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COVER NOTE

From:	Mr Günther OETTINGER, Member of the European Commission
date of receipt:	4 October 2017
To:	Mr Märt KIVINE, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 25/2017 within Section III - Commission - of the general budget for 2017

Delegations will find attached Commission document DEC 25/2017.

Encl.: DEC 25/2017



EUROPEAN COMMISSION

BRUSSELS, 04/10/2017

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

TRANSFER OF APPROPRIATIONS N° DEC 25/2017

FROM

CHAPTER - 4002 Reserves for financial interventions

ARTICLE - 40 02 42 Emergency aid reserve

Commitments

-15 000 000,00

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

15 000 000,00

I. DECREASE

I.1

a) Heading

40 02 42 - Emergency aid reserve

b) Figure at 03/10/2017

	Commitments
1 Appropriation in budget (Initial Budget + AB)	315 000 000,00
2 Transfers	-218 094 634,00
3 Final appropriation for the year (1+2)	96 905 366,00
4 Utilisation of final appropriation	0,00
5 Amount not used/available (3-4)	96 905 366,00
6 Requirements up to year-end	81 905 366,00
7 Proposed decrease	15 000 000,00
8 Decrease as percentage of appropriation in budget (7/1)	4,76 %
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 03/10/2017	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.

II. INCREASE

II.1

a) Heading

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

b) Figure at 03/10/2017

	Commitments
1 Appropriation in budget (Initial Budget + AB)	893 100 000,00
2 Transfers	220 394 634,00
3 Final appropriation for the year (1+2)	1 113 494 634,00
4 Utilisation of final appropriation	1 078 894 634,00
5 Amount not used/available (3-4)	34 600 000,00
6 Requirements up to year-end	49 600 000,00
7 Proposed increase	15 000 000,00
8 Increase as percentage of appropriation in budget (7/1)	1,68 %
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 03/10/2017	154 791,50
3 Rate of utilisation [(1-2)/1]	68,07 %

d) Detailed grounds for the transfer

In Ethiopia, the food insecurity of the population is increasing rapidly and could reach extreme levels, if additional assistance is not provided, in particular in the Somali region where children and women are already at the brink of famine.

This sharp deterioration is due to the multiplication of crises and the lack of funding to fully address the humanitarian needs. A prolonged drought has resulted in significant loss of livestock (around 2 million) which has dramatically reduced households' access to food and caused the displacement of around 400 000 people. The situation is exacerbated by a serious cholera outbreak, with over 700 000 cases.

In addition, Ethiopia is hosting the second largest number of refugees in Africa - over 847 200 people who have fled the conflict in South Sudan.

Additional EU assistance in the amount of EUR 15 million in commitment appropriations is needed to scale up the humanitarian response through treating severe acute malnutrition of children under 5 years old, supplying emergency food assistance and water and providing livelihood (especially livestock), with a strong focus on cash transfers. Protection issues will be addressed across the board, as well as acute humanitarian needs of South Sudanese refugees in Ethiopia.

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

As of 22 September, the overall implementation rate in commitment appropriations in the Humanitarian aid chapter 23 02 is 96%, whereas for payment appropriations it is 67%. The current balance of EUR 14,9 million in the Operational Reserve, after taking into account all planned actions, is already below the standard level for this time of the year and needs to be preserved to cover crises and natural disasters until its end.

The Commission has also considered, but could not identify, possibilities for redeployment from other policy areas in Heading 4.

The Commission therefore presents a request for the mobilisation of the Emergency Aid Reserve (EAR) for EUR 15 million in commitment appropriations for the above-mentioned crisis. The corresponding needs in terms of payment appropriations will be covered through existing resources in the Humanitarian aid budget.

(For more information, see Annex 1).

ANNEX 1

Ethiopia

2016	
Total amount committed in previous year (including European Development Fund (EDF)) (Total amount of the Horn of Africa funding: EUR 257,5 million)	EUR 168,3 million
2017	
Amount committed through the current year's initial Humanitarian Implementation Plan (HIP) (Total amount of initial Horn of Africa HIP : EUR 67,25 million)	EUR 27,5 million
Additional funds committed from the:	-
- Emergency Aid Reserve	EUR 35 million
- EDF	EUR 14 million
Total amount from the EU Budget	EUR 62,5 million
Total amount for the crisis (EU budget +EDF) (Total amount of Horn of Africa funding : EUR 285 million)	EUR 76,5 million
Other EU funding (11 EDF 2014-2020)	EUR 745 million
Other donors (source: Financial Tracking service (FTS) as of 18/09/2017)	USD 301 million
Additional needs	
Total needs	EUR 15 million

