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

**2009 Annual Report from the European Commission
on the Instrument for Stability**

{SEC(2010) 1114}

1. INTRODUCTION

This third Annual Report is submitted to the European Parliament, the Council, the Economic and Social Committee, and the Committee of the Regions, 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 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 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 order to also present information on downstream progress of adopted measures, the Annual Report is complemented by a Commission staff working document providing for a global implementation update on on-going measures.

2. BACKGROUND TO THE INSTRUMENT FOR STABILITY

Since its inception in 2007, and its endowment with some €2 billion over the period 2007-2013, the Instrument for Stability has responded to conflict and crisis on a global level, by taking actions to address security threats on a national and regional level, and by building capacity to respond to crises and to prevent conflict. Thus, the Instrument for Stability has enabled the EU to work across the conflict cycle with timely, efficient and complementary interventions.

Crisis Response

The Stability Instrument 'crisis response' component, under Article 3 of the IfS Regulation, represents the bulk of the IfS budget (€1.4 billion for the period 2007-2013). The IfS can be used to anticipate or respond to political crisis, violent conflict or natural disasters, and is designed to ensure the delivery of timely, flexible, integrated and politically sensitive assistance to third countries.

Since 2007, a significant number of IfS measures have been crafted to complement the overall EU or broader international response in the field, often in parallel with humanitarian assistance, with a view to enhancing the link between relief, rehabilitation and development (LRRD), or to facilitate the achievement of the political objectives of CSDP missions. By their very nature, IfS crisis response programmes cannot 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 EU financial instruments, taking account of horizontal and geographical objectives and strategic priorities of the EU. Actions undertaken must be complementary and seek synergies with EU geographic policies and instruments. They shall also be coherent with objectives of country and regional strategies.

IfS approval procedures are designed to ensure rapid adoption of crisis response programmes up to €20 million. IfS actions are political measures. Reflecting this, proper political consultations within the EU, with country authorities as appropriate,

and with other international and non-state actors is an important part of the decision-making process.

Long-term challenges

The IfS also contains a longer term dimension covering three components, which are programmable, providing for 'assistance in the context of stable conditions for cooperation', for measures addressing safety and security threats under Article 4(1), risk mitigation related to chemical, biological, radiological and nuclear materials under Article 4(2) as well as for crisis preparedness purposes under Article 4(3).

In the Instrument for Stability Strategy Paper 2007-2011, the Commission identified the priorities for longer-term actions under Article 4. These include (i) supporting 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, (ii) supporting global and trans-regional efforts addressing the threats posed by trafficking, terrorism and organised crime, and (iii) setting up longer-term capacity building measures aimed at strengthening international organisations and non-state actors with a crisis prevention or response mandate.

3. CRISIS RESPONSE UNDER THE INSTRUMENT FOR STABILITY (EXCEPTIONAL ASSISTANCE MEASURES UNDER ARTICLE 3 OF THE IFS REGULATION)

Early and swift identification of possible IfS crisis response actions depends on good cooperation and communication between EU Services in Brussels and EU Delegations on the ground. Three types of considerations are relevant at the identification stage: (i) the eligibility of a measure (the actual existence of a crisis, the complementary character of the measure and scope for synergies with other EU crisis response interventions); (ii) the feasibility (i.e. sufficient lead time available for sound preparation of the action, availability of a solid implementing partner); and (iii) the political appropriateness of the envisaged action. Close association of EU Member States early on, e.g. associating Member States' experts with IfS fact-finding missions, can add value and contributes to coherent EU action.

3.1. Geographic distribution so far

Since 2007, €50 million have been mobilised for 100 individual actions in 48 countries worldwide. In terms of geographic distribution of crisis response interventions over the last three years, there remains a fairly balanced picture, with a sizeable share of support continuing to be provided in Africa (mainly Central African Republic (CAR), Chad, Democratic Republic of Congo (DRC), Somalia and Zimbabwe – some 25%), followed by actions in Asia (mainly Bangladesh, East Timor, Nepal, Pakistan, Philippines, Southern Thailand and Sri Lanka, – some 20%), the Middle East (Lebanon, occupied Palestinian territory, and refugees in Syria –some 18%), Western Balkans and Eastern Europe (Bosnia and Herzegovina, Kosovo¹ and Republic of Moldova – some 15%), Latin America and the Caribbean (Bolivia,

¹ Under UNSC Res. 1244 (1999).

