



EUROPEAN UNION

REPORT ON THE FOLLOW-UP OF THE WORLD FOOD SUMMIT PLAN OF ACTION

MARCH 2006

FOLLOW-UP OF THE IMPLEMENTATION OF THE
WORLD FOOD SUMMIT
PLAN OF ACTION

ADMISTRATIVE INFORMATION

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2. **Name of the reporting institution or unit:** European Commission
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FOREWORD

This report provides an overview of the policies and programmes implemented by the European Union as a whole **with respect to the commitments 3, 4 and 6 adopted at the World Food Summit.**

The policies and programmes individually undertaken by the 25 EU Member States complement and add to these efforts making the European Union one of the major actors in international co-operation and development assistance. These individual efforts of the Member States are, however, not referred to in this report. In total, the EU and its Member States provide some 55% of total International development assistance (ODA). The EU directly managed assistance represents one fifth of the total EU's overall external aid and some 10% of the entire world ODA.

Like other international donors, the EU is faced with the challenge of increasing the impact and effectiveness of its external assistance. The report particularly mentions the policy changes that have been introduced over the period to meet this challenge.

World Food summit Plan of Action (Notes concerning data provided)

1. Food security indicators

% of income spent on food

Instead of "% of income spent on food", we have supplied "% of expenditure spent on food".

Poverty rate according to \$AD (dollar-a-day) threshold (ie.\$365.25 per annum) not yet supplied. It is not a standard calculation for EU countries. World Bank PPP equivalents were set in 1985 and updated in 1993: strictly speaking, these should be recalculated (by them). If instead taken as a nominal amount in US\$ in 1985 and updated using US inflation to 1996...2003, this gives corresponding annual values of \$532...\$625. These could be converted using official exchange rates to give annual national thresholds for use to calculate at-risk-of-poverty rates across EU and thence at EU level.

2. Price indexes

The flag 'r' has been taken out as the revised data appears next to the index only during one month (between 2 publications).

The 28th of February Eurostat publishes for the first time indices with the new base year 2005=100, instead of 1996=100.

3. External trade

The figure for indicator of row 71 (Share of primary exports (value) of total exports earnings /b) has not been calculated as the definition is too vague. This question was not in the previous questionnaire. External trade 2005 data is still very preliminary and mostly missing for December.

4. Social indicators

Life expectancy at birth

The mean number of years a newborn can expect to live if subjected throughout his or her life to the current mortality conditions (age-specific probabilities of dying)

Infant mortality rate

The ratio of the number of deaths of children under one year of age during the year to the number of live births in that year. The value is expressed per 1000 live births.

5. Education

Net school enrolment in primary education of children aged 5-12

Numbers of students **aged 5-12** enrolled in primary school as a percentage of the total number of children aged 5-12 years. (The duration of primary education is in most countries 6 years, in some countries 4 or 5 years. Here the enrolments are divided by eight age cohorts)

Data provided refer to EU25 (the EU as from 1 May 2004)

Ratio of girls to boys in primary education

Ratio between the numbers of girls aged 5-12 years to boys aged 5-12 years enrolled in primary education.

Data provided refer to EU25 (the EU as from 1 May 2004)

Only 2003 data are available, 2004 data will be available within a couple of months.

6. Health

Not all countries can provide figures on practising Health care staff, so the 3 concepts (practising, active and licensed) are mixed in the figures; but as the majority are practising, this is written in the comments.

7. Poverty indicators

Data from HBS, Household Budget Survey 1999 has been added to the table.

These data have some strong points but also some limitation, as follows:

Data are available as household averages in national currencies, euro, PPS and % of total household consumption expenditure.

Data are available for each member state (including the 10 new member states) and the EU-15. EU-25 aggregates have not been because of the methodological divergences of the figures supplied by the 10 new member states.

HBS figures only include consumption expenditure (in monetary value). Therefore, they do not include food intake (in weight or volume).

HBS data on consumption expenditure of food are broken down by COICOP divisions: '01-food and non alcoholic beverages', '02-Alcoholic beverages, tobacco and narcotics' and '11-Hotels, cafes and restaurants'. However the last one also includes hotel accommodation services and other items that cannot be considered as food. Therefore it is not possible to give separate figures including the whole consumption expenditure in food. However, the first division '01-Food and non alcoholic beverages' include the bulk of food consumption and is a good indicator of household consumption expenditure on food.

Unfortunately income figures of HBS are not very reliable (they are generally underreported). Therefore, it is not possible to calculate reliable ratios between food consumption and income. The only reliable ratio is 'food consumption expenditure/total consumption expenditure'.

HBS data are collected every 5-6 years. The newest available data is for the reference year 1999. The next reference year is 2005, but these data has not yet been collected by Eurostat.

Additional information

DG ENV is the source for "Proportion of area protected to maintain biological diversity"

**Revised Reporting Format for the follow-up of the implementation of the
World Food Summit Plan of Action
- Food security and related indicators -**

| European Union, as a whole | | | | | | | | | | | | | | | | | |
|--|--|---|------|-------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|---------|--|--|
| CFS Indicators | Measurement | | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | Sources | | |
| Food security indicators | | | | | | | | | | | | | | | | | |
| Availability | | | | | | | | | | | | | | | | | |
| Average per person dietary energy supply | Kcal/day/per capita | | | | | | | | | | | | | | | | |
| Food production index | Net per capita production index number from the base period 1989-91 | | | | | | | | | | | | | | | | |
| Food self-sufficiency ratio | Ratio of the total production in terms of kcal to domestic utilization containing Food use, Industrial use and Intermediate use (= feed + | | | | | | | | | | | | | | | | |
| Cereal supply per person | Excluding cereals for beer production, seeds and waste, kg/per capita | EU15 | | 112 | 112,71 | 114,31 | 115,66 | 118,79 | 118,58 | 120,03 | 122,12 | : | | | | | Estimated by Eurostat (includes wheat, rye and meslin, barley, oats, maize, mixed grain, triticale, and others cereals including |
| Animal protein supply per person | gr/per capita/day | | | | | | | | | | | | | | | | |
| Value of food imports(1) /export earnings | Ratio of Imports value of food and animal products to exports value of total merchandise trade | EU15 | | | 0,07 | 0,07 | 0,07 | 0,07 | 0,06 | 0,06 | 0,06 | 0,06 | 0,06 | 0,06e | | | Comext database |
| Debt service ratio | Ratio of principal repayments and interest to total exports earnings | | | | | | | | | | | | | | | | |
| Value of gross investment in agriculture | | | | | | | | | | | | | | | | | |
| Stability | | | | | | | | | | | | | | | | | |
| Food price index | 2005=100 | European Union (EC6-72, EC9-80, EC10-85, EC12- | | | 85.81e | 86.38e | 87.54e | 87,96 | 88,95 | 93,46 | 96,01 | 97,98 | 99,17 | 100 | | | HICP (Harmonised Index of Consumer Prices) - Base year 1996 = 100. |
| Food price index | 1996=100. See note new base year (2005) published 28 Febr 2005. | eu European Union (EC6-72, EC9-80, EC10-85, EC12-94, EU15-04, EU25) | | 97.9e | 100e | 100.7e | 102e | 102,5 | 103,7 | 108,9 | 111,9 | 114,2 | 115,6 | 116,5 | | | HICP (Harmonised Index of Consumer Prices) - Base year 1996 = 100; cp011 Food |
| Index of variability of food production | Annual percentage of standard deviation of food production (7) (calorie equivalent per capita per day) from their average over the previous 3 years. | | | | | | | | | | | | | | | | |
| Ratio of national food reserves to domestic food consumption | Ratio of national food security reserves to domestic food consumption | | | | | | | | | | | | | | | | |
| Export earnings instability | Annual percentage of standard deviation of total exports value from their average over the previous | EU15 | | | 6,49% | 8,93% | 4,06% | 2,10% | 11,34% | 7,06% | 1,62% | 0,76% | 3,82% | 1,85% | | | Comext database |

**Revised Reporting Format for the follow-up of the implementation of the
World Food Summit Plan of Action
- Food security and related indicators -**

| European Union, as a whole | | | | | | | | | | | | | | | | |
|---|---|---|-------|------|--------|--------|--------|--------|-------|-------|-------|-------|-------|-------|--|--|
| CFS Indicators | Measurement | | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | Sources | |
| Access | | | | | | | | | | | | | | | | |
| Rate of growth in real GDP per person/year | % of GDP growth per capita/year | EU15 | | | 1,67 | 2,19 | 2,67 | 2,60 | 3,55 | 1,47 | 0,97 | 0,48 | | | GDP in Euro per inhabitant (at 1995 prices); % change of previous period | |
| Rate of growth in real GDP per person/year | % of GDP growth per capita/year | EU25 | | | 1,29 | 2,55 | 3,11 | 3,01 | 3,51 | 1,69 | 0,56 | 1,10 | | | GDP in Euro per inhabitant (at 1995 prices); % change of previous period f: forecast | |
| Gini index of income distribution | GINI Index | EU15 | | | 30s | 29s | 29s | 29s | 29s | 28s | 30 | 29 | 29 | | s: estimated by Eurostat | |
| Gini index of income distribution | GINI Index | EU25 | | | | | | | | 30 | 30 | 29 | 29 | | s: estimated by Eurostat | |
| Percentage of population living below national poverty line | % of population below national poverty line | EU15 | | | 16s | 16s | 15s | 15s | 15s | 15s | | | | | s: estimated by Eurostat | |
| Percentage of population living below national poverty line | % of population below national poverty line | EU25 | | | | | | 15s | | 15s | | | | | s: estimated by Eurostat | |
| Percentage of population living on less than \$ 1 a day | % of population below \$1 per day consumption | | | | | | | | | | | | | | | |
| Percentage of income spent on food | | EU15 | 16,10 | | | | | 13,80 | | | | | | | (see note) % of expenditure spent on food | |
| | Food and non-alcoholic beverages | EU15 | 14,30 | | | | | | | | | | | | % of expenditure spent on food | |
| | Food | EU15 | 1,40 | | | | | | | | | | | | % of expenditure spent on food | |
| | Non-alcoholic beverages | EU15 | 5,20 | | | | | 5,20 | | | | | | | % of expenditure spent on food | |
| | Catering services | EU15 | 17,60 | | | | | 16,50 | | | | | | | % of expenditure spent on food | |
| | Food and non-alcoholic beverages + Alcoholic beverages | EU15 | 18,90 | | | | | | | | | | | | % of expenditure spent on food | |
| | Food and non-alcoholic beverages + Alcoholic beverages, tobacco and narcotics | EU15 | 22,80 | | | | | | | | | | | | % of expenditure spent on food | |
| | Food and non-alcoholic beverages + Alcoholic beverages + Catering services | EU15 | 24,10 | | | | | | | | | | | | % of expenditure spent on food | |
| | Food and non-alcoholic beverages + Alcoholic beverages, tobacco and narcotics + Catering services | EU15 | | | | | | | | | | | | | % of expenditure spent on food | |
| Consumer price index | 2005=100 | eu European Union (EC6-72, EC9-80, EC10-85, EC12-94, EU15-04, EU25) | | | 84.91e | 86.38e | 87.49e | 88.53 | 90,21 | 92,19 | 94,11 | 95,95 | 97,88 | 100 | HICP (Harmonised Index of Consumer Prices) - Base year 1996 = 100 | |
| Consumer price index | 1996=100. See note new base year (2005) published 28 Febr 2005. | eu European Union (EC6-72, EC9-80, EC10-85, EC12-94, EU15-04, EU25) | 95,00 | 97,7 | 100,00 | 101,70 | 103,00 | 104,30 | 106,2 | 108,6 | 110,8 | 113,0 | 115,3 | 117,8 | HICP (Harmonised Index of Consumer Prices) - Base year 1996 = 100 | |
| Estimated number of undernourished people (2) | millions | | | | | | | | | | | | | | | |
| Percentage of population undernourished (2) | % | | | | | | | | | | | | | | | |
| Percentage of children under 5 that are underweight | % of below minus two standard deviations from median weight for age | | | | | | | | | | | | | | | |
| Percentage of children under 5 that are stunted | % of below minus two standard deviations from median height for age | | | | | | | | | | | | | | | |
| Percentage of children under 5 that are wasted | % of below minus two standard deviations from median weight for height | | | | | | | | | | | | | | | |

