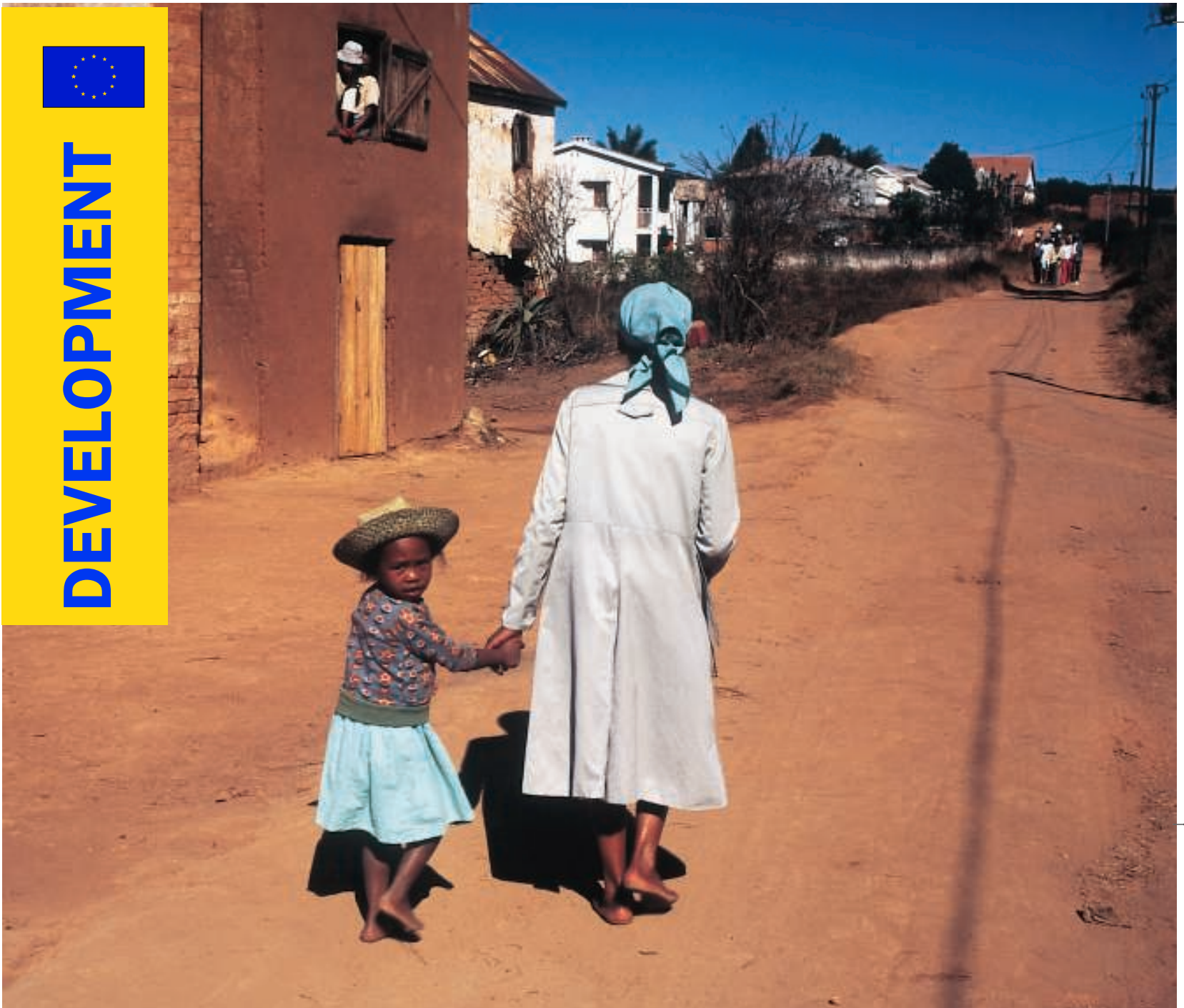




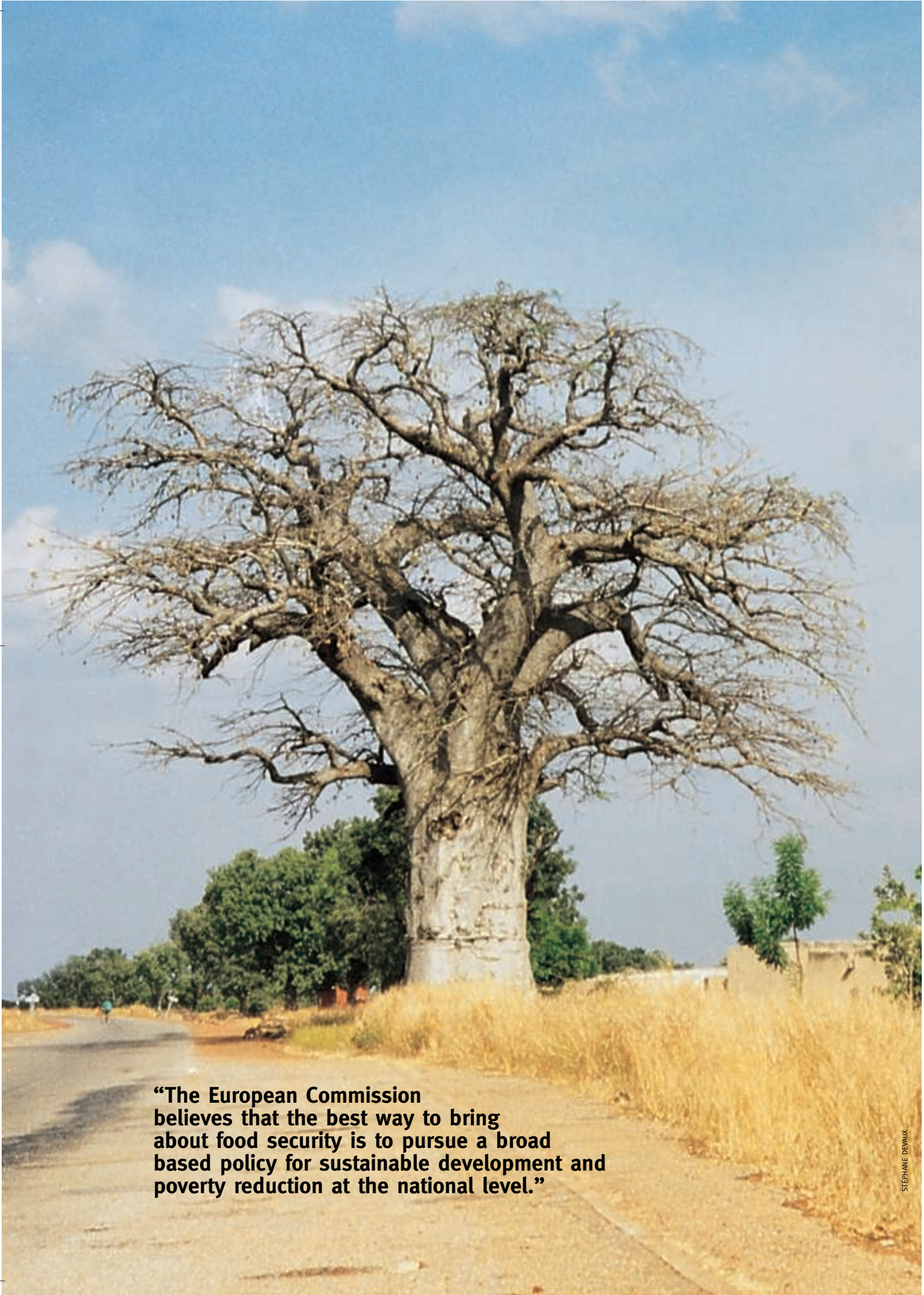
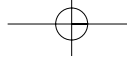
DEVELOPMENT



