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Draft

COMMISSION DECISION

of [...]

for implementing the facility for rapid response to soaring food prices in developing countries to be financed under Article 21 02 03 of the general budget of the European Communities in 2009

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) N° 1337/2008 of the European Parliament and of the Council establishing a facility for rapid response to soaring food prices in developing countries¹, and in particular Articles 3(1) and 6(1) thereof,

Whereas:

- (1) On 16 December 2008 the European Parliament and the Council adopted Regulation (EC) N° 1337/2008. This Regulation establishes a financing instrument for rapid response to soaring food prices in developing countries (hereafter referred to as the "Food Facility" Regulation) and requires the Commission to implement projects/programmes and other actions as described under the Regulation.
- (2) The financial allocation proposed in the present financing decision 2009 is EUR 393 800 000 to be financed from budget item 21 02 03 of the general budget of the European Communities for 2009. In view of the rapid response nature of the instrument and in conformity with the necessary coordinated international response to the food crisis, this decision covers measures relating to the co-financing of actions jointly managed with international organisations and a call for proposals.
- (3) The measures to be taken should help developing countries to encourage a positive supply response from the agricultural sector in developing countries in the next seasons, to respond rapidly to immediate needs of the countries and their population and to mitigate the negative effects arising from the volatility of food prices, and to strengthen the productive capacities and the governance of the agricultural sector to enhance the sustainability of interventions, thus preventing as far as possible further food insecurity situations. Beyond its immediate expected effects on food security, these measures will also contribute towards achieving the Millennium Development Goals, particularly MDG1, with targets on the reduction of poverty and hunger.
- (4) These measures will be implemented taking into account where appropriate their crisis-related nature.
- (5) The measures cover actions in 23 countries and a Call for Proposal covering potentially 35 countries, activities to be supported including improved access to agricultural inputs, safety nets and other small-scale measures aiming at increasing production.
- (6) An overall plan for the use of the facility has been presented by the Commission as foreseen in the Regulation and further measures will be supported in 2009 and 2010.
- (7) Coordination with projects financed under other development and humanitarian instruments will be ensured at all stages and overall consistency will be ensured in the implementation of the measures of the present facility.

¹ OJEU L 354, 31.12.2008, p. 62-69

- (8) The present decision constitutes a financing decision within the meaning of Article 75 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities² and Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities³.
- (9) The present decision covers any possible interest due for late payment on the basis of articles 83 of the Council Regulation (EC, Euratom) No 1605/2002 and 106(5) of Commission Regulation (EC, Euratom) No 2342/2002.
- (10) The Commission is required to define the term “substantial change” in the meaning of Article 90 (4) of Regulation (EC, Euratom) No 2342/2002 to ensure that any substantial change in this decision shall follow the same procedure as the initial decision.
- (11) The measures provided for in this decision are in accordance with the opinion given by the Committee set up under Article 13 of Regulation (EC) N° 1337/2008 on 26th of March 2009.

HAS DECIDED AS FOLLOWS:

Article 1

A set of measures implementing the Food Facility Regulation constituted by the actions described in Annex 1 is approved.

The list of countries concerned and their corresponding indicative allocations of the Community contribution to these measures is provided in Annex 2.

The list of countries eligible for the call for proposals and their corresponding indicative allocations is provided in Annex 3.

Article 2

The maximum contribution of the Community to these measures is set at EUR 393,8 Millions to be financed from budget line 21 02 03 of the general budget of the European Communities for 2009.

This decision shall also cover any possible interest due for late payment.

Article 3

Within the global indicative budget of all the specific actions, cumulated changes not exceeding 20% of the maximum contribution of the Community, shall not be considered substantial, provided that they do not significantly affect the nature and objectives of the measures in question.

The authorising officer may introduce non substantial changes to the measures in question, in accordance with the principles of sound financial management.

Done at Brussels, [...]

For the Commission

[...]

Member of the Commission

² OJEU L 248 of 16.09.2002 p. 1.

³ OJEU L 357 of 31.12 2002, p.1.

