

# Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed <a href="#">2008/0149(COD)</a>
External assistance: facility for rapid response to soaring food prices in developing countries	
Subject 3.10.10 Foodstuffs, foodstuffs legislation 6.30 Development cooperation 6.30.02 Financial and technical cooperation and assistance 6.50 Emergency, food, humanitarian aid, aid to refugees, Emergency Aid Reserve	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>DEVE</b> Development		15/07/2008
		PPE-DE <a href="#">MITCHELL Gay</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>AFET</b> Foreign Affairs	The committee decided not to give an opinion.	
	<b>INTA</b> International Trade	The committee decided not to give an opinion.	
	<b>BUDG</b> Budgets (Associated committee)		03/09/2008
	<b>CONT</b> Budgetary Control	The committee decided not to give an opinion.	
	<b>AGRI</b> Agriculture and Rural Development (Associated committee)		09/09/2008
		PSE <a href="#">LE FOLL Stéphane</a>	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Employment, Social Policy, Health and Consumer Affairs2916</a>		16/12/2008
European Commission	Commission DG	Commissioner	
	Development	MICHEL Louis	

Key events			
17/07/2008	Legislative proposal published	<a href="#">COM(2008)0450</a>	Summary
02/09/2008	Committee referral announced in Parliament, 1st reading		
23/09/2008	Referral to associated committees announced in Parliament		

07/10/2008	Vote in committee, 1st reading		Summary
31/10/2008	Committee report tabled for plenary, 1st reading	<a href="#">A6-0396/2008</a>	
03/12/2008	Debate in Parliament		
04/12/2008	Results of vote in Parliament		
04/12/2008	Decision by Parliament, 1st reading	<a href="#">T6-0576/2008</a>	Summary
16/12/2008	Act adopted by Council after Parliament's 1st reading		Summary
16/12/2008	Final act signed		
16/12/2008	End of procedure in Parliament		
31/12/2008	Final act published in Official Journal		

### Technical information

Procedure reference	2008/0149(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	EC Treaty (after Amsterdam) EC 179-p1
Stage reached in procedure	Procedure completed
Committee dossier	DEVE/6/65505

### Documentation gateway

Legislative proposal		<a href="#">COM(2008)0450</a>	18/07/2008	EC	Summary
Committee draft report		<a href="#">PE409.786</a>	04/08/2008	EP	
Amendments tabled in committee		<a href="#">PE412.209</a>	17/09/2008	EP	
Committee opinion	<b>BUDG</b>	<a href="#">PE412.122</a>	02/10/2008	EP	
Committee opinion	<b>AGRI</b>	<a href="#">PE412.208</a>	06/10/2008	EP	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A6-0396/2008</a>	31/10/2008	EP	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T6-0576/2008</a>	04/12/2008	EP	Summary
Draft final act		<a href="#">03709/2008/LEX</a>	16/12/2008	CSL	
Commission response to text adopted in plenary		<a href="#">SP(2009)402</a>	29/01/2009	EC	
Follow-up document		<a href="#">COM(2010)0081</a>	12/03/2010	EC	Summary
Follow-up document		<a href="#">SEC(2010)0245</a>	12/03/2010	EC	
Follow-up document		<a href="#">COM(2013)0194</a>	11/04/2013	EC	Summary
Follow-up document		SWD(2013)0107	11/04/2013	EC	

Additional information	
National parliaments	<a href="#">IPEX</a>
European Commission	<a href="#">EUR-Lex</a>
Final act	
<a href="#">Regulation 2008/1337</a> <a href="#">OJ L 354 31.12.2008, p. 0062</a> Summary	

## External assistance: facility for rapid response to soaring food prices in developing countries

**PURPOSE:** to set up a facility for the provision of assistance developing countries affected by the food price crisis.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**BACKGROUND:** rising food prices in 2007 and 2008 have had negative effects on many developing countries. Poverty for hundreds of millions of people has deepened and recent progress towards achieving the Millennium Development Goals is put at risk. Moreover, rising food prices have resulted in riots, unrest and instability in several countries, risking the gains of years of political, developmental and peacekeeping investments. However, rising prices could also provide a window of opportunity to stimulate a supply-response from farmers in developing countries. Higher prices offer new income-generating opportunities to bring rural communities out of poverty and could enhance the contribution of agriculture to economic growth by providing incentives for investments and productivity improvements.

