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## ACRONYMS

ACP	African, Caribbean and Pacific States
ALA	Asia and Latin America (EC Budget Line)
CAP	Common Agricultural Policy
CEEC	Central and East European Countries
CILSS	Comité Inter-Etats de Lutte contre la Sécheresse dans le Sahel
CLONG	Liaison Committee of Development NGOs
COM	Communiqué of the European Commission
DANIDA	Danish International Development Assistance
DG	Directorate General
DG DEV	Directorate-General Development (ex- DG VIII)
DIAPER	Diagnostic Permanent
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Commission
ECHO	European Commission Humanitarian Office
EDF	European Development Fund
EEC	European Economic Community
EU	European Union
FAC	Food Aid Convention
FAO	Food and Agriculture Organisation of the United Nations
FIVIMS	Food Insecurity and Vulnerable Information Mapping System
FSU	Food Security Unit (EC Technical Assistance)
GIEWS	Global Information and Early Warning System on Food and Agriculture
GNP	Gross National Product
ICRC	International Committee of the Red Cross
IDS	Institute of Development Studies, University of Sussex
IEFR	International Emergency Food Reserve
IMF	International Monetary Fund
Interfais	International Food Aid Information System (WFP)
LIC	Low-income Countries
LLDC	Least Developed Country
LMIC	Lower Middle-Income Countries
LRRD	Linking Relief, Rehabilitation and Development
MoU	Memorandum of Understanding
NEI	Netherlands Economic Institute
NGO	Non-Governmental Organisation
NIP	National Indicative Programme
NIS	Newly Independent States

NRIL	Natural Resources International Ltd
ODI	Overseas Development Institute (UK)
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OVI	Objectively Verifiable Indicators
PRRO	Protracted Relief and Recovery Operations
RELEX	External Relations
RESAL	European Food Security Network
SCR	Common Service for External Relations
SEC	Security Resolution
TACIS	Technical Assistance to the Independent States of the former Union of Socialist Republics and to Mongolia
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for the Palestine Refugees in the Near East
USAID	United States Agency for International Development
USDA	United States Department for Agriculture
WFP	World Food Programme
WID	Women in Development
WTO	World Trade Organisation

Note:

Figures used throughout the report have generally been rounded up to the nearest whole digit, though in the text on occasion for illustrative purposes a more detailed number has been included.

The term Commission has been used throughout to refer to the European Commission.

## CONCEPTS AND DEFINITIONS

<b>Channels</b>	Organisations that can be used to provide food aid directly or indirectly to beneficiaries
<b>Coherence</b>	The principle of coherence pertains between the various aspects of both national policies and activities, and donor aid mechanisms. It also refers to the relation between trade and aid policies.
<b>Complementarity</b>	Activities of the EU (through the EC) which are additional to those activities implemented by the Member States
<b>Effectiveness</b>	Concerns the relationship between the Results (immediate outputs) of the project and the Project Purpose (referred to in the Logical Framework terminology). It is the assessment of the extent to which the project results have contributed towards the achievement of the project purpose.
<b>Efficiency</b>	Efficiency refers to the relation between the activities and the results of the intervention(s). It is the realisation of the interventions in relation to the resources (financial, temporal, human resources).
<b>Food Aid</b>	Food aid is the provision of food commodities (food aid-in-kind) or the funds to purchase food commodities (food aid-in-cash) to a nation experiencing a crisis.
<b>Food Aid In-Cash</b>	See above
<b>Food Aid In-Kind</b>	See above
<b>Foreign Currency Facility</b>	The Foreign Currency Facility consists of the transfer of hard currency to the recipient country; and the consequent conversion thereof into local currency, constituting the counterpart funds. The utilisation of these counterpart funds is determined by the Regulation and more precisely defined in the Memoranda of Understanding agreed upon between the EC and the recipient government.
<b>Food Insecurity</b>	A socio-economic process affecting the vulnerable, marginal and less powerful groups in a community or society, to a situation whereby the individual household becomes, or remains, unable to secure sufficient food in order to satisfy physical nutrition requirement in a sustainable manner.
<b>Food Security</b>	exists when every person has physical and economic access at all times to healthy, nutritious food in sufficient quantity to cover the needs of their daily ration and food preferences, in order to live a healthy, active life (Definition World Food Summit, Rome, November 1996; definition implicitly used in Council Regulation N° 1292/96).
<b>Impact</b>	The direct or indirect result of the <b>Effects</b> (e.g. at the household level the income generated was used for investments in the informal urban sector, resulting in a higher purchasing power. This contributed to food security at household level).
<b>Relevance</b>	Refers to the extent to which the programme addresses the problems identified and adheres to the objectives stated
<b>Poverty Alleviation</b>	Addresses the effects of poverty, such as deprivation of social needs and rights in the short term.
<b>Poverty Reduction</b>	Focuses on attacking the causes of poverty, for example, on providing the conditions enabling growth and structural changes in the longer run. The World Bank uses the concept in terms of 'inclusion': 'promoting equitable access to economic
<b>Sustainability</b>	Refers to the potential to retain the achievements of development co-operation after major financial, managerial and technical assistance from an external donor has ended.
<b>Programme Aid</b>	Programme assistance and consists of all contributions made available to a recipient country for general development purposes i.e. balance-of-payments support, general budget support and commodity assistance, not linked to specific project activities.



## **EXECUTIVE SUMMARY**

This reports on an Evaluation of EC Food Aid, Food Security Policy, Food Aid Management and Programmes in support of Food Security, Regulation No 1292/96 of 27 June 1996. The report utilises material generated during the Desk Phase and the Field Studies. It does not directly cover food aid provided by ECHO or by DG Agriculture.

## **METHODOLOGY**

### **Desk Phase**

The Desk Phase concentrated on the study of broad policy and institutional issues, especially the features of Council Regulation 1292/96, the development of thinking on issues of food security and poverty reduction, and the global implementation of the Regulation. It further provided the foundations for the selection of the countries for Field Studies.

### **Field Studies**

Six two-week country visits were undertaken between March and April 2000. The limited length of time allowed meant that country studies had to rely on the monitoring and evaluation being undertaken by country programmes. Bangladesh, Bolivia, Haiti, Kyrgyzstan, Liberia and Mozambique were selected to be representative of Commission food aid programmes according to the following criteria:

- Small countries highly dependent on food aid and food imports
- Large countries dependent on food aid
- Crisis countries not included in other categories
- Core countries of intervention
- Geographical coverage of major areas
- Coverage of all instruments

Total food aid commitments to these countries are about 23% of overall commitments to all countries.

Key findings of the country studies are that there were process delays in establishing procedures down to the field level and implementation delays in spending commitments, together with weak monitoring. This meant that it was too early to fully assess efficiency, sustainability and, in particular, impact. Consequently this is more an evaluation of the early stages in the implementation and of the process.

Within the context of this evaluation attention was paid to the Food Security Network RESAL as well. RESALs recent creation (in September 1998) meant that it was still too early to fully evaluate its work. Furthermore, assessment was made only of those parts of RESALs' activities that were encountered during this evaluation. Therefore, remarks on RESAL made in this report are based on preliminary findings and a full evaluation of RESAL at a later date would be necessary.

### **Regulation No 1292/96**

The new Regulation No 1292/96 indicated a major change of direction in Community Food Aid in integrating food aid policy into global development co-operation. The 1996 Regulation regroups a number of Instruments that were created by the European Community in the Food Aid Sector under the same legal context.

The special feature of Community food security policy is that it focuses on the relief of poverty and on the human need for sufficient food. *"The objectives of the food-aid operations and operations in support of food security ... shall, in particular, be:- to promote food security geared to alleviating poverty"* (1996 Regulation). This is therefore a criterion for successful implementation of the 1996 Regulation.

Effective food security strategies demand access to means of production, greater productivity or incomes, and access to efficiently operating markets. . It also requires increased purchasing power and greater entitlement for vulnerable groups. Neither increasing supply nor economic growth alone will ensure food security. According to the Lomé IV Convention, food aid must be integrated within ACP States' development policies. The Regulation focuses on stimulating production, improving local market conditions and supporting basic services.

The Regulation ensures that the food security policy is an integral component of general development framework with the overall objective of poverty reduction. It also enhances the flexibility of the Commission in defining an intervention strategy that can be easily adapted to the specific requirements of each recipient country.

However, there is relatively little information on Objectively Verifiable Indicators and the Means of Verification. Monitoring and evaluating food aid becomes potentially, therefore, problematic both in Brussels and overseas. This is an issue for attention.

### **Instruments**

Before 1996 the main instrument was food aid-in-kind, which accounted for almost 90% of the budget. One of the major changes of Regulation 1292/96 was the possibility of replacing this food aid-in-kind with financial and technical assistance, the corresponding instruments being the foreign currency facility and the operations in support of food security. This enhanced the possibilities for the Commission to use instruments adapted to the specific context of the intended intervention.

There has been a corresponding change in allocation by instruments:-

- Food aid-in-kind, including related transport costs, has fallen from around 90% in 1993 (before the Regulation) to 40% in 1999.
- The new instrument of Foreign Currency Facility was at 23% in 1999.
- Food Security increased from around 3% to some 36% in 1999.
- Early Warning and Storage accounted for 2% in 1999.

Food aid-in-kind is expected to decline further as food-in-cash is generally more efficient and flexible. In the recipient countries food aid distributions are gradually being replaced by cash payments through income generating projects. Food aid-in-kind will be restricted to crisis and post-crisis situations and instances where the vulnerability of the target population might require it.

The allocation for Early Warning and Storage, mentioned in a separate Title in the Regulation, seems rather insignificant, but this hides the fact that these actions receive financing under other instruments, such as EDF, or are integrated in to other actions under Food Security.

### **Food Aid and Food Security Committee**

The Food Aid and Food Security Committee is a major resource for the achievement of the co-ordination, coherence and effectiveness of the EC Food Aid programmes. Both the Members and the Commission devote substantial time and energy to promote success in these areas. However, there are ways in which it could improve its effectiveness.

The Food Aid and Food Security Committee has not yet established its own internal regulations. The Committee spends a large part of its time discussing the various projects proposed by the Commission. However, a proportion of this time might be better allocated to substantial discussion of strategic and sectoral issues of both EC and Member States programmes. This would go some way to achieving more coherence and co-ordination between EC and Member States policies and interventions. The time needed to achieve this could be found through the increased use of written procedures and/or agreements on the priority areas for discussion in advance of meetings.

Complementarity could be enhanced by not only deliberating upon the Community programmes and projects but also by discussing those of the Member States and the possible complementarities.



## Commitments

There have been substantial structural changes in commitments since the new Regulation in terms of channels, instruments and type of projects. The main changes by channel are highlighted in the table below:

CHANNEL	1993-95	1996-99
<b>Direct</b>	<b>29%</b>	<b>50%</b>
<i>of which: NGOs</i>	<i>0%</i>	<i>5%</i>
<b>Indirect</b>	<b>63%</b>	<b>44%</b>
<i>of which: NGOs</i>	<i>29%</i>	<i>18%</i>
<i>WFP</i>	<i>24%</i>	<i>22%</i>
<i>others</i>	<i>10%</i>	<i>4%</i>
<b>Other (TA etc)</b>	<b>8%</b>	<b>6%</b>

There has been a significant increase in direct aid and a corresponding fall in indirect aid. The aid through NGOs, including both indirect and direct aid programmes, has declined and there has been a small fall in aid through WFP.

The type of projects financed by food aid-in-kind through NGOs has also changed. Agricultural production and relief have strongly increased while income generating activities and projects in health and nutrition have diminished.

The magnitude of these changes in commitments is impressive and represents major steps towards implementing the new Regulation.

As a percentage of total EC Development Aid, food aid, including related transport costs, declined from 20% in 1989 to 8.2% in 1998. This decline occurred before the introduction of the 1996 Regulation. Food aid over 1994-1998 averaged 8.2% of the total development aid, with the figure 8.6% in 1994, and 8.2% in 1998. These figures do not include food aid provided by ECHO or by DG Agriculture.

There has, however, been a shift in the regional allocation of food security assistance. Food security assistance to the ACP countries has fallen from 51% over 1993-95 to 44% over 1996-99. The incorporation of CEEC-NIS countries was associated with a diversion of aid from traditional receivers. The corresponding figures for Asia are 12% increasing to 19%, and for Latin America 8% increasing to 12%. The increases to these last two regions are substantial at around 50%.

## Evaluation Criteria

The evaluation study has applied the following criteria: relevance, efficiency, effectiveness, sustainability, and impact. These are applied to the Policies and the Regulation itself, the different levels in Brussels, Country and In-Country programmes the different Instruments and the different Channels. In addition a number of special issues were dealt with including gender, coherence, complementarity and co-ordination and the linking of relief, rehabilitation and development. Subsequently, this study is extremely complex and wide ranging. In order to present the main findings succinctly and yet comprehensively, they are shown in three tables:

- Table A covers policy and the Regulation, together with relevance and the three Cs.
- Table B covers efficiency and effectiveness at the three levels.
- Table C covers the instruments and the channels according to relevance, efficiency, effectiveness and sustainability.

Tables B and C rank the administrative procedures and the instruments according to whether they are positive or negative. These three tables are presented in the following pages and show the main findings, conclusions and recommendations of the study. The assessment is provisional and is based on the likelihood of the programme and project outcomes based on qualitative information. As most

programmes and projects are still running, a final judgement can only be ascertained after a future evaluation, held when the programmes and projects have been terminated.

**Table A: Evaluation of the Policy on Food Aid and Food Security of the EC and its reflection in the Regulation n°1292/96.**

<b>Policy</b>	
<b>Relevance</b>	Policy definition is undergoing change and has shifted from perceiving food insecurity as a lack of food availability (mainly at national level) to a dimension of poverty (mainly at household level). The policy concepts are relevant in relation to the latter view. However, at country level, the policies on food security focus mainly on agricultural production and economic growth, while aspects of income generation and social issues are often less elaborated.
<b>Coherence</b>	The policy coherence with the EU Common Agricultural Policy has not been studied in detail. The coherence with EU Trade Policy is insufficient
<b>Complementarity</b>	Policy is developed by EC assisted by the Food Security and Food Aid Committee and defined at Council level (Food Aid Group). Member States are represented in Committee and Group.
<b>Co-ordination</b>	Policy is defined within the international environment, co-ordinated with international organisations (WFP, FAO) and considered in the frame of international agreements (Food Aid Convention, Marrakech Agreement) and through the recent transatlantic initiative. Policies at country level are co-ordinated within the frame of the Paris Consultative group. All programmes are co-ordinated with the recipient governments and other donors.
<b>Regulation 1292/96</b>	
<b>Relevance</b>	The Regulation reflects recent concepts on the causes of food insecurity and is a relevant manifestation of the EC policy on food aid and food security. The objectives of the Regulation reflect the close linkage between food insecurity and poverty.
<b>Coherence</b>	The Regulation is coherent with and replaces previous Food Aid and Food Security instruments. It is coherent with regards to various development co-operation Regulations. It is less coherent with respect to Trade Regulations and some procurement regulations, such as Council Regulation 2519/97 of 16 December 1997 laying down general rules for the mobilisation of products to be supplied under Council Regulation No 1292/96 as Community food aid, which hampers the involvement of local traders.
<b>Complementarity</b>	The regulation relates only to EC operations. Member States make their policies complementary or in accordance with the Regulation by adopting a Code of Conduct based on the Regulation.
<b>Co-ordination</b>	The Regulation explicitly links the EC food aid with the Food Aid Convention and gives the Commission the responsibility for the co-ordination of the operations of the Community and the Member States. It maintains the option of channelling assistance through international organisations. At country level the Regulation requires the programme to fit into the government policy, and if applicable, into the framework of structural adjustment programmes. In practice, the programmes are well co-ordinated at both international and country levels

**Table B: Summary Evaluation Criteria - Procedures and Management**

	Efficiency	Effectiveness	Observations
<b>EC Brussels</b>			
Policy development (DG Dev)	+	++	Legitimised through the Council, conceptual front runner.
Decision Making (Commission)	-	+	Process perceived as slow. Delays (i.e. issue Official Letters) cause implementation problems. Financial allocations, disbursements and absorption capacity seem disjointed.
Financial, Administration, Procurement (SCR)	-	-	Administration and procurement perceived as slow and overly formalised. Insufficient institutional capacity (SCR is understaffed). No guidelines for NGO management. Unmanageable procedures in the case of NGO programmes combining aid-in-cash and aid-in-kind. Short duration NGO contracts; NGO interventions affected by delays in disbursements. Implementation affected negatively by delays in recruitment of technical assistance.
Monitoring and Evaluation	+	-	Mainly monitoring of activities. Evaluations contracted out, but these are few in number. Constrained by lack of specified criteria and of verifiable indicators. No feedback from EC to NGOs.
Technical Assistance (RESAL)	-	++	Sound conceptual contribution, cost-effectiveness is questionable.

Country level			
Policy Development	+	+	Delegation with recipient government and MS. No formal relation between Delegation – NGOs. Most decisions taken by EC.
Decision Making	+/-	+/-	Capacities of recipient governments are variable, but generally decision making is slow and not linked to implementation capacity. No decentralisation of decision making from DG Dev to Delegations. Conceptual support by FSU and RESAL.
Financial Administration	+	-	Some administrative decentralisation to EC. Delegations act as intermediary between EC Brussels and recipient government. In general, implementation lags behind due to limited capacities (including administrative) of public sector. Delegations lack formal role vis-à-vis NGOs.
Monitoring and Evaluation	+	-	Monitoring through and by FSU. Public sector and/or NGO monitoring is not well developed, while feed back is weak or absent.
Technical Assistance (Food Security Unit)	+	+	Important support to both programmes within public sector and civil society. Constrained by lack of specified criteria and of verifiable indicators.
Technical Assistance (RESAL)	-	+	Sound strategy development; cost effectiveness questionable. Lack of definition of its mandate.
in-country programme level			
Financial Administration	-	-	Public sector programmes face administrative problems: slow and low implementation capacity
Monitoring and Evaluation	+	-	Mainly monitoring of activities. Internal monitoring systems are hardly developed in public sector programmes. Lack of base-line data and data information systems. Constrained by lack of specified criteria and of verifiable indicators.

**Table C: Summary Evaluation Criteria by Instrument and Level of Food Security**

	Relevance	Efficiency	Effectiveness	Sustainability
<b>Food Security at National Level</b>				
<b>Instruments through International Organisations</b>				
Food Aid	+	+	-	0
Funding of Food Security Operations and Projects	N/T	N/T	N/T	N/T
<b>Instruments through the Public Sector</b>				
Food Aid	+	-	+	0
Foreign Currency Facility	+	+	+	0
Funding of Food Security Operations and Projects	++	+	+	+
<b>Instruments through Civil Society Organisations</b>				
Food Aid	0	0	0	0
Funding of Food Security Operations and Projects	0	0	0	0
<b>Food Security at Household Level</b>				
<b>Instruments through International Organisations</b>				
Food Aid	+	-	+	0
Funding of Food Security Operations and Projects	N/T	N/T	N/T	N/T
<b>Instruments through the Public Sector</b>				
Food Aid	+	-	+	0
Foreign Currency Facility	0	0	0	0
Funding of Food Security Operations and Projects	++	++	+	+
<b>Instruments through Civil Society Organisations</b>				
Food Aid	+	-	+	0
Funding of Food Security Operations and Projects	++	+	++	+
<b>Food Security at Intra-Household Level</b>				
<b>Instruments through International Organisations</b>				
Food Aid	++	-	+	0
Funding of Food Security Operations and Projects	N/T	N/T	N/T	N/T
<b>Instruments through the Public Sector</b>				
Food Aid	+	-	+	0
Foreign Currency Exchange Facility	0	0	0	0
Funding of Food Security Operations and Projects	+	-	+	+
<b>Instruments through Civil Society Organisations</b>				
Food Aid	++	++	+	0
Funding of Food Security Operations and Projects	++	++	++	+

Note: sustainability refers to the intervention, not to the instrument itself.

As programmes are still running and most have only just started, impact is not dealt with at this point, while the assessment of effectiveness and sustainability only has a provisional character (see above).

Key:

++ = Very Positive

+ = Positive

- = Negative

0 = Not Applicable

N/T = Not Tested during field studies

## Relevance

Food insecurity can be summarised as having three generic causes:

- Insufficient access to the means of production and services which facilitates food production or the ability to generate income to satisfy basic needs;
- Insufficient power to make socially accepted claims to “healthy” food; and
- Insufficient awareness or knowledge regarding the appropriate use of food.

These aspects are present at three levels: the national level, the household/family level and the intra-household level (vulnerable groups).

This approach to defining food insecurity is fully reflected in Regulation N°1292/96, which clearly places food security within a context of general development with the overall goal of poverty reduction. There is a clear change from food aid as commodity aid to food assistance as intervention designed to address hunger, in response to chronic problems or short-term crises.

The orientations put down in the Regulation have contributed to:

- intensifying the debate with Member States and international donors on food security;
- the elaboration of a code of conduct;
- the integration of the principles in the Food Aid Convention 1999.

As far as the choice of the Group I and Group II countries is concerned, there appears to have been insufficient establishment of specific criteria. Improved relevance (and coherence and co-operation) could have been assured with more specific criteria and consultation with Member States. Within the recipient countries clearer criteria might be established on priority setting and to enhance coherence between different Community instruments.

Regarding the instruments and activities, the assessment shows that all are potentially relevant to the objective.

## Efficiency

A key problem regarding efficiency is that there are considerable delays between allocation and commitment. In addition there are severe delays in achieving disbursements and implementing contracts. Weak institutional and management capacity often results in further project and programme implementation delays.

Many countries, encompassing local implementing agencies including NGOs, benefit from programmes from several instruments and budget lines. Efficiency is seriously hampered by differences in procedures for disbursement, procurement, auditing, reporting, monitoring and evaluation between the instruments and budget lines. There is ample scope for simplifying rules and procedures.

### *Service Commun Relex (SCR).*

Before 1997 external relations were dealt with by three different DGs with different geographical mandates evolving in different directions concerning objectives and policies as well as procedures. The creation of the SCR in 1997/98 was an operational re-organisation within the Commission aimed at standardising procedures and gaining economies of scale. This reorganisation, however, proved to be problematic in many areas of food aid policy and food security. The integration and reorganisation of tasks and responsibilities from different units and directorates was complex, which seriously obstructed coherent and efficient project management and transparency. In early 1999 there were considerable problems which led to a number of procedural breakdowns caused by changes in policy orientations, insufficient human resources, lack of clear rules on internal allocation of responsibilities, diversification of instruments for food aid and food security and numerous internal technical problems. Some of the problems are being solved, such as payment delays and standardisation of procedures. But others remain, notably the problems concerning clear definition of responsibilities and the disparity between aid volumes and administrative resources. The deficiencies have been recognised by the Commission

and in May 2000, an ambitious plan was launched to reform the management of external assistance<sup>1</sup>. Key features of the programme include: integration of the project cycle from identification of projects through to full implementation; creation of a single body ("Office") in charge of project implementation; and extensive devolution of project management to the Commission's external Delegations and, where possible, to authorities in the beneficiary countries.

### *Disbursement Performance*

Under spending of commitment appropriations appears to be a chronic situation. For the year 2000, total cumulative outstanding commitments and new appropriations is 2,077 million Euro, or four-and-half times the commitment appropriations for the year 2000. Not considering 1999 and 2000 payment appropriations that are in the pipeline, there is a large amount of unspent commitments from past years of about 1,300 million Euro.

Some of the outstanding commitments can be explained by the expected lifetime of the projects. Other portions consist of unrealised or delayed commitments. This amount of unspent money keeps growing because commitment appropriations are systematically higher than payment appropriations, even in a situation of general budget reduction. Until recently the Commission has not been able to speed-up disbursements or to reallocate money in a timely fashion. Feedback mechanisms from countries lagging behind on implementation are insufficient to prevent new allocations being made before effective implementation of previous ones has reached acceptable levels.

This prompts the question as to what is the point of making new commitments when previous commitments are not only outstanding but also increasing year by year. A key finding is that the implementation and absorptive capacities of the Commission and beneficiary countries have been overestimated.

### *Efficiency of Instruments*

Implementation of the programmes is hampered by a lack of human resources. Staffing of the food security units at EC and country level is insufficient for timely preparation of proposals and proper monitoring of ongoing programmes. Another important cause of delay is associated with the shortage of human resources in SCR. The lack of clear training for both NGO and Commission staff in the use of budget lines has hampered the introduction of more innovative projects.

### *Direct Aid*

In all countries long delays are reported in the formulation and approval of MoUs and project proposals. In this respect both parties, the EC and the recipients, bear part of the responsibility.

Delays between allocation and implementation mean that during the process, project proposals may lose appropriateness and require redefinition.

### *Food aid-in-kind*

Under this Regulation food aid-in-kind, including related transport costs, has diminished. This is in line with recommendations from previous evaluations demonstrating the high inefficiency of this type of aid.

Food aid-in-kind is no longer the default type of food assistance and is now only used in emergency situations and in cases in which it appears to be the most appropriate instrument available to the Commission. As a consequence the new Regulation has permitted considerable gains in efficiency.

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<sup>1</sup> Commission of the European Communities: Communication to the Commission on the Reform of the Management of External Assistance. Brussels, May 16, 2000

### *Foreign Currency Facility*

In the four countries with a Foreign Currency Facility, only 41% of allocated funds were disbursed between 1996 and 1999 with delays often exceeding one year. Major delays in disbursement of this Facility were due to:

- Conditionalities not being fulfilled (e.g. Haiti);
- Long time-lags between approval of the allocation and the approval of the MoU and/or the signing of the Official Letter (as in the case of Mozambique, Bolivia);
- Slowness in the processing of transfer requests.

The Facility is bound to the purchase of food and other commodities from a list of eligible products. Due to the fungibility of funds additional food availability is hard to prove. As an instrument for resource transfer it is efficient as it permits quick transfers at relatively low costs. Furthermore no money is lost in the conversion of foreign currency into local counterpart funds. Efficiency gains can be achieved by streamlining management procedures and the formulation of conditionalities in line with implementing capacities.

### *Operations in support of food security*

These types of operation have increased considerably since the introduction of the Regulation. While under the old rules and procedures most activities had to be financed out of counterpart funds, financing is now more direct. This permits better focusing of activities, reduced loss of money and better planning. The use of these instruments is widespread and was found in five of the six countries that were part of the field study. Efficiency can be further improved by streamlining negotiations for the MoUs, strengthening of human resources where necessary, alleviating the administrative burden and strengthening of administrative and executive capacities of recipient countries.

### *Indirect aid*

Where the WFP procures the food commodities, there have been serious delays, often 8 – 12 months, in the approval process by the EC. These delays result in provisional cost estimates becoming obsolete by the time of approval of implementation.

Major problems have been reported concerning project approval and disbursement delays with regard to NGOs, the latter being regarded as most important. These delays impact negatively on all NGOs, especially the local ones. Lack of funds sometimes leads to temporary interruption of activities and some local NGOs have been close to bankruptcy, having to shut down the majority of activities.

As regards duration of contracts with NGOs, many undertake activities that yield results only after several years. The stipulated period of three years as a maximum is felt often to be too short. In future longer contracts with a maximum duration of five years should be made possible.

Synchronisation of activities: the NGO gets a direct contract for the aid-in-cash component, while aid-in-kind is channelled through Euronaid. Money and food, planned to be simultaneous, rarely arrive together. This negatively affects project management. The large number of agencies involved makes execution very complicated. In future this will be resolved as the Commission is proposing to provide for direct purchase of inputs by NGOs in cash contracts.

### **Effectiveness**

All Group I Priority Countries visited for this evaluation have in place a long-term policy on food security and the link with poverty is on the whole accepted. There is, however, a clear emphasis on the supply side of the food security. These programmes are aimed at structural solutions to the food security problem which risk not benefiting the poorest or the most vulnerable groups in the short run.



### *Direct Aid*

Large parts of food aid-in-kind have been given as programme food aid, which was sold on the markets by the recipient governments. Prior evaluations have demonstrated the low cost effectiveness of this. The Council Regulation created or enhanced other instruments, such as the foreign currency facility and operations in support of food security, that are generally more efficient to reach the same goals as programme food aid.

This evaluation found that local purchases and triangular transactions have diminished in favour of deliveries from Europe. EU-wide rules on public procurement and the application of EU health norms, together with the size of contracts, make it very difficult for local traders to compete with European traders in the European market

### *Indirect Aid*

It is WFP's opinion that EC contributions, of which 75% are in cash, have been effective in promoting local and triangular purchases. Deliveries through Euronaid, commissioned by SCR (who decides on the origin of the products) show a decline in local and triangular purchases.

Aid through NGOs is effective in reaching special targeted groups in society. It is generally more effective in contributing to household and intra-household food security. It is a useful supplement to direct aid through governments that focuses on policy and national food availability but which is less effective in interventions at micro-level. However, few economic or financial feasibility studies of NGOs have been carried out.

### *The Foreign Currency Facility*

Direct effects on food security are difficult to prove. Apart from Mozambique the facility was not found effective in encouraging the involvement of small and medium size importers in the food market. The main effect is indirect by fostering the discussion with the recipient Governments on the definition and implementation of sound and sustainable food security policies.

### *Monitoring and Evaluation Systems:*

Evidence from the field studies indicates a lack of systematic use of monitoring and evaluation (M&E) systems with regard to results. Monitoring is of variable quality and not always systematically applied. Most appraisals lack appropriate, reliable and verifiable indicators.

### **Impact**

Impact is difficult to assess as the programme is relatively young and many activities aim at establishing long-term, structural solutions for food insecurity. Policy and programme design is considered potentially appropriate to deliver positive results. A possible risk, however, is the negative impact of operational problems that remain to be solved. This should be assessed in future evaluations that might take place in 2-3 years.

Many interventions concern budget support and institutional strengthening. The effects on food security are indirect and complex and the contribution of the Commission is often part of a wider set of actions that require evaluation.

The absence of baseline studies and better monitoring systems, including improvement of statistics, limits effective assessment of the impact of the programmes, and also fails to provide guidance for new policies and programmes. Impact at the intra-household level is more difficult to assess with few projects paying any attention to this aspect.

### *Alleviation and reduction of poverty*

Limited data is available on the impact that projects may have on the alleviation or reduction of poverty. Most projects have not reached a stage where this can be demonstrated. Furthermore without an effective M&E system it is not possible to provide specific information on this key factor. In order to facilitate planning and M&E, Poverty Reduction Strategy Papers (PRSPs) should include consideration of the Food Aid/Food Security situation.

### *Gender*

Most project design documents do not contain specific references to gender issues. Given the nature of food aid projects, this can be seen as an important omission. In project proposals where gender is described, it is mostly stated that the project does not have a specific gender perspective or that the project is gender neutral. Many programmes and projects affect the position of women but this is seldom thoroughly examined.

The evaluation found little evidence of impact studies or baseline surveys to make conclusions of the impact on gender. In general there is little attention to the crosscutting issue of gender in programmes and projects. M&E systems rarely focus on them, and the effects are often difficult to assess as they are seldom stated in the project objectives.

### **Co-ordination, Coherence and Complementarity**

In all countries there is regular contact between donors and aid agencies, either under the presidency of the recipient government or organised by themselves. In the field studies, the results of this co-ordination were varied.

Since 1997 only sporadic detailed joint consideration has been given to co-operation between EC and WFP at central level. At field level co-operation receives more regular attention.

The EC has been aware of deficiencies in the coherence of food aid instruments as with other various Commission instruments. It has, as a result, attempted to improve coherence and co-ordination of such services, financing instruments and procedures, by establishing Task Forces at both Headquarters in Brussels and at country level. These were considered to have had only limited success. There is a need for a fully comprehensive EC strategy at country level covering all the various EC instruments. Where this has not yet been carried out, the existing country strategies need to be extended so that they comprise a regular review of comprehensive EC strategy.

There still remain gaps between agricultural and trade policy on the one hand and development policy on the other. Agricultural policies on volumes and prices have a reducing effect on world market prices and hamper fair competition by developing countries.

The results are mixed in practice. In Haiti, for example, serious effort is made by the Delegation to define a consistent development policy covering different instruments and budget lines which are applicable. While there is considerable coherence at the conceptual level, many practical problems exist due to different rules and procedures that govern each instrument. In Kyrgyzstan coherence is virtually absent as no efforts have been made to use the apparent complementarity between the TACIS and the Food Security Programme.

Guidelines for grant management, including those to NGOs, under the food aid and food security have recently been instituted. Insofar as the Food Aid and Food Security Unit has already elaborated strategies for food security for all its priority projects, these new guidelines reinforce the global *coherence* of actions undertaken by operational partners.

There is considerable scope for streamlining the rules and procedures of the various EC programmes as a whole. While there may be good reasons for some differences, for NGOs who receive funds from several budget lines, the system is confusing and inefficient. SCR recently started standardising and harmonising rules and procedures, but it was too early to measure the impact during this evaluation.

Member States have voluntarily agreed upon a Code of Conduct (1997) which aims to:

- promote and strengthen the coherence of policies, improve complementarity between food aid and other instruments, and to improve the effectiveness and efficiency of food aid operations;

- improve the co-ordination of food aid donors.

At the level of the partner or recipient country, the complementarity is achieved by the regular meeting organised by the Delegation of the EC. In practice, in some countries this produces very good results (i.e. Bolivia, Mozambique), while in others, practical circumstances may impede similar results (Kyrgyzstan). In general, complementarity is assured between EC interventions and those by the Member States in the area of food aid and food security.

### *Coherence of higher policy and issues*

Food aid policy is influenced by other policies, notably the CAP, together with the existence and extent of agricultural surpluses. The 1996 Regulation moved away from provision of food aid-in-kind towards the decision on the provision of food or finance being made on grounds of appropriateness and cost efficiency for the recipient country. However, concerns other than those of development policies can result in the delivery of European foodstuffs as preferred option. A recent example of this is the food aid to Russia in 1998/992.

Administrative procedures can also have side effects on the outcome of procurement on the European market. For instance, the procedure for grouping of tenders for procurement for Euronaid has resulted in increasing procurement within Europe in instances where pursuance of developmental goals would indicate local or triangular purchases.

This indicates that there are higher policy issues regarding a lack of consistency and coherence of Food Aid policy with general EC Agricultural and Trade policies. There are also implementation procedures which result in lack of coherence. These need to be addressed and would require a review of policies and implementation procedures in all the areas of food aid supply to see if they need modification in order to achieve better coherence.

### **Options for the Future of the Regulation**

Several specific recommendations are made in Chapter 5. Three key recommendations are:

- i. Further evaluation is required in two or three years when implementation of the 1996 Regulation has progressed sufficiently for results to be established and for the reforms to the SCR and other management changes to have been carried out.
- ii. Specific criteria and verifiable indicators should be available for all projects and programmes. Monitoring and evaluation need to be carried out systematically at the field level so that information is available for project and programme evaluation.
- iii. The adequacy of implementation procedures and the capacity of the EC and the recipient countries to absorb resources needs to match the availability of resources and commitments. Until this is done there is little point in increasing commitments. There is also a need to ensure that new policies are translated into a practical action programme at the field level.

Other recommendations cover:

- i. Where not already implemented, country strategies should cover all instruments (not just food aid) for a specific country in a coherent and complementary way.
- ii. Stimulation of local purchases and triangular transactions
- iii. Appraisal of the total delivered cost of each food aid-in-kind commodity and monitoring of actual costs in comparison with other alternatives.
- iv. Seeing how the chain of command from Brussels to the field level can be shortened.
- v. Establishing a more detailed mandate for RESAL at the country level, considering the greater use of local human resources, integration with Delegations and reduction in duplication with other agencies.

## **1. INTRODUCTION**

### **1.1 SCOPE AND OBJECTIVES OF THE STUDY**

The European Commission contracted Natural Resources International (United Kingdom), in association with NEI (The Netherlands), to undertake an evaluation of EC food aid, food security policy, food aid management and programmes in support of food security, Regulation n°1292/96 of 27 June 1996, so as to present to the European Parliament and to the Council an assessment of its relevance and impact. The scope of the evaluation, as set out in the Terms of Reference, was to:

- analyse the application of the Council Regulation with respect to its principles and objectives and within the broader framework of EC development co-operation;
- provide a global appreciation of the EC's food aid and food security policy and assess the efficiency, effectiveness and impact of the available instruments;
- look at issues of complementarity and co-ordination with other instruments and stakeholders; and
- review the relevance of the policy as spelled out in the Regulation and the adequacy of its implementing procedures.

As part of the evaluation, the Commission requested suggestions for the future of the Regulation and, if necessary, proposals for amending it.

The overall objective of the evaluation was to analyse the application of the Council Regulation with respect to its principles and objectives and within the broader framework of EC development co-operation. Specifically the evaluation team was asked to:

1. Review the relevance of the policy contained within the Regulation with respect to:
  - the needs of the beneficiaries;
  - the development policies and strategies of the recipient countries;
2. Assess the efficiency of the available instruments as well as of the different channels through which food aid can be provided;
3. Make a global assessment of the activities financed under the food security regulation in qualitative and quantitative terms;
  - At the level of projects implemented, assess:
    - the efficiency in meeting results and purposes;
    - the complementarity of the different types of intervention;
    - as far as possible, their impact on the communities involved;
    - their sustainability;
    - the appropriateness of the implementing procedures.
4. Highlight possible new areas for future support.

The Regulation does not directly cover food aid provided as humanitarian assistance by ECHO (e.g. for Bosnia) or the food aid provided by DG Agriculture in particular to the Russian Federation.

Within the context of this evaluation attention was paid to the Food Security Network RESAL. RESAL's recent creation, in September 1998, meant that it was too early to fully evaluate its activities. Furthermore, assessment was made only of those parts of RESALs' work that were encountered during this evaluation, which cover only part of their activities.. Therefore, remarks on RESAL made in this report are preliminary awaiting its own full evaluation.

## **1.2 METHODOLOGY**

The evaluation study commenced in January 2000 and was undertaken in three distinct phases:

- i. Desk Phase
- ii. Field Studies
- iii. Synthesis Report

### **1.2.1 Desk Phase**

The three week Desk Phase study work was carried out in Brussels from 17 January to 4 February 2000. The main requirement was to provide the foundations for the whole study and in particular to present the detailed methodology and the approach for the Field Evaluations.

During the three-week Desk Phase, the Evaluation Team studied legal, policy and concept documents as well as dossiers regarding the processes undertaken by the Commission, leading to field implementation.

Officers of the Commission (DG DEV geographic desks, DG DEV/A/1 and SCR) were consulted along with representatives of Member States, other International Organisations and Non-Governmental Organisations in order to gain their perceptions, institutional memories, problems and suggestions for the development and application of Regulation n°1292/96.

A first draft report was prepared and discussed in detail at a meeting of the Commission and Member States, after which detailed comments were provided in writing. A similar process was followed for the final draft. The final "Desk Phase" Report was issued on 30 May 2000.

### **1.2.2 Field Studies**

The Field (Country) Studies were undertaken by consultants between March and April 2000, each country visit taking place over a two week period. They were designed to cover the specified key issues as set out in the Desk Phase report. In so far as there was very limited time available for in-country work, it was necessary to concentrate on relevant issues in the light of the particular country programmes. The length of time allowed precluded the missions from becoming involved in assessing impact, and they had to rely entirely on what documentation and data were already available from the monitoring and evaluation being undertaken as part of country programmes.

A sampling process was carried out in each country that was both structured and targeted. The aim was to select interventions over the period 1997-99 that illustrated the food aid programme for the particular country.

The country studies showed that it is too early to fully assess the impact of country programmes under the 1996 Regulation. Establishment of the Commission's procedures, including the relationship with NGOs, took until 1999. There were also delays in moving from commitments to implementation in country. In addition, important data are not available due to lack of baseline studies and weak monitoring of results. Consequently this study is more an evaluation of process concerning the implementation of the policy and the translation into practice rather than an evaluation of results and impact. These latter aspects should be further evaluated in some 2-3 years when the first programmes and projects started under this Regulation come to maturity.

Draft reports for five of the Country Studies were produced in May 2000 and circulated to the Commission and Member States. They were discussed at a meeting, after which detailed written comments were received by the consultants. The reports were revised in the light of these comments. The sixth and final Country study (Bangladesh) was delayed following ill-health of the Project Leader and was not subject to appraisal by the Member States prior to the Synthesis Report Phase.

### 1.2.3 Selection of Countries for the Field Studies

The main recipients of EC Food Aid, by monetary volume, were identified from the data detailed in Annex IX. The bulk of EC Food Aid is concentrated on a few large recipients with the remainder allocated to a large number of other countries. Based upon the typology employed by the previous food aid study (1996), one or more countries, per category, were then selected according to the following criteria:

- a) small countries, highly dependent on food aid and food imports;
- b) large countries that have a sizeable proportion of their population dependent on food aid; and
- c) crisis countries not included in other categories.

The selection criteria employed ensured:

**The inclusion of Core countries:** countries currently listed as Group I and Group II priority countries. Countries in these groups can be considered as core countries for the EC Food Aid and Food Security Programmes, in which the implementation of the Regulation can be assessed.

**Broad Geographical coverage:** at least one country from each major geographical area (Africa, Asia, Latin America, Caribbean and Pacific, Newly Independent States);

#### *Selected Six Countries*

For the final choice of six countries, two (Haiti and Kyrgyzstan) were proposed from the first category (a), three (Mozambique, Bangladesh and Bolivia) from the second (b) and one (Liberia)<sup>3</sup> from the third (c). Five countries belong to **Group I** (priority countries), with Liberia falling into **Group II** (crisis and post-crisis countries). Each major geographical area was represented at least once (see Table 1 below).

**Table 1: Countries Selected for the Field Studies**

Country	Small with high Dependence	Large Country or Major Beneficiary	Crisis Countries	Core Countries	Geographical Coverage
Bangladesh		X		Group 1	Asia
Bolivia		X		Group 1	Latin America
Haiti	X			Group 1	Caribbean/ Pacific
Kyrgyzstan	X			Group 1	Newly Independent State
Liberia			X	Group 2	Africa
Mozambique		X		Group 1	Africa

Note: The proposed selection covers all instruments, see Table 2 below.

<sup>3</sup> Note that all three countries selected from the second category can also be described as suffering from civil strife or natural disasters

**Table 2: Coverage of Instruments by Selected Countries**

Country	Direct aid					Indirect aid
	Food	Foreign Currency Facility	Support Actions	EWS and Storage Programs	Technical Assistance	
Bangladesh	X		X		X	X
Bolivia		X	X		X	X
Haiti		X	X		X	X
Kyrgyzstan		X			X	
Liberia	X		X		X	X
Mozambique		X	X	X	X	X

Source: European Commission, 1998, 1999, 2000

All these countries have been regular receivers of aid under this regulation (illustrated in Table 3 below). Total commitments to these countries are about 24 percent of total of commitments to all countries. The number of countries, of which the proposed six countries are a sample, has increased from 43 in 1997 to over 50 in 1998 and 1999.

**Table 3: Commitments to Selected Countries and Total Commitments (in Euro)**

Country	1997	1998	1999	Total
Bangladesh	28,953,249	86,279,574	27,227,808	142,460,631
Bolivia	23,203,050	24,817,145	22,126,966	70,147,161
Haiti	16,000,000	5,896,448	5,979,877	27,876,325
Kyrgyzstan	8,500,000	8,500,000	8,500,000	25,500,000
Liberia	20,621,825	4,771,292	581,376	25,974,493
Mozambique	16,344,633	6,010,420	26,250,000	48,605,053
<b>Total selection</b>	<b>113,622,757</b>	<b>136,274,879</b>	<b>90,666,027</b>	<b>340,563,663</b>
Total Budget	446,248,140	504,241,687	474,258,978	1,424,748,535
Selection as %	25%	27%	19%	24%

Source: European Commission, 1998, 1999, 2000.

note: total budget amounts are exclusive of not allocated or general allocations (TA, monitoring, etc)

## 1.2 STRUCTURE AND CONTENT OF THE REPORT

The present report has been structured in accordance with the objectives set out in the Terms of Reference and follows the layout approved in the final desk study report.

This “Issues Oriented” Synthesis Report is designed as the final product of the study. It utilises material produced in the Desk Study Report and the Country Reports, all of which were interim products and are not to be issued themselves. This Synthesis Report is therefore a stand-alone document and contains material from the earlier reports where necessary.

For example, the material included in Section 2 – Background to the Study, draws heavily on Chapter 3: Food Security Policy of the Final Desk Study Report. Section 2 is sub-divided into four headings:

- *Food Security Policy*: review of the historical perspective and concepts of the EC;
- *Policy Objectives*: includes a comparison of Community and international objectives to food security;
- *Operations, Channels and Instruments*: includes a review of instruments adopted and how they operate. This sub-section also includes a detailed analysis of financial allocations at recipient category and country level.
- *Management and Procedures*: looks at how the decision-making process operates, the roles of the food security committee and the SCR, in the delivery of policy ambitions, as well as grant management and aid mobilisation procedures;

Section 3 deals with the analysis of the data collected during the field visits. It looks at the efficiency, effectiveness, impact and sustainability of the procedures and instruments employed in the delivery of the EC food security policy set out in accordance with the key criteria adopted for the study. They incorporate an analysis of the observations made during the field studies. The section also deals with co-ordination, coherence and complementarity issues in respect to food security policy at a general and country level.

Section 4 sets out the main findings and conclusions that have emerged from the study.

Recommendations and options for the future appear in Section 5 of this report, which looks at the Regulation and Policy in aggregate and suggests a number of possible options for consideration.



## 2. BACKGROUND

### 2.1 FOOD SECURITY POLICY

#### 2.1.1 Historical Perspective

Use of food aid as a separate instrument outside the then existing co-operation agreements started in 1967 in the framework of the Wheat Trade Agreement and the Food Aid Convention, which laid down annual minimum commitments for industrialised countries. The main argument was the need to dispose of European Community food surpluses rather than development objectives. Subsequently DG Agriculture managed the implementation in conformity with the rules of the Common Agricultural Policy, while DG Development was responsible for the allocations and for the negotiations with the beneficiaries.

Food aid, which was dominantly aid in-kind, was provided on a grant basis. Three forms could be distinguished: aid for projects in the field of food security, emergency aid and programme aid. The latter was to be sold on the local markets. The revenues from the sales formed counterpart funds that were used for financing of projects, initially projects for agricultural development, but since 1992 projects and programmes outside this sector have also been included.

The concept of food aid has changed over time transforming it into an independent policy aimed at development objectives. This transformation started with a Council Decision in 1982, which oriented food aid towards balanced economic and social development. In 1986 food aid was formally dissociated from the Common Agricultural Policy and more possibilities were opened for triangular transactions and local purchases. In 1987 DG Development also became responsible for the execution of the aid, although the responsibility for initiating the mobilisation remained with DG Agriculture. In the meantime several decisions had been taken on co-financing operations with NGOs, on alternative operations replacing food aid by financial and technical assistance, on the creation of storage schemes and the financing of early warning systems and on the substitution of food aid by direct money transfers.

In 1996 a new Regulation was adopted that superseded all the previous ones and which aimed at *"bringing all the existing instruments together in a single body of rules covering all the policy related and administrative aspects of food aid and food security support."*<sup>4</sup> It focuses on long-term sustainable solutions to the problem of food security. Food aid and food security operations are also seen as instrumental in conflict prevention. According to the Commission: *"Increasingly, their aim is to prevent the social tensions underlying conflict and to increase the income of the poorest (fight against poverty), target the most vulnerable sections of society (children and women), exploit available resources including agriculture, and create jobs and independent incomes for those groups worst affected by food crises. These various policies are seen as fundamental parts of food security policy. The policy is therefore now designed to form part of an overall economic policy. Greater food security is increasingly bound up with wider economic growth, the only means of offsetting the effects of poverty on the poorest sections of society."*<sup>5</sup>

In order to implement these policies the Regulation broadened the range of instruments at the disposal of the Commission. It increased the flexibility with which funds could be directed towards operations in support of food security. While former Regulations focused on food aid, under the 1996 Regulation, the EC programme can now finance almost any type of support for those sectors that concern food security.

#### 2.1.2 EC Concept of Food Security

Food Security as a concept was presented for the first time at the World Food Conference in 1974. The definition used by the World Food Summit in Rome in November 1996 has been implicitly reflected in Council Regulation no. 1292/96: *"food security exists when every person has physical and economic*

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4 J. de Deus Pinheiro, M. Marin, L. Brittan and H. van den Broek: Memo to the Commission on food aid policy and food aid management and special operations in support of food security. Proposal for a Council Regulation. p.11.

5 Ibidem, p.6.

*access at all times to healthy, nutritious food in sufficient quantity to cover the needs of their daily ration and food preferences, in order to live a healthy, active life” (op. cit:11).*

The focus on ‘access to’, relates to the *entitlement concept*, which implies “*definite and socially sanctioned claims to, and effective legitimate command over, available food (or other relevant commodities and services)*” (IOB, 1994:xi).