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- Food security and related indicators -**

| European Union, as a whole | | | | | | | | | | | | | | | | | |
|---|---|--------------------------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|------|------|---------|--|---|
| CFS Indicators | Measurement | | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | Sources | | |
| Social Indicators | | | | | | | | | | | | | | | | | |
| Life expectancy at birth | age | | | | | | | | | | | | | | | | |
| males (eu-25) estimate | age | EU25 | 72.6e | 72.8e | 73.2e | 73.5e | 73.5e | 73.8e | 74.4e | 74.7e | 75.0 | 75.1e | | | | | males (eu-25) estimate |
| males (eu-25) estimate | age | EU15 | 73.8 | 73.9 | 74.2 | 74.6 | 74.6e | 74.9e | 75.4e | 75.7e | 75.8e | 76.0e | | | | | estimate |
| females (eu-25) estimate | age | EU25 | 79.5e | 79.7e | 79.9e | 80.2e | 80.2e | 80.4e | 80.8e | 81.1e | 81.2e | 81.2e | | | | | females (eu-25) estimate |
| females (eu-25) estimate | age | EU15 | 80.3 | 80.4 | 80.6 | 80.9 | 80.9e | 81.1e | 81.4e | 81.7e | 81.7e | 81.7e | | | | | estimate |
| Under-5 mortality rate | Per 1,000 live births | EU15 | | | | | | | | | | | | | | | Eurostat do not deliver this data |
| Net school enrolment in primary education of children aged 5-12 | % Net | EU25 | | | | | 67,5 | 67,6 | 67,5 | 67,4 | 67,2 | 67,30 | | | | | Eurostat Data refer to EU-25 (see also footnote) |
| Ratio of girls to boys in primary education | Number of girls/boys at the time of enrolment | EU25 | | | | | 0,945 | 0,945 | 0,945 | 0,944 | 0,945 | 0,945 | | | | | Eurostat Data refer to EU25 (see also footnote) |
| Adult literacy rate | % | | | | | | | | | | | | | | | | |
| Total number of doctors, nurses and other health personnel (3) per 100 000 people | Rate per 100,000 population / Year | EU25 | | | 1137,1 | 1044,0 | 1083,7 | 1110,3 | 1130,8 | 1141,3 | 1161,1 | 1175,0 | | | | | Calculations on the basis of New Cronos (theme3/health/public/hcare/hstaff/hpers) |
| Infant mortality rate | Per 1,000 live births | EU25 | 7,3 | 6,7 | 6,4 | 5,9 | 5,7 | | 5,2 | 5,0 | 4,8 | 4,6 | 4,5 | | | | |
| Infant mortality rate | Per 1,000 live births | EU15 | 6,0 | 5,6 | 5,5 | 5,2 | 5,1 | | 4,7 | 4,6 | 4,5 | 4,3 | 4,2 | | | | |
| Maternal mortality rate | Annual number of deaths of women from pregnancy-related causes per 100,000 live births. | | | | | | | | | | | | | | | | |
| Adult morbidity rate | | | | | | | | | | | | | | | | | |
| Adult male mortality rate * | Per 1,000 | EU15 | | | 121,2 | 117,2 | 114,2 | 111,7 | 109,3 | 107,9 | 107,4 | | | | | | Per 1,000 (eu-15). Figures |
| Adult female mortality rate * | Per 1,000 | EU15 | | | 60,3 | 58,7 | 57,1 | 56,4 | 55,7 | 54,5 | 54,5 | | | | | | Per 1,000 (eu-15). Figures cannot be updated. |
| Infectious diseases and HIV/AIDS indicators | | | | | | | | | | | | | | | | | |
| Crude death rate from infectious diseases | Number of people (by 100,000) dying from infectious and parasitic diseases excluding HIV/AIDS (4) | EU15 | 12,6 | 13,6 | 13,0 | 10,9 | 10,4 | 10,9 | 12,4 | 11,9 | : | : | | | | | New Cronos: theme3/health/public/cdeath/cod_ann/cod_cdr |
| Crude death rate from HIV/AIDS | Number of people (by 100,000) dying from HIV/AIDS | EU15 | 5,0 | 5,3 | 4,7 | 2,4 | 1,6 | 1,6 | 1,5 | 1,5 | : | : | | | | | New Cronos: theme3/health/public/cdeath/cod_ann/cod_cdr |
| Percentage of population orphaned | Share of children orphaned by HIV/AIDS out of total population (%) | | | | | | | | | | | | | | | | |
| Percentage of child-headed households | % | | | | | | | | | | | | | | | | |
| Average age of household head | Age | | | | | | | | | | | | | | | | |
| Rate of population with HIV/AIDS infection | Incidence rate per million population, adjusted for reporting delays | EU25 (without MT and CY) | 56,4 | 54,8 | 47,8 | 33,1 | 26,0 | 23,5 | 21,6 | 19,8 | : | : | | | | | New Cronos: theme3/health/public/hstatus/morbidity/aids |

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| European Union, as a whole | | | | | | | | | | | | | | | | |
|--|---|-------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|---------|--|
| CFS Indicators | Measurement | | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | Sources | |
| Economic and Trade | | | | | | | | | | | | | | | | |
| Proportion of total imports by value, excluding arms, from developing countries and from LDCs admitted free of duties. ^{/a} | % of goods excluding arms admitted free of tariffs | | | | | | | | | | | | | | | |
| Average tariffs imposed on agricultural products and textiles and clothing from developing countries. ^{/a} | | | | | | | | | | | | | | | | |
| Agricultural products | % of average tariff on export agricultural products | | | | | | | | | | | | | | | |
| Textiles and clothing | % of average tariff on export textiles and clothing | | | | | | | | | | | | | | | |
| Agricultural support estimate as percentage of GDP. ^{/a} | % of GDP | | | | | | | | | | | | | | | |
| Proportion of ODA provided to help build trade capacity. ^{/a} | Ratio of values (US\$) provided to trade capacity building out of total ODA | | | | | | | | | | | | | | | |
| Share of primary exports (value) of total exports earnings. ^{/b} | Ratio of exports value of total agricultural products to total agricultural trade. Bio Euro | Extra EU 15 | | 0,53 | 0,47 | 0,49 | 0,48 | 0,48 | 0,49 | 0,49 | 0,49 | 0,49 | | | | No update, see note |
| Share of manufactured exports (value) of total exports earnings. ^{/b} | Ratio of manufactured exports value to total merchandized exports | | | | | | | | | | | | | | | |
| Terms of trade. ^{/b} (1995=100) | Ratio of the export price index to the import price index measured relative to the base year 1995 | EU15 | | | 98,9 | 96,3 | 100,4 | 98,8 | 89,8 | 90,8 | 92,5 | 93,4 | 90,8 | 87,1e | | Comext, indices domain |
| External agricultural income terms of trade | Ratio of Index of exports value of total agricultural products to imports unit value index | EU15 | | | 106,2 | 119,4 | 120,0 | 120,3 | 117,2 | 122,2 | 129,1 | 131,3 | 131,0 | 146,9e | | Comext, indices domain |
| Sustainability of natural resources | | | | | | | | | | | | | | | | |
| Proportion of land area under forest cover | | EU15 | | | 42% | | | | | 44% | | | | | 45% | Source: Eurostat's Land use statistics Wooded area (Forest and other wooded land - FOWL) (%) |
| Proportion of area protected to maintain biological diversity | | EU15 | | | | | | | | | 12,3 | 12,5 | | | | Source: DG ENV. Protected Areas under the Habitats Directive as a percentage of total area |
| | | | | | | | | | | | 5,5 e | 7,5 e | | | | Source: DG ENV. Protected Areas under the Birds Directive as a percentage of total |

N. B.

- 1 Food imports value does not include food aid received by year.
- 2 The data given in 1996 is the average of 1995-1997, and that given in 2000 correspond to the average of 1999-2001.
- 3 Health staff includes the total number of physicians and nurses.
Swaziland: the number of physicians only. Uganda: the number of nurses only.
- 4 The indicator should include as data shown in the Table of WHO Statistics, the numbers of registered deaths based on the first listed 16 codes by causes of death: Infectious and parasitic diseases; Typhoid fever; Other intestinal infectious diseases; Tuberculosis of respiratory system; Tuberculosis, other forms; Whooping cough; Meningococcal infection; Tetanus; Septicemia; other bacterial diseases; Measles; Other viral disease; Malaria; Other arthropod-born diseases; Sexually transmitted diseases ; and Other infectious and parasitic diseases.
- 5 /a Applicable to developed countries.
- 6 /b Applicable to developing countries.
- 7 Food production data is extracted from FAOSTAT as calorie equivalent of food supply.

Flags Eurostat

e = estimate

Commitment III

Measures taken to pursue participatory and sustainable food, agriculture, fisheries, forestry and rural development policies and practices and to combat pests, drought and desertification. Please give details of strategies or initiatives undertaken with respect to:

- a) Policies and actions taken to intensify and diversify food production**
 - b) Actions taken to combat environmental threats to food security, in particular**
 - drought and desertification**
 - pests**
 - erosion of biological diversity**
 - degradation of land and aquatic based natural resources**
 - c) Transfer and use of agricultural technologies**
 - d) Formulation and implementation of integrated rural development**
-

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INTRODUCTION

According to FAO¹, the goal to reduce hunger by half set by the 1996 World Food Summit² and the 2000 Millennium Summit seems to remain still far from being attained as 2015 approaches, despite significant progresses particularly in Latin America and Asia.

When looking at absolute figures (WFS goal), the number of hungry people worldwide has actually increased. The WFS and MDG target could therefore only be achieved if national governments and the international community stepped up efforts, not necessarily only by increasing financial means, which is necessary, but also improving aid effectiveness³.