The Commission wishes to launch a short term response (a "Facility") to the global recent soaring of food prices by using part of the margin in the Heading 2 of the Financial Framework in favour of those most affected developing countries.

On 22 May, the European Parliament adopted a [resolution](#) on rising food prices in the EU and the developing countries, urging the Council to ensure coherence of all food-related national and international policies aiming at implementing the right to food of populations.

EU Ministers also expressed their concern with the effects of the high food prices in developing countries. They committed themselves to finding a collective response to the food price challenge.

**CONTENT:** The facility proposed by the Commission would primarily support agriculture in developing countries hence enabling them to enhance production levels. It will also help those countries to rapidly mitigate the negative effects of the high food prices on the poorest. It will hence help them to reduce extreme poverty and hunger.

The response offered by the Facility: the total financial reference amount over the period 2008-2009 is set at EUR 1.0 billion. For 2008, the reference amount is EUR 750 million and for 2009, the maximum reference amount is EUR 250 million. The amount committed shall, for each year, leave a margin under heading 2 of the financial framework of at least EUR 600 million, based on the forecast of the most recent early warning system report as established in Regulation (EC) No 1290/2005. Should that not be the case for a particular year, the maximum amount which can be committed for that year will be reduced in order to restore such a margin under heading 2.

The amount indicated is based on EC's share of 10% in responding at short-term to the food price crisis, given that, on average, the Community finances 10% of worldwide development cooperation. This implies that the Community would finance about EUR 1.8 billion in 2008 and 2009. As the currently available EC instruments could contribute EUR 800 million in 2008-09, the remaining EUR 1 billion will be covered by the Facility. The Facility will be complementary to existing crisis-response and development cooperation instruments, both in its time-span (in-between emergency and long-term development cooperation), and in its specificity (directly related to measures that address soaring food prices).

**Objectives of the Facility:** the primary objective is to encourage a positive supply response of farmers in developing countries in the short to medium term. The Facility will also support activities to respond to mitigate the negative effects of high food prices in line with food security objectives. The expected results of the assistance are: (i) an increase in agricultural production and food security in assisted countries, (ii) reduced malnutrition rates, especially among vulnerable groups, and (iii) reduced food price inflation.

**Targeting of the measures financed by the Facility:** the Commission will adopt implementing measures, and finance global initiatives which are implemented through international organisations.

The measures will include a list of target countries identified on the basis of the set of indicative criteria laid down in the Annex to the Regulation and which include: reliance on food imports, food price inflation, and social and fiscal vulnerability. Other financing available to the country from the donor community will be taken into account, as well as the country's potential to increase agricultural production. The Facility also allows for regional-level programmes, covering all developing countries of that region. Global initiatives may equally be financed when implemented through a regional or international organisation.

Responding directly to the food crisis and taking into account the country-specific conditions,

the following operational measures may be supported through the Facility:

-measures to improve access to agricultural inputs and services, including fertilisers and seeds;

-safety net measures aiming at maintaining or improving the agricultural productive capacity, and at addressing the basic food needs of the most vulnerable populations.

A small part of the Facility, up to 1 %, will be used for support measures required for an effective implementation of the Regulation.

Types of financing and implementation modalities: short-term responses to the soaring food prices require quick mobilisation of finance in

order to be able to provide post-emergency assistance and support for a supply response in the next agricultural seasons. The proposal allows for quick decision-making and disbursement procedures, by using Contribution Agreements with International Organisations, including Regional Organisations. The programming and the implementation will be made following the principles of the Paris Declaration on Aid Effectiveness, including by coordinating activities with Member States and with other donors, in order to ensure that no country is over supported or orphan. Lastly, the proposal contains an indicative time-line.

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The Committee on Development adopted a report drafted by Gay MITCHELL (EPP-ED, IE) and amended the proposal for a regulation of the European Parliament and of the Council establishing a facility for rapid response to soaring food prices in developing countries. The committee felt that the European Parliament must have the final say on expenditure.

