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**REPLIES OF THE COMMISSION TO THE SPECIAL REPORT OF THE
EUROPEAN COURT OF AUDITORS**

**EFFECTIVENESS OF EUROPEAN UNION DEVELOPMENT AID FOR FOOD
SECURITY IN SUB-SAHARAN AFRICA**

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EXECUTIVE SUMMARY

II. The Court focused its audit on three dimensions of food security (availability, access, nutrition) to which stability elements contribute. Stability has become more prominent over the years in the EU policy framework (as a fourth dimension). This has been restated in the 2010 food security policy COM (2010) 127. Significant amounts relevant to food security are also channelled through i) food assistance, ii) instruments such as V-Flex interventions established to tackle the impact of food price rise on national budget, and iii) supra-national level (global, continental, regional), which are not part of this audit.

IV. The Commission welcomes the Court's finding that EU development aid for food security is highly relevant to needs and priorities.

A number of other elements than the hunger / MDG1 situation come into consideration when programming EU assistance, not least the aid effectiveness agenda, i.e. alignment to policies and priorities of beneficiary countries, harmonization, and division of labour between donors. When programming EDF10, the Commission had to reduce focal sectors to two, among those in which it had a recognised comparative advantage. However, the Commission acknowledges that more systematic attention should have been given to food security, notably with the termination of the FSBL.

V. The Commission welcomes the recognition by the Court of the complementarity of the FSTP and EDF. The Food Facility aimed at addressing food price rise in the short term. It was an *ad hoc* instrument to react to the soaring food prices of 2007/08. It was the first time in several decades that food prices started to rise. The Food Facility did not intend to address food price evolution (neither rise nor volatility), in the longer term.

VI. The Commission considers that nutrition has not been given sufficient attention. However since 2008, the importance of nutrition has been stressed and the Commission has become a very proactive actor in this area.

Recent scientific evidence (2008) showed that nutrition strategies which tackle the immediate and underlying causes of undernutrition are effective, especially during pregnancy and early childhood. In line with these evidence, and based on feedback from Delegations, the Commission, in recent years, has stepped up its commitment to fight undernutrition through: 1) Increased financial support, 2) Greater, pro-active engagement in national and international coordination. 3) Strengthened technical capacity with the creation of a (i) Nutrition Advisory Service and (ii) the development of technical guidance.

By and large, the Commission has been leading the renewed priority given to nutrition, both at political and operational levels.

VII. The Commission welcomes the Court's appreciation in respect of the quality of EU interventions. The Commission acknowledges that on occasions the project objectives could be clearer and more realistic, especially in the case of some NGO projects.

NGOs have an added value for food security in terms of operating at grass-root level, including in areas where the administration is absent, outreach to marginalised communities, improving sector governance and using innovative approaches.

VIII. Agriculture and social transfer systems need time to develop and, as such, sustainability beyond a project cycle is an issue. A longer term funding commitment in successive phases should be envisaged.

The sustainability of large agricultural and social protection programmes depends on Government budgetary allocations, as well as on the number of target beneficiaries. Sustainability can be enhanced by reducing the size of the target group (clear aim of the Ethiopian Government) or guaranteeing budgetary allocations (e.g. for key social services). The sustainability of not having such large programmes in place should also be considered, i.e. situation of vulnerable groups in Ethiopia before the PSNP, aid delivery prior to PSNP).

IX.

(a) The Commission fully agrees with this recommendation

(b) The Commission agrees to examine this possibility. High volatility will remain a feature of food prices in the future. The Commission believes that a multi-pronged approach will be required including to support partner countries to factor food price volatility in their own food security policies and addressing the issue at various levels and through various instruments, a number of them being outside the remit of development cooperation. In the future Multiannual Financial Framework (MFF) 2014-2020 the capacity for response to crises should be enhanced.

(c) The Commission agrees to give adequate priority to nutrition. It has already taken steps to ensure that under-nutrition is addressed in EU external assistance through a reference document, specialist advisory services and action at political level (such as with the Scaling up nutrition (SUN) initiative, UN Standing Committee on Nutrition, donor coordination with EU Member States, the US and Canada, etc.) and policy level (EU food security policy, policy dialogue with partner countries).