ANNEXES

ANNEX 1 Summary of action fiches

Country	Budget MEUR	IO	Brief description
Benin	6,80	WB	Food Crisis Response Emergency Project will help expanding the activities of the World Bank financed Emergency Food Security Project, in support to the Government's Emergency Food Security Programme (EFSP), aiming to increase domestic production of food crops (mainly maize and rice) in order to mitigate the impact of increasing food prices on households. This objective will be achieved through two groups of activities: (1) To expand access of food crops producers to agricultural fertilizers and improved seeds; (2) To expand access of food crops producers to irrigation services.
Bolivia	1,80	WFP	Support to the Food Price Crisis Response Programme in Bolivia by Generation of local Capabilities for Sustainability of the School Feeding Programme has the objective to develop and promote, within a framework of the Government launched Food Security and Sovereignty Policy, the implementation of local food production chains and expand their coverage to selected municipalities. These chains will be implemented with at least 50% of school feeding programmes.
Burundi	5.50	FAO	Improvement of the productive capacities of the farming associations in the irrigated riverbanks of Imbo seeks to increase the agricultural production by rehabilitating irrigation infrastructures in the intervention area, limit the inundations and the recurrent destruction of fields and houses due to heavy rains by rehabilitating the protective mechanisms along the Mutimbuzi and Muzazi rivers, as well as to increase the irrigated land area in the intervention area.
Cambodia	11,20	FAO	Improve the food security of farming families affected by the soaring food prices. The specific objectives are (1) to increase food production and farm productivity; (2) to increase the cultivated areas and the cropping intensity, (3) to reduce post harvest losses. The main activities consist of distribution of rice seeds and fertilisers; development of post-harvest storage and processing techniques; support to vegetable growing techniques and small-scale fish farming; enhancement of small irrigation infrastructures; and vocational training. Direct beneficiaries are 60,000 poor families having access to land and affected by the crisis.

Guatemala	4.65 FAO 6.35 WFP	FAO- WFP	Joint programme Government/WFP/FAO. <u>Project 1 (FAO)</u> aims to 1) improve productivity of maize production of 4,000 small holders; 2) increase stocks of basic grains for home consumption; 3) increase diversity of production for home consumption of 4,000 subsistence farmers; 4) increase family income of 2,000 households. <u>Project 2 (WFP)</u> seeks to 1) improve quality of maize production and access to markets of 4,000 small holders; 2) increase sales and better prices for 4,000 small holders; 3) reduce chronic malnutrition by production of fortified blended food; 4) enable 4,000 small holders to meet purchase requirements of WFP and other demand side agents; 5) Strengthen National Strategy for Reduction of Chronic Malnutrition at production level; and 6) allow 8,000 families to participate in food for work and food for training schemes.
Jamaica	5,90	FAO	<ul style="list-style-type: none"> • Strengthening Jamaica's Food Security Programme has the specific objective to increase production and productivity of small-scale farmers to meet the challenges of rising food prices, aiming at 1) Increased availability and use of local food crop production; 2) Increased market driven small stock production ; 3) Strengthened framework and government strategies for monitoring and improving agricultural productive capacity.
Kenya	4,00	FAO	<p>Enhance availability of livestock products following the food crisis seeks to restore livestock production capacity among the most vulnerable population in Kenya and improve market access of livestock products. The project will, on the one hand, improve supply of products from the small-scale dairy production systems in high potential areas through vaccination campaigns and promotion of alternative feeding diets; on the other hand, the project will improve supply of livestock and livestock products from pastoral production systems in selected areas in the arid and semi arid lands region through provision of drought tolerant grass seeds and marketing infrastructure rehabilitation.</p> <p>Direct beneficiaries will be 4,600 pastoralist households in the Arid and Semi-Arid Region and small-scale dairy producers in the higher potential areas (livestock mortality will decrease by 20%).</p>
Kyrgyz Republic	7,00	WB	<p>Animal health and production. The specific objective is to improve the institutional and infrastructure environment for more productive, profitable and sustainable livestock production by pasture users and small holder farmers and reduce the economic impact of the zoonotic disease burden in the human population. Expected results: (1) Improved capacity of the State Veterinary Department in disease surveillance and control, (2) Strengthened awareness and capacity of rural communities in disease control; (3) Increased coverage of vaccination and testing programs for target diseases; (4) Reduced incidence of target diseases; (5) Improved knowledge and skills in animal feeding and husbandry; (6) 475 Rural communities better able to respond to drought.</p>