Council Regulation 1292/96 formulates food security as *universal and constant access to a diet that will promote a healthy and active life*. The 1996 Regulation aims at meeting these requirements at regional, national, household and individual level. The three levels of intervention cover the three key objectives of availability, access and use:

- regional and national level: the emphasis is on availability of food of acceptable quality. It relates to the supply of food, that might originate from national production as well from regional and international trade;
- household level: access to food by household. The focus is on purchasing power of consumers, that enables them to satisfy their demands;
- individual level: food use and nutritional adequacy at individual level. This level concerns the intra-household consumption of food. Nutritional adequacy might not be attained through lack of food or through lack of knowledge of balanced diets, which demands nutrition education. Intra-household distribution of food might be unbalanced demanding special measures, such as mother-child feeding practices, or income transfers focused on women and vulnerable groups.

Food insecurity may be caused by problems of supply or of demand or a combination of both. According to the cause and the severity of the situation different cases can be distinguished together with the most appropriate intervention to counter the problems of the respective case<sup>6</sup>. Food aid, either as emergency or programme aid, is just one instrument amongst others. The Regulation enhances the flexibility of the EC to use other instruments as well and to better adapt its interventions according to the situation of the recipient.

Food insecurity is not an isolated phenomenon but an outcome of poverty and therefore the Regulation considers food security as an important element in the fight against poverty. Consequently, long term food security objectives are best met by integrating them into long term poverty eradication policies that provide a coherent framework for national development strategies. The Regulation aims at embedding food aid and food security measures in a general policy framework which comprises a uniform intervention strategy that can nevertheless be tailored to the specific requirements of each recipient or country, while remaining consistent with other Community policies and integrated with other development aid instruments<sup>7</sup>.

Food security is different from food aid. The latter is seen as relief provided in the case of an urgent need. A coherent food security policy should reduce the necessity of food aid. It should be part of a larger framework of sustainable rural development, which integrates economic, social, gender and environmental aspects. Food security in such a framework is not a static situation but should be defined in dynamic terms as a set of supply and demand conditions (availability of food and access to it), providing a starting point from which households can begin to build up reserves, develop more reliable means of production or ways of increasing their income and organise a more reliable social safety net. The logical consequence of all these steps is a reduction of people's vulnerability to food crises.

Poverty reduction is considered as the over-arching objective of all development co-operation policy, based on an international strategy, which is currently being formulated. Food security is an integral part of this policy.<sup>8</sup>

It is important to underline the specificity of Regulation n°1292/96 with regard to poverty. Regulation n°1292/96 states on several occasions that food aid strategies are:

- “*aimed at alleviating poverty*” (preamble, 2nd provision.);

6 ADE/IRAM: Guide de programmation des interventions d'appui à la sécurité alimentaire. Annexe 5: Nature des crises alimentaires et action publique. Louvain-la-Neuve, September 1995

7 J. de Deus Pinheiro, M. Marin, L. Brittan and H. van den Broek: Memo to the Commission on food aid policy and food aid management and special operations in support of food security. Proposal for a Council Regulation. p.10

8 See; EC: The European Community's Development Policy, COM(200)212, Brussels, April 2000

- that “*regional, national and household food security (...) is an important element in the fight against poverty*” (preamble 4th provision);
- that “*the objectives of the food-aid operations and operations in support of food security (...) shall in particular be to promote food security geared to alleviating poverty, to help the population of developing countries and regions, (...) to contribute to the initiatives to combat poverty with development as an objective*” (art.1§3); and
- that “*the Community’s aid shall back up the recipient country’s policies on poverty, nutrition...*” (art.1§4).

Poverty alleviation is thus clearly one of the key objectives of the Food Security Policy.

### 2.1.3 Priority countries

Regulation n° 1292/96 includes an annex that lists the countries eligible for Community assistance. This allows the Commission to provide food aid to any of the 126 countries included in the annex.<sup>9</sup> Within the list, the EC concentrates its food aid and food security programme to two groups of priority countries: Group I comprises low-income countries with high structural food deficits, which are willing to develop and implement coherent, long-term food security strategies. Group II is made up of crisis or post-crisis countries and regions, with emphasis on short-term aid, especially food aid. These countries are:

#### Group I - Priority Countries (19 Countries):

**Armenia, Azerbaijan, Bangladesh, Bolivia, Burkina Faso, Cape Verde, Ethiopia, Georgia, Haiti, Honduras, Kyrgyzstan, Madagascar, Malawi, Mauritania, Mozambique, Nicaragua, Niger, Peru, Yemen.**

#### Group II – Countries in Crisis or Post-crisis (9 countries):

**Angola, North Korea, Liberia, Rwanda, Sierra Leone, Somalia, Sudan, Tajikistan, the Occupied Territories**

With regard to the Group II countries no criteria are stated to justify the selection or, conversely, to explain the absence of countries. In comparing the nine Group II Countries with those within the annex of Regulation n°1292/96, Afghanistan, Iraq and Eritrea interestingly appear not to be included.

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<sup>9</sup> These comprise the less advanced and developed countries (LLDCs), the other low-income countries and the lower middle income countries. Although the Commission has chosen to concentrate on the above mentioned restricted groups of countries, the Annex allows it, if so required, to intervene in countries that fall outside either Group I or Group II - this is a question of policy coherence and not a legal incoherence.

## **2.2 POLICY OBJECTIVES**

### **2.2.1 Regulation objectives**

The objectives of the food-aid operations and operations in support of food security, including the foreign currency facility, are stated in Article 1.3 of the Regulation. These objectives are:

- to promote food security geared to alleviating poverty, to help the population of developing countries and regions at household, local, national and regional levels;
- to raise the standard of nutrition of the recipient population and help it obtain a balanced diet;
- to take account of the concern to ensure the supply of drinking water to the population;
- to promote the availability and accessibility of foodstuffs to the public;
- to contribute towards the balanced economic and social development of the recipient countries in the rural and urban environment, by paying special attention to the respective roles of women and men in the household economy and in the social structure. The ultimate objective of Community aid operations shall be to make the recipients into agents of their own development;
- to support efforts of the recipient countries to improve their own food production at regional, national, local and family level;
- to reduce dependence on food aid ;
- to encourage them to be independent in food, either by increasing production, or by enhancing and increasing purchasing power;
- to contribute to the initiatives to combat poverty with development as an objective.

A Logical Framework of Regulation n°1292/96 is presented in Annex V, in order to create a summary of the current Community objectives, along with the other components of the planning process. It can be seen that the Overall Objectives, Specific Purposes and Anticipated Results are all explicit and straightforward. However, there is relatively little information that can be gleaned on Objectively Verifiable Indicators and the Means of Verification. Monitoring and evaluating food aid therefore becomes potentially problematic both in Brussels and overseas. This is an issue for attention.

### **2.2.2 Community vs. International Objectives**

In order to investigate the coherence of Regulation n°1292/96, comparisons have been made between:

- Objectives of Regulation n°1292/96 and those of the current Food Aid Convention (FAC) signed in London April 1999, as it defines Member obligations in this area, including the Community and Member States;
- Objectives of Regulation n°1292/96 and those of the Lomé IV Convention.

These comparisons are shown in full in Annexes VII and VIII of this Report.

#### **2.2.2.1 The Food Aid Convention**

The European Union, including both the Community and its Member States, is co-signatory to the Food Aid Convention. This was first agreed in 1967 as part of the International Wheat Agreement. From its origin, the International Wheat Agreement covered wheat, but was later extended to cereals and rice. It was subsequently renamed the International Grains Agreement in 1995.

Initially, food items other than grains were not included, although these are considered necessary for a balanced diet. Financing was made possible through a second budget line, parallel to the one for the financing of products mobilised under the Food Aid Convention. Transport and other delivery costs were initially not covered either, but financing has been able to take place under a third budget line. Later on, other elements of technical and financial assistance were added to the latter two budget lines.

The 1995 Food Aid Convention extended the possibilities of food aid deliveries to pulses and permitted financing of transport costs as well, albeit under a number of conditions. The objective of this Convention, however, remained limited to the provision of grain to secure the achievement of the World Food Conference of at least 10 million tonnes of food aid annually<sup>10</sup>.

The Food Aid Convention of 1999 reflects an important change in development aid thinking in line with EC Council Regulation 1292/96 and was strongly supported by the EU during negotiations. The objective is no longer for the provision of food alone, but has been broadened "to contribute to world food security and to improve the ability of the international community to respond to emergency food situation and other food needs of developing countries. This is achieved by:

- making appropriate levels of food aid available on a predictable basis, as determined by the provisions in this Convention;
- encouraging members to ensure that the food aid provided is aimed particularly at the alleviation of poverty and hunger of the most vulnerable groups, and is consistent with agricultural developments in those countries;
- including principles for maximising the impact, the effectiveness and quality of the food aid provided as a tool in support of food security; and
- providing a framework food co-operation, co-ordination and information-sharing among members on food aid related matters to achieve greater efficiency in all aspects of food aid operations and better coherence between food aid and other policy instruments."<sup>11</sup>

These newly defined policy orientations clearly place food aid in the wider context of food security, and alleviation of poverty and hunger. Food aid is no longer a goal in itself but can be clearly assessed on its effectiveness and impact in the achievement of food security.

Other changes with regard to the former Convention are:

- the widening of the list of eligible products;
- the systematic inclusion of transport costs in food aid deliveries;
- the possibilities for donors to express their commitments in tonnage, value or a combination of both;
- the obligation for the members to provide at least 80% of their food aid in the form of grants; and
- the promotion of triangular transactions and local purchases.

The 1999 Food Aid Convention also encourages the co-ordination of food aid policies and activities among its members.

The Food Aid Convention 1999 is thus clearly in line with the EC Council Regulation 1292/96 and the EC food aid policies. It also supports the efforts for better co-ordination as pursued by the EC in international and multilateral forums. The broadening of the list of eligible products with pulses, edible oil, root crops, skimmed milk powder, sugar and seed as well as the inclusion of transport costs might well lead to a reduction in cereal commitments. In addition, like the 1996 EU Regulation, there are no verifiable indicators of effectiveness or means of verification. The only monitoring is one of process – signatories report on fulfilling their minimum contributions.

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10 Council Decision of 19 December 1995 concerning the approval by the European Community of the Grains Trade Convention and the Food Aid Convention, constituting the International Grains Agreement 1995 (96/88/EC). Food Aid Convention 1995, article I. In fact the FAC 1995 does not secure but only contribute to the achievement of this target of 10 million tonnes as total annual contributions amount to 5,350,000 tonnes only.

11 Council Decision of 29 June 1999 on the signing and notification of the provisional application of the Food Aid Convention 1999 on behalf of the European Community, article I.

### 2.2.2.2 The Lomé agreements

Title II of the Lomé IV Convention, concerns *agricultural co-operation, food security and rural development*. Coherence is identified between the objectives defined by Lomé and the Community's food security policy (see the analysis of these guidelines in Annex VI).

Poverty alleviation is one of the key objectives of the Food Security policy (see 2.1.2). It is clearly integrated within a global development co-operation framework<sup>12</sup> and the provisions of the Lomé Convention. According to the Lomé IV Convention, food aid must be integrated within the ACP States' development policies (Article 5.1).

A special feature of Community Food Security policy is its focus on poverty relief for the individual and on the aim of ensuring sufficient daily food intake. Complementarity with the Lomé Convention is maintained as long as it is integrated into development policy. How this works in practice is examined in Section 2.4 Management and Procedures.

### 2.2.2.3 The Bretton Woods institutions

Large-scale delivery of food-aid products or instalment of foreign exchange facilities may have a macro-economic impact and influence internal trade. While many countries implement structural adjustment programmes, the granting of Community food-aid should be closely co-ordinated with such programmes to avoid adverse effects. This is not only the case for granting aid itself but also for use of the counterpart funds which may be generated through this aid.

Regulation n°1292/96 creates a focus away from targeting of counterpart funds towards more general allocation allowing full integration within the framework of national economic policy with the condition that a food security policy is an integral part of this.

Under World Bank and IMF direction, with regard to debt relief, countries are now developing Poverty Reduction Strategy Papers (PRSPs) which will develop a detailed analysis of the nature of poverty in each country, and set out goals and policy actions required to alleviate poverty. These should include consideration of the Food Aid/Food Security situation.

## 2.3 OPERATIONS, CHANNELS AND INSTRUMENTS

### 2.3.1 Operations

Regulation n°1292/96 on food-aid policy and food-aid management, and special operations in support of food security, distinguishes three types of operations which are discussed further below:

- Food-aid Operations (Title I);
- Operations in Support of Food Security (Title II);
- Early Warning Systems and Storage Programmes (Title III).

These operations can be executed by the public sector or by international, regional or non-governmental organisations. This is summarised below in Table 4. The ticks indicate the degree to which the operation applies to the channel. In one case double ticks imply a real identification with the operation by the channel such as the case of WFP and food aid-kind.

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12 Article 130U of the EC Treaty (now art.177 of the Amsterdam Treaty) on which the 1996 regulation was based states that "Community development policy, complementing the policy of Member States, favours (...) poverty alleviation in developing countries".

**Table 4: Classification of Operation**

Operation	Channels		
	Public Sector	International Organisations (mainly WFP)	Civil Society Organisations – NGOs
Food Aid Operations	✓	✓✓	✓
Operations in support of food security	✓	✓	✓
Early-warning systems and storage programmes	✓	✓ <sup>1</sup>	✓

<sup>1</sup> Especially the financing of the Global Information and Early Warning System on Food and Agriculture (GIEWS) and more recently the Food Insecurity and Vulnerable Mapping System (FIVIMS) through FAO

### 2.3.1.1 Food-aid Operations (Title I)

Allocations to Food Aid Operations can be both in-kind and in-cash. Aid in-kind can consist of a range of products, of which the most important are cereals, followed by vegetable oil, skimmed milk powder, sugar and pulses. In addition to the products, delivery costs (especially transport) may also be funded. Food commodities can be mobilised from within the European Community, in the recipient country (local purchase) or from one of the developing countries listed in the Annex of Regulation n°1292/96 (triangular purchase). In 1997 and 1998, in-kind operations, including transport and management costs, constituted ca 60% of the available budget, declining in 1999 to ca 40% of the total budget.

Food commodities can either be distributed free of charge or sold. In the latter case, revenues from sales are placed in a counterpart fund. These funds are, in turn, used for purposes agreed upon by the Commission and the recipient country in support of development projects, sectoral operations and development programmes, preferably those which promote long-term food production and food security within the framework of a food policy and strategy. Where countries are implementing a structural adjustment programme, counterpart funds may be used for general allocation under the conditions set by the structural adjustment programme.

Food Aid Operations can also be in-cash, and take the form of a foreign currency facility. In this case, aid is used to purchase food items identified from a list of eligible products and countries. This facility is used in countries with a partially or totally liberalised market in order to prevent distortion of private trade development. Commitments made under this facility increased from 58 million Euro in 1996 (about 10% of the budget) to 116 million Euro in 1999 (about 23% of the total budget).

### 2.3.1.2 Operations in Support of Food Security (Title II)

The Commission is able to provide financial and technical assistance to operations in support of food security. These operations should be *consistent* with, and *complementary* to, the objectives and operations financed by other Community development-aid instruments. These operations link food-aid with other development-aid projects and programmes and thus reinforce the integration of food-aid and food-security under a general development policy. Title II of Regulation n°1292/96, allows the Commission to finance a range of activities in the fields of production, storage, processing, transport and distribution, as well as awareness and training programmes. Operations in support of food security are reported as being some 36% of total allocations in 1999 and are expected to have an increasing importance as time proceeds.

Although Regulation n°1292/96, clearly distinguishes between food-aid operations and operations in support of food security, by the use of two different Titles, in practice they overlap as the same

commodities and services can be supplied under both. This is especially true with the supply of seed, fertiliser, tools, other inputs and financial assistance, and awareness and training schemes.

### 2.3.1.3 Early-warning systems and storage programs (Title III)

Title III of Regulation n°1292/96, allows the Community to support and help to strengthen existing national and international early-warning systems. In exceptional cases, it may even operate such systems itself. Additionally, the Community may cover the cost of the implementation of storage programmes.

Allocations reported under this Title are by far the smallest. Commitments for early-warning systems amounted to ca 10 million Euro in 1999 (2% of the budget). In previous years the amounts were lower, in some cases only a fifth of this figure. Allocations for storage are even smaller, though this can be financed through counterpart funds or by financial support as part of food security operations.

These modest levels do not necessarily reflect a lesser importance attached to these kinds of activities. First, there is confusion between the allocation of activities by Title. Storage activities can be financed under both the other Titles as well. Secondly, financing may come from other programmes and instruments, such as EDF. This is certainly the case for early warning systems, which often contain multi-annual activities, the duration of which exceeds the maximum project period of three years accepted for projects financed under this Regulation.<sup>13</sup>

### 2.3.2 Channels

Regulation n°1292/96 can be implemented by a number of agents including the government of the recipient country, the Commission, international organisations and organisations of the civil society (non-governmental organisations, both international and national). Aid managed by both the recipient country and the Commission is characterised as *direct aid*, while aid through an intermediary such as international and regional organisations and NGOs is categorised as *indirect aid*.<sup>14</sup>

The World Food Programme (WFP) is the most important single receiver of indirect aid<sup>15</sup>. NGOs constitute the second largest category of indirect receivers. Their allocations are committed under the form of *bloc* allocations that are either in-kind or taken in the form of financial and technical assistance. Assistance in-kind to NGOs is channelled through Euronaid, a service association jointly owned by 32 NGOs and servicing about 100 NGOs a year. It manages the organisation and administration of purchasing, transport, and delivery of foodstuffs to NGOs in beneficiary countries. Other organisations are or have been UNHCR, UNRWA, ICRC and FAO. Since 1996, aid to UNHCR and since 1999 aid to ICRC, is given by ECHO.

#### 2.3.2.1 World Food Programme

The European Commission is the second most important contributor to the World Food Programme (WFP). A number of Member States are donors to WFP in their own right and, together with the Community they provided over 40% in 1997 of the total resources of WFP, slightly more than WFP's single principal contributor, the United States of America. Since only nation states are members of the United Nations and its organisations, the EC is formally an observer. The EC is represented in the quarterly Executive Board meetings of WFP.

WFP receives allocations from different budget lines, the most important being those on food-aid and support operations, managed by DG DEV/A/1, and on humanitarian aid, managed by ECHO. By utilising DG DEV-A1 resources, WFP operates in principle only in eligible countries as stipulated in

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13 An example of this is the DIAPER programme (Diagnostic Permanent) with CILSS (Comité Inter-Etats de Lutte contre la Sécheress au Sahel) which lasted from 1984 to 1998 and was financed from different EDFs.

14 Aid programmes and projects implemented by international, regional and non-governmental organisations on behalf of a recipient government is considered as direct aid.

15 WFP operates three programmes: the International Emergency Food Reserve (IEFR), the Protracted Relief and Recovery Operations (PRRO) and the Development Programme. Most Community funding goes to the IERF and PRRO programmes and relatively little to the Development Programme.



Regulation 1292/96. These allocations support operations under the International Emergency Food Reserve (IEFR), the Protracted Relief and Recovery Operations (PRRO) and Development Operations. No allocations are made to the Immediate Response Account or to the Special Operations account.

The relation between WFP and the EC is currently determined by:

- reciprocal questioning and criticism of each other's programmes. The EC and several other donors question the efficiency and effectiveness of the WFP Development Programme and some of them, including the EC, the Netherlands and the UK, curtailed their contributions to WFP's development activities. In reverse, WFP criticises the slowness and unpredictability of EC Operations;
- certain controversy on EC's financial budgeting and auditing requirements, both considered as excessive by WFP;
- lack of medium or long-term commitments by EC to the WFP programme, which hampers WFP's planning.

The major issue in the relationship is the EC's hesitation to support WFP's Development Programme. The reduction in the EC contributions to that Programme was partly induced by the 1994 donor evaluation of WFP performance<sup>16</sup> and partly by shortage of financial means. The reduction in 1995 and 1996 was no deliberate decision, but just the consequence of budget restrictions. Since 1995/6, in response to donor pressures, WFP re-examined the contents and procedures of its programme and carried out various internal evaluations of its development activities. These evaluations stimulated the 1999 policy document "Enabling Development". While it is too early to see changes in performance, WFP feels that the EC gives little credit to these changes, while the EC and other donors are concerned with the slow progress of putting them in place.

The EC is keen in being visible in operations. This also comprises being visible within the WFP activities. But according to WFP, the administrative procedures by EC take too much time for the front line operations.

Regarding the financial and auditing requirements, there has been a difference of opinion between the EC and WFP about the principle of cost recovery. According to the WFP if a donation is being made, the donor pays for the full costs of the operations, including the costs of transporting food aid, in-country distribution and overheads. In some cases, WFP does not know in advance if overland transport or the more expensive airlifting is required. This caused problems to the EC in the budgeting of its contributions. The EC had agreed with WFP the following percentages: EMOP 6%, PRRO 7% and DEV 13.5% but WFP claimed that this did not correspond with real cost. Recently the two parties renewed their agreement of cost recovery on the basis of 7.8%, a percentage decided by the WFP Administration Council and uniformly applicable to all donors. This also settles the dispute about the way the overhead is calculated, the EC feel that there should be a sliding scale: more tonnage, less overhead, while WFP insist on a percentage based on total tonnage<sup>17</sup>.

Another issue is the matter of EC auditing of WFP accounts. Although this is more of a problem with ECHO, it is mainly a matter of principle. WFP has both an internal and an external auditing system, but the EU Regulations require separate auditing. It is the opinion of the WFP that the EC should recognise and accept the external auditing system in the same way as bilateral donors.

The lack of medium or long-term commitments by the EC to the WFP programmes affects WFP's planning and programming since these are based on multi-annual commitments. In addition, the operational activities suffer from late arrival of the Official Letters.

There is also a general issue: the EC's concept of food aid in kind under the 1996 Regulation being different from that of the WFP. The latter justifies providing relief or development aid in kind in over 80 countries on the grounds of their views of the special advantages of food aid.

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16 Joint Evaluation of World Food Programme. Christian Michelsen Institute on behalf of Canada, the Netherlands and Norway. 1994.

17 Early 2000, there were more problems with ECHO on this issue, to the point that ECHO refuses to pay indirect support costs to WFP.

### 2.3.2.2 Co-operation with NGOs

#### *NGOs*

Another important channel is constituted by non-governmental organisations (NGOs). There are many NGOs working with the Commission on a large range of issues, from policy dialogue and policy delivery to project and programme management. This collaboration takes place both within the EU and in partner countries. While most NGO partners originate from Europe, there is a tendency to transfer responsibilities to NGOs in partner countries.

NGOs are an important receiver of EU funds either as final recipient or, in most cases, as intermediate between the EU and beneficiary groups in civil society. It is estimated that over 1 billion Euro a year is allocated to NGO projects, the major part in the field of external relations for development co-operation, human rights, democracy programmes and, in particular, humanitarian aid (on average 400 million Euro)<sup>18</sup>. Under the food aid and food security programme NGOs receive some 100 million Euro a year directly from the Commission for aid-in-kind and aid-in-cash. Further they can be charged with the execution of programmes by recipient governments for direct aid projects, as in Bangladesh.

The rationale of co-operation between the Commission and non-governmental organisations, as seen by the Commission, is<sup>19</sup>:

- fostering the development of civil dialogue and civil society at the European level and the strengthening of civil society as an objective in co-operation programmes with non-member countries;
- dialogue/discussions with and consultation of NGO representatives in the context of policy shaping;
- NGOs as information relays. European NGOs and their networks and national members, can serve as additional channels for the Commission to ensure that information on the European Union and EU policies reaches a wide audience of people concerned by and affected by its policies;
- funding NGO-led activities, within the Community and abroad, which are coherent with and contribute to the implementation of EC policies. These programmes are characterised by a high degree of NGO ownership of the actions financed;
- NGOs as actors implementing Community programmes and projects, in particular in the field of non-member countries co-operation.

Dialogue and consultation between the NGOs and the Commission takes place in the CLONG, the Liaison Committee of Development NGOs. At present the CLONG is involved in discussions on the evaluation of a number of programmes, the new management procedures on aid through NGOs and the future consultation procedures in the light of the Commission Reform Programme.

#### *Euronaïd*

In the case of aid-in-kind to NGOs the deliveries are channelled through an intermediate organisation, Euronaïd, an association of European NGOs. Euronaïd, created in 1980, provides professional services for its members, other NGOs and government agencies.

Services for food-aid, food-security and emergency-aid programmes comprise:

- Support in programming, accounting and financial administration;
- Training and information on Commission rules and procedures applicable to EU food and food security allocations;
- Procurement of food and other commodities; and
- Logistical support including “door-to-door” transport systems.

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<sup>18</sup> EC: The Commission and non-governmental organisations: building a stronger partnership. Commission discussion paper. Brussels, January 2000

<sup>19</sup> *ibidem*, p.6

### 2.3.2.3 Food Aid by Channel Used

About half of aid is now channelled directly through recipient governments, an allocation method that has gained in importance. It is partly explained by the increased use of the foreign currency facility, which allows funds to flow directly to government. In 1993, direct aid represented 24% of the total allocations, but by 1999 this had increased to 50%. This, of course, implies an increase in the monitoring of government policy and performance. The major part of this aid is channelled through governments, while a small percentage, averaging 5% of the budget over the period 1996-1999, is channelled through NGOs.

The division between direct and indirect aid has changed strongly since the adoption of the Regulation. Between 1993 and 1995 direct aid represented on average 29% of the allocations. This percentage increased to 50% during the period 1996-1999. This increase is remarkable, the more so, because the total budget aid has declined on average by 10% during these periods.

Since 1993, DG DEV allocations to WFP, both in absolute terms and in relative terms, have declined. Since 1996 the contributions to WFP are around 110 million Euro per annum, which represents 22% of the food aid and food security budget a fall from 24% for the 1993-95 period. Of all EC contributions (incl. ECHO), approximately 25% is in kind, the remainder in cash (1999: US\$124.5 in cash; US\$ 42.6 in kind). Approximately 50% of all WFP assistance goes to African countries.

The main changes in the profile of indirect aid are seen in a reduced share of funds to NGOs. Between 1993-95 and 1996-99 this has dropped from 29% to 18%<sup>20</sup>. Even when taking into account the direct aid channelled through NGOs, there still remains a decline to 23%. In 1999 NGOs received only 17% of the total allocations in the form of indirect aid. This is only partly offset by the direct aid implemented by NGOs that amounted to some 9% in 1999. While the total volume of aid for food aid and food security has diminished since 1995, with the exception of 1998 because of a one-time additional budget to fight the effects of El Niño, the aid through NGOs declined even more.

Funds for the International Committee for the Red Cross (ICRC) in 1999 were channelled through the Humanitarian Aid Budget Line of the EC. Table 5 illustrates the changes in amount of millions of Euros allocated to the different channels over the last seven years.

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20      these figures are excluding NGO activities as implementing agency of direct aid

**Table 5: Allocation by Channel, 1993-1999 (million Euro)**

Channel	Year								
	1993	1994	1995	1996	1997	1998	1999	1993-95	1996-99
<b>Direct</b>	137.4	183.2	202.2	272.2	287.3	271.9	258.7	29%	50%
<i>Of which NGOs</i>	0	0	0	31.3	11.2	21.8	43.9	0%	5%
<b>Indirect</b>	393.4	350.7	401.3	231.4	220.7	276.5	214.6	63%	44%
<i>Of which:</i>									
NGOs	160.1	154.5	214.4	106.5	87.2	113.6	85.0	29%	18%
WFP	158.5	144.2	137.5	111.5	111.0	141.5	104.1	24%	22%
UNHCR	15.7	10.6	12.7	-	-	-	-	2%	0%
UNRWA	-	-	-	n.a.	11.9	12.3	13.0	0%	2%
ICRC	21.0	20.3	23.0	n.a.	10.6	9.2	-	4%	1%
OTHER	38.1	21.2	13.6	13.4	-	-	12.5	4%	1%
<b>Other (TA, monitoring, etc.)</b>	43.2	55.2	42.8	56.6	15.6	29.9	31.7	8%	6%
<b>Total (mEuro)</b>	<b>574.0</b>	<b>589.1</b>	<b>646.3</b>	<b>560.2</b>	<b>523.6</b>	<b>578.4</b>	<b>505.0</b>	<b>100%</b>	<b>100%</b>

Source: EC 1998,1999,2000

### 2.3.2.4 Support through NGOs

Indirect aid channelled through non-governmental organisations can be made available in kind or in cash. While both forms existed before the adoption of the Council Regulation, the latter one was of relatively little importance. The adoption of the Regulation has been followed by a shift towards aid-in-cash at the detriment of aid-in-kind to NGOs. Aid-in-kind is made available through an intermediary organisation, Euronaid, while aid-in-cash is made available after signature of a contract between the EC and the implementing NGO.

**Table 6: Indirect aid to NGOs compared to total volumes of aid (in million Euro)**

Year	Total budget	Indirect aid via Euronaid		Direct contracts with NGOs		Total indirect aid through NGOs	
1993	574.0	n.a.		n.a.		160.1	27.9%
1994	589.1	154.6	26.2%	1.3	0.2%	155.9 <sup>*)</sup>	26.4%
1995	646.3	191.2	29.6%	23.1	3.6%	214.4	33.2%
1996	560.2	100.3	17.9%	5.2	0.9%	105.5 <sup>*)</sup>	18.8%
1997	523.5	66.0	12.6%	21.2	4.0%	87.2	16.6%
1998	578.3	50.1	8.6%	63.5 <sup>*)</sup>	11.0%	113.6	19.6%
1999	505.0	55.0	10.9%	30.0	5.9%	85.0	16.8%

<sup>\*)</sup> EC figures for total NGG aid differ slightly for 1994 (154.5 million Euro) and 1996 (106.5 million Euro). In 1998 value of NGO contracts according to Blein was only 62.3 million Euro due to the cancellation of three contracts.

Source: Blein, R.: *Review of NGO Food Security Projects*, Brussels, March 2000

Most projects financed by aid-in-cash have multiple objectives. While agricultural production is a common feature of most of them (91%), the majority of the projects (83%) also aim at access to food and trade and storage activities<sup>21</sup>.

While aid-in-cash is subject of direct contracts with NGOs, aid-in-kind is channelled through Euronaid. The type of projects financed by aid-in-kind has changed between 1996 and 1999. Agricultural production and relief have strongly increased while income generating activities and projects in health and nutrition have diminished.

**Table 7: Ad-in-kind through Euronaid by type of projects 1996 – 1999 (in million Euro)**

Category	1996		1997		1998		1999	
Agriculture and livestock	13.9	19.5%	11.1	19.9%	15.9	24.7%	29.6	40.4%
Disaster and emergency	4.9	6.9%	5.9	10.6%	30.5	47.4%	29.3	40.0%
Income generating	27.7	39.0%	13.0	23.3%	7.3	11.3%	5.9	8.1%
Public health and nutrition	16.0	22.5%	7.3	13.1%	2.5	3.9%	1.5	2.0%
Education and training	5.6	7.9%	9.3	16.7%	5.8	9.0%	5.8	8.0%
Miscellaneous	3.0	4.2%	9.2	16.5%	2.4	3.7%	1.1	1.5%
<b>Total of contracts</b>	<b>71.1</b>	<b>100%</b>	<b>55.8</b>	<b>100%</b>	<b>64.4</b>	<b>100%</b>	<b>73.2</b>	<b>100%</b>
<i>memory item:</i>								
<i>EC allocations</i>	<i>100.3</i>		<i>66.0</i>		<i>50.1</i>		<i>55.0</i>	

Source: Euronaid: *Review of the NGO Food Aid Projects 1996-1999*. March 2000

Note: there is a time lag between EC (bloc-) allocations and the eventual signing of contracts with receiving NGOs

### 2.3.3 Instruments

#### 2.3.3.1 Classification of instruments

Based on the operations described in the Regulation (see 2.3.1) we can distinguish four instruments shown in Table 8.

**Table 8: Classification of Instruments**

Instrument	Activity or commodity
Food in Kind	Food products
	Non-food products
	Transport
Foreign Currency	Foreign Currency
Food Security	Support Actions
	Tools
	Technical Assistance
	Early Warning Systems
Other	Other

<sup>21</sup> Blein, 2000. P. 16/16

The presentation of the instruments in Table 8 above does not exactly follow the classification of the Regulation. The foreign currency facility is taken as a category on its own, while the early warning systems are grouped under the Food Security instrument. This subdivision reflects the importance of the instruments with regard to the yearly allocations<sup>22</sup>. According to Article 6 of the Regulation early warning systems and storage programmes are "intended to support food security" and as such their inclusion in the Food Security category seems logical.

Most of the instruments can be implemented through the different channels identified earlier. The main exception is the foreign currency facility, which is only channelled by direct aid through recipient governments.

### 2.3.3.2 Food Aid allocations by Instrument

The total budget on food aid and support operations increased from 1993 to 1995 but has shown a declining trend since then. It went from 574 million Euro in 1993 to 646 million Euro in 1995. In 1999, the budget amounted to 505 Million Euro. In 2000, this amount is expected to decline further as the adopted budget for this financial year is 462 Million Euro.

Table 9, below, shows that the financial costs of 'traditional' food aid operations (food aid-in-kind and related costs such as transport, etc.) diminished strongly after the adoption of the new Regulation. Until 1995 food aid including related transport costs constituted the bulk of all food aid, representing almost 90% of the budget. Since 1996 this percentage has fallen, to some 40% in 1999, in favour of the newly introduced foreign currency facility and the category food security, which strongly increased. Of course, the massive decline in cereal prices since 1996 has countered the fall in real values of aid in kind. In 2000 food aid-in-kind was initially programmed to decline further in favour of the foreign currency facility, but this has changed in the course of the year as a result of the strongly deteriorating situation in the Horn of Africa for which (emergency) food aid-in-kind has become necessary again.

Early warning systems and storage programs only represent a very small part of the budget. In fact they are not only financed through the instruments under this Regulation but through other instruments as well. There is no need or obligation to transfer these programs from the other instruments to this program. The multi-annual character of many of these programs leads to financing by other instruments as proposals under the food security program are bound to a limit of three years maximum.

**Table 9: Allocation by Instrument, 1993-1999 (million Euro)**

Instrument	1993	1994	1995	1996	1997	1998	1999	2000 (Prov.)
<b>Food in Kind</b>	511.0 (89%)	514.3 (87%)	564.7 (87%)	308.0 (55%)	267.1 (51%)	275.2 (48%)	207.9 (41%)	181.6 (39%)
<i>of which:</i> <b>commodities</b>	342.1 (60%)	329.6 (56%)	374.6 (58%)	213.2 (38%)	181.2 (35%)	154.6 (27%)	114.9 (23%)	<i>n.a.</i>
<i>related</i> <b>transport costs</b>	168.9 (29%)	184.7 (31%)	190.1 (29%)	94.7 (17%)	85.9 (16%)	120.4 (21%)	93.0 (18%)	<i>n.a.</i>
<b>Foreign Currency</b>	-	-	-	57.9 (10%)	139.1 (27%)	106.1 (18%)	106.8 (21%)	64.7 (14%)
<b>Food Security</b>	19.8 (3%)	19.6 (3%)	38.8 (6%)	124.1 (22%)	84.1 (16%)	154.3 (27%)	116.1 (23%)	163.6 (35%)
<b>Early Warning and Storage</b>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	13.5 (2%)	3.0 (1%)	1.6 (0%)	10.1 (2%)	5.0 (1%)
<b>Others</b>	43.2 (8%)	55.2 (9%)	42.8 (7%)	56.7 (10%)	30.3 (6%)	41.2 (7%)	64.1 (13%)	47.3 (10%)
<b>Total</b>	574.0	589.1	646.3	560.2	523.6	578.4	505.0	462.2

Source: European Commission

## 2.3 MANAGEMENT AND PROCEDURES

<sup>22</sup> The classification differs from the one used by DG DEV that treats activities and (individual) commodities as instrument and the groupings as categories.

### 2.4.1 Decision Making Process

The programme cycle of budget allocation starts with a document that sets out the basic interventions for the year to come. Allocation of funds over the targeted zones in the world (Horn of Africa, Southern Africa, Caribbean, Mediterranean and Middle East, New Independent States, Central America and South America) is based on the global figure of approx. 505 million Euro. This process culminates in a document where the country allocations are tentatively set.

For reasons of efficiency and coherence, interventions are concentrated in a limited number of (priority) countries, the selection of which is based on income levels and the food security situation. The indicators on which the choice of countries is based can be grouped in three broad categories: the macro-economic environment; food availability; and vulnerability of the population.

At country level, the decision-making process concerning Food Security and Food Aid is based on four stages (the elaboration of a strategy document; the elaboration of a programme document; the identification of specific projects; and the issuing of an Official Letter). These stages, as well as the various alternatives in decision-making concerning projects, are presented in detail in Annex XIII.

The elaboration of policy documents and strategies culminate in a specific project design. The process of project identification may vary from country to country but is generally characterised by intensive consultations with other EC institutions and other donors. Obviously, all projects should be elaborated using the method of the Logical Framework. During the design phase of new projects, the FSUs play an important role. First, they are responsible for writing the Terms of Reference, and second, if project proposals are submitted by NGOs, they often work closely together with them to generate a viable project<sup>23</sup>.

The European Food Security Network (RESAL, see 2.4.1.1) has been carrying out studies and evaluations of strategic food security issues (and programmes) and thereby has implicitly, if not explicitly, contributed to a better understanding of the problem definition. The technical competence that RESAL has brought with it has been beneficial in most cases.

In general, the technical level of the proposals is high, with the exception of cases that emerged from more politically dominated environments. This was the case in Haiti just after the Embargo where the EC was supporting the returning government, and in Kyrgyzstan, which was only added to the programme after the country's adoption of this Regulation and where the concept of food security was foreign to the existing institutions and policies. Political will to progress overruled the criterion of quality, but this situation was only a temporary one and has been corrected since.

The types of projects are a function of the overall policies of the Food Aid and Food Security programme. These policies and strategies are subject to a permanent process of conceptual improvements generated by:

- a consistent monitoring and evaluation of the programme in total (e.g. ODI study), of its components and of its implementation at country level;
- the efforts of the RESAL (see 2.4.1.4);
- external conceptual support to DG Development (i.e. Oxford Policy Management).

The effect is that the EC Programme uses 'state of the art' concepts in its policy papers and that a transfer of these concepts is being made in the various projects. However, in the process of transfer into specific activities a substantial time lag has been observed. This indicates that the practicality of the new concepts for achieving change and the extra resources required to achieve these changes need consideration.

In the process of decision making and implementation of its programme the Commission is assisted by a Food Aid and Food Security Committee. At policy level the work of this committee is complemented by an advisory committee to the Council, the Food Aid Group. The roles and functions of both the Food Aid and Food Security Committee and the Food Aid Group are presented in the sections below.

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<sup>23</sup> Under the Vade-meum on Grant Management, where NGOs have to respond to calls for proposals (see 2.4.3.2), this practice will have to be thoroughly revised from fear of unfair competition between participants.

#### 2.4.1.1 The Role of the Food Aid and Food Security Committee

The Regulation provides for a Committee to assist the European Commission. This Food Security and Food Aid Committee, generally referred to as Food Aid Committee, is composed of representatives of the Member States and chaired by a representative of the Commission (art.26§1). The existence of the Committee fits the ‘commitology’ procedure, which imposes consultation with Member States in community project implementation<sup>24</sup>. The Food Aid Committee plays an integral role in the determination of the implementation of the EC food aid programme.

Article 26§3 of Regulation n°1292/96 states that “the Committee establishes its own internal regulations” though members of the Committee have reached no consensus on this. The current internal regulations are based on those from 1983<sup>25</sup>. The Food Aid Committee is a management committee (type IIb) and not a consultative committee. It can oppose decisions of the Commission when a qualified majority has been reached (the majority is set at 62 votes in article 205§2 of the Treaty of Amsterdam). Twenty-six votes against a decision are enough to prevent the Commission from adopting it. In this case, the Commission makes a decision, but postpones its application for 2-3 months until the Council has reached a statutory decision.

#### 2.4.1.2 The Committee’s Mandate

Regulation n°1292/96 establishes the Committee’s mandate and states that the Committee must be consulted on decisions made by the Commission, if the Commission intends to:

- spend on activities in excess of 2 million Euros (art.25);
- grant (new) food aid or plan food security support actions (art.23);
- grant a financial contribution to international, regional or NGOs for food security support actions (art.23);
- grant aid to stock facilities or for Early Warning Systems (art.23);

The committee must also be consulted on general orientations in food aid, for decisions to establish:

- lists of products which can be mobilised for aid (art.22);
- modes of mobilisation, control and evaluation (art.22);
- distribution between beneficiaries expressed in terms of product quantity and cost (art.22);
- new distribution patterns during the course of programmes in case changes take place (art.22).

In these cases, the Committee acts as a “co-manager” of the European Community’s aid. It appears, however, that the mandate conferred by this Regulation is defined more loosely as Article 26§2 states that:

*“The committee examines the incidence of all spending commitments for long term food security at the household level as well as at the local, national and regional level in beneficiary countries, taking into account principles defined in Article 1. It also analyses and follows food security policies that benefit from Community aid and assesses joint initiative proposals”.*

The Committee co-ordinates Member States’ and the Commission’s activities as underlined by the 23<sup>rd</sup> provision of the Preamble of Regulation n°1292/96 which states that: “(...) *provision should be made for close co-operation between the Member States and the Commission within a Food Security and Food Aid Committee*”. This is confirmed by article 28§4, which outlines that:

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24 According to the Council Decision of 13 July 1987, three types of committees exist: consultative committees, management committees and regulation committees. Consultative committees make recommendations, but the Commission is not obliged to implement these. In the case of management committees, the Commission is supposed to apply the advice, but they may (type IIa) or should (type IIb) provide for a postponement of up to three months in order to provide time to the Council to make a (different) decision. In the case of regulation committees, there is no need to postpone when the Commission agrees with the advice, but in the case of differences of opinion, the issue should be referred to the Council within three months.

25 Previous regulations were set by the Food Aid Committee instituted by Council regulation n°3331/82 of 3 December 1982 concerning food aid management.



*“ Co-ordination and co-operation between the Community and the Member States, and between the latter and international organisations and third country donors shall be the subject of a regular exchange of information within the Committee”.*

The Commission has a number of obligations towards the Committee. Amongst others, it must inform the Committee of the different projects and actions which have been approved in the food aid or food security sector, “*indicating their amount and nature, the recipient country and the partners entrusted with implementation*” (art.29, al. 2), and share the outcome of evaluations. Records indicate this is achieved. The Committee therefore has a clear view of all the current projects and has access to information about their implementation through the available evaluation reports.

The Committee’s mandate is sufficiently wide to allow for exchanges that go beyond the technical management of the project. Furthermore, article 29, states that:

*“The Committee may examine any other matter concerning food aid and the other operations under this Regulation raised by its Chairman, either on the latter’s own initiative or at the request of a representative of a Member State”.*

No formal limit is established with that which allows interpretation of its mandate to be broad as long as it is linked to food security and food aid policy.

#### *Assessment:*

- Although Article 26§3 of Regulation states that ‘the committee establishes its own internal regulations’, the current regulations are still based on those of 1983. A new set of regulations was proposed when Council Regulation n°1292/96 came into effect but these have still not been established, as the members of the Committee have reached no consensus on that issue.
- Although a majority of 26 blocking votes seems relatively easy to reach, food aid projects are only occasionally rejected. Some projects proposed by the Commission seem sensitive enough to make them of borderline refusal potential<sup>26</sup>. Considering the nature of the subject of food aid, and sometimes the rapidity with which it has to be delivered, Member States tend to refrain from voting against proposed projects even though they would have preferred to examine the subject matter more closely. However, the feelings expressed by some Committee Members that they are only expected to ‘rubber stamp’ the proposals presented by the Commission, underestimate the powers of the Committee.
- It is a rather natural attitude that the Commission expects the control and interference by the Committee to be as light as possible. Member States, on the other hand, claim to exert their control according to the importance of the subject matter and the flexibility that is required. In lack of a new internal regulation, no precise criteria have been established to determine which type of procedure on decision making would be required in what particular circumstances.
- Although the articles 28 and 29 stress the importance of co-ordination, this appears insufficiently developed. The Commission’s programmes and projects on food aid and food security require the full attention of the Committee, while some reluctance on an open debate of each Member States’ programme and policies was observed. In so far as article 28§1 of the Regulation states, it is the Commission’s responsibility to take as much initiative as possible to promote co-ordination. Furthermore, this is required by the joint commitment to the FAC by EU and the representation of member states on the WFP Executive Board at the FAO Committee on Food Security.
- There is a new Council decision (1999/468/CE) on ‘commitology procedure’ that entered into force in July 1999. This provides a new basis for the definition of the Committees’ implementation and management procedures. The Commission is due in the near future to present a proposal for adjusting the “old commitology” procedures in line with the Council decision. This may have implications also for the Food Aid Committee

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<sup>26</sup> For example, during the Food Aid Committee of 28 January 2000, 4 members (with in total 29 votes) opposed the changes in the financial allocations to the Development Programme of the WFP.

### **2.4.1.3 Food Aid Group and the Food Aid Committee Relationship**

While the Commission is assisted by the Food Aid Committee, the Council of Ministers is advised by the Food Aid Group. The Food Aid Group is composed of Member State representatives, of which some also serve on the Food Aid Committee. In principle, the Food Aid Group is more of a normative and policy-making character, while the Food Aid Committee is at the level of management and implementation by the Commission. However, the respective roles of the Food Aid Group of the Council and the Food Aid Committee established under Regulation n°1292/96 are not precisely spelled out. The Food Aid Group has no written mission statement. In practice, over the recent years, its mission was focused on the re-negotiation of the Food Aid Convention, and to the furthering of the relations with WFP. But, in concept, its role is wider and embraces for example consultation regarding the modification of the relevant Regulations (including 1292/96), if necessary. That being the case, there is no overlap in competencies between the Food Aid Group and the Food Aid Committee, but the roles are complementary. But since many of the representatives of the Member States are members of both Committees, roles and functions seem to be rather a continuum of each other.

Nevertheless, considering the normative and policy oriented functions of the Food Aid Group, one may think that issues currently being dealt with by the Food Aid Group could as well pertain to the domain of the Development Group to the Council.

There is a need to define more precisely the mandate and mission of the Food Aid Group in relation to the Development Group, as well as of the Food Aid Group in relation to the Food Security Committee.

### **2.4.1.4 RESAL**

In 1998, the EU created the European Food Security Network (RESAL ) to reinforce the capacity for analysis of the local food security situation and help in decision-making. The objective of RESAL can be summarised in four statements:

- strengthening of problem analysis and support to the decision-making process for food security activities and food aid deployment;
- assistance for food security formulation and implementation in priority countries;
- strengthening the implementation of EU food security interventions; and
- improving policy dialogue and co-ordination within the EU, with other donors, governments, NGOs and researchers in the field of food security strategies.

The network is based on European experts, residing in their home countries or regional centres, who – during short missions – train and support local experts in priority countries, supervise their work periodically, and participate in the formulation and implementation of food security policy studies. Networking is used to develop intersectoral approaches and debates on food security policies and strategies.

RESAL is currently active in all priority countries of Group I divided into nine zones as follows:

- Andes: Bolivia, Peru
- Bangladesh
- Caucasus and Central Asia: Armenia, Azerbaijan, Georgia, Kyrgyzstan, Tajikistan
- Central America: Honduras, Nicaragua
- Haiti
- Horn of Africa: Ethiopia, Yemen
- Madagascar
- Malawi, Mozambique
- Sahel: Burkina Faso, Cape Verde, Mauritania, Niger

According to one of the RESAL documents, its activities “follow the principles of complementarity, coherence and synergy with respect to:

- the EC's priorities and actions in fields and through different forms of financing affecting food security at national, regional and international level; and
- institutions, bodies and programmes in the beneficiary countries: governments, regional organisations, bilateral and multilateral development co-operation agencies, NGOs, etc."<sup>27</sup>

The nine teams, plus one for co-ordination, are mandated by the EC. Each zone team, in working towards the objectives summarised above, seeks active co-ordination with the EC. The co-ordination team is to:

- promote the sharing of knowledge and discussion of contributions from zone teams and requests from the EC;
- monitor changes in the international context that affect food security policies;
- process and circulate the information received, in particular on an interactive website; and
- educate, consult and mobilise national and international players by holding thematic conferences and seminars.

RESAL is further considered in Chapter 3 section 3.2.5.4

## 2.4.2 Financial allocations

### 2.4.2.1 Budget Lines

The Commission has access to three budget lines to finance food aid and food security projects. These are found under Chapter B7-20 of the general budget of the European Union.

