



Council of the
European Union

Brussels, 22 July 2014
(OR. en)

12056/14

FIN 500

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 22/2014 within Section III - Commission - of the general budget for 2014

Delegations will find attached Commission document DEC 22/2014.

Encl.: DEC 22/2014



BRUSSELS, 16/07/2014

GENERAL BUDGET - 2014
SECTION III - COMMISSION TITLES 13, 21, 22

TRANSFER OF APPROPRIATIONS N° DEC 22/2014

EUR

FROM

CHAPTER - 1305 Instrument for Pre-Accession Assistance - Regional development and regional and territorial cooperation

ITEM - 13 05 63 02 Cross-border cooperation (CBC) - Contribution from Heading 4	Commitments	- 24 506 289
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CHAPTER - 2202 Enlargement process and strategy

ITEM - 22 02 01 01 Support for political reforms and progressive alignment with and adoption, implementation and enforcement of the "acquis communautaire"	Commitments	- 50 000 000
	Payments	- 3 000 000

ITEM - 22 02 04 01 Multi-country programmes, regional integration and territorial cooperation

Commitments	- 50 493 711
Payments	- 4 000 000

TO

CHAPTER - 2103 European Neighbourhood Instrument (ENI)

ITEM - 21 03 01 02 Mediterranean countries - Poverty reduction and sustainable development	Commitments	125 000 000
	Payments	7 000 000

I. INCREASE

a) Heading

21 03 01 02 - Mediterranean countries - Poverty reduction and sustainable development

b) Figures at 04/07/2014

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	687 811 401	88 913 714
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	-58 810 000	0
3. Final appropriation for the year (1A+1B+2)	629 001 401	88 913 714
4. Utilisation of final appropriation	168 500 000	0
5. Amount not used/available (3-4)	460 501 401	88 913 714
6. Requirements up to year-end	585 501 401	95 913 714
7. Increase proposed	125 000 000	7 000 000
8. Increase as percentage of appropriation in budget (7/1A)	18.17%	7.87%
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	27 113 414	0
2. Appropriation available on the 04/07/2014	27 113 414	0
3. Rate of utilisation [(1-2)/1]	0.00%	n/a

d) Detailed grounds for the increase

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

- The steep increase in humanitarian needs as a result of the intensification of fighting. Widespread violence and instability continues and is expected to persist.
- 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.

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. This increase is the subject of transfer DEC 21/2014 being put to the Budgetary Authority at the same time as the present transfer request.

- Proposes to increase development assistance in order to address the more medium-term needs, and to continue supporting the governments and host communities of Syria's neighbours, who are dealing with an unprecedented flow of refugees.
- 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.

The Syrian conflict is having a devastating and lasting impact on Syria and across the region. With the conflict entering its fourth year, the needs of the affected populations, including 9.3 million people inside the country and 2.8 million refugees in need of vital assistance, plus their overstretched host communities in neighbouring countries, are of an unprecedented scale. In addition to the immediate impact on the population, the crisis is not only destroying the traditional fabric of Syrian society but also rapidly endangering the stability of the neighbouring countries, in particular Lebanon and Jordan.

The Commission proposes to reinforce EU's comprehensive response to the Syrian crisis by increasing the available budget under the European Neighbourhood Instrument (ENI) to respond to this crisis, in particular to address:

- the increasing needs of the internally displaced population, particularly in terms of access to education services and support to livelihoods,
- the socioeconomic pressure from the influx of refugees in neighbouring countries which is exhausting the coping mechanism of the host communities (in particular in the areas of health, education, access to basic services such as waste management, or water and sanitation) but also creating a dangerous risk of political destabilisation and insecurity.

EUR 75 million in commitment appropriations is already being made available under the ENI in 2014 to address the Syrian crisis. This amount corresponds to the initial Syria country allocation of EUR 37 million, and funds reallocated from other ENI country allocations. Given that a combination of factors can make a total of EUR 125 million in commitment appropriations available for redeployment from the Instrument for Pre-accession Assistance II (IPA II), this transfer will bring the total ENI response to the Syrian crisis to EUR 200 million in commitment appropriations in 2014.

The payment appropriations from IPA II which correspond to this amount of commitment appropriations in 2014 are also proposed for transfer. It is estimated that few payments will need to be made corresponding to these commitments from the ENI during 2014, and that the bulk of the pre-financing will be made in 2015.

II. DECREASE

II.A

a) Heading

13 05 63 02 - Cross-border cooperation (CBC) - Contribution from Heading 4

b) Figures at 04/07/2014

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	39 000 000	27 338 481
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	-15 000 000
3. Final appropriation for the year (1A+1B+2)	39 000 000	12 338 481
4. Utilisation of final appropriation	0	0
5. Amount not used/available (3-4)	39 000 000	12 338 481
6. Requirements up to year-end	14 493 711	12 338 481
7. Proposed decrease	24 506 289	0
8. Decrease as percentage of appropriation in budget (7/1A)	62.84%	0.00%
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 04/07/2014	0	0
3. Rate of utilisation [(1-2)/1]	n/a	n/a

d) Detail grounds for the transfer

The actual 2014 needs for commitment appropriations under budget item 13 05 63 02 diverge from the estimations which were made in 2013 when preparing the Draft Budget 2014, at a time when the overall strategic programming for the 2014-2020 period was still under preparation. At that time, an amount of EUR 39 million was proposed. This includes both the Heading 4 contribution to IPA cross-border programmes between Member States and enlargement countries, as well as the Heading 4 IPA contribution to the European Regional Development Fund (ERDF) support of Heading 1b to the European territorial cooperation goal.

