



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 23.02.2004
COM(2004)126 final

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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**amending Regulation (EC) No 2130/2001 on operations to aid uprooted people in Asian
and Latin American developing countries**

(presented by the Commission)

EXPLANATORY MEMORANDUM

The European Community is implementing a programme in favour of operations to aid uprooted people in Asian and Latin American developing countries under Regulation (EC) No 2130/2001 of 29 October 2001.

This Regulation expires on 31 December 2004. The Regulation foresees that its renewal will depend on the possibility for “integrating this Regulation into a single framework Regulation for Asia and Latin America”.

In July 2002, the Commission adopted a proposal for a Regulation of the European Parliament and of the Council concerning Community co-operation with Asian and Latin American countries – COM (2002) 340 final – which integrates aid to uprooted people in Asian and Latin American developing countries and which provides for Regulation (EC) No 2130/2001 to be repealed. For the adoption of this new Regulation, the European Parliament and the Council act in accordance with the procedure laid down in Article 251 of the Treaty (co-decision). In the context of this procedure, the European Parliament held the first reading of this Regulation in November 2003.

The interruption of the sessions of the European Parliament due to the elections which will take place in June 2004 will very probably prevent the Regulation concerning Community co-operation with Asian and Latin American countries from being adopted and entering into force by 31 December 2004, the date when Regulation (EC) No 2130/2001 expires. This could jeopardise the continuity and smooth implementation of operations to aid uprooted people in Asian and Latin American developing countries.

In order to avoid such a situation, the present proposal aims to extend the period of execution of Regulation (EC) No 2130/2001 indefinitely. This would guarantee its application until it is repealed by the future Regulation concerning Community co-operation with Asian and Latin American countries – COM (2002) 340 final.

It is also necessary to add to the reference to the financial framework for the years 2001–2004 which appears in Regulation (EC) No 2130/2001 a new reference applying to the remaining years of the current financial perspective (2005-2006).

Finally, it is also necessary to provide for an independent evaluation of the implementation of this Regulation.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EC) No 2130/2001 on operations to aid uprooted people in Asian and Latin American developing countries

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 179(1) thereof,

Having regard to the proposal from the Commission,

Acting in accordance with the procedure laid down in Article 251 of the Treaty,

Whereas:

- (1) The European Community is implementing a programme in favour of operations to aid uprooted people in Asian and Latin American developing countries under Regulation (EC) No 2130/2001 of 29 October 2001¹. That Regulation expires on 31 December 2004.
- (2) Regulation (EC) No 2130/2001 anticipates that its renewal will depend on the possibility of it being integrated into a single framework Regulation for Asia and Latin America.
- (3) In July 2002, the Commission adopted a proposal for a Regulation of the European Parliament and of the Council concerning Community co-operation with Asian and Latin American countries² which integrates aid to uprooted people in Asian and Latin American developing countries and repeals Regulation (EC) No 2130/2001. That proposal might not be adopted in time for the new Regulation to enter into force by 31 December 2004. Such a situation could jeopardise the continuity and smooth implementation of operations to aid uprooted people in Asian and Latin American developing countries.
- (4) It is necessary to ensure the implementation of Regulation (EC) No 2130/2001 until the entry into force of the future Regulation. The latter would then constitute the new legal framework for operations to aid uprooted people in these two regions.
- (5) It is necessary to indicate the financial framework for the remaining years of the current financial perspective, namely 2005 and 2006.

¹ OJ L 287, 31.10.2001, p. 3.

² OJ C 331 E, 31.12.2002, p. 12.

- (6) It is also necessary to provide for an independent evaluation of the implementation of Regulation (EC) No 2130/2001.
- (7) Regulation (EC) No 2130/2001 should therefore be amended accordingly.

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 2130/2001 is amended as follows:

- (1) In Article 15, the following paragraph 1a is inserted:

“1a. The financial framework for the implementation of this Regulation for the period from 2005 to 2006 is hereby set at EUR 141 million.”

- (2) In Article 19, paragraph 3 is replaced by the following:

“3. By the end of 2004, the Commission shall submit an independent evaluation report on the implementation of this Regulation to the European Parliament and the Council with a view to establishing whether its objectives have been achieved and providing guidelines for improving the effectiveness of future operations. The report shall assess the effectiveness of action taken following performance audits and independent evaluations.”