- **Budget Line B7-200:** for products mobilised under the Food Aid Convention. It is credited with 151 million Euro each year;
- **Budget Line B7-201:** for other forms of aid such as products, support actions, early warning and stocking systems that are targeted at food security projects; and
- **Budget Line B7-202:** used to pay for costs incurred through transport, distribution and other logistical and implementation control measures, including technical assistance for these operations.

Table 10 illustrates a recent history of amounts in millions of Euro that the Budget Line has been worth.

**Table 10: The Evolution of Food Aid Budget Lines 1996 – 2000 (million Euro, initial credit commitment)**

Budget Line	Heading	1996	1997	1998	1999	2000
<b>B7-200</b>	Products mobilised under the Food Aid Convention	151.0	151.0	151.0	151.0	151.0
<b>B7-201</b>	Other aid in the form of products, support operations, early warning systems and storage	178.5	261.0	261.0	250.0	215.0
<b>B7-202</b>	Transport, distribution, flanking measures and measures to monitor implementation	201.4	118.0	118.0	104.0	96.1
<b>Chapter B7-20 Total</b>		<b>530.9</b>	<b>530.0</b>	<b>530.028</b>	<b>505.0</b>	<b>462.1</b>

Source: OJ, Final adoption of the general budget of the European Union for the financial years 1996 – 2000

Budget line B7-200 represents international commitments stemming from the agreements made under the Food Aid Convention. Therefore it is a compulsory expense for which the Council has the final say in the budget procedure. The other two lines are non-compulsory expenses for which the Parliament has the final say. It is not clear why there should be two different lines for projects supporting food security and for transport operations and logistical and control measures as actions under both lines are linked to global food security policies and no distinction is made in budget proposals to the Food Aid Committee.

<sup>27</sup> RESAL co-ordination: Progress report on the inception and activities of RESAL, Solagral, March 1999, p.4

<sup>28</sup> This was finally 578M Euro, including the complementary El Nino budget reinforcement.

### 2.4.2.2 Analysis of Financial Allocations

The analysis of financial allocations is best considered under two sub-headings these being the long-term trend of food aid flows and their regional allocation. This section uses information from recent ODI work, which has adapted EC food aid categories to bring them into line with current DAC definitions. This has not been without difficulties, as, according to one ODI study, Commission “data have been collected to meet internal administrative requirements rather than to facilitate an understanding of the development purposes of the aid” (ODI, 1999).

*The Long Term Trend:* Allocations for food aid and food security in the EC budget averaged 600 million Euro per annum during the period 1986-1989. This increased to 1,115 million Euro in 1992 as a consequence of food aid deliveries towards Central and Eastern Europe States (CEES) and the Newly Independent States (NIS). These allocations were provided from the European Agricultural Guidance and Guarantee Fund (EAGGF). However allocations fell to 505 million Euro for 1999. The integration of the low and lower-middle income CEEC and NIS countries in the 1996 Regulation corresponded with a reduction of food aid to the more traditional receivers (i.e. ACP and other Asian countries).

As a percentage of total EC Aid, total food aid declined from 20% in 1989 to 8.2% in 1998. This decline occurred before introduction of the 1996 Regulation as seen in Table 11. This table does not include the humanitarian food aid provided by ECHO, which is a reason for the apparent decline shown in 1993. Neither does the table include the food aid provided by the DG Agriculture, for example the 400 million Euro to the Russian Federation in 1998. With these not included, food aid over 1994-1998 averaged 8.2% of the total aid, with the figure 8.6% in 1994 and 8.2% in 1998. The regulation is not associated with any change in the share of food aid in total aid.

**Table 11: Food Aid as a % Share of Total EC Aid 1989-1998**

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Food aid as Share of Total EC Aid	20.5	22.8	17.1	16.9	10.8	8.6	11.0	7.9	5.5	8.2

Source: Cox/Koning; Commission

*Regional Allocations:* ACP countries were the major recipients of EC food aid during the past decade. (see Table 12). Within ACP countries, most aid is allocated to Ethiopia (almost a quarter of all ACP allocations), with Sudan, Mozambique, Rwanda and Angola as other major recipients. Within Asia, Bangladesh and the Democratic Republic of Korea receive the bulk of the aid allocations. In Latin America, most food aid in the last three years has been directed to Bolivia. In the Middle East, Egypt was a major recipient until 1995, but during the last four years, EC food aid to Egypt has almost ceased.

**Table 12: Allocation of EC food Aid by Main Region - 1989-1999 (in % of total food aid)**

Region	Year								
	1993	1994	1995	1996	1997	1998	1999	Average 1993-95	Average 1996-99
ACP Countries	51	60	46	44	47	37	47	51	44
Asia	10	11	15	15	19	25	16	12	19
Latin America	9	8	8	12	12	12	11	8	12
Mediterranean & Middle East	11	8	5	6	4	5	4	8	5
CEEC (Albania)	12	1	0	0	2	0	5	4	2
NIS	0	3	21	12	12	9	10	9	11
Unallocated	8	9	5	10	3	13	6	7	8
Total %	100	100	100	100	100	100	100	100	100

Source: Cox/Koning; European Commission

note: aid to CEEC and NIS has been considered only for countries eligible under the 1996 Regulation. Prior to 1996, food aid to these countries was given by DG Agriculture under the EAGGF. 1998 food aid to Russia has not been considered (see 1.1).

## 2.4.3 Implementing Procedures

### 2.4.3.1 Mobilising aid

The Commission can decide to attribute Community grants for activities that are not solely food produce *per se*. In this case funds are granted based on procedures agreed upon in the financing convention with the country or beneficiary organisation.

In the case of granting food aid in kind, the delivery of such aid has to follow the rules set out in Commission Regulation n°2519/97 of 16 December 1997 laying down “*general rules for the mobilisation of the products to be supplied under Council Regulation (EC) n 1292/96 as Community food aid*”<sup>29</sup>. This Regulation allows the Commission to purchase food produce directly, or to “*authorise international and non-governmental organisations that are beneficiaries of Community aid, to purchase and mobilise the products for use as aid supplies themselves*”. In this case, it sets out the modes and conditions that will be applied.

A new aspect which was introduced under Regulation n°1292/96, found also in the mobilisation procedures defined by regulation n°2519/97 above, is the real possibility that food product mobilisation may come from outside the European Community if sourced in the beneficiary or developing country. In theory this possibility existed already but was strictly controlled by the preceding Regulation n° 3972/86 of 22<sup>nd</sup>. December 1986, that limited this possibility to non-availability in the European market, to emergency situations, and to cases with a number of conditions linked to operational costs (Article 3). Thereafter, Article 11§1 of the 1996 regulation indicates that:

*“Product shall be mobilised on the Community market, in the recipient country or in one of the developing countries (listed in Annex) if possible one belonging to the same geographical region as the recipient country”*

The new regulations of the Commission relating to the mobilisation of aid (Regulation 2519/97) reiterate this and set out the specific implementation procedures. In this way, purchasing may be carried out via three different routes:

- Open invitation to tender;

<sup>29</sup> JO L 346 of 17.12.1997, p.23. This replaces Commission regulation n°2200/87 of 8 July 1987 which describes the general mobilisation modes of products for community food aid in the Community (JO L 204 of 27.07.1987, p.1).

- Restricted invitation to tender; and
- Direct offers (highly exceptional).

If the 'open' procedure is used in the Community setting (for open competition reasons), a more restricted invitation to tender is generally used outside the Community, or if in the case of emergencies (Art.24 of Regulation n°1292/96), and after a contract has been cancelled or terminated.

Consequently, the result of this procedure, is that in order to mobilise food produce outside the Community, a written invitation to tender must be submitted to at least three companies which have been previously recognised by the Commission (Art.6§3 of Regulation n°2519/97). Interesting features about this procedure include:

- The procedure restricts competitive tendering; and
- The administrative monitoring that is applied provides a way of simplifying and making the procedure more flexible.

The Commission's objective is to justify to the European tax payer that money is used in the best possible way, but not to guarantee the best possible competitive tender, as is the case in the European Market<sup>30</sup>. It appears that this re-orientation of purchasing allows greater freedom and is justified by the positive effects that local (and triangular) purchasing are expected to have for developing countries.

Apart from the possibility of purchasing products outside the Community under the Regulation of 1997, Regulation n°1292/96 broadens the possibilities, firstly given by Council Regulation n° 2508/88 of 4 August 1988, to use international or non-governmental organisations, through which aid transits, to mobilise food produce. Moreover, it clearly authorises the Commission to call upon a company or organisation, to participate in partial or complete food aid actions.

#### **2.4.3.2 Vade-mecum on Grant Management**

The main aim of this document, agreed in July 1999, was an attempt to harmonise and rationalise the procedures established between the Commission and its operational partners. It proposed that partner selection should be based on "calls for proposals" that clearly lay out the action that the Commission wishes to undertake. The only organisations that would be called upon would be those wishing to undertake projects that are coherent with Community projects. A committee made up of Community representatives would then appraise the projects that have been presented, calling upon external expertise if necessary. Standard forms for finance requests have been drawn up for this purpose to facilitate comparative analysis between different proposals. These guidelines define a set of criteria that allow projects to be chosen. They also describe the different stages to be followed by managers, from selection through appraisal to final project evaluation.

Insofar as the Food Aid and Food Security Unit has already elaborated strategies for food security for all its priority projects, these new guidelines reinforce the global *coherence* of actions undertaken by operational partners.

The Vade-mecum aims at setting sound and transparent standards for the management of Community funds. Other expected advantages are a higher degree of coherence and complementarity with the EC and Governmental strategies and a better use of comparative advantages of the non-profit making organisations. Possible drawbacks of these procedures might be delays in decision making as a consequence to respect the procedures and conditions, and raising the burden in financial and human resource terms for NGOs, especially those originating from developing countries. In fact more costs and efforts will be required to formulate a proposal with higher risk of rejection due to increased competition, thus increasing overhead costs of submitting.

Because the Vade-mecum was only agreed in 1999, it is too soon to determine in this evaluation whether the effectiveness and efficiency of NGO food aid will increase as a result of the 1996 Regulation.

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30 It is interesting to observe that the 1987 regulation regarding procedures concerning the mobilisation of food products didn't refer to open calls for tender but to an adjudication procedure, implying the systematic attribution to the best offer. Calling for tender authorises the introduction of qualitative criteria for deciding on offers

### 2.4.3.3 Role of the Service Commun Relex (SCR)

The Service Commun Relex (SCR) was created in 1997, but only became effective at the end of 1998. Again this is too recent to be able to assess results even though this coincided with the time when projects funded under the new regulation reached “full-speed”. While a certain amount of uncertainty was inevitable, it is important to put this into context.

The objective of the SCR<sup>31</sup> is to:

- Simplify and rationalise Community aid management;
- Increase procedure coherence;
- Ensure greater transparency;
- Achieve economies of scale.

Tasks that needed to be accomplished were therefore divided between different policy and operational units as stated in the Regulation:

*“The orientation functions and definition of policies are assured by the Relex DGs within the framework of their geographical competences. In this context, it is foreseen that they transfer to the Common Service financial, accountancy, contractual and legal aspects as well as the management of projects”.*

Problems identified at the time included:

- Understaffing;
- Project managers followed different procedures and reasoning without any formal harmonisation or clear task definition.

Such constraints became quite severe with respect to the Food Aid and Food Security Unit, with both *vertical* expertise (food aid), and *horizontal* expertise (global responsibility). Consequently, relations with SCR have been complex as the Directorates are organised by geographic location (Directorate A, B, C) while expertise is organised along transversal lines (Directorate C for example: *Afro-Caribbean countries - food aid – NGOs – Rehabilitation*). The entry point for food security, it was decided should be Unit C5 (*NGOs - food aid – demography – AIDS*) even if this meant a subsequent internal transfer to the relevant Directorate within SCR itself.

The names of all the different units and directorates illustrates the complex construction of this service, which seriously obstructs coherent and efficient project management and transparency. In early 1999, the Food Aid and Food Security Unit had problems with SCR that led to a number of procedural breakdowns including:

- SCR/D2 refusing to honour financial commitments of the Food Aid and Food Security Unit unless the lack of necessary human resources was resolved;
- late payments which caused negative repercussions in terms of cash-flow for NGOs and private suppliers of services which led to the reputation of the Commission being damaged;
- the risk of interruptions of technical assistance contracts.

The main causes of these breakdowns have been identified and can be summarised as follows:

- insufficient human resource, both in quantitative and qualitative terms;
- no clear rules on internal divisions of tasks;
- at the same time as SCR was created, instruments for food aid and food security were diversifying (direct/indirect aid; aid in-kind; financial support, etc);
- numerous internal technical problems such as harmonisation of IT project management tools.

Additional resources, in terms of time and personnel, were used to try to bridge the gap caused by these problems. It should be noted that both SCR/C5 and the food aid unit have aimed to rectify this situation so as avoid creating situations where these internal breakdowns hinder project implementation to the

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31 Created following a decision made by the Commission on 15 October 1997 (SEC(97)1813).

detriment of the beneficiaries. A recently signed note (11<sup>th</sup> February 2000) between DG DEV and SCR attempted to specify the distribution of tasks between the two units, with regard to food aid and food security.

The shortcomings of SCR are not specific for the food aid programme but part of a general problem. The Commission in its Communication of 16 May 2000 on the Reform of the Management of External Assistance identifies as main cause that growth in EC external assistance has outstripped the pace of administrative changes. More specific causes are:

- acute staff shortages that have had a direct and negative impact on the speediness and quality of EC aid delivery;
- overload that has weakened the Commission's proper financial and political control over the implementation of its aid;
- slow implementation and weak programming that have undermined the effectiveness of Community and management;
- dilution of responsibilities by fragmentation and instability of administrative structures.

In order to overcome these shortcomings the Commission has launched an ambitious plan to overhaul the management of external assistance programmes. The main objectives of this plan are to:

- reduce substantially the time taken to implement approved projects;
- make significant improvements in the quality and responsiveness of project management;
- ensure robust management procedures in line with best international standards;
- improve the impact and visibility of EU aid.

As the Reform has just been launched it obviously is too early to determine whether the various shortcomings have been sorted out. The plan, however, does provide some of the criteria for assessing performance in due course.



### **3. REVIEW AND ASSESSMENT**

This section deals with the review of Regulation n°1292/96 with respect to Relevance, Efficiency, Effectiveness, Impact and Sustainability. The special issue of Co-ordination, Coherence and Complementarity is dealt with at the end of this section in the context of the Regulation itself.

#### **3.1 RELEVANCE**

##### **3.1.1 Definition of the problem**

Defining 'food insecurity' depends on subjective values and norms. Views vary regarding the causes and origins of food insecurity. In broad terms, there are two main views of food insecurity:

- (1) A situation in which insufficient food is available at either the national, household or intra-household level; and
- (2) A socio-economic process that makes destitute the vulnerable, marginal and less powerful groups in a community or society, to a situation whereby the household or individual becomes or remains unable to secure sufficient food in order to satisfy physical nutrition requirement in a sustainable manner' (IOB, 1994).

While the first view considers food insecurity in a specific situation and at a certain moment in time, the second approaches it as one part of a broader process of change. The dynamics in this latter description are implicitly reflected by the term 'vulnerability', which deals with social status and the ways in which a position of little influence has effect on the ability to bring about change.

The perception of the problem is of utmost importance as it determines the intervention objectives, the strategies and hence the activities which are used to solve that problem.

While the first view has been dominant up until the mid-1980s, internationally the second view has been generally adopted post the 1980s. The World Food Summit in Rome in November 1996 concluded that the causes and consequences of food insecurity and poverty are inextricably linked. Food insecurity is a dimension of poverty and the manifestation of omnipresent, generic causes.

These causes can be summarised into three components:

- (1) Insufficient access to the factors of production and services which allow food production or ability to generate income to satisfy basic needs;
- (2) Insufficient power to make socially accepted claims to "healthy" food; and
- (3) Insufficient awareness or knowledge regarding the appropriate use of food.

These aspects are present at three levels: the national level, the household/family level and the intra-household level (vulnerable groups).

This approach to defining food insecurity is reflected in Regulation n°1292/96, as well as in the Food Aid Convention. However, it is not always perceived as such by the Governments of countries in food deficit.

### 3.1.2 Relevance of Policy

Relevance refers to the extent to which the programme addresses the problems identified and adheres to the objectives stated in Regulation n°1292/96.

The objectives of Regulation n°1292/96 are stated in terms of:

- The access to a healthy diet and access to foodstuffs;
- That food strategies should aim at alleviating poverty (p.1);
- Aspects of food availability (food production) (Article 1.3 (p.3)), as well as ‘enhancing and increasing purchasing power’;
- Empowerment, referring explicitly to vulnerable groups such as women;
- Helping to obtain a balanced diet, i.e. ‘knowledge and awareness’.

These objectives are clearly embedded in general considerations on the alleviation of poverty, the necessary condition for sustainable development and the specific role of women and men in the household economy and in the social structure.

With reference to the definition of the problem, the objectives are relevant although they are not exhaustive. For example, the Regulation does not refer to the importance of international relations and agreements. The elimination of market distortions caused by developed countries’ support policies can contribute to ensuring food security by stabilising markets.

This does not imply that the issue of international relations has not received some attention by the European Commission. The Commission’s position with respect to the WTO Marrakech Decision of 1994 has been constructive, while the publication of the Special Issue of the Courier “Food Security between State and market” (January/February 1998) has created a broad platform for discussing the issue.

Comparing the strategies with the problem of definition, an effective food security strategy must depend simultaneously on not only access to the means of production, resulting in higher productivity and/or incomes, but also an efficient operation of markets and subsequent equitable distribution of food. In consequence:

- There will be no automatic solution to problems of structural food security by merely increasing supply (by either food production or imports); and
- Economic growth alone will not ensure access for individuals and families to healthy food in sufficient quantities.

Improving food security implies increasing the purchasing power, preserving the entitlement of vulnerable groups, regulating power relations in local as well as international markets and increasing and sharing knowledge. Such measures should be well embedded in and supported by national policies. The EC instruments helping to implement these policies are selected according to the nature of the problems and the agreed policy to tackle them. The definition of food security strategies touching the main problems of food insecurity in the recipient countries and the existence of a long-term policy on food security are between the main criteria of EC food security policy.

Regulation n°1292/96 can be considered relevant *vis-à-vis* the strategies to which it implicitly pertains, in that it focuses on stimulating production, improving local market conditions and supports basic services, although it fractionally contributes to the political or international dimensions of reducing poverty.

### 3.1.3 National Programs

Chapter 2, Section 2.1.2 contains a complete list of countries that form part of Group I Priority Countries and Group II Countries in Crisis or Post-Crisis.

The objective of the European (?) Community is to restrict its actions to a limited number of countries to ensure increased effectiveness of aid and coherence with other instruments at the disposal of the Commission, such as Humanitarian Aid by ECHO on the one hand and the development instruments such as EDF on the other. Coherence is fulfilled by the adaptation of the appropriate instrument to the specific circumstance of the country.

For example, for Group I Priority Countries and Group II Crisis Countries, the following strategies can be applied:

**Group I Priority Countries**<sup>32</sup>: more structural actions oriented towards food security; limitation of food aid operations to exceptional cases (vulnerable groups).

**Group II Crises Countries**: food aid, rehabilitation and re-establishing agriculture as a major player in the economy<sup>33</sup>

Such orientation is welcome, but the absence of clear evidence as to how selection is arrived at raises the following questions about the choices made by the Commission with regard to the list (Groups I and II) and the juridical basis on which it relies. All the more so as no evidence was found of an official decision taken by the Food Aid Committee as to the initial establishment of the list. How were the countries chosen? Why are some countries included and others excluded? How does the lists relate to reducing poverty? As such, coherence could have been helped if the Member States were consulted on these points. This would also help ensure that co-ordination would be achieved.

General policy orientations of the Commission are defined in Country Strategy Programmes, which may explain changes in the choice of country and give the main categories of activities envisaged for the country concerned. These papers are submitted to, and discussed by, the Food Aid and Food Security Committee.

In the individual countries themselves the Commission does not systematically have a comprehensive development policy covering and integrating all the different Community activities. In many countries the Commission has formulated, together with the national authorities, a National Indicative Programme (NIP). These NIPs are linked to specific instruments, such as the EDF, under the Conventions of Lomé or TACIS. In some countries, such as Haiti, the NIPs are broader, as the Delegations have made an effort to cover all planned interventions in order to assure coherence and co-ordination of Commission policy at the national level. In other cases the NIPs remain restricted to the instrument they were intended for. In those cases, the different programmes appear to co-exist independently from each other. This was notably the case in Kyrgyzstan. The other countries visited can be placed somewhere in between these two cases.

#### 3.1.4 Instruments and Activities

The problem of food security lies at several levels, these being the national, household and intra-household levels. Regulation N° 1292/96 caters for this by providing three types of operations under three separate titles, i.e. food-aid operations; operations in support of food security; and, early-warning systems and storage programmes. These operations have been translated into a number of instruments according to four categories:

1. Food aid-in-kind;
2. Foreign currency;
3. Food security;
4. Others.

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32 According to a document provided by the Commission (no reference given), the actions initiated for the Group I countries are: support to sectoral reforms (financial and technical assistance within the framework of the Food Aid strategy), support for storage and food security reserves, support to food production, agro-industry and trade in food; limited food aid in-kind and strictly only if absolutely necessary; multi-annual programmes (3 years) as a priority.

33 According to the same document (op.cit), the crisis or post-crisis countries can otherwise receive seed, agricultural inputs, tools etc. and furthermore they can receive administrative support, Food/cash for Work programmes, storage and early warning systems.

Under the classifications in use by the Commission, early warning systems and storage programs have been included under the category of food security. The instruments can be used in different combinations adapted to the situation of the recipient country or organisation and to the nature of the problems identified.

In this section the contribution of each of these instruments to the achievement of the objectives of the Regulation (see section 2.2) is assessed.

### ***Food aid-in-kind***

Food aid in kind is given to a number of countries that may receive products selected from a positive list. These products may be mobilised on the Community market, in the recipient country, or in one of the developing countries (Art. 11). Besides food products this instrument also finances related costs, of which transportation is by far the most important.

Products supplied as food aid may be sold or distributed free of charge. In the case of the sale of products, the revenues obtained are used as counterpart funds, and applied to the implementation of short-term, multi-annual development projects, sectoral operations or development programmes, with priority being given to those projects, operations or programmes that promote sustainable long-term food production.

The delivery of food aid is relevant as it is intended to enhance food availability in the country concerned. Where food aid products are sold, the resultant counterpart funding may contribute to the achievement of long-term and short-term food security. In the case of free distribution of food, the result is improved access to food for households and a contribution to the improvement of intra-household food security, depending on the specific conditions of delivery.

With regard to the countries of the field study, food aid was delivered directly to Bangladesh and Liberia and indirectly to Bangladesh, Bolivia, Haiti, Liberia and Mozambique through the WFP and Euronaid.

Food aid in-kind is an expensive instrument, but it is justified in cases where there are no alternatives, such as in emergency situations where there is no effective government as was the case in Liberia, or in cases where aid in-kind has comparative advantages with regard to other types of aid in targeting special vulnerable groups. In this respect, it is interesting to observe a divergence of views between the EC, (along with several bilateral donors and CARE, using US food aid), and WFP in Bangladesh. The local FSU is aiming for the reduction and eventual elimination of the use of food aid-in-kind on the grounds of improved availability of food grains and well functioning markets, whereas WFP claims that food aid-in-kind continues to be a valid instrument to reach the poorest sections of the population. A more in-depth study would be required to settle the dispute or to define the most appropriate mix for that specific country. This discussion is to be extended to other countries that face similar circumstances.

### ***Foreign Currency Facility***

Article 12 of the Regulation allows Commission food aid to take the form of a Foreign Currency Facility. This facility is, however, restricted to those countries with economies that allow liberalised food imports. This facility is provided through private sector operators (preferably small and medium sized enterprises) who import food commodities from European markets or from eligible countries in the region. Such imports are intended to be consistent with the recipient country's policy and therefore avoiding a distortion of the national market. The type and origin of the commodities are regulated by the EC.

The Foreign Currency Facility has two distinct features:

1. The transfer of hard currency to the recipient country; and
2. The subsequent conversion of hard currency into local currency, constituting counterpart funds.

The utilisation of these counterpart funds in support of the public budget is defined in the first instance by Regulation n° 1292/96 and then is more precisely determined in a Memorandum of Understanding (MoU) agreed between the Commission and the beneficiary government.

The specific objectives of the foreign exchange instrument are relevant because it:

- involves the private sector in improving food availability through domestic markets, thereby, avoiding beneficiary governments offering food aid commodities on the national market at below import parity price;
- provides an incentive for the development of small and medium sized trading enterprises;
- creates additional demand at local and/or regional markets; and
- Provides counterpart funds for public sector budgeted initiatives aimed at improving food security.

The application of the foreign currency facility was assessed by the Evaluators in Bolivia, Kyrgyzstan and Mozambique. Although the facility also exists in Haiti, in practice it is non-operative.

The following was observed:

- Foreign exchange was not always made available in advance of purchase to the beneficiary country. Rather, based upon presentation of evidence, food import expenditure by the beneficiary country during a specified period served as proof of proper use of the facility. The facility itself was transferred in one or two tranches either before, after or during the period concerned;
- With exception of Mozambique (for 1996 and 1997), there were no restrictions on foreign exchange in the financial market. In principle, foreign currency was accessible through commercial banks, although the price of foreign currencies might have been rather high (high interest rates and exchange rate charges). The Foreign Exchange Currency Facility did not lead to the opening of special FOREX windows to import enterprises.

The rationale behind this facility is to have an instrument for enhancing food availability without the risk of local market distortions. In this respect the instrument is certainly relevant. Further it permits a dialogue with the recipient countries on the issues of food security. This could be of great importance if it helped the national authorities formulate and implement a national food security policy.

### ***Food security***

Operations in support of food security are intended to support, with the use of available resources, the framing and execution of a food strategy or other measures fostering the food security of the population concerned and encouraging a reduction in food aid dependency, especially in the case of low-income countries with serious food shortages. The operations must aim to improve the living standards of the poorest people in the country concerned (Art. 3).

Food security operations can take the form of technical and financial assistance. Activities that might be financed by this instrument include (Art. 5):

- the supply of seed, tools and inputs essential to the production of food crops;
- rural credit schemes targeted particularly at women;
- schemes to supply the population with drinking water;
- storage schemes at appropriate levels;
- operations concerning marketing, transportation, distribution and/or processing of agricultural and food products;
- measures in support of the private sector for commercial development at national, regional and international levels;
- applied research and field training;
- projects to develop the production of food crops while respecting the environment;
- improving awareness, technical assistance and field training operations, in particular for women and producers' organisations;

- projects to produce fertiliser for raw materials and basic materials found in the recipient countries;
- schemes to support local food-aid structures, including training schemes on the ground.

The list of activities is not exhaustive and may be enlarged. All activities mentioned contribute to one or more of the objectives of the Regulation and thus can be characterised as relevant. They cover the different levels of national, household and intra-household food security. They all focus on the structural solutions of the food security problem, and doing so, of poverty. It however neglects the possibilities of social activities and social safety nets, as does the Regulation, for vulnerable groups that might not be able to grasp the fruits of structural solutions.

Support actions have been assessed in all countries except for Kyrgyzstan.

### ***Others***

Under this category finance is provided for operations that do not contribute directly to the objectives of the Regulation. These operations are instrumental for DG Development in the preparation, implementation and monitoring of its activities, such as technical assistance to DG Development at country level through the in-country Food Security Units (FSU), monitoring and evaluation missions, RESAL, etc.

Food Security Units have an important role in the preparation, administration and monitoring of projects and programmes financed from the Food Security budget line. They have the technical expertise to deal with food security issues and they generally receive sufficient backing from the local delegations to build up their reputation among the national and international players.

With their presence outside of the delegation, they are often more flexible in using their resources, and therefore are able to respond to the most urgent and relevant needs. This has enhanced their position *vis-à-vis* their partners.

In cases where no formal FSU is established (e.g. Kyrgyzstan), the Technical Assistance personnel is placed in strategic positions in the implementing ministries. This may be the most effective solution in the short term, but in the long term, they will have to be brought under one roof.

The respective roles of FSUs *vis-à-vis* RESAL need to be clarified. Although co-ordination with local RESAL teams is usually good, there are no clear demarcation lines of competence and TORs.

### ***RESAL***

At a global level, RESAL is starting to emerge as a relevant tool. It places food security matters in the wider context of global developments and it contributes to the process of putting the food security debate among private and public organisations at a global level; in other words, it contributes in placing the topic onto the policy agenda.

At the regional/country level, the performance is mixed, but relevance remains high in all countries visited by the evaluation team. The contributions to (national) debates and to the formulation of National Food Security Policies are appreciated by all partners. The technical level and presentation of reports is usually high.

Where a RESAL team only covers one country, there is sometimes a risk of treating issues in isolation (e.g. Haiti), whereas the regional focus is useful in analysing the impact of certain (national) policies on neighbouring countries (e.g. Malawi and Mozambique).

## **3.2 EFFICIENCY**

### **3.2.1 Definition and Methodology**

Efficiency refers to the relation between activities and the results of the intervention. It is the realisation of the intervention in relation to the resources (financial, time, human resources) applied and available. The choice of instruments is also considered under this section.

Efficiency can be considered at different levels, although for this evaluation only two levels were examined, these being:

- Operational and managerial efficiency of the aid as made available by the Commission;
- Execution of projects and programmes in country.

*Operational and Managerial Efficiency:* This is important not only for the assessment of cost effectiveness of a project, but also for its efficiency. Timely availability of funds, goods and human resources, of the right quality, are important determinants for the success, or failure, of a project. The rate of efficiency is reflected in the level of execution of the different allocations.

*Efficiency at Country Level:* This is tied-in with the overall operational and managerial efficiency of the above. It concerns the management of the individual interventions themselves that this current evaluation concentrates upon. Efficiency at project level is often used as circumstantial evidence, but should be subject to regular monitoring.

### **3.2.2 Operational and Management Practices**

#### *Introduction*

Decision-making and related operational practices are very complex. For programmes in the field of food aid and food security policy, the instruments differ with regard to decision-making. In terms of how an intervention is operationalised, five stages can be distinguished:

- Allocation;
- Commitment;
- Disbursement;
- Expenditure;
- Accounting.

*Allocation:* At the time of allocation, a proportion of the available budget is reserved for a programme or project. While this can be done on specific terms, many allocations have a general character and specific objectives are specified at a later stage. This is the case for “promissory notes” made to national governments or general allocations to international organisations, the NGO-programme and Euronaid.

*Commitments:* These are decisions made for a specific allocation. One allocation can give rise to several commitments, while on the other hand commitments can be defined as including several allocations.

*Disbursements:* These concern transfers from the allocated fund to the spending party. At this point, money is transferred out of the Commission’s treasury.

*Expenditures:* These are the effective payments for such items as salaries, purchase of goods and services by the implementing agent. They can be made in advance of the receipt of disbursements, in the case of reimbursable costs, or after receipt of the disbursement, when project financing takes place on the basis of advance payments.

*Accounting:* This refers to the periodical financial reporting on expenditures, which is often a prerequisite for the disbursement of subsequent instalments.

### **3.2.3 Links Between the Stages, Lines of Responsibility and Disbursement**

*Links:* The link between different stages is sometimes difficult to illustrate, as they are managed by different parties. Allocations, for example, are decided by the Commission. Proposals exceeding 2 million EURO need prior approval from the Food Aid and Food Security Committee, projects smaller than 250,000 EURO are decided by DG Development. The decisions are laid down in Official Letters to recipient governments or Financing Conventions with international organisations and Euronaid. In the case of cash projects for NGOs the Commission decides upon a block allocation for which NGOs can introduce project proposals.

After the exchange of Official Letters, specific commitments are discussed and agreed upon between the national government and the EC delegation responsible for that country. These agreements are laid out in MOUs, often supported by financial proposals detailing the cost by activity. This practice of signing the Official Letter in advance of project identification is different from most other programmes for which the financing decision comes at the very end of the appraisal process and is an important cause of observed delays in implementation during the field studies.

Block allocations are split up in contracts with individual NGOs according to the submission and approval of project proposals.

*Delays:* There are often considerable delays between allocation and actual commitment. These delays are partially as a result of the complex procedures that are internal to the EC. These procedures are presently under consideration under the recently launched programme of reform of the management of external assistance. Some delays are caused by lengthy negotiation on conditionalities and their implementation. Finally, delays occur as negotiations and agreements are postponed because of political situations becoming unstable in the recipient countries.

*Disbursement:* After the exchange of Official Letters and the signing of contracts, the files are transferred to the SCR that is in charge of the implementation of the programme and projects. Disbursements stemming from different contracts and commitments are the responsibility of the SCR. This attribution of tasks follows the 1998 reorganisation of the services of the Commission. During the field studies severe delays in disbursements and implementation of contracts have been observed.

*Lines of Responsibility:* Prior to the reorganisation in 1998, conceptualisation and execution of food aid and its programmes in support of food security were both carried out by the Food Security Unit of DG VIII. After the reorganisation these two tasks were separated. While executive powers were assigned to SCR, the Food Security Unit was charged with the responsibility of food aid programmes in countries that were previously managed by DG I. As a consequence of this, there is a widespread feeling that the newly created services within SCR are not staffed sufficiently to meet this new task. Other units preserved their status and maintained their staff at more or less the same level as before.

### **3.2.3 Difference of procedures between programmes and budget lines**

The Commission finances a large number of programmes and projects from a multitude of sources, of which the food aid programme is but one. This has served to complicate the management of development aid, as there are important difference between the various sources of this finance.

Delegations of the Commission play an important role in the co-ordination of the different programmes. However, their responsibilities differ widely. While in some cases they have executive powers for financing and monitoring projects, in other cases their role is more of an informative and advisory nature, involving channelling communication between Headquarters in Brussels and Government.

Local delegations, rather than Headquarters, tend to be better placed to monitor ongoing programmes due to their accumulated experience and knowledge. Devolution of powers to the delegations, accompanied by the necessary reinforcement of staff, should be considered. This, in fact, is one of the topics of the recently issued Communication on the Reform of the management of external assistance.

Many countries, including in-country implementing agencies, such as NGOs, obtain support from programmes from several instruments and budget lines. Efficiency is seriously hampered by differences in procedures for disbursing, procurement, auditing, reporting, monitoring and evaluation between the instruments and budget lines, and it is acknowledged that the present situation is confusing. There is ample scope for simplifying these rules and procedures. In Haiti, for example, consultation was undertaken with NGOs which receive funds from several different budget lines, for example, some NGOs are executing projects financed by ECHO and some financed by budget lines for rehabilitation, some co-financed with food security - each financing source with its own rules and procedures. Efforts are being made by the Commission to find a solution to these problems, as evidenced by their issuing of the Vade-mecum on grant management and guidelines for obtaining grants by NGOs from the food security programme.



### 3.2.4 Disbursement Performance

Disbursement often lags behind allocations with considerable unspent amounts from previous years still in the budget. These unutilised funds consist of outstanding commitments for activities that have extended over several years, unspent funds as a result of over-budgeting in previous years due to lower than expected expenditure or slower than planned implementation.

The appropriations of the food aid and Food Security Programmes can be reallocated for activities that extend over several years. After a number of years, assuming a constant average duration of activities, commitment and payment, appropriations might be expected to balance out, while the amount of outstanding commitments becomes constant. Variations that may occur only stem from changes in the amounts of the appropriations.

In reality there is a growing amount of unspent committed funds, which continues to accumulate as appropriations for payments, i.e. the expected disbursement for both current and previous commitments, are systematically lower than appropriations for commitments. In 1999, for example, commitment appropriations amounted to 505 million Euro, against 380 million Euro for payments.<sup>34</sup> If executed as planned this would imply an increase of the amount for outstanding commitments by 125 million Euro.

In the general budget for the year 2000 the commitment appropriations for food aid and support operations have been reduced to 462.1 million Euro. In the same time payment appropriations for the current and previous year together have been reduced to 366 million Euro. This still leaves an excess of commitments over payments of 96.1 million Euro.<sup>35</sup>

There is chronic under-spending of commitment appropriations. For the year 2000, total outstanding commitments and new appropriations together amount to 2,077 million Euro, or four-and-half times the commitment appropriations for the year 2000. Assuming that payments appropriations pledged in 1999 (380 million Euro) have actually been realised as foreseen, and that the same will be true for 2000 (366 million Euro), there will still remain 1,332 million Euro of outstanding commitments by the end of the year 2000.

At the time of writing (Oct. 2000) the Commission is making efforts to speed up payments. Payment appropriations of 1999 and 2000 are reported to have been practically exhausted and a supplementary credit of 72 million Euro for the year 2000 has been requested. This brings the total of payment appropriations at 438 million Euro, thus approaching, but still not reaching, the amount of commitment appropriations and the amount of unspent previous commitments at some 1,200 million Euro.

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34 OJ-L39 of 12.2.1999

35 OJ-L40 of 14.2.2000

**Table 13: Appropriations and outstanding commitments 1996-2000**

	1996	1997	1998	1999	2000
Commitment appropriations	530.9	530.0	530.0	505.0	462.1
Previous year commitments	591.9	530.9	530.0	530.0	505.0
Outstanding previous year commitments	719.0	819.6	870.5	913.3	1,110.2
<b>Total available commitments</b>	<b>1841.8</b>	<b>1880.5</b>	<b>1930.5</b>	<b>1948.3</b>	<b>2077.3</b>
<i>Payment appropriations</i>	<i>415.0</i>	<i>409.5</i>	<i>370.5</i>	<i>380.0</i>	<i>366.0</i>

Source: OJ, Final adoption of the general budget of the European Union for the financial years 1996 - 2000

The increasing amount of outstanding commitments and the lagging behind of payment appropriations with regard to commitment appropriations is striking, the more so as the available budgets since 1996, which include CEEC and NIS countries, have always been lower than the budgets before 1996, without these countries.

A key finding is that implementation and absorptive capacity of the Commission and beneficiary countries have been overestimated. It is only since 1999 that the Commission seems able to speed-up slightly the disbursement pattern or to reallocate money in a timely fashion. Long negotiation procedures between the Commission and the recipient countries and long administrative procedures and political instability within the recipient countries contribute to further delays. Feedback mechanisms are insufficient to prevent new allocations being made, before effective implementation of previous ones have reached acceptable target levels.

During the field studies problems of absorption have been found especially in Bolivia and Haiti. In the case of Bolivia, four consecutive allocations of the foreign currency facility had been made, totalling 75 million Euro, of which only one third was effectively utilised by the end of 1999. Part of the problem is caused by the extensive involvement of local communities, which takes initially more time to finalise project proposals. Delays might become less in future when the programmes arrive at maturity.

In Haiti, problems are evident as well. On the first hand disbursements of the larger part of the 1997 allocation were postponed as one of the conditionalities, the introduction of an import tax on specified food items, that was agreed upon with the government, was rejected by Parliament. Once this obstacle was overcome, financing proposals had not yet been finalised and initial identification of some projects proved unfeasible, forcing the reallocation of money. However, this reallocation is still under discussion and progress is seriously hampered by political turmoil in the country.

There are positive examples as well. Disbursement levels in Kyrgyzstan, a country included in the programme since 1996 only, are acceptable to good. Some improvements are possible in better following the budget cycle of the recipient country, but the overall picture is good. Most programmes are sector support programmes or budget support, which can be characterised as quick disbursing money.

Sector support programmes are easier to implement quickly and for the speeding up of spending rhythm. Projects targeted to disadvantaged groups take more time to formulate and implement. Project identification and implementation speed should take this into account right from the beginning of the project cycle.

In future, outstanding commitments may decrease as a result of new budgetary rules preventing unlimited carryover of committed amounts to following years. In cases where implementation does not start before the pre-defined expiry date, the commitment lapses and funds are returned to the Budget Line. This could occur in Haiti, where MoUs have not yet been signed, and as a result, several allocations are due to expire during the course of 2000.

Cancelling allocations diminishes the amount of outstanding commitments, and gives the impression of improved execution of the budget while the appropriations remain the same. This would conceal the inability to spend the money in a timely fashion and have the effect of retro-actively diminishing the so-called commitments. However this prompts the question as to what is the point of making new commitments when previous commitments are not only outstanding but also increasing year by year.

### 3.2.5 Efficiency of instruments

#### 3.2.5.1 Food Aid

##### *Direct Aid*

Direct aid-in-kind has strongly diminished since the adoption of the Regulation. This is a logical consequence of the conclusions drawn by the *Joint Evaluation of European Union Programme Food Aid* by ODI in 1996. This study highlighted the high costs and losses incurred by this type of aid. The shift from aid-in-kind to the foreign currency facility and operations in support of food security is a logical one permitting the avoidance of these high costs and giving more flexibility to the programmes to respond to the real needs and expectations of the beneficiaries.

Aid-in-kind may consist of foodstuffs, of which cereals are the most important, or can be used for the supply of seed, fertilisers, tools and other inputs and commodities (Art. 2.3). According to the Regulation seed, tools and inputs essential for the production of food crops can be supplied under the instrument of operations in support of food security as well (Art. 5).

While aid-in-kind was the dominant form of aid prior to 1996, corresponding to 85%-90% of total allocations, its importance rapidly declined since then to an expected 31% in 2000 (see 2.3.5.1), the larger part of which will be channelled through WFP. The number of countries receiving such aid has correspondingly diminished. During the period under review the countries having directly received aid-in-kind in the form of cereals are Angola, Azerbaijan, Bangladesh, Burkina Faso, Ethiopia, Korea (Democratic Republic), Malawi, and Niger. Tools and inputs were delivered to Angola, Korea, Liberia and Madagascar. For the year 2000 direct aid-in-kind is foreseen only for Bangladesh<sup>36</sup>.

Direct aid-in-kind was given to two countries in the sample for country case studies, Bangladesh and Liberia. In Mozambique, a large receiver of cereals before 1996, and in Bolivia, aid-in-kind has been replaced by other forms of aid. Liberia, as a Group II country, is not a permanent receiver of assistance under the food aid and food security programme and food aid is expected to be phased out in the coming years. Bangladesh still receives food aid but volumes are declining and gradually being replaced by aid-in-cash.

Operations in Bangladesh and Liberia are channelled through WFP and NGOs. Costs of operations could not be exactly assessed during the limited time available for the country evaluations. It is important for such information to be readily available and frequently monitored. For Bangladesh these costs were assessed by the former ODI study and currently available information confirmed that the conclusion drawn by that study on costs and leakages are still valid.

Staffing of the food security units in both countries is insufficient for timely preparation of proposals and proper monitoring of ongoing programmes. As Bangladesh is some 10% of the whole programme this is of major significance. Another important cause of delays is associated with the shortage of human resources in SCR and the excessive carefulness in the administration of contracts. In Liberia lack of clear training for both NGO and Commission staff in the use of budget lines has hampered the introduction of more innovative projects.

In Bangladesh all food products originated from European countries. In Liberia, most tools were bought under triangular purchase arrangements. This not only improved the speed of delivery, but also ensured that inputs appropriate to the region were procured. However, the new requirements of Regulation 2519/97 had the effect of discouraging the purchase of small quantities, thereby undermining the very efficiency the NGO approach was to have brought with it<sup>37</sup>. It is recommended that these rules are reviewed and where possible, streamlined in order to enhance the efficiency of the channel.

##### *Indirect Aid*

Besides direct supply, aid-in-kind is channelled through international organisations as WFP and NGOs through their intermediary organisation Euronaid.

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<sup>36</sup> In the course of the year countries in the Horn of Africa, initially not foreseen, have been added.

<sup>37</sup> The requirements of Regulation 2519/97 that have to be met by the providers of food and other eligible products are suited for European markets but often cannot be met by traders from developing countries.

## WFP

A number of changes within the WFP are aimed at increasing its general efficiency since the beginning of the 1990s. Operational decision making has been decentralised, through the use of regional headquarters. Each group of countries has a Task Force that provides technical assistance to the elaboration of country programmes and Country Strategies by the local WFP offices. All programmes are agreed upon with the recipient Governments, while internal coherence with the programmes of other members of the UN system is secured through the United Nations Development Assistance Framework (UNDAF) initiative.

At policy level, the WFP started an innovation process through the Food Aid and Development Task Force (FAAD) which in particular is supposed to focus on the most efficient and effective manner of implementing policies. The Development Programme is being revised; its contents are laid down in the document 'Enabling Environment'<sup>38</sup>.

In the case of food deliveries on behalf of the EC, the overall efficiency of the interventions depends on both the efficiency of WFP and the EC. It takes the EC (both ECHO and DG DEV) on average 5½ months to get the food to the port of departure or approximately 6 to the port of destination. This is a relatively long time compared to 3-4 months for deliveries by the US and 2 months for most European bilateral donors.

In cases where the EC lets WFP procure the food commodities, there have been serious delays in the approval process, which may take between 8-12 months. The percentage of approvals has increased since the introduction of "priority countries" by the EC. But even if there is agreement on a country, the EC may refuse to assist certain population groups (or refugees) in a particular country. Delays unavoidably involve inefficiencies. For example, the EC requires detailed budgeting for operational costs. Since delays are substantial, these provisional costs are obsolete at the time of implementation. Cost schedules in this type of operation have a short shelf-time (about 60 days), since commodity prices change on the world market and transportation costs are a function of opportunities and situations.

Since WFP implements operations financed by several donors, and with food commodities provided by different sources, it is almost impossible to determine the efficiency of the EC contributions *vis a vis* contributions by others in a particular country. The level of aggregation of the data available in WFP field offices in Liberia, Bolivia and Bangladesh did not allow a swift analysis of this kind. In principle, the recipient country is the 'owner' of the country strategy. So, if for example 30,000 million tonnes of food is required, it does not matter whether the donor is A, B, or C or a combination thereof. To a certain extent, food is fungible. This indicates the need to evaluate WFP operations as a whole if its achievements are to be assessed.

## Euroaid

*Purchasing Arrangements:* Aid-in-kind to NGOs is channelled through Euroaid, which can be responsible for either purchase and logistical support in the case of local and triangular purchases, or for logistical arrangements when products are mobilised from the European Community market. In the latter case purchases, in general undertaken by a tendering process, are carried out by DG Agriculture.

*Synchronisation of Activities and Budgetary Constraints:* The large number of actors involved (DG Dev, SCR, DG Agriculture, Euroaid, recipient NGOs) makes procurement of food and other commodities very complicated. Sound planning and programming becomes problematic because there is no management body overseeing the whole chain of transactions and the multitude of actors, each of whom have their own rules and procedures. This leads to an accumulation of delays. Synchronisation of activities becomes particularly difficult when products are sourced from different origins and are then subsequently handled by different agents. In Haiti, for example, an NGO left with the responsibility of a school feeding programme failed to deliver complete ratios composed of five products at the same time. Delivery of products was erratic and failed to respect the school calendar. Irregular and unpredictable rhythm of supplies had also caused budgetary constraints. Deliveries took place over a period of two years instead of the one year budgeted for and the organisation now faces

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38 The EC participated in discussion groups and joined the presentation seminar in May 1999. The report was also presented to the EU Food Aid Group.

considerable costs as it has to maintain its logistical apparatus while only partly being reimbursed by the Commission.

Euronaïd is an interesting channel based on its extensive know-how and experience and can effectively contribute to efficient programme execution. The requirements of Regulation 2519/97, the desire of the Commission to achieve greater efficiency and economies of scale through large orders and the pressure from DG Agriculture to group orders and tender them on the European market reduce the flexibility and all tend to induce delays. To solve these problems more attention should be paid to the needs of the recipient organisation. Possible higher costs of acquisition might well be paid of by increased efficiency in the field and greater effectiveness of aid. The Commission is in the process of solving part of the problem by transferring to the NGO the responsibility for direct purchase of inputs. The effectiveness of this could be evaluated in due course.

### **3.2.5.2 Foreign Currency Facility**

The Foreign Currency Facility consists of two main activities, these being:

1. Transfer of hard currency to the recipient country; and
2. Conversion thereof into local currency, constituting the counterpart funds. The utilisation of these counterpart funds is determined by the Regulation and more precisely defined in the MOU agreed upon between the EC and the recipient government.

The predecessor of the Foreign Currency Facility was a system of generating counterpart funds through the monetisation of food aid-in-kind. This system has been heavily criticised, however, because of high transaction costs.

This section is restricted to the analysis of the first activity i.e. the transfer of hard currency. The efficiency in the use of the counterpart funds will be dealt with in the next sections.

The utilisation of the facility is tied in with a number of conditions and preferences. It is a general condition that the facility is used for the purchase of eligible products (mainly food and food products) from the European market or from eligible countries. To a certain extent this list of eligible products coincides with those products for which food aid agreements already exist in the context of the Food Aid Convention.

Besides general conditions, the instrument may be bound to country specific conditions that envisage the cohesion with other programmes of structural adjustment or specific activities to be carried out in defining or implementing food security policies.

