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Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EC) N° 1257/96 of 20 June 1996 concerning Humanitarian Aid

Delegations will find attached document COM(2020) 461 final.

Encl.: COM(2020) 461 final

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Brussels, 29.5.2020
COM(2020) 461 final

2020/0110 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EC) N° 1257/96 of 20 June 1996 concerning Humanitarian Aid

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The Coronavirus disease outbreak ("COVID-19") has been declared as a pandemic by the World Health Organization (WHO) on 11 March 2020. Since then, countries across the world have adopted extraordinary measures to respond to and contain the outbreak.

The COVID-19 pandemic crisis is having a major impact on societies around the globe, starting with health systems, and moving to severe global social and economic consequences. This poses important challenge to third countries with weak institutions and/or facing conflicts or other crises such as natural disasters. Vulnerable groups including refugees and displaced persons may be in particular risk. The response strategy of the Union should be comprehensive, coherent and integrated, tackling the public health and the socio-economic challenges as well as responding to immediate humanitarian needs created or aggravated by the pandemic.

This exceptional situation calls for a coherent and unified approach at the level of the Union. Therefore, substantial amounts of public and private investment are needed to find solutions to the challenges of the COVID-19 outbreak.

The Commission therefore proposes an ambitious package including a proposal to establish a European Union Recovery Instrument. In addition to the support to economies both within the EU as well as in third countries, the instrument should also reinforce EU humanitarian assistance and support capacity building to enhance future crisis prevention and preparedness.

It is proposed that those measures are carried out under specific Union instruments and programmes in accordance with the relevant Union acts laying down rules for those instruments and programmes.

It is therefore necessary to enable the implementation of those measures through the delivery mechanisms under Regulation (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

EU action is justified by Article 214(3) of the Treaty on the Functioning of the European Union.

• Subsidiarity and proportionality

The explanatory memorandum of the proposal for the Regulation establishing the European Union Recovery Instrument details the subsidiarity and proportionality considerations.

• Choice of the instrument

This regulation amends Regulation (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Stakeholder consultations**

The Annex 8 of the Commission staff working document SWD(2018) 337 final[1] provides additional information. Additional information on stakeholder consultations on humanitarian aid is also available on internet[2].

- **Evaluations and impact assessments**

The Annex 8 of the Commission staff working document SWD(2018) 337 final provides additional information. Evaluations of humanitarian aid are also regularly carried out and are available on internet.[3]

4. BUDGETARY IMPLICATIONS

The Union will make available financing for the implementation of the Humanitarian Aid Programme. An amount of EUR 5 468 000 000 (in current prices) will derive from financing from the European Union Recovery Instrument.

More details on the budgetary implications are provided in the Legislative Financial Statement.

5. OTHER ELEMENTS

- **Detailed explanation of the specific provisions of the proposal**

The legal framework consists of targeted modifications to Regulation (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid.

The main amendments introduced aim at:

– Enabling the implementation of the measures laid down in the proposal for Regulation establishing a European Union Recovery Instrument through the delivery mechanisms of Humanitarian Aid;

– Enabling financing from the European Union Recovery Instrument as external assigned revenues in accordance with Article 21(5) of the Financial Regulation;

– Ensuring compliance with the targeted deadlines laid down in Article 4 of the proposal for Regulation establishing a European Union Recovery Instrument through proper cross-referencing;

[1] https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-neighbourhood-world-swd_en.pdf

[2] https://ec.europa.eu/echo/partnerships/consultations/consultations_en

[3] https://ec.europa.eu/echo/funding-evaluations/evaluations_en

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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EC) N° 1257/96 of 20 June 1996 concerning Humanitarian Aid

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union and in particular Article 214(3) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The Covid-19 pandemic crisis is having a major impact on societies around the globe, starting with health systems, and moving to severe global social and economic consequences as well as creating and aggravating humanitarian needs.

