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**COMMUNICATION FROM THE COMMISSION
TO THE COUNCIL AND THE EUROPEAN PARLIAMENT**

**Assessment and future of Community humanitarian
activities**

(article 20 of Regulation (EC) 1257/96).

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1. Introduction

Article 20 of Regulation (EC) 1257/96 concerning humanitarian aid calls on the Commission, three years after the Regulation's entry into force, to submit an overall assessment of operations funded under it to the European Parliament and to the Council, together with suggestions for the future of the Regulation and, as necessary, proposals for amendments to it. Accordingly, the Commission drew up terms of reference for an independent evaluation, which was carried out over a period of approximately one year and included extensive desk and field studies. The consultants submitted their findings to the Commission in April 1999.

The consultant report had two objectives: firstly, to carry out an evaluation of operations over the period in question; and secondly, to provide an outside perspective on elements which should be reconsidered or changed.

In parallel with this evaluation, the Council requested an evaluation of all Community development assistance from the preceding period, i.e. 1991 to 1996. Within that framework, an analysis was also made of humanitarian assistance.

This means that the Commission now disposes of two evaluations, together covering eight years of operations, including the whole period since the creation of the EC Humanitarian Office, ECHO.

The Commission has studied the findings of both reports, which converge substantially. In broad terms it can agree with the evaluations made.

The present Communication lays out some of the principal lessons borne out by these evaluations, and states how the Commission intends to give effect to these, in an integrated way, within the months and years to come. At the same time, the incoming Commission wishes to study longer-term priorities for humanitarian assistance at greater leisure. The result is a practical communication, which situates itself within the overall reform effort, and focuses on immediate priorities which can broadly be described as being of a managerial nature without neglecting the wider policy issues, which the Commission will address in depth at a later stage.

The Communication is not a substitute for, or summary of, the consultant reports themselves, but rather a reading of their principal conclusions as seen by the Commission and correlated with other independent sources of information such as internal Commission evaluations, discussions with partner humanitarian agencies,

Member States, and many others. It is fair to say that all these sources present a picture which is largely compatible with that of the consultant reports themselves : ECHO's work is evaluated positively, but not uncritically. There is scope and need for improvement which the Commission is determined to realise – all the more so bearing in mind its position as the world's most important single source of humanitarian assistance¹ – and a donor roughly equivalent to all fifteen EU Member States combined.

It should be stated at the outset that neither the article 20 consultant report² nor this Communication is aimed at an assessment of performance relative to other donors, nor at presenting a comprehensive list of undeniable past achievements. The Commission considers that either undertaking would be inappropriate in a document of this kind, and limits itself therefore to a short overview of the scope of operations over the period in question.

The structure of the Communication is as follows. In the next section, some headline information concerning ECHO's operations over the period is presented. This is followed in section 3 by the overall evaluation of operations contained in the consultant reports, together with the analysis on which it is based, and the broadest strategic issues identified. In section 4, the Commission comments on these observations. In section 5, the Communication follows the consultant report by then going on to discuss the main factors in ECHO's way of working which have been identified by the consultants as lying *behind* the problems identified, or proposed as a solution to them. The Commission's comments are interspersed after each point. The action plan that the Commission intends to follow to address these issues is set out in section 6, followed by some general conclusions.

The issue of whether this is an appropriate moment to propose modifying the Regulation deserves particular attention.

The consultants propose that many of the issues outlined in section 5 actually be included as requirements within a revised Regulation. Nonetheless, they conclude that the Regulation itself is basically sound and remains valid. The proposals made are mainly of two sorts: further codification of scope of action, and additional clarification of principles.

The approach taken by the Commission in this Communication is to be understood in relation to this basic orientation of the consultant report. The Commission considers that the team's drafting suggestions reflect a fair analysis and are mostly, therefore, in themselves quite valid. However, the level of detail suggested by the team would not normally find its way into a Regulation of this kind, and might be counter-productive in reducing aspects of the flexibility which has proven so useful in the past. It might also create unrealistic expectations regarding ECHO's operations to lay out in such

¹ The total programme of the United States Government has been larger in many years, but it is split between different departments. The order of magnitude is in any case roughly the same as the Commission total.

² In the remainder of this Communication "the consultant report" refers to the evaluation for the period 1996-99, i.e. the period after the entry into force of regulation No. 1257/96.

detail all possible modes of intervention. None of the suggestions constitutes a compelling reason to propose changes to the Regulation.

Accordingly, the line taken by the Commission at present consists in setting out its commitment to many of these principles in the present Communication, but without changing the Regulation, which already provides, in its view, sufficient flexibility to accommodate the changes required.

Inevitably, problems encountered in the complexities of crisis response, rather than in the technical operation of the Regulation, do raise questions as to the optimal mix of instruments, of which humanitarian aid is just one. This, however, would require a broader reflection than article 20 mandates. At this stage, the Communication intends to do no more than open a window on issues relevant to a longer-term and more encompassing review of strategy in this area.

Prior to entering into the detailed discussion it must be stressed that humanitarian aid is not and will never be risk free. It is a fact of life that relief items that go into complex war zones that may be hijacked, deviated or go astray. The basic issue of access often represents a hindrance for carrying out operations within a normal framework. While the Commission emphasises accountability it must be kept in mind that it is commonly accepted by all relief donors that something less than 100% of the humanitarian aid may actually reach the targeted beneficiaries. This is the price we sometimes have to pay for preserving human lives.

