



EUROPEAN COMMISSION

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**COMMISSION IMPLEMENTING DECISION**

**of**

**on the financing of emergency humanitarian actions in the Democratic People's  
Republic of Korea from the general budget of the European Union**

**(ECHO/PRK/BUD/2011/01000)**

## COMMISSION IMPLEMENTING DECISION

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### on the financing of emergency humanitarian actions in the Democratic People's Republic of Korea from the general budget of the European Union

(ECHO/PRK/BUD/2011/01000)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No.1257/96 of 20 June 1996 concerning humanitarian aid <sup>1</sup>, and in particular Articles 2(a) and 13 thereof;

Whereas:

- (1) On 24 January 2011, the Democratic People's Republic of Korea (DPRK) Foreign Minister issued letters to HR/VP Ashton and Commissioner Georgieva asking for 100,000 tons of emergency food aid and fertilisers from the EU. A United Nations-led food security assessment mission to the DPRK, deployed in February-March 2011, concluded that due to a combination of factors (unusually cold and long winter, high food and oil prices, reduced imports/aid from China and South Korea), this year serious food shortages would affect some 6 million vulnerable people in the most critical period of the lean season (June to September).
- (2) On April 29, the World Food Programme launched a USD 209 million emergency food operation and appealed to donors for support;
- (3) The European Commission deployed a team of five humanitarian aid experts for a fact-finding mission to the DPRK from 6 to 15 June, mainly visiting the northern and eastern areas of the country. This was a complementary step following the United Nations-led mission. The aim of the mission was to look at a possible deterioration of the humanitarian situation during the critical period of the lean season and identify any corresponding needs;
- (4) The humanitarian mission found clear evidence that a large proportion of the population depending on the Public Distribution System (PDS) in the DPRK are currently lacking sufficient food both in quantity and quality, which may, combined with continuous limited food rations, lead to a public health crisis over time if not adequately addressed. The severity of the current food shortages is reflected in the sharp reduction of the PDS rations since last April, from 350 grams/ per person/ per day in April down to 150 grams/ per person/ per day during the first half of June

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

(representing around 400 Kcal/pp/d in June). Moreover, the majority of the rations are made up almost exclusively of maize, making critical the lack of food diversity;

- (5) In 2011 the lean season has been exceptionally severe and is likely to last much longer, since no significant improvement is expected before the next main cropping harvest (October 2011). People's coping mechanisms are increasingly overstretched as reflected by the reduction of meals, massive use of wild grass and an unprecedented increasing pressure from the households in urban areas on relatives/friends living in the rural cooperative farms;
- (6) The humanitarian mission concluded that there is enough evidence of severe food shortages to merit an urgent humanitarian intervention.
- (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 centralised 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 10,000,000 from budget article 23 02 02 of the general budget of the European Union is necessary to provide humanitarian assistance to over 650,000 beneficiaries, including children under five, pregnant and lactating women and elderly people living alone, 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 Union<sup>4</sup>;
- (11) Pursuant to Article 13 of Council Regulation (EC) N° 1257/96, the opinion of the Humanitarian aid Committee is not required ;

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 10,000,000 for the financing of

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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

emergency humanitarian actions in the Democratic People's Republic of Korea from budget article 23 02 02 of the 2011 general budget of the European Union.

2. In accordance with Article 2(a) of Council Regulation No.1257/96, the principal objective of this Decision is to provide emergency food assistance to populations affected by widespread food shortages in the DPRK. The humanitarian actions shall be implemented in pursuance of the following specific objective:
  - To ensure availability of and access to food, including therapeutic feeding, for populations affected by widespread food shortages in DPRK.

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 15 June 2011. Expenditure under this Decision shall be eligible from 15 June 2011. The duration of individual humanitarian aid actions financed under this Decision shall be limited to a maximum of six months.
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 Financial Administrative Framework Agreement with the UN (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 in the DPRK from the general budget of the European Union

Description: Emergency food assistance to the most vulnerable groups affected by widespread food shortages in DPRK

Location of action: DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA

Amount of Decision: EUR 10,000,000

Decision reference number: ECHO/PRK/BUD/2011/01000

### **Supporting document**

## **1 Humanitarian context, needs and risks**

### **1.1 Situation and context**

On 24 January 2011, the Foreign Minister of the Democratic People's Republic of Korea (DPRK) issued letters to HRVP Ashton and Commissioner Georgieva asking for 100,000 tons of emergency food aid and fertilisers from the EU. A UN-led food security assessment mission to the DPRK, deployed in February-March 2011, concluded that due to a combination of factors (unusually cold and long winter, high food and oil prices, reduced imports/aid from China and South Korea), this year serious food shortages would affect some 6 million vulnerable people in the most critical period of the lean season (June to September).

As a consequence, the European Commission deployed a team of 5 humanitarian aid experts from the Directorate General for Humanitarian Aid and Civil Protection (DG ECHO) for a fact-finding mission to the DPRK from 6 to 15 June, who mainly visited the northern and eastern provinces. The aim of the mission was to look at a possible deterioration of the humanitarian situation and identify any corresponding needs.

