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Coordinating Office

Appeal

North Korea

DPRK Relief & Rehabilitation ASKP-31

Appeal Target: US\$ 835,000

Balance Requested from ACT Network: US\$ 535,000

Geneva, 24 March 2003

Dear Colleagues,

Being named in 2002 as one of the countries in the so-called axis of evil by the US president, George W Bush, brought about an immediate political and diplomatic shift in DPRK's relationship with the US and its neighbors. Yet, behind the political posturing and brinkmanship being played out on the world's stage, lies the harsh reality of a country still reliant on food aid from the UN's World Food Program and other international humanitarian agencies. After years of crop failures, disastrous weather and an economy that is at best described as fragile and embattled, millions of North Koreans today rely on this food to stay alive.

Threats of nuclear re-armament by the DPRK government has only increased the isolation of this country, which is known as the most secretive in the world. However, stopping humanitarian aid will not break the political stalemate - rather, it will leave millions of people in a situation where they could easily slip back into a state of crisis.

This appeal describes the continued response to the vulnerable people of the Democratic Peoples Republic of Korea (DPRK) by the ACT Alliance, through its co-ordinating agency **Diakonie Emergency Aid (DEA)**.

Through the already existing network of implementing partners ACT/DEA will support Rehabilitation Programmes in the areas of agriculture and health. Relief assistance will still be available in case of new disasters and for the most vulnerable sections of the population.

It should be noted that also other ACT Members are providing bilateral assistance to the people of the DPRK.

ACT is a worldwide network of churches and related agencies meeting human need through coordinated emergency response.
The ACT Coordinating Office is based with the World Council of Churches (WCC) and the Lutheran World Federation (LWF) in Switzerland.

Project Completion Date:

31 March 2004

Summary of Appeal Targets, Pledges/Contributions Received and Balance Requested

Total Appeal Target(s)	<u>US\$</u> 835,000
<u>Less:</u> Pledges/Contr. Recd.	<u>300,000</u>
Balance Requested from ACT Network	535,000

Elizabeth Ferris
Co-ordinator
Diakonia & Solidarity
World Council of Churches

Thor-Arne Prois
Director, ACT

Robert Granke
Director
LWF/World Service

Full details of programme and budge are on following pages.

I. REQUESTING ACT MEMBER

- **ACT/Diakonie Emergency Aid (DEA):** Co-ordinating Agency for Act Response in the Democratic Peoples Republic of Korea (DPRK).

II. ACT CO-ORDINATING AGENCY INFORMATION

As in the years 1997 to 2002, ACT member **Diakonie Emergency Aid (DEA)**, the Humanitarian Aid Department of **Diakonisches Werk (DW) Germany**, is prepared to be the ACT Co-ordinating Agency for ACT response and appeal projects in the DPRK in the year 2003.

Within the given limits and circumstances beyond their control and/or influence, DEA will help to ensure co-ordination and facilitation of the ACT emergency response. It will also ensure that the critical tasks of assessment, relationship, procurement, transport, financial control, monitoring and reporting are carried out in close co-operation with the NGO Food Aid Liaison Unit (FALU) within the WFP office located in Pyongyang, and with UNICEF, Pyongyang.

III. INFORMATION on IMPLEMENTING MECHANISMS & PARTNERS

- **The Flood Damage Rehabilitation Committee (FDRC):** This is a DPRK government office and is responsible for the planning and co-ordination of all external humanitarian aid in North Korea. The FDRC works in conjunction with the FALU office of the WFP and with other UN agencies such as UNICEF, FAO and UNDP.

The Agreement between the Government of the Democratic People's Republic of Korea, Action by Churches Together and the United Nations World Food Programme outlines provisions and obligations that govern the donation of commodities by the Non Governmental Agency "Action by Churches Together" (ACT) through the Food Aid Liaison Unit (FALU) of the United Nations World Food Programme (WFP).

- **World Food Program/Food Aid Liaison Unit (WFP/FALU):** In order to ensure effective co-ordination of food and other material aid inputs from non-governmental organisations (NGOs), WFP proposed the establishment of the Food Aid Liaison Unit (FALU) in the WFP Pyongyang office. ACT facilitated the establishment of FALU in December 1996 in co-operation with other NGOs. A new Memorandum of Understanding between the NGO Consortium – FALU and the WFP has been worked out and has become effective as of 1 January 2003. The NGO members of the FALU agreement with WFP, include ACT, Caritas, the Canadian Food Grains Bank, Mercy Corps International, ADRA and World Vision.