2. Overview of activities³

❖ Volume of operations

A measure of the significance of EC humanitarian aid is the volume of funding provided. ECHO and its partners were on average present in some 67 countries over the evaluated period, during which time a total of € 1.8 billion was disbursed.⁴ After peaking during the Great Lakes and Ex-Yugoslavia crises at € 700 million/year ECHO's budget for 1998 was around € 500 million; in the wake of the Kosovo crisis, it is set to reach its highest ever level in 1999, at around € 800 million⁵.

The funds managed by ECHO are drawn mainly from the Commission budget (Chapter B7-21) and, to a lesser extent (for the ACP countries only), from the European Development Fund (EDF). In both cases, budgeted resources are mobilised by means of Commission financing decisions adopted in consultation with the Member States; depending on the amount concerned, and the degree of urgency, this

³ Unless otherwise stated, all the following information relates to the period of the article 20 evaluation, i.e. June 1996 to April 1999 (when the consultants submitted their report to ECHO).

⁴ Over € 4 billion, representing 8,000 operations contracts, since the creation of the Office.

⁵ These figures include the budget and the reserve.

procedure may take the form of simple notification, or formal approval in the Humanitarian Aid or EDF Committees as appropriate.

❖ Implementation: ECHO's partners

While humanitarian action classically takes place in response to events that are by definition unpredictable, it is nevertheless the case that in many of the chronic crises in which relief players are increasingly called upon to intervene, a degree of planning is not only possible but desirable. Thus, while retaining its crucial capacity to adopt emergency decisions, during the period evaluated ECHO has moved where possible to a more strategic approach; it is now the norm for financing decisions to take the form of *Global Plans* – strategic documents setting out humanitarian priorities, objectives and budgets for a given region for a period of six to twelve months.

Although the Regulation allows for the direct implementation of relief activities by the Commission, in practice ECHO channels its assistance through operational implementing partners most of whom have signed a *Framework Partnership Agreement* (FPA). In order to be eligible for ECHO funding, NGOs must comply with the criteria set out in article 7 §1 & 2 of the Regulation. As far as NGOs who had already signed the previous FPA are concerned, ECHO checked their compliance with these criteria in close cooperation with national administrations. In some cases, NGOs which had no working experience with their own national administrations have been submitted to a mini-audit in order to check their compliance with article 7. After a broad-based consultation process, the revised FPA came into force on 1 January 1999.

To date, some 170 agencies have signed the revised FPA, the implementation of which is continuously and jointly assessed. For the period 1996-1998,⁶ on average 56% of ECHO's aid was disbursed through NGOs (mainly, but not exclusively, based in the EU), 25% through UN agencies, principally UNHCR (traditionally ECHO's single biggest partner) and WFP, and 11% through other international organisations, principally the Red Cross Movement (ICRC and IFRC). The remaining 8 % was spent in the form of direct actions by ECHO or channeled through Member State specialised agencies.

When they have signed the FPA and undertaken to respect its *General Conditions*, partners are eligible to request ECHO funding for specific projects. This process is expedited by the use of *standard forms* for proposals, budgets (which include standard lump sum payments for staff, transport and communications equipment), contracts and reports. In some cases, ECHO funds NGOs who have not yet signed the FPA, but in this case the verification of their compliance with the criteria in the Regulation is done before funding is granted.

⁶ ECHO statistics are compiled annually.

❖ Breakdown of operations⁷

Africa, Caribbean and Pacific. From 1996 to 1998, ECHO concluded 1005 contracts representing around € 582 million for relief operations in the ACP countries (37.3% of the total of € 1.56 billion). The humanitarian agenda in Africa continues to be set by complex emergencies, dominated by the intractable crisis in the *Great Lakes region*, in particular the aftermath of the Rwanda genocide and the civil wars in Burundi and DRC. Other main areas of intervention have included the *Horn of Africa*, particularly Sudan (now in its sixteenth year of civil war), *Angola*, and *Sierra Leone*. Given the enormity of relief needs in Africa, ECHO has focused mainly on “core humanitarian” activities, i.e. the provision of basic, life-sustaining assistance, but “grey zone” work has also been carried out in collaboration with DG Development in countries such as Mali and Niger. Finally, as air transport is often the only means of moving aid personnel and goods quickly and safely in Africa, ECHO has set up a dedicated humanitarian air service in Africa, ECHO Flight.

Central and Eastern Europe and the Newly Independent States. ECHO concluded 837 contracts amounting to a total of over € 589 million between 1996 and 1998 (37.4% of ECHO's entire expenditure) for this area of the world. The type of operations funded have varied from core humanitarian activities to rehabilitation and resettlement work, particularly in the case of *former Yugoslavia*, to which the lion's share (€ 423 million) of these contributions has gone. ECHO has played a significant role in the transition phase, and considerable progress has now been made in handing over rehabilitation programmes to local authorities and long-term donors. ECHO has also intervened in a number of *former Soviet republics* suffering the effects of the transition to a market-oriented economy, where the most vulnerable sectors of society have been hit hard by the withdrawal of State assistance. Finally, the *Kosovo* crisis, to which some € 378 million has been allocated in 1999, constitutes ECHO's largest single intervention in the last three years.

Latin America, Asia, Mediterranean and the Middle East. From 1996-98 a total of 880 operation contracts were concluded, amounting to over € 324 million (25.3% of total expenditure). Among the forty countries assisted on three continents, ECHO has responded to both man-made and natural disasters – notably the *El Niño* phenomenon and more recently Hurricane Mitch - as well as chronic and *sui generis* crises, such as Cambodia and the Middle-East, which fall into the area between relief and development. The presence of ECHO and its partners in this “grey zone” has on several occasions enabled the Commission to respond rapidly and appropriately to conventional emergency situations arising in the countries concerned. The “grey zone” is discussed further below.