Worldwide, food insecurity is both a cause and a consequence of absolute poverty. The attainment of the first MDG, which is actually dual and comprises both poverty and hunger, is critical in order to achieve all other MDGs.

Vulnerability to food crises is still very high in Sub-Saharan Africa, where those crises are the result of a combination of factors, including conflicts, poor governance and the HIV-AIDS pandemic. They are building on a chronic situation of poverty, which is still overwhelmingly rural despite the growing phenomenon of urban poverty.

Within the broader development policy framework, Food Security continues to remain a priority in “The European Consensus on Development”⁴, strictly associated to rural and agricultural development. Two new elements emerge from the EU Consensus with a bearing on food security: (i) territorial development, compounding rural-urban dynamics and decentralisation/local development, and (ii) a greater attention to situations of transition (post-crisis, protracted and complex crises) and fragile/failed states.

The 2005 EU Strategy for Africa⁵ restates the importance of addressing food security in the frame of pro-poor growth and agricultural development. A specific reference is made to the importance of research.

Food security is also a very important component of the EU internal policies, having a strong impact on various areas such as agriculture, environment, and fisheries only to name these few.

The following pages are an attempt to propose a comprehensive presentation of the various initiatives taken by the EU in the field of Food Security, both from an internal as well as external point of view.

¹ The State of Food Insecurity in the World, 2005

² The WFS established the more ambitious goal to halve the number of hungry people (absolute numbers), with respect to MDG1 that aims at cutting the proportion of hungry people by half.

³ OECD Paris Declaration on Aid Effectiveness

⁴ COM (2005)311

⁵ COM (2005)489

a) Policies and actions taken to intensify and diversify food production

INTERNAL DIMENSION

Common Agricultural Policy

The relative share of agriculture in the overall economic activity as of the EU has continued to decline. Agriculture is still, however, significant for member states.

Farming structures and the agro-food chain continually adapt to cope with modernisation, globalisation and changing societies' expectations. These changing expectations stem from the urbanisation of the society, increased awareness of environmental issues and requests from consumers about safety, quality and diversity of food.

The gradual evolution of agricultural policy has reflected these changes, by a progressive shift away from policy tools centred on productivity towards instruments taking into account societal demands and rural development. All EU policies, including the Common Agricultural Policy (CAP), are frequently integrating economic, social and environmental concerns, the three pillars of sustainable development, with consideration both to their internal and external dimensions.

Agriculture and forestry cover over 75% of the territory of the EU. These sectors are principally aimed at production but demands beyond primary production have grown in importance. The multifunctional character of agriculture is recognised and is now part of what constitutes the European model of agriculture. Today, Agriculture is both a source of marketable and non-marketable goods, the latter include the maintenance of cultural landscapes and semi-natural habitats.

Progress achieved

EU agriculture is characterised by a continuation in the expansion of output and a strong development in the domestic, as well as the external demand, for agricultural products, supported by an improved competitiveness of EU products. Average output per hectare is greater than it was ten years ago while, on average, levels of fertiliser and pesticide use are lower. For example, the average EU wheat yield over the last three years is around 6.7 tons per ha. Methods of agricultural production are becoming more sustainable.

Agricultural production in the EU is probably more diverse now than at any time in the post-War period as a result of agronomic progress, evolving consumer demand, market segmentation and protection of denominations of origin. The medium-term outlook for many EU agricultural markets are projected to remain rather favourable as the further expansion in output, mainly driven by productivity gains, would be met by a renewed increase in domestic demand and an expected gradual recovery on world markets.

The utilised agricultural area has decreased in average by around 1% per year over the last decade, as a combined result of urbanisation and reforestation. Enlargement of the EU has, however, increased the utilised agricultural area within the EU. The ten new Member States have added 36.2 million ha to the previous 130 million ha. The recent integration of these countries into the EU will both expand significantly production increase consumer demand.

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Actions taken

AGENDA 2000

The EU undertook the 'Agenda 2000' reform of the CAP, in order to prepare for the enlargement of the EU, the reopening of multilateral trade negotiations on agriculture and the broadening public demands within the EU on agriculture and the countryside.

The policy continue in the direction set by the 1992 reform, combining cuts in producer support prices and shifting to support through direct payments to farmers, in order to encourage competitiveness and bring EU prices closer to world market prices. There was also extra focus given to consumer concern over food quality, safety and environment.

The reform also brought together a number of rural development measures under a single instrument forming the 'second pillar' of the CAP, which seeks to establish a coherent and sustainable framework for the future of Europe's rural areas. EU Member States are given as much flexibility as possible in designing their programmes, allowing them to be tailored to the specific conditions and challenges facing their various rural areas. Member States could also apply environmental cross-compliance and could modulate CAP direct payments, by using part (all modulation is to be used for RD) of these sums for rural development and agri-environmental purposes. All programmes are subject to strict monitoring, reporting requirements and ex-post evaluation.

(MID-TERM REVIEW OF THE AGENDA 2000)

The Agenda 2000 was subject to a mid-term review in 2002. This review resulted in another major reform in June 2003, which represents the culmination of the reform process begun in 1992. The 2003 CAP Reform aimed at providing a sustainable, long-term perspective for the future development of the European agricultural sector. The CAP will be governed by a simpler legislative and administrative framework, which replaces most farmer income support payments (arable, livestock and dairy) into the decoupled (i.e. no longer production-linked) single payment scheme. In future, all payments will be subject to cross compliance with statutory EU environmental, food safety and animal welfare standards, and new rules of good agricultural and environmental condition. Such a framework will foster a closer relationship between the CAP and other EU policies of major importance to EU citizens.

The reforms will encourage a more competitive, more market-oriented and more efficiently supported EU agriculture. Since 1992, the CAP has been moving away from price and production support to a policy of farmer income support. The 2003 Reform completes that shift, through a significant reduction in the remaining market support levels and the transfer of a large part of the current production-linked direct payments to the single payment scheme. In this way, farmers will get back in touch with market demand once again by producing what is more profitable in market terms instead of producing what receives the highest level of support. The transfer efficiency of the former direct payments, as an income support mechanism, will also be improved. A series of analyses of the reform's likely impact on EU-25 markets and farm incomes have concluded that, overall, the CAP reform will improve the situation of agriculture in the Member States and in particular in the new Member States.

With regard to the rural development pillar, more breadth is given to the policy by introducing new measures to promote the environment, food quality and animal welfare and to help farmers meet demanding standards based on EU legislation. More money is available for rural development measures, through the introduction of a compulsory, EU-wide modulation

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mechanism, which will transfer up to 5 % of the direct payments granted to farmers to the rural development pillar by 2007

THE NEW RURAL DEVELOPMENT POLICY FROM 2006 ONWARDS

In October 2005, a Regulation for Rural Development policy from 2006 onwards has been published [Council Regulation (EC) n° 1698/2005]. In the coming programming period support will be concentrated on three core objectives:

1. Increasing the competitiveness of the farm and forestry sector through support for restructuring.
2. Improving the environment and the countryside through support for sustainable land management.
3. Improving the quality of life and promoting diversification of economic activities in rural areas. Member States will have a broad range of measures available for contributing to the achievement of these objectives. Particular attention is paid to the possibility to apply a bottom-up approach in the implementation of Rural Development measures (“Leader”): Local action groups design and implement measures targeting at these three objectives.

Common Fisheries Policy: conservation and management of fishery resources

The Common Fisheries Policy (CFP) covers conservation, management and exploitation of living aquatic resources, aquaculture, and the processing and marketing of fishery and aquaculture products. This Policy aims at conserving and managing marine living resources, and provides for rational and responsible exploitation on a sustainable basis.

The European Community seized the opportunity provided by the fact that some elements in the CFP had to be reviewed by 31 December 2002 to widen this review to the whole CFP⁶.

This review of the Common Fisheries Policy offers the best possible prospect of securing the future of the European fisheries sector for the benefit of all concerned: the fishing sector and the coastal communities, fish stocks, the marine environment and consumers.

The main objectives are, among others, to:

progress towards a responsible and sustainable fisheries that ensure healthy marine ecosystems maintaining the quality, diversity and availability of marine resources and habitats,

integrate health requirements in order to protect public and animal health and safety,

bring fleet capacity into line as soon as possible with the availability and sustainability of the resources,

secure an economically viable and self-sufficient fisheries and aquaculture sector which can be competitive in a global economy.

The main measures of the new Common Fisheries Policy are the following:

⁶ Council regulation (EC) N° 2371/2002 of 20 December 2002

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- **Long-term approach:** until now measures concerning fishing opportunities and related measures have been taken annually. They have often resulted in fluctuations which not only have prevented fishermen from planning ahead but have also failed to conserve fish stocks. Under the new CFP, long-term objectives for attaining and/or maintaining safe levels of adult fish in the European Union (EU) stocks will be set as well as the measures needed to reach these levels.
- **A new policy for the fleets:** the reform has responded to the challenge posed by the overcapacity of the EU fleet by providing two sets of measures:
 - a simpler fleet policy that puts responsibility for matching fishing capacity to fishing possibilities with the Member States;
 - a phasing out of public aid to private investors to help them renew or modernise fishing vessels, while keeping aid to improve security and working conditions on board.
- **Better application of the enforcement rules:** The diversity of national control systems and sanctions for rule breakers undermines the effectiveness of enforcement. This is why measures will be taken to develop co-operation among the various authorities concerned and to strengthen the uniformity of control and sanctions throughout the EU. Commission inspectors' powers to ensure the equity and effectiveness of EU enforcement have been extended.
- **Stakeholders' involvement:** stakeholders, particularly fishermen, need to take a greater part in the CFP management process. It is important that fishermen and scientists share their expertise. Regional advisory councils (RACs) will be created to enable them to work together to identify ways of achieving sustainable fisheries in the areas of interest to the RAC concerned.

Actions already taken

Mediterranean fisheries

The importance of Mediterranean fisheries is fully recognised by the adoption of an Action Plan to ensure the sustainability of fisheries in the Mediterranean. The measures foreseen in the Action Plan include: a concerted approach to declaring fisheries protection zones, the use of fishing effort as the main instrument in fisheries management, improving fishing techniques so as to reduce the adverse impact on stocks and the marine ecosystem and promoting international co-operation.

Action Plans and strategies already adopted

- A strategy for the sustainable development of European Aquaculture. This strategy is designed to strengthen the role of aquaculture in providing jobs and in supplying quality fisheries products in a way that does not harm the environment.
- The integration of environmental protection requirements into the CFP covering, among others, measures to protect sharks and measures to minimise by-catches of cetaceans in fishing gear.
- The eradication of illegal, unregulated and unreported fishing in order to ensure sustainable fisheries beyond EU waters.

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- Measures to counter the social, economical and regional consequences of fleet restructuring. These measures mainly concern the reprogramming of structural aid in favour of reduction of fleet capacity and social measures, the improvement of the image of the sector and support for sustainable coastal development.
- The reduction of discards of fish by tackling its causes. The measures aim to prevent catches of unwanted fish, particularly immature fish and to remove incentives for discarding.
- The creation of a single inspection structure to ensure the pooling of Community and national inspection and monitoring resources.

