

*Evaluation of Commission's external cooperation
with partner countries through the organisations
of the UN family*

Inventory Note (final)

April 2007

Evaluation for the European Commission





Aide à la Décision
Economique
Belgique

This evaluation was commissioned by:

the Evaluation Unit common to:

EuropeAid Co-operation Office,
Directorate General for Development and
Directorate General for External Relations

This evaluation was carried out by ADE

The evaluation was managed by the evaluation unit EUROPEAID

The opinions expressed in this document represent the authors' points of view which are not necessarily shared by the European Commission.

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*This final version of the **Inventory Note** is a slightly modified version of the Revised Inventory Note of April 2007 which was written at the start of the evaluation exercise and approved by the Evaluation Unit on the 25th May 2007. The structure of this note and almost all information have remained identical. Only factual precisions have been made to the approved version as requested by the Joint Evaluation Unit.*

List of acronyms

\$	US Dollars
\$ B	Billion US Dollars
\$ M	Million US Dollars
€	Euro
€ B	Billion Euro
€ M	Million Euro
ABAC	Accrual Based Accounting (DG Budget financial database)
ACP	Africa, Caribbean and Pacific (countries)
ADE	Aide à la Décision Economique
ADMIN	Directorate General for Personal and Administration
AIDCO	EuropeAid Co-operation Office
ALA	Asia and Latin America
Budget	Budget of the European Commission
COM	Communication from the Commission
COMM	Directorate General for Communication
Commission	The European Commission
CRIS	Common RELEX Information System
DAC	Development Assistance Committee of the OECD
DG	Directorate General of the European Commission
DG DEV	Directorate General for Development
DG ECFIN	Directorate General for Economic and Financial Affairs
DG ECHO	Directorate General for European Community Humanitarian Aid Department
DG RELEX	Directorate General for External Relations of the European Commission
DGT	Directorate General for Translation
DIPECHO	Disaster Preparedness ECHO
EACEA	Directorate General for Education, Audiovisual and Culture Executive Agency
EC	European Community
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
ECOSOC	UN Economic and Social Council
EDF	European Development Fund
ELARG	Enlargement Directorate General
EMPL	Employment, Social Affairs and Equal Opportunities, Directorate General of the European Commission
ENTR	Enterprise and Industry, Directorate General of the European Commission
ENV	Environment, Directorate General of the European Commission
ESCAP	United Nations Economic Commission for Asia and Pacific

ESTAT	Eurostat
EU	European Union
FAFA	Financial and Administrative Framework Agreement
FAO	Food and Agriculture Organization
FISH	Fisheries and Maritime Affairs, Directorate General of the European Commission
HOPE	Humanitarian Office Programme Environment
HQ	Headquarters
IAEA	International Atomic Energy Agency
IFAD	International Fund for Agricultural Development
ILO	International Labor Organization
INFSO	Information Society and Media, Directorate General of the European Commission
JLS	Justice Freedom and Security, Directorate General of the European Commission
JRC	Joint Research Center, Directorate General of the European Commission
MDGs	Millennium Development Goals
MEDA	Euro-Mediterranean Partnership Programme; Mediterranean members of the partnership
MoU	Memorandum of Understanding
MS	Member States of the European Union
NGO	Non Governmental Organization
OCT	Overseas countries & territories
ODA	Official Development Aid
OECD	Organization for Economic Co-operation and Development
OHCHR	Office of the United Nations High Commissioner for Human Rights
OLAF	European Anti-Fraud Office, Directorate General of the European Commission
OLAS	On Line Accounting System
RELEX	Directorate General for External Relations of the European Commission
RG	Reference Group
RTD	Research, Directorate General of the European Commission
SANCO	Health and Consumer Protection, Directorate General of the European Commission
SCIC	Directorate General for Interpretation
SG	Secretariat General of the European Commission
SME	Small to medium-sized business enterprises
SPA	Strategic Partnership Agreement
SPD	Strategic Programming Dialogue
TA	Technical assistance
TACIS	Technical Assistance to the Commonwealth of Independent States; or the beneficiary countries of this: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan
ToR	Terms of Reference

TRADE	Trade, Directorate General of the European Commission
TREN	Energy and Transport, Directorate General of the European Commission
UN	United Nations
UNAMA	United Nations Assistance Mission to Afghanistan
UNCTAD	United Nations Conference on Trade and Development
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UN-HABITAT	United Nations Human Settlement Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNITAR	United Nations Institute Training and Research
UNMIK	United Nations Mission In Kosovo
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNODC	United Nations Office on Drugs and Crime
UNOG	United Nations Office in Geneva
UNOPS	United Nations Office for Project Service
UNOV	United Nations Office in Vienna
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation
WMO	World Meteorological Organization
WTO	World Trade Organisation

1. Introduction

This inventory note is the first output of the *Evaluation of Commission's external cooperation with partner countries through the organisations of the UN family*.

The aim of this inventory note is to present a mapping of the financial contributions (contracts and disbursements) of the Directorate General for External Relations (RELEX), Directorate General for Development (DEV) and EuropeAid and where possible of other Directorates General (DGs), to the United Nations (UN) system and their typology.

The inventory stage, punctuated by this Inventory note, is the first stage of the Desk Phase. Even if the participation and enthusiasm to cooperate have been uniformly encountered, it took more than the two months originally planned due to the difficulty to gather the data both within the different data bases of the Commission and from some UN bodies.

The evaluators consider that this inventory provides information most useful for the evaluation and that **it offers the best available overview and typology to date of Commission interventions conducted via UN bodies**. It consists of a separate document which forms an integral part of the deliverables of this evaluation.

The inventory note will pave the way for the next stage of the Desk Phase which is the Structuring Stage when the intervention logic(s) will be reconstructed.

1.1 Overview of the overall framework of the evaluation

The purpose of the evaluation according to the Terms of Reference (ToR) is *“assessing to what extent the Commission interventions through the UN system has been relevant, efficient and effective and visible in supporting sustainable impact for the development of partner countries.”*

The evaluation will scope on:

- The overall Commission cooperation and partnership with the UN agencies, funds and programmes and will focus on RELEX, DEV and AIDCO ;
- The period 1999-2006 ;
- All regions of Commission cooperation with partner countries except for the countries under the mandate of DG Enlargement (DG ELARG) and Organization for Economic Co-operation and Development (OECD) countries.

The evaluation will cover the following principal fields of interest of Commission services :

- A fact finding exercise covering all Commission financial flows to UN family from 1999 to 2006 and their typology. It will focus on flows from RELEX, DEV and AIDCO and will take into consideration where possible the financial contributions from other DGs ;
- The relations between programming and implementation of Commission actions ;
- The overall results and impacts of Commission aid delivery ;
- The efficiency of Commission interventions through this channel ;

- The identification of the added value for the Commission in channelling aid through UN family and of the factors influencing the drastic increase of contributions to this channel in recent years ;
- The visibility of the Commission cooperation through the United Nations.

1.2 Key phases of the evaluation process

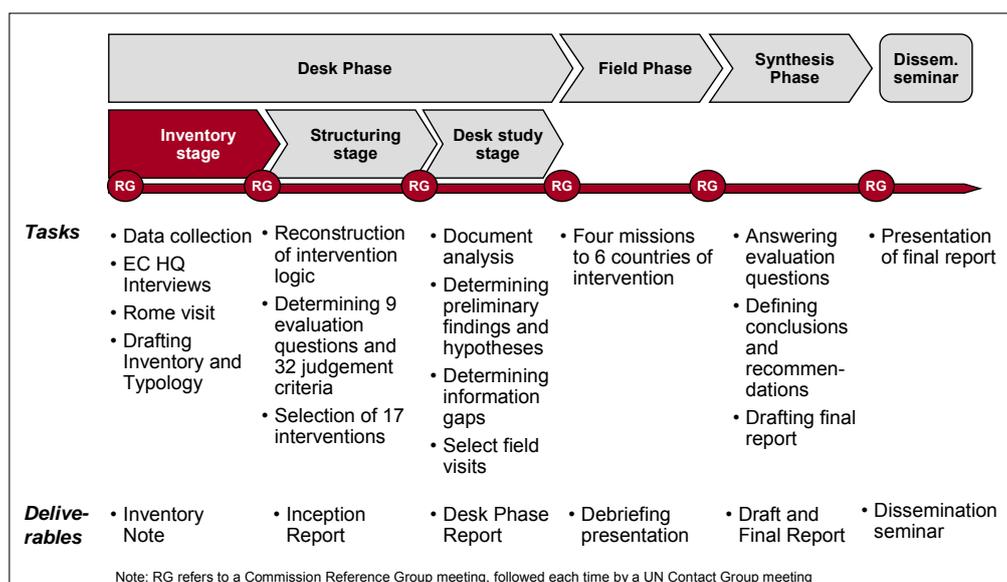
As detailed in the launch note, the evaluation process is divided in 4 phases:

- A **Desk Phase** comprising :
 - An **Inventory stage**, devoted to mapping the funds channelled through UN family;
 - A **Structuring stage**, aimed at building the methodological framework of the evaluation;
 - A Desk **study stage**, focused in collecting information on documentary basis;
- A **Field Phase** devoted to complete documentary data through fieldwork;
- A **Synthesis Phase** dedicated to analyse all the information collected and synthesise it so as to answer the Evaluation Questions, reach an overall judgement, and provide conclusions and recommendations;
- A **Dissemination Phase**.

During the whole evaluation process the evaluation team is accompanied by the Reference Group for guidance purposes. From time to time, a feedback is organised with the UN Contact Group which gathers the representatives of the major UN bodies in relationship with the Commission. This ensures that on the UN side, the communication, validation of understanding of functioning and data gathered are secured and that support is obtained.

Each phase comprises different tasks, as well, as different deliverables as show the diagram here below.

Diagram 1 – Overview of the evaluation process



1.3 The inventory stage

The objective of the inventory stage is to obtain basic information of the funds channelled by the Commission to the UN family prior to the structuring of the evaluation when methodological choices will be made.

During this inventory stage the team has been concentrated on information gathering to be able to appreciate the flows but also to understand them. The approach has consisted in the reconciliation of top-down and bottom-up approaches in order to capture the full spectrum of the flows. A “mirroring” of data (same funds reported in “double-entry” as sent in Commission databases and received in UN bodies’ data bases) has been tried in order to validate information. In qualitative terms, the mirroring has been possible and it has permitted to crosscheck the information received and to build up an accurate overview. Nevertheless, the mirroring in financial terms has not been possible at this macro level as the nature of the information recorded in the databases is sensibly different (for more details see section 1.4).

Four types of sources have been exploited:

- Databases:
 - From the Commission: Common RELEX Information System (CRIS), On Line Accounting System (OLAS), Humanitarian Office Programme Environment (HOPE), Accrual Based Accounting (ABAC);
 - From the UN bodies.
- A predefined “macro budget table” form filled by 9 selected UN bodies.
- Documents: 191 documents have been collected and are stored in an electronic database. The list of documents in annex 3 covers only documents that have been directly used for the drafting of this report.
- Interviews: 62 interviews and 2 round tables have been held with Commission and UN bodies’ representatives (for the list of informants see annex 2).

During this phase the team has been strongly supported by the Evaluation Task Manager in particular to obtain the extractions from the different Commission databases.

The members of the Commission reference group have been useful as a first entry in the matter and to steer the evaluation team to other key informants.

The UN liaison office in Brussels has enthusiastically responded to the initiative. A UN Contact Group has been set up regrouping the 7 UN bodies cumulating the largest amount (91%) of the funds channelled. These are, in alphabetical order: Food and Agriculture Organization (FAO), United Nations Development Programme (UNDP), Office of the United Nations High Commissioner for Refugees (UNHCR), United Nations Children’s Fund (UNICEF), United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), World Food Programme (WFP) and World Health Organisation (WHO). Following a special request from the UN representation, United Nations Industrial Development Organization (UNIDO) and United Nations Environment Programme (UNEP) have joined the group. Although at the present time they receive

much smaller amounts from the Commission, this cooperation is of interest to explore the new relations and newer ways of “Partnership” to be envisaged with other UN bodies, in particular for transversal themes such as industry, private sector, trade capacity building or environment.

The members of the group have been interviewed bilaterally in their Brussels office. A representative of UNRWA, the only body of the contact group that has no office in Brussels, has been met during a mission to Brussels. Exchanges have been of quality and open. Finally, a mission has been organised to FAO and WFP headquarters in Rome. It permitted to gather and understand data and to appreciate both organisations core business and the role played by the relationship with the Commission over the last years. During the mission the evaluation team was received by the Commission Delegation accredited to these bodies in Rome, completing therefore the spectrum of information.

For the drafting of this inventory note, only macro level material has been exploited. At this stage, the report aimed at capturing the general flows and trends therefore not all the data obtained during the phase has been used. But the information gathered constitutes a precious basis that will be exploited and completed during the rest of the evaluation.

1.4 The inventory Note

The inventory note presents a comprehensive picture of the financial flows transferred by the Commission to the UN bodies.

According to the terms of reference the note has to focus on funds from RELEX, DEV and AIDCO. Given the importance of the funds channelled by Directorate General for European Community Humanitarian Aid Department (ECHO) and the availability of data, the note treats them in a certain detail as well. Finally, a small section covers the other services of the Commission.

The note is structured in three main chapters:

- A presentation of the cooperation context – describing briefly the different actors and the legal framework of the cooperation between the Commission and the UN family ;
- A description of the financial flows from the Commission Services to the UN bodies as reported by the Commission – with a special focus on funds from RELEX-DEV-AIDCO and from ECHO ;
- A section on the financial flows from donors to the UN bodies as reported by the UN bodies. The magnitude of the Commission's flows to the UN has to be put in perspective of the full contributions received by the UN bodies. A special distinction is made between the Commission, the European Union (EU) member states and the other donors.

The following table with the definition of key terms might be useful during the reading.

Box 1 - Definition of key terms

Contracted amounts: are amounts that have been the object of signed contracts determining the provision of services and/or supplies by a “contractor”. When this contractor is a UN body, the document signed is a contribution agreement.

Payments: amounts transferred by the Commission to its “contractor”. According to the Financial and Administrative Framework agreements payments might be :

- Advancement payments – from 80% up to 95% of its total contribution if the implementation period does not exceed 12 months and of the forecasted budget of the first 12 months of the action if the intervention last for more than 12 months.
- Additional payments – will cover the remainder of the Commission budget for the previous budget and from 80% to 95% of the forecast budget for the subsequent 12 month period.
- Final payments – on submission of the final report.

The following definitions are not official and do vary by UN bodies:

Core budget: usually defined as the budget serving the expenses incurred by the body to pursue its core activities that comprise its own projects or programmes (of varying magnitude for each UN body) and in any case the HQ and local offices expenses in manpower and buildings.

Non Core budget: usually defined as a budget serving projects or programmes financed on voluntary contributions.

Assessed contribution: obligatory contributions by UN body “shareholder” which are UN Member States.

Voluntary contributions: non-obligatory contributions.

Funds earmarked: the use of the funds is geared towards precise objectives that have to be measured and reported.

Funds un-earmarked: funds which are unrestricted in the final destination or use.

WFP multilateral voluntary resources: amounts un-earmarked

WFP directed multilateral voluntary resources: amounts earmarked.

1.5 Limits encountered

This inventory note provides a useful overview of the funds channelled to the UN bodies. Nevertheless, it is important to underline that the exercise relies completely on the data available in databases, on their flexibility of exploitation and in the quality of the data.

To overstep these limits and access the maximum amount of recorded data the evaluation team has used extractions from four different Commission databases and has requested extractions from UN bodies' databases. However, all these databases are different in nature, cover different realities, record different type of data and use different nomenclatures. Their comparison and aggregation becomes a challenging and sometimes an imperfect exercise.

The inventory note is in particular weak in qualifying the use made of these funds. As this inventory note covers a large spectrum, the evaluation team has used automatic generated extractions. It would not be possible to carry at this stage an individual research under each contract as over the years their total number is more than one thousands.

The following table explain in detail for what purposes has each database been used (see Column: Available financial information) and what are the limits of the extraction we have received (see Column: Limits).

Table 1 - Overview of main sources of data

Data sources	Available financial information	Limits
CRIS production	<ul style="list-style-type: none"> - Information from AIDCO, RELEX, DEV on Commission budget. - Extraction at contract level by contractor. - Contracts and payments from 1999 to 2006 to the UN bodies. - Breakdowns by: Geographical, sectoral and type of procedure for call for proposals. 	<ul style="list-style-type: none"> - CRIS production is the "Common RELEX Information System", it contains data from the RELEX, DEV and AIDCO, and thus not from the other DGs, nor European Development Fund (EDF) data. - The team could not generate from the CRIS database a readily available list of the annual payments for each contract. To the teams' understanding this can only be obtained by entering in the details of each contract through a click on the contract number. For each contract, the sum of payments between the start date of the contract and the date of data extraction could be generated though. - Different contracts may all relate to a single programme/project. A regrouping would only be possible on the basis of an individual research in the database and no codes or information appearing in the extraction permit this regrouping. - Sectoral information is not available in 30% of the cases.
HOPE	<ul style="list-style-type: none"> - Information from ECHO on Commission budget and EDF. - Contracts and payments from 1999 to 2006 to the UN bodies. - Breakdown by countries and sectors. 	<ul style="list-style-type: none"> - HOPE contains information on funds managed by ECHO. It comprises funds from EDF and from the Commission budget. - ECHO applies its own sector breakdown.
OLAS	<ul style="list-style-type: none"> - Information from EDF. - Contracts and payments from 6th EDF to the 9th EDF for 	<ul style="list-style-type: none"> - OLAS contains information on EDF only. - Different contracts may all relate to a single programme/project.

Data sources	Available financial information	Limits
	<ul style="list-style-type: none"> - the years 1999 to 2006 to UN bodies. - Geographical and sectoral breakdown. 	<ul style="list-style-type: none"> - The evaluation team has received two extracts; one for contracts and one for payments. Payments might concern projects contracted before 1999, in contrary of data from CRIS.
ABAC	<ul style="list-style-type: none"> - Payments from the Commission budget (all services) to UN bodies from 1999 to 2006. 	<ul style="list-style-type: none"> - ABAC contains information on the Commission budget. It concerns all the services. It does not contain information on EDF. - The ABAC database extract received does not mention the region or country concerned. Accordingly, it is not always possible to decide whether the payment listed refers to a country that falls within the scope of the present evaluation. The "fund management center" list can be of use in this respect but not always. An "AIDCO" related payment falls within the scope, an "ELARG" payment does not, but the situation is unclear for other DGs such as Economic and Financial Affairs, (ECFIN). - Different payments can relate to more than one contract. The extraction does not contain any code or information that permits the regrouping. - For the same reasons, it was not possible to distinguish the advancement payments from the final payments. - Within the absence of a common code or marker, the data could not be merged and crosschecked with other databases as CRIS or HOPE. - The data extract from ABAC does not contain a specific field for sectors. The title does not always allow an identification of the sector, but moreover given the number of lines (more than 4,500) such an exercise would in any case be extremely time consuming.
UN Sources	<ul style="list-style-type: none"> - List of Commission/UN programmes/projects by UN bodies from UN representation offices in Brussels and/or from UN headquarters. - Macro budget tables by UN bodies from UN representation offices in Brussels and/or from UN headquarters. 	<ul style="list-style-type: none"> - The nature of the data recorded is very different from one UN source to another. - Multi-annual contributions are in certain cases attributed to one year (UNDP, FAO, WFP) in other cases they are spread over the years covered by it (UNHCR). - Not all the project lists cover the full period of the present evaluation nor its geographical scope. Database changes and consolidations do not allow sometimes to go to the early years. For example this is the case for FAO and for WFP. - Sectors and geographical categories applied correspond to each UN bodies' classification.

Different databases have been used over the report depending on the information needs.

Data from CRIS, OLAS and HOPE are of a pretty comparable nature. They offer the best view of the financial flows for funds from RELEX-DEV-AIDCO and ECHO. This data is the base of the typologies and it has been treated together as far as possible.

A global overview of the financial flows of all the Commission Services is only available in ABAC. This data is payment based. However given the lack of details in terms of action (geography, sector) it has not been used for the typologies. Furthermore, given the particularities of each database it is difficult to compare the data, in particular for the payments from CRIS, OLAS, HOPE and ABAC.

The section 4 is based on data from UN sources that were provided to the evaluation team by the UN representation offices in Brussels and/or headquarters. These data can not be compared with the data used in the previous sections because they are different in nature, cover different realities, record different type of data and use different nomenclatures.

