



Emergency Humanitarian Aid Decision
23 02 01

Title: Emergency assistance to the vulnerable groups suffering from food shortages in Malawi

Location of operation: MALAWI

Amount of Decision: EUR 5,000,000

Decision reference number: ECHO/MWI/BUD/2005/01000

Explanatory Memorandum

1 - Rationale, needs and target population.

1.1. - Rationale :

Malawi is a chronically vulnerable country, with a limited resource base, a relatively small surface area (118.500 km²) and a comparatively large population of more than 12 million, which is growing at a rate of about 2.2 % a year. The average size of a household plot of land is only about 0.4 h, which is insufficient to sustain household food security – even in normal times - without additional inputs such as fertilizer. This vulnerability is further exacerbated by the fact that Malawi is land-locked, which increases transport costs of all imports, and by the crippling rates of HIV prevalence of about 18 % among the normally most economically productive segments of the population. The 2005 Human Development Index puts Malawi in 165th place out of 177 countries, with a life expectancy at birth of 39.7 years. Furthermore, Malawi is classified as 46th out of 137 countries (score 2, with 3 for child mortality) on DG ECHO's own GINA scale.

Malawi, together with other countries of the southern African sub-region, suffered its last major drought in 2002-2003, which resulted in the near total depletion of the coping mechanisms of the most vulnerable population groups, and which have not yet been fully recovered. This year, however, Malawi has experienced the lowest crop production of the past 7 years, with the estimated 2005 production (1.25 million tonnes) of the most important staple crop, maize, being the lowest in a decade and some 26 % below the already relatively poor 2004 harvest. The Malawian Vulnerability Assessment Committee (MVAC) report of

July 2005 estimated that approximately 4.2 million people¹ - 34 % of the population – have insufficient production or income to meet their minimum food requirements from now until the next harvest in March 2006, and will require some form of food assistance.

The Government of Malawi and development/humanitarian donors had established a two-case scenario for purposes of assessing need and planning the response : in the best-case scenario, whereby the average price of maize remains at 23 Malawi kwacha/kg (100 MKW = EUR 0.66), the humanitarian food need would be at a level of 270,000 MT. However, if maize prices increase and the country slips into the worst-case scenario, a further 150,000 MT of maize would be needed. Even in mid-September, reports suggested that certain areas in the south of Malawi (Mwanza, Thyolo and Chikwawaw) might already moving towards the latter scenario, with prices up to 36 or even 40 MKW/kg, 8 months before the 2006 harvest.

These increasing prices place access to food even further out of the reach of the most vulnerable households, many of whom are already affected and weakened by HIV and AIDS, and who often have to choose between buying food and buying medicines. The majority of those at risk are children.

Food aid distributions started in many parts of the south in June 2005, with the World Food Programme distributing food in seven of the 17 districts, targeting more than 500.000 beneficiaries. Distributions in the Central region, where initial reports around Kasungu suggest a marked increase in admissions to Nutritional Rehabilitation Units (NRUs), are due to begin in December.

Against this background, the Government of Malawi and international donors have been coordinating a response in order to stabilise the nutritional situation and prevent its further deterioration. On August 30th, the UN launched a Flash Appeal for a total of US\$ 87.8 million in support of the Government's two-pronged approach to the food crisis, i.e. to address the immediate food needs until the next harvest by distributing food aid and providing nutritional support, whilst at the same time intending to increase local production with a view to minimising the prospect of another food crisis next year, by distributing seed and fertilizer at subsidised rates, or free of charge to the one million most vulnerable households who cannot afford even that. By addressing the underlying causes of the food crisis as well as the immediate emergency needs, the Government's programme lays the foundation for Malawi to achieve long-term food security. International donors, such as the European Commission, have been traditionally supportive of annual seeds and fertilizer distribution, as well as in the management of the Strategic Grain Reserve.

In spite of the coordinated response, the situation has continued to deteriorate : rising demand for maize in the southern region has impacted on commercial market prices, forcing the state grain marketer, ADMARC, to ration maize sales as of mid-September, whilst the cancellation by the Government of a US\$ 30 million deal with a Saudi company to buy the much-needed fertilizer for the current planting season could put the 2006 harvest at risk. Moreover, problems with access to food began to be reported in the north of the country. The Government of Malawi finally declared a state of disaster in all 28 districts of Malawi on 15th October.