The main amendments ? adopted in the 1<sup>st</sup> reading of codecision procedure ? are as follows:

**Comitology:** the committee introduced a comitology procedure for measures. These measures will be adopted in accordance with the management procedure with specially reduced deadlines allowing for rapid decision-making in 2008. In addition, where support is to be provided for measures implemented by International Organisations including Regional Organisations, such international organisations will be selected by the Commission in accordance with the management procedure. Members considered that this removes the requirement for implementation to pass exclusively through regional and global international organisations and ensures decisions on choices of any such organisations pass through the comitology procedure

**Objectives:** Members expanded and clarified the objectives. The primary objective of the assistance shall be to respond to soaring food prices in the short to medium term by: a) encouraging a positive supply response from the agricultural sector, including small-holder farmers, with a sustainable increase in agricultural productivity in target countries and regions in the context of their overall development in the medium term; b) supporting activities to respond rapidly and directly, and in the short term, to the food needs of local populations to mitigate the negative effects of high food prices in line with food security objectives and UN standards for nutritional requirements. The committee stated that this establishes the distinction between short- and medium-term objectives.

**Involvement of civil society:** regardless of which bodies are chosen under the management procedure to establish the financing facility for the food crisis - whether international and regional organisations or other institutions - it shall be absolutely essential that the action programmes on agricultural growth be drawn up together with farmers' organisations, producers' organisations and their NGO partners, and that those organisations are involved in monitoring and following up the implementation of these programmes. Wherever feasible, NGO involvement shall be guaranteed in the projects carried out by all international organisations.

**Target countries:** to optimise the utility and impact of the Regulation, resources shall be concentrated on a maximum of 35 high-priority target countries. The Commission's proposal did not contain a specific number. Target countries shall be identified on the basis of the set of criteria laid down in the Annex, and in coordination with other donors, building on relevant needs-assessment made available by specialist and international organisations, such as those of the UN system, including the World Bank.

**Existing programmes and projects** shall be scrutinised in advance, on the assumption that only properly inspected, future-oriented projects that sustainably serve small farmers and rural structures will receive additional support, in which process the use of resources must be optimised and deadweight effects avoided. Priority access must be guaranteed for small-holder farmers.

**Additionality and coordination:** the committee deleted the provision in the Commission's proposal which had provided that notwithstanding Regulation (EC) No 1905/2006 and Regulation (EC) No 1717/2006 I, if the envisaged measures are in accordance with this Regulation, they shall be financed under this Regulation. Members felt that the text compromises the additionality of financing under the Regulation by preventing support from other instruments for measures in line with the objectives of this Regulation. A financial allocation of EUR 50 million has been programmed for similar measures in 2008 under the Food Security Thematic Programme of DCI and this should not be prejudiced by the entry into force of this Regulation. Measures supported under this Regulation must be coordinated with those supported under other instruments, including Council Regulation (EC) No 1257/96 concerning humanitarian aid, Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation, and Regulation (EC) No 1717/2006 establishing an instrument for stability, and the ACP-EU Partnership Agreement.

**Financing:** before initiating the financing of this facility the Commission shall draw up a precise forward plan, detailing all the measures envisaged, together with quantified objectives, the share of financing allocated to each objective and the resources planned for administration of the facility.

**Supporting measures:** these must include measures to improve access in particular of small-scale and female farmers to locally adapted, sustainable agricultural inputs (tailored to the optimum use of local resources) and services (extension, vocational training), existing local markets and existing infrastructure, as well as preferential measures to activate and involve local, regional and supra-regional producers in the developing countries. Agricultural inputs and services must as far as possible be locally purchased, the negative impact of importing inputs and services on local producers and markets must be prevented and dumping excluded. Measures must also include micro-credit facilities for small agricultural producers to boost production. A new clause stated that assistance shall not be given to the production of raw materials for exotic or luxury goods (such as cocoa, tea, tobacco, coffee) or biofuels. Administrative support measures - including organising the involvement of farmers' organisations and NGOs - which meet the objectives of this Regulation may be financed up to a maximum of 2 % (rather than 1% as stated in the proposal) of EUR 1 billion.

**Scrutiny:** both the Commission and the European Parliament will rigorously scrutinise the disbursement of funds to the International Organisations, and the financial outlays of these Organisations in target countries, to ensure efficient and effective use of the European Union's money.

**Eligibility:** the Commission had proposed that only International Organisations fulfilling the conditions laid down in Regulation (EC, Euratom) No 2342/2002 would be eligible for funding, but the committee expanded this considerably to include, inter alia, partner countries and regions, and their institutions and EU agencies, and local and regional grassroots organisations, such as farmers' associations and agricultural cooperatives/producer groups. Moreover, international organisations will be eligible for a maximum of 40 % of the total financial reference amount. The committee wanted to widen the choice of bodies which may be selected by the Commission to implement measures under the Regulation, on the basis of the list already used for the Development Cooperation Instrument.