Table 2 – Databases used by section

Section	DB	Coverage
<i>Section 3.1 and 3.2</i> – Financial flows from RELEX-DEV-AIDCO and ECHO to the UN bodies	CRIS	RELEX-DEV-AIDCO Commission budget
	OLAS	DEV, AIDCO EDF
	HOPE	ECHO Commission budget + EDF
<i>Section 3.3</i> - Financial flows from other Commission Services to the UN bodies	ABAC	All Services of the Commission, Commission budget
<i>Section 4</i> - Financial flows from donors to the UN bodies (reported by the UN bodies)	UN sources	UN bodies budget

2. Cooperation Context

Article 302 of the Treaty establishing the European Community (EC) provides that the European Commission shall ensure the maintenance of all appropriate relations with the organs of the United Nations and of its Specialized Agencies.

It is important to see that the Commission does not act as a single body, and that several actors are involved with different aspects of the Commission/United Nation cooperation. The Directorates General in charge of external affairs (RELEX-DEV-AIDCO and ECHO) are the main actors. In order to have the broader mapping possible in this inventory phase, a quick overview of the role played by other DGs who channel funds to the UN will be presented.

Alike the Commission with several DGs and programs, the United Nations system is composed of different bodies, Funds, Programmes, Specialized Agencies and Offices which have different functioning process and different type of relation with the Commission. In order to get the clearest possible view of the Commission /United Nations cooperation, all the actors of this cooperation are now going to be briefly presented.

Finally, this section will also introduce the legal framework that rule the cooperation between the Commission and the UN family. It is important to underline that if mutual recognition and cooperation started before the period under scope for this evaluation (1999-2006) they have greatly intensified these last years.

2.1 Mapping of Commission actors

2.1.1 DG External Relations

DG RELEX, under the Commissioner for External Relations and European Neighbourhood Policy, is responsible for the overall Commission's relations with international organisations among which the UN. It also formulates the external relations policy of the Commission among which the external aid policy for all regions except Africa, Caribbean and Pacific (ACP) countries (Euro-Mediterranean Partnership Programme – MEDA- , Asia and Latin America –ALA-, Technical Assistance to the Commonwealth of Independent States –TACIS-). Therefore it has nevertheless a pivotal role in the Commission/UN relationship, as a political strategy designer high level authority.

Furthermore, through over 120 Delegations, DG RELEX is also present at the field level, where an important part of the Commission cooperation with the different UN bodies is managed and more and more originating, within the “devolution” process initiated in 2000.

Delegations accredited to UN bodies' headquarters

While in most cases the EU is represented in UN bodies by the EU Member State in charge of the 6 month EU Presidency, the Commission speaks for and acts as negotiator for the EU and its Member States (MS) in areas where powers have been transferred to it (e.g. trade, fisheries, agriculture and aspects of development and environmental policy). Thereby, the Commission has delegations accredited to UN bodies in Geneva, Paris, Nairobi, New York, Rome, and Vienna.

In addition, the Commission does share a special relationship with the FAO in a different setting. In November 1991 the European Economic Community, was admitted to FAO membership as a "Member Organization" (still being the only one in this category). As such it is entitled to participate "in matters within its competence", in FAO meetings. In these matters it can exercise "membership rights on an alternative basis with its Member States that are Member Nations of the Organization". This means that either the member states exercise their voting rights or the "Member Organization" votes with "a number of votes equal to the number of its Member States which are entitled to vote in such meeting. Whenever a Member Organization exercises its right to vote, its Member States shall not exercise theirs, and conversely". Limitations are in place concerning participation in some bodies with restricted membership. The "Member Organization" is not required to contribute to the budget but has to make a payment to cover administrative and other expenses arising out of its membership (€0.3M per year).

Nevertheless, it can be said that the Commission is more a "stakeholder" to the UN system rather than a "shareholder" like EU Member States.

Delegations at field level

If the Commission's external policy legal and financial frameworks are set up in Brussels, it is meant in the process of devolution, that the local development priorities, the budgeting and the choice of the implementing partner are done in the field, at Delegation level.

Development priorities are agreed bilaterally after consultation between the Commission's Delegation and the country concerned. Depending on the country situation and on the presence and activities of the UN bodies in the country, the latter can be chosen by the Delegations to undertake a partnership activity, if it comes within the scope of the priorities adopted, and if the request is made by the beneficiary country. Thus, Delegations at field level identify potential specific contribution agreements, and are often the contracting party. This has especially been developed since the Commission has launched the "devolution" process in order to bring decision-making closer to partner countries, by discharging the duty of implementation of assistance programmes to the field delegations.

2.1.2 DG Development

DG DEV, under the authority of the Commissioner for Development and Humanitarian Affairs, is the programming arm of the external aid services of the Commission. It initiates and formulates the Community's development cooperation policy, prepares strategies for

cooperation with the ACP countries and the Overseas Countries & Territories (OCTs), and monitors their implementation notably through the Cotonou Agreement, by programming resources of the European Development Fund (EDF). DG DEV also programs and monitors the use of financial resources under the Commission budget lines dedicated to certain sectors and themes in support of the development policy. "The most significant budget lines are food aid (transferred to ECHO at January 2007)/food security, environment/tropical forests, health and Non Governmental Organisation (NGO) co-financing"¹.

Furthermore, DG DEV is also "committed to strong co-ordination and complementarity between the Community, the Member States and multilateral organisations"² among which the United Nations system. In that frame, DG DEV is the signing authority for half of the Strategic Partnership Agreements (these agreement are presented in section 2.3), namely with FAO, WHO and WFP. Thus, DG DEV prepares the implementation of external aid, which is then executed by EuropeAid and ECHO.

2.1.3 EuropeAid

EuropeAid, in short form AIDCO, is a department of the Commission which is part of the portfolio of the Commissioner for External Relations and European Neighbourhood Policy.

It implements the external aid instruments of the Commission which are funded by the European Commission budget and by the European Development Fund.

EuropeAid was set up in 2001 to administer development cooperation, while DG DEV and RELEX focus on policy and programming. EuropeAid's mandate is thus to ensure the achievement of the objectives of the programmes established by DG RELEX and DG DEV, and that Community aid is implemented effectively, including through the UN. EuropeAid relations with UN are coordinated by the Unit F4 "Relation with EU institutions, international organisations and donors". EuropeAid supervises the "deconcentrated" activities, giving technical, financial and contractual support to the delegation staff.

2.1.4 ECHO

ECHO, managing funds provided by the EC for humanitarian assistance to victims of conflicts or disasters, both natural and man-made, in countries outside the EU is under the authority of the Commissioner for Development and Humanitarian Affairs.

Because of the different nature of its activities, dedicated to emergency crisis/situations, ECHO has slightly different functioning modalities than EuropeAid, permitting quick reaction and implementation. In order to meet the needs created by crisis contexts, ECHO has developed deep relations and dialogue with 5 bodies of the UN (UNHCR, WFP,

¹ Source: DG DEV website.

² Source: DG DEV website.

United Nations Office for the Coordination of Humanitarian Affairs –UNOCHA-, UNICEF, WHO), such as the sharing of need assessment analysis, the Early Warning System with the WFP or the Strategic Programming Dialogues (mechanism described in the 2.3). Aiming at the same goal of meeting the needs created by crisis contexts, particular partnership conditions had been set up, such as special contracting timelines (12 month contracts), retroactivity, lighter reporting conditions, or the Thematic Fundings. This new type of founding dedicated to UN bodies internal expenses, was introduced in 2002 for UNHCR. Composed mainly of capacity building programmes, it enables UN bodies to “strengthen their response capacity and improve the delivery of humanitarian aid”³. Since then, UNICEF, UNOCHA, WFP and WHO receive also Thematic Fundings.

2.1.5 Other DGs

All the others DGs represent altogether a small share of the EC funds channelled through the UN bodies (about 5% of payments according to ABAC database). It is important to underline that there are partnerships between the UN and some DGs that are not especially dedicated to development, but who share common thematic interest with one or the other UN body.

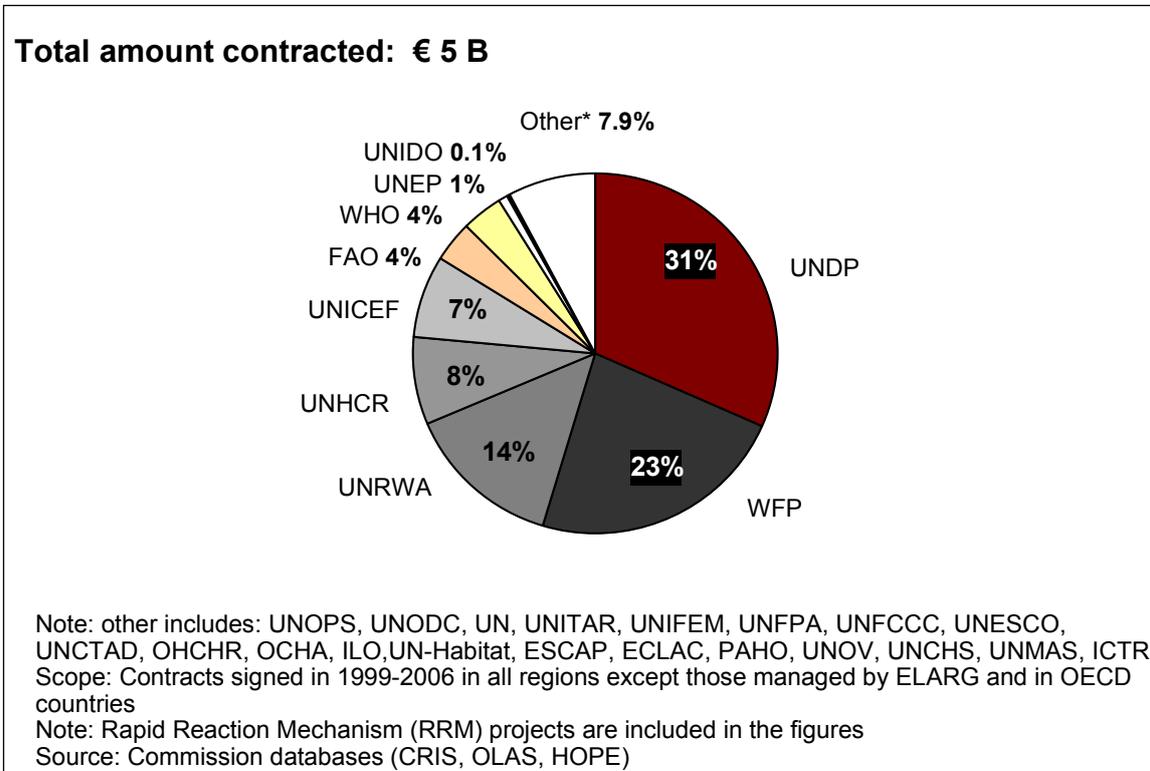
Indeed, some of those DGs have developed preferential (mainly political) relations with the UN body in charge of the same theme, such as DG Environment (ENV) with UNEP or DG Health and Consumer Protection (SANCO) with WHO.

2.2 Mapping of the UN bodies

This section aims at presenting the 7 UN bodies receiving the majority (91%) of the Commission (RELEX-DEV-AIDCO and ECHO) funds as well as 2 other UN bodies, namely UNEP and UNIDO, which have specially requested to be included in the UNGC for this evaluation. Figure 1 here below illustrates the share of the 7+2 UN bodies in the total amount contracted by RELEX-DEV-AIDCO and ECHO to the UN. The remaining part of this section presents the characteristics of the 9 UN bodies that determine to some extent their functioning process and their relations with the Commission. On the one hand, there are Funds and Programmes, on the other hand, there are Specialized Agencies.

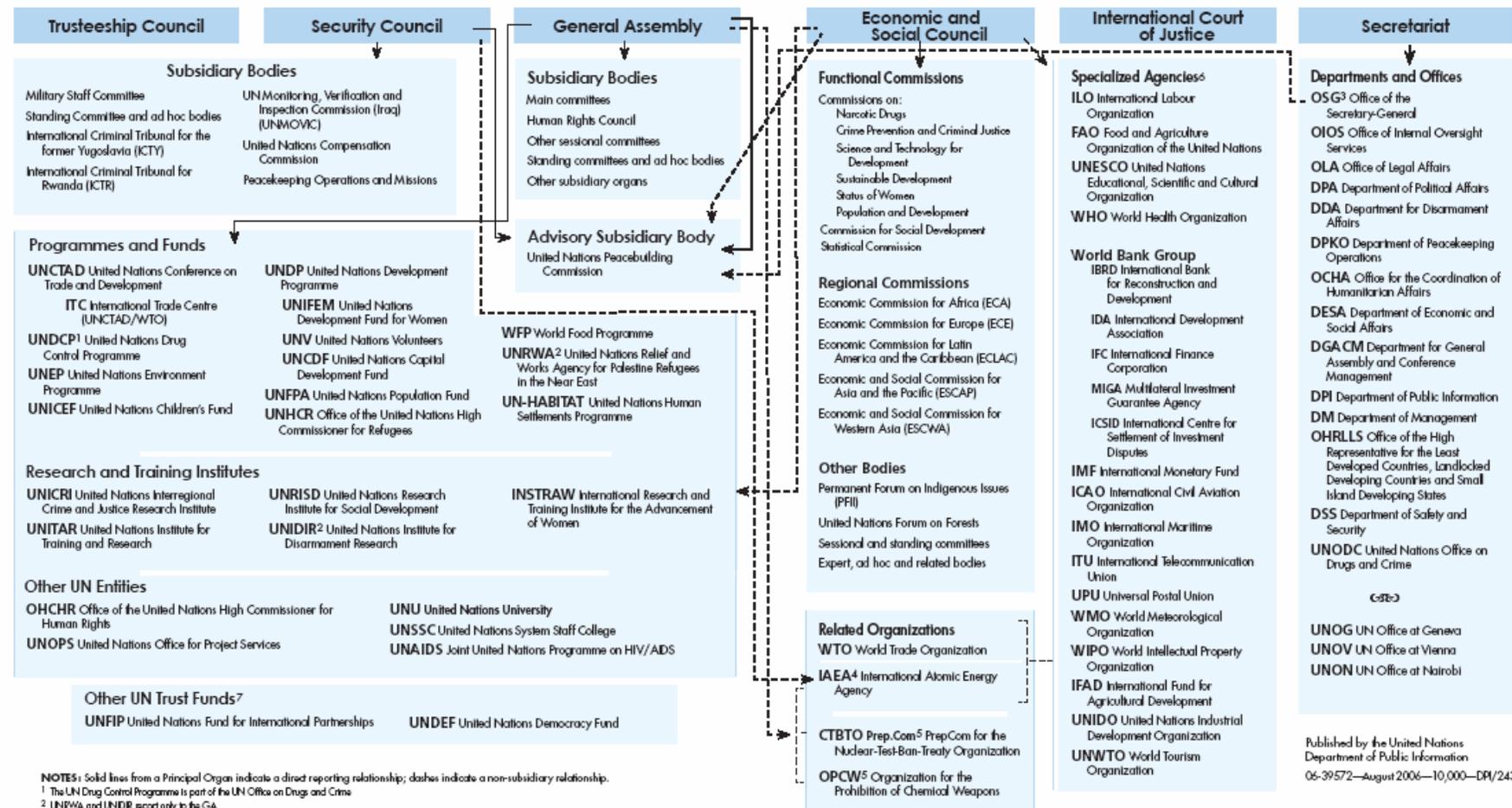
³ Source: ECHO Annual Report 2005.

Figure 1 – Distribution of the amount contracted from the Commission by UN bodies (% of value) – 1999-2006



The United Nations System

Principal Organs



NOTES: Solid lines from a Principal Organ indicate a direct reporting relationship; dashes indicate a non-subsidiary relationship.

¹ The UN Drug Control Programme is part of the UN Office on Drugs and Crime

² UNRWA and UNIDIR report only to the GA

³ The United Nations Ethics Office and the United Nations Ombudsman's Office report directly to the Secretary-General

⁴ IAEA reports to the Security Council and the General Assembly IGA

⁵ The CTBTO Prep.Com and OPCW report to the GA

⁶ Specialized agencies are autonomous organizations working with the UN and each other through the coordinating machinery of the ECOSOC at the intergovernmental level, and through the Chief Executives Board for Coordination (CEB) at the inter-secretarial level

⁷ UNFIP is an autonomous trust fund operating under the leadership of the United Nations Deputy Secretary-General. UNDEF's advisory board recommends funding proposals for approval by the Secretary-General.

2.2.1 Programmes and Funds

Programs and Funds are special organs of the United Nations, working to improve the economic and social condition of people around the world. They have been usually founded by an act of the UN General Assembly, and they report to the ECOSOC or via the ECOSOC to the General Assembly (except UNRWA that reports directly to the General Assembly). Those Funds and Programmes are governed by boards elected by the ECOSOC or the General Assembly, generally by taking into account the principle of "equitable geographic representation" of UN Member States.

In contrary to the Specialized Agencies (described here-under), the Funds and Programmes have to rely on voluntary contributions only, except from some small part of the administrative costs that may be financed from the regular UN budget (financed by the dues the members states are obliged to pay according to their "capacity to pay", based on criteria like GNP, population size etc.).

Nevertheless, Funds and Programs might be more "rich" than the whole UN political organs. For instance, the UNDP conducting many development projects and programmes, gets annually much more money than the UN political organs. However to achieve this, Funds and Programmes have to be fundraising-oriented in order to convince states, or nowadays organisations such as the EC, to finance them.

Among the sample of 9 UN bodies chosen for the present evaluation, 5 are Programmes and 1, UNICEF is a Fund, whereas the remaining 3 are Specialized Agencies which will be presented under section 2.2.2.

Table 3 – UN Funds and Programmes mandate

<p>UNDP (United nation Development Program)</p> <p><i>Established in:</i> 1965</p> <p><i>Total Budget</i> 2005:\$5B</p>	<ul style="list-style-type: none"> ▪ <i>Objective</i> : help developing countries, attract and use aid effectively, work with them on their own solutions on global and national development challenges ▪ <i>Activities</i>: <ul style="list-style-type: none"> - Democratic Governance: develop state institutions and processes that are more responsive to the needs of ordinary citizens; - Poverty Reduction: stress the importance of pro-poor policies by connecting national policies to the Millennium Development Goals; - Crisis Prevention and Recovery: since 2001, it helps countries prevent and recover from armed conflicts and natural disasters through advocacy, capacity building, conflict sensitive development; - Energy and Environment; - Encourages the protection of human rights and the empowerment of women; - Development of Information Technology and Communications (ITC); - Coordination role of development activities for the United Nations system as a whole (Chair and Secretariat of the UNDG).
<p>WFP (World Food</p>	<ul style="list-style-type: none"> ▪ <i>Objective</i>: meet emergency needs by delivering food aid, to support economic & social development by improving the nutrition and quality of life of the

<p>Programme)</p> <p><i>Established in:</i> 1963</p> <p><i>Total Budget</i> 2005:\$2.7B</p>	<p>most vulnerable people at critical times in their lives and by helping to build assets and promote the self-reliance of poor people and communities</p> <ul style="list-style-type: none"> ▪ <i>Activities:</i> <ul style="list-style-type: none"> - Transport and logistics expertise and assistance to ensure rapid and efficient delivery of humanitarian aid; - Emergency assistance, used to the serve both relief and development purposes. In both cases the overall aim is to build self-reliance. It pulls together its activities in an integrated way at the country level so that it can respond to urgent needs as they occur while retaining core development objectives.
<p>UNRWA (United Nations Relief and Works Agency for Palestine Refugees in the Near East)</p> <p><i>Established in:</i> 1949</p> <p><i>Total Budget</i> 2005:€356M</p>	<ul style="list-style-type: none"> ▪ <i>Objective:</i> originally envisaged as a temporary organization, UNRWA is a relief and human development agency, providing basic services - education, health, relief and social services - to over 4.3 million registered Palestine refugees in the Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab republic ▪ <i>Activities:</i> <ul style="list-style-type: none"> - Health: primary health care, nutrition and supplementary feeding, assistance with secondary health care, environmental health in refugee camps; - Education: provides primary and junior secondary schooling, vocational and technical training courses in the eight UNRWA vocational training centres, extensive teacher-training programme, and offers university scholarships to qualified refugee youth; - Relief and social services: standard of nutrition and shelter, facilitate longer-term social and economic development for refugees and their communities; - Micro finance and micro enterprise programme in the West Bank and Gaza strip through four revolving loan funds: Small-scale enterprise product, solidarity group lending product, micro enterprise credit product, consumer lending product.
<p>UNHCR (Office of the United Nations High Commissioner for Refugees)</p> <p><i>Established in:</i> 1950</p> <p><i>Total Budget</i> 2005:\$1.1B</p>	<ul style="list-style-type: none"> ▪ <i>Objective:</i> protect refugees including stateless and internally-displaced people, safeguard their rights and well-being, ensure that everyone can exercise the right to seek asylum and assist refugees when returning to their own country or to settle in another country ▪ <i>Activities:</i> <ul style="list-style-type: none"> - Leads and co-ordinates international action on refugees protection; - Seeks to provide at least a minimum of shelter, food, water and medical care in the immediate aftermath of any refugee exodus; - Tries to reduce situations of forced displacement by encouraging states and other institutions to create conditions which are conducive to the protection of human rights and the peaceful resolution of disputes; - Consolidates the reintegration of returning refugees in their country of origin.
<p>UNICEF (United Nations Children's Fund)</p> <p><i>Established in:</i></p>	<ul style="list-style-type: none"> ▪ <i>Objective:</i> promote the protection of the rights of the children, help to cover their basic requirements and increase the opportunities available to them to fully develop their potential. It is also oriented towards women, promoting equal rights and supporting their full participation in community development

<p>1946</p> <p><i>Total Budget 2005:€109M</i></p>	<ul style="list-style-type: none"> ▪ <i>Activities:</i> <ul style="list-style-type: none"> - Protects the rights of children and women, ensure the rigorous application of international standards for their assistance and protection, and provide emergency assistance to meet their needs; - Works to influence and analyze public policies to bring children's rights to the spotlight, it has become well known for its work in research, evaluation and information centre on the situation of children throughout the world; - Programmes in the fields of education, in hygiene, nutrition and safe water.
<p>UNEP (United Nation Environment programme)</p> <p><i>Established in: 1972</i></p> <p><i>Total Budget 2005:\$60M</i></p>	<ul style="list-style-type: none"> ▪ <i>Objective:</i> international cooperation in the field of the environment, international environmental law and appropriate policies development. ▪ <i>Activities:</i> <ul style="list-style-type: none"> - Disseminates environmental information by organizing contributions of the relevant international scientific and other professional communities to the acquisition, assessment and exchange of environmental knowledge and information; - Coordinates UN activities on matters concerned with the environment; - Helps, environmental authorities in particular in developing and transition countries to formulate and implement environmental policies; - Provides expert advice on design and use of environmental concepts and instruments; - Reviews the impact of national and international environmental policies and measures in developing countries, as well as the problem of additional costs that may be incurred by developing countries.

