

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

Final Report

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The **Inventory Note** realised at the start of this evaluation provides a mapping of the Commission's funds delivered through the UN system, with breakdowns per types of funding, sectors, countries and 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.

Acronyms

\$	US Dollars
€	Euro
€bn/€ B	Billion Euro
€m/€ M	Million Euro
3Cs	Coordination, Complementarity and Coherence
ABAC	Accrual Based Accounting (Commission database)
ACP	Africa, Caribbean and Pacific (countries)
ADE	Aide à la Décision Economique S.A.
AIDCO	EuropeAid Co-operation Office
ALA	Asia and Latin America
APEC	Appui au processus électoral (en RDC)
BOMCA	Border Management Programme for Central Asia
C.A.	Contribution Agreement
CADAP	Drug Action Programme in Central Asia
CARDS	Community Assistance for Reconstruction, Development and Stabilisation, or countries relating to it i.e. countries of the Western Balkans (Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, including Kosovo, and the former Yugoslav Republic of Macedonia)
CCA	Common Country Assessment (UN)
CEI	Commission Electorale Indépendante
CG	UN Contact Group
CGIAR	Consultative Group on International Agricultural Research
COM	Communication from the Commission
Commission	European Commission (formally the Commission of the European Communities)
CRIS	Common RELEX Information System
CSP	Country Strategy paper
DAC	Development Assistance Committee of the OECD
DEC	Delegation of the European Commission
DG	Directorate General of the European Commission
DG DEV	DG for Development
DG ECFIN	DG for Economic and Financial Affairs
DG ECHO	DG for European Community Humanitarian Aid Department
DG RELEX	DG for External Relations of the European Commission
DFID	Department For International Development (UK)
DRC	Democratic Republic of the Congo
EC	European Community
ECTAO	European Commission Technical Assistance Office
EDF	European Development Fund
EJH	East Jerusalem Hospitals

ENPI	European Neighbourhood and Partnership Instrument
EQ	Evaluation Question
ERF	Early Recovery Framework
ERP	Early Recovery Plan
EU	European Union
FA	Financing Agreement
FAFA	Financial and Administrative Framework Agreement
FAO	Food and Agriculture Organization
FR	Financial Regulation
FSVGD	Food Security for Vulnerable Group Development (in Bangladesh)
GEF	Global Environmental Facility
GoB	Government of Bangladesh
HOPE	Humanitarian Office Programme Environment
HQ	Headquarters
I	Indicator
IAS	Internal Audit Services (at the Commission)
IFAD	International Fund for Agricultural Development
IL	Intervention Logic
ILO	International Labour Organization
IRFFI	International Reconstruction Fund Facility for Iraq
ISO	International Organization for Standardization
ITF	Iraq Trust Fund
JAM	Joint Assessment mission
JC	Judgment Criteria
KI	Key Issue
LFA	Logframe Analysis
LFM	Logframe Matrix
LRRD	Linking Relief, Rehabilitation and Development
MDGs	Millennium Development Goals
MEDA	Euro-Mediterranean Partnership Programme; Mediterranean members of the partnership.
MN	Meeting Notes
MONUC	UN Mission in the Democratic Republic of the Congo
MoU	Memorandum of Understanding
MS	Member States of the European Union
NGO	Non-Governmental Organisation
NIP	National Indicative Programme
NP	Neighbourhood Programmes
OCHA	Office for the Coordination of Humanitarian Affairs (Secretariat of the United Nations)
ODA	Official Development Aid
OECD	Organisation for Economic Co-operation and Development
OHCHR	Office of the United Nations High Commissioner for Human Rights
OLAS	On Line Accounting System

OVI	Objectively Verifiable Indicator
PA	Palestinian Authority
PCM	Project Cycle Management
PIU	Project Implementation Unit
QSG	Quality Support Group, (European Commission)
RDC	République Démocratique du Congo
RELEX	Directorate General for External Relations of the European Commission
RG	Reference Group
RIP	Regional Indicative Programme
ROM	Result-Oriented Monitoring (EuropeAid)
RSP	Regional Strategy paper
SPA	Strategic Partnership Agreement
SPEC	Sécurisation du Processus électoral (en RDC)
TA	Technical assistance
TACIS	Technical Aid for the Commonwealth of Independent States; related countries
TBD	To be determined
TF	Trust Fund
TIM	Temporary International Mechanism
ToR	Terms of Reference
UN	United Nations
UNAMA	UN Assistance Mission to Afghanistan
UNCTAD	UN Conference on Trade and Development
UNDAF	UN Development Assistance Framework
UNDG	UN Development Group
UNDP	UN Development Programme
UNEP	UN Environment Programme
UNESCO	UN Educational, Scientific and Cultural Organization
UNFCCC	UN Framework Convention on Climate Change
UNFPA	UN Population Fund
UN-HABITAT	UN Human Settlement Programme
UNHCR	Office of the UN High Commissioner for Refugees
UNICEF	UN children's Fund
UNIDO	UN Industrial Development Organization
UNIFEM	UN Development Fund for Women
UNITAR	UN Institute Training and Research
UNMIK	UN Mission In Kosovo
UNOCHA	UN Office for the Coordination of Humanitarian Affairs
UNODC	UN Office on Drugs and Crime
UNRWA	UN Relief and Works Agency for Palestine Refugees in the Near East
WB&GS	West Bank & Gaza Strip
WFP	World Food Programme
WHO	World Health Organization

Executive Summary

1 Objectives of the evaluation

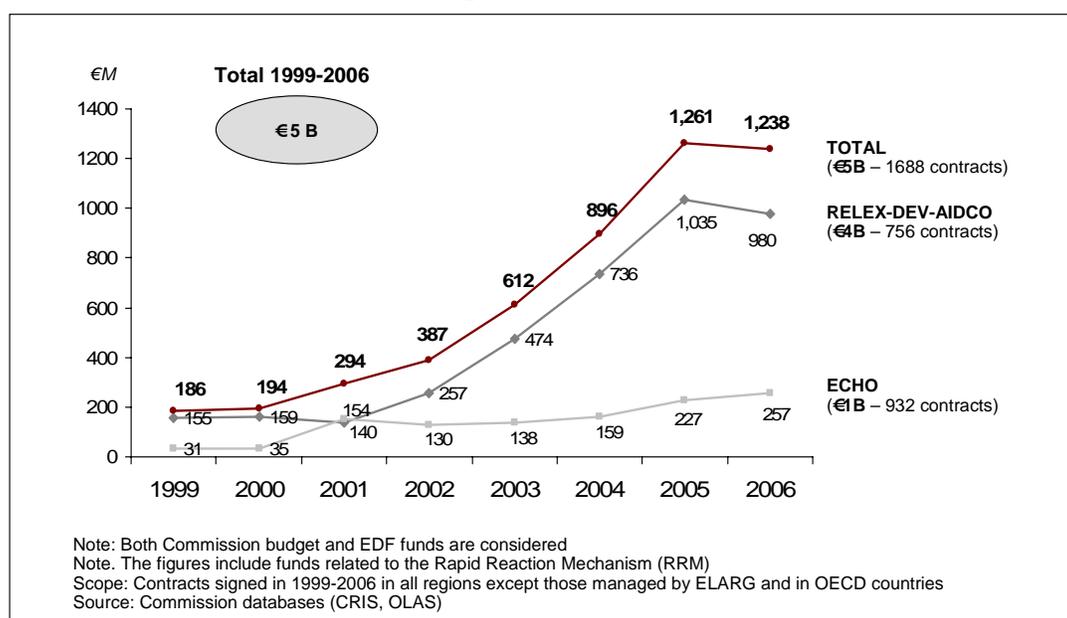
This evaluation commissioned by the European Commission aims at providing an overall independent assessment of its external cooperation with partner countries through the organisations of the UN family. It covers the partnership between the Commission and the UN to the extent of the Commission's funding of UN interventions. It focuses on development cooperation funds managed by DG RELEX, DEV and AIDCO. The period covered is 1999-2006.

2 Context

Co-operation and partnership between the Commission and the United Nations have been entering a new era since the year 2000/2001, within the context of the rethinking of development priorities and modalities which started with the Millennium Declaration. The Commission's political strategy for co-operation with the UN was set up, explained and articulated in recommended actions in 2001 and 2003 through two Communications, which were considered a starting-point for intensification and structuring of cooperation. Over time the Commission and the UN bodies have intensified the development of a legal and administrative cooperation framework to allow and systematise common efforts in the context of development and humanitarian affairs. In addition, the deconcentration process on the Commission side during the evaluation period has allowed initiation and conduct of project programming in the Delegations, even if the ultimate responsibility still rests with HQ. It is also noteworthy that the issue under evaluation coincides with progressive stabilisation of the UN financing crisis and extensive efforts to reform the UN family with a view to increasing "UN system-wide coherence".