## 1.2 Identified humanitarian needs

The humanitarian mission team found clear indications that a large proportion of the population depending on the Public Distribution System (PDS) in the DPRK is currently lacking sufficient food both in quantity and quality, which may with continuous limited PDS food rations lead to a public health crisis over time if not adequately addressed.

The severity of the current food shortages is reflected by objective indicators such as the sharp reduction of the PDS rations since last April, from 350 grams/ per person/ per day in April down to 150 grams/ per person/ per day during the first half of June. All households and institutions visited by the mission stated that the current situation is much worse than the same period of not only last year, but of previous years as well. In 2011 the lean season has been exceptionally severe and is likely to last much longer, since no significant improvement is expected before the next main cropping harvest (October 2011). Moreover, the majority of the rations are made up almost exclusively of maize, making critical the lack of food diversity. State shop allocations - which represent a main source of 'quality' food in terms of protein and oil (such as soya sauce, soya beans and oil) - are also at an extremely low level since the beginning of 2011.

The underlying causes of the food shortages are in essence structural, chronic and related to poor economic management, this year exacerbated by the disruption of traditional aid from China and South Korea and by weather-related shocks, affecting the main summer crops in August/September 2010 (generalised excessive rains and localized flooding) and early crops (winter & spring 2011), sharply reducing food supply. People's coping mechanisms are increasingly overstretched as reflected by the reduction of meals, massive use of wild grass and unprecedented increasing pressure from the households in urban areas on relatives/friends living in the rural cooperative farms. In general, rural families are less vulnerable to food insecurity than urban dwellers, but a lower than expected summer harvest in 2010 and low prospects of early crops in 2011 are definitely eroding the resilience of cooperative farm households.

Furthermore, a foot and mouth disease outbreak in dozens of state farms killed animals, while others became sick and therefore unavailable for land preparation and as a source of milk.

The Government is importing food, but far behind the minimum target to match the needs, a situation that is likely to persist for some months and which is apparently linked to a near-depletion of hard currency reserves. Instead of the initially planned 320,000 MT to be imported, the Government adjusted it to no more than 200,000 MT. However, at this moment in time the Government has not been able to import more than 100,000 MT (notably maize from China).

The assessment of the health and nutrition situation concluded that the current global acute malnutrition rate (GAM) of 5.2% in the DPRK is in some food deficit regions higher than reported by UNICEF in 2009 (the SOWC - State of the World Child - report estimates the global acute malnutrition in DPRK at about 9% in 2011). A hidden caseload of children with moderate/severe acute malnutrition is likely to exist, as relatives are not seeking services in the local health facilities due to poor services provided (lack of trust in the state health system). Malnutrition is a late indicator,

especially when there is no direct association with diseases, like in the case of the DPRK. Only provincial hospitals receive the essential nutritional products (Plumpynut™) for therapeutic feeding interventions and therefore do not reach a large proportion of the severely malnourished children at district/county level. With an overall rather poor health service in place and lack of an appropriate health information system, it is difficult to give credence to the health indicators being as good as reported by the authorities.

There is currently no visible evidence that DPRK is facing a large health crisis, but this may change fairly soon, leading to a sharp increase in GAM rates, if there is no imminent preventive and therapeutic intervention in place immediately and over the next 4-6 months.

### **1.3 Risk assessment and possible constraints**

As the food assistance will have to be channelled through a highly centralised distribution system managed by the authorities, sufficient safeguards need to be in place to mitigate the risks of food diversion.

The monitoring arrangements established by the UN World Food Programme (WFP), together with the provisions of the Letter of Understanding signed between WFP and DPRK on 16 April 2011, provide a reasonable assurance against possible risks related to food diversion, on condition of course that the DPRK authorities continue to honour the commitments they have made to WFP. WFP has agreed to scale up the number of international staff members involved in field monitoring and ECHO field staff will verify the application of the monitoring arrangements agreed between WFP and the DPRK authorities.

## **2 Proposed DG ECHO response**

### **2.1 Rationale**

The current food situation is a result of a fully fledged food consumption gap. The existing objective indicators show a current significant shortage of food (food availability gap) in the country resulting in reduced food access and intake for households, particularly for those in urban areas who are dependent on the PDS rations, which have been decreasing sharply since mid April.

The size of the needs identified by the ECHO mission calls for an urgent one-off intervention in support of the most vulnerable groups during this year's exceptionally difficult lean season, mainly in the Northern and Eastern provinces. The response will be of a short duration (4 to 6 months) in the form of immediate food assistance, complemented by a therapeutic feeding component.