Source: UN websites and Annual Reports.

2.2.2 Specialized Agencies

The 13 Specialized Agencies are independent organizations (including the Bretton Woods Institutions) but belong to the "UN Family" or "UN System". Distinct from the Funds and Programmes they are separate legal entities and autonomous bodies, created by intergovernmental agreements and linked to the UN through cooperative agreements.

Having wide-ranging international responsibilities in the economic, social, cultural, educational, health and related fields, some of them, like the International Labour Organization (ILO) and the Universal Postal Union, are older than the UN itself. All Specialized Agencies have their own membership constituency, which can but might not be identical to the one from the UN. They also have their own budgets, usually based on assessed contributions as well.

Among the 9 UN bodies covered by the present evaluation, 3 are Specialized Agencies namely WHO, FAO and UNIDO.

Table 4 - UN Specialized Agencies mandate

<p>FAO (Food and Agriculture organization of the United Nations)</p> <p><i>Established in:</i> 1945</p> <p><i>Total Budget 2005:</i>\$1.3B</p>	<ul style="list-style-type: none"> ▪ <i>Objective:</i> food security for all, rise the level of nutrition, improve agricultural productivity by modernizing and improving agriculture, forestry and fisheries practices, and contribute to the growth of the world economy, serving both developed and developing countries. ▪ <i>Activities:</i> <ul style="list-style-type: none"> - Knowledge network: by collecting, analysing and disseminating data that aid development; - Shares policy expertise; - Provides a meeting place: a neutral forum where rich and poor nations can come together to build common understanding; - Brings knowledge to the field: provides the technical know-how and in few cases is a limited source of funds. <p>(In crisis situations, works side-by-side with the World Food Programme -which was created by the FAO- and other humanitarian agencies to protect rural livelihoods).</p>
<p>WHO (World Health Organization)</p> <p><i>Established in:</i> 1948</p> <p><i>Total Budget 2005:</i>\$134M</p>	<ul style="list-style-type: none"> ▪ <i>Objective:</i> the attainment by all peoples of the highest possible level of health, being defined as a state of complete physical, mental and social well-being; the extension to all people of the benefits of medical, psychological and related knowledge ▪ <i>Activities:</i> <ul style="list-style-type: none"> - Coordinates/networks authority on international health work and among scientific and professional groups which contribute to the advancement of health; - Provides technical support, catalysing change, assists Governments, upon request, in strengthening health services/institutions (global epidemic intelligence); - Shapes the research agenda and stimulates the generation, translation and dissemination of valuable knowledge: promotes and conducts research on improved standards of teaching and training in the health medical and related professions; - Sets up norms and standards, promoting and monitoring their implementation: informs the opinion, proposes conventions, agreements and regulations, and make recommendations; - Monitors the health situation and assessing health trends: statistical services; - Increases active role in helping to ease the impact of natural and manmade disasters by epidemic and nutritional surveillance, access to basic preventative and curative care, access to good quality essential drugs and vaccines, surgical supplies and health information.
<p>UNIDO (United Nation Industrial Development Organization)</p> <p><i>Established in:</i> 1966</p>	<ul style="list-style-type: none"> ▪ <i>Objective:</i> industrial development and international industrial cooperation by assisting small and medium enterprises (SMEs) through technical cooperation activities. ▪ Activities: <ul style="list-style-type: none"> - Poverty reduction through productive activities focusing on enabling the poor to earn a living, private sector development and agro-industrial development improving business environment and institutional support and strengthening business information services; - Trade capacity building : set up the technical infrastructure required

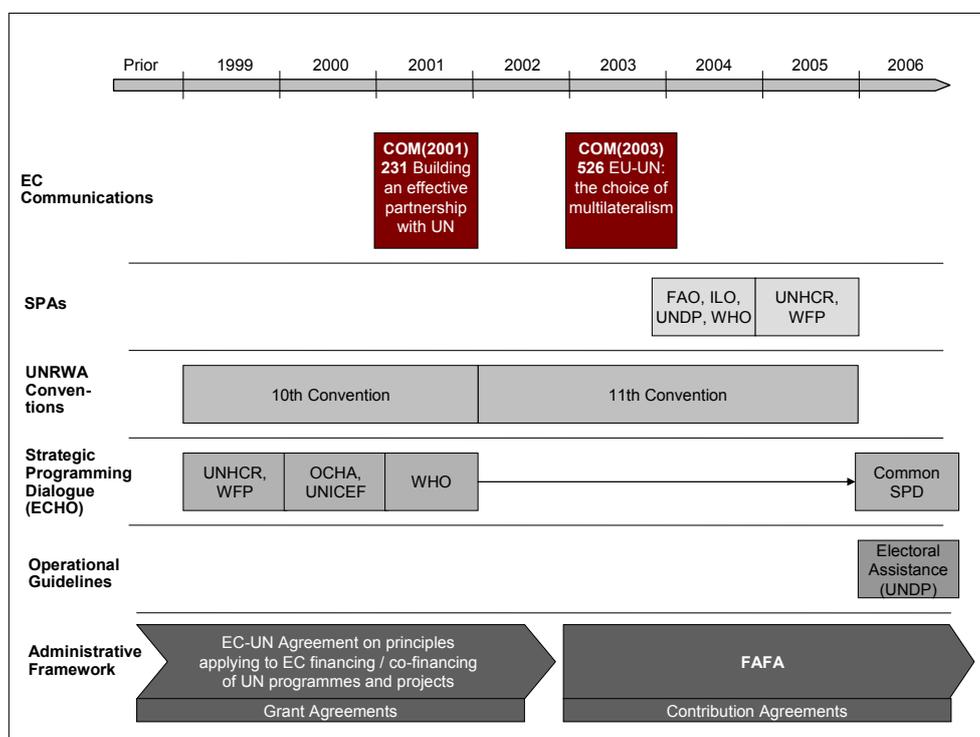
<p><i>Total Budget 2005: €202M</i></p>	<p>to participate in international trade and strengthen key export sectors that require support services in upgrading the productive and export capacities, facilitate market access through business partnerships;</p> <ul style="list-style-type: none"> - Energy and environment : de-linking intensity of energy use from economic growth, reducing the environmental damage that occurs with energy use, prevent industrial pollution and waste from being created, implement of multilateral agreements; - Emergency : perform a needs assessment and absorptive capacity review to understand clearly the socio-economic situation of the country; - Rehabilitation and reconstruction: jump-starting the economy through investment in key productive sectors, promoting income generating activities, institutional strengthening, infrastructure rehabilitation including key transport, communication, and utility networks.
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Source: UN websites and Annual Reports.

2.3 Cooperation Legal Framework

The official cooperation and mutual recognition between the European Community and the UN family usually precedes the period to be evaluated (1999-2006). Nevertheless, the collaboration was greatly intensified and legally framed during the period under study. In order to achieve a clear presentation of the different types of collaboration act and mechanisms, they will be classified according to their strategic/operational value.

Diagram 2 – Historiographic of strategic and operational legal framework



2.3.1 Strategic Framework

Commission's Communications on Multilateralism

The political strategy of the Commission toward the Commission/UN collaboration has been set up and explained by two Communications which are considered as a starting point for the intensification of the cooperation, and thus almost systematically quoted at the first lines of post-existing agreements:

- COM (2001) 231 FINAL of 2.5.2001: “*Building an effective Partnership with the United Nations in the field of Development and Humanitarian Affairs*”, shows the political determination of the Commission to ensure more efficient and effective humanitarian and development cooperation with the UN, thanks to better coordination, complementarities, information exchange and enhanced dialogue.
- COM (2003) 526 final of 10.9.2003 “*The European Union and the United Nations: The choice of multilateralism*”, aiming at renewing the EU support to the multilateral system in order to enable the multilateral institution (with the UN as a pivot) to effectively implement their decision and norms.

From those political statements, the will to join forces in specific areas can take different forms of agreements, here under described.

Joint Declarations

A “Joint Declaration” is a high-level agreement signed by the Secretary-General of the UN and the Presidency of the Council of the EU, establishing a joint consultation mechanism on a specific issue with direct implication on Commission's DGs/UN bodies collaboration. For example: “Joint Declaration on UN-EU Co-operation in Crisis Management” 24 September 2003.

Exchange of Letter

An “Exchange of Letter” is composed of two quasi identical letters from the two parties, permitting the recognition of mutual commitment to consolidation and intensification of the cooperation while working toward the same goals. These are not agreements and they do not imply any obligation for the signers. For example: “The Directorate General for Employment, Social Affairs and Equal Opportunities (DG EMPL) and the ILO concluded a new exchange of letters on 14 May 2001 to underline their commitment to working together more closely”.

Strategic Partnership Agreement

The “Strategic Partnership Agreement (SPA)” represents the most achieved form of agreement signed between the Commission and Specialized Agencies or special organs of the UN. They are meant to foster closer collaboration and achieving common goals in the field of development, with specific emphasis on poverty alleviation. They follow more or

less a standardized pattern defining: Principles and objectives, a Scope, Areas of policy dialogue, Areas of financial cooperation, Arrangements, the Financial framework and the Duration⁴. The content of these Strategic Partnerships is open to regular review.

“Strategic Partnerships Agreements” have been concluded between the Commission and:

- Three Specialized Agencies WHO (2 July 2004), ILO (16 July 2004) and FAO (13 September 2004); and
- Three special organs UNDP (28 June 2004), UNHCR (15 February 2005), and WFP (2 September 2005).

Table 5 - UN bodies Agreements with the Commission

	MoU	SPA	SPD*	Convention	Relationship agreement
FAO	2004**				
ILO	2004**				
UNDP	2004**				
UNEP	1997 and 2004				
UNHCR		2005	2001		
UNICEF			2001		
UNIDO					1993
UNRWA				every 3 to 5 years	
WFP	2005**		2001		
WHO	2004**		2002		

* : Date of the start of the SPD process.

** :For most agency, the MoU is "concerning the establishment of a strategic partnership".

Memorandum of Understanding

In most cases, the “Memorandum of Understanding (MoU)” concerns “the establishment of a strategic partnership”. This is a 4 or 5 pages document that introduces the official SPA.

The exception here is the UNEP with whom the commission only signed a MoU, “concerning the strengthening of cooperation”, aiming to “reinforce synergies” and “agree on areas of cooperation”. Thus, formally if it is not introducing a SPA, the MoU is a political statement but does not “organise” the future relationship in a contractual ways.

⁴ The partnerships with ILO and UNDP are concluded for an "indefinite period" without reference to termination procedures. In the case of FAO and WFP termination by either side is possible, with prior notice of six months.

Other types of bilateral agreements

Multi-annual Conventions with UNRWA

In the case of the UNRWA, multi-annual "Conventions" were concluded with the European Community. It should be noted that UNRWA, having had a mandate already since 1949 to carry out direct relief and works programme for Palestine refugees, is thus different from other UN development bodies. It is the only one receiving funds from the Commission for its regular budget.

Relationship Agreement with UNIDO

In the case of United Nation Industrial Development Organization (UNIDO), a Relationship Agreement was signed in 1993, where the European Community and UNIDO "agree to coordinate their activities, where appropriate and useful for both parties, to cooperate on matter of mutual interest with in view to harmonizing their efforts towards greater effectiveness". The agreement also concerns: representation, exchange of information and documents, and fields of cooperation.

2.3.2 In between strategic and operational framework

Strategic Programming Dialogue

The "Strategic Programming Dialogue (SPD)" is a cooperation mechanism used exclusively by ECHO which initiated them in 2000 with its major UN partners. At first it included UNHCR and WFP, then it was extended to UNOCHA and UNICEF, and in 2002, to WHO. These partners have been chosen on the basis of their humanitarian mandates and their capacity to offer added value in the implementation of the Commission's strategies in the humanitarian field.

Meetings normally take place towards the end of the year. This provides the opportunity to present ECHO's Annual Strategy for the next year and the respective strategies of the UN partners along with the total amount likely to be allocated to each of the partners. In addition, for the first time in November 2006, common SPD took place between ECHO and its 5 UN partners.

SPDs have allowed ECHO and its UN partners to progressively gain a better mutual knowledge of their respective working methods and organizational constraints. Within the current institutional framework, measures have been taken by both ECHO and UN to find solutions to the problems identified in the working relationship. Whereas the first rounds of SPDs focused mainly on administrative issues, they have progressively moved towards real strategic dialogues where increasingly horizontal/political/strategic/tactical issues are being discussed.

Operational Guidelines

Operational guidelines can be established where the Commission and a UN body have constructed a strong partnership in a particular field. For example, the “Operational Guidelines, Implementation of Electoral Assistance Programmes and Projects” signed in April 2006 by EuropeAid and UNDP aim to “outline practical measures for the strengthening and the facilitation of the already established cooperation between the two parties”, by clarifying certain implementation aspects of the FAFA and the SPA (between the Commission and UNDP), at country level. In practice, those Guidelines permit to the EC Delegation and UNDP Country Offices to undertake “joint project formulation mission”, and facilitate their common work thanks to special administrative clauses⁵.

2.3.3 Operational Legal Framework

Financial and Administrative Framework Agreement

The “Financial and Administrative Framework Agreement (FAFA)” between the European Community represented by the European Commission and the United Nations was signed on 29 April 2003 by the Commissioner for Development and Humanitarian Aid Nielson and the UN Deputy Secretary-General Fréchette in order to build an enabling environment of the Commission/UN bodies cooperation. This agreement is a core document because it governs all contribution agreements between the Commission and the UN since end of April 2003.

It replaces the 9 August 1999 “Agreement between the United Nations and the European Community on the principles applying to the financing or co-financing by the Community of programmes and projects administered by the United Nations”, which is a first enabling environment created for the Commission/United Nations cooperation, and which continues to govern the contracts signed between 9 August 1999 and 29 April 2003.

It covers first the United Nations with the different Departments of the Secretariat, plus the programmes and funds. The Specialized Agencies which are separate legal entities are only covered by the agreement once they individually adhere to it. Most Specialized Agencies (all the ones covered by the study) have signed within a year and a half of the FAFA's creation.

Main features of the Framework Agreement are:

- Results-oriented approach, providing for participation of Commission representatives in monitoring and evaluation of actions benefiting from Commission's funds;
- Reporting (e.g. "yearly narrative and financial report" on actions exceeding a duration of 12 months);
- Definition of eligible direct and indirect costs;
- Provisions for contracting, procurement and payment procedures; and
- The visibility of the EC component in UN action.

⁵ The “Retroactivity clause”, for example, enables the programme/project to start even if “the Commission financial contribution can not be mobilised with sufficient anticipation”.

It sets up as well a working group of the parties of the agreement that should meet "at least once a year" to provide regular consultations on all pertinent matters. This working group usually meets in April each year.

Contribution Agreement

Contribution Agreements are the individual contracts in which the operational and the financial details of each specific contribution are laid down. It allows the institution receiving the funds from the EC to disburse according to its own procedures. They are based on standard contribution contracts provisions (specific and general conditions) that serve the purpose of implementing the FAFA.

Following a standardized pattern, the Specific Conditions of a Contribution Agreements include: Purpose, Entry into force and implementation period, Financing the Action, Narrative and Financial reporting and Payment arrangements, Contact Addresses and Annexes. Among those annexes, aside with the Description of the Action, the Budget for the Action, the Financial identification form and the Standard request for payment, are the "General Conditions applicable to European Community contribution agreements with international organizations" which describe the Commission cooperation legal frame drawn by the financial regulation.

3. Financial flows from the Commission Services to the UN bodies (as reported by the Commission)

The present section is structured as follow:

- **Section 3.1** gives the overview of the funds transferred and the mapping of the financial flows.
- **Section 3.2** gives a general mapping of the amount, the origins and the recipients of the Commission's financial flows channelled through the UN bodies. This section focuses only on the financial flows from RELEX-DEV-AIDCO and ECHO.
- **Section 3.3** enters in more details in the financial flows from RELEX-DEV-AIDCO and ECHO and provides typologies of these financial flows.
- **Section 3.4** is devoted to the financial flows from other Commission Services and gives a general overview. Because of different data sets nature (contracts vs. payments), it should be noted that the other Commission Services than RELEX-DEV-AIDCO and ECHO are treated separately in this section

3.1 Overview of the funds transferred

The amounts of the Commission funds channelled to the UN bodies have increased over the years as well as the share of these funds compared to the total Commission external aid. In 2005 and 2006, this share amounted to 15% of total RELEX-DEV-AIDCO and ECHO aid, as shown in the table below.

Table 6 - Evolution of the Commission funds channelled to the UN compared with the Commission external aid (in €M). 2001-2006

<i>in € millions</i>	2001	2002	2003	2004	2005	2006
Total Commission external aid: Commitments from Commission Budget + EDF	9,729	10,206	12,192	9,888	11,364	12,124
RELEX-DEV-AIDCO and ECHO external aid: Commitments from Commission Budget + EDF	n.a	6,521	8,428	7,573	8,295	8,446
Commission aid channelled through the UN Contracted from RELEX-DEV-AIDCO and ECHO ; Budget + EDF	294	387	612	896	1,261	1,238
Share of channelled funds through UN over total Commission external aid	3.0%	3.8%	5.0%	9.1%	11.1%	10.2%
Share of channelled funds through UN over RELEX-DEV-AIDCO and ECHO external aid	n.a	5.9%	7.3%	11.8%	15.2%	14.7%

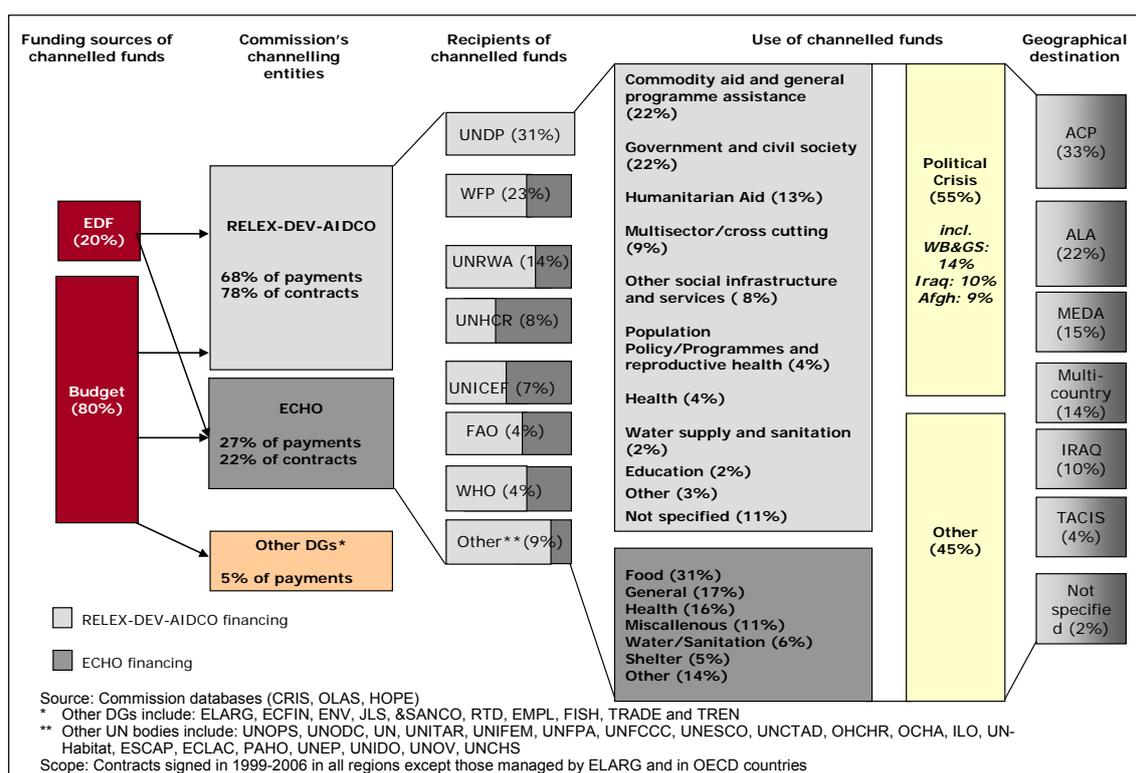
Source: Annual Reports on the European Community Development policy and implementation of external aid, 2003-2007; Commission databases (CRIS, OLAS, HOPE)

As shown in the diagram below, the funds channelled to the UN bodies originate from two funding sources, i.e. the Commission budget and the EDF. The main Commission's

channelling entities are on the one hand RELEX-DEV-AIDCO and on the other hand ECHO. Other DGs also transfer funds from the Commission budget to the UN bodies to a smaller extent. The main part of the funds, i.e. 91%, is channelled to 7 UN bodies and the remaining 9% are channelled to 22 other UN bodies. Funds from RELEX-DEV-AIDCO concentrate on two sectors, i.e. Government and civil society and Commodity aid and general programme assistance (Food Aid/Food Security programmes/projects). The first intervention sector of ECHO funds is Food. Finally, ACP is the main beneficiary region followed by ALA.