(d) The Commission agrees with the recommendation. It has, over the past years, undertaken significant efforts in developing methodological guidance and reinforcing quality through Quality Support Groups.

The Commission will seek to maximise impact by sharpening its targeting of beneficiaries. Methodologies and technologies available to target and reach vulnerable groups have improved in recent years and will be put to use.

(e) The Commission agrees with this recommendation. These are some of the areas of intervention highlighted in the EU food security policy (COM(2010)127).

INTRODUCTION

1. The Court focused its audit on three dimensions of food security (availability, access, nutrition) to which stability elements contribute. Stability has become more prominent over the years in the EU policy framework (as a fourth dimension). This has been restated in the 2010 food security policy COM (2010) 127.

7. The Commission shares the Court's analysis of the factors contributing to food insecurity but wishes to emphasise as well the more political dimensions of food insecurity, which affects disproportionately specific population groups, such as nomads and ethnic minorities.

The Democratic Republic of Congo is another example of the negative impact of political instability on food security with malnutrition rates of 69% as indicated in Table 2 of the report. 7. (b) This low rate of investment has been recognized by the international community and led to the commitment undertaken under the l'Aquila Food Security Initiative (AFSI) to substantially increase Official Development Assistance (ODA) to food security.

7. (f) (ii) Evidence on the role of speculation in price volatility and the impact of bio-fuels on food prices remains inconclusive but warrants adequate monitoring.

AUDIT SCOPE AND APPROACH

17. The Commission agrees with the order of magnitude proposed in the table but wishes to point out at the difficulties encountered in establishing precise amounts allocated to food security. As indicated by the Court in paragraph 15, food security is an objective of multi-sectoral nature. For example some interventions relevant to nutrition may be found under "health", or "water and sanitation". Furthermore it may be only part of the intervention objectives.

OBSERVATIONS

The Commission agrees that the comprehensive approach to food security needs to be applied in a more systematic way.

19. A number of other elements than the hunger / MDG1 situation come into consideration when programming EU assistance, , not least the aid effectiveness agenda, i.e. alignment to policies and priorities of beneficiary countries, harmonization, and division of labour between donors. When programming EDF10, the Commission had to reduce focal sectors to two, among those in which it had a recognised comparative advantage. However, the Commission acknowledges that more systematic attention should have been given to food security, notably with the termination of the FSBL.

22. The Commission welcomes the Court observation that food security has consistently been part of the EDF cooperation strategy in eleven countries, in both 9 and 10th EDFs.

23. See Commission's reply to paragraph 19.

25. There are other factors coming into consideration at programming. For example, in Botswana, a middle income country, the choice of human resources development as focal sector was in line with the government development strategies to diversify the economy from over reliance on the mining sector allowing for a broader based growth. In other countries, the lack of sound and consistent agricultural and/or food security policy constrained the choice of these areas as focal sector. Selecting this area for EU support would have led to inefficient use of public resources.

26. The Commission recognises the need for a more systematic assessment of the food security situation and more explicit link between the selected focal sectors and food security issues, irrespective of whether food security is a focal sector or not.

Box 1 – Inadequate food security assessments in most of the CSPs

See Commission's reply to paragraph 26.

27. Food Security has, since the food crisis, gained attention from the entire international community, as a worldwide challenge, and is now a top priority of the G8 /G20.

32. The Commission is pleased with the positive assessment of the speed at which the Commission set up the Food Facility.

33. At the time of the design of the Food Facility, there was little indication that the food price rise would become a recurrent issue. It was generally believed that the FFF (fuel, food and financial) crisis would be short-lived. It appears now that food prices are remaining volatile and high. However the Food Facility was envisaged as a short-term response to the 2008 crisis, to be relayed by other instruments in the longer term.

34. See Commission's reply to paragraph 33.

36. The Commission considers that nutrition has not been given sufficient attention. However since 2008, the importance of nutrition has been stressed and the Commission has become a very proactive actor in this area.

See also Commission's reply to paragraph VI.

