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COVER NOTE

From:	Mr Günther OETTINGER, Member of the European Commission
date of receipt:	27 June 2017
To:	Mr Edward SCICLUNA, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 15/2017 within Section III - Commission - of the general budget for 2017

Delegations will find attached Commission document DEC 15/2017.

Encl.: DEC 15/2017



BRUSSELS, 26/06/2017

GENERAL BUDGET - 2017
SECTION III - COMMISSION TITLES: 04, 05, 23, 40

TRANSFER OF APPROPRIATIONS N° DEC 15/2017

FROM

CHAPTER - 0405 Instrument for Pre-Accession Assistance -- Employment, Social Policies and Human Resources Development

ARTICLE - 04 05 51 Completion of actions (prior to 2014) -- Instrument for Pre-Accession Assistance -- Human resources development	Payments	-8 200 000,00
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CHAPTER - 0506 International aspects of the 'Agriculture and rural development' policy area

ARTICLE - 05 06 01 International agricultural agreements	Commitments	-2 300 000,00
	Payments	-2 300 000,00

CHAPTER - 4002 Reserves for financial interventions

ARTICLE - 40 02 42 Emergency aid reserve	Commitments	-87 700 000,00
	Payments	-59 500 000,00

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	90 000 000,00
	Payments	70 000 000,00

I. DECREASE

I.1

a) Heading

04 05 51 - Completion of actions (prior to 2014) -- Instrument for Pre-Accession Assistance -- Human resources development

b) Figure at 13/06/2017

	Payments
1 Appropriation in budget (Initial Budget + AB)	50 000 000,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	50 000 000,00
4 Utilisation of final appropriation	26 183 025,10
5 Amount not used/available (3-4)	23 816 974,90
6 Requirements up to year-end	15 616 974,90
7 Proposed decrease	8 200 000,00
8 Decrease as percentage of appropriation in budget (7/1)	16,40 %
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 13/06/2017	0,00
3 Rate of utilisation [(1-2)/1]	n/a

d) Detailed grounds for the transfer

The Instrument for Pre-Accession Assistance (IPA) I regulation foresees that the combined total of pre-financing and interim payments shall not exceed 90% of the Community contribution as set out in the financial table of the operational programme.

Following decommitments under the automatic n+3 decommitment rule, the 90% ceiling was automatically reduced. As a result, the payment forecasts were revised downwards.

Furthermore, due to an increase in the pace of payments in 2016, the budget line was reinforced by payment appropriations amounting to EUR 17,3 million (EUR 16,0 million via the global transfer exercise and EUR 1,3 million from the European Social Fund) in order to process received and pending payments. This has an impact on the payment needs in 2017. An amount of EUR 8,2 million can therefore be made available for transfer from the line.

I.2

a) Heading

05 06 01 - International agricultural agreements

b) Figure at 13/06/2017

	Commitments	Payments
1 Appropriation in budget (Initial Budget + AB)	8 105 849,00	8 105 849,00
2 Transfers	0,00	0,00
3 Final appropriation for the year (1+2)	8 105 849,00	8 105 849,00
4 Utilisation of final appropriation	4 145 775,12	4 145 775,12
5 Amount not used/available (3-4)	3 960 073,88	3 960 073,88
6 Requirements up to year-end	1 660 073,88	1 660 073,88
7 Proposed decrease	2 300 000,00	2 300 000,00
8 Decrease as percentage of appropriation in budget (7/1)	28,37 %	28,37 %
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 13/06/2017	0,00	0,00
3 Rate of utilisation [(1-2)/1]	n/a	n/a

d) Detailed grounds for the transfer

The budget line 05 06 01 covers the Union's contributions to the international agreements concerning the International Sugar Organisation (ISO), the International Grains Council (IGC), the International Olive Council (IOC), and the World Intellectual Property Organisation (WIPO).

Contributions for 2017 to certain of these agreements have been lower than forecasted due to exchange rate variations and to a recalculation of the actual amount due to the organisations. Consequently, an amount of EUR 2,3 million in commitment appropriations and in payment appropriations can be made available for other needs.

