. Rate of utilisation [(1-2)/1]	12.86%	99.98%

d) Detailed grounds for the increase

Please see the explanations provided in the introduction.

II. DECREASE

II.A

a) Heading

01 03 02 - Macroeconomic assistance

b) Figures at 19/10/2012

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	95 550 000	79 050 000
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	-57 000 000	-29 700 000
3. Final appropriation for the year (1A+1B+2)	38 550 000	49 350 000
4. Utilisation of final appropriation	48 316	30 289 789
5. Amount not used/available (3-4)	38 501 684	19 060 211
6. Requirements up to year-end	5 501 684	19 060 211
7. Proposed decrease	33 000 000	0
8. Decrease as percentage of appropriation in budget (7/1A)	34.54%	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 19/10/2012	0	0
3. Rate of utilisation [(1-2)/1]	n/a	n/a

d) Detail grounds for the transfer

For 2012, the Commission has foreseen EUR 38 million in commitment and EUR 19 million in payment appropriations for Macro-Financial Assistance (MFA) operations with Georgia and the Kyrgyz Republic. The Georgia MFA operation was proposed by the Commission in January 2011, the Kyrgyz MFA operation in December 2011. The approval of the MFA operations by the European Parliament and the Council in the context of the co-decision legislative procedure has been protracted. While Parliament and Council agree on the substance of the proposal, the use of the comitology procedure for the Memorandum of Understanding requires further conciliation efforts. A trilogue meeting on 16 October 2012 in the context of the second reading on the Georgia MFA showed no further convergence; it will therefore not be feasible to commit and pay the above amounts until end of 2012.

Therefore, EUR 33 million in commitment appropriations can be made available to respond to the humanitarian crises in Mali and Sudan/South Sudan.

II.B

a) Heading

05 06 01 - International agricultural agreements

b) Figures at 16/10/2012

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	6 360 000	5 780 674
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	0
3. Final appropriation for the year (1A+1B+2)	6 360 000	5 780 674
4. Utilisation of final appropriation	3 665 357	3 631 626
5. Amount not used/available (3-4)	2 694 643	2 149 048
6. Requirements up to year-end	694 643	2 149 048
7. Proposed decrease	2 000 000	0
8. Decrease as percentage of appropriation in budget (7/1A)	31.45%	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 16/10/2012	0	0
3. Rate of utilisation $[(1-2)/1]$	n/a	n/a

d) Detail grounds for the transfer

This budget line covers the EU contribution to the International Grains Council (IGC), the International Sugar Organisation (ISO) and the International Olive Oil Council (IOOC). Commitments and payments for these contributions are made within the same budget year. In 2012 the contributions to these organisations were substantially reduced: The contribution to the IOOC was lower than expected since some budgetary surpluses of the IOOC from previous budget years were carried over to 2012. This has led to a decrease in EU's contribution. In addition, the contributions to the International Sugar Organisation and International Grains Convention are paid in pounds sterling. Changes in the exchange rate and in the number of votes eventually attributed to the EU in these organisations resulted in a reduction of the Union's contribution in euro.

Therefore, commitment appropriations of EUR 2 million can be made available to respond to the humanitarian crises in Mali and Sudan/South Sudan.

II.C

a) Heading

19 06 01 01 - Crisis response and preparedness (Instrument for Stability)

b) Figures at 16/10/2012

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	232 834 000	150 772 596
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	-1 000 000
3. Final appropriation for the year (1A+1B+2)	232 834 000	149 772 596
4. Utilisation of final appropriation	135 378 414	128 502 636
5. Amount not used/available (3-4)	97 455 586	21 269 960
6. Requirements up to year-end	82 455 586	21 269 960
7. Proposed decrease	15 000 000	0
8. Decrease as percentage of appropriation in budget (7/1A)	6.44%	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	697	519 279
2. Appropriation available on the 16/10/2012	697	0
3. Rate of utilisation [(1-2)/1]	0.00%	100.00%

d) Detail grounds for the transfer

The budget line is designed to ensure the quick release of emergency financing in response to, among others, crises, emerging crises and post-crisis situations, as well as preparedness, confidence-building, mediation and reconciliation. The assistance is therefore short-term, un-programmed and provided through a large number of small-scale projects. The funding committed or in pipeline for 2012 amounts to EUR 82.4 million.