⁷The figures quoted in the rest of section 2 refer to the full calendar years 1996, 1997 and 1998. Given ECHO's existing statistical system (ECHOStat), this is the closest practical approximation to the period applied by the consultant's report - June 1996 to April 1999.

3. Analysis of operations and overall appreciation

In this section the major conclusions of the consultant report relating to the impact of ECHO-funded operations are set out. The Commission's comments on these conclusions are in section 4.

The consultants state that they wished to make allowances for the short history of ECHO and difficult circumstances in which it has had to operate, and to pursue a constructive approach. The approach followed is not a 'bottom-up' one, starting with observations on the basis of studying individual operations and then generalising from there. Rather, the team follows what it calls a 'challenge-oriented' approach, taking widely agreed challenges to contemporary humanitarian aid as a starting point against which to assess ECHO's performance. The clear intention nonetheless is to 'let the field talk' and to base the analysis on activities on the ground.

❖ Situating ECHO in its environment

ECHO was created in 1992 with a global mandate to fund humanitarian assistance and protection in a flexible and specialised way better adapted to emergency needs. While a number of crises already provided ample justification for that decision, the Office had to adapt itself to an increasingly complex and changing context, characterised by: an explosion of humanitarian crises around the world; increasingly hostile environments for relief operations, a perceived need by all operational actors to be more professional as well as a growing debate on the relationship between the humanitarian, political and development spheres. While it shared this environment with many other international actors, ECHO additionally was required to build procedures and develop know-how from scratch and operate in an administrative environment which was anything but designed for emergency operations. Therefore it is fair to acknowledge that the considerable hopes and expectations that were vested in it were much more than it could ever have been reasonably expected to manage. Despite this, it has succeeded in being a visible expression of an EU otherwise too often absent from major crisis theatres.

Under these conditions, evaluations of ECHO's performance are invariably positive: the consultant report states that "ECHO is currently financing the delivery of humanitarian assistance at least as well as any other organisation, and probably better and in a more cost-efficient manner than any other comparable international organisation".

The evaluators, and most observers, also expect the need for humanitarian assistance to persist in the future at at least current levels.

There is therefore, in the view of the consultants, no doubt that both the existence and status of the Office have been and remain amply justified.

❖ The 'grey zone' dilemma

Over the last decade, both thinking about and practice of humanitarian assistance have evolved substantially. At the same time, ECHO has established itself at cruising speed, budgets have expanded and remained high, and the Office has found itself increasingly managing programmes in the so-called 'grey' area between relief and

development – mainly because of the absence of sufficiently flexible and rapid alternative instruments in other parts of the Commission and a growing awareness of the complexity and interrelatedness of aid instruments in responding to humanitarian needs in crisis⁸. While needs undeniably exist, humanitarian operations in the 'grey zone' are at increased risk of proving unsustainable, and in the view of both evaluations, this has unfortunately quite often been the case.

The consultant report documents this development well, but struggles with how to react to it. It considers three options: a return to a stricter definition of emergency assistance; a twin-track approach within ECHO itself; or creating a long-term planning structure outside ECHO responsible for actions in the grey zone. As regards the first option, and bearing in mind the human needs involved, the consultants do not favour re-establishing a strict, emergency definition of ECHO's mandate. They tend towards the second option, maintaining that an ECHO which was more aware and self-assured in its humanitarian role could enhance its longer term impact significantly. In this perspective, while flexibility to respond to genuine emergencies certainly needs to be maintained, and indeed strengthened, the team concludes that there is room – and a duty – to develop a more strategic approach and better performance monitoring. The third option, whilst seen as highly desirable, is not considered achievable in the short term.

The report does make the point that in many, important cases humanitarian assistance is the only substantial funding presence of the EU in countries of considerable political interest, and notes this both as an important dimension of ECHO's activity and as a potential source of conflicting humanitarian and policy priorities.

❖ Analysis of operations

The team chose something over 100 operations amongst 2196 funded during the reference period, on the basis of relevance criteria, for in-depth analysis, with 461 analysed at a more general level. It should be borne in mind that this analysis relates to actions *funded* by the Commission, not *carried out* by it. Responsibility for both achievements and failures is therefore shared more or less equally with partners depending on the case. Many of the problems identified are also by no means specific to ECHO or to the projects it funds but common to many donors, maybe even to all.

An overall comment is that, whatever the achievements of humanitarian assistance, the fact remained, and the consultants often verified, that it is often at risk of simply underlining the failures of prevention and solution of crises; the harsh reality is that humanitarian assistance can only do so much to prevent suffering in the absence of other measures.

In its general conclusions based on this analysis, the consultants consider that over the period:

⁸ In addition to the evaluations, background information and statistics on ECHO's operations are available in its Annual Reports, the latest, covering 1998, being COM(1999)367 of 26 July 1999, and on its website (address europa.eu.int/comm/echo).

