



Council of the
European Union

**Brussels, 8 September 2015
(OR. en)**

11751/15

FIN 590

COVER NOTE

From:	Ms Kristalina GEORGIEVA, Vice-president of the European Commission
date of receipt:	8 September 2015
To:	Mr Pierre GRAMEGNA, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 26/2015 within Section III - Commission - of the general budget for 2015

Delegations will find attached Commission document DEC 26/2015.

Encl.: DEC 26/2015



BRUSSELS, 03/09/2015

GENERAL BUDGET - 2015
SECTION III - COMMISSION TITLES: 01, 23

TRANSFER OF APPROPRIATIONS N° DEC 26/2015

FROM

CHAPTER - 0103 International economic and financial affairs

ARTICLE - 01 03 02 Macro-financial assistance

Commitments	-15 000 000,00
Payments	-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
Payments	15 000 000,00

I. DECREASE

I.1

a) Heading

01 03 02 - Macro-financial assistance

b) Figure at 26/08/2015

	Commitments	Payments
1A Appropriation in budget (initial budget + AB)	77 955 000,00	74 218 061,00
1B Appropriation in budget (EFTA)	0,00	0,00
2 Transfers	0,00	0,00
3 Final appropriation for the year (1A+1B+2)	77 955 000,00	74 218 061,00
4 Utilisation of final appropriation	0,00	23 029 806,20
5 Amount not used/available (3-4)	77 955 000,00	51 188 254,80
6 Requirements up to year-end	62 955 000,00	36 188 254,80
7 Proposed decrease	15 000 000,00	15 000 000,00
8 Decrease as percentage of appropriation in budget (7/1A)	19,24 %	20,21 %
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) (C5)

	Commitments	Payments
1 Appropriations available at start of the year	0,00	0,00
2 Appropriations available on 26/08/2015	0,00	0,00
3 Rate of utilisation [(1-2)/1]	n/a	n/a

d) Detailed grounds for the transfer

On 24 August 2015 the implementation of commitments on this budget line stood at 0%, while the implementation in payment appropriations was at 31%.

In line with earlier forecasts, the Macro-financial Assistance (MFA) operations for Georgia (EUR 23 million in grants) has been disbursed and for the Kyrgyz Republic (EUR 15 million in grants) is foreseen to be implemented in 2015. However, the MFA operations for Moldova and Armenia are not likely to materialise in 2015.

For Armenia: A request from the Armenian authorities for MFA support was received in February 2013 and renewed in February 2014. The International Monetary Fund (IMF) Board approved in March 2014 a three-year programme of USD 125 million and identified a financing gap of USD 100 million expected to be covered by EU MFA. This is why the Commission introduced the corresponding request in the budgetary process. However, taking into account the economic situation and Armenia's capacity to attract external financing (in particular the Eurobond issuance of USD 500 million in March 2015), the Commission currently does not consider the macro-economic stability at threat and will not propose a new MFA programme for the country in 2015. The Commission will continuously monitor the situation with a view of considering a new proposal which may have a budgetary impact in 2016-2017.

For Moldova: At the end of 2013 and in 2014 the government of Moldova queried the possibility of a new MFA operation alongside a new IMF programme. This was included in draft budget 2015 accordingly. However, the related negotiations with the IMF failed at the beginning of 2014. Following the November 2014 elections, Moldova has been in a state of

political instability with changes in governments, a banking crisis and the real economy slipping into recession. In this context, planned negotiations on a new IMF programme have been called off on two occasions. The current government formed at the end of July 2015 has renewed the negotiations on a new IMF programme, which could be submitted for IMF Board approval in November 2015. If substantial progress on the IMF programme is made, the Moldovan authorities are likely to formally request MFA assistance, which would have a budgetary impact in 2016-2017.

As a result, in total, EUR 77 455 000 in commitment appropriations (CA) and EUR 35 688 254 in payment appropriations (PA) can be transferred to cover urgent needs on other budget lines of Heading 4 in 2015 as follows:

- EUR 20 million in CA and EUR 19 million in PA for additional support to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA);
- EUR 15 million in CA and EUR 15 million in PA for humanitarian aid in South Sudan;
- The remaining balance of EUR 42 455 000 in CA and EUR 1 688 254 in PA for the crisis in Syria and Iraq.

II. INCREASE

II.1

a) Heading

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

b) Figure at 26/08/2015

	Commitments	Payments
1A Appropriation in budget (initial budget + AB)	882 446 000,00	872 446 000,00
1B Appropriation in budget (EFTA)	0,00	0,00
2 Transfers	-3 000 000,00	105 000 000,00
3 Final appropriation for the year (1A+1B+2)	879 446 000,00	977 446 000,00
4 Utilisation of final appropriation	839 095 000,00	706 522 368,18
5 Amount not used/available (3-4)	40 351 000,00	270 923 631,82
6 Requirements up to year-end	55 351 000,00	285 923 631,82
7 Proposed increase	15 000 000,00	15 000 000,00
8 Increase as percentage of appropriation in budget (7/1A)	1,70 %	1,72 %
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) (C5)

	Commitments	Payments
1 Appropriations available at start of the year	62 508,54	28 512,24
2 Appropriations available on 26/08/2015	8 867,24	0,00
3 Rate of utilisation [(1-2)/1]	85,81 %	100,00 %

d) Detailed grounds for the transfer

On 24 August the overall implementation rate of commitment appropriations in the humanitarian aid chapter stood at 96%, whereas for payment appropriations it was at 72%.

