



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 14.07.1995
COM(95) 283 final

95/0160 (SYN)

Proposal for a

COUNCIL REGULATION (EC)

on food aid policy and food aid management and special operations in
support of food security

(presented by the Commission)

Proposal to amend Council Regulation (EEC) No 3972/86 on food aid policy and food aid management and Regulations (EEC) 1755/84, 2507/88, 2508/88, 1930/90 and 1420/87 on policy and management of instruments for special operations in support of food security.

Explanatory memorandum

1. The aim of the proposal is to restructure, update and adapt all the legal instruments of food aid policy and management, including special operations in support of food security such as the supply of inputs and seeds, storage programmes and early warning systems.
2. Community food aid is an essential part of our food security policy and has become a major component of our development policy. The way this instrument has evolved, its share in the overall volume of Community aid and the importance of our role in this field mean that the basic legal instruments need to be adapted in line with the recent guidelines adopted by Parliament and the Council.

The European Union allocates more funding to this component of our development policy than any other donor in the world. Community aid administered by the Commission is alone the biggest source of funding and the main donor for specialized international and multilateral organizations.

An integral part of the Community's development aid policy and an essential instrument in the fight against poverty, food aid and special operations in support of food security target the poorest areas. There is a strong geographical focus (sub-Saharan Africa, South Asia and Central America) and the emphasis on support for non-governmental and multilateral organizations sets it apart from the other main donors.

3. This proposal has three main objectives.
 - 3.1 The first is to bring the legal basis into line with the Council and Parliament's guidelines, which set out to reinforce the role of food aid as an essential component of long-term food security policy.

This involves giving greater prominence to development strategies for local production, pricing and marketing policies, commercial imports, control and security mechanisms, general macroeconomic trends in the recipient countries, coordinated food policies and strategies and an assessment of the impact of food aid on production and consumption patterns in the medium and long term.

The Commission therefore proposes to adapt the Regulation in accordance with the guidelines, which advocate purchasing products on the recipient country's market or in another developing country (local and triangular purchases). The importance of such purchases has become clear as they help to boost the developing countries' agriculture and hence their food security, to provide products more in tune with local eating habits and to promote interregional trade and economy.

Food aid must be integrated as fully as possible into agricultural development and agri-foodstuffs policies. To this end, programming and implementation of food aid and operations in support of food security must take account of the recipient country's policies on fighting poverty, nutrition, family planning, environmental protection, with special attention to continuity, particularly in countries coming out of emergencies.

Operations in support of food security have proved an appropriate and effective means of encouraging local production in countries with a structural food shortfall or coming out of serious crises. They can complement Community or other donors' food aid or other development programmes. Such operations must not, however, replace rural development schemes or operations in support of food security financed by Community aid as part of bilateral or multilateral cooperation agreements.

3.2 The second set of changes concerns the legal basis, which needs to be brought into line with the recent geopolitical changes throughout the world, particularly in the developing countries. The aim of the Commission's proposal is to alter the list of countries eligible to receive Community aid. Since the list of recipient countries and/or organizations is restrictive, ad hoc Council Regulations have had to be drawn up for each operation (particularly in the countries of the former Soviet Union).

- For the sake of consistency with the agreements signed by the Community and the Member States under the International Food Aid Convention, the Commission's proposal uses the same technical basis, namely the OECD Development Assistance Committee's classification of developing countries, taking only the three groups of most disadvantaged countries (see Annex to the Regulation).

In the interests of flexibility, Article 22 of the Regulation also allows for amendments to be made to this list by the Commission after consulting the Committee provided for in Article 26 and in accordance with the procedure laid down in Article 27.

3.3 The third set of changes involves amalgamating all the instruments in a single Regulation covering all the provisions of food aid policy and management and

special operations in support of food security. It is an exercise in rationalization designed to bring together and present as consistently as possible all means of Community assistance for people suffering from a serious food crisis or a structural food deficit, the ultimate aim being food security. As a result of this amendment all the Regulations mentioned in the title will be abolished so that there is a single, coordinated legal basis for Community policy in this field.