¹ Of which 2.9 million under 18 and 750.000 under 5. Average Global Acute Malnutrition (GAM) is 7 %, or 144.000 under 5's, and Severe Acute Malnutrition is about 2 %. More than 45 % of children under 5 are stunted due to chronic malnutrition, and almost 22 % are underweight.

1.2. - Identified needs :

Rapid emergency assistance in the form of nutritional support and monitoring, as well as emergency water and sanitation interventions are required to prevent the nutritional situation of the most vulnerable groups deteriorating even further. This nutritional support may comprise therapeutic and supplementary feeding, the distribution of food packages where appropriate, and will particularly target additional support to NRU's, to the Community-based Therapeutic Care interventions (CTC's), and to local production of ready-to-use therapeutic food (RUTC) used in the CTCs, which were an important plank of the LRRD process subsequent to the last drought. It may also encompass supplementary food aid to targeted HIV sufferers undergoing anti-retroviral treatment in view of the pronounced cumulative beneficial effects of proper nutrition, particularly in the first months of treatment. Water and sanitation interventions will particularly focus on the rehabilitation of existing water points and latrines, and on chlorination and hygiene activities. The distribution of emergency agricultural inputs such as seeds, tools and especially fertilizer is further required to secure the 2005 planting season, in order to provide vulnerable Malawians with the possibility of a harvest in 2006. Here again, the agricultural inputs provided, such as lightweight treadle pumps for irrigation, will be adapted to facilitate planting and harvesting by households whose productive capacity is weakened by HIV/AIDS, in order to provide them with a more nutritive and balanced diet and the possibility of some income-generating crops (e.g. vegetables, beans, chickpeas, groundnuts; lightweight tools). The provision of small livestock at household level can also be considered as another way of diversifying away from the maize mono-culture.

Furthermore, and in view of the very high transport costs prevailing in Malawi, which generally represent a large proportion of any delivered/distributed cost, there is a need to also support the logistics involved in food aid interventions.

In order to make emergency assistance sustainable, the type of intervention to be funded from this decision needs to be linked to longer-term development policies, which the Government has a prime responsibility to design in order to address vigorously the causes of chronic vulnerability and poverty of its population. This approach also fits the LRRD context which aims to ensure the coherence and consistency of EC funding.

1.3. - Target population and regions concerned :

This decision will support interventions targeted at the most vulnerable population groups, mainly in the southern and central regions. Among the more than 4 million people estimated to be at risk of food shortages, DG ECHO-funded interventions will specifically aimed at preventing a further deterioration of the nutritional situation of the most vulnerable groups, including child-, and grandparent-headed households, as well as those with only one adult or with an adult undergoing ARV treatment. In view of the high percentage of children under 5 estimated to be at risk, it is fair to say that children will be the major beneficiaries of this decision.

1.4. - Risk assessment and possible constraints :

Humanitarian interventions in Malawi generally do not encounter risks due to security or access, though some roads may be impassable in January-February due to flooding. A major

constraint, however, may be the increasing price of the inputs associated with supply-side commercial practices on local and sub-regional markets. Though the issue of genetically modified produce has been an obstacle in parts of the sub-region in the past, this does not appear to be the case in Malawi. A major risk, not directly linked to the implementation of this decision or to the best efforts of Government and donors, but rather to the numbers involved, is that the nutritional situation may deteriorate anyway.

2 - Objectives and components of the humanitarian intervention proposed: ²

2.1. - Objective(s) :

Principal objective: To save and preserve life and to provide the necessary assistance and relief to the vulnerable groups suffering from food shortages in Malawi

Specific objective(s):

- To assist emergency food aid, nutrition, water and sanitation and emergency food security operations to vulnerable groups, and to support logistical arrangements for such operations.

2.2. - Components :

- Nutritional support, including accurate tracking of emergency needs through nutritional monitoring and surveillance, with particular attention to additional support to NRUs and CTC programmes;
- Supplementary food inputs, including to HIV sufferers on ARV treatment ;
- Agricultural inputs, as and when appropriate, particularly including fertilizer and irrigation pumps ;
- Water and sanitation interventions in support of nutritional activities ;
- Logistical support

3 - Duration expected for actions in the proposed Decision:

The duration of humanitarian aid operations shall be maximum 6 months from their start date.

