

**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

Peer Review

**REVIEW OF THE DEVELOPMENT CO-OPERATION POLICIES AND PROGRAMMES OF THE
EUROPEAN
DAC'S MAIN FINDINGS AND RECOMMENDATIONS**

(Note by the Secretariat)

28 March 2012

This document was discussed at the Peer Review meeting of the European Union on 28 March 2012 and at the Editorial session the following day with the Delegation of the European Union and the Examiners from Japan and Norway. The revisions have subsequently been approved by all delegations and the Main Findings and Recommendations are now issued in their FINAL form.

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REVIEW OF THE DEVELOPMENT CO-OPERATION POLICIES AND PROGRAMMES OF THE EUROPEAN UNION

DAC'S MAIN FINDINGS AND RECOMMENDATIONS

Overview

1. The size, geographical reach and partnership dimension of the European Union's (EU) aid programme makes it a formidable player in global development. The EU institutions are unique in that they provide direct support to developing countries and play a "federating role" vis-à-vis the 27 Member States – co-ordinating them for better development impact, and preparing common positions to strengthen the EU voice in global debates. Development co-operation and humanitarian assistance are areas of shared competence between the EU and Member States. Given this, to achieve its leadership potential, the EU needs to build on the 2005 EU Consensus on Development to strengthen its shared vision as well as common commitments and approaches to development co-operation. The proposed *Agenda for Change*, adopted by the Commission in October 2011, is well-timed to build such consensus and to influence the 2014-2020 financial framework.

2. The EU institutions manage a large volume of ODA. Based on its USD 12.7 billion grant programme alone, in 2010 the EU was the third largest DAC member. The EU also extended loans and equities to partner countries totalling USD 8.3 billion gross, a significant contribution to development. Since the 2007 peer review, the EU institutions have taken positive steps to make the programme more effective and increase its impact. These steps include major organisational restructuring; efforts to streamline financial instruments; and a strategic approach to making co-operation more co-ordinated and aligned. They have also enhanced their dialogue with civil society.

3. However, the EU institutions need to make more progress in a number of areas. In completing the reorganisation they need to be clear about responsibilities of each institution as they work together to implement the development co-operation programme. The EU institutions also need to strengthen knowledge management and lower the administrative burden on partners and EU staff to improve the impact of the programme. They should also do more to demonstrate and communicate results. The EU institutions should also build on the renewed political will at the Commissioner level to develop a coherent approach to programming in post-crisis and transition contexts. Finally, the Commission has developed a sound strategic framework for promoting policy coherence for development, and should make every effort to use its mechanisms to their full potential.

1. Overall framework for development co-operation

1.1. Ensuring strong internal cohesion for greater development impact

Key findings: The Lisbon Treaty offers opportunities to reinforce the EU's global leadership role, but the EU is not yet making the most of these opportunities. To do so would require stronger cohesion between the EU institutions and the Member States, in the context of a complex legal and institutional system. Based on the significant achievement in building a common vision, the EU can strengthen its leadership on development at the international level, and its impact in partner countries and regionally.

Recommendation: The EU institutions need to continue efforts to build a common EU strategic vision with Member States, using the proposed *Agenda for Change* to meet their commitment to reduce poverty.

4. The EU has become a stronger development actor in the last decade. The 27 Member States now share a set of strategic frameworks covering three pillars of development co-operation: financing,

strategies, and policy coherence. Playing a global role, they have developed common positions which have advanced work on issues such as development financing and effective aid. In partner countries they rely on a broad network of 136 Delegations which bring together the various competences of the EU institutions and Member States (paras 1-4¹).

5. Despite progress, it is still a challenge to develop a cohesive approach to meeting the development co-operation commitments and to speak consistently with a unified voice in the international arena. Falling short of this risks weakening the EU's influence and impact. According to the Lisbon Treaty, the European Commission may promote co-ordination, while respecting the Member States' sovereignty (paras 5-7). This shared competence in development co-operation requires EU stakeholders to share a vision of development co-operation. The steps taken so far need to be consolidated. In particular, the proposed *Agenda for Change* could represent a common vision of development co-operation, since it reflects many Member States' own new orientations. Debate in Council and Parliament should now help to firmly establish the strategic directions for EU policy (paras 8, 15-16).

