



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels  
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**COMMISSION DECISION**

**of**

**on the financing of emergency humanitarian Actions from the general budget of the  
European Communities in LAO PDR**

(ECHO/-FA/BUD/2009/05000)

## COMMISSION DECISION

of

### on the financing of emergency humanitarian Actions from the general budget of the European Communities in LAO PDR

(ECHO/-FA/BUD/2009/05000)

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 aid<sup>1</sup>, and in particular Article 2(a) and Article 13 thereof:

Whereas:

- (1) A substantial rodent infestation linked to the bamboo flowering - a phenomenon which occurs at unpredictable time intervals in South East Asia – has resulted in massive and widespread loss of crops and food stocks in seven Northern provinces of Laos;
- (2) The 2008 harvest failure, the loss of agriculture-related sources of income, the destruction of food stocks as well as the adoption of unsustainable coping mechanisms by farmers have progressively led to acute food insecurity for about 110,000 people, mainly vulnerable ethnic minorities living in remote upland areas and dependent on subsistence agriculture;
- (3) The lack of a food security surveillance system at national and local level has allowed the situation to worsen progressively in these areas so as to reach a critical status, while remaining largely unnoticed to the international community;
- (4) The measures implemented by the Government managed to cover only a limited part of the needs and the Government has now called for support by WFP (World Food Programme) to assist the affected populations;
- (5) Field assessments conducted in April-May 2009 by WFP and other country-based non-governmental organisations identified widespread rodent damage to entire upland harvests, alerting on the humanitarian impact of the rodent infestation in Northern provinces;
- (6) A European Commission's field assessment mission, dispatched to Laos in the first week of May, confirmed in its report of 18 May 2009 the need for urgent assistance and for immediate food distributions, to allow the affected populations to bridge the food gap until the next harvest October 2009;

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

- (7) To reach populations in need, humanitarian aid should be channelled through Non-Governmental Organisations (NGOs) and International Organisations including United Nations (UN) agencies. Therefore the European Commission should implement the budget by direct centralized management or by joint management;
- (8) Humanitarian aid Actions financed by this Decision should be of a maximum duration of 6 months;
- (9) It is estimated that an amount of EUR 1,500,000 from budget article 23.02.02 of the general budget of the European Communities is necessary to provide humanitarian assistance to approximately 110,000 people in 7 Northern provinces of Laos, taking into account the available budget, other donors' contributions and other factors. The activities covered by this Decision may be financed in full in accordance with Article 253 of the Implementing Rules of the Financial Regulation;
- (10) The present Decision constitutes a financing Decision within the meaning of Article 75 of the Financial Regulation (EC, Euratom) No 1605/2002<sup>2</sup>, Article 90 of the detailed rules for the implementation of the Financial Regulation determined by Regulation (EC, Euratom) No 2342/2002<sup>3</sup>, and Article 15 of the internal rules on the implementation of the general budget of the European Communities<sup>4</sup>.

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 1,500,000 for the financing of emergency humanitarian Actions in Lao People's Democratic Republic from budget article 23.02.02 of the 2009 general budget of the European Communities.
2. In accordance with Article 2(a) of Council Regulation No.1257/96, the principal objective of this Decision is to save and preserve the lives of the populations affected by the rodent outbreak in Lao PDR. The humanitarian Actions shall be implemented in the pursuance of the following specific objective:
  - To safeguard the lives of people suffering from the rodent-related food shortage through the provision of emergency food assistance.

The full amount of this Decision is allocated to this specific objective.

*Article 2*

1. The period for the implementation of the Actions financed under this Decision shall start on 18 May 2009. Expenditure under this Decision shall be eligible from the same date. The duration of individual humanitarian aid Actions financed under this Decision shall be limited to a maximum of six months.

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<sup>2</sup> OJ L 248, 16.9.2002, p.1.

<sup>3</sup> OJ L 357, 31.12.2002, p.1.

<sup>4</sup> Commission Decision of 5.3.2008, C/2008/773

2. If the implementation of individual Actions is suspended owing to force majeure or other exceptional circumstances, the period of suspension shall not be taken into account in the implementing period of the Decision in respect of the Action suspended.
3. In accordance with the contractual provisions ruling the Agreements financed under this Decision, the Commission may consider eligible those costs arising and incurred after the end of the implementing period of the Action which are necessary for its winding-up.