Therefore, EUR 15 million in commitment appropriations can be made available to respond to the urgent humanitarian needs for Mali and Sudan/South Sudan.

II.D

a) Heading

40 02 42 - Emergency aid reserve

b) Figures at 16/11/2012

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	258 937 000	90 000 000
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	-163 662 600	-74 300 000
	<hr/>	<hr/>
3. Final appropriation for the year (1A+1B+2)	95 274 400	15 700 000
4. Utilisation of final appropriation	0	0
	<hr/>	<hr/>
5. Amount not used/available (3-4)	95 274 400	15 700 000
6. Requirements up to year-end	95 274 400	0
7. Proposed decrease	0	15 700 000
8. Decrease as percentage of appropriation in budget (7/1A)	0.00%	17.44%
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 16/11/2012	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).

A reinforcement from the EAR for an amount of EUR 15.7 million in payment appropriations is requested.

SUDAN/SOUTH SUDAN

Key financial information	
Previous year: total amount in 2011	EUR 140 million
Amount in the World Wide Decision (WWD) 2012	EUR 87 million
Additional (already approved) credits from the Operational Reserve of which: Humanitarian Implementation Plan (new) Emergency Decisions	EUR 40 million
Additional credits from the Emergency Aid Reserve (EAR) and redeployment within heading 4	EUR 40 million
Other EU funding (Development Cooperation, etc.)	EUR 330 million for South Sudan (2011-2013) EUR 151 million for Sudan (2011-2013)
Other donors (Source Financial Tracking Service on 08/10/2012)	EUR 234.69 million (see details per Member State in the table at the end)

Additional needs (as of 15 October 2012)	
Total needs	EUR 15 million
When are the credits needed	Now
Financed from	EAR or redeployment from other External Action Instruments.

Why do we need additional funding? (what is new?)

In addition to the World Wide Decision 2012 (EUR 87 million), the Commission has mobilised additional EUR 40 million in July 2012. This allowed it to scale up the response to the most acute needs in the period leading up to the end of the rainy season. The request was based on a number of assumptions. However, what was already a rather pessimistic outlook has, since then, further deteriorated:

- The number of refugees from South Kordofan (SK) and Blue Nile (BN) has increased from 154 000 in June to over 207 000 and is expected to further increase when roads become passable again, as from November, after the rains. Given the extent of conflict in SK and BN they are not expected to return any time soon.
- The number of displaced and otherwise affected people in SK and BN has increased from 350 000 in June to over 650 000 even though many are still not accessible. The outlook is also negative.
- Matters stemming from the independence of South Sudan and from unresolved North/South issues, which increase the threat of insecurity and humanitarian needs, including:
 - The need to prepare for an increased inflow of returning people (of Southerners still living in the North – 123 000 have already returned this year and the pace is expected to increase after the rainy season); many will need assistance for resettlement.
 - United Nations (UN) agencies are conducting an assessment of extremely vulnerable persons in these conditions, who may need assistance from the international community for transportation to their country of origin, in addition to the assistance upon return.

- Jonglei: the cycle of Murle / Nuer inter-tribal fighting is now compounded by a recent major militia offensive. The situation is still unfolding but the early September attack on Lekongole produced 7000 (new) Internally Displaced Persons (IDPs). Pibor, a major town, is now being targeted, with the potential of multiplying the numbers of IDPs. All that is left behind is looted or destroyed, including the crops. The impact on food security and nutritional status of the population is even more severe as Jonglei already had pockets of serious levels of malnutrition – this unfolding crisis will require donor attention and increased funding. Partners are also preparing for the next cycle of retaliation between Murle and Nuer tribes, expected after the rains.
- Floods in the Southern states bordering Sudan and in Jonglei are further impacting on the grain harvest and the forecast is that the country will not be able to produce more than 50% of its needs, this year.