In practice, complying with these conditions is not always straightforward. In the case of Haiti, for example, such conditions could not be fulfilled at all as Parliament rejected the proposal on tax reform including the condition of EC aid of the introduction of an import tax on rice and sugar. The origin of product eligibility criteria has caused problems in a number of cases, for example, in Bolivia, Kyrgyzstan and Mozambique. Eligibility criteria are a source of potential inefficiency in value for money terms. In summary the following illustrates some of the key problems:

- In Bolivia, traders import food mainly from non-eligible countries, such as Argentina and Brazil; in order to comply with the providing evidence of kind and origin of the imports, products and origin have been classified 'other';
- It was also seen that Bolivia keeps foreign exchange in special accounts without converting to the local currency;
- In Mozambique, staple food products such as rice, are imported from Asian markets;
- Complying with the financial procedures established due to reforms in the financial sector (1997) has not been easy for Mozambique;
- In Kyrgyzstan food is often imported from countries of the Former Soviet Union.

In the four countries with a Foreign Currency Facility, only 41% of allocated funds were disbursed between 1996 and 1999 with delays often exceeding one year. This was due to:

- Conditionalities not being fulfilled (e.g. Haiti);

- Long time-lags between approval of the allocation and the approval of the MoU and/or the signing of the Official Letter (as in the case of Mozambique, Bolivia); and
- Slowness in the processing of transfer requests.

In Kyrgyzstan the transfer of funds was more regular and took place in the year after the one in which the allocation was decided upon. Efficiency could be enhanced further by transferring the money early in the budgetary year, when the Ministry of Finance can facilitate the necessary credits for budget execution.

### **3.2.5.3 Operations in support of food security**

#### *Direct Aid*

Direct aid to operations in support of food security was encountered in all countries visited except Kyrgyzstan. The activity financed under this heading is usually executed through governments and governmental bodies or entrusted to a third party such as multi-lateral agencies (e.g. FAO) or NGOs.

Delays between allocation and implementation have also been seen with this modality. In many cases the decision to allocate is made in general terms without specific ideas on how to spend the money. Specific commitments to programme and projects based on these allocations are laid down in MoUs. When taken together with the general conditions of grant access, this can lead to protracted negotiations in advance of the MoU being signed. During this process project proposals may lose appropriateness and require redefinition.

Problems of shortage of human resources and excessive carefulness in administration, as in the case of food aid, were encountered here as well. In Bangladesh and Mozambique staff vacancies persisted during several months, putting an increased work burden on the remaining staff or delaying operations.

In all countries long delays are reported in the formulation and approval of MoUs and project proposals. In this respect both parties, the EC and the recipients, bear part of the responsibility. Whilst the larger portion of responsibility can be put on the side of the EC in Bangladesh and Mozambique, in Bolivia internal rules of the recipient country are identified as an important source of delay

#### *Indirect Aid*

*Identification of NGOs:* In the case of the NGO Programme, Delegations of the Commission monitor NGO activity in their area and encourage them to draw up financial proposals, up to a specified, but indicative, amount allocated for the country.

*Project preparation:* The experiences here are mixed. Technical and financial proposals are often prepared in close collaboration with the Country Delegation or local Food Security Unit. After preparation, proposals are submitted to the Food Security Unit in Headquarters in Brussels. Considerable delays in approving the projects have been reported for the cases in Mozambique and Liberia, while proposals from Haiti were considered within time. A sound knowledge of rules and procedures by Commission staff and the early involvement of Desk Staff, albeit in an informal way, during the preparation phase appear to have been crucial determinants in making timely decisions. Lack of clear training for both NGO and Commission staff in the use of budget lines hampered the introduction of more innovative projects.

*Project Approval and Disbursement Delays:* While project approval is the responsibility of DG Development, contract execution is the responsibility of SCR. Major problems have been reported in contract execution, the most important being delays in disbursement. These delays prejudice against local NGOs who often do not have financial means to pre-finance large sums over extended periods of time.

Contracts with NGOs specify acceptable delay parameters, but in many cases these delays are not respected. Often, due to these delays, recipients are unable to respect the planning cycle of the projects, thereby jeopardising the assignment. Agreed “investments” are postponed as payments that are meant to be advances are in fact being used to cover already spent operational expenditures. This leads to the postponement of other investments in view of the perceived need to reserve money for future operational expenditures, such as for salaries.

Lack of funds may lead to temporary interruption of activities, followed by a difficult and costly re-launch once funds arrive. In Haiti several local NGOs have been close to bankruptcy and had to delay or shut down the majority of activities.

*Banks:* Not all delays can be attributed to the Commission. In several cases, banks have deliberately or inadvertently delayed transfers. However, no attempt is made by the Commission to prevent the banks from doing so, while the banks themselves are careful enough not to cause the same levels of delay for transfers between EC institutions for fear of losing an important client. It would be appropriate under the circumstances for the EC to request from the banks the same zeal for transfers to third parties, especially in developing countries, as for those to EC institutions in those countries.

*Expenditures:* With regard to expenditure, NGOs seem to display high levels of efficiency. Disbursements are carried out in an efficient way with staff regularly available in the project area and in contact with the beneficiary population. However, overheads are often relatively large in comparison to the number of beneficiaries or level of investment. More in-depth analysis might be considered to appraise relative efficiency of NGOs compared to traditional projects of commercially executed activities.

*Duration of Contracts with NGOs:* Many NGOs undertake activities that yield a result only after several years. The stipulated period of three years as a maximum is often too short, and early closure can impact negatively both the efficiency and effectiveness of projects that sensibly require more time. The possibility of extending projects is not a solution, as this is neither guaranteed nor do the administrative procedures of the Commission allow, *de facto*, a smooth continuation of the project. Activities are invariably interrupted. In addition the three years permitted is often not enough to fully justify the purchase of necessary equipment and thus unavoidably leads to its inefficient use<sup>39</sup>.

*Synchronisation of Activities:* Special problems arise when a NGO plans a project with both an aid-in-kind and an aid-in-cash component. This has to be treated as two different proposals, subjected to completely different procedures. While the NGO gets a direct contract for the aid-in-cash component, the aid-in-kind is channelled through Euronaid. At the NGO conference in March 2000, NGOs complained that money and food that had been planned to be spent simultaneously rarely arrived together. This negatively affected proper project management and tarnished the names of the NGO and the EC when projects were severely delayed or even cancelled.

### **3.2.5.4 Technical assistance**

#### *Food Security Units*

FSUs are generally capable and well equipped, but Technical Assistance staff tends to spend an inordinate amount of time in the administration of the project funds. Although training in EC procedures and fund administration is occasionally available, FSU staff makes insufficient use of this possibility.

In most countries FSUs carry out regular (and sometimes unannounced) visits to projects and programmes. However, there is no standard reporting format or follow-up procedure and the results of these monitoring efforts are therefore mixed. More use could be made of local staff to carry out this monitoring function.

#### *RESAL*

With RESAL, the EC has created a new tool. To make an assessment of its efficiency, two questions are asked: (i) what is the relation between the results and the resources used; and (ii) are these resources used in the best possible way?

To find an answer to the first question, the total cost of the RESAL operations would have to be related to the number and quality of the reports, seminars and other products. However, faced with the limited information available to the mission, it is not possible to reach a definitive conclusion on this topic. Given the large quantity of products, efficiency seems high, but extensive use of European expertise

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39 The NGO, of course, might use effectively for other purposes afterwards.

and the establishment (and maintenance) of offices at a global, regional and local level comes at a high cost.

Much of the information now flowing to Brussels through the RESAL network is already available from other sources. RESAL brings this information together, analyses it and relates it to EC priorities and programmes. Further added value lies in the focus of the reporting on particular subjects and the embedding of this information in the EC policies and approach to food security. As such RESAL has strengthened the analytical capacities of the EC.

The question however remains, does the EC need a separate tool for this work? It could be envisaged that either the local FSUs of the Delegations of the Commission are strengthened to add this type of work to their responsibilities, at least the parts concerning their specific country. In fact, it is noted that the respective roles of the RESAL team and the local FSUs are often closely related, especially when RESAL is involved in the preparation and monitoring of programmes and projects.

Where it concerns primary information (information gathered by RESAL through surveys and interviews), the value added is clearly higher. Unfortunately, it is here that the focus of the research is sometimes lacking. For example, the research in Haiti seemed more related to the expertise of the consultants than to the priorities of the RESAL programme.

In general there is close co-operation with local EC Food Security Units and the EC Delegations, but uncertainties exist as to the respective roles and responsibilities of these institutions. The (possible) role of RESAL in operational matters is unclear, which may lead to duplication with Delegations' tasks and conflicts of competence. The position of RESAL *vis-à-vis* the FSUs has to be defined more clearly. Contacts and collaboration with local staff could also be improved.

### **3.3 EFFECTIVENESS**

Effectiveness concerns the relationship between the Results (immediate outputs) of the project and the Project Purpose (referred to in the Logical Framework terminology). It is the assessment of the extent to which the project results have contributed towards the achievement of the project purpose.

#### **3.3.1 Food Security Policies**

This section presents findings at the country level with respect to food security policies and outlines the degree of commonality amongst them.

*Country Policy on Food Security:* An important criteria to allow food aid to be allocated to a country is the existence in that country of a long-term policy on food security<sup>40</sup>. All Group I Priority Countries visited for this Evaluation have a long-term policy on food security in place. Liberia, a Group II country, does not have such a policy. Food security plans might not be deemed necessary for Group II Crisis Countries, because of the nature of their food security difficulties, ie: some are of a temporal nature. In all countries (including Liberia) are the Delegations of the Commission actively engaged in policy dialogues in order to set up or improve this policy framework.

*Individual Characteristics:* The different policies of the countries visited reflect the varying character of the food security problem within each country. In all of them, however, it can be said that several ministries as well as the private sector and civil societies are involved with alleviating the problem and the link with poverty is on the whole accepted. In Bangladesh, Bolivia and Mozambique, the national food security policy is embedded in the broader policies which aim at poverty reduction. In general, the FSUs are well aware of the importance of integrating food security assistance into poverty reduction strategies, and in their interactions with Ministries and key agencies (including other donors), they carry out this message. It is also an important consideration in the design of new projects.

*Focus of Food Security Policy:* All the food security policies include agricultural production. The supply side objective of food security of promoting national production is clearly present in all national programmes.

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40 Council Regulation 1292/96 Article 2.2



*Macro-economic Growth:* All policies pay attention to the problem of macro-economic growth. The relationship of food security with poverty, unemployment and lack of income generating activities is generally recognised. Food security programmes as a result of policy, are placed in the broader context of aiming at macro-economic stability and economic growth.

*Targeting the Poorest:* Programmes aimed at structural solutions to the food security problem do not generally target the poorest nor the most vulnerable of the population. In fact, people who benefit directly from economic growth and better employment opportunities are, in general, those who are not so disadvantaged, having at least access to such things as land and labour. The poorest and most vulnerable people are often women, small children, elderly people and the disabled, who have very few alternatives and options to respond to opportunities thrown up by a livelihood-production strategy or by economic development. It is they who may be entirely neglected.

National Food Security Programmes react in various ways to the problems outlined above. In Kyrgyzstan, for example, the Commission provides support to the Ministry of Labour and Social Affairs, itself responsible for the country's social security programme. The food security policy is thus incorporated into a national strategy of social security. In other countries, such as Bolivia, the problems of malnutrition among vulnerable groups is well recognised, although strategy remains largely only a well-intentioned document, as no national funds were made available for implementation and the poverty alleviation and Food Security Programme lacked mutual coherence. In Bangladesh, the government has recently finalised its National Food Security Policy, and the links between food security and poverty alleviation are clear and organic. Much attention is paid to the problems of (functionally) landless people.

From the countries sampled it can be stated that the new Regulation is effective in promoting the formulation and implementation of national food security policies. When the initiative is explicitly given to the national authorities ownership of these programmes might be considered high.

### **3.3.2 The Instruments**

#### **3.3.2.1 Food Aid**

##### ***Direct aid***

As shown in section 2.3.5.2, food aid-in-kind has strongly declined after the adoption of the Regulation. This reflects the limited relevance of this instrument in most countries. In fact, large parts of the food aid-in-kind have been given as programme food aid, which was sold on the markets by the recipient governments. Prior evaluations have demonstrated the limited relevance of this instrument as it largely serves as balance of payments support. This has generally financed imports that would have taken place in any case and therefore has generally not added to the supply available for consumption<sup>41</sup>. This conclusion has been reinforced over time by the gradual liberalisation of many economies, which has improved the availability of foreign exchange to the private sector and thus the possibilities of additional, commercial imports.

The sale of programme food aid generates counterpart funds. These funds can be used for the implementation of development projects, operations or programmes with a preference for those that promote sustainable long-term food production and food security in the recipient country. In this case the food aid instrument can be considered to have an indirect relevance to food security.

The role of food aid-in-kind has strongly diminished. Programme aid was very susceptible to delays during the different stages, from delivery through monetisation to the use of counterpart funds. Large falls in currency value during this process can be incurred. The Council Regulation created or enhanced other instruments, such as the foreign currency facility and operations in support of food security, that are generally more efficient in reaching the same goals as programme food aid.

Rather than being sold, food aid-in-kind can be distributed free to the final beneficiaries. This is the case in Bangladesh, where food is distributed directly to the beneficiaries. Here, food aid-in-kind increases availability of food at the household level. Intra-household access to food is achieved when the programmes and projects aim at specific groups such as women, children, elderly and disabled people. This food aid programme is nevertheless under discussion as large food aid in kind in 1998/9

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41 ODI, Joint Evaluation of European Union Programme Food Aid, p.43

after the floods appeared to have a depressive effect with prices in March/April 1999 below the pre-flood prices. There is a tendency to change from a grain-oriented to a broader income-oriented policy, for which the foreign currency facility appears more appropriate.

### ***Indirect aid***

Food aid by NGOs is mostly distributed amongst the final beneficiaries either free or against some effort in return, as in the case of food for work programmes. As such this kind of food aid reinforces national and household food-security. Depending on the specific objectives and activities of the programmes intra-household food security might improve as well.

As in the case of direct food aid, the importance of indirect food aid is decreasing. Here, too, there is a tendency from grain-oriented to income-oriented projects for which aid-in-cash is more appropriate.

As shown in table 1.9 food aid allocations to agricultural production projects and disaster and emergency projects have increased to the detriment of income-generating and of public health and nutrition projects. The change to production projects reflects the general policy of favouring structural solutions rather than reinforcing access to food that has predominantly an alleviating character. The increase of disaster and emergency projects to the detriment of income generating projects, however, is surprising. It is explained by a correlation between the two, where income generating projects are converted into emergency projects in case of droughts and crises and vice versa in better times<sup>42</sup>.

### ***Origin of products***

The 1996 Regulation has been welcomed as reinforcing the possibilities of local and triangular purchases. The origin of products is indicated in Article 11 of the Regulation that states: *"Products shall be mobilised on the Community market, in the recipient country or in one of the developing countries (listed in Annex) if possible one belonging to the same geographical region as the recipient country"*. In the considerations the Council states that *"..it is necessary to continue to support regional approaches to food security, including local purchasing operations.."*, that *"policies conducted in the file of food security should be given a regional dimension in order to foster trade in foodstuffs and promote integration;"* and that *"the purchase of foodstuffs at local level reduces inefficiency, costs and damage to the environment..."*. These statements appear favourable for the promotion of local and triangular purchases.

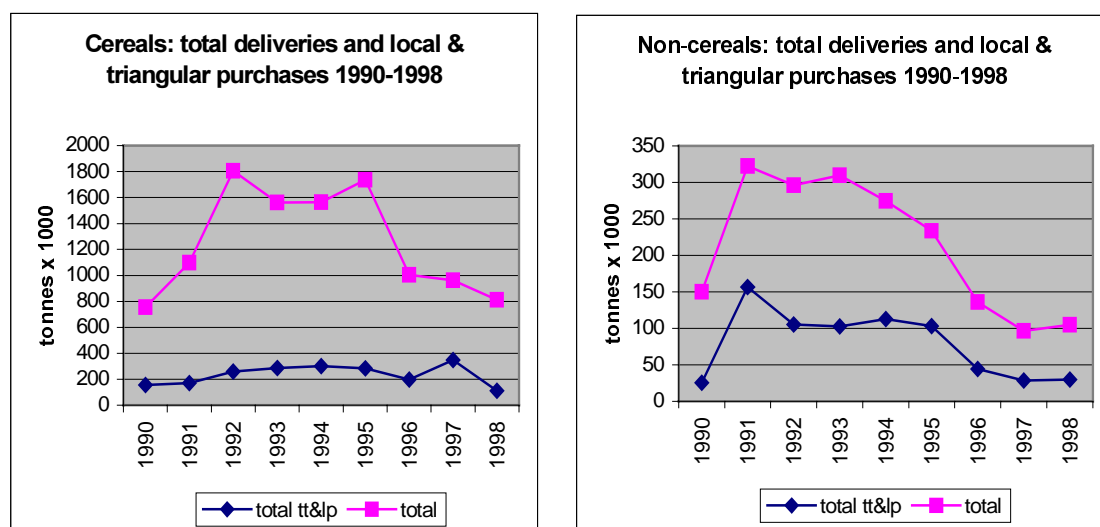
The evaluation team received figures on food aid in cereals from WFP Interfais. These concern all European food aid and not only the aid from the food aid and food security programme. Figures concerning only the food aid and food security programme were not available within the Commission. According to the figures of WFP Interfais, local purchases and triangular transactions of all EC food aid deliveries did increase until 1995, but declined between 1995 and 1998<sup>43</sup> together with the general decline in food aid deliveries.

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42 Euronaid, Review of NGO Food Projects 1996-999, p. 23

43 Figures for 1999 have not been taken into account because of their provisional character and the distortion of the trends by the massive food aid to Russia.

Figure: Development of total food deliveries and local purchases (LP) & triangular transactions (TT) 1990-1998



Source: WFP Interfaix

WFP itself is an important channel of EC food aid, of which 75% is in cash. The greater part of WFP resources is still provided as commodities (USA, Canada, Australia, etc). WFP spends more than half of its cash budget on local purchases and triangular transactions. It is WFP's opinion that EC cash contributions have been effective in promoting local and triangular purchases. However, besides purchases by WFP, the food aid and food security programme itself did not result in increased local and triangular transactions. In direct food aid, local and triangular purchases are limited. In fact, food aid in kind has strongly diminished. In 1999 the main recipients of direct food aid were Bangladesh and North Korea. The indicative planning for 2000 only includes Bangladesh. Commitments of both years concern cereals originating from Europe.

As for NGOs, local and triangular purchases have diminished. The share of local and triangular purchases handled by Euronaid fell from 70% in 1996 to 55% in 1999, while the share of purchases on the European market rose from 30% in 1996 to 45% in 1999. According to Euronaid, the main reasons for this are:

- (1) the (almost automatic) priority given by the EC (SCR) to European purchases, and
- (2) the requirements of Regulation 2519/97 that have to be met by the providers of food and other eligible products.

These requirements are suited for European markets but often cannot be met by traders from developing countries<sup>44</sup>. Another phenomenon signalled by beneficiary organisations is the tendency to group small orders, formerly directly purchased by them, to permit tendering on the European market.

**Table 14: Origin of indirect food aid through Euronaid 1996-1999 (in Million Euro)**

	1996		1997		1998		1999	
<b>EC purchases</b>	20.0	30%	25.0	49%	24.5	40%	30.2	45%
<b>Local purchases</b>	28.7	43%	14.4	28%	26.3	43%	25.2	38%
<b>Triangular purchases</b>	18.0	27%	11.7	23%	11.0	18%	11.1	17%
<b>Unspecified</b>	0.7	n.a.	0.7	n.a.	0.7	n.a.	4.7	n.a.
<b>Total purchases</b>	<b>67.4</b>	<b>100%</b>	<b>51.8</b>	<b>100%</b>	<b>62.5</b>	<b>100%</b>	<b>71.2</b>	<b>100%</b>
<i>Memory item: PMS</i>	3.7		2.0		1.9		2.0	
<i>Total Euronaid</i>	71.1		53.8		64.4		73.2	

note: 'unspecified' mainly consists of ongoing operations, of which the origin of products has not been taken into account in the calculation of percentages.

Source: Euronaid, March 2000, p. 18

### 3.3.2.2 The Foreign Currency Facility

The Foreign Currency Facility facilitates the import of eligible goods from European markets or other eligible countries through better availability of foreign currency. Use of the facility has to be proven by invoices of eligible products imported during a specified period.

Budgetary aid such as the foreign currency facility is highly fungible. Although the Foreign Currency Facility is bound to the purchase of eligible goods, without in-depth econometric analysis it cannot be established with certainty that availability of such goods increases in relation to this aid<sup>45</sup>. The production of import invoices is not sufficient proof. However, supply of additional food may be likely as the facility is generally provided to Low-Income Food Deficit Countries with a high marginal propensity to import foods.

In general, there undoubtedly is an effect on the balance-of-payments, but not necessarily on the trade balance. The improvement of the balance-of-payments generally helps stabilise the economy, while in the case of Bolivia unspent balances have been seen to form part of the national reserves and hence support the national currency, while the foreign exchange itself could be auctioned and used to establish an exchange rate. This exchange rate guides the rate used by the commercial banks. A direct link to food imports however is difficult to establish.

Indirect effects did appear. In all countries with this facility that were visited, there now is an officially adopted food security policy and its execution is under preparation or implementation. The foreign currency facility has served as leverage to intensify the policy dialogue with the recipient governments.

A secondary objective of the foreign currency facility is the promotion of small and medium-sized private operators. The facility has not been effective in encouraging the involvement of small and medium size importers in the food market. The exception is Mozambique, where the domestic food market was regulated by the public sector in the past and abandoned during the period of civil war. Recently a special credit facility has been established which is aimed at directly enhancing the presence of small and medium traders. For the other countries food imports are totally liberalised and there is no direct link between this aid and traders.

In short it may be concluded that the impact of the foreign currency facility on food security is limited or negligible in a direct way but potentially significant in an indirect way as in the above examples.

### 3.3.2.3 Operations in support of food security

This instrument covers a large variety of projects, both under the form of direct aid and indirect aid. On the one hand it comprises projects aimed at institutional support and the formulation of national and

<sup>45</sup> The same applies on other forms of aid as well. Even in the case of food aid-in-kind the expected additionality may disappear as a consequence of substitution effects.

sectoral policy and on the other hand small-scale projects for micro-realizations. A substantial part of the budget is given in the form of budget aid under the condition of sectoral reforms. The objective is to provide for an effective policy to find structural and sustainable solutions for the problem of food insecurity in countries where the governments often have to cope with day-to-day problems. Food assistance may directly lead to improved food availability, but as in the case of the foreign currency facility, additionality of imports or increased local availability is difficult to assess. The measures, in fact, aim at long-term structural improvements in the situation of food security.

The general impression is good. Most projects have attained their planned objectives. On a number of occasion results were less successful than expected, as was the case in Haiti where political instability has not only delayed the speed of implementation of projects but also negatively affected project outcomes. Implementation of a national food security strategy becomes cumbersome when necessary political acts cannot be adopted through lack of a functioning parliament. In Liberia, effectiveness was reduced by the limited availability and presence of effective partners for implementation (government agencies and NGOs).

Funding of activities aimed at policy formulation and strengthening of institutions generally achieved the set objectives or was on the way to doing so. All countries visited now have a food security policy and for those countries that already had one, their policy has been revised and actualised. In Mozambique the National Directorate of Internal Commerce is being restructured, whilst in Bolivia the devolution of responsibilities to municipalities contributed to the development of their executive capacity.

Productive projects contribute to the increase of production and income. The effect is best perceived at the level of the beneficiaries. At a national level the effects are limited, as most projects are too small to have national impact.

Increased production and income is not always directly reflected in improved food security. In Bangladesh in some cases improvement in living standards was reported, however this improvement did not necessarily include short-term dietary effects but rather addressed more immediate poverty issues. In Bolivia and Haiti the increase of production did not always result in a corresponding increase in income because of problems with marketing and declining prices.

Projects can be executed through government agencies or by international organisation and NGOs. While government agencies are usually best equipped to address food security issues at national and possibly at household level, NGOs may be better equipped to bring about changes at the intra-household level.

#### **3.3.2.4 Others**

##### *Food Security Units*

In most countries the FSU is placed outside of the EU Delegation, which highlights their technical and advisory functions. However, this also puts them in an institutional vacuum, since all decisions pertaining to their operations have to be referred to either the Delegation or to Brussels. In addition, since most of the personnel contracted to fill these units have a technical rather than an administrative background, frequent delays occur because of their unfamiliarity with EC procedures.

In emergency situations (e.g. Liberia), the Technical Assistance individual spends his time almost exclusively on administrative and organisational issues. This may be unavoidable in a country where the government and its administration has virtually ceased to exist, but it means he is unable to concentrate on the more important issues of policy development and long term planning.

## RESAL

In general RESAL has made useful contributions to the food security programme. Gathering of data and subsequent analysis has strengthened the analytical capacity of the EU and the recipient countries. In-depth studies such as those on WTO and food security and on international trade contribute to further EC policy formulation. In all studied countries RESAL plays an important role in the formulation and operation of the national food security policies.

As single consultants drive most of the work, there is a risk that analysis in the different countries is not participative, and that continuity is dependent on the availability of the same (European or local) consultant (often freelance) for consecutive missions and contracts.

### 3.3.3 Monitoring and Evaluation

The Commission has a number of systems at its disposal for the regular monitoring of activities. For the food security programmes these are:

- mid-term and final reviews, essentially focused at programmes of budget support before each new instalment;
- monitoring missions by independent experts;
- monitoring by the Delegations and the country food security units;
- work in progress by RESAL;
- audits.

Most of these tools concern the monitoring of activities. Monitoring of results was less developed in the countries visited. While most programmes, especially the larger ones, regularly undergo a mid-term and final review, there were few comprehensive external evaluations available for projects that were examined by this Evaluation Team. This is partly due to the rather recent nature of the programme, especially in Haïti and Kyrgyzstan, but also to a lack of appropriate provisions in the programme itself. At present, RESAL is working on the implementation of a monitoring system that will focus on the results of the programme.

*Variable Quality:* Monitoring is of variable quality and not always systematically applied. Objectively verifiable indicators as indicated in many project logical frameworks are, regularly, of a formalistic character and lack ability to clearly assess effects and impacts. Quantitative effects and impacts of programmes on food security and poverty are difficult to assess in the main, as measurements are mainly of an indirect nature. Appropriate assessment requires regular monitoring and a baseline study to start from. Baseline studies however are rare, and most appraisals are of a qualitative character lacking appropriate reliable and verifiable data.

## 3.4 IMPACT

### 3.4.1 Impact on the Food Sector

Regulation n°1292/96 came into effect in 1996, and the first series of projects, even if approved in that year, would only have effectively started in 1997. In fact many started later as a result of time-lags caused by administrative procedures and the negotiation processes to which all allocations are submitted. Many activities have started only recently or have yet to start. As a consequence little impact can be attributed to these interventions yet, although this may become more apparent over time as the programmes progress.

National food security policies are being formulated or reactivated and are intended to lead to positive policy measures, and subsequently, corresponding interventions.

In some countries visited there is a lack of a comprehensive understanding of the food security problem which results in subsequent failure to address the real bottlenecks. In Kyrgyzstan, for example, there is little understanding about the market forces and the changes that occurred after the collapse of the

Soviet system. In Haiti, political instability and physical insecurity jeopardises efforts to market food products.

Overall the EC food aid and food security policy is intended to guide recipient governments in formulating long-term policies to tackle the structural causes of food insecurity, whilst at the same time embedding food insecurity in the context of the problem of poverty. This closely coincides with the perspectives and views of other donors, especially WB and IMF, in this field.

Programmes and projects defined under this programme fit well into this policy. Most interventions will not produce immediate results as they aim at more structural solutions in the long-term. The programme is considered potentially a positive contribution to the achievement of those structural solutions. A possible risk, that may negatively affect the expected results, are the problems of execution described above.

### **3.4.2 Access to Food at National, Household and Intra-Household Levels**

This section examines whether access to food has been improved at the national, household and intra-household levels by taking each of these in turn. The evidence is based on the results of the six country studies. Outcomes are of an indicative nature only as many programmes are still under implementation.

*National Level:* It is too early to assess whether the access of food at national level has been increased. The larger interventions are, in general, in their early stages, while, for the smaller interventions, any impact will not be significant. A major problem in assessing the impact at the national level is the lack of reliable baseline data and in several countries (Haiti, Liberia) agricultural statistics are lacking or simply incomplete.

Within liberalised economies there is always an *ex-post* balance between supply and demand. This balance partly reflects consumption by self-producers and excludes almost entirely the needs of people who do not have the capacity to purchase, as their needs are not translated into demand. Insufficient quality of food, as a consequence of an inability to buy, is also not taken into account. The absence of baseline studies and better monitoring systems, including improvement of statistics, limits effective assessment of the impact of the programmes, and also fails to provide guidance for new policies and programmes.

Many interventions concern budget support and institutional strengthening, of which the effects on food security and production are very indirect and complex, and the Commission's contribution often being a minor part of a larger programme.

*Household Level:* Increased productivity levels are expected to have a positive impact on food security at the household level once projects mature. Some socially directed projects do indeed have a positive effect, but impact is of a limited nature as projects have a finite life.

*Intra-Household Level:* Impact at the intra-household level is more difficult to assess with few projects paying attention to this aspect at all. Most projects indeed, have a tendency to reproduce existing relationships with the assumption that through the effect of "trickle-down" benefits might eventually filter to all people in society. It has been reported that for extremely poor and vulnerable groups, who are unable to participate in productive processes and therefore cannot be part of interventions of a more structural character in solving the food insecurity dilemma, no improvement in access is seen.

### **3.4.3 Alleviation and Reduction of Poverty**

Limited data are available on the impact that projects may have on the alleviation or reduction of poverty. Many projects indicate that their intervention will contribute to improved income, but most have not, so far, reached a stage where this can be demonstrated. The absence of good baseline studies and adequate monitoring make it difficult to establish the degree of impact.

While many projects assume congruency between the improvement of production and the increase in income, several cases have been found where such a straightforward relationship is doubtful. While production increases might lead to food security, they do not necessarily lead to better incomes where marketing prospects are limited, for example as is the case in Bolivia or Haiti. For Bolivia it was furthermore observed that financial rewards might be offset by additional financial inputs, limiting positive impact still further.

#### **3.4.4 RESAL**

It is too early to give a full assessment of the impact of RESAL activities based on the products to date and judged against the objectives of RESAL listed in Chapter 2. Contribution to policy definition and implementation by the EC in Brussels and the comparative data produced by the network are highly appreciated. One area that seems to receive little attention is the training of local staff and institutions, which may be an area that can be highly beneficial for future EC country operations.

As with any multi-annual operation, the EC may wish to consider an evaluation of RESAL in about two years.

### **3.5 SUSTAINABILITY**

#### **3.5.1 Economic and Financial Sustainability**

An important part of the Food Aid Programme is budgetary support and institutional strengthening. Institutional strengthening translates itself into more efficient operating institutions with the sustainability of these actions depending on the way the results are embedded within the organisational structure and procedures.

Budgetary support for financing parts of the operational budget is a highly fungible form of aid. Assuming that it finances expenditures which the government would have financed anyhow, it frees government resources to be used elsewhere. The question of sustainability, therefore, only applies to the whole budget and cannot be approached as an intervention measure. Budget support, therefore, is closely linked to general structural adjustment programmes to secure future financing needs of government.

Apart from budget support for financing operational costs of the national budget, equipment purchases and operational costs of semi-autonomous institutions have also been met. In these cases, financial sustainability is not regularly taken into account. In the case of Bolivia, for example, it is not clear how PASA will be financed once the Commission assistance is withdrawn. And in Haiti, the provision of a budget for operational expenditure for the departmental offices of the Ministry of Agriculture remains uncertain.

With the exception of Bolivia, economic and financial feasibility studies for investment projects have not been systematically carried out. In Liberia no cost-benefit analyses were made at all on projects funded.

With NGOs, economic and financial feasibility analyses have not always been made. Where it has been undertaken results are positive. In most cases, however, the analysis is made from the point of view of the beneficiary without taking into account the implicit or explicit subsidies granted to them, such as general overheads and (expatriate) technical assistance.

#### **3.5.2 Institutional and Management Capacity**

Institutional and management capacity varies throughout delivery of the programme. Where it is poor this is reflected in delays in project implementation. The formulation and approval of projects, financed by allocated funds is often time consuming. In some cases, as in Haiti, the volume of aid allocated exceeds absorptive capacity.

The implementing agencies are, in general, capable of managing the projects they are responsible for. Once projects are finished however, the capacity of government or other institutions is not always of sufficient quality to consolidate efforts secured up until that point.

The institutional and management capacity of most NGOs is good however, as activities are proposed for financing and carried out within their capacity to do so. On the other hand expanding activities are often limited for the same reason.



## 3.6 SPECIAL ISSUES

### 3.6.1 Gender

Since most projects and programmes financed from the Food Aid and Food Security budget line affect individual households, issues of gender are important to review. There are two ways that the gender issue has been reviewed, namely:

- the attention paid to the subject during project design; and
- the effects of interventions on gender, irrespective of the objectives as formally stated in the projects.

#### *Project Design*

Most project design documents that the evaluators were able to review did not contain specific references to gender issues. Given the nature of the projects this budget line is dealing with, this can be seen as an important omission. Even in projects aimed specifically at women (like most of the projects in Bangladesh), the gender issue is wider and should have included an analysis of the changes in the social and economic status it may bring of men and women. In project proposals where gender is described, it is mostly stated that the project does not have a specific gender perspective or that the project is gender neutral. In some cases women are automatically assumed to benefit from the project.

Projects and programmes are implemented within specific socio-cultural settings that, by definition, are not gender neutral. When neutrality is claimed, it does not mean that men and women benefit equally from the activities but that they do not or that there is no negative alteration in the existing situation. As a consequence the project, at best, maintains the *status quo*.

#### *Project implementation*

Most programmes and projects affect, directly or indirectly, the position of men and women, but these are seldom thoroughly reviewed. During this evaluation no impact studies or baseline surveys were found to make conclusions on the impact on gender, except for Kyrgyzstan where statistical data on the social security system allow for gender analysis. Monitoring and evaluation systems rarely focus on them and the effects are often difficult to come to terms with as they are seldom stated in the project objectives.

In fact, changes in gender relations are seldom a project aim and are therefore often unexpected or unintended. In this respect many agricultural projects might well have a negative impact on the balance of responsibilities and labour between men and women as the beneficiaries are, generally, owners. The NGO Sugar Cane Mill Project in Haiti, for example, will assist a limited number of millers, offering more and better milling facilities, but will simultaneously increase the dependency of small farmers and trading women on the smaller number of better equipped millers.

Structural adjustment programmes including the introduction or reform of the tax system may lead to changes in relative prices that may affect expenditures on individual and household levels. An example of this is the general introduction of a VAT of 20% in Kyrgyzstan, including essential consumer food, without an assessment of its impact having been carried out.

In Bangladesh, projects are generally aimed at women. Greater freedom of women in the rural areas was evidenced as a side-effect of some earlier evaluations of development projects. Positive effects for women were observed in income generating projects but at the (unintended) expense of increasing the female workload. Targeting takes place under the assumptions of ensuring an optimal use of the additional resources that become available to the family. Many questions remain however. Is the assumption true? What are the consequences for poor men? How do these project influence the relative positions of men and women? These questions are not being addressed adequately yet.

### 3.6.2 Coordination, Coherence And Complementarity

This section deals with co-ordination, coherence and complementarity at the level of the Regulation (ie the little “c’s”) and not at the broader level of political co-ordination, coherence and complementarity of interested parties (the larger “C’s”). This section deals in turn with each of these.

The ‘three C’s’ interact at various levels and in many different forms, through a wide array of instruments and arrangements. The concepts are, to a large extent, interconnected.

Concerning food aid and food security, the most important international arrangements involve the Food Aid Convention, WTO, FAO and WFP.

#### 3.6.2.1 Coordination

At the international level, the term co-ordination has two dimensions:

- Co-ordination initiated and guided by government in the recipient country aimed at matching the various aid flows with the national development priorities and strategies;
- Co-ordination among aid agents and organisations in order to avoid overlap, duplications, and contradictory efforts. It is aimed at streamlining and mutually reinforcing interventions.

The complexity and heterogeneity of the various recipient countries, and their different circumstances (post-crisis, structural food deficiencies etc.) make it impossible to make generic comments on co-ordination mechanisms. In all countries with external programmes, the Delegations of the Commission co-ordinate efforts with the recipient governments. In many, but not all, countries the recipient government co-ordinates aid flows.

In all countries there is regular contact between donors and aid agencies, either under the presidency of the recipient government or organised by themselves. In most cases this produces good results. In Kyrgyzstan, where only few Member States have opened an Embassy, co-ordination takes place through regular meetings of the responsible officers of the main donor projects.

The local Food Security Units play an important role in this donor co-ordination. In fact, it is one of their functions to co-ordinate food security actions with other donors (including other EC funds) and with the national government and NGOs (pivotal in Bolivia, developing in Haiti). The performance in this area is satisfactory, although variable from country to country. Clearly, in countries with a large EC food security budget, other partners are more willing to listen and co-operate (e.g. Bangladesh and Bolivia), but much seems to depend on interpersonal relations.

Co-ordination among donor countries, inter-governmental organisations and international financing institutions is organised through various forums, such as the Paris-Consultative Groups and UNDP country offices.

The largest donor of food aid is the United States of America that provides its food aid uniquely in kind. The European Union and the United States are attempting to co-ordinate their food security programmes in the framework of the Transatlantic Initiative. Under this umbrella, created in December 1995, the EC and the US Agency for International Development (USAID) created the EU-US Food Security Co-ordination Programme which is aimed at the mutual strengthening of their food security policies and the co-ordination of their respective programmes of development-oriented use of food aid. The agreement calls for annual high-level consultations as well as working-level meetings.

A particular case of international co-ordination is the relationship with the World Food Programme (WFP). WFP is the main international channel for food aid underpinned by the Food Aid Convention. Contributions to WFP, either in cash, commodities or services, are voluntary and come from donor nations, inter-governmental bodies (such as the EU), corporations and even individuals. EC and Community Member States provide over 40% (1997) of the total resources of WFP. Since the EC is the second most important donor to WFP, the decisions taken on budget allocations by EC DEV are of fundamental importance to WFP. In fact, this goes beyond the co-ordination level: EC is the donor and takes its corresponding decisions, while WFP is the recipient of these decisions.

Although there are mutual representations and presence of EC in the WFP Executive Board, it has been reported that since 1997 only sporadic joint reflection has taken place between EC and WFP on how best the mutual co-operation could be. WFP reported a lack of direct contact between WFP and EC on

administrative and procedural requirements and a need is felt for shaping joint policies and programmes.

Co-ordination does take place at country level. At country level, there are consultations between EC, WFP and the recipient government, as well as in the context of all kind of *fora* of donors. Some countries operate Food Aid Co-ordination Groups.

Another important co-ordination mechanism operates through FAO, who organise regular meetings of the Committee on World Food Security. The role of FAO in food security originates in the FAO Consultative Sub-Committee on Surplus Disposal, established in 1955, and whose first function was to monitor food aid. FAO operates, together with IFAD, the ACC Network on Rural Development and Food Security, which is a co-ordination instrument of the multilateral organisations for the follow-up to the World Food Summit recommendations. It operates through two informal mechanisms: (i) at the country level, in the form of thematic groups, which are co-ordinated by the UN Resident Co-ordinator system, and (ii) at the level of the secretariats of the 20 participating organisations. The network is operated by FAO and IFAD, in close co-ordination with WFP. At present there are about 40 national thematic groups, composed to different degrees of representatives from UN organisations, bilateral donors, governments and CSOs, which address country specific problems related to the Summit recommendations. The initiative of these groups currently comes primarily from UN organisations rather than developing countries.

The FAO is further in charge of the Food Insecurity and Vulnerable Information Mapping System (FIVIMS) as a consequence of the recommendation of the World Food Summit to further develop existing food security relevant information systems into comprehensive systems of the FIVIMS type at national and global levels. FIVIMS is defined as “any system or network of systems the assembles, analyses and disseminates information about people who are food insecure or at risk – who they are, where they are located and why they are food insecure or vulnerable” (FAO 1998 p.13). Such systems should help, at the national level, governments and civil society organisations (CSOs) to improve policy formulation and programme development. National information is to be fed periodically into a global system in order to monitor the attainment of Summit goals.

National FIVIMS activities build on existing information systems, e.g.:

- Agricultural information systems
- Health information systems
- Land, water and climate information systems
- Early warning systems
- Household food and nutrition security information systems
- Market information systems
- Vulnerability assessment and mapping systems (a system supported particularly by WFP in many countries for the purpose of the efficient use of food)

To strengthen its own capacities of information gathering and analysis the EC has created its own network, RESAL. Co-ordination between RESAL and FIVISM has been established to reinforce the link between global monitoring of the world food situation and the community activities.

There are also regional intergovernmental arrangements with a food security focus, such as the Comité Inter-Etats de Lutte Contre la Secheresse dans le Sahel (CILSS) and the Southern African Development Community (SADC). In both areas, regional Early Warning Systems operate.

### 3.6.2.2 Coherence

#### *Coherence in General Policy*

The term coherence refers to the relationship between the various aspects of international and national policy and activities and donor aid mechanisms for realising those policies. One of the most controversial areas is that between trade policy and aid policy.

*Common Agricultural Policy:* The European Union still has a policy of trade conditions, internal agricultural support and export subsidies which are detrimental for developing countries. Both internal support and export subsidies have a suppressing effect on world market prices. Subsidies have a direct price effect while internal support has an indirect effect through the increase of production above levels that would have been achieved without such measures. Exporting developing countries lose because they receive less for their product than would have been the case without these measures. A famous example of this was the export of (subsidised) frozen beef to Western-Africa before the devaluation of the Franc CFA, which hampered the exports from neighbouring countries. Net-importing countries lose out as well, as subsidised prices of imported products may form an additional burden for the promotion of local production and raises their need of foreign currency.

Other measures concern conditions with regard to quality, environmental impact and food safety, which, although logical from an European point of view, might be difficult to comply with by developing countries. This makes it difficult for them to penetrate European markets and thus suppress possible production increases. It also can hamper local purchases and triangular transactions of make it difficult for traders in those countries to subscribe on tenders for food deliveries. Banking conditions can be difficult to comply with as well, for example the obligation of a tendering guarantee as spelled out in article 8 of Regulation 2519/97, in countries with a deficient or excessively costly banking system.

While subsidies and special trade conditions are being diminished or removed in the context of WTO negotiations, there still is no coherence between the agricultural and trade policies at the one hand and development policies at the other hand.

*Lomé Convention:* Several conventions exist to determine the relationship between the EU and recipient countries. One of the best known is the series of Lomé Conventions which concern the relationship between the EU and ACP countries.

The Lomé conventions last five years. Current negotiations will lead to the Lomé V. Negotiations have tended to be characterised by disagreement on the creation of free trade areas (e.g. Regional Economic Partnership Agreements, REPA) and the modalities and duration of the transition period for implementation. Also of controversial nature has been the issue of good governance.

*WTO:* One of the most delicate of coherence questions relates to coherence between policy inherently established in the aid programme and EU trade policies. Clearly relevant in this respect is the work of WTO, responsible for the implementation of the 1994 Marrakech Decision. This decision makes commitments to compensate low-income food importing countries affected by trade liberalisation under the Agricultural Agreement of the GATT Uruguay Round. That decision implies a need for coherence in the aid and trade policies of the EU. However, in 1999 only two out of the top five<sup>46</sup> EC food aid recipients globally, Bangladesh and Ethiopia, were in the Marrakech list of low-income food importing countries. This might indicate a lack of coherence in the supply of food aid to poor countries.

Food aid policy is also influenced by other policies, notably the CAP together with the existence and extent of agricultural surpluses. For example, there was an understanding on the practical implementation of the 1987 food aid regulation between the then DG VI (Agriculture) and DG VIII (Development) to limit the procurement of food aid from outside the EU market under Development budget lines to around 10% of commodities. Then the 1996 Regulation moved away from provision of food aid-in-kind towards the decision on the provision of food or finance being made on grounds of appropriateness and cost efficiency for the recipient country. However, concerns other than those of development policies can result in the delivery of European foodstuffs as preferred option. A recent example is the delivery of food aid to Russia in 1998/99 which, according to the evaluation study of this

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The other three countries were Russia, North Korea and Indonesia.

aid, was rather based on considerations of market share and disposal of surpluses<sup>47</sup>. Balance of payment support, together with limited humanitarian assistance in kind, would have been more appropriate than mass delivery of foodstuffs<sup>48</sup>.

*Procurement and Implementation procedures:* Administrative procedures can still result in procurement not necessarily taking place in the most appropriate or effective way as intended by the 1996 Regulation. For instance, the procedure for grouping of tenders for procurement for Euronaid (possibly connected with manpower constraints within the EC) has resulted in increasing procurement within Europe where the preference of implementing NGOs was to make local purchases or triangular transactions.

This indicates that there are higher policy issues regarding a lack of consistency and coherence of Food Aid policy with general EC Agricultural and Trade policies. While these issues are continuing subjects of debate in international forums it is important to create mechanisms that can cope with these inconsistencies if not to solve them then at least to mitigate the negative effects.

There are also implementation procedures which result in lack of coherence of policies. These need to be addressed and would require a review of policies and implementation procedures in all these areas to see if they need modification in order to achieve better coherence. While the Regulation allows defining development strategies, the executing services could not follow. The recently started reform of the Commission services is expected to fill this gap.

*World Bank:* In January 1999, the World Bank set up an international task force (ITF) charged with making market instruments for commodity risk-hedging accessible to economic entities in developing countries, with clear insolvency risks or sufficient credit lines to access international commodity exchanges. Market instruments for risk management (futures, exchanges, options) can be used to stabilise export earnings and import expenditure and, consequently, improve food security in countries and regions affected by instability on world markets<sup>49</sup>.

#### *Coherence at Country Level*

Coherence should be achieved by ensuring that the various Commissions financing instruments and procedures, such as the relation with ECHO, Lomé Funds, ALA, MEDA or other Budget Lines, are consistent and non-contradictory. The EC has been aware of deficiencies and has, as a result, attempted to improve co-ordination of such services, financing instruments and procedures, by establishing Task Forces at both Headquarters in Brussels and at the country level to handle this. These were considered to have had only limited success<sup>50</sup>.

The relationship of the Food Aid and Food Security Programme and ACP countries is delicate. In principle, the National Indicative Programme in ACP countries is a reflection of EDF resources, while the provision under the Food Aid and Food Security Programme is additional to this. In some countries, efforts are made to integrate both allocations into a more comprehensive planning process.

The results are mixed in practice. In Haiti, for example, serious effort is made by the Delegation to define a consistent development policy covering different instruments and budget lines which are applicable. While there is considerable coherence at the conceptual level, many practical problems exist due to different rules and procedures that govern each instrument.

In Kyrgyzstan coherence is virtually absent. The Kyrgyzstan's NIP largely concentrates on Tacis activities, and almost completely neglects the Food Security Programme.

#### **3.6.2.3 Complementarity**

Complementarity pertains to the activities of the European Commission additional to those activities financed by, or implemented by, Member States. The main instrument to achieve complementary is

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47 ADE: *Evaluation of the programme to supply agricultural products to the Russian Federation*. Brussels, July 2000, p. 49.

48 Ibidem, p. 58

49 Source: RESAL Coordination. Third Progress Report on the Activities of RESAL. August 1999.

50 Linking Relief, rehabilitation and Development (LRRD). Ideas for Action. 1999. p.2

co-ordination<sup>51</sup>. For the food security programme with developing countries, co-ordination and complementarity are sought through the Food Aid and Food Security Committee and the Food Aid Convention.

Opinions among Member States vary with regard to the basic principles of food aid or tied aid and the conditions under which these instruments should be used. Member States, such as Denmark, Germany, the Netherlands, Sweden and the UK, have eliminated, or at least substantially reduced, all types of tying mechanisms. The Community has not made that decision for food aid (yet). The Food Aid and Food Security Committee and the Food Aid Group are not only the institutions to assist in formulating EC policy proposals and to prepare the Council policy decisions, they are also the meeting place to achieve complementarity and coherence in their policies and interventions.

Obviously, the Regulation applies to the EC policy and procedures only, so the policy of the EC is parallel to the ones of each Member State. Formal policy independence is important in some cases, for example when positions are taken in organisations of the United Nations, such as the WFP and FAO (states are member of the United Nations, the EU is not) and in the Food Aid Convention (the Member States plus the EU counted for the majority of the 23 participants in the 1999 Convention). This does not imply that each Member State acts on its own behalf. Member States have voluntarily agreed upon a Code of Conduct (1997). This Code of Conduct aims to:

- promote and strengthen the coherence of policies, improve complementarity between food aid and other instruments, and to improve the effectiveness and efficiency of food aid operations;
- improve the co-ordination of food aid donors.