Fighting Hunger

Food Security at the heart
of Poverty Reduction

THE EUROPEAN COMMISSION'S VISION AND APPROACH – OCTOBER 2001



“The European Commission believes that the best way to bring about food security is to pursue a broad based policy for sustainable development and poverty reduction at the national level.”



Foreword



Poul Nielson
European
Commissioner for
Development and
Humanitarian Aid

In a world of increasing prosperity and plentiful food supplies, it is unacceptable that close to 800 million people still suffer from hunger and malnutrition. Eliminating hunger is one of the most important challenges facing humanity, and can only be achieved through concerted action by national governments and the international community. The European Community stated its support to meeting this challenge at the World Food Summit in 1996, and has signed up to the agreed commitments and targets. Five years later there are indications that some progress has been made, but hunger is not yet being reduced fast enough to meet the World Food Summit target. Against this background the European Commission will redouble its efforts to tackle hunger as part of its overall development policy with the overarching objective of poverty reduction.

This brochure is divided into three parts. The first part presents the broad policy framework for addressing food security. The second part summarises the role of the international community in this context. Part three outlines the European Commission's policy on food security and the broad range of initiatives that have been launched.

The European Commission believes that the best way to bring about food security is to pursue a broad based policy for sustainable development and poverty reduction at the national level. Promoting broad based growth and poverty reduction will in fact address the root causes of the food security problem by bringing the issues of food availability, access to food, responses to food shortages and nutritional problems to the centre of poverty reduction strategies. In addition, the political dimensions of food insecurity need to be tackled head on by giving greater attention to promoting good governance, preventing conflict and building peace.

Tackling food insecurity and hunger will require numerous policy and institutional changes across a broad range of areas in the domestic and international arenas. As a major donor providing approxi-

mately half of public aid to developing countries, an important trading partner, a large food producer and a significant political body, the European Union has an important role to play in bringing about these changes, and ensuring that processes of development and globalisation deliver benefits for the poor and food insecure. The European Commission has developed a broad approach to food security that is mainstreamed in its development cooperation policy. The Commission's development cooperation policy is based on support and policy dialogue covering numerous areas including trade policy, macroeconomic management, regional integration, key economic and social sectors, as well as environmental concerns. Finally, the European Commission is taking active measures to strengthen the coherence between Community policies, on the one hand and its development policy, on the other.

Although the international community has an important role in supporting food security, the primary responsibility lies with national governments. It is essential that governments put in place an appropriate domestic policy framework supported by effective and accountable institutions. Many countries have already prepared comprehensive Poverty Reduction Strategy Papers, which are a promising sign of government commitment to poverty reduction and policy reform. In addition to covering macroeconomic and sectoral policies, these frameworks should provide a clear strategy for poverty reduction with an explicit focus on food security issues in order to be effective in tackling hunger. They should also be based on consultations with a wide range of stakeholders. The European Commission attaches great importance to these principles because tackling hunger will depend ultimately on governments demonstrating the necessary political will and accountability to their citizens. Where these conditions exist, the European Commission is ready to use all the instruments at its disposal to support governments in implementing their own development strategies.

P. Nielson



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PART I

1. Introduction

The World Food Summit held in Rome in November 1996 was a landmark event that brought together world leaders to address the global problem of hunger and food insecurity. The summit reaffirmed the right of everyone to have access to safe and nutritious food, and called for action to reduce the number of undernourished people in the world to half the 1996 level by 2015. The summit resulted in the Rome Declaration and Plan of Action, which was endorsed by representatives of 185 nations and the European Commission (see box).

Five years later in November 2001 a second conference is being convened to review progress in meeting the World Food Summit goals. The FAO estimates that 792 million people currently suffer from undernourishment, and that this figure has been declining by an average of around 8 million

people per year. However, this reduction is not sufficient to meet the World Food Summit target, which would require an average reduction in the total number of undernourished people of 20 million per year.

Fresh impetus is required to speed up progress in tackling hunger, which is the first step in fighting poverty. The World Food Summit five years later will be an important occasion to reaffirm commitment to the World Food Summit goals, and to mobilise additional donor resources. At the same time there is a need to translate political will and donor resources into coherent actions. These actions need to be focused not only on aid delivery, but also on securing the necessary policy and institutional changes in the domestic and international arenas to speed up progress in fighting hunger.

The Rome Declaration and the World Food Summit Plan of Action

At the World Food Summit in November 1996 representatives from 185 countries and the European Commission pledged their commitment “to achieving food security for all and to an on-going effort to eradicate hunger in all countries, with an immediate view to reducing the number of undernourished people to half their present level no later than 2015”.

The political leaders signed up to seven policy commitments and a Plan of Action for their implementation:

Commitment One: we will ensure an enabling political, social and economic environ-

ment designed to create the best conditions for the eradication of poverty and for durable peace, based on full and equal participation of women and men, which is most conducive to achieving sustainable food security for all;

Commitment Two: we will implement policies aimed at eradicating poverty and inequality and improving physical and economic access by all, at all times to sufficient, nutritionally adequate and safe food and its effective utilisation;

Commitment Three: we will pursue participatory and sustainable food, agriculture, fisheries, forestry and rural

development policies and practices in high and low potential areas, which are essential to adequate and reliable food supplies at the household, national, regional and global levels, and combat pests, drought and desertification, considering the multifunctional character of agriculture;

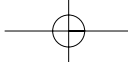
Commitment Four: we will strive to ensure that food, agricultural trade and overall trade policies are conducive to fostering food security for all through a fair and market-oriented world trade system;

Commitment Five: we will endeavour to prevent and be prepared for natural disasters and man-made emergencies

and to meet transitory and emergency food requirements in ways that encourage recovery, rehabilitation, development and a capacity to satisfy future needs;

Commitment Six: we will promote optimal allocation and use of public and private investments to foster human resources, sustainable food, agriculture, fisheries and forestry systems, and rural development, in high and low potential areas;

Commitment Seven: we will implement, monitor, and follow-up this Plan of Action at all levels in cooperation with the international community.