Expenditure under this Decision shall be eligible from 15th October 2005, date at which the Government of Malawi declared a state of national disaster.

Start Date : 15 October 2005

If the implementation of the actions envisaged in this Decision is suspended due to *force majeure* or any comparable circumstance, the period of suspension will not be taken into account for the calculation of the duration of the humanitarian aid operations.

² Grants for the implementation of humanitarian aid within the meaning of Council Regulation (EC) No.1257/96 of 20 June 1996 concerning humanitarian aid are awarded in accordance with the Financial Regulation, in particular Article110 thereof, and its Implementing Rules in particular Article168 thereof (Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002, OJ L248 of 16 September 2002 and No 2342/2002 of 23 December 2002, OJ L 357 of 31 December 2002).
Rate of financing: In accordance with Article169 of the Financial Regulation, grants for the implementation of this Decision may finance 100% of the costs of an action.

Depending on the evolution of the situation in the field, the Commission reserves the right to terminate the agreements signed with the implementing humanitarian organisations where the suspension of activities is for a period of more than one third of the total planned duration of the action.

4 - Previous interventions/Decisions of the Commission within the context of the current crisis

The following is a summary of contributions from the different EC funding sources over the past two years, which total EUR 21.8 million (of which EUR 5 million for safety nets and EUR 16.8 million for food aid).

- EUR 3 million contribution to the EC/DfID procurement of 31,000 MT for the replenishment of the Strategic Grain Reserve (SGR) in April 2005, from the financial reserve established by the 2002 Food Aid.
- EUR 2 million as the EC contribution towards the recent EC/DfID/GoM 93,000 MT tender, funded from the first year of the Multi-Annual Food Security Programme (MAFSP) 2004-2006.
- EUR 3 million to replenish the Strategic Grain Reserve by 15,000 MT in 2006, so as to allow a draw down to meet humanitarian needs for October 2005, funded from balances of the MAFSP 2001-2004 and the Food Aid 2002 allocation.
- SPRINT, a safety net programme totalling EUR 4.5 million that will work alongside the existing Income Generating Public Works Programme (IGPWP), funded from the MAFSP 2004-2006.
- EUR 0.5 million small-scale irrigation project for diversified winter cropping in drought affected areas in the south. This is financed from the MAFSP 2001-2004
- EUR 4.8 million B envelope, which should be channelled through WFP. This represents the remaining funds of the B envelope.
- EUR 4 million contribution to WFP in Malawi from the global WFP envelope managed by AIDCO in order to meet distribution costs of the humanitarian response.

Furthermore, a financing proposal to the tune of EUR 15 million has been prepared, representing the 2006 instalment of the MAFSP.

The coordinated and coherent approach followed by the European Commission and other donors as demonstrated above indicates that DG ECHO will be in a position to apply an exit strategy as soon as the current nutritional crisis has stabilised.

From 2002-2004, DG ECHO funded nutrition, food security, cholera preparedness and water and sanitation activities in Malawi for a total of EUR 5.4 million. The last previous interventions ended in June 2004, when the remaining nutrition activities were taken over by longer-term funding from the Food Security budget line

5 - Other donors and donor co-ordination mechanisms.

Donors in MALAWI the last 12 months					
1. EU Members States (*)		2. European Commission		3. Others	
	EUR		EUR		EUR
Austria		DG ECHO	0		
Belgium	300,000	Other services	21,800,000		
Cyprus					
Czech Rep					
Denmark					
Estonia					
Finland					
France					
Germany	684,955				
Greece					
Hungary					
Ireland	1,775,844				
Italy					
Latvia					
Lithuania					
Luxemburg	336,000				
Malta					
Netherlands					
Poland					
Portugal					
Slovakia					
Slovenie					
Spain					
Sweden	1,713,800				
United kingdom					
Subtotal	4,810,599	Subtotal	21,800,000	Subtotal	0
		Grand total	26,610,599		

Dated : 19/10/2005

(*) Source : DG ECHO 14 Points reporting for Members States. <https://hac.cec.eu.int>

Empty cells means either no information is available or no contribution.