In some countries with a structural food deficit the economic reform and structural adjustment process has fostered the emergence of a private commercial sector which now imports sometimes considerable amounts of basic foodstuffs. The Commission proposes introducing a new means of action to support this process, while avoiding any disruption or competition or any net loss of foreign aid to cope with the food shortfall problem. This would take the form of a foreign-currency facility to be made available, under certain conditions, to private sector operators in order to import basic foodstuffs (Article 12).

4. In 1991 the Commission decided to set up a European humanitarian aid office in order to make humanitarian aid more effective by harmonizing and concentrating it in a single administrative structure.

The particular nature of food aid for relief purposes requires a special legal basis and decision-making and operational procedures which are not easily compatible with development-oriented food aid operations. The legislative aspects of humanitarian food aid will therefore be dealt with separately in the proposal which the Commission presents to the Council on the legal basis for all the instruments of humanitarian aid policy.

On the other hand, this proposal covers operations in response to a serious food crisis, namely a famine or an imminent danger thereof (Article 24 (1)).

The Commission has set up the internal coordination systems needed to guarantee the consistency of the different humanitarian and development aid instruments, and to ensure, wherever possible, that humanitarian emergency operations evolve into development support.

5. The Commission's proposal to the Council introduces a simpler decision-making procedure for decisions involving smaller sums, the aim being greater administrative and programming flexibility (Article 25).
6. In the light of the above, the Commission proposes that the Council adopt the attached draft Regulation.

Draft
Council Regulation (EC) No ...
of ..
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 130 W,

Having regard to the proposal from the Commission,¹

In cooperation with the European Parliament

Whereas food aid is an essential aspect of the Community's policy of cooperation with the developing countries;

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;

Whereas the Community and its Member States closely coordinate their development cooperation policies and consult one another on their food aid programmes; 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 the food aid and operations in support of food security are key features of Community development policy and must be taken into account in all Community policies likely to affect the developing countries;

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 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 crises in the developing countries; whereas account should be taken in its implementation of this fundamental role as a factor for social and political stabilisation;

Whereas food aid operations cannot be part of a viable solution unless they are integrated into development operations geared to relaunching local production;

(1)

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 cooperation 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 organisations;

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;

Whereas the Community can assist those in need 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 through storage programmes, early-warning systems, mobilization, training and technical assistance;

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 food aid operations;

Whereas to that end provision should also be made for food aid to be made available to international 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, provision should be made for close cooperation between the Member States and the Commission within a 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, though 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 Regulations (EEC) No 3972/86² on food-aid policy and food-aid management, as last amended by

⁽²⁾ OJ No L370, 30.12.86

Regulation (EEC) No 1930/90³, No 1755/84⁴ on the implementation in relation to food of alternative operations in place of food-aid deliveries, No 2507/88⁵ on the implementation of storage programmes and early warning systems, No 2508/88⁶ on the implementation of cofinancing operations for the purchase of food products or seeds by international bodies or non-governmental organizations and No 1420/87⁷ laying down procedures for the implementation of Regulation (EEC) No 3972/86 on food-aid policy and food-aid management,

⁽³⁾ OJ No L 174/6, 7.07.90

⁽⁴⁾ OJ No L 165, 23.06.84

⁽⁵⁾ OJ No L 220, 11.08.88

⁽⁶⁾ OJ No L 220, 11.08.88

⁽⁷⁾ OJ No L 136/1, 26.05.87

HAS ADOPTED THIS REGULATION:

CHAPTER 1

Objectives and general guidelines for food aid and operations in support of food security

Article 1

Under its policy of cooperation with developing countries and in order to respond appropriately to food crises, the Community shall carry out food-aid operations and operations in support of food security in the developing countries.