2. The nature of food security

Food security is a multi-layered concept covering problems of food availability, access to food, vulnerability to food shortages, and individual nutrition that exist at different levels: global, regional, national, household and individual. The problems vary between these different levels (see box below).

There is a close relationship between the food security agenda and strategies for poverty reduction and national development. It is essential to tackle poverty in order to provide households with the means to access food. It is also important to foster economic growth and a strong external trade position in order to ensure food availability at the national level. However, there are specific nutrition issues, which are not normally covered in poverty reduction and national develop-

ment strategies, such as shortcomings in diets and food preparation methods, household food allocation, mother and child feeding habits and health related problems with food absorption and biological utilisation.

The main implication for policy is that food insecurity should be addressed as part of a broader framework for sustainable development and poverty reduction. There is also a need to consider the role of food aid and safety net programmes in relation to longer term poverty reduction strategies. Food aid is essential to preserving lives and assets during emergencies, but is no substitute for longer term poverty reduction and development programmes aiming to tackle the root causes of food insecurity.

Food security problems at different levels

Global food availability

At the global level there are presently no signs of a food availability problem. Global food supply is in fact more than keeping up with growing demand, and there has been a continuing downward trend in real prices for major cereals over the past 140 years. Continuing progress in raising agricultural productivity provides grounds for optimism for the future. However, there is no room for complacency. Governments and the international community must continue to pursue sensible policies backed up by institutional reform, and continued investment in research and technology to boost productivity. There is a pressing need to address the ever increasing environmental challenges affecting agriculture, such as land degradation, competition for water resources, pollution from agricultural chemicals and climate change linked to global warming.

Regional patterns in food production and trade

Important changes are occurring in food production and trade patterns between different regions of the world. There is a trend towards greater food imports in many developing

regions. Sub-Saharan Africa is a region of particular concern because many countries are experiencing rising food imports that place an increasing strain on the balance of payments. This trend reflects the poor performance of the agricultural sector in Sub-Saharan Africa, which has been left behind in processes of technological change, productivity increases, and has been marginalised in global trade and investment processes.

National food availability

The main precondition for food security at the national level is a conducive political and economic climate, including the prevention and resolution of conflicts, good governance, responsible political leadership, democracy, the rule of law and lack of corruption. Economic policies and functioning institutions that are supportive of sustainable broad-based growth are also essential. Food availability at the national level is best assured through strong growth and a robust external trade position. Development strategies based on comparative advantage and the efficient use of available resources are likely to provide greater national food security than strategies based on pursu-

ing goals of national food self sufficiency. Open trade and investment policies, macroeconomic stability, a market friendly business environment and effective public institutions are fundamental.

Access to food at the household level

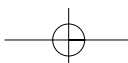
In most circumstances the lack of access to food at the level of the household is the main cause of food insecurity. This arises from a lack of purchasing power and insufficient household agricultural production, and is therefore basically a result of poverty. This aspect of food insecurity can be effectively tackled as part of a broader anti-poverty framework. It is important to address the many dimensions of poverty, including low incomes and low agricultural productivity, as well as vulnerability, lack of assets, low human capability (human and social capital) and political disempowerment.

Tackling the causes of poverty is the most important means to reduce food insecurity in the long term. However, it is also essential to relieve hunger in the short term when this threatens lives and assets, or prevents people from participating in normal

productive activities. Food aid and safety nets are appropriate in certain situations, such as man-made and natural disasters, and to assist particularly vulnerable groups.

Individual nutrition

Access to sufficient food at the household level does not guarantee that all individuals receive adequate nutrition. Individual nutrition also depends upon the distribution of food between household members, food preparation methods, dietary preferences and mother-child feeding habits. There may be important differences in nutritional outcomes for women and men that are the result of unequal gender relations. Health factors also affect individual nutrition. For example, parasitic and other diseases resulting from a lack of clean water and adequate sanitation will result in poor food absorption and biological utilisation. There is a need to address these important problems within poverty reduction strategies using targeted programmes, such as nutrition and health education, micronutrient supplementation, income transfers focused on women, and water and sanitation projects.





3. Domestic policies for food security

Food security is largely determined by the domestic political and economic environment. Good governance, the rule of law, conflict prevention and peace building are prerequisites for food security. In addition, domestic economic policies and institutions are another crucial factor determining food security outcomes. This means that the primary responsibility for tackling food insecurity must lie with national governments. In order to bring about food security, governments should put in place policies and institutions that foster growth and reduce poverty. This requires a clear strategy to ensure that the poor can benefit from growth, and have access to productive assets, markets, institutions and services.

Many countries have begun to develop such strategies in the form of Poverty Reduction Strategy Papers (PRSPs). The first PRSPs that have been released show much promise as an indication of

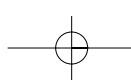
government commitment to poverty reduction objectives and policy reform. They are often based on a process of stakeholder participation that is vital to building national ownership of the proposed strategy. However, in practice the first PRSPs have not yet reached their full potential as instruments to tackle poverty, and tend to focus on macroeconomic and sectoral policies without making the link to poverty reduction. Few PRSPs explicitly address food security issues.

In spite of these initial shortcomings, PRSPs offer much promise as a means to launch a concerted attack on food insecurity because they are based on national ownership, and provide opportunities to mainstream food security objectives across all areas of domestic policy. The following box indicates the elements of PRSPs that need to be given greater attention in order to make PRSPs more applicable to food security.

Building food security objectives into poverty reduction strategies

In order to develop comprehensive poverty reduction strategies which fully incorporate food security aspects, the following elements need to be addressed:

- 6 The first step in strategy formulation should be the preparation of a full profile of the poverty and food security situation in the country, analysing all aspects of the problem and differentiating between different regions, livelihoods groups, ethnic groups etc. Ideally, this should be based on a combination of quantitative surveys and Participatory Rural Appraisal. In many countries efforts need to be made to improve the quality and coverage of information.
- 6 The strategy should identify how all areas of policy impact on poverty and food insecurity. The most important policy levers are: (i) macroeconomic policies, (ii) the business and regulatory environment, (iii) the incidence of taxation, (iv) the allocation of public expenditure, (v) regional policies (the balance between central areas and remote areas, and between areas of high agricultural potential and areas of low agricultural potential), (vi) sectoral policies (e.g. agriculture, rural infrastructure, health and education service provision), (vii) policies regarding social protection and disaster response, and (viii) policies affecting the management and ownership structure of key assets, such as land, fisheries, forests and water supply. Common themes running through all of these policy areas are how to include the poor more fully in the functioning of markets, and how to make institutions more responsive to the poor and capable of delivering relevant services in a cost effective manner.
- 6 The strategy should be based on a broad conception of poverty reduction covering not only income generation and productivity, but also the problem of vulnerability, lack of assets, lack of education and health services and social and political exclusion. In addition, specific attention should be given to food security issues that are not normally covered by the poverty agenda, including disaster response and nutritional issues.
- 6 The strategy should attend to the political dimensions of food insecurity, such as weak governance, conflict and insecurity, weak enforcement of the rule of law, and democratic rights. Efforts need to be directed at making development more decentralised and community led.
- 6 Recognising the constraints on administrative capacity and public resources, the strategy should present clearly identified and costed priorities linked to the above analysis.