Communications already adopted

- The setting up of partnership agreements with third countries. This Communication looks at ways of improving fisheries agreements, in particular those concluded with developing coastal states by promoting international co-operation and strengthening measures to ensure sustainable fisheries in the waters of the partner concerned.
- The improvement of scientific and technical advice for fisheries managers, by reorganising the provision of scientific advice and by devoting more resources to obtaining this advice.

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EXTERNAL DIMENSION

Rural development

In many developing countries, most of the poor and vulnerable groups live in rural areas. Rural poverty is a multidimensional problem that includes low incomes, inequalities in access to productive assets, low health education and nutrition status, natural resource degradation, vulnerability to risk and weak political power. Strategies for rural poverty reduction must address all of these problems, and take account of the diversity of rural areas and population groups, as well as the changing context of rural poverty.

The majority among the 70% of the world population living in rural areas depend on agriculture. The EU Strategy for Africa, adopted in 2005, stresses the importance of agricultural development in promoting pro-poor growth and ensuring food security. Lack of access to resources and services increases dramatically their vulnerability to shocks. Rural development by improving availability and access to food through better and more diversified income and availability of food through better performing agricultural and commercial systems is critical in the fight against poverty and in improving food security for the poor.

In addition to agriculture, other sectors therefore play a vital role in rural poverty reduction in particular, health and education, water and sanitation, transport and communication and natural resource management. The EC considers that rural poverty reduction requires co-ordinated action in all these sectors.

The 2005 development policy statement “the EU Consensus on Development” reaffirmed rural development as priority area for external assistance, including agriculture and food security. Furthermore, the EU Consensus on development states that in order to re-launch investment in rural development, the Community will support country-led, participatory, decentralised and environmentally sustainable territorial development, aimed at involving beneficiaries in the identification of investments and the management of resources in order to support the emergence of local development clusters, while respecting the capacity of ecosystems. Broader macroeconomic policies must also be taken into account because they have a major impact on rural economies.

Food security and fisheries

According to the United Nations Development Programme (UNDP) the volume of sea catches has increased fourfold in the last 50 years. Almost a billion people in 40 developing countries risk losing access to their primary source of protein, as overfishing driven by export demand for animal feed and oils puts pressure on fish stocks to the detriment of domestic consumption.

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Actions taken

The EC recognises fisheries as a key sector for developing countries and is committed to support the implementation of sectoral fisheries policy oriented toward poverty reduction and food security. This new orientation is being implemented through important programs financed under the Cotonou Agreement (EDF-funds) to support institutional and capacity building in developing countries:

- to assess the fisheries resources,
- to better manage and control fishery activities.
- to improve fish sanitary control measures,
- and to improve management and infrastructures for artisanal fisheries

On the basis of a communication on Fisheries and Poverty Reduction (2000), the Council has taken a resolution, which recognises the fishery sector contribution to food security, the macro-economic importance of the sector for developing countries and the contribution provided to local employment. The resolution stresses the importance of fishery development strategies taking into account the principle recognised by the international community concerning sound and sustainable management of the resource and the need for fisheries to be integrated in Country Strategy Processes. Pursuant to the principle of coherence, the Council reaffirmed that the Common Fisheries Policy needs to take into account the objectives of sustainable development and the fight against hunger and poverty.

The EC is currently implementing a number of projects under the 8th and 9th EDF (programming periods 1997-2002 and 2002-2007.) mostly in the framework of regional or sector-wide programmes, - in particular in the Pacific , Indian Ocean Western and Southern Africa and Lake Victoria regions In the Pacific, two regional projects are funded; the one called PROCFISH aims to provide specific information on the status of coastal and oceanic fisheries resources, the other aims to enhance Pacific ACP private sector participation in tuna fishing, processing and trade (DEVFISH). In the Indian Ocean, three projects have been initiated: a tuna tagging research project to improve the scientific knowledge on the migration pattern of tuna in the I.O., a pilot project to test the conditions for regional cooperation in the field of the MCS, and a project to enhance the sustainable management and conservation of the resources of the coastal zones in the region.. For the Lake Victoria region, a project aims at implementing a Fisheries Management Plan. Two new initiatives in preparation concerns resources management with particular attention to MCS in the West African sub-region covered by the Sub-regional Fisheries Commission (SRFC). To ensure improvements in production and trading capacity in relation to fishery products, a sector-wide €45 million programme on the strengthening of export health control and improving of production conditions is also financed.

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The European Community's international policy in the field of fisheries also plays an important role for securing food safety. Cooperation with coastal developing countries in view of improving the sustainable development of fisheries resources is a cornerstone of the Common Fisheries Policy's external dimension. Fisheries Partnership Agreements concluded by the Community with such States aim inter alia at restructuring the fisheries sector of the partner countries and strengthening the capabilities of its fisheries administration. Moreover, the active involvement of the European Community in the fight against illegal fishing activities also benefits coastal fleets, which suffer the most from such practices. In this respect, the European Community's actions contribute to improving the supply of fish to local populations, for which they often constitute a major source of food.

b) Actions taken to combat environmental threats to food security, in particular

- Drought and desertification
- Pests
- Erosion of biological diversity
- Degradation of land and aquatic based natural resources

INTERNAL DIMENSION

Environment and Sustainable Development

Sustainable development is enshrined in the EU treaty as an overarching objective of the European Union. In 2001, EU leaders launched a sustainable development strategy, focusing on a number of key unsustainable trends and advocating a new approach to policy-making. A review of this strategy is now under way: the European Commission issued a stock-taking report in February 2005, and has proposed a revised sustainable development strategy for EU leaders to consider in June 2006.

Desertification

As stipulated in the 6th Environment Action Programme, the European Union has decided to adopt a Thematic Strategy on Soil Protection as part of its aim of protection and preservation of natural resources. In this context the Commission is currently finalising a proposal for this Thematic Strategy, which is expected to be adopted in the spring of 2006.

The Strategy will comprise three elements:

- a Communication laying down the principles of Community soil protection policy;
- a legislative proposal for establishing a framework at Community level for the protection of soil. This would take the form of a Soil Framework Directive that would aim to strike the right balance between EU action and subsidiarity,
- an analysis of the environmental, economic and social impacts of the Strategy that would take the form of an Impact Assessment report.

In particular, the Soil Framework Directive would aim at preserving the capacity of soil to perform a number of functions. It would address soil degradation processes like erosion, organic matter decline and salinisation that can exacerbate desertification.

Agriculture, Protection of Water

A directive establishing a framework for Community action in the field of water policy was adopted in 2000, which constituted a new basis for the co-ordination of policies in this area between EU Member States in order to prevent further deterioration in water quality and provide greater protection for water. It provides for a gradual reduction in chemical pollution

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caused by discharges of hazardous substances. It also aims at ensuring an adequate supply of good-quality surface and groundwater.

Climate Change

The Commission has identified adaptation to the adverse effects of climate change inside the EU as one of the key priorities under the 2nd phase of the European Climate Change Programme (ECCP). This programme was set up to identify concrete new policy initiatives to address climate change inside the EU. Under the 2nd phase of the ECCP a new working group on climate change adaptation has been set up. The aim is to define the European dimension of measures to tackle climate impacts which happen and need response mainly on the regional and local level. Two of the key areas in this work are agriculture and biodiversity. Questions to be explored include: What are the expected climate impacts on the agricultural sector in the decades to come? Which adaptation measures can and should be promoted? Is the European Common Agricultural Policy already prepared to tackle climate impacts? How do we need to adapt the biodiversity policy? Are the existing tools like for instance nature protection areas still adequate? Is the concept of invasive species still valid in view of changing ecosystems and to what extent can we facilitate that transition in the remaining hot-spots of biodiversity?

Biodiversity

In 2000 the Community ratified the Cartagena Protocol on Biosafety, which marks a significant step in the environmental, trade and development fields. Based on the precautionary principle, in order to ensure safe transfer, handling and use of living modified organisms (LMOs) obtained with the aid of biotechnology and which could have an adverse effect on biodiversity, the protocol allows all importing countries to take scientifically well-founded, reasoned decisions before importing such organisms. It introduces an Advance Informed Agreement (AIA) procedure for LMOs intended for direct introduction into the environment and an alternative procedure for transfrontier movement of LMOs intended for food, feed and processing. It also contains provisions on information-sharing and financial resources, with special emphasis on the difficulties encountered by developing countries in these areas.

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The European Commission adopted in 2001 a series of action plans to integrate the protection of biodiversity into **EU agricultural, fishery, environment and development and co-operation policies**. A review process for all of these action plans started in 2003, culminating in a call for reinforced action in order to meet the 2010 targets for halting the loss in biodiversity. Rich biodiversity is important as it provides the raw materials that our society needs. It is essential for the long-term sustainability of agriculture and fisheries and it is the basis for many industrial processes and the production of new medicines. The aim of the action plans is to stop losses in wildlife, ecosystems, varieties of crops, domestic animals and fish. The plans define concrete actions and measures and specify measurable targets to ensure a reversal of the current trend.

The action plan on agriculture starts with an analysis of the interrelations between agriculture and biological diversity. It is clear that the scale, the scope and the nature of production techniques can have substantial impacts on the landscape and on natural habitats. Intensive farming practices seem particularly prone to cause negative effects. On the other hands, many landscape and site-specific environmental characteristics reflect a rich farming heritage. The action plan indicates **seven priorities** to achieve reciprocal benefits between farming activities and biodiversity. These areas are:

- Ensuring a reasoned intensification in agricultural practices.
- Maintaining an economically viable and socially acceptable agricultural activity, in particular in biodiversity-rich areas, where these activities have been weakened.
- Using the potential of agri-environmental measures for the conservation and sustainable use of biodiversity.
- Ensuring the existence of an ecological infrastructure at the level of the whole territory.
- Supporting actions aimed at the enhancement of genetic diversity in agriculture and in the maintenance of local and traditional varieties and breeds.
- Encouraging the marketing of land-races and varieties that are naturally adapted to the local and regional conditions.
- Preventing the abundance and spreading of non-native species.

The European Commission **Biodiversity Action Plan for Fisheries** (COM(2001)162) leads to the preservation or rehabilitation of biodiversity where it is perceived as being under threat due to fishing or aquaculture activities. In this action plan, three areas are identified as requiring action:

- To promote the conservation and sustainable use of fish stocks and feeding grounds through control of exploitation rates and through the establishment of technical conservation measures to support the conservation and sustainable use of fish stocks. Measures available include, inter alia, fishing exclusion areas (mainly for the protection of dense aggregations of juvenile fish), and mesh sizes. Each measure should be applied according to its merits and expected conservation effect.
- To reduce the impact of fishing activities and other human activities on non-target species and on marine and coastal ecosystems to achieve sustainable exploitation of marine and coastal biodiversity.

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- To avoid aquaculture practices that may affect habitat conservation through occupation of sensitive areas, i.e. mangroves in third countries and inter-tidal areas within the Community, pollution by inputs and outputs from fish farms and genetic contamination by possible releases or escapes of farmed species or varieties.