6. The working arrangements between the Commission and the EEAS were finalised in January 2012. In implementing these working arrangements, the EU needs to build on respective comparative advantage of EU actors and respect the balance of powers in the Lisbon Treaty. In the complex institutional system, the High Representative for Foreign Affairs and Security Policy/Vice President of the Commission chairs the Foreign Affairs Council, and development co-operation responsibilities are split between the diplomatic corps – the European External Action Service (EEAS) - established outside the Commission, and the Commission. The value of the EEAS to the development agenda will depend on its ability to bring together the EU's many tools of influence – economic and political, plus civil and military crisis management. To do this well, the role of each EU actor must be made clear (paras 9-11).

1.2. *Having the right strategies and building public support for the 2014-2020 financial framework*

Key findings: *The institutional changes have delayed the development of a number of strategies. Further delays to finishing the strategic framework will mean it cannot be matched by appropriate programmes and budget lines in the 2014-2020 financial framework. In these times of financial crisis, the EU is also facing increased public scepticism and more intense scrutiny of its development co-operation programme, making it more difficult to secure budgets for development co-operation.*

Recommendations: to influence the next financial framework so that it supports the EU's strategic priorities, the Commission and EEAS should:

- Finish or update strategies, action plans or guidance, especially those addressing security and transition, private sector development and mainstreaming the environment.
- Strengthen efforts to communicate results to increase transparency and make the public more aware of what the development co-operation programme has achieved.

7. Reducing poverty remains a primary aim of EU development co-operation, as stated in the Lisbon Treaty and in the main development co-operation programmes. The Commission has developed a solid framework for supporting the achievement of the Millennium Development Goals (MDGs) and made good efforts to implement it. The proposed *Agenda for Change* maintains a strong focus on reducing poverty, to be addressed through good governance and inclusive growth. These priorities should form the basis for programmes and regulations included in the 2014-2020 financial framework (paras 12-16).

1. Paragraph numbers refer to Part 2 of the peer review report.

8. The integration of various policy areas and its large volume of funding help the EU to engage in fragile states (para 17). The European institutions also have a recognised added value in supporting regional integration. The Commission has done well to promote international consensus on climate change (para 25). It has made good progress in mainstreaming gender equality, and should now allocate adequate resources to implement the 2010-2015 Plan of Action (paras 22-23). The Commission has also developed a variety of programmes, and blends grants and loans - measures which will help to scale up support to economic growth and private sector development (para 20).

9. Continuing this work requires: i) finishing on-going conceptual work on security, fragility and development to ensure that European objectives for development co-operation, humanitarian assistance, and international security are mutually reinforcing (paras 18-19); ii) updating the 2003 policy on private sector development; and iii) developing a strategy for mainstreaming environment and climate change issues into development co-operation (para 24). These strategies need to be in place before the adoption of the 2014-2020 financial framework.

10. The Commission has engaged in a successful “structured dialogue” with civil society organisations (CSOs) and local authorities in partner countries and in Europe, which should lead to further involvement of CSOs in strategic dialogue (paras 26-28).

11. Public support for development aid remains strong in the EU, but support for increasing budgets has declined in recent years. The EU aid programme is under intense scrutiny, being overseen both by the European Parliament and Council with the support of the European Court of Auditors, as well as by think tanks and NGOs (paras 31-33). With increased public scepticism and more intense scrutiny, measuring and communicating development results is even more important. The EU institutions need to build a communication culture and shift the current emphasis on ensuring visibility of EU development support towards communicating priorities, challenges and impacts. This approach should be aligned with efforts by Member States (paras 34-35).