- (3) In Article 20, the second paragraph is deleted.

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 all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

Policy area(s): 19

Activit(y/ies): 19

TITLE OF ACTION: AID TO UPROOTED PEOPLE IN ASIAN AND LATIN AMERICAN DEVELOPING COUNTRIES

1. BUDGET LINE(S) + HEADING(S)

19 09 03 – AID TO UPROOTED PEOPLE IN LATIN AMERICA

19 10 03 – AID TO UPROOTED PEOPLE IN ASIAN COUNTRIES

ex. 19 10 06 – AID FOR THE REHABILITATION AND RECONSTRUCTION OF AFGHANISTAN

2. OVERALL FIGURES

2.1. Total allocation for action (Part B): € 141 million for commitment

2.2. Period of application:

The Regulation is for an indefinite period, although the financial framework is defined for the period 2005 to 2006, the end of the current financial perspectives.

2.3. Overall multiannual estimate of expenditure:

- (a) Schedule of commitment appropriations/payment appropriations (financial intervention) *(see point 6.1.1)*

€ million *(to three decimal places)*

	Year [n] 2005	[n+1] 2006	[n+2]	[n+3]	[n+4]	[n+5 and subs. Years]	Total
Commitments	70	71					141
Payments	17.5	52.5	52.5	18.5			141

- (b) Technical and administrative assistance and support expenditure *(see point 6.1.2)*

Commitments	0.7	0.7					1.4
Payments	0.2	0.5	0.5	0.2			1.4

Subtotal a + b							
Commitments	70.7	71.7					142.4
Payments	17.7	53.0	53.0	18.7			142.4

- (c) Overall financial impact of human resources and other administrative expenditure
(see points 7.2 and 7.3)

Commitments/ payments	1.4	1.4					2.8
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TOTAL a+b+c							
Commitments	72.1	73.1					145.2
Payments	18.2	54.4	53.5	19.1			145.2

2.4. Compatibility with financial programming and financial perspective

Proposal is compatible with existing financial programming for Asia and Latin America for 2005 and 2006. The appropriations proposed for these actions will not modify the overall financial framework for the activities concerned.

2.5. Financial impact on revenue:³

Proposal has financial impact – the effect on revenue is as follows:

(€ million to one decimal place)

Budget line	Revenue	Prior to action [Year n-1]	Situation following action					
			[Year n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5]
	a) Revenue in absolute terms		--	--	--	--	--	--
	b) Change in revenue		--	--	--	--	--	--

3. BUDGET CHARACTERISTICS

Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
Non-comp	Diff	NO	NO	NO	No IV

³ For further information, see explanatory notes

4. LEGAL BASIS

Article 179 (1) in conjunction with Article 251.

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention⁴

5.1.1. Objectives pursued

The general objective of the operation is to implement a programme of support and assistance to uprooted people to contribute to the urgent requirements not covered by humanitarian aid and the longer-term realisation of projects and action programmes aimed at the self-sufficiency and integration and re-integration of such people. A link needs to be provided between humanitarian aid and rehabilitation or development operations by helping these groups in the very delicate transitional phase often following an armed conflict.

5.1.2. Measures taken in connection with *ex ante* evaluation

In Latin America, the Commission is proposing an increase in commitments for aid to uprooted people from € 11 million in 2004 to € 20 million in 2005 and 2006. Colombia is the sole recipient of assistance from the uprooted people budget line in Latin America. The requested increase in the budget for uprooted people for 2005 and 2006 derives from the following elements:

The dynamics of the Colombian conflict: compared to the peak year of 2002, there seems to have been a relative diminution of new displacements in Colombia in 2003. In terms of EC response to the phenomenon, therefore, it is likely that a progressive shift will be needed from ECHO interventions to interventions through the uprooted people budget line in order to maintain an overall amount of support to IDPs commensurate to the humanitarian crisis in Colombia (the third largest IDP crisis in the world), in keeping with the “LRRD” (Link between Rehabilitation, Reconstruction, and Development) principle of seamless transition from post-emergency instruments to mid- to long-term actions. In 2003, the total amount of support was over € 8 million from ECHO budget lines and € 10.5 million from the Uprooted People budget line, thus totalling almost € 19 million only for IDPs.

