



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 09/07/2009
COM(2009) 341 final

**REPORT FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN
PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND
THE COMMITTEE OF THE REGIONS**

**Annual report from the European Commission
on the Instrument for Stability in 2008**

{SEC(2009) 932}

**REPORT FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN
PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND
THE COMMITTEE OF THE REGIONS**

**Annual report from the European Commission
on the Instrument for Stability in 2008**

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. The practice established by the Commission since 2007 is to systematically inform the Council as well as the European Parliament 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, the annual reports also provide 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. These updates are provided in the annexes to the Report.

1. BACKGROUND TO THE INSTRUMENT FOR STABILITY

1.1. Crisis Response

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 the Common Foreign and Security Policy (CFSP) or the European Security and Defence Policy (ESDP). These instruments, such as the Rapid Reaction Mechanism and the Africa Peace Facility could thus provide a critical bridging function vis-à-vis an effective deployment of the Community’s geographical or thematic instruments, contributing to the objectives of, and building synergies with, relevant country or regional strategies.

The launch of the Instrument for Stability (IfS) in 2007 considerably enhanced the Commission’s crisis response capacity, since the crisis response component

constitutes the largest part of this new instrument (following the budget reconciliation on 21 November 2008, reduced to €1.3 billion over seven years)¹.

Compared to the previous Rapid Reaction Mechanism, the crisis response component of the IfS represents a considerable increase in financial allocations (€3 million in 2007 and €129 million in 2008, with an average of €85 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). The measures adopted under Article 3 of the IfS Regulation, namely ‘assistance in response to situations of crisis or emerging crisis’ are identified by Directorate A of the Directorate-General for External Relations (DG RELEX) of the European Commission, together with the responsible geographic services of the RELEX family, and often with a substantial involvement of Commission Delegations in third countries. Responsibility for downstream programme decision and implementation rests with DG RELEX/A, while Commission Delegations in many cases are entrusted with project management in-country. Progress in 2008 is described in section 2 of this report.

1.2. Measures addressing longer-term trans-regional security threats under Articles 4(1) and 4(2) of the IfS Regulation

The IfS also contains a longer term component, providing for ‘assistance in the context of stable conditions for cooperation’.

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 (€3 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).

Two additional priorities under Article 4(1) are threats to critical infrastructure and critical maritime routes with a potential trans-national dimension. These latter areas are new and will require extensive preparation to design specific programmes. The Commission has included these two areas in the subsequent Indicative Programme for 2009-2011.

This component is programmed by DG RELEX but managed under direct responsibility of EuropeAid Co-operation Office (DG AIDCO). Progress in 2008 on this component is described in Section 4 of this report.

¹ According to Article 24 of the IfS Regulation, the overall financial envelope for the Instrument for Stability for the period 2007-2013 is €2.062 billion. 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), representing a maximum of €57 million. This would leave at least 73% of the total for measures falling under Article 3 or ‘crisis response’. However, after the budget reconciliation in November 2008, resulting in the reallocation of €240 million from 19.0601 to the Food Facility, the available amount for crisis response would be reduced to between €1.27 – 1.29 billion over the period 2007-2013, as opposed to an initial planning of €1.49 billion.

1.3. '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 and committed for this component, out of which €7 million for 2007 and €8 million for 2008. Progress in 2008 on this component, which is also managed centrally by DG RELEX/A, is described in Section 3 of this report.

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

2.1. 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 cooperation or trade policy), and ensuring that these instruments can be made to work together coherently towards the objectives of relevant country and regional strategies for peace, stability and sustainable development. The IfS constitutes an important addition to Community instruments in response to crisis situations. These Community instruments, together with EU Joint Actions under CFSP/ESDP and dedicated envelopes under other Community geographic instruments, constitute the essence of the EU's crisis response capability.