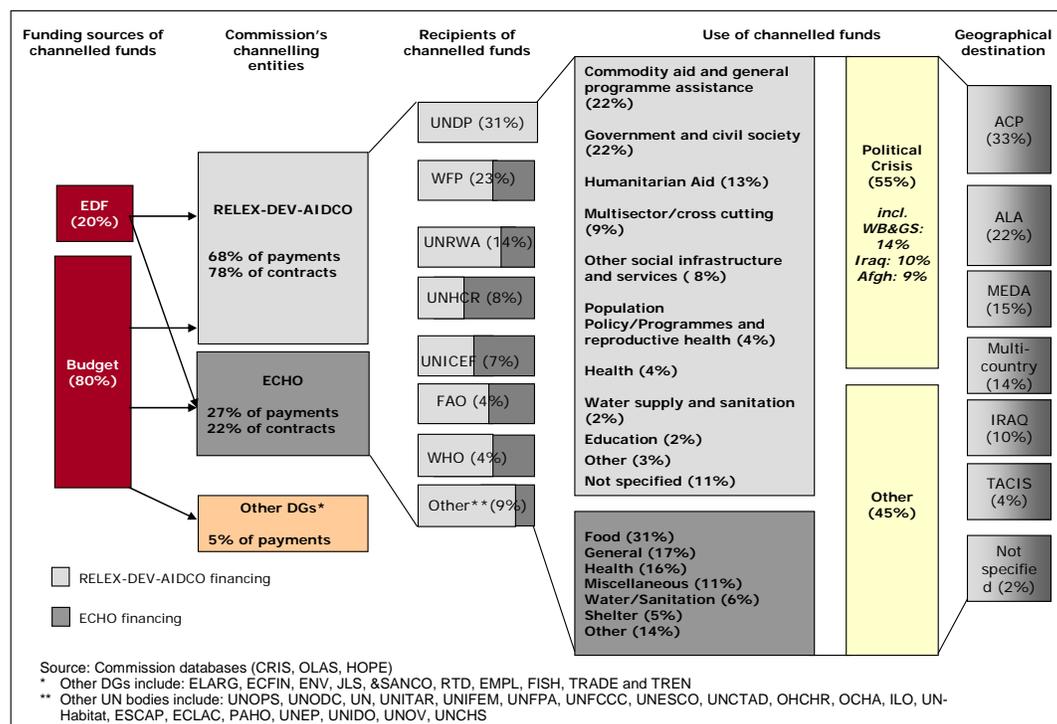
3 Inventory

Evolution of the contracted amounts from RELEX-DEV-AIDCO and ECHO channelled through the UN bodies



Although these funds were channelled through many different UN bodies, a large proportion of the funds was concentrated on a limited number of them (UNDP, WFP, UNRWA, UNICEF, FAO, WHO, UNHCR). The range of uses and geographical destinations of channelled funds is shown in the following diagram.

Overview of the Commission's channelling of funds through UN (contracted amounts in %)



More than half (55%) of the total funds contracted by the Commission (RELEX-DEV-AIDCO) with the UN bodies over the period 1999-2006 were for interventions in clear situations of political crisis. Three countries received one-third of the total: West Bank and Gaza Strip €548m (14%); Iraq €478m (10%); and Afghanistan €356m (9%). The majority of the contracts are small to very small, this being consistently the case over the years. The very large projects (above €100m) appeared only in 2003. This category relates to four contracts with UNDP (2 Iraq, 1 DRC, 1 Nigeria) and four with WFP for general Food Aid programmes ('all countries' category). Direct awarding was the most common procedure used in the 510 contracts (1999-2006) with the Commission budget managed by RELEX-DEV-AIDCO. Following a sudden increase in the use of calls for proposals in 2003, the number of contracts signed under this procedure has stabilised. In 2006, 105 contracts were granted through direct awarding vis-à-vis 28 through calls for proposals.

4 Methodology

The main steps of the evaluation consisted first in a substantial exercise of mapping the funds channelled by the Commission through the UN family (resulting in an Inventory Note), then in building the methodological framework for the evaluation, followed by collection of information through a desk study and field missions, and concluding with a synthesis exercise. The evaluation approach is based on a reconstruction of the intervention logic and is structured around nine Evaluation Questions, with corresponding Judgement Criteria (JC) and Indicators. These

Evaluation Questions are linked to the five DAC evaluation criteria (relevance, efficiency, effectiveness, impact and sustainability), the Coherence, the EC added value, and to a number of key issues (including visibility).

A number of challenges confronted the evaluation. The first was the limited existing knowledge of the detailed composition of the financial flows to be evaluated and the exploratory nature of the evaluation. The second challenge was the difficulty of evaluating an *aid modality*, consisting of delivering aid through other agencies, in this case those of the UN family. A third challenge was the width and complexity of the scope of the study, which indeed focused not on one sector or country but rather on a variety of sectors, countries and UN bodies with different characteristics. This diversity was reflected in more than 1,600 interventions, representing a considerable total disbursement of nearly €4bn over the period evaluated. Answers to the individual Evaluation Questions were found, and overall conclusions reached, through an approach consisting of (i) an overall inventory and typology of the funds channelled; (ii) a consultative process with the UN; and (iii) collection of information from a wide range of sources including the following: a desk study of 20 interventions; field visits to 10 of the latter in 6 countries; pyramidal focus groups at HQ level; working groups at country level; consultation of 570 documents; studies of ROM reports; and 179 interviews with 297 persons met at both HQ and country levels.

5 Overall assessment

The Commission's political decision to become an effective partner for the UN as articulated in the 2001 and 2003 Communications has materialised in a wide range of interventions and in a substantial increase in the volume of funds channelled (€1bn or 13% of total aid in 2005 and 2006). This has been achieved through a pragmatic approach rather than through the structured strategic approach to channelling as envisaged in the 2001 and 2003 Commission communications. This aid delivery modality brought added value to the Commission, UN and partner countries mainly where (i) it was the sole means of delivering aid (e.g. where Commission cooperation had been interrupted, there was a UN mandate, situations were politically sensitive, or global issues were involved); (ii) it enhanced the Commission's participation in policy dialogue with partner countries; and (iii) there were clear benefits to be obtained from the UN's co-ordination role, experience in the field, and thematic expertise. During the channelling process the Commission's visibility to the different stakeholders was generally preserved at partner country level. The FAFA proved in general a sound administrative framework. But the Commission's organisational structure at HQ level and information systems have not been adapted commensurately with the increased volume of channelled funds.

6 Conclusions

Twelve conclusions emerge from the evaluation, which are grouped in the following clusters.

Conclusions 1 and 2 on the General channelling framework

The Commission's political decision to become an effective partner for the UN as articulated in the 2001 and 2003 Communications has materialised in a wide range of interventions and in a substantial increase in the volume of funds channelled (€1bn or 13% of total aid in 2005 and 2006). There has also been considerable expansion of the cooperation. But some of the conditions enumerated in the 2001 and 2003 Communications have not been met. The Commission has in fact taken a pragmatic rather than a structured strategic approach to channelling, treating UN bodies as partners "on an ad hoc basis".

Conclusions 3 to 6 on the Added value of this aid modality

This aid modality brought added value for the different parties involved:

For the Commission: most of the Commission's funding channelled through the UN opened doors which would otherwise have remained closed or nearly closed to it. Findings show that this has particularly been the case, in circumstances where :

- the Commission had had its co-operation with local governments interrupted (e.g. DRC, Iraq);
- the international community had provided the UN with the mandate to intervene (e.g. UNRWA, Elections in DRC);
- situations are politically sensitive (e.g. refugees, elections); or
- the Commission wished to intervene in global problems which needed global solutions (e.g. climate change, drugs)

The Commission indeed through its channelling benefited from a number of specific UN characteristics such as (i) the existence of UN-managed multi-donor interventions; (ii) privileged policy dialogue with government; (iii) the neutrality and legitimacy of the UN system; (iv) experience in the field obtained through a continued and extended presence for instance of peace-keeping forces; (v) historical thematic expertise in a number of areas (e.g. children and adolescent issues for UNICEF, environment for UNEP); and (vi) its role as a platform for tackling global problems.

For the UN: UN bodies have mainly benefited from the substantial amounts of funds channelled by the Commission. The availability of Commission funds proved decisive in the set-up of a number of multi-donor interventions. It also consolidated the UN bodies' position in delivering their mandate, strengthening their capacities and reinforcing their role as key interlocutors at country level.