4. The role of the international community

PART II

The international community can assist governments in tackling food insecurity in numerous ways, such as providing aid, facilitating trade, encouraging regional integration, supporting international agricultural research, joining the fight against communicable diseases and addressing global environmental problems. An important concern is to achieve policy coherence between these different policy areas.

4.1 Development cooperation

The Least Developed Countries that experience food insecurity continue to rely on aid and debt relief to finance their development programmes. In this context, it is regrettable that aid specifically targeted at the Least Developed Countries has been stagnant over recent years, and that there has been a sharp decline in aid directed towards agriculture and rural development. Private sector investment is not filling the gap, and has made few inroads into the poorest regions of the developing world.

Although there is a need to mobilise additional donor resources, it is also important to improve the effectiveness of aid. One of the most important lessons that has been learnt is that aid is most effective in countries that have good policies and a commitment to poverty reduction. Consequently, donors are increasingly concentrating their resources on well performing countries, and are linking their support to the formulation of PRSPs (or other overall development frameworks), and good governance criteria. There is a shift away from financing standalone projects towards supporting the government's overall objectives and reform programme through sector wide programmes and the provision of budgetary support. Where countries do not show commitment to poverty reduction and policy reform, donors should critically review their aid programme and level of support. There might be a case for engaging more actively in policy dialogue and putting more emphasis on supporting civil society development and funding projects implemented by NGOs.

There is also a need to improve the targeting of aid, and more clearly allocating resources towards tackling poverty and food insecurity. A greater share of total aid should be allocated to the Least Developed Countries and the poorest sections of society. Furthermore, it is important to ensure that aid reaches rural areas where the majority of the poor reside. The decline in spending on agriculture and

rural development is a matter for concern because these sectors are vitally important to the livelihoods of the poor. Donors need to review their support to these sectors taking into account the changing context of rural development. New approaches are required to respond to the increasing diversification of livelihoods, the growing importance of the non-farm sector, linkages between urban and rural areas, the impact of HIV/AIDS, the reduced role of the state, and the increased importance of the private sector, NGOs and community organisations.

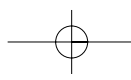
Donors need to clarify their policy on the use of food aid. Food aid-in-kind is not an appropriate instrument to create long term food security. However, in certain situations of food shortages in the transition between relief, rehabilitation and long term development, food aid remains an essential element of safety nets for certain vulnerable sections of the population. Arguments for or against the use of food aid should be made on the grounds of its efficiency as an instrument to address specific problems and situations:

- 6 to preserve lives and assets during natural and man-made disasters.
- 6 to protect vulnerable social groups, including refugees, internally displaced persons, the disabled, AIDS orphans and the destitute.
- 6 to tackle chronic malnutrition where this seriously impairs people's abilities to engage in normal productive activities.

When and wherever possible, food aid should be purchased locally or within the broader region. In administering food aid programmes, care should be taken to target the most needy, and to avoid disrupting local markets and production. Food aid should always be provided in a way that is linked to longer term strategies for rehabilitation and development.

4.2 Trade policy

In the past many developing countries pursued a doctrine of national food self-sufficiency in the name of food security. However, it is now widely recognised that such policies had many adverse effects, and often resulted in a wasteful allocation of resources and missed opportunities for growth. An export-led development strategy focusing on areas of comparative advantage is likely to generate stronger growth and increased incomes, and is therefore a better way to bring about food security.



A strong external trade position also guarantees food availability at the national level by strengthening the capacity to import.

Trade is therefore an essential element of food security. However, the Least Developed Countries, which account for less than a half of one percent of global trade, have largely been excluded from the benefits of trade liberalisation and globalisation. Their export industries continue to face major obstacles related to internal factors within developing countries and the market access restrictions imposed by developed countries.

Despite some improvements in market access, exports from developing countries to industrialised countries still face numerous tariffs, quotas and technical barriers to trade. It is essential that developed countries make greater concessions to open their mar-

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kets to all types of products from the developing world, and the Least Developed Countries in particular.

Experience has shown that market access alone does not automatically stimulate trade. There are many structural weaknesses in developing economies that are major obstacles to exports. These include the lack of a secure legal framework and weak regulatory capacity, as well as weaknesses in infrastructure, information flows and human resources. There is a need for trade development programmes to build the capacity for trade by tackling these obstacles, and to help exporters to meet product standards, product safety requirements and certification procedures.

Although developing countries stand to benefit from trade liberalisation, there are some inherent risks. Liberalisation may result in increased exposure to foreign competition and the removal of government support to certain sectors. These adverse impacts may have short term negative consequences for food security. In view of these risks, developing countries should not be expected to make the same level of concessions at the same pace as developed countries. WTO rules already provide for special and differential treatment for developing countries. These may need reinforcing to assist the integration of those countries, especially the Least Developed Countries.

4.3 Regional integration

Regional integration is an important first step in the integration of developing countries into the global market. Regional integration can also help bring about food security by expanding marketing

opportunities, and better integrating food markets allowing easier transfer of foodstuffs from areas of surplus to areas of shortage.

In addition to the benefits of free trade areas and customs unions, regional cooperation is vital to solving common problems that are related to food insecurity. Environmental problems, agricultural pests and disease, agricultural research and infrastructure often have a cross border dimension that requires effective regional cooperation.

4.4 Research and technology

Increased agricultural productivity is essential to ensuring world food supplies in future, as well as fostering growth and tackling poverty. Rapid technological progress continues to raise agricultural yields. However, much of the research and most of the benefits are concentrated in the developed world. An increasing amount of agricultural research is conducted by private companies, who have little interest in developing new technologies for poor farmers in developing countries. There has been relatively little research into the staple crops grown by poor farmers, such as sorghum, millet, roots and tubers, and into techniques suited to low-input, risk prone agriculture on marginal lands.

The agricultural research system is not working well for the needs of the poor, and action is required at the international and national levels to ensure adequate levels of public funding and a conducive policy environment for the development and dissemination of new technology. Public funding is justified because agricultural research has a public good character meaning that the producers of research cannot fully appropriate the benefits. Because the benefits of research often have an international dimension (global public goods) there is a strong justification for international funding arrangements.

