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ANNEX 6

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to the

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE EUROPEAN COUNCIL AND THE COUNCIL**

**Managing the refugees crisis: immediate operational, budgetary and legal measures
under the European Agenda on Migration**

ANNEX VI

THE EU REGIONAL TRUST FUND ("MADAD TRUST FUND") IN RESPONSE TO THE SYRIAN CRISIS

Specialised EU Trust Funds are instruments designed to maximise efficiency, coherence visibility, flexibility and speed of delivery of EU support/action across various financial instruments and countries. These considerations led EU lawmakers to change the EU Financial Regulation which now allows the Commission to create and manage EU Trust Funds. The advantages of this approach are the following:

- **Efficiency and coherence:** While other already existing trust funds only have a national or sub-national scale, the EU Trust Fund in response to the Syrian crisis ("Madad Trust Fund") is the only EU funding instrument with a *truly* regional scope responding to a regional crisis. It covers not only Syria but Turkey, Lebanon, Jordan, Iraq, Egypt and also affected countries in the Western Balkans. This allows EU support to be more focused and coherent, avoiding the inefficient fragmentation that often plagues international assistance efforts.
- **European visibility:** The EU Trust Fund, which is open to Member States and third party contributions, considerably enhances EU & Member State visibility, which is often absent in the case of EU bulk contributions to United Nations, World Bank and other Trust Funds. By enhancing Europe's profile in a crisis, the EU Trust Fund gives more political leverage to Member States and the EU institutions on the ground. It is an important tool of public diplomacy ("single flag") to beneficiaries and other actors.
- **Coordination:** the Trust Fund greatly facilitates the engagement of others. It can pool contributions from the EU budget, Member States and other donors, public or private, thus increasing the financial power in the interest of its beneficiaries. Its governance structure broadly reflects contributions made. Bilateral and other donors have a say in setting the priorities for the trust fund.¹
- **Flexibility:** The Trust Fund mixes a wide range of funding modalities (grants, budget support, delegated cooperation, etc.) adapted to each country and sector. The Trust Fund can, on request of donors and subject to approval of its Board, establish separate funding windows as required, permitting, e.g., the geographic ring-fencing of funding (e.g. for Turkey, a Western Balkans state etc.). Also, as this unprecedented crisis continues to evolve, the Trust Fund board can shift funding between and among countries in a much speedier way than is the case with regular, "pre-programmed" EU instruments.
- **Speed:** Finally, the EU Trust Fund ensures speedy delivery by using fast-track contracting and disbursements, using the crisis situation provisions of the EU Financial Regulation. Instead of lengthy procurement and calls for proposals, partners are engaged directly and are responding with substantial projects that can be adopted by the board at any time. The first programmes, adopted during the 29 May 2015 Board meeting, are almost all contracted already and underway. The project pipeline, ready for financing, once funds become available, is in the order of €440 million.

¹ Decisions on EU contributions are made under the "comitology" rules in the relevant funding instruments.

BACKGROUND:

Needs not yet covered: Only 40% of the UN appeals for the Syrian refugee crisis covered after 9 months. The overall funding gap is some €4 billion for 2015, of which the longer term resilience, education, and livelihoods needs represent €1.5 billion, the rest being short-term humanitarian needs. The EU and Member States are expected to cover half of this gap (in line with our "traditional" share in global aid).

Current funding of the EU trust fund: The EU has made start-up contributions to date of €38 million, with larger replenishments planned later in 2015 and beyond. Italy has contributed €3 million. Germany has pledged to contribute €5 million. The EU is preparing to contribute another €100 million by the end of 2015. This will result in a mobilisation of around €150 million for the Trust Fund in the first year alone. But given the needs on the ground and an impressive project pipeline worth €440 already, much more is still needed.

Complementarity with other EU actions: In the beneficiary countries, the EU Trust Fund focuses on the longer term resilience, education, and livelihoods needs (such as jobs, teaching and basic infrastructure), not on immediate humanitarian relief aid (such as food and water). Humanitarian relief through UNHCR, WFP, ICRC and NGOs continues to be managed by ECHO and funded bilaterally, but in close coordination between ECHO and the EU trust fund.

The Trust Fund's activities are very closely coordinated with other existing aid programmes and pooling mechanisms to avoid duplication and competition for funding in particular as regards the Syria Recovery Trust Fund based in Gaziantep (a Turkish city 60km from Aleppo), the World Bank Trust Fund for Lebanon, and World Bank and UN mechanisms in Jordan. The trust fund also aligns its decisions with the orientations provided by multilateral frameworks, e.g. the UN Regional Refugee & Resilience Plan and outcomes of other international fora and conferences (Kuwait conferences, G7; etc.).