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## I

(Information)

## COURT OF AUDITORS

## SPECIAL REPORT No 3/2006

concerning the European Commission Humanitarian Aid Response to the  
Tsunami together with the Commission's replies

(pursuant to Article 248(4), second subparagraph, EC)

(2006/C 170/01)

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#### LIST OF ABBREVIATIONS

BRR	Rehabilitation and Reconstruction Office
DG	ECHO Directorate-General for Humanitarian Aid
DIPECHO	Disaster preparedness in DG ECHO
ECHO	European Community Humanitarian Aid Office
EU	European Union (EU)
FAFA	Financial and Administrative Framework Agreement
FPA	Framework Partnership Agreement
GAM	Free Aceh Movement
HIC	Humanitarian Information Centre
IDP	Internally displaced person
LRRD	Linking Relief, Rehabilitation and Development
LTTE	Liberation Tigers of Tamil Eelam
MIC	Monitoring and Information Centre
NGOs	Non-governmental organisations
TEC	Tsunami Evaluation Coalition
UN	United Nations
UNDAC	United Nations Disaster Assessment and Coordination
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs

**EXECUTIVE SUMMARY**

I. On 26 December 2004, an earthquake off the west coast of Northern Sumatra triggered a massive tsunami causing widespread destruction in many countries of the Indian Ocean, killing over 200 000 people. The international community responded generously with over 5 billion euro of humanitarian aid (see paragraphs 1 to 3).

II. The European Commission has a specific Directorate-General, Directorate-General for Humanitarian Aid (DG ECHO), to respond to humanitarian crises. DG ECHO does not implement relief activities directly, but through partners which consist of NGOs and international organisations, including the United Nations and Red Cross. Following the tsunami, DG ECHO granted funding of 123 million euro of humanitarian aid (see paragraphs 4 to 6).

III. On the basis of an examination of documentation, interviews, on-the-spot visits and a review of other audits and evaluations, the Court's audit examined the Commission's humanitarian aid response to the tsunami. This included the emergency response and some short-term rehabilitation work consistent with DG ECHO's mandate, but did not include longer term reconstruction. The main questions addressed by this report are (see paragraphs 8 to 11):

- (a) Was the Commission's response to the tsunami sufficiently rapid and appropriate?
- (b) Were DG ECHO's actions effectively coordinated with those of other Commission services, international organisations and other countries?
- (c) Were DG ECHO's monitoring and control procedures designed to ensure that projects implemented by partners were relevant, timely and efficiently implemented?
- (d) Did projects implemented by DG ECHO's partners achieve their expected results and were short-term rehabilitation actions adequately sustainable?

IV. Commission procedures enabled a rapid response to the tsunami, granting 3 million euro the same day as the disaster, followed by a further 20 million euro within five days. An additional 80 million euro was granted in February 2005, followed by 20 million euro in December 2005, making a total of 123 million euro. The high level of funding proved appropriate particularly due to the longer than expected transition from the relief phase to the reconstruction phase (see paragraphs 12 to 15).

V. DG ECHO had been working in Sri Lanka prior to the tsunami on projects with the conflict affected population. Following the tsunami, DG ECHO chose to work with existing partners in Sri Lanka who knew the situation well, enabling it to fund relevant projects in spite of the situation of over-funding and overcrowding caused by the large number of newly arrived NGOs. In Aceh DG ECHO did not have a presence in the field before the tsunami. Due to difficult access and lack of reliable information some early project proposals were a standard response to an emergency situation. Later project proposals from February 2005 onwards were based on more reliable needs assessments (see paragraphs 16 to 21).

VI. DG ECHO supported the coordination role of the United Nations and provided funding to address the lack of reliable and accurate information on needs. The arrival of a large number of humanitarian organisations, often with large amounts of private funding, added to the difficulties of coordination resulting in variations in the level and quality of aid provided. Regarding coordination with other Commission services, there has been good coordination to ensure a smooth link between short-term relief efforts and longer term reconstruction. However, in both Indonesia and Sri Lanka coordination between DG ECHO and the Civil Protection Mechanism, based in the Directorate-General Environment and responsible for the coordination of Member States' civil protection assistance, was problematic (see paragraphs 22 to 26).

VII. DG ECHO's system for monitoring and controlling projects consists of monitoring visits of field experts and desk officers, reports of partners, on-the-spot visits of the DG ECHO Finances and Audit Unit, checks prior to final payment and later external audits. Procedures generally enabled projects to be modified to meet evolving needs. However, there is scope to develop comparative cost information, to provide more details on organisational arrangements and to quantify the achievement of project outputs (see paragraphs 27 to 39).

VIII. Projects funded by the Commission have been implemented, though in some cases project outputs have been less than planned due to inflation and difficulties in obtaining goods and recruiting qualified staff. Projects managed by DG ECHO partners contributed to covering the basic needs of the population in terms of shelter, food, water and sanitation, health, psychosocial support, child and family care and telecommunications. The Commission is also financing projects to support disaster preparedness. The audit work confirmed the findings of other evaluations that the relief effort was effective, though poorly coordinated. The high level of funding enabled DG ECHO to bridge the longer than expected transitional phase between relief and rehabilitation through quality interventions and to fund rehabilitation projects with a development orientation. However, in terms of beneficiaries reached, the success of Commission projects was sometimes less than initially planned, mainly due to inaccurate needs assessments. In particular, the water and sanitation component of a UN agency project in Aceh reached 100 000 people, representing only 5 % of the originally planned 2 million beneficiaries (see paragraphs 40 to 44).

IX. The recommendations made on the basis of the Court's observations and conclusions are the following:

- (a) the Commission should consider the role it could play in helping affected governments to manage donor coordination more effectively;
- (b) the roles of DG ECHO and DG Environment (Civil Protection Mechanism) should be clarified to ensure a coherent approach;
- (c) a longer timeframe for emergency operations should be considered in order to provide sufficient time for implementation;
- (d) DG ECHO should strengthen its monitoring system in order to include written feedback to partners following monitoring visits, the development of comparative cost information, an explanation of the implementing arrangements and information on what has been done where;
- (e) the difficulties of access to documentation of projects implemented by UN agencies should be taken into account in the context of the Financial and Administrative Framework Agreement (FAFA).

## INTRODUCTION

### *The tsunami of 26 December 2004*

1. On 26 December 2004, an earthquake off the west coast of Northern Sumatra triggered a massive tsunami causing widespread destruction in many countries of the Indian Ocean, killing over 200 000 people. The Indonesian province of Aceh suffered the worst of the devastation where over 160 000 people were dead or missing and over half a million were displaced. In Sri Lanka, the second worst affected country, some 35 000 people were dead or missing and half a million were displaced. The map in the *Annex* summarises the impact of the tsunami.

2. Governments and individuals responded with overwhelming generosity. By January 2006, the global level of humanitarian assistance in response to the tsunami had reached some 5,1 billion euro, of which 3,4 billion euro (67 %) came from private donors <sup>(1)</sup>. Including the longer-term reconstruction aid, a total of over 11 billion euro has been pledged <sup>(2)</sup>.

3. The tsunami hit both Aceh and Sri Lanka against a background of long-standing conflicts between the Government and separatist organisations. In Aceh a 30-year conflict between the Government of Indonesia and the Free Aceh Movement (GAM) had claimed 15 000 lives. In Sri Lanka there has been on-and-off civil war between the Government and the Liberation Tigers of Tamil Eelam (LTTE) since 1983 leaving 60 000 people dead. After three years of ceasefire and the return of 400 000 people to their places of origin, there are still an estimated 400 000 cases of displacement.

### *Directorate-General for Humanitarian Aid (DG ECHO)*

4. The European Commission has a specific Directorate-General, DG ECHO, to respond to humanitarian crises. DG ECHO's mandate is described in Council Regulation (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid <sup>(3)</sup> and includes saving and preserving life during emergencies, carrying out short-term rehabilitation work, helping those affected gain a level of self-sufficiency, taking long-term development objectives into account where possible and ensuring preparedness for risks of natural disasters.