2. Promoting development beyond aid

2.1. *Strong political will must drive an EU-wide approach to policy coherence for development*

Key findings: *Having enshrined policy coherence for development (PCD) in the Lisbon Treaty, the EU has taken a lead role in promoting such coherence, but Member States have implemented the commitments they have agreed in the EU unevenly.*

Recommendation: To give PCD sufficient weight in EU decision making, the Council of the EU should forge political will and reinforce existing mechanisms.

12. The EU has made policy coherence for development a central pillar in its concerted fight against poverty. Its strategic framework includes appropriate tools to track progress. The biennial reports started in 2007 help raise awareness and increase ownership of policy coherence for development within the EU (paras 37-39).

13. However, the extent to which Member States use the EU framework in their own domestic policy making appears uneven. At a time when many Member States look inward as a result of the economic crisis, it bears reminding that PCD remains a political priority for the whole of the EU. This requires high-level and consistent engagement from the Council, Parliament, the Commission and the EEAS. In particular, the Council should ensure more systematic follow-up of policy coherence for development issues to give them sufficient weight in EU decision making. Reinforcing existing mechanisms could help. Meanwhile Parliament’s newly-created standing Rapporteur for policy coherence for development could

point out potential incoherencies in EU policies, and ensure that the effects of new European legislation on developing countries are taken into account during the lawmaking process (paras 40-44).

2.2 *The Commission: a well structured approach, with potential for influencing policies further*

Key findings: *The Commission has developed appropriate institutional mechanisms, frameworks and tools for promoting policy coherence for development; however, these instruments are not yet used to their full potential. This is hindering progress in ensuring that policies are consistent with development goals.*

The Commission, taking a leadership role at the global level, has successfully promoted better financing for development, stimulating using aid as a catalyst for other resources (Box 2).

Recommendations: To get the most out of PCD mechanisms and strengthen the evidence needed to inform decision making, the Commission and EEAS should:

- Strengthen knowledge management, making more use of internal and external capacity.
- Develop and implement a strategy on development research which would include producing evidence on policy coherence for development.
- Together with Council and Parliament, improve awareness and training for officials to deal with policy coherence for development, at headquarters and in Delegations.

14. Led by EuropeAid, the Commission has made good progress on policy coherence since 2007. As a new measure, new EU initiatives and policies must be assessed for the impact they may have on development (the “ex-ante impact assessment process”). The Commission has also included PCD in its programming process, and it makes better use of inter-service consultations to ensure a targeted, operational and strategic approach. It has also taken steps to hear partner countries’ views early on in policy discussions, using the consultation process of the Cotonou Agreement (paras 46-47).

15. However, the Commission does not yet make full use of these mechanisms. Only a few impact assessments include an external dimension, and the scope of the analysis is often restricted. The EU institutions could make better use of the capacity available in the Commission, including through stronger links with DG Research. It could also involve the EU Delegations more now that PCD is a remit for all Heads of Delegation, and make more use of reports from Delegations, which now include a section on policy coherence for development. Drawing on expertise outside the organisation, by setting up consultation processes with research institutes, think tanks and CSOs doing valuable research on these issues, could also help (para 48). These issues are complex and their effects are difficult to monitor. It is therefore important to find ways for feeding back impacts and allowing for revisions of the major EU common policies (paras 50, 52).

16. The concept of policy coherence for development is not yet well owned by staff in DGs other than EuropeAid, nor in the EEAS. As PCD is not dealt with in a separate organisational unit, it has lost some visibility. Support from the highest level of the Commission and EEAS would help raise the profile of policy coherence for development and provide incentives to promote it (para 49).