Moreover, a substantial part of the Commission funds channelled to the UN bodies have been used in political crisis situation. Indeed, a rough estimation⁶ of amounts contracted by RELEX-DEV-AIDCO including evident cases of political crisis such as Iraq, Democratic Republic of Congo, Afghanistan, Timor Leste as well as UNRWA and UNHCR activities, represent already 55%.

Diagram 3 – Overview of the funds transferred by origins, recipients, sectoral activities and geographical destination (contracted amounts in %)



⁶ Political crisis is an element of context which is not referred to in the Commission database CRIS' classification as such. Therefore, the consultants have made an estimate of the most evident contracts based on the situation of the countries, the activities of some UN bodies and on the title of the contracts as reported in CRIS and OLAS.

3.2 Financial flows from RELEX-DEV-AIDCO and ECHO to the UN bodies

3.2.1 General overview

The present section provides an overview of the financial flows from RELEX-DEV-AIDCO and ECHO channelled through the UN bodies. The period extends from 1999 to 2006 and the geographical scope is all the Commission's partner countries excluding the ones falling under the mandate of ELARG and the OECD countries⁷.

The following analysis in this section is based on three sources of data that were received or extracted by the evaluation team from the Commission's data bases:

- The first source is a list of contracts signed between the Commission (RELEX-DEV-AIDCO) and the UN bodies in the period 1999-2006, extracted from the CRIS data base. It provides the financial flows from the Commission budget to the UN bodies and managed by RELEX-DEV-AIDCO.
- The second source is a list of contracts signed between AIDCO and the UN bodies in the period 1999-2006, extracted from the OLAS data base. It provides the financial flows from the EDF to the UN bodies and managed by AIDCO.
- The third source is a list of contracts signed between ECHO and the UN bodies in the period 1999-2006, received from ECHO (HOPE data base). It provides the financial flows from the Commission budget and the EDF to the UN bodies and managed by ECHO.

A list of all the interventions can be found in Annex 4.

The table below summarizes the funding sources, the responsible DGs of the financial flows channelled through the UN bodies, the sources of data (Commission's databases) and the share of the amounts contracted for each funding sources and responsible DGs. It should be noted that RELEX-DEV-AIDCO are taken together knowing that RELEX and DEV are mainly responsible for the programming of interventions which are then managed by AIDCO. ECHO is also in the table as it has an important share of the contracts channelled through the UN bodies. The other DGs will be analysed separately and on the basis of another set of data in section 3.4.

Table 7 – Share of the amount contracted channelled through the UN bodies by funding sources, responsible DGs and sources of data (% of value)

Funding sources / DG Responsible	RELEX-DEV-AIDCO	ECHO	Total share
Commission budget	59% (CRIS)	21% (HOPE)	80%
EDF	18% (OLAS)	2% (HOPE)	20%
Total Share	77%	23%	100%

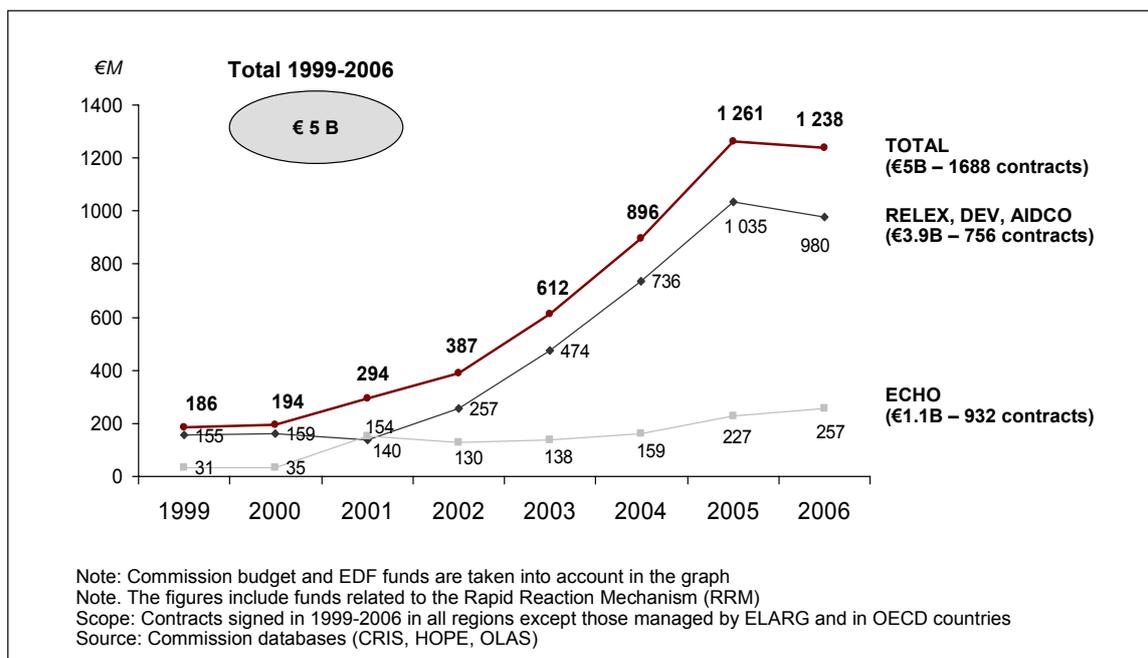
Sources: Commission databases (CRIS, OLAS, HOPE).

⁷ See ToR page 5.

3.2.2 The figures

Over the period 1999-2006, a total amount of € 5 B has been contracted to the UN bodies by RELEX-DEV-AIDCO and ECHO. As shown in the figure below, the amounts contracted have increased over the whole period to reach, in 2006 a total amount of €1.2B.

Figure 2 – Evolution of the contracted amounts from RELEX-DEV-AIDCO and ECHO channelled through the UN bodies (€M)



The amounts contracted over the period 1999-2006 come:

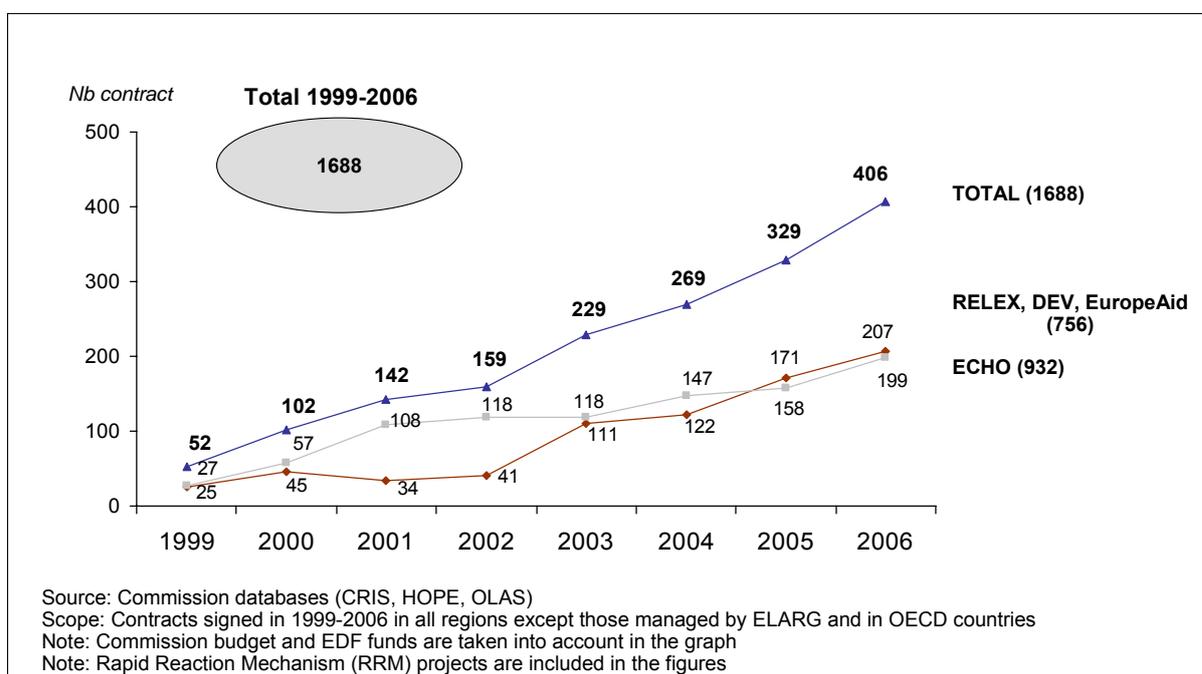
- For 4/5 from the Commission budget (€4 087M). AIDCO manages 3/5 and ECHO manages 1/5.
- And, for 1/5, which represents €980M, from the EDF and are managed by AIDCO and by ECHO.

Since 2003 the amounts increase regularly of around €300M by year. The increase from 1999 to 2006 is of nearly ten times.

Considering the payments related to these contracts, their total amounts sum up at €4B over the period 1999-2006. The payments from the Commission budget represent 80% of the total payments. 60% of these payments are managed by AIDCO and 20% by ECHO. The remaining 20% come from the EDF and are managed by AIDCO for 15% and by ECHO for 5%.

The number of contracts signed between the Commission (RELEX-DEV-AIDCO and ECHO) and the UN bodies, as shown in the table below, has increased over the period 1999-2006 from 52 contracts in 1999 to 406 contracts in 2006. In total, more contracts have been signed by ECHO than by RELEX-DEV-AIDCO over the whole period but the amounts of the contracts from RELEX-DEV-AIDCO are in average larger than those from ECHO.

Figure 3 – Evolution of the number of contracts signed between the Commission (RELEX-DEV-AIDCO and ECHO) and the UN bodies



As the table here below shows, the size of the contracts has increased substantially for RELEX-DEV-AIDCO contracts even if the trend in 2006 is going down. The trend for ECHO funds is stable, showing an inevitable relation with the contractual procedures that limits the amounts.

Table 8 – Evolution of the contract value average between the Commission (RELEX-DEV-AIDCO and ECHO) and the UN bodies

	1999	2000	2001	2002	2003	2004	2005	2006
RELEX-DEV-AIDCO	6 190	3 528	4 126	6 264	4 267	6 036	6 052	4 736
ECHO	1 148	614	1 426	1 102	1 169	1 082	1 437	1 291

Source: Commission databases (CRIS, OLAS, HOPE)

However, behind this average it is important to show that the size of the contracts of RELEX-DEV-AIDCO varies considerably. The biggest contract is of €120M compared to the smallest one of 1,500€.

In majority, contracts are typically small to very small. 40% of the contracts are bigger than €1M and smaller than €5M. 35% of the contracts are bigger than 200,000€ and smaller than €1M. The numeric importance of these tranches is maintained over the years as shows the figure 4 below.

Table 9 – Contracts between the Commission (RELEX-DEV-AIDCO) and the UN bodies by size (excluding ECHO)

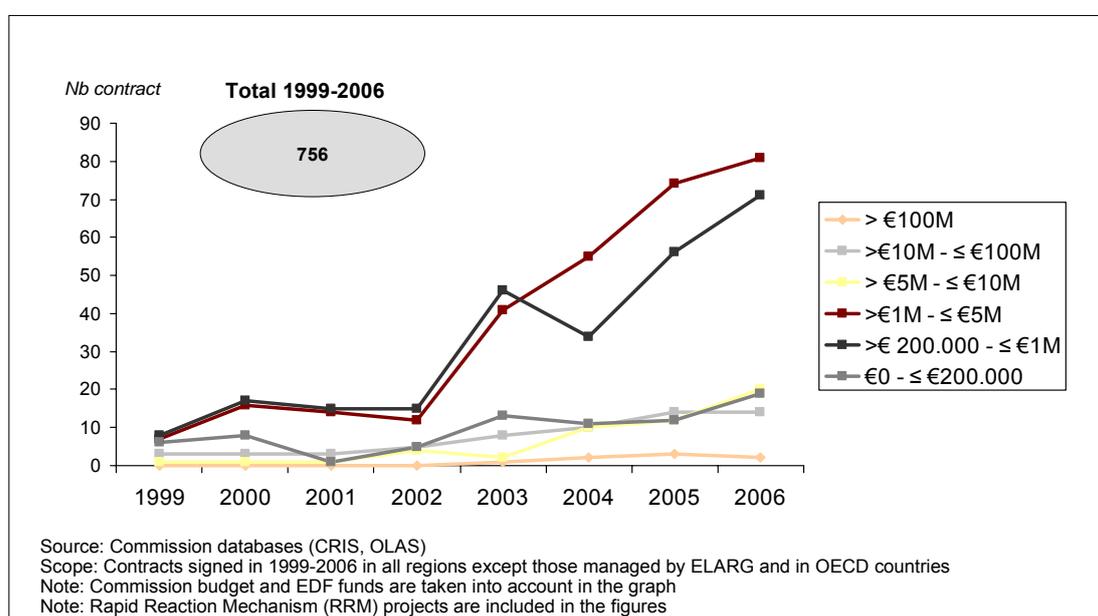
Tranches by amount contracted	Number of contracts	Share in number	Total value in € M	Share in value
1st tranche > €100M	8	1%	875.8	22%
€10M < 2nd tranche ≤ €100M	60	8%	1 781.1	45%
€5M < 3rd tranche ≤ €10M	51	7%	400.7	10%
€1M < 4th tranche ≤ €5M	300	40%	700.7	18%
€ 200.000 < 5th tranche ≤ €1M	262	35%	169.2	4%
€0 < 6th tranche ≤ €200.000	75	10%	8.4	0.2%

Source: Commission databases (CRIS and OLAS).

The very big projects (>€100M) appeared only in 2003. This category concerns 4 contracts with UNDP (2 Iraq, 1 Congo, 1 Nigeria) and 4 contracts with WFP for general Food Aid programmes (All Countries).

The cumulated volumes show that in value 68% of the total value is awarded to contracts over €10M. So 2/3 of total value represents only 9% of the number of contracts.

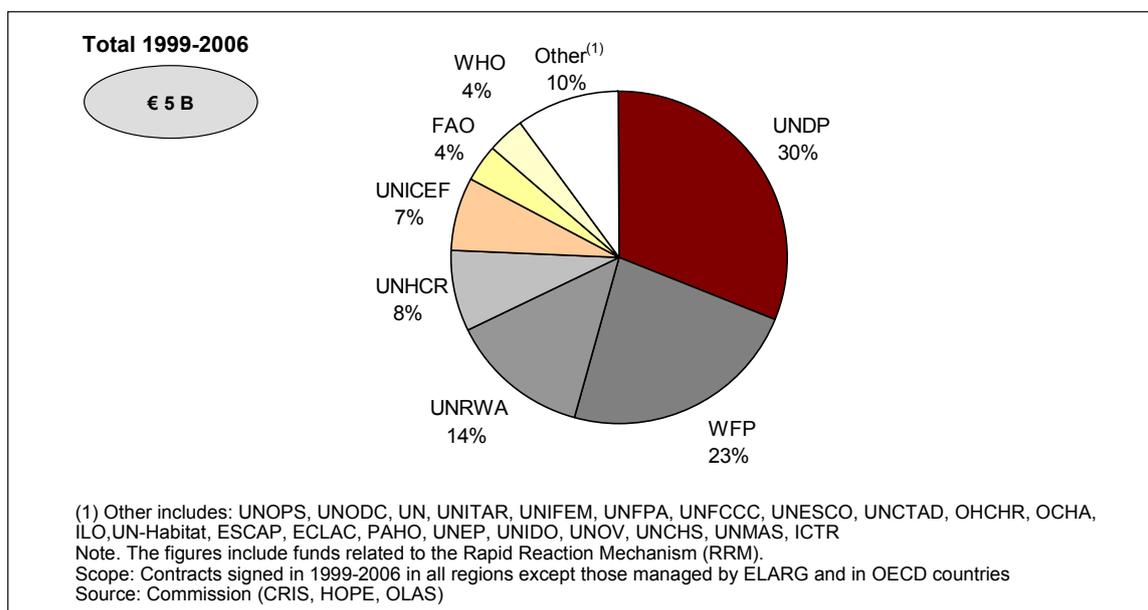
Figure 4 – Evolution of the size of contracts between the Commission (RELEX-DEV-AIDCO) and the UN bodies by tranches (excluding ECHO)



From the above figure, one can isolate the significant increase of contracts between €200.000 and €5M. At this stage however, an explanation on the causes of such dramatic increase has not been identified but will be look after in the following stage.

The Commission channels funds to more than 30 UN Programmes, Funds, Specialized agencies, Departments and Offices. Over the period 1999-2006, 7 UN bodies have received 91% of the funds managed by RELEX-DEV-AIDCO and ECHO. The relative weight of these 7 UN bodies is shown in the figure below.

Figure 5 – Distribution of the amount contracted from RELEX-DEV-AIDCO and ECHO by UN bodies (% of value)



Over the period 1999-2006, a total amount of over €1.5B has been contracted to UNDP for the implementation of activities in the countries falling under the scope of the present evaluation. With 30% of the total amount UNDP is the major recipient of the Commission's financial flows followed by the WFP with 23%, representing €1.1B total amount contracted. The 5 other main recipients are UNRWA (14%), UNHCR (8%), UNICEF (7%), FAO (4%) and WHO (4%).

The table below shows, for each of the 7 main UN bodies recipients of the amount contracted from RELEX-DEV-AIDCO and ECHO, the responsible DGs, the amounts in €M and their share of the total amount contracted channelled through the UN bodies.