TITLE I

Food-aid operations

Article 2

1. The objectives of the food-aid operations and operations in support of food security referred to in Article 1 shall, in particular, be:
 - to promote food security in the recipient countries and regions;
 - to raise the standard of nutrition of the recipient population;
 - to contribute towards the balanced economic and social development of the recipient countries;
 - to support the efforts of the recipient countries to improve their own food production and reduce their dependence on food imports.
2. The Community's food 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. Food aid and operations in support of food security shall back up the recipient country's policies on poverty, nutrition, family planning, 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.
3. The products supplied, along with any other operation, in the course of food aid shall reflect as closely as possible the dietary habits of recipient population and shall not adversely affect the recipient country.

When choosing 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.

4. Food aid shall primarily be allocated on the basis of an objective evaluation of the real needs justifying such aid, with economic considerations also being taken into account. To that end, particular consideration shall be given to the following criteria, without excluding other relevant considerations:
 - food shortfalls,
 - per capita income and the existence of particularly poor population groups;
 - 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.

5. The granting of food aid shall, where necessary, be conditional on the implementation of annual or multiannual development projects, sectoral operations or development programmes, and in particular those which promote sustainable long-term food production 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. Where 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 and awareness and training schemes.

6. As a key component of food-security programmes consideration should be given to the creation by the recipient countries of buffer stocks, in tandem with the setting-up of regional reserves administered by regional or international organizations.

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 shortfall.

Such operations may be implemented by the recipient countries, the Commission, international bodies or non-governmental organizations.

The purpose of these operations shall be to support, using the resources available, the drafting and execution of a food strategy or other measures fostering the food security of the countries concerned and to encourage them to increase their degree of

self-sufficiency in food. The said 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 appraised in the light of their consistency with, and complementarity to, the objectives and operations financed by other Community development-aid instruments.

Article 4

A developing country eligible for food aid under this Regulation may receive part or all of the food aid that has been - or may be - allocated to it in the form of alternative operations, 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 food security by helping finance, for example:

- the supply of seed and inputs crucial to the production of food crops;
- rural credit schemes;
- storage schemes at the level of individual farmers or at village, local, regional or national level;
- operations concerning the marketing, transport, distribution or processing of agricultural and food products;
- measures to foster commercial food imports;
- applied research and field training;
- projects to develop the production of food crops;
- flanking and awareness operations, in particular field training.

TITLE III

Early-warning systems and storage programmes

Article 6

The Community may cover the cost of operating early-warning systems concerning the food situation in developing countries. 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 bodies or non-governmental organizations.

Such operations should take account of other Community 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 standards 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.

Article 7

Community support for storage programmes and early-warning systems may be granted, upon request, to international bodies 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, 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, and in particular the bagging, unloading, disinsection, 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 operations in support of food security

Article 9

1. The countries and bodies eligible for Community aid for operations under this Regulation are listed in the Annex.

The Commission may amend that list of countries and bodies after consulting the committee provided for in Article 26 according to the procedure laid down in Article 27.

2. Aid may also be made available to non-governmental organizations that meet the following criteria:
 - (a) have a legal status characteristic of such organizations;
 - (b) have their headquarters in a Member State of the Community, the recipient country or, exceptionally, in the case of international non-governmental organizations, a third country;
 - (c) show that they can successfully carry out food-aid operations;
 - (d) 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 and II (chapter I) executed by the recipient country, the Commission, international bodies or non-governmental organizations.
2. Cofinancing operations may be carried out at the request of recipient countries, international bodies 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 shortfall themselves.
3. Where operations are being financed in support of food security, the Community contribution shall cover the purchase, in the Community or the developing countries, and the transport of food products and seed, tools and inputs.

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 to this regulation) 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 :
 - if the requisite type or quality of product is unavailable on the market of the Community or any of the developing countries;
 - in a food crisis, where such purchases are likely to increase the effectiveness of the operation.
3. Food aid products available on the Community 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 Community market and such purchases remain within limits which do not undermine the principle of mobilizing products on the Community market.
4. Where food is purchased 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 that country, particularly with regard to the promotion of food security in that country 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 sectoral policy (including the strategy on the importation of basic foodstuffs) consistent with the economic policy in question.

Such aid shall be governed by the criteria laid down in Article 11.