In addition to the IDP issue, the Regulation (EC) No 2130/2001 also covers support to demobilised soldiers, an issue on which demand to the European Commission is likely to increase in Colombia, notably regarding child soldiers. Disarmament, demobilisation and reintegration (“DDR”) of former members of illegal armed groups is one of the central objectives of the current Colombian administration, and in any case, addressing the issue of child soldiers (estimated at between 7,000 and 11,000 in Colombia) is of critical importance to help Colombia effectively apply the Convention on the Rights of the Child it has ratified. The EU is currently drafting a comprehensive policy towards the mainstreaming of the issue of children and armed conflict into its policies, actions and aid programmes, which will also be a further incentive to take action in this area in Colombia.

⁴ For further information, see explanatory notes

In Asia, the Commission is proposing an increase in commitments for aid to uprooted people from € 25 million in 2004 to € 26 million in 2005 and € 27 million in 2006. This represents a slight increase in order to cater for crises involving refugees, IDPs and returnees in Asia. This increase is justified by the increased number of people needing continued assistance once they return home.

5.1.3. Measures taken following *ex post* evaluation

An evaluation of Regulation (EC) No 2130/2001 is currently under way and will be presented to the European Parliament and the Council by the end of 2004. The results of this evaluation will be taken into consideration by the Commission in the discussions with the legislative authority over the extension of this regulation.

5.2. Action envisaged and budget intervention arrangements

Actions are chosen in the light of the situations where it has been decided to intervene. It is essential that a high degree of flexibility be retained in this respect as the variation in recent years has already shown the need for it. There are many factors of uncertainty which could affect the specific results of the operations. Significant changes in the security situation in the areas concerned could occur.

Given the volatile nature of the situations that these operations seek to address, it is impossible to quantify specific objectives. Shifts from ECHO interventions should be envisaged in keeping with the “LRRD” principle of seamless transition from post-emergency instruments to mid- to long-term actions. This would be in conformity with the comprehensive policy on this matter.

The target populations are uprooted people (refugees, displaced persons and returnees) and demobilised soldiers, including child soldiers, in Asia and Latin America.

5.3. Methods of implementation

Operations to aid uprooted people will be directly managed by the Commission using either official or temporary staff. Eligible beneficiaries will receive grants which will be awarded either through Calls for Proposals or in duly-justified cases through Direct Awards. These grants will be mainly managed by Commission Delegations under the policy of deconcentration of the management of external assistance.

6. FINANCIAL IMPACT

6.1. Total financial impact on Part B - (over the entire programming period)

6.1.1. Financial intervention

Commitments (in € million to three decimal places)

Breakdown	[Year n] 2005	[n+1] 2006	[n+2]	[n+3]	[n+4]	[n+5 and subs. Years]	Total
Action 1 – Asia	26	27					53
Action 2 – Afghanistan	24	24					48
Action 3 – Latin America	20	20					40
TOTAL	70	71					141

6.1.2. Technical and administrative assistance, support expenditure and IT expenditure (commitment appropriations)

	[Year n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5 and subs. years]	Total
1) Technical and administrative assistance	0.7	0.7					1.4
a) Technical assistance offices							
b) Other technical and administrative assistance: - intra muros: - extra muros: <i>of which for construction and maintenance of computerised management systems</i>	0.7	0.7					1.4
Subtotal 1	0.7	0.7					1.4
2) Support expenditure	Pm	Pm					pm
a) Studies							
b) Meetings of experts							
c) Information and publications							
Subtotal 2							
TOTAL	0.7	0.7					1.4

6.2. Calculation of costs by measure envisaged in Part B (over the entire programming period)⁵

The latest UNHCR figures available (January 2003), put the total number of uprooted people in the world at 20.5 million, an increase of about 750,000 from the previous year. Of these, almost half are in Asia and another 1.05 million in Latin America. The countries currently covered by the Regulation are Afghanistan (including Pakistan and Iran), Bangladesh, Burma/Myanmar, Indonesia, Nepal (Bhutanese refugees), the Philippines, Sri Lanka and Thailand in Asia and Colombia in Latin America. However, this could change should a refugee crisis emerge in other countries in the two regions.