The Code of Conduct has been elaborated largely along the lines of the Regulation 1292/96, although it refers mainly to food aid and food security. Similar to the Regulation it promotes local and triangular purchases and aims at consistency with agricultural and trade policies, makes use of competencies of international and non governmental organisations active in the field of food aid. The Member States agree to exchange information, to evaluate jointly or exchange the results of evaluations, to improve the mutual consultation and to meet regularly at the level of each partner country. The implementation of the Code of Conduct is being reviewed during the regular meetings of the Food Aid Committee.

### **3.6.3 Between Relief and Development**

#### *3.6.3.1 Linking Relief, Rehabilitation and Development*

In its Communication on 30 April 1996 (COM(96)153final), the Commission noted dysfunction between programmes carried out in emergency situations and the then non-existent transition to development programmes. There has been some improvement since then but there remains a lot to be done.

Following this, Task Forces were set up in a number of pilot countries to ensure optimal co-ordination of Commission services. There have been success stories, such as Liberia for example, but these are isolated cases. This shows that applying the concept of Linking Relief, Rehabilitation and Development (LRRD) is harder than anticipated and there are different possible reasons for this.

First of all, the Communication describes a linear succession of different crisis phases from emergency to rehabilitation to development. However these do not always correspond with reality. Crises are often chronic and contain both development and emergency phases. The Commission therefore wishes to change its approach to make the LRRD concept more dynamic by applying the *crisis cycle*. Conceptualising the different situations that will be encountered in the field will considerably help to identify appropriate tools in response to various needs. There is a strong recommendation that a management procedure be elaborated, describing which tools should be used during each of these phases.

However, this management procedure should be accompanied by a rationalisation of the tools and procedures that are employed. The diverse nature of services involved and the variety of procedures likely to come into play in the same situation are bound to complicate and slow aid management. This is

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51 see: Communication from the Commission of 3 May 1995 on Complementarity

the reason why existing procedures need to be *simplified* and *harmonised* so that they become more efficient.

There are quite clearly bottlenecks in the present institutional set-up. This is a major failure in view of the fact that co-ordination between the various Commission services is a precondition for efficient and coherent Community food aid and food security operations.

Furthermore, *co-ordination* between the different services of the Commission must be set up to ensure that all the tools used converge towards the same objective. This co-ordination should ideally take place at two levels:

- i) at the policy level (DG Relex and DG DEV), by defining *country strategies* that clearly indicate the Community priorities and the objectives that have to be reached. These objectives should be reached at the very least in crisis countries and then in all priority countries. These strategies should take into consideration all tools and instruments that are available to the Community, across all DGs. While there are sectoral strategies (food security, development), there is no single clear orientation of EC objectives.
- ii) at the *programme implementation manager level* by holding regular meetings to share status reports on the progress of current projects and to discuss possible problems. This is what the Commission would like to achieve through Crisis Management Groups and this really needs encouragement.

It appears that the Food Aid and Food Security Unit is concerned with co-ordinating its actions with ECHO and with the DG DEV geographic desk officers for the countries where programmes are carried out. This process appears to be much easier for Afro-Caribbean countries where *country reviews* are already carried out. These country reviews regularly present all the aid given to a specific country by the EC, whether it is through the EDF or DG Relex sources. The problem therefore appears to be *institutional*. While this can be overcome on a case by case basis through personal initiatives being taken, the *rational organisation of EC policies* would be more relevant. The co-ordination instrument supposes *regular* high level meetings to establish and, if need be, correct and change *common policy orientation for each country*, to ensure that all aid coming from the EC would be disbursed in a complementary manner to achieve a common goal.

The instruments and the budget lines exist and creating new structures is not necessary at this stage, but existing ones need to be rationalised, simplified and procedures need to be harmonised so that any form of administrative blocking is avoided and the appropriate tools may be used in the appropriate time frame.

It will also be important to develop country strategies to avoid food crises. It would be worth starting to think about the different tools which could be put forward to ensure surveillance of food supply indicators. RESAL already plays an important role, but principally elaborates food supply strategies for DEV/A1. However, its role could be put in a wider context as an integral part of the Commission's crisis prevention analysis.

The Commission already has an instrument of this kind in the Conflict Prevention Network, which is essentially managed by DG Relex. Since the Treaty of Amsterdam, however, the Council created a prevention and rapid intervention unit (Policy Planning and Early Warning Unit – PPEWU), which determines coherent frameworks for international policies for the second pillar (CFSP). It would seem logical for the Commission to do the same in order to become better involved in international action, as is indicated by the Treaty.

Co-ordination of EC aid at the global level presupposes that it is coherent with the European Union's foreign policy. If the Commission manages to elaborate coherent strategies and defines its priorities clearly by integrating the preventative impact of its programmes, it will be able to really influence foreign policy (CFSP) and take its true place as the second pillar in this setting.

### 3.6.3.2 *Practical evidence*

A good example of co-ordination of humanitarian aid and food aid has been the case of Liberia. ECHO's interventions since 1995 were typically of an emergency humanitarian nature and co-operation with both the European Representation and the Food Security Technical Assistance is understood to

have been excellent. Their concentration was on the medical sector and other support measures complementary to the Food Security interventions of DG DEV and the Food Security Unit.

The way in which they co-ordinated with DG DEV and made a timely withdrawal<sup>52</sup> after the crisis phase is one of the few examples of the Commission's successful implementation of the LRRD principle and highlights the possibilities for the Food Security Unit in playing an intermediate role between Relief and Development in the Rehabilitation (the second R) phase, due to its unique position with a 'foot in both camps'.

Contrary to the role of Rehabilitation agent is the discussion in Liberia of a transfer of the EDF financed Resettlement and Rehabilitation Programme and Micro-projects Initiative to the Food Security Programme. The reverse would have appeared much more logical in the view of a continuum from relief to development.

Other examples of reverse order were found in Haiti where the Food Security Programme has taken over programmes that previously were financed under the EDF or the special budget line for Rehabilitation. In Kyrgyzstan ECHO has had several interventions during the period 1994 and 1996 but no trace has been found of this in the food security programme that became active since 1996. In fact, relations between the ECHO interventions and the activities of EAGGF as the predecessor of the food security programme have always been with the TACIS-programme and have remained so after the start of the food security programme.

Practical problems for the rehabilitation agency concern programme preparation and approval. While an emergency hopefully should be temporary, rehabilitation programmes should be able to take over at short notice when the emergency is over. However, the food security programme has no possibilities for decentralised decision making and approval procedures take a long time. As a consequence, they are often too slow for rehabilitation programmes which are sometimes financed from development programmes with more flexible procedures to allocate money rather than from the instrument that considers rehabilitation as one of its vocations.

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<sup>52</sup> with the exception of some health sector interventions now completing



## 4 MAIN FINDINGS & CONCLUSIONS

Section 4 presents the main findings and conclusions of the Evaluation Team. This section covers the following issues:

- Food Security Policy;
- Policy Objectives;
- Operations, Channels and Instruments;
- Management Procedures.

The themes of efficiency, effectiveness and impact run throughout this section and are consistently referred to, although they have not been explicitly addressed as sections in their own right.

A preliminary finding, shown by the country studies, is that it is too early to fully assess the impact of country programmes under the 1996 Regulation. The implementation in the procedures of the Commission, including the relationship with NGOs, has taken up to 1999. There were also delays in moving from commitments to implementation in country. In addition, important data are not available due to a lack of baseline studies and weak monitoring of results. Consequently this is more an evaluation of process concerning the implementation of the policy and the translation into practice than an evaluation of results and impact. These latter aspects should be further evaluated in some 2-3 years when the first programmes and projects started under this Regulation come to maturity.

### 4.1 FOOD SECURITY POLICY

A major criteria for the allocation of food aid to a country is the existence in that country of a long-term policy on food security<sup>53</sup>. Selection is often based not only on the existence of such a policy, but also on the willingness of countries in the region to formulate such policies. All Group I Priority Countries visited in this study have such a long-term policy on food security. The main findings include:

- *Production Focus*: All food security policies include agricultural production and rural development. There is a clear emphasis on the supply side of the food security problem by the promotion of increased production and attention to access by promoting income generating activities.
- *Macro-economic Focus*: All programmes focus on macro-economic growth. The relationship between food security and poverty, unemployment and lack of income generating activities is generally recognised. Food Security Programmes are placed in the broader framework of macro-economic stability and economic growth.
- *Focus on Structural Solutions of Food Insecurity*: The programmes aim at structural solutions of food insecurity by improved production, diversification of production and creation of more income generating opportunities. However, programmes that aim at structural solutions to combat food security do not necessarily or automatically reach the poorest and most vulnerable. In fact, people who benefit directly from economic growth and better employment opportunities are, in general, those who are - relatively - less disadvantaged, having access to production factors such as land, capital or labour.
- *Social Focus*: National Food Security Programmes for Group I Priority Countries of this study have reacted in various ways to the problem of reaching the poor. In Kyrgyzstan, support is provided to the Ministry of Labour and Social Affairs responsible for social security programming. These activities are in turn incorporated into the national strategy. In Bolivia, the problems of malnutrition among vulnerable groups are also recognised, although the strategy, however, remains largely a well intended document, as no notional funds have been available for implementation, with programmes of poverty alleviation and food security lacking coherence.

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<sup>53</sup> Council Regulation 1292/96 Article 2.2

- *Country Specific Interventions:* The instruments chosen differ from country to country. The greater flexibility in the use of instruments given to the Commission has been used effectively to define intervention strategies that respond to the specific requirements of the situation and the recipient countries. As a consequence food aid-in-kind has diminished in favour of the foreign currency facility and of operations in support of food security.

## 4.2 POLICY OBJECTIVES

### 4.2.1 Access to Food at National, Household and Intra-household Levels

#### *National Level*

- Food Aid and Food Security Budget Lines finance a number of different instruments, each with different effects on the access to food. A large part of food aid is given in the form of the foreign exchange currency facility, which is closely linked to general macro-economic support. Counterpart funds, generated by this kind of support, are regularly used for budget support and institutional strengthening. While budget support may result in direct effects on the access to food, programmes aimed at institutional strengthening generally have a much more indirect, long-term effect on food availability;
- Direct aid is often given in the form of projects that, directly or indirectly, aim to increase food production and improve marketing. In such cases, they contribute to the increased food availability and access to food through the generating income;
- It is too early to assess the improvement in the availability of food at a national level. Larger interventions are in general at an early stage, while the smaller ones cannot be expected to have significant impacts, though the absence of reliable baseline data makes it difficult to be accurate. In several countries agricultural statistics do not allow accurate assessment of the impact.

#### *Household Level*

- Many programmes do not directly address the issue of access to food, but do so in an indirect way by increasing the production or improving the infrastructural or socio-economic environment. Other programmes do have a direct impact on household level food security. This is the case in the support given to the Ministry of Labour and Social Protection in Kyrgyzstan, which is part of the social security system of the country. The emphasis on the structural solution of food insecurity results in a tendency for programmes of the first category, to the detriment of programmes of the second group;
- A generally effective and direct way to increase access to food stems from "aid" channelled through NGOs. When executing "indirect aid" programmes, these organisations are often too small to have significant impacts on improving the access to food at national level, but they nevertheless contribute positively at the household and individual level. In a number of countries NGOs execute "direct aid" programmes on behalf of the recipient government. These are interesting attempts to combine the aim of improving availability of food at the national level and the grass roots approach of the NGOs to increase access to food at household and intra-household level;
- The Commission's Food Security Programme's objective is to combat poverty and food insecurity by attacking existing structural causes. This has led to an emphasis on production and institutional support, rather than interventions which are more social in character. In the short term, this has not increased access to food for some vulnerable and poor groups. As aid for this category is largely of a humanitarian nature, its absence is sometimes defended by reference to the Regulation that states that "food-aid operations of a humanitarian nature shall be carried out in the framework of the rules on humanitarian aid and shall not fall within the scope of this Regulation" (art.1.1);

- Increased numbers of baseline studies, as well as improved monitoring systems, including improvement of statistics, are urgently needed to properly assess the impact of the programmes, but also to correctly guide new policies and programmes.
- Many interventions concern budget support and institutional strengthening. The effects on food security and production are very indirect and complex and the contribution of the Commission is often part of a wider set of actions which require evaluation in the future;
- Concentration on production is intended to have a positive impact on food security at a household level once the projects reach maturity. Some social projects have a positive effect as well, but impact is limited as the nature of the intervention is by definition time bound;
- Inadequate access to food has been reported as a major problem for extremely poor and other vulnerable groups who cannot take part in production, and therefore cannot reap the benefits of the interventions.

#### **4.2.2 National Food Security Policies**

As Regulation n°1292/96 only came into force in the middle of 1996, the first series of projects effectively only commenced in 1997. Many activities have only recently commenced or have not commenced at all yet. As a result, little impact can at this stage be attributed to programme interventions and assessment requires time for the Programme to develop.

Under the influence of the Programme, national food security policies have either been formulated or reactivated and they are expected to lead to concrete policy measures and practical interventions. Currently, however, there is little measurable impact from the translation of broad policies into practical interventions with decisions in a number of cases being formulated or under negotiation.

A limited factor to the impact of the Programme is the lack of a comprehensive understanding of the food security problem and subsequent failure to recognise “real bottlenecks”. In Kyrgyzstan, for example, due to the rapid changes after the collapse of the Soviet system, there is limited internal knowledge about present market economics and little external knowledge of the impact of changes that occurred. In Haiti, political instability and physical insecurity continues to jeopardise the development effort.

#### **4.2.3 Alleviation and Reduction of Poverty**

Limited data are available on the impact of the projects on alleviation and reduction of poverty. Many projects state that their interventions contribute to improved income, but most have not reached a stage where this can be substantiated.

While many projects assume congruency between improvement in production and increase in income, several cases have been found where such a straightforward relationship is doubtful. While increased production might enhance food security it does not necessarily lead to improved income where marketing prospects are limited or financial gains are offset by the required additional financial inputs

#### **4.2.4 Economic and Financial Sustainability**

An important part of the Food Aid Programme is used for budget support and institutional strengthening. Institutional strengthening leads to more efficient operating institutions. The sustainability of these actions depends on how results are embedded within the organisational structure as well as to the procedures adopted.

Budgetary support to finance parts of the operational budget is a highly fungible form of aid. If it is assumed that the government would have provided these finances anyhow, this has the effect of freeing the government's own resources which can be allocated elsewhere. Sustainability therefore only applies to the whole budget and cannot be treated at the level of the intervention. Budgetary support is therefore closely linked to general structural adjustment programmes in order to secure future financing by government.

Purchases of equipment have also been financed, as have recurrent costs of semi-autonomous institutions in those areas where financial sustainability is not regularly taken into account. In Bolivia,

for example, it is not clear how PASA will be financed after the withdrawal of the EC, while in Haiti departmental offices of the Ministry of Agriculture are uncertain of future funds for their own operational expenditures.

Economic and financial feasibility studies for investment projects are not systematically carried out in the Programme, although Bolivia has proved the exception, and this is a major deficiency. For NGOs little in the way of economic or financial feasibility has been carried out.

In general, financial feasibility, as far as this is undertaken, has proved itself positive for beneficiaries. As part of the costs are subsidised, economic feasibility, however, is sometimes questionable.

#### **4.2.5 Gender**

Except for a minority of projects that have explicitly aimed at improving the gender focus, most programmes and projects do not direct much attention to this issue. In project proposals where gender is one of several focuses, it is often stated that the project has neither a specific gender perspective or that the project is gender neutral with the assumption that women will benefit directly from the project.

Many programmes and projects affect indirectly the position of women as well as the poor and vulnerable, but this is seldom thoroughly examined.

#### **4.2.6 Institutional and Management Capacity**

While institutional and management capacity varies there are serious problems with implementation delays. Weak capacities often result in more project implementation delays. Implementing agencies are in general able to manage the projects they are responsible for, but once projects have been completed, government's ability to continue activities is not always assured. The institutional and management capacity of most NGOs is good, as long as the activities are carried out according to their own capacity to do so.

#### **4.2.7 Co-ordination**

At the international level, the co-ordination has two different dimensions:

- co-ordination initiated and guided by the government of the recipient country and aimed at matching the various aid flows with the national development priorities and strategies;
- co-ordination among aid agents and organisations in order to avoid overlap, duplication, and contradictory efforts. It is aimed at streamlining and mutually reinforcing interventions.

The complexity and heterogeneity of situations in various recipient countries, and differences in circumstances (post-crisis, structural food deficiencies etc.) make it impossible to generalise about co-ordination mechanisms. In all countries with external programmes the Country Delegations co-ordinate efforts with government. In many, but not all, government is able to co-ordinate aid flows successfully.

Internationally, co-ordination among donor countries, inter-governmental organisations and international financing institutions is organised through various forums, such as the Paris Consultative Groups and UNDP country offices. Recently, direct discussions on food aid and food security were held by the EC and the United States. Other forums are WFP, the main international channel for food aid, as well as FAO which organises regular meetings of the Committee on World Food Security.

At country level, co-ordination is organised by the local government or by the donors themselves. In all countries visited some form of donor co-ordination took place but with varying degrees of success.

#### **4.2.8 Coherence in General Policy**

The term coherence refers to the relationship between the various aspects of both international and national policies and activities and donor aid mechanisms. One of the most well known relationships is that between trade and aid policies.

This evaluation has found that local purchases and triangular transactions channelled through NGOs have diminished in favour of deliveries from Europe. This tendency is in contrast with development

policy and efficiency considerations that promote purchases at local levels or from the same region. The reasons include manpower constraints within the executing services that favour few big tenders rather than several smaller ones and internal, administrative procedures within the EC that impede local traders from competing with their European colleagues.

#### **4.2.9 Coherence at Country Level**

Coherence at country level requires “in-house” matching of various Community financing instruments and procedures, such as the relationship with ECHO, Lomé Funds, ALA, MEDA and other budget lines. The EC is aware of existing deficiencies and has tried to improve co-ordination of services through the establishment of Task Forces at Headquarters in Brussels and at country Delegation level. These were considered to have had only limited success<sup>54</sup>.

The relationship between the Food Aid and Food Security Programme and with other EC programmes is variable. On the one hand DG DEV/A/1 is responsible for Community Food Security Support Programmes for most countries on a unilateral basis. While on the other, NIPs are bilateral documents signed by both the EC and the recipient government. NIPs are based on EDF, or Tacis funding, and do not require the acknowledgement of the Food Security Programme, even if the latter sometimes largely exceed the former in financial terms. There is no comprehensive EC strategy at country level, except for the effort of the respective Delegation.

#### **4.2.10 Complementarity**

At a global level, complementarity is assured through regular meetings of the Food Aid Committee. In international forums, the Commission and the Member States operate according to a mutually accepted “Code of Conduct” to improve both complementarity and co-ordination.

At the country level, the Delegations strive for complementarity between the interventions of the Commission and those by the Member States in the area of food aid and food security by organising regular meetings and informing Member States about visiting missions.

### **4.3 OPERATIONS, CHANNELS AND INSTRUMENTS**

#### **4.3.1 Different Procedures Between Programmes**

The European Commission finances a large number of programmes and projects and from a multitude of sources, of which the food aid programme is but one. There are important differences between the different sources which complicates the management of development aid.

Delegations of the Commission play an important role in the co-ordination of the different programmes although their responsibilities differ from programme to programme. While in some cases they retain executive power for financing and monitoring projects, in other cases their role is more of an informative and advisory nature. In the case of the Food Security Programme the Delegation is restricted to acting as a channel of communication with Headquarters, Brussels.

There is also considerable scope for streamlining the rules and procedures of the various EC programmes as the present situation is confusing in general. This is certainly so for NGOs who receive funds from several budget lines, each with their own rules and procedures. While there are sometimes very good reasons for different procedures there is still scope for some streamlining.

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54 Linking Relief, rehabilitation and Development (LRRD). Ideas for Action. 1999. p.2

### 4.3.2 Disbursement Performance

Disbursement lags behind allocations. Considerable amounts of unspent money remain from previous years. Part of these amounts concerns commitments for activities that extend over several years and can logically be explained. Another proportion, however, is committed money that does not lead to expenditures or only with lengthy delays.

Payment appropriations are systematically lower than commitment appropriations. This leads automatically to increasing amounts of unspent commitments. Given current spending patterns, payment appropriations would take more than three-and-half years to exhaust without any new commitment being made, only part of it being explained by long-term commitments.

The growing amount of unspent money indicates that implementation and absorptive capacities of the Commission and recipient countries have been overestimated. Until recently, the Commission has been unable to speed up the spending pattern or to improve the timing of financial reallocations. Feed back mechanisms are insufficient to prevent new allocations before effective implementation of former ones has reached acceptable levels.

In the near future the amount of outstanding commitments may decrease as a result of new budgetary rules that prevent unlimited carry over of committed amounts to following years. Though this does not, however, solve the problem as it serves only to conceal an inability to effectively and efficiently carry out its spending plans. The upshot from this is that poor disbursement performance diminishes the development aid effort.

### 4.3.3 Instruments

#### 4.3.3.1 *Food Aid In-kind*

Food aid “in-kind”, including transportation costs, was by far the largest category of food aid prior to 1996. Since then, it has declined from 87% in 1995 to less than 40% in 1999. The larger part of it is channelled through WFP. Direct food aid is expected to decline further and to be replaced by the foreign currency facility and operations in support of food security.

While Regulation n°1292/96 considers food aid purchases at local level as more efficient and less costly (and is considered to promote local and triangular transactions), these transactions have in fact diminished, except occasionally for indirect aid channelled through WFP. Cereal deliveries in recent years have been originating from Europe. Euronaid observes a declining trend in local and triangular purchases. The reasons for this reduction are:

- The tendency to accumulate product orders in order to make European tendering possible; and
- The complexity of conditions set by Regulation n° 2519/97 making it difficult for local traders to comply.

#### 4.3.3.2 *Foreign Currency Facility*

Before 1996 programme food aid has been substituted occasionally by monetary transfers. In 1996 this possibility was institutionalised in the Regulation as an answer to the observations made in the Joint Evaluation of European Union Programme Food Aid by ODI in 1996. This now accounts for a large amount of funding and represents nearly 25% of the programme.

The foreign currency facility is considered as the monetary form of the food aid operations in order to comply with the commitments made in the Food Aid Convention. Proper use of the facility has to be proven by evidence of food imports or other eligible goods from Europe or admitted countries.

There is little evidence of increased food imports and thus improved food availability. This form of aid is highly fungible. It gives support to the balance of payments but its specific use cannot be stated without in-depth econometric research. The proof given for its use consists of bills and receipts of imports that might have taken place.

The facility helps to maintain and reinforce the policy dialogue between the EC and the recipient governments. It contributed to the definition and operation of food security policies in the recipient countries by this intensified dialogue and by the opportunities to finance supporting actions. The effects of these policies are not yet clear.

The corresponding amount of local currency permits the financing of a large range of activities. In general these activities are of high relevance for food security. Efficiency is mixed as some countries show considerable delays in the signing of MoUs or in the speed of disbursement.

#### *4.3.3.3 Actions in support of food security*

##### *Direct aid*

Direct aid to operations in support of food security was confirmed in five of the countries visited by the Evaluation Team. Activities financed under this condition can be executed by government and governmental bodies, or contracted out to other institutions such as WFP, FAO or NGOs.

In general, activities carried out under this instrument are of high relevance for food security and fit well with the conditions of the Regulation.

There are considerable delays between allocation and implementation. Often the decision to allocate is not made at the time of project approval but at the start of the project cycle, which begins with project identification. This practice requires reconsideration. At this stage a precise estimate of spending patterns for the activity is unknown. Together with the general conditions of the grant, this has on occasion led to a protracted negotiation period in advance of MoU signature. Part of the delay might be attributed to the fact that this kind of aid is new in the framework of food security and that it takes time to build a portfolio of good projects.

##### *Indirect aid*

Indirect aid is the aid given through channels such as international (WFP, UNRWA, ICRC, FAO), regional (CILSS) and NGOs. Allocations via these channels are made in the form of block allocations. During the Country Study Phase the Evaluation Team, focused on indirect aid channelled through NGOs. The following was observed:

- *Project Preparation:* Efficiency of project preparation varied between the countries visited. Availability of FSU-TA in the field and good relationships with Headquarters in Brussels appear to be key factors and a necessary condition for efficient preparation and approval of indirect food aid programmes;
- *Contract Execution:* Contract execution is in the hands of both SCR and counter-part implementing agencies in-country. Projects are often delayed especially as a result of poorly timed financing. This prejudices investments as running costs are used and higher administration costs leave fewer funds available for subsequent investments. While some criticism can be levelled at implementing agencies for not always submitting reports and financial requests on time, the larger part of the problem is attributable to SCR for slow processing of contract requests and subsequent follow-up. These delays are especially prejudicial to local NGOs, who often do not have the financial means to pre-finance activities during long start-up periods. Delays of fund transfers are not only inefficient, but also negatively impact the effectiveness of projects;
- *Use of Investment:* With regard to expenditure, NGOs were generally perceived to be effective. Disbursements were seen to be effective, with staff constantly available in the project area and in the field. However, overheads are often relatively large with respect to the number of beneficiaries or the amount of investment made. More in-depth analysis might be considered to appraise relative efficiency of NGOs compared to traditional projects executed by public or private agencies.

#### *4.3.3.4 Early warning systems and storage programmes*

Title II of the Regulation defines the support to early warning systems and storage programmes. Its significance is very limited under the food security programme. In fact, DG DEV considers these actions under the heading of Food Security Operations.

This kind of operation is highly relevant for food security and they exist in a large number of countries. The reason of their relatively little weight in the present programme is the fact that they are financed from other instruments such as EDF or are included in other operations of support to food security.

#### **4.3.4 Project Design**

The maximum of three years for programmes and projects defined under the Food Security Programme is relatively short. This does not take into account the fact that many agricultural activities are important for food security, such as improvement and multiplication of seeds and agricultural research, and require longer gestation periods. Nor does it allow for the delays of up to 18 months in disbursement. Five years might be more appropriate and would be consistent with EDF.

#### **4.3.5 Euronaid**

A special case is the food aid “in-kind” to NGOs. This is the case where food and other eligible goods such as seeds, tools, fertilisers and other inputs and commodities are not purchased by the beneficiary organisations themselves but is done on their behalf, in this case by Euronaid.

Euronaid can be either responsible for “purchase and logistical support”, as in the case of local and triangular purchases, or for “logistical support” only, when products are mobilised on the Community market. In the latter case, purchases are undertaken by DG Agriculture through open competition. While Regulation n° 1292/96 stipulates that products shall be mobilised on the Community market, in the recipient country or in one of the admissible developing countries (triangular purchase), purchases through Euronaid show an increasing trend towards European purchases.

The large number of stakeholders involved makes the execution of indirect actions of food aid-in-kind very complicated. Sensible planning and programming becomes difficult because of the absence of a “super-manager” in charge of the purchasing and transfer chain. In addition, each agent operates according to their own rules and procedures which compounds delays. Particularly problematic are the cases where an activity includes both aid “in-cash” and aid “in-kind”. According to EC procedures both types must be treated separately and differently. In such cases many NGOs find such projects simply unmanageable.

#### **4.3.6 Monitoring and Evaluation Systems**

Current monitoring and evaluation systems are inadequate. Activities are regularly monitored, but monitoring of outputs is less systematic. While most programmes are regularly reviewed, there were few comprehensive external evaluations available to this Evaluation. This is partly due to the rather recent nature of the programme but also to the lack of appropriate provisions in the programme itself.

Monitoring is of variable quality and not always systematically applied. Objectively verifiable indicators are often of a formalistic character, lacking content to clearly assess both effect and impact of the programme.

Assessment of the effectiveness of the programme requires regular monitoring as well as the provision of baseline material. Baseline studies however are rare, and most appraisals are of a qualitative character rather than combined with quantitative support.



#### **4.4 MANAGEMENT AND PROCEDURES**

Decision-making and implementation is overly complex with many parties involved. Project preparation and contractual agreements are in the hands of DG Development, while execution of contracts is managed by SCR. Indirect food aid “in-kind” is even more complex because Euronaid is neither a funding agent nor a recipient but an intermediary. In the case of purchases of foodstuffs in Europe, the tendering is done by DG Agriculture, which adds another intermediate to the chain.

While projects are implemented in the field and the EC is, in general, represented there by its Delegations, their role is nevertheless marginal and restricted to advice.

After the 1998 reorganisation tasks of programming and implementation were split between DG Development and SCR. The latter has not been staffed in line with the tasks and responsibilities it has to fulfil. The consequence is important delays in executive matters such as payments and recruitment of personnel for technical assistance.

#### **4.5 SUMMARY OF MAIN FINDINGS**

The Regulation stipulates the policy of the European Commission as far as it concerns its food aid (other than for humanitarian and emergency reasons) and the Food Security Programme. This policy is defined within the international policy environment on food security. It does not establish the policy of the individual Member States.

The EC policy is implemented through instruments identified in Regulation n° 1292/96. It indicates the procedures and methods of governance of these instruments in broad terms only.

The Evaluation has presented this in the form of three tables which can be found in the Executive Summary. These tables cover:

- Table A: Evaluation of the Policy on Food Aid and Food Insecurity of the EC and its reflection in the Regulation n°1292/96;
- Table B: Summary Evaluation Criteria - Procedures and Governance;
- Table C: Summary Evaluation Criteria by Instrument and Level of Food Security.

## **5 OPTIONS FOR THE FUTURE OF THE REGULATION**

### **5.1 NEED OF FURTHER EVALUATIONS**

This is in effect an interim evaluation because it proved to be too early, given the short time available to implement changes in the food aid programme, and the delays, to produce clear findings and draw anything more than tentative conclusions with regard to outcomes and impact. Further evaluation on the effectiveness and efficiency of EC aid under the 1996 Regulation in 2002 or 2003 is recommended. This should be prepared for now by defining specific criteria for success, verifiable indicators of the programme and how these can be monitored or evaluated.

### **5.2 ON THE PLACE AND NEED OF THE FOOD SECURITY PROGRAMME**

Council Regulation 1292/96 has placed food aid and food security policies within the broader framework of development aid and poverty alleviation. It has strengthened the legal basis of a number of instruments or added new ones, thus permitting the Commission to fine-tune its interventions according to the specific situations for which assistance is envisaged.

Implementation of policies has followed and further developed the political orientations comprised in the Regulation and this has led from the nearly exclusive use of food aid-in-kind as the dominant instrument, to the varied use of available instruments.

Integration of food aid and food security policies into global development aid puts the existence of a stand-alone food security programme into question. In the European context the integration of food aid and food security policies within the broader development aid framework diminishes the necessity of a specific food security programme. Internationally this adage, however, is not (yet) generally accepted, and the maintaining of a separate food security policy appears to be an important prerequisite as a leverage in the international debate as led under the Food Aid Convention, WTO, etc.

### **5.3 COHERENCE WITH OTHER INSTRUMENTS**

While the food security programme links up with general development issues, other development programmes should also take into account the dimension of food security. Therefore it is recommended to apply comprehensive country strategies that enclose all instruments in use for a specific country in a coherent and complementary way. Budgetary support, for example, which can be given under the foreign currency facility and the operations in support of food security, should be closely co-ordinated with other forms of macro-economic budget support in order to achieve similarities and conditionalities by both sides.

Synergies should be pursued where possible. Such possibilities have been indicated between the TACIS and the food security programmes in Kyrgyzstan, where complementarity is likely but not fully explored.

### **5.4 CONFLICT OF OBJECTIVES**

During this evaluation several conflict of objectives have been found. Regulation 1292/96 wants to stimulate local purchases and triangular transactions, while the strive for economies of scale and the application of European quality and payment conditions as embedded in Regulation 2519/97 limit the possibility for local traders and organisations to fully participate in tenders. The Vade-mecum on grant management enhances transparency, accountability and fair competition between participants in the

calls for proposals, but similarly increases the burden for them in terms of financial strength and human resources while limiting the possibilities for local technical assistance to assist (local) NGOs in proposal writing. Harmonisation of procedures might lead to reduced possibilities for adaptations to local circumstances.

It is recommended to reflect on the degree in which strengthening of local implementation capacity is sought through implementing rules and Regulations and adapt those texts accordingly. In cases where local participation or development appears difficult to realise according to existing rules, exceptions or waivers might be made possible under well-defined conditions.

## **5.5 IMPROVING IMPLEMENTATION**

There have been major shortcomings in implementation. The 1997/98 reorganisation including the creation of SCR initially caused more problems than it solved. While some of the problems started being remedied in 1999, fundamental problems of unclear allocation of responsibilities and mismatch between aid volumes and administrative resources remained. The recent overhaul of the administrative services laid down in the Communication to the Commission on the Reform of the Management of External Assistance is supposed to remedy these troubles.

In fact the chain between the top in Brussels where decisional powers are concentrated and grassroots level where projects are executed is too long. This is especially the case for projects at micro level executed by NGOs. It is strongly recommended to shorten this chain of command. One of the possibilities is the devolution of powers to the Delegations of the Commission. This may concern approval of proposals, as well as monitoring and contract management of projects in support of food security, especially NGO projects. An important condition of such a devolution of power is the reinforcement of the Delegation with sufficient human resources, both in quantity and in quality, and material means.

Furthermore the Commission should use ex-post controls where possible instead of or as well as the extensive ex-ante checks that are applied at the moment.

## **5.6 ROLE OF THE FOOD AID AND FOOD SECURITY COMMITTEE**

The Food Aid and Food Security is strongly involved in the programming and approval of projects. It is recommended to strengthen its role by focusing more at strategic and sectoral issues. This point is also made in the Communication to the Commission on the Reform of the Management of External Assistance where the Commission writes that "the Commission's objective should be to concentrate the input from Committees on the programming stage where important issues of policy and strategy arise, rather than at the level of specific projects."

In order to enhance co-ordination and complementarity among the EC and the Member States an inventory should be made of bilateral food security activities (both direct and indirect) compared to EC activities to assess complementarity and possible duplications.

## **5.7 RESAL**

RESAL is perceived as a useful tool to increase the capacities for diagnosis and analysis of the Commission. It was particularly useful in implementing the new policy focus on food aid and food security.

Through the network function RESAL is able to make extensive comparisons of practices in many countries and to provide policy advice to the Commission on a wide range of food aid and food security related issues on international trade and policy.

At country level, RESAL has accumulated extensive local experience. In this respect it contributes on the one hand to the achievements of the network and helps on the other hand, in implementing EC policy. In its latter function the activities have, at least partly, the character of those of a Bureau of Technical Assistance. They may be integrated in the competence and activities of the Delegations of the Commission as part of their reinforcement needed in the context of the devolution of powers to the Delegations as described in 5.4.

While analytical and conceptual capacity in Brussels was strengthened, there appeared to be a gap between conceptualisation of policy in Brussels and the practicality of the ideas given the implementation and absorptive capacity of the Commission and beneficiary countries. In this respect RESAL should become more practical. Its role vis-à-vis FSU should be clarified. It should address the issues of benchmarks for performance and improved monitoring as a high priority.

## **5.8 OTHER ISSUES**

5.8.1 Re-balancing the institutional capacities of the EC for conceptual development and project preparation with those for implementation is recommended. The reintegration of contract management in DG DEV/1/A as proposed in the new reorganisation of SCR would be a good starting point.

5.8.2 Some food assistance at household and intra-household level has a social security function. It does not provide a structural solution to food insecurity, but is nevertheless necessary for the survival of vulnerable groups. In the Food Aid and Food Security Programme an indicative percentage of financial allocations might be considered for this form of palliative assistance, to be distributed through NGOs that are addressing social issues and express a need for this kind of aid.

5.8.3 In the Budget, commitment appropriations exceed payment appropriations systematically. This inevitably results in an increasing amount of unspent money on outstanding commitments. Budgeting should be done in line with the implementing capacities of both the Commission and the recipient. Similarly there should be a delay in new commitments until the pipeline of outstanding commitments is substantially reduced

5.8.4 The commission should make clear what would happen with lapsed commitments. If reversed into the General Budget (see 3.2.4) it gives a false picture of improved implementation while in reality diminishing commitments ex-post which will not be noticed. Therefore it is recommended that those lapsed commitments return to the category of available commitments from previous years.

5.8.5 While there is a need to distinguish between compulsory and non-compulsory expenditure, is not clear why non-compulsory expenditures are covered by two budget lines. It is recommended that budget lines B7-201 and B7-202 be merged.

5.8.6 In a liberalised market, the foreign currency facility has no function in the provision of foreign currency to targeted groups such as small and medium enterprises. It restricts itself to budget support with the character of aid tied to the purchase of food and other eligible products in order to comply with the food aid convention. The possibilities of redefining this kind of financial transfer should be investigated for inclusion in a revised Regulation. It is also recommended that the options in the Regulation be expanded to include the provision of budgetary support, while complying with the requirements of the Food Aid Convention.

5.8.7 Early warning systems and storage programmes are treated under a specific Title in the Regulation. As the activities can also be financed under operations in support of food security, and in practice are, it appears logical to merge these Titles.

5.8.8 Monitoring and evaluation capacity, including collecting of statistical data and baseline surveys, should be reinforced in order to permit evaluation of effects and impacts that go beyond direct project activities.

5.8.9 The mandate of RESAL at country level should be refined in order to establish more clearly the respective roles of RESAL, the Delegations and the country Food Security Units. Maximum use of lower cost and more effective local resources, integration with Delegations and reduction of duplication with other agencies all should be considered.

5.8.10 Within the Council a Food Aid Group and a Development Group<sup>55</sup> exist side by side. As such, as far as Food Aid and Food Security policy follow (increasingly) the same logic of continuity and coherence as co-operation and development actions, it may be worth investigating whether questions relating to Food Security could be dealt with by the Development Group.

5.8.11 Every individual food aid project and programme should have an economic appraisal (i.e. excluding subsidies and indirect taxes but including all costs of provision and transport) of the estimated full delivered cost of each food commodity per unit weight or volume. This should then be compared with the cheapest third country provision. These estimates should always be provided in the project documentation for the Food Aid Committee. When the transaction has been completed the Delegation should be responsible for making an evaluation of the actual total delivered unit cost and make a comparison with the cheapest provision in a third country or even locally if available.

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55 which is equally in charge of questions relating to Humanitarian aid.

## **ANNEX I**

### **TERMS OF REFERENCE**



# **EVALUATION OF EC FOOD AID, FOOD SECURITY POLICY, FOOD AID MANAGEMENT AND PROGRAMMES IN SUPPORT OF FOOD SECURITY.**

**(COUNCIL REGULATION (EC) No 1292/96 OF 27 JUNE 1996)**

## **A. INTRODUCTION**

Within the framework of the EC's development co-operation policy, food aid and food security programmes are carried out in order to ensure that developing countries can cope with food "insecurity" situations.

The Council Regulation of 27 June 1996 has two main objectives:

to amend the legal basis for food aid and food security operations in line with the Council's and Parliament guidelines (i.e. reinforcing food aid's role as an element of a broader food security policy), and

to incorporate all the existing instruments into a single Regulation setting out all the policy and management rules for food aid and special operations in support to food security.

The Regulation, which has introduced the concept of food security in EC aid, has introduced a more structural approach to food security as a complex multi-sectoral set of issues where food insecurity results of a combination of interrelated food demand and supply problems. Within this framework, food aid becomes one of the instruments available in a medium to long-term sustainable food security strategy.

Substantial changes have occurred in the international, regional and national environment of the Regulation since its formulation, among these are: the introduction of a second generation of stabilisation and adjustment programmes, broad recognition of the need to review the role of the state, progressive integration of markets, reconsideration of the role of development aid and its reorientation towards sectoral support, new approaches to conditionality.

On the operational side, substantial experience has been gained in the implementation of the Regulation. The lessons learnt should be assessed and new proposals made to adjust the implementing procedures.

In accordance with the guidelines of the Regulation mentioned above, the Commission now wishes to evaluate its application, so as to present to the European Parliament and to the Council an assessment of its relevance and impact, accompanied by suggestions for the future of the Regulation and, if necessary, by proposals for amending it.

## **B. OBJECTIVES**

The evaluation will analyse the application of the Council Regulation with respect to its principles and objectives and within the broader framework of EC development co-operation. It should give a global appreciation of the EC's food aid and food security policy, assessing the efficiency, effectiveness and impact of the available instruments. The implementation of the new policy (since 1996) will be compared to the food aid as previously implemented on the basis of the three Regulations in force before 1996 (1993 to 1996) and to the extent possible, the impact of the changes will be assessed.

In line with the objectives of the Regulation, the evaluation will look at issues of complementarity and co-ordination with other instruments and stakeholders: i.e. it will study the complementarity and the co-ordination within the Commission and with other donors in this field, notably within the framework of the Food Aid Convention (FAC).

The evaluation will distinguish between the two main scenarios:

- Food security interventions in priority countries;
- Food security intervention in "crisis countries" (crisis and post-crisis phases) and regions.

Finally, in light of recent changes in the international, regional and national economic environment, the evaluation will review the relevance of the policy as spelled out in the Regulation and the adequacy of its implementing procedures (chapter II of the Regulation)



In greater detail the objectives of the study are to review the relevance of the policy contained in the Regulation with respect to:

- the needs of the beneficiaries, (notably in terms of improvement of food security and nutritional aspects, access to food, development of production and of poverty reduction);
- the development policies and strategies and, in particular, the food security strategies of the recipient countries;
- assess the coherence and complementarity of the objectives assigned;
- assess the efficiency of the available instruments as well as of the different channels through which food aid can be provided. This includes also delivery procedures of food aid in kind through beneficiary organisations or through Commission services;
- make a global assessment of the activities financed under the food security regulation in qualitative and quantitative terms; assess their relevance and effectiveness with respect to the policy laid out in the Regulation

At the level of the projects implemented the evaluation will:

- assess the efficiency in meeting, at reasonable cost, the results and project purposes;
- assess the complementarity of different types of intervention;
- assess as far as possible at this time, their impact on the communities involved and on their food security situation;
- assess their sustainability;
- assess the appropriateness of the implementing procedures laid out in Chapter II of the Regulation
- highlight possible new areas for future support.

The evaluation should provide global, conceptual, organisational and operational recommendations.

### **C. BACKGROUND**

Dating from 1967, food aid was the first instrument to be introduced outside the framework of existing co-operation agreements and financed from the EC budget. Over the years food aid policy has gradually been reformed (in 1983, 1986 and 1996), de-linking it from the Common Agricultural Policy and integrating it more firmly into Community development policy in response to concerns about food security. The successive reforms also took conceptual evolutions of public aid into account, notably adjustment policies: structural adjustment, sectoral adjustment, particularly in the agricultural and social sectors, as well as the support to the private sector.

Food aid has traditionally represented a large proportion of EC aid, commitments to the sector accounted for as much as 40–50% of EC Budget aid in the late 1980s, and fluctuated between 14% and 26% of total EC aid. In recent years, however, with the new food security policy the importance of food aid has declined significantly. Between 1993 and 1995 it accounted for only 9–11% of all EC aid. In absolute terms, however, commitments of food aid contributions increased from 3.2 billion ECU in the 1980s to 4.2 billion ECU in the 1990s.

The implementation of the current food security policy is based on three instruments: food aid, foreign currency facilities and financial and technical aid. Food aid and food security programmes and projects may be implemented by the recipient countries, international bodies, NGOs, or directly by the Commission. In the years 1995 to 1998 the share of direct aid varied between 33% (1995) and 55% (1997). In 1998 relevant activities were financed for a total of 578.3 million Euro, the total for the years 1993-98 amounts to 3471.47 million Euro.

The current Regulation, adopted in June 1996, takes into account the objectives of the Treaty on European Union as well as the necessary co-ordination of the Member States' and the Community's policies and practice, it focuses on the need for a long-term sustainable solution to the problem of food insecurity and emphasises the importance of development operations that are geared to stimulating local production and trade. While calling upon the Community to enhance the flexibility with which funds

can be directed towards operations in support of food security, the Regulation set the following objectives:

- to reinforce the food security objective (by placing it in the context of policies, strategies and programmes);
- to raise the standard of nutrition;
- to promote the availability and accessibility of foodstuffs to the public;
- to contribute to balanced social and economic development;
- to support efforts to improve food production;
- to reduce dependence on food aid;
- to encourage independence in food by enhancing local/national food production and/or purchasing power.

The regulation also strives to:

- to reinforce food aid's role as a key element of food security policy;
- to incorporate the existing instruments into a single regulation setting out all the policy and management rules for all food aid and special operations in support of food security.

The Regulation relies on the assumption that food security will only be achieved through coherent strategies addressing the issues of timely and adequate availability of food (supply issues), access to food (demand and income related issues, with substantial links to poverty) nutritional quality and within-household distribution. Such strategies need to be part and parcel of national development policies and their objectives firmly integrated into coherent sector policies and strategies. EC interventions which must be closely co-ordinated with other donors and other EC instruments must support these strategies being careful to avoid market distortions.

At household level the combination of these factors forms a threshold above which households can start to accumulate reserves, develop more powerful means of production and/or ways of increase income and improve their solidarity networks; all these actions reduce vulnerability in the event of a food crisis. Below this threshold rural households will be obliged to consume their reserves, to rely upon their solidarity system and even to give up their means of production: in short, this increases their vulnerability.

Programmes in support of Food Security are programmed in parallel to long-term reform and programmes tackling the underlying causes for food insecurity in countries with a structural food deficit and low income. In order to ensure greater complementarity and efficiency, the interventions were target and concentrated in a limited number of priority countries selected according to the following criteria (by order of importance):

- High level of structural insecurity measured by economic and social indicators (mainly: GNP per capita, FAO's food insecurity indices, rate of dependency on food imports);
- Government commitment to pursue a food security policy;
- Level/amount of community aid in the past.

To reinforce the capacity for analysis of the local situation and help in decision-making, the EC established a "Food Security Network" (RESAL) in September 1998. The main functions of the RESAL are: i) the analysis of food insecurity situation, policies and programmes; ii) to support the design and monitoring of EC assistance to food security policies, iii) to provide tools to facilitate the dialogue between the players and support training and discussion of food security strategies. It is too early to fully evaluate RESAL's work, however the evaluation should assess to the extend possible its (potential) role and the first activities carried out, also by the technical assistance teams in main beneficiary countries.

The Community adheres also to the Food Aid Convention (FAC), thereby underlining that food aid is an area of development co-operation where a collective EU responsibility is shared between the Commission and the Member States. The original council decision dates from 1968 and has been reaffirmed in each of the FAC renegotiations. The present Convention, which came into force on 1 July 1999, sets the minimum commitment (of all members together) at 4,895,000 million tonnes and 130

million Euro. This new Convention enables a re-targeting towards the poorest countries, includes most types of food aid commodities as well as transport and other operational costs and limits the proportion of food aid at credit terms under the convention. More importantly, it places food aid much more in the context of food security than before.

#### **D. ISSUES TO BE STUDIED**

i) *Preparation and design of food aid/food security programmes and projects* Allocation criteria for EC contributions in support of food security are: (i) food shortages, (ii) income per capita and the existence of particularly poor population groups, (iii) social indicators of the welfare of people, (iv) BoP situation of the country, (v) economic and social impact and financial cost of the proposed action and (vi) the definition of a long-term policy on food security in the recipient country. The application of the last criterion has been reinforced in 1996.

How are these criteria operationalised? How has the programming process (see annex 1) contributed to the identification of efficient and well-targeted interventions? How are the formulation of i) a food security strategy, and ii) sector policies, strategies and programmes supported? Have other crosscutting issues such as poverty or gender been taken into account while formulating the objectives? On what were the initial programme/project ideas based? To what extent were the intended beneficiaries involved in programme/project design? Did the design foresee possible changes in market conditions? Were the assumptions correctly identified or were there hidden dangers? To what extent was the lack of reliable data an important problem? Was the design and adequate response to the circumstances? How was co-ordination ensured with other main food aid / food security donors and with the EC's Member States, regarding policies and (design of) operational programmes, as well as in implementation of food aid / food security programmes and projects (operational co-ordination). References should be made to the FAC in relation to relevance of design of country programmes.

ii) *Relevance* How far did the actions fit into an overall framework (coherence with Government overall development policies, sectoral policies and programmes, NIP focal areas, etc.)? How far did they reflect the (changing) needs of the beneficiaries, and were the objectives adjusted to changing circumstances where necessary? How were conducted the respective national comprehensive policy and needs analysis (including examination of domestic resource)? To what extent was the programme/project preparation and design linked with a medium/long-term strategy related to the food security, in terms of increased national production of foodstuffs, of more efficient food trade systems with lower consumer prices, as well as in terms of demand-strengthening through income generating activities and poverty reduction?

iii) *Effectiveness* Have the programmes achieved their objectives, or can they be expected to do so once the benefits have been realised? How have the objectives been operationalised? Which are the strengths and weaknesses of the different instruments (food aid in kind, financial and technical aid, foreign currency facilities and support programmes for food security), compared with each other. Has the current emphasis on more direct and less indirect aid (through multilaterals and NGO's) resulted in more effectiveness for the programme as a whole as well as at country level?

iv) *Efficiency* What have been the most successful aspects in implementation? The difficulties? Could the same effects have been achieved in a simpler, cheaper way? Which are the strengths and weaknesses of the different channels of execution (direct aid, indirect aid through NGOs and multilateral organisations)?

v) *Impact* Can the wider and long-term effects of the actions on their economic and social environment be assessed? What have been the gender, environment and poverty effects of the projects? Was national food production and distribution strengthened through the actions (changes in national policies)?

vi) *Sustainability* How far have the actions succeeded in improving wellbeing in the long term for the beneficiaries (programmes for food production and food markets, market organisation, distribution networks, import and food pricing)?

