**Evaluation of DG ECHO's
Legal Framework for Funding of Humanitarian Actions
(FPA 2008)**

Contract number: ECHO/ADM/BUD/2011/01211

Final Report
29 June 2012

January – June 2012

Michel Vanbruaene (TL)
Marie Spaak
Francesca Nicotra
Matias Calvo

EUROPEAN COMMISSION

Humanitarian Aid and Civil Protection

The opinions expressed in this document represent the views of the authors, which are not necessarily shared by the European Commission.

Table of Contents

Table of Tables

Acknowledgements

A. Executive Summary

A.1 Background

i.   DG ECHO's humanitarian assistance is implemented by its partners, i.e. selected NGOs, International Organisations (IOs), UN agencies, and specialised agencies of the Member States. The partnership has been established since 1993 through the signing of a Framework Partnership Agreements (FPA), which operates as a long-term cooperation mechanism between the Parties, designed to ensure that ECHO-funded humanitarian partners and operations meet the highest standards of performance and quality. Distinct FPAs have been signed with NGOs and IOs; relations with UN agencies are governed by the Financial and Administrative Framework Agreements (FAFA), signed in 2003. For the purpose of this evaluation, the term *"FPA"* will refer to both the FPAs and the FAFA, unless specified otherwise. [§1-5]

ii.   The current FPA, adopted in 2008, is the fourth one in DG ECHO's history. It will end on 31 December 2012, but will be extended for one year. As of January 2012, 16 UN agencies, 3 IOs, 178 NGOs and 13 national societies of the Red Cross had signed the 2008 FPA. [§6-9]

A.2 Methodological approach

iii.   This independent evaluation should contribute to the overall process of revision of the legal texts and supporting documents of the 2008 FPA. The process has been launched in mid 2011 and will be concluded with the entry into force of the new FPA in January 2014. [§10-12]

iv.   The evaluation should provide an analysis of the current FPA's "philosophy, rules and tools" for lessons learning and accountability purposes. The specific objective is "*to assess the appropriateness (of the FPA) in accordance with DG ECHO's mandate, in order to establish whether (it has) achieved (its) objectives, and to produce recommendations for improving the effectiveness of the future FPA*" (see ToR in Annex A). In particular, "main issues of concern, bottlenecks and best practices" had to be identified, and suggestions for improvements provided. In this respect, the evaluation has been encouraged to "think out of the box". [§11]

v.   The evaluation team was made up of three core consultants and a short term. The inception period started in mid January 2012, the draft report had to be submitted by mid-May, and the finalised report by mid-June. During the field phase, a documentary study, numerous interviews and visits to all categories of partners and the ECHO FPA Working Group were carried out, complemented by an online survey in English and French to all the partners, and by a mapping exercise (Annexes B – H). [§13-16, 20-21]

vi.   A list of 14 main evaluation questions has been updated from the ToR and used as headings for chapters B.3.1 to B.6 of this report. The very wide scope of the assignment *vs* the resources was a major constraint to the evaluation. A distinct list of key issues and questions raised by the Director General of ECHO and the Commissioner's Cabinet has also been treated in chapter B.7. [§17-18, 22]

vii.   The main methodological tool of the evaluation has been an overall matrix combining the evaluation questions, the relevant OECD/DAC criteria, and selected indicators (Annex D). [§19]

viii.   It should be outlined that all the partners interviewed have indicated that they highly value their partnership with ECHO but that, given the opportunity of the participative approach provided by this evaluation, they have also highlighted what was not going well and should be improved, without however throwing a negative light on ECHO and the partnership. [§ 23, 36, 38]

A.3   Key findings, conclusions and recommendations

The executive summary has been structured so as to present as much as feasible the key conclusions and recommendations in a useful order that would reflect pragmatic priorities for a revision process[1], rather than following the evaluation questions in the ToR and the corresponding sequence of chapters in the main report. More detailed conclusions and recommendations can be found at the end of each chapter.

A.3.1   Strengthening quality partnership

Main findings and conclusions

ix.   Diversity is one of the key positive aspects of the FPA; ECHO has so far managed to integrate a variety of partners which reflect the components of the EU civil society. [§39-49]

x.   Although working relationships between ECHO and the partners are generally good, the principles of *trust, mutual respect and ownership* in the asymmetric partnership between donor and recipient agencies are not always applied in a consistent manner. The consultation process led by ECHO C/3 is widely appreciated, but some issues should also be discussed in Brussels with other concerned Units. [§74-78]

xi.   ECHO has been duly involved in several key consultation fora with UN and NGO partners. A Strategic Programming Dialogue has been in place for several years, with varying success. [§79-92]

xii.   The rationale for the differentiated "A" and "P" control mechanisms is generally well understood, and P-partners appreciate the possibility to use their own procurement procedures. This provision has made implementation somewhat easier for them since no specific trainings, procedures or follow-up are required. However, the intended "high degree of autonomy" for the P-partners has not occurred in practice. [§221-235]

xiii.   The P-status does not seem to provide a sufficient guarantee of professionalism and financial capacity, to enable controls by ECHO to focus on operations rather than procedures. At liquidation stage, the frequency of "stop the clock" questions is similar for all partners and concern details that the UN and accepted P-financial systems are not automated to provide. Details which have to be extracted manually and at great transaction costs would more appropriately be treated later through audits. [§226-231]

xiv.   The current procedures are not adapted to the most professional "top twenty" partners in the mapping. The effectiveness of a small group of "quality partners" would benefit from greater flexibility and some type of non-earmarked funding. Categories of partners should be more accurately defined with operational (and not only financial) criteria; in this perspective, a number of criteria to better differentiate organisational, managerial and operational capacities of the partners have been collected from the EU Consensus on Humanitarian Aid (the Consensus), some key partners, and ECHO staff. There should also be incentives for weaker (although eligible) partners to "grow within the system". In parallel, significant differences have been noted among partner UN agencies in terms of relevance of their oversight systems (M&E) to demanding humanitarian situations. [§43-44, 66-73, table 2]

xv.   The current FPA provisions do not ensure sufficient flexibility in considering some aspects of the specific mandates and operating policies or modalities of the IOs and Red Cross (RC) national societies, which are mentioned in the preamble. [§47-49, 103, 245]

---

[1] Art 1.1 of the FPA with the Humanitarian Organisations: the FPA aims (…) "to ensure that humanitarian aid is delivered in the most appropriate, rapid, efficient and effective manner".

Key recommendations

R.1. Beyond the "vertical" A and P mechanisms, a complementary "horizontal" differentiated approach should better support diversity. Improved quality criteria should be used to define categories of partners according to their operational/organisational – and not only financial – capacities, in particular a category of "quality partners" (also to include rapid response partners).

R.2. DG ECHO should continue working with the various fora used for consultation processes with the partners.

R.3. Complementary FPA provisions should be discussed with ICRC, IFRC and the EU national societies of the RC, e.g. to better integrate protection needs or allow joint applications in case of major emergencies.

A.3.2. Effectiveness: funding, focus on results, thematic priorities and contexts

Main findings and conclusions

xvi. There is a need for still greater flexibility of funding, in particular to ensure rapid response to new or worsening emergencies. Funding modalities and timeframes imposed by the Humanitarian Aid Regulation and the Financial Regulation (FR) – or their interpretation by ECHO - are not always flexible enough or adequate. DRR or LRRD/post-crisis recovery efforts can now benefit from timeframes of up to 24 months in worldwide Decisions, but Primary Emergency projects are still limited to 3 months, non renewable. Regular delays in contracting and funding of (annual or shorter) Emergency projects may be quite detrimental to the delivery of aid to the beneficiaries; longer timeframes for such projects are only granted on an exceptional basis. [§93-98]

xvii. Funding of projects at 100% is similarly meant to be an exception in the FR; this is however applied systematically only to DIPECHO, where common practice limits funding to 85% of the total budget. More flexible funding provided e.g. for the DREF rapid-response mechanism of IFRC (see below) has been a "success story" in effectiveness, from which lessons must be learned. [§99-105]

xviii. The four fundamental Consensus principles are mentioned in the FPA, but do not appear to be adequately referred to in the Single Form (SF), to fully ensure their monitoring. [§253-256]

Key recommendations

R.4. In order for the FPA to be a flexible "fit for purpose" instrument, procedures should be better adapted to the different categories of partners and situations, being e.g. more flexible for the "quality partners" (fast-track validation of proposals, access to DREF-like funding, ex-post audits only). In the framework of the current FR revision, more flexible exceptions could be discussed for humanitarian aid to the rule of annual work plans for grants.

R.5. The FPA should establish fast-track procedures for emergency funding. Studies should examine options, e.g. the reasons for the current delays in project approval, the fast-track models used by the SIDA and DFID partnership frameworks, or the legal feasibility of a Letter of Pre-Agreement as used by other donors.

R.6. The new FPA should include the possibility of providing flexible funding to partners' disaster response tools and assets, based e.g. on the agreements reached with the Red Cross (ERU, DREF), and UNICEF (RRMP) or MSF (PUC[2]) in DR Congo.

R.7. Funding for DIPECHO projects should not be restricted to 85% of the total budget, as relevant. The timeframe for Primary Emergency projects should be renewable if necessary.

---

[2] Respectively: Emergency Response Unit, Disaster Response Emergency Fund, Rapid Response to Population Movement, and Pool d'Urgence Congo.

R.8.   The FPA should consider adding emergency repatriation of economic migrants threatened by a natural or man-made disaster (IOM mandate) among its list of sectors.

R.9.   References to the principles and provisions of the EU Consensus on Humanitarian Aid should be inserted in the appropriate sections of the SF, to ensure their monitoring.

A.3.3. Efficiency: optimising implementation

Main findings and conclusions

xix.   The presence of skilled ECHO TAs in the field, the focus on forgotten crises and non-partisan/political approach, the promotion of humanitarian principles, the focus on results, the diversity of the partners and the scale of funding are key perceived advantages of ECHO as compared to other donors. [§76, 216]

xx.   The SF provides a logical approach and adequately integrates the entire project cycle. However, FPA-related "rules and tools" documents kept expanding and were subject to continuous revisions and some personal interpretations. There is no guidance for either ECHO or its partners on how to implement a results-based approach, and internal coordination between e.g. operational Units, Finance and Audits sectors at liquidation stage is insufficient. ECHO has been described as an "animal with two heads", one looking at results in the early stages of an operation, and the other at inputs, means and costs at the end. [§163-197, 198-201]

xxi.   The efficiency of the FPA has also been hampered by a number of key problems in the implementation of the project cycle, as e.g. those listed below. Problems, which may be due to both the partners and ECHO, are particularly acute and numerous at the proposal and liquidation stages.

- *Proposal and contracting stages:* there is sometimes a perceived a lack of transparency in the selection of proposals. Lengthy unofficial "preliminary discussions" often take place with ECHO field Technical Assistants (TAs) before the submission of proposals through the APPEL e-tool, and are not recorded in statistics; activities and indicators are sometimes imposed by TAs at this stage. The duration of the project approval period from the submission stage to the signature of the agreement takes on the average 3-5 months: such delays which may be due to the inadequacy of partners' proposals and/or administrative bottlenecks within ECHO, are inadequate for emergency response. Pending formal signature, legal uncertainties lead many partners to refrain from engaging funds (despite pressures from the field) while others pre-finance – sometimes at the cost of infringements of their own internal rules and possible cash-flow problems in other crises. [§163-172]

- *Implementation stage*: valuable day-to-day contacts between partners and ECHO TAs and Desk Officers (DOs) are mitigated by regular lack of consistency in the interpretation of guidelines among ECHO DOs; recurrent problems with still immature e-tools impact both parties; the schedule for interim reports comes late in the project cycle. [§173-189]

- *Final reporting and liquidation stage:* beyond frequent failures by partners to submit acceptable reports in time, particularly long delays in liquidation are due to the almost systematic use of "stop-the-clock" letters, first by DOs and then by the Finance sector. This entails high transaction costs for both parties (see finding xiii). The average duration between the end of the project and the final payment has been calculated by key partners at 325 days, i.e. 3 months allowed to submit the final report, and 8 months for liquidation – pending which stocks and donations could be suspended with detrimental effects for results. [§190-197]

xxii.   ECHO duly emphasizes the need to mainstream cross-cutting issues and its own policy orientations into projects, but has not provided sufficient guidance in this respect. [§106-119]

xxiii.   Due to some persisting degree of confusion between results, outputs, outcomes and impacts, there still seems to be a need to clarify the terminology, and to propose a realistic operational timeline

for the various types of results that can be expected in humanitarian interventions. Guidelines on the use of indicators should also be improved. [§135-139]

Key recommendations

R.10. A large number of suggestions to improve efficiency have been collected. Key proposals – some of them are also evoked in other sections - concern e.g. the following issues.

- *At project proposal*: clarified content and purpose of Letter of Intent; more transparent selection of proposals, as relevant; clarified role of TAs; clarified terminology and timeline of expected results; options to be examined to improve speed of contracting and funding of emergency actions (see R.5).
- *Implementation*: more efficient e-tools; if necessary, to return to the previous SF format pending full validation of the electronic version; various amendments to SF (see chapter B.4.2); one integrated set of FPA guidance documents as in the FPA 2004; more practical approach to consortia, especially for the lead agency (see R.23 below); less control for UN and P-partners, but more joint monitoring; better timing of interim reports; "pedagogical" audits to be reinforced, audit costs for the partner to be considered (R.18).
- *Liquidation*: more inter-service coherence and coordination between ECHO operational, Finance and Audit Units; clear guidelines for "stop-the-clock" letters; simplified approval of checklist for UN and P-partners and reduction of the level of detail required at the liquidation stage (including increasing the thresholds above which details have to be provided), to be compensated as relevant by audits; more flexible procedures for e.g. residual stock equipment, stationary (lump sum), depreciation, donations and transfers.

R.11. ECHO should advocate, in the revision of the Financial Regulation (FR), for more flexibility regarding indirect (transaction) costs; ECHO should also apply more flexibility in its interpretation of the FR Implementing Rules (use of exceptions for pre-financing of emergencies, proof of eligibility of costs at liquidation, thresholds, use of lump sums, depreciation of equipment etc).

A.3.4. Accountability and visibility

Main findings and conclusions

xxiv. Accountability is not yet clearly subdivided (contrary to visibility) between "*upstream*" accountability towards the EU taxpayer and the institutional stakeholders who are acting as interface with the EU public at large, and "*downstream*" accountability to the beneficiaries. The main emphasis of the FPA appears to be upstream; a more balanced approach can be found in the Consensus. [§140-142]

xxv. While downstream accountability has been the subject of in-depth analysis by humanitarian actors, "reasonable expectations" of EU taxpayers and concerned institutions in matters of accountability tend to remain rather vague. The most frequent requests concern basic figures (numbers of beneficiaries per country and sector, related costs and key results) which the current ECHO tools and FPA reporting format are ill equipped to provide. [§143-147]

xxvi. Legal obligations regarding visibility, as described in the FPA provisions are clearly understood by all partners interviewed. Similarly, they have found the provisions of the toolkit sufficiently clear for implementation. The support provided (responsiveness, flexibility in terms of e.g. security concern and budget) was generally described as adequate. [§243]

xxvii. Nevertheless, the field staff of humanitarian organisations is by essence mostly focused on emergency assistance and tends to consider donors' visibility as a secondary priority. The dichotomy between achieving both operational visibility in the field and institutional communication for the wider EU public (which is closely linked to downstream and upstream accountability) has not been solved in practice. [§239-240, 244]

xxviii. The visibility approach has also often been "piecemeal", fragmented by project so as to enable ECHO to obtain indications per Action. This approach has not been able to consistently inform the European citizens about EU humanitarian aid. [§241]

xxix. At the level of institutional communication, a clear distinction appears between a small group of "skilled" partners with fully-fledged professional communication departments and a high degree of expertise, and the majority of the FPA partners. Among the latter, many NGOs in particular have limited communication skills and resources. While the skilled partners can define and implement communication strategies, many of the "less skilled" ones would look forward to a more proactive leadership by ECHO on institutional communication strategy, to which they would contribute. [§246-247]

xxx. ECHO has already adopted Decisions in 2010 and 2011 which aim at increasing the awareness of the EU citizens through innovative programmatic and thematic communication campaigns, to be implemented by those few partners with a high degree of expertise in public communication. [§241-242]

xxxi. The level of support provided by the Regional Information Officers has been reported as unequal and could be strengthened to ensure better compliance of the partners with their legal obligations. [§248]

xxxii. Although arguably not fully consistent with a modern communication strategy and open to various criticisms, a highly effective type of field visibility has been achieved by the USAID rice/wheat bags (more than e.g. cash and vouchers approaches), which has also benefited from professional communication. [§249]

Key recommendations

R.12. To better balance the focus of FPA accountability between upstream and downstream approaches. Summary tables with key figures should be added in partners' reports, pending workable e-tools and automatic statistics. A "reasonable threshold" of accountability ("down to what level of detail?") should be defined, considering the current workload of the ECHO staff and planned staff reductions.

R.13. ECHO should launch periodically meta-evaluations to strengthen the learning/ accountability process and collect lessons from scattered project evaluations.

R.14. ECHO should continue providing support to programmatic and thematic communication campaigns by the partners who can demonstrate professional expertise and successful communication strategies.

R.15. For the majority of less skilled partners, ECHO should take a lead role in defining a communication strategy to which these partners should contribute. To this effect, professional communication experts from the private sector should be contracted by ECHO.

R.16. The role of the Regional Information Officers should be reinforced in the field, through systematic contacts with communication focal points within the partners' organisations, and enhanced monitoring.

R.17. ECHO should assess the option of printing food bags with the EU logo (similar to the USAID model), and store them for the use of partners; this initiative should be supported by professional communication efforts for publication and dissemination of pictures.

A.3.5. Audits and support

Main findings and conclusions

xxxiii. Opinions about audits are mixed: they have been appreciated by partners when conducted in the field at appropriate times and in a "pedagogical" spirit, or for providing "free management advice". Criticisms concern e.g. high indirect costs from repetitive audits (by ECHO and other donors), the lack

of alignment of audit approaches by various actors, or the redundancy of some requests made by the Finance sector during liquidation process with ex-post audits. [§148-158]

xxxiv. All partners find the daily communication with ECHO DOs, the legal office, and field offices useful, and the two helpdesks (FPA, and IT for the e-tools problems) useful and fast. [§232-235]

xxxv. The training sessions, which respond adequately to the needs of most organisations to mitigate high levels of staff turnover, have also been widely appreciated by NGO partners. The appreciation of UN agencies is more limited – especially at HQs - due to the trainers' reported lower level of knowledge of provisions applicable to the UN. [§236-238]

Key recommendations

R.18. Pedagogical audits should be reinforced for weaker partners; costs generated by external audits should be considered with flexibility, in accordance with the FR Implementing Rules[3].

R.19. As feasible, alignment of audits should be discussed at the level of GHD or OECD/DAC.

R.20. To pursue the current system of external framework contract for regular training and general support purposes, under the new FPA. The system would benefit from streamlined documents and e-tools. The revised training should be launched before the application of the new FPA, with improved training courses dedicated to UN agencies. The valued participation of ECHO staff to the partners' trainings should be as systematic as possible.

A.3.6. Some broader FPA-related issues

Main findings and conclusions

xxxvi. Some of the proposed measures here above regarding the procedures to be applied e.g. to selected "quality partners" may lower *transaction costs for ECHO staff* (R.4, R.10). Additional improvements could be gained by e.g. better internal coordination, procedures and training, as well as by an overall management focus on simplification and flexibility. [§202-203]

xxxvii. *Diversity* of partnership appears to be *threatened* by a number of external factors, in particular among partners originating from Southern and Eastern EU countries. The mapping shows that 3/4 of all the registered NGOs (and 78-100% from South and East EU) were either inactive or had implemented very few projects, which is not conducive to integrating the complex FPA procedures and covering the related high transaction costs. The exact reasons could not be investigated (being outside the scope of this evaluation), but partners may also be hurt by reduced national budgets, which may leave many "out of the market place". [§50-51]

xxxviii. In accordance with the recommendations provided by the *Concept Paper of 2007*, the objective of *continuity* has been applied in the FPA 2008 without introducing major conceptual changes, e.g. in the improved SF. The 2nd objective of promoting *diversity and proportionality* of partnership through differentiated control mechanisms ("A" and "P") has only been partially fulfilled. As stated under A.3.1, these mechanisms have not introduced sufficient differentiations to avoid a sense of "one-size fits all", as originally intended. The 3rd objective of *simplification* has not been entirely achieved either, in particular with respect to the intended lessening of the administrative burden on partners by reducing the need for ex-ante detailed information on cost-related inputs (findings xii and xiii). [§33-59]

xxxix. In order to manage the mega-crises of 2010 in Haiti and Pakistan with fixed staff resources, ECHO has started supporting the *coordinated approach* and *consortium* as collaborative operational models. Current FPA rules, procedures, and formats hamper however the effective implementation and

---

[3] Art 172a -2(b)

legal security of the consortium approach, which is sometimes "strongly promoted" by ECHO. When partners do not have prior collaborative arrangements, consortia seem to offer greater potential for longer-term timeframes (DRR, LRRD) than for emergencies. [§122-127]

xl. A majority of FPA partners are working with *other donors*, and key findings in this respect are as follows. The greater speed of DFID and SIDA in contracting partners and their longer-term partnership frameworks which allow core funding are often mentioned as examples of good practice. The flexibility of e.g. DFID and OFDA regarding indirect costs (not being limited by the FR) has been praised. Most other benchmark donors are faster at the liquidation stage and are asking fewer details, but are performing systematic ex-post audits. However, ECHO levels of simplicity of procedures, accountability and transactions costs are globally similar to those of USAID/OFDA, the German MFA, DEVCO, or DFID (for accountability) and SIDA (accountability and costs). Furthermore, DFID and SIDA do not apply diversity and work with a small group of most professional NGOs - essentially similar to ECHO's top twenty partners and located in northern countries. Their funds tend also to dry up rather rapidly. [§204-217]

xli. The Single Form is seen by several donors (Belgian Cooperation, SIDA) as a valuable model for integrated and logical approach, and is being copied. The FPA membership is considered as a key criterion for accreditation of humanitarian partners by the Belgian Cooperation. This does however not *per se* ensure harmonisation, which would need to include a larger framework of strategies and approaches. [§218-220]

xlii. ECHO's stated engagement with coordination mechanisms (humanitarian coordinator, cluster system) varies in practice; reasons may include weaknesses of some UN mechanisms or specific strategic priorities as defined by ECHO. The approach of setting up a parallel planning which is not aligned on the Common Humanitarian Action Plan needs however to be carefully assessed as it may weaken global coordination. [§130-131]

xliii. There is a lack of consistency in the approaches followed by the most professional FPA partners regarding their interventions in *highly insecure areas* (including through "remote control"), although a significant body of lessons learnt and examples of best practices has been reported to exist, which should be tapped. [§257-258]

Key recommendations

R.21. At the overall policy/structural level, ECHO should designate an internal "focal point" at the appropriate hierarchical level to deal with the crucial issues of flexibility and simplification of FPA procedures, in a context of possible staff reduction (see table 4). Strong corporate commitment should also be dedicated by the ECHO management to improving internal workload, procedures and transaction costs.

R.22. ECHO should launch a separate survey to investigate the exact reasons behind the very high number of inactive or low-activity FPA partners and define, as relevant, corresponding support/capacity building measures in coordination with other Commission instruments for the support of EU civil society (e.g. in the framework of the Europe for Citizens programme).

R.23. The initiative to function as a consortium or under a coordinated approach should be left to partners. DG ECHO should identify the pros and cons of the different collaborative approaches, in particular with regards to emergency, DRR and LRRD settings. Provisions applicable to consortia must be revised and adapted. In particular, the legal and financial responsibilities of the lead agency and the other consortium members should be more adequately defined.

R.24. There is scope for more widespread use and harmonisation of the SF format among EU donors, as well as terminology. Advocacy towards harmonization should take place in relevant international fora, e.g. OECD/DAC or GHD.

R.25. Stronger corporate commitment should also be given to strategic approaches (HIP and CAP). The HIP consultative process should be reinforced. ECHO should adopt a more strategic approach to

shaping the humanitarian policy agenda, and use its leverage to induce change in the international humanitarian system, in support of e.g. the UN transformative agenda.

R.26. In the crucial context of conflict situations with limited access and security, and in particular where "remote control" can be envisaged, recommendations from the current ECHO evaluation of Access[4] should be examined.

A.4. Summary matrix

Table 1: Summary matrix: Main conclusions and key recommendations

Main conclusions	Key recommendations
Strengthening quality partnership	
Diversity is a key positive aspect of the FPA, which reflects EU civil society. Principles of trust, mutual respect and ownership in an asymmetric partnership are applied, but not always consistently. The A and P control mechanisms have made procurement easier, but have not globally provided P-partners (and UN with 4 pillars) with a higher degree of autonomy. The effectiveness of a small group of most professional "quality partners" would benefit from more targeted criteria leading to greater flexibility in FPA procedures.	Diversity of partners should be better supported through criteria that would reflect their operational – and not only financial - capacities. Selected "quality partners" should benefit from more flexible fast-track procedures.
ECHO is duly involved in consultation fora and strategic dialogue with partners, with varying success.	ECHO should pursue its work and commitment with the various consultation fora.
Current FPA provisions do not ensure sufficient flexibility towards specific IO/RC mandates and operating modalities.	Complementary FPA provisions should be discussed with IO/RC partners in this respect.
Effectiveness – funding, focus on results, thematic priorities and contexts	
There is a need for greater flexibility of funding, in particular to ensure rapid response to new or worsening emergencies. Funding modalities and timeframes are not always flexible enough or adequate. This is particularly true for Primary Emergency projects and DIPECHO funding. Delays in contracting Emergency projects with limited timescale may also impact on delivery.	Primary Emergency projects should be renewable. Funding for DIPECHO projects should not be systematically restricted to 85% of the budget. Options for fast-track procedures of proposals should be studied. The new FPA should include the possibility of funding partners' disaster response tools and assets, after approval.
The four humanitarian (Consensus) principles are not appropriately referred to in the SF.	References to key principles should be put in relevant SF sections to ensure monitoring.
Efficiency – optimising implementation	
ECHO presents key perceived advantages (focus on forgotten crises and results, non political and principled approach, large funding etc) but efficiency has been hampered by e.g. interpretations of complex guidelines, internal coordination and some key	*Proposal stage*: clarifications should be made on letter of intent, selection, role of TAs and terminology; as stated, speed of contracting must be improved. *Implementation*: more efficient e-tools are needed (also for proposals) as well as some SF upgrades, improved

---

[4] "Conditions of access and overview of other donors' and partners' approaches, case studies on Somalia, Sudan, Afghanistan, Iraq"

Main conclusions	Key recommendations
problems in the project cycle, in particular at proposal and liquidation stages.	joint monitoring and more adequate timing of interim reports. *Liquidation*: better inter-service coordination is required, with clearer guidelines for stop-the-clock letters, more flexible procedures for P-partners and UN in eligibility approval, stock and transfers etc.
Transaction costs are sometimes high for the partners (and for ECHO); indirect costs are currently limited by the FR, whereas other donors apply more flexibility.	ECHO should advocate in the FR revision for more flexibility on indirect costs.
Accountability and visibility	
Accountability should be more clearly subdivided between "*upstream*" (EU taxpayer and institutions) and "*downstream*" accountability (to the beneficiaries). Accountability is sometimes applied down to the most minute details.	To better balance focusing of FPA accountability between upstream and downstream approaches; to define a "reasonable threshold" of accountability considering ECHO staff workload and planned reductions. through e.g. a strengthened learning process from projects (meta-evaluations), and by defining
	ECHO should launch periodically meta-evaluations to strengthen the accountability/ learning process and collect lessons from scattered project evaluations.
Legal obligations on visibility and toolkit are clearly understood by the partners, but their field staff often tends to consider donor's visibility as a secondary priority.	ECHO should continue funding for thematic communication actions by skilled partners; for the others, ECHO should take a lead role in defining an "institutional" strategy and hire professional communication experts.
Visibility by project has been piecemeal and has not consistently informed EU citizens.	
While a few partners are managing highly professional communication departments and programmes, most have only limited skills and resources in communication. Since 2010 ECHO has adopted Decisions to allow programmatic/thematic actions by skilled partners. The "less skilled" ones are looking forward to a more pro-active lead role by ECHO in defining a communication strategy, to which they would contribute.	
Regional Information Officers could further help to strengthen compliance with visibility obligations in the field.	RIOs should establish systematic contacts with communication focal points in the partners' organisations, and reinforce monitoring.
Although not a modern communication tool and subject to criticisms, USAID food bags are a highly effective item of field visibility.	ECHO should assess the option of printing food bags with the EU logo, to be used by partners as feasible, with professional communication.
Audits and support	
Audits are appreciated e.g. when conducted in a "pedagogical" spirit. Criticisms concern high costs from repetitive audits (by ECHO and others) with non-aligned methodologies, and redundancy with Financial liquidation.	"Pedagogical" audits should be reinforced for weaker partners; audit costs should be considered; where feasible, alignment of audits should be discussed at the level of GHD or OECD/DAC.
Daily communications and training sessions, have been widely appreciated by NGO partners. The appreciation of UN agencies is more limited.	To pursue the current system of external framework contract for regular training and general support purposes, with improved training courses for UN agencies and optimum participation of ECHO staff.

