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COVER NOTE

From:	Mr Andris PIEBALGS, Member of the European Commission
date of receipt:	18 July 2014
To:	Mr Enrico ZANETTI, President of the Council of the European Union
Subject:	Transfer of appropriations No DEC 21/2014 within Section III - Commission - of the general budget for 2014

Delegations will find attached Commission document DEC 21/2014.

Encl.: DEC 21/2014



BRUSSELS, 16/07/2014

GENERAL BUDGET - 2014
SECTION III - COMMISSION TITLES 23, 40

TRANSFER OF APPROPRIATIONS N° **DEC 21/2014**

EUR

FROM

CHAPTER - 4002 Reserves for financial interventions

ARTICLE - 40 02 42 Emergency aid reserve

Commitments - 50 000 000

Payments - 50 000 000

TO

CHAPTER - 2302 Humanitarian aid, food assistance and disaster preparedness

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

Commitments 50 000 000

Payments 50 000 000

I. INCREASE

a) Heading

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

b) Figures at 08/07/2014

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	874 529 000	747 582 107
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	150 000 000
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3. Final appropriation for the year (1A+1B+2)	874 529 000	897 582 107
4. Utilisation of final appropriation	790 529 000	647 140 546
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5. Amount not used/available (3-4)	84 000 000	250 441 561
6. Requirements up to year-end	134 000 000	300 441 561
7. Increase proposed	50 000 000	50 000 000
8. Increase as percentage of appropriation in budget (7/1A)	5.72%	6.69%
9. Increase, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) and (c) 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. Appropriation available at start of year	216 479	189 311
2. Appropriation available on the 08/07/2014	0	0
3. Rate of utilisation [(1-2)/1]	100.00%	100.00%

d) Detailed grounds for the increase

On 4 July 2014 the overall implementation rate of the humanitarian aid budget lines (chapter 23 02) stood at

- 90% in commitment and 70% in payment appropriations for humanitarian aid and food assistance,
- 100% in commitment and 66% in payment appropriations for disaster preparedness.

This high implementation rate reflects the operational strategy and budgetary planning for humanitarian aid in 2014, which was presented to the Council Working Party on Humanitarian and Food Aid (COHAFA) and to the European Parliament. Based on its humanitarian needs assessment, the Commission establishes, for the protracted crises, a preliminary budget allocation at country level for the year ahead. Furthermore, in line with the Council and European Parliament orientations, an amount of EUR 105 million, i.e. nearly 12% of the initial budget line, remained unallocated to address changing priorities and new emerging needs, the so-called Operational Reserve (OR).

The situation in Syria continues to deteriorate, making it, in terms of the number of people affected, the biggest humanitarian crisis in the world. Three major developments since January 2014 justify the need for scaling up EU support:

- The steep increase in humanitarian needs, which remain unaddressed as the fighting continues to intensify. Widespread violence and instability is expected to persist, if not increase, following the presidential elections held in June 2014.
- The deteriorating security situation in neighbouring Iraq, and increased calls from the Turkish authorities for more international support.
- The consequences of the current drought, combined with the cumulative impact of the three years of conflict, which has progressively eroded community and household resilience.

For more details on the new developments in this crisis, please refer to the Annex.

To scale up EU's response, the Commission:

- Proposes to increase humanitarian assistance by EUR 50 million, in addition to the EUR 100 million already allocated in 2014, thus bringing the total humanitarian support to EUR 150 million in 2014.
- Proposes to increase development assistance in order to address the more medium-term needs in neighbouring countries, dealing with the unprecedented flow of refugees. In addition to EUR 37 million already allocated through the European Neighbourhood Instrument (ENI), EUR 38 million will be re-programmed within the instrument and EUR 125 million will be made available through redeployment within Heading 4. This will bring the total development aid support from ENI to EUR 200 million in 2014.
- Envisages working towards – in close collaboration with Member States – the creation of an EU Trust Fund to address the needs arising from the conflict in Syria, to enable EU instruments and Member States' programmes to coordinate their response in a strategic and operational manner, to avoid duplications and to foster a more coherent and complementary approach.