The commitments in the uprooted people budget lines have steadily increased between 2001 and 2004. The credits available in 2001 and 2002 were low compared to the financial framework defined in Regulation (EC) 2130/2001 but this shortfall was made up in 2003 and 2004. The commitments are summarised in the following table:

Commitments (in € million)				
	2001	2002	2003	2004
Asia	25.4	12.1	23	25
Afghanistan	13.9	24	24	24
Latin America	-. -	4.3	10	11
TOTAL	39.3	40.4	57	60

For the years 2005 and 2006, the following commitments are planned (see also section 5.1.2 for more information):

⁵ For further information, see separate explanatory note

Commitments (in € million to three decimal places)

Breakdown	Type of outputs (projects, files)	Number of outputs (total for years 1...n)	Average unit cost	Total cost (total for years 1...n)
	1	2	3	4=(2X3)
<u>Action 1 Asia</u> - Measure 1	Projects	Dependent on outcome of call for proposals	n.a	53
<u>Action 2 Afghanistan¹</u> - Measure 1	Projects	Dependent on outcome of call for proposals	n.a.	48
<u>Action 3 Latin America</u> - Measure 1	Projects	Dependent on outcome of call for proposals	n.a.	40
¹ Use of the 24M€ will be determined at a later stage				
TOTAL COST				141

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources		Total	Description of tasks deriving from the action
		Number of permanent posts	Number of temporary posts		
Officials or temporary staff	A	1			<i>If necessary, a fuller description of the tasks may be annexed.</i>
	B	3			
	C	1			
Other human resources					
Total (staff already existing)		5	7		

7.2. Overall financial impact of human resources

Type of human resources	Amount (€)	Method of calculation *
Officials	540,000	EUR 108,000 X 5
Temporary staff	706,580	EUR 100,940 (ALAT) X 7
Other human resources (specify budget line)	0	
Total	1,246,580	

The amounts are total expenditure for twelve months.

7.3. Other administrative expenditure deriving from the action

Budget line (number and heading)	Amount €	Method of calculation
Overall allocation (Title A7)	150,000	
A0701 – Missions		
A07030 – Meetings		
A07031 – Compulsory committees ¹		
A07032 – Non-compulsory committees ¹		
A07040 – Conferences		
A0705 – Studies and consultations		
Other expenditure (specify)		
Information systems (A-5001/A-4300)		
Other expenditure - Part A (specify)		
Total	150,000	

The amounts are total expenditure for twelve months.

¹ Specify the type of committee and the group to which it belongs.

I.	Annual total (7.2 + 7.3)	€1,396,580
II.	Duration of action	2 years
III.	Total cost of action (I x II)	€2,793,160

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

Operations will be monitored by the various Commission departments in Brussels (particularly the EuropeAid Co-operation Office) and the Delegations.

8.2. Arrangements and schedule for the planned evaluation

The Commission will be submitting an independent evaluation report on the implementation of Regulation (EC) No 2130/2001 to the European Parliament and the Council by the end of 2004 with a view to establishing whether its objectives have been achieved and providing guidelines for improving the effectiveness of future operations. The results of this evaluation will be taken into consideration by the Commission in the discussions with the legislative authority over the extension of this regulation.

Independent evaluations of the Regulation on Community co-operation with Asian and Latin American countries will also cover operations to aid uprooted people once it enters into force.

9. ANTI-FRAUD MEASURES

The administrative monitoring of contracts and payments will be handled by the Commission Delegations concerned under the policy of deconcentration of the management of external assistance.

Project implementation will be monitored at all stages of the project cycle (selection, contracts, performance of contracts, payments) by the Commission in Brussels and in Delegations. Checks will focus on the respect of contractual obligations and will be based on the principle of cost/benefit analysis and financial management.

In addition, the EuropeAid Co-operation Office, DG Audit, OLAF and the Court of Auditors will carry out audits and checks, including some on-the-spot, on expenditures authorised under the programme and the satisfactory implementation of operations. Routine financial audits, particularly those conducted in the lifetime of the project, will be carried out in addition to the fraud prevention measures.