Main conclusions	Key recommendations
Broader FPA-related issues	
Transaction costs and workload for ECHO staff are often high; improvements could be achieved by some of the proposed measures, combined with better coordination, procedures and training, and an overall management focus on simplification and flexibility.	At the overall policy level, ECHO should designate an internal "focal point" at the appropriate hierarchical level to deal with the crucial issues of flexibility and simplification of FPA (and other) procedures, in a context of possible staff reduction
Diversity appears to be threatened among partners - especially from Southern and Eastern EU countries, which are often inactive or have very few projects. Reasons could not be investigated by the evaluation.	ECHO should launch a separate survey to investigate the exact reasons behind the high numbers of inactive or low-activity partners, and define corresponding support measures, in coordination with other EC instruments.
Current FPA rules, procedures, and formats hamper the effective implementation and legal security of the consortium approach.	Provisions applicable to consortia must be revised and adapted. In particular, the legal and financial responsibilities of the lead agency should be more adequately defined.
The greater flexibility and speed of DFID and SIDA in contracting, and in partnership frameworks which allow core funding are often mentioned as examples of good practice.	Legal and practical applications by ECHO of fast-track approaches followed by DFID and SIDA should be assessed.
There is scope for more widespread use and harmonisation of SF format among EU donors, as well as terminology.	Advocacy towards harmonization should be made in relevant international fora, e.g. GHD or OECD/DAC.
Partners' consultation level in definition of HIPs is not consistent. ECHO's stated engagement with international coordination mechanisms also varies in practice.	Stronger corporate commitment should be given to strategic approaches. The HIP consultative process should be reinforced. ECHO should continue using its leverage to induce change in the international humanitarian system, in support of e.g. the UN transformative agenda.
There is a lack of consistency in the approaches followed by the most professional FPA partners regarding their interventions in highly insecure areas.	Recommendations from the current ECHO evaluation of Access should be examined in this perspective.

B. MAIN REPORT

B.1 <u>Background</u>

1. The Directorate-General for Humanitarian Aid and Civil Protection (DG ECHO, or ECHO) is the service of the European Commission responsible for managing humanitarian assistance to third countries, although it does not provide humanitarian assistance directly. Its assistance is implemented by its partners, namely Non-Governmental Organisations (NGOs), International Organisations (IOs) of a humanitarian nature such as the IFRC and ICRC, UN agencies, and specialised agencies of the Member States. The partnership between DG ECHO and its partners is established through the signing of a Framework Partnership Agreement (FPA) defining the common principles governing this partnership, as per Article 163 of the Implementing Rules of the Financial Regulation.

2. The Council Regulation (EC) No 1257/96 of 20 June 1996 concerning Humanitarian Aid further stipulates that humanitarian aid can be provided through the financing of programmes and projects of NGOs, IOs, UN agencies, the European Commission itself, as well as specialised agencies of the EU Member States. This approach has been reaffirmed in the European Consensus on Humanitarian Aid (§48-53).

3. In compliance with these provisions, DG ECHO has established since 1993 an approach based on two distinct Framework Partnership Agreements (FPA) with European NGOs and IOs outside the UN system, and on the Financial and Administrative Framework Agreements (FAFA), signed in 2003 with the UN. For the purpose of this evaluation, the term *"FPA"* will refer to both the FPAs and the FAFA as well as to all the texts underlying and supporting them, including the "supporting documents" listed in Annex II of the Terms of Reference (ToR, see Annex A).

4. The FPA governs the contractual and operational relationship between DG ECHO and its partners since 1992. It operates as a long-term cooperation mechanism between the Parties[5], designed to ensure that ECHO-funded humanitarian partners and operations meet the highest standards of performance and quality.

5. The signing of a FPA is a precondition for DG ECHO's support, not a financing agreement as such. The FPA defines roles and responsibilities for the implementation of humanitarian actions financed by the European Union. It spells out the procedures, rules of implementation, eligibility for financing and the criteria for the awarding of grants.

6. The current FPA, adopted in 2008, is the fourth one in ECHO's history. The first FPA, signed in April 1993, aimed at standardising and clarifying the EU decision making in the field of humanitarian aid. Emphasis was placed on the agency's capacity to implement operations rapidly and efficiently ("implementing partner") rather than its nature or principles ("quality partner"). The second FPA, implemented from January 1999, was also characterized by an emphasis on the technical and logistical capacities of the partners, although dialogue was also considered in a "spirit of partnership". The third FPA, finalised in 2003 but entering into force on 1st January 2004, intended to represent a "new approach" in terms of partnership and operational practice. The concept of quality partnership included accountability towards the beneficiaries and the EU taxpayers. A results-oriented approach was adopted, which focused on professionalism and experience by the partners.

---

[5] Art 1.1 of the FPA, and art. 163.2 of the Implementing Rules

7. The aim of the 2008 revision of the FPA was to further improve the implementation of humanitarian aid through a result-oriented approach. The revision gave priority to continuity (of procedures, quality in partnership and a results-oriented approach) and diversity of partnership, and involved a simplification of rules and procedures insofar as the legal and financial regulatory environment of humanitarian aid permitted.

8. The current FPA with NGOs came into effect on 1st January 2008 and will end on 31 December 2012, but it will be extended for one year. The FPA with IOs and the FAFA have no specific timeframe, but their annexes were revised and came into effect on 1st January 2008 in order to ensure a consistent approach to all categories of partners. The 2008 FPA is managed by DG ECHO Unit C/3 (Finance, Legal Affairs, and Partner Support), but training and communication with partners on FPA procedures is sub-contracted to a consortium led by the foundation Punto Sud.

9. In January 2012, the list of partners on the ECHO web site showed that 16 UN agencies, 3 IOs (IFRC, ICRC and IOM), 178 NGOs and 13 national societies of the Red Cross had signed the 2008 FPA.

B.2 **Methodology**

10. The present evaluation is intended to contribute to the overall revision of the legal texts and supporting documents of the current (2008) FPA. This global process has been launched by ECHO in mid 2011 and should be concluded with the entry into force of the new FPA in January 2014. It is to be divided in three phases, namely: a stocktaking exercise from July to December 2011; a brainstorming process from January to June 2012; and a drafting, consultation and adoption phase, from September 2012 to October 2013.

11. In that framework, this independent evaluation is expected to provide an "objective, critical, and transparent" analysis of the current FPA's "philosophy, rules and tools". Its main purposes are lessons learning and accountability, and the specific objective is "to assess the appropriateness (of the FPA) in accordance with DG ECHO's mandate, in order to establish whether (it has) achieved (its) objectives, and to produce recommendations for improving the effectiveness of the future FPA" (ToR, §15). In particular, "main issues of concern, bottlenecks and best practices" had to be identified, and suggestions for improvements provided. The evaluation was also requested by the Director General of DG ECHO to "think out of the box" in terms of possible recommendations.

12. The scope of the evaluation focuses on the 2008 FPA but also encompasses the evolution of the four successive FPAs since 1993. The intended audience includes the ECHO staff and the three main categories of partners, i.e.: UN agencies (which are working under the provisions of the FAFA), International Organisations (a distinct FPA exists for IFRC, ICRC and IOM), and NGOs (the FPA for NGOs includes the Red Cross National Societies). The complete Terms of Reference (ToR) can be found in Annex A.

13. The evaluation team was made up of four consultants, who had the following tasks:
- Michel Vanbruaene, team leadership and overall coordination;
- Marie Spaak: provisions regarding UN agencies and International Organisations;
- Francesca Nicotra: FPA provisions for NGOs;
- Matias Calvo: design and management of the online survey (short time only).

14. The timetable started with a briefing on 12 January 2012. The inception period led to the submission of an inception report on 10 February. This was followed by the field phase until early April, during which a documentary study (see Bibliography in Annex C) and numerous interviews and visits to all categories of partners and the ECHO FPA Working Group (List of persons met, Annex B) were conducted, and by the final drafting and restitution phase. The draft final report was to be submitted by mid-May, and the finalised report by mid-June.

15.   Among the 178 NGOs registered in the FPA, some 20 "representative" partners have been selected for direct interviews according to a selection grid which combined criteria such as budget and number of agreements (or the lack thereof), countries of origin, sectors / geographical areas of intervention, and role in the FPA Watch group. Discussions also took place with all interested representative offices of UN agencies in Brussels, and with delegates of the concerned Red Cross National Societies during some of their meetings at the IFRC representative office. Field visits to partners and selected stakeholders in Europe have furthermore been carried out in France, Germany, Italy, Spain, Switzerland and the UK.

16.   General meetings (at briefing and restitution stages) with the three main groups of partners (UN agencies, International Organisations/ Red Cross family, and NGOs/FPA Watch group) have been arranged or facilitated respectively by UNDP, the IFRC, and the VOICE platform.

17.   To structure the approach, a list of 14 main evaluation questions has been defined, which were updated from the ToR (§21) and revised during the inception phase. The updated questions have been used as headings for chapters B.3.1 to B.6 of this report.

18.   A complementary – although distinct from the ToR's - list of key issues and questions raised by the Director General of ECHO and the Commissioner's Cabinet at inception has led to the structure of the final chapter B.7.

19.   The main methodological tool developed by the evaluation is an overall matrix which combines the evaluation questions, the relevant OECD/DAC criteria, and selected indicators (Annex D). Relevant parts of the matrix have been used as intended during the various activities. The number of questions multiplied by the criteria has however stretched this approach to the limit of its usefulness.

20.   In addition to the interviews and personal visits to stakeholders, the evaluation team has developed and managed an anonymous on-line survey in English and French, which has been sent to all the partners. In order to maintain simplicity and ease of use of the survey, the list of evaluation questions was synthesized into seven sections, with corresponding closed and open questions. The survey was completed by 65 partners – a statistically significant rate of reply -, who also provided some 284 open comments and suggestions. These inputs have been integrated into this report. The methodology and results of the survey can be found in Annexes E-G.

21.   As required by the ToR, a mapping exercise was also performed (Annex H). Due to the limited resources in the respect, the evaluation team has mainly used information provided by ECHO, which covered the years 2009 and 2010, complemented by a section of the online survey. The mapping has e.g. provided combined information regarding countries of origin, control mechanisms, sectors and geographical areas of activity, numbers of grant agreements and amount of funding per year in 2009 and 2010 (which also gave statistics on inactive and low-revenue partners), and participation to platforms, clusters, and quality/accountability initiatives.

22.   The evaluation had to face a number of constraints, in particular the scope of the assignment *vs* the resources (the 14 evaluation questions touched some 30 key issues which were sometimes related indirectly only to the FPA), and the still evolving nature of many rules and tools, which are subject to interpretations and regular discussions in various fora (FPA Watch Group, FAFA Working Group). Chapters have been subdivided as relevant between direct FPA-related issues, and broader ones. The topics – sensitive as they concerned the daily work of most stakeholders - have often raised conflicting patterns of statements (some of which are reproduced in the report for illustrative purposes), which could not always be ascertained through the analysis of e.g. individual project documents.

23.   It should finally be noted that all the partners interviewed have somehow apologetically indicated that they highly value their partnership with ECHO but that, given the opportunity provided by this evaluation, they had to highlight what was not going well and should be improved, without wanting to throw a negative light on ECHO.

B.3   Effectiveness

B.3.1   Continuity, Diversity, Simplification

A. To what extent does the current FPA meet the objectives of the 2008 revision as expressed in the Background paper of October 2007 (continuity, diversity, simplification)? In particular, to what extent have the objectives of simplification and diversity been achieved and why?

Overall context

24.   The Directorate-General for Humanitarian Aid and Civil Protection of the European Commission (DG ECHO, or ECHO) is responsible for managing humanitarian assistance to third countries. DG ECHO is funding humanitarian assistance by providing grants to partner Non Governmental Organisations (NGOs), International Organisations (IOs), UN agencies, the European Commission itself and specialised agencies of the Member States of the European Union, as per Council Regulation (EC) No 1257/96 of 20 June 1996 (the Humanitarian Aid Regulation).

25.   Following an application and screening process, organizations become formal DG ECHO partners through the signing of a Framework Partnership Agreement (FPA) defining the common principles governing this relationship[6]. FPAs are legally binding agreements defining "the role, rights and obligations of partners and the legal provisions" that apply to the implementation of humanitarian aid operations financed by the European Union[7]. They are composed of a main text and annexes, which spell out the procedures, rules of implementation, eligibility for financing and the criteria for the awarding of grants.

26.   ECHO awards its funding to NGOs and IOs on the basis of distinct FPAs for these two categories of partners, while its partnership with UN agencies is governed by an EC/UN Financial Administrative Framework Agreement (FAFA)[8] signed in 2003. For the purpose of this evaluation, the abbreviation "FPA" will refer to both the FPAs and the FAFA as well as to all the texts underlying and supporting them, including the 'supporting documents' listed in Annex II of the Terms of Reference (see Annex A).

27.   The signing of a FPA (the" partnership instrument") is a precondition for ECHO's support, not a financing agreement as such. A specific agreement needs to be signed for each grant awarded[9].

---

[6] As per Art 163 of the Implementing Rules of the Financial Regulation (FR).

[7] http://europa.eu/legislation_summaries/humanitarian_aid/r10007_en.htm

[8] The FAFA, which governs all contribution agreements between the Commission and the UN and replaced two previous agreements, was signed on 29 April 2003. The FAFA automatically applied to the UN Secretariat (including, therefore, OCHA and OHCHR) and funds and programmes (e.g. UNICEF, UNDP, UNRWA, UNHCR, UNFPA, UN-HABITAT, WFP), whereas specialised agencies, autonomous from the Secretariat, had to accede individually (e.g. FAO, UNESCO, UNOPS, WHO). The FAFA "allowed Commission representation in the programming and administrative organs of the UN as well as to play a more important role in controlling and auditing programmes and projects".

[9] In specific cases, DG ECHO can also provide a grant to an organization that has not signed an FPA.

28.   The current FPA, adopted in 2008, is the fourth one in ECHO's history and follows the FPAs adopted in 1993, 1998, and 2003. It is managed by Unit C3 (Finance, Legal Affairs, and Partner Support), but training and communication with partners on FPA procedures are sub-contracted to a consortium led by the Italian foundation Punto Sud.

29.   Since the FAFA is not limited in time, it was not modified in 2008. The FPA for IOs does not have a time limit either, but it was modified in 2008 in order to improve the coherence between its provisions and those of the FAFA. The current FPA with NGOs came into effect on 1st January 2008 and should end on 31 December 2012, although it will be extended for one year.

30.   The aim of the last revision of the FPA was to improve the implementation of humanitarian aid through an approach that was more results-oriented. The revision gave priority to the objectives of continuity (of procedures, quality in partnership and results-oriented approach) and diversity of partnership, and involved a simplification of rules and procedures insofar as the legal and financial regulatory environment of humanitarian aid permitted.

31.   As of January 2012, 16 UN agencies, three International Organisations (the ICRC, the IFRC, and IOM) and 191 NGOs (a group that also includes 13 national societies of the Red Cross) had signed either the 2008 FPA for NGO/IO, or the FAFA agreement.

32.   Relations with the partners over the entire project cycle are jointly managed in the field by ECHO's regional and country offices – mostly staffed with Technical Assistants (TAs), who are not Commission officials and have limited authority – and by Desk Officers (DOs) in Brussels.

Objective of continuity

> "*For the new FPA, let us keep the spirit of the 2008 FPA, but let us put it black on white*" (a NGO partner)

33.   In accordance with the recommendations provided by the Concept Paper of 2007[10], the FPA 2008 has not introduced major conceptual changes, but has rather sought to strengthen some key concepts, such as the focus on results, the quality partnership, or the improvement of the consultation process between DG ECHO staff and partners.

34.   This is the second "results-oriented" FPA. This approach was first introduced with the FPA 2003, and aimed at improving effectiveness in the delivery of humanitarian aid to beneficiaries. The Single Form (SF), the main tool of the FPA 2008 which has been updated from the 2003 format, is in line with this approach and has globally reinforced the focus on the achievement of identified results from the proposal to the reporting stages through a more thorough definition of activities, sectors, targeted beneficiaries, indicators, as well as means and costs (see also chapters B.3.6 and B.4.1).

35.   In order to further promote the concept of quality partnership (see chapter B.3.2), the FPA has committed itself e.g. to provide a "stable legal and administrative framework" to its partners, so that the duration of the NGO partnership has been extended to reach 5 years (§19 Preamble), or to support the capacity building of partners so as to improve their efficiency and accountability (§18 Preamble).

36.   The 2007 Concept Paper stated that quality (and diversity) in partnership would also be improved by putting more focus on selection and assessment procedures, and through differentiated control mechanisms ("A" and "P") which should provide "greater flexibility" to partners who demonstrate "strong assurances…in professionalism and administrative and financial capacity" and so avoid a "one-size fits all" approach. As discussed below (see also B.4.4), these objectives have only partially been fulfilled.

---

[10] Revision of the FPA Concept Paper, DG ECHO, June 2007

37. Coherence has been maintained between the different types of project agreements[11] with UN Agencies and IOs (Contribution Agreement)[12], and with NGOs (Grant Agreement) in the texts and provisions of the FPA 2008. They all share a strong focus on results which requires the inclusion of clear objectives with verifiable SMART indicators, and their inclusion in the operational agreements. The process is accompanied by ECHO's involvement in monitoring and evaluations. The FPAs also share some common headings in the same sequence, key features and provisions.

38. Comments from the partners regarding the FPA principles and objectives (the "philosophy") are overwhelmingly positive and the SF approach is generally appreciated (see e.g. results of online survey in Annex F). However, all the partners interviewed have also outlined the multiplicity of- and the frequent amendments to- the FPA related documents (guidelines, FAQs, fact sheets etc) as well as interpretations issues by some Desk Officers, and a strong focus on financial details.

Objective of diversity/proportionality

39. ECHO has maintained a diversity of partners, as called for by the European Consensus on Humanitarian Aid[13], the Humanitarian Aid Regulation[14], and GHD principles[15]. The Financial Regulation (FR) further ensures equal treatment and non-discrimination, in particular on the basis of nationality or geographical location[16]. This commitment to diversity is much appreciated by the partners; it is also an asset as it enables DG ECHO to effectively provide humanitarian aid in a variety of contexts and through a range of approaches, specialisations, etc.

> "*The respect by ECHO of the partners' diversity is to be put to ECHO's credit and is very important*" (a NGO partner).

40. DG ECHO has maintained the process and procedure in place for the screening and pre-selection of NGO partners, which was changed for the FPA 2003 with the introduction of eligibility and suitability criteria and higher quality standards, and involves submitting an e-application based on a list of 60 questions. The process involves a thorough analysis of the administrative, financial, technical and logistical capacity of the applicant and as such, can be considered as a first risk management step[17.] Although the list is quite thorough and ensures as much as feasible that ECHO will

---

[11] Article 166 of the Financial Regulation (FR).

[12] For the UN, the Special Conditions for the implementation of the project constitute the main body of the format and include information related to the purpose of the action; its entry into force and implementation period; financing information; submission of reports; payment arrangements; bank account; contact addresses; and specific applying to the Action). Two essential Annexes were maintained, i.e. the description of the Action (the logical framework) and the financial overview of the Action (Chapter 11 of the latest version of the Single Form presented for a specific project as approved by DG ECHO).

[13] "The EU underlines its intrinsic support for a plurality of implementing partners – the UN, the Red Cross/Crescent Movement and the NGOs – and acknowledges that each has comparative advantages in responding to certain situations or circumstances"; paragraph 50.

[14] Council Regulation (EC) N° 1257/96 of 20 June 1996 concerning humanitarian aid does not make any explicit statement as to the added value of a diversity of partners but mentions UN agencies, International Organisations, and NGOs, as well as the specialised agencies of the Member States, in various provisions of the text.

[15] General principle n° 10 recognises the distinct roles of these categories of partners.

[16] FR art 109; implementing rules art 160e – 2(a)

[17] In addition to a questionnaire related to the A and P mechanisms, the list covers a broad range of aspects, including staffing policies, accounting and financial procedures and standards, internal control mechanisms, procedures for procurement, audits, fundraising methods, standards used, internal and external evaluation procedures, coordination policy,

only work with the most eligible partners, it is also very complex. Established actors often see this process as perhaps too difficult to handle for a number of potential new NGO partners and Red Cross (RC) national societies from Central or Southern Europe, whose ambitions are not (yet) matched by the skills required by the FPA, and for whom reduced national cooperation budgets may not provide "stable and sufficient sources of funding…" as required by art 176.2 of the FR implementing rules. In May 2012, only 9 out of the 195 NGOs and RC national societies FPA partners listed on ECHO's web site were originating from Eastern EU countries.

41.   A mapping of registered NGOs over the previous years[18] 2009 and 2010 (Annex H) shows also that diversity appeared to be threatened by a number of external factors, in particular among the partners originating from Southern and Eastern EU countries. Beyond the professional and effective "top twenty" partners, the mapping indicates that nearly 3/4 of the 183 registered NGOs during that period have been either totally inactive in these two years (50 partners, i.e. 27%), or have implemented a maximum of 3 projects each year (a further 81, i.e. 44%), which alone (their income from other donors is unknown) would not provide them with sufficient indirect revenues to support the complex internal structures and deliver the level of quality required by the FPA.

42.   The figures related to the currently most economically vulnerable countries (see also at the end of this section) were particularly worrying. There were only 6 NGOs from Eastern EU countries in the mapping (Czech Republic, Hungary, Poland, Slovakia and Slovenia), among which 2 were inactive and the 4 others had only very low turnovers. Among the 40 Southern NGOs (from Greece, Italy, Portugal and Spain), 31 (78%) were in the same case.

43.   At the opposite, 18 out of the "top 20" FPA partners in the mapping were based in Northern EU countries and in France.

44.   In that framework and as further discussed in chapter B.4.4, the current FPA approach to diversity is still generally perceived as "one-size fits all". Changes to the FR[19] in 2007 enabled ECHO to introduce a differentiated (proportional) control /risk management mechanism for its IO and NGO partners based on an assessment of their administrative capacities in terms of internal control, external audit, accounting procedures, and procurement rules (i.e. the 'four pillars' review identified by the FR which has been applied to the UN agencies). Following the assessment, partners were classified into "A" and "P" categories. The expected advantage of this approach was to offer partners qualifying as "P" a simpler and more flexible risk management regime, closer to that applied to UN partners.

45.   In addition, DG ECHO has carried out annual assessments of the IO and NGO partners on the basis of a document review, in order to verify their capacities, and in-depth assessments ("stage 2") every three years to ascertain if they should be maintained in the same category. As a result, partners may regularly move back and forth between two statuses.

46.   IO and NGO partners acknowledge that the control mechanisms have brought about administrative improvements for P-partners, in particular with respect to procurement, but not to the extent envisaged due e.g. to the level of detail that they are still required to provide, in particular at the project liquidation stage. According to the 2007 Concept Paper, P-partners would e.g. be "monitored to a lower degree", or be subject (mainly?) to ex-post audits, since "more focused control at liquidation stage" was only mentioned for "A" partners. These provisions have not been sufficiently implemented.

---

partners or counterparts in countries of operation, visibility and communication policy, annual income and budget, percentage of the former used for humanitarian operations, sectors of intervention, and assets.

[18] The resources of the evaluation allowed only a mapping on the basis of the latest information already available from ECHO and which concerned 2009 and 2010, complemented by inputs from the online survey, which was anonymous.

[19] "The revised FR put a much stronger focus on internal control and risk management and integrates "*effective and efficient internal control*" as part of the principle of sound financial management including i.a. "an appropriate risk management and control strategy including controls at beneficiary level", Revision of the FPA Concept Paper, version 06.06.2007, p.2.

47. Whereas the FAFA has recognised the specificities of UN agencies and key UN rules and regulations and has generally improved the institutional relationship with the EU, the FPA 2008 has not completely integrated the specificities of the RC Movement. Art 24 to 27 of the preamble to the FPA signed with the RC on 27/11/2007 duly mention the membership, values and principles of the Movement, together with the main mandates and roles of ICRC, IFRC and the RC national societies. However, and despite flexible case-by-case responses by ECHO DOs, recurrent hurdles are found in the application of some standard FPA rules regarding e.g. derogations to visibility for ICRC (see chapter B.5) or depreciation applied to some pre-positioned equipment for disaster preparedness.

48. RC national societies are not registered in the same FPA as IFRC, since they are not IOs. However, in case of major emergencies RC national societies may be led to work jointly with the IFRC, which may require a specific provision for such joint applications across the different FPAs. FPA provisions could be better adapted to the multi-donor approach with the RC own emergency appeals, to which ECHO could contribute.

49. EU RC national societies are not strictly speaking NGOs either, since they always work in partnership with concerned non-EU national societies - which are the official auxiliaries of governments for disaster response. In this respect, the principled approach promoted by ECHO in line with the EU Consensus on Humanitarian Aid regularly requires capacity building of local non-EU national societies in terms of e.g. independence, neutrality and International Humanitarian Law, to which ECHO could also contribute. Discussions with ECHO could further include e.g. added flexibility regarding the ICRC specific planning cycles. RC emergency tools are assessed in chapter B.3.3.

Broader, FPA-related issue

50. The mapping results evoked in §41-42 indirectly raise a political issue, which cannot be tackled through the FPA: ECHO is funded by the contributions from all the EU Member States, but the continuous (and justified) search for performance and cost-effectiveness to improve the delivery of aid may amount to working essentially with the "top twenty" most professional partners (some large INGOs, often from northern Europe and France, the Red Cross family and some key UN agencies). Many of these organisations are also implementing partners of other key bilateral donors.

51. Such an approach would leave aside ("out of the market place") the majority of those who either cannot reach a minimum "critical mass" of projects and budget per year to cover the high transaction costs with the FPA or other international donors (the online survey in Annex F indicates similar transaction costs with other key donors of reference), or do not (yet) have the capacity to formulate acceptable proposals. In the current economic crisis which is hitting in particular the southern EU countries, partners and civil society actors probably need to be very strong and well organised, or be a member of a humanitarian "family", to survive. Spain, which was still the 5th largest EU ODA contributor in 2010, is reducing its cooperation budget by 54.4% in 2012[20]; Italy has reduced its ODA by 56% in 2009 and by a further 45% in 2011[21] - not to speak about Portugal or Greece. In this respect, there may be a need for coordination with Commission tools dedicated to reinforcing the capacity of civil society. The "Europe for Citizens" programme[22] funds e.g. initiatives in areas such as participation, employment, sustainable development or the societal impact of EU policies, and works closely with NGOs.

---

[20] Source : State budget for ministerial sectors, April 2012
[21] Source ; Action Aid Italy
[22] http://ec.europa.eu/citizenship/index_en.htm

Objective of simplification

52. In accordance with the recommendations of the 2007 Concept Paper[23], the FPA 2008 has introduced valuable elements of simplification, with the aim to ensure speed and flexibility of implementation. The main features of this improvement have been as follows.

- *Containment of exhaustive contractual reports*: the pre-final report (to be submitted not less than 1 month before the end of the project) has been deleted. Partners are able to use their own format of reporting for the intermediary financial report.
- The streamlining of *formal amendments* to the grant contract, to be done through supplementary agreements (General conditions, art. 11).
- More flexibility in *eligibility dates of expenditure* through the introduction of "winding up" activities up to 3 months after the end of the implementation, or the possibility to consider eligible expenditure committed – for the constitution of stocks related to the action - before the date of submission of the proposal.
- Greater flexibility in *requests for derogations* (SF, section 13.1).
- To better adapt the Single form (SF) to the different contexts and types of humanitarian actions, some *simplification and flexibility in the use of the SF* have been taken into account, e.g. in the level of details required in the description of actions to be funded under a Primary Emergency decision. For other types of action, information that may not be available at the proposal stage could be completed in intermediary or final reports.
- Some redundancies have also been deleted between SF narrative parts and log frame data.
- To take into account the diversity of partners and allow them to adapt *budget presentation* to their own internal accounting system, headings in the budget overview (SF, section 11) can be established by the partners themselves at proposal and reporting stages.
- *Rules on procurement* were simplified through the adoption of new thresholds for the different type of procurement processes and the elimination of the rules of origin and nationality. "P" control mechanism has also allowed concerned partners to use their own procurement rules.
- General Conditions introduced some simplification of the rules on *equipment and stock*, e.g. a differentiated allowance for the purchasing of low value equipment, or the adoption of depreciation costs as an alternative to purchasing.
- Financial guidelines established *thresholds* to be used for the assessment of eligibility of expenditure at *liquidation* stage.
- For UN agencies and IOs, the Joint management operational modality has become automatic rather than case-by-case; Multi-donor action guidelines were simplified; three annexes (financial identification form, standard request, General Conditions now referred to in the introduction) were removed from the standard Contribution Agreements with the UN.

53. These useful measures have been mitigated by the expanding FPA guidance documents, which have been subject to regular revisions and to interpretations. The introduction of still immature e-tools (chapter B.4.1) has significantly complicated implementation for both the partners and the ECHO staff.