These arguments call for a more active role for the public sector in agricultural research. There is a need to revitalise national and international research institutions, and to find new ways of working taking into account the changing context of international agricultural research. It is important to work in close participation with farmers to develop, adapt and extend technologies. It is also important to harness the dynamism of private sector by entering into new partnership arrangements with private companies. Governments and international organisations should increasingly take on the role of facilitating the transfer of technology between developed and developing countries, and between the private sector and the public domain.

In an increasingly globalised world the international protection of intellectual property rights is



taking on greater importance. An intense debate is taking place in relation to the Trade Related Intellectual Property Rights Agreement (TRIPS). On the one hand private companies need protection of intellectual property rights in order to invest in research. On the other hand, too much protection may prevent the wide dissemination of new technology at an affordable cost to poor farmers. The rights of communities in areas providing the source of plant genetic material need also to be considered.

4.5 Fighting against communicable diseases

The major communicable diseases, HIV/AIDS, malaria and tuberculosis, have a devastating impact on food security and poverty. These diseases add to poverty and food insecurity by removing the most productive workers, reducing agricultural production, increasing household spending on health, reducing investment and resulting in the loss of knowledge and skills in the population. In turn poverty and food insecurity contribute to the spread and progression of disease because they are associated with lack of awareness, risky behaviour, lack of access to treatment and poor nutrition.

The major communicable diseases have become a global emergency that requires a strong international response. Substantial volumes of aid are required to support national health systems to deliver preventative health services and treatments. It is also essential to encourage greater investment in pharmaceutical research targeted at the major communicable diseases in developing countries, and to bring about policy changes to make key pharmaceuticals more affordable in developing countries. With its recent initiative to combat communicable diseases and strengthen

national health systems, the EC has become a major player in this context.

4.6 Environment and natural resources management

Environmental problems are an important cause of food insecurity and poverty. Many of the critical natural resources that rural people rely on for their livelihoods are being degraded by processes such as soil erosion and fertility decline, deforestation, overfishing, overgrazing, contamination of water resources and loss of biodiversity. Many of these processes are in turn generated by poverty and food insecurity because desperate circumstances force people to adopt unsustainable environmental practices. In order to break this vicious circle it is important to support actions that alleviate poverty and food insecurity, while at the same time reducing environmental degradation. For example, investing in land improvements, such as terracing, can reduce soil erosion and boost agricultural productivity. Policy and legal changes in relation to land tenure and management of key natural resources are often required to support such practices.

Many environmental problems, such as climate change, desertification, the loss of biodiversity and competition for water resources, have a cross-border or global dimension. These problems can only be solved by concerted international action, and a shared responsibility between the developed and the developing world. Failure to meet these challenges will have disastrous consequences for food security. Consider, for example, the potential consequences of climate change linked to global warming, which could dramatically alter global food production patterns with huge implications for food security in many countries.



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PART III

5. The EC response to the food security challenge

5.1 A new Community policy on development cooperation

In its Communication of 26 April 2000, the European Commission recommended a reorientation in EC development cooperation policy in line with the overall objective of poverty reduction.

The overall objective is the fight against poverty

Poverty reduction has been confirmed as the central objective of EC development cooperation along with three other strategic areas deriving from the Treaty of the European Union: (i) sustainable development, (ii) integration into the world economy, and (iii) democracy, human rights, rule of law, peace making and conflict prevention. Five guiding principles will be mainstreamed into all aspects of EC development cooperation: (i) effect on poverty reduction, (ii) support for institutional development

and capacity strengthening, (iii) gender equality, (iv) sustainable management and use of environmental and natural resources, and (v) enhancement of economic, social, political and cultural rights.

In focusing on poverty reduction, the EC has adopted a broad definition of poverty. Poverty is not solely defined by a lack of income and financial resources, but also includes the notion of vulnerability, low human capabilities and lack of empowerment. Poverty is also reflected in a lack of access to adequate food, drinking water, education and health, employment, land, natural resources, credit, information and infrastructure, as well as a lack of political participation. All of these factors are central to both the poverty and food security agendas.

From assistance to ownership

It is now widely accepted that the ownership of aid and development programmes by beneficiary countries is the key to the success of development

cooperation. This sense of ownership must be built through the widest possible participation of all groups of society in defining national development strategies that create conditions for the participation of the poor in the benefits of growth. The European Community supports this process through political dialogue with partner countries. This dialogue is important to ensure that the EC aid programmes are in line with the recipient government's own priorities, to ensure the transparent and responsible management of EC resources by recipient governments and to reinforce institutional capacities and good governance. The EC will take into account the strength of government ownership and the quality of partnerships when allocating development aid. The principle is to channel aid to countries and sectors where it has the greatest chance of reducing poverty in a sustainable and effective manner.

Refocusing priorities on areas where the Community can provide added value

The European Commission has recognised that in order to strengthen the impact of development cooperation, it is important to do fewer things, but to do them better. Six priority areas have been identified on the basis of their relevance to poverty reduction and the added value of Community action. Food security has been recognised as a vital element in the fight against poverty, and has been selected as one of the priority areas.

- ⑥ Trade and development
- ⑥ Regional integration and cooperation
- ⑥ Support to macroeconomic policies and sector programmes in social areas (health and education)
- ⑥ Transport
- ⑥ Food security and sustainable rural development strategies
- ⑥ Institutional capacity building, good governance and the rule of law

The Cotonou Agreement

The partnership agreement between the European Union and ACP countries, signed in Cotonou in June 2000 offers a favourable field of application for a completely revised policy, thanks to the impact of a relationship integrating political dialogue, a trade dimension and development aid. In follow-up to the general objective to reduce poverty, this agreement is founded on

a reinforced political dialogue, by introducing respect for human rights and democracy as essential criteria for cooperation. It opens the consultative process to non-State players, that is to say, civil society and rural organisations in the case of food security aspects, as well as private players and local authorities in particular. These new players are involved in consultations on strategies, and

Towards more efficient and coherent Community action

Country programming is an important instrument for increasing the effectiveness of Community aid. The process aims to ensure consistency with nationally owned development strategies and coordination with EU Member States and other donors. EC Programming is based on Country Strategy Papers (CSP), drawn up with partner countries, in consultation with civil society and coordination with major donors. They are then translated into multi-annual development programmes, which are subject to regular revision to reflect changes in the economic and social situation of the country.

SIX PRIORITY AREAS HAVE BEEN IDENTIFIED ON THE BASIS OF THEIR RELEVANCE TO POVERTY REDUCTION AND THE ADDED VALUE OF COMMUNITY ACTION

5.2 Linking trade and development

The "Everything but Arms" initiative

Taking the lead in opening its markets to the Least Developed Countries (LDCs), the EC has recently adopted the "Everything but Arms" (EBA) initiative. This follows the first Ministerial Conference of the WTO held in Singapore in 1995 where developed countries pledged to further open their markets to exports from LDCs. The EBA initiative is in force since March 2001, and ensures unrestricted access for all products (except arms and ammunition) from the LDCs to the EU market, which is the most important export destination for the LDCs. The EC will complement this action by measures to increase the export capacity of the LDCs and improve their ability to integrate into the multilateral trade regime.

