

*helping in crises*

# ANNUAL ACTIVITY REPORT 2010 ECHO

“DIRECTORATE GENERAL FOR HUMANITARIAN AID  
AND CIVIL PROTECTION”

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## PART 1. POLICY ACHIEVEMENTS

The first part of this Annual Activity Report outlines DG ECHO's main policy achievements and activities during 2010 in fulfilling its work objectives. By necessity, this report does not detail all the activities undertaken by the Directorate General, but the salient points and those of general interest are, nevertheless, included.

The importance of crisis response and disaster relief has been reflected in the appointment of a Commissioner dedicated to humanitarian aid and crisis response in the new Commission. Civil Protection and Humanitarian Aid have now been merged into a single Directorate General (DG ECHO) which now encompasses the two main instruments at European Union's disposal to ensure rapid and effective delivery of EU relief assistance to people faced with the immediate consequences of disasters.

More detailed information on DG ECHO's activities can be found in its Annual Report 2010 is published on its website<sup>1</sup>.

### 1.1 EXECUTIVE SUMMARY

The European Union (EU) as a whole (i.e. the Member States and the European Commission) continues to be the largest single donor of humanitarian assistance in the world. According to the most recent data available<sup>2</sup> the EU accounts for 45-50% of the global humanitarian aid.

The mandate of the Directorate General for Humanitarian aid and Civil Protection (ECHO) aims at saving and preserving life, preventing and alleviating human suffering and safeguarding the integrity and human dignity of populations affected by natural or man-made disasters. The humanitarian assistance is provided on the basis of the agreed principles of impartiality, independence and neutrality. The decisions and actions taken by the Service are determined solely by the assessment of humanitarian needs, confirming the European Union's solidarity with people in need.

With regard to its civil protection mandate, DG ECHO encourages and facilitates the cooperation between the 31 States participating in the Civil protection Mechanism and Financial Instrument (the 27 EU Member States, Norway, Iceland, Lichtenstein and Croatia) in order to improve the effectiveness of systems for preventing and protecting against natural, technological or man-made disasters inside and outside Europe.

DG ECHO intervenes when and where crises or natural disasters occur, helping millions of affected people in third countries and inside the EU. In 2010, the Commission's response to new or protracted crises totalled €1,115 million and consisted of:

- providing humanitarian assistance in 80 third countries out of which 39 countries/territories were designated as being in a situation of crisis in the DG ECHO's initial planning<sup>3</sup>,
- activating the civil protection mechanism for 28 crises inside and outside the EU.

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<sup>1</sup> [http://ec.europa.eu/echo/media/publications/annual\\_reports\\_en.htm](http://ec.europa.eu/echo/media/publications/annual_reports_en.htm)

<sup>2</sup> Global Humanitarian assistance: <http://www.globalhumanitarianassistance.org/reports.htm>

<sup>3</sup> For more information, please refer to page 10 on specific objective 1

In 2010, humanitarian and civil protection assistance were provided to the following regions (rounded figures, in Euro thousands):

Region/country	Amount	%
<b>Africa</b>	<b>468.550</b>	<b>42%</b>
Sudan & Chad	169.000	
Central Africa	84.750	
Horn of Africa	96.000	
Southern Africa, Indian Ocean	31.700	
West Africa	87.100	
<b>Middle East, Mediterranean, Caucasus</b>	<b>98.000</b>	<b>9%</b>
Middle East, Mediterranean	96.000	
Caucasus	2.000	
<b>Asia</b>	<b>281.445</b>	<b>25%</b>
Central and South West Asia	198.295	
Central South Asia	34.400	
South East and East Asia	48.750	
<b>Latin America, Carribean &amp; Pacific</b>	<b>158.500</b>	<b>14%</b>
Latin America	34.500	
Caribbean & Pacific	124.000	
<b>Civil Protection</b>	<b>28.061</b>	<b>3%</b>
Inside EU	14.407	
Rapid Response preparatory action	6.846	
Outside EU	6.808	
<b>Worldwide (capacity building, technical assistance, support)</b>	<b>80.304</b>	<b>7%</b>
<b>TOTAL</b>	<b>1.114.860</b>	<b>100%</b>

The initial humanitarian aid budget of €35 million was reinforced on several occasions in order to respond to new crises and natural disasters occurring during the year, i.e. the two mega-disasters in Haiti and Pakistan and in the Sahel, to respond to the food crisis. Budgetary reinforcements were obtained by a transfer of funds from Emergency Aid Reserve, through the use of the 10<sup>th</sup> European Development Fund reserved for humanitarian aid in African, Caribbean and Pacific countries and by transfers from other budget lines within the external aid heading. The budget for humanitarian actions has been implemented through a wide range of implementing partners i.e. at 50% by NGOs (130 partners), 39% by UN agencies (14 partners) and 11% by International Organisations (3 partners).

The vast majority of the funding in 2010 was, as in previous years, for the – mostly protracted- crises in Africa. Substantial assistance was also provided in South West Asia (Afghanistan and Pakistan) and the Caribbean region (Haiti). Of the total assistance provided in 2010 an estimated 41% was for protracted crises, 44% for natural disasters and 15% for ad hoc crisis and interventions.

The Commission, through DG ECHO, funded humanitarian aid activities which **benefited** more than **151 million victims** of natural disasters, man-made crises or protracted crises.

In addition to the two mega-disasters, earthquake in Haiti and floods in Pakistan, other **natural disasters** continued to create damage throughout the world. DG ECHO prioritised **humanitarian assistance** in response to the following disaster types: floods in Benin, Burkina

Faso, Bangladesh and Colombia. earthquakes in Chile and Indonesia; cyclones in South Asia, Central America and Laos; droughts in the Greater Horn of Africa, Sahel region, Bolivia, Djibouti; epidemics in Republic of Congo, Haiti, Malawi, Zimbabwe and in South-east Asia. Specific assistance was also provided to Mongolia, affected by the Dzun<sup>4</sup> phenomenon, Bangladesh (rodent crisis), Philippines (El Nino) and Guatemala affected by a series of natural disasters (volcano eruption, tropical storm, tropical depression after a severe drought in 2009).

The **Civil protection** mechanism was activated 28 times during the year, within and outside EU, to respond to e.g. floods in Pakistan, in the Republic of Albania, Bosnia & Herzegovina and Montenegro, Hungary, Poland, Romania, Benin, Tajikistan and Colombia; earthquake and cholera epidemics in Haiti; earthquake in Chile; oil spill in the Gulf of Mexico; violent windstorm (Xynthia) affecting Western Europe; forest fires in France, Portugal and Israel; snowfalls in UK and the Netherlands; hurricanes and tropical storms in Guatemala and Haiti and finally the industrial accident in Hungary.

DG ECHO has been present in the most important areas of the world affected by **conflicts** (e.g. Southern Kyrgyzstan, Yemen, Ivory Coast, Sri Lanka, Afghanistan, Pakistan, Somalia, Colombia) and by **protracted as well as complex emergencies** such as in occupied Palestinian territories, Sudan and in the Democratic Republic of Congo (15 million beneficiaries for these three crises). All these crises urgently required food which was distributed to around 60 million beneficiaries.

DG ECHO's answer to crises remains varied and often multi-sectoral, including components such as health (including psychological support, financing of clinic, sexual violence), food and non-food items, protection, shelters and water/sanitation, reconstruction, rehabilitation.

The Commission supports **disaster preparedness** actions in regions prone to natural disasters, so as to help local communities to react rapidly and efficiently when disaster occurs, allowing many lives to be saved. In 2010, the Commission continued its support to DIPECHO programmes launched in 2009 and new ones in Southern Africa, Central Asia, South-East Asia and Central America. Contribution to disaster preparedness goes well beyond DIPECHO action plans as many of DG ECHO's major interventions include disaster preparedness or mitigation of disaster impacts as an objective. Mainstreaming is based on activities related to infrastructure support, advocacy and public awareness, small-scale mitigation, mapping and data computerisation, early warning systems, education, institutional strengthening and climate change activities. In total, DIPECHO action plans and mainstreaming activities reached more than 35 million beneficiaries in regions prone to natural disasters with a funding of €82 million<sup>5</sup>.

At policy level, many of the overarching policy issues regarding humanitarian aid are reflected in the 2007 **European Consensus on Humanitarian Aid** and its Action Plan. A **mid-term review of the Consensus Action Plan** was completed in autumn 2010<sup>6</sup> which confirmed good progress in implementing all the six action areas:

- Area 1: Advocacy, promotion of humanitarian principles and international law.
- Area 2: Implementing a quality aid approach.

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<sup>4</sup> Natural phenomenon arising from continuous heavy snowfall combined with extreme cold and preceded by dry summers

<sup>5</sup> Of which €33 million was funded from the budget line for disaster preparedness (23.0203) and €49 million from mainstreaming activities.

<sup>6</sup> COM(2010)722, SEC(2010)1505

- Area 3: Reinforcing capacities to respond.
- Area 4: Strengthening partnerships.
- Area 5: Enhancing coherence and coordination.
- Area 6: Aid continuum.

Results are available on [http://ec.europa.eu/echo/policies/consensus\\_en.htm](http://ec.europa.eu/echo/policies/consensus_en.htm)

The mid-term review of the Consensus Action Plan identified as one of the main challenges the more efficient management of situations of transition, i.e. **linking humanitarian aid and development cooperation (LRRD)** so that needs based humanitarian aid can be redirected to meet priority needs without leaving a vacuum when applying exit strategies. To ensure the success of its exit strategies a continued effort to improve coordination and the shared analysis of the needs of beneficiary populations is fundamental. For this reason, DG ECHO has been involved in the Post Disaster Needs Assessment approach led by the EU, UNDP and the World Bank (in Haiti). There is still a need to ensure consistency between the interventions in transition contexts and the outcomes of such exercises. This could be a crucial step towards the reduction of vulnerability of disaster prone countries and territories.

At the start of 2009, under the Czech Presidency, the **Council Working Group on Humanitarian Aid and Food Aid (COHAFA)** was successfully launched. The work continued under the Spanish and Belgian Presidencies in 2010. In its first two years of work, COHAFA has established itself as the Council point of reference for questions on humanitarian aid. Input is provided on a regular basis to other groups, and, via these groups, to Political and Security Committee (PSC), COREPER<sup>7</sup> and the Foreign Affairs or General Affairs Councils (for instance, on the humanitarian situation in Sudan where Council conclusions were adopted). In the context of COHAFA, discussions took place related to the possible extension/renewal of the Food Aid Convention with the Commission obtaining a mandate in November 2010 to renegotiate the Convention on behalf of the EU. On a strategic level, the COHAFA has facilitated the European Union to increase the coherence of the Commission and Member States' humanitarian aid activities. Under Belgian Presidency COHAFA reviewed its mandate and considered that it provides a good basis for the future work of the group. However, in the course of this review it was also felt that COHAFA should follow new working methods aimed at further improving visibility, outputs, results and impact of its work.

Acute food and nutrition insecurity continued to affect a large number of vulnerable populations, i.e. some 10% of the close to one billion food insecure people in the world. In March, the Commission adopted a **Communication on Humanitarian Food Assistance**<sup>8</sup>. It lays out the policy framework for EU humanitarian action to strengthen efforts to address food insecurity in humanitarian crises, looking for the most appropriate mix of response tools to provide the most efficient and effective food assistance in a given humanitarian context.

The European Commission also presented proposals to reinforce the **Union's capacity to respond to disasters**, taking into account lessons learnt from Haiti and Pakistan, as well as from recent natural disasters within Europe. The adopted<sup>9</sup> Communication aims at improving effectiveness, coherence and visibility by building on the main components of its response,

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<sup>7</sup> Permanent Representatives Committee

<sup>8</sup> COM(2010)126 [http://ec.europa.eu/echo/policies/food\\_assistance\\_en.htm](http://ec.europa.eu/echo/policies/food_assistance_en.htm)

<sup>9</sup> COM(2010) 600 final and SEC(2010)1243/1242  
[http://ec.europa.eu/commission\\_2010-2014/georgieva/themes/european\\_disaster\\_response\\_capacity\\_en.htm](http://ec.europa.eu/commission_2010-2014/georgieva/themes/european_disaster_response_capacity_en.htm)

i.e. humanitarian aid and civil protection, as well as military support where needed and appropriate, within and outside EU.

Article 214.5 of the Lisbon Treaty lays down that a **European Voluntary Humanitarian Aid Corps (EVHAC)**<sup>10</sup> shall be set up. In November 2010, the Commission adopted a Communication exploring possible ways, to enable European citizens to make a contribution to aid efforts and to spread European values such as **solidarity** with people in need. In 2011, which is *the European Year of Volunteering*, DG ECHO will launch preparatory actions and pilot projects. This will provide input for the preparation of a legislative proposal setting-up the EVHAC in 2012.