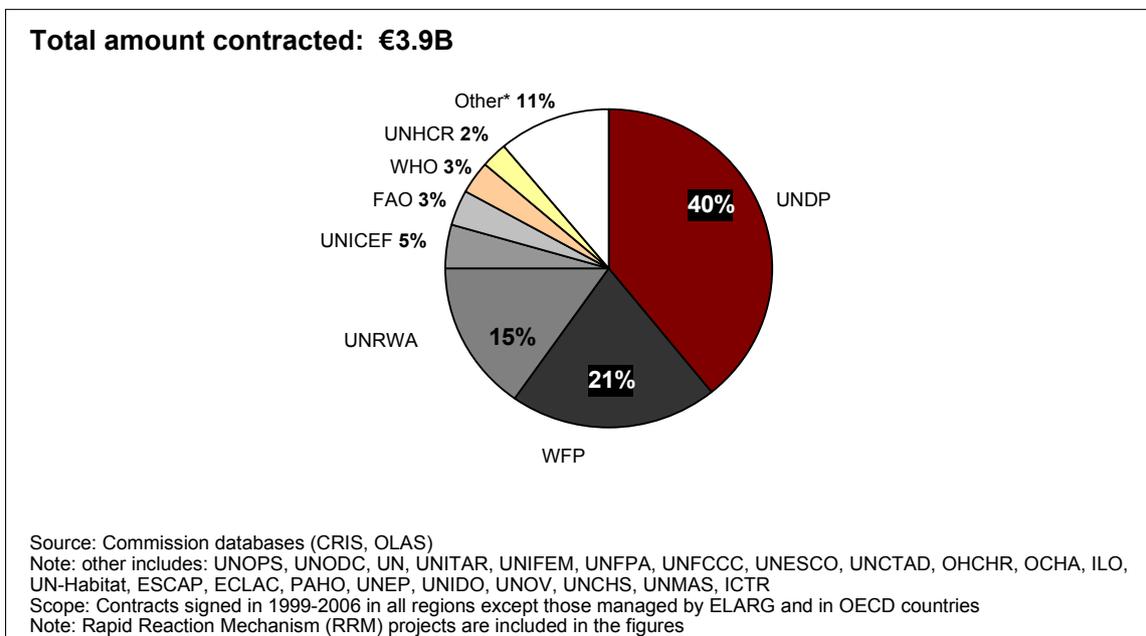
Table 10 – Main recipients UN bodies and main responsible Commission DGs (€000M, from 1999 to 2006)

UN Bodies Responsible DG	RELEX-DEV-AIDCO		ECHO	
	Amount	%	Amount	%
UNDP	1 544	30.5%	35	0.7%
WFP	602	15.9%	354	7%
UNRWA	467	11.9%	93	1.8%
UNHCR	95	1.9%	295	5.8%
UNICEF	180	3.5%	191	3.8%
FAO	137	2.7%	52	1%
WHO	133	2.6%	50	1%
Other	440	8.7%	60	1.2%
Total amount contracted	3 936	77.7%	1 131	22.3%

Source: Commission databases (CRIS, OLAS, HOPE).

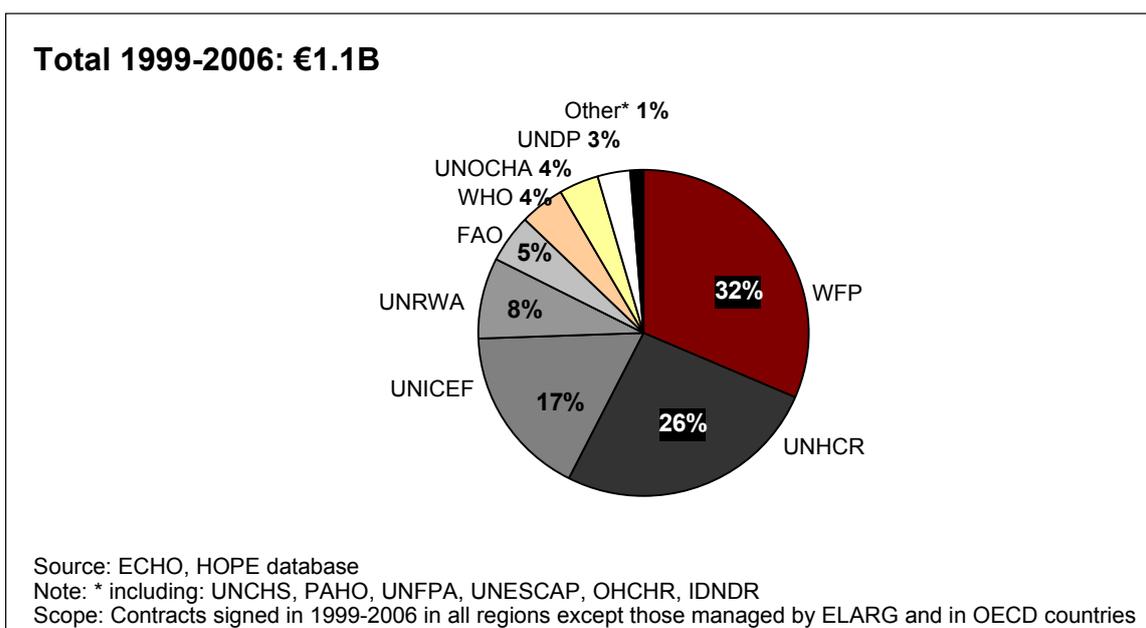
Considering RELEX-DEV-AIDCO only, the distribution of the amount contracted by UN bodies is shown in the figure below.

Figure 6 – Distribution of the amount contracted from RELEX-DEV-AIDCO by UN bodies (% of value) (excluding ECHO)



Considering ECHO only, the distribution of the amount contracted by UN bodies is shown in the figure below.

Figure 7 – Distribution of the amount contracted from ECHO by UN bodies (% of value)



3.3 Typologies of the financial flows from RELEX-DEV-AIDCO and ECHO to the UN bodies

This section provides a series of possible typologies of the financial flows from RELEX-DEV-AIDCO and ECHO channelled through the UN bodies for the implementation of activities in countries falling under the scope of the present evaluation.

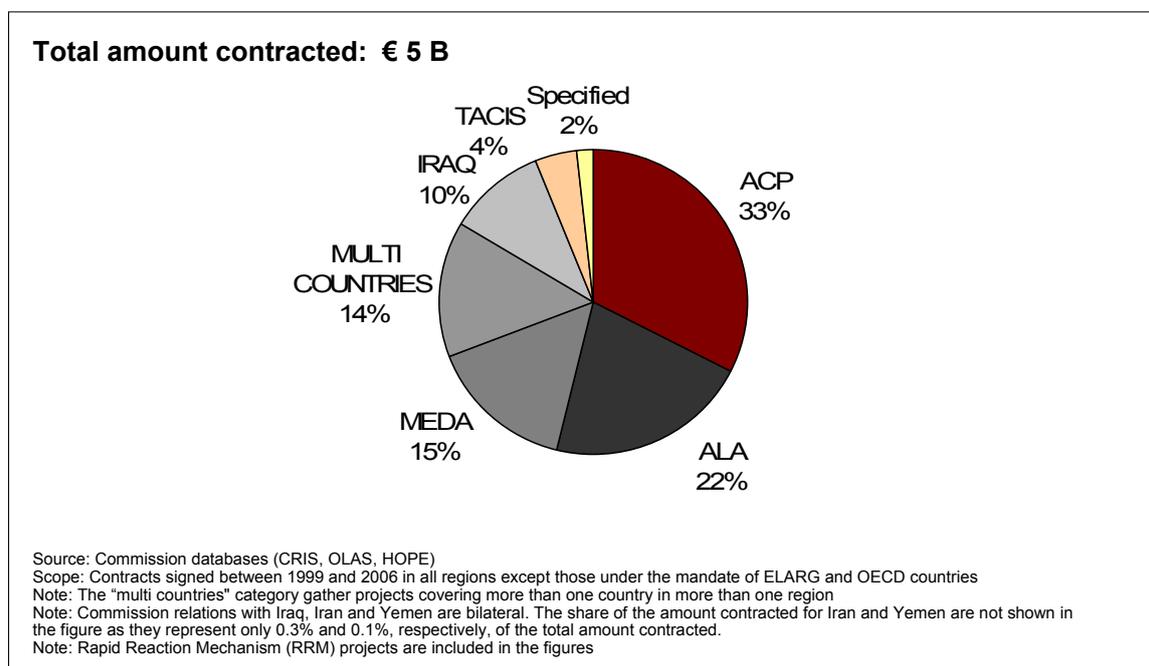
The typologies proposed are, on the one hand, based on quantitative sources coming from the extraction of data received or extracted from the Commission's data bases (CRIS, OLAS and HOPE). On the other hand, when quantitative sources were not possible to use, the evaluation team has based its analysis on qualitative sources, such as documents and interviews with resources persons of the Commission and UN bodies.

All the figures used in the following sub-sections below are based on amounts contracted over the period 1999-2006 for the implementation of activities in countries falling under the scope of the present evaluation.

3.3.1 Geographical distribution of the financial flows

The distribution by region of the financial flows from RELEX-DEV-AIDCO and ECHO and channelled through the UN bodies can be shown in the figure below.

Figure 8 – Distribution of the amount contracted from RELEX-DEV-AIDCO and ECHO by region (% of value)

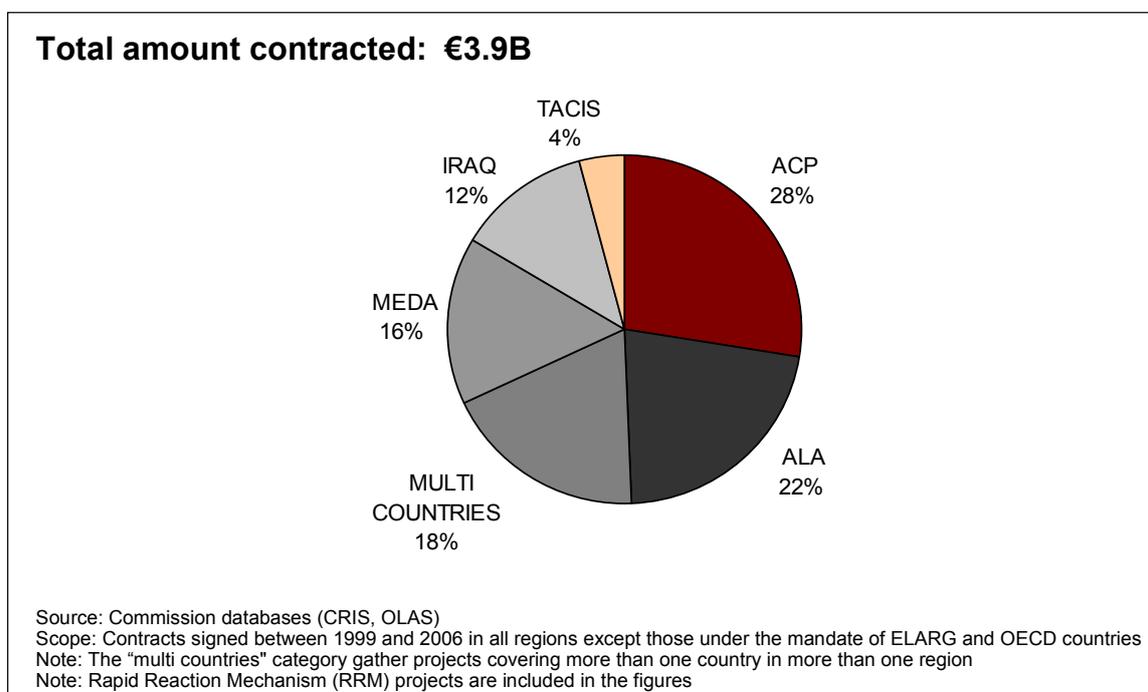


The "multi countries" segmentation in the geographical distribution covers the contracts signed between the Commission (RELEX-DEV-AIDCO and ECHO) and the UN bodies that cover activities in more than one country and in more than one region.

The ACP region is the main beneficiary of the RELEX-DEV-AIDCO and ECHO's financial flows channelled through the UN bodies with a total amount of €1.6B representing 33%. This is mainly due to the large financing of activities coming from the EDF (55%) and to a smaller extent from the Commission budget (10%). ALA benefits from 22% of the total amount contracted which represents €1B. It includes, inter alia, the contracts for activities in Afghanistan (8.3%), East Timor (1.8%) and Bangladesh (1.6%). Activities in the MEDA region represent 15% or €771M and encompasses for a large share financing to the West Bank and Gaza Strip (13%). Iraq by its own accounts for 10% and TACIS for 4%.

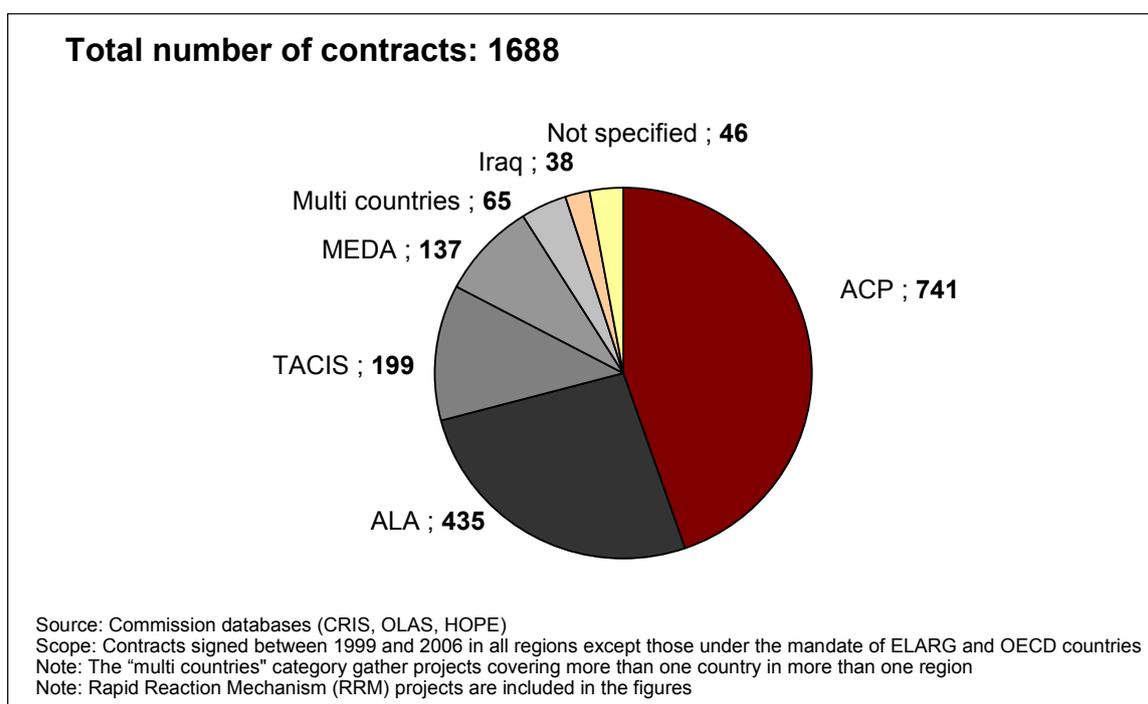
Considering RELEX-DEV-AIDCO only, the distribution of the amount contracted by region is shown in the figure below.

Figure 9 – Distribution of the amount contracted from RELEX-DEV-AIDCO by region (% of value) (excluding ECHO)



In terms of number of contracts signed between the Commission (RELEX-DEV-AIDCO and ECHO) and the UN bodies, the figure below shows that 741 contracts have been signed for activities in ACP, 435 in ALA, 199 in TACIS, 137 in MEDA, and 65 for "multi countries".

Figure 10 – Number of contracts signed between the Commission (RELEX-DEV-AIDCO and ECHO) and the UN bodies by region



The top ten countries receiving together 51.5% of the total amount contracted from RELEX-DEV-AIDCO and ECHO are listed in the table below with, for each of them, their total amounts and percentages.

Table 11 - Top ten countries benefiting from RELEX-DEV-AIDCO and ECHO financial flows channelled through the UN bodies (Value, %)

Country	Total in €M	%
IRAQ	520	10.3%
WEST BANK AND GAZA STRIP	629	12.4%
AFGHANISTAN	408	8.1%
CONGO, DEMOCRATIC REPUBLIC OF	236	4.7%
NIGERIA	213	4.2%
SUDAN	172	3.4%
TANZANIA	151	3.0%
SOMALIA	104	2.1%
EAST TIMOR	89	1.8%
SRI LANKA	88	1.7%
TOTAL	2 609	51.5%

Source: Commission databases (CRIS, OLAS, HOPE).

It is interesting to underline that these top ten countries face serious situations. This explains on the one hand that they attract important amounts of funds. On the other hand, channelling is unavoidable as certain UN bodies have received a special mandate from the donor community and play the role of coordinator of the aid.

Considering the amount contracted from RELEX-DEV-AIDCO only, the top ten countries are listed in the table below and receive 54.7% of the total amount contracted. For each of them, the total amount in €M and their percentages are also indicated.

Table 12 – Top ten countries benefiting from RELEX-DEV-AIDCO financial flows channelled through the UN bodies (Value, %) (excluding ECHO)

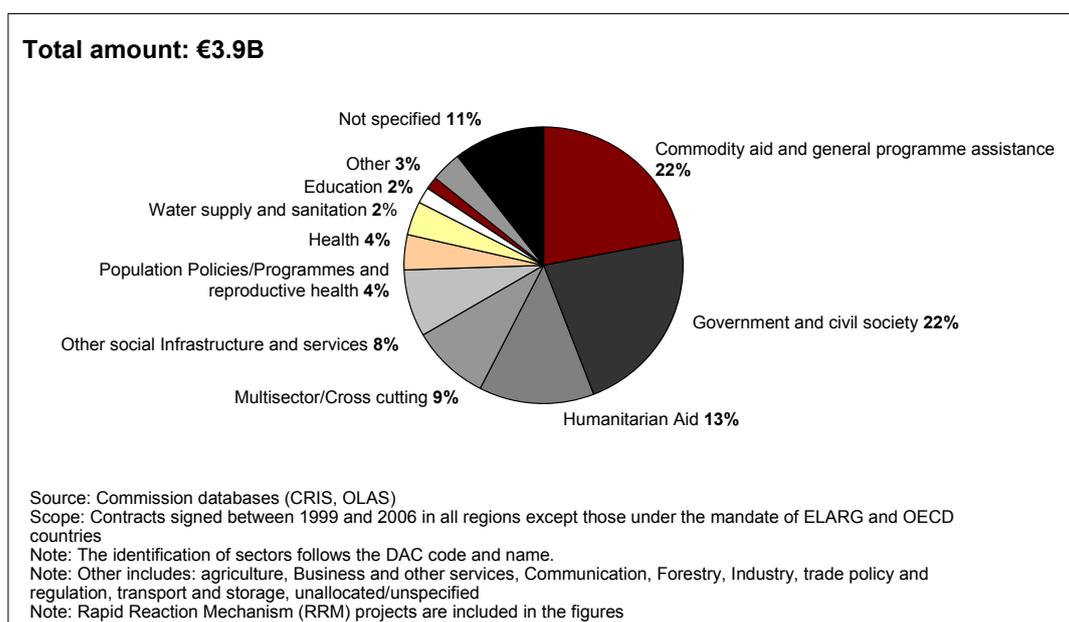
Country RELEX, DEV and EuropeAid	Total in €M	%
IRAQ	478	12.1%
WEST BANK AND GAZA STRIP	548	13.9%
AFGHANISTAN	356	9.0%
NIGERIA	213	5.4%
CONGO, DEMOCRATIC REPUBLIC OF	191	4.9%
SOMALIA	98	2.5%
BANGLADESH	73	1.8%
EAST TIMOR	69	1.8%
SUDAN	65	1.7%
SRI LANKA	64	1.6%
TOTAL	2 154	54.7%

Source: Commission databases (CRIS, OLAS).

3.3.2 Sectoral distribution of the financial flows

The sectors have been identified according to the definition of the OECD DAC sector code. Only the general sectors are shown in the figure below but a more accurate classification of sectors per contracts is detailed in the list of interventions (see Annex 4). The “not specified” segment includes the contracts without a DAC sector code indicated in the CRIS data base. The remaining contracts, which represent 89% of the total amount contracted, have a DAC sector code and are represented in the figure below.

Figure 11 - Distribution of the amounts contracted from RELEX-DEV-AIDCO channelled through the UN bodies per sector (% of value) (excluding ECHO)

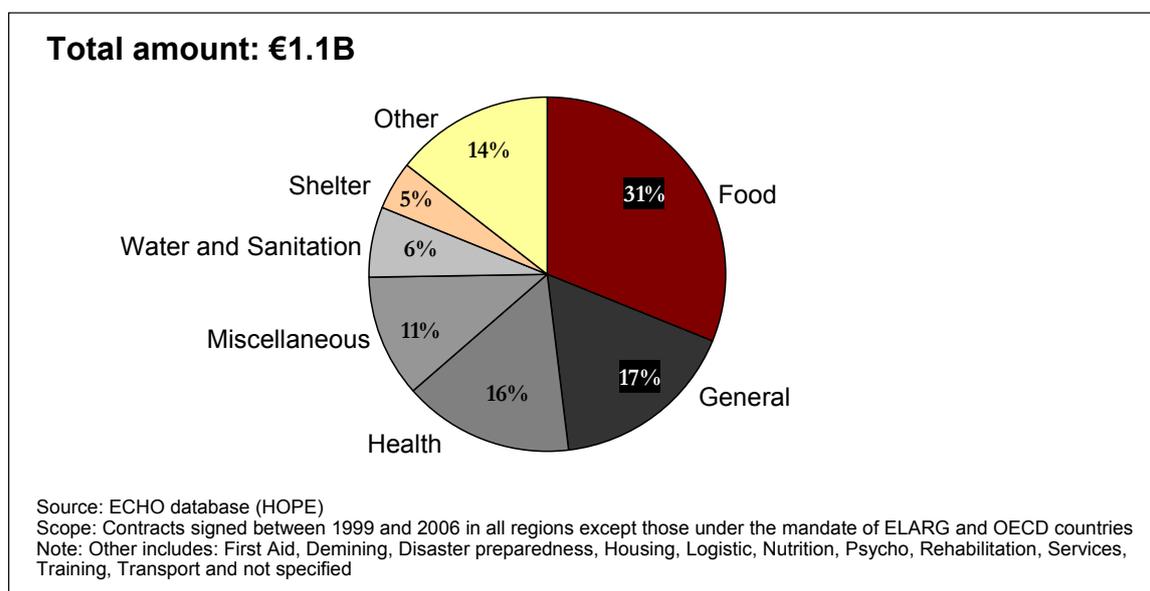


The Commission's financial flows channelled through the UN bodies are mainly used in 9 sectors, from which 2 represent 44%:

- **Commodity Aid and General Programme Assistance** represents 22% and includes the Food Aid/Food Security programmes/projects.
- **Governance and Civil Society** representing 22%. This sector encompasses, inter alias, programme/projects for Elections Support (7.1%), for Government Administration (4.1%), for Human Rights (3.5%), for Legal and Judicial development (3.2%) and for Land Mine Clearance (2.7%).
- **Humanitarian Aid** is the third largest sector with 13% of the total financial flows, including Aid to refugees in recipient countries (7.1%) and Reconstruction relief and rehabilitation (5.9%).
- **Multi sector/cross cutting** and **Other Social Infrastructure and Services** represent 9% and 8% respectively.
- **Population Policy/Programmes and reproductive health⁸, Health, Water supply and sanitation and Education** are four small sectors representing 4%, 4%, 2% and 2% respectively of the total financial flows.