At the third United Nations Conference on

they have access to financial resources to strengthen their capacities so that they can play an effective role and participate in the implementation of programmes. The trade dimension of the Cotonou Agreement links trade with development aid to facilitate the integration of ACP countries in the world economy. Regional economic partnership agreements will

create free trade areas between the European Union and regional ACP blocks, providing preferential access to the Community market. These partnership agreements will help promote regional integration, give credibility to the trade and economic policies of ACP countries, promote investments and improve economic competitiveness by opening up borders.

LDCs, held in Brussels in May 2001, the international community established for the first time, the objective of duty free and quota free market access for all products originating from LDCs – a clear indication that other developed countries will follow the EBA initiative. This development, designed to strengthen the trading position of developing countries, is a key element to improve food security in the south.

The EC's objectives for the New Trade Round

The EC has been a major force in gathering international support for a new round of WTO trade negotiations. The EC has called for a broad agenda that emphasises the concerns of developing countries including:

- 6 Discussion of special provisions to meet the specific needs of developing countries.
- 6 Substantial improvements in market access and trading opportunities for developing countries.
- 6 New rules on investment, competition and trade facilitation.
- 6 Capacity building for developing countries related to WTO issues and procedures.
- 6 Greater coherence in global economic policy-making.

5.3 Support for national strategies to fight against poverty

The PRSP, an instrument for ownership and coherent development aid

The European Community is one of the largest contributors to the Heavily Indebted Poor Countries (HIPC) debt relief initiative, and has worked with the Bretton Woods Institutions to develop a framework linking these funds to the implementation of comprehensive poverty reduction strategies. The process of drawing up Poverty Reduction Strategy Papers (PRSP) helps to ensure that funds set aside for debt relief are used to fight poverty. This is an innovative instrument that places poverty reduction – and through this, food security – at the heart of the debate on the allocation of national resources. In the past, strategies to alleviate poverty tended to be based on numerous standalone projects that were not linked to the wider policy framework.

The European Community actively supports the formulation of such strategies, which contribute to

the goals of reinforcing ownership of development strategies by the beneficiary countries and ensuring the coherence and complementarity of donor interventions.

5.4 A new approach to food security

From the logic of supply to a demand approach, focusing on improved access to food

The European Community's policy on food security has shifted from a supply to a demand approach. In its early stages EC food security policy focused on increasing food supply (availability) through the provision of food aid and support to local food production. It is now widely recognised that food insecurity is not only the consequence of a lack of food availability, but is above all a problem of lack of access (economic and physical) to food. Lack of access results from demand factors, namely the weak purchasing power of poor rural and urban households. This means that strategies to fight against poverty and food insecurity must focus on supporting poor and vulnerable groups. It is necessary to clearly identify these groups and to understand the basis of their livelihoods and strategies for dealing with risk.

Considering the multi-dimensional character of food security and poverty, the EC has overhauled its food security strategy. Major changes have followed the 1996 Council Regulation on Food Aid and Food Security. The new approach integrates food security policy with objectives of sustainable development and the fight against poverty. The approach recognises that strengthening people's food security is the primary lever for reducing poverty.

Active participation in the International Convention on Food Aid.

The International Convention on food aid lays down minimum annual commitments for food aid by the signatories (Argentina, Australia, Canada, the European Community and its Member States, Japan, Norway, Switzerland, United States), as well as food aid management guidelines. The Convention was renegotiated in London in 1999, in order to ensure greater consistency between food aid and the broader food security concept. In allocating food aid, priority is given to the Least Developed Countries and to Low Income Countries. Food aid to other countries is limited to emergency situations, financial crises or programmes targeting vulnerable groups. Special attention is paid to minimising the negative effects of food aid by considering carefully the effects on local production (triangular and local purchases are encouraged),



From food aid to food security

For more than a quarter of a century, support to boost agricultural output and massive food aid were the major instruments of the North to assist developing countries in their struggle to deal with food shortages and food crisis situations. Since the 1980s and during the 1990s, with the focus on reforming economies by deregulation, adjusting policies and institutions, donors have gradually shifted their aid towards supporting broad-based food

security strategies along the lines of availability, access, use and crisis prevention.

Against this background, in the mid 80's, the Commission initiated a number of decisive policy changes, centring the debate on food security strategies, dissociating food aid from the management of agricultural surpluses and linking it more firmly to development concerns. The option of triangular and local purchases of food aid was also introduced at this stage. The

reform process was legally completed in 1996 with the adoption of Council Regulation N°1292/96 on food-aid policy and food-aid management and special operations in support of food security. The new policy, together with the food aid/food security budget line, constitutes a very powerful tool for the Commission and allows, at present, to assist some 25 particularly vulnerable countries around the globe to overcome problems of temporary food shortages,

to manage post-crisis situations for food recovery and to address structural food security problems. A wide range of instruments is available to implement this policy:

- Budget support: annual or multi-annual programmes to implement economic and sectoral reforms;
- Financial support: annual or multi-annual projects and NGO operations;
- Food aid in-kind: channelled mainly through Government, WFP and NGOs.

From emergency to development

As part of the Community reform process concerning food aid and food security, the European Commission and EU Member States have agreed on a number of basic principles governing the use of food aid. The main elements of this Code of Conduct for Food Aid have been included in the Food Aid

Convention, which forms part of the International Grains Agreement.

The EC acknowledges that food aid is not an appropriate instrument to create long term food security and, as a result, has markedly reduced its provision of food aid-in-kind. However, in a number of circumstances of

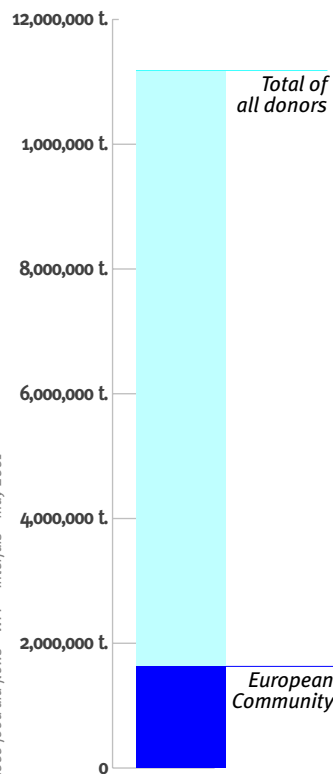
food shortages in the transition between relief, rehabilitation and long term development, food aid remains an essential element of safety net strategies for certain vulnerable sections of the population. The EC continues to provide food aid in specific situations where it is the most effective means to address the

underlying problems:

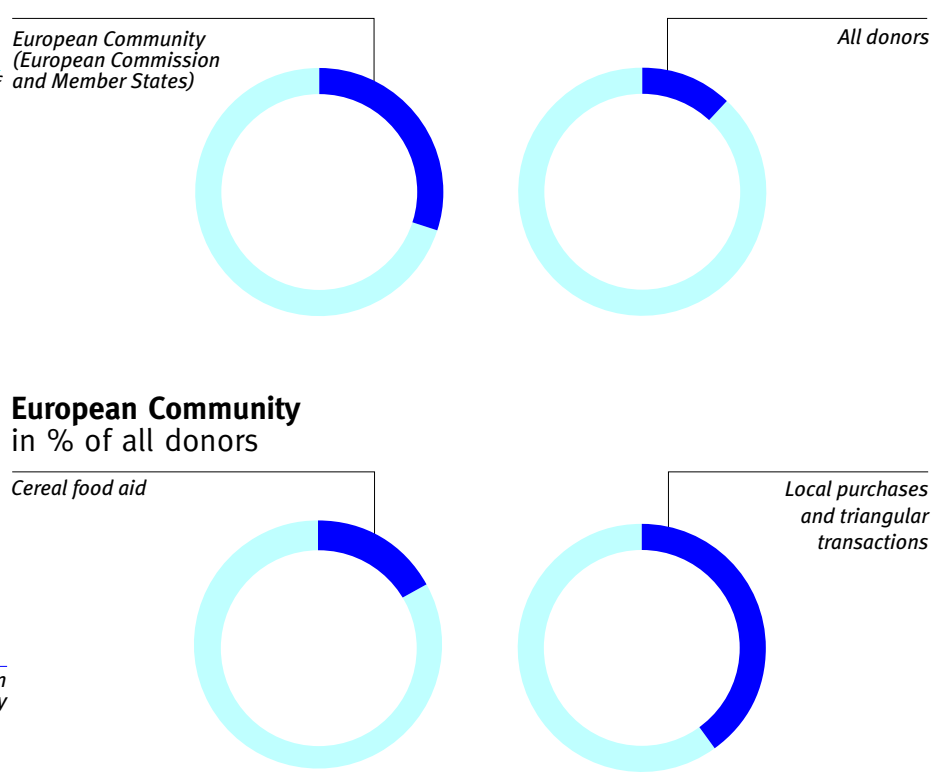
- Response to crisis situations (in complementarity with the European Community Humanitarian Office - ECHO).
- Contribution to strategic reserves and safety nets.
- Facilitating the transition between relief, rehabilitation and long term development.

Local purchases and triangular transactions (2000)

**Total cereal food aid
(grain equivalent)**



**Local purchases and triangular transactions
as % of total cereal food aid**



Local purchases refer to local procurement and distribution.

Triangular transactions refer to food aid purchases in one developing country for distribution in another developing country.

respecting dietary habits and customs, strengthening local capacities (in particular, through private sector sales) and ensuring women's participation in the management of food aid.

Several amendments, backed by the European Commission and its Member States, were introduced during the renegotiations. These include extending the list of eligible products (including traditional food products in keeping with local dietary habits), taking account of transport and operational costs, giving added value to financial commitments, and restricting the loan component of food aid to not more than 20% of the total commitment. Most importantly the Convention now recognises that food aid can be provided in the form of financial aid earmarked for food purchases.

Food security within the broader framework of rural development

In many developing countries, most of the poor and vulnerable groups live in rural areas. Food security strategies should therefore be incorporated within the broader framework for rural development. There is a need for efficient marketing and

trade policy and for a focus on increasing incomes and food production. There are numerous elements that need to be built into rural development strategies, including improving access to the means of production (land, equipment and agricultural inputs), facilitating access to finance and information, creating jobs including non-agricultural remunerative activities, improving skills and participation in decision-making and guaranteeing the rights of communities. All these aspects of rural development are closely linked to the fight against poverty, and are the most efficient and sustainable way of improving food security.

5.5 A wide range of EC instruments to support food security

The European Community has at its disposal a wide range of financial instruments that enable it to take action on food security in the short and the long term. The wide variety of instruments allows the EC to respond flexibly and to adapt its programmes to local conditions. There are two main types of support.



PERISCOOP

The long-term development instruments of the Community linked to regional partnership agreements.

These are the European Development Fund (EDF) for ACP countries (Africa, Caribbean and Pacific), the ALA budget lines for Asia and Latin America, the MEDA budget line for the Mediterranean region and TACIS for the Newly Independent States. These instruments contribute to the achievement of medium and long-term food security and poverty reduction objectives through the implementation of development policies and programmes.

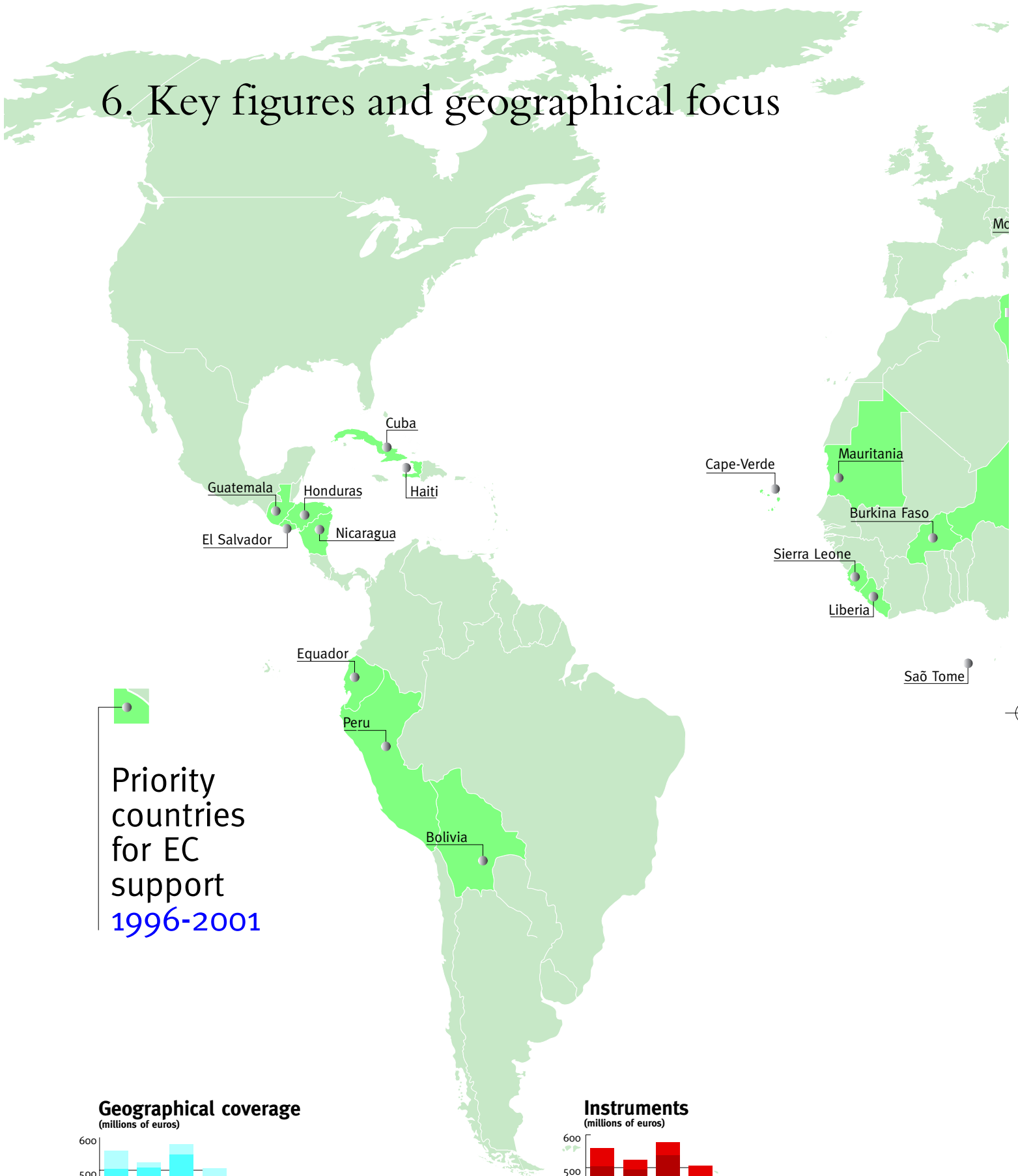
The food security budget line is a development instrument specifically designed to support the efforts of the Community relating to:

- ⑥ structural food insecurity as a first stage in the long-term reduction of poverty in a number of particularly vulnerable countries,
- ⑥ situations linked to shortages of food supplies at national and regional levels, and specific nutritional problems, and
- ⑥ the need to link emergency aid, rehabilitation and development.

Operations in favour of food security are an integral part of the Community development policy, and are designed and implemented within the framework of regional and national support strategies.

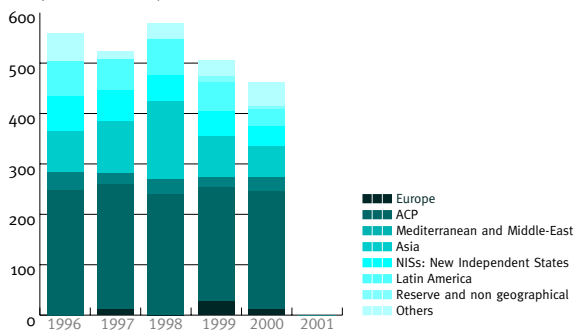
In addition to the bilateral aid programmes of individual EU Member States, the European Community (as a distinct entity) provides an annual contribution of roughly €7.5 billion of ODA and has become the world's fifth largest aid donor. A lion's share of these resources is devoted directly or indirectly to food security as a key objective of EC development cooperation. This includes an annual amount of roughly €500 million specifically allocated to the food security budget line (for further information see following pages).

6. Key figures and geographical focus

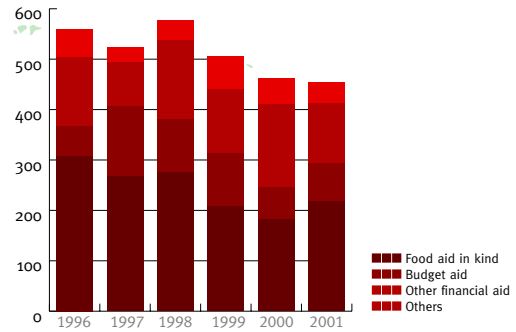


Priority countries for EC support 1996-2001

Geographical coverage
(millions of euros)



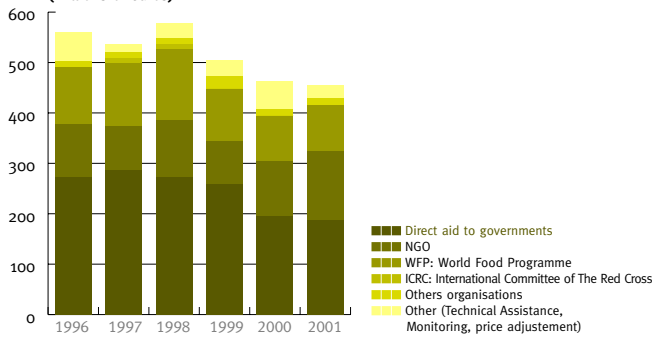
Instruments
(millions of euros)





Aid channels

(millions of euros)



EC support to Food Security objectives

The access to food the “demand” side

Agricultural diversification

Diversification of agricultural income combined with increased market efficiency, provides alternative opportunities to the rural population to purchase food.

Private sector development and vocational training

Increasing and diversifying income from non-farm sectors can considerably improve food security. Private sector development should go along with vocational and professional training to ensure that adequate skills are available for new investments.

Direct income support and targeted programmes

Programmes specifically targeted at socially dependant groups, aimed at improving income (labour intensive public works) are crucial in food insecure areas where there is a lack of employment opportunities outside agriculture.

Crises management

Crises prevention and emergency support

The capacity to prevent food crises and to timely mobilise food imports and donations is an important element of any food security strategy. In addition, emergency relief and rehabilitation measures are often required to pave the road to development.

Economic infrastructure

An efficient economic infrastructure (primarily transport, energy and storage) positively impacts on food availability and prices.

**SUSTAINABLE
IMPROVEMENT OF
HOUSEHOLD AND
NATIONAL
FOOD SECURITY**

Agriculture Production and Research

Sustainable agricultural production is at the heart of food availability. Sound and pro-poor agricultural policies and strategies (including issues of land tenure, access to finance, input and output markets, research and extension) together with supportive macro-economic and fiscal policies and public expenditure allocation are key to stimulate investment into agriculture and thus to revitalise the rural economy.

Regional integration and cooperation

Key factors impacting on agricultural productivity (e.g. animal/crop pests and diseases, agricultural research) can be dealt with effectively at regional level. Similarly, regional trade liberalisation offers good opportunities to increase availability of food through cross-border exchange.

Market efficiency and Trade policy

Improving market efficiency and reducing trade barriers, both internal and external, are powerful determinants to increase overall availability of food and matching demand with supply.

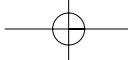
Environment and Natural Resources

Sound environment and natural resources management are key to sustain agricultural production on which rural livelihoods generally depend.

HIV / AIDS and communicable diseases

In addition to the social disruption they generate, communicable diseases (and in particular HIV/AIDS, malaria and tuberculosis) have a devastating impact on the productive capacity of rural communities.

The sustained availability of food the “supply” side



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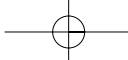
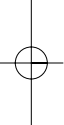
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