LAO PDR	5,00	WB	Improved food security for poor households in the Northern provinces of Laos, and reduced malnutrition and nutrition-related health risks especially among poor women and children. The specific objectives are to improve agricultural productivity and livelihoods among poor and vulnerable communities of the northern uplands and, and to reduce malnutrition through the development and piloting of programmes to stimulate behaviour change and demand for key health services. Main activities include: provision of facilities for drying, grading and storage of seeds, a technical baseline survey, provision of small seed packages, participatory programmes for evaluation of agronomy packages, improvement of national laboratories, support to Soil Survey Unit (National Research Institute, improving market access for upland small holders enterprises (food processing) and conditional cash transfers, awareness raising among community facilitators on maternal and child health issues.
Lesotho	4,00	FAO	Input trade fairs and measures to increase seed security in Lesotho aims to increase production from both garden and field crops for 33,380 vulnerable farming households in Lesotho, through (1) organisation of input trade fairs (32,680 farming households will get access to sufficient quality inputs to crop about 0.5 ha each); (2) promotion of Conservation Agriculture (minimal soil disturbance, permanent soil cover and crop rotations – 500 poor farmer will be trained) and (3) improvement of seed availability and security (200 resource-poor farming household will get technical and material support to produce seeds).
Madagascar	12,50	IFAD	Programme supporting resilience to food crises in Madagascar (PARECAM) seeks to promote a significant increase of the food production in the intervention areas of existing projects by upscaling techniques to an increased number of agricultural producers and by reinforcing the political dialogue in the framework of the Agricultural Sector Programme in order to sustain the implementing methods.
Mozambique	6,00	IFAD	Support to increased food production in Mozambique. <u>Project 1</u> <i>The Sofala Bank Artisanal Fisheries Project</i> aims to promote commercially viable and sustainable use of Sofala Bank's fish and marine resources and to improve economic and physical linkages of artisanal fishing communities to input and output markets (12,500 beneficiaries). <u>Project 2</u> <i>The Rural Finance Support Programme (PAFIR)</i> seeks to improve access to rural financial services for an estimated number of 20 to 25 000 clients of 10 to 15 financial institutions operating in districts identified as priority. <u>Project 3</u> <i>National Programme for Agricultural Extension (PRONEA)</i> provides training of 300 extension officers in value chain development and market oriented approach. <u>Project 4</u> <i>The rural market promotion programme (PROMER)</i> helps to create additional income through more efficient surplus marketing for 20 000 farmers based in northern Mozambique.
Nepal	8,28 FAO	FAO/WFP	Support to Improve Access to Agricultural Production Inputs and Support Services. FAO and WFP will focus on the more sustainable improvement of livelihoods through the provision of quality inputs and technical training of farmer groups, in order (1) to reduce short term food insecurity by supporting the implementation of productive safety net