Article 13

1. The Community may cover costs related to the transport of food aid.
2. In other cases where the Commission believes that the Community should cover costs related to the inland transport of food aid, it shall take account of the following general criteria:
 - a serious food crisis;
 - the delivery of food aid to low income countries suffering from serious food shortages;
 - whether the food aid is destined for the international bodies 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 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.

Community financing shall not be used to pay taxes, duties and charges.

Any counterpart funds shall be used in accordance with the objectives laid down in this Regulation and in agreement with the Commission.

Article 16

The Community contribution may also cover flanking activities connected with the supply of food aid, such as supervision, distribution and field training.

Article 17

Participation in invitations to tender and other procedures for the award of contracts shall be open on equal terms to all natural and legal persons of the European Community and the recipient country. It may be extended by the Commission to any specific operation to natural and legal persons of other developing countries receiving Community aid.

It may exceptionally be extended to natural and legal persons of third countries.

The Commission shall, when implementing this Regulation, guarantee the openness of the procedures in question by publicizing them properly.

Article 18

The Commission may authorize a representative to conclude cofinancing agreements in its name.

Article 19

1. Decisions laying down the terms for the implementation of aid under this Regulation shall be adopted by the Commission.
2. Aid shall not be granted to recipients unless they undertake to comply with the allocation, mobilization and implementing conditions communicated to them by the Commission.

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 shall lend it all necessary assistance, and shall in particular provide all relevant information.

CHAPTER III

Procedures for implementing food-aid operations and operations in support of food security

Article 21

1. In the field of food aid, the Council, acting by a qualified majority, on a proposal from the Commission and after seeking the opinion of the European Parliament, shall:

- apportion the cereals aid provided for under the Food Aid Convention between Community and national operations;
- apportion among Member States the national cereals operations under the Food Aid Convention.

Article 22

The Commission, after consulting the Committee provided for in Article 26, 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;
- establish the total quantities for each product on an annual or multiannual basis;
- lay down rules for mobilization, monitoring and evaluation;
- determine each recipient's share, in terms of quantity and cost, of the products which may be mobilized, within the budget limit for each product;
- where necessary, adjust allocations during the implementation of programmes;
- amend, according to the procedure laid down in Articles 26 and 27, the list of recipient countries and organizations.

Article 23

The Commission shall follow the procedure laid down in Article 27 when making a decision:

- granting food aid or aid for an alternative operation and laying down the conditions for the supply of that aid;
- granting a contribution to international bodies and non-governmental organizations for the financing of operations in support of food security;
- granting aid for a storage programme or early-warning system.

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 actions, 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 with a food shortfall itself, after consulting the Member States by the most appropriate means and according them three working days in which to put forward any objections;
- (b) the conditions governing the supply and implementation of aid, in particular:
 - the general conditions applicable to recipients;

- initiation of the procedures governing mobilization, the supply of products and the 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 those affected to cope with their 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

Where operations involve limited amounts, the Commission shall grant aid according to the procedures and within the limits established beforehand by the Committee provided for in Article 26.

Article 26

1. The Commission shall be assisted by a Food Aid Committee, hereinafter referred to as "the Committee", composed of the representatives of the Member States and chaired by the representative of the Commission.
2. The Commission must, in particular, examine carefully the long-term implications of any proposal to commit funds for food security at national, regional and household level in the recipient countries.
3. The Committee shall draw up its own rules of procedure.

Article 27

Where recourse is had to the procedure described in this Article, 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 Member States' representatives within the Committee shall be weighted in the manner set out in that Article. The chairman shall not vote.

The Committee shall examine proposed decisions in terms of their impact on long-term food security and whether or not they form part of a consistent food-security policy. It

shall study and monitor food-security policies receiving Community funding and examine proposals for joint initiatives.

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 communication.

The Council, acting by a qualified majority, may take a different decision within the period laid down in the previous subparagraph.

Article 28

The Member States shall decide on their national food aid programmes and inform the Commission, which, after consulting the Committee and in accordance with the procedure laid down in Article 27, shall stipulate how notification of national operations is to be provided.