For the partner countries: channelling enabled them to benefit from Commission aid in situations where it would otherwise have been difficult, if not impossible, for the Commission to intervene. Additionally, partner countries benefited from channelling in those cases where UN bodies had more specific expertise and experience in the country than the Commission. Interaction with donors was improved and total interaction costs were reduced for partner countries as channelling restricted the number of interlocutors in multi-donor interventions. It also allowed a more harmonised approach between donors in certain multi-donor interventions.

Conveyed by the Commission: the Commission itself has conveyed added value via its channelling through the UN whenever there has been a political consensus at European level to fund UN interventions. This has particularly been the case with large interventions and in politically sensitive areas, such as the multi-donor initiatives relating to Iraq, Afghanistan, DRC, West-Bank and Gaza. In those cases the Commission could mobilise a substantial amount of funding, making possible easy attainment of the critical mass required, and it represented a single and strong partner for the UN. Its position also allowed better promotion of European policies and priorities during dialogue on policy and strategy issues.

Conclusion 7 on Results & Impact

There has been positive impact from most of the Commission's funding through the UN. First, it has made delivery of aid possible in cases where this would otherwise have been difficult. Without the opportunities offered by UN bodies, the final beneficiaries of those interventions would have received less aid. Second, channelling through the UN also had impact in terms of policy dialogue with partner countries, as it provided the Commission with privileged access to national authorities and a platform for discussion.

Conclusions 8 and 9 on the Efficiency of the aid delivery and the administrative framework

A number of elements affecting the efficiency of the aid delivery, and directly attributable to channelling through the UN, have been identified, even though an overall assessment of the efficiency of channelling proved difficult for this evaluation. Cooperation was also facilitated through the FAFA, which proved a sound administrative framework for channelling funds. By facilitating Commission-UN co-operation it has been an important contributory factor in the very large increase in funds channelled. On the other hand interpretation and application of certain provisions has proved contentious, creating difficulties at operational level.

Conclusions 10 and 11 on Visibility

The Commission did not lose visibility of its funding at partner country level vis-à-vis national authorities, EU MS, other donors and local organisations. Key decision-makers at national and international level in the countries visited were indeed largely aware of the Commission's contributions to UN interventions and of the sometimes significant amounts of funding provided. This suggests that this level of awareness was achieved at least in part through means other than "static visibility" measures (stickers, panels, etc.) as these were imperfectly executed. It is largely explained by the Commission's privileged access to government through channelling and by the increased Commission presence in highly-visible multi-donor interventions. Even so, the Commission's visibility provisions created difficulties at operational level and their coherence with a number of principles such as pooling of donor funding and the neutrality of the UN system are questioned by the outside world.

Conclusion 12 on Organisational structure

There is no centralised structure or mechanism within the Commission for gathering information at intervention or country level in such a way as to allow a comprehensive view of the UN interventions financed by the Commission. There is also little evidence that there exist within the Commission appropriate mechanisms for capitalising on joint cooperation across the range of UN interventions. The Commission's organisational structure at HQ level was not adapted over time commensurately with the increased amounts deployed through the UN, which represented 13% of total aid in 2006. The complexity and compatibility aspects of Commission information systems are further issues in the context of appropriate decision-making and pose real questions relating to institutional memory.

7 Recommendations

Nine recommendations emerge from the evaluation. They are presented in the same clusters used for the conclusions they relate to:

Recommendations 1 to 3 on the General channelling framework

Redefine clearly the Commission's general framework for channelling through the UN family. Clarify the Commission's current overall objectives for channelling funds through the UN and provide specific objectives based on transversal factors of added value rather than top-down definitions of thematic areas as found in the 2001 and 2003 Communication. Also encourage capitalisation. Two options are therefore proposed: issue a new Communication updating COM(2001) 231 and COM(2003) 526; or develop general guidelines relating to factors of added value and which interpret and complement the existing Communications.

Further, for well-defined specific areas in which the Commission and the UN already have successful joint experience, build specific agreements based on cooperation in practice, such as has been done in the field of electoral assistance. For newer areas in which the Commission is willing to explore partnership with the UN, strengthen cooperation by initiating and consolidating common experience in practice.

Recommendations 4 to 7 on the Efficiency of aid delivery and the administrative framework

Conduct regular institutional capacity assessments of partner UN bodies with a view to better appraisal of their characteristics, avoiding the bringing of UN bodies into interventions which go beyond their *modi operandi*. Join existing assessment initiatives in order to limit duplication or capitalise on them.

Clarify further concrete mutual obligations necessary to comply with respective accountability requirements, in particular on reporting and management of operations. Clarify also administrative issues and specific requirements still posing problems. Provide common training at operational level to ensure a shared understanding of the legal and regulatory framework of the partnership, and ensure that all other staff involved in channelling are trained within each organisation.

Recommendation 8 on Visibility

Focus on the visibility of the partnership, rather than on elements of 'static visibility' at intervention level. Consider visibility as part of a comprehensive communication strategy at general and country levels. Redefine accordingly the Commission's visibility objectives in general documents and amend contractually-binding visibility provisions in new and existing individual contribution agreements with the UN. Ensure thereby that Commission's visibility requirements remain in line with principles such as pooling of donor funding, the Paris Declaration and the neutrality of the UN system.

Recommendation 9 on Organisational structure

Ensure that there exists within the Commission an adequate organisational structure at HQ level for providing a comprehensive view of the funds channelled through UN interventions and for centralising information on UN interventions funded by the Commission. Ensure also that the Commission's information systems can consistently provide sufficient information as a basis for reliable decision-making.

1. Evaluation objectives, organisation and methodology

1.1 Evaluation objectives and scope

This evaluation is part of the 2006 evaluation programme approved by the External Relations Commissioners and commissioned by the Joint Evaluation Unit common to the Commission's Directorates General (DG) Development, External Relations and the EuropeAid Cooperation Office (also referred to respectively as RELEX, DEV and AIDCO).

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

The ToR specify the following **main objectives** for the evaluation:

- to provide the relevant external co-operation Services of the Commission and the wider public with an overall independent and accountable **assessment** of the Commission's past and current co-operation with partner countries implemented through the United Nations agencies, funds and programmes;
- to identify key lessons from the Commission's past overall co-operation, and thus provide the Commission's policy-makers and managers with a valuable aid for evidence-based decision-making, and for planning, designing and implementing European Union policies.

The **scope** of the evaluation is:

- the Commission's overall cooperation and partnership with the UN agencies, funds and programmes (commonly referred to as the "UN bodies"), focusing on DGs RELEX, DEV and EuropeAid;
- all geographical regions of Commission cooperation with partner countries except for countries under the mandate of DG Enlargement (DG ELARG) and the Organisation for Economic Co-operation and Development (OECD) countries;
- the period 1999-2006.

This evaluation covers the partnership between the two organisations to the extent of the Commission's funding of UN interventions. The evaluation uses the term "channelling of funds" to describe the financial flows of the Commission to UN bodies. This term comprises funds benefiting partner countries but also funds directed to the UN for the strengthening of a UN institution (notably UNRWA).

1.2 Evaluation methodology

This evaluation was managed and supervised by the Joint Evaluation Unit. The progress of the evaluation was closely followed by a Reference Group chaired by the Evaluation Unit, and consisting of members of RELEX, DEV, AIDCO, ECHO and ECFIN.

The evaluation was required to define and answer a set of Evaluation Questions and provide Conclusions and Recommendations. This section presents the methodology applied for this purpose, and more specifically:

- the overall evaluation process;
- the structure of the evaluation;
- the information on which the findings and conclusions are based;
- the main challenges and limits of the evaluation.