#### **E. APPROACH**

The evaluation, will be carried out in three phases, as set out below:

Phase I Desk Evaluation of Food Aid Budget Line, and relevant food aid / food security interventions financed by other sources of the EC. The desk phase report should include a detailed methodology, selection criteria and a set of indicators and measurement concepts for field evaluations. The choice of programmes/projects for evaluation should use a stratified selective sampling scheme, which will allow project managers to draw concrete recommendations for future programming. However, the evaluation should not devote significant resources to a review of classification methods. The consultants will present their first findings in an inception report at the end of the desk evaluation and will discuss these findings in a meeting.

Phase II Field Evaluations of programmes/projects selected. These studies will include assessing the *relevance, efficiency, effectiveness, sustainability* and *impact* of the selected programmes/projects, both in relation to the objectives of the instrument to which they relate and to EC support for food security and poverty alleviation overall. During these field visits, the views of the stakeholders (national authorities, beneficiaries, executing agents, list non-exhaustive) as well as those of the EC Delegations will be sought. The evaluators will hold a briefing and a debriefing session with the National Authorities and the Delegation in the beginning and the end of their field mission.

Phase III Preparation of a Synthesis Report, summarising the findings of phases I and II and elaborating on key issues and the lessons learned. The draft synthesis report will be presented and discussed in Brussels.

## **F. WORK PLAN**

The consultants will begin with a desk evaluation in Brussels and will then be required to carry out country visits. The timetable foreseen is as follows:

desk phase in Brussels	December 1999
desk phase report	January 2000
field missions 56	February 2000
draft country reports	March/April 2000
draft synthesis report	May 2000

## **G. EXPERTISE REQUIRED**

The proposed team will cover the following expertise:

- i) Strong knowledge and experience in development economics, including, but not limited to Food Aid and Food Security, namely analysis, and diagnosis of food insecurity, programming of interventions and monitoring;
- ii) Knowledge and experience in agro-economy with knowledge of sectoral policies and design;
- iii) Food security strategy and its integration into the macroeconomic and sectoral policies of the beneficiary state;
- iv) Social development/gender expertise, namely linked with Poverty alleviation, targeting and supporting vulnerable groups;
- v) Experience in sector review of public expenditure, particularly in the agricultural and rural development sector;
- vi) Proven ability in conducting evaluations of aid programmes, in particular concerning the fields and issues mentioned above;
- vii) The team members must be fluent in English and French; to a limited extend Spanish and Portuguese should be covered as well;

## **H.     REPORTING**

The following Reports will be provided by the consultants:

1.       Desk study report
2.       Country/regional Reports covering the field evaluations
3.       "Issue-oriented" Synthesis Report

The desk evaluation reports as well as the country reports are to be submitted thirty days after the end of the respective work (max. 50 pages plus executive summary of max. five pages). A draft synthesis report will be submitted thirty days after the draft country reports; the outline format for these reports is attached. The Commission will comment on these reports within 45 days.

The synthesis report should not exceed 100 pages + annexes; it should include an executive summary of not more than ten pages, and a short résumé of two pages suitable for a wider distribution should be provided separately. With the draft synthesis report the consultants will also submit a draft CAD summary, the format for this is attached.

All Draft Reports will be submitted in English and the executive summary also in French (5 copies each). Final Versions will be submitted in English and French (20 copies each) and, for field studies, depending on the country to be visited, also in English, French, Portuguese or Spanish (10 copies). The Final Synthesis Reports will be submitted in English (20 copies each) and French (20 copies each and electronic form). All reports should also be submitted in electronic form (Word files).

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### **ANNEX III**

#### **EXECUTIVE SUMMARIES OF SIX FIELD STUDY COUNTRIES**



## **1. BANGLADESH**

### **MAIN FOCUS OF THE STUDY**

The study focussed on the following issues:

- The poverty and food security situation in Bangladesh;
- The role of NGOs in the Food Security assistance programme;
- The relevance, effectiveness, efficiency and sustainability of the interventions; and
- The co-ordination, coherence and complementarity of the programmes and interventions.

### **PROBLEM IDENTIFICATION**

Availability of food is not a major issue for Bangladesh. The country attained self-sufficiency in cereals in the 1990s and there is a possibility of increasing rice production by increasing the speed of introducing hybrid seed varieties. However, the Mission observed the following problems regarding the food security situation in Bangladesh:

- The high frequency of natural disasters confronts the country with problems of short-term availability of food. This is a question of improved disaster preparedness and efficient use of in-country food reserves;
- High population density in rural areas has led to fragmentation of farm holdings and increased functional landlessness, making it more difficult for countless families to supply in their own needs;
- The lack of access to food is the major problem at the household level for the vast majority of the poor. This can only be addressed on a large scale through employment generation;
- There are widespread problems with the correct use of foodstuffs, mainly as a result of poor education and an overemphasis on rice production by the government (supported by all international donors). In addition, issues of sanitation and lack of clean water compound the health and therefore the food security situation.

### **MAIN PROGRAMMES AND PROJECTS**

In the period 1996 to 1999, three Official Letters were issued with a value of 19.1 million Euro. This includes 88,425 tonnes of food with an estimated value of 6.8 million Euro. Projects supported by the EC under the 1996 Regulation may be classified as:

1. National multi-donor programmes in which the EC contribution is not geographically targeted (comprising 165,000 metric tonnes of food with estimated value of 26.4 million Euro and 6.2 million Euro in cash);
2. National programmes in which EC contribution is targeted (137,125 tonnes with estimated value of 21.9 million Euro);
3. NGO programmes (13.4 million Euro in cash); and
4. Other, mainly comprising TA (2.0 million Euro).

Another contribution is through WFP with an estimated value of 37.8 million Euro in the 1996-1998 period.

Most of the assistance is channelled through multi-annual programmes like the Vulnerable Group Development (VGD), Rural Development (RD) and the Integrated Food-assisted Development Project (IFADEP).

The VGD programme had already been running for many years prior to the 1996 Regulation and it is one of the major food aid interventions in Bangladesh. The main objective of VGD is to provide women with an opportunity for a future of self-reliance and self-respect. The targeted beneficiaries belong to vulnerable social groups such as divorced, abandoned, widowed and asset-less women. The



Project provides food assistance to destitute women for a period of eighteen months. It also enables them to acquire skills and obtain access to resources and credit facilities, with the goal of alleviating poverty.

The RD programme has a similar target group as the VGD programme, but the approach is slightly different. The long-term objective of the RD programme is “to contribute to food security and to alleviate poverty of the poorest of the rural poor in sustainable ways”. The RD programme consists of four sub-projects, each addressing a different sector: roads, forestry, fisheries and water.

From 1993, the EC has funded the four-part Integrated Food-assisted Development Project (IFADEP), which combined specialist training, civil works and, in two cases, credit facilities, with a long-standing food-assistance programme aimed at extremely poor women. It was implemented nation-wide, although separate parts were concentrated in particular areas. The four parts of IFADEP were:

- i. development of asset-less women under the VGD Programme;
- ii. small-scale inland fisheries development;
- iii. growth centre connecting roads; and
- iv. institutional support and development.

NGO executed projects were financed out of the 1996, 1997 and 1998 budget. These projects were to have innovative features and were mainly organised around income generating activities. Unfortunately, administrative and procedural difficulties (many related to the Brussels bureaucracy) have severely delayed implementation and disbursements.

#### **RATIONALE AND RELEVANCE**

All interventions have relevancy with poverty reduction as a prime need and priority of Bangladesh. The majority of interventions have opted for the approach of income generation outside of primary agricultural production. Given the high proportion of landless or near landless people, this is a relevant approach. Since there is limited scope for increasing food production by this target group, it is more appropriate to improve their opportunities to enter the cash economy through some other means, thereby giving them the means to buy food.

Linking this approach to the core problems identified in Chapter 3, the following observations are made:

- First, there is still a sizeable group that has managed to hold on to modest plots of agricultural land that will benefit from productivity gains. This would also increase the availability of food at the local level.
- Second, the evidence for sustained benefit from income generating activities is not convincing. Training is often inadequate to give the beneficiary the means to make the technological “jump” needed to enter into the new trade. If the beneficiary has also taken out a loan to invest in this new business, there is a real risk that after maturity of the loan he or she will not be able to repay from the returns on the investment and a process of de-capitalisation sets in.
- Finally, there is a move away from assisting “social cases”. Many of these people are not able to, or simply do not want to, join the new type of programmes and they are therefore bypassed by the NGOs.<sup>57</sup> It is doubtful that this represents a deliberate choice of either the EC or other international donors, but it does raise some serious questions.

The policy of the Government regarding food security is undergoing a shift from being grain oriented to income oriented (from availability to access), and the ECs interventions can be seen as matching this strategy.

It is noted that the Government’s Five-year Plan recognises that food aid has become an important instrument for agricultural development, poverty alleviation, education, environmental protection and

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57 During its field visits, the mission became aware that some NGOs were actually selecting the “bright and young” persons for their programmes. This was confirmed by the local NGO representative who contended that the older and less bright people offered little hope for credit assisted programmes, and they were deliberately excluded or bypassed.

gender equality. So government is counting on the continuation of food aid in the form of wheat, independently of the expectation to attain self-sufficiency in production of food grain. Sale proceeds of food aid are utilised for various agricultural, water management and rural development project. A part of food aid is used for rural infrastructure maintenance through the Rural Development Programme, the Food for Education and the Food for Work programmes as well as the Vulnerable Group Development Programme.

All interventions under the EC Food Security budget line have been designed to fulfil the minimum requirements of the beneficiaries at household level. In the short-run a targeted income transfer can effectively increase real income of the poor people. In the long run, food security for all households will require economic growth countered around labour using, employment creating technologies.

All interventions have a high build-in gender sensitivity. Not only are some of the programmes almost exclusively targeted at women (IFADP 1 and BRAC – IGVD), but the type of activities promoted under other programmes are generally highly accessible to women, allowing them to build up skills that can be applied to activities to be carried out in and around the homestead, an important factor in this Islamic country.

The EC is supporting reforestation through some of its programmes and some projects have considered the environmental issues in their project interventions, but most of the others are environmentally neutral. They are neither designed to address environmental problems, nor are they likely to have negative environmental effects.

#### **EFFICIENCY**

The EC has been able to disburse large amounts of funds through the well-established food security programmes like VGD and IFADEP. Although these programmes predate the 1996 Resolution, they contain many of the elements of this new regulation.

Food commodities have been mobilised from within the European Union; no use has been made of the possibility of triangular purchase.

The last four years has seen a worsening of payment delays of the cash component of the programme and procedural difficulties which have led to delayed project implementation, cash flow problems for partners and a rupture in the continuity of the IFADEP 1 programme. This has the potential to frustrate co-operation with other donors and new partners.

The EU opted not to sell the food on the local market, by which the revenues of the sales revert into a counterpart fund. In increasing amounts, food aid is given in the form of cash transfers that are made available for the purchase of food items. This facility can be used because it is believed that the market has been liberalised to such a degree that the facility would not distort the development of private trade, although there is some controversy on this point.

The efficiency of the type of instruments financed under the budget line is compromised by the administrative and procedural difficulties encountered at the level of project preparation and payment requests. Mostly as a result of these difficulties, the innovative NGO programme has not been started, and even the IFADEP project has seen a rupture in its continuity.

Some improvement in management (especially MIS and M&E) have been accomplished but a lot of work remains to be done.

## **EFFECTIVENESS**

For a large number of people the availability and accessibility to foodstuffs has been improved as a result of the programmes, albeit largely for limited time periods (up to two years). Unfortunately, little research has been conducted into the effects and impact of the programme.

Targeting is a notoriously intensive and thus administratively expensive issue, which needs to be addressed with greater diligence and resources. Perhaps the most successful example of appropriate targeting is the VGD programme, including the stalled IFADEP 1 since these specifically address vulnerable women. IFADEP, as a programme explicitly designed to experiment with innovations to the benefit of the main RD and VGD programme has been able to promote a number of (pilot) activities that have resulted in successful businesses and considerable increases in income.<sup>58</sup> At the same time it is clear that the majority of women do not have the capacity (and the assets) to acquire such skills.

Some of the evidence collected by the consultants points to increased levels of income at household level, without affecting the levels of (mal-) nutrition of the members of the household. This may be a result of the increased attention to income-generating activities (IGAs) that would not always reach (or benefit) the most needy households.

IGAs aimed at women increases their status within the household and its immediate surroundings, but it also carries the risk of overburdening the women.

There is some evidence of improvements in living standards through the EC supported NGO programmes, but not necessarily with short-term food and nutritional deficiency. The NGO programmes have addressed more immediate poverty issues such as debt repayment, clothing and payment of education bills with cash for investment purposes (land rental, etc.).

## **CO-ORDINATION, COHERENCE AND COMPLEMENTARITY**

There is little evidence of real institutional co-ordination between Member States and the Commission Delegation on an operational level. The Local Consultative Group on Food Security does provide a forum for policy discussion but its large membership has rendered this forum rather ineffective. It suffers particularly from the unwillingness of its chair to challenge the established systems.

The Commission's overall country strategy proposes to: i) increase the incomes of poor people; ii) improve access to quality health services; and iii) improve access to quality primary education. The Commission's Food Security strategy is quite coherent with this mainstream development strategy in that it closely follows the first line of action (i). In order to achieve its Overall Objective of a contribution to the eradication of mal- and under-nutrition, it has increasingly moved towards a concentration on poverty reduction through employment and income generation.

The direction of movement in the policy thinking of Member States has generally been coherent with that of the Commission but to different degrees of emphasis. For example, UK DFID has moved away from food aid towards poverty alleviation and the Netherlands is concentrating on nutrition and health, water and agriculture.

There is no evidence that any complementarity exists between the interventions of Member States and any complementarity which might be achieved by the fact that they are implicated in different components of the Food Security issue is likely to be purely incidental and uncoordinated.

## **IMPACT**

Impact, while tangible for those persons receiving assistance, is however very limited in relation to the magnitude of the problem of Food Insecurity in Bangladesh. The programme is largely limited in bringing about significant change to the lives of beneficiaries other than in the short term.

However, the programme must be judged in relation to the increased focus of food security assistance programmes on the country's poor and food-insecure. In other words, large-scale impact is not to be

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<sup>58</sup> Overall, the IFADEP programme (with its active EC-WFP collaboration) has been effective in employment generation and physical capital accumulation.

expected in Bangladesh, but through better targeting mechanisms, donors are able to improve impact on the situation of those beneficiaries they are able to reach.

The impact of EU policy discussion, its representations in donor fora and its contribution to intelligence through RESAL and its Food Security Unit is, however, significant and well respected in the donor community.

## **SUSTAINABILITY**

As stated above, with the main exception of the CARE (LIFE) programme, the interventions have a limited implementation period and are often transitory and would not appear to bring about any significant change of direction in the lives of a large share of the beneficiaries. It is recognised that the VGD programme is the “first step” of a longer-term development process, but “graduation” into the next generation of development efforts is still beyond the reach of many of these women.

The mission was not in a position to verify the claim by WFP that 80 percent of VGD beneficiary families ‘graduate’ out of their abject level of poverty and food insecurity and are ready to enter the mainstream development programmes. Even if a large portion of these beneficiaries is able to reach a ‘higher level’ the link with the ‘major development programmes’ remains non-structural and illusory.

## **CONCLUSIONS**

The majority of EC interventions under the Food Security budget line match the core problems confronting the poor and destitute parts of the population in Bangladesh.

There is a high degree of correlation between these, the EC and government on the importance of eradication of poverty. However, the government does not yet have a consistent food security policy. The main challenge is to bring the “scattered” policies of the government into the framework of an overall food security strategy, and to link the EC’s interventions (and those of the other EU member states) to this framework. How difficult this will be is seen in the apparent opposite policy directions promoted.

The EC has shifted its approach from food based to cash based development. This is justifiable on the basis of the increased availability of food-grains and improved marketing channels. The move from food to cash has also improved the efficiency of food aid operations, and the EC is intending to phase out food distributions within the near future.

There is a growing tendency for the implementing partners (NGOs) to “bypass” social cases. This has a positive effect on the overall effectiveness of the projects, but it excludes large parts of the population.

Interventions have a high build-in gender sensitivity. This is evidenced in the choice of target population and in the flexibility and appropriateness of the individual interventions.

The VGD and RD programmes have enabled the government to reach large number of beneficiaries but their effectiveness and sustainability is questionable. The institutional weakness of the executing agency is a major impediment to the effective implementation of the VGD programme.

IFADEP has developed various instruments with a participatory approach, with the aim to adapt the project design and training package to the specific needs of the poor and destitute women. This is a step in the right direction and provides the flexibility to expand on those approaches that look most promising.

The role of WFP in targeting is important and close co-operation on these issues is essential to all major donors. However, the EU is correct in its critical approach to WFP’s insistence in providing food instead of cash.

The design of the “innovative NGO programmes” was directly in line with the new regulation. Unfortunately, lack of manpower at the EU Food Security Unit in Dhaka delayed the implementation of this programme. Administrative and procedural difficulties have hindered the speedy implementation of the other instruments financed under the Food Security budget line.

It has not been possible for the EC to verify the efficiency, effectiveness and relevance of the indirect contributions channelled through WFP and NGOs directly contracted in Brussels.

The Food Security Unit in Dhaka is capable and well equipped. However, lack of (local) staff reduces the capacity to follow-up projects in the field. RESAL has been able to make a valuable contribution in this field and with it, the EU has been regarded as a serious partner in the discussions of food security.

In the debate on food versus cash the position of the EU is that ultimately its contribution would all be in cash, whereas most other donors (notably WFP) maintain it should be a matter of food and cash.

The use of alternative credit schemes has been encouraged, but some issues related to credit will have to be sorted out before operations can continue on a larger scale. One issue is that there are segments of this sub-population that cannot be reached through the credit instrument.

M&E strategies of the WFP (responsible for tracking food deliveries and assessing their value) are unclear, lacking coherence and appropriate procedures. Only recently has there been attempts by WFP to improve their systems.

The projects and programmes supported by donors are often characterised by isolation; competition, overlapping and gap can be seen. Co-ordination amongst NGOs and government agencies is poor and there is a serious competition among the NGOs to fulfil their target, particularly financial target.

To date, the EC has commissioned only one study to quantify the impact of its programme, the results of which were not yet available at the time of the mission. However, it is safe to conclude that impact at the household level has been important for those households reached through the programme.

The impact on implementing institutions has been disappointing. The EC was not able to influence the variable performance of the large NGOs (with the possible exception of IFADEP I which was able to improve NGO capacity). The IFADEP programme, which had as one of its objectives the improvement of the implementation of the Department of Women's Affairs was unable to achieve a noticeable result.

Co-operation with WFP has become problematic, since the institution is insisting on continuing to give food aid in kind a prominent role in the food security strategy.

The programmes implemented under the Food Security Budget line either have a positive environmental impact (such as social forestry projects), or their impact is neutral, mainly because the type of income generating activities promoted have little consequences for the environment.

It is recommended that NGOs, implementing income-generating activities, give more emphasis to the sustainability of the support given to beneficiaries.

With the emphasis on income generating activities, there is a real risk of exclusion of a large number of 'hard core' poor, who for various reasons, have not managed to benefit from these opportunities. This can be avoided by tailored responses for target groups with different capabilities and needs.

It is recommended that programmes designed to create employment and income opportunities do not place unsustainable labour demands on women.

It is recommended that the EC follows critically the targeting mechanism that is currently under review by WFP.

It is recommended that the EC insist on a radically improved monitoring and evaluation performance by WFP. The FSU, with its own resources, can make a valuable contribution in this area. There should be a systematic verification of the WFP initiated M&E system by the FSU.

The low efficiency of in-kind food security measures has been extensively documented. However, the alternative (transfers in cash) is also prone to misuse and administrative complications, and it is recommended that the EC should carefully consider the options.

It is recommended that the present staffing of three experts in the FSU be maintained. It is also recommended that in addition to the expatriate experts, the FSU hire additional National staff that is to be involved in field monitoring and project administration.

## 2 BOLIVIA

Between the 8<sup>th</sup> and 17<sup>th</sup> of March 2000, an evaluation was carried out of the implementation of EC Food Aid, Food Security Policy, Food Aid Management and Programmes in Support of Food Security (Regulation no. 1292/96 of 27<sup>th</sup> June, 1996) in Bolivia.

### MAIN FOCUS OF THE STUDY

The study focused on the following issues:

- the application and instrumentalisation of the foreign exchange facility;
- the aid component through Non Governmental Organisations;
- the co-ordination, coherence and complementarity of the programmes and interventions;
- the relevance, effectiveness, efficiency and sustainability of the interventions.

### PROBLEM IDENTIFICATION

The European Commission, Directorate General Development (DG Dev) classifies Bolivia as a country suffering from structural food deficits. In Bolivia food insecurity is more severe in rural than in urban areas. Food (in-)security varies with time being highly sensitive to variations in climatic conditions. Agricultural technology is poorly developed. Most public sector organisations involved with food security identify the main problem as a lack of food availability at a national level, and as a consequence, activities and interventions have been developed aimed at increasing food production and productivity. There is a growing understanding that food insecurity is the result of a lack of purchasing power by a significant part of the population (over 70%), compounded by imperfect food markets at regional or local level. In Bolivia, food insecurity is more an income generation problem at household level than a national food availability problem.

### MAIN PROGRAMMES AND PROJECTS

*The programme in Bolivia has a two-pronged approach. The first approach is through and with the public sector. It consists of three components: a public investment programme funded through a foreign exchange facility - the Food Security Programme (Programa de Apoyo a la Seguridad Alimentaria – PASA); institutional support to PASA and a microfinance component. The PASA investment programme operates at two levels: a national level sectoral programme and a territorial (mainly municipal level) programme. The main interventions at the municipal level are feeder road construction, irrigation works, training and technical assistance. The micro-finance component, introduced with PASA III (1998), has not started yet.*

*The second approach aims at interventions through the civil society, with the involvement of international and national Non Governmental Organisations (NGOs). Direct food aid programmes (with the World Food Programme and through Euronaid) are not significant.*

### RATIONALE AND RELEVANCE

Although the official policy of the Government of Bolivia considers food insecurity a multifaceted phenomenon, in public sector institutions, the view prevails that food security is a food availability problem at the national level. Consequently, public sector interventions aim at increasing production and productivity. The implicit assumption is that increased agricultural production leads to higher rural incomes, which subsequently, contribute to improve food security. Survival strategy studies seem to refute this view. The volatility of prices (the high price elasticity of supply) balances out a large part of the benefits derived from higher production. Gross margins of agricultural production are rather constant in time in e.g. potato and wheat production. Strategies focusing on increasing agricultural production are useful only if implemented through population groups with productive potential. The traditional ‘palliative’ kind of food aid intervention has been abandoned.

The foreign exchange facility is the vehicle by which the programme operates, rather than the program per se. The facility enables activities that are relevant to the main food security programme objectives. Interventions implemented through civil society organisations are relevant to the food security objective, although the scale of the interventions is small. The NGOs capacity to focus on vulnerable groups is considerably greater than that of the public sector.

The territorial interventions of the PASA programme are incorporated in the framework of the People's Participation Law (*Ley de Participación Popular*) and to a lesser extent in the Decentralisation Policy. Interventions help contribute to the strengthening of the executive capacity of the municipalities.

## **PROGRAMME DESIGN AND INTERVENTIONS**

All territorial PASA interventions are demand driven and respond to direct needs identified at local level. Intervention strategies are mainly formulated at the municipal level in the so-called medium-term municipal development plans. The capacity to match municipal plans with either the national level or other supra-municipal levels (e.g. water catchment areas or trading route 'corridors') is almost absent. In consequence, most municipal plans are rather site specific and isolated from each other. Although the demand driven approach is a positive feature, it takes along the disadvantage of fragmentation in geographical space and economic environment.

## **EFFICIENCY**

On its own, the foreign exchange facility is not an efficient instrument to make funds available, but it has been shown to be more efficient than counterpart fund generation schemes in the past (based on food aid). PASA performance in terms of budget disbursement implementation has been slow and remains below 50% of the annual budget allocations authorised by the Ministry of Finance. These allocations are lower than the (envisaged) transfers of funds by the EC, because ceilings have been imposed on public spending. Slowness in sub-project implementation is due to a combination of procedural inefficiencies, administrative red tape and lack of executive capacity at the local level.

The NGO programme faces different problems, such as substantial delays in the transfer of funds from EC Brussels. The smaller –national NGOs are hampered in the implementation of projects because of excessive “red-tape” and cost of securing funding. Larger international NGOs have a greater flexibility in the pre-financing of scheduled interventions.

## **EFFECTIVENESS**

The foreign exchange facility - as an instrument - is not effective as it does not contribute to any of the stated objectives. The financial transfers – not converted from foreign exchange to local currency- are used only to finance the PASA investment programme, which forms part of the public sector budget. In practice, the facility is an earmarked budgetary support. A side effect is that the Central Bank of Bolivia keeps deposits in foreign exchange in the currency of transfer on so-called special accounts. The unutilised part of these deposits form part of the national reserves and support the national currency.

At an individual intervention level the PASA programme is considered to be generally effective. Approximately 80% of the interventions are activities identified by the beneficiary population, while many projects are complementary to existing activities or projects. Results at the project level are mostly positive. PASA interventions are considered less effective in addressing the needs of specific vulnerable groups such as the very young and the elderly. No judgement can be made whether the total of all interventions effectively contributes to reduce food insecurity at national level because of the lack of monitoring criteria, evaluation results and impact assessment.

NGO interventions are generally seen as being more effective instrument to reach both the household level and vulnerable groups. Some NGO interventions focus on the issue of appropriate use of food. At aggregate level, the effectiveness might be less, since the geographical coverage and number of beneficiaries attended by NGOs are rather small. PASA standard procedures do not have a gender perspective, although this does not deprive some PASA projects of having positive effects on women or other vulnerable groups. NGOs use to have a more explicit gender approach and may focus on women in their intervention strategies. Although PASA projects have to comply with the environmental impact

assessment as required by law, there is no specific focus on the environment. According to an USACE evaluation (1999), about one third of the interventions has a positive effect on the environment.

#### **CO-ORDINATION, COHERENCE AND COMPLEMENTARITY**

At the international level, the Government of Bolivia co-ordinates its public sector programme and strategies with the donor community. At the national level, the co-ordination between PASA and ministries other than the Ministry of Agriculture, is rather weak. The policy linkage between PASA and other food aid organisations, like the WFP, is not well established. It is the Food Security Unit USACE that takes care of contacts and networks. To the outside world, PASA is not considered to be an integral part of the public sector, but more an EC organisation. The policy relations between PASA and the contracted NGOs is neither intense nor absent at the central level; most co-ordination exists at the regional and field level. At national level, most policy coherence and streamlining between PASA and NGOs is brought in by USACE, while at the local level various initiatives for bridging the PASA and NGO interventions have been launched.

The food security programme is being co-ordinated with and among EC Member States, on the initiative of the Delegation of the European Commission. In principle, the programme is complementary to the bilateral co-operation programmes funded by the various Member States.

#### **IMPACT**

A study on anticipated impact of the PASA programme, carried out on behalf of the Food Security Unit, reveals positive results. Availability of water (irrigation) and the diversification of agricultural production made producers less dependant on climatic and market fluctuations.

Since the NGO programme is still young, no impact assessment has been carried out so far.

#### **SUSTAINABILITY**

The PASA programme fits well in the recently defined national strategies, such as the Interim Poverty Reduction Strategy paper, the Law on Popular Participation and the Law on Administrative Decentralisation. Since most PASA interventions are complementary to others and respond to needs identified by the direct users, they are considered socially sustainable. Technical sustainability (over 80% of interventions) seems to be higher than economic sustainability (about 60% of the interventions) (USACE, 1999). Since all PASA projects require an environmental impact assessment, they are considered to be environmentally sustainable. In the case of NGO interventions, the financial and economic feasibility (and hence the sustainability) is not guaranteed in all individual interventions.

#### **CONCLUSIONS AND LESSONS LEARNED**

The foreign exchange facility has not resulted in additional availability of food commodities at the national market level. Forex was never available 'ex ante' or on preferential terms, so there was no additional 'window' to local importers. No increased imports from either the European market or other eligible markets could be observed.

Since financial resources are fungible, the effect on the balance-of-payments would have been exactly the same had the list of imported commodities not included food items, but other imported good in the same currency.

A beneficial side effect is that unspent balances contribute to the national reserves and hence support the national currency.

The PASA programme is well embedded in national policies. The procedures contribute to the strengthening of the executive capacity at the municipality level. However, the procedures for both project formulation and administration of resources, in combination with the ceilings in force on public spending and the limited implementation capacity of the municipalities help to draw down the implementation rate well below expectations.



The programme through the NGOs is more solid in terms of consolidation and sustainability. However, they are not necessarily integrated with other activities at the local level. In about two thirds of the cases these interventions do not form part of the Municipal Multi-annual Development Plan, while almost all PASA interventions do. Some NGOs reach the intra-family level (vulnerable groups) and develop activities in the area of the use of food, areas usually beyond the reach of the PASA programme.

PASA interventions lack a well-developed gender perspective. NGO interventions are more sensitive to gender differences in design and implementation of interventions.

The technical and conceptual support by the Food Security Unit is of fundamental importance. The Unit is pivotal as far as it concerns external relations, conceptual innovation and co-ordination among the various components of the programme.

Neither the PASA programme, nor the NGOs contributed to the development of food markets. No initiatives have been launched to improve markets through organisational and institutional development of the private sector.

The NGO programme is relatively small as compared to the public sector component. Since both are dealing with comparable type of interventions, the resources available and the duration of the contracts seem short.

The shift from a food aid programme to a programme of food security implied a change in the type of interventions from those of a palliative kind (e.g. mother and child health care) to interventions similar to rural development activities. The discontinuation of the palliative interventions does not mean that the need for this kind of interventions came to an end.

Food security can better be understood as a specific perspective and not as a subject matter.

The foreign exchange facility is a considerable improvement over the previous situation where monetisation of food aid generated counterpart funds for project implementation. However, the instrument in itself is not effective since it does not contribute directly to the objectives. Its function should be understood as an administrative tool to allow compliance with the Food Aid Convention.

## **RECOMMENDATIONS**

To allocate foreign exchange in the form of earmarked sectoral budgetary support. The Regulation 1292/96 might provide openings for this.

To review the balance between project implementation through the public sector and through civil society organisations. This may lead to the need to increase the budget made available to NGOs and civil society organisations.

To take initiatives for private sector involvement in the programme, for example by launching initiatives for local market improvement through trader organisation, facilities etc.

That PASA develops an approach for active project promotion, through municipalities.

That PASA supports actively the elaboration of intervention proposals by making pre-investment resources available.

That PASA promotes the elaboration of supra-municipal projects and link these with interventions at a higher level of aggregation, such as planning at the level of water catchment areas.

To review once more all bottlenecks as far as it concerns project formulation requirements, administrative procedures, etc. which hamper the speed of project implementation.

That PASA incorporate a special unit for assistance to municipalities, in order to speed up project formulation and implementation.

To extend the contract duration with NGOs to five years, similar to the co-financing programme. This will enable NGOs to consolidate interventions started.

### 3. HAITI

Between the 4<sup>th</sup> and 17<sup>th</sup> of April 2000, an evaluation was carried out concerning the implementation of EC food Aid, Food Security Policy, Food Aid Management and Programmes in Support of Food Security (Regulation no. 1292/96 of 27<sup>th</sup> June, 1996) in Haiti.

#### MAIN FOCUS OF THE STUDY

The study focused on the following issues:

- budget support and actions in support of food security;
- food aid in-kind;
- the indirect aid component through NGO projects;
- co-ordination, coherence and complementarity of the programmes and interventions;
- the relevance, effectiveness, efficiency and sustainability of the interventions.

#### PROBLEM IDENTIFICATION

Haiti is a priority country for food aid of the European Commission. It has a structural food deficit and a large part of the population is food insecure. Poverty is widespread. Some 81% of the rural population is living under the poverty line, 66% in extreme poverty. Although detailed statistics are not available for urban areas, the large slums clearly indicate prevalence of widespread poverty. Causes of poverty are low agricultural productivity, economic decline during several years due to a series of economic and political crises, disinvestments during the period of embargo, large-scale unemployment and underemployment, and an unfavourable economic and political climate for new investments. The situation is exacerbated by the withdrawal of many donors as a sanction for the continuing postponement of democratic elections.

#### MAJOR PROGRAMMES AND PROJECTS

After the embargo of 1992-1994, the European Commission resumed aid to Haiti in 1995 including food aid. Since the adoption of Council Regulation 1292/96 of June 1996 the Commission allocated 49.8 million Euro to Haiti, as follows:

Direct budget aid (19.1 million Euro). Actual commitments and expenditures lag far behind allocations. At the end of March 2000 only 8.9 million Euro out of 30.1 million Euro (30%) has been committed. In May 1999, a Memorandum of Understanding was signed for an amount of 2.75 million Euro and the first disbursements took place in November 1999. Other Memorandums are still in the process of formulation. Their immediate execution, even if they would be finalised shortly, is uncertain because of the political situation and the freeze of further commitments by the European Union awaiting the postponed elections. If no clearance is given before the end of the year 2000, the 1997 allocation (12 million Euro) will be cancelled and the remainder of the 1996 allocation, which is not bound by a limiting date, will be further postponed.

On direct project aid 10.9 million Euro has been allocated during the period 1996-1999 for the following projects: *Appui à la Commission Nationale Intersectorielle de la Sécurité Alimentaire (CNSA)*, *Renforcement de la filière intrants-semences (CIPDSA)*, *Crédit Artibonite 1995*. Memorandums of Understanding have been signed for two other projects, totalling 5.1 million Euro. For all other allocations Memoranda of Understanding are under preparation, but all signing has been postponed awaiting elections. The remaining funds of the 1997 and 1998 allocations are going to be cancelled at the end of December and June 2000 respectively if no Memorandum has been signed.

Indirect food aid in-kind (14.1 million Euro) is mobilised by Euronaid. BND distributed most food aid in its school-canteen programme. Allocations have been made in 1996, 1997 and 1999.

Eight contracts for indirect aid in-cash (total 5.6 million Euro) have been signed with NGOs in 1998 and 1999, most of them in the agricultural sector, others having more of a social character in health and nutrition.

#### **RATIONALE AND RELEVANCE**

The overall relevance of the food security programme (FSP) is good. The programme is in line with the consideration and conditions of Council Regulation 1292/96. Haiti is a structurally food deficit country and access to food is not assured for a large part of the population. A National Food Security Policy has been defined and is awaiting adoption by the new Parliament. Reorganisation and institutional reinforcement of the Ministry of Agriculture are important conditions for renewed agricultural growth. In this sense, budget support and actions in support of food security allocated to the Ministry of Agriculture are relevant for the implementation of an effective food security policy, although the institutional capacity of the Ministry is extremely weak. The relevance of food aid in-kind is obvious, as it is directly targeted. The relevance of indirect aid in-cash (NGO projects) is also satisfactory. The projects contribute to household food security by improving food production and revenues or by contributing to better nutrition.

#### **PROGRAMME DESIGN AND INTERVENTIONS**

Project preparation and design of direct aid interventions has been generally weak. Substantial funds were allocated without timely programming and are yet to be committed. The allocations appear to have been politically driven in order to support the newly established Government after the embargo, rather than based on a realistic estimate of the absorptive capacity of the country for this type of aid. Preparation and design of indirect food aid and NGO interventions were very good.

#### **EFFICIENCY**

For all projects, administrative procedures have proven unduly protracted resulting in considerable delays in execution, non-respect of planning, lack of continuity and financial difficulties for implementing organisations. Efficiency of budget support is low. The major part of the aid, the 1997 budget allocation, risks cancellation at the end of 2000. Overall efficiency of actions in support of food security is low due to general delays in engagements and disbursements and weak management. Efficiency of aid in-kind is low as all programmes report considerable delays in food deliveries. Distribution itself is efficiently organised and well targeted. Efficiency of indirect aid through NGO projects is below standard. The main reason is the large delays in disbursements by the EC. Project implementation has been relatively efficient. While implementing partners in some cases have not been sufficiently vigilant, the bulk of the problem is undoubtedly due to the European Commission. This creates serious financial difficulties for most of the NGOs and makes impossible planning. This negatively affects project results and undermines the trust of the beneficiaries in the seriousness of the agency and, through them, of the EC.

#### **EFFECTIVENESS**

Effectiveness of budget support to-date is low. Relatively little of the allocation will be executed as proposed. Most of the remaining funds might be withdrawn if the political situation does not improve before the end of 2000. Effectiveness of actions in support of food security was moderate: the CNSA is established and a food security strategy was developed. The *Crédit Artibonite* project (rural credit) failed as a credit project. The objectives assigned to the seeds project were too ambitious, especially the introduction of improved varieties. Effectiveness of aid in-kind is good, but, below target because of major drawbacks in implementation. Effectiveness of indirect aid (NGO projects) was good.

#### **CO-ORDINATION, COHERENCE AND COMPLEMENTARITY**

Co-ordination with other donors and with the Government was good. While most co-ordination is only exchange of information and avoidance of duplication there were some encouraging examples of co-operation. There is also a complementarity with other programmes. Coherence of EU interventions was effected in a satisfactory manner by the Delegation of the European Commission in Port-au-Prince.

RESAL fulfils a useful function in the analysis of the economic and political situation. There is regular contact between the RESAL mission on the one hand and the Delegation, the CNSA, other donors and civil society on the other (however, the flow of information could be improved). The (possible) role of RESAL in operational matters is not clear; this may lead to duplication with Delegations tasks and conflicts of competence.

## **IMPACT**

The overall impact was limited compared to allocated budgets as most funds were not spent (or activities are in their initial stage). Impact of budget support is almost zero as no results have been obtained. The impact of actions in support of food security was limited. Impact of CNSA is positive but below expectations, as the implementation of the food security strategy and the institutional embedding of CNSA itself are hampered by the political deadlock. The impact of support to CIPDSA is low. The distributed seeds were of low quality and did not improve agricultural output, while the receiving organisation lost an important part of its revolving funds. The school-feeding programme had a significant impact by improving school attendance rates and higher receptiveness of the pupils, resulting in better school results. Impact of indirect aid (NGO projects) is too early to judge since no project has been running for more than two years.

## **SUSTAINABILITY**

Regarding budget support and actions in support of food security, doubts exist as to the institutional capacity of the Ministry of Agriculture to use effectively the expected results of the ongoing projects. Distribution of food aid in-kind does not aim at sustainability, nor do most nutritional projects. Most agricultural development projects (indirect aid through NGOs) appear sustainable and the beneficiaries have the capacity to manage effectively. A serious risk is a further deterioration of the commercial climate diminishing market opportunities and increasing transaction costs.

## **CONCLUSIONS AND LESSONS LEARNED**

A new regulation and a good conceptual framework do not guarantee success when executive capacity to implement is poor.

A FS policy to promote support through civil society requires procedures in line with the financial and managerial capacity of local organisations. NGOs are an efficient and effective instrument. However, the EU's administrative inefficiencies were a burden on viability of local NGOs in 1998 and 1999. The EU does not respect contractual obligations (e.g. payment delays).

Decentralised co-operation in the field requires decentralisation of decision making and delegation of administrative responsibility.

By focusing on rural development projects in order to achieve national food security, the FSP weakens its own profile compared to other EU budget lines. Individual access to food of vulnerable subgroups in society should receive more attention in the Country Strategy Paper. A good equilibrium between general rural development projects and short-term targeted nutritional projects is advocated.

Indirect food aid in its present form does not disturb local food markets. Food aid plays a very useful role as food security instrument in school canteens and social projects. More effective planning by the EC is necessary to optimise effectiveness.

Budget support requires good preparation and design. The Government institutions of Haiti are characterised by a fundamental structural weakness.

Social projects have low priority in the FSP, as the EC focuses on structural solutions. However, extreme poverty and the presence of vulnerable people exist in all countries. A part of the programme might be dedicated to humanitarian actions that have nothing to do with crises as handled by ECHO.

#### **RECOMMENDATIONS**

The capacity of Haitian NGOs to absorb funds in an effective way is limited to 3-4 million Euro.

The capacity of the MARNDR to allocate budget and project support is also limited in the short term because of its institutional weakness. It might be useful for the EU to include support for construction of public infrastructures (drinking water facilities, rural roads) that have a direct impact on food supply, nutrition and market access in the short run in order to optimise allocation of available funds.

Institutional support to strengthen the Ministry of Agriculture and enhance its capacity of absorption is recommended. This especially concerns those with a direct involvement in agricultural production that can enhance food security.

The EC should consider the consequences of applying tender procedures to NGOs since they may have a negative effect on their commitment. Uncertainties and delays in procedures are also a disincentive.

#### **4. KYRGYZSTAN**

Between March 22<sup>nd</sup> and April 1<sup>st</sup>, 2000 an evaluation was carried out concerning the implementation of EC food Aid, Food Security Policy, Food Aid Management and Programmes in Support of Food Security (Regulation no. 1292/96 of 27<sup>th</sup> June, 1996) in Kyrgyzstan.

##### **MAIN FOCUS OF THE STUDY**

The study focused mainly on the following issues:

- The application and instrumentalisation of the foreign exchange facility;
- The application and instrumentalisation of budget support and TA;
- The co-ordination, coherence and complementarity of the programmes and interventions; and
- The relevance, effectiveness, efficiency and sustainability of the interventions.

##### **PROBLEM IDENTIFICATION**

The Kyrgyz Republic belongs to the priority countries for food aid and food security programme of the European Commission. The country is classified by OECD/DAC as a low-income country. There is no food shortage at national level, but there is high food insecurity at household and individual level as large parts of the population are poor or extremely poor. In 1998, 64% of the population was considered poor and 23% as extremely poor. Poverty is especially accentuated in rural areas where it has reached 71%. There are important regional differences, with poverty ratios ranging from about 6% in urban Bishkek to over 90% in rural Naryn in 1997. Causes of poverty are: a) low agricultural productivity; b) general economic decline since the breakdown of the former Soviet Union resulting in a considerable reduction of traditional export markets and the complete disappearance of GDP subsidising by the former federal government; c) disinvestments in agriculture; d) lack of credit for necessary maintenance and replacement of agricultural infrastructure and equipment; e) and large scale unemployment and underemployment.

##### **MAJOR PROGRAMMES AND PROJECTS**

Before 1996, programme food aid in-kind was provided under the DG Agriculture programme. Since 1996, the Kyrgyz Republic complies with Council Regulation 1292/96. Food aid is given in the form of a foreign currency facility and technical assistance. During the period 1996-1999, 35.5 Million Euro was allocated, of which 33 Million Euro for the foreign currency facility and 2.5 Million Euro for technical assistance. For the year 2000 a two-year programme is under preparation for an amount of 10 Million Euro a year. The largest part of the counter-value funds is used for budget support to the Ministry of Agriculture and the Ministry of Labour and Social Protection. Both ministries are responsible for policies and programmes that are highly relevant for food security and poverty alleviation. The programme is accompanied by useful and necessary technical assistance. Until now, this assistance involves institutional support and assistance to the process of policy formulation, programming, budgeting and accounting. This is a necessary step in the process of putting in place modern management procedures and techniques.

##### **RATIONALE AND RELEVANCE**

The overall relevance of the Food Security Programme is good as it is in line with the considerations and conditions of Council Regulation 1292/96. The aid is given in the form of a foreign currency facility and technical assistance. There is no clear evidence that the foreign currency facility leads to significantly additional food imports. The relevance of the budget support programme is good. The budget support is directed towards two key Ministries for food security, the Ministry of Agriculture and Water Resources and the Ministry of Labour and Social Protection. Countervalue funds are used for the

financing of earmarked expenditures of Ministries and official institutions. Support to the Ministry of Labour and Social Protection is used to finance social allocation. The support of the full operational budget of the Ministry of Agriculture fits in the concept of food security and is according to priorities set by national policy. Relevance is good, although there is not always a clear demarcation between the food security programme and other instruments that possibly could have financed budget support as well.

## **PREPARATION DESIGN AND INTERVENTIONS**

When the 1996 FSP was designed and the budgetary procedures and the public finance system were being set up, knowledge about the Kyrgyz budget was very limited. During the first few years, preference was given to refinancing already budgeted expenditures without insisting on changes in the expenditure structure. The FSP was not ready to target specific food insecure groups in society at a large scale before the 1999 Kyrgyz budget year. Despite early lack of targeting, the conditionalities associated with the FSP are now viewed as being accurate although too broad.

## **EFFICIENCY**

Overall efficiency of the FSP is acceptable, but improvements might be realised by streamlining administrative procedures that sometimes cause considerable delays. Efficiency of budget support is also affected by delays in the transfer of the funds caused by administrative procedures. Once in Kyrgyzstan, disbursements are regular as all allocations are inscribed in the national budget and spending is accordingly undertaken. Monitoring and evaluation take place through mid-term and final review processes. Timeliness and quality of reviews is varied. Statements on the fulfilment of conditionalities should be distinguished from monitoring and evaluation in order to speed up payment of following instalments. Efficiency of short-term TA is low during recruitment as it takes too much time, but good once in place. Efforts undertaken by the TA to fill gaps in the teams' competence by additional studies and support are not always correctly rewarded.

RESAL produced useful and timely information and contributed in an important way to the formulation of the National Food Security Policy. Nevertheless, the RESAL programme has several deficiencies. The local staff, which, for comprehensible reasons, had no real food security background from the beginning and have been insufficiently trained. Project management in Brussels changed repeatedly in the beginning. Studies such as the cereal market survey have provided little insight in market structure, competition and efficiency of the sector.

## **EFFECTIVENESS**

Overall effectiveness is acceptable and is improving over time as the programme gains knowledge and experience. Effectiveness of budget support to the Ministry of Agriculture is good. The support to the Ministry of Labour and Social Protection is good as well but targeting of beneficiaries might be improved as is recognised by both the Government and the EC. Effectiveness of budget support has improved over time. The first allocation had more of an *ad hoc* character in financing earmarked expenditures of the budget of the Ministries of Health and Education. Effectiveness might have been higher if better use had been made of the experience and knowledge obtained by Tacis under the foregoing programme food aid.

Effectiveness of long term TA is good. The present technical assistance gives mainly institutional and administrative support and policy advice, according to their mandate. Enlargement of the team by a social security expert and an expert on market reforms and liberalisation might be considered.

## **CO-ORDINATION, COHERENCE AND COMPLIMENTARITY**

Co-ordination with other countries and agencies, and complementarity of programmes is good. Coherence, on the contrary, is low. Possibilities of synergy between Tacis and FSP have been insufficiently explored.

## **IMPACT**

The overall impact remains rather low as most proposed reforms are in the process of being implemented and have not yet arrived at maturity. It was not possible during this mission to determine the impact of budgetary support. Objectives to be reached through the support to the Ministry of Agriculture are medium and long-term. Further results also depend on efforts from other donors and are related to the macro-economic situation. Nevertheless, the programme contributes to the creation of the necessary conditions for future sustainable economic growth and food security. The support to the Ministry of Labour and Social Protection helps to maintain the social safety net. It has direct impact on household food security but the effects are limited.

## **SUSTAINABILITY**

Sustainability is difficult to assess as most proposed reforms are still being implemented. However, basic conditions for sustainability are fulfilled. Financing of social allowances does not aim at sustainability but is necessary to allow the population to survive while waiting for better times. The support to the Ministry of Agriculture improves the institutional set-up of the Ministry. It is too early to judge the sustainability of the new structure.

## **CONCLUSIONS AND LESSONS LEARNED**

The foreign exchange facility for food imports in the liberalised Kyrgyz market appears not to have contributed to a better availability of food. It is mainly an instrument to transfer funds.

EC budget support is very much appreciated by the Kyrgyz Government and considered as crucial for macroeconomic stability.