Genetic Resources in Agriculture

The European Council at its meeting on 24 February 2004 decided on the conclusion of the International Treaty on Plant Genetic Resources for Food and Agriculture (International Treaty). On 31 March 2004 the European Community and eleven of its Member States deposited with the FAO their instruments of ratification/conclusion of the International Treaty. The European Community has actively been involved in the negotiation of the International Treaty and will contribute to the finalization of its provisions and the implementation.

The programme on genetic resources in agriculture, established by Council Regulation No 870/2004 promotes genetic diversity and finances measures to promote the conservation, characterisation, collection and utilisation of genetic resources in agriculture, allowing for a wide coverage of plant and animal diversity. The programme initially covered the period 2004-2006 and the budget allocated was €10 million.

The possibilities to support the conservation of genetic resources in agriculture have been extended with the Rural Development regulation [R. (EC) n°1698/2005] for the programming period 2007 – 2013.

Fisheries and Environmental Contaminants

A food crisis occurred in Belgium in 1999 involving the contamination of animal feed by waste oil containing dioxins and PCBs. Linked to this crisis the general question of contamination of food and feed by these environmental contaminants was examined by two European Union Scientific Committees as part of a risk analysis. Using the scientific opinions which were published on the internet in November 2000 as a basis a subsequent risk management exercise resulted in *harmonised maximum limit values for dioxins being introduced into Community law in order to give a high level of consumer health protection*. These limits apply *inter alia* to fish and fishery products for human consumption and to fish and fishery products used in animal nutrition, the date of application was from 1 July 2002. The dioxin case illustrates the fundamental importance of health and environmental issues for fisheries.

EXTERNAL DIMENSION

Environment and Sustainable Development

The protection of the environment is a crucial element of food security as it ensures availability of the natural resources essential to food production.

Soil erosion and land degradation, loss of forests, habitats and biodiversity, depletion of fish stocks and pollution represent serious permanent threats to sustainable development in most countries. Furthermore, Developing Countries are considered to be particularly vulnerable to the impact of climate change, despite their small contribution to this phenomenon.

The EC, in the context of the Poverty and Environment Partnership (including UNDP, the World Bank, DFID and other donors), continued to work on the linkages between poverty reduction and environmental management. A report on "Linking Poverty Reduction and Environmental Management" was presented by the abovementioned four agencies at the World Summit in Johannesburg in September 2002, and another joint agency report on "Poverty and Climate Change" was presented at the Climate Change Conference of the Parties in India in November 2003. Also in this context, in 2004 a draft report on Environmental Fiscal Reform was prepared in close cooperation with the OECD/DAC Environment Working Party on environment and development. These reports contain policy recommendations both for developing country governments as well as donor agencies on how to better address environmental issues that have important poverty aspects.

In line with the Environmental Integration Strategy the EC took a number of initiatives in 2004 and 2005 to enhance the integration of environment concerns into country policies and programmes. In the context of the Mid Term Review, Country Environmental Profile are now required for all Country Support Strategies and have been finalised or are under preparation for over 50 Countries while Strategic Environmental Assessments are foreseen in an increasing number of national sectoral strategies where a multi-donor sectoral support is in place. To reinforce capacity to address environmental issues, the Commission has also set up in 2004 an environmental Helpdesk together with a three years training package for those programming aid delivery in Headquarters, in Commission Delegations and in a certain number of partner countries which are also open to representatives from LDCs. Progress and experience on these issues have also been shared with other major donors through the Poverty Environment Partnership.

In the context of Multilateral Environmental Agreements (climate change, biodiversity, desertification, chemicals etc.), the EC made efforts to ensure coherence between environmental and development objectives. For example, the EC adopted a development-specific Action Plan with regard to Climate Change and reviewed the Biodiversity Action Plan for economic and development cooperation. The EC continued to play an active role in shaping the future of the Desertification Convention, focusing on implementation, scientific and governance issues and to steer its work towards effective key-implementation issues (e.g. reform of national domestic policies and processes, sustainable agricultural development, mainstreaming, simplification of links and complementarities between interventions targeting poverty eradication, land degradation or achieving food security and sound water management).. Specific financial support (1 M€) has been provided in 2005 to the Global Mechanism of the Convention to promote this approach in several African countries.

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In the context of Biodiversity, the EC managed to secure the adoption of a number of decisions with a strong development component. These include: 1) a Work Programme on Protected Areas (PA) which strengthens the concept of 'pro-poor conservation', 2) a new Work Programme on Technology Transfer; and 3) the Addis Ababa Principles and Guidelines for the Sustainable Use of Biodiversity. Moreover, in December 2004, the EC tabled a progressive position in the World Intellectual Property Organisation (WIPO) supporting a requirement for patent applicants to disclose, under certain conditions, the origin/source of the genetic resources and traditional knowledge on which inventions are based. This represents a considerable evolution in the EC position that now tries to bridge the gap between the standpoints of developed and developing countries. In this context, the Regulation (EC) No 1946/2003, addressing specifically export obligations necessary to align the existing regulatory framework with the provisions of the Biosafety Protocol contributes to empowering developing countries to make informed choices on the import/export of GMOs.

Chemical safety is an area of global concern, where the European Union plays an active role. In 2004, two important multilateral environmental agreements in the field of chemicals management came into force, both of which have been ratified and implemented by the EC. a) The Rotterdam Convention will contribute to better management of international trade of hazardous chemicals and pesticides, not least to protect developing countries from unwanted export of substances that have been banned or severely restricted in industrialised countries. b) The Stockholm Convention aims at ridding the world of its most dangerous man-made substances, the persistent organic pollutants (POPs). Both conventions provide frameworks for capacity building and technical assistance in developing countries.

In February 2006 the Strategic Approach to International Chemicals Management (SAICM) was adopted. This is an international voluntary agreement that aims to help countries to achieve the overarching goal of WSSD "to achieve, by 2020, that chemicals are used and produced in ways that lead to a minimisation of significant adverse effects on human health and the environment." A major driving force for the establishment of the Strategic Approach has been the recognition of the growing gaps between the capacities of different countries to manage chemicals safely, the need to improve synergies between existing instruments and processes and the growing sense of urgency regarding the need to assess and manage chemicals more effectively to achieve the 2020 goal articulated in paragraph 23 of the Johannesburg Plan of Implementation. There is also the need for countries to have more effective governance structures to help make the Strategic Approach a lasting success.

SAICM, which is fully supported by the Commission, comprises a high-level declaration, an overarching policy strategy and a global plan of action. The global plan of action sets out several hundred different activities, including increased efforts to build capacity and provide technical assistance to developing countries and countries with economies in transition. A "quick start programme" mobilising seed-money for the initial phase and capacity-building activities was also agreed at the meeting in February. This process was initiated by the EU, Norway and Switzerland and will be running over the first five years.

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Finally, the future and new thematic programme on Environment and Natural Resources being considered in the context of the new EC Financial Perspectives will be the basis to enhance environmental integration in cooperation strategies and further help Developing Countries to address their commitments in Multilateral Environmental Agreements.

Besides the general objective of a better environment mainstreaming in all sectors of co-operation, specific initiatives related to environmental issues and sustainable development have been developed. They focus on water, energy and forests.

EU/EC INITIATIVES ON WATER AND ENERGY

EU/EC initiatives in this field were successfully launched at WSSD in Johannesburg, in support of the WSSD Plan of Implementation. These initiatives demonstrate the EC's commitment to translate the political agreements made in Johannesburg into concrete action, in support of the Millennium Development Goals.

There is a coherent approach at EU level on how to support partner countries to ensure sustainable and equitable management of water resources and access to water and sanitation. The European Commission "Communication on water management in developing countries" of March 2002⁷, endorsed by the European Council, stresses the need to integrate sustainable water management in national and regional development strategies and to support partner countries in developing sustainable solutions. The over-arching policy framework is 'Integrated Water Resources Management' (IWRM) at a basin level.

The **EU Water Initiative** was launched at WSSD to contribute to the achievement of the Millennium Development Goals (MDGs) and WSSD targets for drinking water and sanitation, within the context of an integrated approach to water resources management. The EUWI is a catalyst and a foundation on which future action can be built to meet the water and sanitation MDG's. Regional and thematic groups have been created for Sub Saharan Africa , the EECCA Region and the Mediterranean whilst one is under development for Latin America. Cross-cutting groups cover finance, research and monitoring..

The EU Water Initiative is built on partnership, addressing improving governance as a first priority, to increase stakeholder participation; encourage regional and sub-regional co-operation and catalyse additional funding. Three years after its launch, the EUWI has made some progress, but it has been slow and prospects for its future development vary from one region to the other. The EUWI is trying to move forward with many aspects of the Paris Declaration on aid effectiveness and the European Consensus on Development. EUWI action is primarily at country level, where policy dialogue between the partner country government, concerned stakeholders and the EU is the principal instrument to identify opportunities, constraints and financial gaps. These dialogues are intended to chart "road maps to the MDGs" on the basis of which the EU and other donors may align their support. To date such dialogue processes have been initiated in five African countries (Ethiopia, Zambia, Mozambique, Ghana and Cape Verde) and are set to begin in another five (Rwanda, the CAR, Congo/Brazzaville, Mauritania and the DRC). This policy dialogue process is also being developed and adapted to suit the needs of other regional components of the EUWI covering the EECCA, Mediterranean and Latin American regions.

⁷ COM(2002) 132

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The €500m ACP-EU Water Facility is part of a response to the objectives and priorities of the EU Water Initiative, to catalyse additional funding to boost the sustainable delivery of water and sanitation services and to improve Integrated Water Management practises in ACP Countries. The Water Facility more than doubles the funding available for water and sanitation through the 9th EDF, bringing the total to nearly €1 billion. There has been an overwhelming response to the First Call for Proposals of the Water Facility, with 800 preliminary proposals having been received (for in total €5 billion, requesting €2,7 billion from the Facility, far in excess of available funding). Following detailed evaluation, a total of 97 projects (with €230m funding from the Facility) have been selected for co-financing from the First Call. In addition, funding agreements have been negotiated for support to the Nile Basin Initiative and to the African Water Facility. A Second Call for Proposals will be launched in 2006.

Agreements were also made at WSSD on the need for joint action to improve access to reliable and affordable energy services sufficient to facilitate poverty eradication and the achievement of the Millennium Development Goals.

In recognizing this need, the EU launched the **EU Energy Initiative for poverty eradication and sustainable development (EUEI)** at the WSSD. The objective of the EUEI is to contribute to the achievement of all of the MDGs. The EUEI is an important framework for cooperation and better synergy between the EC and the Member States, for the dialogue with developing countries and stakeholders, and for attracting political attention and financial resources to energy and poverty. Since WSSD, the EUEI dialogue has had a main focus on Sub-Sahara Africa. This dialogue has been facilitated jointly by the Commission and Member States acting as country facilitators. App. 40 African governments were represented at the EUEI 'Energy for Africa' conference in Nairobi 2003, defining the overall priorities for Sub-Sahara Africa, and a number of follow-up policy and dialogue workshops have been held in different regions. The newly established Forum of Energy Ministers of Africa (FEMA) recognises the EU and the EUEI as one of its key partners. Among the main issues in the dialogue with Africa are the role of energy in poverty alleviation, the integration of energy in Poverty Reduction Strategies and a focus on delivery of modern energy services to rural areas. The EUEI is seen as an important vehicle for the further development of the energy elements of the European Consensus on Development and the EU- Africa Strategy, including the Partnership on Infrastructure

Since WSSD, the EUEI has been able to stimulate the creation of different instruments that support the overall objectives.