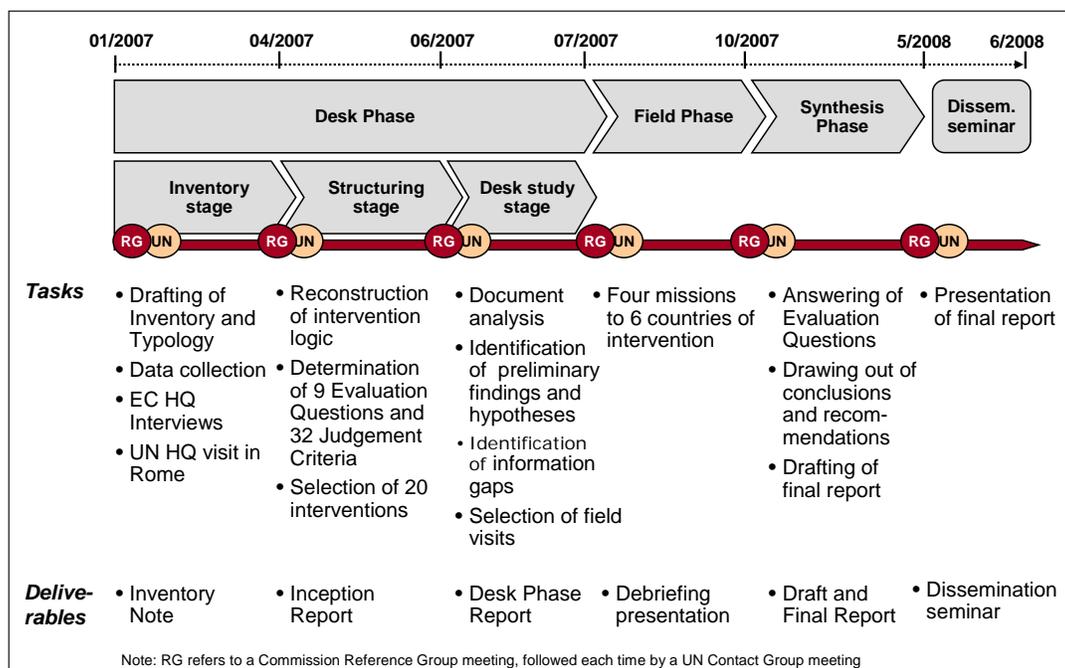
It should be noted that a separate volume of this report (Volume IIb on Evaluation Methodology) details the specific methodological aspects and approaches used for the evaluation:

- Annex 10: Evaluation Methodological Approach
- Annex 11: Evaluation Tools & Checklist
- Annex 12: Pyramidal Focus Groups and Working Groups

1.2.1 An evaluation process in four phases

The evaluation has been conducted in four main phases. Figure 1 below provides an overview of these different phases and their timing, specifying for each of them the activities carried out, the deliverables produced, and the Commission Reference Group (RG) meetings that were organised. Meetings with the UN Contact Group (CG) followed each meeting with the RG. Each of these phases is further detailed below.

Figure 1. Evaluation process



The desk phase

The desk phase itself has been subdivided into **inventory**, **structuring** and **desk study** stages.

A first and essential task has been the production of an **inventory** of the Commission's funds delivered through the UN system. This facilitated an overview of the annual flows of funding and a typology of the 1,688 interventions funded by RELEX-DEV-AIDCO and ECHO in terms of the UN agencies involved, types of funding (grants, credits, guarantees), sectors and countries. During this first stage, interviews at Commission HQ and a visit to the FAO and WFP in Rome were also organised. The results of these activities were presented in an *Inventory Note*¹ which was discussed with the RG and with the UN CG. Throughout the process the different deliverables were discussed with both groups².

The **structuring** stage aimed at building the methodological framework for the evaluation and was devoted to three main activities:

- definition of an **intervention logic** displaying the objectives the Commission was pursuing when channelling funds through the UN system; this provided a basis against which to evaluate the channelling of funds;
- definition of a set of nine **Evaluation Questions** to be answered; for each of these questions **Judgment Criteria** and **Indicators** were defined, and for each indicator the sources and tools to be used for collecting the information were identified;
- **preparation of desk-based data collection** and more specifically identification of a selection of interventions (*see 1.2.4 and Annex 3*) to investigate in a more in-depth manner.

These different elements were presented in the *Inception Report* and most can also be found in Annex 10.

On the basis of the methodological framework defined, the **desk study stage** was devoted to the collection of data for the interventions selected, on the basis of the available documents and through further interviews conducted at Headquarters. This allowed identification of preliminary findings to be validated, hypotheses to be tested and information gaps to be filled in the following stages. These elements were presented in the *Desk Report*.

The field phase

To complete the data collection conducted during the desk phase, ten interventions were further covered and visited through four missions conducted in the following six countries: Bangladesh, Democratic Republic of Congo, Jordan, West Bank and Gaza Strip, Kazakhstan and Kirghizstan.

Information was collected during these visits through face-to-face and group interviews and with representatives from different *stakeholders* (*see section 1.2.3 for more details*).

¹ This Inventory Note is a self standing complement to this evaluation.

² Approval of the different notes and reports delivered was a pre-condition for the launch of the next stage.

The synthesis phase

With a view to completing and strengthening the findings from the desk and field phases, three pyramidal focus groups were organised: one with the Commission RG, one with the UN CG and a third with the two groups combined³.

On the basis of the information collected up to that point and of the results from the pyramidal focus groups, the team started with cross-checking (*see section 1.2.3*) the information obtained from the different sources. The answers to the nine Evaluation Questions were then constructed using – to the maximum extent possible⁴ – the pre-defined building blocks, notably the Judgment Criteria and Indicators.

Once the answers were provided, conclusions were formulated and corresponding recommendations proposed, establishing clear links leading from findings through conclusions to recommendations.

1.2.2 Structure of the evaluation

Following the ToRs and as agreed in the structuring stage, the evaluation exercise is based on a reconstructed intervention logic, from which nine Evaluation Questions were derived. Judgment Criteria and Indicators were further defined for each of these Evaluation Questions. **Annex 10** provides further information on these evaluation building blocks, consisting of the main elements of the **Inception Note** which contains the full details.

The Evaluation Questions are linked to one or several of the five DAC evaluation criteria (relevance, efficiency, effectiveness, impact and sustainability), the Coherence⁵ and EC added value. Furthermore, the Evaluation Questions also cover a number of “Key Issues” of particular importance for this evaluation, as detailed in Annex 10, some of them identified as fields of interest in the Terms of Reference. These linkages are illustrated in table 1.

³ See Annex 12 for additional information on these focus groups.

⁴ In some cases judgment criteria or indicators were slightly modified or not used.

⁵ Defined as “the non-occurrence of effects of policy that are contrary to the intended results or aims of policy”

Table 1 – Coverage of the DAC evaluation criteria, coherence, EC added value and key issues by the Evaluation Questions

DAC evaluation criteria	EQ1 Guiding Criteria	EQ2 Comparative Advantage	EQ3 Results & Impact	EQ4 Strength. Multilateral.	EQ5 Scaling- Up	EQ6 Visibility	EQ7 Implem. & Cost Red.	EQ8 Legal Framework	EQ9 Coordin. & Compl.	All EQ
Relevance	■	■	□							■
Effectiveness			■	■	■	■	■			■
Efficiency			□				■	■	□	■
Impact			■	■	■					■
Sustainability			■					□		■
Coherence, EC added value										
Coherence	□				□			■	■	■
EC added value			■		■		■		■	■
Key issues										
KI.1 Evolution	■									■
KI.2 Funding Predictability				■						■
KI.3 Accountability							■	■		■
KI.4 Visibility				□		■				■
KI.5 Added Value	■	■	■	□	■		■		□	■
KI.6 Usefulness of Agreements	■							■		■
KI.7 Means Deployed			■							■
KI.8 Clarity of Objectives	■			■				■		■

Largely covered
 Tackled

The **answers** to the Evaluation Questions are presented in chapter 3 “Answers to EQ”. The **findings** on which they are based and the related **analysis** are also substantiated in that chapter. Details of the underlying **facts** can be found in the data collection grids for each of the selected interventions (in Annex 5), as well as in the short general descriptions of the interventions (in Annex 4). **Conclusions** and **recommendations** emerging from the evaluation are then presented respectively in chapters 4 and 5.

1.2.3 Main information sources and tools used⁶

Data collection methods

The answers to the Evaluation Questions are based on several sources, from which information was obtained through the application of different tools, more specifically:

- **Identification and financial mapping of 1,688 contracts** through both Commission (CRIS, OLAS, ABAC, HOPE) and UN databases (see Annex 4 of Inventory Note ;
- **Consultation of 570 documents** of which 372 were used for fact finding (see Annex 9)), mainly :
 - at general level (Commission Communications and Regulations, Strategic and programming documents, Agreements between the UN and the Commission, background documents); *and*
 - at intervention level (Contribution Agreements, progress and final reports, monitoring and evaluation reports, project identification fiches)

⁶ See Annex 10 on Evaluation Methodological Approach for more details.