Box 2. Good practice: a lead role in promoting better financing for development

The EU has been a leading force in realising the catalytic role of official development assistance (ODA) for stimulating domestic and foreign private investments, external trade, and mobilising domestic resources for development in partner countries. The 2000 Cotonou Agreement was an innovative way of bringing in the trade dimension, for example. As part of the 2002 Monterrey Consensus and 2008 Doha Declaration on Financing for Development, the EU has set itself quantitative and qualitative targets for different sources of finance. The Commission produces annual accountability reports reviewing progress made by the EU and its Member States in fulfilling their commitments. These reports reflect international thinking on key areas such as setting a global standard for revenue

transparency and accountability, innovative finance, using ODA to leverage more private flows, and providing aid for trade. The Commission also plans to provide guidance for an “ODA-plus” approach for providing and tracking non-ODA financial sources that contribute to sustainable development and global public goods (paras 53-55, 65-67).

3. Aid volume and allocation

3.1. *The challenge of meeting the 0.7% target in a time of crisis*

Key findings: *The 2005 commitment to achieve a collective ODA level of 0.7% of gross national income (GNI) by 2015, and an interim target of 0.56% by 2010, has encouraged substantial efforts by EU Member States who between 2004 and 2010 accounted for 62% of the global ODA increase in real terms. However, with a collective ODA/GNI ratio of 0.44% in 2010, the EU failed to achieve the 2010 target; projections show that there is a high risk of also falling short of the 2015 target.*

Recommendations: To confirm their strong role in development co-operation and help meet the EU collective 0.7% ODA/GNI target, the EU institutions should:

- Review and update the roadmap to meet the EU targets.
- Analyse and share with Member States the benefits to be expected from meeting the target levels of ODA.

17. The 27 EU Member States provided USD 69.7 billion of ODA in 2010. However, they must do more to keep the EU promise of reaching a collective ODA/GNI ratio of 0.7% by 2015 (paras 59-60). The Commission has repeatedly emphasised that this is a challenge. In 2011 it asked the Member States to establish multi-year action plans, put ODA targets in legislation, and share projections to be included in an annual report to the European Council. Now, more than ever, with several Member States planning to scale down their budgets as a result of the fiscal crunch, the European Council needs to map out how the EU as a whole will meet the 0.7% target, taking into account the individual responsibilities of Member States. This mapping, along with an analysis of the benefits of meeting the target, should underpin political decisions about what steps to take between now and 2015 (paras 61-62).

18. In the 2014-2020 financial framework the Commission proposes raising the share of the total EU external action budget from 5.7% to 6.8% – excluding the European Development Fund (EDF). Where it leads to increased ODA by EU Member States, raising EU development funding levels could help to meet the 0.7% ODA/GNI target (para 64).

3.2. *Making the best of an impressive outreach*

Key findings: *Implementing the Commission’s proposed differentiated approaches to partnerships so as to direct aid where it is most needed, can have great impact if managed properly. Working closely with multilateral organisations, the EU institutions are under pressure to demonstrate the added value of providing earmarked allocations to these organisations in the field.*

Recommendations: To support their strategic orientations, the EU institutions should:

- Develop sound exit strategies in countries where they plan to phase out, taking into account division of labour, and thinking further on how to engage on global public goods.
- Be even more strategic in their engagement with multilateral organisations, building on synergies to have the greatest impact, and being transparent about their engagement and streamlined in their financial and administrative arrangements.

19. In 2010, middle income countries received slightly more in grants from the EU institutions than least developed countries (USD 4.9 billion and 4.6 billion respectively). Under the new policy, the EU institutions plan to tailor their approach to middle income countries to take account of specific needs, capacities, commitments and performance. The EU will withdraw its bilateral co-operation programme from some of these middle income countries, while maintaining thematic and regional programmes and making more use of blending instruments and private finance to support economic and trade co-operation. This new approach to MICs will help shift resources of the aid programme to countries most in need. As the EU phases out of some countries, it should take into account division of labour. The EU institutions also need to make sure that the thematic and regional programmes are appropriate to engaging with middle income countries on global challenges (paras 70-71).