54. More specifically, the intended lessening of administrative burden on partners by reducing the need for ex-ante detailed information on (cost-related) inputs was not fully achieved in practice due e.g. to the lengthy "preliminary discussions" which regularly take place at field level between ECHO TAs and partners, in order to agree on an acceptable content of proposal before its introduction into APPEL. These discussions, although officially "not of a compulsory nature", are generally conducted on the

---

[23] "In order to reduce the administrative complexity, common guidelines and tools will be established" (2007 Concept Paper).

basis of the paper version of the SF (e-tools did not include track-changes). They are therefore not taken into account by the ECHO statistics on the duration of the process between proposal and signature of the grant agreement.

55. At the final stage, the 2008 FPA guidelines have sometimes added to the information to be provided by partners with the final report, with a potential impact on the related "stop-the-clock" letters (B.4.1). New information have included: detailed communication costs; an indication of whether costs are average costs; the obligation for NGOs to provide an explanation at submission stage of whether the project respects ECHO policies on thematic issues (supported by internal reports); a formal authorization request for the donation/transfer of residual equipment to e.g. local authorities; detailed explanation on broken, lost or obsolete equipment; a description, as well as the cost, date of purchase, number of months and figures for depreciated equipment and vehicles; a description of time and cost allocations for daily workers, etc.

56. The UN has been working with DG ECHO on a 'Regrouping' exercise aimed at extracting UN-specific guidance from the general rules and presenting it in a separate document that would be recognized as the official interpretation of all existing DG ECHO guidance for UN agencies. The exercise, which started in July 2010, has been completed and the text will be online shortly. RC agencies are also working to streamline the 350-some pages of FPA rules which are of direct concern to them.

57. In addition, the provisions of art 178.4 of the FR Implementing Rules on sound financial management, which involve the personal financial responsibility of the Authorising Officers by Sub-Delegation (Heads of Unit – HoU- or Directors), have not done much to promote flexibility and speed. The HoU would e.g. demand that the reasons underpinning any decisions are clearly stated and recorded; the HoU may question the DO's approach and/or may request the DO to provide relevant supporting evidence before a decision is made. Furthermore, the projects are subject to the scrutiny of a "verifying officer" (another DO, different from the initiator of the file). Such a process is likely to produce corresponding demands and pressure on the partners.

58. The VOICE-led FPA Working Group has developed a comparative table of key aspects of the FPA since 1993 and their simplification or complication over the years; it is the only such working document currently available. Although this table must be seen with a 'caveat' as it represents the views of one of the parties only, it has been attached in Annex I for reference purposes, as an illustration of the complexity of the FPA 2008 as this is perceived by the NGOs.

59. The table emphasises the additional information required by the 2008 FPA in terms of *ex-post* control of e.g. stocks of equipment, transfers and donations, depreciations, or VAT. It does not appear however to reflect accurately the simplifications which have been introduced in parallel as compared to the level of *ex-ante* information in the 2004 FPA, in particular in the former version of the SF: section 3.5 (discussions with field TAs – although this is still taking place in practice); section 4.5 (beneficiaries); sections 4.6-9 (proposed activities which were not presented in a LFA format); section 6 (inputs and resources required); section 10 (implementing partners); and detailed tables (3 pages long) of budget breakdown at initial, interim and final phases.

Conclusions

Continuity

- The FPA principles and objectives (the "philosophy") are relevant to the partnership and are generally appreciated by the stakeholders. However, the multiplicity of- and the frequent amendments to- the FPA related documents (guidelines, FAQs, fact sheets etc) as well as a strong focus on financial details have complicated the implementation (the "rules and tools").
- In accordance with the recommendations provided by the Concept Paper of 2007, the FPA 2008 has not introduced major conceptual changes, but has rather sought to strengthen some key concepts, such as the focus on results or the quality partnership. The Single Form (SF), which has been updated from the 2003 format, is in line with this approach of continuity. The SF has contributed to reinforce and integrate the focus on results throughout the project cycle.

Diversity

1. Diversity is a key positive aspect of the FPA, which should be maintained and reinforced. Diversity should however be better reflected in the FPA, which should be more a "fit for purpose" tool.
2. The screening and pre-selection of NGO partners, although quite thorough, is also complex and may be difficult to handle for a number of potential new NGO partners and Red Cross national societies e.g. from Central or Southern Europe, who may also be hurt by reduced national budgets.
3. Quality (and diversity) in partnership have been supported through differentiated control mechanisms ("A" and "P"). The intended objectives to provide "greater flexibility" to P-partners who demonstrate "strong assurances…in professionalism and administrative and financial capacity" and so avoid a "one-size fits all" approach have only been partially fulfilled. Beyond flexibility in the use of their own procurement rules, P- and A-partners are subject to the same levels of controls, in particular at the cumbersome liquidation stage (see also B.4.4)..
4. The current procedures are not adapted to the most professional "top twenty" partners in the mapping, the effectiveness of which would benefit from more flexibility (see also B.3.2).
5. The FAFA is duly taking into account the UN specificities, which is not sufficiently the case for the Red Cross (RC) family. The preamble to the FPA with the RC agencies is not fully reflected in the general rules, which do not ensure sufficient flexibility in considering some aspects of the specific mandates and operating policies or modalities of the IOs and RC national societies. Case-by-case derogations and flexibility are still required from the ECHO DOs.
6. As an issue indirectly related to the FPA, the diversity of partnership appears to be threatened by a number of external factors, in particular among partners originating from Southern and Eastern EU countries. The mapping shows that 3/4 of all the registered NGOs in 2009 and 2010 (and 78-100% from South and East EU) were either inactive or had implemented very few projects, which is not conducive to integrating the complex FPA procedures and covering the related high transaction costs, e.g. for those who are not members of a humanitarian "family". The exact reasons could not be investigated (they may range from close relations with other donors to lack of capacity to formulate acceptable proposals to ECHO), but partners may also be hurt by reduced national budgets, which may leave many "out of the market place". This may lead in turn to a political question of lack of diversity in representing adequately the EU civil society among ECHO partners.

Simplification

7. Together with increased flexibility, to achieve further simplification is a crucial aspect of the FPA implementation in order to improve transaction costs for both ECHO and the partners (see also B.4.1 and 2). Despite valuable measures, the objective of simplification in 2008 was not completely

achieved. FPA-related "rules and tools" documents kept expanding and were subject to frequent revisions and interpretations.

8. APPEL statistics on delays between submission of proposals and signature of agreements do not record the lengthy "preliminary discussions" which often take place at field level between ECHO TAs and partners, on the basis of the paper version of the SF.

9. At the complex final reporting and liquidation stage, the 2008 FPA guidelines have sometimes added to the information to be provided by partners with the final report, with a potential impact on the related "stop-the-clock" letters.

10. A number of key issues seem to lie at the heart of the remaining complexity of the FPA: (i) the Commission's overall administrative procedures (Financial Regulation, anti-fraud accountability measures for Authorising Officers) about which ECHO can do little; (ii) a lack of guidance/understanding within DG ECHO about the way to implement consistently a results-based approach; (iii) the related issue of lack of coordination between the approaches of the financial and operational Units, with the former focusing on inputs-based eligibility of expenditures and the latter directed to focus on results; and (iv) insufficient confidence on the reliability and accountability of partners, which may be a question of organisation's "culture".

Recommendations

11. Simplification and flexibility need to be acknowledged as major objectives of the FPA 2014. Simplification - or at least clarification -should be considered at the key stages of project proposal, implementation and liquidation stages - see also chapters B.4.1 and B.4.2.

12. At the overall policy/structural level, ECHO should designate an internal "focal point" at the appropriate hierarchical level (e.g. Adviser to the DG) to deal with the crucial issues of flexibility and simplification of FPA procedures.

13. Beyond the "vertical" "A" and "P" mechanisms, a complementary "horizontal" differentiated approach would better support diversity, e.g. through more flexible procedures for the "top twenty" or the more selected "quality" partners (see also the criteria for "quality partners" in B.3.2), which would improve simplification and transaction costs for ECHO and the concerned partners.

14. Complementary FPA provisions should be discussed with ICRC, IFRC and the EU national societies of the RC, e.g. to better integrate protection needs or allow joint applications in case of major emergencies.

- ECHO should launch a separate survey to investigate the exact reasons behind the very high number of inactive or low-activity FPA partners and define, as relevant, corresponding support/capacity building measures in coordination with other Commission instruments for the support of EU civil society (e.g. in the framework of the Europe for Citizens programme).

B.3.2   Key Objectives and Principles of FPA 2008

B. How effective has the FPA 2008 been in

a. Meeting its objectives: (i) to optimize implementation and results/improve delivery, (ii) promote quality partnership, (iii) streamline procedures and set up rules governing relations between parties, and (iv) define a control framework to provide DG ECHO with reasonable assurance on sound implementation, and

b. Implementing its principles: trust, mutual respect, ownership?

To what extent has the consultation process, established to discuss FPA-related matters with the partners on a regular basis, been able to contribute to the above?

60.   *Since many of the issues mentioned in the above question are also assessed in more details in other sections of this report (e.g. implementation and procedures in chapters B.3.5, B4.1 and 2; focus on results in B.3.6; quality partnership in B.3.1; control framework in B.3.1 and B.4.4), the present chapter will be used to develop some specific related themes:*

- *some recommended improvements to the tools used for delivery and results-based approach;*
- *suggestions for further criteria to be used in assessing the operational quality of partners.*

61.   *FPA principles and consultation process will also be analysed in separate subsections below.*

Some recommended tools to further improve implementation and delivery

62.   After an initial focus on results at proposal stage as suggested in the Single Form (SF) - in particular in sections 4.2 (key issues except cross-cutting ones), 4.3 (log frame) and 5 (LRRD, cross-cutting issues), the FPA process seems to become more focused in the final stage (liquidation) on measurement of means and costs (inputs and outputs) than on operational results. An adequate balance between these two approaches is likely to be a crucial issue for the new FPA.

63.   The improvement of delivery depends on a number of factors which are not (yet) sufficiently or systematically present in the current SF approach (see also summary table in chapter B.4.2). Without making the SF unduly more complex – rather than simpler - , the SF guidelines should therefore mention also the following points.

- In addition (or in parallel) of being SMART, relevant *indicators* for a results-based approach should also be:
  - of *quality*, which are often harder to define than quantitative/output oriented SMART ones (see also B.3.6);
  - of *outcome*, to measure changes, benefits or impacts for the beneficiaries in terms of e.g. knowledge, skills, behaviours, values, conditions, status, and numbers (targets) affected by changes. "Changes, progress and achievements" are mentioned somewhat cursorily in sections 4.2.8 and 4.2.9 ("tables with updated figures"), but are not clearly linked to the log frame indicators;
  - *gender-disaggregated* (mentioned under 4.2.10 but not in the log frame) for tracking participation and ownership/sustainability.
- *Participation* of beneficiaries, which is only mentioned at the proposal stage (4.2.5) and not followed by e.g. indicators. Sustainability and connectedness are mentioned under 5.1, but not

in terms of e.g. the number of "empowered people to do things themselves to improve their lives" (DFID), with disaggregated gender data.

- *Accountability to beneficiaries*, which is not mentioned in the SF and partly only in art 3.1.a of the FPA (accountability towards all "stakeholders" and adherence to codes and charters). The EU Consensus on Humanitarian Aid (the "Consensus", art 43 and 45) is more explicit.
- The systematic *dissemination and use of evaluation results* (esp. ex-post/formative), for improvement of delivery methods and the promotion of a "learning culture".
- *Cost-effectiveness - or "value for money"* for DFID (see chapter B.4.1) - which are both quite difficult to set up in practice, as testified e.g. by the relatively vague formulation used in section 4.3.2 ("sufficient details…to assess cost-effectiveness... and to allow comparison when appropriate… unit costs should be provided when relevant and available").
- Clear linkage /integration with the increasingly crucial *DRR*, which is only mentioned briefly under 5.3 (see also chapter B.3.4), although DRR is again quite explicitly mentioned in the Consensus, e.g. in art 9 or 76.

64. As further detailed in chapter B.4.1, increased performance may also depend from the capacity (i) to engage very rapidly some urgent expenses in emergency (not only primary emergency) operations pending formal signature of grant agreement, and (ii) to streamline the very protracted and demanding liquidation process (6-9 months and more).

65. It should however be noted that expectations about the FPA capacity to improve delivery have to be mitigated. The FPA provides a contractual and organisational basis for engagement of humanitarian service delivery; notwithstanding the improvement (or extension) of its guidelines, it cannot in itself assure the quality and timeliness of response – which are in the skilled hands of implementing partners and ECHO staff.

Proposed updated criteria for selecting "quality partners"

66. Beyond the considerations on quality partnership already reviewed in chapter B.3.1 and further assessed below, it would be worth examining some potential criteria, which would help ECHO to better differentiate the actual organisational, managerial and operational capacities of the partners, and not only the financial criteria retained by the "four pillars" or "A" and "P" reviews.

67. To this purpose, the table 2 below attempts to put in perspective some relevant criteria which have been found in the Consensus or collected from partners (in particular IFRC) and from ECHO staff. It should be noted that the four broader quality partnership criteria listed in art 3.1 of the FPA (adherence to codes, support to coordination, fair working conditions and learning culture) have not been considered separately in the table, since they were already subdivided themselves into more detailed criteria in the columns.

68. Art 51 of the EU Consensus on Humanitarian Aid lists a number of key criteria for quality assurance of partners which could be taken as a basis and further developed with specific indicators. Such an approach would help to achieve a definition of the "quality partners" (who fulfil most of these criteria) which would go beyond the "P" or "A" status.

69. Partners themselves recognize the need for quality, efficiency and accountability and the challenges for coordination posed by an ever-increasing number of actors. Several of them have reflected on what would constitute "quality partners" *vs* the actual "quality partnership" – e.g. through stricter "due diligence"[24] procedures, since they have themselves to work with (sub-)partners for the

---

24 "*Due diligence*" is a term used for a number of concepts involving either an investigation of a business or person prior to signing a contract, or an act with a certain standard of care. It can be a legal obligation, but the term will more commonly apply to voluntary

implementation of projects. These include some of the UN agencies, the IFRC and EU Red Cross National Societies, and NGO networks.

70. Conversely, the fact that significant differences may exist among UN agencies in terms of e.g. relevance of their internal control systems[25] to highly demanding and challenging humanitarian situations - in particular the organisation and use of monitoring and evaluation (M&E) – should also be assessed by ECHO to determine their operational capacities.

71. Selected "quality partners" who would e.g. comply with all of the criteria and who may therefore benefit from more flexible procedures, could possibly be defined. Criteria could also be developed to define partners that would be best qualified and equipped to provide rapid responses to sudden onset disasters.

72. Incentives should furthermore be defined to encourage other partners to "grow within the system". These could include e.g.:

- added flexibility to use the partners' own (approved) procedures;
- more flexible funding modalities;
- use of more lump sums, and increased thresholds;
- added "prestige" of accreditation into an upper category of the FPA.

Table 2: "Quality partners": potential criteria listed in the Consensus, or mentioned by partners and by ECHO

Consensus criteria (art 51)	Criteria mentioned by partners (IFRC etc)	Criteria mentioned by ECHO
Professionalism and management capacity	Compliance with all relevant ISO standards	Capacity to <u>defend / protect / assume ownership</u> of projects that the partner is indeed able and willing to implement.
	Quality staff, permanent, less turnover than most other humanitarian actors due to adequate human resources management policy (job description, incentives, motivation, salary)	
	Logistics, fleet management system	
	Complete organisational structure with organigram of Units (administrative, policy, knowledge and innovation, M&E, financial, internal audits etc)	
	Ability to subsidise indirect costs by own funds	
	Rapid Response mechanisms, such as DREF and ERUs (IFRC)	
	"A to Z" integrated structure from policy definition to "last mile delivery"	
Capacity to respond to identified need (technical and logistical	Own and tested procedures for defining objectives	Quality of <u>needs assessment</u> Capacity to <u>define expected results</u>

---

investigations. A common example of due diligence in various industries is the process through which a potential acquirer evaluates a target company or its assets for acquisition";Wikipedia.

[25] The internal control systems of the concerned UN agencies have all been found "adequate" by the mandatory "four pillars" review, although each agency's control framework has been designed specifically for that agency to be able to deliver upon its mandate/commitments, which may not at the origin have been designed primarily for emergency humanitarian responses.

Consensus criteria (art 51)	Criteria mentioned by partners (IFRC etc)	Criteria mentioned by ECHO
capacity, including presence and access)		that are realistic and can be monitored up to liquidation.
Adherence to the humanitarian principles and international law, international codes of conduct, guidelines and best practice in delivery of aid	RC Code of Conduct, promotion of IHL, hosting of SPHERE, IDRL etc	
Specialist knowledge or mandate	• RC mandate • Regular strategic discussions with ECHO are taken very thoroughly: both parties come e.g. with senior management and technical experts	Value of pro-active contribution to HIPs, FCA etc
Cost-efficiency	Application of the Value for Money approach (DFID)	Quality of cost-effectiveness or value for money assessment procedures
Local partnership	• Worldwide network of local partners (RC or NGOs), who receive regular capacity building • Presence both at international and grassroots levels	
Experience in operational contexts	Track record	
Readiness to take part in coordination activities established for overall operational effectiveness	Track record	
Accountability, including reporting transparently on results	HAP membership (full/baseline or certified)	Proven/regular timeliness and quality of reporting
Quality of implementation capacity, including sound financial management	Compliance with e.g. IFRS (International Financial Reporting Standards) or IPSAS for UN (International Public Sector Accounting Standards)	
	Approval by the 4 pillars or "P" review	
	Well structured M&E system which is not only "pro forma"; field monitoring by trained staff (local RC national societies); full range of evaluations (ex-ante, mid-term, ex-post) to be posted online; recommendations to be followed and effectively used; institutional memory to be promoted.	
	Use of outcome or impact indicators that can be measured easily (e.g. IFRC indicators of capacity building "what impact does (….) have on primary and emergency responses?").	
	Regularly updated procedures, handbooks, guidelines and tools for the main functions, e.g. procurement	

Consensus criteria (art 51)	Criteria mentioned by partners (IFRC etc)	Criteria mentioned by ECHO
	or M&E	
	Procurement centre capacity (IFRC)	

73.   For optimum delivery of ECHO-funded humanitarian aid, the effectiveness of the group of "quality partners" selected according to their compliance with the above criteria should benefit from greater flexibility in e.g. fast track approval (see chapters B.41 and B.4.3), some types of non-earmarked funding (B.3.3), and streamlined liquidation processes (B.4.1 and B.4.4).

Principles and quality partnership in an "asymmetric" relation

74.   The FPA with NGOs (art 2.1) is based on "*trust* and *mutual respect*" between the Parties. It should ensure that each party "knows and respects the mandate, charters or statutes" of the other. Trust has been built into the FPAs for IOs and NGOs[26] (though not in the FAFA) as a fundamental characteristic of the partnership. A rather broad definition of "quality partnership" is also to be found in the art 3.1 of the FPA with NGOs, i.e.:
* transparency and accountability towards the stakeholders through the support and adherence to voluntary codes of good practices or charters;
* development of strategies and initiatives for actions and policies to increase effectiveness through support to international coordination mechanisms;
* provision of fair working conditions of humanitarian workers;
* promotion of a learning culture through evaluation of actions and sharing and dissemination of lessons learnt and best practices.

75.   In addition, the Consensus has dedicated a whole section (3.4, art 48-53) to the issue of quality partnership. Notwithstanding the stated principles[27] and ECHO's due commitment to the consultation process (below), actual relationships between a donor and its implementing partners will almost inevitably remain to a certain extent "asymmetric". Overall fruitful contacts and goodwill on both sides may not prevent some approaches preferred by the donor for various reasons to predominate, such as regarding the first two bullet points here above (see chapter B.3.5 on strategies and coordination, and B.3.6 regarding accountability). Mutual respect could also be better protected against a lack of consistency in some occasional cases, e.g. the issuing of guidelines without sufficient consultation (in particular the e-tools) or sudden decisions to discontinue some funding.

76.   Partners have highlighted the following as key positive aspects of the partnership with ECHO:
* the level of funding;
* the presence of skilled TAs in the field and regular interaction with them; close communication and daily availability with DOs; regular visits to field; occasional joint monitoring;
* principled donor (focus and defence of this approach);

---

[26] Among other references, in articles 19 and 21 of the preambles to the FPAs with IOs and NGOs.

[27] According e.g. to the Principles of Partnership endorsed by the Global Humanitarian Platform in July 2007 to enhance dialogue between UN and non-UN humanitarian organisations (RC, NGOs) on an equal footing, "Equality requires mutual respect between members of the partnership irrespective of size and power. The participants must respect each other's mandates, obligations and independence and recognize each other's constraints and commitments. Mutual respect must not preclude organizations from engaging in constructive dissent."

- focus on forgotten crises;
- fast-track procedures for Primary Emergency decisions (five days);
- consultation process for the development of thematic guidelines with key concerned partners (e.g. child protection, LRRD or new approaches such as the use of cash).

> "*ECHO is an approachable donor, which can be contacted easily and is "on top" of emergencies*" (an IO partner).

77. Nonetheless, the application of the principles of trust and ownership offer sometimes a rather inconsistent picture. Most interviewed partners have reported what they perceived as varying levels of trust from ECHO DOs and TAs, at all stages of the project cycle. The *ownership* of the partners on their projects and approaches is e.g. regularly undermined during "unofficial" preliminary negotiations with TAs during the preparation of proposals. Occasional pressure would include stretching mandates, proposed objectives, expected results and activities - e.g. switching from food distributions to cash, which was mentioned by several partners -, the use of indicators that partners know they may not be able to follow[28], or by the "strong recommendation" to enter into a consortium. The lack of consistent strategic dialogue in the preparation of the HIPs is not bound to promote ownership either.

78. Conversely, some ECHO DOs would consider the capacity of a partner to preserve its ownership on a project ("the extent to which a partner is able and willing to implement the project") as a key criteria for quality – see table 2.

Consultation process

79. The framework of consultations followed by ECHO with the various categories of partners is relevant, generally effective and largely appreciated. FPA-related consultations are being held in parallel to other ECHO initiatives, such as contiguous thematic evaluations (this project, evaluations on Access, Participation and the Consensus) and a multi-annual external support to policy definition and training within ECHO[29], which should enshrine the respect of key partners' policies and mandates (in particular the UN and Red Cross agencies) in updated ECHO policies. Partners have also welcomed the initiative taken by DG ECHO of consulting them on the FPA revision through this evaluation and other mechanisms, as well as the timeliness and time allowed for this process.

80. The preamble to the FAFA states that the signatory Parties will "endeavour to strengthen their mutual contacts with a view to improving the exchange of information on programming and content throughout the cycle of their operations"[30] while the FPA with IOs states e.g. that "The signatory Parties undertake to promote and consolidate their relationship and their cooperation by ensuring that each one knows and respects the mandates, charters and statutes of the other and by recognizing the specificity of each other's contribution to the Humanitarian Action"[31].

81. The consultative meetings in Brussels and in the field, annual partners conference, mid-term review of the FPA 2008 and its guidelines, and systematic consultations on thematic guidelines have generally been found constructive and useful. However, this does not always foster dialogue between

---

[28] As this was put by IFRC: "indicators cannot be discussed, but targets of indicators can be discussed".

[29] Respectively : Conditions of access and overview of other donors' and partners' approaches, case studies on Somalia, Sudan, Afghanistan, Iraq; Evaluation of Existing Practices to Ensure the Participation of Disaster-Affected Communities in the Commission's Humanitarian Aid Operations; Evaluation of the Implementation of the European Consensus on Humanitarian Aid; Provision of expertise to assist policy development in Humanitarian Aid.

[30] Preamble to the FAFA

[31] Preamble to the FPA with IOs; 01/12/2009; p.3.

parties in an optimum manner. "Annual partners conferences are not a really two-way dialogue", and communications via the helpdesk is limited to technical updating.

82.   While there is an established and appreciated process of consultation at the level of the FPA Watch Group (see below) and ECHO C/3, there are issues which should be discussed in Brussels also with other ECHO Units. For example, desks and the financial sector are not always of the same opinion, and their inclusion in the consultation process for a number of issues would render it more effective. Similarly, the consultation process of the partners regarding e-tools would often happen through C/3, which is itself a member of the ECHO "committee of users" and an interface with C/2.

83.   Consultation with the partners is also considered as an ongoing process by the ECHO geographical units. This process concerns HIPs (although not consistently so) and operational issues, both at HQ/Brussels and at the field levels. From ECHO's perspective, this parallel consultation process is particularly valuable in the field (between knowledgeable and well informed staff on both sides, although it could be further improved by more pro-active and regular initiatives from the partners to contact ECHO TAs, or to visit DOs in Brussels when feasible.

84.   A few key UN agencies and IOs (ICRC, IFRC, UNHCR, UNICEF, and WFP) seem to have been better able than others to develop *strong and well-established bilateral relationships* with ECHO, going beyond FPA-related matters. These bilateral relations, which partners value and cultivate, usually encompass strategic and policy-related dialogue and cooperation.

85.   The fact that they have been able to establish this relationship seems to be partly related to the added value of the partner for ECHO as well as the commitment of the partner to the relationship and continuity of staff (and institutional memory) on the partner's side. This is acknowledged by a couple of partners who said they would need to strengthen their presence in Brussels in an attempt to develop the relationship at strategic and policy levels[32].

86.   Several *fora* to enhance collective dialogue between the Commission or DG ECHO and specific groups of partners were established over the years either by the Commission or by ECHO partners, which have been very useful insofar as improving and resolving FPA-related practical matters is concerned.

87.   An annual *FAFA Working Group* was established under Article 13.1 of the FAFA and has been meeting every year since (February) 2004 in Brussels or a UN base in Europe (Geneva, Vienna) in order to ensure a regular exchange of information regarding the FAFA. The Commission is represented by a Director of EuropeAid and the UN by a high level staff member. This Working Group has facilitated the implementation of the FAFA by e.g. addressing matters of concern, developing joint guidelines for practical cooperation (e.g. on visibility in 2007, on reporting obligations and on verifications in 2009), agreeing on the way ahead, or tasking EC-UN sub-groups/drafting committees to work on certain issues[33].

88.   At its meeting in 2008, the FAFA Working Group established a *Joint Reference Group* (JRG) on the FAFA to which to refer practical issues at technical level related to the day-to-day implementation of the FAFA, including problems caused by diverging interpretation of the rules. Composed of EC and UN officials, it was tasked with meeting regularly and informally in order to, inter alia, provide advice, take

---

[32] Other partners who have sought ways to engage at a more strategic level and believe this would be of mutual benefit given what they have to offer on matters of immediate interest to DG ECHO such as LRRD (UNDP), cross-cutting issues (UNFPA), and coordination (OCHA), all of which are included as specific sections in the Single Form, have failed to do so. Dialogue with them as well as with partners not involved in any of the above mechanisms has remained confined to day to day operational matters. This is to be regretted, since a stronger bilateral relationship with OCHA would e.g. enable DG ECHO not only to have insight, on a real time basis, into major developments and initiatives, but also benefit from and contribute to them (e.g. the rolling out of a CHF Monitoring and Reporting Framework all CHF countries, which could provide interesting models and lessons learned, the summit on humanitarian aid in four years, which will look into accountability issues, etc.)

[33] Examples taken from interviews and minutes of FAFA WG meetings and JRG meetings.

---

action with Commission services and agencies as appropriate, and strengthen partnership. The JRG has met once or twice per year and sub-groups have been mandated to work on specific issues, such as the revision of the UN-EU Joint Guidelines on Reporting. The JRG should also be credited with issuing a "Frequently Asked Questions for IOs", which is considered to be a binding interpretation of the General Conditions. It is recognized, however, that *"Although these FAQs should apply to all DGs, it is clear that some FAQs cannot apply to ECHO, which has different General Conditions, but this was never systematically clarified throughout their drafting process."[34]*

89. An *FPA Watch Group* was established by the VOICE coalition of NGOs to provide technical expertise on the FPA, while broader policy issues are taken up by the VOICE Secretariat. VOICE includes 83 NGOs, and the IFRC takes part in its meetings. Some more independent-minded families of NGOs such as MSF are however not part of the platform. The FPA WG has worked steadily since 2008 and contributed to the development of 10 Fact Sheets.

90. A *Strategic Programming Dialogue* (SPD) was established by DG ECHO in 2000 and later years with several key UN partners (OCHA, UNHCR, UNICEF, WFP and WHO) and ICRC[35]. *"These partners have been chosen on the basis of their humanitarian mandates and their capacity to offer added value in the implementation of the Commission's strategies in the humanitarian field"... "SPDs have allowed ECHO and its UN partners to progressively gain a better mutual knowledge of their respective working methods and organizational constraints…(and)...have progressively moved towards real strategic dialogues where increasingly horizontal/political/strategic/tactical issues are being discussed."[36]* This initiative had varying success. While some partners are quite satisfied with the mechanism, the SPD with others was discontinued.

