

# EUROPEAN PARLIAMENT

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*Committee on Development*

**2008/0149(COD)**

4.8.2008

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## **DRAFT REPORT**

on the proposal for a regulation of the European Parliament and of the Council  
establishing a facility for rapid response to soaring food prices in developing  
countries  
(COM(2008)0450 – C6-0280/2008 – 2008/0149(COD))

Committee on Development

Rapporteur: Gay Mitchell

### ***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission.)

### ***Amendments to a legislative text***

In amendments by Parliament, amended text is highlighted in ***bold italics***. In the case of amending acts, passages in an existing provision that the Commission has left unchanged, but that Parliament wishes to amend, are highlighted in **bold**. Any deletions that Parliament wishes to make in passages of this kind are indicated thus: [...]. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). Suggested corrections of this kind are subject to the agreement of the departments concerned.

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## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council establishing a facility for rapid response to soaring food prices in developing countries (COM(2008)0450 – C6-0280/2008 – 2008/0149(COD))

(Codecision procedure: first reading)

*The European Parliament,*

- having regard to the Commission proposal to the European Parliament and the Council (COM(2008)0450),
  - having regard to Article 251(2) and Article 179(1) of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C6-0280/2008),
  - having regard to Rule 51 of its Rules of Procedure,
  - having regard to the report of the Committee on Development and the opinion of the ... (A6-0000/2008),
1. Approves the Commission proposal as amended;
  2. Instructs its President to forward its position to the Council and Commission.

### Amendment 1

#### Proposal for a regulation Recital 3

*Text proposed by the Commission*

(3) The European Consensus on Development, adopted by the Council and the Representatives of the Governments of the Member States meeting within the Council, the European Parliament and the Commission on **22 November** 2005, states that the European Community (hereafter "The Community") will continue to work to *improve* food security at international, regional and national level, to which goal this Regulation should contribute.

*Amendment*

(3) The European Consensus on Development, adopted by the Council and the Representatives of the Governments of the Member States meeting within the Council, the European Parliament and the Commission on **20 December** 2005, states that the European Community (hereafter "The Community") will continue to work to *improve* food security at international, regional and national level, to which goal this Regulation should contribute.

Or. en

*Justification*

*Corrects the date of signature of the Consensus on Development.*

**Amendment 2**

**Proposal for a regulation**

**Recital 4**

*Text proposed by the Commission*

(4) The European Parliament adopted on 22 May 2008 a resolution on rising food prices in the EU and the developing countries, urging the Council to ensure coherence of all food-related national and international policies aiming at implementing the right to food *of populations.*

*Amendment*

(4) The European Parliament adopted on 22 May 2008 a resolution on rising food prices in the EU and the developing countries, urging the Council to ensure coherence of all food-related national and international policies aiming at implementing the right to food.

Or. en

*Justification*

*This amendment brings the text into line with the content of the European Parliament Resolution, which does not refer to the right to food in the collective sense.*

**Amendment 3**

**Proposal for a regulation**

**Recital 5a (new)**

*Text proposed by the Commission*

*Amendment*

***(5a) Acknowledging in its conclusions of 20 June 2008 that high food prices were affecting the situation of the world's poorest populations and putting at risk progress towards all Millennium Development Goals (MDGs), the European Council adopted an EU agenda for action on MDGs which states that the EU is committed, in line with the FAO Conference Declaration, to promote a global partnership for food and agriculture and wishes to play a***

***substantial role in helping to bridge part of the financing gap by 2010 in the areas of agriculture, food security and rural development.***

Or. en

*Justification*

*This Council text is particularly relevant for the objectives of this Regulation and should therefore be mentioned in a recital.*

**Amendment 4**

**Proposal for a regulation  
Recital 14**

*Text proposed by the Commission*

(14) As a consequence, it is necessary to adopt a specific financing facility, complementary to existing ***development instruments and the Humanitarian Aid Instrument***, to adopt urgent and supplementary measures that address rapidly the consequences in developing countries of the present soaring food prices situation.