The coordination of the programming and implementation of Community and national food aid operations shall be the subject of a regular exchange of information within the Committee. In this exchange of information, which shall take place at the request of the chairman of the Committee or a representative of a Member State, account shall also be taken of any known operations by other donors.

Article 29

The Committee may examine any other matter concerning food aid raised by its chairman, either on the latter's own initiative or at the request of a representative of a Member State.

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. The evaluation reports shall be made available to the Committee.

The Commission shall draw up procedures for the dissemination and communication of the conclusions of evaluation exercises to the internal departments and external organizations concerned.

Article 31

The European Parliament shall be informed of the management of food aid by the communication, upon their adoption, of the decisions referred to in Articles 21 to 25 and by the annual transmission of progress reports on the various operations in the financial years concerned.

The decisions referred to in Articles 22 to 25 and the reports referred to in the previous subparagraph shall be communicated to the Council at the same time.

Article 32

Regulation (EEC) No 3972/86, as last amended by Regulation (EEC) No 1930/90, and Regulations (EEC) No 1755/84, No 2507/88, No 2508/88 and 1420/87 shall be repealed.

Article 33

This Regulation shall enter into force on the third day following that of 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 Brussels, ...

For the Council
The President

ANNEX

1. COUNTRIES

LLDCs	Other LICs	LMICs	
Mozambique	India	Bolivia	Iraq
Tanzania	Nigeria	Côte d'Ivoire	Korea
Ethiopia	Kenya	Philippines	Democratic Republic of Lebanon
Sierra Leone	Guyana	Senegal	Macao
Uganda	China	Armenia	Marshall Islands
Nepal	Pakistan	Kyrgyzstan	Mongolia
Bhutan	Nicaragua	Cameroon	Micronesia
Burundi	Ghana	Georgia	Federated States of Niue
Chad	Tajikistan	Uzbekistan	St Helena
Malawi	Sri Lanka	Azerbaijan	Syria
Guinea Bissau	Honduras	Papua New Guinea	Tokelau
Bangladesh	Zimbabwe	Peru	Turks and Caicos Islands
Madagascar	Egypt	Guatemala	Wallis and Fotuna
Rwanda	Indonesia	Morocco	States of ex-Yugoslavia
Laos	Eritrea	Congo	Occupied Territories (Gaza & Cisgiordania)
Zambia	Timor	Dominican Republic	
Mali	Vietnam	Ecuador	
Burkina Faso		Swaziland	
Niger		Jordan	
Equatorial Guinea		El Salvador	
Sao Tome and Principe		Moldova	
Togo		Turkmenistan	
Gambia		Colombia	
Central African Republic		Jamaica	
Benin		Tonga	
Maldives		Paraguay	
Guinea		Namibia	
Comoros		Kazakhstan	
Mauritania		Tunisia	
Lesotho		Thailand	
Kiribati		Algeria	
Solomon Islands		Turkey	
Cape Verde		St Vincent & the Grenadines	
Western Samoa		Costa Rica	
Vanuatu		Fiji	
Botswana		Iran	
Afghanistan		Belize	
Cambodge		Grenada	
Djibouti		Panama	
Haiti		Dominica	
Liberia		Chile	
Myanmar		South Africa (Black Communities)	
Somalia		Anguilla	
Sudan		Angola	
Tuvalu		Albania	
Yemen		Cuba	
Zaire			

2. BODIES

WFP ICRC IFRC UNHCR UNRWA	FAO UNICEF
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3. NON-GOVERNMENTAL ORGANIZATIONS

Non-governmental development organizations of the Community, the recipient country or, exceptionally, a third country.