One of these is the Energy Facility that was approved by the joint ACP-EU Council of Ministers in June 2005 with an amount of € 220my. The Energy Facility will co-finance the delivery of energy services to the poor in rural areas and remote islands improve energy governance and capacity and facilitate the financing of cross border cooperation and interconnections, along the lines of AU/NEPAD priorities. The implementation of the Facility is being undertaken in close coordination with an informal advisory group of experts from Member States, and there is also regular consultation with other relevant donors and stakeholders. A call for proposals is expected to be launched in June 2006.

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In addition, the DG TREN's EUEI related COOPENER programme supports app 25 projects in Sub-Sahara Africa and Latin America, with a focus on capacity building in energy efficiency and renewable energy. A group of Member States have created the EUEI Partnership and Dialogue Facility (PDF) that now supports up-stream dialogue and policy development mainly in Sub-Sahara Africa. Finally some Member States support specific partnerships that are related to the EUEI, e.g. in the Pacific and Central America.

The two Initiatives will:

- Help the EC to **raise political awareness** of the importance of including water, sanitation and energy services as key aspects of poverty reduction strategies;
- **Improve the efficiency** of related development assistance, by providing a platform to facilitate action, and co-ordinate and streamline existing and future activities in these areas;
- Bring in the **private sector and civil society**. EC's partnerships must involve the private sector, in order to benefit from their perspectives, experience and resources. In light of the large sums required to meet the development goals, public/private partnerships should make use of additional financial resources and private sector experience needs to be developed.
- **Dialogue between EC and recipients** will be intensified to identify where results can be delivered quickly, within the context of existing development co-operation frameworks and poverty reduction strategies. In parallel work is ongoing to establish structures and monitoring and reporting mechanisms that will be required to ensure that the Initiatives continue to contribute effectively in the medium and long terms.

The EC also puts another focus on the strengthening of aquatic resource management competence and facilitating regional collaboration (e.g. the Pacific fisheries programme).

The EC does environmental work in the fields of forestry, conservation, wildlife, and sustainable management of natural resources. Regarding the protection of tropical rain forests, the EC has recognised the role of tropical forests in global environment and the importance of their preservation for long term sustainable development.

To stop illegal logging and trade in illegally harvested wood, the Commission, in May 2003, published an **EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT)**, setting out a package of measures which link governance reforms in producer countries with the legal framework of the internal EU market. The Action Plan involves a series of voluntary (but binding) partnerships agreements with wood-producing countries and regions. Through these partnerships, the EU and partner countries will set up a licensing scheme to ensure that all timber exports to Europe are legal. The partnerships will also encourage governance reforms in wood-producing countries, particularly to promote greater equity and transparency in association with forest harvesting operations

With regard to the different MEAs and related environmental themes the following is a succinct description of the **most significant actions and objectives pursued and achieved by the Community at international level**.

Desertification [UN-CCD]: The European Community is a Party to the 1994 **United Nations Convention to Combat Desertification (UN-CCD)**.

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The Community and its Member States in line with previous commitments have continued to work at international level to raise awareness- on the objectives of the UN-CCD and mainstreaming sustainable land management issues into development co-operation policy and strategies.

At the last Conference of the Parties to the UNCCD (Cop-7 Nairobi October 2005) with the Convention entering its second decade discussions and ensuing decisions adopted flagged the urgent need to keep the linked challenges of land degradation and poverty reduction in the political spotlight.

However, in order to do so several pre-conditions have to be fulfilled including the development of a long-term strategy and shared vision for the Convention in its second decade, to allow it to harness the opportunities presented by changing aid modalities, building on the recommendations contained in the report of the UN Joint Inspection Unit on the UNCCD Secretariat.

Other preconditions include: an enhanced focus on socio-economic aspects of land degradation and greater support for mainstreaming of the UNCCD objectives into national development strategies. In “on the ground” implementation terms the new strategic direction of the Global Mechanism- (the financial brokerage service of the Convention) underlining the importance of mainstreaming for national resource mobilisation, was acknowledged.

It will also be important to follow-up on how key-corrective measures adopted to improve transparency and accountability so to comply with the latest UN auditors remarks on UNCCD financial management will be implemented.

“Refreshing the vision of the Convention” means for the EC continuing the reflection on how to better exploit the great potential of the UNCCD as an integrated framework for land degradation and on the functions that the Convention should better perform. This analysis goes hand in hand with the coordination efforts to enhance UNCCD real implementation on the ground in the affected countries in close partnership with the WB, UNDP and the other likeminded donors.

Forests (UNFF)

The Community has continued to participate in the UN Forum on Forests. Amongst its contributions to the work of the Collaborative Partnership on Forests established by UNFF it has made a financial contribution of over 3 M EUR to the nfp Facility, hosted by FAO, and participates in the Donor Advisory Group. The nfp Facility provides support for the formulation of national forest programmes, in particular ensuring the participation of stakeholders in such processes. **Forests and agro forests** are an important and often overlooked resource in local food security strategies. Fruits, vegetables and meat harvested from the forest are an important source of nutrition. Forests also form a buffer resource in times of hardship. The tropical forest budget guidelines for 2005-2006 highlight the use of forest plants for human nutrition; forests and agroforests in local food security strategies; and activities which promote the sustainable use of wildlife and fish resources in forest areas, as priority areas for Commission funding.

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Climate Change [UN-FCCC]

Climate change is a fast growing threat to food security, especially in developing countries. The EU is a Party to the Kyoto Protocol and is taking serious steps to address its own greenhouse gas emissions. One of the EU's main concerns is to ensure a robust integration of climate change concerns in its development policy. In December 2003 the proposed an EU Strategy and Action Plan on Climate Change in the context of Development Cooperation, which was adopted in November 2004. The strategic objectives of this paper include raising the policy profile of climate change, providing support for adaptation to climate change and support for mitigation and low GHG development paths, as well as capacity development. The Action Plan runs until 2008, with a first review due at the end of 2006. At the international level the EU continues to play a leadership role in the climate change negotiations. In February 2003 the Commission published its Communication "Winning the Battle Against Global Climate Change", which outlines key elements of the EU's strategy on the further development of the multilateral climate change regime. This paper also underlines the need for supporting developing countries to adapt to climate change.

Biodiversity [CBD]: The European Community is a Party to the United Nations Convention on Biological Diversity (CBD) and to its Biosafety Protocol. The CBD pursues three objectives, namely the conservation of biodiversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilisation of genetic resources. The EC Biodiversity Action Plan for economic and development cooperation, adopted in 2001, is currently under review.

Hazardous Chemicals

The Community has continued to contribute significantly to the safe use of chemicals at global level through participation in the various international initiatives and programmes in line with the principles of Chapter 19 of Agenda 21 relating to the sound management of chemicals such as the Rotterdam and Stockholm Conventions, the Globally Harmonised System for Classification and Labelling of Chemicals and the Strategic Approach to International Chemicals Management. At Community level the Commission continued to work on the implementation of the Community legislation adopted to fulfil the various international commitments and obligations laid down in the major chemicals/wastes international Conventions. Through various instruments the Community continues to contribute to major international initiatives and programmes aiming to improve chemicals' management in countries to the benefits of people, especially the rural poor.

Fishery resources and the marine environment

The reform of the Common Fisheries Policy, launched in 2002, calls for a fisheries policy which ensures sustainable development in environmental, economic and social terms, both inside and outside EC waters.

The implementation of this new approach plays an important role since 2003. It comprises among others sustainability impact assessments in order to get better knowledge on the economic, environmental and social impact of a fisheries agreement on the partner country prior to the opening of negotiations. Another contribution to responsible and sustainable fishing is the focus on the improvement of scientific and technical advice on the state of stocks outside Community waters. . The Commission is currently working in the preparation of an Action Plan on this issue. An international seminar to discuss how to improve scientific

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and technical advice beyond EC waters has been held in November 2005 and a report of a specific study on this issue will be shortly delivered to the Commission.

The EC also follows closely the code of conduct for responsible fishing with a view to making a better contribution to food supplies and world food security, while respecting the criterion of sustainable and responsible management. By adhering to the code of conduct for responsible fisheries, the Community has accepted to co-operate with developing countries and to help them develop their fisheries sector

Further to the adoption in 2002 of the EC Plan of Action on IUU fishing, the Community has consistently implemented the actions foreseen in the plan, notably through numerous proposals of measures in various RFMOs that have established mechanisms to identify vessels engaging in IUU fishing and measures that flag and port States must take in their regard.

C) AGRICULTURAL RESEARCH FOR DEVELOPMENT

Agricultural research occupies an important place in the bi-regional Scientific & Technological dialogue that the European Union keeps with other regions in Asia, Africa and Latin America & Caribbean. . Agricultural research has been identified in the new strategy for Africa as a powerful tool to contribute to economic growth through increased agricultural productivity and sustainability.

In 2004 the EC updated, within the "European Initiative for Agricultural Research for Development (EIARD)", its 2001 strategy for Agricultural Research for Development. This strategy is in accordance with the recommendations of the 1996 World Food Summit Plan of Action regarding the activities to be undertaken in the research sector and in the fields of agricultural scientific co-operation, fisheries and forestry in order to increase production potential, maintain natural resources and thereby strengthen the fight against poverty and ensure food security.

This strategy aims to develop the participation of the stakeholders in the field of research (private and public sectors, research institutions, universities, professional organisations, NGOs etc) at the various levels, (national, regional or global), on the basis of an equitable partnership, which deals with priorities jointly identified through a dialogue with the development regions. This strategy allows the use of funds from the development co-operation and the research and development framework programme.

The EC is committed to continue supporting Agricultural Research for Development (ARD), using its various financial instruments adequately and taking advantage of their complementarity:

- At national and local levels, the EC will support the establishment or strengthening of broad-based National Agricultural Research Systems representing different stakeholders.
- The EC will concentrate its support towards regional research structures, to address problems in a more efficient manner.
- The EC will continue its support to ARD activities carried out at international level through specialised institutions, according to their comparative advantages and specific know-how in issues related to international public goods.