Timing
The funds should be available as soon as possible

Why the additional funding is needed?
<p>Ethiopia is facing an alarming deterioration of the food security situation. However the international community has so far largely neglected it, as efforts have been focused mostly on the "4 Famines" (Nigeria, South Sudan, Somalia and Yemen). The nutrition situation of the population is deteriorating rapidly and could reach extreme levels, if additional assistance is not provided, in particular in the Somali region where children and women are already at the brink of famine.</p> <p>This sharp deterioration is due to the multiplication of crises and the lack of funding to fully address the humanitarian needs. A prolonged drought caused significant losses of livestock (around 2 million) which has dramatically reduced households' access to food and caused the displacement of around 400 000 people. The situation is exacerbated by serious cholera outbreak, with over 700 000 cases.</p> <p>The situation, if not addressed, will lead to increased mortality among the most vulnerable, notably the children. It is expected that 3,9 million children and pregnant and lactating women will suffer from acute malnutrition, including 376 000 children suffering from severe acute malnutrition. Médecins sans Frontières (MSF) reports a 10-fold increase of severe acute malnourished children in the first half of this year compared to the entire last year.</p>

Tens of children are dying from severe acute malnutrition. The situation is the most critical in the last 10 years (in particular in the Somali region), with many more children at risk of dying.

The number of people in need of emergency food assistance increased from 5,6 million to 8,5 million¹. Additional 4 million people previously targeted under the government-led food programme (which ended in July 2017) will also need internationally provided food assistance.

Because of the lack of funding, the World Food Programme (WFP), the lead agency in charge of providing food assistance, is not able to respond adequately. It had to reduce the number of food distribution rounds until the end of 2017, leaving several million people without appropriate food supply. The distributions led by the government have been stopped and it is not known whether and when they will be resumed.

In addition, Ethiopia is hosting the second largest number of refugees in Africa - over 847 200 people fleeing the conflict in South Sudan, who continue to arrive in huge numbers (over 30 000 new arrivals per week). This new sudden influx is overwhelming the country's capacities to accommodate them. The refugees receive very limited support due to severe underfunding (only 20% of the needs are currently covered). Food rations are being cut, malnutrition rates in all refugee camps are above the emergency thresholds and tensions among refugees and between refugees and host communities are increasing as a result of the lack of food and resources.

Another aggravating factor is the fall Armyworm infestation which continues to destroy crops across six regions in Ethiopia, spreading at an alarming rate and putting at risk over 2,5 million hectares of land. The worm has already affected more than 23% of all maize fields in the country mainly cultivated by poor and very poor households. The grain loss could seriously impact the food security situation of households and the national grain reserve, as well as grain exports.

The Government of Ethiopia does not have the capacity to respond alone to multifaceted humanitarian crises of such a scale. While in 2016 savings from oil revenues allowed it to contribute significantly to the response to El Niño-induced drought, this year additional support from the international community, which in turn is much reduced compared to last year, is critically needed.

Without urgent additional funding, mortality rates among the populations affected by drought and the refugees - in particular children - will increase.

What will it be used for?

These funds will contribute to addressing emergency lifesaving needs. It will allow scaling up the humanitarian response in view of the severe deterioration in food security, preventing the crisis from becoming a catastrophe, by protecting assets and livelihoods and stepping up immediate and unhindered humanitarian assistance. This would take the form of treatment against severe acute malnutrition of children under 5 years old, emergency food assistance, water supply and livelihood protection (especially livestock), with a strong focus on cash transfers. Protection issues will be mainstreamed across the board.

The additional funding will also address acute humanitarian needs of the South Sudanese refugees in Ethiopia.

¹ Revised Humanitarian Requirement Document (August 2017)

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
DEC 21	Reinforcement to CFSP	18.000.000		
DEC 25	Mobilisation of the EAR for additional humanitarian aid for Ethiopia	15.000.000		
DEC 26	Mobilisation of the EAR for additional humanitarian aid for Yemen	25.000.000		
	Total of Proposals	276.094.634	98.605.366	215.758.000
	Remainder	38.905.366	0	99.242.000
	Total remainder of commitment appropriations	38.905.366		