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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**

2010 Annual Report on the Instrument for Stability

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1. INTRODUCTION

This fourth 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).

It gives an overview of how, in 2010, the Instrument for Stability, IfS, has been directed to make an impact on crises and to respond to threats throughout the world. This Annual Report is complemented by a Commission staff working document providing a global implementation update on ongoing crisis response measures by location and longer-term programmes. IfS actions are undertaken by a wide range of implementing bodies, including the UN and other international and regional bodies, EU Member State agencies, NGOs and other civil society actors.

2. STRUCTURE OF THE INSTRUMENT FOR STABILITY

The IfS is a key external assistance instrument enabling the EU to help prevent and respond to crisis or emerging crisis and create a safe and stable environment. Articles 3 and 4 of the IfS Regulation¹ set out the types of activities which can draw on this Instrument.

Article 3 foresees ‘Assistance in response to Crisis or emerging Crisis’ responding to serious political and conflict situations, major natural disasters, and sometimes a complex combination of both scenarios, such as those encountered in Pakistan and Haiti during 2010. These measures may be “Exceptional Assistance Measures²”, or “Interim Response Programmes³”, limited to instances when the mainstream external assistance instruments⁴ cannot be mobilised in a sufficiently timely or appropriate manner or when ‘windows of opportunity’ emerge for the prevention, mitigation, or resolution of crises. IfS measures often complement CSDP⁵ and other actions as part of comprehensive EU responses. The Instrument also provides critical contributions ‘Linking Relief, Reconstruction, and Development’⁶.

¹ Regulation (EC) N°1717/2006 of 15 November 2006 establishing an Instrument for Stability. OJ L 327/1 24.11.2006

² Maximum duration 18 months with accelerated procedures for adoption and implementation for programmes of less than €20m, for Decisions, as set out in Council Regulation (EC, Euratom) No 1605/2002, of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, as amended, referred to as the Financial Regulation, and the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002, laying down detailed rules on the implementation of the Financial Regulation, referred to as the Implementing Rules.

³ Programmes building on exceptional assistance measures, aiming to put in place the conditions for the implementation of the EU’s cooperation policies. These are not subject to the same time constraints as exceptional assistance measures, but have longer decisional processes, including comitology.

⁴ Instrument for Pre-Accession Assistance (IPA); European Neighbourhood and Partnership Instrument (ENPI); Development Co-operation Instrument (DCI); European Development Fund (EDF), European Instrument for Democracy and Human Rights (EIDHR), etc.

⁵ Common Security and Defence Policy.

⁶ LRRD

Article 4 foresees a programmable component of the Instrument encompassing longer term IfS actions addressing three areas:

Article 4.1: Security and safety threats in a transregional context;

Article 4.2: Risk mitigation related to chemical, biological, radiological and nuclear material; and

Article 4.3: Pre- and post-crisis capacity building⁷.

3. 2007-2009

By the end of 2009, the IfS was well established in responding to conflict and crisis on a global level, taking actions to address security threats on a national and regional level, and building capacity to respond to crises and to prevent conflict with timely, efficient and complementary interventions.

A significant number of IfS measures in line with IfS Regulation Article 3 were crafted to complement humanitarian assistance, with a view to enhancing the link between relief, rehabilitation and development, or to facilitate the achievement of the political objectives of CSDP missions. €350 million had been mobilised for 100 individual actions in 48 countries worldwide. There was a wide geographical spread: some 25% targeted Africa; 20% for Asia; 18% for the Middle East; 15% in the Western Balkans and Eastern Europe; 11% in Latin America; and 11% for Central Asia and Southern Caucasus.

With regard to Article 4, the Commission adopted the new Multi-Annual Indicative Programme 2009-2011 for up to €225 million for the three priority areas: (i) the support to international efforts to address the proliferation of weapons of mass destruction, by 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) the fight against trafficking, terrorism and organised crime; and (iii) measures aimed at strengthening international and regional capacity to analyse, prevent and respond to threats to stability and human development.