5. Average annual EU humanitarian aid funding is in the order of 600 million euro. Although Regulation (EC) No 1257/96 allows for the direct implementation of relief activities by the Commission, in practice DG ECHO entrusts the implementation

of aid to its partners which consist of non-governmental organisations (NGOs) and international organisations (e.g. International Committee of the Red Cross, International Organisation for Migration and United Nations (UN) organisations). The roles and responsibilities of NGOs and international organisations (other than UN) which have been assessed as suitable partners are defined in Framework Partnership Agreements (FPAs). The general legal framework for relations between DG ECHO and UN organisations is defined in the Financial and Administrative Framework Agreement (FAFA).

### *Other Commission instruments involved in the response to the tsunami*

6. Complementing DG ECHO interventions, other Commission instruments were involved in the response to the tsunami, including, at the initial stage, the Civil Protection Mechanism, set up by Council Decision 2001/792/EC of 23 October 2001 <sup>(4)</sup> and based in DG Environment. Through its Monitoring and Information Centre (MIC) the Civil Protection Mechanism appointed teams of experts and sent them to the tsunami affected region to help assess the situation and coordinate the arrival and distribution of civil protection assistance offered by Member States.

7. Longer term rehabilitation, reconstruction and recovery are under the responsibility of the Directorates-General for External Relations (RELEX) and European Aid (AIDCO), whilst DG ECHO is responsible for the humanitarian response consisting of emergency relief and short-term rehabilitation. The grey area between short-term relief and longer term development is addressed by the process of linking relief, rehabilitation and development (LRRD) <sup>(5)</sup>. The Rapid Reaction Mechanism, set up by Council Regulation (EC) No 381/2001 of 26 February 2001 <sup>(6)</sup> and based in DG RELEX, is designed to assist in this process by allowing the Commission to respond, in a rapid and flexible manner to crises, by helping to create the conditions under which longer term development can be pursued.

## THE COURT'S AUDIT

### *Reasons to carry out the audit*

8. In view of the high level of funding by institutions and individuals in the response to the tsunami, and given the interest shown by the European Parliament and the Council, the Court decided to audit the EU humanitarian response.

<sup>(4)</sup> OJ L 297, 15.11.2001, p. 7.

<sup>(5)</sup> Commission Communication COM(96) 153 on Linking Relief, Rehabilitation and Development (LRRD) and COM(2001) 153 on Linking Relief, Rehabilitation and Development — An assessment.

<sup>(6)</sup> OJ L 57, 27.2.2001, p. 5.

<sup>(1)</sup> Source: UN Financial Tracking Service.

<sup>(2)</sup> Source: UN Office of the Special Envoy for Tsunami Recovery.

<sup>(3)</sup> OJ L 163, 2.7.1996, p. 1.

**Scope and objectives of the audit**

9. The scope of this audit is limited to the Commission's humanitarian aid response. This includes the emergency response and some short-term rehabilitation work, consistent with DG

ECHO's mandate, but does not include longer term reconstruction. The financial decisions corresponding to the audit scope are shown in *table 1*. The audit has also examined entities on the periphery of DG ECHO, such as the Civil Protection Mechanism, when they impact on DG ECHO's humanitarian response.

Table 1

**Humanitarian aid granted by Commission**

(million euro)

Decision			Allocation of funding					
Date	Duration	Amount	Regional	Indonesia	Sri Lanka	India	Maldives	Thailand
26 December 2004	3 months	3,0	3,0					
30 December 2004	6 months	10,0			8,3		1,7	
31 December 2004	6 months	10,0		10,0				
9 February 2005	18 months	80,0	13,7	30,5	24,3	10,0	1,0	0,5
15 December 2005	18 months	20,0		10,0	8,0	2,0		
<b>Total decisions</b>		<b>123,0</b>	<b>16,7</b>	<b>50,5</b>	<b>40,6</b>	<b>12,0</b>	<b>2,7</b>	<b>0,5</b>
<b>Total contracted by December 2005</b>		<b>102,6</b>	<b>16,7</b>	<b>40,2</b>	<b>32,5</b>	<b>10,0</b>	<b>2,7</b>	<b>0,5</b>
<b>Total disbursed by December 2005</b>		<b>78,8</b>	<b>13,6</b>	<b>31,3</b>	<b>24,8</b>	<b>6,5</b>	<b>2,2</b>	<b>0,4</b>

Source: DG ECHO.

10. The key questions addressed by this report with the objective of identifying useful lessons for future large-scale disasters are:

- (a) Was the Commission's response to the tsunami sufficiently rapid and appropriate?
- (b) Were DG ECHO's actions effectively coordinated with those of other Commission services, international organisations and other countries?
- (c) Were DG ECHO's monitoring and control procedures designed to ensure that projects implemented by partners were relevant, timely and efficiently implemented?

(d) Did projects implemented by DG ECHO's partners achieve their expected results and were short-term rehabilitation actions adequately sustainable?

**Audit approach**

11. The audit was based on an examination of documentation, on interviews, on on-the-spot visits and on a review of other audits and evaluations. DG ECHO's management, monitoring and control systems were assessed at HQ level and corroborated by visits to DG ECHO's field offices, partners and projects in Sri Lanka and Indonesia. *Table 2* shows projects and partners visited on the spot. Projects for on-the-spot visits were selected according to criteria of sector, location, amount, stage of implementation and type of partner in order to obtain a reasonable overall picture. Projects which had already received an on-the-spot verification by DG ECHO's Finances and Audit Unit were not revisited.

Table 2

**Humanitarian aid projects visited on the spot in Indonesia and Sri Lanka**

Financial decision	Type of partner	Project description	Commission funding (euro)
<b>INDONESIA</b>			
10 million euro	UN agency	Response to children, water and sanitation	4 000 000
	NGO	Psychosocial support	528 798
	NGO	Safe water	550 000
80 million euro	NGO	Enhancing community care and support	484 820
	NGO	Recovery of fisheries livelihoods	476 792
	NGO	Water and sanitation	1 336 266
<b>Total value of projects visited in Indonesia</b>			<b>7 376 676</b>
<b>SRI LANKA</b>			
10 million euro	NGO	Water and sanitation	571 534
	NGO	Water, sanitation, food and non-food	1 200 000
	NGO	Psychosocial support	672 720
80 million euro	International organisation	Shelter, registration and livelihood	2 067 480
	UN agency	Fisheries and agriculture	3 900 000
<b>Total value of projects visited in Sri Lanka</b>			<b>8 411 734</b>

**OBSERVATIONS*****Rapidity and appropriateness of the Commission's response*****Rapid response with an appropriate budget**

12. Procedures for streamlining humanitarian decisions were adopted by the Commission in 2001<sup>(1)</sup> giving the Director-General of DG ECHO the power to take decisions for primary emergency humanitarian aid up to 3 million euro for a period of three months. The Commissioner responsible for humanitarian aid was given the power to take emergency decisions up to 30 million euro directly for operations lasting up to six months. These procedures, combined with DG ECHO's system of permanent cover during holiday periods, enabled the Commission to respond rapidly to the tsunami. A primary emergency decision for 3 million euro with a three-month timescale was taken on 26 December 2004, the same day as the disaster. This decision covered the emergency response for shelters, non-food aid and medical supplies to be provided by the International Federation of Red Cross and Red Crescent Societies. This was followed by a decision of 10 million euro for Sri Lanka and the

Maldives on 30 December 2004 and a further decision for 10 million euro for Indonesia on 31 December 2004, both with a timescale of six months, bringing the total aid to 23 million euro.

13. On 6 January 2005, the Commission pledged an additional 100 million euro for humanitarian aid at the Jakarta Tsunami Aid Conference and therefore requested this amount from the budgetary authority (Parliament and Council). This amount was approved on 19 January 2005 enabling an 80 million euro decision to be taken on 9 February 2005, and a 20 million euro decision to be taken on 15 December 2005, both with an 18-month timescale.