DG ECHO is committed to support the development and strengthening of the collective global capacity to respond to humanitarian crises and to promote a multi-donor approach in this area. In 2010, ECHO made available €15 million for **Capacity Building** programmes undertaken within UN agencies and the Red-Cross federation. The programmes focus on (1) strengthening of the coordination of international humanitarian response, (2) strengthening of the International Strategy for Disaster Reduction (ISDR) partnership for accelerated implementation of the Hyogo Framework for Action (HFA), (3) the sub-cluster capacity development to address gender-based violence in humanitarian context, (4) an enhanced interagency capacity for Internally Displaced People (IDP) profiling in humanitarian emergencies, (5) logistics from preparedness to response, (6) building capacity in the use of cash and vouchers in the humanitarian sector, (7) strengthening the capacity of the Nutrition Cluster coordination functions to improve predictability, timeliness and effectiveness of the nutrition response to humanitarian crisis and (8) establishment of the Emergency Food Security Cluster.

**Accountability and transparency** vis a vis the European taxpayer and the ultimate beneficiary is ensured by the process of setting priorities, providing humanitarian aid, reviewing and refocusing areas for funding as necessary, and ceasing activities when appropriate. A special **Eurobarometer survey** carried out in 2010 on humanitarian aid reveals a high level of solidarity among EU citizens with victims of conflict and natural disasters outside the Union. Eight out of ten citizens think it is important that the EU funds humanitarian aid outside its borders. An overall majority of citizens (58%) and a relative majority in all Member States consider that humanitarian aid is more efficient when provided by the EU through the European Commission.

To improve the **visibility**, as well as public understanding of the ways in which the EU supports those affected by crises with humanitarian aid and civil protection, various activities were undertaken such as extensive communication operations and major media support provided in particular for the emergencies in Haiti and Pakistan as well as Chile, video clips featuring interviews with ECHO staff in the field. Where possible, joint communication with partners was carried out, e.g. through communication action focusing on the promotion of the humanitarian space with the Red Cross family; by participating in a public event in Austria to highlight the partnership of ECHO with CARE; contributing to the World Humanitarian Day 2010 (19 August) with press release, dedicated webpages, public banners in Brussels. The communication strategy has seen an increased targeting of political opinion leaders in the EU. The readjustment reflects the new political priorities established by the Commissioner for International Cooperation, Humanitarian Aid and Crisis Response and by the addition of civil protection to DG ECHO's portfolio.

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<sup>10</sup> COM(2010)683 - [http://ec.europa.eu/commission\\_2010-014/georgieva/themes/voluntary\\_humanitarian\\_en.htm](http://ec.europa.eu/commission_2010-014/georgieva/themes/voluntary_humanitarian_en.htm)

## 1.2 ACHIEVEMENTS BY OPERATIONAL ACTIVITIES

DG ECHO encompasses two activities: the management of EU Humanitarian Aid and of Civil Protection policies.

*HUMANITARIAN AID (chapter 23.02 of the EU Budget and EDF funds for humanitarian aid)*

**Specific objective 1: ensure a rapid, efficient and effective delivery of humanitarian aid based on needs assessment, with particular attention to forgotten crises, in order to save and preserve life during emergency situations or protracted crises**

The Commission, through DG ECHO, funded humanitarian aid activities benefitting to about 151<sup>11</sup> millions victims of natural or man-made disasters in third countries, on the basis of humanitarian needs assessments.

The Global Needs Assessment (GNA) methodology which categorises 139 countries based on recent crisis and the degree of vulnerability of the country's population is used to target humanitarian aid to achieve greatest effect. In 2010, DG ECHO has identified **39 countries or territories** that are experiencing at least one crisis. Of these, 16 are very vulnerable, and 13 of those are in sub-Saharan Africa. 57% of the geographical budget (humanitarian aid only) is allocated to the 16 most vulnerable countries.

In assisting people affected by conflicts, DG ECHO has continued to focus on "**forgotten crises**" characterised by low or lack of media coverage and little interest on the part of donors. Following assessments in the field of operations, DG ECHO identified the following forgotten crisis situations in 2010:

- the Lao Hmong minority in Thailand;
- the Rohingya refugees and the Chittagong Hill Tracts crisis in Bangladesh;
- the inter-ethnic conflict in Burma/Myanmar and the related Burmese refugee situation in Thailand;
- the populations affected by the internal armed conflict in Colombia,
- by the conflict in the north of Yemen as well as the refugees from the Horn of Africa;
- the Sahrawi refugees in Algeria
- the populations affected by regional conflicts in India (Kashmir, north-east India, Naxalite affected regions).
- the populations affected by the internal armed conflict in Central African Republic,
- the Somali refugee crisis in Kenya,
- the Mindanao crisis in the Philippines and
- the Bhutanese refugees in Nepal.
- the crisis in the Sahel region (mainly Burkina Faso, Chad, Mali, Mauritania and Niger), which is suffering from a continuing series of external shocks (poor rains, political instability, high food prices, epidemics etc) aggravating an already fragile situation but not attracting the attention of the media.

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<sup>11</sup> Of which 101 million of humanitarian aid activities' beneficiaries

<b>Result indicator</b>	<b>Target</b>	<b>Outcome 2010</b>
Support the high priority areas with an adapted funding (main line 23 02 01)	> 85% of the initial planned budget	88% of funding is focused on priority countries, according to GNA calculation <sup>12</sup> and DG ECHO's needs assessment.
Support areas affected by unforeseen events	> 15% of the initial geographical budget	20% of the initial geographical budget is allocated to unforeseen needs + mobilisation of the emergency aid reserve 42% of the final budget
Support forgotten crisis areas by an adapted funding (main line 23 02 01)	> 12% of the initial geographical budget	13% of geographical budget is allocated according to priorities listed in the operational strategy 2010
Average time for emergency decisions to be adopted	Adoption within 25 calendar days	Primary emergency decisions: same day Emergency decisions: 23 days
Number of beneficiaries assisted through projects funded by DG ECHO on the humanitarian aid budget line (main line 23 02 01)	75 million (on the initial budget)	101 million of beneficiaries based on decisions
Level of implementation of the commitments appropriations on the DG ECHO humanitarian budget line	> 95%	99% of the final budget including the reinforcements during the from the Emergency Aid Reserve and other reinforcements
Better utilisation of the air transport service (ECHO FLIGHT) - Number of hours of flight - Number of persons / tons of equipments transported through ECHO Flight service	Increased assistance to affected areas, thus improving the overall Community response and that from ECHO partners, depending on the number of requests	3,205 hours of flight
		Approx. 15,684 people transported
		Approx. 383.5 tons of equipment transported
<b>Main policy outputs in 2010</b>		
<ul style="list-style-type: none"> <li>- Funding was focused on priority areas, according to needs assessments,</li> <li>- Particular attention was paid to forgotten crises ,</li> <li>- Response to humanitarian needs was provided in shortest delays</li> </ul>		

➤ *For the main policy objective, the targets have been reached, with 99% of the final budget implemented, including the reinforcements requested during the year. The high priority areas were covered as foreseen with 88% of the budget.*

**Specific objective 2: Strengthen resilience, in particular disaster preparedness and response capacity towards hazards at community level in global hotspots**

DG ECHO's humanitarian mandate is to provide emergency assistance and relief to the victims of natural disasters or armed conflict outside the European Union, including ensuring preparedness.

DG ECHO supported recent global efforts to strengthen Disaster Risk Reduction (DRR) efforts, which includes disaster preparedness measures in regions prone to natural disasters. In doing so, it has been able to help communities react rapidly and in an appropriate manner in case of a disaster, thus enabling many lives to be saved. In line with its humanitarian mandate, DG ECHO continued to prioritise 'people-oriented' preparedness measures.

<sup>12</sup> One of the index (Vulnerability and crisis) = 3 and the second index at  $\geq 2$ , according to the methodology used

DG ECHO's approach to DRR consists of three aspects: specific disaster preparedness programmes (DIPECHO, drought preparedness), mainstreaming of Disaster Risk Reduction (DRR) in response; and advocacy.

The DIPECHO programme has adopted a bottom-up approach to preparedness, targeting highly vulnerable communities in regions particularly prone to natural disasters. The Commission continued in 2010 its implementation of the DIPECHO programmes launched in 2009 as well as new ones in Southern Africa, Central Asia, South-East Asia and Central America.

DG ECHO's contribution to disaster preparedness goes well beyond the DIPECHO programme as many of DG ECHO's major humanitarian financing decisions include disaster preparedness or mitigation of disaster impacts as a component. Disaster Risk Reduction decisions adopted in 2010 included the Drought Preparedness programme in the Greater Horn of Africa and Global Plans for D.R. of Congo, Sudan and Zimbabwe and ad-hoc decisions for Haiti, Guinea Bissau and India.

A total of € 82 million was allocated to disaster preparedness activities. These activities reached about 28 million beneficiaries in regions prone to natural disasters.

<b>Result indicator</b>	<b>Target</b>	<b>Outcome 2010</b>
Share of DG ECHO humanitarian aid decisions providing relief to in which disaster risk reduction (DRR)/ disaster preparedness (DP) is mainstreamed	> than 40%	43%
Proportion of DG ECHO operational funds committed to disaster preparedness actions	> 5% of the operational expenditures	10% DIPECHO + disaster preparedness actions on the main HA budget line total grants/agreements €102 million <sup>13</sup>
Number of beneficiaries in disaster prone areas DG ECHO has supported by strengthening community resilience and local response capacity	Minimum target of 7 million beneficiaries	28 millions (Dipecho action plans, DPRR Horn of Africa and other decisions with such a dimension)
N° of countries and regions where ECHO has supported the development/functioning of National/Regional DRR Platforms, plans, initiatives and/or legislative frameworks	>20 countries and two regions	29 countries + 4 regions – All DIPECHO programmes as well as DG ECHO funded activities in the Pacific support this action. Funded interventions are in line with National DRR plans. i.e. Roadmap to localise HFA has been developed in India in consultation with Gov, NGOs, and DRR professionals. Development of a Disaster Management Law in Vietnam and Cambodia. National Action Plan in Philippines. National Platform for DRR in Dominican Republic. Setting up of the Central Asia Centre for disaster Response and Risk Reduction in Almaty. Emergency preparedness and response

<sup>13</sup> on a total of €1,027,495,000 (Africa €468,550,000 – Middle East, Mediterranean, Europe and Caucasus €98,000,000 – Asia €81,445,000, Latin America, Caribbean and Pacific €158,500,000 and Worldwide disasters €21,000,000)

		to health issues in Chad and DR Congo. In the framework of drought management initiatives.
Contribution by DG ECHO to advocacy and or awareness campaigns and/or other DRR events	> 20 campaigns/events	64 Campaigns/Events Examples: organisation of the DRR International Day celebration in almost all Dipecho countries (Bangladesh, India, Tajikistan, Kazakhstan etc). DRR Training in Central Asia for municipal and community level leaders. Organisation of awareness campaigns in all SE Asia countries. Organisation of the Disaster management Forum in Vanuatu. ECHO participation to " <i>One million safe hospital and school</i> " Campaign ".
Number of small-scale mitigation interventions funded by DG ECHO in disaster prone areas	Minimum target of 300 small scale mitigation interventions	1152 mitigation interventions (reforestation, protection walls, drainage, small infrastructure etc) have been implemented in all Dipecho programmes as well as in other DPRR oriented projects
N° of countries where DG ECHO has integrated climate change adaptation concept in DRR interventions	> 20 countries	42 Countries – All DIPECHO action plans under implementation include Climate Change Adaptation elements. Examples: - Training on Climate Change in Tajikistan and Kyrgyzstan., Nicaragua, Honduras, Guatemala, Colombia, Peru. - Finalisation of the agreement for the introduction of DRR and CCA measures in school curricula in Georgia. - Integration of the concept of adaptation to CC in all interventions in virtually all the countries of the South East Asia region. Inclusion of CCA intervention in the Caribbean DIPECHO programme. - Cold waves and drought management measure integrated in projects in Bolivia, Peru and Paraguay.
Contributions by DG ECHO to facilitate regional and national coordination on DRR including contributions to exchanges of lessons learnt and best practices as well as strengthening local ownership in DG ECHO DP target regions.	Min. 10 consultative meetings facilitated and hosted by DG ECHO in DP targeted regions.	56 meetings. 8 National consultative meetings and 2 regional meetings in Central and South America. Conference on HFA in Georgia. 47 Consultative meetings for the creation of Community Emergency Group in Central Asia. Coordination workshops within ASEAN framework (one per country).
<b>Main policy outputs in 2010</b>		
<ul style="list-style-type: none"> <li>– Completion and implementation of DG ECHO strategic approach on disaster risk reduction contributing towards implementation of the EU strategy on DDR in developing countries</li> <li>– Elaboration and implementation of a strategic approach taking into consideration the humanitarian impact of climate change</li> </ul>		

➤ *The 2010 policy targets have been achieved. The amounts allocated to disaster preparedness activities financed under the specific budget line and mainstreaming*

*activities through humanitarian operations financed under the main budget line matched 10% of the initial budget. In doing so, preparedness and response capacity of local communities has been enhanced.*

**Specific objective 3: Ensure a rapid, efficient and effective delivery of humanitarian food and nutrition assistance, based on needs assessment, in order to save and preserve life during emergency situations or protracted crises**

Throughout 2010, DG ECHO has worked to ensure that food assistance resources are concentrated on the most immediate life-saving interventions. The assistance given responded to well-defined life-threatening risks and used the most appropriate and effective combination of response options and tools. The budget allocated to food assistance allowed reaching approximately 22 million persons forming part of the vulnerable populations in third countries. Based on the needs assessment carried out, funds were allocated to African countries (65.3%), Middle East, Mediterranean and Caucasus (11.9%) and Asia (20.7%). The balance (2.1%) was used to reinforce partners' capacities to respond to crises.