- Global Plans (country funding strategies), despite their limitations, were a positive development, and largely appreciated as a planning framework;
- Budget implementation rates were satisfactory by international standards;
- The revised FPA (framework partnership agreement) made a positive contribution in enhancing predictability of procedures and constitutes a relative simplification;
- UNHCR's work would not have been of the same quality without ECHO's support;
- ECHO has sustained the operations of many international agencies and NGOs under otherwise difficult circumstances, making a major contribution to stability within the international system of humanitarian response;
- Cost-effectiveness at the project level is mostly good, especially for operations with NGOs;
- ECHO's achievements in evaluation and audit are specifically singled out by the consultants for praise;
- Finally, ECHO's impact always has to be assessed bearing in mind failures elsewhere in adequately responding to crisis.

Nevertheless:

- Choice of partners did not always reflect experience and capacity sufficiently;
- The philosophy of linking relief and development mostly did not penetrate to partners and field operations;
- Many interventions in the area of health and nutrition are reviewed negatively due to very weak focus on sustainability and capacity-building, as well as weaknesses in needs analysis, prioritisation and policy on the types of appropriate intervention;
- The gender dimension of operations was rarely effectively integrated;
- More should have been done in the area of protection;
- Rapid response by ECHO to funding applications, while possible, became increasingly exceptional, even in emergency cases;
- Consultation on Global Plans was not wide enough, often not encompassing the UN and local authorities as well as other key actors on the ground;
- There remained considerable scope for gains in cost-effectiveness through better use of local resources;

- Coordination with other services and Member States, while very good examples were found, was more often than not inadequate.
- Aid has sometimes contributed to undermining local governance, and ECHO has not done enough to avoid this risk;

Some illustrative examples of country assessments are as follows :

- The Sudan Global Plan is considered to have been exceptionally good;
- ECHO deserves recognition for its far-sighted approach in Colombia; it is also a good example of learning lessons;
- Assistance was highly relevant in Palestine;
- In Cambodia, the flexibility and speed of ECHO funding and the efficiency of its partners produced an immediate and very concrete impact in terms of practical reconciliation, this despite problems (shared by nearly every other donor project) of limited sustainability due to the political context
- The large therapeutic and supplementary feeding programme funded by ECHO in Burundi was "particularly professionally run...fully in accordance with international standards". It was limited in its impact on the Burundian population as a whole by access problems related to insecurity, and donor disinterest to support structural assistance;
- In Niger an "unusually coherent and complementary approach" was pursued, at the behest of the Delegation which "did not feel that the DG VIII instruments at its disposal gave it the necessary speed and flexibility". Despite being well into the "grey zone", impact was good, attentiveness to local culture exceptional, and there were clearly defined limits at which to stop funding.

Nevertheless:

- The response to Hurricane Mitch is considered to have been good in the first stages, but rather less so later;
- Activities in Azerbaijan as judged as only 'partly relevant';
- The absence of needed development assistance in Cuba limited what ECHO could do to address the main needs of society, such as preventing the collapse of health care and education, despite its best efforts over many years;
- After a "fairly short" period of crisis actually requiring a relief intervention, ECHO-funded activities in Haiti are said to have been primarily politically driven, and subsequently prolonged by a rapid loss of interest by the international community in other types of assistance. This made it extremely difficult to achieve impact.

❖ Disaster preparedness

The consultant report confirms that individual disaster preparedness projects have usually been effective. The new regional approach of the DIPECHO programme is also confirmed as relevant, but the funds available are considered to be greatly insufficient compared to the needs and in order to achieve full impact. Outside ECHO, the consultants note that the Commission pays very little attention to disaster preparedness in its development assistance or in its research programmes. It also notes that preparedness projects cannot be treated in the same way as mainstream humanitarian ones, considering the different timescales and actors involved.

❖ Visibility

While noting that the concept has evolved positively, the consultants still criticise ECHO's 'visibility' as not having had a clear focus or endearing ECHO to many humanitarian actors. They suggest moving to a concept of 'communication'. They note that this has both an operational, field dimension and a dimension vis-à-vis European citizens and their political representatives, and emphasise the need for a strategy that is really owned by the organisation and its staff. The consultants are also of the opinion that the specific ECHO logo does not bring added value.

❖ Emergency response

The consultants also highlight the specific challenges posed by situations requiring genuine, operational emergency response capacity, most notably natural disasters. Presently, the EU as such has no capacity of this kind. It has also been able to do little to build capacity elsewhere. The report recommends that such efforts be stepped up. It suggests specifically developing capacity to dispatch expert missions to the field and suggests ECHO might function as a 'coordinating platform' for EU response instruments. It also suggests a much greater emphasis on building up partners' capacities and further improvements in ECHO's funding procedures specifically for emergencies.

4. Commission comments on the overall appreciation

At the outset, the Commission wishes to record its appreciation for the evaluation, which has identified a wide variety of issues of great importance. There is, indeed, much in the report which genuinely was not known before. It is therefore a welcome springboard to enhance the quality of the Commission's work.

In order to keep matters in perspective, however, it must also be said that the consultants do not always fully recognise some of the constraints imposed upon ECHO by an extremely complex environment and administrative constraints which are ill adapted to deal with emergency aid and the ensuing need for rapid response. It must, moreover, be borne in mind that *all* of ECHO's operations require a far greater degree of rapidity than typically characterises most aid institutions, even in 'non-emergency' situations.

The direction that ECHO's activities have taken has evolved pragmatically, facilitated by a Regulation which intentionally offered useful latitude. This development was

motivated, and, in the Commission's view, to a large extent justified, by its mission to address humanitarian needs. However, it must be conceded that these achievements – and an extraordinary presence on the world scene – were sometimes accomplished at the cost of insufficient rigor in analysis and project management. The 'culture' of emergency response has in many cases inappropriately been carried over to non-emergency operations.