14. The first 23 million euro was used to fund emergency activities including health care, medical supplies, shelter, epidemic early warning systems, safe water and sanitation facilities, food relief items, psychosocial assistance, child protection and logistical support such as satellite phone services. The subsequent 80 million and 20 million euro decisions are funding short-term rehabilitation including emergency and transitional shelter, relocation of internally displaced people, livelihood recovery, food security, water and sanitation facilities, logistical and technical assistance and disaster prevention. Pictures in the report illustrate some of the different types of aid funded by DG ECHO.

<sup>(1)</sup> SEC(2001) 873.



15. The Good Humanitarian Donorship Principles, agreed in Stockholm in June 2003, state that humanitarian funding should be allocated in proportion to needs and on the basis of needs assessments. However, following the tsunami, real needs were not clear from the information available, and it was essential to balance the desirability of an informed response with the necessity for a rapid response. In this uncertain context the Commission's pledge demonstrated its commitment, and the high level of funding proved appropriate, due partly to the following factors:

- (a) the financial decision for 20 million euro taken on 15 December 2005 was to meet remaining needs for 18 months from January 2006. The transitional phase between relief and reconstruction, initially expected to be over before the end of 2005, was longer than expected because the major part of the reconstruction work had yet to start at the end of 2005;
- (b) in August 2005 the 80 million euro decision was modified to include also the conflict affected population (see box 1).

#### Box 1

##### High level of funding helps to meet the need for a conflict sensitive response

*The armed conflict in Sri Lanka caused the displacement of 800 000 people between 1983 and 2002. A massive wave of return started after the ceasefire in February 2002 resulting in almost 400 000 returnees by the time of the tsunami at the end of 2004. However, only about 15 % of the conflict affected population were directly affected by the tsunami and could therefore benefit from the generous response of the donor community to the tsunami. The quantity of aid provided to the tsunami affected population was much higher than the aid provided to the conflict affected population in the same area. The cost of a tsunami related temporary shelter, for example, was in the order of 450 euro compared with 125 euro for a conflict related temporary shelter. Monthly food support for a tsunami affected family was 70 euro compared with 10 euro for a conflict affected family. This discrimination caused resentment and tension among communities.*

*In order to avoid discrimination against vulnerable people displaced prior to the tsunami, the Commission modified the 80 million euro decision in August 2005 to include also the conflict affected population living in the tsunami districts.*

#### Selection of partners

16. After coordinating with the UN and other donors, DG ECHO decided to work with existing partners mainly in the north and east of Sri Lanka where it had been working with the conflict-affected population prior to the tsunami since 1994. This

arrangement enabled DG ECHO to fund the implementation of relevant projects in spite of the situation of overfunding and overcrowding caused by the large number of newly arrived NGOs with private funding determined to start a project in districts overwhelmed with aid.

17. In contrast to Sri Lanka, DG ECHO did not have a presence in Aceh prior to the tsunami as access to international staff of humanitarian organisations (with the exception of a few representatives of UN organisations and the Red Cross) was not allowed under the civil emergency status declared by the Indonesian Government. Following the tsunami, free access to Aceh was allowed from 28 December 2004. DG ECHO therefore selected partners able to work immediately in the field and with expertise in the different areas to be covered, such as UN agencies in child protection, water supply, sanitation and health. All the agreements with partners for the two 10 million euro emergency decisions had been signed by 18 January 2005 for Sri Lanka and by 27 January 2005 for Indonesia.

#### High level of international funding exceeds financial needs of partners

18. The high level of international funding available in response to the tsunami exceeded the absorption capacity of some partners (see box 2). Over 360 humanitarian organisations arrived in Sri Lanka and 450 in Indonesia with large amounts of private funding. The competition for resources contributed to inflation and difficulties in obtaining goods and in recruiting qualified staff. The Rehabilitation and Reconstruction Office (BRR<sup>(1)</sup>) report one year after the tsunami described how prices and wages in Aceh rose by 30 to 40 % in 2005.

#### Box 2

##### General context of funds exceeding partners' financial needs

*In Sri Lanka, because of the high level of private funding, some of DG ECHO's existing partners have not had the capacity to absorb available Commission funding. For example, a project of only 570 000 euro was agreed with an NGO although DG ECHO initially intended to allocate 1 million euro of the 10 million euro decision to them. Despite increasing their capacity in Sri Lanka since the tsunami this NGO has not submitted a proposal in the context of the 80 million euro decision. From October 2005, DG ECHO therefore worked with four partners new in Sri Lanka (out of a total of 21 partners).*

(1) The BRR (Badan Rehabilitasi dan Rekonstruksi) was established in April 2005 by the Government of Indonesia to help coordinate the rehabilitation and reconstruction of Aceh and Nias.

*In Indonesia, a UN agency did not have the capacity to spend all Commission funds during the six-month implementing period of the emergency decision. Many usual partners of DG ECHO did not submit project proposals in Indonesia because the funding they had received from other donors already exceeded their absorption capacity.*

*This analysis concerning the lack of capacity to absorb available funding is reinforced by the position of one NGO which stressed that its programmes should be driven by need alone, not by a desire to spend surplus funds. Although it stopped accepting funds for victims of the tsunami less than a week after the disaster, it nevertheless received 110 million euro compared with the 25 million euro needed to run tsunami programmes for 2005. Donors were asked for their permission to remove restrictions on donations so that they could be used for other emergencies, and 99 % agreed. By the end of 2005, 65 million euro of donations originally intended for the tsunami had been used to meet needs elsewhere such as the nutritional crisis in Niger, the conflict in Darfur and the earthquake in Pakistan.*

*One NGO had a strong team on the ground in Sri Lanka and good knowledge due to their presence there during over 20 years of conflict.*

*Another NGO was already present in eastern Sri Lanka, implementing a DG ECHO funded project in relation to the conflict.*

### Contrasting situations for accurate needs assessments

19. DG ECHO's project cycle management approach emphasises the importance of project planning, design and needs analysis in order to ensure that the project will meet the needs of the target group. Project proposals submitted by partners were analysed by the DG ECHO field expert <sup>(1)</sup> and also by the desk officer in Brussels prior to their approval. DG ECHO's decision to work with existing partners in Sri Lanka ensured that project proposals were prepared by organisations with knowledge of the country who were well placed to carry out needs assessments (see box 3). Some partners included a needs assessment as part of the project itself.

#### Box 3

##### Partners in Sri Lanka were well placed to prepare project proposals

*A Red Cross organisation was ideally placed to prepare the psychosocial support project because since 2003 it had supported the Sri Lankan Red Cross Society to implement a psychosocial support programme in the northern province of Jaffna, also supported by the Commission, targeting the internally displaced people uprooted as a result of the conflict.*

20. In Indonesia, accurate needs assessments were difficult in the situation immediately following the tsunami due to the general confusion and lack of reliable information. The lack of access to affected areas, mainly because of the large scale destruction and partly because of the security situation, slowed the deployment in the field of humanitarian organisations. It was not until the end of January that most organisations were well established on the west coast of Sumatra, which had an impact on the quality and timeliness of needs assessments. Some project proposals financed under the 10 million euro emergency decision presented a standard emergency response proposal rather than a response to specific findings based on a more accurate needs assessment. In June 2005, the UN Office for the Coordination of Humanitarian Affairs (UNOCHA) held a regional workshop on lessons learned from the tsunami which highlighted the lack of consultation with communities regarding relief and recovery work undertaken by the humanitarian community as a whole.

21. The needs assessments of projects agreed from February 2005 were more reliable due to the availability of more information and more time to prepare proposals. For example, in preparing their boat building project in Aceh, an NGO worked closely with the community and succeeded in designing a project which met the needs of the beneficiaries.



Livelihood assistance: fishing boats in Aceh, Indonesia  
(Source: ECA)

<sup>(1)</sup> Field expert is the term used to refer to the Commission's humanitarian aid technical support personnel.