The FALU office and staff represent the interests of NGOs who are donating food and non-food relief for the DPRK crises. The operational costs of the FALU, including salaries, benefits, travel, housing, office operations and other required support are jointly funded by the NGO members of the FALU agreement.

- **UNICEF/ACT-DEA POH (Project Officer Health), MALU (Medical Aid Liaison Unit).** Since 1998 assistance in the field of medical aid has been carried out through temporary technical consultancy in co-

operation with the German Institute on Medical Mission (**DIFÄM**), while **UNICEF/MALU** has been entrusted with the facilitation and follow up in the country. For 2003, Diakonie will maintain the technical consultancy of DIFÄM on temporary assignments as deemed necessary.

- The **Korean Christian Federation (KCF)** represents the Protestant churches in North Korea and is the equivalent of a National Christian Council. KCF joined the DPRK government appeal in 1995 and requested humanitarian assistance and support from ACT. Since then, ACT has worked co-operatively and in co-ordination with KCF, building on the long term relations already established through KCF's work with the World Council of Churches and utilising KCF's capacity whenever possible for the facilitation and provision of humanitarian work.

IV. DESCRIPTION of the SITUATION in DPRK

Background of ACT Response in the DPRK

The ACT emergency response in the DPRK began following the devastating floods which occurred during July and August 1995, for which the government of the DPRK appealed for assistance from other countries, relief agencies and churches.

Although the 1995 floods were followed by more disasters, it was not so much the recurrence of natural disasters that kept the country on the edge of collapse, but the inability of the weak and continuously declining economic system of the DPRK that does not allow either people or government to cope with such "natural" conditions. Even in times with no disasters, neither industrial nor agro-production is able to sufficiently provide goods for consumption and for a decent livelihood for the 22 million people.

Humanitarian agencies are facing a very special situation when working in DPRK. The Government seeks to be in control of everything, which impedes independent and self determined actions of agencies in order to avoid disturbances of the collective systems. The humanitarian aid agencies are constantly looking for ways to maintain the necessary independence and to follow basic humanitarian principles such as independent needs assessments, own monitoring and evaluations of their operations.

Within this specific context, ACT has developed pragmatic and effective relations with the DPRK authorities, which have enabled ACT to respond to the massive humanitarian needs of the North Korean people during the past seven years through the provision of food, ingredients for food production, seeds, fertilisers and other agricultural inputs, medicines, pharmaceutical raw materials and various non-food items. It also enables ACT to slowly effectuate a transition from relief oriented assistance like food and material aid towards context appropriate programmes leading towards sustainable and longer term rehabilitation.

Situation and needs

a) General situation:

Since the collapse of the Soviet Union North Korea has suffered from a lack of various products and resources essential for all kinds of economic activities such as fertiliser for satisfying agricultural production or spare parts for industrial plants and machinery; power supplies for all kind of transportation and communication or capital as input into production processes or trade.

During the last decade, the problems this lack of material resources created was exacerbated by a lack of flexibility and openness of the leadership with respect to much needed economic and societal reforms. Only

recently, changes have been noted. In July 2002 a new system of prices and salaries for goods and services was initiated as well as a pilot-permit for private farmers' production and direct marketing. Efforts were made to attract foreign investment and establish free trade and production zones. However, it is too early to ascertain whether these efforts will be successful. In addition to these internal factors, the recent deterioration of external relations negatively affected all efforts towards more openness and change within the country.

In 2002, US President George W Bush included North Korea in the 'axis of evil' and withdrew or delayed US shipments of food and heavy fuel oil. North Korea's resumption of its nuclear programme and the disclosure of its kid-napping practice in the 70s, all contributed to a confrontative situation on the Peninsula. Although the US Government is still following a more diplomatic non-violent course, it is urging its allies in the region to follow this restrictive policy to put pressure on North Korea to end its nuclear arms efforts. DPRK has been denied membership of international finance institutions, such as World Bank, that could help rebuild its infrastructure as a precondition to improving any kind of production.