FINANCIAL STATEMENT

1. TITLE OF THE OPERATION

Chapter B7-20 Food aid and support operations

2. BUDGET HEADINGS INVOLVED:

B7 - 200 Food aid in cereals

B7 - 201 Other aid in the form of products and alternative operations

B7 - 202 Transport, distribution, storage and support operations

3. LEGAL BASIS

Council Regulation (EEC) No/95 on food aid policy and food aid management and special operations in support of food security

4. DESCRIPTION OF THE OPERATION

4.1 Overall objective of the operation

Food aid is one of the main components of Community development aid policy, accounting for 22% of European official development aid (ODA). Last year the European Union, previously the world's second-largest food aid donor, overtook the United States and moved into first place. The availability of basic foodstuffs should remain more than sufficient for the Union and the Member States to maintain or, if need be, increase current levels of food aid supplies of cereals (3 487 000 tonnes of cereals in 1991/92, or about 8% of their total grain exports or 1% of Community production).

Based on Community development aid policy and a fundamental instrument in the fight against poverty, food aid together with the special operations in support of food security, concentrates on the most disadvantaged regions of the world and possesses two features which distinguish it from the other leading donors: its high degree of geographical specialization (sub-Saharan Africa, southern Asia and Central America) and a specific type of support for non-governmental and multilateral organizations.

The aim of the regulation proposed here is to reorganize, update and adapt the body of legal instruments relating to food aid policy and management, including

2. Food aid granted to certain CIS countries

For food aid to the former Soviet republics, see attached additional financial statement.

B1-33 Commitment appropriations	ECU 140 000 000
Payment appropriations	ECU 140 000 000

7.1 Method of calculating total cost of operation (definition of unit costs)

The interinstitutional agreement of 29 October 1993 lays down the following method of calculation:

"The institutions agree the following reference prices for products subject to refunds to be used when calculating appropriations relating to food aid:

common wheat	ECU 127	per tonne
other cereals	ECU 270	per tonne
powdered milk	ECU 1 119	per tonne
butteroil	ECU 1 591	per tonne
category A sugar	ECU 232	per tonne

The total appropriations relating to food aid for the above products, excluding transport costs, charged to heading 4 of the financial perspectives will be obtained by multiplying together the prices fixed above and the quantities corresponding to the structural food aid requirements of the third countries. The total appropriations relating to food aid charged to the EAGGF "Guarantee" section will be obtained by multiplying together the difference between the reference prices fixed above and the estimated price on the Community market and the quantities used for the previous calculation.

In accordance with the institutions' joint statement made when the financial regulation was revised, and in order to ensure that food aid is properly financed without the need for the financial perspectives to be revised, the principle of observing the ceiling on headings 1 and 4 will not preclude the possibility of transfers between headings in Chapters B1-33 (refunds in connection with Community food aid) and B7-20 (food aid). The criteria for assessing such transfers are as agreed by the Parliament, the Council and the Commission in their statement of 12 February 1990.

Prices of products other than those referred to above are based on estimates of trends on the Community market.

7.1.1 Calculation of the commitment appropriations

Since it is the Commission's responsibility to decide on the apportionment of quantities between recipients (Article 5 of Council Regulation (EEC) No 3972/86 of 22 December 1986 on food aid policy and food aid management) and since the

actual allocation takes place during the financial year concerned, the commitment appropriations must cover the programme for this financial year in full.

Articles B7 - 200 and B7 - 201

Tonnage stipulated in the future programme * the price given at point 7.1 above.

Article B7 - 2020

- Transport costs

Transport costs are based on estimates of trends on the Community market.

- Storage, distribution, support measures

Appropriations will be calculated on the basis of estimated requirements

7.1.2 Calculation of payment appropriations

The calculation of payment appropriations is based on the objective of paying the total contracted in full, in principle within a period of 3 years.

7.2 Itemized breakdown of cost

(See table I)

7.3 Indicative schedule of appropriations

(See table II)