In general terms, rigidly determined areas of responsibility could have operational costs and are no substitute for a dynamic and integrated approach. Nonetheless, within the context of linking relief to rehabilitation and development – facilitated by the Commission's deliberate combination of humanitarian and development portfolios under a single Commissioner – both ECHO and other services do need to focus clearly on what they do best. Accordingly, there is a need – even if it is not easy – to clarify and better organise the humanitarian mandate of ECHO in the light of how it has evolved in practice.

The Commission also recalls that linking relief and development, and closing the gap between them, is a difficult challenge for all donors. It is an area where the Commission has contributed substantially to what is a lively international debate. The Commission will ensure that all services involved in development cooperation accord a priority to closing the transition gap with humanitarian assistance in order to allow ECHO an effective exit strategy at the earliest practical moment. A coherent strategy is preferable to creating yet another structure as suggested in the consultant report.

The Commission agrees that humanitarian aid is an important part of the EU's external identity. At the same time, it considers it to be important that humanitarian assistance maintain a distance from foreign policy in order to protect its impartiality, and intends to further develop guidelines to this end.

Regarding the analysis of operations, it would extend this Communication unduly to comment on a very large volume of details. The Commission sees no reason to dispute the main findings of the consultants. It must, however, constantly be borne in mind that the Commission's scope to influence directly the operations it funds and those who implement them is often not as great as might be desired. This limitation applies to an even greater extent to attempts to influence the actions of other players on the humanitarian scene. This is not a reason not to try, but it is a reason to be realistic about the rate of likely improvements.

The Commission agrees with the consultants on the need for enhanced attention to disaster preparedness.

It also acknowledges that the concept of 'communication' may be better than simply 'visibility', though it would continue to stress the accountability dimension. It also intends to ensure that its field experts receive training in communication.

Regarding the logo, the Commission considers that it is a useful way of communicating its humanitarian activities to the public, although it should not be allowed to dominate relations with partners.

Regarding emergency response, the Commission considers that the question is well posed, but that it is too early to reply fully. It would welcome a debate on the issue, on

which an internal reflection is already underway. The Commission does endorse the idea of greater attention to capacity building and further streamlining of procedures and these points are taken up below.

5. Underlying problems and suggestions for improvement

This section contains the observations made by the consultants which in their view underlie a number of the operational problems identified in section 3. Their comments are given first under each heading, followed by the Commission's observations which are shown in *italics*.

❖ Lack of a mission statement and of performance indicators

The consultants attempt to deduce ECHO's mission from the Regulation, but regret the lack of a clear mission statement from management against which performance could be judged. The consultant report is also of the view that strategy, policy and principles applying to choices regarding funding should be better elaborated and all operations be given specific, verifiable objectives, however rudimentary. The consultants are unable to identify any use by ECHO of performance indicators, whether in programming, project planning or vis-à-vis its own administration (although they recognise that it has done some work on the subject). Both external evaluations stress the difficulty of their task given the lack of such indicators.

The Commission points out that there have been individual instances of performance indicators being used in project management, and in fact traditional reporting on disbursement indicators at least has long been emphasised within ECHO: indeed, the consultant report recognises quite good performance in this area. At the same time, there are problems in applying traditional methods to humanitarian assistance, especially in emergencies, and few donors are very advanced in this area. The Commission has also supported the SPHERE project which is an important attempt by operational humanitarian agencies to develop performance standards and indicators⁹.

The Commission nonetheless accepts the general points made by the consultants and the measures it intends to take are set out in section 6.

❖ Need for improved project cycle management

The consultant report, together with the overall evaluation for the preceding period, 1991-96, and various other evaluations¹⁰, notes a number of weaknesses in ECHO's performance. It considers that little is done to collect or apply lessons learnt, institutional memory is weak, and ECHO – and its partners – often repeats identical mistakes.

⁹ See www.sphereproject.org

¹⁰ E.g. Court of Auditors and internal audits.

Introducing the principles of project cycle management (PCM), in a way which is appropriate and adapted to ECHO's activities and its resources, as well as the characteristics of specific crises and interventions, would, it argues, go a long way to remedying some of these observed weaknesses and installing a more results-oriented culture. The consultants go to some lengths to insist that, in most cases, urgency cannot be invoked to justify this absence.

The general theme of improving project management underlies a number of the subsequent recommendations.

The Commission acknowledges that attention has indeed been drawn to weaknesses in project management across Commission aid programmes, not only by evaluations but also by the Parliament, the Council and the Court of Auditors. Project cycle management is now being introduced in ECHO as a response to this criticism.

The Commission has, in fact, already taken this point on board and has started developing a system of project management which is adapted to humanitarian requirements.

The Commission therefore agrees with this recommendation, on the understanding that what is required are well-chosen and specifically adapted tools to enhance impact and transparency, not additional constraints to achieving the necessary flexibility inherent in humanitarian response.

❖ Measure results, not inputs

Both evaluations stress again and again that ECHO expends enormous and unnecessary efforts on controlling inputs, while it neglects to control results. These efforts tie up resources, hamper rapid response, and needlessly complicate relations with partners.

The consultant report suggests that ECHO should require performance indicators in project proposals it receives, and should discuss and refine these where necessary. It is only in this way that it is possible to judge whether individual projects taken together contribute to achieving a broader objective such as might be laid out in an overall plan for the country or region concerned (what ECHO calls a 'Global Plan'). The Framework Partnership Agreement is not currently geared towards such an approach, and evaluations have recorded few cases where grantees have offered such indicators spontaneously. The weakness in defining objectives and measuring results does not extend only to field operations, but also encompasses visibility and disaster preparedness.