91. Some of the partners have stressed that they are the authoritative voice on key policy matters pertaining to their international mandates, that they have made worldwide contributions to the development of certain policies and standards, and that as a result they cannot derogate to their own policies and that ECHO policies should perhaps essentially apply to NGO partners. They have pointed to the need for more flexibility to adapt the implementation of ECHO policies to the context and the partners' own policies. The food aid policy adopted in 2010 was brought up several times in this respect.

92. It should be noted that, while the above fora will be involved at various levels in the consultation process, a particular group of partners, the EU Red Cross National Societies, has established a Task Force to feed into this process by monitoring it, providing a framework for the exchange of views, experiences, good practice on the implementation of the FPA, analyse difficulties in working with the FPA and identifying possible areas for improvement for the next FPA.

---

[34] Internal Note on the Mandate and Practice of the FAFA Joint Reference Group; 26 January 2012

[35] Interviews; Evaluation of the Commission's External Cooperation with partner Countries through the Organisations of the UN Family; ADE; Inventory Note of April 2007.

[36] Ibid.

Conclusions

- After an initial SF-led focus on results at proposal stage, the FPA process seems to be more focused in the final stage (liquidation) on measurement of means and costs (inputs and outputs) than on operational results. An adequate balance between these two approaches is likely to be a crucial issue for the new FPA.

- The improvement of delivery may depend on a number of factors which are not (yet) sufficiently or systematically present in the current SF approach, such as outcomes, gender-disaggregated data, or participation.

- Categories of partners should be more accurately defined with operational (and not only financial) criteria; in this perspective, a number of criteria to better differentiate organisational, managerial and operational capacities of the partners have been collected from the EU Consensus on Humanitarian Aid, some key partners, and ECHO staff. There should also be incentives for weaker (although eligible) partners to "grow within the system". In parallel, significant differences have been noted among partner UN agencies in terms of relevance of their oversight systems (M&E) to demanding humanitarian situations.

- Although "asymmetric" working relationships with ECHO are generally good, the principles of trust, mutual respect and ownership in the asymmetric partnership relations between donor and implementing agencies are not always implemented in an optimal manner, and not consistently. The consultation process with C/3 is widely appreciated, but some issues should also be discussed in Brussels with other concerned Units.

- DG ECHO has been duly involved in several key fora of consultation with UN, IO and NGO partners. A Strategic Programming Dialogue has been in place for several years, with varying success.

Recommendations

- The SF guidelines should improve partners' guidance on e.g. indicators, participation, accountability, DRR, and use of evaluation results (see also B.4.2).

- Beyond the "vertical" A and P mechanisms, a complementary "horizontal" differentiated approach should better support diversity. Improved quality criteria should be used to define categories of partners according to their operational/organisational – and not only financial – capacities, in particular a category of "quality partners" which should also include rapid response partners (see table 2 and B.4.4). For other partners, a number of incentives to "grow" within the FPA system are tentatively suggested.

- For optimum delivery of humanitarian aid, the effectiveness of the selected "quality partners" would benefit from greater flexibility in e.g. fast track approval, some types of non-earmarked funding, and streamlined liquidation processes (see also B.3.3, B.4.1-4).

- DG ECHO should continue working with the various fora used for consultation process with the partners. Stronger corporate commitment should be put on strategic approaches, to enable ECHO to play its rightful role as a major donor on the humanitarian scene.

B.3.3 Adaptation to Humanitarian Context

> **C.** How effective has the FPA 2008 been in adapting to the changing landscape of disasters, and the different types of humanitarian context/response? What are the gaps and lessons to be learnt?

93. The FPA 2008 in itself – i.e. a contractual and organisational basis for engagement of humanitarian aid delivery - does not constrain the response to any of the possible humanitarian contexts, as long as the emergency concerned fits into the ECHO mandate (the Humanitarian Aid Regulation) and the accepted definition of what constitutes a relevant crisis situation.

94. In this respect, ECHO should reflect on the need to update the definition of what constitutes a humanitarian emergency and the scope of aid that can be delivered under the humanitarian mandate. Situations that reach humanitarian proportions (i.e. where humanitarian thresholds have been reached) due to structural, failed development causes - sometimes enhanced by climate change - and resulting increased social pressure or conflicts (e.g. in the Sahel region) fall into a grey zone despite the fact that they are catastrophes. Situations requiring increased support for recovery-oriented activities or DRR (Disaster Risk Reduction) also fall into a grey zone despite the commitment of the EU and ECHO to LRRD (Linking Relief to Rehabilitation and Development, see chapter B.3.4). A number of DG ECHO partners have the capacity to respond to such humanitarian situations with their own means, but others do not. When it comes to affected populations, IOM e.g. sees the need to include migrants as an eligible caseload for humanitarian assistance in some cases[37]; this activity could be added to the list of sectors (SF Annex I), e.g. under protection or special operations.

95. Despite its complexity, and even though its design is not fully adequate for multi-sector response (e.g. consortia due to e.g. limited narrative spaces), the Single Form (SF) is appropriate for all types of humanitarian situations and includes room for flexibility[38]. More adapted e-tools, with multiple and flexible options, could however better take into account the overall context of the emergency and its time-bound character (sudden-onset, slow-onset, protracted).

96. DRR or LRRD/post-crisis recovery efforts can now benefit from timeframes of up to 24 months in worldwide Decisions, which have done much to mitigate the 6-months time constraint in the Humanitarian Aid Regulation (art 13). There is however still a need for greater flexibility of funding, in particular to ensure rapid response to new or worsening emergencies. Funding modalities and timeframes imposed by the Regulation and the FR – or their interpretation by ECHO - are not always flexible enough or adequate.

97. Primary Emergency response projects, which can be granted within 5 days, are of a maximum of three months with no possibility of extension[39]. In many cases, external factors (risks and assumptions in the log frames must be explicit) would require a timeframe of five-six months for such Primary Emergency relief projects.

---

[37] IOM was supported by DG ECHO for the evacuation of economic migrants from Libya in 2011, but the decision to fund this operation had to be validated by the Commissioner.

[38] "If some information is not available at the initial proposal stage, the corresponding sections will have to be completed at the intermediate (INT) and final report (FIN) stages" and "For Actions financed under a Primary Emergency decision all the information may not be available at proposal stage… but will have to be provided at the intermediate reporting stage" - ECHO Guidelines to the Single Form, 2010.

[39] The Five-Year Evaluation of the CERF in 2011 made the same finding with respect to Rapid Response projects (to emergencies) of three-month duration.

98. Emergency projects usually have an annual or shorter timeframe. Despite the field expertise and the flexibility generally applied by ECHO, annual project cycles for grants (FR art 110.1) cannot provide the guarantee that such projects will be re-conducted. This lack of predictability generates uncertainty, further compounded by frequent delays in the approval and pre-financing of emergency projects (see also chapter B.4.1). Some TAs or DOs would request information *(*e.g. a full detailed proposal and budget) that partners are not in a position to provide at the onset of an emergency given the chaos generally prevailing in such situations. In case of emergency, the limited authority of the field TAs who are not Commission officials also tends to create legal hurdles. Frequent requests from TAs saying "OK, you can start" are generally not followed by written confirmations (e-mails are reportedly sent in 20% of the cases, but bear no legal authority). Such statements can later be countermanded by ECHO HQ, and most partners tend to wait to have a signed agreement. This recurrent situation tends to create confusion and frustration both within ECHO and for the partners, as field staff on both sides would want to start the operation as rapidly as possible.

"*6 weeks of delay for contract signature makes a lot of difference over a 6 months project*" (a NGO partner).

99. DIPECHO (Disaster Preparedness ECHO) projects, which have long been the main Commission approach to DRR before more adapted mainstreaming strategies[40], can now be funded for up to 24 months thanks to the introduction of a global decision mechanism in 2011 (the maximum funding period was still 18 months in 2010). This increased flexibility has positively improved the previous situation, as longer project timeframes are required for effective preventive and disaster preparedness measures to be put in place. The practice of approving successive projects had also negative effects on the quality of implementation due to gaps between projects with implications for objectives, i.e. short-term instead of long-term with a focus on immediate results rather than sustainable change.

100. A constraint which is still in place for DIPECHO projects is the general limitation of ECHO funding to 85% against up to 100% for other types of actions[41], for reasons of usual practice. This approach may be counterproductive in some cases, although full funding is to remain the exception (art 113.1 FR) and co-funding tends to promote ownership.

101. An excellent example of DG ECHO capacity to adapt to the changing landscape of disasters[42], in particular the increasing number of small- and medium-scale disasters due to climate change, is the support provided to the Red Cross Disaster Relief Emergency Fund (DREF). The DREF enables the Red Cross movement to provide loans to Red Cross national societies for major operations against future emergency appeals and grants for smaller operations without an appeal in order to enable them to rapidly start up operations. The scope of the grants is limited and the RC national society is usually the only responder. Recognizing the comparative advantage of the Red Cross network and the potential of this rapid response mechanism, ECHO tested this innovative approach in 2008 by providing an allocation to the DREF for the grant component. The ECHO contribution is clearly identified, the IFRC

---

[40] DG ECHO works at promoting disaster preparedness - as a part of an overall Commission Disaster Risk Reduction approach - in order to reduce both vulnerability and exposure of people and communities to risks and disasters and the need for humanitarian actions. (FPA with IOs and NGOs)

[41] The FPA with NGOs states that "Funds allocated by the Commission may finance an Action in part or in full. When establishing the rate of financing for the Action, the Commission shall take into account the urgency of the action, the availability of other donors", etc.; paragraph 6.6.

[42] Other examples may include e.g. UNICEF's RRMP for population movements, or MSF's PUC (Pool d'Urgence Congo); these mechanisms in DRC have not been assessed by the evaluation.

put in place procedures and eligibility criteria for the use of ECHO funds matching ECHO's procedures, and at field level, works closely with the DG ECHO regional experts whose approval is necessary. A donor contribution is needed for the grants, and the working modality with ECHO is that it reimburses the fund for grant allocations it is interested in supporting. ECHO has supported around a third of the 90 operations in 2011, most of which (78) were small-scale. This flexible mechanism has been satisfactory for both DG ECHO and the IFRC, and allocations are now made on a regular basis (about every 18 months). The Single Form format is being used in a flexible and creative way by including two expected results and empty activities: each allocation is then regarded as an activity and incorporated. The effectiveness, visibility, and low management / transaction costs involved for DG ECHO are undeniable advantages both for ECHO and the IFRC.

102. Another example of ECHO's adaptation to the changing landscape and frequency of disasters is its support to the IFRC for the pre-positioning of relief items in strategically located logistics hubs (based on an analysis of risk and vulnerabilities worldwide and the type of response required) servicing all DG ECHO NGO partners. Thanks to its built-in flexibility, this approach combines effectiveness (speeding up the humanitarian response) and efficiency gains (economies of scale).

103. With respect to pre-positioning however, initiatives by partners to pre-position stocks for emergency response have sometimes been penalised by ECHO at the time of project liquidation through the application of depreciation rates as decided in the financial guidelines (art 4.2.2 etc), disregarding the fact that the items concerned had never been used. This is a problem particularly for smaller partners whose stocks do not turn over as rapidly as those of others.

104. According to IFRC, a key specialized DRR partner, there is a need for optimum flexibility in allowing investments in prepositioning stocks for preparedness, contingency etc. The partners further stated that "80% of the disasters" can be foreseen and can be mitigated with preparedness and stocks.

105. The new FPA should also offer the possibility to fund RC national societies/IFRC disaster management tools and assets such as Emergency Response Units (ERU – standardised packages of trained personnel and modules of equipment that can be deployed at short notice), and local volunteers in a more structured way, based for instance on the DREF approach.

Conclusions

- There is a need for still greater flexibility of funding, in particular to ensure rapid response to new or worsening emergencies. Funding modalities and timeframes imposed by the Humanitarian Aid Regulation and the FR – or their interpretation by ECHO - are not always flexible enough or adequate. DRR, DIPECHO or LRRD/post-crisis recovery efforts can now benefit from timeframes of up to 24 months in worldwide Decisions, but Primary Emergency projects are still limited to 3 months, non renewable. Regular delays in contracting and funding of (annual or shorter) Emergency projects may be quite detrimental to the delivery of aid to the beneficiaries; longer timeframes for such projects are only granted on an exceptional basis.
- Funding of projects at 100% is meant to be an exception in the FR; this is however applied systematically only to DIPECHO, where common practice limits funding to 85% of the total budget. More flexible funding provided e.g. for the DREF rapid-response mechanism of IFRC has been a "success story" in effectiveness, from which lessons must be learned.

Recommendations

- In order for the FPA to be a flexible "fit for purpose" instrument, procedures should be better adapted to the different categories of partners (B.3.2) but also situations and contexts. In the framework of the current FR revision, more flexible exceptions could be discussed for humanitarian aid to the rule of annual work plans for grants.
- Funding for DIPECHO projects should not be restricted to 85% of the total budget. The timeframe for Primary Emergency projects should be renewable after the first 3 months, if necessary.
- The new FPA should include the possibility of providing flexible funding to partners' disaster response tools and assets, based e.g. on the agreements reached with the Red Cross (DREF, ERU). Lessons learnt from such examples of good practices in emergency response and delivery should be captured in the FPA procedures and expanded as much as feasible to other partners.
- The FPA should consider adding emergency repatriation of economic migrants threatened by a natural or man-made disaster (IOM mandate) among its list of eligible sectors.

B.3.4 Policy Priorities of DG ECHO

> **D.** How effective has the FPA 2008 been in integrating thematic policy priorities (gender, DRR, LRRD…)? What are the gaps and lessons to be learnt?

106. In line with the European Consensus on Humanitarian Aid[43], DG ECHO has promoted the integration of thematic (i.e. cross-cutting) policy priorities into humanitarian response in various ways. The FAFA and the FPA for IOs do not mention the need to mainstream cross-cutting or thematic priorities, but the FPA for IOs and NGOs do include protection, short-term rehabilitation and disaster preparedness and mitigation among the types of assistance provided. The Single Form includes a section on cross-cutting issues (section 5).

107. ECHO has also adopted its own guidelines on a number of issues, including cross-cutting ones such as childhood protection; children in emergencies; disaster risk reduction; and gender. It has occasionally supported field level mechanisms to integrate cross-cutting issues into the global humanitarian approach (e.g. the sub-cluster on gender led by UNFPA, which has helped mainstreaming gender into operations).

108. Thematic priorities are not clearly integrated into the FPA 2008 implementation. This is not necessarily a matter of the FPA as such (although the SF could be improved – see below), but rather of strategic dialogue in e.g. the definition of HIP priorities – which are an element of quality partnership: if some policy must be taken into account, it must be clear in the HIP. The quality of strategic dialogue is however not consistently applied in every case (see B.3.5).

109. In that framework, partners integrate cross-cutting issues to varying extents into their work. Some of them, given their specific international mandate (in particular UN and RC agencies), have assumed a leadership role in policy development and have occasionally promoted their integration through inter-agency initiatives. Others have taken a proactive role in terms of mainstreaming them into their own operations or as a drive for excellence. For projects to consistently take cross-cutting issues into account requires a systematic and focused commitment at all levels as well as an understanding of how to go about it.

110. Gender mainstreaming, for instance, has received increasing attention in the past decade and many ECHO partners have gender policies in place (e.g. UNICEF, WFP). However, work in very recent years has shown that humanitarian organisations still fell short of systematically analysing and factoring in the distinct needs of women, girls, boys and men into their approaches. The inclusion of the IASC Gender Marker[44] scoring system piloted in 2009 in DRC to ascertain the extent of gender mainstreaming into projects found that most of them were insensitive to gender[45]. Since 2012, the gender marker scoring system has been adopted as a standard tool in all CAP countries[46]. ECHO is currently developing a gender marker and plans to develop gender guidance.

---

[43] See Articles 23 and 39 of the European Consensus on Humanitarian Aid

[44] "The IASC Gender Marker is a tool that codes, on a 0-2 scale, whether or not a humanitarian project is designed well enough to ensure that women/girls and men/boys will benefit equally from it or that it will advance gender equality in another way. If the project has the potential to contribute to gender equality, the marker predicts whether the results are likely to be limited or significant"; IASC Gender Marker FAQs.

[45] Evaluation of the Common Humanitarian Fund, DRC Country Report, Channel Research, 2011, pp. 30-31.

[46] "The IASC Gender Marker was piloted in four countries in 2009 (2010 appeals' processes) and then implemented in 12 CAP, ERF and Pooled Fund country appeals in 2010 (2011 appeal). Lessons learnt from the 2009 and 2010 rollouts will

111. ECHO has shown a marked interest for the mainstreaming of cross-cutting issues into projects, e.g. protection, gender, DRR, LRRD, and more recently nutrition. The range of ECHO thematic polices is being regularly expanded. Partners also value ECHO's promotion and support of innovative types of operational approaches (e.g. use of cash and vouchers, or Food Assistance Tool Box).

112. However, how DG ECHO prioritizes thematic issues and what is expected from an operational point of view is not always sufficiently clear. There is neither clear guidance nor a consistent approach for integrating these issues into operations. For instance – as already stated in B.3.2, the SF considers gender among the other cross-cutting issues in section 5.3 (mainstreaming), but there are e.g. no requirements for disaggregated indicators or (expected) result data (SF section 4.3.1) – nor is there any for participation, etc. Due to its positioning after the extensive log frame, the cross-cutting section may also receive relatively little attention from partners and ECHO staff (see also table 3, chap B.4.2).

113. Some cross-cutting issues would benefit from more training of ECHO staff – which is the objective of a recent support project[47]. There used e.g. to be some confusion among staff between a gender-sensitive approach and gender-based violence, although this has improved with the appointment of a Focal Point for gender and child protection. Similarly, despite the increasing interest of ECHO for protection, there seems to be inconsistent understanding for it and in particular the fact that some partners use e.g. psycho-social activities or aid distributions as vectors for (access and) protection.

114. While certain thematic priorities are highly relevant at any stage of the humanitarian response (e.g. gender), the relevance of other cross-cutting issues varies with the context and the type of response (e.g. Linking Relief, Rehabilitation, and Development – LRRD[48] - should not be considered as an essential thematic priority in an emergency response).

115. In this respect, both the FPAs for NGOs and IOs DG ECHO recognize that humanitarian aid should facilitate a return of affected populations to self-sufficiency, but the wording of their preambles is slightly different. The FPA for NGOs is more precise with respect to the longer-term by stating that humanitarian assistance should take "where possible, long-term development objectives into account"[49]. Two separate issues need to be considered in this connection: early recovery support within the framework of humanitarian action, and LRRD involving other services of the Commission.

116. Early recovery principles are closely linked to participation and ownership, and can be initiated within the humanitarian aid framework; it is however not mentioned in section 5.2 of the SF. Early recovery activities can be integrated at an early stage of humanitarian aid projects after the primary emergency phase, and include the capacity-building of the local communities/authorities that will take over the activities and guarantee their continuity.

117. Despite the importance attached by ECHO to LRRD, implementing the principle remains a challenge despite inter-services consultative processes in the Commission. Progress has been made in terms of adapting to recovery-oriented / transition situations, but a regular lack of connectedness with other Commission services for various reasons (e.g. longer programming cycles in development) as well as different procedures, formats and requirements do not yet offer an environment sufficiently conducive to developing a consistent approach to LRRD - or to exit strategies.

118. The use of the FPI (Foreign Policy Instruments) in cooperation with DEVCO has however reportedly contributed to solve some LRRD problems, e.g. with ICRC in Mali and Niger. Priorities for 2012 of Unit 2 of the FPI, in charge of the crisis preparedness component of the Instrument for Stability, are e.g. focused on capacity building on Non-State Actors, early warning and prevention of

---

inform the implementation of the Gender Marker in 2012 when the IASC Gender Marker is required in all CAPs and other humanitarian appeals and funding mechanisms"; IASC Gender Marker FAQs.

[47] "Provision of expertise to assist policy development in Humanitarian Aid", implemented by the INSPIRE consortium.

[48] LRRD is mentioned in §22 and 30 of the Consensus.

[49] Preamble, §10.

conflicts in post-crisis situations (LRRD). DG ECHO is inviting the FPI and DEVCO to HIP presentation meetings.

119. It should also be noted that, according to some concerned partners, the absorption of food aid by DG ECHO in 2005 has created an LRRD gap for food security; this issue could not be assessed by the evaluation.

<u>**Conclusions**</u>

- ECHO duly emphasizes the need to mainstream cross-cutting issues and its own policy orientations into projects, but little guidance has so far been provided in this respect; internal training for ECHO staff regarding policies should however soon be improved. Cross-cutting issues are not clearly integrated into the expected results of the SF log frame.
- Despite ECHO's emphasis on LRRD, there is still a perceived lack of coordination, coherence, and continuity between DG ECHO and other services of the Commission. Early recovery, which is a first step towards LRRD and can be initiated within the framework of humanitarian aid, is not sufficiently emphasised.

<u>**Recommendations**</u>

- ECHO should continue developing guidance for mainstreaming thematic priorities/cross-cutting issues into operations; ECHO should in particular continue its efforts to integrate gender and age into the projects, start using the gender marker and provide gender trainings.
- ECHO should consider the systematic integration of early recovery principles into humanitarian action. This may be the most pragmatic way for ECHO to promote LRRD and would give partners some time to seek longer-term funding. On the other hand, DG ECHO needs to continue working with DEVCO to develop an enabling framework (streamlined programming, procedures and timeframes) for the transition of partners to different Commission funding instruments for recovery and development.

B.3.5 Field Coordination

> **E.** To what extent has the FPA 2008 enhanced humanitarian coordination in the field?

This chapter is dealing with some broader, FPA-related issues such as consortia, UN coordination mechanisms, and HIPs.

120.   In line with the European Consensus on Humanitarian Aid, DG ECHO has been strengthening the global humanitarian preparedness and response capacity[50] and supporting the humanitarian reform, in particular the coordinating role of the United Nations[51]. This has been done by reinforcing OCHA and cluster/sub-cluster coordination capacities (training, posts, and activities) at the field level through the Enhanced Humanitarian Response Capacity funding facility[52] and operational contracts, as well as promoting innovative collaborative operational models reinforcing results-oriented coordination. These include "consortium" and the "coordinated approach", neither of which are referred to in the FPAs, FPA guidelines or the Single Form, because these approaches are more recent.

121.   Notwithstanding the above, neither the FAFA nor the FPA with IOs make any reference to a requirement to take part in country-level humanitarian coordination mechanisms. The FPA with NGOs includes as a 2nd feature of quality partnership[53]. The absence of any reference to coordination in the FPA with IOs is surprising given ECHO's commitment to coordination and the 2003 Good Humanitarian Donorship (GHD) principles. Contribution agreements do not include any reference to coordination either. The Single Form, however, contains a specific section (n°6) on field coordination, in which partners are expected to provide information on their participation in coordination mechanisms, the relations established with the national authorities, and coordination with ECHO TAs.

122.   With respect to the innovative coordination approaches, since the "mega crises" of 2010, i.e. Haiti earthquake and Pakistan floods, ECHO has encouraged partners with an FPA to team up as a consortium to provide humanitarian assistance under the umbrella of one partner who signs a single agreement with ECHO on behalf of the group. The main reason was to allow ECHO to manage vastly increased funding with unchanged human resources.

123.   In terms of transaction costs, the major advantage for ECHO was therefore that, by reducing the administrative burden of multiple smaller agreements on a limited ECHO project management capacity (and arguably transferring this burden to the partners – see below), consortia enable larger-scale operations in major emergencies. Other potential advantages include improved coordination; common operational strategy and comprehensive response based on a joint needs assessment; avoidance of duplication; project design building on the different strengths of partners; pooling of complementary

---

[50] "Capacity building activities to prevent and mitigate the impact of disasters and to enhance humanitarian response are also part of humanitarian aid"; Article 9; Part One – The EU vision of Humanitarian Aid; European Consensus on Humanitarian Aid; 2008.

[51] This is in line with GHD General Principle 10 according to which donors – including DG ECHO - commit to "support and promote the central and unique role of the United Nations in providing leadership and co-ordination of international humanitarian action".

[52] See for instance the 2011 Decision at http://reliefweb.int/sites/reliefweb.int/files/reliefweb_pdf/node-382537.pdf

[53] (Art 3.1): "the development of strategies and initiatives for Actions and policies to increase the effectiveness humanitarian aid financed by the Commission. To this end, Parties will support international coordination mechanisms for humanitarian response".

expertise; common relationship with beneficiaries and local communities; possibility for partners with limited operational capacity to take part in a large operation and access funding they might not otherwise receive; strengthening of NGO networks and alliances; large NGO consortia can compete for funding with other large partners such as UN agencies; mutual learning and raising standards; common platform for advocacy; and enhanced visibility through a common approach.

124.   The coordinated approach differs from consortia in that it consists in several partners submitting separate proposals and budgets for a single intervention, with specific results indicators, on the basis of a common needs assessment, a common analysis of the situation, and a common log-frame. Individual agreements are signed for the different sub-proposals. From the partners' perspective, this specific approach is as conducive to a coordinated and integrated response, and presents similar advantages to the consortium; it is usually preferred by the partners for legal reasons (each partners has a distinct and clear contract), in particular when pre-defined arrangements among alliances or humanitarian "families" would not apply. For its part, ECHO may have more contractual provisions to consider with coordinated approaches, but monitoring the implementation of one very large contract would not necessarily be simpler to achieve than several smaller though well coordinated ones. This issue could however not be assessed in detail by the evaluation.

125.   Nevertheless, according to the VOICE NGO platform, ECHO has funded 36 consortia projects between September 2010 and July 2011 and three times a coordinated approach. These actions together totalled 67 million euro (an average of 1.7 million euro per project). Agreement size ranged from 200,000 euro to 10 million euro and the agreements could be categorised broadly as follows:

     a) consortia encouraged by the funding decision (mostly DIPECHO) – 17
     b) consortia strongly encouraged by ECHO after submission – 14
     c) consortia on own initiative of partners – 5
     d) coordinated response (not consortia) – 3 consecutive times in Pakistan.

126.   Several negative issues must be outlined concerning the consortium approach, as follows.

- Consortia are sometimes so strongly promoted by ECHO that partners may feel obliged to adopt this operational modality despite the fact that they are not used to work together.

- In the case of new emergencies, partners have had to scramble to find last minute coordinating and administrative solutions to reconcile their procedures, operating standards, codes of conduct, etc. Coordinated approaches for the response to the 2010 floods in Pakistan were apparently superseded by consortia, but according to a partner having been involved in both, the coordinated approach was faster. A consortium should not be built up from scratch in an emergency; it may even slow down the response. New emergencies are not conducive environments for establishing consortia. Consortia are seen as more suitable in DRR or LRRD environments, due to more conducive timeframes.

- The approach of ECHO towards using several members of the same NGO "family" in a consortium seems subject to interpretations and should be streamlined. It was sometimes stated by some ECHO staff that NGO families are not eligible for the consortium approach. At the opposite, some RC national societies and the IFRC have been strongly encouraged to function as a consortium, e.g. in Syria.

- The consortium modality is hampered by some FPA procedures and formats. Inserting inputs from all partners in the restricted space of the e-Single Form (3800 characters) is close to impossible; a request for a no-cost extension from one partner would delay the project liquidation for all of them; "stop the clock" requests for clarification may also delay final payment to all partners, although full responsibility lies on the consortium leader.

- Due to FPA rules, the lead agency in the consortium (i.e. the partner that signs the agreement with ECHO) bears indeed full responsibility and all risks – legal and financial -, even though it cannot guarantee the performance of other partners. This tends to exclude weak/small partners

from consortia. Clear and appropriate principles, rules and guidelines are needed (all partners must be accountable for their share of the funds), including for procurement procedures.

- Some of the administrative burden and costs may be transferred from ECHO to the partners, without established compensation mechanisms so far. Costs can be very different in consortia involving, for instance, two partners used to working together or a larger number of usually competing organisations. In some cases (Bangladesh, Pakistan), funding for a coordinator has been allowed under the direct costs of the consortium leader (it was reportedly suggested by ECHO), but this does not compensate for the additional transaction costs e.g. at Headquarters level for the partners that are not used to work together, for the complicated procurement mechanisms where P and A partners use different procurement rules, or for longer liquidation periods and corresponding financial costs.

- Economies of scale, which are an assumed outcome of the consortium approach, are likely to be achieved only over the longer term, when relations between partners are well established. In Pakistan, joint procurement could not be achieved because of the wide geographical distances, transport costs, local specificities, etc.

- The assumption that the consortium approach has positive effects on overall coordination, effectiveness and efficiency has not yet been ascertained. The 2011 OECD DAC Peer Review of The Netherlands in 2011 has recommended that the consortium approach should not be followed in the humanitarian field as it may weaken the cluster coordination mechanisms[54]. The humanitarian response of ECHO to the Pakistan floods should be evaluated in 2012 by ECHO and may bring element of answers to these questions.

127. It should be noted that the UN has initiated its own 'consortium-like' approach through the "Delivering As One" initiative (One Leader, One Budget, One Programme and One Office), piloted since 2007. A recent project has included e.g. UNFPA, UNICEF and UNHCR.