The actual humanitarian situation has seen some improvement especially with respect to the nutrition status of its people. Due to favourable climatic conditions, the harvest in 2002 was in most areas quite good. This, in combination with a good response through the humanitarian agencies, has caused a significant reduction in the rates of malnutrition: underweight children from 61 % in 1998 to 21 % in 2002; wasting (or acute malnutrition) from 16 % to 9%; stunting (or chronic malnutrition) from 62% to 42%. (*Source: UN OCHA report Dec./Jan.2003*). However it should be noted that these achievements can be easily endangered if there is a too early withdrawal of support for the country. *"The crisis is not over. If the UN can't provide more medicine and food – and quickly – we will see malnutrition rise again, undoing much of the progress that has been made."* James Morris, WFP Executive Director.

b) Special needs

Food production/Nutrition:

Although the harvest was satisfactory in 2002, there is still not enough production to be self-sufficient. Right at the beginning of the new year 2003, WFP reported an acute lack of enriched supplementary food to be given to the most vulnerable, i.e. 3 million children, pregnant women and elderly people. Also factories for local food production (LFP) had to reduce their production due to lack of raw materials like DSM, sugar, cereals or wheat flour. It is expected that during the first half of 2003, the rations provided by the still functioning public distribution system will again decrease from the present 300 or 200g/person/day. This will have a severe negative impact on the food security of those who depend totally on the distribution system such as the people in urban areas, orphans and elderly.

The newly introduced system of private food production (on pieces of land given to the farmers) and direct marketing deserves support as it will certainly contribute to a better food supply. However, the bulk of food is still produced on collective farms with too poor output and high vulnerability. The new economic system still has to prove that it can function and that everybody gets the chance to earn money and buy goods. There is also a great risk that part of the society will not benefit from this system and will continue to need support, like those who depend only on wages and have no access to land.

Health:

Clinics and hospitals still lack sufficient supplies of medicine and equipment, thus being unable to provide appropriate health care. During winter-time the situation of both patients and staff worsens as they also suffer from cold and unhealthy conditions. Distribution of medicine depends on availability of drugs and on the functioning of the distribution system. UNICEF has invested much into strengthening the medical ware-

housing system and logistics of distribution. The provision of raw material to pharmaceutical factories in Pyongyang by ACT/DEA/Difam and UNICEF to ensure the production of essential pharmaceutical products in Pyongyang will this year be complemented by the World Health Organisation (WHO). The shipments of raw material contributes significantly to a better medical care for people in North Korea, also assisting the further development of the national system of pharmaceutical production and distribution, which will contribute to the decrease of the country's dependence on outside help. Due to limited contacts of North Korean medical staff with the outside world, there is a growing need to update knowledge on best practices in medicine, drug use, health care and public health in order to keep pace with other pharmaceutical companies and fulfil international standards of good manufacturing practises.

Peace and Reconciliation

The hardening of aggressive and hostile talk and action, especially between the North and the South of the peninsula, and against the United States of America has a harmful effect on the people. Therefore, all efforts need to be supported that contribute to the harmonisation of the antagonistic positions between North and South, to the de-escalation of tensions and to the enhancement of mutual understanding and acceptance.

Many Koreans, both in the North and the South see the elaboration of peaceful solutions and a self-determined process from peaceful co-existence to reunification as the only option they have. This can only be reached through dialogue based on tolerance and compromise. Churches in the North and in the South are working on this aspect as much as possible under the given circumstances. They need our support and encouragement.

V. GOAL & OBJECTIVES

Goals:

- To help restore self-reliance through appropriate humanitarian assistance and gradual insertion of rehabilitation and development.
- To assist in establishing processes of production, in the sector of agriculture and health – both regarding quantity and quality, and
- to assist in acute emergencies with life-saving measures.

These goals are pursued through the implementation of Relief and Rehabilitation Projects, through which ACT Partners may allocate their donations, resources and other supportive activities.

Relief and Rehabilitation Projects

Objectives:

For the past years, ACT has provided basic items, food and non-food items, to various target groups and geographical areas focussing on the following sectors:

- **Agriculture** - to help increase the food production for own consumption and marketing;
- **Health** - to help revive the local production of medicines / pharmaceutical factory Pyongyang in order to improve availability of essential drugs in clinics and hospitals;
- **Emergency** - to respond to acute emergency situations that affect peoples' lives and living conditions;
- **Peace and Reconciliation** - to support activities with material and non-material aid as part of a wider Ecumenical Response towards Peace and Reconciliation.

Beneficiaries:

Beneficiaries, belonging to the most vulnerable sections of the population, are identified through the UN offices of WFP/FALU, FAO, UNICEF and UNDP, or the Korean Christian Federation, working in conjunction with the DPRK government Flood Damage Rehabilitation Committee (FDRC) and other authorities.

VI. DESCRIPTION of ASSISTANCE & IMPLEMENTATION

ACT members have provided food and non-food items to various target groups and geographical areas since 1996. The strength of ACT is its flexibility to respond swiftly to emerging food gaps and other special needs which is possible through the close co-operation with FALU and WFP.