4. 2010 OVERVIEW

The total available budget for the IfS in 2010 was €13,559,000, a 15% increase over 2009. Of this, €1m was allocated for trans-regional threats (IfS Article 4.1), €1m for Chemical, Biological, Radiological, Nuclear risk mitigation (IfS Article 4.2), and €20m for Pre- and Post- Crisis capacity building (IfS Article 4.3). The balance of €131,559,000 responded to crisis or emerging crisis (IfS Article 3). All of these funds were committed.

The Council was kept informed through regular notes to the Political and Security Committee on the planning of EU assistance and updates on the implementation of ongoing measures. The Working Group on Conflict, Security and Development of the Foreign Affairs committee of the European Parliament was established in the framework of democratic scrutiny of the IfS and met four times. In September, the European Commission, together with the European

⁷ Also known as the IfS 'Peace building Partnership' (PbP)

Parliament, organised a Photo Exhibition on the Instrument for Stability that portrayed conflict prevention efforts across 11 countries.

In looking forward, a high level seminar on the use of the Instrument for Stability to address long term security threats took place on the 2nd and 3rd December 2010, to kick off the debate on the 2012-2013 IfS Strategy Paper. It was attended by a wide range of interested stakeholders from civil society, EU Member States and institutions.

5. RESPONSE TO CRISIS OR EMERGING CRISIS (IFS ARTICLE 3)

5.1. How has the IfS responded to Crisis in 2010?

Illustrative of activities in 2010, here are short descriptions of some programmes demonstrating the breadth of scope, and the very different types of issue to which the IfS is called to respond. Full details of all IfS programmes under implementation in 2010 are set out in the Commission Working paper in Annex. All programmes in 2010 are Exceptional Assistance Measures. No Interim Response Measures were put in place. The geographic distribution in 2010 is global, covering all continents other than Australia and Antarctica: €19.3 million in Africa; €17.8 million in the Middle East; €50,000 in Eastern Europe and Western Balkans; €9 million in South and Western Asia; €8.7 million in South-east Asia; €17.1 million in Central Asia and Southern Caucasus; and, finally, €9.1 million in Latin America⁸.

Haiti: In response to the devastating consequences of the 12 January 2010 earthquake, the EU was able to react swiftly, thanks inter-alia to the Instrument for Stability intervention. The European Commission and EU Member States played a key role in the intensive ‘Post-Disaster Needs Assessment’ (PDNA) which received funding from IfS. This exercise was undertaken jointly with the UN and the World Bank in preparation for the New York donors’ conference, where for the first time HR/VP Ashton was mandated to present an overall EU contribution to the disaster recovery in the amount of €1.2 billion. In this context, the IfS contributed €5 million to the UNDP managed ‘Cash for Work’ scheme which helped with the initial rubble removal tasks and also contributed to quickly re-starting the micro-economy around the numerous informal displaced camps. The IfS also put in place later in the year a €14.5 million programme to improve the disaster preparedness capacities of Haitian Civil Protection services. This programme is being carried out in partnership with Civil Protection services of five EU Member States and in close cooperation with DG ECHO on the ground.

On the political front, the IfS is also funding high level strategic advice to Haitian leadership, through ‘peer to peer’ missions by former world leaders, on issues related to the successful reconstruction of the country. A further €5 million was allocated to support the crucial 2010 Presidential elections, complementing the work of the EU Electoral Experts Mission financed under the EIDHR instrument. The overall IfS contribution under these programmes exceeded €25 million during 2010.

Pakistan: The case of Pakistan demonstrates the versatility of the IfS. Two emergency response measures have been mobilised to respond consecutively to (1) the political crisis in the north-west region bordering Afghanistan, financing a Post-Conflict Needs Assessment (PCNA), and then a €15m post-conflict recovery package, and (2) three months later, an €18

⁸ In percentage terms: 14.7% Africa; 13.5% Middle East; 0.4% Europe; 29.6% Southwest Asia; 6.7% Southeast Asia; 13% Central Asia and Southern Caucasus; 22.1% Latin America

million early recovery programme was put in place, complementing the EU's humanitarian aid efforts following the unprecedented flooding disaster.