## Effectiveness of coordination

### Coordination of a large number of humanitarian organisations

22. The UN Office for the Coordination of Humanitarian Affairs (UNOCHA) assumed the role of coordinator for the activities of aid agencies, supported by other UN agencies for the different sectors concerned. However, the UN encountered the following obstacles to effective coordination:

- (a) there was inadequate information on damages and needs and also on relief action planned and in progress. The need for accurate and reliable information as late as May 2005 concerning the number and location of internally displaced people (IDPs) in Indonesia illustrates this problem. The June 2005 UNOCHA regional workshop on lessons learned highlighted the requirement for better information, a problem which the Commission recognised and worked to address (see box 4);
- (b) a large number of newly arrived humanitarian organisations, many with large amounts of private funding, often operated independently of available coordination mechanisms;
- (c) local authorities had been weakened by human and material losses and there was no functioning system for registering NGOs and ensuring their adherence to standards or participation in established coordination mechanisms. The points for further discussion in the EU Council Presidency discussion paper of December 2005 <sup>(1)</sup> concerning the EU's response to the tsunami focus on the question of what role the international community and the EU can play to support governments in managing donor coordination effectively.

#### Box 4

##### DG ECHO recognised and worked to address problems of coordination

DG ECHO's strategy in Indonesia and Sri Lanka was to support the coordination role of the United Nations. In this context DG ECHO granted 1 million euro to support UNOCHA's Humanitarian Information Centre (HIC) in order to provide information tools for planning, implementing and monitoring humanitarian assistance. A joint OCHA and ECHO evaluation of the HIC in April 2005 made recommendations to help it to provide a comprehensive overview of the humanitarian response and to highlight gaps in needs.

DG ECHO provided funding to an NGO in Aceh to gather data concerning internally displaced people and integrate them into the Humanitarian Information Centre.

In Sri Lanka, DG ECHO funded a project implemented by an international organisation to establish a central beneficiary database aimed to address the problem of lack of clear information. However, although the project was originally encouraged by the Centre for National Operations, established by the Government of Sri Lanka to manage the response to the tsunami, it was not supported by the government agencies which took over responsibility for relief and recovery from February 2005. The database was therefore put on hold until September 2005 when the registration process restarted under the leadership of the Government of Sri Lanka.

23. As a result of the difficulties of coordination, there have been significant variations in the level and quality of assistance provided by the international community. The Red Cross World Disasters Report 2005 describes how some communities in Aceh were overwhelmed with aid while others were neglected. There was overprovision of aid in the health sector in Indonesia and in the provision of boats in Sri Lanka and some aid was insufficiently complete, for example fishing boats without fishing nets. Furthermore, in December 2005, one year after the disaster, some 67 000 people were still living in tents in Aceh.

### Good coordination between DG ECHO and other Commission services except for immediate response

24. The Civil Protection Mechanism deployed teams of experts to the areas most affected by the tsunami to help assess the situation and coordinate the arrival and distribution of civil protection assistance offered by Member States. The Memorandum of Understanding of 16 March 2003 between DG ECHO and the Directorate-General for Environment states that enhanced coordination of Civil Protection and Humanitarian Aid interventions, both at headquarters and in the field, is paramount to achieve coherent synergies of Community action. Procedures should ensure a mutual exchange of information at all stages of the crisis and meetings in the field between DG ECHO and the Civil Protection Coordination team should ensure that activities are complementary. However, in both Sri Lanka and Indonesia the Civil Protection Mechanism was insufficiently coordinated with humanitarian aid.

<sup>(1)</sup> The EU's contribution to the international response to the 2004 Asian Tsunami: achievements, next steps and lessons learned. Discussion paper for High-level Meeting Brussels, 20 December 2005, hosted by the European Commission and the EU Presidency.

25. The Humanitarian Aid Committee of 27 January 2005 focused on the weaknesses in coordination between DG ECHO and the Civil Protection Monitoring and Information Centre (MIC)

and considered that the MIC had not confined itself to civil protection activities, but had overlapped with the humanitarian field which is beyond their role and given the impression that it was coordinating all EU assistance <sup>(1)</sup>.

26. Concerning the link with the reconstruction phase, DG ECHO works with other Commission services to ensure there is a smooth and effective link between short-term relief efforts and longer term reconstruction. The high level of DG ECHO funding helped to bridge the longer than expected transitional phase between relief and reconstruction (see paragraph 15(a)). The strategy for linking relief, rehabilitation and development (LRRD) in Indonesia and Sri Lanka involves the use of the Rapid Reaction Mechanism to provide satellite imaging of tsunami damages that could be useful for reconstruction planning and disaster preparedness. The Rapid Reaction Mechanism also helped finance mediation efforts which led to a peace agreement in August 2005 between the Government of Indonesia and the Free Aceh Movement (GAM), strengthening the foundations for reconstruction efforts.



Sanitation assistance: latrines in Aceh, Indonesia  
(Source: ECA)

<sup>(1)</sup> In February 2005, the UN Disaster and Assessment Coordination (UNDAC) Advisory Board discussed the Civil Protection Mechanism and viewed with concern the possible duplication of roles following the tsunami. Consequently, the UN Office for the Coordination of Humanitarian Affairs (UNOCHA) requested clear procedures for EU Civil Protection Mechanism coordinators to work within the existing internationally agreed mechanisms.

### ***Role of monitoring systems in ensuring relevance, timeliness and efficiency of implementation***

#### **A fairly comprehensive monitoring and control system**

27. In order to monitor and control project implementation, DG ECHO relies on the following mechanisms:

- (a) DG ECHO field experts' monitoring visits and reports supplemented by supervisory monitoring visits of desk officers;
- (b) DG ECHO's partners' reports;
- (c) on-the-spot visits of the DG ECHO Finances and Audit Unit;
- (d) checks prior to final payment and later external audits of partners.

28. DG ECHO field experts carried out monitoring visits of projects being implemented by partners to ensure the relevance, timeliness and efficiency of implementation. On the basis of monitoring visits, appropriate action can be taken at local or headquarters level. For example, the April 2005 monitoring report of a psychosocial support programme in Sri Lanka highlighted problems in recruiting local staff. The DG ECHO desk officer in Brussels therefore contacted the concerned Red Cross headquarters to obtain assurance that a Memorandum of Understanding with the Sri Lanka Red Cross would be signed to allow the recruitment of local staff for the next phase of the project.

29. Following the tsunami on 26 December 2004, DG ECHO staff were in Sri Lanka on 27 December 2004 and in Jakarta, Indonesia on 28 December 2004. On 1 January 2005, the first DG ECHO experts arrived in Aceh. DG ECHO redeployed technical assistants from other regions e.g. South America, Africa and the Middle East in order to assist in the initial response to the tsunami. The need for permanent field experts was identified in January 2005 and they were in place in Aceh by April 2005. Following the tsunami, the Commission made a commitment to increase the number of DG ECHO field experts from 69 to 150 <sup>(2)</sup>. In Sri Lanka, 23 monitoring visits were carried out for the nine projects funded by the 10 million euro emergency decision. In Indonesia 13 monitoring visits were carried out for the 10 projects funded by the 10 million euro emergency decision, mostly after the arrival of the current field experts in April 2005. A monitoring report was produced by the DG ECHO field expert after each monitoring visit.

<sup>(2)</sup> COM(2005) 153 — Reinforcing EU Disaster and Crisis Response in third countries.

30. There are no specific guidelines for DG ECHO field experts for reporting the findings of monitoring missions. At the end of each monitoring mission DG ECHO field experts have a debriefing meeting with the partner's field team. However, DG ECHO does not systematically provide written feedback to the partner showing matters arising during the monitoring visit and action agreed. Written feedback would enable the partner to benefit more fully from the advice and support resulting from DG ECHO's monitoring visits and may help resolve problems identified.

31. The information obtained from monitoring visits by DG ECHO field experts is supplemented by information contained in partners' reports. For projects with a duration of six months, partners are required to send to DG ECHO a preliminary final report one month before the end of the project and a final report within six weeks after the end of the project, or three months for UN projects. For the 10 million euro emergency decisions in Sri Lanka and Indonesia with a six-month duration, most partners submitted their preliminary final reports on time, but there were delays of one or two months for most of the final reports.