2.2. Genesis and adoption 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, taking account of horizontal and geographical objectives and priorities of the EU. Actions undertaken shall be complementary and also seek synergies with Community geographic policies and 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 missions, most recently in Georgia, where after the August conflict the IfS crisis response financed urgently needed support in the amount of €15 million for the more than 30,000 IDP's and for clearance of unexploded ordinance in parallel to the deployment of EUMM Georgia. Another example for an effective IfS dovetailing with ESDP and geographic instruments and development cooperation strategies, are Chad and the Central African Republic, where alongside, and in support of the EUFOR mission, the IfS is delivering €15 million for the MINURCAT police programme protecting refugee camps and the election census in Chad, as well as €6.5 million for security system reform in the Central African Republic. At the same time, cooperation under the B-envelope of the 9th EDF finances the €13 million *Programme d'Accompagnement à la Stabilisation*, aiming at generating the conditions (food security, rehabilitation of social infrastructures, restoration of rule of law and mediation mechanisms) for a sustainable return of IDPs to their villages of origin. To ensure follow up, under the

10th EDF €25 million are earmarked to support the reform of the justice sector, including further assistance to a second phase of MINURCAT.

IfS approval procedures are designed to ensure rapid adoption of crisis response programmes up to €20 million. At the same time, IfS actions are very political, and can just not be deployed lightly, which requires the necessary investment of time for proper political consultation within the EU, the country authorities, and with other international actors.

2.3. IfS crisis response programmes adopted in the course of 2008

2.3.1. Budgetary execution

Regarding **commitment appropriations**, the budget for Crisis Response and Preparedness (19.0601) rose by more than one third from €100 million in 2007 to €136.871 million in 2008. Out of this amount, **€128.87 million was committed for Crisis Response.² Commitments at year-end showed an execution rate of 100%³.** Another indicator for a substantial improvement in timely delivery of crisis responses is the fact that **75% of these commitments have already been contracted (€96 million)**, as compared to 45% in 2007.

The original level of payment appropriations on the 2008 budget for 19.0601 of €70 million appeared to be insufficient in the course of the year. Therefore, a transfer of additional payment appropriations of €37 million had to be requested. **The final execution has been €92 million, which is an almost threefold increase when compared to the payment levels in 2007.** In percentage points, this represents 85% of the total appropriations in 2008 (including the reinforcement), which is also higher than the execution rate in 2007 (68%).

2.3.2. Programmes adopted in 2008

In its second year of operation the Stability Instrument has financed again a significant number of crisis response projects by adopting Exceptional Assistance Measures pursuant to the IfS Regulation. All in all, **26 financing decisions**, including two new IfS facilities and **16 actions under the IfS facilities** have been adopted and committed in 2008. A complete list of all financing decisions adopted in 2008 under 19.0601 is included in the Annexes to the Report.

Major crisis response actions in 2008 include assistance to resolve the conflict in the **Democratic Republic of Congo (€10 million)**, support to the fragile peace process and transition in **Nepal (€5.95 million)**, post-conflict support to **Internally Displaced People in Georgia (€15 million)**, continuing support to **peace-building in Kosovo in the amount of €14.2 million** during the difficult transition following its declaration of independence and the launch of the EU's EULEX mission, a substantial **recovery programme in Bangladesh following the devastating cyclone SIDR (€13 million)**, and also additional support to the **fragile reconciliation process in Lebanon to help prepare the 2009 elections (€4 million)**. In addition, two new facilities in support of smaller-scale and urgent actions for transitional justice and international tribunals (€12 million), as well as for mediation and reconciliation (€5.5 million), have been adopted.

² The remainder of €8 million was committed for measures under Article 4.3, Crisis Preparedness, see below.

³ On 19.0601, the full amount of €136.871 million in C1 credits was committed. In addition, €236,868.50 was committed in C4 credits.

