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**REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN
PARLIAMENT**

**Annual report from the European Commission
on the Instrument for Stability in 2007 – Executive Summary**

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INTRODUCTION

This report is submitted to the European Parliament and the Council in compliance with the reporting requirement set out in Article 23 of Regulation (EC) N°1717/2006 of the European Parliament and the Council of 15 November 2006 establishing an Instrument for Stability (the IfS Regulation). This article states:

‘The Commission shall examine progress achieved in implementing the measures undertaken pursuant to this Regulation and shall submit to the European Parliament and the Council an annual report on the implementation of the assistance. The report shall also be addressed to the European Economic and Social Committee and the Committee of the Regions. The report shall contain information relating to the previous year on the measures financed and information on the results of monitoring and evaluation exercises and the implementation of budget commitments and payments, broken down by country, region and cooperation sector’.

This report is also submitted in complement to the information already provided in accordance with the reporting requirement of Article 6(6) of the IfS Regulation, which states:

‘At as early a stage as possible, following the adoption of Exceptional Assistance Measures, and in any case within seven months of doing so, the Commission shall report to the European Parliament and the Council by giving an overview of the existing and planned Community response, including the contribution to be made from other Community financing instruments, the status of existing Country and Multi-Country Strategy Papers, and the Community’s role within the broader international and multilateral response. This report shall also indicate whether and, if so, for how long the Commission intends to continue the Exceptional Assistance Measures’.

The current practice established by the Commission during 2007 is to systematically inform the European Parliament and the Council of Exceptional Assistance Measures about to be supported under the IfS as part of the EU’s crisis response. In view of the need to keep the reporting requirements on each individual programme manageable, it is proposed to use this and the future annual reports for a global implementation update on all on-going measures earlier described, including those aspects on which information could not be provided upstream of the start of implementation.

I. BACKGROUND TO THE INSTRUMENT FOR STABILITY

EC external instruments have for a number of years been providing the **Commission’s contribution to the Union’s overall crisis responses**, be it in response to natural disasters or to political crises in third countries, in the latter case often alongside EU Joint Actions under Common Foreign and Security Policy (CFSP) or European Security and Defence Policy (ESDP). Between 2000 and 2006, this role was notably played by the **EC Rapid Reaction Mechanism (RRM)** as regards non-humanitarian crisis responses. Despite modest financial envelopes (in the order of €30 million per year) and a tight limit on the duration of

programmes (maximum six months), RRM-funded projects played an important role in a number of crisis response undertakings by the EU, in many cases kick-starting programmes under geographic instruments or dovetailing with CFSP/ESDP actions. The RRM was used successfully for example following the crisis in Afghanistan, in response to the tsunami and for the Aceh Peace Process, for the EU Border Assistance Mission to the Republic of Moldova and Ukraine, and in response to a series of other crises in Africa, Latin America, the Western Balkans and the Middle East.

The launch of the **Instrument for Stability** (IfS) in 2007 enhanced considerably the Commission's crisis response capacity, since the crisis response component constitutes the biggest part of this new instrument (more than one and a half billion euros out of the total of just over two billion over seven years)¹. Compared to the RRM, the crisis response component of the IfS represents a considerable increase in financial allocations (€93 million in 2007, and an average of €230 million per year for crisis responses during the period 2007-2013) and in the duration of programmes (18 months, with the possibility of extension under certain conditions). Section II of this report and the annexed Commission Staff Working Document present the measures adopted under Article 3 of the IfS Regulation, namely 'assistance in response to situations of crisis or emerging crisis'. The 'crisis response' component of the IfS is under direct responsibility of Directorate A of Directorate General for External Relations (DG RELEX) of the European Commission, with an increased involvement of Commission Delegations in third countries at the implementation stage.