32. In addition to the monitoring visits of DG ECHO field experts and desk officers and the information contained in partners' reports, project implementation is also monitored by staff of DG ECHO Finances and Audit Unit who carry out on-the-spot checks of a selection of projects. In 2005, DG ECHO on-the-spot checks focused on the tsunami response and the value of projects examined in Sri Lanka and Indonesia was 19 million euro or 18 % of the 103 million euro of projects contracted by DG ECHO relating to the tsunami response by the end of 2005. The on-the-spot verification of the projects implemented by a UN agency in Indonesia highlighted problems of access to documentation which, although overcome, will need to be clarified in working meetings on the Financial and Administrative Framework Agreement (FAFA) (see box 5).

#### Box 5

##### Access to UN documentation

DG ECHO encountered problems in obtaining access to relevant financial information requested for an on-the-spot control visit in June 2005 of a UN agency project of 500 000 euro for emergency health actions in Indonesia, contrary to the requirements of the Financial and Administrative Framework Agreement (FAFA). Following discussions with the UN agency this matter was clarified and DG ECHO gained access to the relevant documentation in November 2005.

33. The final check prior to final payment is also carried out by the DG ECHO Finances and Audit Unit. This control takes into account the comments of the DG ECHO field expert and desk officer on the final report of the partner and their recommendation whether or not to proceed with payment. In addition this payment control is also based on a list of expenditure, stock details, procurement procedures, staff lists and copies of invoices when considered appropriate. Furthermore, the DG ECHO Finances and Audit Unit arranges for an independent external audit of project documentation at the partner's headquarters for a sample of projects. These external audits have proved to be an effective tool for identifying ineligible expenditure for recovery, due mainly to the lack of supporting documentation. However, there is a considerable delay between the end of a project and the external audit which DG ECHO aims to reduce by covering all partners on a two-year cycle.

### Adapting the initial response in order to ensure relevance

34. DG ECHO's procedures recognise the need to be flexible and Article 10 of the Framework Partnership Agreement contains simple procedures for modifying projects to enable them to remain relevant in response to evolving needs. Flexible procedures generally enabled projects to be modified to meet evolving needs and ensure the relevance of implementation (see box 6).

#### Box 6

##### Modification of projects to address evolving needs

*In June 2005, in Sri Lanka a UN agency warned of the over-provision of small fishing boats which could contribute to over-fishing and long-term damage to the coastal fisheries resource. In August 2005, their project was modified to reduce the number of boats to be repaired or manufactured and to provide 15 000 sets of fishing gear instead.*

*Within the first month following the tsunami it was clear that the Government of Sri Lanka had received enough donations of medicines to cover all existing needs. An NGO project funded by DG ECHO was therefore amended in order to reallocate funding to psychosocial support and support to the local health structures.*

*Another project in Sri Lanka included 21 500 dry rations of highly nutritional biscuits for under-five children as part of a contingency plan. These biscuits were not required and the 28 000 euro initially planned for food security was reallocated to livelihood support.*

*One partner in Indonesia replaced tents with kitchens in order to respond to the evolving needs of beneficiaries.*

*An NGO project in Indonesia was modified when the large international response avoided a nutritional crisis. The emergency nutritional programme was no longer required and was therefore replaced with a nutritional education and supplementary feeding programme.*

### **Delays resulting from saturation of capacity and other external constraints**

35. Concerning the timeliness of project implementation, DG ECHO helped to overcome some constraints identified in monitoring reports. For example, in Indonesia the May 2005 monitoring report on a UN agency project highlighted the lack of experts to implement activities. Action was therefore taken at the level of headquarters in DG ECHO and the UN agency resulting in the recruitment of the necessary staff. However, other delays identified in monitoring reports were not addressed by the partner during the timescale of the project (see *box 7*). There were delays in implementation by partners due to competition for resources between a large number of newly arrived humanitarian organisations. In Sri Lanka delays were also due to other external constraints such as the withdrawal of duty exemptions on humanitarian goods in February 2005 and building restrictions in the government imposed buffer zone, waived in late 2005 invalidating most of the assessments and many projects.

#### **Box 7**

##### **Examples of delays in the implementation of projects by partners**

*The water treatment plant at Pramuka, Jantho, Indonesia could not function until June 2005, four months after its arrival, due to the lack of chlorine tablets resulting from slow procurement procedures.*

*The provision of shelters in Sri Lanka was delayed due to scarcity of suitable land for relocating communities forbidden to return within the coastal conservation zone. Land allocated to an international organisation for construction was later allocated by local authorities to other actors.*

*The distribution of fishing nets by a partner in Sri Lanka was delayed due to procurement difficulties and the time taken to define kits. By the time the NGO was ready to distribute, some needs (e.g. for fishing equipment) had already been met by other organisations. This led to further delays because the NGO had to carry out new needs assessments.*

### **Information on the efficiency of project implementation**

36. Monitoring the efficiency of implementation requires information on costs, organisational arrangements and on the reality of outputs. Concerning costs, in order to enable a timely response, the selection of partners' proposals is not the result of a competitive tendering procedure. The procurement procedures of DG ECHO partners are examined during the external audits of partners at their headquarters and in the course of on-the-spot verifications of the DG ECHO Finances and Audit Unit. In addition, the analysis of project proposals by DG ECHO field experts contains an analysis of unit costs as a factor in deciding whether partners are offering goods and services at a fair price. However, this analysis is of limited value in providing assurance on efficiency and could be improved with comparative information and systematic follow up monitoring. There is scope to further develop comparative cost information and to monitor unit costs during implementation. Particularly following an unpredictable disaster, this information reinforces the assurance that goods and services are being obtained at a fair price. In the meantime, DG ECHO is developing its monitoring system so that it is intended to automatically assist with the calculation of unit costs and the ratio of direct costs to support costs.

37. Some monitoring reports provide insufficient details of the sometimes complex organisational arrangements to show whether the partner is carrying out project tasks directly or whether it has subcontracted activities to other NGOs or private enterprises (see *box 8*). Since it is only signatories of the Framework Partnership Agreements and the Financial and Administrative Framework Agreement which have been assessed as suitable partners, it is important to identify those organisations implementing DG ECHO funded projects which have not been assessed in this way.

#### **Box 8**

##### **Organisational arrangements to be better explained in monitoring reports**

*In Sri Lanka the boat repair activities of a UN agency were being carried out by private enterprises and an ECHO partner's water and sanitation activities were undertaken by local NGOs.*

*In Indonesia, although the monitoring reports stated that one UN agency used NGOs to implement projects, the NGOs concerned were not identified.*

*These specific arrangements were not described in the monitoring reports.*

38. DG ECHO's monitoring aims to focus more on results than on outputs (i.e. number of homes occupied by families rather than number of shelters constructed). Monitoring reports do not systematically quantify the achievement of project activities nor do they incorporate formal acceptance of finished works, such as shelters, latrines or boats. It is nevertheless important to have clear information on what has been done where, as a prerequisite for reporting on results. Information on the reality of outputs is necessary to ensure that goods and services were provided and to the standard required (see box 9).

#### Box 9

##### Need to improve the information on outputs

*In the case of a project in Indonesia it was difficult for DG ECHO field experts to identify which activities had been financed by DG ECHO. There were frequent changes in staff who were not able to state precisely what had been done with DG ECHO funding. Despite requests from DG ECHO field experts, the UN agency concerned did not provide detailed information on activities undertaken until the end of the project.*

*The interim financial report of a project in Sri Lanka allocated 1,45 million euro or 85 % of expenditure to the budget heading 'fisheries' without any further detail. The provision of detailed financial information would facilitate the effective monitoring of project implementation.*

39. Our audit also confirmed DG ECHO monitoring reports which considered that the visibility of DG ECHO funded actions was generally satisfactory, though in some cases there was scope for improvement. For example, DG ECHO visibility was poor at the child care centre in Jantho, Aceh, and on water treatment plants implemented by a UN agency. Analysing the overall international aid effort, the Tsunami Evaluation Coalition (TEC) initial findings are critical of humanitarian agencies for focusing on brand promotion and competing for visibility at the expense of meeting the real needs of beneficiaries. However, visibility actions do have the additional benefit of helping to reduce the risk of double financing by clearly identifying who has financed what.