38. In Ethiopia it was a deliberate choice to support the Productive Safety Net Programme (PSNP) and hence privilege the access dimension, which improves the food security situation for a maximum number of people per EUR spent.

39. Access to food has gained importance in EU interventions. While the recognition of the issue within partner countries is important, the Commission has also promoted, and is promoting, this recognition by developing together with some Members States and with active contributions from EU Delegations, methodological guidance on social transfers as a tool to enhance access to food.

40. Common reply to 40/42. The Commission considers that nutrition has not been given sufficient attention. However since 2008, the importance of nutrition has been stressed and the Commission has become a very proactive actor in this area.

Recent scientific evidence (2008) showed that nutrition strategies which tackle the immediate and underlying causes of undernutrition are effective, especially during pregnancy and early childhood. In line with these evidence, and based on feedback from Delegations, the Commission, in recent years, has stepped up its commitment to fight undernutrition through: 1) Increased financial support, 2) Greater, pro-active engagement in national and international coordination. 3) Strengthened technical capacity with the creation of a (i) Nutrition Advisory Service and (ii) the development of technical guidance.

By and large, the Commission has been leading the renewed priority given to nutrition, both at political and operational levels.

43. The respective importance given to the various dimensions of food security in the agenda of Government of Rwanda (GoR), as well as of the Commission, has evolved over time.

In the years following the genocide in Rwanda, priority was given to recovery, with tremendous challenges to face in terms of rehabilitation (infrastructures, human capacity, administration...) and food availability. As GoR has started in the recent past recognising the extent of malnutrition and the importance of confronting the issue of food security, the Commission has aligned in its response strategy to support GoR's various initiatives in relation to food security.

Besides, recognition by partner countries of undernutrition is a strong political statement that not all of them choose to make.

47. The Commission welcomes the Court's observation. The Commission would like to stress that, while the capacity of the beneficiaries may have been an issue on specific projects, significant support is directed at building this capacity. Most safety net programmes indeed have a strong capacity building component aiming at enhancing the ability of the beneficiary to generate revenue and at their “graduation” from programme support, and progressively from poverty.

50. For the Food Facility, the main concern of the Commission was to tackle the impact of the price of fertilisers on food production and food prices.

51. While the Commission does not disagree with the Court concerning the audited interventions the Commission's Result Oriented Monitoring (ROM) reports show overall an improvement. However the definition of SMART performance indicators is particularly challenging for food security where results depend also on external factors (e.g. climate).

52. The Commission recognises that some NGO projects objectives may be overstated. Yet these projects deliver actual results on the ground.

As the NGOs have demonstrated over the years, through their strong anchorage in the field, to be effective and efficient, the Commission considers their contribution in the implementation of the food security measures as very important.

53. The Commission has replied to the Special Report No 11/2010 that "the revised guidelines will provide more detailed guidance on the intervention logic underlying the general budget support programmes in order to better articulate the link between objectives and results." This would apply to sector budget support programmes as well.

54. This paragraph links well with the recommendation 6 (Dialogue) of the Court of Auditor special report on global budget support (no 11/2010). At the occasion of this report, the Commission acknowledges the need to reinforce its strategic approach to policy dialogue.

However, in the case of Rwanda, in the particular context of rebuilding the country, the cooperation between the authorities and the Commission is very fruitful and focused, as the Court recognises.

55. The GBS programme in Malawi was to be disbursed by a way of a single fixed tranche with conditionalities related to fiscal reforms. The objective was to reduce the fiscal gap due to the important increase of prices for fertiliser that the government provides as part of a farm input programme. The EU intervention was key in maintaining the current level of agricultural production, for food security reasons.

Box 6 – Weak practice

Food security interventions often take place in difficult, if not hostile, environments, trying to reach marginal groups, and are therefore *per se* more risky operations, yet worth undertaking, and achieving significant results at small costs.

With growing urbanisation, urban agriculture plays a more important role in food security, in particular for HIV patients.

61. The Commission agrees that the factors listed by the Court can negatively affect the performance of projects. These factors would affect projects in all sectors. Commission

methodologies have been, and are being, updated to reflect this and ensure better assessment of these elements. For instance during quality review of projects Commission staff is invited to pay specific attention to over ambition, ownership, risk assessment and demand led technical cooperation.