**Types of financing:** the committee inserted a new clause 4(a) setting out the types of forms that Community financing might take. These include projects and programmes; budget support, especially sectoral budget support; and funds made available to the European Investment Bank (EIB) or other financial intermediaries. The list of types of finance is drawn from DCI, but simplified to reflect the emergency nature of this Regulation.

**Paris Declaration:** the measures financed under the Regulation shall be in line with the Paris Declaration on Aid Effectiveness. The Commission's must pay particular attention to this requirement.

Monitoring and evaluation: the Commission shall monitor and review activities implemented under the Regulation, where appropriate by means of independent external evaluations, in order to ascertain whether the objectives have been met and enable it to formulate recommendations with a view to improving future operations. Proposals by the European Parliament or the Council for independent external evaluations will be taken into due account.

Reporting: the Commission's report on the main outcomes and impacts of the assistance must be ready no later than 31 December 2011. In September 2009 the Commission shall provide an initial interim report on the measures undertaken to allow the content of the financing facility for the food crisis to be adapted to its objectives, as appropriate.

Financial reference amount: the total financial reference amount will be EUR 1 billion. This reference amount shall be financed under Heading 4 of the Multiannual Financial Framework. The Commission had proposed the sum of EUR 750 for 2008 and EUR 250 for 2009, but the committee stated that the annual amount shall be decided in the context of the annual budgetary procedure. In order to cover the needs flowing from the proposed Regulation, the Multiannual Financial Framework shall be adjusted by all means provided for in the Interinstitutional Agreement of 17 May 2006. Should part or the entirety of the appropriations be used from the available margin of Heading 2 of the Multiannual Financial Framework, a margin of at least EUR 600 million, based on the forecast of the most recent early warning system report as established in Regulation (EC) No 1290/2005, shall be left, for each year, under this heading.

Annex: lastly, Members made some amendments to the list of criteria to select target countries and criteria for financial allocations per country.

## External assistance: facility for rapid response to soaring food prices in developing countries

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The European Parliament adopted, by 561 votes to 24 with 34 abstentions, a legislative resolution amending the proposal for a proposal of the European Parliament and of the Council establishing a facility for rapid response to soaring food prices in developing countries.. The report had been tabled for consideration in plenary by Gay MITCHELL (EPP-ED, IE) on behalf of the Committee on Development. Parliament supported the Commission's proposal but considered that the reference amount indicated in the proposal was not compatible with the ceiling of heading 4 of the multi-annual financial framework without adjusting that ceiling. Parliament felt that the financing of this facility instrument should not jeopardise the financing of other priorities and current commitments of the European Union

The main amendments ? adopted in the 1st reading of codecision procedure ? are the result of a compromise between Parliament and Council. They are as follows:

Financing the facility: the total financial reference amount for the implementation of this Regulation over the period 2008-2010 is EUR 1 billion. This will be financed through a complex financial mechanism, agreed on 21 November between representatives of Parliament and the Council of Ministers, which also delivered an overall deal on the 2009 budget. The funds will come from three sources: the flexibility instrument, the emergency aid reserve and the redeployment of funds within the external relations head. Of the EUR 1 billion, EUR 760 million is "fresh money", including, in 2008, mobilisation of the Emergency Aid Reserve still available in this year's budget, amounting to EUR 22 million, and an additional sum of EUR 240 million ? this raising of the funding ceiling of the Emergency Aid Reserve (EAR) in 2008 required unanimity in Council and an adjustment of the inter-institutional agreement. EUR 78 million will come from the 2009 EAR. The institutions also agreed on the use of the flexibility instrument for 2009 for EUR 420 million. (Please see [BUD/2008/2026](#)).

Scope: whenever feasible the action programmes implemented by entities eligible for funding must be drawn up in consultation with civil society organisations and implementation of projects funded through this financing facility must involve such organisations. To optimise the utility and impact of the Regulation, resources shall be concentrated on a limited list of high-priority target countries, identified on the basis of the set of criteria laid down in the Annex, and in coordination with other donors and other development partners through relevant needs-assessments made available by specialised and international organisations such as those of the UN system, in consultation with partner countries. Parliament did not follow the recommendation of its competent committee which had provided for a maximum of 35 high-priority target countries.