Water treatment plant in Aceh, Indonesia  
(Source: ECA)

#### Achievement of results and adequacy of sustainability

##### Projects contributed to a successful overall response though some outputs and results were less than planned

40. In terms of outputs, the projects financed by DG ECHO have been implemented, though in some cases inflation has reduced the level of output and some activities could not be carried out within the timeframe of the project due to difficulties in obtaining goods and in recruiting qualified staff (see box 10).

#### Box 10

##### Some project outputs less than planned

*In Sri Lanka, due to increased costs of materials and labour, a DG ECHO funded project reduced the number of shelters constructed to 2 018 instead of the initially planned 2 500.*

*In Indonesia an NGO could not complete the distribution of 1 500 000 bottles of chemicals for treating water because of procurement difficulties. Although an extension of three months was agreed, at the end of the project in July 2005, 900 000 bottles still remained to be distributed. The bottles were finally distributed at the partner's own expense.*

41. In terms of results, projects funded by the Commission made substantial contributions towards covering the basic needs of the population in terms of shelter, food, water and sanitation, health, psychosocial support, child and family care and telecommunications (see box 11). Commission funded projects have also

contributed to restoring livelihoods, for example through the provision of boats and fishing equipment and the rehabilitation of a wharf. However, in terms of beneficiaries reached, the success of projects was sometimes less than initially planned, mainly due to an overestimation in needs assessments resulting from the need for a rapid response (see paragraph 20). This was the case for a water and sanitation project in Sri Lanka which reached some 37 000 beneficiaries instead of the 50 000 initially planned. In particular the water and sanitation component of a UN agency project in Aceh reached 100 000 people, representing only 5 % of the initially planned 2 million beneficiaries. As a result of this low coverage, combined with the difficulties in identifying the outputs of the project during implementation, DG ECHO is concerned about this partner's operational capacity to assume coordination for the water and sanitation sector.

#### Box 11

##### Results of Commission's humanitarian aid

*The Commission has reported that its humanitarian aid to Indonesia, Sri Lanka, India, the Maldives and Thailand has contributed to providing:*

- *clean drinking water and sanitation facilities for over 720 000 people,*
- *weekly food aid rations to almost 900 000 displaced people,*
- *shelter materials for almost 140 000 people to repair or rebuild their homes or to set up transitional shelters,*
- *health services and epidemiological data systems for the benefit of 840 000 people,*
- *psychosocial assistance for over 260 000 people,*
- *income generation and livelihood support for some 325 000 people.*

42. A major evaluation initiative is the Tsunami Evaluation Coalition (TEC), to which DG ECHO is contributing. This is a collaborative effort by aid agencies to learn from the response to the tsunami. It has carried out five thematic evaluations on the donor response, coordination, needs assessment, the impact on local and national capacities and the linkage of relief with rehabilitation and long-term development. The initial findings of the TEC

evaluation conclude that overall the relief effort, although poorly coordinated and inefficient, was effective at limiting suffering through the provision of food, water and shelter. The Red Cross World Disasters Report 2005 similarly concludes that, despite the need for improved coordination, the enormous response succeeded in getting aid to most survivors and preventing further hunger or disease. The visits to projects carried out in the course of our audit and the interviews held with all local actors including beneficiaries, largely confirmed the conclusions of these evaluations.

43. Regarding future developments, DG ECHO is financing a 2 million euro project, with funds from the 80 million euro decision, to support a UN disaster preparedness project to strengthen early warning systems in the Indian Ocean region. Both South and South East Asia are benefiting from DIPECHO <sup>(1)</sup> action plans and have been allocated some 11 million euro for community-based disaster preparedness projects in 2005 to 2006. The UN Office for the Coordination of Humanitarian Affairs (UNOCHA) lessons learned workshop of June 2005 highlighted the need for significant improvement in disaster preparedness mechanisms.

#### Adequate sustainability favoured by high level of funding

44. DG ECHO is responsible for the humanitarian response consisting of emergency relief and short-term rehabilitation, whilst longer term rehabilitation, reconstruction and recovery are under the responsibility of DG RELEX and DG AIDCO. Because of the involvement of different DGs, procedures and mandates for these two phases, the grey area in between and the process of linking relief, rehabilitation and development (LRRD) are particularly important. The high level of DG ECHO funding made available for the tsunami has enabled DG ECHO not only to focus on core relief sectors such as food and water, sanitation, health and shelter, but also to bridge the longer than expected transitional phase through quality interventions and, in some cases, to fund rehabilitation projects with a development orientation (see box 12).

<sup>(1)</sup> DIPECHO stands for Disaster preparedness in DG ECHO.



**Box 12****High quality interventions and development orientation help ensure sustainability**

*In Sri Lanka, the high quality of latrine construction should ensure they will last for a long time. Furthermore the establishment of hygiene committees in camps is a sustainable approach to hygiene promotion.*

*In Indonesia, a project involving the construction of boats and a wharf has a development orientation which emphasises sustainability. Similarly a UN agency project in Sri Lanka aimed to improve the efficiency of the Sri Lankan fleet through the construction of high quality boats and through training in improved fishing techniques.*

*An NGO project in Indonesia for treating water with chemicals funded under the 10 million euro emergency decision was followed up by a second Commission funded project under the 80 million euro decision concerning more sustainable water supply systems.*

*The sustainability of an NGO project in Indonesia is helped by the fact that most activities in camps are organised by committee members on a voluntary basis.*



Assistance to homeless people: shelters in Sri Lanka  
(Source: ECA)

**CONCLUSIONS**

45. Following the tsunami of 26 December 2004 there was a need to balance the desirability of a well planned intervention with the necessity for rapid action. DG ECHO's procedures permitted a rapid response and the high level of funding of 123 million euro proved appropriate, enabling DG ECHO also to meet

the needs of the conflict-affected population whilst in addition helping to bridge the longer than expected transitional phase between relief and reconstruction (see paragraphs 12 to 15).

46. The decision to work with existing partners in Sri Lanka allowed the Commission to fund the implementation of projects despite the large number of newly arrived humanitarian organisations with funds exceeding their needs. In Aceh DG ECHO did not have a presence prior to the tsunami and there was a lack of reliable information with the result that some projects agreed by DG ECHO in the month following the tsunami were based on a standard emergency response proposal rather than on an accurate assessment of needs. The needs assessments of projects agreed from February 2005 were more reliable due to the availability of more information and more time to prepare proposals (see paragraphs 16 to 21).

47. The coordinating role of the United Nations was made difficult by the lack of reliable information on needs, the arrival of a large number of humanitarian organisations and the lack of capacity of local authorities, resulting in variations in the level and quality of aid provided. Internal coordination between DG ECHO and other Commission services has been good concerning the link with the reconstruction phase. However, coordination with the Civil Protection Mechanism was problematic in the initial stages of the response (see paragraphs 22 to 26).

48. DG ECHO has a comprehensive system for monitoring and controlling projects which generally enable projects to be modified to meet evolving needs. However, there is scope to provide written feedback to partners following monitoring visits, to develop comparative cost information and to provide more details on the sometimes complex organisational arrangements. Monitoring reports do not systematically quantify the achievement of project objectives, and in the case of the a UN agency project in Indonesia it was particularly difficult for DG ECHO to obtain clear information on activities which had been carried out (see paragraphs 27 to 39).

49. The Commission funded projects have contributed to covering the basic needs of the population in terms of shelter, food, water and sanitation, health, psychosocial support, child and family care and telecommunications. The Commission is also financing projects to support disaster preparedness. However, some project outputs have been less than planned due to increased costs and difficulties in obtaining goods and in recruiting qualified staff. Some projects, in particular the water and sanitation component of the UN agency project in Indonesia, reached fewer beneficiaries than initially planned mainly due to an overestimation in the needs assessments. The sustainability of projects has been helped by the high level of funding which has enabled high quality interventions sometimes with a development orientation (see paragraphs 40 to 44).