Colombia, Cuba, Haiti, Honduras, Nicaragua and Peru – some 11%), and Central Asia and Southern Caucasus (Armenia/Nagorno-Karabakh, Georgia and Kyrgyzstan–11%).

3.2. Sectors targeted

Thematically, the adopted measures cover a broad range of issues targeted at the specific needs of each emerging conflict/post-conflict situation:

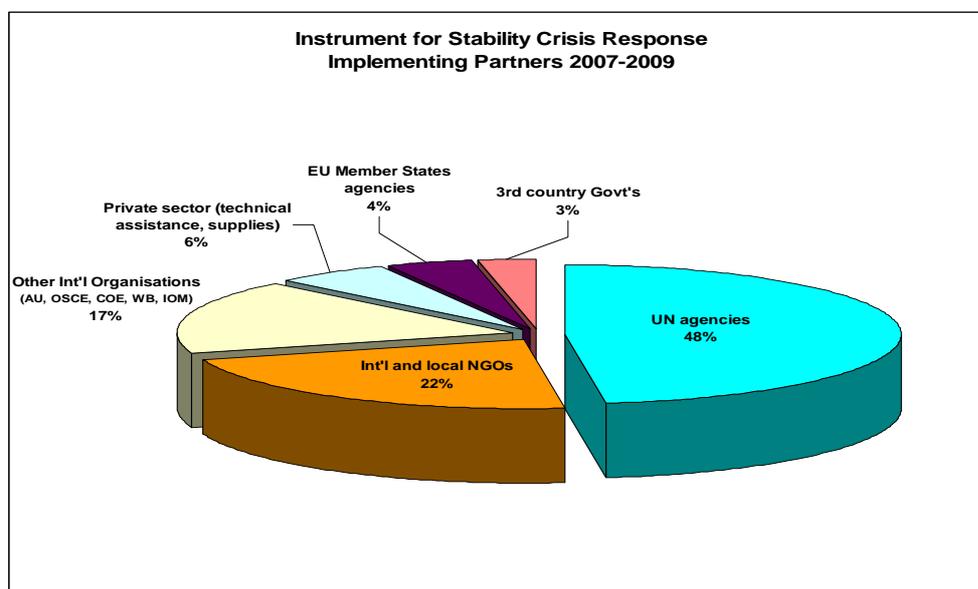
- *short-term advice to develop and kick-start post-conflict security sector reform* (CAR, DRC, Guinea-Bissau, Lebanon, occupied Palestinian territory, Pakistan, Timor-Leste),
- *enabling or supporting measures in areas where CSDP missions are deployed* (Afghanistan, Chad, DRC, Georgia, Horn of Africa/piracy, Kosovo,² occupied Palestinian territory),
- *support to UN and/or regional organisations-led Peacekeeping missions and Peace building activities* (MINURCAT in Chad, AU-UN Mediation in Darfur, AU in Somalia),
- *Rule of Law and transitional justice* (Afghanistan, Colombia, Kyrgyzstan, Lebanon, Sierra Leone, Solomon Islands, Timor-Leste, Western Balkans),
- *support to interim administrations and special tribunals* (ICO Kosovo, Lebanon Tribunal, Sierra Leone SC, ODIHR /ICTY programme in the Balkans),
- *support to conflict resolution and reconciliation* (Colombia, Georgia, Republic of Moldova, Myanmar/Burma, Nepal, occupied Palestinian territory, Peru, Sri Lanka, Southern Thailand, Uganda, Zimbabwe),
- *support to fragile electoral processes* (Africa-wide, Bolivia, Comoros, Haiti, Republic of Moldova, Pakistan),
- *post-conflict and post-disaster recovery programmes* (Bangladesh, Cuba, Eastern DRC, Gaza Strip, Haiti, Lebanon, Myanmar/Burma, Nicaragua, Peru) and funding of Joint United Nations (UN)/World Bank/EU needs assessments (eight joint post-crisis needs assessments undertaken), and
- *support to displaced populations* (Georgia, Lebanon, Syria).