ECHO funds are mainly for emergency and humanitarian aid interventions. It has its own sector classification of activities. The figure below shows the distribution per sector of the financial flows managed by ECHO and channelled through the UN bodies over the period 1999-2006.

Figure 12 – Distribution of the amount contracted from ECHO channelled through the UN bodies per sector (% of value)



⁸ This sector contains mainly the amount contracted for the Nigerian Census in 2005.

3.3.3 Funds by type of award procedure

The funds channelled through UN bodies are grants. A grant is a direct payment of a non-commercial nature dedicated to the implementation of a specific operation. A grant should fall within the normal framework of the beneficiary's activities.

The grant is made to finance an operation which is proposed by an applicant. This proposal follows usually a call for proposals. Nevertheless there are some exceptions as detailed in the box here below under which the grant is made through a direct awarding. These exceptions are commonly used in the case of the funds channelled to the UN bodies.

Box 2 – Type of award procedures

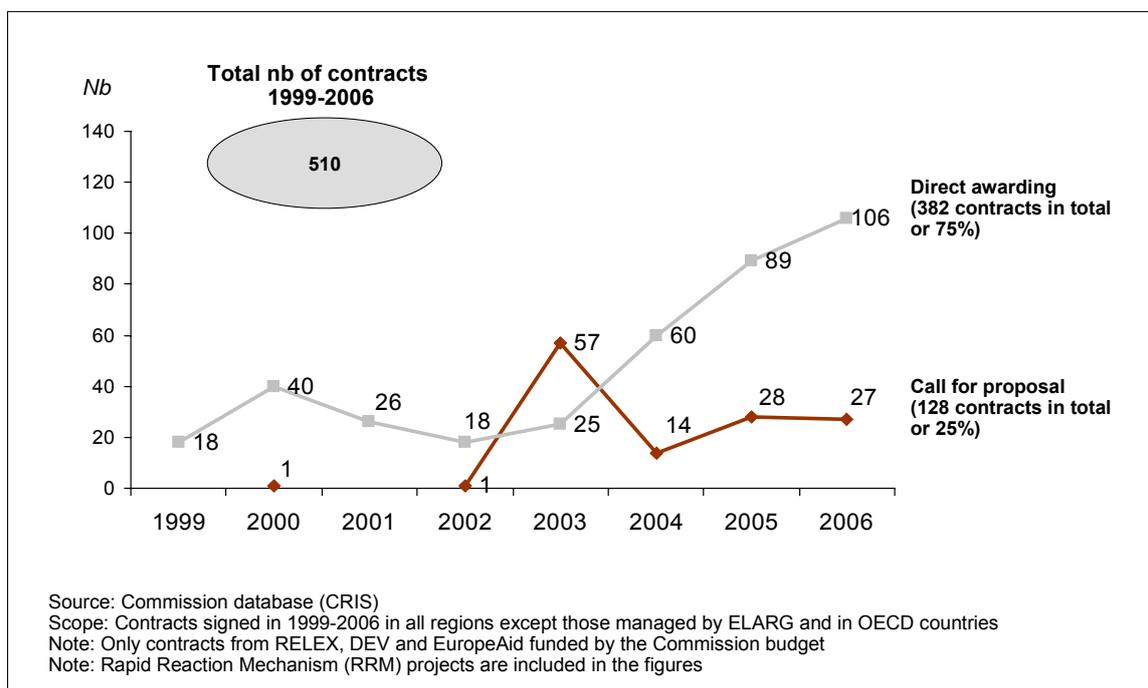
- Call for proposals (open or restricted): a public invitation to propose operations within the framework of a specific European programme.
- Direct awarding: the award of one or more grants without organising a call for proposals. A direct award is only appropriated under certain circumstances that are:
 - For the purposes of humanitarian aid and aid for crisis situations;
 - In other exceptional and duly substantiated emergencies;
 - To bodies with a *jure* or *de facto monopoly*, duly substantiated in the Commission's award decision;
 - To bodies identified by a basic act as recipients of a grant.

Source: Practical Guide to contract procedures for EC external actions, 22.08.2006 and art 168 Commission Regulation N°2342/2002 laying down detailed rules for the implementation of the Council Regulation n°1605/2002 on the Financial Regulation applicable to the general budget of the European Communities

As shows the figure here below, based only on contracts from the Commission budget managed by RELEX-DEV-AIDCO, direct awarding is the most common procedure. After a sudden increase of use of calls for proposals in 2003, the number of contracts signed under this procedure has stabilised.

In terms of amounts at stake, 91% (€2.286M) of the €2.514M Commission Budget contracted by RELEX-DEV-AIDCO over 1999-2006 was granted through direct awarding while calls for proposals represented 9% (€227M).

Figure 13 – Evolution of awarding procedures 1999-2006 (excluding ECHO and EDF)⁹



3.3.4 Single and multi-donor actions¹⁰

One major characteristic of the funds channelled through UN family is that they can be single or multi-donor.

According to the financial regulation, grants imply always a co-financing by the grant beneficiary this is often an amount from 10 to 15% of the total amount. But this intervention is still being considered as single-donor funded. However, in the case of the international organisations this co-financing can be avoided and the intervention can be fully financed by the Commission (see box here below).

⁹ Information on awarding procedures used by the Commission to channel funds through the UN bodies, i.e. direct awarding or call for proposals, for funds managed by RELEX-DEV-AIDCO is available in Commission databases only for contracts with Commission Budget's funds (vs. EDF). Note: The evaluation team has corrected some evident encoding inconsistencies such as UNRWA annual contribution referred to in CRIS as call for proposals. The same has been done for contracts with WFP for the EC food aid programmes (2003 and 2006) and the Law and Order Trust Fund for Afghanistan.

¹⁰ NB : Unfortunately no data covering the whole period is available to illustrate this section. However, a survey on this issue has been carried out by the Commission in 2004 and relates that in 23% of the contribution agreements, the Commission was a single donor, in 41% it acted with one partner, in 11% with two partners and in 25% with more than two partners.

Box 3 – Exceptions for the financing of an action in full¹¹

APPLYING FOR THE BUDGET

The financing of an action in full may be authorized in the following cases, except if prohibited by the basic act:

- humanitarian aid, including assistance for refugees, uprooted persons, rehabilitation and mine clearance;
- aid in crisis situations within the meaning of article 168 paragraph 2 of the Implementing Rules of the Financial Regulation;
- actions to protect health or the fundamental rights of peoples;
- actions resulting from the implementation of financing agreements or actions with international organizations.

APPLYING FOR THE BUDGET AND THE EDF

The Contracting Authority must be in a position to show that financing in full is essential to carry out the action in question and must substantiate its award decision accordingly.

In some cases the Commission appears as a donor among others in a “Multi-donor action”. In those cases, it is not appropriate to assign the share contributed by each donor to each type of expenditure and theoretically the funds can be considered as un-earmarked. However, often the funds are devoted to certain themes.

Of particular interest is the Commission participation to multi-donor global initiatives such as the:

- “United Nations Development Group Iraq Trust Fund – United Nations Development Group (UNDG) ITF”, this Trust Fund is administered by UNDP on behalf of itself and 19 participating UN bodies. Together with the World Bank (WB) Iraq Trust they form the International Reconstruction Fund Facility for Iraq. The initiative was launched in 2004 by the UN and the World Bank to help donor nations channel their resources and coordinate their support for reconstruction and development in Iraq. There are 26 donors. The total Commission contributions to the UNDG ITF amounts for \$461M as the end of 2006 representing 42% of the total.
- Or, the “Supported programmes in Afghanistan” which is composed of three different chapters. The first one from end 2001 to June 2002 is the Afghanistan Interim Authority Fund (AIAF) administered by UNDP within the frame of United Nations Assistance Mission to Afghanistan (UNAMA). The second chapter, established in May 2002, is administered by the WB on behalf of 24 donors and managed in conjunction with the UNAMA and the UNDP. It aims at providing a coordinated financing mechanism for the recurrent Afghan budget. The third trust fund is the Law and Order Trust Fund of Afghanistan (LOTFA) which support the strengthening of internal security sector. It is managed by the UNDP. The Commission has contributed to these initiatives through about 30 contracts amounting €354M.

¹¹ Source : Practical Guide to contract procedure for EC external actions, 2006.

3.4 Financial flows from other Commission Services

This section provides the financial flows from other Commission Services than RELEX-DEV-AIDCO and ECHO. It is based on a data set extracted from a different data base, the ABAC data base which provides all the payments from the Commission budget to the UN bodies between 1999 and 2006¹².

It is important to note that the figures from the ABAC data set are not restricted to the geographical scope of the present evaluation and also comprise the countries falling under the mandate of DG ELARG and the OECD countries.

The total amount of payments from the Commission budget to the UN bodies between 1999 and 2006 is €4.4B. Out of this amount, 95% come from RELEX-DEV-AIDCO and ECHO.

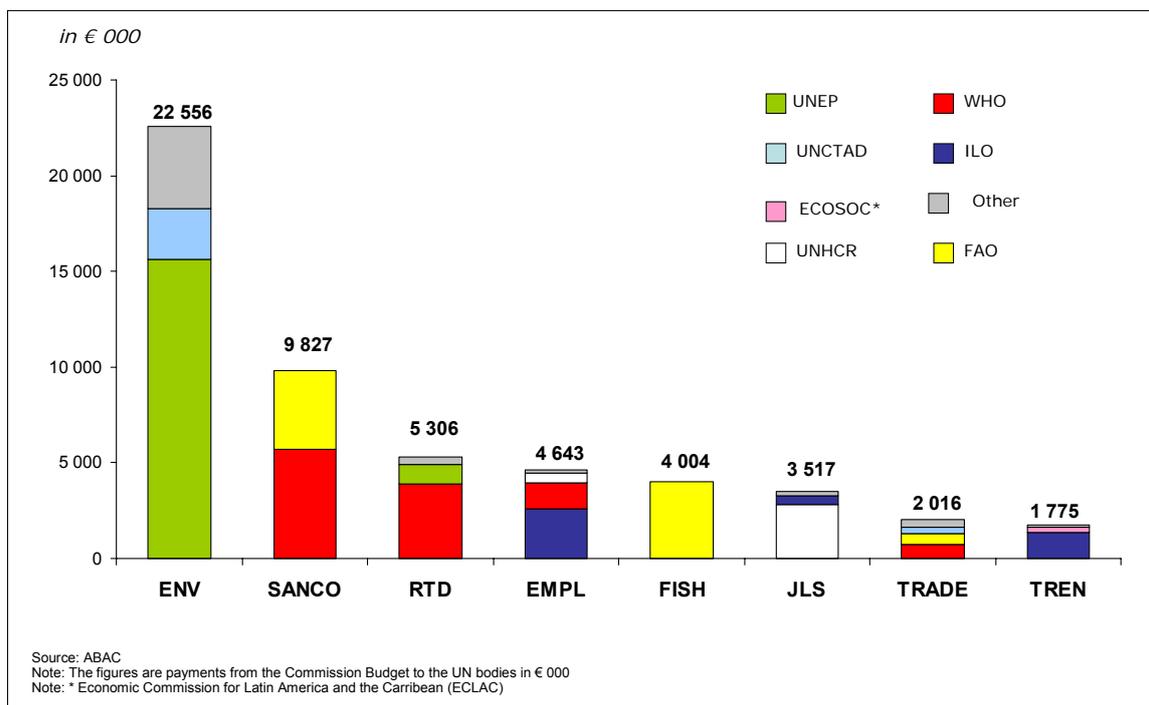
The remaining 5% come from other Commission Services. Out of these, 10 DGs accounts for 98.8% of the payments to the UN bodies and are, in order of magnitude of payments, ELARG, ECFIN, ENV, SANCO, Research (RTD), EMPL, Fisheries and Maritime Affairs (FISH), Justice Freedom and Security (JLS), TRADE and Energy and Transport (TREN). The DG which makes the larger payments to the UN bodies over the period 1999-2006 is ELARG, with a total amount of almost €100M, of which 50% goes to the funding of the United Nations Mission In Kosovo (UNMIK) more especially to the Central Fiscal Authority Kosovo Consolidated Fund, and 44% for UNDP projects.

ELARG is followed by ECFIN with a total amount paid of €65M all aiming at financing the Central Fiscal Authority Kosovo Consolidated Fund. ECFIN's contribution to the UN is mainly due to the current particular status of Kosovo and the role of UNMIK in the financing of the Kosovo's the Central Fiscal Authority.

As it was said in the section 2.1.5, some DGs have developed favoured (mainly political) relations with the UN bodies in charge of the same thematic. Those favoured links can be illustrated by the following figure, showing that in average, the 8 following DGs provide about 70% of their contribution to one single UN body, the one corresponding to their theme.

¹² This data set does not give the amounts committed or the payments from the EDF. It does not neither indicates any geographical information nor sector distribution.

Figure 14 – Payments from other Commission Services (excluding ELARG and ECFIN) to the UN bodies from 1999 to 2006 (€ 000)



Other DGs contribute also to the funding of UN bodies, namely – in decreasing order of payments – Secretariat-General (SG), Education, Audiovisual and Culture Executive Agency (EACEA), Information, Society and Media (INFSO), DG for Interpretation (SCIC), Eurostat (ESTAT), Personal and Administration (ADMIN), Enterprise and Industry (ENTR), European Anti-fraud Office (OLAF), Joint Research Center (JRC), DG for Translation (DGT) and DG for Communication (COMM), but all have total payments far below €1M each.

Beside the financial aspect, it is important to notice that in some cases, specific and more thorough political cooperation has been developed between some DGs and their UN thematic peers. For example, while UNEP receive a total payment from the Commission of €26M over the evaluation period, it can be noted that more than €15M of it comes from DG ENV. The relation between ENV and UNEP, which is based on exchange of letters since 1983, and two MoU in 1997 and 2004, enables a systematic association of DG ENV by UNEP when contacting and looking for support from other Commission DGs.

4. Financial Flows from donors to the UN bodies (as reported by the UN bodies)

This section, without anticipating on the intervention logics, assess through the following tables and graphs, the share of the EC in the total contributions received by the UN bodies. It makes the distinction between Core/Non-core budgets or assessed contributions/voluntary contributions and analyses the contributions in absolute terms, in relative weight and through their evolution over the period 1999-2006.

Reminder:

Under each section a distinction is made between Core and Non-core budget. While the reality of what is covered by Core and Non-core budget varies with UN bodies, one may generally accept the view that:

- contributions to the Core budget (which includes the administration, the HQ, the regional/country offices and core staff as well as some core projects) are made either on an obligatory way (assessed contributions for “older” UN agencies, e.g. FAO, UNIDO, ILO) or on a voluntary basis for UN “newer” funds and programmes (UNICEF, UNDP, WFP).
- contributions to the Non-core budget goes solely to projects. The EC finances solely Non-core projects except for UNRWA and for a small symbolic contribution to FAO (€0.3M per year).

The data presented here originate from the 9 UN bodies being part of the UN Contact Group. These are, in decreasing order of magnitude of EC contribution: UNDP, WFP, UNRWA, UNHCR, UNICEF, FAO, WHO, UNEP and UNIDO.

The data received distinguish three types of donors: the EC, the EU Member States (EU MS) and the non-EU donors. EC contributions are, depending on availability, split between Commission services (RELEX-DEV-AIDCO, ECHO, others). The data was provided in certain cases in € and some in US\$ because of the reference currency used by the UN body.

The section is structured as follow:

- **Section 4.1** gives a general overview of the trends;
- **Sections from 4.2 onwards** give a detailed view for each UN body and are classified by decreasing order of magnitude of EC contribution.

4.1 General overview

The financing of UN bodies, all origins considered, has strongly expanded during the period. This increase in absolute terms is largely due to the increase of contributions to the Non-core budget of each UN bodies. Only the UNHCR total budget is constant.

EC finances almost solely Non-core budgets (except for UNRWA and FAO). The EC does not vote at board level and does not approve financial audits, which is done by EU MS and other donors. Indeed, the contribution to Core budget allows donors to be “shareholders” of the UN bodies which has as consequences, among the most important, to, on the one hand, vote at the board and on the other hand to accept the yearly financial audits of the institution at managing board or “conference/assembly” level. This is key to understanding the dynamics of the relationship between the EC and the UN.

The EC is part of the 10 first donors in most of the UN bodies. Nevertheless, in relative terms its contribution is a small part of the total amounts received, except for UNRWA where the EC contribution is crucial.

The EC contribution in absolute terms increases over the period suggesting an increased interest from the Commission for channelling the funds through UN bodies.

The evolution trends of EC and of EU MS contributions are globally aligned except in the case of UNRWA, UNHCR and UNEP. EC contribution to UNRWA has increased substantially in comparison with EU MS. For UNHCR, EC total amount is stable, although the contribution of EU MS has slightly increased over the period. Finally for UNEP, the EC contribution is particularly modest given the large contributions of the EU MS.

WHO, WFP, UNDP, UNIDO are financed for a large part by other donors than EU MS or the EC. FAO was in the past mainly financed by EU MS and the EC but the trend has changed in the last 3 years and other donors became the major contributors.

UNICEF and UNHCR benefit globally at equal parts of financing from EU MS and EC as well as from other donors.

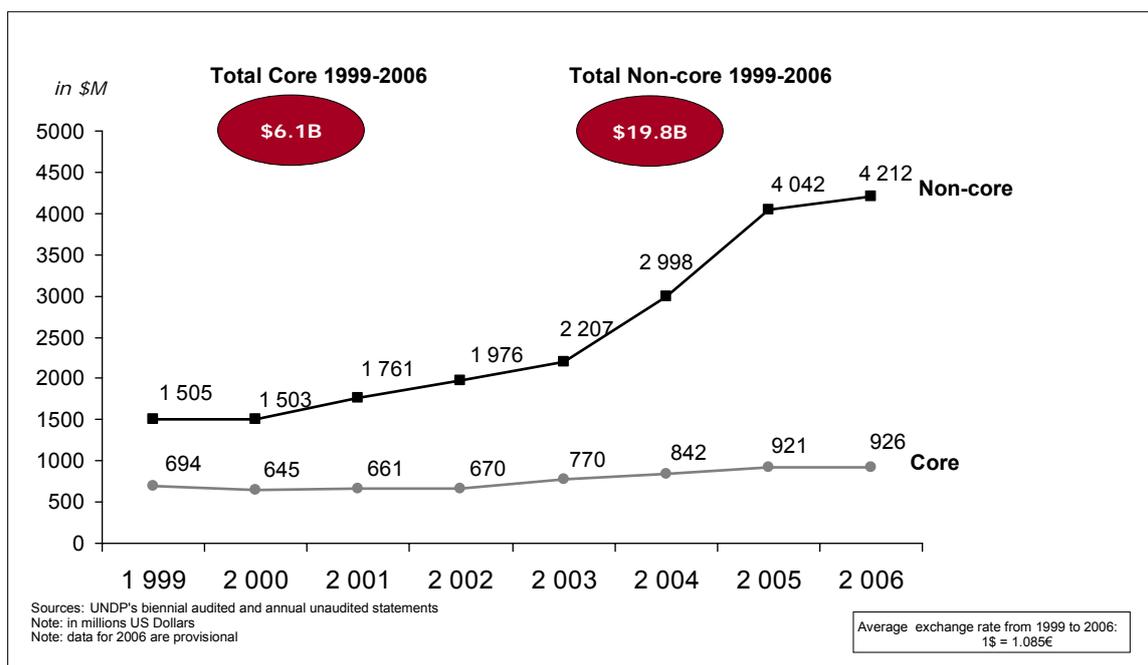
4.2 UNDP

For UNDP, the Core budget is made out of voluntary un-earmarked contributions from donors. It is used for the functioning of the Programme and for the financing of projects.