128. In 2010, in the framework of a new strategic approach for the simplification of financing decisions, ECHO has adopted the practice of preparing a Humanitarian Implementation Plan (HIP) for each humanitarian crisis. Together, these serve as supporting documents for the adoption of a single worldwide financing decision with a maximum duration of 24 months, replacing most of the former individual Global Plan decisions and ad hoc decisions, which numbered about 90 per year[55].

129. The introduction of HIPs to the funding cycle has increased the clarity of ECHO's decision making; it has usefully outlined ECHO strategy for a given crisis, and assisted partners in working out how they can complement ECHO's humanitarian programming imperatives. However, participation of partners to strategic discussions and preparation of HIPs does not happen consistently, delays between HIP publication and the submission of corresponding proposals are quite short (a few weeks), and the content and purpose of "Letters of Intent" to be used by the partners as a first response to HIPs would require further clarifications.

130. ECHO's approach to UN clusters is supportive but not fully consistent in all situations. ECHO has encouraged partners to participate in the UN cluster system over the past years, without being quiet about the cluster system's shortcomings. Support to clusters is specifically mentioned as one of the key needs in the "Enhanced Humanitarian Response Capacity" Decision, although in practice support may depend e.g. from perceived weaknesses of the local UN mechanisms, or some specific objectives of

---

[54] "The trend towards encouraging the creation of Dutch NGO consortia for development funding should not be carried over to humanitarian funding if the Netherlands is to remain true to its commitment to co-ordination through the cluster system in the field. Other options for reducing transaction costs in disaster response are discussed later in this chapter"; OECD DAC Peer Review of the Netherlands; 2011; p.74.

[55] A separate DIPECHO global decision is made on the basis of regional disaster preparedness action plans.

ECHO. UN partners acknowledge also that coordination has become a challenge due to the number of humanitarian organizations in the field, which cannot only be tackled by strengthening coordination[56].

131. As a result, for crises where the humanitarian response is led by a humanitarian coordinator and the cluster system is in place, the attitude of ECHO towards these mechanisms varies on a case by case basis, and ECHO's response strategy may not be aligned on the Common Humanitarian Action Plan (CHAP) developed by other humanitarian aid organisations as a basis for the CAP. The HIP process, when developed in parallel to the CAP, may result in a different outcome and focus. Whilst ECHO may be following this approach because it is not satisfied with the quality of some of the CAPs[57], ECHO's weight as a donor may also weaken the global drive to strengthen coordination set in motion by the 2005 humanitarian reform, with practical consequences for coherence, planning, and implementation. UN partners recognise however that the humanitarian reform has been "unequally successful" in the field. Pending the results of initiatives such as the transformative agenda, UN coordination efforts are regularly faced with problems, to which ECHO has sometimes responded diffidently.

---

[56] "*Humanitarian coordination is a key challenge. Too many actors – it has grown out of proportion. We need solutions, which are not limited to strengthening coordination. Benefits of diversity and multiple actors must be weighed against the benefit of a victim of a disaster*" – OCHA statement to the evaluation.

[57] ECHO's dissatisfaction was e.g. shown in the 2011 Afghanistan HIP: "A Humanitarian Action Plan (HAP), prepared in 2010, is the first attempt since 2003 to make an overarching analysis of the humanitarian situation, quantify its nature and severity and articulate a response. Whilst the HAP is a useful initiative, it falls somewhat short of providing a coherent, grounded overview of the humanitarian situation or a pertinent response to it."

Conclusions

- In order to manage the mega-crises of 2010 in Haiti and Pakistan with fixed staff resources, ECHO has started supporting the *coordinated approach* and *consortium* as collaborative operational models. Current FPA rules, procedures, and formats hamper however the effective implementation and legal security of the consortium approach, which is sometimes "strongly promoted" by ECHO. When partners do not have prior collaborative arrangements, consortia seem to offer greater potential for longer-term timeframes (DRR, LRRD) than for emergencies.
- ECHO's stated engagement with coordination mechanisms (humanitarian coordinator, cluster system) varies in practice; reasons may include weaknesses of some UN mechanisms or specific strategic priorities as defined by ECHO. The approach of setting up a parallel planning which is not aligned on the Common Humanitarian Action Plan needs however to be carefully assessed as it may weaken global coordination.

Recommendations

- The initiative to function as a consortium or under a coordinated approach should be left to partners. DG ECHO should identify the pros and cons of the different collaborative approaches, in particular with regards to emergency, DRR and LRRD settings. Provisions applicable to consortia must be revised and adapted. In particular, the legal and financial responsibilities of the lead agency and the other consortium members should be more adequately defined. Each consortium partner should e.g.be responsible for its own means and costs; the leading agency would be responsible for consolidating the costs and the reporting.
- Stronger corporate commitment should also be given to strategic approaches (HIP and CAP). The HIP consultative process should be reinforced. ECHO should adopt a more strategic approach to shaping the humanitarian policy agenda, and use its leverage to induce change in the international humanitarian system, in support of e.g. the UN transformative agenda.

B.3.6   Focus on Outcomes and Results

F. To what extent does the current FPA actually focus on outcomes and results instead of means and inputs/outputs? To what extent have the FPA partners been able to focus their approach on outcomes and results, and to deliver on it? Are the indicators and the Logical Framework Approach appropriate? Do the reports provide sufficient data to ensure the desired accountability for DG ECHO and the FPA partners?

Focus on results

132.   The suggested means to optimise implementation and results and to improve delivery (including amendments to the SF and other issues) are also detailed in chapters B.4.1 and 2.

133.   The results of the online survey (Annex F, section 2) indicate that up to 86% of the respondents were able (from "fairly" to "very well") to focus and/or reinforce their approach on results by using the FPA tools. Open comments (Annex G) stress e.g. the usefulness of the SF log-frame in this perspective, but mention additional needs in terms of clarification of purpose and simplification, or point to the excessive focus on means and costs.

134.   These statements are quite consistent with the findings collected from the meetings of the evaluation team with the UN, IO and NGO partners. Most other chapters similarly conclude that, despite a valuable focusing on results in the SF, the current FPA is still much means and costs-oriented (the performance measurement is focused on implementation rather than on achievements of objectives), and the accountability it provides is mainly related to administrative and financial compliance.

"ECHO gives the impression of being an animal with two heads, one that looks at flexibility and results at the beginning of an operation, and the other which can only see the details about means and inputs at the end" (a NGO partner).

---

135.   Discussions and analysis of FPA documents have provided some elements for improvements regarding the focus on results. Due to some persisting degree of confusion between results, outcomes and impacts in the various statements[58] – and despite the fact that methodologies have long since considered these issues -, there still seems to be a need to clarify the terminology, and to propose a realistic operational timeline. A tentative typology and timeline of expected results for emergency humanitarian actions should e.g. state the following.

- In primary emergencies, partners can at best measure *outputs* only (e.g. quantities delivered and quality of goods).
- *Outcomes* (i.e. changes, benefits or short-term impacts for the beneficiaries - the difference is often academic) can only be measured after defining a baseline, for comparison purposes. At first (3-6 months horizon), partners could mostly measure *non-degradation* (no new outbreaks during the concerned period, expected levels of mortality etc) or *counterfactual* levels (what

---

[58] Many partners would e.g. systematically refer to "impacts". Formulations adopted by ECHO in the 2007 Concept Paper (II, 1: "outputs and results would remain the cornerstone of the FPA") *vs* our own ToR (question F: "to what extent does the current FPA actually focus on outcomes and results…") are not much clearer.

would have occurred in the absence of the intervention). Within 6-12 months, one can start measuring outcomes, i.e. improvements in e.g. morbidity, nutrition status etc (see also recommendations about outcome indicators in chapter B.3.2).

- *Impacts* (i.e. generally the longer-term effects of the changes achieved, direct or indirect, positive or negative etc) often appear only after 1-2 years at best (see e.g. IFRC indicators of capacity building for local partners), and there will almost always be a problem of attribution. Impact should be systematically considered for longer-term DRR efforts.

"Indicators for a three months timeframe should be distribution of blankets, for six months that people are warm because they have blankets, for 12 months that people are less sick because they are warm" (an IO partner).

136. As already stated, an important tool for focusing on results is the use of adapted indicators. The SF (4.3.1) stresses that indicators should be SMART (Specific, Measurable, Achievable, Relevant, and Time-bound). Good practice in evaluation suggests nevertheless that a number of potential constraints should be considered while using SMART indicators, and that these should be used only when it makes sense to do so.

- SMART indicators may become limitative. In particular, requiring programmes to only attempt what is specific and measurable would be to require them to do just what social scientists are able to measure; and programmes with duly established and usable track records may not be the majority in emergency humanitarian contexts.
- In practice, SMART objectives are much easier to apply for measuring outputs and inputs than outcomes. An unintended consequence of insisting upon this approach could be less rather than more attention to outcomes and actual results.

137. Regarding indicators, some lessons could be learned from other donors or key actors. UN agencies and international organisations have adopted a results-based approach in their own right (e.g. UNICEF). In addition to the inherent difficulty of scientifically demonstrating results, the main issue brought up in this respect by UN and IO partners is the choice of adequate (realistic) results indicators, which needs to take into account variables such as the context, the project implementation timeframes, and the nature of the activity (e.g. concrete inputs versus activities like coordination and training). With respect to the latter point, protection activities were frequently mentioned as source of problems due to both the confidentiality of the data (e.g. by ICRC) and the difficulty of identifying appropriate, SMART indicators for outcome and impact.

138. USAID/OFDA works with sector-wide pre-defined indicators. While such a list might not always be exhaustive, it can force the applicant to give some thorough considerations to proposed things to achieve. SPHERE standards apply in a similar way. However, equally important (and acknowledged by SPHERE) is the point that pre-defined indicators can be helpful but there might be valid arguments why a certain indicator cannot be reached, without rendering the proposed action meaningless. Standardized indicators bear the risk that no proper elaboration of indicators according to the situation in the field will be carried out.

139. In this perspective and as acknowledged by ECHO and the partners, needs assessment is a crucial –perhaps the most important – phase of the project process, where priority needs and realistic expected results must be agreed between the partner and the TA. In that respect, a discussion to define appropriate indicators (copied or adapted from e.g. standard SPHERE ones) has to take place, although decisions must be made jointly and without imposing approaches that may be detrimental to ownership.

Duly established and field-tested methodologies and sets of indicators, consistent with mandates and proven approaches of partners, must be respected[59].

Accountability

140. Accountability should be subdivided between "*upstream*" (or upwards) accountability towards the EU taxpayer and the institutional stakeholders who are acting as interface with the EU public at large (Commissioner's Cabinet, Parliament, Court of Auditors etc), and "*downstream*" accountability to the beneficiaries.

141. In sudden onset humanitarian emergencies, factors of acute needs, lack of choice, lack of voice and access to formal procedures, frequent disconnections between donors and victims, and the prevalence of life and death decisions make accountability towards beneficiaries more challenging but also more important.

142. The main emphasis of the FPA appears to be upstream; accountability to beneficiaries is not mentioned in the SF and partly only in art 3.1.a of the FPA (accountability towards all "stakeholders" and adherence to codes and charters). The EU Consensus on Humanitarian Aid (art 43, 45 etc) is much more explicit on both approaches.

143. While downstream accountability has been the subject of in-depth analysis by e.g. HAP[60], the "reasonable expectations" of EU taxpayers and concerned institutions in matters of accountability tend to remain rather vague.

144. The most frequent requests (from e.g. the Cabinet) would however be relatively straightforward – if not basic - and would concern, for a given country or humanitarian situation, the numbers of beneficiaries assisted per sector of activity (when the intervention is not integrated and multi-sectoral), the related costs, and the corresponding results (see typology and realistic timeline of results above).

145. To respond rapidly to such institutional requests (pending fully effective e-tools, the current FPA reporting formats do not seem to be adapted), reports from partners should perhaps contain also a simple, summary table with key figures only (numbers of beneficiaries per sector, corresponding budget and key results, with short comments as necessary).

146. A "reasonable threshold" of accountability ("down to what level of details?") should furthermore be defined, taking into account the current heavy workload of the ECHO DOs and the planned reduction in staff.

147. As stated in chapter B.3.2, the systematic capture, dissemination and use of results from the many project evaluations performed by partners should be promoted by ECHO, to support the focus on effectiveness, results and accountability.

---

[59] Although most ECHO TAs and DOs are highly experienced and quite flexible, a recurrent issue of concern reported by many partners is that in some cases indicators would be imposed on them. Partners tend to give in because they need the funding, even if they suspect that they will not be able to report on them adequately. Examples include e.g. the insistence that SPHERE indicators be used instead of a UN agency's own standard indicators; that additional indicators be defined on top of those already agreed upon by all partners active in the same sector/cluster at field level; or the recent requirement that the GAM malnutrition indicator be used to measure the effectiveness of general food distributions, as a result of new Commission guidelines requiring the mainstreaming of nutrition in all programmes.

[60] Since the late 1990s the humanitarian community has initiated a number of interagency initiatives to improve accountability, quality and performance: the Active Learning Network for Accountability and Performance in Humanitarian Action(ALNAP), People In Aid, the Sphere Project and Humanitarian Accountability Partnership (HAP).

Conclusions

- Due to some persisting degree of confusion between results, outcomes and impacts, there still seems to be a need to clarify the terminology, and to propose a realistic operational timeline for the various types of results that can be expected in humanitarian interventions.
- There are limitations to SMART indicators in terms of focusing on result and outcomes, which must be taken into account.
- At the crucial stages of needs assessment and preparation of proposal, where priority needs and realistic expected results must be agreed jointly and flexibly between the partner and ECHO, there have been some reported attempts by TAs – although not consistent - at imposing results and indicators on partners, even some of those with duly established methodologies.
- Accountability is not yet clearly subdivided (contrary to visibility) between "*upstream*" accountability towards the EU taxpayer and the institutional stakeholders who are acting as interface with the EU public at large, and "*downstream*" accountability to the beneficiaries. The main emphasis of the FPA appears to be upstream; a more balanced approach can be found in the Consensus.
- While downstream accountability has been the subject of in-depth analysis by humanitarian actors, "reasonable expectations" of EU taxpayers and concerned institutions in matters of accountability tend to remain rather vague. The most frequent requests concern basic figures (numbers of beneficiaries per country and sector, related costs and key results) which the current ECHO tools and FPA reporting format are ill equipped to provide

Recommendations

- To clarify terminology and typology of results (outputs, outcomes and impacts) and propose a corresponding realistic timeline for delivery of the different types of results in humanitarian contexts, from primary emergency to emergency, chronic crises and DRR.
- To mention the limitations of SMART indicators.
- Expected results and indicators must be agreed jointly by ECHO and the partners, and "generic" indicators (e.g. SPHERE) must be adapted as relevant and feasible to situations, although without imposing solutions which could be detrimental to ownership and achievement of realistic results. Duly established and field-tested methodologies and sets of indicators, consistent with mandates and proven approaches of partners, must be respected
- To better balance focusing of FPA accountability between upstream (EU public and institutions) and downstream approaches (beneficiaries).
- To request partners to provide with their reports a simple, summary table with key figures only (numbers of beneficiaries per sector, corresponding budget and key results, with short comments as necessary).
- A "reasonable threshold" of accountability ("down to what level of details do we go?") should be defined, taking into account the current heavy workload of the ECHO DOs and the planned reduction in staff.
- ECHO should launch periodically meta-evaluations to strengthen the learning/ accountability process and collect lessons from scattered project evaluations.

B.3.7   Audits, Training and Capacity Building

> **G.** What is the impact of the audits/verification missions and the capacity building/training carried out by DG ECHO in terms of improving the efficiency and effectiveness in the implementation of the FPA?

Audits/verification missions

148.   DG ECHO has established an audit system in 1995 and reorganized it in 2000 as part of an overall restructuring. In order to ensure the independence and effectiveness of the audits, the External Audit Sector (EAS) within Unit C/2 was set up as an independent unit from all others, e.g. the C/3 sector in charge of Finance (and liquidations). It functions on the basis of annual audit plans with the overall aim of auditing all FPA partners every 3-4 years at HQ level and in the field. In accordance with FAFA provisions, "verification missions" are applied to UN partners.

149.   Given that external audits have become increasingly contiguous to the Phase 2 of the Annual Assessment of the partners implemented by Unit C/3, ECHO is considering merging them in the near future. In July 2002, an external accounting firm was contracted to perform the audits at NGO partner headquarters. This firm has also been in charge, since September 2006, of field audits of NGO partner organizations.

150.   According to EAS, the objective of an audit is "to assess whether grants, which are direct financial contributions provided by ECHO to partners and beneficiaries ("partners") on the basis of written agreements, have been spent in accordance with laid down rules, and to provide recommendations to improve the financial management of its partners and the procedures and practices applicable to grant management". Each field audit reviews financial and operational aspects of several projects carried out by different partners. Field visits gather evidence on projects at the local and regional partner offices and project sites. Partner NGO's staff and beneficiaries are interviewed.

151.   All types of audits look into the procedures and control systems in place and how these impact the overall quality and efficiency of the organization. They include a review of the following elements with the help of a detailed questionnaire: "Organisation; Accounting System and IT; Cash and bank; Personnel; Fixed assets; Procurement; Stocks; Fraud and corruption; Field Operational practices; and Visibility"[61], and a verification of supporting documents. HQ audits specifically review expenditures claimed from ECHO in order to ensure that funds have been used for the purposes intended in compliance with the rules and regulation in force (eligibility of expenditures is already the main focus of financial liquidation). Auditors provide recommendations to improve administrative and financial performance, and occasionally recommend the recovery of expenditure that they deem ineligible. Recoveries, however, represent a small percentage of the total funds: "a recovery level based on testing 223 projects covering the years 2003 to 2008 projects is 0.6% of the total funds disbursed by ECHO"[62].

152.   The sub-contracting of audits to an external firm has been accompanied by several changes in the objectives and implementation modalities of the audit process. The guidelines on the audit

---

[61] ECHO's approach to safeguarding the credibility and transparency of Community humanitarian aid; Giorgio Pasqualucci, European Commission Humanitarian Aid & Civil Protection (ECHO); May 2010.
[62] DG ECHO (EAS), Overview of Audit Activities – 2009 (March 2010).

procedure were only published in 2010[63]. The audit information made available to partners (version 2010) defines DG ECHO expectations as follows: "to express an informed opinion on the use of the funds, and on the compliance of the partners with the applicable legislation and rules, as well as to provide recommendations to improve the financial management of its partners and the procedures and practices applicable to grant management". This paper also states that "The audit methodology is being continuously developed in order to ensure more efficient, productive and effective audits".

153. ECHO has endeavoured to improve the audit process and its partners' understanding of it by publishing the document "Audit Info Paper" and the Terms of Reference for the audit firm, as well as by training auditors to improve their understanding of the challenges faced in emergency and humanitarian situations and revising the auditor's comments.

154. The need for excellence and accountability vis-à-vis ECHO are well understood by the partners; as mentioned in chapters B.3.1-2, B.4.1 and B.4.4, a greater emphasis should be put by ECHO on streamlining the burdensome project liquidation process for P- and Un partners, and avoiding overlaps with audits or verification missions.

"They force us to do better"…"they provided us with free management advice" (NGO partners).

---

155. *Positive effects* of audits and verification missions can be listed as follows:
- DG ECHO can rest assured that partners are reliable (e.g. in one particular instance, the positive conclusions of a verification mission cleared the way for a second phase of the project);
- the partner knows that "its house is in order";
- field offices are vigilant during implementation;
- by providing an assessment of (NGO) financial and operational management systems and performance, audits enable them to take measures to improve (e.g. operations procedures, procurement procedures*);*
- audits of weaker A-partners are sometimes carried out in a "pedagogical" spirit which have been reported as significantly contributing to improve the capacities of the partner.

156. There is nevertheless also some room for further improvement. Audits and verifications generally verify projects after implementation (ex-post). Although ECHO's audit programme foresee that audits should take place within 2-3 years after the end of an action, it may happen that the partners' staff (e.g. the project manager) has changed, archives in the field may not have been well protected, etc. The audits carried out during the course of a project or rapidly after liquidation are considered more valuable to partners because they provide a 'reality check', are constructive and improvement-oriented, and enable the partner to take corrective measures if needed. In the case of emergency response projects, ECHO takes due care not to carry out audits during crucial phases, when the staff would be too busy with implementation. In comparison, most other humanitarian donors (e.g. USAID/OFDA, BMZ, SIDA, DANIDA, Norwegian Aid by external audits, etc.) systematically audit all funded projects together during the year after project completion (N+1), which many partners consider as good practice.

157. Partners have mixed views about the *process*. Although they find ECHO audits and verification missions generally well prepared as compared to some other donors, partners complain in particular about the amount of work involved, said to require the full time equivalent of one staff during three months (preparation, presence during the 2-3 weeks audit and aftermath). ECHO audits do not take into account the results of the partners' own audit systems (sometimes quite sophisticated, with multiple layers of audits), which are often carried out by major audit firms in accordance with recognised

---

[63] Some partners have claimed that they had not been sufficiently informed at the time.

international standards. For the partners, the costs of repetitive/duplicating audits from various donors (including ECHO) are piling up.

158. Finally, ECHO does not sufficiently provide *feedback to partners* on overall audit outcomes and on the comments made by the partner on the audit report. The last Annual audit report accessible through DG ECHO website is the one of 2009 (published in 2010) and concerns projects implemented between 2003 and 2009, most of them under the previous FPA. This information is of little use for the present situation, as most NGO have greatly enhanced their management and internal control procedures. This information is not useful either to check the impact of the current FPA on the organization and management of partners.

Capacity building and training

159. The training provided through Punto Sud is assessed in detail in chapter B.4.5; most replies and comments from partners about capacity building referred to the support provided to enhance FPA-related capacity rather than to the effects of the large "Enhanced Response Capacity" (ERC) funding tool managed by ECHO A/3 (Policy and Implementation Frameworks)[64],

160. The main objective of the ERC is *global* ("to enhance the response of the global humanitarian system") and aims at improving on the longer term the efficiency, effectiveness and timeliness of humanitarian aid operations, and ensuring maximum impact. ECHO has made 24 million Euro available for 2012-2013 in order to strengthen capacities of its partners "to assess, analyse, prepare and respond to humanitarian crises". Among the main identified needs to be supported are some major FPA-related themes such as coordination and clusters, rapid needs assessment and DRR approaches, capacity building of local structures for early recovery purposes, accountability and respect of principles, or logistics. A part of the funding modality is dedicated to the food and nutrition sectors. Some UN agencies have stressed that the ERC had enabled them to "become more professional" (e.g. WFP food security assessments in emergencies - EFSA).

161. The potential outstanding needs identified in the mapping and in chapters B.3.1 and 2 regarding the capacity building of the weaker/newer NGO partners, in particular from Southern and Eastern EU countries (in coordination with other Commission instruments) as well as the strengthening of the local partners who are regularly sub-contracted to implement projects in difficult environments and who may need further training on e.g. humanitarian principles (B.3.3, B.6), could perhaps also benefit from a slightly wider competence of ERC, or from another specific funding facility.

---

[64] This funding modality (previously known as Thematic Funding and then Global Capacity Building for IOs) has incorporated the previously separate "Grant facility" funding for NGOs.

Conclusions

- DG ECHO has been carrying out, directly or through subcontracted audit firms, two types of audits: audit of partners at Headquarters and at field offices. Both types of audits include expenditure verification of funded projects, as well as reviewing the organisations' management systems, at the HQ level or at field level. As stated in e.g. chapter B.4.1, most partners have complained about the redundancy of some requests made by C/3 Finance during liquidation process, with ex-post audits.
- Opinions about audits are mixed: they have been appreciated by partners when conducted in the field at appropriate times and in a "pedagogical" spirit, or for providing "free management advice". Criticisms concern e.g. high indirect costs from repetitive audits (by ECHO and other donors), the lack of alignment of audit approaches by various actors, or the redundancy of some requests made by the Finance sector during liquidation process with ex-post audits.
- The Enhanced Response Capacity (ERC) global funding tool has enabled UN and IO partners to further improve their approaches. Outstanding needs in capacity building may however still exist to support weaker/newer NGOs and local partners.

Recommendations

- To avoid duplications between liquidations and ex-post audits by better coordination between ECHO C/2 and C/3, and by the recommended use by the partners of "interface software" between APPEL and their own financial system.
- To advocate for more adapted costs that would cover audits, as foreseen e.g. in art 172a.2(b) of the Implementing Rules to the Financial Regulation.
- To advocate in relevant international fora (Intosai, OECD, GHD) for alignment/mutual acceptance of audits carried out by different sources but using common standards.
- To differentiate more clearly audits carried out with "pedagogical" purposes (capacity building of partners), which should preferably take place during the project implementation, and ex-post "control audits".
- To ensure that, if external auditors are contracted, they have sufficient knowledge of humanitarian actions (and not only e.g. of UK charities)..
- The capacity building of partners could benefit from a specific funding facility, perhaps similar to the ERC.

B.4 Efficiency

B.4.1 Implementation

H. From a qualitative point of view, how efficient has the implementation of the FPA 2008 been? What are the main difficulties encountered by the different groups of stakeholders in implementing the FPA 2008 e.g. in terms of the proposal, narrative/financial reporting, procurement, rules, guidelines, e-tools, transaction costs, etc., including the possible diverging interpretations of some FPA rules by DG ECHO? What are the lessons to be learnt?

---

162. *This chapter will successively visit the various implementation stages and related issues, with key comments. Chapter B.4.2 will be dedicated to an overview of the Single Form, in a table format.*

Proposal and contracting stages

Fast-track approval

163. As acknowledged e.g. by the Commissioner in October 2011, the average time required by ECHO to turn initial proposals into grants is inadequate for funding emergency needs, to the exception of Primary Emergency procedures. Funds (or at least part of them) should be mobilised much more rapidly for Emergency operations.

164. The stated average of 3 months from proposal to signature is however contested by key partners. According to their records, the duration of the proposal stage is on the average of 5 months between the release of HIPs (usually in December) and the agreement signature. Proposals from partners are to be submitted very rapidly in January; questions from ECHO DOs about the proposals would often come as from mid-March only, to be followed by the administrative contracting process. In many instances, delays can also be due to inadequacies in the partners' proposals.

165. As soon as a Letter of Intent is submitted by the partner in response to a HIP, discussions are generally taking place with the TAs at field level in order to produce an acceptable format of proposal to be introduced into APPEL. This "unofficial" but frequent preliminary process is generally carried out on the basis of the former "Word" Single form (SF) – as the electronic SF does not offer track changes. Although such discussions with highly experienced TAs can be crucial for the whole project, this preliminary stage can take "up to 2 months", involve "3 to 5 versions" of the proposal, and is not recorded into ECHO statistics.

166. Contrary to DOs in Brussels, field TAs are not Commission officials; they have an *advisory* role only, which is not binding (in principle). In case of emergency, the lack of authority of the TAs can be detrimental as many partners would tend to wait to have a signed agreement and legal coverage. As discussed in chapter B.3.3, partners are regularly getting verbal requests to start from concerned ECHO TAs, although such requests can be denied by ECHO HQ, for various programmatic or administrative reasons. This situation tends to create confusion and frustration for both Parties between HQs and field staff, who are naturally eager to start an operation.

167. The exact reasons for the delays at proposal stage can be multiple and, according to ECHO, have not been thoroughly investigated so far. Studies should examine options, e.g. the reasons for the current delays in project approval, but also the fast-track models used by the SIDA and DFID partnership frameworks (see B.4.3), or the legal feasibility of a type of "Letter of Pre-Agreement" as

used by other donors. In this approach, once an agreement to fund the proposed action has been decided in principle, the letter allows the spending – under conditions - of some urgent expenditures while waiting for the finalisation of the contractual provisions. An example of such a letter sent by USAID to a partner NGO is provided in Annex J.

Pre-financing

168. All FPA partners have to comply with art. 176.2 of the FR implementing rules which states that they "must have stable and sufficient sources of funding to maintain (their) activity throughout the period during which the action is being carried out or the year for which the grant is awarded and to participate in its funding". Pre-financing of the action is generally set by ECHO at one advance instalment of 80% of the total budget, to be paid upon formal signature of the agreement. However, the signature of emergency agreements can take up to 5 months, and the FR provisions do not specify what measures could be envisaged to cover possible urgent preliminary expenditures in the meantime. The procedure to authorise some spending as from a stated date before the agreement signature is not considered as sufficiently reliable by the partners (it may e.g. be suspended or contested at liquidation), who generally prefer to wait for a signed document. It should be noted that this "legalistic" position of the partners is reportedly sometimes interpreted by ECHO as being due to cash flow problems, whereas partners may be seeking to avoid problems of internal procedures, accountability and audits.

169. Partners have varying capacities to advance funds for their operations, but they usually follow duly established and controlled internal procedures (as imposed by the four pillars or ECHO A and P control mechanisms). For UN agencies, such procedures require a signed commitment from a donor to trigger internal advance mechanisms; advances are authorised for a maximum of three months, which may not be sufficient to cover the approval timeframe of ECHO. In this framework, UN agencies may sometimes have to derogate to their own internal procedures.

170. The need to borrow from other internal sources of funding (core, reserve, advance, etc.) complicates financial planning and management and occasionally generates problems at the time of audits and verifications.