With regard to the current transfer request, the Commission has examined all possibilities for re-programming within the Humanitarian aid budget. The OR currently stands at EUR 50 million, after allowing for urgent needs for other cases (such as Afghanistan, Pakistan, Central America, etc.) (EUR 35 million). This remaining amount is needed to maintain an adequate response capacity for further interventions in small scale and other unpredictable disasters and for recurring natural disasters in the second half of the year (monsoonal rains, typhoons and cyclones particularly in South Asia, Central America and the Caribbean). It is therefore essential to maintain a sufficient amount in the OR.

The Commission has also examined all possibilities for redeployment of appropriations within Heading 4. EUR 125 million in commitment and EUR 7 million in payment appropriations have been made available for redeployment from the Instrument for Pre-accession Assistance (IPA) and will be used in DEC 22/2014 to scale up the EU assistance in this crisis delivered through the ENI. No additional appropriations could be found for redeployment.

II. DECREASE

a) Heading

40 02 42 - Emergency aid reserve

b) Figures at 08/07/2014

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	297 000 000	150 000 000
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	-50 000 000
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3. Final appropriation for the year (1A+1B+2)	297 000 000	100 000 000
4. Utilisation of final appropriation	0	0
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5. Amount not used/available (3-4)	297 000 000	100 000 000
6. Requirements up to year-end	n/a	n/a
7. Proposed decrease	50 000 000	50 000 000
8. Decrease as percentage of appropriation in budget (7/1A)	16.84%	33.33%
9. Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) and (c) 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. Appropriation available at start of year	0	0
2. Appropriation available on the 08/07/2014	0	0
3. Rate of utilisation [(1-2)/1]	n/a	n/a

d) Detail 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.

SYRIA AND SYRIAN REFUGEES IN NEIGHBOURING COUNTRIES

Key financial information	
Previous year: total amount in 2013	EUR 350 million
Amount in the World Wide Decision (WWD) 2014	EUR 100 million
Additional (already approved) amounts from: <ul style="list-style-type: none"> the Operational Reserve the Emergency Aid Reserve (EAR) 	EUR 0 EUR 0
Other funding from the EU budget for 2013-2014 (European Neighbourhood Instrument (ENI), Instrument Contributing to Stability and Peace (IcSP), European Instrument for Democracy and Human Rights (EIDHR), Development Cooperation Instrument (DCI), Instrument for Pre-accession Assistance (IPA))	EUR 380 million
Other donors (source Financial Tracking Service): United States of America, Canada, Kuwait, Qatar, Saudi Arabia, Japan, Australia, Norway, United Arab Emirates, Switzerland, Russian Federation etc.	2013: USD 2.37 billion 2014: USD 1.55 billion

Additional needs	
Total needs	EUR 50 million
When are the credits needed	July-August 2014
Breakdown by country (if applicable)	Not applicable
Financed from	Emergency Aid Reserve

Why do we need additional funding?

The Syrian conflict has caused the world's largest humanitarian crisis, in terms of the number of people affected and in need of assistance. Three major developments since January 2014 call for the EU to scale up its support:

1. The steep increase in humanitarian needs as a result of the intensification of fighting. Security continues to deteriorate with no immediate prospects for a military or political solution, as warring parties still have the capacity to resist and inflict damage. Widespread-violence and instability continues and is expected to persist, if not increase, after the presidential elections held in June 2014. Localised truces may proliferate in the second half of 2014. Nevertheless, these are not expected to lead to a reduction in humanitarian needs, but rather to increase the number of accessible people in need. This entails continued internal displacement across the country, steady refugee flows to neighbouring countries and an increase in the humanitarian needs of Syrians who will become increasingly food insecure and will see higher needs for water, sanitation and hygiene, health, nutrition and protection.