Although a deal on the future of Abyei is still far from reaching, with the consequent 100 000 IDPs in the South, the withdrawal of all military forces from Abyei at the end of May seems to be gradually leading to a return process. The numbers of returnees are still modest (11 500 so far), but are expected to increase after the harvest (people planted in the places of displacement and will not leave before reaping). This will entail the need for humanitarian assistance for resettlement.

What for?

The additional funding requested will help address the increased needs in terms of food, protection, water, sanitation and hygiene, shelter, medical supplies and nutritional items, for both countries (to re-stock the so-called "pipelines" that have been drained by the new caseloads of refugees and IDPs and to prepare for increased influxes, expected after the end of the rainy season) and to beef up the presence of partners providing basic services in key locations of South Sudan (reinforced presence in the five border states and in Jonglei; quick reaction capacity in the rest of the country).

The expectation is that most of the additional funding would be used in South Sudan. However, flexibility must be preserved to ensure reactivity to changing events on the ground so as to be able to allocate funds on the basis of both needs and access.

This request takes into account the access constraints in Sudan and the capacity constraint in South Sudan. It is based on the latest developments on the ground and on deteriorating trends (increasing numbers of refugees into South Sudan and of those displaced in the North, returning people, Jonglei multiple crises, deteriorating nutritional and food security situation, notably in South Sudan). It does not cater for a massive expulsion of Southerners that would require a full-fledged air evacuation, or for a scenario of access opening up in Sudan (as this is unlikely to happen unless there is a major political change). It does not foresee to respond to the food insecurity resulting from the decision of South Sudan to shut down oil production (by for instance working on urban populations) as this would constitute a bail out of the Government of South Sudan's decision.

Overview of existing and planned assistance

The European Union (EU) Member States' contributions as encoded in the Commission's database Emergency and Disaster Response Information System (EDRIS) amount to EUR 234.69 million and are detailed below:

EU Member States' contributions to Sudan and South Sudan in EDRIS for 2011 - 2012	
<u>Donor</u>	<u>Contributions input in EDRIS¹</u>
Belgium	EUR 8 672 353
Czech Republic	EUR 321 495
Denmark	EUR 40 064 079
Estonia	EUR 130 000
Finland	EUR 15 040 000
France	EUR 7 450 369
Germany	EUR 35 276 365
Hungary	EUR 35 000
Ireland	EUR 9 870 719
Italy	EUR 10 521 987
Luxembourg	EUR 2 512 500
Netherlands	EUR 22 279 259
Poland	EUR 225 341
Slovenia	EUR 70 000
Spain	EUR 12 327 873
Sweden	EUR 69 897 870
Total	EUR 234 695 214

¹ EDRIS – European Disaster Response Information System

MALI/SAHEL

Key financial information	
Previous year: total amount in 2011	
Amount in the World Wide Decision (WWD) 2012	
Additional (already approved) credits from the Operational Reserve of which: Humanitarian Implementation Plan (new) Emergency Decisions Additional credits from the Emergency Aid Reserve (EAR) and redeployment within heading 4	EUR 19 million
Other EU funding (Development Cooperation, etc.)	EUR 15 million of development cooperation aid to respond to the food crisis
Other donors (Source Financial Tracking Service as of 12/10/2012)	EUR 27.36 million (see details per Member State in the table at the end)

Additional needs (as of 15 October 2012)	
Total needs	EUR 20 million
When are the credits needed	Now
Financed from	EAR or redeployment from other External Action Instruments.

Why do we need additional funding? (what is new?)