171. This regularly leaves partners with the task of pre-financing themselves the initial stages of ECHO-supported actions – without the guarantee of an agreement – for a period of several months. This situation can impact not just on a partner's ability to respond to an emergency, but also on the organisation as a whole, as cash flow must be diverted to cover gaps.

172. Furthermore, despite the open publication of the HIPs and the re-introduction of the system of Letters of Intent which have replaced the previous, more restrictive, ECHO approach of working preferably with partners already involved in a given situation[65], there may still be a need to further improve the criteria used for the selection of proposals.

Implementation stage

Single Form (SF)

173. The SF is largely appreciated, as this single document provides a logical approach and adequately integrates the different stages of the entire project cycle, which is facilitating follow up and update. The current SF is the result of a long learning process (the approach was already applied in the 2003 FPA, see B.3.1) and has undergone significant steps towards simplification and focus on results. The nature of its task makes it however rather long and complex, and every attempt at simplification bears the risk of losing some important information.

---

[65] This was reportedly criticised by the Court of Auditors, which stressed the need to give more equal chances to all partners.

174. Valuable day-to-day contacts between partners and ECHO TAs and DOs are mitigated by regular lack of consistency in the interpretation of guidelines among ECHO DOs[66] (level of details requested under section 4.3.2 may e.g. vary from one DO to another) and liquidation. Inexperienced partners need to complement the "Financial Overview" section 11 of the SF with the "checklist" of very detailed information and thresholds required in Annex 1 to the Guidelines for Final Financial Reporting (see below).

175. As further emphasised by suggestions laid out in chapters B.3.2 and B.4.2, the future FPA should probably include some upgraded tools which would focus even more effectively on objectives and results, as there is no guidance for either ECHO or its partners on how actually to implement a results-based approach. Flexibility required by operating modes adapted to specific situations should be reflected in the use of the SF – which would be made much easier with options introduced into a workable version of the electronic SF (below). For e.g. a coordinated approach, partners would be allowed to submit a general SF without the sections related to activities and budget (section 1.1, 4.3.2, 10, 11, 12), as each NGO would remain responsible only for its own activities and related budget.

Monitoring

176. Field monitoring is perceived as particularly useful when conducted jointly with ECHO TAs, although it should also be carried out as much as feasible in a positive "helping" spirit rather for control and policing purposes ("this was wrong"). The results of the monitoring visits should also be discussed between the TA and the partner, not as bureaucratically as it is too often done now (report writing by the TA, and reply in writing by the partner).

Reporting

177. Interim reports seem to come too late in the project cycle (3 months before the end) in case of serious problems that would require a re-orientation of activities. In 6-months project cycles, the 1st (intermediary) report is to be drafted after 4 months, and takes 1 month to prepare. It is therefore available after 5 months, or 1 month only before the end of the project. For 9 months projects, the interim report must cover the first 5-6 months, and takes also 1 month to draft: this may also come too late in the project cycle.

E-tools

178. Designed to improve the efficiency of the FPA tools and provide accountable statistics of cost-effectiveness (funding per sector, numbers of beneficiaries), the 1st version of the e-tools was pilot-tested in July 2008, although with very few voluntary partners (5 in 2008, 12 in 2009, and 62 in 2010) which made the introduction of the system - the e-tools became compulsory at the end of 2010 - more complex than expected and arguably still immature. To overcome some initial problems, principally in the offline module, an upgrade was released in February 2011; during its first year other 3 upgrades of different components of the system extended its functionalities and quality. The governance bodies for the development of the system and for its roll-out are the IT Steering Committee of DG ECHO and the Reference Group of Users. The latest met five times in 2011 for defining priorities and facilitating the roll-out. The partners are represented through C.3 and there is also a permanent contact channel between the partners and C.2 via the IT support which is widely appreciated by the partners. The first line support is provided by the consortium Unisys/Sogeti and managed by C2.

---

[66] Some partners have made a "mapping" of the ECHO TAs and DOs, with their favourite interpretations of the rules ("what they like and what they do not like").

179.   Some positive comments were collected. A NGO partner noted e.g. that "ECHO is ahead of other donors in using this online processes". Partners understand the introduction of the e-system as an improvement for ECHO. Respondents to a survey carried out by ECHO e-tools Support Team in mid-September 2011 indicated among its advantages the potential for increased efficiency - once the problems have been resolved. Other advantages included: enabling the different people involved in project management to always have access and work on the latest version of the SF, facilitating communication with ECHO staff, the promotion of paperless offices, the frequent updating of the system etc.

180.   However, most comments have emphasised various shortcomings. Such comments were often too general in nature to be practically usable for the purpose of amendment, and the evaluation was not in a position to assess in depth technical IT issues[67]. Remarks concerned e.g. uploading problems, in particular in remote field locations (there are also reported problems at HQ level or in EU cities where internet connections are optimal, which may perhaps be due to security software); difficulties to navigate and frequent system failures; inadequate track changes functionality and limited capacity to insert charts and excel tables. The limitation of characters (3.800) for the narrative sections of the SF is positive as it compels the partners to be synthetic, but it can also be penalizing, e.g. for consortia or when DOs are asking for more details. It also complicates the usual copying and pasting used by most partners.

181.   Even though the system has improved, partners all share the view that for the time being it presents little or no added value to them and that it has rather complicated their work. Most partners have mentioned the e-system as having increased transaction costs (see below); some weaker partners with limited numbers of agreements per year have outlined furthermore that it is hardly feasible to get acquainted with the software when working only once every few months with the e-tool. In this respect, a limited number of agreements may become a further constraint to quality and diversity of the FPA partnership.

Transaction and indirect costs

182.   A key consequence of the complex procedures required by the FPA – including the e-tools – is high *transaction costs*. All of the key UN partners and IOs have offices in Brussels to liaise with the Commission and the EU, and to handle some contractual and operational matters with DG ECHO and other services. However, either based in Brussels or at their headquarters, the number of staff dedicated to working with ECHO is reportedly higher than for other donors. All key partners have outlined the additional structures and costs required specifically to handle the FPA procedures (proposals, reporting, e-tools, liquidations). An IO which is handling all paperwork and negotiations centrally in Geneva, was quoted as having created a parallel system within the organisation for ECHO alone (the 4th main donor in importance of this IO). Reporting for ECHO had e.g. to be prepared separately, whereas standard reports were acceptable to all other donors, which raised "tensions within the house".

183.   All UN agencies[68] are similarly using a significant part of their donors' relations resources to deal with the FPA procedures. An agency in Geneva stated e.g. that it is using 3 of its 7 staff dedicated to donors' relations for ECHO only; the other 4 are dealing with the remaining 43 donors. A key UN partner has a staff of 7 people in Brussels who centralise the work with ECHO (and others) on some 40 open agreements and submissions. Another agency has calculated that its Brussels office needed 1 full-time staff for 1.6% of its portfolio (ECHO), and another full-time staff to manage the remaining 98.4%.

---

[67] The TOR did not call for a specific IT technical expertise on the issue, and the evaluation resources had furthermore to cover a very wide scope of work.

[68] An exception may be UNOPS, which has drastically reduced its management staff (1 representative in Brussels) and has become self-financed through fees only.

These statements could not be ascertained by the evaluation, nor the possible inclusion of DEVCO projects in the given figures.

184. A major NGO has reported that, to adapt to the rules and control systems of ECHO, they have adjusted their own procedures and developed a financial reporting system that allows automatically to match the costs by category of expenditure with the different results. Moreover, in order to prevent possible requests from the ECHO Finance sector, a system of expenditure control was put in place one month before the end of the project. The partner nevertheless receives requests for (usually minor) clarifications. Transaction costs to set up this system has required to add two additional staff (about 1 full time supplementary administrative staff for 5/6 Million Euro of projects budget).

185. In this framework, the maximum of 7% of *indirect costs* authorised by the FR[69] has generally been reported by the partners as not sufficient to cover Headquarters functions related to the FPA. A major IO partner stressed e.g. that, due to the high levels of transaction costs imposed by the FPA procedures, indirect costs can reach up 14-17% of the total turnover, which in turn imposes to accept only projects above a minimum threshold (300-350.000€) failing which losses would be incurred.

The broader issue of indirect costs in the consortium framework

186. Although *not directly* linked to the FPA, the lack of clarity of the guidelines with respect to indirect costs when operating under the consortium approach (see also B.3.5) has repeatedly been stressed by the concerned partners. The lead partner in a consortium takes on coordination, management and administrative tasks that would otherwise befall DG ECHO but cannot cover the additional costs with the 7% of indirect costs. Some ECHO DOs have been reported to authorise coordination costs of consortia in the field to be put among direct costs. However, such tasks are not only incurred in the field but also at HQ level (e.g. agreements/MoU and regular coordination) especially when the other consortium members are not part of the same humanitarian "family" or already established partnership/alliance.

187. In some cases, the lead partner retains the 7% and other consortium members would take an additional portion of the budget allotted to them to cover their own costs, which naturally inflates the overall indirect costs. One of the UN agencies pointed out that most bilateral donors agree to give an additional 1% to a consortium lead organization, as for instance in the framework of the UN "Delivering as One" approach[70] and that implementing this type of approach without providing the lead organization some compensation is an incentive for fraud. Another partner commented that the extra financial burden mentioned above is alleviated in cases where the consortium approach is undertaken as a multi-donor action[71], which has a more flexible approach to direct and indirect costs (this is thanks to the notional approach[72]).

Cost-effectiveness and Value for Money (VfM)

188. The DFID approach to the connected issue of VfM is discussed below under B.4.3. It should be noted however that in humanitarian aid, while cost-effectiveness is important, a means-oriented approach is not the best way to ensure an effective response; in line with the cost-effectiveness and results-oriented approach, the cheapest option is not always the best option. DG ECHO should not

---

[69] Art 181 (3) of FR Implementing Rules and Art 18.7 on Indirect Costs of the General Conditions.

[70] Delivering as One: Making the UN system more coherent, effective and efficient -http://www.undg.org/?P=7

[71] A Multi-Donor Action is "where at least two donors pool their contribution to the action (the second donor could be the International Organisation itself) and these contributions are not earmarked for specific items or categories of expenditure"; FAQ nº4.

[72] According to the notional approach, "the relevant authorising officer may decide to consider that these EU requirements are met as long as the amount contributed by the other donors to the co-financed action is sufficient to pay for the activities which are ineligible under EU rules. The purpose of applying such a notional approach to certain areas is to allow the EU to contribute to multi-donor actions without having to require separate accounting for the EU's specific contribution."; FAQ nº 31.

simply compare, but assess and analyse the achievement of the specific objective through the entirety of the results, also taking into consideration the context in which the operation takes place - and not each result individually and separately.

189. It should also be noted that the calculation of costs per activity can be an academic and even artificial exercise when trying to divide e.g. indirect or management costs. On this issue, partners have noted a number of interpretations, due to the lack of a clear key of repartition.

Final reporting and liquidation stage

190. UN agencies, IOs and P-partners are free to present their budgets in their own formats (e.g. resources-based or activity-based) to reflect their own accounting system. The advantages include *"more robust financial reporting and audit trail showing the link between the financial report and the underlying accounting methods. For the organisation it should considerably reduce project transaction costs."*[73] Another advantage is that agencies were able to reduce the number of formats they use for financial reporting to donors (e.g. UN agencies using a format similar to that for reporting to the CERF).

191. Nevertheless, a number of these partners have mentioned that they keep on translating their financial system into ECHO formats, which requires a lot of work, because of the level of detail requested by DG ECHO. According to the FAQs, this is mostly due to the need on DG ECHO's side to get a clear understanding of the information provided in order to avoid disputes at a later stage[74].

192. The intention of the "checklist on the information to be found in the final report for the validation of the payment request" (Annex B of the SF, Annexes 1 and 2 to the financial guidelines) was to clarify the scope of information that the partners would be required to produce in their financial systems at the end of a project; the thresholds were indicated for reference and transparency purposes but were only "internal to ECHO". The checklist therefore did not introduce any new requirement, but was merely listing what the partners had already to submit in case of verification. However, the inclusion of the checklist in the financial guidelines and an increasingly complex administrative approach by ECHO – probably compounded by a certain lack of internal coordination between the financial and audit sectors - gradually made the provision of such information compulsory at the liquidation stage with the final financial report, whilst previously the partners were not required to produce them until a specific request was issued, or an audit performed.

193. The financial information required at the proposal stage and the interim report (on the basis of straightforward table in section 11 of the SF) is rather limited compared to the detailed breakdown requested at the final financial reporting stage, which further includes the checklist; this approach may be misleading for inexperienced partners. In addition to the payment request, the updated financial overview and a detailed financial report (stemming from the partner's accounting system and coherent with the main headings of the financial overview), the checklist includes 16 different items. These are covering details on the different typologies of personnel, the equipment and goods purchased by the project, the list of service/transport/work contracts, as well as detailed lists of stationery and running costs, of applied depreciation, equipment and remaining stock donated or transferred to another EC project, communication, visibility and information costs and miscellaneous costs, plus a list for the procurement according of the A and P control mechanisms.

194. Some of the most professional NGO partners have stated that the rigour of the ECHO financial control at the liquidation stage is important and appreciated, and should not be relaxed too much. However, it should also be more "meaningful" (responding to clear objectives) and "consistent"

---

[73] FAQs for International Organisations Nº 22.
[74] FAQs for International Organisations Nº22 and interviews.

(following clear guidelines). The clarification questions and corresponding "Stop-the-Clock" letters (as per Articles 21.2 and 21.3 of the General Conditions[75]) originating first from the DOs and, when these requests are satisfied, from Finance officers, are often referring to the detailed information on inputs, means and costs required by the checklist. These requests are generally not consolidated, sometimes lack in consistency, and may duplicate information to be provided during audits. Non compliance with the requests – even when the duly validated financial systems of P- and UN partners are not designed to provide automatically the required details (see B.4.4) - leads to a declaration of ineligibility of the concerned expenditures, and to a recovery process. A similar issue has been pinpointed by INTOSAI (the International organization of Supreme Audit Institutions)[76].

195.   More flexibility should be applied to the guidelines' provisions governing remaining assets at the end of a project. The policy regarding the use and disposal of equipment was brought up as a concern by several partners, who regret not being authorized to use such assets for other activities targeting the same beneficiaries, or keep them after the ECHO project implementation period for activities targeting the same group but funded by another donor (to the difference of other donors such as USAID which enables partners to use their assets for the implementation of another donor's project). As per the General Conditions, remaining supplies – except those with a value of up to EUR 500 per category of items and supplies purchased in the framework of multi-donor actions, which the humanitarian organization pledges to use for humanitarian aid - are to be donated to the beneficiaries of the project, local implementing partners or the local authorities, or transferred to another Action financed by the Commission[77]. Donations to local stakeholders may however be suspended during the entire financial liquidation process (i.e. an average of 8 months – see below) pending the final approval, which may be highly detrimental to a results-based approach. This lack of flexibility leads to alternative strategies by the partners, such as e.g. working only with multi-donor modalities or funding equipment through other donors.

196.   Various major and very experienced NGO partners have established statistics regarding delays at liquidation stage. One of them has calculated that average time for liquidation is 6-9 months; there are 'stop the clock' letters in 90% of the cases. For another partner, requests for final payments on 31 projects have resulted in clarification question from ECHO in no less than 30 cases. The average time from request for final payment to liquidation is 235 days (minimum 105 days, maximum 552). If one adds the 3 months allowed for the final report, the total average time for these two stages is 325 days, i.e. 11 months.

197.   In the framework of the current FR revision, more flexibility should also be considered regarding possible losses on currency exchanges during economic crises. The current policy of the

---

[75] According to these articles, once the final narrative and financial reports are submitted, they are deemed accepted 45 calendar days after their receipt in the absence of any reaction by the Commission. If within this period the Commission needs additional information on the narrative report, the partner has 30 calendar days to submit it and the deadline for accepting the reports is suspended until the date when the Commission receives the required information. Once the final narrative report is accepted, the Commission may ask the partner to submit additional information on the financial report within 30 days and the deadline is suspended until receipt of the information.

[76] 5th meeting of the INTOSAI working group on accountability for and audit of disaster-related aid, Oct 2011: ""*Reporting burden for intermediary and implementing organisations: alongside these different funding methods exists a wide variety of requirements relating to the provision of information and to ensuring accountability for the funds donated. Where operating grants are used the donor may be satisfied with standard annual reports. This has the advantage of being easier to administer but merely respecting minimum legal reporting requirements entails the risk* of producing insufficient or inadequate information of the use of the funds. Conversely, where the donor funds projects directly and may require a highly detailed level of data <u>this can result in an unwarranted administrative burden for both the recipient of the funds, who must prepare the data</u> (often for many donors in accordance with many different formats and structures) <u>and the donor</u>, who must disseminate the information. The consequence of this situation, for donors and recipients who by their nature already have a heavy workload, is a lack of transparency with information often unavailable or <u>incomprehensible to the majority of stakeholders</u>. Moreover, there is often a failure to draw the detailed information on individual projects together to provide a global picture of the partner organisations' activities and finances".

[77] Article 19 of the General Conditions. Donation and transfer of supplies (goods and equipment)

Commission on *foreign exchange rates*, states that "the rate to be used for conversion between the euro and other currencies shall …be that of the day on which the payment order or recovery order is drawn up by the authorising department"[78]. This policy, in particular when associated to the long timeframes between the pre-financing instalment and final payment, represents a financial risk for the partners who are exposed to foreign currency exchange fluctuations that can cause significant losses, e.g. during the financially tumultuous 2008-2009 period. It should be noted that the issue has already been assessed in ECHO evaluation reports, e.g. under chapter B.4.3 (§100-101) in the report on Health activities in the Burmese refugee camps in Thailand, where a NGO partner also complained about large budget losses by exchange rates over the same period[79].

---

[78] Article 8 of FR Implementing Rules, Article 3.3, 5th indent of FAFA and Article 18.6 5th indent of the General Conditions, specifically list currency exchange losses as non-eligible.

[79] http://ec.europa.eu/echo/files/evaluation/2011/Burma_Final_Report.pdf

Conclusions

The SF provides a logical approach and adequately integrates the entire project cycle. However, FPA-related "rules and tools" documents kept expanding and were subject to continuous revisions and some personal interpretations. There is no guidance for either ECHO or its partners on how to implement a results-based approach, and internal coordination between e.g. operational Units, Finance and Audits sectors at liquidation stage is insufficient. ECHO has been described as an "animal with two heads", one looking at results in the early stages of an operation, and the other at inputs, means and costs at the end. The efficiency of the FPA has also been hampered by a number of key problems in the implementation of the project cycle, as e.g. those listed below. Problems, which may be due to both the partners and ECHO, are particularly acute and numerous at the proposal and liquidation stages.

Proposal and contracting stages
- There is sometimes a perceived a lack of transparency in the selection of proposals.
- Lengthy unofficial "preliminary discussions" often take place with ECHO field TAs before the submission of proposals through the APPEL e-tool, and are not recorded in statistics; activities and indicators are sometimes imposed by TAs at this stage.
- The duration of the project approval period from the submission stage to the signature of the agreement takes on the average 3-5 months: such delays which may be due to the inadequacy of partners' proposals and/or administrative bottlenecks within ECHO, are inadequate for emergency response.
- Pending formal signature, legal uncertainties lead many partners to refrain from engaging funds (despite pressures from the field) while others pre-finance – sometimes at the cost of infringements of their own internal rules and possible cash-flow problems in other crises.

Implementation stage
- Valuable day-to-day contacts between partners and ECHO TAs and DOs are mitigated by regular lack of consistency in the interpretation of SF and guidelines among ECHO DOs (e.g. the level of details in required in section 4.3.2 of SF).
- Despite continuous work, recurrent problems with still immature e-tools impact both parties.
- The current level of indirect costs is not adapted to cover high transaction costs required by complex FPA procedures, or the management of consortia by the lead agency (see B.3.5). Some partners have dedicated a large share of their donors' relations workload to ECHO.
- Budget losses due to currency exchange fluctuations during financial turmoil may strongly penalize operations.
- Joint monitoring visits with ECHO, when they happen, are too often perceived by the partners as following an objective of "policing", to find mistakes.
- The schedule for interim reports comes late in the project cycle.

Final reporting and liquidation stage
- Beyond frequent failures by partners to submit acceptable reports in time, particularly long delays in liquidation are due to the almost systematic use of "stop-the-clock" letters, first by DOs and then by the Finance sector. Manual extraction to provide additional financial details in accordance with the "checklist" has also become the rule for experienced "P" and UN partners, in contradiction with the prior validation of financial systems by ECHO. This process can be very demanding and work intensive, and entails high transaction costs for both parties.

- The average duration between the end of the project and the final payment has been calculated by key partners at 325 days, i.e. 3 months allowed to submit the final report, and 8 months for liquidation – pending which stocks and donations could be suspended with detrimental effects for results.

Recommendations

Simplification and flexibility need to be acknowledged as major objectives of the FPA 2014. Simplification - or at least clarification -should be considered at the key stages of project proposal (letter of intent, selection, speed of contracting and funding); implementation (e-tools, SF, integrated set of guidelines, consortia, visibility); and liquidation (coordination, eligibility checklist, procedures for stocks, depreciation, donations, transfers etc) – see also B.4.2. A large number of suggestions to improve efficiency have also been collected. Key proposals – some of them are also evoked in other sections - concern e.g. the following issues.

Proposal and contracting stages

- ECHO should consider options to provide more rapid funding for emergencies, e.g. (i) make a study regarding the current reasons for delays, (ii) establish fast-track approval procedures on a model adapted from DFID or SIDA (see B.4.3), or (iii) consider the feasibility of a Letter of Pre-Agreement on the model of other donors' (e.g. OFDA), which may enable the disbursement of up to 20% of the requested amount prior to the signing of a contract – subject to conditions or e.g. reimbursement. The final proposal would be provided once the partner has a better knowledge of the situation and the needs after the start-up of the project.
- To clarify the content and purpose of the Letter of Intent; to propose updated criteria for selection of proposals, as relevant.
- The advisory role and responsibilities of the TA should be further clarified, to streamline preliminary discussions and ownership of partners on their proposals.
- To clarify terminology and timeline of expected results.

Implementation stage

- A comprehensive set of e-tools, adapted to the future FPA, should be pilot tested before full implementation with HQ and field staff of both ECHO and the partners. In the meantime, a return to the previous "Word" version of the SF should be considered.
- Various amendments to SF (see B.4.2).
- One integrated set of FPA guidance documents as in the FPA 2004.
- More practical approach to consortia, especially for the lead agency (B.3.5).
- In the framework of the revision of the Financial Regulation, ECHO should consider more flexibility concerning exchange rates losses (or gains) during financial crises and adapt its procedures to limit partners' exposure to foreign currency fluctuations.
- In the same framework, ECHO should consider more flexibility concerning indirect costs, to be better adapted as much as feasible to implementation modalities.
- Joint monitoring visits should be carried out in a positive spirit of partnership. The results should first be discussed openly, rather than through a later exchange of letters.
- Interim reports should be made earlier in the project cycle, at an adequate time to re-orientate some project components if needed.
- "Pedagogical" audits to be reinforced, audit costs for the partner to be considered (B.3.7).

Final reporting and liquidation stage

- More inter-service coherence and coordination between ECHO operational, Finance and Audit Units. Finance officers should also acquire a better understanding of the field conditions in humanitarian emergencies.
- Clear guidelines for "stop-the-clock" letters; simplified approval of checklist for UN and P-partners and reduction of the level of detail required at the liquidation stage (including increasing the thresholds above which details have to be provided), to be compensated as relevant by audits; more flexible procedures for e.g. residual stock equipment, stationery (lump sum to be considered), depreciation, donations and transfers.

B.4.2 **Tools and Procedures**

I. To what extent are the FPA tools and procedures (including the Single Form) adapted to the needs of all partners considering the constraints and environment in which they work and the different internal procedures they may have (e.g. UN/IOs, joint management, multi-donor, etc)? Are the quality and quantity of information to be provided in the Single Form appropriate and necessary for the focus on results at the design, implementation, and reporting stages of the humanitarian action?

198. *Issues related to focus on results, constraints and operating environment of partners have already been reviewed in various chapters (B.3.2, B.3.6 and B.4.1). In order to avoid duplications, the present chapter will therefore be dedicated to an overview table (3) of the comments and suggested improvements to be brought into the SF structure, section by section. Table 4 will furthermore summarise some issues to be tentatively considered for simplification and flexibility by ECHO.*

"*The Single Form is great, difficult at first but in the end, an excellent formula*" (a UN partner*).*

199. As stated, the logic of the SF (although not in its electronic version) is relevant and generally appreciated. This approach facilitates the follow up of expected results at the different stages of the project cycle (from proposal to reporting), as there is only one document to update. As confirmed by the online survey, most interviewed partners stated that the quantity and quality of information to be provided in the SF are adequate to allow the appraisal of the project proposals, although some DOs may require different levels of details for filling in some parts of section 4.3.2.

200. Concerns appear with delays in starting the project, some lack of consistent use of some tools and approaches that would further focus the activities on results, and with the level of details requested at liquidation stage. UN and IO partners, who generally work on longer term programmes, regret the "project" timeframe of the SF, which is however coherent with the current ECHO Regulation.

201. It is acknowledged that the current SF format is the result of a long process, made of numerous checks and balances. Any simplification may result in the loss of information, and intended improvements may lead to further complication and lengthening of the document. According to knowledgeable ECHO and partners' staff, the appropriate use of the SF (pending a fully effective electronic version) is essentially a question of "training and discipline" – which is sometimes lacking due e.g. to staff turnover and low-level activity for many partners. Table 2 will nevertheless suggest some amendments – among many possible and discussed - to the "paper" (not the electronic) version of the SF.

Key questions should be: "*do we want compliance or guidance?*" and "*what information is needed for what purpose, and in what form?*" (NGO partners)

Table 3: Suggested modifications to the Single Form

Section n°	Issue	Proposed amendment/addition
1.6	Starting date of eligibility	To mention the date of the acceptance of 1st draft proposal
1.10	Date of proposal received by the "ECHO mailbox" (APPEL)	Preliminary discussions should also be included
2.2 - 2.3	Problem statements and assessment	The 2 sections could be merged
3.1 – 3.2	Strategy and actions	The 2 sections could be merged
4.2.5	Involvement of beneficiaries	This reference to participation is isolated and should be linked to log-frame indicators (e.g. for DRR)
4.2.8	Changes and progress (outcomes)	Figures should be linked to the baseline under 2.2 – 2.3
4.2.10	Types of beneficiaries	Figures should be linked to disaggregated indicators in log-frame, and refer to gender marker
4.3.1	SMART indicators	To mention caveat from chapter B.3.6
		To suggest also indicators of non-degradation or outcome (changes, benefits, impacts for beneficiaries in terms of knowledge, skills, behaviours, values, condition, status) , with outcome target (n° of beneficiaries affected by change)
	Revision of indicators	To mention whether indicators are part of the partner's standard set, or are newly defined for the action (ownership)
4.3.2.x.1	Estimated cost per result, cost effectiveness	Approach must be "reasonable" (SF) and flexible
		To consider lump sum for low value equipment, stationary
		To define a clear key of repartition per result for general costs
4.2.3.x.3	Final state of beneficiaries (status + number)	To include results on participation, ownership and expected sustainability, to be linked with 5.1
		To include in final report a basic summary table (for accountability to e.g. Cabinet) with key figures only on: numbers of beneficiaries assisted per sector, related amounts spent, and main results (outputs or outcomes).
4.5	Evaluation	"Results of evaluation must be used to improve decision making" (DFID): results of project evaluations by partners are fragmented; key conclusions, recommendations and lessons learnt must be ready for periodical review through meta-evaluations made by ECHO.
4.5.1	monitoring	To mention "remote control"
5.1	Level of sustainability, connectedness	To be linked/merged with 4.2.3.x3 (above)
		To be linked to issues of participation, DRR and gender
5.2.	LRRD	To suggest markers to measure early recovery
5.3	Mainstreaming	To propose disaggregated data as feasible (flexible)
		To include also respect of humanitarian principles
		DRR must be put forward, with indicators in log-frame
5.5	challenges	Climate change must be mentioned (DFID: "contribution to tackling climate change")
8	security	To mention security procedures for local partners working in "remote control"
9.2	Field visibility	To mention use of printed food bags with ECHO logo
11	Financial overview	To mention more clearly for inexperienced partners that table 11 must be complemented in the final financial report by the detailed checklist.

202. Some of the proposed measures in this report regarding the procedures to be applied (e.g. to selected "quality partners") may lower the current *transaction costs* for ECHO staff. Additional improvements could be gained by e.g. better internal coordination, procedures and training, as well as by an overall management focus on simplification and flexibility.

203. At the overall policy/structural level, ECHO should therefore designate an internal "focal point" at the appropriate hierarchical level to deal with the crucial issues of flexibility and simplification of FPA procedures, in a context of possible staff reduction. Strong corporate commitment should also be dedicated by the ECHO management to improving internal workload, procedures and transaction costs. To that effect, the table 4 below provides a summary of the key issues related to flexibility and simplification, as a very tentative "road map" for the ECHO management.

