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COVER NOTE

From:	Ms Kristalina GEORGIEVA, Vice-president of the European Commission
date of receipt:	30 September 2016
To:	Mr Peter KAZIMIR, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 26/2016 within Section III - Commission - of the general budget for 2016

Delegations will find attached Commission document DEC 26/2016.

Encl.: DEC 26/2016

I. DECREASE

I.1

a) Heading

01 03 02 - Macro-financial assistance

b) Figure at 16/09/2016

	Payments
1A Appropriation in budget (Initial Budget + AB)	79 669 000,00
1B Appropriation in budget (EFTA)	0,00
2 Transfers	0,00
3 Final appropriation for the year (1A+1B+2)	79 669 000,00
4 Utilisation of final appropriation	5 061 732,00
5 Amount not used/available (3-4)	74 607 268,00
6 Requirements up to year-end	67 107 268,00
7 Proposed decrease	7 500 000,00
8 Decrease as percentage of appropriation in budget (7/1A)	9,41 %
9 Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a

c) Receipts arising from recovery (carried over from previous year)

	Payments
1 Appropriations available at start of the year	0,00
2 Appropriations available on 16/09/2016	0,00
3 Rate of utilisation [(1-2)/1]	n/a

d) Detailed grounds for the transfer

In line with earlier forecasts, the Macro-financial Assistance (MFA) operation for the Kyrgyz Republic (EUR 15 million in grants) was fully disbursed in April 2016. The MFA operation for Georgia (EUR 23 million in grants), which was foreseen to be fully implemented in 2016, is currently experiencing delays and is likely to be proposed for carry-over into 2017. However, another MFA operation for Moldova which was in the pipeline for 2016 has not been proposed yet and is unlikely to be in place by the end of the year. As a result, the remaining payment appropriations can be made available.

I.2

a) Heading

40 02 42 - Emergency aid reserve

b) Figure at 16/09/2016

	Commitments
1A Appropriation in budget (Initial Budget + AB)	309 000 000,00
1B Appropriation in budget (EFTA)	0,00
2 Transfers	-85 622 134,00
3 Final appropriation for the year (1A+1B+2)	223 377 866,00
4 Utilisation of final appropriation	0,00
5 Amount not used/available (3-4)	223 377 866,00
6 Requirements up to year-end	213 377 866,00
7 Proposed decrease	10 000 000,00
8 Decrease as percentage of appropriation in budget (7/1A)	3,24 %
9 Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a

c) Receipts arising from recovery (carried over from previous year)

	Commitments
1 Appropriations available at start of the year	0,00
2 Appropriations available on 16/09/2016	0,00
3 Rate of utilisation [(1-2)/1]	n/a

d) Detailed grounds for the transfer

According to article 9 of the Multiannual Financial Framework the Emergency Aid Reserve (EAR) is intended to allow for a rapid response to specific aid requirements of third countries following events which could not be foreseen when the budget was established; first and foremost for humanitarian operations, but also for civil crisis management and protection, and situations of particular pressure resulting from migratory flows at the Union's external borders, where circumstances so require.

II. INCREASE

II.1

a) Heading

23 02 01 - Delivery of rapid, effective and needs-based humanitarian aid and food aid

b) Figure at 16/09/2016

	Commitments	Payments
1A Appropriation in budget (Initial Budget + AB)	1 061 821 941,00	1 428 753 205,00
1B Appropriation in budget (EFTA)	0,00	0,00
2 Transfers	85 622 134,00	117 500 000,00
3 Final appropriation for the year (1A+1B+2)	1 147 444 075,00	1 546 253 205,00
4 Utilisation of final appropriation	1 101 227 134,00	1 107 673 785,76
5 Amount not used/available (3-4)	46 216 941,00	438 579 419,24
6 Requirements up to year-end	56 216 941,00	446 079 419,24
7 Proposed increase	10 000 000,00	7 500 000,00
8 Increase as percentage of appropriation in budget (7/1A)	0,94 %	0,52 %
9 Increase, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) 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 from previous year)

	Commitments	Payments
1 Appropriations available at start of the year	306 860,31	20 141,75
2 Appropriations available on 16/09/2016	122 519,31	0,00
3 Rate of utilisation [(1-2)/1]	60,07 %	100,00 %

d) Detailed grounds for the transfer

More than one and a half year after the beginning of the conflict, Yemen has turned into the biggest humanitarian crisis in the world in terms of absolute numbers. 21.2 million people (82% of the population) are in need of humanitarian assistance. The severity of needs has intensified across humanitarian aid sectors in the first half of 2016.

Over 2.2 million people remain displaced and 950 000 have returned to their homes, but are living in dire conditions. The situation remains volatile due to the full resumption of the conflict after the failure of the peace talks. The number of internally displaced persons (IDPs) is expected to increase.

The food security situation remains grave and has further deteriorated as shown by recent reports: 7 million people are now considered in an emergency phase and 7.1 million people in a crisis phase of food insecurity.

Acute malnutrition represents an immediate concern, as the needs remain largely under-funded (only 20% of the financial requirements were covered as of mid-August).

Overall, only 26% of original requirements of the Yemen Humanitarian Response Plan (YHRP) 2016 were funded as of mid - August, forcing humanitarian organisations to reduce assistance including for the above-mentioned crucial areas.

Based on a thorough needs assessment, additional EU assistance in the amount of EUR 10 million is needed.

The magnitude of the identified needs for this crisis exceeds the current availabilities in the Humanitarian aid instrument.