- **Study of 164 ROM reports**, information from existing studies on ROM, and meeting with eight representatives of ROM regional teams (see Annex 7) ;
- **Organisation of 179 interviews (297 persons met, see Annex 8) at:**
 - Headquarters level (Commission representatives, representatives of UN bodies at the Brussels and Rome (WFP, FAO) offices);
 - Country level (Representatives of Commission Delegations, UN bodies, partner countries' governing bodies, EU MS, other donors and international and local NGOs);
- **Visit to 10 projects** at country level and meetings, including with implementing partners and final beneficiaries (see Annex 6);
- **Organisation of working groups at country level (typically 8 per visit)**, with high-level representatives, task managers and communication officers, from the Commission and from the main UN bodies financed in the countries (see Annex 12).
- **Organisation of 3 pyramidal focus Groups with Commission and UN representatives at HQ level:** one with the Commission (8 participants), one with the UN (7 participants) and a subsequent joint group (23 participants) (see Annex 12).

The different methods and tools used were in accordance with the toolbox and recommendations of the Joint Evaluation Unit – *see Annex 11 Evaluation Tools & Checklist*.

Analysing and judging

A first step in terms of analysis and judgement has been cross-checking of the information gathered from different sources. This was in fact an iterative process but had three main dimensions:

- cross-checking and comparing the information gathered from different **documents** during the desk phase ;
- discussing and completing this information during **interviews** with stakeholders at HQ and country levels;
- submitting this information to, and testing it with, **focus groups** of key stakeholders from the Commission and the UN.

Specific characteristics for this evaluation

A number of more specific approaches used in this evaluation are worth highlighting. Some of these special characteristics are closely linked to the nature of this evaluation which concerns Commission funds channelled, in this case, through the UN system.

First it should be underlined that the UN was associated through close interaction with the UN Contact Group, notably through specific interviews, discussion of all intermediate deliverables, and organisation of pyramidal focus groups (one also in the presence of the Commission RG).

This **consultative approach** proved most useful in terms of:

- access to information through interviews and from UN databases ;
- capacity for checking factual accuracy and ensuring a thorough understanding of the UN system and the management of Commission contributions to the UN system;
- an open approach where the UN had continuous access to the progress of the evaluation.

UN representatives were additionally consulted through interviews and a visit to the UN offices in Rome. During the country visits, working groups with UN representatives were also organised.

Moreover, reconstruction of a **“two-dimensional” intervention logic** (objectives in terms of delivery of aid to beneficiaries and objectives in terms of partnership with UN) is at the core of this evaluation. Indeed, to respond to the needs of this evaluation it was indispensable to show how the Commission's objectives in providing developing aid are intertwined with its objectives when channelling it through another agency, in this particular case the UN system. Grasping both dimensions through a single hierarchy of objectives has allowed provision of a solid reference framework for the evaluation and facilitated the definition and structuring of relevant Evaluation Questions.

Furthermore, the evaluation team identified at the inception of this exercise a number of **“Key Issues”** of particular importance for this evaluation which are partially complementary to the five DAC criteria. Evaluation Questions were defined with a view to tackle both these key issues and the DAC criteria (see Table 1 and Annex 10).

Specific approaches were used to tackle the issue of **visibility**, which was a new criterion in this evaluation. In particular, for verifying the visibility to taxpayers and EU MS the information collection tool available for this evaluation was the database containing questions from the Members of the European Parliament. Furthermore, a screening of references to the Commission's channelling in annual EuropeAid reports and in a selection of reports from the EU MS' bilateral agencies was also undertaken. Moreover interviews, working groups and focus groups were organised with communication officers of the Commission and the UN at both HQ and country levels.

The specific use of **three focus groups** (one with Commission representatives, one with UN representatives, and finally one with both groups), allowed comparison of information collected from the Commission side with that from the UN side and to broaden the basis of collection of data for the evaluation⁷.

1.2.4 Main challenges and limits

The evaluation needed to address a number of challenges and limits, summarised below.

- The first challenge was the **limited existing knowledge within the Commission on the detailed composition of the financial flows evaluated** and the exploratory nature of the evaluation. Indeed, at the start of the evaluation only limited and general information on the Commissions' activity of channelling funds through the UN system was available. Therefore the evaluation had a strong exploratory dimension and the characterisation of the object to be analysed constituted an integral part of the evaluation exercise itself. As a consequence and given the limits in terms of information available (*see below*), the team devoted substantial efforts to providing an inventory and typology of the Commission's channelling of funds through the UN system. This allowed producing a clear, comprehensive and sufficiently detailed overview of these activities as a first substantial output of the evaluation. Such an overview was not available till then and it should be considered as a self-standing and additional product of the evaluation.

⁷ See Annex 12 for more details.

- The second challenge was the difficulty of **evaluating an aid modality** consisting of delivering aid through other agencies, in this case those of the UN family. Not only did the degree of achievement of the Commission's objectives in terms of aid delivery need to be examined, but also - and indeed foremost - the process of channelling aid funds through the UN system. This challenge has been addressed mainly through two approaches, already explained under 1.2.3:
 - reconstruction of a two-dimensional intervention logic (objectives in terms of delivery of aid to beneficiaries and objectives in terms of partnership with UN) that served as a reference framework throughout the entire evaluation process, not only to define and structure the Evaluation Questions, but also to build answers to these questions and formulate conclusions and recommendations;
 - implementation of a consultative approach, closely involving the UN family, by an iterative process of consultation of its representatives throughout the evaluation and especially at key moments in the process, as envisaged by the Evaluation Unit.

- Another important challenge given the subject of the evaluation was the **width and complexity of its scope**. Indeed, it did not focus on one sector or country, but involved a large variety of sectors, countries and UN agencies with different characteristics. This diversity was reflected in more than 1,600 interventions, representing total disbursement of nearly €4bn over the period evaluated. With a view to accommodating this scope, the following approach was developed:
 - Conduct of a **general study** that examined the channelling of Commission funds through the UN family in a transverse manner through examination of strategic documents and organisation of interviews and focus groups at strategic level;
 - Conduct of **an in-depth study on a selection of interventions**. Given the scope of this evaluation and the means available for it, the selection cannot be regarded as a "representative sample" as such but does allow providing meaningful insights into different aspects of the ground covered. The process consisted of two stages: a desk study of a selection of 20 interventions and a deeper study of 10 of these interventions through specific **country visits** organised to that end. The interventions selected (*see Annexes 3 and 4*) allowed coverage to the maximum possible extent of the various dimensions and aspects of the channelled interventions, including the different regions and countries, UN bodies, types of modality (core funding and non-core event-related funding), sizes of contract, awarding procedures, and sectors. Selection criteria and the resultant choice of interventions were discussed with the Evaluation Unit, the RG and the UN Contact Group and subsequently accepted during the structuring stage;
 - Organisation of **working groups at country level** (typically eight per mission). It allowed collecting information from a wider number of interventions and experiences. It gathered together the different Commission and UN representatives and task managers involved not only with the interventions selected but with all interventions related to channelling of Commission funds through the UN family in the country concerned;

- Organisation of **pyramidal focus groups at HQ level** with Commission and UN representatives (first separately, then jointly). It allowed confirming, fine-tuning and completing the findings of the in-depth study and working group discussions at country level. It broadened as well through the number and expertise of participants the basis of cooperation experience covered;
- Direct study of 164 **monitoring reports** and analysis of two other studies done on ROM reports by Commission staff and external monitoring teams. It allowed extending the basis for the evaluation with the projects covered by these studies.
- The table below provides an indication of the coverage of the scope by this evaluation approach. It specifies the order of magnitude of the number of interventions and the amounts covered.

Table 2. Indicative coverage of scope by evaluation approach

Elements of evaluation approach	Number of interventions*	Amount covered*
Inventory and Typology ⁸	All interventions (1.688 contracts)	All funding (€5bn)
Desk study on selection of interventions	20 interventions	€500m
Field visits (of desk study interventions)	10 interventions	€275m
Working Groups at country level , in addition to interventions visited	50 interventions	€200m
Monitoring reports (164 ROM) ⁹	127 interventions	€400m
General study of transversal and strategic-level issues	Overall	
Commission and UN HQ interviews	Overall	
Pyramidal Focus Groups at HQ level	Overall	

* order of magnitude

- **Access to accurate and readily available information** was the fourth main challenge of the evaluation:
 - First, **information available in Commission databases** was not easily retrievable, nor very detailed or complete (for more clarifications on this issue see Inventory Note). This made the inventory very time- and resource-consuming and allowed neither a very detailed and precise overview nor a detailed comparison of the information extracted from Commission databases with that obtained from the UN databases. Nevertheless the information was sufficient to allow construction of an overview and typology of the magnitude of funds channelled through the UN family. The team considers that the inventory produced offers the best available overview and typology of Commission interventions conducted via UN bodies and served the purpose of the evaluation well.

⁸ The inventory and typology covered both RELEX-DEV-AIDCO funding (€4m) as ECHO funding (€1m), as shown in Figure 2 above.