At policy level, following an extensive consultation process with stakeholders, the European Commission adopted its Humanitarian Food Assistance Policy, which was subsequently endorsed by Member States in Council conclusions. The main aim is to provide food assistance to the most vulnerable crisis-affected people in the most efficient and effective way.

<b>Result indicator</b>	<b>Target</b>	<b>Outcome 2010</b>
Response to emergency food needs by the distribution of adequate quantities	Approx. 160,000 MT <sup>14</sup>	Approx. 172.7 MT <sup>15</sup> + € 89 million for humanitarian food assistance
Number of beneficiaries assisted by food assistance projects to which DG ECHO contributes	20 million	Approx. 22 million Indicative estimation based on an overview of decisions and grant/contribution agreements launched
Level of implementation of the commitments appropriations on the DG ECHO food aid budget line (23 02 02)	> 95%	99.8% of the final budget
Coverage of DG ECHO's food assistance support to food/nutrition crises urgently requiring significant levels of emergency food assistance	In 90% of countries	DG ECHO has responded to virtually all requests concerning humanitarian crisis with a food component
Level of support to key partners for improving their capacity in needs assessment, food assistance delivery, and impact assessment.	2% of total food aid budget	2% of final budget
% of food assistance and nutrition projects directly monitored in the field <sup>16</sup>	100%	100%
<b>Main policy outputs in 2010</b>		
<ul style="list-style-type: none"> <li>– Food assistance support was covered in food/nutrition crises,</li> <li>– A mandate was received to lead negotiations on the renewal of the Food Aid Convention.</li> </ul>		

<sup>14</sup> The figure is in metric tons.

<sup>15</sup> The figure estimated is based on only food cost, without transportation and other associated costs.

<sup>16</sup> Result based on projects where access, security and nature of project permit direct monitoring

- *The objective has been successfully accomplished in 2010 with 99.8% of the budget implemented and 22 million beneficiaries reached*

**Specific objective 4: Further strengthen DG ECHO's rapid response capacity in the field whilst ensuring security and safety policy for staff involved in the delivery of humanitarian aid**

a) rapid response capacity

This objective relates to the management of DG ECHO's individual experts and local staff working in the field. DG ECHO manages regional offices and more than 40 field offices through the world. The network of about 100 field experts put in place in line with the post tsunami action plan of January 2005 is organised in multi-sector rapid response teams. This allows DG ECHO to rapidly dispatch its field experts to new crisis situations in order to carry out humanitarian needs assessments and participate in the co-ordination of humanitarian activities in the field, including contacts with local authorities, the United Nations (UNDAC "UN disaster Assessment and Coordination", UNJLC "UN Joint Logistics Centre") and the Red Cross movement (ERU "Emergency Response Unit").

<b>Result indicator</b>	<b>Target</b>	<b>Outcome 2010</b>
Ensure a rapid response capacity	100 experts in the field <sup>17</sup>	107 experts in the field at 31.12.2010
<b>Main policy outputs in 2010</b>		
– The field experts' network was managed through the year		

b) security

The **general lack of security** and increased targeting of humanitarian workers remain major sources of concern. Humanitarian aid workers are increasingly faced with attacks, expulsions and killings. In 2010, significant number of violent acts were committed, directly or indirectly, against humanitarian aid workers. In particular, there has been an upward trend in the number of incidents involving national/local NGO staff. These security incidents continued to test the operational efficiency and effectiveness of humanitarian partners. This greater insecurity also affected ECHO staff in the field, who were victims, although unharmed, in several cases. ECHO continues to deploy assets on a permanent basis, in high-risk countries/areas such as in Pakistan and Yemen.

DG ECHO has established its own **comprehensive security policy**, taking into account the specificity of humanitarian aid delivery. In line with an internal audit on security measures in field offices, specific security plans have been introduced for all DG ECHO offices.

During constant monitoring of the security situations in places where DG ECHO carries out its activities, several **security alerts** were raised (60 in 2010) and appropriate security arrangements to mitigate the threats were proposed. Security-related information within Commission services and external security-partners is now regularly accessed and disseminated to relevant actors.

<sup>17</sup> In order to improve the Commission's response to disasters and within the framework of the EU strategy to strengthen its response to disasters and to the crises in third countries (COM (2005)153), DG ECHO is increasing the number of its experts on the ground, including those trained and having experience in the rapid evaluation of needs and being able to be deployed quickly in the event of a disaster.

A particular emphasis was put on **training courses** in the matters of security and humanitarian aid. In 2010, ECHO staff in the field participated in a hostile environment security training course. In addition, certain national/local staff attended security training courses organised locally in the field. Mandatory pre-posting security briefing was also carried out for all new or reassigned ECHO technical assistant. Pre-mission security briefings were given to headquarters staff travelling on mission to high risk security environments.

Finally, to respond to the growing security threats directly involving humanitarian aid workers, the **Security Cell** set up in the last quarter of 2008 was consolidated in 2009 by the definition of tasks and responsibilities. Three regional field security officers have been recruited and deployed in 2010 in Bangkok, Amman and Nairobi. These make up the **ECHO security network** in the field to provide direct support to ECHO staff in the field and to headquarters in the management of safety and security.

<b>Result indicator</b>	<b>Target</b>	<b>Outcome 2010</b>
Development of security awareness tools and ensure adequate security management	To strengthen DG ECHO's own security management system in the field by training for all experts, local staff, etc	Continuous
Strengthening the security of persons, installations and information as well as the safety in ECHO's offices	Further improvement of security systems, specially in the most risky areas	Ongoing
<b><i>Main policy outputs in 2010</i></b>		
<ul style="list-style-type: none"> <li>– Security of persons and installations was strengthened,</li> <li>– Development and implementation of security and safety procedures,</li> <li>– Security environment was monitored in places where ECHO developed its operations and, when appropriate, in close cooperation with the ECHO RSOs, and other Commission's services</li> </ul>		

- *The objectives on Rapid Response Capacity and on Security have been achieved in 2010 through effective management of the network of field experts and the provision of safer conditions of work.*

**Specific objective 5: Develop and manage the DG's contractual and accountability instruments and tools applicable to partners and enhance aid transparency and coordination through specific information systems**

DG ECHO pursued its implementation of contractual instruments<sup>18</sup> governing its relations with NGOs, UN agencies, International Organisations (IO) and Specialised Agencies of Member States.

The analysis for the annual partners' assessment started mid-September 2009 and was finalised in the first half of 2010. The first phase consisted of the annual verification of all partner NGO's compliance with basic rules and principles of the Humanitarian Aid Regulation and of the Framework Partnership Agreement. Besides the administrative controls, a special focus was placed on the analysis of the financial profile of all partners and to the follow-up of previous reviews of partners. Processing time was increased as a consequence and results were sent out early March 2010. Phase 2 consisted, as previous years, in an in-depth review of strengths, internal control/risk management procedures and

<sup>18</sup> Financial and Administrative Framework Agreement (FAFA) with UN agencies and Framework for Partnership Agreement (FPA) with NGOs and International Organisations.

procurement rules. The target of one third of the partners has been achieved and the 61 selected partners were sent the conclusions of the assessment early June 2010.

<b>Result indicator</b>	<b>Target</b>	<b>Outcome 2010</b>
Methodology for assessing that partner humanitarian organisations comply with the eligibility and suitability criteria defined in humanitarian aid regulation	All partners are assessed annually on the foreseen legal provisions; and every 3 years, in depth assessments on the basis of financial and operational criteria are carried out	The target of an in-depth assessment of one third of the partners (on actions held in 2007) has been respected and the 61 selected partners were sent the conclusions of the assessment in April 2009. On 2008 actions, a first phase was launched in July and is currently on the way and a second phase was launched in November.
Perform the revision of DG ECHO's 14 points application in view to improve the information on humanitarian aid contributions done by Member States and ECHO	Make a prototype available in April 2010 of the core structure	The tool was fully revised in 2010 according the planning and will be ready to be used by end of March 2011
Allow MS and Commission's services to work together in external aid activities by the creation of a wider tool developed by JRC and partly based on ECHO's 14 points application	Steps according to the planning agreed between JRC and ECHO	At the end of 2010, the tool is quite advanced and need to be further improved with advanced searches and graphics
<b>Main policy outputs in 2010</b>		
<ul style="list-style-type: none"> <li>- An advisory committee was set up at DG ECHO's level to analyse the position to take the problematic cases (weaker financial solidity, limited experience in humanitarian aid)</li> <li>- The annual assessment of NGO partners on actions and their certified accounts was completed by June 2010,</li> <li>- The existing 14points database was refined and the reporting facilities on humanitarian aid contributions provided by ECHO and Member States were improved</li> </ul>		

- *The objective has been successfully achieved through (a) the respect of the target in terms of partners' assessment and (b) the revision of the 14pts application fully revised according to the planning.*

**Specific objective 6: Pursue an active Humanitarian aid policy and develop policy issues in specific areas**

In 2010, the Commission continued to ensure that the European Consensus principles and commitments are pursued throughout the EU's humanitarian aid approach - in both its policy developments and operational response. Over the year a comprehensive '**mid-term review**' of the **Consensus Action Plan** was conducted in close liaison with EU Member States, humanitarian partner organisations and the European Parliament. The review represented an opportunity to look at the achievements so far of reinforced efforts in the EU to work closely together in application of a common vision of humanitarian aid represented by the Consensus. It also provided a clear focus on priorities as we look toward the future. The outcome of this review was outlined in a Commission Communication COM (2010) 722 on 'the mid-term review of the European Consensus on Humanitarian Aid Action Plan - implementing effective, principled EU humanitarian action', adopted on 8 December, together with a report on implementation progress as set out in the accompanying Commission Staff Working document, SEC (2010) 1505.

An ex-post evaluation was carried out on **air transport needs** in humanitarian aid, accompanied by a review on the same subject. It examined air transport between 2003 and 2008 with emphasis on the 3 last years. Three humanitarian air services were selected as case studies: UNHAS Afghanistan and Sudan (with the emphasis on South Sudan); ECHO-Flight (operational in DRC and Kenya); and Pactec (Afghanistan). Other services were consulted and/or examined to a lesser degree (such as ICRC and ASF-Belgium).

In 2010, the Commission actively pursued its policy work on the **gender** dimension of humanitarian aid, following the recommendations of the 2009 gender review. Due to newly emerging priorities the development of the gender policy remains to be finalised and the policy development process is expected to continue for most of 2011. In 2010, however, the DG ECHO gender working group was reinforced, internal information and discussion sessions on gender-related issues were organised, and an issues paper on gender and humanitarian aid was published. In addition, a questionnaire developed to explore the views of DG ECHO's staff and partners with a view to the drafting the final policy document and incorporating lessons learnt and good practices from the field.

A document defining an agreed and more coherent framework for DG ECHO's **action and contribution to Disaster Risk Reduction** has been adopted by the management in September 2010. This document intends to better define DG ECHO activity in this field while defining our priorities and limits as well as our objectives and targets while providing a basis for planning continuity and sustainability. Despite initial delays in consultancy availability, a study was completed by the end of 2010 to establish formulas for **defining Costs-Observed-for-Results (CORs)**, and to build up a critical mass of CORs to prime a data-base for a pilot phase in 2011.

Finally, DG ECHO has facilitated the "newcomer sessions" of **Good Humanitarian Donorship (GHD)** in Geneva up to July 2010 after which, ECHO formally handed over the leadership of this work to Estonia, in keeping with the concept of enabling new donors to become more active in the GHD process.

