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COVER NOTE

From:	Mr Günther OETTINGER, Member of the European Commission
date of receipt:	15 March 2017
To:	Mr Edward SCICLUNA, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 04/2017 within Section III - Commission - of the general budget for 2017

Delegations will find attached Commission document DEC 04/2017.

Encl.: DEC 04/2017



EUROPEAN COMMISSION

BRUSSELS, 14/03/2017

GENERAL BUDGET - 2017
SECTION III - COMMISSION TITLES: 23, 40

TRANSFER OF APPROPRIATIONS N° DEC 04/2017

FROM

CHAPTER - 4002 Reserves for financial interventions

ARTICLE - 40 02 42 Emergency aid reserve (Carry Over)	Commitments	-48 605 366,00
ARTICLE - 40 02 42 Emergency aid reserve	Commitments	-16 394 634,00
	Payments	-50 000 000,00

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	16 394 634,00
	Payments	50 000 000,00
ARTICLE - 23 02 01 Delivery of rapid, effective and needs-based humanitarian aid and food aid (Carry Over)	Commitments	48 605 366,00

I. DECREASE

I.1

a) Heading

40 02 42 - Emergency aid reserve (Carry Over)

b) Figure at 06/03/2017

	Commitments
1 Appropriation in budget (Carry Over)	98 605 366,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	98 605 366,00
4 Utilisation of final appropriation	0,00
5 Amount not used/available (3-4)	98 605 366,00
6 Requirements up to year-end	50 000 000,00
7 Proposed decrease	48 605 366,00
8 Decrease as percentage of appropriation in budget (7/1)	49,29 %
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 06/03/2017	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.

I.2

a) Heading

40 02 42 - Emergency aid reserve

b) Figure at 06/03/2017

	Commitments	Payments
1 Appropriation in budget (Initial Budget + AB)	315 000 000,00	315 000 000,00
2 Transfers	0,00	0,00
3 Final appropriation for the year (1+2)	315 000 000,00	315 000 000,00
4 Utilisation of final appropriation	0,00	0,00
5 Amount not used/available (3-4)	315 000 000,00	315 000 000,00
6 Requirements up to year-end	298 605 366,00	265 000 000,00
7 Proposed decrease	16 394 634,00	50 000 000,00
8 Decrease as percentage of appropriation in budget (7/1)	5,20 %	15,87 %
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	n/a

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

	Commitments	Payments
1 Appropriations available at start of the year	0,00	0,00
2 Appropriations available on 06/03/2017	0,00	0,00
3 Rate of utilisation [(1-2)/1]	n/a	n/a

d) Detailed grounds for the transfer

Same as page 2.

II. INCREASE

II.1

a) Heading

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

b) Figure at 06/03/2017

	Commitments	Payments
1 Appropriation in budget (Initial Budget + AB)	893 100 000,00	1 089 706 885,00
2 Transfers	0,00	0,00
3 Final appropriation for the year (1+2)	893 100 000,00	1 089 706 885,00
4 Utilisation of final appropriation	687 500 000,00	71 501 231,38
5 Amount not used/available (3-4)	205 600 000,00	1 018 205 653,62
6 Requirements up to year-end	221 994 634,00	1 068 205 653,62
7 Proposed increase	16 394 634,00	50 000 000,00
8 Increase as percentage of appropriation in budget (7/1)	1,84 %	4,59 %
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	484 791,50	3 147 073,32
2 Appropriations available on 06/03/2017	284 791,50	0,00
3 Rate of utilisation [(1-2)/1]	41,25 %	100,00 %

d) Detailed grounds for the transfer

Severe drought conditions have been declared in the Horn of Africa, with biggest impact on Somalia, South and South-East Ethiopia and North-East and coastal Kenya. The current crisis caused by consecutive failed rains in 2015 and 2016 is considered to be as bad as, if not worse than, the situation in 2010-2011, which led to famine in Somalia, killing an estimated 260 000 people.

In Somalia, the number of people in need is 6,2 million - half of the population. In Kenya, the President has declared the drought a 'national disaster' with an estimated 2,7 million people acutely food insecure - an increase from 1,3 million at the end of 2016. In Ethiopia, 5,6 million people are in urgent need of food assistance. In total, some 21 million people are affected by food insecurity and water scarcity.

In order to respond to these increasing humanitarian needs, a total of EUR 65 million in commitment appropriations are requested in addition to the initial EUR 60,1 million allocated for this crisis in 2017. EUR 50 million in payment appropriations are also needed.

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

As of 16 February, the overall implementation rate in commitment appropriations in the Humanitarian aid chapter 23 02 is 78%, whereas for payment appropriations it is 4%. The current balance of EUR 118 million in commitment appropriations in the Operational Reserve (OR) for Humanitarian aid is needed to cover crises and natural disasters until the end of the year.