⁹ These 164 monitoring reports cover 127 interventions of which 124 interventions are additional to the desk selection. These 124 interventions represent commitments of around €400m. Note. None of the 124 (nor 127) interventions is one of the ten largest projects through the UN family.

- Second, the team was confronted by “**institutional memory**” limits at both Commission HQ and field levels. Indeed owing to the rotation of staff and the incomplete incorporation of documents in Commission databases, the persons interviewed stated in several cases that they only had partial knowledge of the issue under discussion (for instance a specific intervention and its historical roots of interventions funded). However as the team used different information sources (including documents and information provided by other interviewees) this could to a large extent be compensated for by cross-checking and combining of the information retrieved from different sources.

2. Evaluation Context

The present chapter summarises the main elements of the Commission-UN cooperation context and of the inventory of financial flows from the Commission to the UN bodies. More details on this can be found in the Inventory Note of the present evaluation.

2.1 Historical evolution of the Commission-UN partnership

Co-operation and partnership between the Commission¹⁰ and the United Nations have been entering a new era since the year 2000/2001. The Commission's political strategy for co-operation with the UN was set up and explained in 2001 and 2003 by two Communications, which were considered a starting point for intensification of cooperation.

These two Communications fall within the context of the rethinking of development priorities and modalities which started with the Millennium Declaration (2000) including the Millennium Development Goals (MDGs), the Monterrey Conference on Financing for Development (2002), the World Summit on Sustainable Development in Johannesburg (2002), the Good Humanitarian Donorship (GHD) in Stockholm (2003), the Paris Declaration on Aid Effectiveness (2005), the European Consensus on Development (2005), and the UN Millennium Review Summit (2005). In 2001 the Commission decided to bring together the experience gained over the years in Commission-UN cooperation for development and humanitarian assistance. It resulted in the COM(2001) 231 Final of 2.5.2001: "*Building an effective Partnership with the United Nations in the field of Development and Humanitarian Affairs*", which shows the political determination of the Commission to ensure more efficient and effective humanitarian and development cooperation with the UN, thanks to improved coordination, complementarities, information exchange and enhanced dialogue.

This 2001 Communication turned out to be a kind of precursor for the second, much broader Communication to the Council and the European Parliament in September 2003: COM(2003) 526 Final of 10.9.2003 "*The European Union and the United Nations: The choice of multilateralism*". This aimed at renewing EU support to the multilateral system to enable the multilateral institutions (with the UN as a pivot) to implement their decisions and norms effectively. It articulates objectives, operational goals and concrete actions, and links them to the conditions and caveats to be observed. It also identifies many connections that exist between strategy, policy and goals, on the one hand, and development cooperation on the other, as an important, if not exclusive, instrument for working towards achieving overarching policy objectives.

This political decision materialised in different ways right up to the end of the evaluation period: reinforcement of the legal and administrative framework (FAFA, SPA, etc. - see 2.2), political engagement at the highest levels, policy dialogue with UN bodies, regular exchanges such as with the European Parliament and through the EU-UN working group, exchanges on country-level policies, and so on, all in addition to the increased funding of UN interventions. It should be recalled that this evaluation aims at assessing only the channelling of financial resources through the UN as an aid delivery modality.

¹⁰ The Directorates General in charge of external affairs (RELEX, DEV, AIDCO and ECHO) are the main actors of the cooperation with the UN.

Further, the deconcentration process on the Commission's side during the evaluation period allowed initiation and conduct of programming in the Delegations, even if the ultimate responsibility still rests with HQ. As regards the UN family, the period has been marked among other things by its internal reforms aimed at increasing "UN system-wide coherence"¹¹ and a progressive stabilisation of its financing crisis during the evaluation period.

2.2 The evolution of the legal framework

Over time the Commission and the UN bodies intensified the development of a legal and administrative cooperation framework to allow and systematise common efforts in the context of development and humanitarian affairs. This resulted in "Joint Declarations"; "Exchanges of Letters"; "Strategic Partnership Agreements"; "Memoranda of Understanding"; "Strategic Programming Dialogues" (SPD) with ECHO; the 2003 EC-UN "Financial and Administrative Framework Agreement" (FAFA) ; and individual "Contribution Agreements"¹².

This evolution is briefly summarised here. Initially there was no specific agreement with the UN and, when administrating Commission or EDF programmes and projects, the UN had to comply, like any other contractor or NGO, with the Commission's financial regulations (FR) applying to contracts or grants. This implied full application of Commission procedures which, in the context of financing of UN bodies, were superimposed on those of the UN which were different (e.g. accounting rules, audits) and sometimes contradictory (for instance as regards tied aid). In December 1994 the UN and the Commission agreed on the text of a financial control clause to be included, from January 1995, as an integral provision in all conventions, contracts and financing agreements between UN bodies and the Commission. It states that financial transactions and statements shall be subject to the internal and external auditing procedures of the UN, and that the UN will (i) keep to the financial and accounting documents relating to Commission-financed operations, (ii) make available on request all relevant financial information, and (iii) allow the European Communities to undertake, in conformity with its own regulations, checks, including spot checks, related to operations financed by the European Communities. This clause has remained in application across successive agreements and is still valid today.

In order to develop a partnership in the fields of humanitarian aid and development cooperation the "*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*" was signed in August 1999. It further specifies the principles and financial procedures applying to Community financed projects and programmes. In 2001 the Commission issued a communication on "*Building an effective partnership with the United Nations in the fields of Development and Humanitarian Affairs*"¹³ that develops a strategy for improved cooperation with the UN.

The Financial and Administrative Framework Agreement (FAFA), signed in an exchange of letters between the Commission and the UN in May 2003, provided the currently applicable legal framework that completes and replaces the previous arrangements. The FAFA aims at building an overall enabling environment through oversight and monitoring of contribution agreements between all Commission and UN bodies¹⁴. It represents the general reference at operational level.

¹¹ The UN aims to streamline operations and "deliver as one" at country level, with one leader, one programme, one budget and, where appropriate, one office.

¹² See the Inventory Note (April 2007), pp19-24, for more details on the Commission-UN legal cooperation framework

¹³ COM(2001)231 final, 2.5.2001.

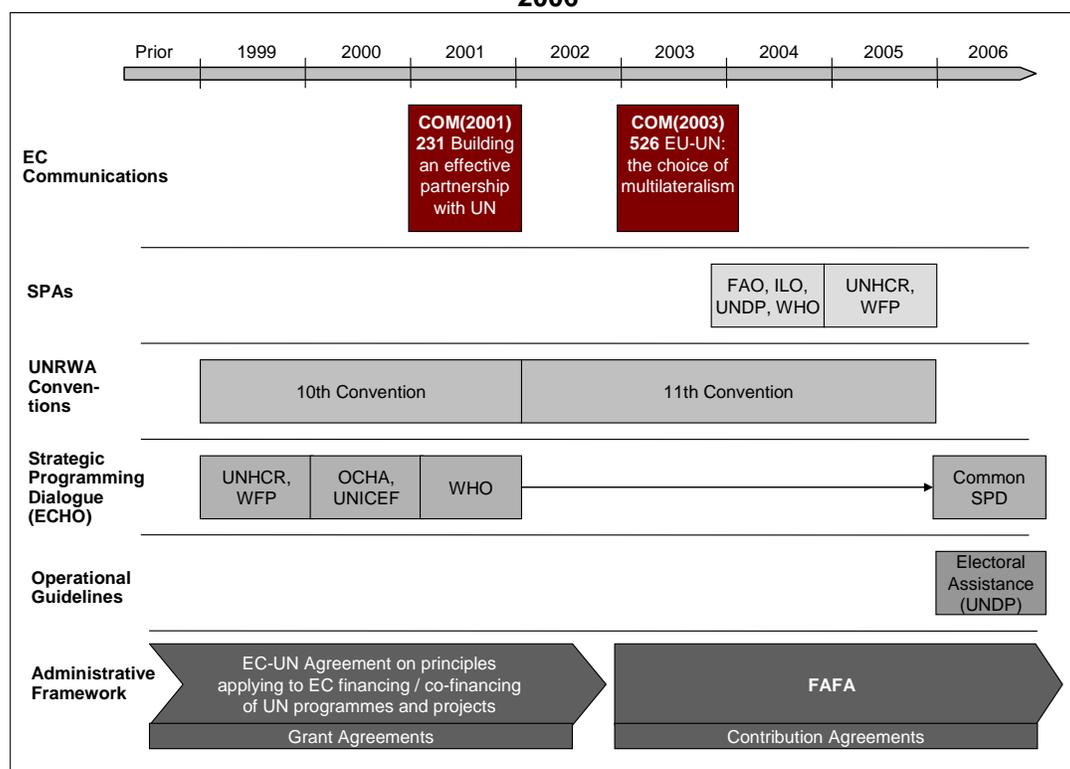
¹⁴ See the Inventory Note, pp23-24, for more details.