ECHO has continued its strong advocacy for an impartial and needs-based funding and support for related initiatives. ECHO has held several informal meetings of the GHD work stream and reported regularly to GHD donors in Geneva on needs and efforts aimed at improving the quality of needs assessment methodologies and mechanisms to compare relative severity of needs. ECHO has provided input into the inter-agency process and progress has been made within the NATF (Needs Assessment Task Force) on some outputs (notably identification of needs assessment core indicators, definition of needs assessment operational guidance and finalisation of a humanitarian dashboard currently under field testing).

<b>Result indicator</b>	<b>Target</b>	<b>Outcome 2010</b>
The European Consensus foresees a review of its implementation for mid-2010. The review should be discussed with COHAFA under the Belgian Presidency.	September 2010	Communication COM(2010)722 adopted on 8 December 2010 together with a report on implementing progress SEC(2010)1505
GHD – provide leadership in segments "new donors" and "needs assessments"	Throughout 2010	ECHO facilitated the newcomers sessions of GHD, Strong advocacy for an impartial and needs based funding
Humanitarian Air Transport	March 2010	A review of the sector has been finalised in March 2010, according to the planning. Results are available

		at <a href="http://ec.europa.eu/echo/policies/evaluation/thematic_en.htm">http://ec.europa.eu/echo/policies/evaluation/thematic_en.htm</a>
Gender Policy	September 2010	the policy development process is expected to continue for most of 2011.
Develop a strategic approach on the financing of Disaster Risk Reduction activities from the humanitarian budget	March 2010	Adopted by the management in September 2010. To be further analysed in 2011
Cost Observed for Results (COR) approach: the methodology for the approach and pilot implementation should start in 2010. Exact timing will depend to some extent on consultants' availability.	Mid-2010	Study completed Pilot phase to be implemented in 2011.
<b><i>Main policy outputs in 2010</i></b>		
<ul style="list-style-type: none"> <li>- A number of sectoral policies was developed, including a strategic approach on the financing of disaster risk reduction activities</li> <li>- Meetings with GHD newcomers were organised including a number of initiatives (dialogue with OCHA, input to Montreux donor/agency meeting) on needs assessments.</li> <li>- Completion of the <b>mid-term review of the consensus Action Plan;</b></li> <li>- Development of a <b>gender policy;</b></li> <li>- Review of the <b>disaster risk reduction policy</b>, based on ECHO's years of experience in this field</li> <li>- Review of the effectiveness of various existing options in the context of <b>humanitarian aid transport.</b></li> </ul>		

- *The advocacy and active role of DG ECHO is recognised and well appreciated. Consequently, the objective as outlined has been achieved.*

*CIVIL PROTECTION: RAPID RESPONSE AND PREPAREDNESS FOR EMERGENCIES WITHIN EU MEMBER STATES AND IN THIRD COUNTRIES (Chapter 07.04 and Article 19.06.05 of the EU Budget)*

**Specific objective 1: To facilitate a rapid and effective civil protection response in the event of a major emergency inside EU**

In 2010 the European Civil Protection Mechanism was activated in order to respond to the following emergencies within the EU:

- Alkali sludge accident in Hungary;
- Floods in Hungary, Poland and Romania;
- Forest Fires in France and Portugal (3 emergencies);
- Speleological Relief in France;
- Snowfall in the UK and the Netherlands;
- Torrential Rain in Malta.

Although the total number of activations was in line with that of 2009, 2010 will be remembered as a year in which the world experienced a series of particularly devastating disasters. Europe and its immediate neighbours were severely affected with the Mechanism being activated for numerous tragic events ranging from flash floods and severe storms in Western Europe, large-scale floods in Central Europe, volcanic ash clouds, to unprecedented forest fires in Russia.

<b>Result indicators</b>	<b>Target (result)</b>	<b>Outcome 2010</b>
Efficient response to crises Efficiency of the co-ordination of the Civil Protection assistance at EU level	To respond to 100 % of requests for interventions as quickly as possible.	In 2010, the MIC received 28 requests for assistance. This resulted in 28 EU civil protection operations, which were managed promptly and efficiently by the MIC.
Number of requests for information/ co-ordination, technical and/or assessment expertise from affected Member States Number of expert missions	To appropriately respond to 100 % of requests for expertise within an adequate time frame.	In 2010, the Emergency Response Unit organised and followed up 12 missions of experts mandated in an assessment and coordination team. Altogether 48 experts were deployed on emergencies inside and outside the EU.
<b>Main policy outputs for 2010</b>		
<ul style="list-style-type: none"> <li>– The Commission Communication on Reinforcing the Union's Disaster Response Capacity adopted in October 2010 was followed-up</li> <li>– Resolution P7_TA(2009)0013 of the European Parliament on Forest Fires in the summer 2009 was followed-up.</li> <li>– Pilot projects 2006 and 2008 and preparatory action 2008 and 2009 and current EU legislation regarding civil protection were subject of an evaluation report.</li> <li>– Continuation and implementation of the Preparatory Action on an EU rapid response capability</li> </ul>		

- ▶ *The objective has been successfully accomplished in 2010. All requests for assistance have resulted in civil protection operations, experts were deployed according to needs, inside and outside the EU.*

## Specific objective 2: Sufficient preparedness of civil protection actors to emergencies

Preparedness activities seek to contribute reaching a state of readiness and capability of human and material means enabling them to ensure an effective rapid response to an emergency, obtained as a result of action taken in advance cover<sup>19</sup>. Early Warning Systems, modules<sup>20</sup> and the Civil Protection Mechanism's training programme are essential parts of those activities. In addition, the Commission gave financial support to a certain number of preparedness cooperation projects.

### Early warning

Several Early Warning Systems have been financially supported in 2010, among which:

- EFAS (European Floods Alert System), which provides early warning related to floods in Europe. The system is developed by the Joint Research Centre of the European Commission (JRC).
- EFFIS (European Forest Fire Information System), which covers EU and neighbouring countries, monitors and predicts forest fires in Europe (fire forecasts up to 6 days). The system, which is also a JRC product, is able to assess the damages following a forest fire.
- The EU also supported the Global Disaster Alert and Coordination System (GDACS) and funding was provided for the operation of the system. The system provides a worldwide warning for earthquakes, tsunamis, hurricanes and volcanic eruptions. It also serves as a coordination tool during emergencies and provides an automatic analysis of an event.

### Modules

Member States are to identify in advance modules, which might be available for intervention or could be established at very short notice and be dispatched, generally within 12 hours following a request for assistance. As civil protection modules should be capable of working self-sufficiently for a given period of time, general requirements for self-sufficiency and, where appropriate, specific requirements that may vary in function of the type of intervention or the type of module concerned are defined at EU level so that Participating States know in advance the features to be met by the modules they would offer on a voluntary basis for participating in an EU civil protection assistance intervention<sup>21</sup>. In 2010, those requirements were partially changed with respect of the 'Aerial forest fire fighting using airplanes' and 'Field hospital' modules<sup>22</sup>. In addition, recent civil protection operations proved the need to add and implement four new types of civil protection modules to reinforce the civil protection rapid response capability, namely 'Ground forest fire fighting', 'Ground forest fire fighting using vehicles', 'Flood containment' and 'Flood rescue using boats' modules<sup>23</sup>.

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<sup>19</sup> See Article 4 of the Mechanism Recast.

<sup>20</sup> Commission Decision 2004/277/EC, Euratom of 29 December 2003 as regards rules for the implementation of Council Decision 2007/779/EC, Euratom establishing a Community civil protection mechanism (OJ L 87, 25.3.2004, p. 20), as amended by Decision 2008/73/EC, Euratom of 20 December 2007 (OJ L 20, 24.1.2008, p. 23).

<sup>21</sup> Commission Decision 2004/277/EC, Euratom of 29 December 2003 as regards rules for the implementation of Council Decision 2007/779/EC, Euratom establishing a Community civil protection mechanism (OJ L 87, 25.3.2004, p. 20), as amended by Decision 2008/73/EC, Euratom of 20 December 2007 (OJ L 20, 24.1.2008, p. 23).

<sup>22</sup> Commission Decision 2010/481/EU, Euratom of 29 July 2010 amending Decision 2004/277/EC, Euratom as regards rules for the implementation of Council Decision 2007/779/EC, Euratom establishing a Community civil protection mechanism (OJ L 236, 7.9.2010, p. 5).

<sup>23</sup> *Ibidem*.

As of 31 December 2010, Participating States had registered in the Mechanism's Common Emergency Communication and Information System (CECIS) the following modules: i.e. High Capacity Pumping, Water Purification, Aerial Forest Fire Fighting module using planes, Advanced Medical Post, Advanced Medical Post with Surgery, Medical Aerial Evacuation of Disaster Victims, Medium Urban Search and Rescue, Heavy Urban Search and Rescue, Field Hospital, Emergency Temporary Shelter, Ground Forest Fire Fighting, Flood Containment, Flood Rescue using boats, Technical Assistance and Support Team.

## **Training Programme**

The Mechanism's training programme aims at enhancing the coordination of civil protection assistance intervention by ensuring compatibility and complementarity between the intervention teams and modules, and by improving the competence of the experts to be deployed on-site as members of a EU assessment and coordination team. The programme includes joint courses and exercises (including exercises involving modules) and an exchange system whereby individuals may be seconded to other Member States.

### **a) Training courses**

In 2010, 873 persons took part in the 12 types of training courses offered by selected civil protection organisations. Altogether 49 courses were organised in 2010. These types of training courses are offered to eligible personnel from Participating States' civil protection organisations and UN personnel. Following participation in the training programme experts can become part of EU Civil Protection Teams deployed in case of emergency inside and outside EU (42 experts deployed in 2010).

### **b) Exercises**

Four exercises successfully implemented in 2010. The exercises focused on floods, earthquake, hazardous material and terrorist attack scenarios. Two full-scale exercises were selected and funded in the Call for Proposals 2010 focussing on the following areas:

- ▶ CBRN<sup>24</sup> accident affecting public places;
- ▶ Passenger sea line accident.

### **c) Exercises with modules**

One table-top and two field exercises took place in 2010 and were complemented by 5 Module Basic Courses that are components of the Training Programme, with the total participation of 126 participants.

## **Preparedness projects**

In 2010, the Civil Protection Financial Instrument financed three projects, further to the annual call for preparedness projects. Three preparedness projects were successfully implemented in 2010 in these areas:

- ▶ water pollution on the boundary between Bulgaria and Greece;
- ▶ legal conditions for provision of disaster assistance in the EU and selected Member States;
- ▶ improvement of the Meteoalarm system- early warning system for 30 European countries, by extension of the forecast periods to 5 days and by the inclusion of rain and floods warnings.

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<sup>24</sup> Chemical, biological, radiological, and nuclear

<b>Result indicators</b>	<b>Target (result)</b>	<b>Outcome 2010</b>
Number of persons trained/number of persons dispatched on a mission under the Mechanism	By the end of 2013, more than 3,000 experts having attended at least one of the training courses being offered	873 participants took part in 49 courses in 2010. 48 experts were deployed on MIC missions in 2010. The total of participants from 2007 is 1,964, or 65% of the overall target to be achieved by 2013
Modules ready to be deployed in case of emergency	All modules tested during exercises and ready to be deployed, if necessary inside and outside EU	2 modules were deployed to the Haiti earthquake, namely one advanced Medical Post with Surgery and one Water Purification Unit. Also one Technical Assistance and Support Team was deployed to Haiti for the cholera epidemics.
Organisation of simulation exercises aiming at improving the response capacity of civil protection teams participating in real time interventions under the Mechanism	By 2013, involve all the countries participating in the Community Mechanism in at least one exercise including the modular approach	2 exercises were selected in the annual call for proposals, with coordinating beneficiaries FR and PL. 5 full scale exercises took place in 2010 with FR, ES, UK, GR and IT as coordinated beneficiaries. The total of exercises performed as from 2007 is 13. These results will allow to achieve the overall target by 2013
<b>Main policy outputs for 2010</b>		
<ul style="list-style-type: none"> <li>– further development of interoperability of equipment and teams</li> <li>– further investment into other types of modules and their increased registration with the MIC</li> <li>– pilot projects 2006 and preparatory action 2008 and 2009 and current EU legislation regarding civil protection were subject of an evaluation report</li> </ul>		

► *The objective has been successfully accomplished in 2010*

**Specific objective 3: To contribute to develop measures preventing/mitigating long-term damage of major disasters on EU citizens.**

The Commission has engaged into a number of activities to fully implement an EU framework for the prevention of disasters<sup>25</sup>. Within this framework, on the 21<sup>st</sup> of December 2010, the Commission issued a guidance paper on national risk assessment and mapping for disaster management, which was developed together with the national authorities of the Member States<sup>26</sup>. The guidelines focus on the processes and methods of risk assessment as carried out within the broader framework of risk management and risk mitigation and are based on a multi-hazard and multi-risk approach covering, in principle, all natural and man-made disasters. They also propose definitions of the most important terms, based on ISO and UN/ISDR terminology. In addition, definitions for the major impact categories are proposed. A strong emphasis is put on using empirical quantitative methods as far as possible. It is now expected that Member States will further develop national risk management processes, in the

<sup>25</sup> See Communication of the Commission on a Community approach on the prevention of natural and man-made disasters [COM(2009)82 final of 23.2.2009] and Council Conclusions of 30 November 2009 on a Community framework on disaster prevention within the EU.