In particular, the situation in Aleppo is rapidly deteriorating. The city of eastern Aleppo is already in a dire situation which will further deteriorate. It is estimated that 200 000 people previously besieged inside Aleppo will require humanitarian assistance. Those who are still in the city are reportedly not planning to leave, mostly because of lack of resources to do so. An emergency operation has been launched by the United Nations Regional Humanitarian Coordinator to deliver life-saving assistance and supplies to Aleppo for the next three months. All humanitarian actors have been called to contribute to this effort. The additional funding urgently required is estimated to be around EUR 30 million.

In Syria as a whole, basic infrastructure and the provision of social services have been severely damaged and disrupted. In the health sector alone, nearly half the public hospitals have been damaged, destroyed or rendered dysfunctional, while vaccination coverage for measles has dropped by 80%.

It is estimated that the number of people in need has increased by 1.6 million since the beginning of the year, representing a total of 10.9 million in need (59% of the Syrian population). The number of conflict-related deaths has surpassed 150 000 and it is estimated that around one million have been injured.

The Syrian conflict is also having an increasingly negative impact across the region. Over the past twelve months, the number of refugees in neighbouring countries has increased threefold reaching 2.8 million people, and is projected to rise to 4.1 million by the end of 2014. The absorption capacity of neighbouring countries and the coping strategies of refugee families are stretched to the limit.

2. The consequences of the current drought, combined with the cumulative impact of three years of conflict, which has progressively eroded community and household resilience. Current forecasts indicate a reduction in cereal crop production in 2014 due to the combined effect of conflict and below average rainfall. Drought conditions will further compound the impacts of civil war on the agricultural sector leading to a deterioration of the food supplies. The availability of safe drinking water, especially during the summer months, will also decrease, leading to increased risk of associated diseases outbreaks.

Syria's economy is on the verge of collapse. The latest available data estimate the total economic loss since the start of the conflict at USD 143.8 billion. Syria is blighted by joblessness and overwhelmed by unemployment with 54.3% of the labour force, or 3.39 million unemployed. Some 2.67 million of these people lost their jobs during the conflict, with the loss of income impacting the welfare of 11 million dependents.

More than half the population lives in extreme poverty, unable to secure the most basic food and non-food items required for survival. Some 20% of the population survive in abject poverty unable to meet their basic food needs, with the abject poor in conflict zones and besieged areas facing hunger, malnutrition and starvation.

The speed with which people are fleeing the country (600 000 new refugees in the first months of 2014) is having serious socioeconomic, political and security impact on the five main refugee-hosting countries. Hosting governments cannot cope with the refugee crisis without significant support from the international community. This is especially true for Lebanon (hosting over one million refugees representing 25% of its own population) and Jordan. Conditions in Iraq, Egypt and Turkey (hosting over one million refugees) are also far from optimal with significant strain on public services and infrastructure. With the conflict entering its fourth year, as available assets continue to be depleted (especially savings) and access to the formal job market remains elusive, Syrian refugees are becoming more dependent on humanitarian assistance for survival.

The exponential increase in basic needs largely outweighs available funding. In late June, the United Nations (UN) will launch the mid-year revised appeal and will certainly call on international donors to mobilise more funding. The International Committee of the Red Cross (ICRC) announced recently a budget extension that will bring funding requirements for its operations in Syria and neighbouring countries to a level unmatched over the past fifteen years. The total budget for the organization's activities within Syria will come to CHF 139 million (EUR 113 million).

3. The security situation in neighbouring Iraq continues to deteriorate, following the offensive of the Islamic State in Iraq and the Levant (ISIS) in the north and west of the country. These quick developments are expected to lead to additional refugee flows within Iraq, which is already struggling to accommodate the Syrian refugees.

In addition, there have been increased calls from the Turkish authorities for more international support.

What for?