(2) Third countries with weak state institutions are particularly vulnerable to the impact of the pandemic. This will lead/has led to a rising demand on humanitarian actors to provide an immediate, effective, efficient and coherent response and to support third country local communities. The response strategy of the Union should be comprehensive, coherent and integrated, tackling the public health, the socio-economic challenges as well as addressing humanitarian challenges. In particular, vulnerable countries and populations are at risk and in need of assistance, relief and protection.

(3) In accordance with Regulation [European Union Recovery Instrument] and within the limits of resources allocated therein, recovery and resilience measures under Humanitarian Aid should be carried out to address the unprecedented impact of the COVID-19 crisis. Such additional resources should be used in such a way as to ensure compliance with the time limits provided for in Regulation [ERI].

(4) Regulation (EC) 1257/96 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EC) 1257/96 is amended as follows:

(1) Article 14a is inserted:

Article 14a

Resources from the European Union Recovery Instrument

Measures referred to in Article 2 of Regulation [ERI] shall be implemented under this Programme through amounts referred to in point (vii) of Article 3(2)(a) of that Regulation, subject to its Article 4(4) and (8).

These amounts shall constitute external assigned revenue in accordance with Article 21(5) of Regulation the Financial Regulation."

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties.

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

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LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for amendment of COUNCIL REGULATION (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid.

1.2. Policy area(s) concerned *(Programme cluster)*

15 External Action

1.3. The proposal/initiative relates to:

☐ **a new action**

☐ **a new action following a pilot project/preparatory action**[4]

X **the extension of an existing action**

☐ **a merger or redirection of one or more actions towards another/a new action**

1.4. Grounds for the proposal/initiative

1.4.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

This targeted amendment of the Humanitarian aid Regulation is proposed within the framework of the revised MFF (2021-2027) proposal including the European Recovery Instrument. This new instrument will provide funds to the Humanitarian aid, along with other programmes, for a limited period of time above the ceilings set for commitment and payment appropriations by the MFF, as external assigned revenue under the meaning of Article 21 of the Financial Regulation.

The implementation of the relevant actions under Humanitarian aid shall aim at supporting third countries in overcoming the negative effects of the COVID-19 pandemic and promoting resilience.

1.4.2. Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.

(1) The spread of the Coronavirus disease ('COVID-19'), which on 11 March 2020 was declared a pandemic by the World Health Organization has put an enormous strain on third countries, in particular on countries facing conflicts or other types of crises. In addition, in order to contain the spread, third countries have adopted a set of unprecedented measures. Those measures have caused significant disturbances of economic activities posing additional challenges to already weakened systems in some of the countries. In particular, those measures have disrupted supply chains and production and have caused absences from the workplace. More broadly, those measures have already led to or will lead to severe deterioration of the financial situation of many businesses in third countries.

[4] As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

(2) The crisis has spread quickly in the territory of the Union and in third countries. A sharp contraction of growth across the globe is now foreseen for 2020 and may last into 2021. This may have particularly dire consequences for third countries and their populations or vulnerable groups (e.g. refugees), in particular if combined with other challenges such as conflicts, natural disasters or break down of health systems in third countries.

(3) This exceptional situation calls for a coherent and unified approach at the level of the Union to prevent further deterioration of the economy and to boost a balanced recovery of the economic activity, ensuring continuity and increase in investments for the green and digitil transistion. Furthemore, due to major implications for third countries or vulnerable groups facing other challenges such as conflict, poverty, natural disaster, it is therefore necessary to establish an EU Recovery Instrument to address the consequences of the COVID-19 pandemic or the immediate funding needs to avoid its re-emergence.

(5) In addition to the support to economies both within the EU as well as in third countries, to health and climate related research and innovation activities within the Union, the instrument should reinforce the support that the EU can provide in cases of humanitarian needs.

(6) The overall humanitarian situation, as well as trade and economic relations with neighbouring and developing countries are of high relevance for the economy in the Union. For that reason, and in line with the global role and responsibility of the Union as well as its values, financial resources from the EU Recovery Instrument via NDICI should also be used to provide support for the efforts of those countries to fight the impact of the COVID-19 pandemic and recover from it. It should also be used, via Humanitarian aid, to provide humanitarian relief to populations in need, including much needed support to the health services of third countries.