<sup>26</sup> Commission Staff working Paper - Risk Assessment and Mapping Guidelines for Disaster Management [SEC(2010) 1626 of 21.12.2010].

context of which they would make use of those guidelines. On the basis of the information to be provided by Member States to the Commission by the end of 2011, the latter will produce overview of the major risks faced by the EU in 2012.

The Commission is also working towards an improvement of its knowledge base on disasters and encouraging effective and greater investment in disaster prevention. Concerning the latter, the following issues were identified as deserving further consideration<sup>27</sup>:

- effective use of EU funding for prevention of disasters;
- introducing conditionality in EU funding – linking the level of funding to Member States to prevention measures being in place;
- increased use of disaster insurance policies with risk based premiums for households, the public sector, business and agriculture; possibility of insurance pooling;
- exploring the possible use of insurance-linked securities (Catastrophe bonds) and other alternative risk transfer instruments in the European context to raise additional finance on the international capital markets and thus reduce the costs of insurance.

Actions were also developed with the European Environment Agency (EEA) to encourage better information and comparability of disasters data, such as information on the costs of disasters. The results of this work will contribute to the development of the adaptation to climate change Clearing House Mechanism.

The Commission is also actively ensuring linkages with the initiatives developed by the United Nations International Strategy for Disaster Reduction secretariat (UN/ISDR) implementing the Hyogo Framework for Action (HFA). The Commission took part in and contributed to the annual meeting of European national platforms and HFA focal points (“European Forum for Disaster Risk Reduction”). Synergies are ensured with the ongoing work at EU level.

In 2010 the Civil Protection Financial Instrument financed, on the basis of annual call for proposals for prevention projects, 9 projects in the area of prevention. The projects will be implemented in 2011 and 2012, with a total EU contribution of EUR 2 849 695 (75 % co-financing rate). Three prevention projects have successfully concluded their implementation in 2010, with the focus on following areas:

- Prevention of fires;
- Linking civil protection and planning for preventing disasters in Europe;
- Prevention of natural risks in the Mediterranean region, focussing on seismic risks.

<b>Result indicators</b>	<b>Target (result)</b>	<b>Outcome 2010</b>
Development of a common approach in the field of mapping and assessment	Common multi-hazard approach used by Member States Reduction of economic costs of response and in particular of recovery.	Commission Staff Working Paper on Guidelines for Risk Assessment issued at end 2010. Member States are asked to prepare their own national risk assessments by end 2011.
<b>Main policy outputs for 2010</b>		
<ul style="list-style-type: none"> <li>– A communication on reinforcing the Union's disaster response capacity was adopted ( October 2010),</li> <li>– The Communication on a Community Approach on the Prevention of Natural and Man-made Disasters adopted on 23 February 2009 defines priority activities to enhance the Community</li> </ul>		

<sup>27</sup> See, *inter alia*, Council Conclusions of 8 November 2010 on Innovative Solutions for Financing Disaster Prevention.

► *The objective has been successfully achieved*

**Specific objective 4: To facilitate a rapid and effective civil protection response in the event of a major emergency in third countries**

In 2010 the European Civil Protection Mechanism was activated for the following emergencies occurring outside EU borders:

- Cholera outbreak in Haiti;
- Earthquake in Haiti and Chile;
- Floods in Albania (2 emergencies), Benin, Bosnia and Herzegovina, Colombia, Montenegro, Republic of Moldova, Pakistan, Tajikistan and Ukraine;
- Forest fires in Israel and the Russian Federation;
- Oil Spill in the United States of America and Cuba (i.e. to counter the after effects of the US oil spill);
- Potential dam collapse in Ukraine;
- Tropical storm in Guatemala;
- Volcanic eruption in Iceland.

Although the total number of activations was in line with that of 2009, 2010 will be remembered as a year in which the world experienced a series of particularly devastating disasters. On a global scale the Mechanism was called upon to react to two of the worst natural disasters in recent decades, i.e. the Haiti earthquake and the Pakistan floods and in response to the explosion of the Deepwater Horizon drilling well in the Gulf of Mexico which resulted in the most environmentally damaging oil spill on record.

Although the Mechanism has functioned well, there are grounds to believe that the increasing frequency, severity and intensity of disasters will continue in the future. For this reason, in early 2010 the European Civil Protection Mechanism was transferred to DG ECHO and merged with humanitarian aid in order to exploit synergies and reinforce the coherence of EU response operations.

Moreover, DG ECHO has also advanced proposals to further strengthen the EU's disaster response capacity. A Communication to this effect was adopted on the 26<sup>th</sup> of October 2010. The underlying concept is that Europe needs to move away from an *ad hoc* response to one which is pre-planned, predictable and immediate. At present, the deployment of EU civil protection assets is based on voluntary offers of assistance but, in situations where every hour counts, Europe needs a system that can guarantee that key assets can be mobilised swiftly and deployed instantly.

In order to respond to the aforementioned challenges, the Communication proposes to develop a European Emergency Response Capacity (comprising, inter alia, reference scenarios, mapping of Member States' civil protection assets, transportation arrangements, a voluntary pool of Member States' resources on standby for participation in a European response) and a new Emergency Response Centre. The latter will serve as a platform to provide a more effective EU response whenever and wherever a disaster strikes. It will collect real-time information on disasters, monitor hazards, prepare scenarios for different types of disasters, work with Member States to map available assets and coordinate the EU's disaster response efforts. Moreover, it will have direct links with the civil protection and the humanitarian aid authorities in Member States allowing it to process all *in-kind assistance* and ensuring a fully joined-up approach to disaster response.

<b>Result indicators</b>	<b>Target (result)</b>	<b>Outcome 2010</b>
Number of requests of intervention leading to adequate mobilisation of intervention compared to the number of requests received by the MIC.	To effectively and efficiently coordinate and facilitate Civil Protection assistance from 31 national contact points (ENV 27 + 3 EEA, Croatia) in response to a request of assistance from one or more affected countries (both inside and outside EU ) Ensure appropriate response to the requests for assistance within an adequate time frame.	In 2010 the MIC was able to respond to 20 requests of intervention in 'third countries'.
Efficiency of the co-ordination of the Civil Protection assistance available at EU level	Strengthening civil protection response capacities (development of the MIC into an Operations Centre for European civil protection intervention, identifications of the gaps in disaster response resources)	In 2010 the coordination done by the Monitoring and Information Centre proved to be effective in dealing with assistance both inside and outside EU.
<b>Main expenditure-related outputs</b>		
<ul style="list-style-type: none"> <li>- Number of experts were sent on missions in Member States in the framework of the Community Civil Protection Mechanism</li> <li>- A number of activations of the facility enabled access to transport in the EU</li> <li>- Close co-ordination was carried out with the affected countr(y)ies, with the Member States providing assistance and with the humanitarian partners, whenever they are involved in an emergency.</li> </ul>		

- *The objective has been successfully accomplished in 2010. All requests for assistance have resulted in civil protection operations and the coordination done by the MIC proved to be effective both inside and outside the EU*

**OVERALL CONCLUSION:**

**IN CONCLUSION, DG ECHO CONSIDERS THAT THE POLICY AREAS' OBJECTIVES SET OUT IN ITS MANAGEMENT PLAN 2010 HAVE BEEN SATISFACTORILY ACHIEVED.**

## **PART 2. MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

### **2.1. INTRODUCTION TO DG ECHO**

#### ***2.1.1. Mandate and main stakeholders***

The Directorate General for Humanitarian aid and Civil Protection (ECHO) aims at saving and preserving life, preventing and alleviating human suffering and safeguarding the integrity and human dignity of populations affected by natural or man-made disasters.

DG ECHO's mandate encompasses humanitarian assistance and civil protection, the two main instruments at the European Union's disposal to ensure rapid and effective delivery of EU relief assistance to people faced with the immediate consequences of disasters.

DG ECHO provides humanitarian aid to the most vulnerable victims of disasters in their immediate aftermath and also in cases of complex and protracted crisis situations, whenever needs arise that overwhelm the capacities of the governments and local authorities of the third countries concerned. DG ECHO's humanitarian assistance is based on the principles of humanity, neutrality, impartiality and independence, as endorsed in the European Consensus on Humanitarian Aid. DG ECHO's humanitarian assistance is based on solid needs assessment conducted by its own network of experts present in crisis areas around the world and humanitarian actors on the ground.

The decisions and actions taken by the Service are determined by the assessment of humanitarian needs and are not guided by or subject to political considerations other than the affirmation of the European Union's solidarity with people in need. The aid is intended to go directly to those in distress, irrespective of race, religion or political convictions.

DG ECHO does not implement assistance programmes itself. It is a donor and implements its mission by funding Community humanitarian actions through partners which have signed the Framework Partnership Agreement (FPA). DG ECHO's partners include European NGOs, International Organisations (Red Cross family) and the UN family which has signed the Financial and Administrative Framework Agreement – FAFA - (mainly WFP, UNHCR and UNICEF<sup>28</sup>). The specialised Agencies of Member States are also considered as partners.

Its assistance also aims at facilitating, together with other aid instruments, the return of populations to self-sufficiency wherever and whenever possible, and to permit the smooth phasing out of DG ECHO funding once crisis conditions have ended. In that perspective, DG ECHO is actively engaged in implementing the linkage between relief, rehabilitation and development “LRRD”, and in developing stronger cooperation with other Commission Services or other donors. Based on its experience in addressing disasters, DG ECHO also works at promoting disaster preparedness in order to reduce both vulnerability and exposure of people to risks and disasters as well as to reduce the economic costs of such disasters. With a view to the effective discharge of its mandate, DG ECHO also supports – where appropriate and necessary – capacity building measures of its implementing partners.

The importance of crisis response and disaster relief has been reflected in the appointment of a Commissioner dedicated to humanitarian aid and crisis response in the new Commission. Civil Protection and Humanitarian Aid have now been merged into a single Directorate General (DG ECHO) which now encompasses the two main instruments at European Union's

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<sup>28</sup> United Nations World Food Program, United Nations Refugee Agency, United Nations Children's Fund

disposal to ensure rapid and effective delivery of EU relief assistance to people faced with the immediate consequences of disasters.

In the field of civil protection, DG ECHO encourages and facilitates the cooperation between the 31 States participating in the Civil Protection (CP) Mechanism and Financial Instrument (the 27 EU Member States, Norway, Iceland, Lichtenstein and Croatia) in order to improve the effectiveness of systems for preventing and protecting against natural, technological or man-made disasters in Europe. Through the implementation of the CP Mechanism and Financial Instrument, it ensures better protection of people, the environment, property and cultural heritage in the event of disasters.

Assistance based on resources made available by Member States is provided to Member States and third countries struck by disasters, in case of request by the government of the country concerned. Beyond disaster response, DG ECHO equally strives to enhance disaster prevention and preparedness, both within the EU and beyond.

DG ECHO constantly mobilises help for people in need. This help and assistance is a fundamental expression of the European value of solidarity with people in need, as endorsed and underpinned by new legal bases for both humanitarian aid and civil protection enshrined in the Treaty on the Functioning of the European Union, as resulting from the Treaty of Lisbon.

### **2.1.2. Organisational structure**

The organisational structure of the DG was modified on 16 May, 2010 to take into account the Commission's decision of 17/2/2010 to transfer civil protection activities from DG ENV to DG ECHO and the Commission Decision of 20/4/2010 by which the organisational structure was changed. The purpose of the latter change was

- to approve the name change from "Humanitarian Aid" to "Humanitarian Aid and Civil Protection" in order to reflect the enlargement of the mandate of the Directorate-general;
- to create a new Directorate ECHO.C "Policy and Coordination". This new Directorate groups the two civil protection units and the units responsible for humanitarian policy affairs and operational support policies which were previously directly attached to the DG;

Following these modifications, the DG has since been organised around three Directorates:<sup>29</sup>

- Directorate "Operations" (Directorate A) includes four geographical units in charge of the management of the humanitarian operations, one unit to cover food aid and one unit in charge of information and communication;
- Directorate "Support to operations" (Directorate B) includes three units: one in charge of budgetary planning and reporting, internal control, audit and information systems (unit B1), one in charge of financial management and legal and procedural affairs (unit B2) and one in charge of Human Resources (unit B3);

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<sup>29</sup> As of 16 January 2011, the Organigramme was further changed, maintaining the structure of 3 Directorates but re-grouping units and tasks within these 3 Directorates.