Box 7 – Weak practice

The Commission wish to draw the attention to the fact that data collection in Malawi has been resumed with funding from the Multi Annual Food Security Programme 2004-06, albeit with a different approach which puts more emphasis at decentralised structures.

63. The Commission accepts this observation. These are some of the areas of intervention highlighted in the food security policy (COM(2010)127).

Box 8 – Weak practice

The Commission recognises that graduation is a complex issue, where the conditions for success depend on external factors, especially economic growth.

CONCLUSIONS AND RECOMMENDATIONS

65. The Commission welcomes the Court's report and notes with satisfaction that the Court concludes that EU development aid to Food security in sub-Saharan Africa is mostly effective and makes an important contribution to progress in achieving Food security in partner countries. The Commission agrees that there are areas for improvements , notably:

- systematic attention to food security in the next programming exercise.
- an adequate consideration to nutrition
- a more systematic application of its comprehensive approach to food security.

The Commission wants to stress that steps have been, and are being taken, in these directions.

67(a) A number of other elements than the hunger / MDG1 situation come into consideration when programming EU assistance, not least the aid effectiveness agenda, i.e. alignment to policies and priorities of beneficiary countries, harmonization, and division of labour between donors. When programming EDF10, the Commission had to reduce focal sectors to two, among those in which it had a recognised comparative advantage. However, the Commission acknowledges that more systematic attention should have been given to food security, notably with the termination of the FSBL.

67(b) The Commission considers that nutrition has not been given sufficient attention. However since 2008, the importance of nutrition has been stressed and the Commission has become a very proactive actor in this area.

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By and large, the Commission has been leading the renewed priority given to nutrition, both at political and operational levels.

67(c) The Food Facility aimed at addressing food price rise in the short term. It was an ad hoc instrument to react to the soaring food prices of 2007/08. It was the first time in several decades that food prices started to rise. The Food Facility did not intend to address food price evolution (neither rise nor volatility), in the longer term.

67(d) The Commission acknowledges that on occasions the project objectives could be clearer and more realistic, especially in the case of some NGO projects.

67(e) Agriculture and social transfer systems need time to develop and, as such, sustainability beyond a project cycle is an issue. A longer term funding commitment in successive phases should be envisaged.

The sustainability of large agricultural and social protection programmes depends on Government budgetary allocations, as well as on the number of target beneficiaries. Sustainability can be enhanced by reducing the size of the target group (clear aim of the Ethiopian Government) or guaranteeing budgetary allocations (e.g. for key social services). The sustainability of not having such large programmes in place should also be considered, i.e. situation of vulnerable groups in Ethiopia before the PSNP, aid delivery prior to PSNP).

Recommendation 1

The Commission fully agrees with this recommendation.

Recommendation 2

The Commission agrees to examine this possibility. High volatility will remain a feature of food prices in the future.. The Commission believes that a multi-pronged approach will be required including to support partner countries to factor food price volatility in their own food security policies and addressing the issue at various levels and through various instruments, a number of them being outside the remit of development cooperation. In the future Multiannual Financial Framework (MFF) 2014-2020 the capacity for response to crises should be enhanced.

Recommendation 3

The Commission agrees to give adequate priority to nutrition. It has already taken steps to ensure that under-nutrition is addressed in EU external assistance through a reference document, specialist advisory services and action at political level (such as with the Scaling up nutrition (SUN) initiative, UN Standing Committee on Nutrition, donor coordination with EU Member States, the US and Canada, etc.) and policy level (EU food security policy, policy dialogue with partner countries).

Recommendation 4

The Commission agrees with the recommendation. It has, over the past years, undertaken significant efforts in developing methodological guidance and reinforcing quality through Quality Support Groups.

The Commission will seek to maximise impact by sharpening its targeting of beneficiaries. Methodologies and technologies available to target and reach vulnerable groups have improved in recent years and will be put to use.

Recommendation 5

The Commission agrees with this recommendation. These are some of the areas of intervention highlighted in the EU food security policy (COM(2010)127).