20. The EU's desire to promote an international system based on stronger multilateral co-operation is a central element of its external action. The EU institutions are major contributors to UN non-core funding and the World Bank's trust funds. Despite evaluations showing the positive impact of programmes implemented jointly with multilateral organisations (which is often the only way of engaging in difficult contexts), several EU Member States question the value of European funds being channelled through international organisations. To respond to these doubts, the EU institutions are drawing on evidence to ensure that they only choose a UN channel when there is a proven added value. The Commission has made some progress to ease the administrative burden of working within the EU regulations while ensuring strong control of the funds. They could still do more since high transaction costs continue to affect the partnership with multilateral organisations (paras 76-80).

4. Organisation and management

4.1. *The importance of managing change and people well*

Key findings: *The EU institutions have undergone major organisational changes in the last two years. Risks involved in these change processes include: (i) unclear division of responsibility amongst the EU institutions, particularly over programming of EU development co-operation; (ii) duplication of or poorly aligned procedures and activities; (iii) confusion over contact points for support and lines of authority – both for field staff and for external partners; and (iv) loss of expertise.*

Recommendations: In order to maximise the opportunities and manage the risks associated with the recent organisational changes, the EU institutions should:

- Monitor how the division of responsibilities agreed between the Commission and the EEAS works in practice and improve it in ways that avoid overlaps and ensure synergies. This should accompany more streamlined processes.
- Make knowledge management a corporate priority, invest further in staff expertise, offer career incentives for specialising, and make more effective use of contract agents.

21. With working arrangements between the Commission and the EEAS now in place, risks associated with the change process should be managed closely – including monitoring progress, communicating the impact of change, and staying open to making adjustments. A stocktaking exercise could be planned to look at ways to avoid creating “silos” and ensure synergies (paras 81, 82-84, 93).

22. Knowledge management should be a clear corporate priority for all the EU institutions involved in development co-operation. Greater investment in expertise and knowledge management would help the EU institutions, especially EuropeAid, to implement programmes more effectively, improve their reputation and convince Member States of the real added value of their role. Partners, Member States and internal reviews have highlighted that a lack of specific expertise in key areas (including policy dialogue, public financial management, health and education) may weaken the impact of co-operation budgets.

EuropeAid has tried to augment its capacity in particular areas by using experts on short term contracts – who now make up around 40% of staff. However, in headquarters, contract agents can only work for the Commission for a maximum of three years. This leads to high staff turnover, making it difficult for EuropeAid to retain expertise. In the field, contract agents can be employed longer but have no formal way to move to other posts, which limits staff mobility and retention (paras 85-86).

4.2. *Modernising management of EU development co-operation by devolving and simplifying*

Key findings: *The EU institutions have reduced the number of budget lines and devolved further authority and staff to field offices, both widely recognised as successful moves. Nevertheless, partners and operational staff agree that procedures are still cumbersome, which slows down implementation while also putting a strain on partners with limited capacity.*

Recommendations: Building on progress already made, the EU institutions can further simplify and modernise their development co-operation by:

- Reducing the number of budget lines and continuing aligning rules for implementation of the Development Cooperation Instrument (DCI) and the EDF.
- Further streamlining approval procedures, particularly for small-scale activities or annual action plans, where multi-year plans have already been approved.
- Involving Delegations more closely in designing regional and thematic programmes to make aid flows more predictable, and ensure they are able to build a coherent programme at country level.

23. Despite a reduction in the number of financial instruments from 35 to 10 in 2007, processes – particularly approval and contracting – remain complex and heavy. Procedures are long, complicated and not the same for all instruments. The resulting inflexibility is felt most acutely in fragile situations, where rapid support is important and where the capacity to follow complex procedures is limited (para 91). The complexity of EU procedures is also an obstacle to civil society organisations – a challenge the EU needs to address if it is to fulfil its goal of stronger civil society (para 29).

24. Proposals for the next financial framework include reducing the number of budget lines still further, developing a common set of rules for implementation (to standardise different channels under the DCI), and making the Instrument for Stability more flexible (paras 74-75). This is positive. While these proposals do not apply to the EDF, the proposed regulation for implementing the EDF is intended to align closely with the regulation that applies to the other instruments. The EU institutions have not yet tackled the sensitive issue of streamlining approval processes. One approach might be to require full consultation and approval at the more strategic, multi-year level, while streamlining approval processes for annual project and programme. These changes will require agreement among the Commission, Parliament and Member States (paras 92-93).

