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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 27/2016 within Section III - Commission - of the general budget for 2016

Delegations will find attached Commission document DEC 27/2016.

Encl.: DEC 27/2016



BRUSSELS, 29/09/2016

GENERAL BUDGET - 2016
SECTION III - COMMISSION TITLES: 01, 19, 23, 40

TRANSFER OF APPROPRIATIONS N° DEC 27/2016

FROM

CHAPTER - 0103 International economic and financial affairs

ARTICLE - 01 03 02 Macro-financial assistance Payments -2 500 000,00

CHAPTER - 1903 Common foreign and security policy (CFSP)

ITEM - 19 03 01 04 Other crisis management measures and operations Payments -20 000 000,00

CHAPTER - 4002 Reserves for financial interventions

ARTICLE - 40 02 42 Emergency aid reserve Commitments -30 000 000,00

TO

CHAPTER - 2302 Humanitarian aid, food aid and disaster preparedness

ARTICLE - 23 02 01 Delivery of rapid, effective and needs-based humanitarian aid
and food aid Commitments 30 000 000,00
Payments 22 500 000,00

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	72 107 268,00
7 Proposed decrease	2 500 000,00
8 Decrease as percentage of appropriation in budget (7/1A)	3,14 %
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

19 03 01 04 - Other crisis management measures and operations

b) Figure at 16/09/2016

	Payments
1A Appropriation in budget (Initial Budget + AB)	116 835 000,00
1B Appropriation in budget (EFTA)	0,00
2 Transfers	0,00
3 Final appropriation for the year (1A+1B+2)	116 835 000,00
4 Utilisation of final appropriation	47 006 290,56
5 Amount not used/available (3-4)	69 828 709,44
6 Requirements up to year-end	49 828 709,44
7 Proposed decrease	20 000 000,00
8 Decrease as percentage of appropriation in budget (7/1A)	17,12 %
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	1 317 929,37
2 Appropriations available on 16/09/2016	0,00
3 Rate of utilisation $[(1-2)/1]$	100,00 %

d) Detailed grounds for the transfer

According to the current planning, there are no new Common Security and Defence Policy (CSDP) missions or actions to be launched in 2016. After taking into account all existing actions, EUR 20 million in payment appropriations can be made available to other needs in Heading 4.

I.3

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	193 377 866,00
7 Proposed decrease	30 000 000,00
8 Decrease as percentage of appropriation in budget (7/1A)	9,71 %
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	76 216 941,00	461 079 419,24
7 Proposed increase	30 000 000,00	22 500 000,00
8 Increase as percentage of appropriation in budget (7/1A)	2,83 %	1,57 %
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

In Iraq, 10 million people are in need of humanitarian assistance and 3.3 million people are internally displaced.

A military offensive to retake the town of Mosul and surrounding areas is already underway and is expected to intensify in the autumn of 2016. Massive emergency humanitarian needs and displacement are foreseen as a result, concentrated in Ninewa, Salah al-Din and Kirkuk governorates. Additional 2.16 million displaced people are expected by the end of 2016, in the worst case scenario, of which 660 000 people along the Mosul corridor and 1.5 million people likely to be impacted once the military operations advance into Mosul itself.

The 2016 UN Humanitarian Response Plan (HRP) is funded at 53% (EUR 408.4 million are still urgently required). Apart from the above HRP deficit, the Mosul Flash Appeal (EUR 284 million required for Mosul Preparedness only) and the Mosul crisis response (from EUR 142 million up to EUR 1.8 billion, in the worst case scenario) will also need to be funded.

Based on a thorough needs assessment, additional EU assistance in the amount of EUR 30 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 30 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 22.5 million are redeployed from other budget lines (see sections I.1 and I.2 above).

(For more information, see Annex 1).

ANNEX 1

REQUEST FOR BUDGETARY REINFORCEMENT - IRAQ

Key data on funds allocated

2015	
Total amount committed for this crisis	76 550 000 EUR
2016	
Amount committed through the current year's initial HIP(s)	50 000 000 EUR
Reinforcements from:	
- Operational Reserve	4 100 000 EUR
- Emergency Aid Reserve	50 000 000 EUR
Total amount from the EU budget	104 100 000 EUR
Other EU funding (DEVCO, IcSP)	64 700 000 EUR
Other donors (source Financial Tracking Service (FTS) 19/04/2016)	883 280 697 USD

Additional needs

Total needs	30 000 000 EUR
Timing	
September 2016	

Why the additional funding is needed?

In Iraq, 10 million people are in need of humanitarian assistance and 3.3 million people are internally displaced. A military offensive to retake Mosul and surrounding areas is being prepared and is expected to take place in the autumn. Massive displacement and emergency humanitarian needs are foreseen as a result, concentrated in Ninewa, Salah al-Din and Kirkuk governorates. Additional 2.16 million displaced people are expected by the end of 2016, in the worst case scenario, of which 660 000 people along the Mosul corridor and another 1.5 million people likely to be impacted once the military operations advance into Mosul itself.

Military operations along the Mosul corridor, in Al Qayyarah (Southern Ninewa Governorate) and Al Shirqat (Salah ad Din Governorate) districts, have intensified since mid-June, forcing 90 000 people to flee between 16 June and 6 September along two main trajectories: the vast majority went south towards Salah al-Din Governorate, while the others fled east ending up in Debaga. Military operations launched in mid-June in Hawija district and surrounding areas continue to force an increasing number of families from their homes, seeking safety on the territories controlled by the Iraqi Government.

The number of new arrivals in Kirkuk has tripled to over 2 500 people per week. 53 700 people have now been displaced from Mosul and surrounding areas.

The 2016 Humanitarian Response Plan (HRP) is funded at 53% (EUR 408.4 million are still urgently required). The total amount pledged so far at the Washington pledging event for Iraq is EUR 413 million. Apart from the HRP deficit (as above), the Mosul Flash Appeal (EUR 284 million required for Mosul Preparedness only) and the Mosul crisis response (from EUR 142 million up to EUR 1.8 billion, in the worst case scenario) also need to be covered.

The Commission has humanitarian partners that are prepositioned to scale-up operations in the locations likely to be most affected by the Mosul offensive (e.g. Ninewa, Salah al-Din, Kirkuk). The requested increase in funding would respond to current needs and ensure preparedness for larger displacements from Mosul corridor and Mosul until the end of the year.

What will it be used for?

The additional funding will allow addressing the increased needs, inter alia, in terms of life saving assistance to newly displaced people, emergency health, protection, water, sanitation and hygiene promotion (WASH), shelter and non-food items (NFIs), food aid. It will support mainly Iraqi Internally Displaced Persons (IDPs) and vulnerable host communities in the governorates most affected by displacement. It will also allow increasing operational capacity throughout the country, supporting emergency preparedness and response of humanitarian partners in the Mosul corridor and Mosul city, in view of current and foreseen massive humanitarian needs, as result of the military offensive in Mosul.

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		