	9,02 WFP		measures aiming at improving and maintaining agricultural infrastructure; and (2) to reduce medium term food insecurity by improving agricultural productivity through the provision of inputs and improved extension advices to farmers and by supporting the establishment of a national food security monitoring system. Direct beneficiaries will be 290,000 selected farm households that are dependant on farming for livelihood but are unable to produce sufficient food to meet their requirements.
Nicaragua	3,00	FAO	Special Intervention Project to Strengthen the Productivity of Small Farmers in Nicaragua seeks to increase production of basic grains by strengthening organised small and medium sized farmers' organizations to provide technical know-how, access to inputs and equipment, and to support the service providers for farmers. Main expected outcomes: (1) Increased productivity of beans, maize, rice, sorghum, among others, through local farmer organizations; (2) Improved local capacities among small and medium sized farmer associations, young rural entrepreneurs and small business for improved coordination of production, processing and commercial chains; (3) Improved storage capacity of farmer families, provision of services, technologies and marketing services.
Niger	3,00 FAO 3,00 UNICEF	FAO/ UNICEF	Food Crisis response on less than 5 year children survival and rural population subsistence. <u>Project 1,(FAO) will reinforce the agricultural input shops to improve food producing agriculture and input shop network.</u> It will as well increase support of rural household via input shops through adapted financing system (warrantage), irrigation system rehabilitation and promotion of irrigated farming. (14,000 direct beneficiaries and 100 input shops created or rehabilitated). <u>Project 2</u> , in co-financing with UNICEF, will focus on the children malnutrition. The project will take care of 65,000 children suffering of malnutrition and will give access to nutritional rehabilitation services to a population of 7, 900, 000 inhabitants.
Occupied Palestinian Territories	21,6	UNRWA	Food aid and cash allowances for the UNRWA Special Hardship Case Programme in occupied Palestinian territory will provide a basic package of cash transfer and in kind food aid to the remaining 62,000 SHCs in 2009 (71,000 SHCs were reflected as the beneficiaries of the EUR 18.1 million 1 st tranche), and approximately 133,000 SHCs in 2010. Aid packages will be distributed through the Social Safety Net (SSN) programme
The Philippines	6.40 WFP	WFP	To support conflict-affected populations in Mindanao: expansion of food-for-assets activities and establishment of vulnerability mapping capacity at the national level. WFP Project seeks to restore small scale agricultural infrastructure in conflict affected areas of Mindanao by organising food for work and food for training for about 194,000 households, support and strengthen resiliency of communities to shocks; strengthen capacities of government to prepare, assess and respond to acute hunger arising from disasters; and assist the government to better focus and target existing social safety nets.

Senegal	10,90	WFP	<p>Support to rural safety nets. Specific objectives are: (1) to increase the capacity of vulnerable households to satisfy their alimentation needs, (2) to improve the nutritional status of the population and (3) to increase the agricultural production through collective works. Main activities consist in (a) increasing the agricultural production through the promotion of counter seasonal crops and promoting agricultural diversification; (b) prevention of malnutrition through training sessions on nutritional, hygienic and sanitary practices; (c) Cash Transfer Programme, either through reduction vouchers or 'Cash for Work'.</p> <p>Direct beneficiaries are 130,000 households affected by food prices volatility.</p>
Somalia	10,40 FAO 4,00 AU-IBAR	FAO/AU-IBAR	<p>Integrated support to rural livelihood in Somalia. <u>Project 1</u> <i>Integrated support for agriculture</i> will contribute to increase food security and develop private sector-led economy by rehabilitating irrigation land and improving market access for agricultural produces. <u>Project 2</u> <i>Livestock Emergency Intervention to Mitigate Food Crisis in Somalia</i> will increase protection of the productive assets of Somali pastoralists through improved animal health and better market infrastructures, thereby generating income for local communities and promoting employment among the poor pastoralists.</p> <p>Direct beneficiaries will be part of Somali population vulnerable to food insecurity: 60,000 farming families will get agricultural support, 15,000 rural and urban poor will get employment opportunities and 80% of the poor pastoralist (3.6 million people) will have access to a vaccination campaign and improved infrastructure.</p>
Sri Lanka	5,20	FAO	<p>Enhancing food security among the most vulnerable farm families in Sri Lanka. The specific objective is to increase production of rice, other field crops and vegetables for 20,000 vulnerable farm families through rehabilitation of abandoned agriculture lands and renovation of small scale irrigation tanks and canals. Expected results: (1) 4,000 ha of abandoned land rehabilitated and prepared for cultivation with necessary channels and drainages; (2) 40 small reservoirs and tanks rehabilitated for improved water management systems for 2,000 ha of land ; (3) 20,000 vulnerable farming families supported through improved variety of seeds of paddy, other field crops and assorted vegetables with appropriate fertiliser and technical training for enhanced food production and improved income; (4) strengthened national agricultural extension system through provision of training and technical assistance to agricultural extension workers in subjects of environmentally friendly farmings systems, communications skills, processing and marketing.</p>
Togo	2,50	FAO	<p>Reinforcement of the food security bases of the vulnerable households of Togo: Rehabilitation of the cereals production through the improvement of the local production capacities. The main activity of the project is to facilitate the access to improved seeds by small producers and to accompany them in the elaboration of technical and organisations plans.</p>
Yemen	18,30	WB	<p>Emergency Social Safety Net Enhancement aims to increase access of the targeted communities (14,000-16,000 households) to temporary job opportunities (through basic infrastructure works in the fields of irrigation, water</p>