25. The devolution of authority and staff to Delegations is widely seen as a successful step in modernising EU development co-operation. EU support now flows faster and its reputation amongst partners has improved. Nevertheless, EU Delegations still need to seek headquarters' approval for every new activity – irrespective of volume – and some programmes are still designed at headquarters. In particular, Delegations have a limited role in making decisions about thematic and regional funding, varying by instrument. This does not help efforts to build a coherent programme in partner countries, nor to make the most of synergies among activities (paras 88-89). Giving Delegations more authority must go hand-in-hand with building their capacity. Furthermore, Delegations now have a stronger mandate to play an EU-wide role, and staff in Delegations therefore increasingly need to be able to represent the EU effectively in development co-operation (para 90).

4.3 *Fine tuning monitoring and evaluating for stronger emphasis on results and learning*

Key findings: *The EU institutions monitor closely the development co-operation programme. However, their focus on financial accountability, while crucial, does not provide stakeholders with evidence on how EU development co-operation is achieving results.*

Recommendation: The European Commission should increase the focus on results and enhance wider learning.

26. The Commission's monitoring and review instruments provide detailed and useful data for financial accountability, but do not always capture the type of information useful for guiding the programme to maximise development results – an aspect of concern to EU citizens. EuropeAid recently adjusted its internal monitoring system so as to collect the type of information that headquarters can collate and analyse. Delegations believe the information gathered should also be useful for their project management purposes. It is good that the external monitoring system has increased the proportion of projects which receive monitoring visits. However, the system should be improved further to ensure it serves both the Delegations and headquarters' management needs better. In some cases, it is difficult to monitor results because the objectives set for individual activities are not always clearly linked to objectives agreed in country and thematic strategic documents, or in overall financial instruments (para 95).

5. Improving the impact of development co-operation

5.1 *Fulfilling a challenging role as “federator” of EU development co-operation*

Key findings: *The EU institutions, as convenors, have made a concerted effort to make EU-wide development co-operation more effective, especially when it comes to division of labour. The Commission and the EEAS now emphasise joint programming for greater development impact by making aid more effective and enhancing ownership of partner countries. However, a combination of technical and political obstacles has meant that the EU institutions have not made as much progress as they had hoped in these areas.*

Recommendations: To realise their ambition to play a strong EU-wide role in promoting more effective development co-operation, the EU institutions should:

- Focus on implementing the EU code of conduct; demonstrate to politicians and practitioners the benefits of moving towards joint programming; and work with Member States to identify and address obstacles at headquarters and at country level.
- Seek to bring harmony with and amongst Member States' approaches in challenging areas such as conditionality in budget support; measuring development results; and aligning programming cycles with partner countries' cycles.

27. The EU institutions face a challenge in meeting their ambitions to play a “federating” role in promoting more effective aid. Nevertheless, some of their achievements in this area deserve recognition. They have, for example, provided an operational framework for increasing the effectiveness of EU-wide development co-operation. They have also sought to implement the *EU Code of Conduct on Complementarity and Division of Labour*. Globally, many Member States are reducing the number of countries in which they work, though these efforts are not co-ordinated. The Commission has found it difficult to influence these political choices. Within individual partner countries, results have varied, including amongst the 32 countries targeted to fast track the division of labour. Nevertheless, the fast track

exercise has reaped benefits such as increasing the information available to partner governments and other stakeholders on what donors are doing and planning to support. Looking forward, the EU institutions will be expected to play as strong a role in the Global Partnership for Development while also following through on existing EU-wide commitments (paras 99-103).