Budget support gives long-term TA an important leverage to implement institutional reforms.

Budget support of earmarked budget lines secures allocations to extremely food insecure groups in the society.

Delays in payments contribute to the already extreme difficulty of funding and managing the programmes.

The causality of a log frame cannot be considered as evident in a “small open country” such as Kyrgyzstan, as international markets dominate the local economic environment.

## **RECOMMENDATIONS**

While production and consumption are both receiving due attention in the programme, little attention is paid to marketing. The privatisation and liberalisation of the economy has led to profound changes in society that need new attitudes and behaviour from the economic actors. A well functioning market is a prerequisite for matching supply and demand, but little is known of newly developing structures. The large-scale prevalence of barter indicates that market structures do not perform in an optimal way. This may lead to further market distortions in the future. Therefore, it is recommended to strengthen the attention on market analysis in the programme. Efforts in the social sector should be continued to improve targeting, in order to assure inclusion of the weakest groups in society.



## 5. LIBERIA

### PROBLEM IDENTIFICATION

Prior to the war, Liberia was already considered a food dependent country with only 60% of food produced in-country. This was an artificial situation institutionalised by government policy to free land and labour for agro-industrial production (rubber, coffee, cocoa etc), as well as labour for mining (iron ore, gold). The situation was aided by the US through liberal allocations of PL 480 food aid, and Firestone rubber company rice imports, both of which had created dependency upon imported rice varieties.

With wage labour possibilities significantly reduced, the dependency gap may appear to have increased to be corrected by commercial imports and food aid. This remains, however, a matter of political choice and the country has the possibility to significantly increase its food production and to revitalise its currently sluggish but improving (official) export performance up to pre-war levels and beyond. It is a question of good governance, nepotism avoidance and control of unofficial exports (diamonds etc). Remittances from exiled groups, in the USA for example, also constitute a hidden export. The Evaluation Team considers that the country is not inherently food insecure but that some problems do continue for those (militarily) insecure areas to the Northwest (North Lofa), for some still isolated areas and for vulnerable groups.

Access to food would not appear to be a problem in the rural areas due to the relatively small population, strong community cohesiveness, usufructory right or rental/loan access to abundant agricultural land, abundant rainfall and, ultimately, considerable supplies of wild forest foods (flora and fauna). Urban populations face a more difficult access problem due to income generation difficulties but, again, the relatively small population and the presence of wealth, albeit in a limited number of hands, give the possibility for petty trading.

Availability of food would not appear to be a major problem and the Evaluation Team concurs with the major international players, with the exception of WFP, that provision of food aid in-kind is not of prime importance to the country.

Utilisation of food presents some problems due largely to limited supplies of potable water, a result of wartime destruction and contamination of wells, poor health facilities, limited educational facilities and the incidence of mineral toxicity/deficiency in some parts of the country. The population is, however, availed of a varied diet.

### MAIN PROGRAMMES AND PROJECTS

The possibilities for Commission intervention in stabilising the situation include:

1. increasing food production through agricultural inputs, particularly improved crop varieties for which there is a large potential response;
2. supporting increased export revenues from agro-industrial production including appropriate timber exploitation;
3. improvement of market integration through the repair/improvement of roads and bridges, so stimulating production and releasing existing, but wasted, products to the market;
4. reduction of post-harvest losses; and
5. stimulation of value-added measures such as the encouragement of cash cropping, mills, food processing, packaging etc.

Apart from enabling the import and distribution of seeds and tools, for which there has been an element of triangular purchase within the region, and its employment of NGOs as its implementing partners, the Commission has exploited little of the flexibility presented by the 1996 Regulation. Despite the possibilities for the use of cash<sup>59</sup>, this has not been used due to perceived procedural problems

associated with securing its provision in Brussels and the inability to establish an imprest account system for use in the country. The latter is attributable to the unstable security situation and the resulting absence of functional administrative and financial structures in the country.

Disbursement of funds, as manifested by contracts signed, is 90%. However, the high percentage is partly due to the fact that no funds were committed during 1999. Low disbursements and perceived procedural problems associated with gaining expeditious Brussels approval for some more innovative programmes had lead the EC to decide that no Official Letter would be signed in 1999. Consequently, there have been lost or delayed opportunities, which notably included seed multiplication, the establishment of full time technical assistance in the country and the timely establishment of a veterinary programme.

Some activities carried out under the EDF financed ECRRP programme could have been carried out under the 1996 Regulation<sup>60</sup> and in close co-ordination with other flexible instruments available under, for example, the Rehabilitation Budget Line. It is possible that, with the imminent completion of Phase II of the ECRRP programme, there could be a transfer to Food Security Budget Lines of some of its (particularly agricultural) components. However, greater sustainability of the ECRRP agricultural projects might be achieved by linking NGO training/development interventions to them after the departure of ECRRP staff.

The more professional and large scale approach employed by ECRRP raises interesting questions with regard to the more developmental approach of NGOs, which gives less immediate impact on the scale demanded of such widespread food insecurity as existed at the beginning of the study period (1996) and whether the former approach should replace or be integrated with NGO interventions using Food Security Budget Lines. It has to be noted, however, that little empathy exists between ECRRP staff and the NGOs due to their diametrically opposed philosophies – this is lamentable.

## **RATIONALE AND RELEVANCE**

The Evaluation Team considers that the 1996 – 2000 Food Security programmes were very relevant to the needs at each stage of the period. Targeting was relatively easy as needs were both dire and homogeneous, and a ‘broad brush’ approach quite appropriate. The Commission left targeting of the urban areas to WFP, whose transparency is questioned. The Commission is aware of the existence of WFP administrative procedures but the Evaluation Team is surprised by the latter’s intransigence in providing its monitoring information which does undoubtedly exist.

## **EFFICIENCY**

The NGO component of the programme was of a low budget nature implemented on a national scale and divided into small allocations. The programme was thus unable to take advantage of the economies of scale and professionalism of the ECRRP micro-projects. In the light of the scale and urgency required to undertake a food security intervention in Liberia during 1996 – 2000, it is necessary to question whether short-term efficiency might have been more important than the longer term impact sought by NGO projects.

Facilitated by the support received from EC logistical facilities funded under EDF, for which there was no cost recovery with the exception of fuel, the distribution of seeds and tools would appear to have been a very efficient operation with a low cost per beneficiary.

Bulk purchases enabled by membership of the Seeds and Tools Committee improved both efficiency and cost benefit, and its negotiating strength enabled the selection of appropriate seeds according to geographic area.

The inability to provide timely full time technical support to the Liberian programme has meant that the incumbent co-ordinator based in Côte d’Ivoire has had to divide his time between three countries and is not allowed time for strategy and programme development. Difficulties encountered in proposals through difficult procedures in Brussels and, in fact, the lack of clear training for both NGO and

Commission staff in the use of budget lines, have meant that the introduction of more innovative projects has been thwarted.

The Evaluation Team notes a conflict of interest in NGO surveying in that the reports are focussed on the generation of resources for their own programmes. Furthermore, the Commission's scepticism with regard to WFP needs assessment, which draws upon the NGO assessments and means that the return on the investment in intelligence gathering is not optimal.

The difficulty, or even impossibility, for small purchases of inputs for NGOs by the Food Security country office, which leads to either inaction or heavy bureaucratic procedures, does not improve the efficiency of operations.

Monitoring reports from implementing partners have been received on a regular basis to give a clear picture of ongoing operations. There is, however, a need for a standard reporting format based on, for example, the Project Cycle Management methodology. Food Security Monitoring by SCF and ACF, funded by the Commission, has equally provided useful information in the regions but is not presented in a clear homogeneous way and fails to come out with clear statements which could guide the Commission in its decision making.

## **EFFECTIVENESS**

The Evaluation Team met significant evidence of widespread distribution of seeds and tools to beneficiaries. Beneficiaries communicated the fact that there had been a great need for them, but that if no EC distribution had been made, then they might have obtained lesser quality items from members of the community who had hidden them before leaving for exile.

The tracking of EC funded but WFP distributed food was impossible due to the lack of monitoring information from the latter. There was, however, ample evidence of food having been received at the right time when most needed, teachers confirmed that children were sent to school in response to the school feeding programme and the success of reintegration of food allocations were recognised as having provided a useful aid to return. Food-for-seed<sup>61</sup> programmes were, however, criticised for having been of too short duration (one month) and some respondents did report having eaten their seed as well.

The Evaluation Team saw ample evidence of swamp development, fishpond construction, the establishment of a seed bank and kitchen garden development financed under the Regulation but these were not at a well-developed stage.

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61 To prevent consumption of seed at sowing time

## **CO-ORDINATION, COHERENCE AND COMPLIMENTARITY**

Liberia is one of the few beneficiary countries in which LRRD<sup>62</sup> has been made to work. This statement refers, however, to the exit of ECHO after the emergency relief stage<sup>63</sup> and not to any such exit strategy under the 1996 Regulation. On the contrary, the Evaluation Team senses a possibility of Food Security funds being used for country programmes, particularly agriculture, which might otherwise have been funded under EDF, and without any careful consideration of the contiguous relationship between them. The nature and possibilities of the 1996 Regulation needs to be clarified between DG DEV/A/1 and the DG DEV geographic desk.

Co-ordination between the EU and United States has been manifested in their delivery of seeds and tools and in their common understanding of the country situation. The lack of common understanding (on the need for food aid in-kind) between the EU and other major players, on the one hand, and WFP on the other, gives cause for concern about an institution which is normally a major partner of the Commission. The creation of the Seeds and Tools Committee, upon which both donors and NGOs have sat together and brought about a significant procurement and distribution operation, as well as its performance, is laudable.

The Member States, with the exception of the Netherlands in the provision of 190 trucks to the region, are little involved in the Liberian situation in financial terms, but do have a great political interest in the stability of the region as a whole and some have made small bilateral allocations. The United Kingdom, for example pledged £4 million in 1996 for support to implementation of projects but for its own NGOs. There is little evidence, however, of co-ordination between Member States and with the Commission on the question of Food Security in Liberia other than in sharing information on an informal basis.

## **IMPACT**

The fact that substantial repatriation and reintegration in their villages has been achieved is to some degree attributable to the Food Security Programme in that its activities provided a certain confidence in the physical security of return areas. Whether the interventions actually had a 'pull' effect on returnees cannot be ascertained but it certainly did ease the reintegration process.

The programme has had a clear effect on the re-launching of agricultural production as evidenced by the availability of food on local markets, the absence of widespread malnutrition and the acceptance, by most donors, that food aid in-kind is no longer necessary.

The impact of the food security surveying by NGOs does not achieve its potential impact due to a lack of clear analysis and concrete published conclusions and recommendations by the surveying agencies.

## **SUSTAINABILITY**

The employment of NGOs as implementing partners is partly justified by their longer-term developmental capacity at the community level. However, the high turnover and professional inexperience of expatriate staff does not entirely justify this argument.

The productive capacity (cleared upland and traditional swampland farms) enabled by EC provision of seeds, tools and interim food aid has reached a level which can now sustain rural families on an ongoing basis.

The sustainability of investments in some of the swamp sites is questionable. Based on observations of previous swamp schemes (mostly developed with the aid of donors), many schemes will be under-utilised.

While support for 'slash and burn' cultivation is necessitated by the food needs of the beneficiaries, it must be noted that fallow periods are now dropping from 8 – 12 years down to 4 – 5 years now. The

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62 Linking Relief, Rehabilitation and Development

63 Completion of MERLIN health intervention was programmed for February 2000

environmental sustainability of this practice has to be questioned in the medium to long-term and safeguards put in place.

The Evaluation Team considers that, unless the institutions (NGOs, Government, Community groups etc) associated projects such as swamp and aquaculture development, do not receive continued support, then their sustainability cannot be guaranteed.

The evaluation of the EC Food Security Programme in Mozambique was carried out between March 27 and April 7, 2000.

### **MAIN FOCUS OF THE STUDY**

The study focused on the following issues:

- the application and instrumentalisation of the foreign exchange facility;
- the assessment of the programmes for institutional strengthening;
- the aid component through NGOs;
- the co-ordination, coherence and complementarity of the interventions;
- the relevance, efficiency, effectiveness and sustainability of the interventions.

### **PROBLEM IDENTIFICATION**

With the end of civil strife and the re-establishment of agricultural production within the country, the nature of food insecurity in Mozambique has shifted from an “acute crisis” problem to a more “chronic structural” problem. In this context, the nature of appropriate support to food security has also shifted from “relief and rehabilitation” towards “development”. The focus for EC support has moved away from the simple provision and distribution of food aid towards a more diverse and more complex programme of food security support. The main objective of the food security programme in Mozambique is to support, in partnership with a wide range of institutions: (i) planning and implementation of the national food security strategy; (ii) development and strengthening of markets and trade; (iii) sustainability and co-ordination of food security information systems; (iv) planning and implementation of the National Programme for Agricultural Development; (v) execution of actions that target food insecure groups; (vi) agricultural production and diversification on the basis of comparative advantage; and (vi) building up of local capacity in food security related matters at all levels.

### **MAIN PROGRAMMES AND PROJECTS**

The current interventions of the EU in food security consist of a number of programmes developed in two strategic areas, viz.

#### **Strategic Area 1: Institutional Strengthening**

- Budget support through the Food Security Financial Facility.
- Support to MICOM: Marketing Management Assistance.
- Support to MAGR:
- Support to the Implementation of PROAGRI.
- Support to Food Security Policy Formulation.
- Early Warning System.
- Support to INGC: Consolidated Information System.
- Food Security Emergency Reserve.

#### **Strategic area 2: Decentralised Activities/Private Sector Development**

- FSU funded NGO projects

- Credit facility for small and medium size cereal traders
- Mixed crop development

## **RATIONALE AND RELEVANCE**

The Food Security Programme in Mozambique consists of a number of highly relevant interventions. The introduction of Food Security Financial Facilities was relevant because: (i) in these years there was still a general shortage of foreign exchange in the banking system, viz. commercial exports only covered 30% of imports; (ii) there was reason to support the reforms that were going on in the transition from a centralised system to a market-based economy; and (iii) budget support to a number of institutions which were important in the context of food security also was highly desirable. The institutional component is directed towards strengthening of the Ministry of Trade, the Ministry of Agriculture and the National Institute of Disaster Management. The Ministry of Trade was facing the task to evolve its role gradually towards that of supporting and facilitating commodity market and trade development by the private sector. EC's support to this process was very relevant. Since 1998, the EC has been actively supporting the strengthening of the Ministry of Agriculture through PROAGRI. In view of the importance of PROAGRI these activities are highly relevant. The support to Food Security Policy Formulation is relevant because both the preparation of a national food security strategy as well as an action plan and investment plan for the implementation of the strategy are highly desirable. The relevance of the Early Warning System project stems from the fact that in order to accurately determine the food requirements of a country and to know the extent of food deficits, reliable early warning information is essential. The relevance of the Consolidated Information System project is based on the importance of having access to reliable information on the agricultural situation in the provinces.

The NGO projects are relevant because of their ability to address food security constraints in a decentralised fashion. They also contribute to the organisation of civil society and private sector development. Also aspects of women in development and environment are, mainly, directly treated through these programmes. The relevance of the Marketing Credit Support Facility programme stems from the fact that on the domestic grain market it is practically impossible to carry out procurement, transportation and storage operations because of the difficult access to credit. With the recent improvements in the country's food crop production and the transition from post-war rehabilitation to development it is important to consider also the potentially significant contribution of cash crops. For this reason the EU project on Mixed Crop Development is highly relevant.

## **PROGRAMME DESIGN AND INTERVENTIONS**

The 1996 Community Food Aid Programme, approved by the Commission in November 1996, included a financial facility of 10 million Euro. The MoU was signed in July 1997. The funds would be released in two tranches of 5 million Euro each. The funds of the first tranche were disbursed in September 1997. The 1997 Community Food Aid Programme, approved by the Commission in November 1997, also included a financial facility of 10 million Euro. The MoU was signed in June 1999. According to this MoU a total amount of 15 million Euro would be provided, viz. 5 million Euro of the second tranche of the 1996 programme together with 10 million Euro of the 1997 programme. The funds of the first tranche of the 1997 facility were released by the EC in December 1999, but effectively arrived in Mozambique only in February 2000.

The Marketing Management Assistance project was designed to assist the DNCI to adapt its present structure and functions as well as to provide market and trade information, development planning and monitoring support so as to reflect the new policy objectives of a gradual liberalisation of the market, an increased and effective role of private sector, and an overall reform of the public sector. In general, considerable delays were encountered in the approval of the project, leaving a gap of nearly two years between its original formulation and its actual start. During this period, a number of important developments had taken place which were not foreseen at the time of the original project design. As a result, various activities proposed had become irrelevant or had advanced beyond the stage envisaged in the document. It was therefore necessary to review the project objectives, outputs and activities and to suggest appropriate changes to the original plan of operation. The FSU has carried out important

activities in the preparation and design of PROAGRI through preparing technical papers on common implementation and assisting in the elaboration of common funding proposals.

## **EFFICIENCY**

The efficiency of the 1996 and 1997 facilities have been seriously undermined by the slowness of the bureaucratic process, partly within the GoM, but mainly within EC Headquarters. In this way, there was no relation between the inflow of funds and the required expenditures in the different programmes. A combination of factors has negatively influenced the efficiency of the Marketing Management Assistance project. The main factors have been the long gap between the formulation and the actual start of the project, delays in the arrival of international staff and the assignation of counterpart staff and the repeated postponement of the second phase. The efficiency of the Consolidated Information System project has been seriously hampered by problems related to the topping-up of salaries of counterpart staff. The efficiency of NGO projects has been negatively influenced by the fact that after the 1997 Call for Proposals it took sometimes a very long time between the submission of the proposal and the approval by EC Headquarters. The efficiency of the Marketing Credit Support Facility was hindered by the fact that during 1998 the FSU staff was incomplete and DNCI proved to be institutionally very weak.

## **EFFECTIVENESS**

The degree of effectiveness of the 1996 Food Security Financial Facility cannot be precisely established. However, there are indications that the amount of imported goods (important for food security) has increased, support to specified ministries and institutions have been accomplished, and that a number of desired policy changes have been initiated. It can also be concluded that the financial facility instrument has been somehow effective at a macro and sector level, but that the effectiveness at the level of rural households is doubtful. The originally stated objectives of the Marketing Management Assistance project were too ambitious to be reached within the time-frame of the project. However, the results of the project so far can be characterised as good. The effectiveness of the Consolidated Information System project so far is very satisfactory. Three points can be mentioned with respect to the effectiveness of the NGO projects: (i) the design of the projects proved to be very important for the results: poorly designed projects required many changes afterwards; (ii) projects that concentrate on a small number of activities (credit, increased agricultural production, etc.) had better results than the integrated projects; and (iii) geographical concentration of the NGO projects enhances the effectiveness of the activities.

## **CO-ORDINATION, COHERENCE AND COMPLEMENTARITY**

The EC's food security programme in Mozambique has many implementing agents and partners, including GoM institutions, other donors and NGOs. The Food Security Unit has been very instrumental in promoting the co-ordination, coherence and complementarity of the programmes of the Member States, IBRD, FAO and other organisations, and with respect to the various food security programmes of the EU. Co-ordination among the implementing agents and partners is strengthened, among others, through joint missions, joint preparation and design of programmes, seminars and co-funding of conferences.

## **IMPACT**

The Food Security Financial Facility has contributed towards the establishment of a political and economic framework capable of increasing food security at national and provincial levels. In this respect it is important to observe that during the last years, the GoM has taken a series of measures which have had a positive impact in terms of reaching the objectives of the programme, such as the formulation of the National Agricultural Development Programme (PROGARI), the approval of the National Food Security and Nutrition Strategy, the Commercial Policy and Strategy, the new regulation of the Commercial Law and the new import procedures. The Marketing Management Assistance project



has not been able to have the impact originally foreseen because of its much shorter duration. However, it has started the reform process within the ministry. It has also generated a wealth of information which has had an influence on the discussion between the public sector, NGOs and private sector on all kinds of marketing aspects such as commercial networks, credit, strategic grain reserves, etc. It has also had impact in capacity building of the officials of the ministry through training.

## **SUSTAINABILITY**

Continuation of the Marketing Management Assistance project is required in order to achieve sustainability of the results of the first phase. The Food Security Policy Formulation project will be continued by GTZ. A new project has been approved for a period of three years. In order for the Early Warning System project to become sustainable, good co-ordination is necessary among the various information systems. It is also necessary that the System is institutionalised and that the GoM has the financial capacity to operate and run the system. Costs could be reduced by diminishing international TA needs and by maximising potential synergies in data collection and reporting. The Consolidated Information System project is still too young to leave sustainable results. Currently a proposal is being worked out for a five year extension of the project. For NGO projects the maximum duration of three years as stipulated by the EC is not enough to obtain sustainable results. It is therefore, recommended to extend this period to five years.

## **CONCLUSIONS AND LESSONS LEARNED**

The main conclusions of the study are:

- The EC food security programme in Mozambique is a relevant, coherent and well focused programme;
- Based on the results which have been obtained so far within the different projects and sub-programmes, the overall programme can be considered as quite effective;
- Due to various reasons (summarised in the sections below) it has not been possible to carry out some of the components very efficiently;
- The duration of a number of sub-programmes is still too short to give an opinion of their sustainability;
- There has been very good co-ordination of the EC food security programme with the programmes of EC Member States and international donors.

## **RECOMMENDATIONS**

The main recommendations of the study are:

- The overall recommendation of the mission is for the EC to continue with the instrument of financial facilities for the Food Security Programme to Mozambique. It must strive for more efficiency through more timely disbursement of funds and through the strengthening of auditing, to ensure a timely annual release of funds to support the GoM's budget.
- It is recommended to approve as soon as possible the second phase of the Marketing Management Assistance project.
- Concerning the PROAGRI programme it is recommended to continue the EC support to financial management assistance in MAGR after finalisation of the current project in July 2000. It is also recommended to guarantee a timely disbursement of the budget support funds of the food security financial facility to strengthen the reform programme of the Ministry.
- With respect to the Early Warning System support, it is recommended to continue monitoring the progress in institutionalisation of the system within MAGR and the co-ordination of the various information systems. It is also important to study how costs can be reduced by

diminishing international TA needs, and maximising potential synergies in data collection, and reporting.

- Depending on the outcome of the on-going evaluation, extension of the Consolidated Informations System Project seems desirable.
- It should be studied whether the NGO projects included within the Call for Proposal of 1999 can be approved directly by the EC Delegation in Mozambique. The maximum duration of three years as stipulated by the EC is not enough to obtain sustainable results. It is therefore recommended to extend this period to five years.
- There should be more funds allocated to the FSU to have the possibilities to contract consultants to carry out studies within the framework of FSU's overall objective.
- There should be funds allocated within the budgets of the FSUs to organise co-ordination and brainstorming meetings between these units.

The RESAL TA team is well located with the principal advisor placed in Harare. This set-up (the TA near the regional RESAL countries) would also be recommendable for the other regions in the world where RESAL works.

## **ANNEX IV**

### **DATA ON EC FOOD AID TO SIX FIELD STUDY COUNTRIES (MEURO)**



	1996	1997	1998	1999
<b>Bangladesh</b>				
<i>Direct aid</i>				
Food	13,720,000	14,428,594	25,766,000	10,000,000
Food security	4,375,000	5,285,000	10,647,333	15,000,000
AT		455,000	2,120,872	2,000,000
<i>Indirect aid</i>				
WFP	7,700,000	8,784,655	35,203,010	
NGO-Euronaïd				227,808
NGO			1,847,333	
Unspecified			10,695,026	
<b>Total</b>	<b>25,795,000</b>	<b>28,953,249</b>	<b>86,279,574</b>	<b>27,227,808</b>
<b>Bolivia</b>				
<i>Direct aid</i>				
Foreign currency	15,000,000	15,000,000	15,000,000	10,000,000
Food security		5,000,000	5,000,000	10,000,000
<i>Indirect aid</i>				
WFP		2,377,050		
NGO-Euronaïd	1,013,192			400,007
NGO		826,000	4,817,145	1,726,959
<b>Total</b>	<b>16,013,192</b>	<b>23,203,050</b>	<b>24,817,145</b>	<b>22,126,966</b>
<b>Haiti</b>				
<i>Direct aid</i>				
Foreign currency	7,100,000	12,000,000		
Food security	2,950,000	4,000,000	5,896,448	2,000,000
AT				41,000
<i>Indirect aid</i>				
NGO-Euronaïd	7,665,201			2,237,423
NGO				1,701,454
<b>Total</b>	<b>17,715,201</b>	<b>16,000,000</b>	<b>5,896,448</b>	<b>5,979,877</b>
<b>Kyrgyzstan</b>				
<i>Direct aid</i>				
Foreign currency	9,000,000	8,000,000	8,000,000	8,000,000
AT	1,000,000	500,000	500,000	500,000
<b>Total</b>	<b>10,000,000</b>	<b>8,500,000</b>	<b>8,500,000</b>	<b>8,500,000</b>

	1996	1997	1998	1999
<b>Liberia</b>				
<i><b>Direct aid</b></i>				
Food security	1,704,096	6,250,000	3,850,000	
AT			500,000	
<i><b>Indirect aid</b></i>				
WFP		12,463,429		
NGO-Euronaïd		129,953		143,862
NGO		1,778,443		437,514
Unspecified			421,292	
<b>Total</b>	<b>1,704,096</b>	<b>20,621,825</b>	<b>4,771,292</b>	<b>581,376</b>
<b>Mozambique</b>				
<i><b>Direct aid</b></i>				
Foreign currency	10,000,000	10,000,000		
Food security	n.a.	3,000,000	6,020,420	16,300,000
AT		2,440,000		1,700,000
<i><b>Indirect aid</b></i>				
WFP				
FAO				6,250,000
NGO-Euronaïd			n.a.	
NGO	4,905,958	904,633	2,583,820	2,000,000
<b>Total</b>	<b>14,905,958</b>	<b>16,344,633</b>	<b>8,604,240</b>	<b>26,250,000</b>

Source: EC

## **ANNEX V**

### **EX-POST LOGICAL FRAMEWORK**





## EC FOOD AID, FOOD SECURITY POLICY, FOOD AID MANAGEMENT AND PROGRAMMES IN SUPPORT OF FOOD SECURITY

(COUNCIL REGULATION (EC) NO 1292/96 OF 26 JUNE 1996)

Project framework	Objectively verifiable indicators	Means of verification	Assumptions/risks
<p>Overall objectives: <i>stated</i></p> <p>the improvement of food security</p> <p>to promote food security geared to alleviating poverty, to help the population of developing and regions, at household, local, national and regional levels;</p> <p>to contribute to the initiatives to combat poverty with development as an objective (this should include supporting the national development objectives of recipient countries);</p> <p>to contribute towards the balanced economic and social development of the recipient countries in the rural and urban environment, by paying special attention to the respective roles women and men in the household economy and in the social infrastructure; the ultimate objective of Community aid operations shall be to make the recipients into agents of their own development;</p> <p>the long-term aim of securing universal and constant access to a diet that will promote a healthy and active life;</p> <p>to improve the living standards of the poorest people in the countries concerned;</p> <p>to reduce dependence on food aid by encouraging independence in food;</p> <p>preventing or helping in crisis situations in the developing countries;</p> <p>promote (regional) integration;</p> <p>reduce damage to the environment;</p> <p>safeguard the genetic potential and bio-diversity of food production;</p>	<p><i>Stated</i> Article 10 of the Regulation states: 'the Commission will give particular attention to the clear definition and monitoring of objectives and indicators'</p> <ul style="list-style-type: none"> <li>- food shortages,</li> <li>- the food situation measures using human development and nutritional indicators,</li> <li>- per capita income and the existence of particularly poor population groups,</li> <li>- social indicators of the welfare of the population in question,</li> <li>- the recipient country's balance-of-payments situation,</li> <li>- the economic and social impact and financial cost of the proposed operation,</li> <li>- the existence in the recipient country of a long-term policy on food security</li> </ul>	<p><i>Not stated</i></p> <p>national statistics;</p> <p>international statistics</p> <p>case studies;</p> <p>RESAL reports;</p> <p>Country Food Security Unit reports</p>	<p><i>Stated</i></p> <p>food aid operations are integrated into development operations geared to re-launching local production and trade;</p> <p><i>Not stated</i></p> <p>Member States and the Community co-ordinate their development co-operation policies on Food Aid and Food Security;</p> <p>No adverse effects of Food Aid on normal production and commercial import structures of recipient countries</p>

Project framework	Objectively verifiable indicators	Means of verification	Assumptions/risks
<p>Specific purpose: <i>stated</i></p> <p>Ensuring access to an adequate and appropriate diet and improving the availability and accessibility of foodstuffs to the public, consistent with local dietary habits and production and trading systems, particularly in food crises, and fully integrated into development policy.....To raise the standard of nutrition of the recipient population and help it to obtain a balanced diet.....and to take account of the concern to ensure the supply of (clean) drinking water to the population</p> <p>It is therefore necessary that the Commission be able to provide a steady flow of aid and be in a position, in appropriate cases, to undertake to supply to the developing countries minimum amounts of products under specific multi-annual programmes linked to development policies as well as to enter into undertakings in relation to international organisations</p>	<p><i>Not stated</i></p>	<p>Not stated</p>	<p><i>Stated</i></p> <p>the different roles of men and women regarding their responsibility for the food security of their households is taken into systematic account when drawing up programmes aimed achieving food security</p> <p>the Community and Member States closely co-ordinate their development policies as regards food aid programmes and operations aimed specifically at enhancing food security</p> <p>the food aid does not have any adverse effects on the normal production and commercial import structures of the recipient countries</p>
<p>Anticipated results: <i>Stated</i></p> <p>assistance to those in need in rural and urban areas in the developing countries by helping finance operations in support of food security through the purchase of food products, seeds, agricultural implements and inputs, and relevant means of production, and through storage programmes, early warning systems, mobilisation, supervision and technical and financial assistance;</p> <p>promotion of the availability and accessibility of food-stuffs to the public;</p> <p>the support of the efforts of recipient countries to improve their own food production at regional, national, local and family level;</p> <p>the increase in food production or the enhancement and increase of purchasing power;</p>	<p><i>Not stated</i></p>	<p><i>Not stated</i></p>	<p><i>Not stated</i></p>

<p>Title I – Food aid operations</p> <p><i>food products granted....ensuring adequate levels of nutrition;direct contribution to the implementation of short-term, multi-annual development projects, sectoral operations or development programmes and which, as a priority, promote sustainable long-term food production and food security in the recipient countries within the framework of a food policy and strategy;</i></p> <p><i>support given to efforts by the recipient countries to create buffer stocks;</i></p> <p>Title II – Operations in support of food security</p> <p>seed, tools and inputs essential to the production of food crops are supplied;</p> <p>rural credit support schemes targeted particularly at women are set up;</p> <p>schemes to supply the population with drinking water are set up;</p> <p>storage schemes are set up at the appropriate level;</p> <p>operations concerning the marketing, transport, distribution or processing of agricultural and food products implemented;</p> <p>measures in support of the private sector for commercial development at national, regional and international level are established;</p> <p>applied research and field training is undertaken;</p> <p>projects to develop the production of food crops are implemented while respecting the environment;</p> <p>countries are implemented;</p> <p>schemes to support local food-aid structures, including training schemes on the ground are established;</p> <p>Title III – Early warning and storage programmes</p> <p>early warning systems and systems or gathering data are set up;</p> <p>operations aimed at improving storage systems are established;</p> <p>studies and training schemes are undertaken</p> <p>flanking, awareness, technical assistance and field training operations, in particular for women and producers' organisations and agricultural workers are implemented;</p> <p>support measures for women and producers' organisations are initiated;</p> <p>projects to produce fertilizer from raw materials and basic materials found in the recipient</p>			
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<p>Means: <i>Stated</i></p> <ul style="list-style-type: none"> <li>- greater flexibility in food aid, granting financial support for operations concerning food security, and in particular the development of farming and food crops, as an alternative to food aid in certain circumstances, while protecting the environment and the interests of small farmers and fishermen</li> </ul>		<p><i>Not stated</i></p>
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## **ANNEX VI**

### **THE 1996 REGULATION**



**COUNCIL REGULATION (EC) NO 1292/96 OF 27 JUNE 1996 ON FOOD-AID POLICY AND FOOD-AID MANAGEMENT AND SPECIAL OPERATIONS IN SUPPORT OF FOOD SECURITY**

**OFFICIAL JOURNAL NO. L 166 , 05/07/1996 P. 0001 – 0011**

Text:

COUNCIL REGULATION (EC) No 1292/96 of 27 June 1996 on food-aid policy and food-aid management and special operations in support of food security

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 130w thereof,

Having regard to the proposal from the Commission (1),

Acting in accordance with the procedure laid down in Article 189c of the Treaty (2),

Whereas now, as ever, food aid is an important aspect of the Community's development co-operation policy;

Whereas food aid must be integrated into the developing countries' policies for the improvement of their food security, in particular by the establishment of food strategies aimed at alleviating poverty and geared to achieving the ultimate goal of making food aid superfluous;

Whereas the Community and its Member States closely coordinate their development co-operation policies as regards food aid programmes and operations aimed specifically at enhancing food security; whereas the Community, with its Member States, is a party to certain international agreements in this domain, and in particular the Food Aid Convention;

Whereas regional, national and household food security, with the long-term aim of securing universal and constant access to a diet that will promote a healthy and active life, is an important element in the fight against poverty and whereas it is important for this to be emphasized in all programmes intended for developing countries;

Whereas food aid must not have any adverse effects on the normal production and commercial import structures of the recipient countries;

Whereas food aid and operations in support of food security are key features of Community development co-operation policy and must be taken into account as objectives in all Community policies likely to affect the developing countries, in particular from the point of view of economic reforms and structural adjustment;

Whereas, given the different responsibilities of men and women for the food security of households, systematic account should be taken of their different roles when drawing up programmes aimed at achieving food security;

Whereas women and communities should be involved to a greater extent in efforts to achieve food security at national, regional or local level and at the level of households;

Whereas food aid must be an effective instrument ensuring access to an adequate and appropriate diet and improving the availability and accessibility of foodstuffs to the public, consistent with local dietary habits and production and trading systems, particularly in food crises, and fully integrated into development policy;

Whereas the food-aid instrument is a key component of the Community's policy on preventing or helping in crisis situations in the developing countries and whereas account should be taken in its implementation of its possible social and political effects;

Whereas food-aid operations cannot be part of a viable solution unless they are integrated into development operations geared to relaunching local production and trade;

Whereas analysis, diagnosis, programming and monitoring need to be improved to make food aid more effective and avoid adverse effects on local production, distribution, transport and marketing capacities;

Whereas food aid should be made a real instrument of the Community's policy of co-operation with the developing countries, thereby enabling the Community to participate fully in multiannual development projects;

Whereas it is therefore necessary that the Community be able to provide a steady overall flow of aid and be in a position, in appropriate cases, to undertake to supply to the developing countries minimum amounts of products under specific multiannual programmes linked to development policies as well as to enter into undertakings in relation to international organizations;

Whereas the Community's support for the developing countries' efforts to achieve food security could be enhanced by greater flexibility in food aid, granting financial support for operations concerning food security, and in particular the development of farming and food crops, as an alternative to food aid in certain circumstances, while protecting the environment and the interests of small farmers and fishermen;

Whereas the Community can assist those in need in rural and urban areas in the developing countries by helping finance operations in support of food security through the purchase of food products, seed, agricultural implements and inputs, and relevant means of production, and through storage programmes, early-warning systems, mobilization, supervision and technical and financial assistance;

Whereas it is necessary to continue to support regional approaches to food security, including local purchasing operations in order to make use of the natural complementarity between countries belonging to the same region; whereas the policies conducted in the field of food security should be given a regional dimension in order to foster regional trade in foodstuffs and promote integration;

Whereas the purchase of foodstuffs at local level reduces inefficiency, costs and damage to the environment which might be caused by the transport of large quantities of foodstuffs in the world;

Whereas the genetic potential and bio-diversity of food production must be safeguarded;

Whereas Community food-aid policy must adjust to geopolitical change and the economic reforms under way in many recipient countries;

Whereas a list should be drawn up of the countries and bodies eligible for Community aid operations;

Whereas to that end provision should also be made for Community aid to be made available to international, regional and non-governmental organizations; whereas such organizations must satisfy a number of conditions guaranteeing the success of food-aid operations;

Whereas, in order to facilitate the application of certain of the measures envisaged and ensure that they mesh with the recipient country's food security policy, provision should be made for close co-operation between the Member States and the Commission within a Food Security and Food Aid Committee;

Whereas in determining the steps to be taken for the execution of food-aid operations the implementing procedures should be adjusted to the specific nature of each recipient area, although within the framework of a common policy and strategy;

Whereas, in order to ensure better management of food aid, aligning it more closely on the interests and needs of the recipient countries, and to improve the decision-making and implementing procedures, it is desirable to replace Council Regulation (EEC) No 3972/86 of 22 December 1986 on food-aid policy and food-aid management (3), Council Regulation (EEC) No 1755/84 of 19 June 1984 on the implementation in relation to food of alternative operations in place of food-aid deliveries (4), Council Regulation (EEC) No 2507/88 of 4 August 1988 on the implementation of storage programmes and early warning systems (5), Council Regulation (EEC) No 2508/88 of 4 August 1988 on the implementation of cofinancing operations for the purchase of food products or seeds by international bodies or non-governmental organizations (6) and Council Regulation (EEC) No 1420/87 of 21 May 1987 laying down procedures for the implementation of Regulation (EEC) No 3972/86 on food-aid policy and food-aid management (7),

HAS ADOPTED THIS REGULATION:

## CHAPTER I

Objectives and general guidelines for food aid and operations in support of food security



## Article 1

1. Under its policy of co-operation with developing countries and in order to respond appropriately to situations of food insecurity caused by serious food shortages or food crises the Community shall carry out food-aid operations and operations in support of food security in the developing countries.

Food-aid operations of a humanitarian nature shall be carried out in the framework of the rules on humanitarian aid and shall not fall within the scope of this Regulation. In the event of a serious crisis, all the instruments of the Community's aid policy shall be implemented in close coordination for the benefit of the population concerned.

2. Operations under this Regulation shall be appraised after analysis of the desirability and effectiveness of this instrument as compared with other means of intervention available under Community aid which could have an impact on food security and food aid, and in coordination with these means.

The Commission shall ensure that operations under this Regulation are appraised in close coordination with intervention by other donors.

3. The objectives of the food-aid operations and operations in support of food security referred to in paragraph 1 shall, in particular, be:

- to promote food security geared to alleviating poverty, to help the population of developing countries and regions, at household, local, national and regional levels,
- to raise the standard of nutrition of the recipient population and help it obtain a balanced diet,
- to take account of the concern to ensure the supply of drinking water to the population,
- to promote the availability and accessibility of foodstuffs to the public,
- to contribute towards the balanced economic and social development of the recipient countries in the rural and urban environment, by paying special attention to the respective roles of women and men in the household economy and in the social structure; the ultimate objective of Community aid operations shall be to make the recipients into agents of their own development,
- to support the efforts of the recipient countries to improve their own food production at regional, national, local and family level,
- to reduce their dependence on food aid,
- to encourage them to be independent in food, either by increasing production, or by enhancing and increasing purchasing power,
- to contribute to the initiatives to combat poverty with development as an objective.

4. The Community's aid shall be integrated as thoroughly as possible into the development policies, particularly those on agriculture and agri-foodstuffs, and the food strategies of the countries concerned. Community aid shall back up the recipient country's policies on poverty, nutrition, reproductive health care, environmental protection and rehabilitation, with special attention to the continuity of programmes, particularly in a post-emergency situation. Whether sold or distributed free of charge, aid must not be liable to disrupt the local market.

## TITLE I

### Food-aid operations

#### Article 2

1. The products supplied, along with an other operation in the framework of food aid, must reflect as closely as possible the dietary habits of the recipient population and shall not adversely affect the recipient country.

When products are selected, consideration shall be given to how to maximize the quantity of food with a view to reaching the maximum number of people, taking into account the quality of products in order to ensure adequate levels of nutrition.

When selecting the products to be supplied as Community aid and the procedures for the mobilization and distribution of that aid, particular account shall be taken of the social aspects of access to food in the recipient countries, and especially of the most vulnerable groups and the role of women in the household economy.

2. Food aid shall primarily be allocated on the basis of an objective evaluation of the real needs justifying such aid, as this is the only way to improve the food security of groups which do not have the means or possibility of plugging their food shortage themselves. To that end, consideration shall be given to the following criteria, without excluding other relevant considerations:

- food shortages,
- the food situation measures using human development and nutritional indicators,
- per capita income and the existence of particularly poor population groups,
- social indicators of the welfare of the population in question,
- the recipient country's balance-of-payments situation,
- the economic and social impact and financial cost of the proposed operation,
- the existence in the recipient country of a long-term policy on food security.

3. The granting of food aid shall, where necessary, be conditional on the implementation of short-term, multiannual development projects, sectoral operations or development programmes, and as a priority those which promote sustainable long-term food production and food security in the recipient countries within the framework of a food policy and strategy. Where appropriate, this aid may take the form of a direct contribution to the implementation of such projects, operations or programmes. Where Community aid is intended for sale, such complementarity must be ensured by the use of counterpart funds for purposes agreed by the Community and the recipient country or, where appropriate, the body or non-governmental organization which receives the aid. Where food aid is provided as backing for a development programme spread over a number of years, it may be supplied on a multiannual basis linked to the programme in question. Besides the allocation of basic foodstuffs, aid may be used for the supply of seed, fertilizer, tools, other inputs and commodities, the creation of reserves, technical and financial assistance and awareness and training schemes.

4. As a key component of food-security programmes food aid may be given to support efforts by the recipient countries to create buffer stocks paying special attention to individual farmers' stocks and national reserves, in tandem with the setting-up of regional reserves.

5. Counterpart funds shall be managed in a manner consistent with other Community aid instruments.

In the case of countries undergoing structural adjustment, and in line with the relevant resolutions of the Council, the counterpart funds generated by the various development assistance instruments constitute resources which must be managed as part of a single and consistent budgetary policy in the context of a programme of reforms.

In this context, the Community could move from targeting counterpart funds towards more general allocation, as soon as progress has been made in improving the effectiveness of the monitoring instruments, programming and budget implementation, and as regards internalization of reviews of public expenditure. Without prejudice to the foregoing, these funds shall be managed in accordance with general Community aid procedures for such funds and as a priority to support food-security policies and programmes.

## TITLE II

### Operations in support of food security

#### Article 3

Where circumstances warrant it, the Community may carry out operations in support of food security in developing countries suffering a food shortage.

Such operations may be implemented by the recipient countries, the Commission, international or regional organizations or non-governmental organizations.

The purpose of these operations shall be to support, using the resources available, the framing and execution of a food strategy or other measures fostering the food security of the population concerned and to encourage them to reduce their food dependency and their dependence on food aid, especially in the case of low-income countries with serious food shortages. The operations must help to improve the living standards of the poorest people in the countries concerned.

Operations in support of food security shall take the form of financial and technical assistance, in accordance with the criteria and procedures laid down in this Regulation. Such operations shall be planned and appraised in the light of their consistency with, and complementarity to, the objectives and operations financed by other Community development-aid instruments. They must be part of a multiannual plan.

#### ARTICLE 4

A developing country eligible for Community food aid operations under this Regulation may receive part or all of the food that has been - or may be - allocated to it in the form of operations in support of food security either directly or through international, regional or non-governmental organizations, with particular account being taken of trends in production, consumption and reserves in that country, the food situation of its inhabitants and the food aid granted by other donors.

#### ARTICLE 5

Operations in support of food security shall take the form of technical and financial assistance aimed, in accordance with the objectives laid down in Article 1, at improving sustainable and long-term food security by helping finance, inter alia:

- the supply of seed, tools and inputs essential to the production of food crops,
- rural credit support schemes targeted particularly at women,
- schemes to supply the population with drinking water,
- storage schemes at the appropriate level,
- operations concerning the marketing, transport, distribution or processing of agricultural and food products,
- measures in support of the private sector for commercial development at national, regional and international level,
- applied research and field training,
- projects to develop the production of food crops while respecting the environment,
- flanking, awareness, technical assistance and field training operations, in particular for women and producers' organizations and agricultural workers,
- support measures for women and producers' organizations,
- projects to produce fertilizer from raw materials and basic materials found in the recipient countries,
- schemes to support local food-aid structures, including training schemes on the ground.

### TITLE III

#### Early-warning systems and storage programmes

##### Article 6

The Community may support existing national early-warning systems and help to strengthen existing international early-warning systems concerning the food situation in developing countries and, in exceptional and duly substantiated cases, it may operate such systems, in accordance with the procedure laid down in Article 27. It may also cover the cost of implementing storage programmes in these countries in support of food-aid operations under this Regulation or comparable measures undertaken by the Member States, international or regional organizations or non-governmental organizations.

Such operations should be consistent with other Community development aid instruments, including the use of counterpart funds generated by the sale of food aid, and be compatible with Community development policy.

These operations are intended to strengthen the food security of the recipient countries. They must help improve the living conditions of the poorest sections of the population in the countries concerned and conform with their development objectives, in particular the policy on food crops.

Community participation in such operations shall take the form of financial and/or technical assistance, in accordance with the criteria and procedures laid down in this Regulation.

Operations supported by Community aid shall be appraised in the light of and in a manner consistent with existing programmes managed by specialist international organizations.

##### ARTICLE 7

Community support for storage programmes and early-warning systems may be granted, upon request, to international or regional organizations or non-governmental organizations for operations to help developing countries eligible for food aid from the Community and its Member States.

##### ARTICLE 8

Community aid may help finance the following measures:

- early-warning systems and systems for gathering data on trends in harvests, stocks and markets, the food situation of households and the vulnerability of the population with a view to improving understanding of the food situation in the countries concerned,
- operations aimed at improving storage systems with a view to reducing waste or ensuring sufficient storage capacity for emergencies. Such operations may also include the establishment of the infrastructure, in particular bagging, unloading, disinfection, treatment and storage facilities, needed to handle food products in these countries in support of food-aid operations or operations in support of food security,
- preparatory studies and training schemes in connection with the above activities.

## CHAPTER II

Implementing procedures for food aid and storage and early-warning operations in support of food security

### Article 9

1. The countries and organizations eligible for Community aid for operations under this Regulation are listed in the Annex. In this connection, priority shall be given to the poorest sections of the population and to low-income countries with serious food shortages.

The Council, acting by a qualified majority on a proposal from the Commission, may amend that list.

2. Non-profit-making non-governmental organizations (NGOs) eligible for direct or indirect Community financing for the implementation of operations under this Regulation must meet the following criteria:

(a) if they are European non-governmental organizations, they must be autonomous organizations in a Member State of the European Community under the laws in force in that Member State;

(b) they must have their headquarters in a Member State of the Community, the recipient countries or, exceptionally, in the case of international NGOs, a third country. This headquarters must be the effective decision-making centre for all co-financed operations;

(c) show that they can successfully carry out food-aid operations; in particular through:

- their administrative and financial management capacity,
  - their technical and logistical capacity to handle the proposed operation,
  - the results of operations implemented by the relevant NGOs carried out with Community finance or finance from the Member States,
  - their experience in the field of food aid and food security,
  - their presence in the recipient country and their knowledge of that country or of developing countries;
- undertake to comply with the conditions laid down by the Commission for the allocation of food aid.

### ARTICLE 10

1. The Community may help finance operations in support of food security of the kind described in Titles I, II and III (Chapters I and II) executed by the recipient country, the Commission, international or regional organizations or non-governmental organizations.

2. Cofinancing operations may be carried out at the request of recipient countries, international or regional organizations or non-governmental organizations, where such operations seem the most appropriate way of enhancing the food security of groups without the ways and means to cope with a food shortage themselves.

3. In the design of the Community operations defined in Titles I, II and III, the Commission will give particular attention to:

- the pursuit of sustainable impact and economic viability in project design,
- the clear definition and monitoring of objectives and indicators of achievement.

### ARTICLE 11

1. Products shall be mobilized on the Community market, in the recipient country or in one of the developing countries (listed in the Annex) if possible one belonging to the same geographical region as the recipient country.

2. Exceptionally, products may be mobilized on the market of a country other than those provided for in paragraph 1 of this Article in accordance with the procedure laid down in Article 27:

- if the requisite type or quality of product is unavailable on the market of the Community or any of the developing countries,

- if there is a serious food shortage, where such purchases are likely to increase the effectiveness of the operation.

3. Food products available on the internal market may be mobilized on the market of a developing country, if the economic efficiency of doing so compares favourably with that of mobilizing products on the European market.