FOOD AID: CALCULATION OF COMMITMENT APPROPRIATIONS

	DPB 1996		
	QUANTITIES 1996	PRICE (ECU)	COMMITMENT APPROPRIATIONS (ECU MILLION)
B7-2000 FOOD AID CONVENTION			
CEREALS, WHEAT	695 775	127	98 380
OTHER CEREALS ⁽¹⁾	231 925	270	52 620
SUB-TOTAL B7-2000	927 700		151 000
B7-2010 OTHER PRODUCTS			
CEREALS	429 000	127	64 483
MILK POWDER	20 000	1 119	22 380
BUTTEROIL	800	1 691	1 273
VEGETABLE OIL	70 000	767	63 890
SUGAR	12 000	232/270	3 012
OTHER PRODUCTS			43 750
ALTERNATIVE OPERATIONS			P.M.
SUB-TOTAL B7-2010			178 500
B7-2020 TRANSPORT			
CEREALS	1 358 700	130	176 371
MILK POWDER	20 000	136	2 720
BUTTEROIL	800	120	96
VEGETABLE OIL	70 000	150	10 500
SUGAR	12 000	193	2 316
LEGUMES	4 373	16% OF 43,75 MIO ECU	7 000
STORAGE			6 800
SUPERVISION			6 600
SUB-TOTAL B7-2020			211 400
TOTAL CHAPTER B7-20			540 900

⁽¹⁾ OTHER CEREALS:, FLOUR, SORGHUM, MAIZE, ROLLED OATS, DURUM WHEAT, MILLET

TABLE 1

Objective: **FOOD SECURITY AND AID TO POPULATIONS THREATENED BY FAMINE.** Food aid to the developing countries is intended to support the development efforts of the countries and their people notably in relation to food security and aid to populations threatened by famine.

Action 1/2/3 (a)	Title	Heading(s) Chapter	Type (1/2/3) (b)	DA/ NDA/ CE/ NCE			
						BUDGET 95	DPB 1996
1	Food aid in cereals and rice	B7-2000	2	DA CE	CA	151	151
					PA	130	125
1	Other aid in the form of products and alternative operations	B7-2010	2	DA NCE	CA	222.8	178.5
					PA	210	150
1	Transport, distribution, storage and support operations	B7-2020	2	DA NCE	CA	218.1	211.4
					PA	160	150
					CA		
					PA		
					CA		
					PA		
					CA		
					PA		
TOTAL B7-20					CA	691.9	640.9
					PA	600	425

(*) Each programming sheet, like the one above, must be assigned an intermediate objective defined in advance by the Directorate General

(a) 1 = in progress

2 = awaiting decision by the Commission or Council

3 = planned

(b) 1 = programme with a multiannual allocation for which the amounts deemed necessary are entered in the legal basis.

2 = has a legal basis but no amount deemed necessary

3 = other measure with no legal basis

TABLE II

8. Fraud prevention measures - results of measures taken

Monitoring missions are undertaken in order to make on-the-spot evaluations of food aid projects. Experts in agricultural economics are sent into the field for two to three weeks precisely for that purpose. Their work involves providing those who programme food aid with information and recommendations at every stage of its implementation in order to make them aware of the programme's suitability for achieving its objectives, any problems or difficulties encountered and the degree of accomplishment of the original objectives. In conjunction with the monitoring missions, evaluation missions are also conducted in the field. These are intended to measure the long-term impact of the Community's food aid operations. They take an overview of aid granted to a particular country over a period of years.

Pilot projects relating to new methods of transport, packaging and storage are also undertaken occasionally.

Support missions are necessary to help identify direct aid programmes in view of the growing complexity of the food security issue. In countries undergoing structural adjustment, for example, using counterpart funds to provide budgetary support requires the expertise of macroeconomists and experts in public finances. Analysis of sectoral policies is likewise essential if programmes are to be designed which have a sustainable impact on food security.

Finally, to increase the implementation capacity of projects and programmes geared to food security, permanent technical assistance is required.

9. Elements of cost-effectiveness analysis

9.1 Specific objectives of the operation

To contribute to the food security of developing countries.

9.2 Grounds for the operation

In recent years the Community's contribution to international efforts to promote food security in the developing countries has become a key element of the Community's development aid policy and, in terms of the financial resources allocated, has put the EU at the top of the list of international donors.

The development of the food aid instrument and other special measures to promote food security and the important role played by the EU in this area require a

corresponding change in the basic legal instruments so as to bring them into line with the recent guidelines set out by the Parliament and Council.