Two years after its start, the Stability Instrument crisis response component is now well established as a highly complementary EU crisis management tool. In terms of geographic distribution, **€20 million were committed in total in 2007 and 2008 for 59 actions worldwide.**

Seen over the past two years, the main share of support was provided in **Africa** (mainly DRC, CAR, Chad, Somalia - **29%**), followed by actions in **Asia** (mainly Afghanistan, Sri Lanka, Nepal, Southern Thailand, Aceh, East-Timor - **19%**), the **Middle East** (Lebanon, Palestine, Iraqi Refugees in Syria – **12%**), **Kosovo** (€4 million) and **Georgia** (€7 million).

Thematically, the adopted measures 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 (CAR, DRC, Guinea-Bissau, Lebanon, Palestine, Timor-Leste), measures in areas where ESDP missions are deployed (Georgia, Kosovo, DRC, Afghanistan, Chad, Palestine), support to regional peace-building capacity (AU – AMISOM Somalia, AU-UN Mediation in Darfur), Rule of Law and transitional justice (Afghanistan, Kyrgyzstan, Colombia, Haiti, Sierra Leone, Solomon Islands), support to interim administrations (ICO Kosovo), conflict resolution and reconciliation (Sri Lanka, Thailand, Colombia, Uganda, Zimbabwe, Peru, Palestine, Burma, Nepal), post-conflict and -disaster recovery programmes and needs assessments (Bangladesh, Nicaragua, Lebanon, Peru), support to displaced populations (Lebanon, Syria), and conflict resources (dedicated facility).

2.4. The IfS facilities: First and Second Policy Advice and Mediation Facility (PAMF), Conflict Resources Facility, and Transitional Justice Facility

In light of the positive experience gained from the RRM, certain key thematic areas of crisis response typically requiring the immediate launch of smaller actions have been covered by IfS financing decisions adopting Facilities. These areas now include Policy Advice and Mediation, Conflict Resources and Transitional (post-conflict) Justice. The facilities enable the financing of urgent, smaller, and targeted measures at the sub-delegated level, without a need for an individual financing decision.

The Facilities adopted in 2007 on *Policy Advice and Mediation (PAMF, €10 million)* and *Conflict Resources (CRF, €2 million)* have been fully used and contracted by the end of 2008. Under the PAMF, five actions were financed in 2007 and 12 in 2008. These included short-term and urgent policy advice and expertise in Guinea-Bissau, Armenia, Georgia, Lebanon, Sri Lanka and Myanmar and other crisis settings, as well as the financing of joint post-disaster needs assessments with the UN and the World Bank in Bangladesh, Myanmar, Haiti and Ukraine. Under the CRF, a total of 5 actions were financed in support of the fight against illegal diamond mining and trade as part of the Kimberley Process and the illegal exploitation of other natural resources in other areas.

In 2008, a new facility was adopted on transitional justice for €12 million in order to provide timely and focused assistance to international tribunals and transitional justice initiatives. The Commission's implementing partners are international and regional organisations, state and non-state actors and/or the specific tribunals and truth commissions. A first action was already contracted in 2008 for €2.5 million providing urgently needed financing for the International Tribunal trying the war crimes committed by Charles Taylor in Sierra Leone. In addition, €5.5 million were committed for a decision on a second PAMF in December 2008.

2.5. Progress on Crisis Response programmes adopted in 2007

Almost all of the of the 2007 crisis response commitments have been contracted, with a rate of 97%. Payments on these contracts amount to 65%. With a project duration mostly between 12 and 18 months, the majority of 2007 measures are still under implementation, while delivering on the ground. A number of measures have been completed in the meantime, such as the justice reform project in Afghanistan. Detail on operational progress and impact on the 2007 measures is provided in the Annexes.

2.6. Role of Commission Delegations

Close and regular monitoring of all IfS programmes is ensured by EC Delegations in the beneficiary countries. Delegations are in many cases providing project proposals to Commission headquarters and are also directly responsible for the implementation of adopted assistance programmes.

