Amending budget 3/2005: mobilisation of the flexibility instrument for the rehabilitation and the reconstruction following the tsunami disaster

2005/2079(BUD) - 27/04/2005 - Commission preliminary draft budget

PURPOSE : to present the preliminary draft amending budget 3/2005 aiming to finance the rehabilitation and reconstruction assistance to Tsunami affected countries in 2004.

CONTENT : this Preliminary Draft Amending Budget contains the following 3 main elements:

- the mobilisation of new funds for an amount of EUR 98 million, in favour of the rehabilitation and reconstruction assistance to the earthquake/Tsunami affected countries (mainly Indonesia, Sri Lanka and the Maldives). These new funds will come from the mobilisation of the flexibility instrument;

- the modification of the remarks of budget line 19 10 04 - Rehabilitation and reconstruction operations in developing countries in Asia - by adding the ALA regulation as legal base to this budget line. This will allow the use of the most appropriate implementation modes for the Tsunami aid;

- the modification of the remarks of budget line 05 08 03 - Restructuring of systems for agricultural surveys - to take account of a special subsidy to be granted to the OECD and by adding to the existing legal basis a reference to the Commission institutional prerogatives.

As far as the financing of the post earthquake/Tsunami disaster actions is concerned, the Commission has foreseen two different phases:

1) an amount of EUR 123 million has already been made available as emergency aid on the 2005 budget, of which EUR 23 million under line 23 02 01 - Aid, including emergency food aid, to help the populations of the developing countries and other third countries hit by disasters or serious crises - and EUR 100 million through the mobilisation of the emergency aid reserve in agreement with the budgetary authority;

2) a total amount of EUR 350 million will be made available for reconstruction and rehabilitation over 2005 and 2006. This amount will be financed as follows:

- EUR 170 million in 2005, of which EUR 98 million of new funds through the mobilisation of the flexibility instrument as specified above. The remaining EUR 72 million will be financed by the Asia envelope for EUR 60 million and by the Rapid Reaction Mechanism for EUR 12 million,

- EUR 180 million are foreseen in the Preliminary Draft Budget for 2006, of which EUR 150 million of new funds to be financed through the mobilisation of the flexibility instrument and EUR 30 million by the Asia envelope.

In conclusion, since the ceiling for Heading 4: "External actions" in 2005 is already exceeded by EUR 100 million, the remaining part (EUR 98 million in favour of the rehabilitation and reconstruction assistance to the earthquake/Tsunami affected countries), can only be financed by an additional deployment of the flexibility instrument, in accordance with the provisions of the I.I.A. of 6 May 1999 (Please refer to procedure 2005/2083(ACI)).