*Amendment*

(14) As a consequence, it is necessary to adopt a specific financing facility, complementary to existing ***external financing*** instruments, to adopt urgent and supplementary measures that address rapidly the consequences in developing countries of the present soaring food prices situation.

Or. en

*Justification*

*Only the Financing Instrument for Development Cooperation (DCI) limits its application to development actions. It is clearer to refer to all instruments as "external financing instruments", which includes the Humanitarian Aid Instrument.*

**Amendment 5**

**Proposal for a regulation  
Recital 16**

*Text proposed by the Commission*

(16) The very nature of measures provided

*Amendment*

(16) The very nature of measures provided

for under this Regulation calls for the establishment of efficient, flexible, transparent and rapid decision-making procedures for their financing, with a strong cooperation between all Institutions concerned. This Regulation should *in particular* allow for the financing of measures already initiated that International Organisations are supporting or ready to support before the adoption of this Regulation, as from 20 June 2008, corresponding to the date of the European Council Conclusions.

for under this Regulation calls for the establishment of efficient, flexible, transparent and rapid decision-making procedures for their financing, with a strong cooperation between all Institutions concerned. This Regulation should, *inter alia*, allow for the financing of measures already initiated that International Organisations *and other partners* are supporting or ready to support before the adoption of this Regulation, as from 20 June 2008, corresponding to the date of the European Council Conclusions.

Or. en

#### *Justification*

*Methods for aid delivery should not be limited to financing international or regional organisations as other means may be more suited to the particular circumstances of eligible countries.*

#### **Amendment 6**

##### **Proposal for a regulation Recital 16a (new)**

*Text proposed by the Commission*

*Amendment*

***(16a) A distinction must be made between short term measures aimed at providing a 'safety net' for populations most directly and seriously affected by the soaring food prices, and more structural measures aimed at boosting production of food crops in developing countries with a view to preventing the recurrence of the current food crisis.***

Or. en

#### *Justification*

*It is important to distinguish between actions of an immediate, short-term nature, such as the creation of social safety-nets to mitigate the negative effects of food prices for those whose*

*access to food is compromised, and more structural actions seeking to provide a more sustainable solution to the crisis.*

## **Amendment 7**

### **Proposal for a regulation Recital 18a (new)**

*Text proposed by the Commission*

*Amendment*

***(18a) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission \*.***

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\* OJ C 255, 21.10.2006, p.4

Or. en

### *Justification*

*This new recital explains the need to include comitology provisions in the legal text.*

## **Amendment 8**

### **Proposal for a regulation Article 1 – paragraph 2 – subparagraph 2**

*Text proposed by the Commission*

*Amendment*

***The Commission shall adopt the measures referred to in paragraph 1. They shall finance *international* initiatives supporting the purpose and objectives of this Regulation *and which are implemented through regional and global International Organisations. It shall inform the European Parliament and the Council thereof.****

***The measures referred to in paragraph 1 shall be adopted by the Commission in accordance with the procedure referred to in Article 10a(2). They shall finance initiatives supporting the purpose and objectives of this Regulation.***

Or. en

### *Justification*

*Introduces a comitology procedure for decision-making, which automatically gives Parliament the right to full information. Also removes the requirement for implementation to pass exclusively through regional and global international organisations as different delivery mechanisms may be more appropriate for the particular conditions of eligible countries.*

#### **Amendment 9**

##### **Proposal for a regulation**

##### **Article 1 – paragraph 3**

###### *Text proposed by the Commission*

3. Such measures will specify a list of target countries identified on the basis of the set of criteria laid down in the Annex, building on information, including on actual country needs, made available, in particular through its delegations and through **internationally** relevant evaluations made by organisations such as those of the UN system.

###### *Amendment*

3. Such measures will specify a list of target countries identified on the basis of the set of criteria laid down in the Annex, building on information, including on actual country needs, made available, in particular through its delegations and through relevant evaluations made by **specialised and international** organisations such as those of the UN system.