28. At the Busan forum in 2011, the EU stated that making progress on joint programming is a clear priority. The EU institutions are working with Member States to build the political will needed to achieve this, using evidence of potential cost savings and legal openings amongst Member States. Moving in this direction is challenging for Member States, who value their bilateral relationships and the autonomy of their programmes; they also want to ensure that their support is visible both to recipients and to their own taxpayers (paras 104-105).

29. The Lisbon Treaty may help the EU institutions play a leadership role in making EU aid more effective and the overall EU approach in partner countries more consistent. As the 136 Delegations now represent the EU as a whole, the EU Ambassador assumes the local presidency (paras 9, 106-107).

5.2 *Next steps in making the aid programme managed by the EU institutions more effective*

Key findings: *Although the EU institutions have had some successes in making their co-operation more co-ordinated and aligned, they need to do more. This is needed if they are to live up to their Busan commitment.*

Recommendations: To consolidate progress in making development co-operation more effective, the EU institutions should now:

- Examine ways to make EU project approaches more effective, timely and flexible, and increase use of programmatic approaches; both approaches will continue to be needed given the range of contexts in which the EU operates.
- Implement the strategy for reforming technical co-operation and review how EDF cells, which support National Authorising Officers, could be better integrated into national administrations and contribute more to broad state capacity development.

30. The EU institutions have made strong gains in their use of country systems, including both public financial management and procurement, and in co-ordinating support to capacity development. This progress has been possible because of high-level commitment and priority setting, most notably in the European Commission. This commitment has paved the way for an operational framework and action plans which prioritise challenges, and focus efforts and responsibilities. Staff was also substantially involved, with staff networks established in headquarters and the field to identify and address challenges. The Commission has also integrated criteria to make aid more effective into existing monitoring and review processes. In addition, the EU institutions have been able to make more use of programmatic support. The Commission also agreed a promising “backbone strategy” for reforming its technical co-operation and implementation units; its application is still in the early stages (para 109). In 2011, the EU adopted a transparency guarantee and the Commission started implementing IATI (which it joined in 2008) - measures which should increase transparency.

31. To build more capacity, align and strengthen ownership, the Commission introduced a policy to avoid using parallel implementation units – with the result that their number fell by two thirds. Despite this progress, the EU still establishes special units or cells to support implementation in each country under the European Development Fund; some of these appear to operate in parallel to the rest of the partner government. The EU should contribute to building capacity in national administrations, allowing over time for reliance on country systems as a default option, as called for in Accra and Busan. If not properly

integrated, such cells may pose similar risks as full-fledged parallel implementation units and miss opportunities to develop broader state capacity.

6. Towards better humanitarian donorship

6.1 *Humanitarian coherence across the Commission, with Member States, and in the field*

Key findings: Structures are now in place to promote a coherent humanitarian response between the Commission and Member States. These include the EU Consensus on Humanitarian Assistance and the Member State Working Party on Humanitarian and Food Aid (COHAFA). However, humanitarian action remains a “shared competence” between the EU and Member States. While the DG on Humanitarian Aid and Civil Protection (ECHO) is right to adopt a prudent approach towards coherence in this environment, more could be done.

Recommendation: To implement the EU Consensus on Humanitarian Assistance, ECHO should help Member States to share policy guidance and learning, and to plan complementary responses and advocacy messages.

32. With the signing of the Lisbon Treaty and the adoption of the EU Consensus on Humanitarian Aid, the EU has a solid humanitarian policy that is in line with the GHD principles, is anchored in relevant legislation and is applicable across the Commission and Member States. A new, independent Commissioner for International Co-operation, Humanitarian Aid and Crisis Response has raised the profile of humanitarian aid internally while protecting the independence of decision making, and strengthened the EU voice externally (paras 117, 119, 132).

33. The EU’s new policy and operating environment presents new opportunities to increase coherence, both across the Commission and with Member States. ECHO’s focus on building trust with Member States in this new environment has been useful; but there are some areas where the Commission could take a stronger lead, including harmonising Member State advocacy messages for important stakeholders, including UN agency boards, and clarifying the role of military and civil protection agencies in EU humanitarian responses (paras 132-4).