The IfS also contains a longer term component, providing for '**assistance in the context of stable conditions for cooperation**'. Programmable measures under the IfS include:

1. **Measures addressing longer-term trans-regional security threats under Articles 4(1) and 4(2) of the IfS Regulation.** In the Instrument for Stability Strategy Paper 2007-2013, the Commission has identified the priorities for longer-term actions under Article 4(1) and Article 4(2). First, to support international efforts to address the proliferation of weapons of mass destruction, through actions aiming at improving effective control of chemical, biological, radiological and nuclear materials and agents, control of dual-use goods, and the redirection of weapons scientists' knowledge towards peaceful activities. (€53 million for 2007-08). Second, to support global and trans-regional efforts to address the threats posed by trafficking, terrorism and organised crime (€19 million for 2007-08). The long-term component of the IfS repeals some previously-existing budget lines (e.g on drugs).

Two additional priorities under Article 4(1) are threats to critical infrastructure and major public health threats with a potential trans-national dimension. These latter areas are new and will require extensive preparation to design specific programmes. The Commission plans to come back to these two areas in subsequent Indicative Programmes.

The Strategy for the years 2007-2011 and the Indicative Programme for the years 2007-2008 under article 4 of the IfS have received a favourable opinion by unanimity from the IfS Committee as well as favourable opinion of the European Parliament, and have been adopted in August 2007. This component is programmed by DG

¹ The overall financial envelope for the Instrument for Stability for the period 2007-2013 is €2,062,000,000. Out of this amount, the regulation specifies that no more than respectively 7%, 15% and 5% shall be allocated to measures falling under Articles 4(1), 4(2) and 4(3). This leaves at least 73% or €1,505,260,000 of the total for measures falling under Article 3 or 'crisis response'.

RELEX but managed under direct responsibility of EuropeAid Co-operation Office (DG AIDCO). It is described in Section IV of this report.

2. **‘Pre- and post-crisis capacity building measures’ under Article 4(3) of the IfS Regulation**, hereafter referred to as ‘crisis preparedness’. For the period 2007-2008, €15 million were programmed for this component, out of which €7 million for 2007. This component, which is also managed centrally by DG RELEX/A, is described in Section III of this report.

II. CRISIS RESPONSES UNDER THE INSTRUMENT FOR STABILITY (ARTICLE 3, BUDGET HEADING 19.06.01)

II.1. The IfS as part of the EU’s broader crisis response toolbox

In order for the EU to play an enhanced role as a foreign and security policy actor, it must have an effective **capacity to respond to crisis situations in third countries**, to assist bringing these countries back on the road of sustainable development. Strengthening the Union’s capacities to respond to the world’s crises means both reinforcing the various instruments at the Union’s disposal (civilian and military crisis management instruments, diplomacy, as well as development aid or trade policy), and ensuring that these instruments can be made to **work together as a coherent whole**. The IfS constitutes an important addition to Community instruments in response to crisis situations, the other ones being humanitarian assistance², civil protection (through the MIC)³, or other external financial instruments when urgently re-deployed in response to a crisis situation⁴. These Community instruments together with EU Joint Actions under CFSP/ESDP, constitute the essence of the EU’s crisis response capability.

Even prior to the entry into force of the Lisbon Treaty, **complementary and closely co-ordinated use of Community and CFSP instruments in response to political crises in third countries has become the rule**. Beyond the Treaty obligation to ensure coherence in external action, Europe’s citizens and the outside world expect the Union overall to be able to deliver. No instrument exemplifies this better than the crisis response component of the IfS: while remaining a first-pillar instrument decided upon by the Commission, the practice of close political co-ordination with EU Member States (notably in the Political and Security

² On 18 December 2007, the Presidents of the European Commission, European Parliament and Council of the European Union on behalf of the 27 EU Member States signed a ‘European Consensus on Humanitarian Aid’, outlining a common EU vision and practical approach to reach out efficiently to millions of people world-wide requiring basic life-saving aid. The Commission is currently preparing a 5-year action plan to implement the commitments made at EU level through the Consensus. The adoption and subsequent implementation of the action plan will further consolidate and develop the EU’s response to humanitarian crises.