Or. en

### *Justification*

*Allows the use of evaluations made by organisations specialised in analysing the food and agricultural sectors of developing countries.*

#### **Amendment 10**

##### **Proposal for a regulation**

##### **Article 1 – paragraph 4**

###### *Text proposed by the Commission*

4. To ensure the coherence and effectiveness of Community assistance, where the programme to be implemented is of regional or cross-border nature, the Commission may decide that populations of other developing countries not belonging to that region can benefit from

###### *Amendment*

4. To ensure the coherence and effectiveness of Community assistance, where the programme to be implemented is of regional or cross-border nature, the Commission may decide, **in accordance with the procedure referred to in Article 10a(2)**, that populations of other developing countries not belonging to that

the programme in question.

region can benefit from the programme in question.

Or. en

*Justification*

*Allows for decision-making to be carried out using the appropriate comitology procedure.*

**Amendment 11**

**Proposal for a regulation**

**Article 1 – paragraph 5**

*Text proposed by the Commission*

5. International Organisations, including Regional Organisations (hereafter "International Organisations") will be selected on the basis of their capacity to deliver a speedy and high quality response to the specific needs of the targeted Developing Countries in relation to the objectives of this Regulation.

*Amendment*

5. ***Where support is to be provided for measures implemented by*** International Organisations, including Regional Organisations (hereafter "International Organisations"), ***such organisations*** will be selected ***by the Commission in accordance with the procedure referred to in Article 10a(2) and*** on the basis of their capacity to deliver a speedy and high quality response to the specific needs of the targeted Developing Countries in relation to the objectives of this Regulation.

Or. en

*Justification*

*Removes the requirement for implementation to pass exclusively through regional and global international organisations and ensures decisions on choices of any such organisations pass through the comitology procedure.*

**Amendment 12**

**Proposal for a regulation**

**Article 2 – paragraph 1**

*Text proposed by the Commission*

1. The primary ***objectives*** of the assistance

*Amendment*

1. The primary ***objective*** of the assistance

and cooperation under this Regulation shall be to **encourage** a positive supply response of agricultural sector in target countries and regions in the context of their **sustainable** development **and to support** activities to respond rapidly and directly to mitigate the negative effects of high food prices in line with food security objectives.

and cooperation under this Regulation shall be to **respond to soaring food prices in the short to medium term by:**

**a) encouraging** a positive supply response from the agricultural sector **with a sustainable increase in agricultural productivity** in target countries and regions in the context of their **overall** development **in the medium term;**

**b) supporting** activities to respond rapidly and directly, **and in the short term**, to mitigate the negative effects of high food prices in line with food security objectives.

Or. en

#### *Justification*

*Clarifies the main objective of the Regulation and establishes the distinction between short- and medium-term objectives.*

#### **Amendment 13**

##### **Proposal for a regulation**

##### **Article 2 – paragraph 3 – subparagraph 1**

*Text proposed by the Commission*

**3. Notwithstanding Regulation (EC) No 1905/2006 of the European Parliament and of the Council, and Regulation (EC) No 1717/2006 of the European Parliament and of the Council, if the envisaged measures are in accordance with Articles 1(1) and 3.2 of this Regulation, they shall be financed under this Regulation.**

*Amendment*

**Deleted**

Or. en

## Justification

*The text compromises the additionality of financing under the Regulation by preventing support from other instruments for measures in line with the objectives of this Regulation. A financial allocation of EUR 50 million has been programmed for similar measures in 2008 under the Food Security Thematic Programme of DCI and this should not be prejudiced by the entry into force of this Regulation. The reference to the external instruments has been transferred to Article 2(3) 2nd subparagraph with the addition of the Cotonou Agreement.*

### Amendment 14

#### Proposal for a regulation

#### Article 2 – paragraph 3 – subparagraph 2

*Text proposed by the Commission*

***The different development instruments and this Facility shall be applied*** so as to ensure continuity of cooperation, in particular as regards the transition from emergency to medium- and long-term response.