In June and July the Commission carried out a thorough needs assessment as part of its mid-year review of the humanitarian aid. As a result, EUR 27 million has been allocated from the Operational Reserve to a number of crises, including Yemen, the Great Lakes, Sudan, the Horn of Africa. While the initial amount of the Operational Reserve was set at EUR 176 million, to date EUR 40 million in commitment appropriations are available. This balance (EUR 10 million per month) is necessary to cover new or deteriorating crises and natural disasters that might occur until the end of the year, including the recurring monsoonal rains, typhoons and cyclones in South Asia, Central America and the Caribbean Region.

At the same time, the situation in South Sudan continues to deteriorate. Against the background of nationwide food insecurity, there have been recent worrying indicators from the World Food Programme (WFP), the United Nations Children's Fund (UNICEF) and the United Nations High Commissioner for Refugees (UNHCR) pointing to a potential malnutrition crisis developing in several parts of Unity and Upper Nile States.

Since the internal conflict intensified in April 2015 with an upsurge in fighting, there have been estimated 100 000-150 000 newly displaced people. This has led to a sharp increase in the population in the Protection of Civilians (PoC) sites, thus increasing the need for humanitarian assistance.

The fighting is also associated with serious International humanitarian law violations, including against women and children.

Additional EU humanitarian assistance in the amount of EUR 15 million in commitment and payment appropriations is needed to cover the most urgent identified needs in the states directly affected and those hosting the displaced populations:

- food aid and emergency health and nutrition response;
- emergency Water, Sanitation and Hygiene (WASH) to reduce fatal diseases, in particular among children.

The additional funds will also be used to advocate for better protection of civilians inside and outside the PoC areas, especially those most at risk.

ANNEX: SOUTH SUDAN

Key financial information	
Total amount committed in previous year for this crisis (including European Development Fund (EDF))	EUR 116.21 million
Amount committed through the current year's initial Humanitarian Implementation Plan (HIP) relating to this crisis	EUR 58.25 million
Funds already committed this year for this crisis from the:	
- Operational Reserve	EUR 8 million
- Emergency Aid Reserve	EUR 27 million
Total amount from EU Budget committed this year	EUR 93.25 million
Amount committed for this crisis this year from EDF	EUR 0
Total amount committed this year	EUR 93.25 million
Other donors (<i>source Financial Tracking Service as of 07/08/2015</i>)	More than USD 905 million

Additional needs
EUR 15 million

Timing
Funds are needed as from mid-September 2015

Why the additional funding is needed?
<p>Against the background of nationwide food insecurity, there have been recent worrying indicators from the World Food Programme (WFP), the United Nations Children's Fund¹ (UNICEF) and the United Nations High Commissioner for Refugees (UNHCR) pointing to a potential malnutrition crisis developing in several parts of Unity and Upper Nile States.</p> <p>The United States Agency for International Development/the Office of Foreign Disaster Assistance Response Team also received reports of critical food insecurity and malnutrition in areas throughout Upper Nile.</p> <p>Since the internal conflict intensified in April 2015 with an upsurge in fighting, there has been estimated 100 000-150 000 new displacements. This has led to an increase of the population in the Protection of Civilians (PoC) sites (Bentiu from 70 000 to 120 000, Malakal from 22 000 to 30 000). It is reported that the number of Internally Displaced Persons without shelter in the Malakal PoC is above 4 000.</p> <p>The fighting is also associated with serious International humanitarian law violations, including against women and children, as reported by UNICEF, the United Nations Mission in South Sudan (UNMISS), the United Nations Human Rights Council and Human Rights Watch.</p>

¹ Rapid screening found GAM rates at 38 % with 10.5% SAM for children 6-59 months age and more than 41% GAM for pregnant and lactating women in Dablual (Unity state)

In the last 2 months, increased restrictions have been placed on humanitarian access (a ban on river and road transport) leading to a rise in the costs of humanitarian interventions.

The humanitarian aid funding provided so far from the EU budget has been allocated in full, but is largely insufficient to cover the increasing needs.

Key humanitarian partners are calling for additional assistance to cope with the situation: the WFP has a funding gap of EUR 108.6 million; the International Committee of the Red Cross - a funding gap of EUR 51.7 million. The International Organisation of Migration has reported a funding gap of EUR 1.09 million for the PoC site in Bentiu (needs for site development and contingency development) and of EUR 3.5 million for Malakal (needs for contingency development and Water, Sanitation and Hygiene (WASH)).

What will be the funding used for?

The additional funds will be used to respond to increased needs in line with the Commission's Strategy for South Sudan along the following axes:

1. Support for the scaling-up of humanitarian assistance in the states directly affected by the conflict, as well as in those hosting displaced populations. This includes adequate food aid and emergency health and nutrition response, emergency WASH to reduce fatal deceases particularly among children;
2. Advocate for better protection of civilians inside and outside the Protection of Civilians areas, especially those most at risk (for the moment these are Nuer communities, both in and outside their tribal lands);
3. Continued humanitarian assistance to address the basic needs of refugees in South Sudan;
4. Provide support to communities exposed to high risks of morbidity and mortality, including severe food insecurity, high malnutrition rates and outbreaks as a result of shocks linked to flooding and seasonal hunger during the lean season.