The Commission concurs that there is considerable scope to re-engineer ECHO's procedures in order to focus on measuring results and developing strategy and policy, in individual instances and across the board. At the same time, this is not by any means a problem unique to ECHO. A number of the changes which might be desirable will require broader, institution-level change as indicated above.

It is correct to emphasise controlling results, and the new FPA with its standard forms for requests, intermediate and final reports is already a step in the right direction, even if more should be done. At the same time, it should not be forgotten

that measuring results is an equally time consuming and challenging job, and that line-item budgeting and control remains a prevalent culture in most administrations. Shifting from input control to results measuring presupposes a good deal of groundwork and may not, even in the long run, have a net effect of freeing up resources: it may indeed require they be strengthened. Maintenance of input controls in parallel, even if simplified, would merely add to the resource requirement. A shift to controlling results is nonetheless additionally desirable in the interests of shortening response time.

❖ Relationship to the field

The consultant report criticises what it views as ECHO's centralised decision-making, and recommends greater responsibilities be divested to the field. It notes the problem that ECHO is mostly represented in the field by staff on short-term contracts, and notes additional weaknesses in the management of this staff in areas such as training, support and security. It also criticises ECHO's remoteness from the normal network of Commission delegations.

The Commission notes that ECHO is unique in the humanitarian world in having 70-80 staff permanently in the field. 80% of this contract staff is located within delegations. This specialised staff is expected to play a key role in assessing needs, coordinating and monitoring performance throughout the project cycle, and makes an indispensable contribution in so doing. In reality, therefore, decision-making is often more field-driven in practice than it may seem at first sight.

Nonetheless, the Commission is fully convinced of the need for operations to be conducted in close relation to the field and for further efforts in this direction, as well as on the need to increase synergies between the field and HQ. Existing selection and recruitment procedures and employment conditions impose constraints in ensuring adequate supply and retention of suitably qualified staff which need to be addressed at the institutional level. The non-statutory nature of this staff also restricts the extent to which decision-making responsibilities can be devolved to it. Some consideration should be given to a combined approach consisting in enlarging the scope for posting statutory staff to the field whilst at the same time building in the necessary flexibility offered by a less binding status.

❖ Need to strengthen management

The consultants go at length into issues of ECHO's internal organisation and management which, in their view, have contributed to many of the weaknesses observed. They go so far as to describe management as "the single most frequently criticised element brought to the attention of the evaluators, not only by external organisations, but, more importantly, by a majority of respondents within ECHO, both in the field and at headquarters". They specifically recommend that horizontal functions and operations mutually reinforce each other to a much greater extent.

Many of the problems highlighted relate to personnel policy and project management and result from rules or procedures which are determined at the Commission level or even by Council and Parliament; they are not, therefore, susceptible of solution at the level of an individual service such as ECHO. The Commission has already declared its firm intention to address the issues which arise at the institutional level.

This set of issues aside, however, there remain many immediate, practical problems which must be addressed. It is clear that implementing many of the conclusions of the consultant report will have important managerial and organisational consequences for ECHO. There may also be scope, as the Commission has already envisaged, for some pooling of capacities and consequent economies of scale between ECHO and the DG for Development.

❖ Human Resources

The consultants pay tribute to the commitment and professionalism of ECHO staff both in the field and at HQ; but note that there is a shortfall, especially at HQ, of staff with qualifications and field experience in humanitarian or development matters, and that this lack has significant consequences for the quality of project management and is perceived as a particular shortcoming by partners. They note as well a particular need to ensure that all operational staff have received training in project management and financial management. In the view of the consultants, the Commission sometimes has had ambitions which were unrealistic given the staffing levels available to ECHO and other constraints. The report calls for qualitative improvement in skills, and a realistic correspondance between staffing levels and tasks.

Given how the Commission currently recruits staff, it is, of course, very exceptional for staff, however well qualified in other areas, to arrive in ECHO with specific qualifications or experience in or related to humanitarian assistance. To some extent, this problem also characterises other operators in the humanitarian sector. Training must be used to a greater extent than is currently the case to offset this shortcoming and fill the gap. It is also necessary to provide for supplementary specialised staff at HQ. The Commission intends to emphasise both points more in the future.

Regarding the relationship between staffing and tasks, the Commission has already declared its intention to introduce activity-based budgeting and more generally activity-based management. Steps are being taken but tools and training still need further development and emphasis.

The level of staffing at ECHO is very low¹¹ at around two members of staff at HQ per € 10 million of financial decisions, including secretarial and other support staff: this is a lower figure than characterises most other Commission departments and less still than most national administrations. During the first part of the period covered by the consultant report, staff coverage was less still; only around 1,3 per € 10 million in 1996. Pressures are therefore intense. Whatever the improvements in productivity, there would still be a need for more staff at ECHO Headquarters to achieve the level of impact which the Commission would wish.¹²

¹¹ The staffing levels quoted cover only statutory (permanent and non-permanent) headquarters staff.

¹² This recommendation does not ignore the fact that staffing levels in the field have increased substantially during the period of the evaluation.