Relief and Rehabilitation**Agriculture**

The agriculture component will continue with the provision of specific materials but will be more and more directed towards interventions that lay a basis for longer term rehabilitation programmes geared to decreasing the food insecurity levels of the most vulnerable households and groups.

- Provision of seeds, fertiliser and/or plastic sheeting, material for the protection of seedlings and seed propagation, etc.
- Continuation to assist with in-country training/exposure as well as sponsor Korean agricultural experts and farmers to gain exposure to agricultural developments – both in science and on the farm level – in institutions outside DPRK, in China and elsewhere
- Secondment of an agricultural specialist for the improvement and adjustment of the ACT strategy to improve food production and marketing on farmers or co-operative level in a certain area;

Health

Support to the local production of drugs from imported raw materials, started in late 1997. Since then, some 500 mio tablets have been fabricated and distributed to the clinics under the monitoring of UNICEF. The project enjoys the support of WHO and UNICEF. UNICEF has already integrated the distribution of locally produced tablets in its hospital support programme; WHO has recently signalled that in 2003 it will also provide pharmaceutical raw material to support the production of the Pyongyang Pharmaceutical Factory.

The ACT assistance will continue with:

- Provision of pharmaceutical raw materials (and equipment/machinery/devices, if deemed necessary) for local production.
- Organisation of training programmes / extension courses for staff in order to help improve manufacturing practices (GMP); particular attention is being paid to issues such as quality assurance, procurement of raw materials, warehousing and utilisation of essential drugs in the public sector.
- Maintaining the expertise and technical guidance of the DIFÄM (German Institute for Medical Mission).

Emergency

Although the emphasis of the assistance is shifting towards longer term rehabilitation, there is still a need for emergency assistance both in the event of a (natural) disaster and to maintain the assistance to the most vulnerable groups within the society, of which many are living in institutions like orphanages.

- Identification of needs after a disaster occurs; provision of material goods for the alleviation of acute hardship of vulnerable groups;

- Provision of ingredients for local food production to improve nutrition status of the most vulnerable within the society;

Peace and Reconciliation

The Ecumenical Family is in various ways involved in the dialogue with churches in North and South Korea. This dialogue is meant to identify and support ways and forms of communication, exchange, co-operation and promotion of all efforts towards reconciliation which are acceptable to both sides. This dialogue includes visits, invitations, written communication and access to information, as well as the planning of an Ecumenical Forum on Korea in 2003.

Activities and contributions in this sector will not be handled by the lead agency for this ACT Appeal, DEA, but by the WCC in Geneva and other ecumenical partners.

Other ACT Member Responses

The strength of the ACT Alliance, through its global membership is the flexibility and the ability to respond quickly to the most critical needs in the DPRK to help alleviate human suffering and to search for innovative measures whenever appropriate. Although not a part of, nor accounted for in the ACT Appeals, there will continue to be direct and bilateral assistance provided by other ACT members to partners in North Korea as a sign of solidarity with the people of North Korea: eg. ACT members in Canada through the Canadian Food Grains Bank (CFGB); Church World Service USA; PCUSA; the South Korean Churches; National Christian Council in Japan and Hong Kong Christian Council. ACT Member Hungarian Baptist Aid has opened an office in Pyongyang. Much of this assistance is in the form of in-kind donations, through bilaterally organised shipments of essential and urgently needed goods (food and non-food) according to identified needs in the country. This assistance is based upon bilateral agreements between partners and follows the possibilities and means of the funding ACT member.

Whereas the co-ordination, provision and monitoring of ACT assistance is provided primarily through the established structures of FDRC and WFP/ FALU, some of these ACT member donations are consigned solely to KCF. In consultation with the WCC/Asia Desk, ACT will continue to involve KCF whenever possible and if deemed necessary. KCF will be a major partner for all activities in the field of ‘Peace and Reconciliation’. During the past years, KCF has been extremely helpful in hosting delegations and working with various ACT members.

VII. ADMINISTRATION, FINANCE, MONITORING & REPORTING

ACT-Diakonie Emergency Aid Germany: ACT-DEA is the ‘Co-ordinating Agency’ for the ACT assistance in DPRK as outlined under this appeal. Within the given limits and circumstances beyond their control and/or influence, DEA’s responsibilities include:

- Co-ordination of all aspects of ACT response in DPRK in conjunction with the ACT Co-ordinating Office **but excluding in-kind donations and relief shipments from other ACT members** which will be arranged for and facilitated by the sending agency. The sending agency will share information with the ACT Co-ordinating Office, Geneva.
- Maintaining relations with DPRK authorities, KCF, WFP, UN agencies and other NGOs.
- Arrangements for the procurement and transport of ACT relief commodities and materials to the DPRK utilising appeal cash donations forwarded to ACT-DEA
- All ACT appeal financial expenditures, controls and reporting

- Assist in the monitoring of ACT appeal assistance consigned through WFP/FALU
- Reporting and communications regarding ACT assistance in the DPRK.