#### *Article 3*

1. In accordance with Article 253 of the Implementing Rules and having regard to the urgency of the Action, the availability of other donors and other relevant operational circumstances, funds under this Decision may finance humanitarian Actions in full.
2. Actions supported by this Decision will be implemented either by non-profit making organisations which fulfil the eligibility and suitability criteria established in Article 7 of Council Regulation (EC) No. 1257/96 or by International organisations.
3. The Commission shall implement the budget either by direct centralised management with Non-governmental Organisations, or by joint management with International Organisations that are signatories to the Framework Partnership Agreements (FPA) or the EC/UN Financial Administrative Framework Agreement (FAFA) and which were subject to the four pillar assessment in line with Article 53d of the Financial Regulation.

#### *Article 4*

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

Done at Brussels

*For the Commission  
Member of the Commission*



**Emergency Humanitarian Aid Decision**  
**23 02 02**

Title: Commission Decision on the financing of emergency humanitarian Actions from the general budget of the European Communities in LAO PDR

Location of Action: LAO PDR

Amount of Decision: EUR 1,500,000

Decision reference number: ECHO/-FA/BUD/2009/05000

## **Supporting Document**

### **1 - Rationale, needs and target population.**

#### 1.1. - Rationale:

A major rodent infestation in Northern Laos caused by the bamboo flowering (a phenomenon which occurs at unpredictable time intervals), has destroyed upland rice crops, cash crops as well as food stocks in granaries and homes, as rodents feed themselves on anything edible, which includes green and ripening rice paddy, cereals, vegetables, as well as stored and planted seeds.

Due to this severe crop and stock destruction by rodents, in particular during the past monsoon season and immediate post harvest, villages in Northern Laos are experiencing an acute food scarcity, exacerbating high levels of poverty and vulnerability. Villages are facing severe shortages of their staple food (rice) and increased debt due to the 2008 harvest failure.

Villagers are resorting to unsustainable coping mechanisms, such as reducing food consumption, increasing reliance on gathering non-timber forest products for consumption and sale, increasing reliance on income from day labour, selling available assets including livestock. The feasibility of these coping strategies eventually reached a critical point and many communities have now exhausted food stocks, while household assets have been severely eroded.

The remoteness and isolation of the affected areas, inhabited by ethnic minorities (among them Hmong), their low representation in the local public eye, and above all the lack of a proper food security surveillance system at national and local level, have allowed the situation to worsen progressively in these areas, while remaining completely unnoticed by the international community.

The weak field presence of international agencies in the affected areas has played a major role in the unfolding of this slow-onset crisis. Non Governmental Organisations need a signed Memorandum of Understanding with the Government before starting any field activities. This is an extremely lengthy bureaucratic procedure which makes the operational context challenging. In addition, most of the agencies were taken up with the response to the August 2008 floods (tropical storm Kammuri).

## 1.2. - Identified needs:

Despite steady economic growth over the last 15 years, the nutritional status of the Lao population is still a matter of concern. In Laos – Least Developed Country among the poorest in the region - food insecurity affects 13% of the population and an additional 50% of rural households are considered at risk of becoming food insecure if a shock affects their livelihood<sup>1</sup>. Stunting is alarmingly high and every second child under 5 in rural areas is chronically malnourished. The most affected are the non Lao-Tai ethnic groups.

Northern provinces – mainly mountainous and remote areas where shifting cultivation (upland rice) is the predominant land use - are those experiencing major rice deficits annually. Here the most represented ethnic groups are the Austroasiatic and Hmong Mien. These groups are characterised by high levels of chronic malnutrition (55% and 54% respectively) and extreme vulnerability to livelihood shocks.

Field assessments conducted in April-May 2009<sup>2</sup> identified widespread rodent damage to entire upland harvests, a general decline in the income generation opportunities in all the affected areas (e.g. falling demand for casual labour; less availability of non-timber forest products; cash crop prices falling in parallel with rising rice prices) and also a generally difficult access to markets by the affected communities, due to their remoteness. Thus the rodent damage aggravates the chronic food insecurity, pushing people beyond the point where they are able to survive.

Following alerts on the worsening of the food security situation in upland provinces during the month of April 2009, an EC field assessment mission<sup>3</sup> was dispatched to Laos in the first week of May. On 18 May, the findings of the mission were released to relevant stakeholders. The mission witnessed the unusually high level of food shortage in all the villages where rodent outbreaks were more intense and long-lasting (with 75% of the households reporting

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<sup>1</sup> WFP, "Comprehensive Food Security and Vulnerability Analysis (CFSVA) - Lao PDR" (Vientiane, 2006).