❖ Partner relations and the Framework Partnership Agreement

ECHO's basic modus operandi consists of providing funds to NGOs, the UN and the Red Cross, for identified projects, under a 'Framework Partnership Agreement' (FPA), a new version of which entered into force this year. The consultants, while noting improvements in the FPA, find numerous reasons to review this instrument in terms of its philosophy, practicalities and relationship with the project cycle. The essentially reactive, project-based approach of the FPA itself is at least questionable when it comes to major players such as the UN agencies, ICRC and IFRC which issue consolidated appeals and pursue – with the encouragement of most institutional donors – a programme rather than project approach. Such partners are obliged to follow *sui generis* procedures and invent sometimes artificial 'projects' in order to fit in with ECHO's requirements, without this necessarily enhancing either quality or control.

More generally, the consultants carried out numerous interviews with ECHO's partners, and found a lot of dissatisfaction with the relationship, both as it is conceptualised and in practice. The report does agree with the emphasis in the Regulation on preserving the independence and multiplicity of non-governmental actors.

To some extent, tensions with partners are inevitable and may even be a sign of the Commission's doing its job in trying to ensure accountability and performance. It is self evident that the Commission will ensure that all ECHO activities will be conducted within the scope of Regulation 1257/96. The FPA has been an important instrument in managing large quantities of aid in a specific administrative environment, and is to some extent unique. Nonetheless, the Commission agrees that there is room for improvement and that a review of the new FPA system is desirable, in the first instance especially for the Red Cross and UN agencies. Some steps in this direction have already been taken. This point is taken up further below.

❖ Need to enhance coordination with Member States

The consultant report generally advocates creating a greater sense of community in EU humanitarian aid between Member States and the Commission, and notes that this is a two-way process. Measures such as joint assessments and policy coordination are called for.

The Commission shares this vision and will continue to work hard at making it a reality.

❖ Scope to enhance international influence

The consultant report notes that ECHO has little effective presence in important 'humanitarian capitals' such as, operationally, Geneva, New York and to some extent Rome, and, policy-wise, Washington. As a result the Commission punches well below its weight in the international arena as far as humanitarian issues are concerned.

The Commission agrees with the need to accord priority to this issue whilst taking into account staffing constraints.

6. A programme for the coming years

The overriding priority at all times for the Commission must of course be to continue to address urgent humanitarian needs wherever they arise.

Nonetheless, the findings of the consultants as highlighted above challenge the Commission in two important ways – firstly, at a managerial level, to improve what we do in the field of humanitarian assistance, and secondly, at a strategic level, to reassess how it fits into the overall framework of crisis prevention, response and recovery.

The consultant report prompts action most urgently in the first respect. While what ECHO is doing is satisfactory, and in some ways even exemplary, there is scope to make it much better. It would not be opportune – and this is also a firm conclusion of the consultants – to attempt a major paradigmatic reassessment until the measures required to improve management are firmly in place.

The main focus of this part of the Communication is to lay out a framework for both the policy direction and the management of Community humanitarian activities in the future, in terms of a performance contract between ECHO and its main stakeholders. Necessarily, however – bearing in mind the calendar imposed by the Regulation – a number of details will need to be elaborated in a second stage.

Enhancing performance is a process. Accordingly, the intention is to refine the orientations of this performance contract periodically and in an iterative manner. As of end 2000, the Commission intends to use the vehicle of the annual report required under the Regulation to report on its progress towards these objectives, and its yearly strategy papers will provide an update and an opportunity to discuss evolving issues as necessary.

6.1 General performance strategy

❖ Identifying stakeholders, defining strategy

Better to do what, for whom? This question is at the core of any reassessment of operational strategy in government, and will be at the core of the Commission's own reflection regarding ECHO.

In seeking to orient ECHO firmly and, above all, concretely towards its stakeholders, the Commission is proposing the introduction of a new administrative culture and set of values which over time will substantially enhance accountability and performance. Stakeholder satisfaction will be measured, made public and fed back into the organisation's production process.

It is, of course, in the nature of public activity that stakeholders are varied and their interests do not always coincide. The essential principle is that an open and informed process must be put in place to poll the views of all those affected by public activity or mandated to represent those who are.

In the case of ECHO, the Commission believes that its most basic stakeholders are, firstly, those affected by humanitarian crises and, secondly, European citizens who need to be convinced that the effort is worthwhile and that the money is well spent. Citizens' interests are mediated and expressed through the European Parliament and Member State Governments and Parliaments, making accountability a necessity.

ECHO also has a specific relationship with its partner operational agencies: they play a fundamental role in ensuring that the humanitarian assistance and protection that ECHO funds are of the desired high quality.

The Commission intends:

- To study the possible introduction, into the aid projects it finances, of requirements to monitor and report the attitudes of direct beneficiaries, or, where emergency conditions make this impossible, at least to include this aspect in ex-post evaluations;
- To establish best practice benchmarks and overall performance targets, based on ECHO's and other donors' experience, as a guarantee to taxpayers of the efficiency of the aid given, and, in addition to existing statistical reports, to report on progress towards such targets to Parliament and through the Humanitarian Aid Committee (this issue is taken up further below).

The Humanitarian Aid Committee will continue to be a key forum for policy coordination with the Member States in the field of humanitarian aid¹³.

❖ Relations with partners: a central challenge

At least as things currently stand, ECHO provides its assistance exclusively through partners. Each of these agencies has its own personality, and it is only by means of effective teamwork that joint goals can be accomplished. At the same time, it is right and proper that ECHO insists on high standards. The relationship between ECHO and partners is so crucial and fundamental to improving ECHO's own performance that it must assume a central place in organisational strategy.