As in 2007, the majority of projects – 21 out of 26 financing decisions and three actions under the IfS facilities - have been sub-delegated for implementation to the Delegations in the country concerned. As a result 40 contracts have been signed by Delegations under 19.0601 in 2008. In total, 40 crisis response actions representing €180 million have been sub-delegated to 27 Commission Delegations since 2007. This allows not only negotiation and conclusion of contracts with local counterparts and timely adjustments if needed, but also the close monitoring of project implementation in the field.

2.7. Further lessons learnt

The operation of the crisis response component of the IfS continues to be successful and is meeting the objectives of the Regulation. Again, the 2008 crisis response budget was entirely committed. The organisational structures within the RELEX family have proven to be adequate and responsive in order to allow for rapid programme identification and adoption. The programmes adopted have contributed to efforts in responding to crises around the world, usefully (and sometimes crucially) complementing other EU crisis response measures, such as in Georgia, Kosovo, Chad and the Central African Republic.

In order to gain a more detailed understanding of impact, effectiveness, efficiency, sustainability and other outputs of the IfS crisis response component, the Commission is intending to conduct a programme-wide evaluation in 2009 on the basis of measures adopted in 2007 and 2008 insofar as they have advanced enough to allow for useful analysis. The evaluation will be shared with Parliament and Council once finalised.

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

Regarding the Stability Instrument's 'crisis preparedness' component, 2008 saw further progress in consolidating the *Peace-building Partnership (PbP)*, which aims at mobilising and consolidating civilian expertise for peace-building activities. It focuses on strengthening up-stream capacity of relevant partners to rapidly respond to crisis, and addresses in particular civil society organisations and think-tanks, but also international and regional organisations and relevant agencies in EU Member States.

In 2008, the total financial envelope of €15 million committed in 2007 and 2008 was allocated, and the components and objectives identified in the respective Annual Action Programmes (AAPs) were implemented.

In this context, two calls for proposals for civil society organisations were launched in the framework of Peace-building Partnership support: a call to reinforce capacity building, and the first phase of a call on the organisation of round tables. Successful proposals under the capacity-building call represented a mixture of transversal, inter-regional, and crisis-specific capacity-building actions with a wide geographic spread (European neighbourhood, Africa, Asia, the Caribbean, etc.). For the first phase of the call on the organization of round tables, successful applications again constituted both transversal and crisis-specific proposals, with activities focused on the European neighbourhood.

Moreover, direct grants were awarded - in the context of the co-operation with international organisations on early warning and early recovery - to the African Union (support to the African Union's Continental Early Warning System), to UNDP (for co-operation on post-conflict and post-disaster needs assessments, and on natural resources and conflict), and to relevant EU Member States' training agencies in the framework of training for civilian stabilisation missions.

Over the year, the dialogue process with civil society organizations was further developed through the organisation of a series of consultation meetings (in February, June and October) and the use of the Peace-building Partnership web-portal as a channel of communication with PbP partners.

With regard to the 'Initiative for Peace-building' (formerly known as the 'Conflict Prevention Network') – which is gradually being integrated into the PbP –, the work of the ten civil society organisations co-operating on this action has focused on integrating the complementary knowledge of the partners in six cluster areas: mediation; regional co-operation on environment, economy and natural resources; security; democratization and transitional justice; gender; capacity-building and training. Within these clusters, work focuses on harnessing this expertise in order to facilitate conflict prevention and peace-building policy and practice.