Sudan: In the context of preparing for the January 2011 referendum on self determination for southern Sudan, the IfS provided support to the organisation of the referendum process, the conduct of negotiations between the north and south on post-referendum arrangements, and also 'peace dividends' through the provision of basic services for the population of South Sudan'. This support bridges a gap until funding under the European Development Fund can take over later in 2011.

Kyrgyzstan: Following the popular uprising, ousting President Kurmambek Bakiev, and the violent inter-ethnic clashes of June 2010 in the south, with more than 400 deaths and 375,000 displaced, a wide-reaching early IfS intervention has since attained remarkable results. The programme has contributed to: the drafting, consultation and dissemination of a new Constitution; financing and organising the 27th June referendum to approve this Constitution and the 10th October Parliamentary elections; the reconstruction by December of 400 of those houses damaged or destroyed during the June violence. Furthermore, an Independent International Commission of Inquiry was established, as was the UN Office of the High Commissioner for Human Rights (OHCHR) in Osh, which has, during its first 8 months, received more than 1,500 calls and provided over 7,000 free legal consultations since the June 2010 inter-ethnic violence.

Philippines: The Government of the Philippines and the Moro Islamic Liberation Front⁹ made a request to the EU to contribute to their peace process by being an active participant in an International Monitoring Team, to lead the supervision of both parties' compliance with their commitments on humanitarian, rehabilitation, and development activities in the south of the country. Following on Council agreement to the request, a politically significant IfS intervention of €3 million is supporting the EU team, and, in parallel, the means for NGOs to monitor protection activities, and support the political dialogue process through the International Contact Group, chaired by Malaysia.

Georgia: IfS actions from 2008 to 2010 in Georgia have been key in allowing the EU to be present in the conflict-affected areas, particularly Abkhazia, and bring other stakeholders in, such as local and international NGOs, international organisations and other donors. Actions are in line with the EU strategy in the South Caucasus and complement EU humanitarian aid and assistance provided under the European Neighbourhood Policy (ENP) annual action plans in the aftermath of the August 2008. The interventions respond to the different needs of the local population, flexibly and with complementarity, dealing with issues such as early recovery, socio-economic reintegration of displaced persons, political dialogue and confidence building measures. Particularly successful has been the Confidence Building Early Response Mechanism, established in 2010, which financed and opened the door for the implementation of some 68 small scale projects between communities in both Georgia and Abkhazia. It cooperates closely with the EU CSDP mission, whose role is to analyse and monitor the stabilization process while strengthening the leading role the EU has played in reducing tension in the region.

Somali Piracy Crisis: As part of a comprehensive EU approach to tackling piracy off the coast of Somalia, the IfS, along with the UNODC, has developed programmes to support

⁹ MILF

piracy trials. Agreements with Kenya have been implemented since May 2009 and the Seychelles in early 2010, complementing the CSDP EU-NAVFOR Atalanta naval operation, which relies for its success on trials of suspected pirates in countries of the region. In addition to demonstrating the linkages between CSDP and IfS activities, this also provides an example of the IfS speed of delivery: it took just one week from the conclusion of a mission to Mauritius in September 2010 to design a programme and take a formal decision¹⁰ to provide €1.08m in support for piracy trials there, just in time for a meeting between HR/VP Ashton and the Mauritian Prime Minister, allowing her to confirm the concrete commitment of EU funds to support the Mauritians, helping with negotiations to conclude an EU-Mauritius Transfer Agreement for piracy suspects.

5.2. *Who is involved in IfS Crisis Response Actions?*

IfS crisis response measures are prepared in close cooperation with a variety of partners: civil society and public administrations; Member States; EU institutions; third countries; and the international community. EU Delegations play a key role, providing early warning and developing project concepts. In 2010, the majority of new measures, including all 13 specific financing decisions¹¹ and six actions under the ‘Policy Advice and Mediation Facility’¹², were ‘sub-delegated’¹³ to EU Delegations for implementation in the locations concerned. This enables contracts to be negotiated with implementing bodies in a timely fashion and implementation of these sensitive projects to be monitored at close proximity. As a result, EU Delegations are responsible for 78% of commitments and 85% of payments under the IfS in 2010.