*Amendment*

***Measures supported under this Regulation shall be coordinated with those supported under other instruments, including Council Regulation (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid<sup>\*</sup>, Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation<sup>\*\*</sup>, and Regulation (EC) No 1717/2006 of the European Parliament and of the Council of 15 November 2006 establishing an instrument for stability<sup>\*\*\*</sup>, and the ACP-EU Partnership Agreement<sup>\*\*\*\*</sup>, so as to ensure continuity of cooperation, in particular as regards the transition from emergency to medium- and long-term response.***

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<sup>\*</sup> OJ L 163, 2.7.1996, p. 1.

<sup>\*\*</sup> OJ L 378, 27.12.2006, p. 41.

<sup>\*\*\*</sup> OJ L 327, 24.11.2006, p. 1.

<sup>\*\*\*\*</sup> *Partnership Agreement between the Members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 (OJ L 317, 15.12.2000, p. 13).*

*Justification*

*Prevents inconsistencies and undue duplication between this Regulation and other financing instruments applying to the same countries*

**Amendment 15**

**Proposal for a regulation**  
**Article 3 – paragraph 1**

*Text proposed by the Commission*

1. Community assistance and cooperation shall be implemented through a set of decisions to finance supporting measures as described in Article 1, paragraphs (1) (2) and (3) of this Regulation, which shall be adopted by the Commission.

*Amendment*

1. Community assistance and cooperation shall be implemented through a set of decisions to finance supporting measures as described in Article 1, paragraphs (1) (2) and (3) of this Regulation, which shall be adopted by the Commission, ***in accordance with the procedure referred to in Article 10a(2).***

*Justification*

*Allows for decision-making to be carried out using the appropriate Comitology procedure.*

**Amendment 16**

**Proposal for a regulation**  
**Article 3 – paragraph 3**

*Text proposed by the Commission*

3. ***Support*** measures which meet the objectives of this Regulation may be financed up to a maximum of 1 % of the amount referred to in article 10(1).

*Amendment*

3. ***Administrative support*** measures which meet the objectives of this Regulation may be financed up to a maximum of 1 % of the amount referred to in article 10(1).

## Justification

Clarifies that this provision refers to administrative spending. It is reasonable to use 1% of the envelope under the Regulation for this purpose, especially as a large amount of funding will have to be committed in a short time for 2008. (Administrative costs of international organisations are 5 to 6 % and in UN agencies they can reach up to 20%).

### Amendment 17

#### Proposal for a regulation

#### Article 4

*Text proposed by the Commission*

Article 4

Eligibility

The entities eligible for funding shall **be International Organisations fulfilling the conditions laid down in Article 43 of Commission Regulation (EC, Euratom) No 2342/2002<sup>1</sup>.**

*Amendment*

Article 4

Eligibility

**1. The entities eligible for funding shall be:**

***(a) partner countries and regions, and their institutions;***

***(b) decentralised bodies in the partner countries, such as municipalities, provinces, departments and regions;***

***(c) joint bodies set up by the partner countries and regions with the Community;***

***(d) international organisations, including regional organisations, UN bodies, departments and missions, international and regional financial institutions and development banks, insofar as their programmes contribute to the objectives of this Regulation;***

***(e) Community institutions and bodies, but only for the purposes of implementing the support measures referred to in Article 3, paragraph 3;***

***(f) EU agencies;***

***(g) the following entities and bodies of the Member States, partner countries and***

*regions and any other third country complying with the rules on access to the Community's external assistance set out in Regulation (EC) No 1905/2006, insofar as they help to achieve the objectives of this Regulation:*

*(i) public or para-Statal bodies, local authorities and consortia or representative associations thereof;*

*(ii) companies, firms and other private organisations and businesses;*

*(iii) financial institutions that grant, promote and finance private investment in partner countries and regions;*

*(iv) non-State actors operating on an independent and accountable basis;*

*(v) natural persons.*

Or. en

#### *Justification*

*Aid delivery should not be limited to international and regional organisations. The list of eligible entities is taken from DCI.*

### **Amendment 18**

#### **Proposal for a regulation Article 4a (new)**

*Text proposed by the Commission*

*Amendment*

#### *Article 4a*

##### *Types of financing*

*1. Community financing may take the following forms:*

*(a) projects and programmes;*

*(b) budget support, especially sectoral budget support, if the partner country's management of public spending is sufficiently transparent, reliable and effective, and if the conditions for budget*