Comitology: Parliament introduced a comitology procedure for measures. These measures will be adopted in accordance with the management procedure. A joint statement by the European Parliament, the Council and the Commission states that the institutions declare that the decision-making procedure for the adoption of the implementing measures must be as simple and as fast as possible, for the period up to 30 April 2009, and describes shortened periods for scrutiny. In addition, implementing measures will be adopted in accordance with the management procedure. An overall plan for the use of this financing facility, including the list of target countries and the balance between eligible entities will be presented by the Commission and adopted in accordance with the management procedure, again with shortened time-limits.

Objectives: the primary objectives of the assistance and cooperation under this Regulation shall be to: (a) encourage a positive supply response from the agricultural sector in target countries and regions; (b) support activities to respond rapidly and directly to mitigate the negative effects of volatile food prices on local populations 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 .

Implementation: taking into account the specific country-level conditions, supporting measures that shall be eligible for implementation must include other small-scale measures aiming at increasing production based on country needs: microcredit, investment, equipment, infrastructure and storage; as well as vocational training and support to professional groups in the agriculture sector. The implementation of these supporting measures shall be in line with the Declaration on Aid Effectiveness adopted by the High Level Forum on Aid Effectiveness, held in Paris, on 2 March 2005 (the "Paris Declaration on Aid Effectiveness") and the Agenda for Action adopted by the High Level Forum on Aid Effectiveness, held in Accra, on 4 September 2008 (the "Accra Agenda for Action"). It shall be focused on small and medium-sized farms for family and food-producing agriculture, particularly those run by women, and poor populations most affected by the food crisis, avoiding any kind of distortion of local markets and production; agricultural inputs and services shall as far as possible be locally purchased.

Administrative support measures may be financed up to a maximum of 2 % of the total financial reference amount (EUR 1 billion.)

Eligibility: the Commission had proposed that only International Organisations fulfilling the conditions laid down in Regulation No 2342/2002 would be eligible for funding, but Parliament expanded this considerably to include, inter alia, partner countries and regions, and Community institutions and EU agencies, and certain specified entities and bodies of the Member States, partner countries and regions and any other third country complying with the rules on access to the Community's external assistance set out in Regulation (EC) No 1905/2006, insofar as they help to achieve the objectives of the Regulation. An appropriate balance shall be applied in the allocation of resources between these bodies and other eligible entities, but no figure was mentioned by Parliament in the text.

Types of financing: Parliament inserted a new clause 5 setting out the types of forms that Community financing might take. These include projects and programmes; budget support, especially sectoral budget support; contributions to international or regional organisations and international funds managed by such organisations; co-financing with entities eligible for funding and funds made available to the European Investment Bank (EIB) or other financial intermediaries.

Protecting the Community's financial interests: agreements shall expressly entitle the Commission and the Court of Auditors to perform audits, including document audits or on-the-spot audits of any contractor or subcontractor who has received Community funds. They shall also expressly authorise the Commission to carry out on-the-spot checks and inspections as provided for in Regulation No 2185/96. All contracts resulting from the implementation of assistance shall ensure the rights of the Commission and the Court of Auditors during and after the performance of the contracts.

Evaluation: the Commission shall monitor and review activities implemented under the Regulation, where appropriate by means of independent external evaluations, in order to ascertain whether the objectives have been met and enable it to formulate recommendations with a view to improving relevant future development cooperation operations. Proposals by the European Parliament or the Council for independent external evaluations shall be taken into due account.

The Commission shall associate all relevant stakeholders, including non-State actors and local authorities, in the evaluation phase of the Community assistance provided under this Regulation.

Reporting: the Commission shall provide a report on the implementation of the measures, including, as far as possible, on the main outcomes and impacts of the assistance provided under the Regulation, no later than 31 December 2012. Parliament added that in December 2009 the Commission shall provide the European Parliament and the Council with an initial interim report on the measures undertaken. The reports shall pay particular attention to the requirements of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

Annex: lastly, Members made some amendments to the indicative criteria to select target countries and allocate financial resources. These now include: poverty levels and real needs of populations; food price developments and potential social and economic impact; macroeconomic effects of food price developments; agricultural production capacity; resilience to external shocks. Indicative financial allocations to countries will be based on the target country selection criteria and take into account the population size of the target country. Account will also be taken of other sources of financing available to the target country, at short term, from the donor community, to respond to the food price developments.