4. Where food is purchased in the recipient country or in a developing country, steps must be taken to ensure that such purchases threaten neither to disrupt the market of the country concerned or of any other developing countries in the same region nor to affect adversely the supply of food to their inhabitants. Such purchases shall be integrated as thoroughly as possible into the implementation of Community development policy towards these countries, particularly with regard to the promotion of food security in the country concerned or at regional level.

#### ARTICLE 12

Where a recipient country has partially or totally liberalized food imports, the mobilization of Community aid must be consistent with that country's policy and not distort the market.

In such cases, the Community contribution may take the form of a foreign-currency facility to be made available to private-sector operators in the country concerned, subject to the operation being part of a social and economic policy and an agricultural policy aimed at alleviating poverty (including the strategy on the importation of basic foodstuffs). The recipients shall be required to prove that they have made proper use of the means put at their disposal. Priority shall go to small and medium-sized private operators in order to ensure that operations are complementary. To the extent that its powers to carry out operations so allow, the Commission may adopt positive discrimination measures for small and medium-sized private operators.

Such aid shall be governed by the principles laid down in Article 11.

#### ARTICLE 13

1. The Community may cover costs relating to the transport of food aid.

2. Where the Commission considers that the Community should cover costs relating to the inland transport of food aid, it shall take account of the following general criteria:

- a serious food shortage,
- the delivery of food aid to low-income countries suffering from serious food shortages,
- whether the food aid is destined for the international or regional organizations or non-governmental organizations referred to in Article 10,
- the need to increase the efficiency of the food-aid operation in question.

3. Where food aid is sold in the recipient country, the Community should cover inland transport costs only in exceptional circumstances.

4. The Community may also cover the air transport costs of food-aid operations in exceptional circumstances.

#### ARTICLE 14

The Community may cover final distribution costs where the smooth execution of the food-aid operations concerned requires it.

#### ARTICLE 15

Community aid shall take the form of grants. Aid may cover the external and local costs of implementing operations, including maintenance and operating costs.

Operations under this Regulation shall be exempt from taxes, duties and customs charges.

Any counterpart funds shall be used in accordance with the objectives laid down in this Regulation and managed in agreement with the Commission. The competent authority of the recipient country shall keep accounts on the collection and use of the funds and shall be obliged to render accounts.

#### ARTICLE 16

The Community contribution may also cover flanking activities necessary to make the operations under this Regulation more efficient and, in particular, supervision, monitoring and inspection, distribution and field training.

#### ARTICLE 17

Participation in invitations to tender and other procedures for the award of public contracts shall be open on equal terms to all natural and legal persons in the European Union and the recipient countries. It may be extended by the Commission to operations under Article 11 (2) to include natural and legal persons in the countries where the aid is mobilized.

When implementing this Regulation, the Commission shall guarantee the openness of the operations in question by publicizing them properly. The Commission shall ensure that operations by intermediary organizations are also publicized properly.

#### ARTICLE 18

The Commission may authorize a representative to conclude cofinancing agreements in its name.

#### ARTICLE 19

1. The Commission shall lay down the allocation, mobilizing and implementation conditions for aid under this Regulation.
2. Aid shall not be implemented unless the recipient country, international or regional organization or non-governmental organization complies with these conditions.

#### ARTICLE 20

The Commission shall take all measures necessary for the proper implementation of food-aid programmes and operations, and operations in support of food security.

To that end, the Member States and the Commission shall afford each other all necessary assistance and exchange all relevant information.

### CHAPTER III

Procedure for implementing food-aid operations and early-warning and storage operations in support of food security

#### Article 21

1. The Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, shall determine the Community share of the overall amount of cereals aid laid down in the Food Aid Convention as the total contribution of both the Community and its Member States.

2. The Commission shall coordinate the operations of the Community and the Member States as regards the supply of cereals aid under the Food Aid Convention and shall ensure that the total contribution by the Community and its Member States is at least as high as the quantities provided for in the said Convention.

#### ARTICLE 22

The Commission, acting in accordance with the procedure laid down in Article 27, and taking account of the general policy guidelines for food aid shall:

- adopt the list of products which may be mobilized as aid,
- lay down rules for mobilization, monitoring and evaluation,
- determine each recipient's share of the products, in terms of quantity and cost,
- where necessary, adjust allocations during the implementation of programmes.

#### ARTICLE 23

Decisions:

- granting food aid or providing for an operation in support of food security and laying down the conditions for the latter,
- granting a contribution to international or regional organizations or non-governmental organizations for the financing of operations in support of food security,
- granting aid for a storage programme or early-warning system;

shall be adopted by the Commission in accordance with the procedure laid down in Article 27, in compliance with the limits set in Article 25.

#### ARTICLE 24

1. In accordance with the Council decisions referred to in Article 21 and the decisions taken under Article 22, the Commission shall decide on:

(a) emergency or serious food shortage operations, where famine or an imminent danger thereof seriously threatens the lives or health of people in a country without the ways and means to cope itself with a food shortage. The Commission shall act after consulting the Member States by the most appropriate means. Three working days shall be allowed to the Member States in which to put forward any objections. If there are any objections, the Committee referred to in Article 26 shall examine the question at its next meeting;

(b) the conditions governing the supply and implementation of aid, in particular:

- the general conditions applicable to recipients,
- initiation of the procedures governing mobilization, supply of products and implementation of other measures, and conclusion of the relevant contracts.

2. For the purposes of paragraph 1 (a), the Commission shall be entitled to take all necessary measures to speed up the supply of food aid.

The volume of aid granted in a given case shall be limited to the quantities needed by the population affected to cope with the situation for a period not normally exceeding six months.

The Commission shall ensure that priority is given at all stages to the mobilization of food aid for the operations provided for in paragraph 1 (a) and (b).



## Article 25

Decisions regarding operations the financing for which under this Regulation exceeds ECU 2 million shall be taken in accordance with the procedure laid down in Article 27.

## ARTICLE 26

1. The Commission shall be assisted by a Food Security and Food Aid Committee, hereinafter referred to as 'the Committee', composed of representatives of the Member States and chaired by a representative of the Commission.
2. The Committee shall examine the long-term implications of any proposal to commit funds for food security at household, local, national and regional level in the recipient countries, bearing in mind the principles laid down in Article 1. It shall also analyze and monitor food-security policies which are in receipt of Community aid and examine proposals for joint initiatives.
3. The Committee shall draw up its own rules of procedure.

## ARTICLE 27

The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the Chairman may lay down according to the urgency of the matter in question. The opinion shall be delivered by the majority laid down in Article 148 (2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the Committee shall be weighted in the manner set out in that Article. The Chairman shall not vote.

The Commission shall adopt measures which apply immediately. However, if these measures are not in accordance with the opinion of the Committee, they shall be communicated by the Commission to the Council forthwith. In that event, the Commission shall defer application of the measures which it has adopted for a period of two months from the date of such communication.

The Council, acting by a qualified majority, may take a different decision within the time limit referred to in the previous paragraph.

## ARTICLE 28

1. In order to guarantee the principle of complementarity referred to in the Treaty and enhance the effectiveness and consistency of the Community and national food-aid provisions and operations in support of food security, the Commission shall seek to ensure that its own activities are as closely coordinated as possible with those of the Member States and with other policies of the European Union, both at decision-making level and on the ground, and may take any appropriate initiative in pursuit of this end.

To that end, Member States shall notify the Commission of their national food-aid operations and of their food security programmes. The Commission, acting in accordance with the procedure laid down in Article 27, shall stipulate how notification of national operations is to be effected.

2. The Commission shall ensure that operations implemented by the Community are coordinated with those of international organizations and bodies, in particular those which form part of the United Nations system.
3. The Commission shall seek to develop collaboration and co-operation between the Community and third-country donors in the field of food security.
4. Coordination and co-operation between the Community and the Member States, and between the latter and international organizations and third-country donors shall be the subject of a regular exchange of information within the Committee.

## ARTICLE 29

The Committee may examine any other matter concerning food aid and the other operations under this Regulation raised by its Chairman, either on the latter's own initiative or at the request of a representative of a Member State.

The Commission shall inform the Committee, within one month of taking its decision, of the food-aid or food-security operations and projects it has approved, indicating their amount and nature, the recipient country and the partner entrusted with implementation.

The Commission shall notify the Committee of the general guidelines for products mobilized as Community food aid.

#### ARTICLE 30

The Commission shall undertake regular evaluations of significant food-aid operations to establish whether the objectives laid down in the appraisal of those operations have been achieved and to provide guidelines for improving the effectiveness of future operations. It shall inform the Committee periodically on the evaluation programmes.

Member States and the Commission shall notify each other as soon as possible of the results of evaluation work and of analyses or studies that would improve aid efficiency. The work will be analyzed in the Committee. Member States and the Commission shall endeavour to carry out joint evaluation exercises.

The Commission shall draw up procedures for the dissemination and internal and external communication of the conclusions of evaluation exercises to the departments and organizations concerned.

#### ARTICLE 31

At the close of each financial year, the Commission shall submit an annual report on the implementation of this Regulation to the European Parliament and the Council. The report shall set out the results of execution of the budget as regards commitments and payments and projects and programmes financed during the year. As far as possible, the report shall contain information on the funds committed nationally during the same financial year. As far as possible, it shall contain the most important statistical data (by recipient country, nationality, etc.) on contracts awarded for the implementation of projects and programmes.

The report shall also contain a breakdown of expenditure assigned to each type of operation as provided for in Articles 2, 5 and 8.

Lastly, the report shall contain information on operations undertaken with the counterpart funds generated by food aid.

#### ARTICLE 32

Regulations (EEC) No 3972/86, (EEC) No 1755/84, (EEC) No 2507/88, (EEC) No 2508/88 and (EEC) No 1420/87 shall be repealed.

As a transitional measure and until the new mobilization Regulation is adopted by the Commission, Commission Regulation (EEC) No 2200/87 of 8 July 1987 laying down general rules for the mobilization in the Community of products to be supplied as Community food aid (8) shall continue to apply.

Three years after the entry into force of this Regulation, the Commission shall submit to the European Parliament and to the Council an overall evaluation of the operations financed by the Community under this Regulation, accompanied by suggestions for the future of the Regulation and, if necessary, by proposals for amendments to it.

#### ARTICLE 33

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 27 June 1996.

For the Council

The President

A. MACCANICO



## **ANNEX VII**

### **COMPARISON BETWEEN THE FOOD AID CONVENTION (1999) AND THE REGULATION 1292/96**



	<b>The Food Aid Convention (1999)</b>	<b>Regulation 1292/96</b>
Wider Objectives	<p>Contribute to world food security</p> <p>Improve the ability of the international community to respond to emergency food situations and other food needs of developing countries</p>	<p>Whereas regional, national and household food security, with the long-term aim of securing universal and constant access to a diet that will promote a healthy and active live, is an important element in the fight against poverty (...) (preamble, 4th provision)</p> <p>The ultimate goal is to make food aid superfluous (preamble, 2nd provision)</p> <p>The objectives of the food-aid operations and operations in support of food security (...) shall, in particular, be (...) to make the recipients into agents of their own development (art.1§3)</p>
Specific Objectives	<p>Article 1</p> <p>To make appropriate levels of food aid available on a predictable basis</p> <p>To encourage members to ensure that food aid provided is aimed particularly at the alleviation of poverty and hunger of the most vulnerable groups</p>	<p>The objectives of the food-aid operations and operations in support of food security (...) shall, in particular, be (...) to promote the availability and accessibility of food-stuff to the public (art.1§3)</p> <p>Whereas it is therefore necessary that the Community be able to provide a steady overall flow of aid and be in a position, in appropriate cases, to undertake to supply to the developing countries minimum amounts of products under specific multiannual programmes linked to development policies as well as to enter into undertakings in relation to international organizations (preamble, 14<sup>th</sup> provision).</p>
	<p>To make sure it is consistent with agricultural development in this countries</p> <p>To include principles for maximising the impact, the effectiveness and quality of food aid provided as a tool in support of food security</p> <p>To provide a framework for co-operation, co-ordination and information-sharing among members on food aid related matters to achieve great efficiency in all aspects of food aid operations and better coherence between food aid and other policy instruments</p>	<p>Priority should be given to the poorest sections of the population and to low-income countries with serious food shortages (art.9).</p> <p>The Community's aid shall be intergrated as thoroughly as possible into the development policies, particularly those on agriculture and agri-foodstuffs, and the food strategies of the countries concerned (Art.1§4)</p> <p>The Commission shall ensure that operations under this Regulation are appraised in close co-ordination with intervention by other donors (art.1§2)</p>
Results	To provide food aid to developing countries or the cash equivalent thereof in the minimum annual amounts specified by the Convention	
Activities	<p>Grant of food or cash to be used to purchase food for or by the recipient country</p> <p>Sale of food for the currency of the recipient country, which is not transferable and is not convertible into currency or goods and services for use by donor members</p> <p>Sale of food on credit</p> <p>All food aid provided to least developed countries should be made in the form of grants</p>	

Relevant provisions from the Food Aid Convention (1999)	Provisions from the Regulation 1292/96 / Notes
<p>Eligible recipients (art. VII)</p> <p>a) - least-developed countries - low-income countries</p> <p>- lower middle-income countries, and other countries included in the WTO list of net food-importing developing countries at the time of negotiation of this Convention, when experiencing food emergencies or internationally recognised financial crises leading to food shortage emergencies, or when food aid operations are targeted on vulnerable groups</p> <p>c) When allocating their food aid, members shall give priority to least-developed countries and low-income countries.</p>	<p>This list is based on the list of the DAC ; it is nevertheless wider than the one annexed to the Regulation 1292/96</p>
<p>Needs (Article VII)</p> <p>a) Food aid should only be provided when it is the most effective and appropriate means of assistance</p> <p>b) Food aid :</p> <p>Should be based on an evaluation of needs by the recipient and the members, within their own respective policies,</p> <p>Should be aimed at enhancing food security in recipient countries</p> <p>In responding those needs, members shall pay attention to meeting the particular nutritional needs of women and children</p>	
<p>c) Food aid for free distribution should be targeted on vulnerable groups</p> <p>d) The provision of food aid in emergency situations should take particular account of longer-term rehabilitation and development objectives in the recipient countries and should respect basic humanitarian principles. Members shall aim to ensure that the food aid provided reaches the intended recipient in a timely manner.</p> <p>e) To the maximum extent possible, non-emergency food aid shall be provided by members on a forward planning basis, so that recipient countries may be able to take account, in their development programmes, of the likely flow of food aid they will receive during each year of this Convention.</p> <p>f) If it appears that, because of a substantial production shortfall or other circumstances, a particular country, region or regions is faced with exceptional food needs, the matter shall be considered by the Committee. The Committee may recommend that members should respond to the situation by increasing the amount of food aid provided.</p> <p>g) At the time of the identification of food aid needs, members or their partners shall endeavour to consult with each other at the regional and recipient country level, with a view to developing a common approach to needs analysis.</p>	<p>Article 1§2</p> <p>Operations under this Regulation shall be appraised after analysis of the desirability and effectiveness of this instrument as compared with other means of intervention available under Community aid which could have an impact on food security and food aid, and in coordination with these means</p> <p>Article 1§3</p> <p>The objectives of the food-aid operations and operations in support of food security (...) shall, in particular, be (...) to promote food security geared to alleviating poverty (...) to raise the standard of nutrition of the recipient population and help it obtain a balanced diet (art.1§3)</p> <p>Member's commitment can thus be increased by a decision of the Committee ; nevertheless, it is worth noting, that this decision is taken on a consensus basis</p> <p>As, for example, EU and US co-operation within the framework of the Transatlantic Agenda</p>



<p>h) Members agree, where appropriate, to identify priority countries and regions under their food aid programmes. Members will ensure transparency as to their priorities, policies and programmes, by providing information for other donors.</p> <p>i) Members will consult with each other, directly or through their relevant partners, on the possibilities for the establishment of common action plans for priority countries, if possible on a multi-annual basis.</p>	
<p>Channelling (Article XI)</p> <p>b) Members shall give full consideration to the advantages of directing food aid through multilateral channels, in particular the World Food Programme.</p>	<p>Are the Members supposed to justify why they did not give food aid through the WFP? Whatever it may be, WFP is mentioned as a preferred channel for food aid</p>
<p>Effectiveness and Impact (article XIII)</p> <p>d) When food aid is sold within a recipient country, the sale shall be carried out, as far as possible, through the private sector and be based on market analysis. In targeting proceeds from such sales, priority shall be given to projects aiming to improve the food security of beneficiaries.</p> <p>e) Consideration should be given to reinforcing food aid by other means (financial aid, technical assistance, etc.) in order to strengthen its capacity to enhance food security and to increase the capacity of governments and civil society to develop food security strategies at all levels.</p> <p>f) Members shall endeavour to ensure coherence...</p> <p>i) When carrying out evaluations of their food aid programmes and operations, members shall take into consideration the provisions of this Convention relating to the effectiveness and impact of those food aid programmes and operations.</p>	<p>= Foreign Currency facilities. Importance is given to the market</p> <p>= focus on food security issues</p> <p>= Are the objectives of this Convention compulsory ?</p>
<p>Information et co-ordination (Article XIV)</p> <p>a) Members shall provide regular and timely reports to the Committee...</p>	<p>= provision of information is compulsory</p>

NB There is no sanction if the Convention is not applied properly. The Food Aid Committee is supposed, in case of a dispute concerning the application or the interpretation of the this Convention, to "*take appropriate action*" (art. XX); nevertheless, this Committee take decisions by consensus (art. XVI)... which reduce the probability of an effective measure to be taken.

This Convention has entered into force the 1<sup>st</sup> of July 1999; will remain in force until the 30<sup>th</sup> of June 2002.

Members: Argentina, Australia, Canada, European Community and its Member States, United- States, Japan, Norway, Switzerland.



## **ANNEX VIII**

### **COMPARISON OF THE LOME IV CONVENTION AND THE REGULATION 1292/96 PROVISIONS**



Lome IV Convention	Regulation 1292/96
<p>Wider Objectives (some) (Article 42)</p> <p>To reinforce food security at national, regional and interregional level by stimulating regional trade flows of products and improving co-ordination of the food policies of the countries concerned.</p> <p>To encourage the active participation of the rural population, both men and women, in their own development by organising small farmers associations and integrating producers, men and women, more effectively into national and international economic activities</p>	<p>Preamble, 1<sup>st</sup>, 8<sup>th</sup> and 11<sup>th</sup> provisions</p> <p>Whereas now, as ever, food aid is an important aspect of the Community's development co-operation policy.</p> <p>Whereas women and communities should be involved to a greter extent in efforts to achieve food security at national, regional or local level of households</p> <p>Whereas food aid operations cannot be part of a viable solution unless they are integrated into development operations geared to re-launching local production and trade</p>
<p>Provisions related to food aid (art.51)</p> <p>Except in urgent cases, Community food aid, which shall be a transitional measure, must be integrating with the ACP States development policies. This calls for consistency between food aid and the other co-operation measures.</p> <p>Where products supplied as food aid are sold, they must be sold at a price which will not disrupt the domestic market or restrict the development and enhancement of regional trade in the products concerned. The resulting counterpart funds shall be used to finance the execution or running of projects or programmes with a major rural component (...)</p> <p>Where the products supplied are distributed free of charge, they must form part of nutrition programmes aimed in particular at vulnerable sections of the population or be delivered as remuneration for work and must take account of trade flows of the ACP States concerned and within the region.</p> <p>Food aid operations that form part of development projects or programmes or nutrition programmes may be planned on a multiannual basis</p> <p>The products supplied must meet the needs of the recipients. In the selection of such products, account should be taken in particular of the ratio of cost specific nutritive value and of the effect the choice might have on consumer habits and on domestic and regional trade development</p> <p>Where in a recipient ACP State, the trend of the food situation is such as to make it desirable for food aid to be replaced in whole or in part by operations designed to consolidate the current trend, alternative operations may be implemented in the form of financial and technical assistance, in accordance with the relevant Community rules. These operations shall be decided upon at the request of the ACP State concerned.</p> <p>With a view to providing products suited to the habits of consumers, speeding up the supply of products for emergency operations or helping to improve food security, food aid purchases may be made not only in the Community but also in the recipient country or in another ACP or other developing country, preferably in the same geographical region.</p>	<p>Preamble, 2<sup>nd</sup> provision</p> <p>Whereas food aid must be integrated into the developing countries' policies for the improvement of their food security (...)</p> <p>Article 2§3</p> <p>(...) Where Community aid is intended for sale, such complementarity must be ensured by the use of counterpart funds for purposes agreed by the Community and the recipient country (...)</p> <p>Article 1§4</p> <p>Whether sold or distributed free of charge, aid must not be liable to disrupt the local market</p> <p>Preamble, 13<sup>th</sup> provision</p> <p>Whereas food aid should be made a real instrument of the Community's policy of co-operation with the developing countries, thereby enabling the Community to participate fully in multiannual development projects</p> <p>Article 2§1</p> <p>The products supplied, along with an other operation in the framework of food aid, must reflect as closely as possible the dietary habits of the recipient population and shall not adversely affect the recipient country.</p> <p>Preamble, 15<sup>th</sup> provision</p> <p>Whereas the Community's support for the developing countries' efforts to achieve food security could be enhanced by greater flexibility in food aid, granting financial support for operations concerning food security, and in particular the development of farming and food crops, as an alternative to food aid in certain circumstances, while protecting the environment and the interests of small farmers and fishermen</p> <p>Article 11§1</p>

<p>Article 52</p> <p>Special attention should be paid, to assisting and enabling least-developed, landlocked and island ACP States to utilise fully the provisions of this Chapter. At the request of the State concerned, particular attention should be paid to:</p> <p>The specific difficulties of the least-developed ACP States in carrying out the policies or strategies they have established to strengthen their food self-sufficiency and food security. In this context, co-operation shall bear in particular on the productive sectors (including the supply of physical, technical and financial inputs), transport, marketing, packaging and the setting up of storage infrastructure;</p> <p>Establishing a security stock system in landlocked ACP States in order to avoid the risk of breaks in supply;</p> <p>Diversifying agricultural commodities production and improving food security in the island ACP States.</p>	<p>Products shall be mobilized on the Community market, in the recipient country or in one of the developing countries (listed in annex) if possible one belonging to the same geographical region as the recipient country.</p> <p>Article 3</p> <p>Where circumstances warrant it, the Community may carry out operations in support of food security in developing countries suffering of food shortage (...) Operations in support of food security shall take the form of financial and technical assistance</p> <p>Article 6</p> <p>The Community (...) may cover the cost of implementing storage programmes in these countries in support of food-aid operations (...)</p>
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## **ANNEX IX**

### **MAIN RECIPIENTS OF EC FOOD AID, 1986-1999 (MEURO)**





Region/country	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ACP	6	0	14	248	224	410	279	331	365	337	148	145	138	239
Ethiopia				68	41	106	75	56	74	89	26	61	45	50
Sudan				28	38	109	27	27	22	6	0	2	34	15
Mozambique			3	38	44	41	24	46	12	20	23	11	0	26
Angola			3	11	5	21	10	17	39	47	26	13	16	23
Malawi			3	11	12	19	17	5	30	26	6	1	13	31
Rwanda				1	1	2	6	23	41	34	2	16	1	20
Liberia					4	11	4	26	14	2	6	15	8	1
Somalia			1	7	5	14	34	6	1	0	12	0	8	10
Kenya				6	5	7	12	15	15	12	0	1	7	0
Haiti				9	9	7	6	8	8	10	11	12		6
Eritrea								31	24	10				9
Uganda				8	11	8	9	10	10	4				5
Others	6		4	61	49	65	55	61	75	77	36	13	6	43
Asia	0	0	19	173	81	69	100	56	63	98	39	80	81	81
Bangladesh				49	31	30	36	30	30	49	38	23	48	27
China			17	44	22	10	3	8	12	11				0
India				40	5	4	37	5	4	5				0
Korea DPR												47	31	45
Pakistan			1	19	8	22	15	1	0	2				1
Others			1	21	15	3	9	12	17	31	1	10	2	8
Latin America	0	0	6	67	58	55	48	56	50	52	51	9	0	56
Peru			3	11	14	14	17	16	24	22	36	1		17
Nicaragua			1	11	11	8	11	13	6	6	9			7
Bolivia			3	11	6	9	7	7	0	8	0	4		22
Cuba				4	8	5	6	5	4	10	2			1
Others				30	19	19	7	15	16	6	4	4		10
Med & Mid East	0	0	3	111	73	77	67	76	48	57	6	8	7	21
Egypt				47	31	16	31	27	17	18				0
Tunisia				21	12	7	8	6	3	17	5			0
West bank/Gaza				5	4	19	8	11	16	8			5	13
Others			3	38	26	35	20	32	12	14	1	8	2	7
CEECs	0	0	0	43	183	63	64	94	8	0	0	1	0	27
Regional Phare				7	183	63	20	0						0
Albania							44	75	5			1		7
Others				36				19	3					20
NIS	0	0	0	0	0	207	254	64	29	167	112	35	400	50
USSR (former)						207	210	19	12					0
Russian Fed													400	
Regional Tacis									17	163				
Baltic States							44	44						
Georgia											36	16		12
Others								1		4	76	19		38
Unallocable	659	568	521	39	121	69	303	57	63	98	204	71	64	31
<b>Total</b>	<b>665</b>	<b>568</b>	<b>563</b>	<b>681</b>	<b>739</b>	<b>950</b>	<b>1115</b>	<b>734</b>	<b>626</b>	<b>809</b>	<b>560</b>	<b>349</b>	<b>690</b>	<b>505</b>



## **ANNEX X**

### **MAIN RECIPIENTS OF EC DEVELOPMENTAL FOOD AID 1989-1990 (MEURO)**



Country	Year											Average	
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	1989-1995	1996-1999
<b>ACP</b>	<b>248</b>	<b>224</b>	<b>410</b>	<b>279</b>	<b>331</b>	<b>365</b>	<b>337</b>	<b>148</b>	<b>145</b>	<b>138</b>	<b>239</b>	<b>313</b>	<b>167</b>
Ethiopia	68	41	106	75	56	74	89	26	61	45	50	73	46
Sudan	28	38	109	27	27	22	6	0	2	34	15	37	13
Mozambique	38	44	41	24	46	12	20	23	11	0	26	32	15
Angola	11	5	21	10	17	39	47	26	13	16	23	21	20
Malawi	11	12	19	17	5	30	26	6	1	13	31	17	13
Rwanda	1	1	2	6	23	41	34	2	16	1	20	15	10
Liberia		4	11	4	26	14	2	6	15	8	1	9	7
Somalia	7	5	14	34	6	1	0	12	0	8	10	10	7
Kenya	6	5	7	12	15	15	12	0	1	7	0	10	2
Haiti	9	9	7	6	8	8	10	11	12		6	8	7
Eritrea					31	24	10				9	9	2
Uganda	8	11	8	9	10	10	4				5	9	1
Others	61	49	65	55	61	75	77	36	13	6	43	63	25
<b>Asia</b>	<b>173</b>	<b>81</b>	<b>69</b>	<b>100</b>	<b>56</b>	<b>63</b>	<b>98</b>	<b>39</b>	<b>80</b>	<b>81</b>	<b>81</b>	<b>91</b>	<b>71</b>
Bangladesh	49	31	30	36	30	30	49	38	23	48	27	36	34
China	44	22	10	3	8	12	11				0	16	0
India	40	5	4	37	5	4	5				0	14	0
Korea DPR									47	31	45	0	31
Pakistan	19	8	22	15	1	0	2				1	10	0
Others	21	15	3	9	12	17	31	1	10	2	8	15	5
<b>Latin America</b>	<b>67</b>	<b>58</b>	<b>55</b>	<b>48</b>	<b>56</b>	<b>50</b>	<b>52</b>	<b>51</b>	<b>9</b>	<b>0</b>	<b>56</b>	<b>55</b>	<b>29</b>
Peru	11	14	14	17	16	24	22	36	1		17	17	13
Nicaragua	11	11	8	11	13	6	6	9			7	9	4
Bolivia	11	6	9	7	7	0	8	0	4		22	7	7
Cuba	4	8	5	6	5	4	10	2			1	6	1
Others	30	19	19	7	15	16	6	4	4		10	16	4
<b>Med &amp; Mid East</b>	<b>111</b>	<b>73</b>	<b>77</b>	<b>67</b>	<b>76</b>	<b>48</b>	<b>57</b>	<b>6</b>	<b>8</b>	<b>7</b>	<b>21</b>	<b>73</b>	<b>10</b>
Egypt	47	31	16	31	27	17	18				0	27	0
Tunisia	21	12	7	8	6	3	17	5			0	11	1
West bank/Gaza	5	4	19	8	11	16	8			5	13	10	5
Others	38	26	35	20	32	12	14	1	8	2	7	25	5
<b>CEECs</b>	<b>43</b>	<b>183</b>	<b>63</b>	<b>64</b>	<b>94</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>27</b>	<b>65</b>	<b>7</b>
Regional Phare	7	183	63	20	0						0	39	0
Albania				44	75	5			1		7	18	2
Others	36				19	3					20	8	5
<b>NIS</b>	<b>0</b>	<b>0</b>	<b>207</b>	<b>254</b>	<b>64</b>	<b>29</b>	<b>167</b>	<b>112</b>	<b>35</b>	<b>400</b>	<b>50</b>	<b>103</b>	<b>149</b>
Soviet Union (former)			207	210	19	12					0	64	0
Russian Fed										400		0	100
Regional Tacis						17	163					26	0
Baltic States				44	44							13	0
Georgia								36	16		12	0	16
Others					1		4	76	19		38	1	33
<b>Unallocable</b>	<b>39</b>	<b>121</b>	<b>69</b>	<b>303</b>	<b>57</b>	<b>63</b>	<b>98</b>	<b>204</b>	<b>71</b>	<b>64</b>	<b>31</b>	<b>107</b>	<b>93</b>
<b>Total</b>	<b>681</b>	<b>739</b>	<b>950</b>	<b>1115</b>	<b>734</b>	<b>626</b>	<b>809</b>	<b>560</b>	<b>349</b>	<b>690</b>	<b>505</b>	<b>808</b>	<b>526</b>

Source: Cox and Chapman, EC, 2000



## **ANNEX XI**

### **CONCEPTS AND DEFINITIONS**



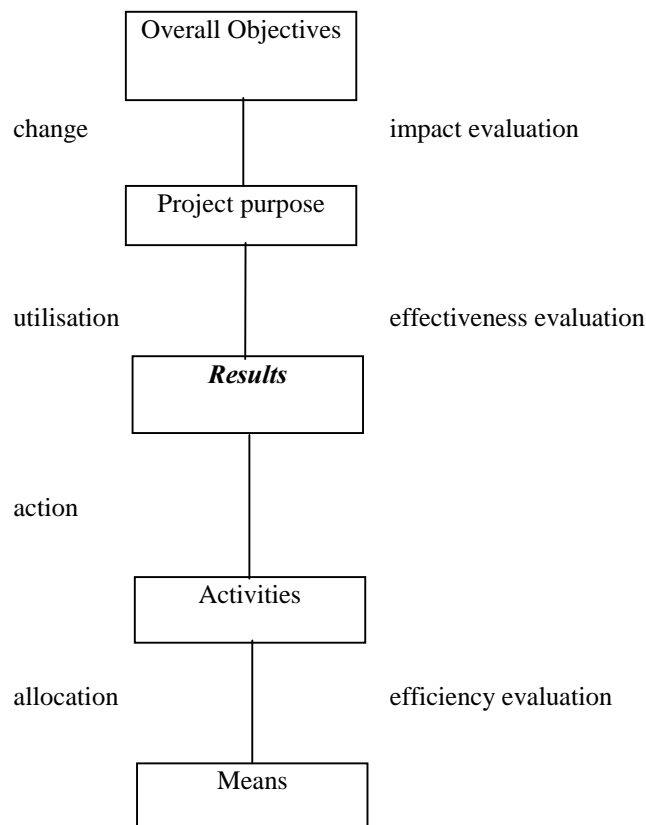


## EVALUATION CONCEPTS

Logical Framework: the EU uses a specific set of evaluation concepts related to the Logical Framework:

Relevance refers to the extent to which the programme addresses the problems identified and adheres to the objectives stated.

Effectiveness concerns the relationship between the Results (immediate outputs) of the project and the Project Purpose (referred to in the Logical Framework terminology). It is the assessment of the extent to which the project results have contributed towards the achievement of the project purpose.



Efficiency relates to the relationship between the Activities and Results of the intervention (in Logical Framework terminology). It is defined as the realisation of the interventions in relation to the resources (financial, time, human) used. Efficiency also considers the choice of instruments and therefore opportunity costs.

Impact assesses the contribution of the project in a broader context and refers to the relationship between the Project Purpose and the Overall Objectives

In sum, Results (achievements) can be distinguished in Output (product), Effects and Impact.

The three levels of results of the activities should be analysed in the same way among the country studies, since the concepts are not interchangeable.

Products are the direct output of the activity (e.g. the activity is the allocation of foreign exchange for input procurement; the product at a national level is the purchase of x tonnes of quality seed);

Effect is the direct and observable result of having used the product (e.g. the procurement of seed increased agricultural production and generated family income through sales of agricultural produce);

Impact is the direct or indirect result of the Effects (e.g. at the household level the income generated was used for investments in the informal urban sector, resulting in a higher purchasing power. This contributed to food security at household level).

Sustainability refers to the potential to retain the achievements of development co-operation after major financial, managerial and technical assistance from an external donor has ended.

Coherence - the principle of coherence pertains between the various aspects of both national policies and activities, and donor aid mechanisms. It also refers to the relation between trade and aid policies.

Complementarity pertains to the activities of the EU (through the EC) which are additional to those activities implemented by the Member States.

Objectively Verifiable Indicators (OVIs) describe overall objectives, project purpose and results into operationally measurable terms (quantity and quality, target groups, time and space). They are measurable in a consistent way and at acceptable cost.

## **FOOD SECURITY CONCEPTS**

Entitlement Definite and socially sanctioned claims to and effective legitimate command over, available food or other relevant commodities and services.

Vulnerability is to do with social status and the ways in which a lowly position influences the ability to effect change. Persons who are particularly at risk or with particular needs are e.g. children under five years, pregnant and nursing mothers, the elderly, disabled people, but also persons living in areas with marginal production or low income generating potential. Basically, entitlement and vulnerability are two ways of looking at the same process; lack of entitlement implies vulnerability and vice versa.

Food insecurity is a socio-economic process affecting the vulnerable, marginal and less powerful groups in a community or society, to a situation whereby the individual household becomes, or remains, unable to secure sufficient food in order to satisfy physical nutrition requirement in a sustainable manner.

Food security exists when every person has physical and economic access at all times to healthy, nutritious food in sufficient quantity to cover the needs of their daily ration and food preferences, in order to live a healthy, active life (Definition World Food Summit, Rome, November 1996; definition implicitly used in Council Regulation n° 1292/96).

Domestic food supply is the sum of domestic production and commercial imports.

Food availability is food supply minus non-food use such as animal feed and waste.

Import dependency is the ratio of food imports to food supply.

Food gaps are calculated using two consumption targets:

- maintaining base per capita consumption or status quo, which is the amount of food needed to support current levels of per capita consumption;
- meeting nutritional requirements, which is the gap between food and food needed to support minimum per capita nutritional standards.

Rehabilitation is action undertaken following a disaster to restore basic services that enable life to return to normal.

Programme aid (OECD-DAC definition) is programme assistance and consists of all contributions made available to a recipient country for general development purposes i.e. balance-of-payments support, general budget support and commodity assistance, not linked to specific project activities.

Poverty - is a term that has distinct meanings to different people (see Baulch's pyramid of poverty concepts<sup>64</sup>). Here poverty is defined as 'the deprivation of basic human and social needs and rights' (DANIDA definition)<sup>65</sup>.

Poverty alleviation addresses the effects of poverty, such as deprivation of social needs and rights in the short term.

Poverty reduction focuses on attacking the causes of poverty, for example, on providing the conditions enabling growth and structural changes in the longer run. The World Bank uses the concept in terms of 'inclusion': 'promoting equitable access to economic and social benefits of development, regardless of individual or social characteristics'<sup>66</sup>

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<sup>65</sup> Ministry of Foreign Affairs, Danida. Evaluation Report. Poverty Reduction in Danish Development Assistance, Copenhagen 1996.

<sup>66</sup> World Bank. 1997. Poverty Reduction and the World Bank. Progress in Fiscal 1996 and 1997. Washington.

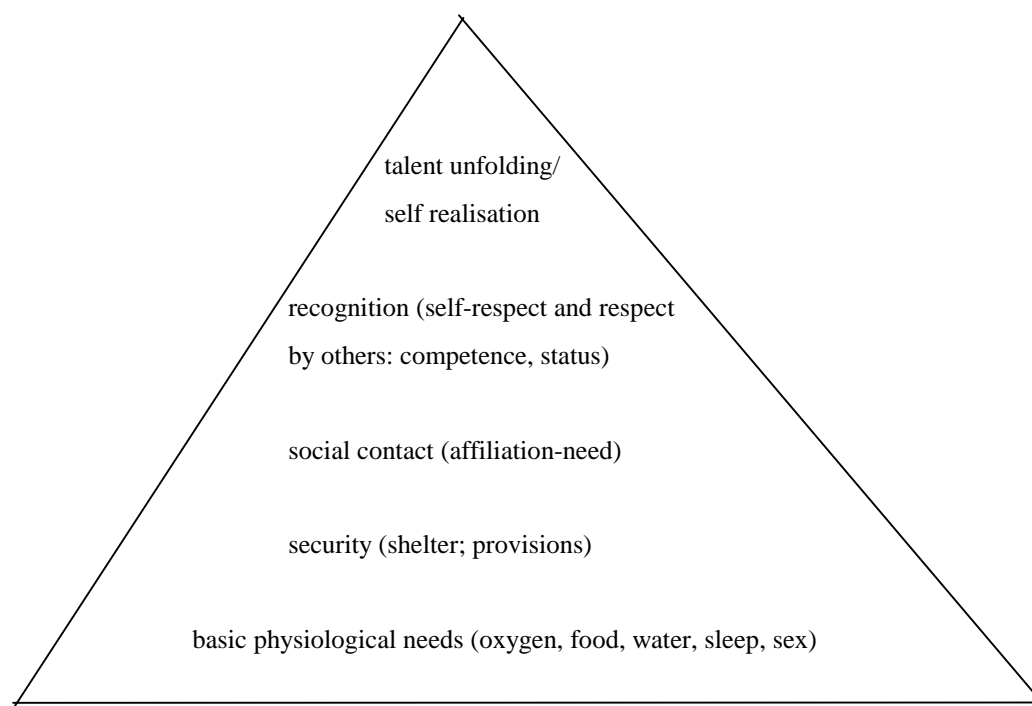


## **ANNEX XII**

### **FOOD SECURITY - A DIMENSION OF POVERTY**



There is little doubt that food insecurity relates directly to the most fundamental motivations ('drives') in an individual's life, as shown by Abraham Maslow's triangle of motivations.



According to Maslow's principles the first 'drive' in someone's life is to satisfy the basic physiological needs, being all those needs required to stay alive. Once this level has been (partly) satisfied, the motivation in someone's life is opened up in search for security and shelter against external hazards and dangers. Making provisions (such as stocking food) belongs to this set of drives. Once these needs have been (partly) satisfied, life becomes motivated by other considerations at a higher level, such as social affiliation, recognition and self-realisation.

By having defined food (in-) security in terms of entitlement, it can only be considered as a key dimension of poverty, in the case it where fits the concept of poverty. Poverty is a term that has distinct meanings to different people. Narrow concepts of poverty are related to the poverty line, such as: 'the income level below which a minimum nutritionally adequate diet plus essential non-food requirements are not affordable' (OECD-DAC). An intermediate position is represented by the 1990 World Development Report, which defined poverty as: 'the inability to attain a minimal standard of living'. This consists of two elements: the first one is the expenditure necessary to buy a minimal standard of nutrition; the second element varies and reflects specific national normative concepts of welfare. As societies become wealthier, their perception of the acceptable minimum level of consumption changes. A much broader poverty concept, which comprises not only consumption and property resources, but also dignity and autonomy, is e.g. 'the deprivation of basic human and social needs and rights' (DANIDA, 1996)<sup>67</sup>. One useful way of schematising the different dimensions and measures is contained within Baulch's pyramid of poverty concepts<sup>68</sup>.

<sup>67</sup> Ministry of Foreign Affairs, Danida. Evaluation Report. Poverty Reduction in Danish Development Assistance, Copenhagen 1996.

<sup>68</sup> Baulch B. 1996. 'The new poverty agenda: a disputed consensus', IDS Bulletin Vol. 27, 1-10. A distinction is often drawn between extreme and other poverty, in which the poor are unable to meet their minimum nutritional needs. Since estimates of the incidence and depth of poverty based on such poverty lines tend to be based on the household level data, this approach tells very little about intra-household issues (elderly, the very young, women). The fourth level adopt a broader definition, which aims to capture the vulnerability of the poor by including assets (such as human and physical capital, stores and claims). Assets create a buffer between production, exchange and consumption, which may be called upon during times of deficits. The addition of dignity and autonomy in lines 5 and 6 point to a broader meaning of poverty including people's freedom from the necessity to perform activities entailing drudgery and subservience and their ability to choose self-fulfilling and rewarding lifestyles.

The traditional income/consumption concept of poverty would prefer to focus on the third layer (private consumption, common property resources and state provided commodities). To accommodate the statement that food security is a key dimension of poverty, is only valid in the case where a broad definition of poverty is used, such as: 'the deprivation of basic human and social needs and rights'.

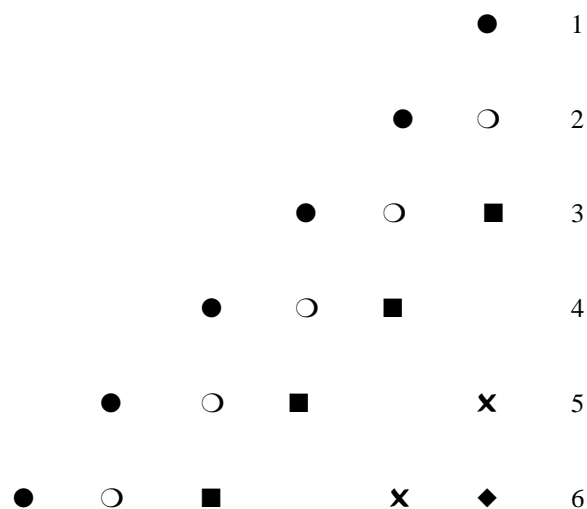
As indicated above, food insecurity is caused by the lack of use of or access to production factors, unequal power relations and lack of knowledge and awareness.

In the first one of the generic causes, food insecurity results from the lack of access to the means of production and resources, especially natural resources. Mainly access to cultivable land and, in other cases, access to capital are necessary conditions for improving food security. Production factors are not always aimed at, or cannot always be used for, food production. If no food is produced, the production factors might be used to either generate income or, alternatively, capital might be used to purchase food in order to satisfy food needs. The consequence of this understanding is that food security is not synonymous with food self-sufficiency, neither at household level, or at national level.

The second generic cause of food insecurity is complex. This dimension is present at local, national and international level, being the insufficient power to make socially sanctioned claims on food. Some people at local and/or national level are able to exclude others. Depending upon the social organisation and development model, there is differing access to power. Being poor often also means having no access to the mechanisms of decision-making; no way of having one's interests considered. Since, at global level, there is no food shortage, international arrangements (such as trading blocks) and market power by transnational food trading companies have comparable effects.

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● = private consumption

○ = common property resources [ie access to common owned inputs]

■ = state provided commodities [ie access to public goods and safety nets]  
= assets

× = dignity [ie empowerment]

◆ = autonomy

The third cause is the insufficient knowledge and awareness about the appropriate use of food. This may refer to very personal circumstances explaining, in part, intra-household differences (the other part is explained by the power relations).

Two different situations can be distinguished:

- Conjunctural insecurity is, by definition, temporary in character and mostly due to the devastating results from a limited number of factors, such as exceptional crises (i.e. extreme weather variations, other natural phenomena or man-made disasters) or the succession of crises. Its causes are identifiable. The inability to withstand shocks at household and national level is not always just a dimension of poverty (such as in the case of extreme political violence). In this case the succession of crises becomes prolonged and the conjunctural insecurity may convert into a structural one.
- Structural food insecurity. Here the causes are less easily identifiable; they are less temporary and they belong to a complex set of factors. Structural insecurity is, to a large extent, endemic poverty (both at household/individual level and at national level).

In the following identification of factors contributing to food insecurity, only structural food insecurity situation is being considered. These factors are described below:

Resources:

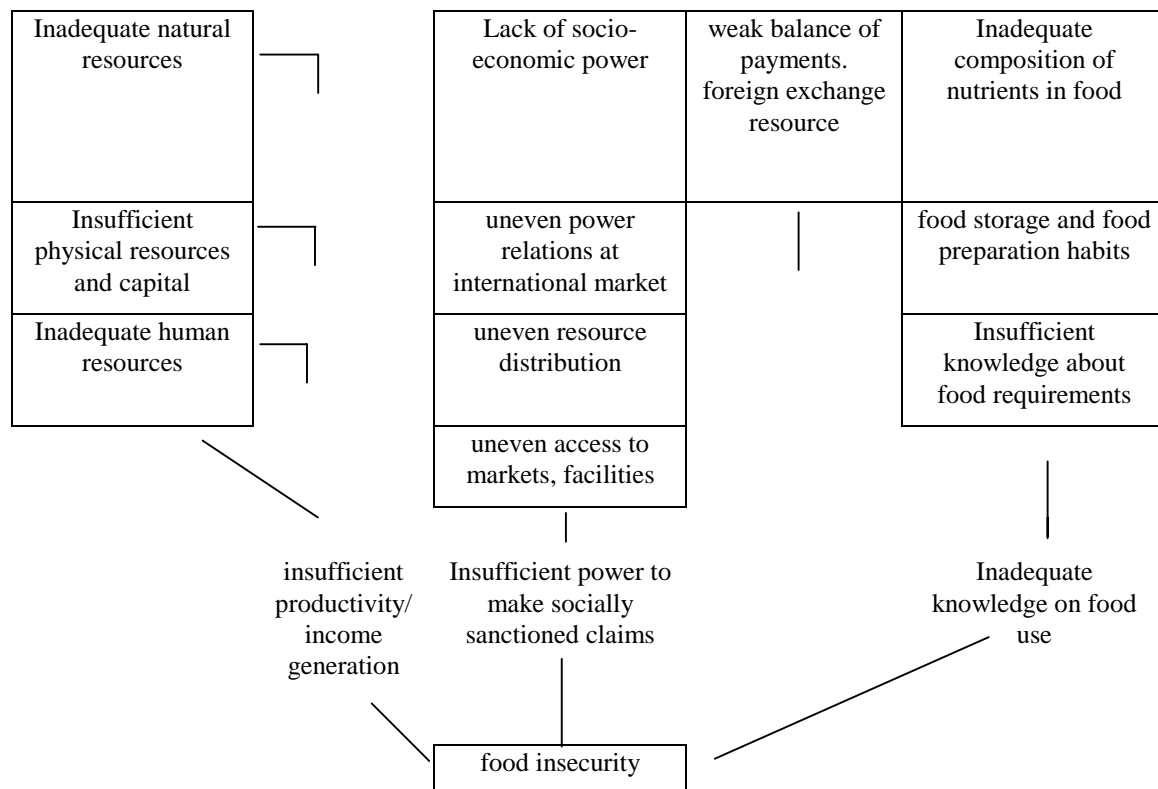
- inadequate natural resources, including resource degradation
- insufficient/inappropriate physical resources
- inadequate human resources
- insufficient capital

Insufficient productivity is a consequence:

- inadequate farm production for own consumption
- inadequate income and purchasing power

Entitlement:

- lack of social-economic power to claim food (vulnerable groups);
- uneven power relations at international food markets;
- uneven resource distribution (i.e. land-ownership);
- insufficient access to markets, assistance and facilities;
- weak balance of payments/foreign exchange availability;
- inadequate food use;
- inadequate composition of nutrients in food available;
- food storage and food preparation habits;
- insufficient knowledge about food requirements.



The wider objectives of food security should therefore contain elements of increasing productivity and income generation, empowerment and education/awareness.

While food security will be largely achieved by reducing poverty, the appeal of the food security concept is that it addresses the most direct of human's motivations in life.

There is an analytical distinction between poverty alleviation and poverty reduction. Poverty alleviation addresses the effects of poverty, such as deprivation of social needs and rights in the short term, while poverty reduction focuses on attacking the causes of poverty, for example, on providing the conditions enabling growth and structural changes in the longer run. The World Bank uses the concept

in terms of ‘inclusion’: ‘promoting equitable access to economic and social benefits of development, regardless of individual or social characteristics’<sup>69</sup>

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<sup>69</sup> World Bank. 1997. Poverty Reduction and the World Bank. Progress in Fiscal 1996 and 1997. Washington.