Politically it was followed in September 2003 by the communication of the Commission on the "Choice of Multilateralism"¹⁵. In 2004 and 2005 six 'Strategic Partnerships' were concluded between the Commission and UN bodies (FAO, ILO, UNDP, UNHCR, WFP, WHO). They are magnified MoUs underlining a political willingness and providing an enabling framework for cooperation. They are not primarily geared to the financial aspects of cooperation and refer to the FAFA.

As cooperation intensified, specific arrangements between the UN bodies and Commission Services have been elaborated with a view to better definition of the scope and objectives of their cooperation and to provision of guidance on specific issues. Such arrangements include, for instance, the MoU concluded in 2004 between UNEP and the Commission in the field of environment, or the Operational Guidelines for the Implementation of Electoral Assistance Programmes elaborated with UNDP¹⁶.

The diagram below presents a synthetic overview of key elements of the EC-UN legal and administrative framework over the evaluation period.

Diagram 1 – Evolution of Commission–UN legal and administrative framework, 1999-2006



¹⁵ COM (2003)526 final, 10.9.2003.

¹⁶ Signed by EuropeAid and UNDP on 21/4/2006.

2.3 Inventory of funds channelled

The **Inventory Note** prepared at the start of this evaluation provides a mapping of the Commission's funds delivered through the UN system, with breakdowns by funding, sector and country. The evaluators consider that this inventory provides the information most needed for the evaluation and the best available overview and typology to date of Commission interventions conducted via UN bodies. Although a separate document, it nonetheless forms an integral part of the deliverables of this evaluation.

In summary, the amounts of Commission funds channelled through the UN bodies have increased over the years, as has the share of these funds in relation to the Commission's total external aid. In 2005 and 2006 the share amounted to a level of 13% of total RELEX-DEV-AIDCO aid, as shown in the table below.

Table 3 - Evolution of the Commission funds channelled through 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*	9,729	10,206	12,192	9,888	11,364	12,124
RELEX-DEV-AIDCO and ECHO aid*	n.a	6,521	8,428	7,573	8,295	8,446
RELEX-DEV-AIDCO aid*	n.a	6,001	7,841	7,052	7,662	7,801
RELEX-DEV-AIDCO and ECHO aid channelled through the UN**	294	387	612	896	1,261	1,238
RELEX-DEV-AIDCO aid channelled through the UN**	140	257	474	736	1,035	980
Share of channelled funds through UN over total Commission external aid	1.4%	2.5%	3.9%	7.4%	9.1%	8.1%
Share of channelled funds through UN over RELEX-DEV-AIDCO and ECHO aid	n.a	5.9%	7.3%	11.8%	15.2%	14.7%
Share of channelled funds through UN over RELEX-DEV-AIDCO aid	n.a	4.3%	6.0%	10.4%	13.5%	12.6%

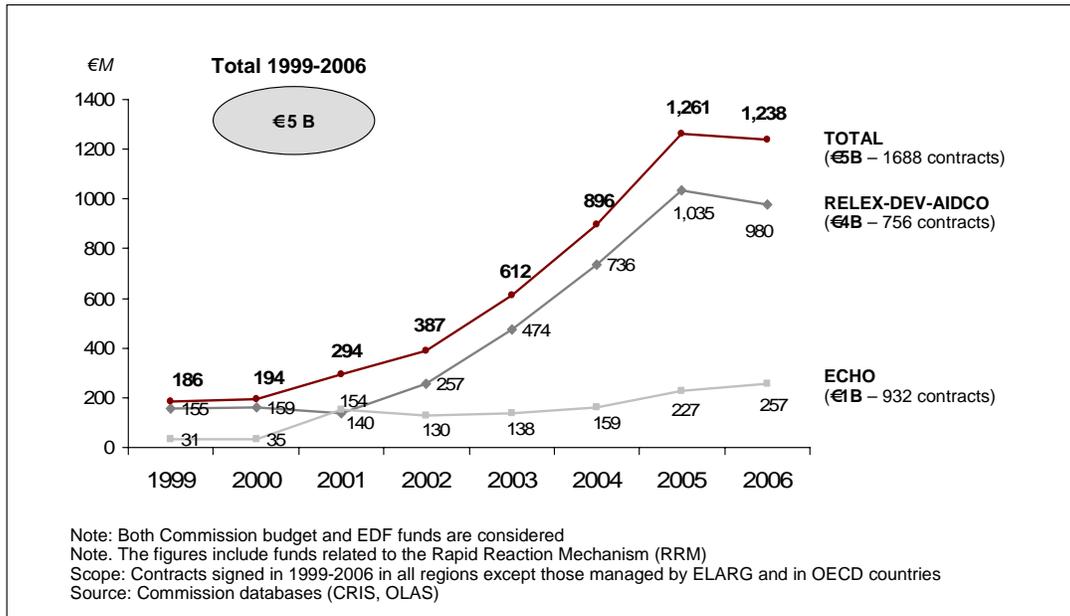
* Commitments from Commission Budget + EDF

** Contracted funds from Commission Budget + EDF

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

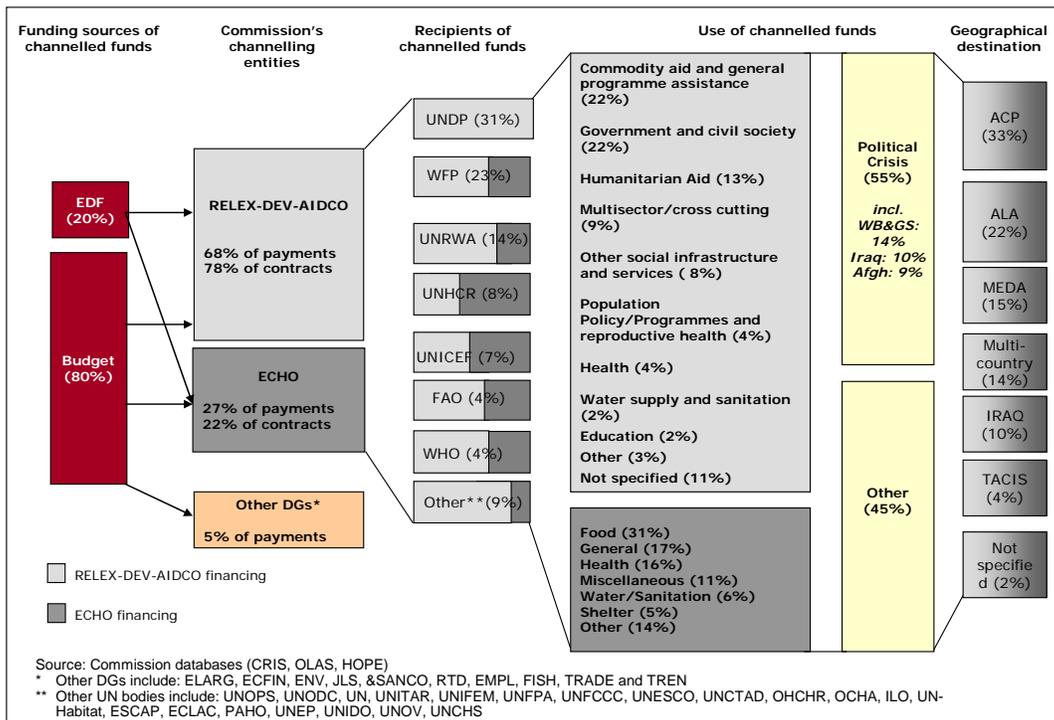
Over the period 1999-2006, the funds contracted with the UN bodies by the Commission's Directorates General RELEX-DEV-AIDCO amounted to a total of €4bn (or €5bn when ECHO aid is included). As shown in the figure below, the channelling of funds has increased steadily over the last years, to reach a level of €1bn in each of 2005 and 2006 for RELEX-DEV-AIDCO.