COMMITMENT IV

Measures taken at national level to ensure that food and agricultural trade and overall trade policies are conducive to fostering food security. In particular, steps taken to:

- a) promote financial and technical assistance to improve agricultural productivity and infrastructure of developing countries, specially Low Income Food-deficit Countries (LIFDCs) in order to optimise opportunities arising from the international trade framework
- b) reduce subsidies on food exports in conformity with the Uruguay Round Agreement in the context of the on-going process of reform in agriculture conducted in the World Trade organisation (WTO)
- c) implement the decision on measures concerning the possible negative Effects of Reform programme on Least Developed and Net Food-Importing developing countries through the WTO Committee on Agriculture

The EC plays a pivotal role in international trade of farm products. The EC is the world's largest importer and second exporter of agri-food products. In particular, the EC is the largest buyer from developing countries, absorbing more than the US, Japan and Canada put together. Two thirds of EU imports (almost €40 billion) come from developing countries. For example, the EU takes 60% of Africa's agricultural exports and 70% of LDCs agriculture exports. This is to a large extent the result of the trade preferences granted by the EC to them.

Trade expansion plays an increasing role in the development of the agri-food sector, which, as a result, contributes to the general economic growth. The EC is negotiating constructively in WTO negotiations in agriculture to continue the process of establishing a fair and market oriented multilateral trading system, in accordance with the conclusions of the Doha ministerial conference, with a view to raising standards of living worldwide.

In order to ensure that developing countries fully benefit from the expansion of world trade, the key is to create opportunities for increased market access for developing countries, while recognising the importance of food security and accepting the need for the most fragile developing countries to maintain protection in order to have adequate time for adaptation.

Moreover, all developing countries are not in the same situation and agricultural liberalisation will have contrasting effects for developing countries and would be very beneficial for some developed countries. It would favour exports from the competitive agricultural exporting countries (Australia, Brazil, Argentina, Thailand,...). But other countries, dependent on preferential access or upon exports of a limited range of commodities, will be penalised not only by the erosion of preferences, but also by the rise in world agricultural prices.

In the EU view, the DDA outcome and particularly the agricultural negotiation should take into account these different interests to be qualified as a "development round".

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MAIN ACTIONS TAKEN:

WTO AGRICULTURAL NEGOCIATION: THE EU OFFER

In the framework of the WTO agricultural negotiations, the EU tabled (28 October 2005) an offer which will satisfy both the developing countries' offensive and defensive interests.

The combined effect of effective and large tariff cuts, drastic reduction of trade-distorting domestic subsidies and total elimination of export duties by end 2013 will create substantial new market access for agricultural exporters world wide and particularly for the DCs which have comparative advantage in agriculture production. Moreover, the EU proposal would preserve part of ACP preferences.

Regarding the developing countries' defensive interests, all developing countries will benefit from a special and differential treatment (SDT) across the board. The 28 October EU proposal includes meaningful special and differential treatments for developing countries (significantly lower reduction commitments for DCs, Special products, SSM, erosion of preferences...) and proves the European commitment to support these SDT.

EU TRADE PREFERNCES TO DCS

**INTEGRATION OF THE LEAST DEVELOPED COUNTRIES (LDCS) INTO THE WORLD ECONOMY -
THE "EVERYTHING BUT ARMS" INITIATIVE**

Taking the lead in opening its markets to the Least Developed Countries (LDCs), the EC has 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 EC market, which is the most important export destination for the LDCs. Even the three most sensitive products - rice, sugar and bananas - were included, but are to be progressively liberalised between 2006 and 2009 the latest, depending on the products.

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.

THE GENERALISED SCHEME OF PREFERENCES (GSP)

Since the adoption of the enabling clause in 1971, the EC has granted autonomous trade preferences to imports from developing countries under the GSP. The former regulation governing the GSP entered into force in 1 January 2002 and covered the period until the end of 2005 (it has been decided to extent the regulation for an extra year, 2005). A new GSP scheme entered into force on 1 January 2006. Beneficiary countries are developing countries, economies in transition and a number of dependent territories. Given its non-reciprocal nature, GSP is of particular interest for some 90 countries, which do not benefit from trade preferences under a preferential trade agreement with the EC.

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The GSP provides tariff reductions without quantitative limitations. Reductions are modulated according to the sensitivity of products. While non-sensitive products enter the EC market duty free, the MFN duty rate of sensitive products is reduced by a flat rate of 3,5 percentage points.

The new GSP scheme is designed to be simpler, more transparent and more stable. It remains unchanged until the end of 2008, thus providing stability and predictability for importers and exporters. Since 1 January 2006, there are three special arrangements, instead of the previous five:

- the general arrangement: product coverage increases from about 6900 to about 7200. It incorporates 300 additional products, mostly in the agriculture and fishery sectors, of interest for developing countries.

- the new 'GSP-plus' incentive, for especially vulnerable countries with specific trade, financial or development needs. It covers around 7200 products which can enter the EU duty-free. In order to benefit from 'GSP-plus', countries had to have:

- ratified and effectively implemented the 16 core conventions on core human and labour rights and 7 (out of 11) of the conventions related to good governance and the protection of the environment, by the end of October 2005. At the same time, beneficiary countries were required to make the commitment to ratify and implement effectively those international conventions which they had not yet ratified, and this within the lifetime of the new GSP Regulation, i.e. by 31 December 2008;
- provided comprehensive information concerning ratification of the conventions, the legislation and measures to implement the conventions required for GSP-plus, and made a formal request to qualify for GSP-plus by 31 October 2005;
- demonstrated that their economies are "dependent and vulnerable". Dependence is defined as meaning that the five largest sections of its GSP-covered exports to the Community must represent more than 75% of its total GSP-covered exports. In addition, GSP-covered exports from that country must also represent less than 1% of total EU imports under GSP.

On the basis of findings from international organisations including the UN and ILO, the Commission decided, on 21 December 2005, to grant GSP-plus benefits to the five Andean countries (Bolivia, Columbia, Ecuador, Peru & Venezuela), to six Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua & Panama), and to Moldova, Georgia, Mongolia and Sri Lanka.

- the 'Everything but Arms' arrangement remains unchanged. The most favourable treatment under the GSP is granted to LDCs that under this arrangement benefit from duty-free and quota-free access for all exports to the EU (see above).

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ECONOMIC AND TRADE CO-OPERATION WITH ACP COUNTRIES

The special trade relations between the ACP group of States and the EU are set out in the [ACP-EU Partnership Agreement](#), signed in Cotonou on 23 June 2000. Based on non-reciprocal trade preference since 1975 that grant duty free access to nearly all ACP exports to the EU market, they have long been considered a model for North-South trade co-operation. However, all in all, the results have not lived up to expectations since they have not prevented the ACP's marginalisation in world trade nor have they overcome a high level of dependency on a few commodities.

In the light of these difficulties, the ACP and EU agreed to conclude new trade arrangements, the Economic Partnership Agreements (EPAs). EPAs will be WTO compatible arrangements aiming to promote sustainable development and integration of the ACP countries into the world economy. They will build on and strengthen regional integration initiatives within ACP countries, as well as progressively remove barriers to trade between the ACP and the EU and enhance cooperation in all areas relevant to trade.

The ACP and the EU opened negotiations on Economic Partnership Agreements in September 2002. Since October 2003, [regional negotiations](#) are ongoing with the six regional groupings of ACP countries (West Africa, Central Africa, Eastern and Southern Africa, the Southern African Development Community, Caribbean, Pacific).

HIGHLIGHT OF SOME SPECIFIC MEASURES

Since 2000, the EC has committed over € 3 billion in trade related assistance and capacity building [see OECD-DAC database]. In the ACP region which regroups a majority of the LIFDCs, more than € 1 billion has been earmarked for TRA/CB over the same period. The European Union is by far the largest donor providing for more than 50% of overall Trade Related Assistance funding worldwide. If we take only the funding provided by the EU and managed by the European Commission, trade related projects were carried out in the period 1996-2000 to a total value of around € 640 million. In the period 2001-2004 the EU has committed € 3,3 billion for Trade Related Assistance, that is to say on average € 850 million per year. The EU has also pledged to do more in the future: speaking in Gleneagles in Scotland before the opening of the G8 Summit on 6 July 2005, José Manuel Barroso, the President of the European Commission, pledged to increase current and planned EC funding to 1 billion Euro per year to support the trading capacity of developing countries, recognising that multilateral trade liberalization has the potential to generate significant economic opportunities that could lift many people out of poverty, and that many developing countries are ill-equipped to take advantage of new export opportunities. In December 2005 the EU Council of Ministers committed to provide 1 billion euros a year in TRA from 2010. This is a substantial increase from the 400 million per year currently provided by European Member States and it matches the 1 billion euros per year from 2007 pledged by the European Commission at the Gleneagles summit this year. It means that total EU Trade Related Assistance will rise to 2 billion euros from 2010.

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Under the Cotonou Agreement, trade related technical assistance and capacity building is provided to the ACP at three different levels:

- The **national level** through co-operation with individual ACP countries: overall, €10 billion are earmarked for co-operation with individual ACP countries under the first five years of the Cotonou Agreement. Infrastructure is the prime sector of concentration of our cooperation, mobilising more than a quarter of total funding. Rural development and food security have traditionally also been an important sector of intervention, in particular in the LIFDCs. Mid-term review of the 9th EDF programming is ongoing and trade is increasingly mentioned as an area for possible support mainly within a non-focal sector of the country strategy papers. It is expected that more than € 300million will be earmarked for trade related assistance and capacity building. Support will be mainly provided in relation to the WTO agenda, the upcoming Economic Partnership negotiations and the wider trade mainstreaming and enhancement objectives. Trade facilitation, SPS and TBT issues are priority areas of concern.
- The **regional level** through co-operation with groupings of ACP countries and regional organisations: The most important regional organisations with an economic integration mandate in Africa, the Caribbean and the Pacific are supported by the EC through the provision of Trade Related Technical Assistance/Capacity Building (TRTA/CB). For the first five years of the new Cotonou Agreement, €0.9 bn have been allocated for regional activities. Trade related support and notably regional capacity building in connection with the multilateral negotiations, the negotiations of EPAs and regional trade issues and integration are a focal sector of our regional support programmes in all the ACP regions, amounting to €300million, to which should be added transport facilitation and other indirectly trade enhancing programmes.
- Through **horizontal** instruments accessible to **all ACP** countries : <A €10 million programme has been designed to support ACP countries during the new multilateral trade negotiations. In the context of the EPAs negotiations, an other programme of €20 million will support the ACP. An ACP antenna in Geneva has also been opened (funded from the European Development Fund) at the beginning of 2002, to assist the ACP group to co-ordinate their positions with regard to the WTO. Besides the country and region specific programmes and the various trade and private sector development programmes funded at these levels, some thematic programmes have also been conceived at a broader, all ACP level such as:
 - The pesticides initiative programme (€ 29million) to support the ACP horticultural sector meet international SPS standards (www.coleacp.org);
 - The fisheries programme (€ 43million) to assist the ACP fisheries sector meet international SPS standards;
 - The institutional support to the joint EC-ACP Centre for the Development of Agriculture (CTA) which aims at improving access to technologies for increasing agricultural productivity, commercialisation, food security and rural development;

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- The Special Framework of Assistance for the banana sector (a yearly amount of +/- € 60million until 2008, funded out of the EC Budget);
 - The support programme for the rum sector (€ 70million);
 - The rice support programme (€ 24million);
 - Various trade policy and trade negotiation support programmes which all include components relating to SPS and trade liberalisation issues in the agricultural sector, such as the € 10million support programme for WTO negotiations, the € 20million support programme for EPA negotiations and the € 50million Trade.Com institutional trade capacity building programme. The EC has launched in 1999, in co-operation with **FAO** and the **WTO**, a programme for *Training ACP Countries in Multilateral Trade Negotiations in Agriculture.* **Five Regional Seminars** were held in different locations reaching a total of **312 participants** from **62 ACP countries**.
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COMMITMENT VI

Measures taken to promote optimal allocation and use of public and private investments to foster human resources, sustainable food, agriculture, fishery and forestry systems.