			harvesting, soil protection, etc.); reach around 60,000 poorest households with an increased cash transfer to cope with the crisis for 12 months.
Zambia	7,50	FAO	Farmer Input Support Response Initiative (FISRI) to rising prices of agricultural commodities in Zambia aims to increase food production through improved access to agricultural inputs and promotion of conservation agriculture (CA) principles in order to help mitigate the effects of soaring food and input prices.
Call for proposals	200,00		<p>Call for proposals on the Facility for rapid response to soaring food prices in developing countries has the following objectives: a) encourage a positive supply response from the agricultural sector in target countries and regions; b) support activities to respond and directly to mitigate the negative effects of volatile food prices on local population in line with global food security objectives, including UN standards for nutritional requirements; c) strengthen the productive capacities and the governance of the agricultural sector to enhance the sustainability of interventions. Eligible activities include purchase and distribution of agriculture inputs and services, establishment of safety nets and other small-scale measures, such as microcredit, investment, equipment, infrastructure and storage; and vocational training and support to the professional groups in the agriculture sector, among others. Eligible countries are listed in Annex 3.</p> <p>This centralized call for proposals to be organized by Headquarters, may lead to conclusion of grants or delegation agreements (indirect centralized management) for those bodies satisfying the applicable conditions</p>
Total	393,800		

ANNEX 2: List of countries and indicative allocations

	Country	Allocation in M€
1	Benin	6,80
2	Bolivia	1,80
3	Burundi	5,50
4	Cambodia	11,20
5	Guatemala	11,00
6	Jamaica	5,90
7	Kenya	4,00
8	Kyrgyz Republic	7,00
9	Lao PDR	5,00
10	Lesotho	4,00
11	Madagascar	12,50
12	Mozambique	6,00
13	Nepal	17,30
14	Nicaragua	3,00
15	Niger	6,00
16	OPT (Palestine)	21,60
17	Philippines	6,40
18	Senegal	10,90
19	Somalia	14,40
20	Sri Lanka	5,20
21	Togo	2,50
22	Yemen	18,30
23	Zambia	7,50
	Sub total countries	193,800
24	Call for proposals	200,000
	Total	393,800

ANNEX 3: List of countries eligible for the Call for Proposals

Country	Indicative Amount (€million)
Afghanistan	10.2
Bangladesh	15.0
Benin	6.1
Burkina Faso	5.0
Burundi	3.4
Cambodia	6.0
DRC	4.6
Eritrea	4.4
Ethiopia	13.0
Ghana	5.9
Guatemala	4.0
Guinea Bissau	2.4
Guinea	13.5
Kenya	7.2
Haiti *	pm
Laos	5.8
Lesotho	2.0
Liberia *	pm
Madagascar	3.0
Malawi	2.0
Mali *	pm
Mauritania	7.6
Mozambique	4.5
Nepal	6.0
Nicaragua	4.15
Niger	3.2
Pakistan	10.0
Philippines	11.3
Sao Tome e Principe	2.1
Senegal	3.6
Sierra Leone *	pm
Tanzania	12.4
Togo	3.0
Yemen	3.0
Zambia	3.0
Allocation from 'reserve' *	12.65
TOTAL	200.00

* The four countries with a "pm" will be served from the reserve, with a balanced distribution.