**RECOMMENDATIONS**

50. The Commission should consider the role it could play in helping affected governments to manage donor coordination more effectively to ensure that needs are met (see paragraph 22).

51. The roles of DG ECHO and DG Environment (Civil Protection Mechanism) should be clarified to ensure a coherent approach (see paragraphs 24 and 25).

52. A longer time-frame for emergency operations (e.g. nine months rather than six months) should be considered in order to provide sufficient time for implementation (see paragraph 35).

53. DG ECHO should strengthen its monitoring system in order to include the following elements which could be incorporated in monitoring guidelines:

(a) written feedback to partners following monitoring visits (see paragraph 30);

(b) development of comparative cost information (see paragraph 36);

(c) explanation of the implementing arrangements (see paragraph 37);

(d) information on what has been done where (see paragraph 38).

54. The difficulties of access to documentation of projects implemented by UN agencies should be taken into account in the context of the Financial and Administrative Framework Agreement (FAFA) (see paragraphs 32 and 41).

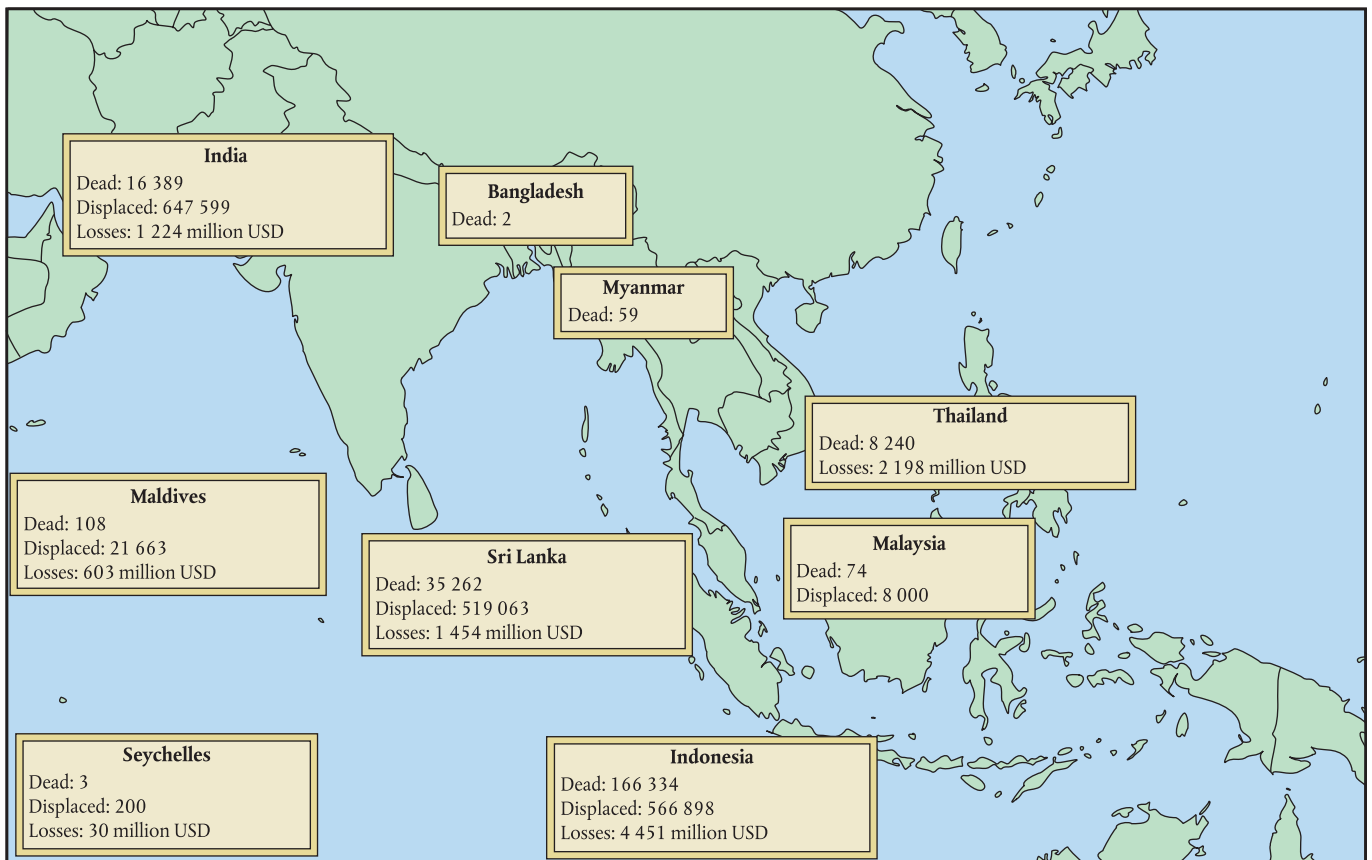
This report was adopted by the Court of Auditors in Luxembourg at its meeting of 11 May 2006.

*For the Court of Auditors*  
Hubert WEBER  
*President*

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## ANNEX

## MAP OF IMPACT OF TSUNAMI



Source: Tsunami Evaluation Coalition — Initial findings.

## THE COMMISSION'S REPLIES

### EXECUTIVE SUMMARY

V. It was inevitable that the Commission should accept some standard emergency proposals in order to ensure that aid would flow quickly to the victims. Accurate needs assessments only became available in the second half of January 2005 and waiting for these would have implied that humanitarian organisations would not have received Commission funding until the end of January which, under the circumstances, would have been clearly unacceptable.

VI. The Commission considers that, while there may have been some specific difficulties at field level, the overall level of coordination has improved compared to previous emergencies. Within the critical period of the emergency, Commission services kept one another regularly informed, with contacts at least twice a day on average, and an exchange of information notes and situation reports.

VII. The Commission takes note of the Court's suggestion to further develop comparative cost information and retain more details on organisational arrangements and quantification of project achievements.

VIII. In general, the international community's initial relief effort was not sufficiently coordinated. It was precisely for this reason that, early on, the Commission placed great emphasis on, *inter alia*, coordination activities and the reassessment of needs, which led to the effectiveness of its relief effort. The original needs assessment referred to in the example cited by the Court was based on the initial calculation identifying a potential beneficiary population of two million. The fact that the UN Agency only reached 5 % of the beneficiaries does not mean that the remaining 95 % have not received assistance but rather that they were assisted by other agencies thus rendering UN's aid unnecessary.

IX.

- (a) The Commission fully recognises the importance of the national ownership on a disaster response and addresses this issue both in its humanitarian assistance (requirement for partners to coordinate with national and local authorities, support to UNOCHA, field coordination by Delegations and DG ECHO) and in its development programmes.
- (b) The Commission fully endorses the Court's recommendation to clarify the roles of DG ECHO and DG Environment (Civil Protection Mechanism) to ensure a coherent approach.
- (c) The Commission had already identified the delays in some project components mentioned by the Court and had taken the required action (see paragraph 35). The Commission considers that it is not appropriate to change the regulatory base in order to extend the time-frame for primary emergency and emergency humanitarian actions.

- (d) The Commission will reinforce the monitoring system to accommodate the Court's recommendations in the most appropriate manner.
- (e) Following discussions with the concerned organisations, this matter was clarified and the Commission gained access to the relevant documents. The verification of Commission funded projects undertaken by UN Agencies is a subject that was addressed within the April 2006 meeting of the EC-UN FAFA working group.

### INTRODUCTION

7. As regards the Rapid Reaction Mechanism and the process of linking relief, rehabilitation and development (LRRD), see the Commission's reply to point 26.

### OBSERVATIONS

18. The Commission's policy is built on a needs based approach. Where a partner is not able to benefit fully, then the funding is reduced by the Commission even if the initial plan was otherwise.

22. (a) In both Sri Lanka and Indonesia, the Commission has supported the relevant UN Agency in its role as sectorial leader for livelihood recovery. As a result of these projects problems of coverage, overlap, gaps and competition were mitigated and/or limited in both countries.