*support set out in the relevant geographical financing instrument have been met;*

*c) contributions to international or regional organisations and international funds managed by such organisations;*

*(d) contributions to national funds set up by partner countries and regions to attract joint financing from a number of donors, or contributions to funds set up by one or more donors for the purpose of the joint implementation of projects;*

*e) Co-financing with entities eligible for funding as defined in Article 4.*

Or. en

#### *Justification*

*Aid delivery should not be limited to international and regional organisations, since different methods may be better suited to the particular circumstances of certain countries or regions. The list of types of finance is drawn from DCI, but simplified to reflect the emergency nature of this Regulation.*

#### **Amendment 19**

##### **Proposal for a regulation**

##### **Article 5 – paragraph 1a (new)**

*Text proposed by the Commission*

*Amendment*

***1a. In the event of co-financing and in other duly justified cases, the Commission may entrust tasks of public authority, and in particular budget implementation tasks, to the bodies referred to in Article 54(2)(c) of Regulation (EC, Euratom) No 1605/2002.***

Or. en

#### *Justification*

*Required by the widening of the choice of aid delivery methods available. Text taken from*

DCI.

## Amendment 20

### Proposal for a regulation

#### Article 5 – paragraph 1b (new)

*Text proposed by the Commission*

*Amendment*

***1b. In the case of decentralised management, the Commission may decide to use the procurement or grant procedures of the beneficiary partner country or region after verifying that they respect the relevant criteria of Regulation (EC, Euratom) No 1605/2002, provided that the conditions set out in Regulation (EC) No 1905/2006 are met.***

Or. en

#### *Justification*

*Required by the widening of the choice of aid delivery methods available. Text taken from DCI.*

## Amendment 21

### Proposal for a regulation

#### Article 6 – paragraph 1

*Text proposed by the Commission*

*Amendment*

1. Budget commitments shall be made on the basis of decisions taken by the Commission.

1. Budget commitments shall be made on the basis of decisions taken by the Commission, ***in accordance with Article 10a(2).***

Or. en

#### *Justification*

*Allows for decision-making to be carried out using the appropriate comitology procedure.*

## Amendment 22

### Proposal for a regulation Article 6 – paragraph 2

*Text proposed by the Commission*

2. Measures adopted under this Regulation may finance as from 20 June 2008 ongoing activities initiated ***in target countries or by organisations referred to in*** Article 4, before the entry into force of this Regulation.

*Amendment*

2. Measures adopted under this Regulation may finance as from 20 June 2008 ongoing activities initiated ***by entities eligible under*** Article 4, before the entry into force of this Regulation.

Or. en

*Justification*

*More appropriate language for the wider choice of aid delivery methods.*

## Amendment 23

### Proposal for a regulation Article 7 – paragraph 2

*Text proposed by the Commission*

2. ***Financial agreements*** shall ***contain provisions granting the*** Commission and the Court of Auditors ***access to the information required to perform their duties, if necessary on the spot, in accordance with the verification agreements concluded with the international organisations concerned.***

*Amendment*

2. ***Agreements*** shall ***expressly entitle the*** Commission and the Court of Auditors ***to perform audits, including document audits or on-the-spot audits of any contractor or subcontractor who has received Community funds. They shall also expressly authorise the Commission to carry out on-the-spot checks and inspections as provided for in Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities*** \*.

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\*OJ L 292, 15.11.1995, p. 2.