The Commission has also considered possibilities for redeployment from other policy areas in Heading 4. However, at this stage of the year no available funds have been identified. The Commission therefore presents a request for the mobilisation of the Emergency Aid Reserve (EAR) for EUR 65 million in commitment appropriations, as well as EUR 50 million in payment appropriations for the above mentioned crisis.

(For more information, see Annex 1).

II.2

a) Heading

23 02 01 - Delivery of rapid, effective and needs-based humanitarian aid and food aid (Carry Over)

b) Figure at 06/03/2017

	Commitments
1 Appropriation in budget (Carry Over)	0,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	0,00
4 Utilisation of final appropriation	0,00
5 Amount not used/available (3-4)	0,00
6 Requirements up to year-end	48 605 366,00
7 Proposed increase	48 605 366,00
8 Increase as percentage of appropriation in budget (7/1)	n/a
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

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

	Commitments
1 Appropriations available at start of the year	484 791,50
2 Appropriations available on 06/03/2017	284 791,50
3 Rate of utilisation [(1-2)/1]	41,25 %

d) Detailed grounds for the transfer

Same as pages 4 and 5.

ANNEX 1

Horn of Africa

2016	
Total amount committed for this crisis (including European Development Fund)	EUR 171 000 000
2017	
Amount committed through the current year's initial Humanitarian Implementation Plan (HIP) relating to this crisis	EUR 60 050 000 (incl. EUR 27 500 000 for Ethiopia, EUR 8 800 000 for Kenya and EUR 23 750 000 for Somalia)
Funds already committed this year for this crisis from the:	
- Operational Reserve	0
- Education in Emergencies	0
Total amount from EU Budget committed this year (i.e. total revised HIP and/or Emergency Decisions)	EUR 60 050 000

Additional needs	
Total needs	EUR 65 000 000
Indicative breakdown by country (if applicable)	
- Ethiopia	EUR 15 000 000
- Kenya	EUR 5 000 000
- Somalia	EUR 45 000 000

Timing
As soon as possible

Why the additional funding is needed?
<p>Severe drought conditions have been declared in the Horn of Africa, with biggest impact on Somalia, South and South-East Ethiopia as well as North-east and coastal Kenya. The current situation, which is due to the accumulated effects of consecutive failed rains in 2015 and 2016, is considered to be as bad as, if not worse than, the pre-drought conditions in 2010-2011, which led to famine in Somalia in July 2011, killing an estimated 260 000 people. Some 21 million people are currently affected by food insecurity and water scarcity. The Office for the Coordination of Humanitarian Affairs is about to launch an operational Plan for Pre-famine Scale up of Humanitarian Assistance.</p> <p>In Somalia, the number of people in need has increased drastically to 6,2 million - half of the population. 2,9 million people face food insecurity at crisis and/or emergency level. 363 000 children are acutely malnourished. In Kenya, President Kenyatta declared the drought a "national disaster" with the Kenyan Red Cross Society reporting that 2,7 million people are acutely food insecure and in need of food assistance - an increase from 1,3 million at the end of last year. In Ethiopia, 5,6 million people are in urgent need of food assistance.</p>

Unlike the 2011 drought, the international community is well aware of the situation and there is still time for **early action** (between now and June) that would prevent the situation from escalating into famine in Somalia, that would cause displacements, dramatic increase in malnutrition and finally destabilise the whole region.

What will it be used for?

In order to respond to the increasing humanitarian needs in the Horn of Africa, an additional amount of EUR 65 million is requested to complement the current humanitarian response. It will help prevent the crisis from turning into a catastrophe, by protecting assets and livelihoods and stepping up immediate humanitarian assistance. This would take the form of treatment of severe acute malnutrition of children under 5, emergency food assistance, water supply and livelihood protection (livestock especially), with a strong focus on cash transfers.

ANNEX 2

COMMISSION TRANSFER PROPOSALS RELATED TO THE EMERGENCY AID RESERVE IN 2017

The table below shows the transfer proposals transmitted to the Budgetary Authority to date during 2017 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 2017 Reserve (EUR)	Commitment Appropriations from Reserve carried-over (EUR)	Payment Appropriations from 2017 Reserve (EUR)
DEC 03	Mobilisation of the EAR for additional humanitarian aid for Lake Chad		50.000.000	17.258.000
DEC 04	Mobilisation of the EAR for additional humanitarian aid for the Horn of Africa	16.394.634	48.605.366	50.000.000
DEC 05	Mobilisation of the EAR for additional humanitarian aid for Yemen	20.000.000		16.000.000
	Total of Proposals	36.394.634	98.605.366	83.258.000
	Remainder	278.605.366	0	231.742.000
	Total remainder of commitment appropriations	278.605.366		