³ The Community civil protection mechanism, deployable within and outside the EU through the mechanism’s Monitoring and Information Centre (MIC), was further reinforced during 2007, *inter alia* to allow the Commission to facilitate and in some cases co-finance (up to 50%) the transport of civil protection assistance to a disaster affected country.

⁴ Work is also underway to further **improve the Commission’s crisis response capacities**. In line with earlier recommendations of the Barnier report, the network of more than 130 Commission Delegations in third countries is being strengthened specifically as regards the coordination/ facilitation of crisis responses, with the objective of progressively building a number of regional poles of multi-sector expertise for crisis response. Work is also continuing on further reinforcing emergency aid coordination between humanitarian responses, civil protection, and other crisis responses, both at headquarters level and in the field.

Committee, but also in the geographic working groups) has made it a politically responsive EC instrument.

II.2. Genesis of IfS crisis response programmes

By their very nature, IfS crisis response programmes can not be programmed in advance. They are developed in *response* to **situations of crisis or emerging crisis**, when support cannot be provided rapidly enough under other EC financial instruments. Typically, the IfS can be mobilised in the case of a major new political crisis or natural disaster, or a window of opportunity to pre-empt a crisis or an opportunity to advance conflict resolution, or the need to secure the conditions for the delivery of EC assistance. When used in response to political crises, IfS measures have in a number of cases been crafted and deployed alongside CFSP / ESDP actions.

There can be **no automaticity in mobilising the IfS** in response to any given crisis situation. A judgement is made case by case whether or not a ‘crisis or emerging crisis’ in a third country justifies recourse to this instrument. There are cases of long-standing crises whose protracted status by nature would not justify funding new initiatives under the IfS, and where EC geographic instruments are adequate. In the same way, there are situations where the potential for an emerging crisis is sufficient to justify the use of the instrument.

While it is for the Commission’s Directorate-General for External Relations to propose new crisis response measures under the IfS, and the Commission’s exclusive competence to decide and implement IfS programmes, **ideas for new IfS programmes are often developed, in a flexible manner, through discussions with a series of actors** within the EU (other Directorates-General and services of the Commission, Delegations, but also the Council or individual EU Member States, European Parliament...), or within the wider international community (beneficiary country authorities, UN system agencies, bilaterals), or with civil society actors. Programme components are identified on the basis of the assessment of needs and of key issues to be addressed in a given crisis situation. Projects are at times designed from the outset by Commission staff, while in other cases, advanced project proposals are received from NGOs or international organisations. Beyond the initial screening of proposals for legal eligibility and practical feasibility, additional identification work and negotiations with implementing partners are usually necessary.

IfS approval procedures are designed to ensure **rapid adoption of programmes**, while also allowing for the necessary upstream consultation and co-ordination. Unlike EC humanitarian interventions deployable within days or weeks, the lead time for deploying IfS programmes – from the initial needs assessment to the financing of the first actions on the ground – is in general in the order of two to three months. This is understandable: while humanitarian actions are apolitical and allow urgent deployment, IfS actions are very political, and can just not be deployed lightly, and without proper political consultation within the EU, the country authorities, and with other international actors.

II.3. IfS crisis response programmes adopted in the course of 2007

The crisis response component of the Stability Instrument represents the bulk of the budget under title 19.06 (€91 million in 2007)⁵. This allocation was **almost entirely used in**

⁵ The initial budgetary allocation of article 190601 was of €100 million, of which €7 million were set aside for ‘crisis preparedness’ (see hereunder), leaving €93 million for crisis response. The difference between this initially available allocation of €93 million and the final available allocation of €91 million is explained by the exceptional transfer of €2 million to the budget line 19.06.03 for longer-term IfS measures. The latter was made necessary in order to allow the Commission to adopt an unforeseen

2007: consumption of **commitment appropriations** reached **99%** of the available total, while consumption of payment appropriations reached 68% of the available total⁶ (see details in annex). While full use of available budget appropriations is not *a priori* an essential aim for an instrument of this nature, the high consumption rate of commitment appropriations demonstrates that more could have been spent. Thus, a number of already developed programmes had to be deferred for adoption in early 2008. This demonstrates the appropriateness of the foreseen increases on this budget article during the financial perspectives.