## External assistance: facility for rapid response to soaring food prices in developing countries

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The Council adopted a Regulation establishing a facility for rapid response to soaring food prices in developing countries, following agreement at first reading with the Parliament.

This food facility has an endowment of EUR 1 billion for the period 2008 to 2010 and is intended to encourage an increase in supply in the agricultural sector in the countries and regions targeted, reducing the negative effects of food price volatility on the local population and reinforcing production capacity.

The Commission is to present an overall plan before 1 May 2009 listing the third countries covered by the Regulation and the actors implementing the measures.

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**PURPOSE:** to set up a facility for the provision of assistance developing countries affected by the food price crisis.

**LEGISLATIVE ACT:** Regulation (EC) No 1337/2008 of European Parliament and of the Council establishing a facility for rapid response to soaring food prices in developing countries.

**CONTENT:** the volatility of food prices has put numerous developing countries and their populations in a dramatic situation. This food crisis, accompanied by a financial and energy crisis and environmental deterioration, risks putting additional hundreds of millions of people in extreme poverty, and in circumstances of hunger and malnutrition and calls for increased solidarity with those populations.

As a complement to the European Union's current development policy instruments and to combat this situation, the European Parliament and the Council adopted, following an agreement reached at first reading, a new instrument aimed at supporting a rapid and direct response to the volatile food prices in developing countries, addressing primarily the period between emergency aid and medium- to long-term development cooperation.

**Scope:** this food facility has an endowment of EUR 1 billion for the period 2008 to 2010 and is intended to encourage an increase in supply in the agricultural sector in the countries and regions targeted, reducing the negative effects of food price volatility on the local population and reinforcing production capacity. It shall primarily address the period between emergency aid and medium- to long-term development cooperation. Whenever feasible the action programmes shall be drawn up in consultation with civil society organisations and implementation of projects funded through this financing facility shall involve such organisations.

To optimise the utility and impact of this Regulation, resources shall be concentrated on a limited list of high-priority target countries, identified on the basis of the set of criteria laid down in the Annex (such as poverty levels, real needs of populations, food price developments, reliance on food imports, etc), and in coordination with other donors and other development partners through relevant needs-assessments made available by specialised and international organisations such as those of the UN system, in consultation with partner countries.

**Priority objectives:** the primary objectives of the assistance and cooperation under this Regulation shall be to:

- a) encourage a positive supply response from the agricultural sector in target countries and regions;
- b) support activities to respond rapidly and directly to mitigate the negative effects of volatile food prices on local populations 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. Measures supported under this Regulation shall be coordinated with those supported under other instruments, such as the ACP-EC Partnership Agreement.

A differentiated approach depending on development contexts and the impact of volatile food prices shall be pursued so that target countries or regions and their populations are provided with targeted, tailor-made and well adapted support, based on their own needs, strategies, priorities and response capacities. Coherence and continuity must be ensured between short-term measures aimed at providing relief to the populations most directly and seriously affected by the soaring and/or volatile food prices, and more structural measures intended to prevent the recurrence of the current food crisis.

Implementation: taking into account the specific country-level conditions, supporting measures that shall be eligible for implementation are: (i) measures to improve access to agricultural inputs and services including fertilisers and seeds, paying special attention to local facilities and availability; (ii) safety net measures aiming at maintaining or improving

the agricultural productive capacity, and at addressing the basic food needs of the most vulnerable populations, including children; (iii) other small-scale measures aiming at increasing production based on country needs: microcredit, investment, equipment, infrastructure and storage; as well as vocational training and support to professional groups in the agriculture sector. The implementation of these supporting measures shall be focused on small and medium-sized farms for family and food-producing agriculture, particularly those run by women, and poor populations most affected by the food crisis, avoiding any kind of distortion of local markets and production; agricultural inputs and services shall as far as possible be locally purchased.

Eligibility: the entities eligible for funding shall be partner countries and regions, and their institutions; decentralised bodies in the partner countries, such as municipalities, provinces, departments and regions; joint bodies set up by the partner countries and regions with

the Community; international organisations, including regional organisations, UN bodies, departments and missions, international and regional financial institutions and development banks; Community institutions and bodies, but only for the purposes of implementing the support measures; EU agencies; as well as all bodies complying with the rules on access to the Community's external assistance set out in [Regulation](#) (EC) No 1905/2006, insofar as they help to achieve the objectives of this Regulation.