*Justification*

*Replaces the text with language taken from DCI, more appropriate for the wider choice of aid delivery methods.*

**Amendment 24**

**Proposal for a regulation**

**Article 7 – paragraph 2a (new)**

*Text proposed by the Commission*

*Amendment*

***2a. All contracts resulting from the implementation of assistance shall ensure the rights of the Commission and the Court of Auditors under paragraph 2 during and after the performance of the contracts.***

*Justification*

*Further text taken from DCI, required to fit in with the wider choice of aid delivery methods.*

**Amendment 25**

**Proposal for a regulation**

**Article 8a (new)**

*Text proposed by the Commission*

*Amendment*

***Article 8a***

***Evaluation***

***1. The Commission shall monitor and review activities implemented under this Regulation, where appropriate by means of independent external evaluations, in order to ascertain whether the objectives have been met and enable it to formulate recommendations with a view to improving future operations. Proposals by***

*the European Parliament or the Council for independent external evaluations will be taken into due account.*

*2. The Commission shall send its evaluation reports to the European Parliament and to the committee referred to in Article 10a for information. Member States may request to discuss specific evaluations in the committee referred to in Article 10a.*

*3. The Commission shall associate all relevant stakeholders, including non-State actors and local authorities, in the evaluation phase of the Community assistance provided under this Regulation.*

Or. en

#### *Justification*

*All activities supported with Community finance should be subject to evaluation to assess their effectiveness. Text taken from DCI.*

### **Amendment 26**

#### **Proposal for a regulation Article 9**

##### *Text proposed by the Commission*

##### Article 9

##### Reporting

The Commission shall inform the European Parliament and the Council on the measures it has adopted pursuant to this Regulation no later than 31 December 2009. The Commission shall provide them with a report on the implementation of the measures, including, as far as possible, on the main outcomes and impacts of the assistance provided under this Regulation, no later than 31 December **2012**.

##### *Amendment*

##### Article 9

##### Reporting

The Commission shall inform the European Parliament and the Council on the measures it has adopted pursuant to this Regulation no later than 31 December 2009. The Commission shall provide them with a report on the implementation of the measures, including, as far as possible, on the main outcomes and impacts of the assistance provided under this Regulation, no later than 31 December **2011**.

Or. en

*Justification*

*The Financial Statement attached to the Proposal shows that, under this Regulation, the last payments will be made in 2010. It should therefore be possible to report on results by the end of 2011.*

**Amendment 27**

**Proposal for a regulation  
Article 10a (new)**

*Text proposed by the Commission*

*Amendment*

**Article 10a**

**Committee**

- 1. The Commission shall be assisted by a committee.**
- 2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof. The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at 10 working days for measures adopted in 2008 and 30 days for measures adopted in 2009.**
- 3. The committee shall adopt its rules of procedure.**

Or. en

*Justification*

*Introduces the most appropriate comitology structure - the Management Committee, as normally used for external financing instruments, but foresees shortened deadlines for 2008 in view of the urgent nature of procedures for that year.*

## **Amendment 28**

### **Proposal for a regulation Annex – introduction**

*Text proposed by the Commission*

*Amendment*

#### **ANNEX**

##### ***Indicative list of criteria to select target countries***

*Indicative criteria* to select target countries:

#### **ANNEX**

##### ***List of criteria to select target countries***

*Criteria* to select target countries:

Or. en

#### *Justification*

*The criteria for selecting target countries should be fixed, so an indicative list is not appropriate. This also brings the annex into line with Article 1(3) which does not mention that the list is indicative.*

## EXPLANATORY STATEMENT

### **A crisis that cannot be ignored**

Soaring food prices are not just the stuff of newspaper headlines. For the 2.1 billion people in the world who try to survive on less than \$2 a day and spend roughly 50% of their income on food, they are a real threat to survival. Record prices for staple cereal crops such as rice, corn and wheat have a direct impact on the numbers of hungry in the world - with another 50 million joining their ranks in 2007 alone, according to FAO figures. Street demonstrations have turned into riots in such countries as Haiti, Bangladesh and Egypt. And the chances of meeting the first of the UN Millennium Development Goals - halving world hunger by 2015 - are looking increasingly slim.

Much has been said about the multiple causes of the crisis - increased consumption of meat, rather than grain, in China and India, along with climate-change-related weather phenomena such as drought in Australia, diversion of food crops to biofuel production and world grain stocks at record lows. With such structural factors in play, it is understandable that most analysts expect prices to remain high for the foreseeable future. And speculation in agricultural commodity markets only fuels food price rises. But regardless of the origin of the crisis, the imperative now is to put together a coherent, coordinated and effective response.