- Directorate "Policy and coordination" (Directorate C) includes: one unit on general policy affairs, relations with donors and evaluation (unit C1), one dealing with operational policies (unit C2) and two units in charge of civil protection matters (units C3 and C4).

In addition, ECHO has an Internal Audit Capability (IAC).

### **2.1.3. Management of humanitarian aid and civil protection operations**

In the last quarter of each calendar year DG ECHO establishes an aid strategy by country/region for the year ahead. This programming is based on the evaluation by DG ECHO of humanitarian needs in the world, as well as on a large consultation process with its main partners (UN agencies, Red Cross movement and major NGOs) and with the EU Member States via the Humanitarian Aid Committee. As part of this exercise, and to keep the necessary flexibility, DG ECHO sets aside at the start of the year a non-programmed amount of approximately 20% of the budget in order to cover possible emergency needs (for example unforeseeable intensification of crises already underway and new crises). For large scale disasters that occur during the year, DG ECHO calls upon the use of the Emergency Aid Reserve.

The humanitarian aid budget is implemented through funding decisions adopted by the Commission<sup>30</sup>. A funding decision is taken to fund humanitarian operations in each country/region in accordance with the indicative budgetary programming at the time of establishing the budget or for each unforeseen intervention as needed. The funding decision specifies the amount, the objectives, maximum amounts to be financed by objective, potential partners, and possible areas of intervention.

A funding decision constitutes a budgetary envelope, which is translated into one or more contracts signed with partner organisations (grant or contribution agreements, called hereafter "agreements"). These agreements implement the objectives of a decision. Due to the nature of humanitarian crises and their volatility, agreements are normally short term in character, between 3 and 12 months, to enable DG ECHO to respond to quickly changing circumstances. Agreements, which define roles and responsibilities in the implementation of humanitarian operations, are only concluded with NGOs that have signed the Framework Partnership Agreement (FPA) or the Financial Administrative Framework Agreement (FAFA) in the case of UN, international organisations or specialised agencies of Member States. Only organisations that have proven administrative and financial management capacities are eligible for funding.

Through the FPA and FAFA, the Commission is able to receive quickly, detailed project proposals and financing requests which are analysed both in the field and at DG ECHO headquarters before submission for formal decision which may lead to the award of funds supported by a written agreement.

Agreements for humanitarian operations with NGO's are implemented under direct centralised management mode and agreements with International Organisations and UN agencies are under joint management mode.

Civil protection grant agreements have a longer duration than for humanitarian aid (up to 24 months) or up to 48 months in case of contracts (if a renewal is agreed between the DG and a contractor).

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<sup>30</sup> Depending on the amount and the emergency, a funding decision is adopted by the Commission (written procedure), the Commissioner (empowerment procedure) or in exceptional circumstances by the Director General (delegation procedure).

The table below provides a breakdown of the contracts (agreements) signed in 2010 by type of expenditure, category of implementing partners and management mode:

Type	Number	Amount	%	Management mode (1)
<b>Support expenditure and technical assistance</b>	<b>241</b>	<b>45.144.999</b>	<b>4,0%</b>	CD
<b>Grants for humanitarian operations</b>	<b>912</b>	<b>1.062.622.216</b>	<b>93,2%</b>	
<i>NGOs</i>	650	533.070.243	46,8%	CD
<i>International organisations</i>	50	112.271.764	9,8%	JO
<i>United Nations</i>	212	417.280.209	36,6%	JO
<b>Civil protection</b>	<b>95</b>	<b>32.057.087</b>	<b>2,8%</b>	CD
<b>TOTAL</b>	<b>1248</b>	<b>1.139.824.302</b>		

(1) CD=Central Direct Management, JO=Joint Management

For the initiation and verification of financial transactions, DG ECHO has established internal rules for its financial circuits. These rules have been communicated to all management and are published on the local intranet. Financial delegations have been given in conformity with the posted applicable rules. All delegated and sub-delegated authorising officers have acknowledged receipt of the corresponding charter. Further to the various reorganisations within DG ECHO and the transfer of civil protection activities, the financial circuits have been updated as of 18 February and 8 July 2010. The sub delegations have been updated accordingly.

DG ECHO applies a partially decentralised financial circuit except for (1) the pre-financing payments where a centralised financial circuit is applied and (2) for the administrative expenditure, individual experts and DG ECHO field offices where DG ECHO applies a fully decentralised financial circuit with "counterweight". Emergencies occurring outside normal office hours or in holidays are covered by a 'duty system', a 'safety net' and a simplified short circuit for certain civil protection operations.

#### **2.1.4. The planning, monitoring and reporting processes in place**

The main planning, monitoring and reporting processes consist of the following:

- A strategic planning and programming cycle is established through top-down and bottom-up phases involving all levels of the hierarchy. Management plans for all individual units are established and the DG management plan is drafted according to Secretariat General's standing instructions. Each step in the process is outlined on the local intranet;
- In accordance with its Humanitarian aid Regulation, DG ECHO also prepares an operational strategy for the year ahead (see section 2.1.3) and an annual report. These documents complement the Management Plan (MP) and the Annual Activity Report, which are part of the Activity Based Management (ABM) cycle;
- Civil protection actions are covered by an annual work programme adopted as a Commission Decision;
- The state of achievement and the quality of implementation of the MP objectives is subject to a mid term review, which is also a review of DG ECHO's operational strategy. This step is established through meetings with all levels of the hierarchy and the results are published on the local intranet;

- Management meetings are one of the most important management tools (for planning, coordination, and supervision) in the Directorate General. They are organised on a weekly basis at the level of Director General, Directorate and Units. Conclusions at DG and Director levels are formalised and published on the local intranet;
- The monitoring and reporting process are complemented by comprehensive monthly and annual financial reports giving an overview and detailed data on humanitarian assistance: budget implementation and analysis, financial implementation of commitment and payment appropriations. These reports include a dashboard on financial indicators giving an overview of financial planning and implementation (use of commitment and payment appropriations compared to the annual planning) and on payment processing times. These reports were sent to the Cabinet, Management, DG Budget and IAC. They were also made available on the local intranet and on internet for the annual financial report;
- An annual review of the audits is undertaken leading to recommendations for improvements of Partner's Control system, input into the assessment of partners and the identification of amounts unduly paid or withheld.

### 2.1.5. Human and financial resources

#### Human resources

Human resources at headquarters at the end of 2010 totalled 289 staff<sup>31</sup>, of which 207 statutory and 82 non-statutory (details are in annex 2-A).

In order to improve the Commission's response to disasters and within the framework of the EU strategy to strengthen its response to disasters and to the crises in third countries (COM (2005)153), DG ECHO has increased the number of its experts in the field to 107 experts under contract and 306 local staff, making a total of 413 people working in DG ECHO's field offices at 31 December 2010.

#### Financial resources

DG ECHO's response to humanitarian crises in 2010 was channelled through 81 funding decisions. Final budget 2010 is €1,115 million.

The volatile environment in which DG ECHO has to operate and the subsequent need to reinforce the budget is illustrated by the breakdown of the budget available for humanitarian assistance since 2006:

<b>DG HUMANITARIAN AID (ECHO) : BUDGET 2006 - 2010 ('000 €)</b>										
YEAR	BUDGET COMMISSION					EDF	TOTAL BUDGET (Com Appr.)	Growth	COMMITTED FUNDS	Implementation rate
	Initial Budget (1)	Growth	Em. Aid Res.	Reinforcements Other	Total					
2006	495.729	0,0%	140.000	7.561	643.290	28.060	671.350	2,7%	671.007	99,9%
2007	732.160	47,7%	0	8.854	741.014	28.200	769.214	14,6%	768.530	99,9%
2008	751.271	2,6%	177.000	10.477	938.748	0	938.748	22,0%	936.642	99,8%
2009	777.051	3,4%	110.000	7.317	894.368	37.325	931.693	-0,8%	930.450	99,9%
2010	835.135	7,5%	208.882	40.700	1.084.717	50.050	1.134.767	21,8%	1.114.860	98,2%
<b>AVERAGE</b>	718.269		127.176	14.982	860.427	43.688	889.154		884.298	99,5%

(1) As of 2007 including food aid and as of 2010 including civil protection

<sup>31</sup> This does not include 9 persons working under a service contract for IT services

The following conclusions can be drawn from this table (rounded figures in €millions):

- The average budget managed by DG ECHO for its humanitarian aid activities during the last five years is €889 million per year;
- The average implementation rate on the period considered (decisions against available budget) is 99.5%;
- The funds committed under the 2010 budget for operational and support expenditure was at the end of the year €1,115 million;
- In the eighteen years of its existence, DG ECHO had to seek budgetary reinforcements every year, either through use of the Emergency Aid Reserve, through transfers from other budget lines within the external aid heading or, in respect of ACP countries, by using resources from the European Development Fund. This shows clearly that budget reinforcement is a structural issue, mainly due to the inadequacy of initial appropriations;
- The average use of the Emergency Aid Reserve over the last five years is €127 million per year;
- EDF funding is an important complement to the funds drawn from the Commission budget. The average use over the period concerned is €44 million per year<sup>32</sup>.

The total committed amount in 2010 of €1,115 million can be subdivided into the following categories of expenditure:

- €1,079 million for operational humanitarian aid expenditure. Funds for humanitarian aid operations are drawn from the following four sources: (a) €761 million from the main budget line for humanitarian aid, (b) €234 million from the food aid budget line, (c) €33 million from the budget line for disaster preparedness and mitigation and (d) €50 million from the amounts reserved for humanitarian aid under the B-envelopes of the 10<sup>th</sup> EDF;
- €28 million for operational civil protection expenditure.
- €7.5 million for support expenditure for humanitarian aid (ex BA-line)
- €0.2 million for support expenditure for civil protection (ex BA-line)

The amount funded by DG ECHO is mainly allocated to its core business, around 96% being effectively used for the delivery of humanitarian assistance.

### **2.1.6. Main difficulties, problems and risks particular to the environment**

Humanitarian aid operates in difficult environments characterised by unpredictability, volatility, insecurity and problematic access to affected people, which makes proper implementation a true challenge. DG ECHO seeks to contain and reduce the risks described below to an acceptable level inter alia through screening of potential implementing partners, monitoring and visits of projects, ex-ante controls, audits and evaluations. In this context, DG ECHO puts high emphasis on the balance between the achievement of its policy objectives described in chapter 1 and the need for efficient financial/operational control of its activities.

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<sup>32</sup> These funds were not available in 2008 because the 10<sup>th</sup> EDF was only ratified during the year.

In the framework of its annual risk assessment exercise, DG ECHO established a risk register linked to the objectives set out inter alia in its Management Plan 2010. The results of this assessment indicate that DG ECHO contends with the following 2 main inherent risks:

a) Security Risk

This risk can take various forms:

- Violence against humanitarian aid workers (arrests, kidnapping, torture, murders, ...);
- Physical and psychological profile of personnel (diseases, stress, inexperience, lack of training, ...);
- Destruction, theft of goods (such as vehicles, installations ...).

DG ECHO's staff (technical assistants based in the field and headquarters staff visiting operations for operational monitoring or auditing) and humanitarian aid workers continued to operate during 2010 in difficult environments, some of which are characterised by a high level of insecurity. This affected the visits and control that were carried out on the ECHO funded operations implemented in the field and led to increased attention being given to security issues.

b) Access Risk

DG ECHO funded projects are often implemented in areas where access is hampered by insecurity and sometimes country-specific problems. This can have an impact on the monitoring visits and on the delivery of aid to potential beneficiaries. DG ECHO tries to reduce this risk through the existing monitoring systems and procedures put in place, such as the presence of DG ECHO field experts in the area of operation and field audits. However, the residual risk has to be accepted, since refusing to comply with these constraints would oblige DG ECHO to abandon in certain circumstances its assistance to the people affected, which is contrary to the humanitarian imperatives set out in its legal base.

## **2.2. THE FUNCTIONING OF THE INTERNAL CONTROL SYSTEM**

### **2.2.1. Compliance with the requirements of the control standards**

In order to report on the compliance with the requirements of the Internal Control Standards (ICS) for effective management of the Commission, DG ECHO has taken into account several sources of information, which were mainly gathered through (a) the in-depth update by focal points of the actions taken in 2010 (b) the assessment of the effectiveness ICS of prioritised ICS (see below in 2.2.2) (c) the discussion held at year-end by DG ECHO's management on the compliance with requirements and on the effectiveness of the internal control system put in place (d) the information included in the reports issued by controlling bodies and (e) discussions during the weekly management meetings. Following these various sources of information, the overall conclusion of the DG's management was that DG ECHO remains compliant with the Commission requirements of the Internal Control Standards for effective management.