1.4.3. Lessons learned from similar experiences in the past

Experience from the MFF 2014–2020 shows that the Humanitarian aid annual allocations have been insufficient to cover the numerous protracting or newly emerging humanitarian crises in the world. For this reason, extensive reinforcements through the use of the Emergency Aid Reserve and other sources had to be made. This proposal responds to the additional unforeseen needs related to COVID-19 by increasing the availability of additional resources over and above the MFF 2021-2027 amounts.

1.4.4. Compatibility and possible synergy with other appropriate instruments

In addition to the synergies with the NDICI, the current initiative in the context of the revised MFF proposal sets strong synergies between Humanitarian aid and the new European Recovery Instrument, set out by the proposed Regulation (EU) XXX/XX. The latter will allow to provide funds to these sectorial programmes for a limited period of time above the ceilings of the MFF as a result of the complementarity of objectivities and functioning of these instruments and in light of rationale and added value presented in the section 1.4.2. above.

1.5. Duration and financial impact

☐ **limited duration**

– ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY

– ☐ Financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

X **unlimited duration**

– Implementation with a start-up period from 2021 onwards,

– followed by full-scale operation.

1.6. Management mode(s) planned[5]

X **Direct management** by the Commission

– X by its departments, including by its staff in the Union delegations;

– ☐ by the executive agencies

☐ **Shared management** with the Member States

X **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated;

– X international organisations and their agencies (to be specified);

– ☐the EIB and the European Investment Fund;

– ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation;

– ☐ public law bodies;

– X bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;

– X bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;

– ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

Comments:

[5] Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

In accordance with COUNCIL REGULATION (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid, the Commission monitors and assess operations under the Humanitarian aid according to the budgetary and other procedures in force, in particular those laid down in the Financial Regulation applicable to the general budget of the EU. The Commission regularly assesses humanitarian aid operations in order to establish whether they have achieved their objectives and to produce guidelines for improving the effectiveness of subsequent operations. The Commission reports to the Committee established in accordance with Article 17 of the Regulation.

2.2. Management and control system(s)

In order to ensure transparency and accountability on how European aid funds were spent, at the end of each year the European Commission's department for European Civil Protection and Humanitarian Aid Operations (ECHO) establishes an annual report. The report is available to the public, presenting how the budget was spent and which activities were carried out. ECHO is regularly subject to an annual detailed review of procedures and validation of its expenditure. Audits are carried out by the European Court of Auditors, as well as the Internal Audit Service of the Commission. ECHO also carries out partners' audits to assess whether grants have been spent in accordance with laid down rules, and to provide recommendations to improve the financial management by partners.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.

ECHO has in place an Anti-Fraud Strategy. The Strategy covers all key areas such as all stages of the anti-fraud cycle (prevention, detection, correction); internal fraud and external fraud; all activities of the DG, in particular Humanitarian Aid and Civil Protection actions; direct and indirect management modes; and fraud-proofing of legislation.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Headings of the multiannual financial framework and new expenditure budget line(s) proposed

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Heading 6. Neighbourhood and the World	Diff./Non-diff.[6]	from EFTA countries[7]	from candidate countries[8]	from third countrie	within the meaning of Article [21(2)(b)] of the Financial

[6] Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

					s	Regulation
6	15 01 02 Support expenditure for "Humanitarian Aid"	Non-diff.	YES	YES	YES	NO
6	15 03 01 Humanitarian aid	Diff.	YES	YES	YES	NO

[7] EFTA: European Free Trade Association.
[8] Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

In addition to the resources made available under the MFF ceiling for Heading [EUR 5 468 000 000] (in current prices) will be available as external assigned revenues, within the meaning of Article 21(5) of the Financial Regulation as financing from the European Union Recovery Instrument. Out of this up to EUR 42 000 000 may be dedicated to administrative expenditure, including external staff costs.