The administration and facilitation of the ACT network support and partnership in the NGO Food Aid Liaison Unit (FALU) within WFP office located in Pyongyang is presently handled by **Caritas Hongkong**. This includes:

- Administration of WFP/FALU International Officer positions.
- Communications and administration with WFP offices.
- Representing and facilitating the FALU meetings of all participating NGOs

World Food Program/Food Aid Liaison Office (WFP/FALU): This office facilitates and co-ordinates the food and non-food inputs of ACT and other NGOs. The FALU International Officer is directly responsible for monitoring the ACT inputs channelled through WFP, FDRC and PDS (Public Distribution System). Regular reports, updates and relevant communications are provided by the FALU Officer to ACT and other NGOs. The FALU International Officer also assists with hosting various ACT delegations to DPRK and works co-operatively with KCF.

UNICEF/ACT-DEA POH (Project Officer Health), MALU (Medical Aid Liaison Unit): For 2003, Diakonie will maintain the technical consultancy of DIFÄM on temporary assignments as deemed necessary. To ensure effective co-ordination of the medical aid from the ACT network, Terms of Reference have been worked out and agreed upon by Diakonie and UNICEF. The Pyongyang Programme Officer Health (POH) will have day to day responsibility for supporting implementation, including monitoring of the emergency project entitled “Essential Drugs ” as well as the regular health program.

Monitoring

ACT Appeal assistance will be monitored through the following mechanisms:

- WFP/FALU: One International Officer & 2 National Officers are supported by 23 International WFP monitors operating from Pyongyang and 5 Sub-Offices. There is provision of monitoring and reporting directly to ACT/DEA. Every shipment will be followed by a monitoring report from FALU Pyongyang, detailing the agreement, arrival, distribution, use and impact as well as resulting recommendations.
- UNICEF/ACT-DEA/POH: Monitoring and reporting of ACT/DEA medical aid programmes; monitoring of the situation and developments in the field of health and nutrition.

The POH will mainly:

- Manage the rehabilitation of local drug production with ACT/DEA’s material and financial support
- Provide, validate and/or revise estimates of the resources required for national level support for integrated health care for children and women
- Assist the MoPH to better assess national requirements and determine UNICEF/ACT- DEA support for essential drugs, with respect to available stock consumption, utilisation data forecast of needs and the sources of supplies
- Monitor distribution of supplies sent by ACT/DEA
- Provide progress reports on project activities to ACT/DEA
- Liaise with counterparts and other international aid agencies including WHO and FALU

The major part of the operational costs for the POH (salary, benefits, travel, housing, office operation and other) are being funded through DEA's contribution to the ACT Appeal.

- ACT CO will share information on visits by ACT Members / Delegations / the CO itself to the DPRK and make travel reports available to the network, concerning activities of the wider ACT/WCC family especially with respect to 'peace and reconciliation'.

Before the end of the year an ACT meeting is planned to review the assistance as well as its focus and approach, to allow for making decisions regarding continuation of the assistance and of the structure, and enables the network to respond to any significant changes within the country.

VIII. IMPLEMENTATION TIME TABLE

The appeal covers a period of 12 months: 1 April 2003 – 31 March 2004.

IX. BUDGET (for projects under ACT-DEA)

<u>1.</u> Income	US\$
Diakonie Emergency Aid	300,000
<u>2.</u> Expenditure	<u>US\$</u>
Agriculture	300,000
• Agricultural inputs	
• In- and external training/exposure /extension programmes	
• Agricultural Programme Support	
Health	250,000
• Pharmaceutical raw material	
• Equipment for Pharmaceutical Production/Factory	
• Training programme / extension courses for technical and policy staff involved in the production of essential drugs	
• Technical expertise, guidance and process accompaniment (DIFÄM)	
Emergency (as deemed necessary and appropriate after an disaster)	150,000
• Basic needs	
• Supplementary Food	
SUB-TOTAL	<u>700,000</u>
FALU - ACT costs 2003	55,000
UNICEF – ACT/DEA POH costs 2003	<u>80,000</u>
TOTAL EXPENDITURE	<u>USD 835,000</u>
Balance Requested from ACT Network	<u>USD 535,000</u>