

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.