The humanitarian situation is deteriorating in Mali as the political crisis is aggravating the impact of the already existing food crisis. An estimated 4.6 million people are now considered at serious risk of food insecurity. As food prices continue to rise and public services continue to collapse, especially in the north of the country, the resilience of the most vulnerable households is eroding rapidly and they continue being in need of humanitarian assistance.

Over 320 000 people are now displaced as a consequence of the conflict in northern Mali. More than 200 000 of these are refugees in neighbouring countries: Mauritania (108 953), Niger (58 312), Burkina Faso (34 877). In addition, nearly 120 000 people are registered as internally displaced in Mali itself. The number of those displaced is expected to rise as living conditions in the north continue to deteriorate and especially if military intervention takes place.

The available funds need to be increased to meet the additional needs in the currently deteriorating situation. Additionally, contingency planning for the humanitarian consequences of a possible military intervention has to be made.

Several months after arrival of refugees, some of their basic needs are still not covered, especially in terms of access to water and sanitation. Critical levels of malnutrition were found in the camp Mbera in Mauritania. Particular attention should be paid on protection issues.

What for?

Humanitarian response in northern Mali is increasing but remains difficult and limited. In addition to the on-going presence and efforts of Non-Governmental Organisations (NGOs), the International Committee of the Red Cross (ICRC) is a major humanitarian player in northern Mali. The ICRC has been involved from the beginning of the conflict and their actions have been particularly decisive providing, for instance, water supply of the 3 major cities of the region. In a context of severe food crisis, the ICRC has been able to organize massive food distributions in northern Mali. 160 000 people have benefited from this assistance. Other distributions are planned for more than 400 000 destitute people.

To date, the United Nations High Commissioner for Refugees (UNHCR) and ICRC appeals remain under funded. After successive budget revisions, ICRC financial needs amount to EUR 50 million, 50% of these funds are now covered. UNHCR has revised its annual budget to EUR 153 million to include assistance to refugees. Only EUR 59 million (38%) have been received.

The first Emergency Decision of EUR 9 million from the EU Humanitarian aid budget was approved in February 2012 to meet the urgent needs of displaced people and refugees, victims of the conflict in northern Mali. To respond to the deteriorating situation and the increase number of refugees, a second Emergency Decision of EUR 10 million was approved, adding to a total of EUR 19 million. To date, 90 % of the funds have been committed through the Commission's humanitarian aid partners: UNHCR (28%), United Nations (30%), ICRC (6%), NGOs (36%).

Based on evaluations made by partners and Commission's experts in the field, the immediate mobilization of an additional EUR 20 million is recommended. The funds could be used as follows:

Organisations	Activities	Possible funding from the European Union's budget
UNHCR	protection, shelters, non-food items	EUR 4 million
ICRC	emergency protection, food crisis	EUR 5 million
World Food Program (WFP)	food for refugees/logistical support	EUR 4 million
United Nations Children's Fund (UNICEF)	non-food items distributions for North Mali	EUR 2 million
NGOs based in Mauritania, Niger, Burkina Faso and Mali	emergency assistance on health and nutrition, water and sanitation	EUR 5 million
Total		EUR 20 million

Overview of existing and planned assistance

The European Union (EU) Member States' contributions as encoded in the Commission's database Emergency and Disaster Response Information System (EDRIS) amount to EUR 27.35 million and are detailed below:

EU Member States' contributions to Mali as indicated in EDRIS for 2011 - 2012	
<u>Donor</u>	<u>Contributions input in EDRIS²</u>
Austria	EUR 450 000
Belgium	EUR 750 000
Czech Republic	EUR 79 145
Denmark	EUR 1 782 327
Finland	EUR 1 100 000
France	EUR 3 204 573
Germany	EUR 4 100 000
Hungary	EUR 26 697
Ireland	EUR 340 000
Luxembourg	EUR 975 453
Netherlands	EUR 6 041 864
Spain	EUR 804 276
Sweden	EUR 4 424 891
United Kingdom	EUR 3 271 651
Total	EUR 27 350 878

² EDRIS – European Disaster Response Information System