As of 1 September, the overall implementation rate in commitment appropriations of the humanitarian aid chapter was at 96.6% (and 96.5% for the main line "Humanitarian aid and food assistance" 23 02 01). In payment appropriations it was at 72.3% for the humanitarian chapter and 71.5% for the main line 23 02 01. The current balance of EUR 38 million in commitment appropriations in the Operational Reserve for Humanitarian aid is needed to cover crises and natural disasters until the end of the year.

After having exhausted the possibilities for redeployment from other policy areas in Heading 4, the Commission proposes the mobilisation of EUR 10 million from the Emergency Aid Reserve in commitment appropriations.

The level of payment appropriations needed is established at 75% of the commitment appropriations, based on the average pre-financing rate of contracts signed in the first eight months of 2016. The corresponding EUR 7.5 million are redeployed from another budget line (see section I.1 above).

(For more information, see Annex 1).

ANNEX 1

REQUEST FOR BUDGETARY REINFORCEMENT YEMEN

Key data on funds allocated

2015	
Total amount committed for this crisis	50 000 000 EUR
2016	
Amount committed through the current year's initial HIP(s)	30 000 000 EUR
Reinforcements from:	
- Emergency Aid Reserve	30 000 000 EUR
- Small Scale Response	300 000 EUR
- Children of Peace	500 000 EUR
Total amount from EU Budget	60 800 000 EUR
Other EU funding (DEVCO, etc.)	32 000 000 EUR
Other donors (source Financial Tracking Service (FTS) 19/04/2016)	350 813 479 USD

Additional needs

Total needs	10 000 000 EUR
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Timing

September 2016

Why the additional funding is needed?

More than one and a half year into the conflict, Yemen has turned into the biggest humanitarian crisis in the world in terms of absolute numbers. 21.2 million people (82% of the population) are in need of humanitarian assistance. The severity of needs has intensified across humanitarian aid sectors, with no sign of improvement in the first half of 2016.

Over 2.2 million people are displaced and 950 000 have returned to their homes, but are living in dire conditions. The situation remains volatile due to the full resumption of the conflict after the failure of the peace talks. The number of internally displaced persons (IDPs) is expected to increase. In addition, recent data indicates increases of new arrivals of migrants and asylum seekers.

With only 26% of original requirements of the Yemen Humanitarian Response Plan (YHRP) 2016 funded by mid - August¹, humanitarian partners reviewed their planned activities to prioritise assistance for most crucial life-saving needs. As reflected in the

¹ Revised Yemen Humanitarian Response Plan 2016

revised YHRP 2016, the shortage of funding leads to decreases in several crucial activities such as: 1) food assistance and 2) treatment of moderate acute malnutrition (MAM), where supply is extremely difficult to obtain.

1) The food security situation remains dire and has further deteriorated as shown by recent reports. 14.1 million people are food insecure, 9 governorates are now classified as being in emergency food insecurity phase and 10 governorates are classified as crises. In terms of people, 7 million are now considered in an emergency phase and 7.1 million in crisis phase. Due to limited funding and lengthy lead times to import food, the World Food Programme (WFP) has decreased its target for sustained monthly emergency food assistance to 4 million people per month for the rest of the year, while the original target was set to rise progressively to 6 million by the end of the year. Even with these revised targets, funding is not sufficient to ensure the continuation of WFP's life-saving activities beyond October 2016. To maintain the assistance, the agency urgently needs additional funds (net requirements of USD 284.9 million between September 2016 and February 2017).

2) Acute malnutrition represents an immediate concern, as the nutrition sector remains under-funded (only 20% of the financial requirements were covered as of mid-August). Partners have to focus on Severe Acute Malnutrition (SAM) related activities, decreasing activities related to Moderate Acute Malnutrition (MAM). According to the revised YHRP, 1.9 million children and pregnant and lactating women will be targeted instead of 2.3 million, which represents a decrease of 17.2%, although the needs are increasing.

What will it be used for?

This additional funding will allow maintaining a minimal level of emergency food distributions among the conflict affected population and more specifically IDPs across the country. Further support to nutrition-related activities is also envisaged.

ANNEX 2

COMMISSION TRANSFER PROPOSALS RELATED TO THE EMERGENCY AID RESERVE IN 2016

The table below shows the transfer proposals transmitted to the Budgetary Authority to date during 2016 which relate to the Emergency Aid Reserve (EAR), and the remaining amount of the EAR reserve following the approval of these proposals.

Transfer Ref	Content	Commitment Appropriations from 2016 Reserve (EUR)	Commitment Appropriations from Reserve carried-over (EUR)	Payment Appropriations from 2016 Reserve (EUR)
DEC 05	Mobilisation of the EAR for additional humanitarian aid for the Syria crisis		150.000.000	
DEC 15	Mobilisation of the EAR for additional humanitarian aid for Sudan and South Sudan		40.000.000	27.000.000
DEC 16	Mobilisation of the EAR for additional humanitarian aid for Yemen	622.134	29.377.866	24.000.000
DEC 17	Mobilisation of the EAR for additional humanitarian aid for Iraq	30.000.000		23.000.000
DEC 18	Mobilisation of the EAR for additional humanitarian aid for Turkey	55.000.000		44.000.000
DEC 25	Mobilisation of the EAR for additional humanitarian aid for South Sudan	50.000.000		
DEC 26	Mobilisation of the EAR for additional humanitarian aid for Yemen	10.000.000		
DEC 27	Mobilisation of the EAR for additional humanitarian aid for Iraq	30.000.000		
	Total of Proposals	175.622.134	219.377.866	118.000.000
	Remainder	133.377.866	0	191.000.000
	Total remainder of commitment appropriations	133.377.866		