9.2.1 Inspection and monitoring, back-up measures, technical assistance, early warning systems

The cost of inspection and coordination of food aid mobilization currently accounts for about 1% of the total budget - soon to be increased to 3% - but these prove to be an effective means of controlling mobilization of food aid operations.

Monitoring of operations is indispensable to avoid diversion of aid or fraud.

Monitoring allows better management of the resources allocated to food security when accompanied by training measures in the recipient countries. Profile raising and public awareness campaigns are also important for providing intermediary businesses and the community in the countries concerned with information on the requirements and possibilities of effectively managed EU aid.

9.3 Monitoring and evaluation' of the operation

9.3.1 The Commission regularly undertakes ex-post evaluation of the most important operations. Supply agreements also stipulate that the recipients send reports at intervals on the use and implementation of food aid and on any difficulties encountered. Such evaluations and reports should indicate whether the target population has actually been reached and whether aid intended for sale and counterpart funds have been used in accordance with the agreements.

The results of evaluations have demonstrated the need to maintain supplies of cereals and sugar at the same level, the possibility of eventually replacing aid in the form of animal fats (butteroil) with aid in the form of vegetable fats, and finally the urgent need to increase the quantities of "other products" (dried vegetables, fish).

In several cases the food aid managed by the Commission was shown to have had a greater impact on the development of countries than bilateral aid (better management of the counterpart funds, more consistency with development instruments, greater control).

Since 1994 the Commission has attached greater importance to monitoring and evaluation in order to strengthen controls and reap the benefit in terms of the future programming of aid.

9.3.2 Details and frequency of planned evaluations: in conjunction with operations

9.4 Coherence with financial programming

- the operation is incorporated in the DG's financial programming for the relevant years
- the objective of the proposed operation corresponds to the broader objective defined in the DG's financial programming entitled "Food security and aid to populations threatened by famine."

FINANCIAL STATEMENT

(FF/94/013)

Date : 13/07/1994

1. BUDGET HEADING INVOLVED: B1-189 APPROPRIATIONS: ECU 112 million
2. TITLE OF OPERATION:
Council Regulation (EC) No 1999/94 on the free supply of agricultural products to the people of the Caucasus and Central Asia
3. LEGAL BASIS: Council Regulations (EEC) No 1766/92, 136/66, 804/68 and 805/68
4. PURPOSE OF OPERATION:
To provide target populations threatened by famine with free supplies of agricultural products, consisting of cereals, olive oil, milk products and beef.

FINANCIAL IMPACT	12-MONTH PERIOD (ECU MILLION)	CURRENT FINANCIAL YEAR (95) (ECU MILLION)	NEXT FINANCIAL YEAR (96) (ECU MILLION)
5.0 EXPENDITURE CHARGEABLE TO:		112	0
- EC BUDGET (REFUNDS/INTERVENTIONS)			
- NATIONAL BUDGETS			
- OTHER SECTORS			
5.1 REVENUE	0	0	0
- EC OWN RESOURCES (LEVIES/CUSTOMS DUTIES)			
- AT NATIONAL LEVEL			
	1996	1997	1998
5.0.1 ESTIMATED EXPENDITURE	0	0	0
5.1.1 ESTIMATED REVENUE	0		

5.2 METHOD OF CALCULATION:

The products concerned (see point 4) shall be supplied from EAGGF intervention stocks unprocessed or in processed form for an amount equal to the amount fixed by the Council in the context of this Regulation. At the time of their release from stock, they will be priced in accordance with the procedure laid down in Article 13 of Regulation (EEC) No 729/70. The supply costs, including transport, shall also be borne.

6.0 POSSIBLE FINANCING BY MEANS OF APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE BUDGET CURRENTLY BEING IMPLEMENTED YES

6.1 POSSIBLE FINANCING BY TRANSFER BETWEEN CHAPTERS OF THE BUDGET CURRENTLY BEING IMPLEMENTED NO

6.2 NEED FOR A SUPPLEMENTARY BUDGET NO

6.3 APPROPRIATIONS TO ENTER IN FUTURE BUDGETS NO

REMARKS:

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