For this purpose, the Commission has already redeployed as much funding as possible from the Community's long term external cooperation instruments. The opportunity for doing the same in 2009 is very limited, and mobilisation of short-term resources would still fall far short of the levels required. Furthermore, it would place at risk the coherence of existing cooperation programmes. Another solution had to be found.

The Commission's proposal for a 1-billion-euro fund to address the food crisis is a major, and very timely, contribution to meeting this urgent challenge. Your rapporteur would like to offer his warm congratulations to the Commission for taking such a bold initiative. He looks forward to working closely with them and Council towards the urgent adoption of this important legislation.

Within the European Parliament, he anticipates – on the basis of his preliminary contacts with colleagues - close cooperation with the other committees interested in the subject, particularly the Agriculture Committee and the Budgets Committee. He is confident that this spirit of positive collaboration will allow for a speedy adoption of a Regulation acceptable to all.

### **A two-track approach**

The need for a twofold response to the food crisis has been underlined by two high-profile visitors to Development Committee in the first half of this year.

In March, the Committee was addressed by Josette Sheeran, Executive Director of the World Food Programme, who outlined the impact of the crisis for the food aid operations run by her

agency. Higher food prices meant food aid was more expensive, at precisely the time when more people needed it, she said - and the fuel price shock just compounded the problem. Her urgent appeal for increased funding was heeded both at EU level and by other donors worldwide.

In May, internationally-renowned economist Jeffrey Sachs spoke to the Committee, in his capacity as Special Advisor to the UN Secretary General on the Millennium Development Goals (MDGs). While not denying the importance of food aid and other humanitarian operations in the immediate term, he emphasised the need for a rapid reactivation of agriculture to provide a more sustainable solution in the medium and longer terms. In particular, he said it was vital to provide farmers in developing countries with the key inputs they need to boost production.

### **Proposal for a Food Facility - aimed at meeting real needs**

With the aim of fitting in after the immediate, humanitarian response to the food crisis, the Commission's proposed "facility for a rapid response to soaring food prices in developing countries" responds to this double appeal.

It specifically makes provision for finance to cover improved access to agricultural inputs and services, including fertilizers and seeds<sup>1</sup>, and also aims to support "safety-net" measures aiming at maintaining or improving the agricultural productive capacity, and at addressing the basic food needs of the most vulnerable populations"<sup>2</sup>. While the agricultural inputs should operate on a short- to medium-term timeline, the social safety-nets, by definition, will be more of an "emergency" nature, intended to establish systems which can provide relief until increased production improves the availability of food at reasonable prices.

Your rapporteur is satisfied that these two aspects cover the most pressing concerns at this moment. He is keen to discourage opening too wide a debate on the variety of actions to be financed, since this could make it more difficult to get a first-reading agreement with the required urgency.

The proposed text, however, raises a number of concerns, which your rapporteur's amendments are designed to remedy:

#### **a) Comitology**

Regulations allowing for the implementation of the Community budget normally set up a system for subsidiary decisions, of a technical nature, to be taken by a committee of Member State representatives and the Commission. The rules for such committees are laid down in the Comitology Decision<sup>3</sup>, which also enshrines Parliament's right to oversee the measures presented to the Committee. However, this structure is absent from the proposal

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<sup>1</sup> Article 3 (2) (a) of COM (2008) 450/5

<sup>2</sup> Article 3 (2) (b) of COM (2008) 450/5

<sup>3</sup> Council Decision (1999/468/EC) of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission

for a new Food Facility.

The Commission's concerns about rapid implementation of the Regulation are understandable, especially for 2008 funding. However, in legal terms, there is no precedent for this type of decision to be taken without a committee structure. Furthermore, from the political perspective, this would be beneficial for Parliament and also, your rapporteur understands, the Member States would be most reluctant to allow such an innovation.

Amendments are therefore proposed to introduce the standard comitology structure for this type of legislation - a Management Committee - with specially reduced deadlines allowing for rapid decision-making in 2008.