3.3. With whom does the EU work?

Some 48% of IfS funds are implemented through UN agencies, which in many cases have existing field structures able to deliver first responses in crisis and conflict-affected countries. Notwithstanding the key role of the UN, the Commission Services responsible for IfS crisis response activities have also paid specific attention to building on expertise available within the growing network of international and local NGOs specialised in conflict prevention and peace building. As a result, 22% of funds

² Under UNSC Res. 1244 (1999).

are implemented through NGOs. 17% are implemented in partnership with other, non-UN international organisations, including the African Union, the Organisation for Security and Cooperation in Europe (OSCE) or the World Bank. The remainder has been delivered through private operators (6%), EU Member States' agencies (4%), and in some cases through government country systems (3%).



3.4. Crisis Response Programmes (*Exceptional Assistance Measures*) adopted in 2009

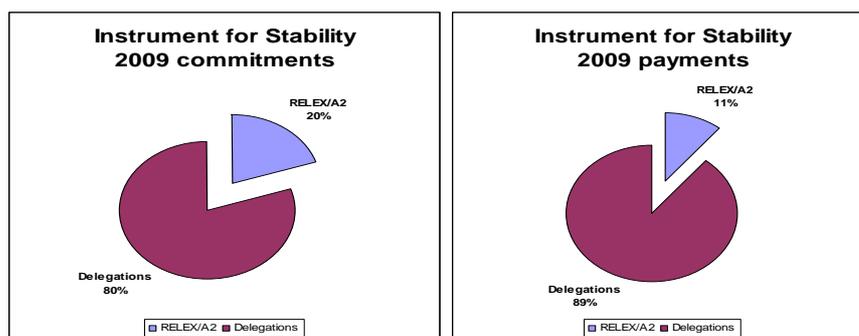
In its third year of operation the Instrument for Stability has again financed a significant number of crisis response actions by adopting *Exceptional Assistance Measures* pursuant to the IfS Regulation. Overall, 20 financing decisions and 26 actions under the IfS facilities have been adopted and launched in 2009. A complete list of all financing decisions adopted in 2009 under budget heading 19.0601 is included in the accompanying Staff Working Document, which provides the Annexes to this Report.

Examples include the swift response in early 2009 to the devastation caused by the Israeli incursion into Gaza, in conjunction with the Commission's Directorate-General for Humanitarian Aid and Civil Protection (DG ECHO)-led humanitarian relief operation. Other key programmes launched include the civilian counter-terrorism support in Pakistan (€15 million), the post-conflict support package for Georgia (€14 million), and the IfS contribution to the EU's short-term transition strategy in Zimbabwe (€10.5 million).

Projects were also launched quickly to provide urgently needed support to fragile election processes called at short notice, such as in Bolivia, Zambia and the Comoros. In addition, the immediate launch of conflict mitigation measures contributed to stabilising the situation in Moldova and Lebanon. The unstable situation around the Horn of Africa was addressed through a programme to combat illegal trafficking across the Gulf of Aden in Yemen, and through support in Kenya and the Seychelles to assist with trials of piracy suspects detained by the EU military mission EUNAVFOR ATALANTA.

3.5. Role of EU Delegations in Crisis Response

EU Delegations often provide project proposals to the Commission in Brussels and are directly responsible for the management of adopted exceptional assistance measures. In 2009, the majority of measures – 19 out of 20 financing decisions and 15 actions under the IfS facilities - were sub-delegated to EU Delegations for implementation in the country concerned. This enables contracts to be negotiated with local counterparts in a timely fashion and provides for close monitoring of project implementation in the field. As a result, EU Delegations accounted for 80% of commitments and 90% of payments under the IfS in 2009.



The number of IfS field staff in EU Delegations has grown to 22, with eight acting as *regional crisis response planning officers*, and 14 as IfS project managers in Delegations with a substantial IfS portfolio.

3.6. International coordination and outreach

The European Commission organised a conference entitled “*Making the difference: Strengthening capacities to respond to crises and security threats*” (Brussels, 3-4 June 2009). The aim of the conference was to explore what works in identifying effective approaches to the strengthening of crisis response capacities. The conference brought together many partners from EU institutions, civil society, academia and international organisations, such as the UN, World Bank, League of Arab States and the African Union.