Types of financing: Community financing may take the following forms: projects and programmes; budget support, especially sectoral budget support, if the partner country's management of public spending is sufficiently transparent, reliable and effective; contributions to international or regional organisations and international funds managed by such organisations; contributions to national funds set up by partner countries and regions to attract joint financing from a number of donors; co-financing with entities eligible for funding. The EIB may also receive funds to support investment in and development of the private sector, risk capital (in the form of subordinated or conditional loans) or other temporary minority holdings in business capital to the extent that the financial risk of the

Community is limited to these funds.

Financing procedures: Community assistance and cooperation shall be implemented through a set of decisions to finance supporting measures. An overall plan for the use of this financing facility, including the list of target countries shall be presented by the Commission. This overall plan shall receive the opinion of the committee before 1 May 2009. Budget commitments shall be made on the basis of decisions taken by the Commission.

Visibility of the European Union aid: contracts shall include specific provisions that ensure the appropriate visibility of the European Union in all activities undertaken on the basis of those contracts.

Protection and evaluation: any financial agreement resulting from the implementation of this Regulation shall contain provisions ensuring the protection of the Community's financial interests, in particular with respect to irregularities, fraud, corruption and any other illegal activity. The Commission shall monitor and review activities implemented under this Regulation, where appropriate by means of independent external evaluations, in order to ascertain whether the objectives have been met and enable it to formulate recommendation with a view to improving relevant future development cooperation operations. Proposals by the European Parliament or the Council for independent external evaluations shall be taken into due account.

Reporting: the Commission shall provide the European Parliament and the Council with a report on the implementation of the measures, including, as far as possible, on the main outcomes and impacts of the assistance provided under this Regulation, no later than 31 December 2012. In December 2009, the Commission shall provide the European Parliament and the Council with an initial interim report on the measures undertaken and it shall pay particular attention to the requirements of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

ENTRY INTO FORCE: 1 January 2009.

## External assistance: facility for rapid response to soaring food prices in developing countries

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The Commission presents an interim report on the measures undertaken in respect of the food facility. It takes into account information up to the end of 2009. The Report provides qualitative and quantitative information on the various steps taken thus far to implement the Food Facility Regulation- programming, formulation, contracting, and implementation- as well as the accompanying administrative and support measures (staffing, studies).

This report has been delayed by a few weeks, due to a need to conclude a large number of Food Facility contracts before the end of the year, and to the time needed for the compilation of all the necessary (financial) information over 2009. In line with the Regulation, a final report will be presented by the European Commission before the end of 2012.

Global context: estimates by the Food and Agriculture Organisation (FAO) put the number of malnourished people worldwide at over 1 billion for 2009, compared to 915 million in 2008. This is the highest number since 1970, the earliest year for which comparable statistics are available and also represents a reversal of the trend towards reaching MDG1 (half the proportion of malnourished in the world by 2015). After the 2008 peaks, the relative decrease in food prices has done little to alleviate the problems in many developing countries. Prices remain high on many domestic markets, and the number of 'food-insecure' people remains on the rise.

Programming: an overall plan including the list of target countries benefitting from the Facility, was submitted in March 2009 and included an overview of indicative allocations to beneficiary countries. Most of the indicative allocations (EUR 920 million) were destined for the country level, while EUR 60 million was set aside for regional-level interventions in Africa. The final EUR 20million was retained for administrative support for the implementation of the Food Facility Regulation (temporary staff, studies, audits, monitoring & evaluation). 50 target countries were selected. For each target country an indicative allocation was determined and this is set out in the accompanying document. In the course of 2009 a number of factors gave rise to certain changes to the overall plan. At the end of December, the anticipated changes were 2.7% for country allocations and 3.0% for changes between eligible entities or modes of implementation. This results in an anticipated overall change of 4.97 %.