### **b) Mechanisms for delivering assistance**

The proposal presents a very limited choice of means through which the financing may be channelled, since it provides for initiatives to be implemented exclusively through regional and global International Organisations.

While understanding that this modality could be useful to ensure rapid implementation, your rapporteur feels the text is too restrictive in this regard. It is a characteristic of agriculture in developing countries that conditions vary widely from one country to another, and this is also true of the degrees of expertise, specialisation and effectiveness of different types of organisations which may be used to implement assistance. Furthermore, it must not be forgotten that there will be much less urgency for the implementation of funds in 2009.

Your rapporteur proposes amendments to widen the choice of bodies which may be selected by the Commission to implement measures under the Regulation, on the basis of the list already used for the Development Cooperation Instrument.

### **c) Evaluation**

Provisions allowing for the evaluation of actions carried out under the Regulation are absent from the proposal. Since this is the best means to find out about the results of the assistance, your rapporteur proposes an amendment to include the necessary text.

### **d) Budgetary aspects**

The Commission explains in the proposal that the 1-billion-euro financial envelope for the Regulation is to be drawn from funding that is not required for 2008, and is unlikely to be required for 2009, under the Common Agricultural Policy. The credits were foreseen to support agricultural prices within the Community, but are not being used precisely because of the same phenomenon of high food prices that resulted in the crisis for developing countries.

A delicate question is raised over the status of the proposal with regard to the Multiannual Financial Framework (MFF), included in the Budgetary Interinstitutional Agreement of

2006<sup>1</sup>. The Commission argues that the funding can be drawn directly from Heading 2 due to the agricultural nature of the actions to be financed, thereby avoiding the need for a revision of the MFF, but this view is not universally shared by others involved in the budgetary decision-making process.

Within Parliament, your rapporteur acknowledges the concerns of his Budgets Committee colleagues on this matter. He proposes to give full respect to their competence in budgetary questions, and avoid making any pronouncements which may be construed as impinging on their competence. Since a budgetary procedure will have to accompany the legislative procedure on this proposal, either on the basis of amendment of the 2008 and 2009 budgets as foreseen in the Commission proposal or on any other basis, he plans to leave the political space for Budgets Committee to take these decisions in parallel with consideration of the proposal in Development Committee. To this end, he has refrained from proposing any amendments to the financial provisions of the proposal, contained in Article 10. Arrangements agreed by the Budgetary Authority will be proposed as amendments to the legislative text at a later date.

In reaching these agreements, your rapporteur requests the budgetary decision-makers to bear in mind the gravity of the crisis afflicting developing countries and the need for the Regulation to be put in place without delay if it is to be effective in the short term. He would also like to draw attention to the legitimate concerns about the likely difficulty of arranging for excessively large sums to be committed in the last few weeks of 2008.

#### **e) Additionality**

It is a particular concern of your rapporteur to press for funding under the new Regulation to be additional. Alleviating the crisis of high food prices must not come at the cost of development actions in other necessary areas. This concern applies equally to funding from the Community budget, where the Regulation must not be used to substitute actions under other financing instruments, and for the Member States for whom it would be unconscionable to divert resources from bilateral programmes to support the Regulation.

#### **An accelerated legislative procedure**

Given the urgency of the subject, and the fact that part of the funding is drawn from the 2008 budget and must be committed before the end of the year, decision-making for this Regulation must be especially expedited. Your rapporteur proposes to work to a timetable which will allow for adoption in the October II plenary session in Strasbourg, aware that even then it will be a difficult task for 2008 funds to be implemented in time. He appeals most sincerely to colleagues from all institutions to cooperate in the most positive way possible to meet the challenge of putting the Regulation in place in time.

#### **Something must be done - and fast!**

The food crisis is about real hardship, not just headlines. Faced with such a grave situation,

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<sup>1</sup> Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management of 17 May 2006

the European public and wider world would not understand it if spare funding in the EU budget were not used for this. Legislators must not forget their responsibility to the world. And the world is watching and will hold us responsible for our actions.