A series of books have been published on the topic of EU conflict prevention, crisis management and peace building. The aim is to ensure target groups are kept well informed about developments in EU crisis response capacity and the actions undertaken by the EU in conflicts around the world. These are available online at http://ec.europa.eu/external_relations/ifspublications/index_en.htm.

3.7. IfS Crisis Response complementarity with CSDP and the nexus between security and development

To ensure a comprehensive EU response to crises, actions developed under the IfS have continued focussing on complementarity with the Common Security and Defence Policy (CSDP) in 2009 as evidenced by the support in Kenya and Seychelles in assisting with trials of piracy suspects detained by EUNAVFOR ATALANTA.

There are other examples for complementarity when deploying IfS actions in the context of CSDP on the one hand, and existing EU aid programmes on the other. The protracted crisis situations of high priority in the occupied Palestinian territory, Kosovo³ and Afghanistan present common features in that EU development assistance already started to address key EU stabilisation priorities, as these could be built into the programming cycle 2007-2013. The high-profile EU role on security *and* development in these three cases is underlined by the four CSDP missions currently deployed there (EUPOL COPPS and EUBAM Rafah, EUPOL Afghanistan and EULEX Kosovo).

Given the substantial budgets already involved in these cases, the IfS has been mobilised in a closely targeted and complementary manner to address remaining needs such as in Kosovo the closing phase of UNMIK Pillar IV, the vetting of judges and prosecutors, and the initial running costs of the International Civilian Office. In the Middle East, IfS actions provided for civil police equipment in support of EU efforts to reform Palestinian security services back-to-back with the work of EUPOL COPPS, plus €20 million IfS post-conflict support in Gaza. In Afghanistan, the IfS kick-started a reinvigoration of Afghan justice reform with the deployment of a high-level expert team, which is now followed up by a Development Cooperation Instrument (DCI) programme. Similarly in Georgia, given the increasingly protracted post-conflict crisis since the war with Russia in 2008, the European Neighbourhood and Partnership Instrument (ENPI), CSDP, and IfS have all been mobilised together in a complementary fashion.

In other areas, notably in Aceh, Bolivia, Colombia, Haiti, Mindanao, Pakistan, Sri Lanka, Southern Thailand, Timor-Leste and Yemen, the IfS has been employed to rapidly respond to political crisis or instability when no other EU instruments could intervene. In these countries, EU development aid is largely programmed towards long-term poverty eradication and the achievement of the Millennium Development Goals, while at the same time there is no scope for a CSDP intervention. This shows that the IfS has enlarged the geographical and political options for EU crisis response.

4. THE LONG-TERM PART OF THE STABILITY INSTRUMENT (ARTICLE 4 OF THE IfS REGULATION)

The Commission adopted the new Multi-Annual Indicative Programme 2009-2011 for long-term actions under the IfS in April 2009. It foresaw up to €25 million for the three priority areas under Article 4 and includes new programmes of building capacity for coastal states to combat piracy, one of the first Commission programmes on counter-terrorism with a focus on Afghanistan/Pakistan and the Sahel Region, and a programme addressing organised crime linked to cocaine trafficking in Western Africa and Latin America. The crisis preparedness part involves an intensive dialogue with civil society, EU Member States and international and regional organisations under the “Peacebuilding Partnership”. The resulting Annual Action Programmes 2009 for non-proliferation and for trans-regional threats, as well as for the Peacebuilding Partnership were all adopted in 2009.

³ Under UNSC Res. 1244 (1999).

Looking back at 2007-2009, a total of €139 million was mobilised for the long-term part in the first three years: €36 million was committed for actions addressing trans-regional security threats (Article 4.1), €3 million for actions on risk mitigation and preparedness relating to chemical, nuclear and biological materials or agents (Article 4.2), and €20 million for actions under the crisis preparedness component (Article 4.3, Peacebuilding Partnership).

4.1. Trans-regional actions in the areas of organised crime, trafficking, protection of critical infrastructure, threats to public health and the fight against terrorism

On the basis of the new indicative programming for 2009-2011, the Annual Action Plan 2009 covering new programmes on cocaine trafficking routes and on critical maritime routes was adopted on 25 September 2009, for a total of €14 million, in addition to a pilot project on Maritime Awareness and Risks (€1 million). With the new action programme, the main value added lies in addressing the transregional illicit flows, as well as in pursuing an integrated approach where the links between organised crime and terrorism are addressed in key regions of concern to the EU. Illicit trafficking of drugs precursors and small arms is one of the major cross-cutting problems to be tackled.