6 - Amount of decision and distribution by specific objectives:

6.1. - Total amount of the decision: EUR 5,000,000

6.2. - Budget breakdown by specific objectives

Principal objective: *To save and preserve life and to provide the necessary assistance and relief to the vulnerable groups suffering from food shortages in Malawi*

Specific objectives	Allocated amount by specific objective (EUR)	Geographical area of operation	Potential partners³
----------------------------	---	---------------------------------------	---------------------------------------

³ ACCION CONTRA EL HAMBRE, (ESP), CARE INTERNATIONAL DEUTSCHLAND E.V. (DEU), CONCERN WORLDWIDE, (IRL), MEDECINS SANS FRONTIERES BELGIQUE/ARTSEN ZONDER GRENZEN BELGIE(BEL), INTERNATIONAL FEDERATION OF THE RED CROSS AND RED CRESCENT SOCIETIES, OXFAM (GB), THE SAVE THE CHILDREN FUND (GBR), SOS-KINDERDORF, UNICEF, UNITED NATIONS - FOOD AND AGRICULTURE ORGANIZATION, UNITED NATIONS - WORLD FOOD PROGRAMME

<p>Specific objective 1: To assist emergency food aid, nutrition, water and sanitation and emergency food security operations to vulnerable groups, and to support logistical arrangements for such operations.</p>	<p>5,000,000</p>	<p>National, with particular attention to south and central regions</p>	<ul style="list-style-type: none"> - ACH- ESP - CARE - DEU - CONCERN WORLDWIDE - IFRC - MSF - BEL - OXFAM - UK - SAVE THE CHILDREN – UK - SOS KINDER DORF - UN - FAO-I - UN - UNICEF - BEL - UN - WFP-PAM
<p>TOTAL:</p>	<p>5,000,000</p>		

7 - Budget Impact article 23 02 01

-	CE (EUR)
Initial Available Appropriations for 2005	476,500,000
Supplementary Budgets	
Reinforcement from Emergency aid reserve	100,000,000
Transfers Commission	3,500,000
Total available appropriations	573,000,000
Total executed to date (as at 19/10/2005)	546,613,870
Available remaining	26,386,130
-Total amount of the Decision	5,000,000

COMMISSION DECISION
of
on the financing of emergency humanitarian operations from the general budget of the
European Union in
MALAWI

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,
Having regard to Council Regulation (EC) No.1257/96 of 20 June 1996 concerning humanitarian aid⁴, and in particular Article 13 thereof,

Whereas:

- (1) Malawi has suffered the poorest harvests for 7 years due to drought ;
- (2) An estimated 4.200.000 people, or 34 % of the population, are at risk of food shortages, with eight months still to go before the 2006 harvest. The majority of those at risk are children ;
- (3) The vulnerability of the poorest segments of the population is exacerbated by HIV/AIDS ;
- (4) It is therefore necessary to provide nutritional and emergency agricultural support, reinforced by water and sanitation interventions, in order to prevent a further deterioration of the humanitarian situation ;
- (5) Humanitarian aid operations financed by this Decision should be of a maximum duration of 6 months.
- (6) It is estimated that an amount of EUR 5,000,000 from budget line 23 02 01 of the general budget of the European Union is necessary to provide humanitarian assistance to over 500,000 of those most at risk, taking into account the available budget, other donors contributions and other factors.

HAS DECIDED AS FOLLOWS:

Article 1

1. In accordance with the objectives and general principles of humanitarian aid, the Commission hereby approves a total amount of EUR 5,000,000 for emergency humanitarian aid operations to provide the necessary assistance and relief to vulnerable groups suffering food shortages due to drought in MALAWI by using line 23 02 01 of the 2005 general budget of the European Union.

2. In accordance with Article 2 (a) of Council Regulation No.1257/96, the humanitarian operations shall be implemented in the pursuance of the following specific objective:
 - To assist emergency food aid, nutrition, water and sanitation and emergency food security operations to vulnerable groups and to support logistical arrangements for such operations

The total amount of this decision is allocated to this objective

Article 2

1. The implementation of humanitarian aid operations funded by this Decision shall have a maximum duration of 6 months from their starting date.
2. Expenditure under this Decision shall be eligible from 15th October 2005.
3. If the operations envisaged in this Decision are suspended owing to force majeure or comparable circumstances, the period of suspension shall not be taken into account for the calculation of the duration of the humanitarian aid operations.

Article 3

This Decision shall take effect on the date of its adoption.

Done at Brussels,

For the Commission

Member of the Commission