The report gives details of project formulation, contracting and monitoring. It states that Financing Decisions were prepared for a value of EUR 707.7 million within the first four months of 2009. Along with Financing Decisions taken later in the year, a total value of Financing Decisions of EUR 837.2 million was reached (compared to the target of EUR 820 million), while disbursements reached EUR 456 million. Most payments having been made in relation to projects with international organisations (EUR 325.2 million), followed by projects originating from the call for proposals (EUR 115 million). All in all, by the end of the year, about 150 contracts had been concluded with international organisations, national governments and non-governmental organisations, and preparations were well advanced for the submission of the final 'batch' of Financing Decisions, for a value of EUR 145.3 million, in early 2010. Implementation of the Food Facility Regulation is thus fully on track with the original planning and with the budgetary provisions.

Implementation in the first target countries commenced in mid-2009, while in the other countries, assistance will only be effective in early 2010. Therefore it is too early to assess the effects of the assistance. In the meantime, the groundwork has been laid for an extensive monitoring and evaluation framework that will allow lessons to be learned and impacts to be assessed in the next few years.

The Commission concludes that the adoption of the Food Facility Regulation demonstrated the EU's ability to react rapidly and substantially to food security problems in developing countries caused by the food price volatility of 2007/08. Thus far, the EUR 1 billion Food Facility is the most significant additional global contribution to stimulate agricultural development and fight hunger since the G8 leaders pledged their support in this respect in Tokyo in July 2008. The Food Facility has therefore both given the EU international credibility and enhanced its influence in the discussions on the framing of global governance for food security. Moreover, the specific manner in which the Facility is being implemented, by involving a range of UN agencies but also other actors, and by building on national needs and plans, has given a positive contribution to aid effectiveness.

The measures taken thus far show that the implementation of the Food Facility is advancing well. Nevertheless a number of challenges exist that may affect the further effectiveness of implementation. These challenges include difficulties of a political and/or security nature in a number of target countries, as well as the very tight implementation period for the projects and programmes, requiring all implementing partners to strictly keep to the required completion dates of activities, envisaged for the second half of 2011.

## External assistance: facility for rapid response to soaring food prices in developing countries

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This Final Report on the implementation of the EU Food Facility covers the period 2009-2011. The EU Food Facility constituted the first major financial response to the 2007-2008 food crisis and helped to strengthen international coordination in the UN and the G8. For its part, the Food Facility added to the US\$ 3.9 billion contribution made by the Commission to the LAquila Food Security Initiative (AFSI). The AFSI was launched by G8 leaders in July 2009 and amounts to US\$22 billion in support of sustainable agriculture and food security in developing countries over three years.

Covering a period of three years (2009-2011), the EU Food Facility primarily addressed the period between emergency aid and medium-to-long term development assistance.

The main conclusions of the report are as follows:

- by means of the Food Facility, the EU has been able to rapidly and effectively respond to the effects of the 2007/08 food price crisis. The EUR 1 billion Food Facility has directly benefitted over 59 million people in 49 developing countries;
- the EU has been able to support a positive supply response from small-scale farmers, increasing production and income. The safety net measures have mitigated the effects of food price increases on the most vulnerable segments of the population. Other measures have more broadly supported the production base for agriculture. In that sense, the Food Facility has achieved significant results towards increasing sustainable agricultural production, reducing post-harvest losses and facilitating access to markets;
- the Food Facility has contributed to placing sustainable agricultural development and food security at the frontline of the global development agenda. It has stimulated continued international attention in fora like the Committee on World Food Security and the G8 and the G20 stressing the need to increase agricultural production and productivity on a sustainable basis and contributing to strengthen global governance mechanisms by improving global market information;
- although the Food Facility largely reached its objectives, more needs to be done to address food insecurity, particularly in low income and disaster prone countries. Building on the lessons learned to date, EU support to sustainable agricultural development and food security should be strengthened as a focal sector of cooperation in chronically food insecure countries.

The future: in the framework of the joint programming exercise for 2014-2020, the EU Delegations have been provided with specific guidance to ensure that sustainable agriculture and food security priorities have been taken care of, in particular in 52 partner-countries selected according to structured food and nutrition security assessments. These priorities should be reflected in the policy dialogue developed by the EU Delegations, which will emphasise long-term impact and ownership, in particular from a long-term sustainability perspective.

In this context, the report recommends that the EU focuses on the most off-track countries in the area of food and nutrition security, using the most effective existing financing mechanisms to reduce structural vulnerability in the long run, and fostering the resilience of the poorest households, countries and regions in the face of future food crises, whatever their nature.