EU efforts in these areas will be complementary to the ongoing and planned activities of Member States. Therefore, close coordination and the involvement of Member States' experts in implementing the programmes is important to ensure that synergies are maximised with the expertise available in national administrations. To this end, the Commission has established the Expert Support Facility under the IfS, which allows for the mobilising, and the financing of the participation, of national experts in field missions, in the definition of actions, and in their implementation and monitoring. The 2009 informal call for expressions of interest in participating in the Expert Support Facility has been very successful - some 180 expressions from Member States' public and para-public bodies have been received. By the end of 2009 more than 40 expert missions had been carried out in 30 countries.

In 2009, the EU also continued to promote the issue of Small Arms and Light Weapons (SALW) in all multilateral fora and in political dialogue with third countries. The EU addressed the destabilising effects of the proliferation and trafficking of SALW, firearms and explosive materials through concrete projects with a trans-regional dimension. In Central America, the EU supports the Central American Small and Light Weapons Control Programme (CASAC) in its efforts to fight against the illicit trafficking of firearms and explosive materials in Central America and neighbouring countries (€1 million). In Africa, the EU provides support through the Regional Centre on Small Arms (RECSA), located in Nairobi, in the fight against illicit accumulation and trafficking of firearms and explosive materials coherently with the framework of the Africa-EU strategic partnership (€3.3 million).

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

On the basis of the new Indicative Programme for the years 2009-2011 the third Annual Action Programme for this component (€ 32 million) was defined and adopted on 30 November 2009.

It provides funding for the set-up and establishment of chemical, biological, radiological, and nuclear (CBRN) Centres of Excellence, for strengthening civilian capabilities and exchange of information to fight against illicit trafficking of CBRN materials, for improving capabilities against biological threats, for alternative employment of former weapon scientists and engineers through support to International Science and Technology Centre in Moscow / Science and Technology Centre in Ukraine in Kiev (ISTC/STCU) and support to capacity building for decommissioning of nuclear facilities for redirection of former Iraqi WMD scientists.

All activities defined in two previous (2007 and 2008) Annual Action Programmes were contracted and started. The first evaluation of programme results was launched in January 2010. It covers three main areas: export control of dual-use goods, combating illicit trafficking of CBRN materials, and redirection of former WMD scientists' and engineers' knowledge to peaceful activities. The evaluation results will be taken into consideration in the definition of the new strategy and indicative programme 2012-2013 for this component.

4.3. The Crisis preparedness component of the IfS

On 30 June 2009, the Annual Action Programme for the crisis preparedness component of the Instrument for Stability - also known as the Peacebuilding Partnership – was adopted by the Commission for a total of €5 million, focusing on the following activities: i) reinforcing cooperation and building capacity with international, regional and sub-regional organisations, including support to the UN's Mediation Support Unit; to the UN Peacebuilding Support Office; to the International Dialogue on Peacebuilding and Statebuilding between fragile states and development partners and the monitoring project on the implementation of the Principles for Good International Engagement in Fragile States and Situations, managed by the Organisation for Economic Cooperation and Development's (OECD) Development Assistance Committee (DAC) secretariat; and to early warning networks among relevant international/regional/sub-regional organisations through the deployment of common tools and working practices; ii) training of up to 600 additional police experts for participation in civilian stabilisation missions.

The dialogue with civil society organisations was also further enhanced by the means of four consultation meetings which took place in 2009 under the framework of the Peacebuilding Partnership. Two meetings addressed issues relating to the Partnership itself, with the other two providing the opportunity for both European- and field-level civil society experts to exchange views with EU policy-makers on specific geographic crises such as Bosnia-Herzegovina and Nagorno-Karabakh.