### **2.2 Objectives**

- Principal objective: To provide emergency food assistance to populations affected by widespread food shortages in DPRK
- Specific objectives: To ensure availability of and access to food, including therapeutic feeding, for populations affected by widespread food shortages in DPRK



## 2.3 Components

The proposed food assistance and therapeutic feeding response will include 2 operational components:

- 1) A food assistance intervention via WFP, including a nutritional preventive program, to target the most vulnerable groups: children under five, pregnant and lactating women (PLW) and elderly living alone in four priority target provinces. The objective is to provide food supplements for selected people at risk and thereby address moderate malnutrition in children and pregnant and lactating women (PLW). This aims to prevent a larger caseload of severe acute malnutrition among children under five and reduce the risk of low birth weight.  
Target indicative figures: 535,000 PLW + 121,000 inpatients in hospitals + 2,200 children in residential centers + 2,000 children in residential child centers + group of elderly.
- 2) A therapeutic feeding intervention is recommended for the severely malnourished children admitted in county hospitals. Target population: some 4,000 children with severe acute malnutrition. The action will open the door for a baseline SMART survey, and therefore more reliable figures on malnutrition and mortality.

## 2.4 Complementarity and coordination with other EU services, donors and institutions

Please see Annex 3 concerning European Union Member State donors.

The undergoing Emergency Operation implemented by the WFP has so far received the following contributions:



Recipient Country: **Korea, Democratic People's Republic of**  
 Project No.: **200266** Single Country EMOP  
 Project Title: **Emergency food assistance to Vulnerable Groups**  
 Project Duration From: **01 Apr 2011** to: **31 Mar 2012**

Operational Requirements			
U.S. Dollars			
209,471,671			
Donor	Resource Level (in US\$)		Share of Requirements (%)
	Confirmed		
BRAZIL	4,016,716		1.92
INDIA	1,000,000		0.48
LIECHTENSTEIN	57,274		0.03
LUXEMBOURG	334,672		0.16
NORWAY	884,486		0.42
PRIVATE DONORS	172,489		0.08
RUSSIAN FEDERATION	5,000,000		2.39
SOUTH AFRICA	142,878		0.07
SWITZERLAND	3,430,696		1.64
UN CERF	10,399,003		4.96
MULTILATERAL	6,206,000		2.96
MISCELLANEOUS INCOME	5,223		0.00
<b>Total Received</b>		<b>31,649,436</b>	
% Against Appeal		15.1%	
<b>Shortfall</b>		<b>177,822,235</b>	
% Shortfall		84.9%	

## 2.5 Duration

The duration of humanitarian aid actions shall be 6 months

Expenditure under this Decision shall be eligible from 15 June 2011.

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.

## 3 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 Union 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).

#### **4 Management Issues**

Humanitarian aid actions funded by the European Union 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 Financial Administrative Framework Agreement with the UN (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 applicable to the general budget of the European Union 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.

#### **5 Annexes**

*Annex 1 - Summary decision matrix (table)*

<b>Principal objective:</b> <i>To provide emergency food assistance to populations affected by widespread food shortages in DPRK</i>				
<b>Specific objectives</b>	<b>Allocated amount by specific objective (EUR)</b>	<b>Geographical area of operation</b>	<b>Activities</b>	<b>Potential partners<sup>1</sup></b>
To ensure availability of and access to food, including therapeutic feeding, for populations affected by widespread food shortages in DPRK	10,000,000	Northern and Eastern Provinces	<ul style="list-style-type: none"> <li>- Provide food supplements for selected people at risk and thereby address moderate malnutrition in children and PLW. This aims to prevent a larger caseload of severe acute malnourished children.</li> <li>- A therapeutic feeding intervention is recommended for the some 4000 severely acute malnourished children admitted in county hospitals. The action will also open the door for a baseline SMART survey.</li> </ul>	<u>Direct centralised management</u> - SAVE THE CHILDREN UK <u>Joint management</u> - WFP-PAM
Contingency reserve	0			
<b>TOTAL</b>	10,000,000			

<sup>1</sup> THE SAVE THE CHILDREN FUND (GBR), WORLD FOOD PROGRAM

*Annex 2 - List of previous European Commission's decisions*

List of previous DG ECHO operations in Democratic People's Republic of Korea				
Decision Number	Decision Type	2009	2010	2011
ECHO/DRF/BUD/2010/02001		EUR	EUR	EUR
			200,000	
	<b>Subtotal</b>	0	200,000	0
	<b>TOTAL</b>	200,000		

Date : 28/06/2011  
Source : HOPE

(\*) decisions with more than one country

*Annex 3 - Overview table of the humanitarian donor contributions*

<b>Donors in Democratic People's Republic of Korea over the last 12 months</b>			
<b>1. EU Member States (*)</b>		<b>2. EU</b>	
	EUR		EUR
France	300,000	DG EU budget	200,000
Germany	2,251,000		
Ireland	250,000		
Italy	450,000		
Luxembourg	250,000		
Sweden	1,131,119		
<b>Subtotal</b>	4,632,119	<b>Subtotal</b>	200,000
<b>TOTAL</b>	4,832,119		

Date : 28/06/2011

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

Empty cells : no information or no contribution.

Annex 4 - Maps