I.3

a) Heading

40 02 42 - Emergency aid reserve

b) Figure at 13/06/2017

	Commitments	Payments
1 Appropriation in budget (Initial Budget + AB)	315 000 000,00	315 000 000,00
2 Transfers	-36 394 634,00	-83 258 000,00
3 Final appropriation for the year (1+2)	278 605 366,00	231 742 000,00
4 Utilisation of final appropriation	0,00	0,00
5 Amount not used/available (3-4)	278 605 366,00	231 742 000,00
6 Requirements up to year-end	190 905 366,00	172 242 000,00
7 Proposed decrease	87 700 000,00	59 500 000,00
8 Decrease as percentage of appropriation in budget (7/1)	27,84 %	18,89 %
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 13/06/2017	0,00	0,00
3 Rate of utilisation [(1-2)/1]	n/a	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 13/06/2017

	Commitments	Payments
1 Appropriation in budget (Initial Budget + AB)	893 100 000,00	1 089 706 885,00
2 Transfers	36 394 634,00	105 000 000,00
3 Final appropriation for the year (1+2)	929 494 634,00	1 194 706 885,00
4 Utilisation of final appropriation	838 644 634,00	561 025 220,90
5 Amount not used/available (3-4)	90 850 000,00	633 681 664,10
6 Requirements up to year-end	180 850 000,00	703 681 664,10
7 Proposed increase	90 000 000,00	70 000 000,00
8 Increase as percentage of appropriation in budget (7/1)	10,08 %	6,42 %
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 13/06/2017	284 791,50	0,00
3 Rate of utilisation [(1-2)/1]	41,25 %	100,00 %

d) Detailed grounds for the transfer

The famine crisis affecting Somalia and South Sudan, together with Nigeria and Yemen, is being considered by the United Nations (UN) as the largest humanitarian crisis since 1945.

In the Horn of Africa, the situation has drastically deteriorated due to the severe drought while the region has not yet recovered from the El Niño phenomenon. There is a strong possibility for famine in Somalia and alarming levels of food insecurity in Ethiopia and Kenya. Around 17 million people are in urgent need of food to survive. Coping capacities are exhausted, as livestock is lost, food prices rise and the incomes of the population are reduced. The situation is particularly severe in Southeast Ethiopia where 8 million people are affected, in Northern Kenya (3 million people), and in Somalia (over 6,7 million people), where a pre-famine alert has been issued. In addition, Ethiopia and Somalia are facing a cholera outbreak.

All UN Humanitarian Response Plans (HRP) for the region are significantly underfunded. It is therefore imperative that the EU supports the efforts to prevent a famine like the one of 2011, which claimed over 260 000 lives.

In South Sudan, the conflict and famine continue to cause massive displacement, including to neighbouring countries, thus increasing instability in an already fragile regional context. The number of refugees will soon reach 1,9 million. The HRP for South Sudan amounting to USD 1,6 billion is currently only 45% funded.

In order to respond to these increasing humanitarian needs, EUR 90 million in commitment appropriations are requested in addition to the initial EUR 192,3 million allocated for this crisis in 2017. EUR 70 million in payment appropriations (approximately 77,5% of the commitment appropriations) are also needed.

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

As of 1 June, the overall implementation rate in commitment appropriations in the Humanitarian aid chapter 23 02 is at 89%, whereas for payment appropriations it is at 39%. The current balance of EUR 68,8 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 and proposes the redeployment of EUR 2,3 million in commitment appropriations and EUR 10,5 million in payment appropriations from other budget lines in Heading 4.

The Commission therefore presents a request for the mobilisation of the Emergency Aid Reserve (EAR) for EUR 87,7 million in commitment appropriations and EUR 59,5 million in payment appropriations for the above-mentioned crisis.

(For more information, see Annex 1).

ANNEX 1

Horn of Africa Sudan/ South Sudan

2016	
Total amount committed (including European Development Fund (EDF)):	Horn of Africa: EUR 263,5 million Sudan and South Sudan: EUR 207,2 million , of which: EUR 64 million for Sudan EUR 143,2 million for South Sudan
2017	
Amount committed through the initial Humanitarian Implementation Plan (HIP) :	Horn of Africa: EUR 67,3 million , of which: EUR 27,5 million for Ethiopia EUR 8,8 million for Kenya EUR 23,8 million for Somalia EUR 6,7 million for Uganda EUR 0,5 million for Djibouti Sudan/South Sudan: EUR 60 million , of which: EUR 42 million for South Sudan EUR 18 million for Sudan
Additional funds committed from:	
- Emergency Aid Reserve	Horn of Africa (response to drought): EUR 65 million
- EDF funding	Horn of Africa and Sudan/South Sudan: EUR 100 million
Total amount from the Humanitarian aid budget:	EUR 192,3 million , of which: Horn of Africa: EUR 132,3 million Sudan/South Sudan: EUR 60 million
Other donors (source Financial Tracking Service as of 23/05/2017 and United Nations High Commissioner for Refugees (UNHCR) as of 15/05/2017)	-Humanitarian Response Plans for Ethiopia, Somalia, Kenya, South Sudan: EUR 1,5 billion -Regional Refugees Response Plans for Ethiopia, Kenya, Uganda, Sudan: EUR 172 million
Additional needs	
Total needs:	EUR 90 million
Indicative breakdown by country:	
- Ethiopia	EUR 20 million
- Kenya	EUR 5 million
- Somalia	EUR 40 million
- Sudan	EUR 10 million