<sup>2</sup> WFP (EFSA – Emergency Food Security Assessment "Rodent outbreak in the Northern Uplands Lao PDR - March 2009" - circulated on 7 April 2009); CARE (Food Insecurity caused by Rodent Outbreak in Northern Uplands of the Lao People's Democratic Republic - Rapid Assessment in Ngeun and Xienghon Districts, Sayabouly Province, 8-11 April 2009 – internal document, 25 April 2009); EC situation report (18 May 2009).

<sup>3</sup> Joint field assessment mission by the Directorate General for Humanitarian Aid (ECHO - Regional Food Coordinator), EC Delegation in Lao PDR and WFP representatives (5-8 May 2009).

rice losses between 50% and 100%), as well as the limited local response capacity (with only 5% of the needs covered by the Government), and identified the need for immediate food assistance before any further deterioration in the affected populations' food intake.

The rainy season, expected for the end of June, will further exacerbate the food crisis, with a substantial reduction in the availability of day labour work, access to forest products, wild food and distant markets.

It is therefore necessary to provide immediate food assistance to the affected populations, allowing them to meet their basic nutritional needs and bridge the current food gap until the next harvest (October 2009), on the assumption that the harvest will restore acceptable livelihood levels.

An inter-agency in depth assessment is necessary to compensate the assessments conducted so far, in order to determine the exact damage and the prospects for recovery. In parallel, appropriate steps are being taken to identify and mobilise available funding instruments in the area of food security, notably in the event of a further, substantial harvest failure in the affected areas.

While attention is paid to ensure complementarity between this short short-term emergency food aid intervention and other ongoing initiatives supporting long-term solutions to food insecurity in Laos, the slowly-unfolding nature of the current food crisis has highlighted the need for setting up indispensable monitoring and prevention mechanisms that are currently lacking: in particular, the set-up of a country-wide food security monitoring system and rodent-related research, protection and control measures. Existing EC instruments, such as the Food Security Thematic Programme and the Food Facility, offer opportunities to address such needs. The inclusion of these issues on the agenda of the local agriculture sector coordination mechanisms supported by the EC country programme will be actively promoted.

This intervention has also potential to trigger other donors' attention to the present rodent-related crisis, attention that has been rather limited so far.

### 1.3. - Target population and regions concerned:

Approximately 110,000 vulnerable people in 7 Lao Northern provinces (Oudomxay, Luang Prabang, Sayabouli, Huaphan, Phongsaly, Luang Namtha, and Bokeo) require rice distributions. Target villages will be prioritised according to the severity of the damage using a number of food security criteria, including yearly rice shortages of 7 months or more.

### 1.4. - Risk assessment and possible constraints:

This intervention presents significant logistical constraints due to the difficulty of access to remote upland areas during the rainy season. The availability and effectiveness of logistical partners at local level will be a main contributing factor to the success of the intervention.

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

### 2.1. - Objectives:

Principal objective:

To save and preserve the lives of the populations affected by the rodent outbreak in Lao PDR.

Specific objective:

To safeguard the lives of people suffering from the rodent-related food shortage through the provision of emergency food assistance.

### 2.2. - Components:

Food assistance, consisting of at least two rounds of rice distributions (indicatively 5,100 MT rice, an average of 45 kg/beneficiary), allowing the target populations meet their basic subsistence needs.



### 3 - Duration expected for Actions in the proposed Decision:

The duration of humanitarian aid Actions shall be 6 months.

Expenditure under this Decision shall be eligible from 18 May 2009.

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 Actions.

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. In this respect, the procedure established in the general conditions of the specific agreement will be applied.

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

List of previous DG ECHO operations in LAOS				
Decision Number	Decision Type	2007 EUR	2008 EUR	2009 EUR
ECHO/-AS/BUD/2008/02000 (*)	Emergency		500,000	
ECHO/DIP/BUD/2008/02000 (**)	Non Emergency		215,050	
	Subtotal	0	715,050	0
	Grand Total		715,050	

Dated : 12 June 2009

Source : HOPE

(\*) decisions with more than one country  
(\*\*) decision with more than one country and with regional components also covering Laos. The figure in the table refers to the specific country allocation.