The indicative breakdown of the expenditure from external assigned revenue is as follows:

[–Humanitarian aid]			**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**TOTAL**
Operational expenditure from EURI external assigned revenues	Commitments	(1)	1 316,170	1 341,170	1 368,170	1 400,490	-	-	-	5 426,000
	Payments	(2)	864,621	1 214,845	1 356,504	1.383,504	477,110	129,416	-	5 426,000
Administrative support expenditure from EURI external assigned revenues	Commitments = Payments	(3)	5,830	7,830	7,830	7,830	5,830	4,230	2,620	42,000
Total external assigned revenues	Commitments	=1+3	1 322,000	1 349,000	1 376,000	1 408,320	5,830	4,230	2,620	5 468,000
	Payments	=2+3	870,451	1 222,675	1 364,334	1 391,334	482,940	133,646	2,620	5 468,000

Heading of multiannual financial framework	7	'Administrative expenditure'

EUR million (to three decimal places)

		2021	2022	2023	2024	2025	2026	2027	TOTAL
Human resources									
Other administrative expenditure									
TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	-	-	-	-	-	-	-	-

3.2.2. Summary of estimated impact on appropriations of an administrative nature

– ☐ The proposal/initiative does not require the use of appropriations of an administrative nature

– X The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

Years	2021	2022	2023	2024	2025	2026	2027	TOTAL
HEADING 7 of the multiannual financial framework								
Human resources								
Other administrative expenditure								
Subtotal HEADING 7 of the multiannual financial framework	-	-	-	-	-	-	-	-
Outside HEADING 7[9] of the multiannual financial framework								
Human resources - external assigned revenue (non-research)	4,000	6,000	6,000	6,000	4,000	2,400	0,800	29,200
Other expenditure of an administrative nature - external assigned revenue (non-research)	1,830	1,830	1,830	1,830	1,830	1,830	1,820	12,800
Sub-total external assigned revenue (non-research)	5,830	7,830	7,830	7,830	5,830	4,230	2,620	42,000
Subtotal outside HEADING 7 of the multiannual financial framework	5,830	7,830	7,830	7,830	5,830	4,230	2,620	42,000
TOTAL	**5,830**	**7,830**	**7,830**	**7,830**	**5,830**	**4,230**	**2,620**	**42,000**

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints. Additional staff will be only external staff and will be financed solely from assigned revenues.

[9] Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

3.2.2.1. Estimated requirements of human resources

– ☐ The proposal/initiative does not require the use of human resources.

– ☑ The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

Years		2021	2022	2023	2024	2025	2026	2027
• Establishment plan posts (officials and temporary staff)								
Headquarters and Commission's Representation Offices								
Delegations								
Research								
• External staff (in Full Time Equivalent unit: FTE) - AC, AL, END, INT and JED [10] Heading 7								
Financed from HEADING 7 of the multiannual financial framework	- at Headquarters							
	- in Delegations							
Financed from the envelope of the programme [11]	- at Headquarters							
	- in Delegations							
Other: external assigned revenue (research)								
Other: external assigned revenue (non-research)		50	75	75	75	50	30	10
TOTAL		**50**	**75**	**75**	**75**	**50**	**30**	**10**

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints. Additional staff will be only external staff and will be financed solely from assigned revenues.

Description of tasks to be carried out:

External staff	The external personnel will assist officials and temporary agents to contribute to the implementation of measures referred to in the ERI Regulation and to be implemented under the Humaniatarian Aid Regulation.

[10] AC= Contract Staff; AL = Local Staff; END = Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.

[11] Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

3.3. Estimated impact on revenue

– X The proposal/initiative has no financial impact on revenue.

– ☐ The proposal/initiative has the following financial impact:

  – ☐ on own resources

  – ☐ on other revenue

please indicate, if the revenue is assigned to expenditure lines ☐

EUR million (to three decimal places)

Budget revenue line:	Impact of the proposal/initiative						
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Article …….							

For assigned revenue, specify the budget expenditure line(s) affected.

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).