Due to the late approval of the IPA legal base (March 2014) and the related programming delays, an amount of EUR 24 506 289 of commitment appropriations, which would otherwise lapse, can be made available for redeployment as a response to the Syrian crisis.

II.B

a) Heading

22 02 01 01 - Support for political reforms and progressive alignment with and adoption, implementation and enforcement of the “acquis communautaire”

b) Figures at 04/07/2014

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	249 800 347	16 274 124
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	0
3. Final appropriation for the year (1A+1B+2)	249 800 347	16 274 124
4. Utilisation of final appropriation	0	0
5. Amount not used/available (3-4)	249 800 347	16 274 124
6. Requirements up to year-end	199 800 347	13 274 124
7. Proposed decrease	50 000 000	3 000 000
8. Decrease as percentage of appropriation in budget (7/1A)	20.02%	18.43%
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 04/07/2014	0	0
3. Rate of utilisation [(1-2)/1]	n/a	n/a

d) Detail grounds for the transfer

The actual 2014 needs for commitment appropriations diverge from the estimations which were made in 2013 when preparing the Draft Budget 2014, at a time when the overall strategic programming for the 2014-2020 period was still under preparation. Moreover, the late adoption of the IPA II Regulation (as well as of the related Common Implementing Regulation for all European External action instruments) has led to delays in the strategic programming for the year 2014; the adoption of the Indicative Strategy Papers – which form the basis for the 2014 programming - is only foreseen for September 2014.

The delays impact on the capacity of the IPA II beneficiaries to commit the full indicative allocation for 2014, in certain instances requiring longer lead times for sound and effective programming such as the gradual introduction of the 'sector approach' (in the case of Kosovo*) and the introduction of a new assistance modality (Sector Budget Support, for Albania). Longer lead times are also expected where IPA II beneficiaries (Albania, Serbia) are moving towards indirect management of IPA funds.

Given this combination of factors, a total of EUR 50 million in commitment appropriations can be made available for redeployment from budget line 22 02 01 01 as a response to the Syrian crisis. The Commission intends to compensate the reduction in 2014 by a corresponding increase in the IPA envelope in the years 2017-2020 in order for the transaction to have a neutral impact on the IPA envelope over the period 2014-2020, while providing for better and sounder programming and budget implementation.

A proportional reduction is applied to payment appropriations, which are reduced by EUR 3 million. These relatively small amounts reflect the usual execution pattern of IPA, where payments in the first years of the commitment are mostly limited to preparatory actions with the remaining payments only to follow in the later years.

* This designation is without prejudice to positions on the status, and in line with the United Nations Security Council Resolution (UNSCR) 1244/1999 and the International Court of Justice (ICJ) Opinion on the Kosovo declaration of independence.

II.C

a) Heading

22 02 04 01 - Multi-country programmes, regional integration and territorial cooperation

b) Figures at 04/07/2014

	Commitments	Payments
1A. Appropriation in budget (initial budget + AB)	264 697 163	23 410 407
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	0
3. Final appropriation for the year (1A+1B+2)	264 697 163	23 410 407
4. Utilisation of final appropriation	0	0
5. Amount not used/available (3-4)	264 697 163	23 410 407
6. Requirements up to year-end	214 203 452	19 410 407
7. Proposed decrease	50 493 711	4 000 000
8. Decrease as percentage of appropriation in budget (7/1A)	19.08%	17.09%
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 04/07/2014	0	0
3. Rate of utilisation [(1-2)/1]	n/a	n/a

d) Detail grounds for the transfer

The actual 2014 needs for commitment appropriations diverge from the estimations which were made in 2013 when preparing the Draft Budget 2014, at a time when the overall strategic programming for the 2014-2020 period was still under preparation. Moreover, the late adoption of the IPA II Regulation (as well as of the related Common Implementing Regulation for all European External action instruments) has led to delays in the strategic programming for the year 2014; the adoption of the Indicative Strategy Papers – which form the basis for the 2014 programming - is only foreseen for September 2014.

As regards cross-border cooperation between Member States and IPA II beneficiaries, the revised estimations underlying the draft strategic programming show reduced requirements for 2014. Moreover, the current situation of Bosnia & Herzegovina (BiH) is marked by political stalemate and the absence of a comprehensive EU coordination mechanism, which reduces its absorption capacity of financial assistance and the indicative envelope for BiH in 2014.

A total of EUR 50.5 million in commitment appropriations can therefore be made available for redeployment from budget item 22 02 04 01 as a response to the Syrian crisis.

A proportional reduction is applied to payment appropriations, which are reduced by EUR 4 million. These relatively small amounts reflect the usual execution pattern of IPA, where payments in the first years of the commitment are mostly limited to preparatory actions with the remaining payments only to follow in the later years.