- Uganda	EUR 15 million
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Timing
As soon as possible

Why the additional funding is needed? (what is new?)
<p>In the Horn of Africa, the situation has drastically deteriorated in 2017 with famine being a strong possibility in Somalia and an alarming level of food insecurity in the neighbouring countries (Ethiopia and Kenya). Several consecutive seasons of poor rainfall have resulted in severe drought, while the region has not yet recovered from the El Niño phenomenon. Currently, some 17 million people are in urgent need of food to survive. The coping capacities of the population are being exhausted, as livestock is lost, food prices rise and incomes are reduced. The prolonged drought is particularly severe in Southeast Ethiopia, where 8 million people are affected, in Northern Kenya (3 million people), and in Somalia (over 6,7 million people), where a pre-famine alert has been issued. In addition, Ethiopia and Somalia are facing a cholera outbreak. There are over 680 000 drought-driven internally displaced people (IDPs) in Somalia only, while movements from Somalia to bordering countries (Ethiopia and Kenya) are ongoing (during the 2011 famine, 400 000 people became refugees in neighbouring Kenya and Ethiopia).</p> <p>Despite some recent rains across the region, the rainfall is below average. The next harvest will be low to very low, since many families are displaced and have no access to their lands and to sufficient good quality seeds. It is expected that the current number of displaced people due to the drought is doubled.</p> <p>The Humanitarian Response Plans (HRPs) for Somalia have been scaled up to reflect increased needs for the second part of 2017 (Somalia - from USD 864 million to 1,7 billion, and Ethiopia - from USD 948 million to 1,7 billion). However, all HRPs remain significantly underfunded. It is imperative that the Commission supports the efforts to prevent famine in the region. Action needs to be taken as soon as possible, notably before the end of the year in order to prevent a famine like the one of 2011, which claimed over 260 000 lives. The international community, at that time, took strong commitments for "early warning, early actions" and engaged into the resilience agenda.</p> <p>In South Sudan, conflict and famine continue to cause massive displacement, including to neighbouring countries, thus increasing instability in an already fragile regional context. The flow of refugees in the first four months of 2017 is much higher than initially anticipated; the planning figure of the United Nations High Commissioner for Refugees (UNHCR) of 1,9 million refugees by the end of 2017 will soon be reached. The crisis is mostly affecting Uganda, hosting 921 000 refugees, of which 209 000 arrived since January 2017, Sudan (376 000 refugees, of which 108 000 arrived since January 2017), Ethiopia (376 000 refugees, of which 29 000 arrived since January 2017), and Kenya (98 000 refugees, of which 22 000 arrived since January 2017). The influx of refugees is an important destabilising factor for the region and brings the Ugandan open refugee policy to a</p>

breaking point. Scaling up the response in Sudan is also urgent, since refugees arrive in locations where there are already high levels of displacement and emergency levels of malnutrition (Global Acute Malnutrition over 15% in all States hosting South Sudanese refugees).

The HRP for South Sudan amounting to USD 1,6 billion is currently only by 45% funded.

According to Stephen O'Brien, the UN Under Secretary-General for Humanitarian Affairs, the famine crisis affecting Somalia, South Sudan, Nigeria and Yemen has been considered the largest humanitarian crisis since 1945.

What will it be used for?

In order to respond to the increasing needs in the Greater Horn of Africa, a total amount of **EUR 90 million** is requested.

In the Horn of Africa, a total amount of **EUR 60 million** would complement the current humanitarian response to the severe drought in Somalia, Ethiopia and Kenya. It would allow covering some of the acute needs of the second semester of 2017, preventing the crisis from becoming 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 (especially livestock), with a strong focus on Cash Transfer Programmes.

In order to address acute humanitarian needs of the South Sudanese refugees in neighbouring countries (**Uganda, Sudan, Ethiopia**), a total amount of **EUR 30 million** is required. A Solidarity Summit will take place in Uganda on 22-23 June, where the focus will be on the positive role that Uganda plays in hosting South Sudanese refugees. This will be an opportunity for the EU to show solidarity with the region.

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
DEC 15	Mobilisation of the EAR for humanitarian aid for the Horn of Africa	87.700.000		59.500.000
DEC 16	Mobilisation of the EAR for humanitarian aid for Iraq	30.000.000		23.000.000
DEC 17	Mobilisation of the EAR for humanitarian aid for Syria	64.000.000		50.000.000
	Total of Proposals	218.094.634	98.605.366	215.758.000
	Remainder	96.905.366	0	99.242.000
	Total remainder of commitment appropriations	96.905.366		