Some Delegations with a particularly heavy workload on IfS programmes are assisted through dedicated staff financed from the IfS administrative support budget line. The number of IfS field staff in EU Delegations has grown to 22, with eight Regional Crisis Response Planning Officers supporting HQ with the identification of effective interventions and 14 IfS project managers working within Delegations that have a substantial or complex IfS portfolio.

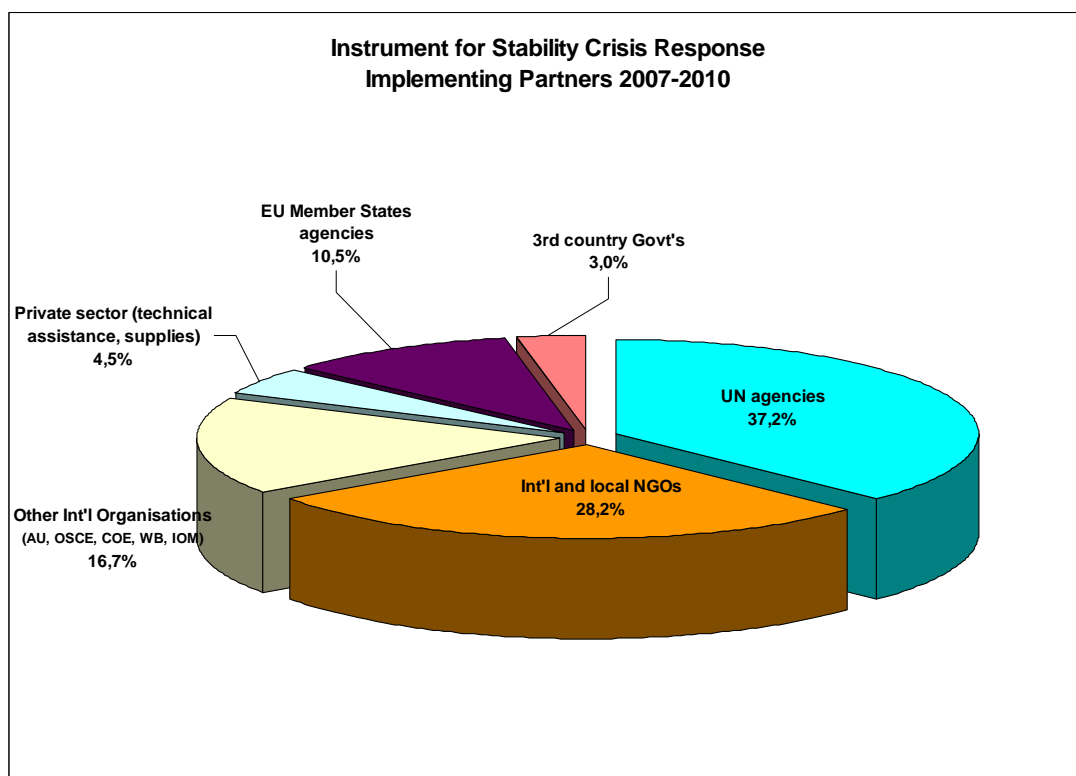
There is a wide mix of IfS implementing partners as can be seen in the chart below:

¹⁰ Speedy approval is possible by an IfS Financing Decision which created a ‘Policy Advice, Technical Assistance and Mediation Facility’ (a €20m allocation in 2010), from which amounts up to a maximum of €m for any one action could be mobilised following the approval of the Director General of the Commission’s former Directorate General for External Relations.

¹¹ A decision of the Commission for the use of EU finance.

¹² The PAMF, in itself a financing decision which sets out conditions under which smaller actions of a specific type can be decided more quickly.