### **2.2.2. Effectiveness of implementation of the prioritised control standards**

In the framework of its Management Plan (MP) 2010, DG ECHO management decided to keep, as in MP 2009, the emphasis on the evaluation of the controls in place to ensure effectiveness for the following Internal Control Standards (ICS).

<b>Standard</b>	<b>Brief description of the reasons for prioritisation</b>
<b>ICS 10 Business Continuity</b>	DG ECHO's mandate requires providing an immediate response to newly emerging crisis. Business continuity is therefore considered as an important ICS.
<b>ICS 11 Document Management</b>	This standard was prioritised in light of the migration in 2009 from the ADONIS system to the new Commission's document management system ARES
<b>ICS 14 Evaluation Of Activities</b>	In accordance with Council Regulation 1257/96 concerning humanitarian the Commission is required to "regularly assess humanitarian aid operations financed by the Community in order to establish whether they have achieved their objectives and to produce guidelines for improving the effectiveness of subsequent operations." This ICS is relevant given the continuous pursuit of optimum effectiveness and efficiency in the implementation of operations on the ground and to demonstrate the results in the added-value of our actions.

To assess how effectively the prioritised ICSs have been implemented and as such to fulfil this commitment for the 2010 AAR, DG ECHO performed a 'desk review assessment' following the DG BUDG guidance<sup>33</sup>. The review was based on:

- a) the information collected throughout the year in its role of responsible for internal control matters (such as the updated assessment of the ICS compliance, the information drawn from management meetings, the information drawn from audits and controls carried out by controlling bodies audit/control information (IAC, IAS, ECA, OLAF,...), exception reports, relations with central services etc....);
- b) interviews with the DG ECHO units in charge of the implementation of the internal control standards to obtain the necessary explanation and supporting evidence allowing to conclude on the effectiveness of the scrutinised ICS.

Results of those exercises were consolidated, presented to DG ECHO management and discussed in order to reach a validated conclusion on the effectiveness of the 3 selected ICS.

The above exercise did not reveal any material breach in the current level of control. Some actions for improvement, not affecting the general conclusion on the effectiveness of the selected ICSs, were decided and will be implemented and followed-up in 2011. This general assessment was confirmed through the DG ECHO Internal Control Coordinator's note asking management to report on any exceptions or observations it might be aware of regarding the effectiveness of the 16 Internal Control Standards implemented within the DG.

### **2.2.3. Conclusion**

Taking into account the above information and the various reports from internal and external controlling bodies, there is satisfactory evidence that the internal control system in its entirety is implemented effectively in DG ECHO. The procedures put in place control the main risks and in doing so provide reasonable assurance that the key objectives were met and that the activities are carried out as intended.

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<sup>33</sup> Which is an integral part of the Communication SEC(2007) 1341 on the revision of the ICS

Given the operational nature of the DG, it is important to constantly ensure compliance and effectiveness for all of the ICS, and not only focus on some which are considered as the most risky for the DG. Therefore, DG ECHO has been undertaking since 2008 the necessary steps to assess in detail the effectiveness for all the 16 Internal Control Standards within a 5 years period. This implies that each year at least 3 different ICS are selected for assessing effectiveness. The effectiveness of the remaining 7 ICS will be addressed in 2011 and 2012.

### **2.3. INFORMATION TO THE COMMISSIONER**

In line with the communication from the President of the European Commission on "The working methods of the Commission 2010-2014"<sup>34</sup> the Commissioner for International Cooperation, Humanitarian Aid and Crisis Response is regularly informed with appropriate information on operational and on budgetary and financial matters. Relevant issues are communicated and discussed in bi-monthly meetings between the service and the Commissioner and her Cabinet.

In addition, the following supporting documentation is provided to the Cabinet on a regular basis:

- Regular reports on the monitoring of budget implementation;
- A six-monthly overview of the work undertaken by the Internal Audit Capability; the conclusions reached and the remedial actions planned or arising from the work of the European Court of Auditors; the Internal Audit Service; the DG itself in the context of ex-post controls, the results of the internal controls self assessments and, if applicable, OLAF Investigations.

The main elements of this annual activity report and assurance declaration have been brought to the attention of Commissioner K. GEORGIEVA on 16 March 2011.

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<sup>34</sup>C(2010)1100 from 10 February 2010 – Annexe 1 "Principles governing working relations between the members of the Commission, their Cabinets and the services of the Commission" – Points 5.2 and 5.3 in pages 21/22.

## **PART 3. BUILDING BLOCKS TOWARD THE DECLARATION OF ASSURANCE**

### **3.1 BUILDING BLOCKS TOWARDS REASONABLE ASSURANCE**

In line with the materiality criteria described in Annex 4, DG ECHO considers that the supervisory and control systems that have been put in place have kept the level of risks to a level that is considered to be reasonable from the point of view of regularity, legality and sound financial management. This assessment is subject to the recognition of the risks (see section 2.1.6) that are inherent in the provision of humanitarian aid, notably the difficult and complex nature of DG ECHO's field operations, the fact that many operations are carried out in geographical areas where there is only limited access, the obligation and necessity to respond rapidly to humanitarian disasters and the tightness of resources due to institutional constraints. Assurance provided in part 4 by the Authorising Officer by Delegation is based on the building blocks described below, which are complemented by the DG ECHO Internal Control Coordinator's contribution, section 2.2 on the ICS for effective management and Annex 5 on DG ECHO's Internal Control Template for Budget Implementation.

#### **3.1.1. Assessment by management**

The section below summarises the main elements of the DG ECHO control strategy (section a); the outputs, these are the key indicators on legality and regularity and sound financial management (section b) and the estimated cost of these controls (section c).

##### *a) Main elements of the control strategy*

The proper implementation of DG ECHO-funded operations is ensured through several layers of checks and controls at the various stages of the project cycle of humanitarian operations. These controls should not be seen in isolation, each of them contributing to providing the overall reasonable assurance on the legality and regularity of transactions. The main aspects<sup>35</sup> of the control strategy developed by DG ECHO, its supervision and monitoring procedures and the ex-ante and ex-post controls are described below:

- Strict selection and quality control mechanisms for partners under the Framework Partnership Agreement (FPA);
- Strictly needs based systems for the identification of the actions to be funded. These needs assessments are done by the partner organisations and cross-checked/monitored by DG ECHO's technical assistants on the ground;
- Ex-ante controls on the selection of projects and before the signature of contracts;
- Day-to-day control of progress of projects. Each contract is monitored by the desk and field expert via a project appraisal worksheet (“fichop”);
- Obligation for partners to produce intermediate and final reports and to justify their expenses;

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<sup>35</sup> For more detailed information, please refer to Annexe 5: Internal Control Template of DG ECHO

- Thorough analysis of all the final reports submitted by the partners and control of eligible expenditure by both operational and financial desk officers of DG ECHO;
- In terms of evaluations, DG ECHO has an evaluation programme that covers the evaluation of operations, partnership and thematic issues. These evaluations globally confirm the appropriateness and relevance of DG ECHO-funded projects and of the methodology for needs assessment. The evaluation reports are widely distributed and discussed in depth with the stakeholders as they provide an important contribution to DG ECHO's operational strategy both in terms of lesson learning and accountability. The detailed results of these evaluations are available on DG ECHO's website;
- Financial audits and verifications missions:

DG ECHO-funded activities implemented by *NGO partners* are subject to financial audits. DG ECHO's audit strategy is risk based and covers a 2-track approach: audits are performed both at DG ECHO partners' headquarters for finalised projects (normally once every two to four years, which should ensure an annual coverage around 25-30%) and in the field for ongoing projects. Headquarters audits consist of two phases. First, an analysis of partners' internal control systems and in particular, the financial systems put in place to record and account for expenditures incurred on DG ECHO-funded projects. Second, a control of expenditure claimed and incurred against supporting documents for a sample of contracts. The level of transactions controlled is based on the results of the assessment of the internal control system.

DG ECHO-funded activities implemented by *UN Agencies and International Organisations* (IO) are subject to verifications. The Commission's relations with these organisations are governed by the Financial and Administrative Framework Agreement (FAFA) which is recognised by the Financial Regulation (Joint Management mode) and extended to multi-donor actions. The purpose of the Joint Management modality is to delegate the implementation tasks to the international organization<sup>36</sup> which can apply its own rules and regulations in respect of the so called four pillars (Accounting, Audit, Internal Control and Procurement). The Commission obtains assurance on these four pillars through specific audits which concluded that for the organisations that are implementing partners for DG ECHO the four pillars meet internationally accepted standards and provide the basis enabling DG ECHO to give grants to these organisations. This assurance is annually reinforced through verification missions conducted by DG ECHO auditors and the close collaboration with these partners.

Audits and verifications finalised in 2010 led to the issuance of *recommendations* which are recorded and followed-up. Recommendations are an important tool feeding information back for improvements to partners' control and reporting systems. All findings related to the eligibility of expenditures are analysed by DG ECHO officials and the systematic follow-up actions, such as recovery of funds, is monitored and ensured. The field audits are normally linked to and followed-up by an ex-post HQ audit of the project to establish that follow-up has been given to the recommendations from the field visit. In addition to this follow-up, DG ECHO maintains an updated series of fact sheets to guide partners on financial matters and provides training to ensure procedures are properly understood and applied. This information together with Frequently Asked Questions is also made available on the DG ECHO internet site.

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<sup>36</sup> Article 53d Council Regulation (EC, Euratom) No. 1605/2002 as amended.

Audit and verification results are summarised in the form of an *annual overview of audits*. The year 2010 showed progressive improvements over the results of the first cycles, since partners have implemented the majority of earlier recommendations. In particular, DG ECHO auditors noted major improvements in the following areas: Information Technology systems, cash handling procedures, training, fraud prevention and risk management. They also pointed out that the final reports are now increasingly received within the agreed deadlines. The situation at present as evidenced by the level of recoveries identified shows that despite the very complex and volatile environment surrounding the implementation of humanitarian aid, funds made available by the Commission have been used, on the whole, with reasonable care and in accordance with the rules and regulations in force.

The *recommendations from the HQ audits* distributed in 2010 related principally to procurement, financial control, corruption prevention and substantive testing. Concerning the field audits, recommendations distributed in 2010 related principally to the need to reinforce some procedures and to train staff accordingly. It also noted room for improvement concerning the financial reporting and follow-up of budget-to-actual and the allocation of costs;

According to the *verification missions*, the systems of internal controls and the UN organisation visited were considered adequate. In addition, the contribution agreement funds tested were generally used in accordance with the contractual basis. There are nevertheless some issues concerning the reconciliation between accounting records and project accounting presented to DG ECHO, inconsistencies in cost allocation, insufficient monitoring of local implementing partners, access to some documentation and some expenditure outside the eligibility period. These issues are not significant to put into question DG ECHO's partnership with UN organisations.

The Commission continues to explore with the UN agencies, the measures which can and should be taken to reinforce and enhance assurance gained from existing checks including verifications. For example, the standard Terms of Reference, identifying the principles to be followed when undertaking a verification mission, finally adopted by the UN and the EC in July 2009 where tested during 2010 and proved helpful during the verifications as an agreed basis for the smooth and efficient undertaking of the visits. During 2010 discussions started with WFP in making internal audit reports available to DG ECHO and where appropriate for WFP to undertake audits on EU funded projects based on an agreed common methodology. It is expected to get first results in the course of 2011. By responding in this fashion to the higher scrutiny of the European Court of Auditors and the European Parliament on the EC-UN Partnership this is seen as an important confidence building measure.

Each layer of the above checks and controls reduce the *residual financial risk* faced by DG ECHO. The residual financial risk faced by DG ECHO is €12.4 million. This represents 1.1% of the overall budget available in 2010 which is an increase compared to 2009, which is also due to the lower value of the projects audited in 2010 even though the number of audits was roughly the same. This amount remains well below the Court of Auditors' materiality threshold of 2%<sup>37</sup>.

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<sup>37</sup> Refer to chapter 3.1.2 in page 58

Residual financial risk of errors (in € million)		
	2010	2009
A. Amounts of recovery orders issued (source ABAC)	1,3	3,2
B. Value of projects audited and closed (source audit database)	106	280
C. Correction rate (A/B)	1,23%	1,14%
D. Final budget (source ABAC)	1.115	930
E. Value of projects audited and closed (source audit database)	106	-280
F. Residual budget unaudited (D - E)	1.009	650
G. Financial exposure (F x C) <sup>(1)</sup>	12,4	7,4
<b>H. Residual risk of errors (G / D) <sup>(2)</sup></b>	<b>1,11%</b>	<b>0,80%</b>

<sup>(1)</sup> The financial exposure represents the correction rate (the ratio between amount of errors observed – and subsequently corrected – and the amount audited) multiplied by the part of the budget which has not been audited.