34. Civil protection responses now form a more integral part of the ECHO’s crisis response toolkit, and here ECHO should continue to play a key role in strengthening coherence across Member States. The EU should also plan how to finish the merger of civil protection operations into DG ECHO, including providing guidelines to ensure clear complementarity between civil protection and humanitarian operations (paras 118, 130-1, 137).

35. Clarifying the role of the military in humanitarian response has been a tricky issue for many Member States – one in which the Commission must continue to engage actively (para 135).

6.2 *From political will to effective programming: the challenges of post-crisis countries*

Key findings: DG ECHO has solid experience in disaster risk reduction. However, a more comprehensive and flexible approach would allow the EU to integrate risk reduction more effectively into its development and humanitarian programming.

Recommendations: To translate political will for building resilience and for improving support to recovery and transition environments into effective programming, ECHO, EuropeAid and EEAS should:

- Develop joint planning and analytical frameworks for fragile contexts and disaster risk reduction, and provide operational guidance for working across the Commission on these issues.
- Increase the flexibility and timeliness of relevant financial instruments, and commit to providing appropriately skilled human resources to Delegations and field offices in high disaster risk and recovery/transition environments.

36. The Commissioner has announced renewed political impetus for a coherent approach to programming in post-crisis and transition contexts, and to building resilience. However, this has yet to be translated into an operational framework and sufficiently flexible instruments (paras 121-122).

37. Significant challenges remain if the EU institutions are to deliver on their commitments to properly mix and match the appropriate tools, resources and expertise in evolving recovery and transition contexts. In particular, the EU will need to provide flexible and timely financial tools that avoid stretching humanitarian funds; ensure joined up analysis and programming; and deploy staff with the right skills to these resource-intensive situations (paras 120, 132, 137).

6.3 *Reducing cumbersome procedures*

Key findings: *As a humanitarian donor, the EU's strengths lie in its profile and volume; a strong field presence and understanding of operational realities; a solid evidence base, strong programming and a learning culture; and the depth of experience of DG ECHO staff. However, compliance requirements remain a significant barrier to more effective programme delivery.*

Recommendations: To reduce the compliance burden on partners and staff, ECHO should:

- Reduce the barriers to strategic partnerships with the humanitarian community by speeding up partner project approvals, aligning audit and liquidation procedures, and only requiring NGO consortia in areas where they add clear value.
- Consider a differentiated approach to monitoring compliance, matching monitoring to the risk profile of each grant.
- Establish a rapid response mechanism for key partners.

38. The EU is the world's largest humanitarian donor, if one includes the funds allocated by all Member States to those spent by ECHO, but it will have to work hard to maintain these volumes in the current budgetary climate (paras 124-125).

39. New procedures have increased ECHO's access to funds for new and escalating emergencies, and it now has a comprehensive rapid response toolbox, but there are no special measures to ensure that these funds are passed on to partners in a timely and flexible manner (paras 129-130).

40. ECHO has a solid and strategic model for determining where, what, and how much to fund, drawing on a wide body of evidence. However, this system could benefit from greater transparency (paras 126-127).

41. ECHO is more than a traditional humanitarian donor; it delivers programmes, not just funding. ECHO's Humanitarian Implementation Plans focus clearly on achieving the results that ECHO seeks, and this has sometimes been at the expense of forming strategic partnerships with the humanitarian community. Barriers to more strategic partnerships include a lack of medium term funding predictability, delays in project approval, a high administrative and compliance burden, pressure on NGO partners to form consortia, and a perceived focus on monitoring inputs and day to day operations rather than results (para 128).

42. Cumbersome procedures for humanitarian assistance continue to present problems for both partners and staff. Time and resources are focused on compliance, leaving less space for strategic thinking and analysis. ECHO could perhaps make some progress towards simplification and streamlining as it moves towards new partnership framework agreements (paras 139-140).