The measures adopted in the course of 2007 **vary both geographically and thematically**: the reader is referred to the annexes for summary project descriptions and a tabular overview. A number of programmes adopted in the course of 2007 have already started delivering concrete results.

Thematically, the measures supported cover a **broad range of issues**, targeted on the specific needs of each conflict/post-conflict situation: short-term advice to develop and kick-start post-conflict security system reform (DRC, Guinea Bissau, Lebanon), complementary measures in areas where ESDP missions are deployed (e.g. DRC, Afghanistan, Chad), support to regional peace-building capacity (AU – AMISOM Somalia, AU-UN Mediation in Darfur), Rule of Law and transitional justice (Afghanistan, Colombia, Haiti), support to interim administrations (ICO Kosovo), conflict resolution and reconciliation (Uganda, Zimbabwe, Burma/Myanmar, Southern Thailand), post-conflict needs assessments and rehabilitation (Lebanon refugee camp), support to displaced populations (Lebanon, Syria), and conflict resources (Kimberley Process through dedicated facility).

No major disaster response programmes were funded in the course of 2007, however the IfS was able to support several post-disaster needs assessments in late 2007 and early 2008, which are likely to materialise in disaster response programmes this year.

Geographically, the largest share of funds (€ 38.9 million, some 43% of the total) was allocated for measures in Sub-Saharan Africa, namely in **Chad, Darfur, Somalia, DR Congo, Uganda, Guinea-Bissau** and **Zimbabwe** (see annex for details).

In the **Middle East**, some €19.7 million or 22% of the funds were committed for programmes in **Lebanon**, the **occupied Palestinian territories**, and in support of **Iraqi refugees** in Syria (see annex for details).

In the **Western Balkans**, €10 million were adopted to support the running costs of the International Civilian Office (ICO) in **Kosovo** (see annex for details).

In **Latin America and the Caribbean**, €9 million (some 10% of the funds) were used on programmes in **Colombia, Haiti, and Bolivia** (see annex for details).

Finally, in the **Asia-Pacific region**, €5.9 million, some 6% of the total, were made available for IfS programmes in **Afghanistan, Southern Thailand, and Burma/Myanmar** (see annex for details).

In addition to the above-enumerated programmes adopted and measures supported, a series of **preparatory measures** (e.g. expert assessment missions) were funded in the course of 2007

financing decision under the long-term component of the IfS to support the continuation of the on-going border management project in the Philippines under a more suitable legal basis than the ALA regulation, following a ruling by the ECJ.

⁶ The slightly lower than planned payment rate is explained by the fact that advance payments for several 2007 programmes were made in early 2008 after contract signature.

towards related programmes likely to be proposed under the IfS in the course of 2008 (see annex for details).

Close and regular **monitoring** of all IfS programmes is ensured by EC Delegations in the beneficiary countries. Delegations are in many cases also directly responsible for the implementation of assistance programmes. In view of the fact that the first IfS programmes have only been on-going for some months, **no evaluations were conducted to date**.

II.4. The first lessons learnt from 2007

The first year of operation of the crisis response component of the IfS has been a success. Despite less than optimal resources and structures, the 2007 crisis response budget was entirely committed (see annex). The programmes adopted have contributed to efforts in responding to crises around the world, usefully (and sometimes crucially) complementing other EU crisis response measures.

Thematically, several of the programmes supported have benefited from parallel policy and conceptual developments at EC/EU level and notably recent communications / guidelines SSR, DDR, IBM guidelines, fragile states etc.

Geographically, it is considered important to tackle crises where they arise, without trying to deliberately balance between regions. For instance, no programmes were funded in 2007 in the NIS region, however sizeable programmes were funded there in the past (EUBAM Moldova) and are likely to be funded there in 2008 (Kyrgyz republic justice and constitutional reform). Also, comparatively less was spent on Asia in 2007, but major programmes are being prepared in 2008 for Bangladesh, Nepal etc.