The Commission intends:

- To discuss further with its partners additional practical ways to improve the joint work, and to report on those discussions;
- To further build on its partnership with key multilateral agencies such as the UN and Red Cross by offering those which are interested, in addition to operational funding, programmed support for activities of mutual interest subject to the provisions of Regulation 1257/96¹⁴ bearing in mind the need to ensure efficient and well targeted delivery of humanitarian assistance by all partners;

¹³ The reference to this Committee is a pragmatic one based on current practice, and not intended to prejudice discussions around comitology or the role of other Council bodies

¹⁴ This approach has been termed 'active multilateralism'

- To reinforce its strategy of assisting the NGO community to build capacity through the recently-introduced Grant Facility for Studies, Training and Networks;
- To enhance substantially its relationship with representative NGO such as VOICE¹⁵, while respecting the limitations to its mandate which its members have imposed.

6.2 Strategic Management Plan

The Commission intends to review all of ECHO's activities from a management perspective, including resource implications, and to establish in consequence a strategic management plan, which will be open to broad scrutiny and periodic review;

❖ Mission statement, benchmarks and performance targets

The Commission intends:

- To ensure that ECHO has a clear mission statement, set of objectives and clearly defined priorities.
- To visit and document best practices of major humanitarian donors, within the EU and outside, with a view to discovering practices which ECHO might also adopt;
- To give specific objectives and associate measurable indicators to all Global Plans, communication activities and the DIPECHO disaster preparedness programme; and to request such indicators in projects wherever possible;
- To collect and report more systematically performance targets for its own administration, to include such data as time to reply to proposals, payment delays, hours of staff training, administrative processing time for proposals, and so forth.

❖ Overhauling project management and other internal procedures

The Commission intends:

- To continue its efforts at reviewing the project management cycle, taking into account the constraints of humanitarian and emergency response, with particular emphasis on: devoting more resources to sound ex-ante needs analysis and ensuring a system is in place to track the performance of partners;
- To establish clear statements of policy applying to funding decisions, including choice of partners;
- To carry out a review of the Framework Partnership Agreement system in the light of the observations and principles mentioned above, with a view

¹⁵ Voluntary Organisations in Cooperation in Emergencies, a subsidiary organ of the Liaison Committee of Development NGOs to the European Union

to enhanced effectiveness, maximum simplification, and accountability not only for expenditure, but also for results;

- To reinforce ECHO's field driven approach, in line with the observations set out above, by promoting the changes in current recruitment and employment policy for both field and headquarters staff necessary to ensure flexibility;
- To develop, by the end of 2000 at the latest, a training programme in support of this strategy, including obligatory courses on financial management and project management for all staff involved in managing contracts;
- To promote a learning culture and enhance institutional memory within the Office.

6.3 Wider policy issues

❖ A coherent and effective strategy for the "grey zone" dilemma

It would be a very sterile exercise to try to define precise conditions which either justify or preclude the involvement of ECHO in a particular crisis or sector. More important are the overall strategies to be developed on a case-by-case basis. The result of increased clarity on mission should be increased predictability as to the likelihood and form of ECHO intervention on the part of all actors concerned.

Taking advantage of the bringing together of development and humanitarian portfolios, the Commission also intends by July 2000 to inform the Council and Parliament further on how it will implement a coherent and effective strategy in the framework of linking relief, rehabilitation and development, thereby clarifying responsibilities in the grey zone.

❖ A longer term strategy review

- Over the longer term, the Commission intends to review the totality of Commission instruments intervening in crisis situations, and ECHO within this context. The consultant report has provided plenty of food for thought and the Commission is very keen to launch a debate on the following priority issues :Conflict prevention/early warning and peace-building
- Disaster preparedness and its place within development assistance
- Operational emergency response
- How to ensure that humanitarian aid operations are planned and carried out in such a way as to ensure as much as possible the protection of people's basic human rights¹⁶

In the course of this process, the Commission will also review the humanitarian aid regulation in a fresh light and in relation to other regulations governing other aspects

¹⁶ This does not at all imply that respect for human rights is a condition for provision of humanitarian assistance.

related to crisis response. It is planned to report to Council and Parliament in this respect by June 2001 at the latest.

7. Conclusions

The consultants recognise the value of ECHO's work, and, while critical in many respects, on balance review it positively. Above and beyond a consideration of the efficiency of individual operations, the Office's important contribution to the EU's external identity is also recognised. ECHO's continued and vigorous existence is not only considered fully justified, but strongly affirmed.

The Commission shares the overall positive assessment of ECHO, but is nonetheless conscious of the challenges identified and determined to reach the highest possible international standards in this important area of its work. This Communication has, accordingly, focused on areas for improvement and set out an initial programme to achieve it

The programme is undoubtedly ambitious. It will take time and will require a major investment from staff and stakeholders. The Commission feels it is important to set out clear, high standards and to be accountable for meeting them, but it certainly does not underestimate the difficulties or the constraints involved, of which staffing constraints are perhaps the most significant. Throughout, the intention is to report openly and at least on an annual basis on both progress and any setbacks encountered, and to seek, where possible and necessary, solutions together.

Lastly, while improvements to the Regulation may be possible, the Commission believes that it is an appropriate framework to accommodate the programme set in this Communication, and that this is a sufficient focus for ECHO at this point in time. It does intend, nonetheless, to study and keep this option open for the future.

This Commission is forwarding this Communication to Council and Parliament together with the consultant report itself.

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