Main observations:

- While the Core budget has mainly increased from 2003 onwards, the Non-core budget has more than doubled (x 2,6) in 8 years as shown in the figure below.

Figure 15 – Evolution of the UNDP Core and Non-Core budget



- The financing of the Core budget has seen an increase of the part financed by the EU Member States which **shows a more than proportionate effort by EU MS in the financing of the institution as such**. Indeed, as shown in the table below, the annual contributions to the Core budget from EU MS have increased from \$355M in 1999 to \$514M in 2006, when the ones from other donors have increased from \$339M to \$412M within the same period.

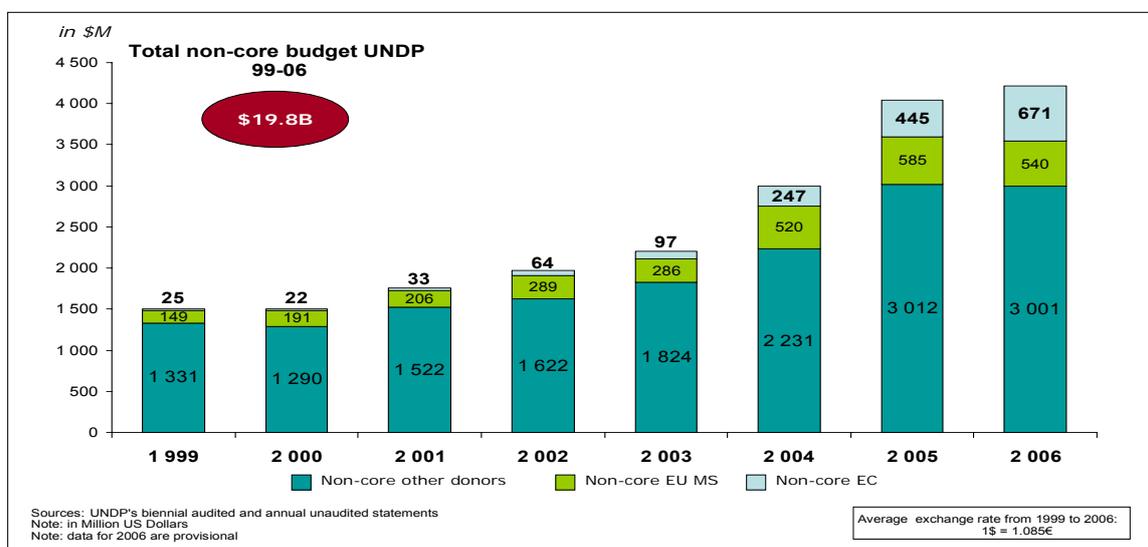
Table 13 – UNDP Core and Non-core budget by donors (in \$M and in %)

	1 999	2 000	2 001	2 002	2 003	2 004	2 005	2 006	Total
Core EU Member States	355	312	328	329	384	440	507	514	3 170
Core other donors	339	333	333	341	386	401	415	412	2 960
Non-core other donors	1 331	1 290	1 522	1 622	1 824	2 231	3 012	3 001	15 832
Non-core EU Member States	149	191	206	289	286	520	585	540	2 767
Non-core EC	25	22	33	64	97	247	445	671	1 286
Total Non-core	1 505	1 503	1 761	1 976	2 207	2 998	4 042	4 212	19 885
Non-core other donors %	88%	86%	86%	82%	83%	74%	75%	77%	80%
Non-core EU Member States %	10%	13%	12%	15%	13%	17%	14%	14%	14%
Non-core EC %	2%	1%	2%	3%	4%	8%	11%	9%	6%

Source: UNDP's biennial audited and annual unaudited statements.

- While the financing of the exploding Non-core budget by EU MS has been more or less constant and by other donors has been proportionately decreasing, it is the EC contribution which compensates the relative decrease of other donors' contributions, as shown in the figure below. **This shows the very big commitment by the EC to the running of projects through UNDP.**

Figure 16 - Evolution of UNDP Non-Core budget by donors



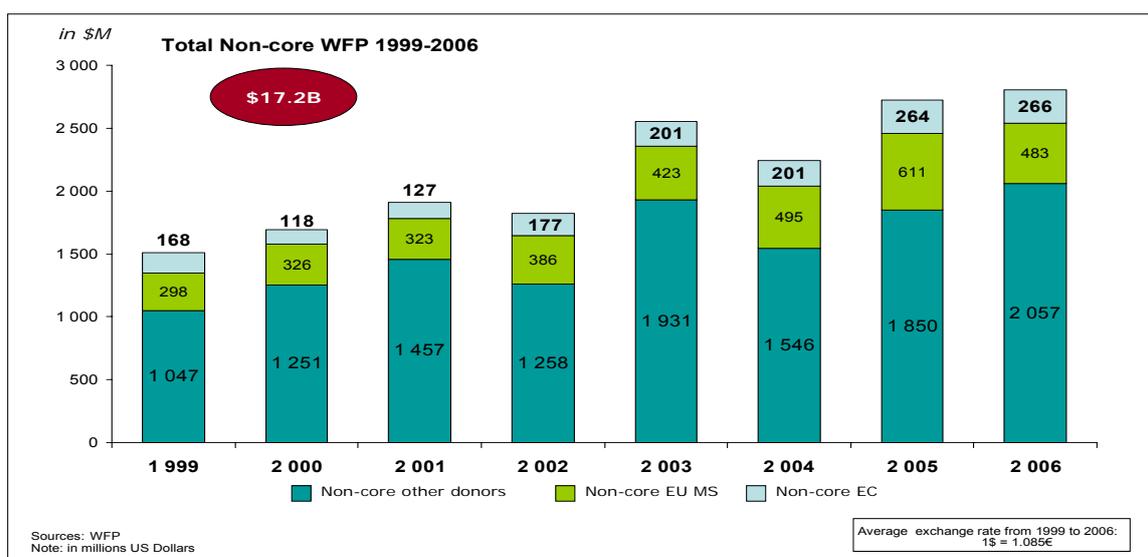
4.3 WFP

For WFP, the budget is made out the “multilateral” (un-earmarked) and the “directed multilateral” (earmarked) voluntary resources from donors.

Main observations:

- The overall budget of WFP has almost doubled in the last 8 years.
- The relative share in contributions by EU MS, other donors and by the EC has remained relatively stable over the years as shown in the figure below.

Figure 17 – Evolution of WFP Non-Core budget by donors



- As shown in the table below, the contributions of DEV, AIDCO and ECHO have been increasing over the years to reach a total of \$1B for DEV and AIDCO, and \$434M for ECHO.
- From January 1st 2007 onwards, **ECHO is taking over the food aid contribution previously managed by AIDCO**. This will result in an anticipated increase of ECHO share of €100M in 2007.

Table 14 - Distribution of total EC Non-core budget to the WFP by DGs (in \$M)

Years	1 999	2 000	2 001	2 002	2 003	2 004	2 005	2 006	Total
<i>EuropeAid</i>			88	133	143	152	158	132	806
<i>DEV</i>	131	80							211
<i>ECHO</i>	36	38	38	45	58	48	65	106	434
<i>Other</i>						1	41	28	70
Total EC	168	118	127	177	201	201	264	266	1 522

Source: WFP headquarter.

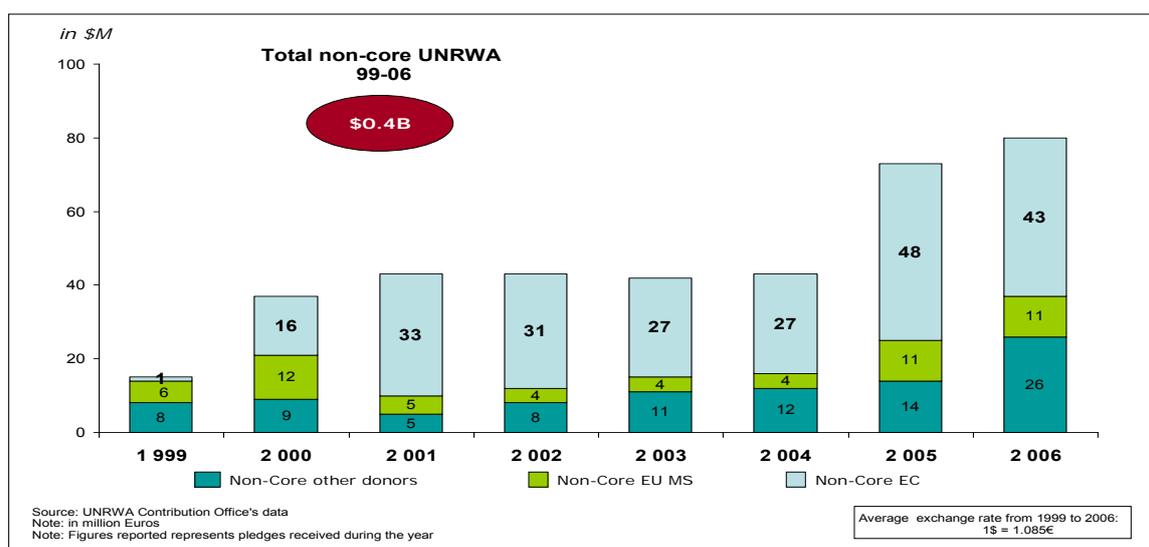
4.4 UNRWA

For UNRWA, the budget represents commitments received during that year.

Main observations:

- The EU MS and the EC have constantly increased their financing of the Core budget of UNRWA from 42% to 59% in 8 years.
- For the EC, the share of contribution to the Core budget has been constantly increasing (15% to 24%) over the years while almost doubling its contribution from a total amount of €36M in 1999 to €67M in 2006.
- Likewise, the EC contribution to the Non-core budget has been increasing, in real terms and proportionately from 7% to 54% in 8 years as shown in the figure below.

Figure 18 – Evolution of UNRWA Non-Core budget by donors



- The evolution of the contribution of the EC through AIDCO and ECHO has been influenced of course by their modus operandi in a succession of political instability.

Table 15 - Distribution of total EC Non-core budget to UNRWA by DGs (in €M)

	1 999	2 000	2 001	2 002	2 003	2 004	2 005	2 006	Total
EuropeAid	-	15	11	19	20	14	38	23	141
ECHO	1	1	21	12	8	12	10	20	85
Total EC	1	16	33	31	27	27	48	43	226

Source: UNRWA Contribution Office's data.

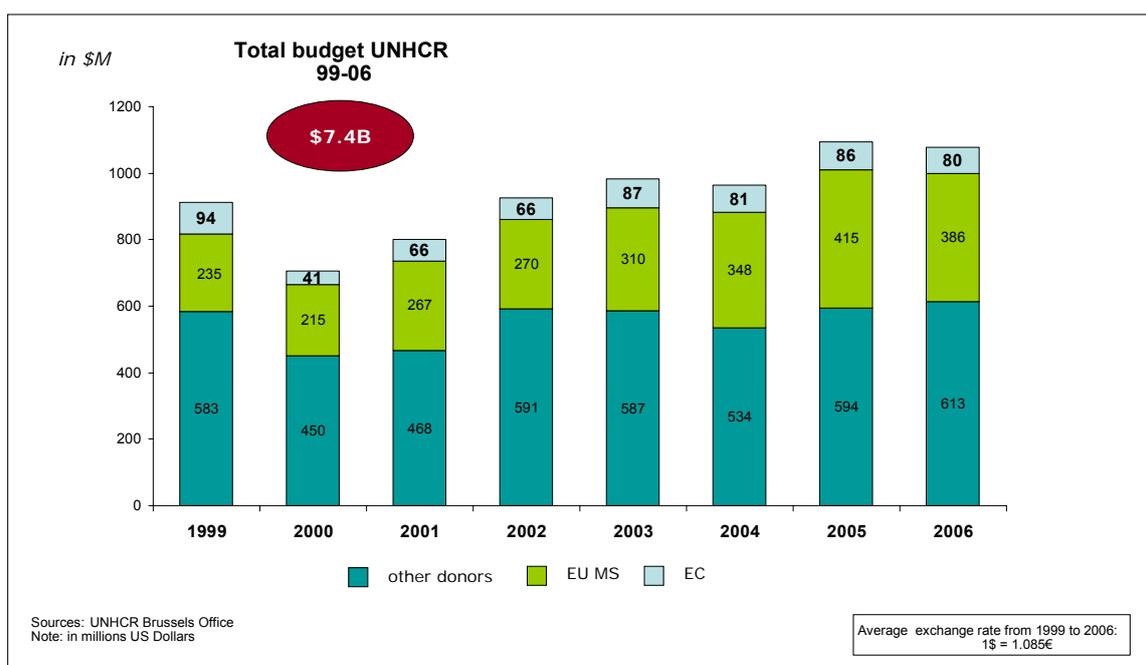
4.5 UNHCR

For UNHCR, the budget data used hereunder represents the Annual budget and the Special budget. Donors contribute voluntarily to the UNHCR budgets and a small share from the UN Secretary is assessed for the functioning of the UNHCR.

Main observations:

- Overall, in a global budget which has been relatively stable over the 8 years, the EC has maintained its contribution at par.
- It is the share of the EU MS which has slightly increased versus the relative contribution of other donors. This is represented in the table below.

Figure 19 – Evolution of the donors' contributions to the UNHCR budget



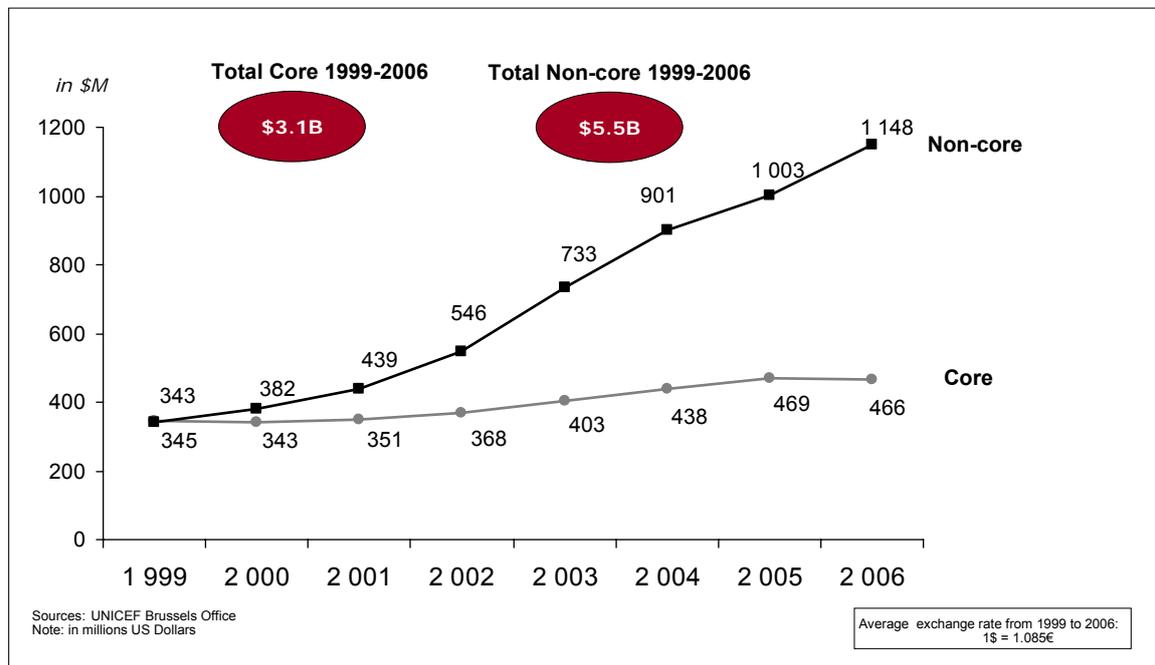
4.6 UNICEF

For UNICEF, the Core budget represents the voluntary un-earmarked contributions of donors. It is used for the functioning of the Fund and for the financing of projects.

Main observations:

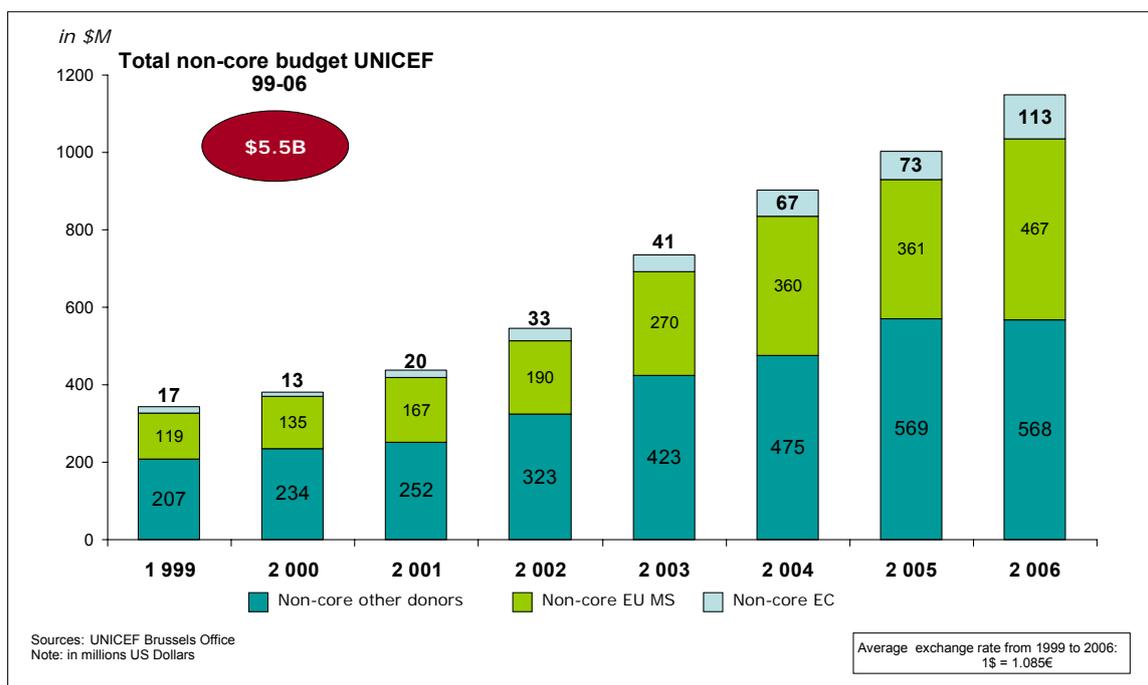
- It is the Non-core budget which has been increased quite dramatically (x 3 in 8 years), especially since 2003 as shown in the figure below.

Figure 20 – Evolution of the UNICEF Core and Non-Core budget



- Within the Core budget, the EU MS have more than proportionally increased their contribution versus other donors.
- The same applies for the Non-core budget.
- The other donors have decreased proportionately their share of contribution to the Non-core budget from 60% to 49% in 8 years.
- Over those 8 years, the EC has doubled its share of funding Non-core budget from 5% to 10% with a yearly growth rate over 50% bringing its contribution from \$17M to \$113M as shown in the figure below.

Figure 21 - Evolution of UNICEF Non-Core budget by donors



- The contributions of AIDCO and ECHO have fluctuated over the years 1999-2006. ECHO has stabilised at \$35M per year on average since 2002 while AIDCO's contributions, usually lower than ECHO's contribution, has exploded since 2004 and overtaken ECHO's contribution by more than the double in 2006, reaching a total amount of \$81M.