Preliminary estimates show that, at least, a further immediate reinforcement of EUR 50 million will be crucial to address, together with other donors, the most pressing needs of the most vulnerable populations inside Syria and in neighbouring countries. In particular:

In Syria:

- Support to primary and secondary health care services, including surveillance, mass immunization campaigns, medicines and supplies: As health services are seriously disrupted, efforts to scale-up the provision of emergency health care are critical.
- Scale-up of water supply, treatment and sanitation, particularly during the summer season: water scarcity due to below average rainfall coupled with destruction of water and sanitation infrastructure in Syria has triggered an emerging water and sanitation crisis with potentially catastrophic effects on public health.
- Winterisation, including shelter support: massive displacement and the destruction of housing stock will require a large-scale response for families to withstand harsh winter conditions.
- Scale-up of cross-border assistance from neighbouring countries where possible – to capitalise on opportunities to access hard-to-reach and besieged communities from Turkey, Jordan, and Iraq (as well as possibly Lebanon) with the aim of providing basic humanitarian assistance (food, health water and sanitation) to population not reachable through cross line operations.

In neighbouring countries:

- Emergency assistance for new arrivals in shelter, protection, sanitation and health: in 2014, on average 100 000 new arrivals per month have been registered in neighbouring countries with ever-limited response capacity due to reduced funding availability.
- Protection services, including information dissemination and outreach, legal assistance, registration and monitoring: information services and legal assistance are weak in all neighbouring countries, while protection activities are generally limited to registration and ad hoc interventions by protection agencies. As the crisis persists, the protection needs of refugees are increasing, especially as policies of hosting governments become more restrictive.
- Scale-up of water supply, treatment and sanitation and particularly during the summer season: to address increase in demand for water resources in neighbouring countries, also affected by drought conditions, due to refugee influxes.
- Support to out-of-camp and unregistered refugees: particularly in Jordan and Iraq the needs of out-of-camp refugees are not covered, while in all neighbouring countries unregistered refugees and minority communities are particularly vulnerable but underserved.
- Scale-up of unconditional cash assistance – in pursuit of greater efficiency and cost-effectiveness, unconditional cash assistance following the experience in Lebanon to be pursued and rolled-out where possible in all other neighbouring countries as conditions allow.

Overview of existing and planned assistance

The joint humanitarian aid EU effort as encoded in Emergency and Disaster Response Information System (EDRIS) is detailed below (amounts in EUR):

Donor	Commitments in EDRIS				Total 2011-2014
	Total 2011	Total 2012	Total 2013	Total 2014	
Austria		3 730 000	4 145 000	300 000	8 175 000
Belgium		2 000 000	12 935 898	3 500 000	18 435 898
Bulgaria		142 524	153 350		295 874
Croatia			165 403		165 403
Czech Republic		818 363	1 118 552	603 029	2 539 945
Denmark	268 601	3 153 396	44 416 884	24 460 646	72 299 527
Estonia		220 000	589 806	350 000	1 159 806
France		13 814 068	19 987 299	7 876 496	41 677 863
Finland	500 000	3 097 418	16 271 134	8 450 000	28 318 552
Germany	541 000	48 672 924	196 979 556	69 322 609	315 516 089
Greece		100 000	100 000		200 000
Hungary		179 067	195 586	130 000	504 653
Ireland		1 800 000	11 900 000	14 900 000	28 600 000
Italy		6 899 511	17 788 917	5 813 500	30 501 928
Latvia		43 000	50 000		93 000
Lithuania		14 481	20 273		34 754
Luxembourg		2 001 239	6 527 634	4 750 000	13 278 873
Malta			50 000		50 000
Netherlands		21 950 000	31 500 000	12 522 401	65 972 401
Poland		1 016 577	1 883 557		2 900 134
Portugal			50 000	110 000	160 000
Romania		155 850	150 606	73 325	379 780
Slovakia		140 000	50 000		190 000
Slovenia		60 000	60 000	30 000	150 000
Spain		2 705 852	8 121 681	1 900 000	12 727 533
Sweden	2 169 315	13 960 956	33 707 078	36 330 476	86 167 826
United Kingdom		85 540 592	248 473 314	233 263 701	567 277 607
TOTAL MEMBER STATES	3 478 916	212 215 818	657 391 529	424 686 183	1 297 772 466
EU BUDGET		155 732 843	350 000 000	100 000 000	605 732 843
TOTAL EU	3 478 916	367 948 661	1 007 391 529	524 686 183	1 903 505 289