Table 4: tentative list of issues to be considered for flexibility and simplification

Tentative/ non-limitative list of key issues to be considered for flexibility and simplification measures by DG ECHO management
Simplification and flexibility need to be acknowledged as major objectives of the FPA 2014. At the overall level, there is a need to improve internal coordination and procedures within ECHO and to strengthen training and guidance of ECHO DOs (especially new ones), with the aim to reduce interpretations and increase flexibility in the implementation of projects.
Transaction costs within ECHO as well as the effectiveness of a selected group of the most professional "quality partners" would benefit from more targeted criteria leading to greater flexibility in FPA procedures (fast-track approval of proposals, more flexible DREF-like funding, streamlined liquidation).
A "reasonable threshold" of accountability ("down to what level of details do we go?") to be aimed by ECHO DOs in project monitoring should be defined and would also impact on transaction costs and flexibility, taking into account the current heavy workload and the planned reduction in staff.
The current FPA general provisions do not ensure sufficient flexibility in considering some aspects of the specific mandates and operating policies or modalities of the IOs and Red Cross (RC) national societies, which are mentioned in the preamble to the FPA with the RC Movement.
There is a need for still greater flexibility of funding, in particular to ensure rapid response to new or worsening emergencies. Funding modalities and timeframes imposed by the Humanitarian Aid Regulation and the Financial Regulation – or their interpretation by ECHO - are not always flexible enough or adequate. Funding of Primary Emergency projects is still limited to 3 months, non renewable. Funding for DIPECHO projects should not systematically be restricted to 85% of the total budget, as relevant. More flexible funding provided e.g. for the DREF rapid-response mechanism of IFRC has been a "success story" in effectiveness, from which lessons must be learned.
Flexibility should be sought in finding suitable option(s) for the rapid pre-financing of Emergency actions, pending signature of grant or contribution agreements (e.g. better inter-service coordination, survey of fast-track models used by DFID or SIDA, acceptable type of Letter of Pre-Agreement).
Provisions applicable to partners' consortia should be made more flexible. In particular, the legal and financial responsibilities of the lead agency and the other consortium members should be more adequately defined. Each consortium partner should e.g.be responsible for its own means and costs; the leading agency would be responsible for consolidating the costs and the reporting.
The financial liquidation process should be streamlined for P- and UN partners, through e.g. clear guidelines for "stop-the-clock" letters, simplified approval of checklists, reduction of the level of detail required at the liquidation stage (procedures for stocks, depreciation, donations, transfers etc including increasing the thresholds above which details have to be provided), and the use of lump sums (e.g. for stationery). ECHO should also apply more flexibility in its interpretation of the FR Implementing Rules on the above issues.
ECHO should advocate, in the revision of the Financial Regulation, for more flexibility regarding indirect costs. The currently applied maximum of 7% does not cover the transaction costs of most partners.
ECHO should also apply more flexibility in its interpretation of the FR Implementing Rules (art 172a.2(b)) regarding the coverage of multiple external audit costs for the partners.

Tentative/ non-limitative list of key issues to be considered for flexibility and simplification measures by DG ECHO management
To advocate in relevant international fora, (OECD/DAC, GHD) towards harmonization of the SF format among EU donors; such harmonisation would simplify the current multiplicity of reporting requirements.
To advocate in relevant international fora (Intosai, OECD, GHD) for alignment/mutual acceptance of external audits carried out by different sources but using common standards; such alignment would simplify the current multiplicity of audit requirements.

B.4.3 Benchmarking

> **J.** To what extent do the FPA tools and procedures (including the Single Form) differ from the ones used by other main donors (including Member States)? Is there a scope for harmonising these templates in the EU?

204. In the online survey (see Annex F, questions 3.5 – 3.7), 60% of the respondents indicated that they are working with one or several of five "benchmark" donors, in decreasing order: DEVCO (for 28.2% of the UN, IO and NGOs), DFID (23.1%), BMZ (20.5%)[80], SIDA (17.9%) and USAID/OFDA (12.8%). Twenty-three other donors were mentioned in the survey (UN agencies, bilateral cooperation agencies etc) although at much lower levels.

205. The survey outlined e.g. the perceived greater simplicity in the procedures of DFID (55.6% of the respondents) and SIDA (42.9% - although this was more mitigated), or the lower transaction costs of USAID/OFDA (60%) and DFID (44.4%). The flexibility and speed of the DFID and SIDA partnership frameworks which allow core funding for emergencies are often mentioned as examples of good practice.

206. In the framework of its Rapid Response Mechanism, SIDA is signing "multi-year umbrella agreements", which assign to selected partners a certain amount of funds over one or more years. These amounts are based on the established operational policies and on past track records, and are seen as a total "cap" for a certain partner. Within that framework, the procedures for approving individual interventions are fast and flexible. Core funding (up to 50% of the "cap") is provided at signature of the partnership agreement, and proposals (3/4 pages of narrative text, a few lines of budget by main headings, and a log-frame) are fast-tracked in 24/48 hours; reporting can be done for the whole amount and not by individual intervention. However, the funding threshold is limited to 750,000€ per country (2 million Euros in total in 2011 for humanitarian aid[81]) and the funds can dry up quickly. There may therefore generally be a need for the partners to seek the larger ECHO funding. There are systematic audits at the end of the agreement period.

207. DFID is even more flexible in providing early response funding for new emergencies (the motto is "get things started"). According to IFRC, if the strategic value of a partner has been recognized, DFID will not ask details about the implementation modalities, which are the partners' own business. Pre-qualified partners can submit a 2-pages concept note/log-frame application; within 24/48 hours, they can be invited to submit a full proposal. The complete grant cycle can take less than a week. Reporting and budget update are equally simple. Funds are however limited and must be spent in 6 weeks; partners have noted that money is often paid in arrears.

208. Beyond these two "fast-track" examples, the picture that emerges from the partners' comments is generally mixed. Interviewed partners outline that the donors which are using Pre-Agreement letters (e.g. USAID/OFDA, see Annex J) are significantly faster in the preliminary stages. A Letter of Pre-Agreement may enable the disbursement of up to 20% of the requested amount prior to the signing of a contract – subject to strict conditions. The final proposal would be provided once the partner has a better knowledge of the situation and the needs after the start-up of the project. The pre-agreement would include a provision according to which the partner would have to reimburse the advance should

---

[80] It should rather be the German Foreign Ministry (MFA), which is now in charge of humanitarian aid
[81] Funding for chronic crises should be added in 2013 to the SIDA partnership agreement.

the specific agreement not be concluded. USAID requests a very detailed budget in the proposal, but this is not part of the agreement.

209. Most other benchmark donors are also faster and asking less details at the liquidation stage. ECHO financial requirements at the final reporting stage completely differ from many donors, particularly those involved in humanitarian funding; in most cases, donors are only requesting a budget detailing, per budget line, the total amount spent - this being compensated by systematic ex-post audits (SIDA, USAID/OFDA). They do not impose their own approach to depreciation.

210. Other donors are also more flexible regarding indirect costs. USAID/OFDA would accept the indirect costs indicated by the partner, as far as the methodology for dividing direct from indirect costs is reliable. DFID and AUSAID allow up to 10% for indirect costs.

211. Nevertheless, ECHO is largely assessed in the survey as "similar " to other donors in terms of level of simplicity (DEVCO, BMZ[82], USAID/OFDA), accountability (in all cases) or transaction costs (DEVCO, BMZ, SIDA).

212. OFDA has been reported by several partners as being more supportive in the field, e.g. in discussing on tax exemption in countries where tax benefits (if allowed) are only provided in the Treaties of Bilateral Cooperation between governments. It should be noted that the 2011 OECD/DAC Peer Review on the US agencies has outlined some very similar concerns to ECHO's vis-à-vis the US Congress / EU Parliament, or regarding the measurement of results[83].

213. In a number of recent documents, DFID has outlined the need to develop methodologies for calculating "Value for Money" (VfM). Three major reviews, the Bilateral and Multilateral Aid Reviews[84], and the independent Humanitarian Emergency Response Review (HERR)[85] were launched in 2010. The approach was also highlighted in the "UK Aid Transparency Guarantee" launched in June 2010. The VfM rationale outlines e.g. the importance of prevention and DRR[86].

214. The HERR argues in particular that "in the current financial climate, we have a particular duty to show that we are achieving value for every pound of UK taxpayers' money that we spend on development…Value for money is about the optimal use of resources to achieve the intended outcomes. It is about the optimum combination of costs and quality of the goods and services to meet the needs of beneficiaries. As in all other areas of HMG spending, it is not just about the lowest cost…In a humanitarian response, to get value for money, speed is of the essence. There is no value in a response that comes too late. Lives will be lost. The risks of late or non intervention need to be considered. Therefore, timeliness or speed needs to be added in to the equation on value for Money…During a response, the relative importance of the three key components, cost, quality and speed, has to change if the humanitarian imperative of saving lives is the principle. In the Critical Period, it is speed that should count the most, because, in this phase speed Saves lives. Cost and quality then increase in importance with time." VfM is also a key topic of the subsequent Operational Plan 2011-2015 ("Conflict Humanitarian and Security Department" - CHASE).

---

[82] BMZ – in charge of development - may have been mixed up in the replies with the German Foreign Ministry, in charge of humanitarian aid.

[83] http://www.oecd.org/dataoecd/43/6/48434536.pdf, page 80 : "*Improved tools for measuring how effective government and partner responses are, and for demonstrating accountability to the taxpayer, are also planned – an important step if the Administration is to convince Congress of the continued utility of its humanitarian funding"…" it is unclear how the US is learning from the mass of partner reporting or aggregating the results reported by partners to understand overall programme impact*".

[84] http://www.dfid.gov.uk/Documents/publications1/mar/multilateral_aid_review.pdf

[85] http://www.dfid.gov.uk/Documents/publications1/HERR.pdf

[86] "*£1 spent on conflict prevention is estimated to save the international community £4 in responding once conflict has broken out…evidence from available DRR economic project appraisals shows average economic rates of return of 30%+*" – DFID HERR.

215. According to some partners, the practical methodologies to calculate VfM have however to be further refined. In the Programme Partnership Arrangements (PPA) assessment template, which was published as a call for offers in August 2010 to select humanitarian implementing partners for 2011-2014, a section of the proposal form dedicated to the assessment of VfM listed only very general questions[87].

216. Conversely, ECHO is regularly perceived by other donors and external actors as an example: the presence of skilled ECHO TAs in the field, the focus on forgotten crises and non-partisan/political approach, the focus on results, and the diversity of the partners (SIDA and DFID would e.g. work with a limited number of highly professional partners) are key perceived advantages of ECHO. ECHO is also important due the scale of its funding, since e.g. DFID and SIDA funds tend to dry rather rapidly.

217. The scope and thoroughness of the Commission procedures can also be perceived by external stakeholders as an example of good practice, although interested donors would only select the most relevant tools for their own purpose.

218. The Single Form is e.g. seen by several donors (Belgian cooperation, SIDA) as a valuable model for integrated and logical approach, and is being copied. The level of project information requested with the Single Form itself (not considering the related guidelines etc) seems to be adequate and sufficient to allow for an understanding of the proposed project, as all donors would request information on the background, the needs assessments, the status of beneficiaries, the identified problem and response strategy, results, activities, common mainstreaming issues and coordination, etc. Most donors would also use some format of log-frame.

219. It should however be noted that such tools and templates are only a part of a larger framework which starts at the level of policies and strategies. Harmonising only some tools would therefore not necessarily bring overall harmonization, although a common agreement on the terminology used in the project cycle and formats would be helpful.

220. As a result, the FPA membership is considered (together with HAP membership) as a key criteria for accreditation of humanitarian partners by the Belgian cooperation; the number of NGO partners has in this manner be reduced from 128 in 2009 to 7 only, which has significantly streamlined the overall management process (The Cooperation Unit has only 8 staff to manage a portfolio of 150 million Euro). This approach confirms the "prestige" of being accepted by ECHO as a partner.

---

[87] "How you control administrative costs? How you achieve economy in purchase of programme inputs? How rates of return and cost effectiveness are used in decision making? Is funding performance based? Robust financial accountability and auditing arrangements, and Appropriate financial management systems"

Conclusions

- A majority of FPA partners (60% in online survey) are working with other "benchmark" donors, in decreasing order: DEVCO, DFID, BMZ/German MFA, SIDA and USAID/OFDA.
- The greater speed of DFID and SIDA in "fast-track" contracting of partners and their longer-term partnership frameworks which allow core funding, are often mentioned as examples of good practice.
- DFID has been making significant efforts to develop methodologies for calculating value for money (VfM) although the process is still ongoing.
- The use of Pre-Agreement Letters by some donors, to allow partners to start urgent expenditures (under conditions) pending finalisation of agreement, leads to more rapid preliminary engagement.
- DFID, OFDA and AUSAID are more flexible regarding indirect costs (not being limited by the Commission's FR).
- Most other benchmark donors are faster and asking fewer details at the liquidation stage, but are performing systematic ex-post audits, often at N+1.
- However, ECHO levels of simplicity of procedures, accountability and transactions costs are globally similar to those of USAID/OFDA, the German MFA, DEVCO, or DFID (for accountability) and SIDA (accountability and costs). Furthermore, DFID and SIDA do not apply diversity and work with a small group of most professional NGOs - essentially similar to ECHO's top twenty partners and located in northern countries. Their funds tend also to dry up rather rapidly.
- The presence of skilled ECHO TAs in the field, the focus on forgotten crises and non-partisan/political approach, the focus on results, and the diversity of the partners are key perceived advantages of ECHO.
- The Single Form is seen by several donors (Belgian cooperation, SIDA) as a valuable model for integrated and logical approach, and is being copied.
- The FPA membership is considered (with HAP membership) as a key criterion for accreditation of humanitarian partners by the Belgian cooperation; this confirms the "prestige" of being accepted by ECHO as a partner.
- Tools and templates are generally parts of larger frameworks which include procedures, approaches, strategies, policies or principles; harmonising only some of the tools will not necessarily bring overall harmonisation.

Recommendations

- The FPA should establish fast-track procedures for emergency funding. Studies should examine options, e.g. the reasons for the current delays in project approval, the fast-track models used by the SIDA and DFID partnership frameworks, or the legal feasibility of a Letter of Pre-Agreement as used by other donors.
- There is scope for more widespread use and harmonisation of SF format among EU donors, as well as terminology. Advocacy towards harmonization should take place in relevant international fora, e.g. OECD/DAC and GHD.

B.4.4 **Control Mechanisms**

> **K.** To what extent has the introduction of the A and P mechanisms improved efficiency in the implementation of the grants? Has the introduction of the P mechanism simplified the implementation of the grants?

221. As discussed in chapter B.3.1, the FPA 2008 has introduced the "P" (standing for Prior assessment and own Procedures) and "A" (for Action related monitoring) control mechanisms, in order to differentiate NGO and IO partners on the basis of an assessment of their capacities and apply corresponding risk management approaches, in line with the requirements of the 2007 Financial Regulation (FR).

222. The assessment has been based on three criteria (the equivalence to internationally accepted standards of the organisation's financial strength, internal control and risk management procedures, and procurement rules), which are similar to those used for the "four pillar" review (accounting, audit, internal control and procurement) being applied to UN agencies as a pre-requisite for applying e.g. the joint management approach[88] after signature of the FAFA.

223. As a result of the assessment, P-partners (i) may apply their own procurement procedures, and (ii) are not subject to contractual limits on funding in relation to their actions. "A" partners would be subject to funding thresholds, to reinforced monitoring during implementation, and would undergo a "more focused" control on operations (rather than procedures) at liquidation and ex-post audit stages.

224. The rationale for the differentiated "A" and "P" control mechanisms is generally well understood, and P-partners appreciate the possibility to use their own procurement procedures[89]. This provision has made implementation somewhat easier for them since no specific trainings, procedures or follow-up are required.

225. Very few comments were collected regarding the funding thresholds, positive but not significantly so. A partner who was moved from "P" to "A" and then back to "P" under the FPA 2008[90], has stated e.g. that "the only real difference is the procedure for the procurement".

226. However, beyond the flexibility in procurement rules, the desired impact of the differentiated control mechanisms - which according to the Concept Paper of 2007 should have justified a "high degree of autonomy" for the P-partners - has not occurred in practice. The "P" status, which has often required significant efforts from the partners in terms of streamlining their internal procedures, does not seem to provide a sufficient guarantee of professionalism and financial capacity, to enable controls by ECHO to focus on operations rather than procedures. This may be partly due to the fact that the "A" or "P" status is confidential towards other FPA partners, but also often to ECHO TAs in the field, who are therefore not in a position to apply differentiated levels of control.

227. At liquidation stage in particular, P- and A-partners have to submit the same levels of details to comply with the financial checklist of eligibility of expenditures (Annex B to the SF/Annexes 1 and 2

---

[88] Following in such the art 53d of the Financial Regulation.

[89] However, the presence of "A" and "P" partners in the same consortium has reportedly increased the workload for the consortium leader, who has to understand and coordinate the various procurement procedures.

[90] Many partners have undergone changes in status (there were approx. 80% of "P" partners in 2008 against 50% in 2012, see also survey in Annex F), and the related changes in terms of applicable procurement procedures may have generated additional administrative burden.

to the Guidelines). A significant number of liquidation questions would not be relevant to a focus on results but rather to the former "means and costs" approach, i.e. still related to procedures as much as operations[91]. Whereas the rigour of the ECHO financial control at the liquidation stage is "important and appreciated" by some of the most professional NGO partners, it should also be more "meaningful" (responding to clear objectives) and consistent (following clear guidelines).

228. For all the partners, liquidation is subject to a similar frequency of "stop the clock" letters (see also chapter B.4.1), which often concern details that the UN and accepted P-financial systems are not automated to provide. The P-partners have their own financial systems which have been accepted by ECHO's criteria. However, whilst these systems can duly give all the requested details (e.g. during an audit), they generally cannot provide *automatically* the costs per activity/results which are required by ECHO at liquidation, and which need to be extracted manually – a very significant workload for both HQ and field staff of the partners, but also for ECHO.

229. As the FPA financial guidelines state with due flexibility that "each partner has to present a structure which is in line with the financial reporting structure in its Organisation"[92], options for P- and UN partners are few. Some of the items on the liquidation checklist (annexes 1 and 2 of the financial guidelines) which are most often the subject of manual extraction could be earmarked for ex-post audits. Lump sums or higher thresholds could be considered for some items (e.g. the stationary), as allowed in the FR[93]. In parallel, a certification on the honour[94] could be provided by the P-partner's (or UN agency's) Chief Accountant stating that all the details required in the liquidation checklist are indeed available for audit. Additional clarifications should only be asked when serious doubts about eligibility arise (an occurrence to be preferably agreed between DO, TA and Finance officer).

230. It should be noted that the criteria for differentiated controls are essentially financial in nature – as they are in adequacy with the Art 53d of the Financial Regulation - , even though "effective and efficient internal control" is also required. The Art 22a of the FR implementing rules states that the effective internal control must include e.g. "procedures for monitoring of performance and for follow-up of identified internal control weaknesses and exceptions". However, the existence of internal controls does not automatically ensure that e.g. a relevant monitoring and evaluation (M&E) system, adequate for assessing emergency humanitarian operations, is in place[95].

231. *Indirectly* linked only to the FPA itself is the need for the partners with limited funding to achieve a "critical mass" of projects and hence overheads to be able to cover the high transaction costs required by the implementation of the complex FPA procedures, and in particular the internal organization required by the "P" status. In the present economic crisis and the decrease of humanitarian funding by some other key donors, a consequence of limited funding may be a downward spiral for the already weakest among the "A" partners (often from southern and eastern EU countries), who may become "inactive" and "drop out of the market place"[96].

---

[91] According to many partners, some financial questions asked during liquidation seem also to reflect a certain lack of coordination with the DO and a lack of understanding of field conditions by the Finance officer.

[92] Introduction to Annex 3 ("four examples") to the Guidelines for Final Financial Reporting. Art 180 of the FR implementing rules also mentions the FPA partners "who have in place a system of control offering equivalent guarantees".

[93] Financial Regulation Art 108a; implementing rules: art 164, 165, 180a.2 and 181.1(a), which sets the limit at 25.000€.

[94] As mentioned in art 180.1a of the FR implementing rules.

[95] Such capacities may e.g. be widely different among UN agencies and IOs, which are nonetheless all P-/4 pillars partners.

[96] See results of the mapping in chapter B.3.1 and Annex H.

Conclusions

- The rationale for the differentiated "A" and "P" control mechanisms is generally well understood, and P-partners appreciate the possibility to use their own procurement procedures. This provision has made implementation somewhat easier for them since no specific trainings, procedures or follow-up are required. Very few comments were collected regarding the flexible contractual limits on funding; these were positive but not significantly so.

- However, beyond the above mentioned flexibility, the desired impact of the mechanisms - which according to the Concept Paper of 2007 should have justify a "high degree of autonomy" for the P-partners - has not occurred in practice. The "P" status has not resulted in more overall efficiency and autonomy in the implementation of the grants. ECHO does not seem to see the "P" status as a guarantee of professionalism and financial capacity, which would allow to focus control on operations rather than procedures.

- Many "stop the clock" questions at the cumbersome liquidation stage would e.g. still concern means and resources, and are similar for all partners – A or P - with the same level of minute details. Most P- and UN partners, whose financial systems have been duly agreed by ECHO but are not automated for this specific purpose, have to extract manually and at great transaction costs these details which would more appropriately be treated later through audits.

Recommendations

- *The system of differentiated control mechanisms should be revised in the future FPA, and become better adapted to the diversity of par*tners. To complement the "vertical" A and P mechanisms, a "horizontal" differentiated approach should better support diversity. Improved quality criteria should be used to define categories of partners according to their operational/organisational – and not only financial – capacities. In particular, a category of "quality partners" (also to include rapid response partners) should be selected according to stringent criteria which would e.g. cover the whole process from policy definition to strategic discussions, rules, tools and "last mile" delivery (see table in chapter B.3.2). These "quality partners" should benefit from more flexible procedures, such as fast track validation of proposals (B.4.3), access to less earmarked/DREF-like funding (B.3.3), streamlined liquidation and/or ex-post audits only.

- Beyond the selected "quality partners", the other partners would still be divided among "P" and "A", although the capacities of the accepted "P" financial systems must be better taken into account by ECHO. Some of the items on the liquidation checklist (annexes 1 and 2 of the financial guidelines) which are most often the subject of manual extraction could be earmarked for ex-post audits. In parallel, a certification on the honour could be provided by the P-partner's (or UN agency's) Chief Accountant stating that all the details required in the liquidation checklist are indeed available for audit. Additional clarifications should only be asked when serious doubts arise about eligibility (an occurrence to be e.g. agreed between DO, TA and Finance officer).

- For P-partners, lump sums should be authorised e.g. for stationary (as they are allowed by the FR), and level of details and thresholds should be better defined in accordance with the real/realistic expectations of accountability, and the FR provisions.

B.4.5   Daily Communication and Support

> **L.** To what extent have the daily communication on the FPA and the quality of the support provided by DG ECHO, including e.g. IT, helpdesk, trainings, FAQ, website, newsletter, accessibility, documentation, technical assistance in the field, and audit trail, met the needs of FPA partners?

232.   In order to support its partners and ensure their continuous improvement to achieve higher levels of performance, DG ECHO has awarded a Framework Service Contract to the consortium led by Punto Sud, over the period 2008-2012. The scope of this assignment has been to supply training services, including through distance learning, to establish a helpdesk answering partners' questions and providing documentation about interactive learning on web and FAQ management.

233.   The training and the helpdesk website assistance is addressed to NGOs, UN and IOs partners, DG ECHO staff and TAs, as well as to the staff of EU Member State Agencies partners of ECHO.

234.   The training sessions concern essentially the rules and procedures to be applied for the administrative management of ECHO agreements, rather than the practicalities of field operations. More recently *ad hoc* training courses have been designed to tackle technical issues such as e-tools management, audit procedures, food assistance, primary emergency etc, and Punto Sud has expanded its trainings throughout the EU and beyond the RSO locations, e.g. in Kabul, Chad or Haiti. To this date the website has received over 60,000 visits, which originate from nearly every project partner, both at the HQs and in field. According to Punto Sud, since 2010 feedback provided under the FAQs modality has been included in some fact sheets after validation by ECHO, which has contributed to decrease the number of requests for explanation in the mailbox from about 100 to 40/50 monthly.

235.   Partners (both NGOs and UN/IOs) are overwhelmingly finding the daily communication with DG ECHO Desk Officers (DO), the legal office, the Technical Assistants (TA) in the field offices and the two helpdesks (FPA, and IT for the e-tools problems) useful and fast. The helpdesks are generally qualified as 'very helpful', up to 'almost exemplary'. Partners appreciate in particular the general knowledge of the ECHO DOs and TAs, their understanding of the field, and the guidance they provide on FPA and operational matters.

236.   The training sessions, which respond adequately to the needs of the partners to introduce efficiently and regularly their new staff to the FPA procedures due to rather high levels of turnover in most organisations, have also been widely appreciated by NGOs, as well as by some IO/UN partners such as IOM, FAO, OCHA and UNRWA. At the level of the Brussels representative offices and the HQ, most UN agencies estimate that the current training is "not practical for us" and lacks knowledge of the provisions applicable to the UN, contrary to the previous approach followed (by Mr Mosselmans) in 2008. At field locations however, UN staff regularly takes part in training sessions.

237.   The multiplication of FPA documents (SF guidelines, general conditions for grant and contribution agreements, guidelines for grant and contribution agreements, procurement guidelines, financial guidelines, fact sheets, FAQs, interpretative notes), regular revisions and interpretation issues have not been conducive to the overall transparency and predictability, and hence to the optimum effectiveness of the trainings. The fact that a FPA training course is to be carried out over three days is a mixed indicator of efficiency.

238.   All the partners have much appreciated the knowledgeable presence of ECHO staff members at some of the trainings (failing which the trainers may have to refer to ECHO for some answers), although such attendance seems to depend on the availability of the TAs, without systematic approach on this topic.

Conclusions

- Partners (both NGOs and UN/IOs) are overwhelmingly finding the daily communication with DG ECHO Desk Officers, legal office, and field offices useful, and the two helpdesks (FPA, and IT for the e-tools problems) useful and fast.
- The training sessions, which respond adequately to the needs of most organisations to mitigate high levels of staff turnover, have also been widely appreciated by NGO partners.
- The appreciation of UN agencies is more limited – especially at HQs - due to a reported lower level of knowledge of provisions applicable to the UN.
- The effectiveness of support and training has been constrained by the multiplicity of FPA documents and repeated revisions of several key documents which have entailed a lack of consistency and predictability.

Recommendations

- To pursue the current system of external framework contract for regular training and general support purposes, under the new FPA. The system would benefit from streamlined documents and e-tools.
- The revised training should be launched before the application of the new FPA.
- To improve the training courses dedicated to UN agencies.
- The valued participation of ECHO staff to the partners' trainings should be as systematic as possible.
- To further expand distance learning and ad hoc training courses across the EU and in the main field locations, as already initiated by Punto Sud.

B.5 <u>Visibility</u>

> **M.** To what extent does the current FPA provide for clear and practical provisions as regards the partners' obligations to ensure EU visibility in their ECHO-funded operations? Are the visibility toolkit and the support from ECHO sufficient to enable a full implementation of these obligations? Are there other innovative actions that should be considered?

239.   As stated in the General Conditions of the FPA[97], in the Visibility Toolkit (the "toolkit", sheet 1 etc) and the section 9 of the Single Form, the efforts to achieve an appropriate level of visibility for DG ECHO's interventions (which are closely linked to downstream and upstream accountability, see chapter B.3.6) encompass two clearly different, contractually binding objectives:

- "operational" (also qualified of "basic") *visibility*/visual identity mostly linked to project activities in the field, whose budget is usually limited to 0,5% of the direct eligible costs with a maximum of 8,000€; and

- "institutional", "more proactive" *information and communication* actions which are meant to have a wider scope (they can be targeted at beneficiaries but also at the "EU taxpayer" and the media) and generally require specific communication skills to be effective. This second approach should complement the Commission visibility actions which aim primarily at "informing EU citizens in how their money is being spent" (toolkit, sheet 11); such efforts are likely to become increasingly important in the context of the current economic and political crisis.

240.   This dual approach is also briefly evoked in art. 3.2 of the FPA with NGOs, but does not appear to be clearly highlighted in some other FPA provisions. Art 12 of the preamble to the FPA with NGOs mentions e.g. only the decision-makers and the general public. Art. 11 of the FPA with IOs and the FAFA refers much more explicitly to operational visibility than to information and communication.

241.   In the past, the ECHO visibility approach – at operational but also institutional level - has often tended to be a "piecemeal" one, i.e. fragmented by project and/or by crisis in line with funded Actions. This approach has not consistently reached the European citizens[98]. It has been amended by ECHO Decisions taken in 2010 and 2011[99] which, in accordance with the Consensus (art 97, last indent) have aimed at "increasing awareness, understanding and support on the part of the EU citizens for humanitarian aid issues" through programmatic and thematic communication campaigns to be carried out by partners with a "high degree of expertise in public communication".