Table 16 - Distribution of total EC Non-core budget to the UNICEF by DGs (inUS\$)

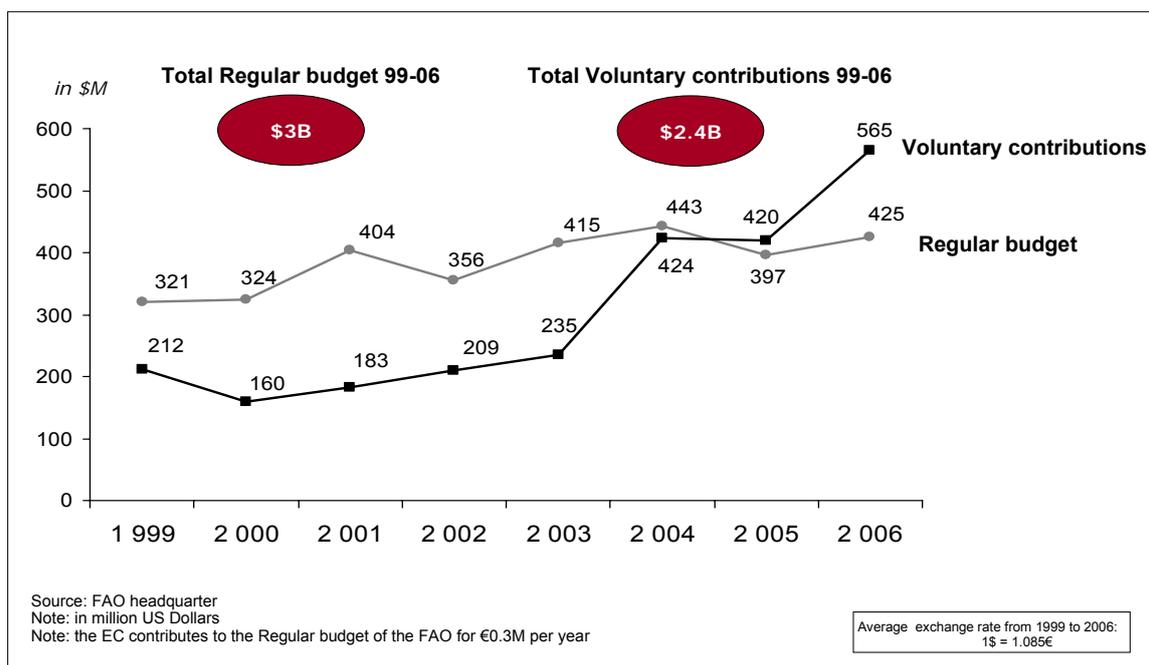
Years	1 999	2 000	2 001	2 002	2 003	2 004	2 005	2 006	Total
EuropeAid	2.1	4.8	5.9	7.5	5.9	32.4	27.2	81.4	167.3
ECHO	15.1	7.8	14.0	25.0	34.7	34.5	45.3	31.5	207.9
Total Non-core EC	17.2	12.6	19.9	32.5	40.5	66.9	72.5	113.0	375.2

Source: UNICEF Brussels Office.

4.7 FAO

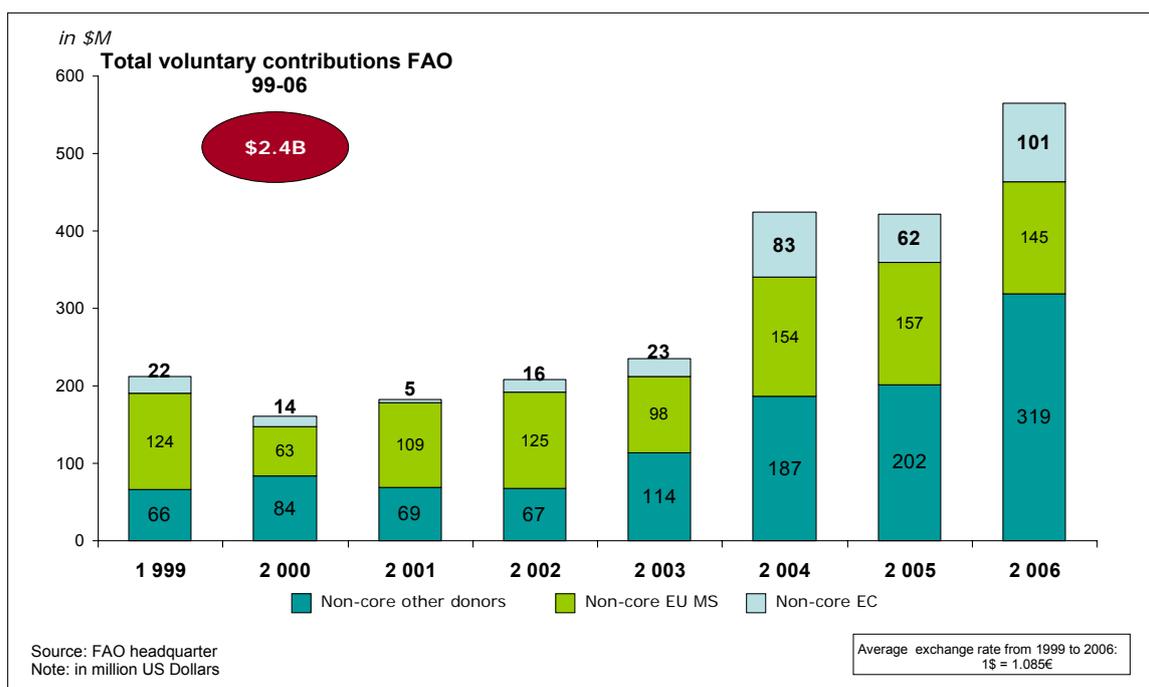
While the FAO's regular budget has only slightly increased over the 8 years, the voluntary contributions' budget has steadily increased and accelerated this increase since 2003 to take over the regular budget by \$140M in 2006.

Figure 22 – Evolution of FAO regular budget and voluntary contributions



Within that accelerated increase, the share of the contribution to the voluntary contribution budget by EU Member States has stayed more or less constant, while it is the EC's contribution which has proportionately increased (18% in 2006), making-up for the relative lesser proportion of the voluntary contributions from the other donors.

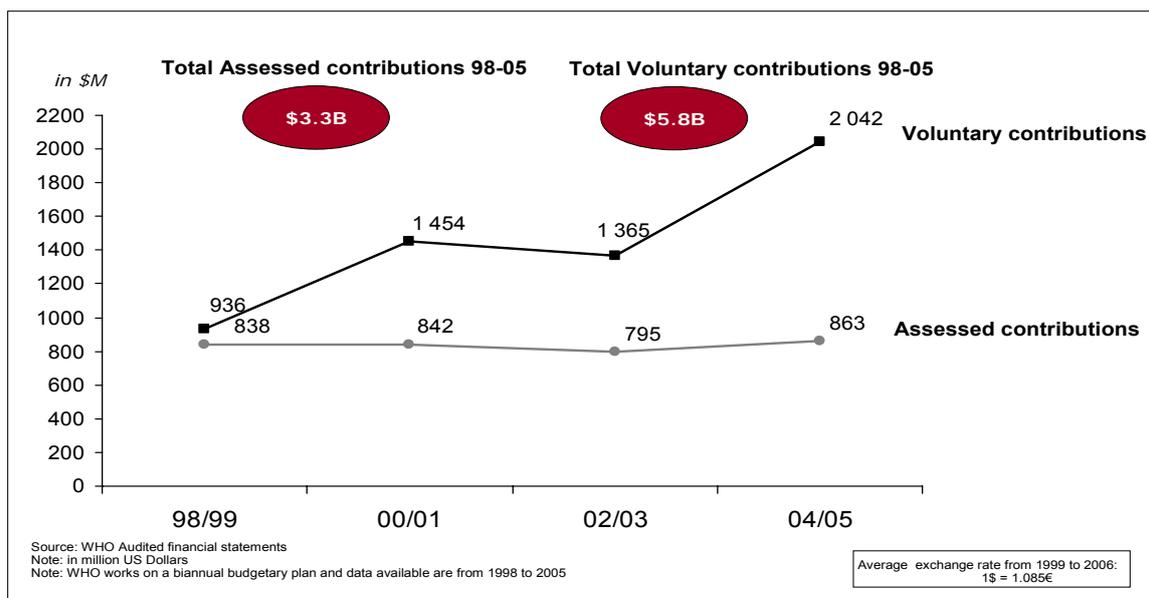
Figure 23 – Distribution of FAO voluntary contributions by donors



4.8 WHO

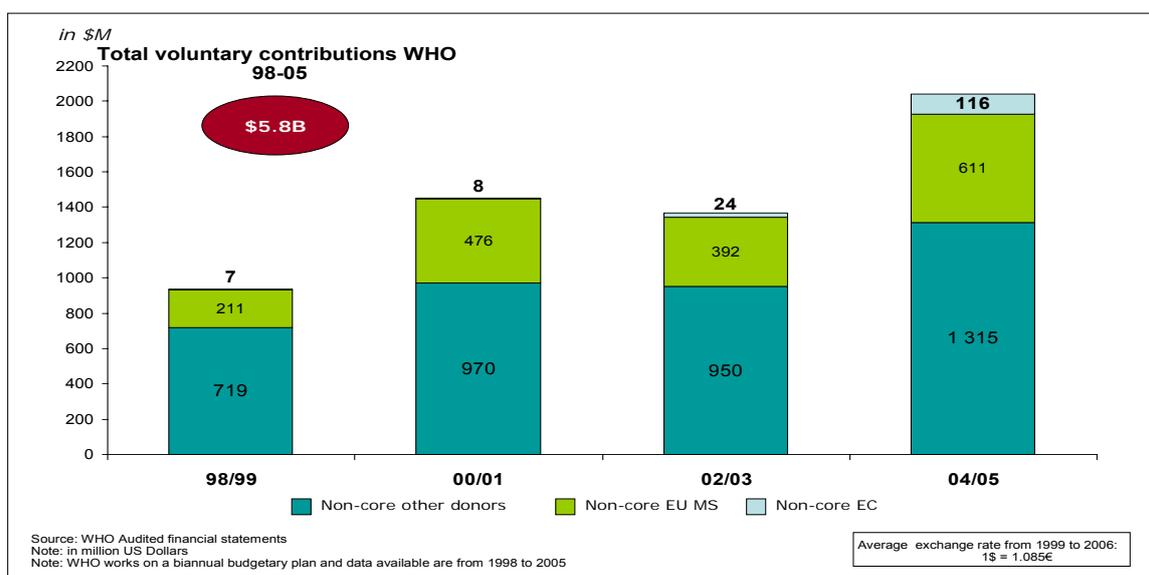
For WHO, the voluntary contributions has doubled in the 8 years while the Assessed contribution has remained constant.

Figure 24 - WHO total income from 1998 to 2005. Evolution of the Assessed contributions/voluntary contributions



Among the voluntary contributions, the EU Member States' contribution stay approximately constant at around 1/3 while the EC is increasing its share, mainly since 2002.

Figure 25 - Evolution of WHO Voluntary contributions by donors



Among the DGs contributing for non-core activities, AIDCO and ECHO provide 90% of the funds. SANCO has proportionately increased considerably its contribution in 2004-2005 up to €6M.

Table 17 - Distribution of total EC voluntary contributions to the WHO by DGs (inUS\$)

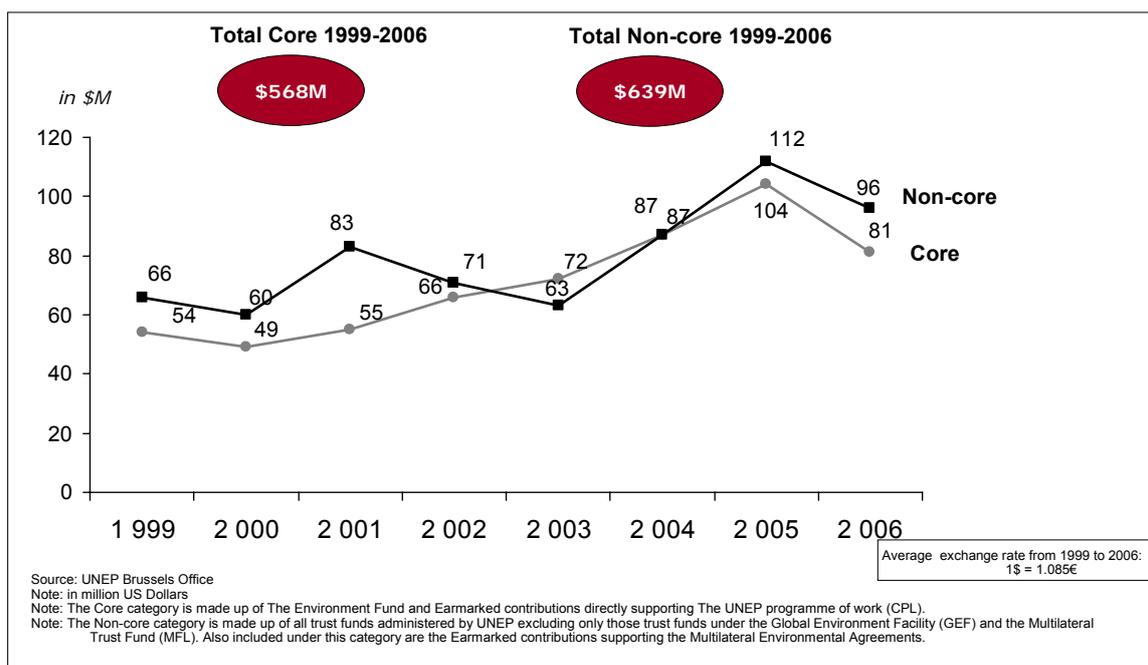
Years	98/99	00/01	02/03	04/05	Total
EuropeAid	330 033	170 068	7 917 154	89 818 718	98 235 973
EAR	-	621 003	540 206	79 433	1 240 642
ECHO	5 123 089	5 274 905	12 196 930	18 304 779	40 899 703
EMPL	758 964	300 452	276 381	361 571	1 697 368
ENV	270 321	470 591	93 633	70 649	905 194
EUROSTAT	-	-	59 873	-	59 873
INFSO	-	-	44 096	106 698	150 794
RTD	36 467	721 777	1 419 954	874 341	3 052 539
SANCO	344 725	476 343	713 984	5 370 298	6 905 350
TRADE	-	-	-	714 910	714 910
TREN	-	67 796	259 496	281 121	608 413
Total EC	6 863 599	8 102 935	23 521 707	115 982 518	154 470 759

Source: WHO Audited financial statements.

4.9 UNEP

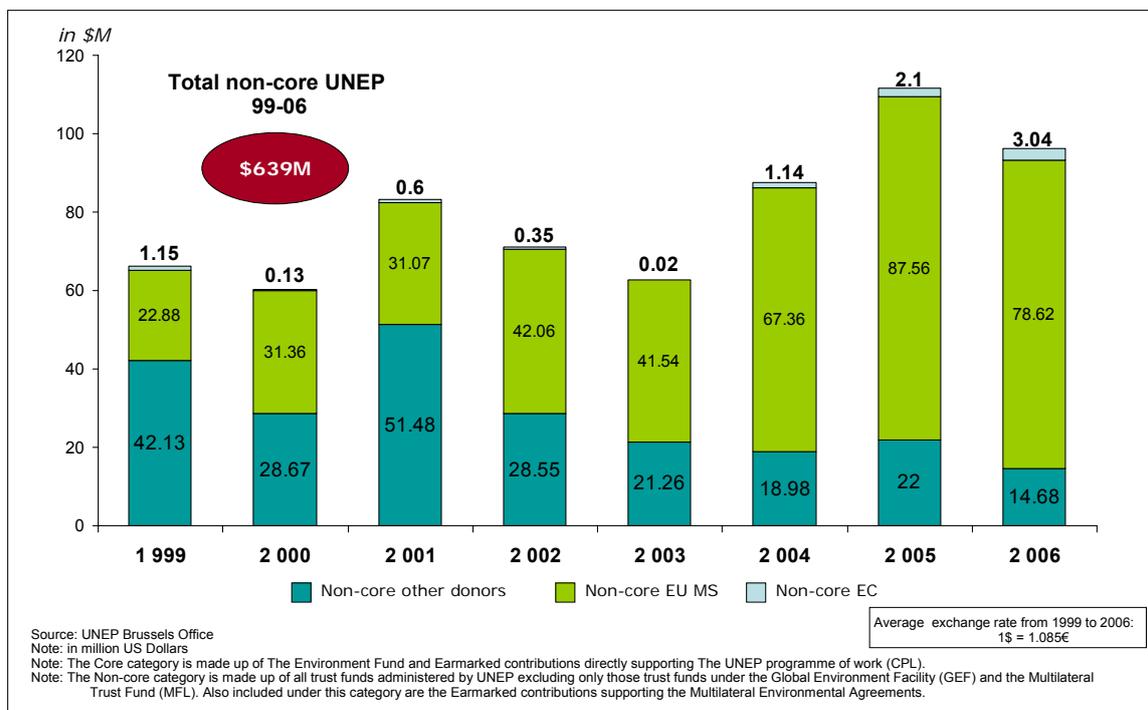
For UNEP, the Core budget is made up by the Environment Fund and the earmarked contributions directly supporting the UNEP working programme. As shown in the figure below, the size and evolution of the Core and Non-core budgets of UNEP have evolved similarly.

Figure 26 – Evolution of UNEP Core/Non-Core contributions



The contribution to the non-core budget of the EU Member States have been increasing rapidly over the years, in opposition to the other donors contribution which has decreased over the period. The contribution of the EC is slowly increasing.

Figure 27 - Evolution of UNEP Non-Core contributions by donors



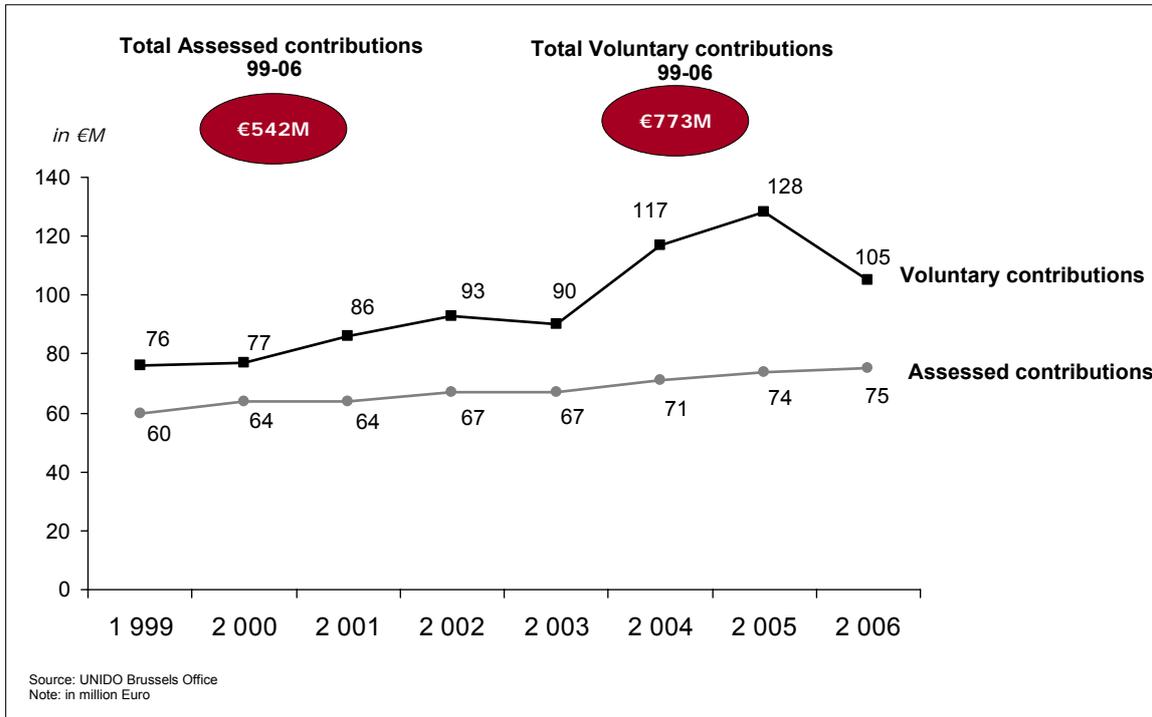
4.10 UNIDO

For UNIDO, the budget represents the annual contributions of donors which include the assessed contributions to the UNIDO regular budget (Core) and the voluntary contributions (Non-Core).

Main observations:

- The Core budget has been relatively stable while the Non-core budget has increased from €76M to €105M as shown in the figure below.

Figure 28 - Evolution of the UNIDO Core and Non-Core budget



- The EU MS contribution to the Non-core budget has slightly decreased while the EC contribution, still modest, has been increasing since the start in 2001 from €2M to €8M with a dip in 2006.

5. Next Steps

The inventory stage is the first of the three stages of the Desk Phase (Inventory, Structuring, desk stage). The Structuring stage is based on the analysis of relevant key documents and interviews gathered during the Inventory stage.

On approval of the Inventory Note and according to its results, the evaluation team will then reconstruct the intervention logic(s) of the Commission's aid channelled through the Channels and review the key objectives. The evaluation team will propose a specific understanding for the evaluation criteria, given the context of this evaluation.

The evaluation team will also define a set of Evaluation Questions, Judgement Criteria for each Evaluation Question, and quantitative and qualitative Indicators for each criterion. The choice of Judgement Criteria and Indicators might further evolve in the next stages of the evaluation.

Then, the evaluation team will start to work on the structuring of the methodology of the evaluation. The methods of data and information collection for the Desk stage will be specified at this stage. In addition, a detailed work plan will be drawn up for the evaluation process.

Thanks to the interviews in Brussels as well as in Rome for WFP and FAO, it is anticipated that some of the delay encountered in the Inventory Stage will be compensated in the Structuring Stage.

Based on the above, the evaluation team will present the **Inception Report**.