¹³ Legal and financial responsibility for the use of EU funds, including power to sign and amend contracts as appropriate is transferred from the European Commission HQ to the Delegation concerned.



Looking at the overall period 2007 to 2010 provides a more accurate picture than focusing on just one year. Of the various partners, non-state actors were implementing 32% of the IfS budget, and the UN family 37%. The significant UN role is justified by the volatile environments where the IfS operates, with UN bodies being often among the few with a strong in-country presence able to react quickly, using their solid local networks. The steady growth in the NGO sector of partners with conflict prevention and peacebuilding skills, who are developing their administrative capacities to manage EU funds, has meant that NGOs are being called on more often to implement IfS actions. In 2010 the NGO sector implemented almost half¹⁴ of the budget attributed to crisis preparedness.¹⁵

6. THREATS TO LAW AND ORDER (IfS ARTICLE 4.1)

The programmes devised in the context of trans-regional threats focus on capacity building, in close consultation with beneficiary countries. Typically, security capacities are strengthened at the national, regional and, ultimately, trans-regional level. Under a tailored approach, key countries in a region are identified and the capacities of local law enforcement and security units strengthened by setting up or strengthening specialised inter-agency units. Regional coordination functions are then established, making use of existing structures whenever possible, to foster regional and trans-regional cooperation. Information sharing is promoted through regional information systems. Different domains are covered: tackling trafficking and organised crime along the cocaine and heroin routes; illicit trafficking of firearms and explosive materials; enhancing maritime security and safety along the critical maritime routes; and capacity building in regions afflicted by terrorism.

¹⁴ 48%

¹⁵ Article 4.3 of the IfS Regulation

In 2010, €21.5 million were committed to actions in above areas, with total of about €7 million in payments. In 2010 more than 100 experts were recruited through the ESF¹⁶ from specialist public or semi-public organisations in the EU Member States, joining forces to make their specific knowledge and expertise available, and providing technical inputs to the identification and detailed planning of IfS actions, including the 2011 Annual Action Programme, and paving the way for full-fledged implementation of actions decided in previous Annual Action Programmes.

7. CHEMICAL, BIOLOGICAL, RADIOLOGICAL, NUCLEAR RISK MITIGATION (CBRN - IFS ARTICLE 4.2)

Historically, activities in most fields were concentrated on the former Soviet Union. In 2010, efforts have been made to enlarge the geographical coverage of the programme. Coverage has been extended to the Mediterranean Basin, Middle East, South East Asia, Central Asia, South Caucasus, and Africa. The total number of countries newly involved, in addition to the former Soviet Union, is about 40.

The CBRN programme aims at improving the safety culture by spreading best practices and raising the general level of security and safety awareness. Prior to 2010, different domains were covered separately.¹⁷ From 2010 onwards, ‘Centres of Excellence’ set up under the Instrument are providing a single and integrated platform for actions in all of these domains.

8. PRE- AND POST- CRISIS CAPACITY BUILDING (IFS ARTICLE 4.3)

In 2010, the Annual Action Programme of IfS ‘Peace-building Partnership’ activities¹⁸ has continued and further developed clusters of activities supported in previous years. The Programme, which started in April 2010, focused on the following activities:

- i) building the general capacity of non-state actors to respond to crisis situations and facilitating the dialogue between civil society and the EU institutions on peace-building issues;
- ii) co-operating with international organisations, notably from the UN family, on a series of thematic issues (including natural resources and conflict, disaster risk reduction, and Disarmament, De-mobilisation and Re-integration); and
- iii) working with relevant EU Member State bodies on the training of police and civilian experts to participate in stabilisation missions.

During the year, implementation of activities funded under previous Annual Action Programmes has continued in thematic areas such as post-conflict and post-disaster needs assessment, improving post-conflict assistance data, mediation and dialogue, and Security

¹⁶ Expert Support Facility, drawing on specialists from public or semi-public organisations from throughout the EU. Since 2008, experts from about 60 organisations in 17 Member States have carried out over 100 missions.