Developed countries are requested to report as appropriate on measures taken

- a) towards the fulfilment of the agreed ODA target of 0.7% of GNP and to ensure that the flow of concessional funding is directed to economically and environmentally sustainable activities;
- b) to focus ODA towards countries that have a real need for it, especially low-income countries
- c) to intensify the search for practical and effective solutions to debt problems and support the initiatives to reduce external debt of Heavily-indebted Poor countries (HIPC).

The Monterrey Consensus, adopted by the International Conference on Financing for Development (FfD) in Mexico, 18-22 March 2002, concluded with a number of critical commitments "*to address the challenges of financing for development around the world, particularly in developing countries.*"

In the run-up to the UN Millennium Review Summit in September 2005 the EU took historic new commitments to accelerate progress on the Millennium Development Goals (MDG)⁸, building on the earlier Barcelona Commitments taken prior to the Monterrey Conference on Financing for Development in 2002. These decisions were essential to trigger commitments by others; they were widely acclaimed by our developing country partners, particularly because the results of the Summit itself remained below EU ambitions, notably as regards the financing for development segment. Subsequently the UN General Assembly agreed on a follow-up conference to take place between 2008 and 2009 to review further progress on the Monterrey consensus.

The new commitments will further reinforce the EU's position as the world's biggest aid donor and constituted fundamental elements of the 'European Consensus on Development'⁹ – and the EU Strategy for Africa¹⁰ agreed later in 2005. They comprise commitments to:

- **new targets for Official Development Assistance (ODA):** through progressive ODA increases the EU will collectively provide 0.56% of its GNI by 2010, as an intermediate step to achieving the UN target of 0.7% by 2015. This commitment is combined with the promise to **provide fifty percent of increased aid volumes to Africa;**

⁸ Council Conclusions of May 2005. '*Millenium Development Goals: EU Contribution to the Review of the MDGs at the UN 2005 High Level Event*'

⁹ Joint Statement by the Council and the Representatives of the Governments of the Member States meeting within the Council, the European Parliament and the Commission; Council Document 14820/05.

¹⁰ European Council of 15-16.12.2005 '*The EU and Africa: Towards a strategic partnership*' (document 15961/05 of 19.12.2005).

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- **pursue the efforts to restore debt sustainability** in the context of the enhanced Heavily Indebted Poor Countries (HIPC) initiative; for example through the Multilateral Debt Relief Initiative;
- better coordinated and **more effective aid** at EU level as well as implementation of the Paris Declaration on Aid Effectiveness;
- additional commitments concerning **innovative sources of financing** for development;
- take measures with regard to **untying of aid** to Least Developed Countries (LDC);
- examining, on the basis of the report of the Task Force on Global Public Goods, the **possibilities to establish by 2006 an Action Plan at EU level on the provision of priority International Public Goods (IPGs)** and agreeing to examine the financing modalities of the IPGs ;
- **support reforms of the International Financial Institutions** also by promoting a joint European position on enhancing the voice of developing and transition countries and further improving the quality of existing EU coordination; and
- **increasing trade-related assistance (TRA)**, for which the Council further specified commitments prior to the WTO Ministerial in Hong Kong¹¹.

The EU reports annually on the extent to which the EU Member States and the Commission implement the Barcelona Commitments and contribute to the FfD Process. Three monitoring reports have already been published on the state of play in the EU implementation of the Barcelona Commitments¹² providing comprehensive information by commitment and one is currently being finalised¹³. These reports show that the Union remains firmly engaged in the FfD process and is on track for meeting its 2006 targets for increase in the volume of Official Development Assistance (as a share of GNI). In addition, some Member States, which have not yet met the UN target of 0.7% ODA/GNI, have chartered new steps and set a timetable for reaching this goal.

In spite of a difficult budgetary situation in many Member States, the 25 EU countries increased their ODA by € 2.3 billion in 2004 compared to 2003 and provided **0.34% of their collective GNI**.

The EU ensures substantially higher levels than non-EU OECD/DAC donors (except for Norway and Switzerland) and remains well above the DAC average of 0.26%.
The roadmap to 2006 and beyond:

¹¹ "Aid for Trade" Council Document 15579/05 DEVGEN 250 RELEX 748 of 09.12.2005

¹² "Monitoring the Barcelona Commitments SEC 2003, (569), 15.5.2003, "Translating the Monterrey Consensus into practice: the contribution by the European Union, COM(204) 5.3.2004) and "Accelerating progress towards attaining the Millennium Development Goals - Financing for Development and Aid Effectiveness" SEC 2005, (453)(454)

¹³ "Financing for Development Aid Effectiveness – The challenges of scaling up EU aid 2006-2010; EU monitoring of Financing for Development Aid Effectiveness: Starting to deliver on the new commitments"

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Assuming that current trends continue, the European Commission estimates that in 2006 all of the current EU-15 Member States will have reached or exceeded the individual target of 0.33% ODA/GNI. The projected collective 2006 ODA/GNI ratio of the 15 Member States that participated in the EU commitments on Financing for Development in 2002 is 0.44.

The data available for new Member States, which have joined the Union on 1 May 2004, indicate that they provided 0.07% of their collective GNI in ODA in 2004. This may appear far off the targets for ODA/GNI ratios as set by the Barcelona commitments.

It must however be kept in mind that the acceding countries face special constraints and most have a GNI per capita which puts them in the Part II of the OECD/DAC classification. All acceding states have nevertheless started to make the transition to becoming donors and shoulder the part of the '*acquis communautaire*' relating to development policy, including the Barcelona Commitments. Initially, most of the ODA from the acceding countries was provided through the contributions to the EC (via the EU budget and the European Development Fund) and their contribution to multilateral institutions. The transition to also providing additional bilateral aid is gradual and differentiated taking account of the special situation of the 10 European countries that acceded to the EU in 2004.

Calculations on the basis of current studies suggest that the ten new member countries would increase the ODA contribution from 0.07% of their collective GNI in 2004 to 0.10% in 2006. This would represent little over doubling the nominal amount (from €308 million to a projected €556 million).

If the calculations outlined above hold true, the EU as a whole will provide 0.41 % of its collective GNI in ODA by 2006, or €46.4 billion. Thus, the Union would actually exceed the Barcelona targets, in spite of the changing landscape for development policy due to the 2004 enlargement. In comparison, the OECD/DAC estimates that the DAC average will be 0.30 ODA/GNI

Accrued focus of EU assistance on poverty reduction and sustainable development and on those countries that have a real need for it, especially low-income countries:

A new general policy framework, the European Consensus on Development¹⁴, has been approved committing the whole Union - that is both the Community and the Member States. The new European Consensus on Development identifies poverty eradication as the core, primary objective of the Union and provides a solid base for increasing coherence, coordination and aid effectiveness.

It should also be noted that the eradication of poverty in developing countries is one of the three main objectives of the EC development policy in the Amsterdam Treaty (art 177) together with two other goals: the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them, as well as the smooth and gradual integration of the developing countries into the world economy.

¹⁴ Joint Statement by the Council and the Representatives of the Governments of Member States meeting within the Council, the European Parliament and the Commission on European Development Policy: "the European Consensus on Development" of 20 December 2005.

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Indeed, since the end of 1990s, the EC has placed poverty reduction at the centre of country strategies. The main instrument to promote this are the CSPs, which are based on national development strategies and on PRSPs where appropriate (the latter in cooperation with the IMF/World Bank). This implies greater support for agreed public expenditure plans which are focused on poverty reduction.¹⁵

Debt relief

The EC has generously participated in the financing of the **HIPC** initiative, both as a donor and as a creditor.

The total amount pledged to the initiative so far is more than €1.6 billion. As a *donor*, the EC has committed € 934 million, of which € 834 million were effectively transferred to the HIPC Trust Fund. As a *creditor*, the EC has committed € 680 million, of which € 420 million were transferred to the EIB, in charge of implementing the debt relief on behalf of the EC. Out of these € 420 million, some € 213 million have so far effectively been disbursed for debt relief. This amount contains a contribution of € 60million to the LDC initiative by which 100% relief is granted on the EC special loans to the eligible least developed ACP countries.

The EC has also actively participated in the efforts made by the international community of donors and creditors to assist Burundi, the Republic of Congo and the Democratic Republic of Congo in clearing its arrears owed to multilateral institutions in order to attain the HIPC decision point. The EC has contributed both as a creditor, and as a donor.

However, major concerns regarding the level of indebtedness of poor countries remain and require further reflection and action. The more short-term aspect pertains to the overall funding of the HIPC initiative, which is not fully secured. The other more long-term and increasingly pressing aspect concerns the emerging consensus that, despite several extensions, the HIPC initiative will not suffice to ensure sustainable debt levels for poor countries in the long run. Efforts must now concentrate on developing forward-looking strategies to tackle the issues at stake:

Despite the latest extension of the sunset clause to the end of 2006, which could benefit a minimum of eleven more countries, several countries, mostly in post-conflict situations, will may still remain excluded from the HIPC initiative. The EC supports the view that the international community should seek tailor-made options for the needs of these countries.

Detailed analysis reveals that some countries, after their graduation from HIPC, remain or return to debt distress situations, and are particularly vulnerable to exogenous shock. The EC is proposing to explore the possibility of using a temporary debt service relief facility to alleviate the effects of **exogenous shocks** on these countries.

Finally the EC has contributed to the international debates on debt issues by publishing the consultancy study on **“Beyond HIPC”** (available on the web page of DG Development¹⁶). Concerning the link between debt relief and allocation of aid, a first conclusion of the study is that debt relief seems to have affected the allocation of aid across poor countries. In this context, the study explored the link between debt relief, poverty prevalence and policy

¹⁵ The EU has been particularly active in the preparation of Poverty Reduction Strategy Papers (PRSPs), a concept launched by the World Bank to provide a framework for mainstreaming poverty reduction in government and donor policies and to ensure donors co-ordination.

¹⁶ The report is available at the thematic site under the heading “Useful documents” at http://europa.eu.int/comm/development/body/theme/hipc/index_en.htm

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performance. The conclusions are that within the group of HIPC countries: (i) there is little correlation between the level of poverty and the amount of debt relief and (ii) within the group of HIPC countries, those benefiting most are not the best performers in terms of policy and institutions. Another interesting conclusion of the report is that there is currently no clear evidence of additionality of debt relief to ODA, but it is probably too early to draw clear-cut conclusions. Furthermore, the way in which debt relief is currently accounted for seems to lead to an overstatement of the value of aid received by HIPC countries.