242.   The Decisions have allowed the funding of a number of information and communication activities, which had previously been left to strategic partnership discussions and goodwill between ECHO and IOs or UN agencies, whilst some of these agencies are managing the most professional communication programmes in the humanitarian sector. It should be noted that the distinction between

---

[97] General Conditions, art 4.1: The Humanitarian Organisation endeavors to undertake public communication activities highlighting its partnership with the European Union and to bring the support given by the European Union to the attention of the <u>general public</u>, the media or the <u>beneficiaries</u> of the Action.

[98] The Eurobarometer 2010 reported e.g. that 50% of the citizens did not consider themselves well informed about the EU humanitarian aid activities.

[99] ECHO/INF/BUD/2010/01000 and 2011/01000, with budgets of respectively 1 and 1.1 million Euro.

operational and institutional actions may also bring some confusion: for at least one UN agency, field visibility does not fall under the responsibility of the department in charge of communication.

FPA provisions and toolkit

243. Legal obligations regarding visibility, as described in the FPA provisions (FPA with NGOs art 3.2, FPA with IOs and FAFA art 11, SF section 9, General Conditions art 4) are clearly understood by all partners interviewed. Similarly, they have found the provisions of the toolkit sufficiently clear for implementation, and the support provided (responsiveness, flexibility in terms of e.g. security concern and budget) was generally described as adequate. The toolkit has e.g. been found "good" and "useful" as the rules were clearly laid down, which eliminates the need for back and forth communication as with some other donors.

244. Nevertheless, perceptions from the partners generally reflect little enthusiasm in implementing the legal provisions on field visibility. Field staff of humanitarian organisations is by essence mostly focused on emergency assistance and tends to consider donors' visibility as a secondary priority. Comments typically evoke the fact that the multiplicity of stickers, flags or information panels from donors and agencies are often not likely to enhance the understanding of the final beneficiaries, especially in large multi-donor and multi-agencies programmes, or where old signboards are left in place next to new ones. Efforts are often required from HQs to convince field offices (both UN and NGOs) that visibility is necessary, due to their limited capacity to handle visibility and communication activities, especially during emergencies.

245. Some specific caveats have also been expressed by UN/IO agencies. ICRC has in principle to submit a "motivated request" for derogation to visibility for each project in order to preserve its mandatory neutrality and independence; this provision is however responded to with due flexibility by ECHO. UN/IO partners outlined that ECHO's visibility expectations can be quite high in the framework of Multi-Donor actions where its contributions may be relatively modest. The labelling of all items (as per Article 4.2. of the General Conditions) could pose operational and diplomatic problems (e.g. all concerned donors wanted stickers on the Misrata ship in Libya). In the case of the UN, the Joint Reference Group took two years to develop (in 2007) Joint Visibility Guidelines in order to clarify the provisions of the FAFA; several UN agencies were surprised by the launch of the ECHO visibility toolkit "a few weeks later, with no consultation".

246. At the institutional level - with the objective of reaching the EU general public - a clear distinction appears between a small group of "skilled" partners - those with fully-fledged communication departments and a high degree of expertise in professional communication campaigns, and who can define and implement a communication strategy – and the majority of the FPA partners. Among the latter, many NGOs in particular have limited communication skills and resources.

> "*We must admit that we NGOs are not very good at selling ECHO at home*"…"*We can help and contribute, but we are not the best placed to tell the EU public what is ECHO and what it is doing...*" (NGO FPA partners)

247. Such "less skilled" partners are generally looking forward to more pro-active leadership from ECHO in terms of communication strategy. They emphasise e.g. that they are "professionals of humanitarian aid, not of communication". As far as such partners are concerned, ECHO should take the initiative to define a communication/visibility strategy, e.g. with the assistance of contracted professional communication experts from the private sector. Most of the concerned partners interviewed confirmed that they "would be happy to follow the instructions".

248. The level of support provided by the Regional Information Officers (RIOs) in the six ECHO Regional Offices has been reported as "unequal", which could not be assessed by the evaluation. In

order to strengthen the compliance of the partners with their legal obligations, RIOs could e.g. establish systematic contacts with designated focal points for visibility/communication activities within the partners' organisation (at HQ and/or field level), who would ensure implementation of measures recommended during monitoring visits.

249. Although this approach may arguably not be fully consistent with a modern communication strategy and may be open to various criticisms, a highly effective field visibility has been achieved by the USAID rice/wheat bags (physical distribution of food items or NFIs will always be more visible than e.g. handing over cash or vouchers), which benefit from professional communication support for the dissemination of pictures. A possible option to enhance ECHO's field visibility would therefore be to impose where feasible and relevant the use of EU-stamped rice and wheat bags for food distribution, emulating the high level of visibility reached by USAID. "Food sacks" are mentioned in sheet 4 of the toolkit, but this would need to be complemented by professional communication efforts in order to make this approach as visible as the USAID equivalent.

250. It should finally be noted that, notwithstanding security measures, the new ECHO logo which mentions also "Civil Protection" can potentially be a liability in countries where this indication may raise connotations with government programmes of civil defence (closely linked to the military in e.g. the former Soviet Union).

Innovative approaches

251. With the support of the recent Decisions on increasing awareness of EU citizens, several UN/IO partners have shifted their focus from visibility to communication in Europe and elsewhere, including in the field. All of them recommend this as the most effective and efficient approach ("we realised that distributing caps, pens, etc. was not a good use of ECHO money"). Websites (e.g. field websites, or the joint EU-UNICEF website co-funded by DG ECHO), publications (e.g. newsletters, IRIN, the annual UN-EU Partnership Report published in Brussels), seminars and workshops, photo exhibitions, as well as campaigns (e.g. Dignity for All by UNRWA, which focuses and advocates for protection) are being used as vehicles for informing the public at large about ECHO contributions. The production of films on specific themes is viewed by several partners as an excellent means to communicate what both they and DG ECHO are doing, and is being considered by other partners where interests are converging. This approach offers the additional advantage of avoiding the country-by-country approach, which is limited by the budget available and the lack of interest of the public for certain countries.

> *An example of good practice was stated as follows: after trying different approaches focusing on Europe in 2007, ICRC and ECHO jointly produced a video, "Children in War", in 2008. This pilot project was immediately followed by an impact evaluation by IPSOS, which found that 400,000 people had seen it in Belgium. It was shown in six EU countries and reached eight million people. ICRC then made another video on medical protection, which was seen by 1.4 million viewers in Germany. ICRC has produced eight such videos altogether, five of which in 2009. Each is viewed by about 1.2 million people. ECHO then replicated the strategy with other partners, including through calls for tenders and competition.*

Conclusions

- Legal obligations regarding visibility, as described in the FPA provisions are clearly understood by all partners interviewed. Similarly, they have found the provisions of the toolkit sufficiently clear for implementation. The support provided (responsiveness, flexibility in terms of e.g. security concern and budget) was generally described as adequate.

- However, the dichotomy between achieving both operational visibility in the field and institutional communication for the wider EU public has not been solved in practice. This dual approach, linked to upstream and downstream accountability, is not yet clearly highlighted in every FPA provision.

- The visibility approach has also often tended to be piecemeal, i.e. fragmented by project and/or by crisis in line with funded Actions. This approach has not been able to consistently inform the European citizens about EU humanitarian aid.

- Furthermore, perceptions from the partners generally reflect little enthusiasm in implementing the legal provisions on field visibility. Field staff of humanitarian organisations is by essence mostly focused on emergency assistance and tends to consider donors' visibility as a secondary priority.

- At the level of institutional communication, a clear distinction appears between a small group of "skilled" partners with fully-fledged professional communication departments and a high degree of expertise, and the majority of the FPA partners. Among the latter, many NGOs in particular have limited communication skills and resources.

- While the skilled partners can define and implement communication strategies, many of the less skilled ones would look forward to a more proactive leadership by ECHO on institutional communication strategy, to which they would contribute.

- In accordance with the above, ECHO has adopted Decisions in 2010 and 2011 which have aimed at increasing awareness, understanding and support on the part of the EU citizens for humanitarian aid issues through programmatic and thematic communication campaigns. Several of the partners with a high degree of expertise in public communication have accordingly used this facility to support their focus on innovative approaches.

- The level of support provided by the Regional Information Officers has been reported as unequal and could be strengthened to ensure better compliance of the partners with their legal obligations.

- Although arguably not fully consistent with a modern communication strategy, a highly effective field visibility has been achieved by the USAID rice/wheat bags (physical distribution will always be more visible than e.g. cash or vouchers), which also benefit from professional communication.

Recommendations

- ECHO should continue providing support, through ad hoc Decisions, to programmatic and thematic communication campaigns by the partners who can demonstrate professional expertise and successful communication strategies.

- For the majority of less skilled partners, ECHO should take a lead role in defining a communication strategy to which these partners should contribute. Professional communication experts from the private sector should be contracted by ECHO; these could also manage a platform on visibility to examine and disseminate lessons and examples of good practice in communication.

- The role of the Regional Information Officers should be reinforced, through systematic contacts with communication focal points within the partners' organisation, and enhanced monitoring.

- ECHO should assess the option of printing food bags with the EU logo (similar to the USAID model), and store them for the use of partners; this initiative should be supported by professional communication efforts for publication and dissemination of pictures.

B.6 Humanitarian Principles

N. How effective has the FPA 2008 been in terms of ensuring and monitoring the respect of fundamental humanitarian principles (neutrality, impartiality, humanity and independence) by partners? Is it an appropriate framework to ensure the accountability of operations conducted in environments with limited humanitarian access?

252. The four humanitarian principles of humanity, impartiality, neutrality and independence are a key feature of the European Consensus on Humanitarian Aid (the Consensus) of June 2007 - and therefore also of the FPA 2008 - although they are not listed as such in earlier documents such as the ECHO Regulation of 1996 or the FAFA agreement with UN agencies of 2003[100]. References to the principles are therefore only to be found in the FPAs for IOs and NGOs[101].

253. Although all humanitarian organisations are undoubtedly bound to do their best to respect humanitarian principles (UN agencies have enshrined respect for humanitarian principles in their own humanitarian policies), such disparities reflect to a certain extent the fact that the mandates of UN agencies usually involve cooperation with local authorities and governments, which is not the case for e.g. more independent NGOs or the strictly neutral ICRC. Such cooperation may bring longer-term benefits but may not always make the application of all four humanitarian principles easy in the short-term context of ECHO's interventions. Due to the specific framework of UN actions, respect of all humanitarian principles in conflict situations may also require commitment to the humanitarian imperative on the part of the Humanitarian Coordinator and Heads of agencies, as well as good leadership skills.

254. Beyond the overall policies, the FPA procedures duly include references to the respect of the four Consensus principles at two key stages. The "60 questions" checklist for registration of NGOs into APPEL includes at points 8 and 58 a declaration stating that the partner has subscribed a code of conduct which adheres to the four fundamental principles. Furthermore, the annual assessment (phases I and II) aims at regularly validating this adherence.

255. However, at the project level – i.e. the practical application of the declarations - references to the principles are lacking in some potentially relevant places for further ensuring and monitoring their respect.

- None of the *grant* /*contribution agreements* implemented under the FPA are bearing explicit references to the fundamental humanitarian principles, since they do not refer to the provisions of the FPAs (with would provide additional guarantee that partners would stick to the principles they have adhered to with the signature of the FPA), but only to the General Conditions[102].

- In the *Single Form* (see also chapter B.4.2), the principles are mentioned neither in (i) the needs assessment section where the specific context and constraints faced by humanitarian actors are to be described (respect of principles may be linked to expected results and specific activities, such as advocacy and training); (ii) in the LFA among OVIs (as the recommended quantitative SMART indicators are not the most adequate in this case) or risks (which may include limited

---

[100] The full set of humanitarian principles is not mentioned either in the Lisbon Treaty, which has mostly been drafted several years before its signature in December 2007.

[101] Preambles §2, and Art 5 of the FPA with NGOs.

[102] "The General Conditions applicable to European Union Grant Agreements with Humanitarian Organisations for Humanitarian Aid Actions, ("the General Conditions"), annexed to the European Commission Framework Partnership Agreement, which the Humanitarian Organisation declares to have read and accepted, shall apply."

access and remote control); (iii) in section 5.3 "mainstreaming of cross-cutting issues"; nor (iv) in section 8, regarding e.g. relevant monitoring and security procedures.

256. It is well known that operating in humanitarian situations with limited access and security can be highly challenging. Delivering assistance even with low visibility – not to speak about advocacy and 'whistle blowing' efforts in insecure contexts - can be interpreted as partial, partisan or attempts at spying, and may lead to retaliatory actions against project staff or supportive local communities. Afghanistan and Somalia are some key countries for collecting lessons learnt regarding the use of remote control by partners. In Afghanistan, where the main focus of international aid since 2002 has been put on development, there is a lack of humanitarian agencies with the capacity to deploy rapidly to new emerging situations. Linked to the insecurity, there is also a tendency for NGOs not to move from areas where they are well established and accepted. In Somalia, non-state armed groups are regularly trying to prevent or ban humanitarian agencies from providing assistance, for various reasons. Full adherence to the humanitarian principle is particularly crucial to ensure access to the areas controlled by the Al Shebaab militia.

257. ECHO has launched at the end of 2011 an evaluation focused on these issues ("Conditions of access and overview of other donors' and partners' approaches, case studies on Somalia, Sudan, Afghanistan, Iraq"), which should provide relevant recommendations, to be considered in this perspective. Testimonies from interviews by this evaluation tend to indicate that the concerned FPA partners – among the most professional and experienced - are following a variety of approaches, as shown in the statements below (listed by alphabetical order).

- ACTED is using some local partners in "remote control" mode in southern Somalia, but the monitoring from Nairobi is very strict, with well established procedures. ACTED remains responsible at 100%, checks all the invoices, carries out "pedagogical" audits, etc. If there is any risk that human principles are not followed, ACTED does not undertake the action.
- COOPI uses only its own (local) staff, and never utilises subcontractors or implementing partners with remote control, even in Somalia.
- MSF/B: local partners are used only when there is a clear added value and complementarity in specific activities. There must also be clear partnership rules with mentoring, capacity building, training (so as to achieve 'win-win' conditions). There may also be a problem with anti-terrorism rules in case of strong political/military influence by e.g. US, EU or UK policies.
- MSF/E-OCBA is also implementing a set of guidelines for Field Staff on Accountability to the beneficiaries, patients and communities, which was based on the idea that working in humanitarian action often means operating in highly insecure contexts.
- The local partners of OXFAM UK are chosen on the basis of a history of good relations, which leads to the signature of a MoU. There is however no defined policy as yet on this matter, even though remote control - even with trusted partners - should always be seen as a "big challenge", which involves taking risks. Remote programming in particular is a judgment call based on a risk analysis. The capacity of the "fair" partners in the field to evolve and adapt their procedures should also be considered. They can guarantee speed of response, coherent and consistent levels of information, and valuable local participation. In this respect, OXFAM would favour to require from local organisations to comply with e.g. HAP, SPHERE, People In Aid, UNEG and other key humanitarian standards, as such an adherence to humanitarian standards and principles would be a good way to go about starting to fund southern (local) partner organisations.
- UNICEF has guidelines on risk management assessment of local partners and remote control.
- UNOPS has not been authorised to operate (directly or not) in Somalia with ECHO, despite the fact that they already do most of the local work for the UN: the agency has been considered as

"too political" after having rehabilitated the Somalia embassy in Brussels with an EEAS contract.

Conclusions

- The four fundamental humanitarian aid (Consensus) principles are mentioned in the FPA (preamble, Art 5 of the FPA with NGOs) but do not appear to be consistently referred to in the agreements or the SF to fully ensure the respect of the application, and their monitoring.
- There is a lack of consistency in the approaches followed by the most professional FPA partners regarding their interventions in highly insecure areas (including through "remote control"), although a significant body of lessons learnt and examples of best practices has been reported to exist, which should be tapped.

Recommendations

- References to the four fundamental humanitarian aid principles and other key provisions of the Consensus should be inserted in the appropriate sections of the SF, to ensure their monitoring.
- In the crucial context of conflict situations with limited access and security, and in particular where "remote control" can be envisaged, recommendations from the current ECHO evaluation of Access should be examined.

B.7 <u>Operational Recommendations</u>

258. *On the basis of the findings collected in chapters B.3.1 to B.6, this final chapter intends to provide practical and operational recommendations to ECHO in the form of answers to each of the following questions, which reflect key issues raised by the Director-General and the Commissioner's Cabinet during the inception period.*

B.7.1 <u>Partners</u>

a) Would there be efficiency gains, or would it be more cost-effective, to concentrate funding on a limited number of partners rather than maintaining the current diversity? If not, how could the Commission make the most of the diversity of partners with a view to increasing the efficiency and effectiveness of the assistance provided?

259. ECHO should definitely maintain a diversity of partners, both because diversity offers advantages in terms of the flexibility and capacity to respond to distinct humanitarian situations (in line with the Consensus and GHD principles) and for political reasons, to reflect the European civil society as a whole (e.g. NGOs or Red Cross National Societies from Eastern Europe or NGOs from Southern EU countries threatened by budget cuts, most of which do not have operational capacities comparable to those of the "top twenty" -mainly Northern- NGO partners of ECHO and other key donors).

260. This being said, ECHO should review the criteria for partner pre-selection and annual assessments in order to better ensure the quality of its partners and in particular, their capacity to guarantee operational accountability (results-oriented approach), but not only. These processes should look into a number of parameters that would enable a distinction between a relatively small category of partners 'of excellence' (which could perhaps also be called "UN+" and "P+" for NGOs/IOs) providing optimal management and oversight (M&E) guarantees and capable of providing a speedy, quality, and cost-effective response to new or worsening emergencies[103] and other categories of partners best suited for other types of humanitarian response. Categories would be further distinguished on the basis of the strength of their management and operational oversight systems (e.g. current P/UN and A). Practically, partners of excellence would be identified by looking at the current pool of P partners and ascertaining which ones comply with the additional criteria. Partners of excellence would benefit from fast-track procedures (e.g. 'letter of intent' from the partner followed by a 'pre-agreement letter from ECHO') enabling them to respond at the onset of an emergency and possibly from core funding.

261. In terms of making the most of the diversity of partners, an effort needs to be made in terms of simplifying and streamlining procedures, requirements, and reference documents in order to avoid a de facto elimination of medium-strength and weaker partners unable to keep up with them and the transaction costs involved (issue of the critical mass of contracts).

262. At the overall policy/structural level, ECHO should designate a "focal point" at the appropriate hierarchical level (e.g. Adviser to the DG) to deal with the crucial issues of flexibility and

---

[103] For instance, the criteria used by DFID for the pre-selection of partners for rapid response.

simplification of FPA procedures. Flexibility needs to be acknowledged as a major objective of the FPA 2014.

---

b) Should specific conditions be provided in the FPA according to the type of partners in order to reinforce the effectiveness and efficiency of delivery? Alternatively, should different types of FPA be developed according to the type of partners (size, field of expertise as related to policy priorities)?

---

263. The FPA as such does not prevent ECHO and its partners from responding to any situation, provided the will is there. However, the FPA does slow down and constrain the humanitarian response due to FPA-related aspects at different levels, as well as ECHO's operational culture, characterized by a strong element of micro-management.

264. At the level of the legal framework, the IFRC and ICRC would benefit from more tailor-made FPAs better reflecting their mandates, comparative advantage as a 'family' with worldwide response capacity, planning frameworks, and terminology. EU National Societies of the RC have repeatedly stressed this need as well, but the practical advantages of developing a distinct FPA for them are not entirely clear.

265. Other categories of partners have not raised the need for a different legal framework, either for individual partners or specific types of operations.

---

c) How far, and in which conditions, should the FPA support the capacity-building of ECHO partners and, possibly, local partners? What are the potential benefits and risks?

---

266. ECHO supports capacity building to enhance the global humanitarian response through the Enhanced Response Capacity funding modality but does not provide funding for enhancing its partners' management structure and standards, which it appropriately regards as the responsibility of the partners. Whilst ECHO funds should mainly be used to support humanitarian action and DRR as per their intended purpose, we would recommend that some financial support (perhaps a funding modality similar to ERC) be made available to partners, if needed, to enable 'families' or alliances involving 'Southern' organizations to strengthen the response and project cycle management capacities of their network, given that a network represents an asset for humanitarian action/response.

267. In addition, some support for capacity-building and the development of innovative approaches in the field of monitoring and reporting, which are currently the weakest aspects in humanitarian project cycle management[104], should be considered in order to reinforce accountability and confidence in the partners' capacity to implement a results-based approach with limited ECHO oversight. Examples include cluster monitoring initiatives as well as online/real-time reporting initiatives such as 'ActivityInfo' established by UNICEF in DRC, the 'SharePoint' of the Joint Pooled Fund Unit in DRC, and the Single Reporting Format developed by OCHA in Pakistan in 2011 at the government's request[105].

---

[104] This major weakness has been highlighted again as recently as 2011 in the Five-Year Evaluation of the Central Emergency Response Fund, the Evaluation of the Common Humanitarian Funds, and the Humanitarian Emergency Response Review (DFID).
[105] Examples taken from the Five-Year Evaluation of the CERF; Channel Research; 2011.

B.7.2 **Funding**

> **d)** What are the relative advantages and disadvantages of core funding vs. project funding in terms of efficiency and risk management, and what particular contextual factors may have an incidence on the respective added value of each type of funding?

268. The advantages of non-earmarked (or 'core') funding for the partners are predictability and flexibility, which may enable a more strategic and efficient management of resources and a more effective response[106]. This type of funding is particularly valuable for a rapid response to new or worsening emergencies and should be considered by ECHO for this type of situation. The experience of ECHO with the DREF has been a success story and could be replicated to support (i) partners with an outstanding track-record (based on past and current performance), (ii) tested rapid response mechanisms, and (iii) strategic humanitarian support services (e.g. logistics hubs) of interest to the broader humanitarian community (or a combination of (ii) and (iii)).

269. ECHO should also consider systematically providing a higher level of pre-financing (e.g. 90%) upfront for emergency response, as well as funding DIPECHO/DRR projects at 100%.

270. In the case of P partners or a possible category of 'partners of excellence' (P+), the risks of providing a certain amount of un-earmarked funding or higher levels of pre-financing would be limited as a result of both the stringent pre-selection procedure but also the level of funding flows between the Commission and the partner at any moment in time, which would make recoveries possible at any time.

271. For the response to post-emergency situations, protracted crises, and recovery-oriented/LRRD projects, we would recommend that ECHO continue providing earmarked funding to specific projects based on an analysis of needs and planning of the response.

272. For recovery-oriented/LRRD projects (not to be confused with early recovery), ECHO should consider establishing a specific budget line or a common DEVCO/ECHO funding facility.

273. As a principle, early recovery elements should be mainstreamed in all projects in order to support a return to normality and self-sufficiency and reduce vulnerabilities and early recovery projects per se should be supported in situations where they require a separate approach (e.g. rubble or mud removal with Cash-for-Work or similar modalities after a major disaster).

---

[106] "Experience has shown that there is a direct correlation between flexible funding policies and the ability of the ICRC to maintain its independence and rapid response capacity"; ICRC Annual Report; 2010.

B.7.3 Processes and procedures

---

e) What are the main elements to be streamlined through the FPA to enhance the effectiveness and efficiency of the delivery mechanism, both as regards the delivery of funding of the Commission to the partners and, not less, the delivery of assistance from partners to affected populations? What are the main bottlenecks that should be tackled?

---

274. Key issues affecting effectiveness and efficiency of delivery include (i) cumbersome project appraisal processes and requirements, in particular in the case of new or worsening emergencies requiring a rapid response and (ii) the continuing focus on inputs (resources) and outputs (products or services) and lack of understanding of how to implement a results-based management approach focusing on the achievement of clearly stated results (changes achieved through a combination of processes, products, and services), which hampers the implementation of a results-based approach. The latter has caused important bottlenecks at project formulation/appraisal/approval and liquidation stages. There is a need for ECHO guidance for the implementation of a results-based approach at all stages, e.g. to mitigate interpretations. The level of inputs/means-related information needs to be clearly established by ECHO and defined in the relevant documents.

275. All groups of partners have insisted on the need for improvements to the FPA administrative and financial provisions as well as the formats and tools, all of which hamper the effectiveness and efficiency of PCM. The UN is concerned that ECHO has been applying general conditions to them that contravene the spirit and provisions of the FAFA.

276. The need for partners to adapt to ECHO formats – without mentioning the e-tool – affects efficiency. The fact that they cannot use their own planning frameworks (e.g. ICRC "Planning for Results") and corresponding logical frameworks as a basis for project proposals adds an extra workload to PCM. In addition, the Single Form and the logical framework are not adapted to the programmatic or multi-sector approach of some of the partners (especially UN and IOs) or the multi-project or multi-partner approach increasingly encouraged by ECHO (e.g. consortium or coordinated approach). These would need to be adapted to facilitate such projects, and integrated into the considered revision of the Humanitarian Aid Regulation

277. The Single Form is well-conceived but could be further improved in order to guarantee that projects better take key cross-cutting issues, in particular gender, which is highly relevant in all contexts, into account in their design. The use of the IASC gender marker by partner and ECHO staff is recommended, as well as the development of appropriate guidance. The mainstreaming of Early Recovery activities could also be envisaged.

278. Finally, ECHO should better respect the partners' ownership of their projects and implementation modalities. ECHO should avoid being too directive and limit its role to an advisory one – especially by the field TAs. In this connection, the fact that in countries where UN-led coordination mechanisms are in place, ECHO country strategies tend to deviate from CAP strategies, has implications for 'global' and project-level effectiveness and efficiency, since partners (in particular UN partners) are required to adapt their projects accordingly. ECHO should take a more active role in 'global' humanitarian coordination and strategic planning mechanisms at country level and only deviate from their outcomes on the basis of a motivated (internal) explanation. This would contribute to a greater respect of the partner's ownership of projects. Similarly, ECHO should respect the independent strategic planning and programming of the Red Cross movement.

---

f) In this regard, should specific FPA conditions be adapted to the type of humanitarian context and response?

---

279.   More flexible provisions already apply to Primary Emergency Response project formulation and appraisal, but further improvements could be made for emergency response situations / partners, in particular the possibility of using a "letter of pre-agreement" to enable partners to engage urgent expenditures before finalization of agreement, and to start responding without delay.

280.   Project timeframes for primary emergency response and projects with a better chance of achieving sustainable change over longer timeframes, such as DIPECHO, DRR and recovery-oriented/LRRD projects, need to be increased in relation with the revised Regulation.

281.   The other big hurdle – the liquidation process – which takes an average of 8 months and immobilizes e.g. stocks and donations (in contradiction with effectiveness and results), must be streamlined and better coordinated with audits.

---

g) What should be the essential elements of a reporting system, to keep a clear trace of the process from financial input to the outcomes of the assistance, with the aim of reinforcing decision-making at all levels and the accountability of partners?

---

282.   Reporting is the provision of information at regular intervals on the progress, including activities, achievements, and problems, of project implementation. It is directly linked to the partner's capacity to track performance and measure results (i.e. successively outputs, non-degradation and outcomes according to a realistic timeline) through a systematic monitoring process involving the collection of information and its analysis. Good reporting provides information on effectiveness and efficiency and compares what was planned to reality.

283.   Essential elements of a good reporting system are (i) appropriate LFA and indicators reflecting solid programming by the partner and enabling the tracking of progress against objectives and expenditure, and (ii) periodicity. The periodicity of reporting (which is currently not adequate for interim reports) needs to ensure that corrective action and the relevant administrative steps can be taken if required.

284.   Given the time pressure reporting demands put on partners, it should be kept simple, with a focus on essential data, and present value added to the partner for the management of the project. It should not lead to a myriad of additional questions.

285.   ECHO reporting requirements are clear but as mentioned before, guidance is needed as to how to implement a results-based approach and report accordingly.

---

h) With a view to accounting for the use of European citizens' funds, how can the visibility of the EU funding of humanitarian aid be improved?

---

286.   In order to avoid the current piecemeal approach, there should be two approaches to visibility, according to the communication skills of the partners:
- For the few partners who have their own communication policy and relevant resources (UNICEF, Red Cross), ECHO should use core funding to design a strategic, global or thematic,

---

longer term approach towards joint visibility/communication efforts, in a 'win-win' framework. Activities could include newsletters, the production of films, multi-media campaigns that can reach the wider public (on needs and responses, protection, humanitarian principles etc), seminars in universities, photo exhibitions, workshops…

- For most of the others (essentially NGOs), ECHO should be more pro-active and design its own visibility strategy with professional communication experts to which NGOs would contribute, and use appropriate, popular mass-media channels to reach the public at large.

i) Could a benchmark and incentive system be implemented in order to encourage efficiency gains and to enhance the quality of the work of the partners?

287. Together with continuity, diversity, and simplification, which were the objectives of the previous revision of the FPA, flexibility should be the fundamental quality to be pursued for the current revision of the FPA.

288. A more refined pre-qualification system such as the suggested categories of partners benefitting from incremental flexibility advantages would probably be a strong incentive to do better. A number of incentives to "grow with the FPA system" could be considered, such as: added flexibility to use the partners' own (approved) procedures; core- or more flexible- funding modalities; higher levels of advance payment above 80% (e.g. by 5% increment); added "prestige" of accreditation into higher categories of the FPA.