## 5 - Overview of donors' contributions

Donors in LAOS the last 12 months					
1. EU Members States (*)		2. European Commission		3. Others	
	EUR		EUR		EUR
Austria		DG ECHO	500,000	Australia	256,937
Belgium		Other services			
Bulgaria					
Cyprus					
Czech republic					
Denmark	267,857				
Estonia					
Finland					
France					
Germany					
Greece					
Hungary					
Ireland					
Italy	167,000				
Latvia					
Lithuania					
Luxemburg					
Malta					
Netherlands					
Poland					
Portugal					
Romania					
Slovakia					
Slovenie					
Spain					
Sweden	807,168				
United kingdom					
Subtotal	1,242,025	Subtotal	500,000	Subtotal	256,937
		Grand total	1,998,962		

Dated : 12 June 2009

(\*) Source : DG ECHO 14 Points reporting for Members States. <https://webgate.ec.europa.eu/hac>

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

In addition, under the bilateral development cooperation programme (MIP 2007-2010), a number of mid term interventions are in preparation for funding in 2009 specifically targeting food insecure rural areas. Under the Food Facility EUR 5,800,000 have so far been allocated to Lao PDR.

## 6 - Amount of Decision and distribution by specific objectives:

### 6.1. - Total amount of the Decision: EUR 1,500,000

## 6.2. - Budget breakdown by specific objectives

<b>Principal objective:</b> To save and preserve the lives of the populations affected by the rodent outbreak in Lao PDR			
<b>Specific objectives</b>	<b>Allocated amount by specific objective (EUR)</b>	<b>Geographical area of operation</b>	<b>Potential partners<sup>4</sup></b>
Specific objective 1: To safeguard the lives of people suffering from the rodent-related food shortage through the provision of emergency food assistance.	1,500,000	LAO PDR	<u>Direct centralised management</u> - CARE - AUT - CROIX-ROUGE - FRA - HELPAGE INTERNATIONAL - UK  <u>Joint management</u> - WFP-PAM
TOTAL: EUR 1,500,000			

<sup>4</sup> CARE ÖSTERREICH - VEREIN FÜR ENTWICKLUNGSZUSAMMENARBEIT UND HUMANITÄRE HILFE, CROIX-ROUGE FRANCAISE, HELPAGE INTERNATIONAL (GBR), WORLD FOOD PROGRAM

## **7 – Evaluation**

Under article 18 of Council Regulation (EC) No.1257/96 of 20 June 1996 concerning humanitarian aid the Commission is required to "regularly assess humanitarian aid Actions financed by the Community in order to establish whether they have achieved their objectives and to produce guidelines for improving the effectiveness of subsequent Actions." These evaluations are structured and organised in overarching and cross cutting issues forming part of DG ECHO's Annual Strategy such as child-related issues, the security of relief workers, respect for human rights, gender. Each year, an indicative Evaluation Programme is established after a consultative process. This programme is flexible and can be adapted to include evaluations not foreseen in the initial programme, in response to particular events or changing circumstances. More information can be obtained at:

[http://ec.europa.eu/echo/policies/evaluation/introduction\\_en.htm](http://ec.europa.eu/echo/policies/evaluation/introduction_en.htm).

## **8. Management issues**

Humanitarian aid Actions funded by the Commission are implemented by NGOs and the Red Cross National Societies on the basis of Framework Partnership Agreements (FPA), by Specialised Agencies of the Member States and by United Nations agencies based on the EC/UN Financial and Administrative Framework Agreement (FAFA) in conformity with Article 163 of the Implementing Rules of the Financial Regulation. These Framework Agreements define the criteria for attributing grant Agreements and financing Agreements in accordance with Article 90 of the Implementing Rules and may be found at [http://ec.europa.eu/echo/about/actors/partners\\_en.htm](http://ec.europa.eu/echo/about/actors/partners_en.htm).

For NGOs, Specialised Agencies of the Member States, Red Cross National Societies and International Organisations not complying with the requirements set up in the Financial Regulation for joint management, Actions will be managed by direct centralised management.

For International Organisations identified as potential partners for implementing the Decision, Actions will be managed under joint management.

Individual grants are awarded on the basis of the criteria enumerated in Article 7.2 of the Humanitarian Aid Regulation, such as the technical and financial capacity, readiness and experience, and results of previous interventions.