4. THE LONG-TERM PART OF THE STABILITY INSTRUMENT (ARTICLES 4.1 AND 4.2, BUDGET HEADINGS 19.0603 AND 19.0602)

On the basis of the Strategy Paper 2007-2011 and the Indicative Programme for the years 2007-2008 the following activities were carried out in 2008:

4.1. 19.0603 - Trans-regional actions in the areas of organised crime, trafficking, protection of critical infrastructure, threats to public health and the fight against terrorism & 19.060203 Community policy on combating the proliferation of light arms

All activities under the AAP 2007 (€9 M) were entirely contracted. The AAP 2008 (€13.3 M) was adopted in November 2008. It provides further financing for the Expert Support Facility (ESF) and for tackling trafficking from/to Afghanistan, as well as addressing the illicit accumulation and trafficking in firearms, the fight against organised crime and counter-terrorism in Africa, and the prevention and diversion of the drugs precursors in the LAC region.

The ESF, a mechanism for mobilising high-profile experts to support programming and identification of measures in multiple areas of trans-regional threats to security,

was successfully implemented in 2008. A call for expressions of interest addressed to Member States was launched, and five contracts with Member States agencies-led consortia were signed, plus one agreement for specific technical support with the Commission's Joint Research Centre. In addition, five workshops and missions in more than 40 countries were organised.

The large project "Fight against trafficking from/to Afghanistan" for an amount of €9.5 million (1st and 2nd phase) was signed with GtZ on behalf of a consortium including EU Member States, UNODC and Interpol, in December 2008. The PRELAC project (Fight against trafficking of drugs precursors in Latin America and the Caribbean) was signed in December 2008 with UNODC and will start implementation in the first quarter of 2009. A project on supporting the fight against the illicit accumulation and trafficking in firearms in Central America and neighboring countries was signed through a separate Special Measure adopted in December 2008.

Bearing in mind that the first project identified under AAP 2007 started at the beginning of 2009 and is in a very early stage of implementation, any lessons learnt can be foreseen for 2010.

4.2. 19.0602 - Actions in the area of risk mitigation and preparedness relating to chemical, nuclear and biological materials or agents

The 2008 Annual Action Programme (AAP, €3.5 million⁴) was adopted in December 2008. It provides for support to alternative employment of former weapon scientists and engineers through the ISTC/STCU (*International Science and Technology Centre in Moscow / Science and Technology Centre in Ukraine in Kiev*), for strengthening civilian capabilities and exchange of information to fight illicit trafficking of CBRN materials, for reinforcing export controls of dual-use goods and for improving capabilities against biological threats. More detail is provided in the annex.

All activities defined in 2007 AAP for Article 4.2 were entirely contracted and started in 2008. Taking into account that the first projects have started only some months ago, no evaluations were conducted to date; it is however foreseen that evaluations and audits will be carried out in 2010.

While activities in most fields covered by Article 4.2 were historically focused on the former Soviet Union, including in the AAPs 2007/2008, efforts have now been made to enlarge the geographical scope of support. New regions/countries are benefitting from IfS support for activities aiming at the improvement of their capacities in export controls and prevention of illicit trafficking of CBRN materials: five countries in the Western Balkans, Albania, Turkey, Morocco, Tunisia, Egypt, UAE, China and Thailand. In addition, exploratory expert missions performed in the framework of the Expert Support Facility confirmed that the capacity of countries in South-East Asia, the Middle East and parts of Africa needs to be strengthened. These countries will be included in the future scope of support under Article 4.2.

⁴ The initial total appropriations on 19.060201 for 2008 were €27 million of which €1.5 million were transferred to 19.080103 for Georgia and €2 million contribution to Expert Support Facility (ESF) are included in AAP2008 under Art 4.1.

5. CONCLUSION

In the wake of its second year of operation, the IfS established itself as a highly useful instrument within the armoury of the EU's crisis management tools.

The IfS, together with other relevant Community instruments, forms an important part of the EU's comprehensive approach to crisis management which has gained significant support in the EU and globally and this was highlighted in last year's report on the European Security Strategy.

Good co-operation with Member States, European Parliament and Council Secretariat has enabled the Commission to fashion IfS programmes, both short and long term, to respond to essential needs.

It is important that the IfS continues to be strongly funded in light of increasing demands which are made for IfS interventions.