23. The situation of overprovision of aid in some sectors and not sufficient aid in others, as described in the special report, was not related to the humanitarian aid provided by the Commission.

24 and 25. While there may have been some specific coordination difficulties at the field level, the overall level of coordination has improved compared to previous emergencies. Within the critical period of the emergency, Commission services kept one another regularly informed, with contacts at least twice a day on average, and an exchange of information notes and situation reports. The Commission will seek to further improve coordination between DG ECHO and the Civil Protection Mechanism as recommended by the Court.

26. The Commission established, only a few days after the tsunami an inter-service group (Tsunami inter-service taskforce — TIST) to ensure that all aspects of EU assistance were coordinated, in particular to link relief, rehabilitation and development (LRRD).

In addition to the projects mentioned by the Court, other Rapid Reaction Mechanism funded projects included a civil society consultation on post-tsunami reconstruction plans in the early stages of the preparation of the blueprint by the national government and a support to strengthening local government capacity in dealing with reconstruction.

By the end of 2006, the Commission will have committed a total of 350 million euro for the reconstruction phase, including 12 million euro from the Rapid Reaction Mechanism.

30. The results of the Commission's humanitarian and technical support personnel monitoring missions are recorded in the Commission's computerised project monitoring system which is maintained by desk officers. Where considered necessary, feedback on the project is communicated by DG ECHO (HQ) to the Commission's partners. Nevertheless, the Commission recognises the need to collate existing instructions in the form of specific guidelines.

31. The Commission was aware of the short delay in reporting. However, given the magnitude of the disaster and the challenges faced by the implementing partners, these delays were not considered to be significant.

32. Concerning access to documents maintained by UN Agencies, this problem has been addressed in the context of the FAFA working group.

33. In addition to the tsunami projects controlled in the field, the Commission checks the supporting documentation when it is restituted to the partner's headquarters. Each partner is audited as part of a two-year cycle of audits. Therefore the average lapse of time between the end of the project and the conduct of the audit or verification of supporting documentation relating to tsunami projects at partners' offices is one year.

35. Some Commission partners incurred occasional delays in the implementation of some project components. The cases identified by the Court had already been identified by the Commission's humanitarian and technical support personnel (field experts) during project monitoring and resulted in actions taken at headquarters level. In the case of the UN project mentioned in box 7 the Commission did not reimburse the cost of the treatment plant at Pramuka. The Commission has moreover requested that the partner upgrade the slow procurement procedures which caused the delay before applying for further emergency funding for the water and sanitation sector.

37. Organisational arrangements are usually described in the project proposals and analysed in the Commission's internal written appraisal of the funding requests. Nevertheless, the Commission undertakes to see how improvements can be made.

38. Information on what has been done where is provided in partners' interim, pre-final and final reports, instead of in the monitoring reports.

The Commission agrees with the Court that in the case of a UN Agency, sufficient information was not available during monitoring, but would like to highlight that action was taken by the Commission both at field and headquarters level and as a result detailed information on output was provided in the final report.

The FAFA does not automatically oblige organisations to provide information on specific activities financed by the Commission.

40. The Commission agrees that occasionally some partners have delivered fewer outputs than was originally anticipated due to difficulties in obtaining goods. All these incidents were detected by the Commission's monitoring and have led to action being taken by the Commission.

41. In the UN's case the needs assessment had been carried out in the week following the tsunami when little information was available but the need to deliver aid acute. As a result, the assessment clearly underestimated the response by the international community and identified the totality of the population living in affected areas as beneficiaries. The fact that the UN Agency only reached 5 % of the beneficiaries does not mean that the remaining 95 % have not received assistance but rather that they were assisted by other agencies thus rendering UN's aid unnecessary.

The Commission will wait for improvement to be made in project management by the partner before providing further funding for water and sanitation activities in emergencies. It should furthermore be highlighted that following discussions with the Commission field and headquarters the partner provided detailed information on activities which have been implemented in the final report.

42. The Commission recognised the problem at a very early stage and contributed to address it with specific actions like those described in box 4. Further improvement of coordination of relief aid needs to be addressed in discussions with the rest of the main donors and players in the humanitarian field. In this sense, the Commission is one of the main actors of the Good Humanitarian Donorship Initiative and is also actively involved in the discussions about the UN Humanitarian Review Process.

## CONCLUSIONS

46. Due to the difficulty of accessing the most affected areas in Aceh, it proved impossible to obtain accurate needs assessments so soon after the occurrence of the disaster. It was therefore inevitable that the Commission should accept some standard emergency proposals in order to ensure that aid would flow quickly to the victims. Accurate needs assessments became only available in the second half of January 2005 and waiting for these would have implied that humanitarian organisations would not have received Commission funding until the end of January, which under the circumstances would have been clearly unacceptable.

47. The Commission considers that, while there may have been some specific difficulties at field level, the overall level of coordination has improved compared to previous emergencies. Within the critical period of the emergency, Commission services kept each other regularly informed, with contacts at least twice a day on average, and an exchange of information notes and situation reports.

48. The Commission takes note of the Court's suggestion to further develop comparative cost information and retain more details on organisational arrangements and quantification of project achievements. The UN project in Indonesia is not an example of a weakness in the monitoring system, but a weakness of this particular partner when it came to putting in place an appropriate project management. Following discussions with the Commission field and headquarters the partner provided detailed information on activities which have been implemented in the final report.

49. In the case of the project mentioned by the Court, the partner's needs assessment was carried out in the week immediately following the tsunami when little information was available and the need to deliver aid was pressing. The fact that the UN Agency reached only 5 % of the beneficiaries does not mean that the remaining 95 % were left without assistance but rather that they were assisted by other aid agencies thus rendering UN Agencies' aid unnecessary.

## RECOMMENDATIONS

50. The Commission fully recognises the importance of the national ownership on a disaster response. In a crisis context, the Commission works through the UN system and has been supporting OCHA (financially and operationally) in their coordination role which includes liaising with the national authorities. Further, at field level, the Commission coordinates and exchanges information with the national authorities through its Delegations and, on more technical matters, through Commission's humanitarian and technical support personnel present in the field. In addition, partners funded by the Commission are required to coordinate with national and local authorities.

The Commission also recognises that the capacity of governments to handle donor coordination in emergencies is best supported beforehand through structural development programmes (for instance in the context of improving the country's preparedness to cope with natural disasters).

51. The Commission fully endorses the Court's recommendation to clarify the roles of DG ECHO and DG Environment (Civil Protection Mechanism).

The roles of the two services were discussed in May 2002, and lead to a Memorandum of Understanding between DG ECHO and DG Environment in March 2003. In view of the experiences since that date and of the Court's recommendation, the following steps will be taken:

firstly, the Commission will better inform the institutions and organisations involved in international emergency assistance about the respective roles and functions of the Community's humanitarian assistance, managed by DG ECHO, and the Community Civil Protection Mechanism, managed by DG Environment, and the additional and specific assets the mechanism can provide to the victims affected by major natural disasters. In addition, a joint note from the relevant Commission services to EC Delegations in third countries in that respect is being prepared;

secondly, the Commission is committed to take on board key recommendations made by both the HAC and Civil Protection Committee, notably as regards the need to further refine the terms of reference for the MIC operations.

52. The Commission had already identified the delays in some project components mentioned by the Court and taken the required action (see paragraph 35). The Commission considers that it is not appropriate to change the regulatory base in order to extend the timeframe for primary emergency and emergency humanitarian actions.

53. The Commission will reinforce the monitoring system to accommodate the Court's recommendations in the most appropriate manner.

(d) The Commission believes that while it is true that emphasis for DG ECHO (and the rest of the humanitarian actors) has moved towards the evaluation of results, achievements and impact, this does not mean that DG ECHO does not adequately monitor project activities.

Information on what has been done where is furthermore provided in partners' interim, pre-final and final reports instead of in the monitoring reports.

54. The matter has been reported to the UN and was discussed at the April 2006 meeting of the FAFA Working Group.