III. THE CRISIS PREPAREDNESS COMPONENT OF THE STABILITY INSTRUMENT (ARTICLE 4.3, BUDGET HEADING 19.06.01)

In addition to the above-described sizeable and growing crisis response component, the Instrument for Stability is innovating by introducing a ‘**crisis preparedness**’ component (€7 million in 2007, and a further €8 million in 2008). Framed as a new **Peace-building Partnership**, it aims at mobilising and consolidating civilian expertise for peace-building activities. It will focus principally on strengthening directly the up-stream capacity of the relevant partners to rapidly respond to a crisis scenario, and will address, notably, civil society organisations, but also international organizations and relevant agencies in EU Member States. The work under the Peace-building Partnership is the subject of a fruitful on-going dialogue with the relevant sub-group of the European Parliament’s Committee on Foreign Affairs.

The **first (2007) Annual Action Programme** under the **Peace-building Partnership** will finance (to the tune of €7 million), *inter alia* : capacity-building and early warning activities and exchange of experience on best practice for civil society organizations; early warning and early recovery work with UNDP and the African Union; and training for civil stabilization missions. A second (2008) Annual Action Programme for **€8 million** has just been endorsed by Member States and the Parliament and shall be adopted by 31 March.

IV. THE LONG-TERM PART OF THE STABILITY INSTRUMENT (ARTICLES 4.1 AND 4.2, BUDGET HEADINGS 19.06.02 AND 19.06.03)

On the basis of the Strategy and the Indicative Programme for the years 2007-2008 the Annual Action Programme (AAP) 2007 was adopted in December 2007. The Annual Action programme focuses on the following actions:

19.06.02.01 - ACTIONS IN THE AREA OF RISK MITIGATION AND PREPAREDNESS RELATING TO CHEMICAL, NUCLEAR AND BIOLOGICAL MATERIALS OR AGENTS

- (1) Support to the International Science and Technology Centre (ISTC) in Moscow and the Science and Technology Centre in Ukraine, Kiev (STCU) - Amount: € 15 M
- (2) Knowledge Management System on CBRN Trafficking - Amount: € 1 M
- (3) Combating illicit trafficking of nuclear and radioactive materials in FSU countries - Amount € 5 M
- (4) Assistance in export control of dual-use goods - Amount: € 5 M

19.06.03.01 - TRANS-REGIONAL ACTIONS IN THE AREAS OF ORGANISED CRIME, TRAFFICKING, PROTECTION OF CRITICAL INFRASTRUCTURE, THREATS TO PUBLIC HEALTH AND THE FIGHT AGAINST TERRORISM

- (1) Expert Support Facility - Amount: € 3.8 million.
- (2) Fight against trafficking from/to Afghanistan - Amount: € 5.2 million in 2007.

More detail on these programmes and their objectives is provided in the annexed staff working document. The programmes will start to be implemented in 2008. It is therefore too early to make an assessment of their effectiveness.

AIDCO is also currently working on the preparation of the Annual Action Programme for 2008.

IV.1. Mine Action and the Instrument for Stability

As far as landmines are concerned, it is worth recalling that **the IfS is not meant to be an instrument replacing - legally or financially - the repealed Anti-Personnel Landmines (APL) thematic budget line.** Main funds to support mine action should come from the geographic and development instruments (DCI, IPA, ENPI besides the EDF) or the humanitarian aid instrument in case of crisis situations.

As for the IfS, support to **mine action is foreseen only under its short-term remit** (Article 3.2 h) and with some constraints. There are no provisions for possible APL support under the IfS long-term part (art. 4 - applicable to "stable conditions"). However, the latter does **cover firearms and ammunition.** From a stock-taking exercise carried out among relevant Commission services in terms of programming funds committed to mine action after the repeal of the APL budget line, it is evident that funds have dropped by one third, which was the ratio covered by the APL horizontal budget line vis-à-vis the geographic and development instruments (the remaining two thirds). Relex A is strengthening internal coordination within the Commission to ensure that APL are given proper attention and hence are effectively mainstreamed in national programs.