<sup>(2)</sup> The residual risk of errors is the ratio between the financial exposure (see above) and the total budget.

*b) Key indicators on the legality and regularity and sound financial management*

Indicator		2010	2009
1.	Strict selection and quality control mechanisms for partners through regular and ad-hoc assessment of FPA partners	In 2010, the annual assessment (phase 1) of 183 NGO partners and of the 61 selected partners (phase 2) was finalised mid-2010;	In 2009, 183 NGO partners were under assessment according to the phase 1. In addition, the second phase assessment of 61 partners was ongoing.
2.	Ex-ante controls on the selection of projects and before the contract's signature.	100%	100%
3.	Control of progress of projects.		
	a) Regular monitoring of all projects by DG ECHO and field visits of the projects where access, security and nature of project permit it.	The monitoring of all the projects is ensured by geographical desks at headquarters and technical assistants in the field. Findings are recorded in a project monitoring tool (Fichop).  In addition, in 2010, 100% of projects where access, security and nature permitted a direct monitoring <sup>38</sup> have been visited either by geographical desks, DG ECHO expert or DG ECHO Management.	The monitoring of the projects is ensured by geographical desks at headquarters and technical assistants in the field. Findings are recorded in a project monitoring tool (Fichop).  In addition, in 2009, 99,9% of projects where access, security and nature permitted a direct monitoring <sup>39</sup> have been visited either by geographical desks, DG ECHO expert or DG ECHO Management.

<sup>38</sup> Projects implemented in 2009 - In relation to the total number of projects: 89% were visited and 11% could not be visited due to access or security constraints.

<sup>39</sup> Projects implemented in 2008 - . In relation to the total number of projects: 93% were visited, 7% could not be visited due to access or security constraints and 1 project was not visited for other reasons.

Indicator		2010	2009
	b) Financial audits and verifications in the field for ongoing projects to allow a stronger base for the assurance.	<p><u>In respect of NGO's</u> In 2010, 42 field audits were initiated, 41 final reports were received and 31 were ongoing.</p> <p><u>In respect of UN agencies and IO</u> In 2010, DG ECHO finalised 4 verification missions in the field. It initiated 9 verifications in the field of which one in Haiti was stopped due to lack of staff to support the mission.</p>	<p><u>In respect of NGO's</u> In 2009, 50 field audits were initiated, 45 final reports were received and 23 were ongoing.</p> <p><u>In respect of UN agencies and IO</u> In 2009, DG ECHO has finalised 5 verification missions in the field. It initiated 4 verifications in the field.</p>
4.	Control of eligible expenditure both by DG ECHO operational and financial desk officers to ensure that financial transactions are (1) in conformity with the applicable rules, (2) compliant with sound financial management and (3) correctly recorded in the accounting system		
	a) check lists and double checking;.	In 2010, all the 824 final reports were analysed in detail to finalise the payment	In 2009, all the 792 final reports were analysed in detail to finalise the payment.
	b) analysis of expenditure detailed in the project's final report;	Total amount declared as ineligible in respect of files for which the final payment was made in 2010 is € 1,0 million.	Total amount declared as ineligible in respect of files for which the final payment was made in 2009 is € 1,6 million.
	c) level of abnormal RAL	Abnormal RAL equals 0.15%.	Abnormal RAL equals 0.19%.
5.	Ex-post control activities.		
	a) Financial audits performed at DG ECHO partners' headquarters for finalised projects	<p><u>Humanitarian aid</u> 46 headquarter audits were initiated. 62 final reports were completed and 41 were ongoing at the end of the year. The value of the projects audited and closed represents 31% of the 2010 budget implemented through NGOs.</p> <p><u>Civil Protection</u> 3 audits have been launched in 2010.</p>	<p><u>Humanitarian aid</u> 49 headquarter audits were initiated. 50 audits were launched and 56 were still ongoing as at year-end. The value of the projects audited and closed represents 63% of the 2009 budget implemented through NGOs.</p>

Indicator		2010	2009
	b) Verification missions to UN agencies headquarters and audits to International Organisations. <sup>40</sup>	Verifications for UN agencies and International organisations were undertaken in the audit cycle 2008/2009. Therefore, in 2010 the focus was on field verifications and follow up of the Headquarter verifications conducted in 2009. The value of the projects verified in the field and closed in 2010 represents 2% of the 2010 budget implemented through UN agencies and IOs.	7 UN HQ verifications were finalised in 2009 and 1 additional verifications was in the finalisation phase.  The value of the projects verified and closed represents 10% of the 2009 budget implemented through UN agencies and IOs.
	c) Recovery orders.	€ 1.3 million in 2010 for both HQ audits and HQ verifications representing around 0.8% of the amount audited.	€ 3.2 million in 2009 for both HQ audits and HQ verifications representing around 1.1% of the amount audited.
6	Evaluation and review programme covering operations, partnerships and thematic issues. Focus on ex-post, ex-ante, real-time evaluations and sectoral issues. Confirm the appropriateness and relevance of DG ECHO-funded projects and of the methodology used for needs assessments.	<ul style="list-style-type: none"> <li>- 12 evaluations completed or launched</li> <li>- 3 reviews/studies completed</li> <li>- 2 follow-up contracts completed</li> </ul>	<ul style="list-style-type: none"> <li>- 12 evaluations (7 completed and 5 ongoing);</li> <li>- 1 review completed;</li> <li>- 2 studies completed.</li> </ul>

c) *Cost of the controls*

The estimated cost of the above mentioned control strategy has been calculated taking into account:

- the cost multiplied by the estimated portion of time dedicated to control and monitoring activities of the DG ECHO experts in the field and staff at headquarters, and;
- the total resources in DG ECHO's financial audit sector devoted in 2010 to audits and verifications which is composed of 6 staff members, of which 4 auditors, plus a budget of €2.2 million for contracts with external auditors.

<i>Input: resources devoted to ensure legality and regularity of underlying transactions</i>		
	2010	2009
Estimated cost of control as % of funding sources	2,6%	2,7%

<sup>40</sup> Where possible projects verified in the field are also included in a subsequent Headquarter audit. Therefore one combined figures on the value of the projects included in headquarter audits/verification is presented.

d) Exception reporting

In 2010, controls revealed some minor, ad hoc and non-systemic instances of weakness without financial impact which once identified were brought to the attention of senior management and corrected. These points were recorded in DG ECHO's exception register, when required.

No cases, in the circumstances described in Article 66(2) of the Financial Regulation, are to be reported for 2010.

**3.1.2 Results from independent audits during the reporting year**

All observations and recommendations included in the reports of the Internal Audit Capability (IAC), Internal Audit Service (IAS) and the European Court of Auditors (ECA) are communicated to DG ECHO management, according to their respective roles, and appropriate mitigating actions are implemented. The main findings for 2010 can be detailed as follows:

- Internal Audit Capability (IAC):

The Internal Audit Capability (IAC) of DG ECHO was created in 2008 as a separate entity from DG AIDCO, which had previously carried out the IAC function on behalf of DG ECHO. The present Head of IAC started working in DG ECHO in July 2008, and has since recruited an assistant and one other certified auditor. The team is therefore fully operational since January 2009. The 2010 work programme was based on a revised risk analysis and was coordinated with the IAS work programme. It has been endorsed by DG ECHO management.

In 2010, eight audits reports have been finalised on the following subjects: the Internal Control Standard 2 on ethical and organisational values, the review of the AAR 2009, the regularity of 2009 payments, the DIPECHO programme, the implementation of the Eco-Management and audit scheme (EMAS), a follow-up of past recommendations, the financial management of DG ECHO offices and the recruitment and management of experts and local staff in DG ECHO offices. IAC emitted 27 accepted recommendations, of which only one was very important. Action plans have been set-up and agreed by the IAC.

The following opinion was given by the IAC for 2010: "*Based on the results of our audits as described in the objectives and scope of the engagements carried out, I believe that the internal control system in place in DG Echo provides reasonable assurance<sup>41</sup> regarding the achievement of the business objectives set up for the processes audited*".

- Internal Audit Service (IAS):

In 2010, the IAS conducted an audit on the compliance with payment deadlines. This audit was part of an overall audit on payment processing times conducted at the level of central services (DG BUDG) and in a number of operational DGs. The IAS audit objective was to assess (i) the compliance of DG ECHO with the rules and regulations linked to payment processing deadlines (ii) the efficiency of the payment process. The final report was issued on 8 December 2010 and included observations, none of which were critical, and a series of recommendations on how to improve the monitoring of the payment process cycle. Two of these recommendations were considered very important:

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<sup>41</sup> Even an effective internal control system, no matter how well designed and operated, has inherent limitations - including the possibility of the circumvention or overriding of controls - and therefore can provide only *reasonable assurance* to management regarding the achievement of the business objectives and not *absolute assurance*.

- DG ECHO should consult DG BUDG on the compliance with the Financial Regulation and the Implementing rules on how the deadline for the acceptance of the final reports, as specified in the general conditions in the FPA with implementing partners, is implemented in practice;
- DG ECHO should improve the management of the suspensions of payment delays.

All recommendations have been accepted and DG ECHO already submitted an action plan for implementation of these recommendations.

- European Court of Auditors:

In the framework of its declaration of assurance (DAS), the Court of Auditors conducted an assessment, in respect of the financial year 2009, of the legality and regularity of transactions in the External Actions field and of the supervisory and control systems put in place by the DG.

As far as DG ECHO internal controls are concerned, the Court concluded positively that all the components of DG ECHO's supervisory and control system (ex-ante checks, ex-post audits, management and supervision and internal audit) are 'satisfactory'.

The Court's report included two recommendations: firstly that DG ECHO should improve the documentation of assessments of proposals for humanitarian aid actions and secondly that should define and put in place a mechanism for collecting and analysing the data concerning the use of the "Humanitarian Procurement Centres" by its partners. The first recommendation is being implemented whereas for the second one, although useful, the current priorities and resource constraints do not allow this recommendation to be pursued in the near future

Regarding its substantive testing of payments, the Court notes the External Aid, Development and Enlargement policy group revealed a material level of error i.e. between 2 and 5%. The Court's calculation for DG ECHO error rate for 2009 was below the materiality threshold of 2%.

The European Court of Auditors also conducted a follow-up audit of Special Report NO 3/2006 on the Humanitarian Aid Response to the Tsunami. The report concluded that the Commission has taken the recommendations of the Court and the Discharge Authorities into account.

### ***3.1.3 Follow up of previous years' reservations and action plans for audits from previous years***

- Previous year's reservations:

No reservations were made in DG ECHO's 2009 AAR, nor in the 2009 AAR of DG ENV which was in charge of civil protection activities in 2009.

- Internal Audit Service (IAS):

There are no critical or very important outstanding recommendations resulting from audits finalised prior to 2010.

- Internal Audit Capability (IAC):

As explained above, in 2010 the IAC conducted a follow-up audit covering all the previous year's IAC open recommendations. Conclusions were satisfactory. All remaining open recommendations from 2008 and 2009 reports have been closed.

- European Court of Auditors:

The main observation from the Court of Auditors' 2008 annual report, being the set-up of an IAC, has been resolved, as recognised by the Court in its 2009 Annual Report. The Court further recognises that the recommendations issued in its 2006 special report on the humanitarian response to the Tsunami have been implemented.

### ***3.1.4 Assurance received from other Authorising Officers in cases of cross sub-delegation***

No activities have been cross sub-delegated by DG ECHO in 2010.

### ***3.1.5 Completeness and reliability of the information reported in the building blocks***

In the light of potential reservation and the Director General's declaration of assurance as stated in Part 4 of the present report, DG ECHO considers that the information presented in above building blocks is complete and reliable. It provides DG ECHO with the necessary assurance that (1) the supervisory and control systems that have been put in place have kept the level of risks to a level that is considered to be reasonable from the point of view of regularity, legality and sound financial management (2) the residual financial risk faced by DG ECHO is kept under the materiality criteria as defined in Annex 4.

## **3.2 RESERVATION(S)**

Following the approach and methodology above, no significant error or substantial weaknesses or shortfalls in the management and control systems have been identified which would warrant a reservation in DG ECHO's 2010 AAR.

## **3.3 OVERALL CONCLUSION ON THE COMBINED IMPACT OF THE RESERVATIONS ON THE DECLARATION AS A WHOLE**

Not applicable as no reservation is made in DG ECHO's AAR 2010.

## **PART 4. DECLARATION OF ASSURANCE**

I, the undersigned, Peter Zangl, Director-General of DG for Humanitarian Aid and Civil Protection (DG ECHO)

In my capacity as authorising officer by delegation,

Declare that the information contained in this report gives a true and fair view.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Capability, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

Brussels, 31 March 2011

*Signed*

Peter Zangl