¹⁷ e.g. export control of dual-use goods, illicit trafficking, redirection of former weapon scientists, safety and security culture.

¹⁸ The 2010 Annual Action Programme was adopted by the European Commission on 31st March 2010 (http://www.eeas.europa.eu/ifs/docs/2010_annual_action_programme_en.pdf).

Sector Reform in partnership with UN agencies and the World Bank. Specific actions with the African Union and the League of Arab States have been put in place to enhance their early warning capacity.

The ‘Peace-building Partnership’ has focused on enhancing dialogue with civil society organisations on peace-building issues. A consultative meeting on the EU and Somalia was held in March. In addition, a Civil Society Dialogue Network¹⁹ was launched to facilitate dialogue with non-state actors with a view to providing input to the EU’s policy-making processes. Two policy level meetings were held in 2010: ‘Peace-building and Situations of Fragility’ and ‘Women’s Participation in Peace Processes’, which followed on from the 10th anniversary of the UN Security Council Resolution 1325²⁰ on Women, Peace and Security. An illustration of how work carried out in 2010 has enhanced policy dialogue among the international community is the notable progress made under the joint EU/UN initiative on linkages between natural resources and conflicts. Knowledge materials were developed on subjects such as land, extractive industries and environmental scarcity and conflict. Training courses were jointly organised in Brussels and at the UN Staff College in Turin involving representatives from the EU, UN and civil society organisations.

Considerable progress was also noted in rendering operational the joint EC-UN-WB Declaration on Post Crisis and Post Disaster Needs Assessments²¹ of September 2008. Under two separate actions, joint methodologies, implementation tools, and training were developed and implemented. In 2010 a number of joint training/information events were organised for a range of target groups, covering matters from general introductory sessions on PDNAs/PCNAs to senior level expert seminars for EU/UN/WB staff and operators. There were also expert workshops to refine methodologies and develop joint Handbooks/Tools to be used by sector experts participating in PDNA/PCNA missions.

As part of EU efforts to enhance civilian crisis management capabilities, two calls for proposals were launched²² for the provision of specialised training programmes, aiming at enhancing the capabilities and skills of staff working in civilian crisis management missions and police officers likely to be deployed in crisis situations. These actions will be implemented as of 2011.

9. CONCLUSION

IfS measures implemented in 2010, complementing EU regional and thematic development instruments, humanitarian assistance and CSDP missions, have supported the EU to preserve peace, prevent conflict and strengthen international security, in line with Article 21 of the Treaty of European Union. In its fourth year, and with a budget which has increased by 59%, from €139,123,000 in 2007, to €213,559,000 in 2010, the overall IfS programme has now reached a state of maturity solid enough to deal with upcoming challenges, such as those that emerged in North Africa and the Arab States of the Middle East in early 2011. An external evaluation of the Instrument for Stability was launched at the end of 2010 “to ascertain the results to date of the IfS crisis response and preparedness components and help enhance IfS

¹⁹ This were managed by the European Peace-building Liaison Office (EPLO).

²⁰ UNSCR1325

²¹ PCNA/PDNA

²² The contract for civilian crisis management training was signed in December 2010 with the lead agency of a consortium of training bodies from 13 EU Member States.

approaches towards future crisis response measures and strategies for future preparedness programming”. The evaluation has concluded that IfS is “*a unique Instrument within the EU peace, security and development architecture. Articles 3 and 4(3) fill an important strategic, funding and capacity gap, and allow the EU to support a broad range of critical crisis preparedness and response initiatives. The design and management of the Instrument has led to a significant number of achievements that should be recognized and are important contributions to peace and stability globally*”. The full report has been transmitted to the IfS Committee in July 2011.

With the creation of the European External Action Service, EEAS, at the end of 2010, and the Commission’s Service for Foreign Policy Instruments, FPI, the close working relationships within the Commission, especially among those services managing humanitarian relief, development cooperation and foreign policy instruments, with the EEAS, the EU Delegations and the wider EU community will remain a cornerstone of the EU’s and IfS effectiveness in dealing with crises in the future.