In the first half of 2009, a Stocktaking and Scoping Study on the Peacebuilding Partnership was launched. Consulting with the relevant actors (Commission Services, civil society, European Parliament, etc.), this study aimed at drawing lessons learnt from the first year of implementation of the Partnership and at formulating recommendations, which broadly constitute the basis for the draft Annual Action Programme 2010 for the IfS crisis preparedness component. The main recommendations of the Study relate to the adoption of as wide as possible a definition of peace-building. Moreover, preference should also be given to thematic or transversal issue areas that work across a range of geographical contexts and that

demonstrate a clear complementarity with other EU supported activities and policy priorities.

Finally, the Peacebuilding Partnership web-portal has been established as a channel of communication with civil society actors. It permits civil society organisations to register and to receive updates – by means of electronic alerts – of the latest developments with regard to the Partnership. (<https://webgate.ec.europa.eu/tariqa/PeaceBuilding/>).

5. STABILITY INSTRUMENT BUDGETARY EXECUTION

5.1. 2009

On the 2009 budget, a total of €182,442,000 was committed and €132,822,913 was paid under the three budget headings for the short- and long-term components of the IfS (19.0601, 19.0602 and 19.0603).

On Crisis Response and Preparedness (Article 3 and 4.3 of the IfS Regulation, budget heading 19.0601), commitments at year-end showed an execution rate of 100%. Out of the total amount, €5 million were committed for crisis preparedness under the Annual Action Programme 2009 of the IfS Peacebuilding Partnership. The remainder of €130 million was committed for Crisis Response. Payments for crisis response and preparedness amounted to €13 million. The execution of payment appropriations at year-end reached more than 90%. This represents a further increase over 2008 (86%) and 2007, when payment execution reached 68%.

Another indicator for further improvement in timely delivery of crisis response is the fact that 92% of the 2009 commitments were contracted, and 2/3 of the contracted funds disbursed, all within the same year.

The 2009 budget of €47 million for the remaining long-term part of the IfS (Articles 4.1 and 4.2, budget headings 19.0603 and 19.0602) was also fully committed at 100%, with almost half of the funds contracted within the same year.

5.2. Progress on Crisis Response programmes adopted in 2008 and 2007

All of the 2008 and 2007 crisis response measures and facilities have been contracted, using 100% of the budget appropriations available (€15 million, excluding €20 million allocated to the Peacebuilding Partnership). The majority of crisis response measures adopted in 2007, and roughly half of the actions adopted in 2008, have been completed in the course of 2009. In total, 40 out of 100 measures adopted since 2007 have been completed and some 80% of contracted funds have been disbursed. Detailed statistics on commitments, contracts and disbursements are included in the accompanying Staff Working Document, which provides the annexes to this Report.

6. CONCLUSION

Considering the above, the Instrument for Stability has considerably matured over the first three years since its inception, in terms of political relevance, strategic focus,

overall coherence, but also regarding improved operational and budgetary performance.

A new comparative review of the Instrument for Stability, the UN Peacebuilding Fund, and the World Bank's Statebuilding and Peacebuilding Fund confirms this view. The Review, commissioned by the UK Department for International Development, and supported by a donor group (Canada, Japan, the Netherlands, Norway and Sweden), concluded that the IfS enables the EU:

*“...to contribute in fragile post-conflict transitions, and complement (its) broader institutional capacity and engagement in such contexts. The potential of (the IfS) to mobilise significant technical and financial resources in support of state-building and peace-building processes and reconstruction efforts, including the strengthening of key institutions and systems, and to link up to longer term development programmes is a clear comparative advantage. (Its) governance and decision-making systems appear to be effective and strongly linked to the high-level decision-making processes. ... The IFS headquarter-level governance structure also appears to enable strategic decision-making, including its handling of highly sensitive political issues and the management of risks associated with working in volatile environments. Monthly briefings with the EU Political and Security Committee ensure Member States are always updated and increases coordination with EU partners”.*⁴

This is a solid basis on which the IfS can further contribute to joined-up delivery by the European External Action Service under the High Representative/Vice-President of the Commission of comprehensive EU responses to crises and conflicts, together with relevant Community Instruments, CSDP and other EU crisis management policy tools.

⁴ Funding Peacebuilding and Recovery: A Comparative Review of System-Wide Multi-Donor Trust Funds and other Funding Instruments for Peacebuilding and Post-Conflict Recovery, report by Donata Garrasi commissioned by the UK Department for International Development (DFID), 2010.