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



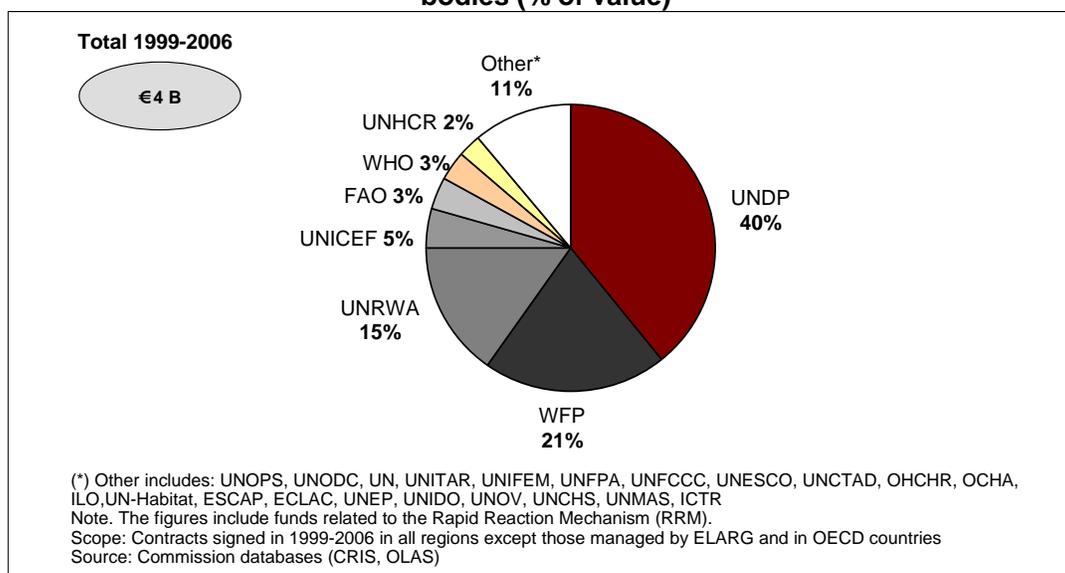
The diagram below provides a general overview of the funds transferred by the Commission through the UN while taking account of different dimensions such as the origin of the funds (EDF and Commission budget), the DGs channelling the funds, the recipient UN bodies, use of the funds by sectors, and their geographical destination.

Diagram 2 – Overview of the channelling of funds (contracted amounts in %)



As shown in the pie chart below which is based on figures from RELEX-DEV-AIDCO (excluding ECHO funds), the funds were channelled through many different UN bodies, with a large proportion concentrated on a limited number of these bodies. The UNDP was the main recipient with €1.5bn, representing 40%¹⁷ of total RELEX-DEV-AIDCO contributions, followed by the WFP with contracts amounting to €0.8bn (21%). Five other large recipients are the UNRWA (15%), UNICEF (5%), FAO (3%), WHO (3%) and UNHCR (2%). These seven UN bodies totalise 89% of the RELEX-DEV-AIDCO funding through the UN family.

Figure 3 – Distribution of the amount contracted from RELEX-DEV-AIDCO¹⁸ by UN bodies (% of value)



More than half (55%) of the total funds contracted by the Commission (RELEX-DEV-AIDCO) to the UN bodies over the period 1999-2006 were for interventions in clear situations of political crisis. Three countries received one-third of the total: West Bank and Gaza Strip €548m (14%); Iraq €478m (10%); and Afghanistan €356m (9%).

The majority of the contracts managed by RELEX-DEV-AIDCO are typically small to very small, this being consistently the case over the years. 40% of the contracts were between €1m and €5m while 35% of them were between €0,2m and €1m. The very large projects (above €100m) appeared only in 2003. This category concerns four contracts with UNDP (2 Iraq, 1 DRC, 1 Nigeria) and four contracts with WFP for general Food Aid programmes ('all countries'). In terms of the number of contracts, 9% of the projects accounted for 68% of the funds.

Direct awarding was the most common procedure (75% in terms of number of contracts) for the 510 contracts (1999-2006) with the Commission budget managed by RELEX-DEV-AIDCO. Following a sharp increase in the use of calls for proposals in 2003, the number of contracts signed under this procedure has stabilised. In 2006 105 contracts were granted through direct awarding *vis-à-vis* 28 through calls for proposals. In monetary terms the overwhelming majority of the funding channelled from the Commission budget (91% by volume) was granted through direct awarding while calls for proposals represented 9%¹⁹.

¹⁷ This ratio becomes 31% when ECHO funds channelled through the UN bodies are also included

¹⁸ Excluding ECHO funds

¹⁹ See Inventory Note for further details

3. Answers to Evaluation Questions

The **answers** to the Evaluation Questions are presented in this chapter, together with the **findings** on which they are based and the related **analysis**. Details of the underlying **facts** can be found according to judgement criteria (JC) and indicators presented in the data collection grids for each of the selected interventions (in Annex 5), as well as in the short general descriptions of the interventions (in Annex 4).

3.1 Evaluation Question 1 on guiding criteria

EQ1: To what extent are decisions to channel aid explicitly motivated and how far do they rest on formal guidance criteria (guidelines, policies, Communications...)? Do these formal guidance criteria provide the rationale for the observed evolution of channelled aid?

The purpose of the question is to understand whether Commission decisions to conduct particular activities via the organisations of the UN system were correctly motivated and justified and to what extent such decisions are supported by formal documents providing guidance to the staff in charge of such decisions. Beyond this, the question seeks to reveal the explanatory factors behind the significant increase in channelled funds over the evaluation period.

Answer to EQ 1 on Guiding Criteria

Decisions to channel funds were, in the majority of cases examined, based on documented studies. For the others, little documented evidence could be retrieved on the rationale of the decisions, but Commission staff generally consider that the decisions were justified. Little information could be found on any analysis of possible alternatives prior to the decision, but often channelling through the UN appeared to be the only option.

The decisions to channel through the UN were furthermore not based on explicit guidelines. Indeed, although some documents mention UN bodies as possible or recommended partners for specific areas of cooperation, these documents are few considering the wide variety of interventions, and their "guidance" often remains at a very general level. Systematic guidance on the conditions under which channelling through the UN or through a specific UN body is recommended is exceptional.

The steady increase in channelled aid over the evaluation period, in particular since 2001, is a general trend across countries, regions, themes and UN bodies. Two factors have contributed to this evolution. First, the introduction of the Communications in 2001 and 2003, and of the Financial Regulation in 2002 and subsequently the FAFA in 2003, all contributed to the observed **increase** by promoting and significantly easing the channelling process. Second, the context of a general impetus on multilateralism in the run-up to and following the Paris Declaration, the impact of major catastrophes with high public awareness and donor mobilisation, and the creation of UN-coordinated multi-donor aid delivery mechanisms, are all reported as having contributed to the **magnitude** of the funding levels.

The answer to this question is structured around justification of the decision to channel funds; a foundation of clear guidelines to underpin the decisions; and the nature of the factors behind the observed growth of channelled aid.

3.1.1 *Justifications for the decisions were provided in a number of specific cases, representing a majority of the channelled funds. In the other cases, little documented evidence could be retrieved on the rationale for the decision, but Commission staff generally consider that the decisions were justified. Analyses of alternatives could rarely be retrieved, but often the UN was the only feasible option (JC 1.1 and JC 1.2)*

The decisions were generally justified in the following cases, which represent the majority of channelled funds:

- **Large multi-donor interventions:** the Commission's decisions were justified by comparing the intervention's objectives with the major strategic objectives of the Commission's external assistance. Implementing modalities were also examined. Examples are the EU/Palestinian Authority action plans; the Consultative Group's project document for the Elections in DRC; and the Joint Iraq Needs Assessments and COM(2003) 575 for the Iraq TF.
- **Continuing or expanding earlier interventions:** the interventions' objectives and functioning appeared for the Commission to be (at least implicitly) clear and often documented. This is the case for instance with Adolescents in Bangladesh (UNICEF), Research Re-launch in DRC (FAO), and Water in Nigeria (UNICEF). But in the case of the FSVGD in Bangladesh (WFP) the project developed "organically" on the basis of a prior intervention, without a formal design²⁰.
- **Interventions in the context of a dialogue between the Commission and its partner country or region:** the functioning and modalities of the interventions have been found comparable with those of the types of project traditionally funded by the Commission. The Commission was indeed fully involved in the design of the project and in the preparation of the programming documents. Examples are the Trade TA in Pakistan (UNIDO), Asylum in Ukraine and Moldova (UNHCR) and, to some extent, the East Jerusalem Hospitals (WHO).
- **Calls for proposals:** here the decision is justified by the required comparative assessment of proposals.

In other cases, documentary evidence explaining the decision could rarely be substantiated. Almost all staff met, however, state that for the majority of interventions the Commission's decisions to contribute were justified at the time they were made²¹.

Few written documents could be retrieved which assess channelling through the UN against alternative intervention modes (for instance using another channel). Even when such an assessment was made, it was rarely documented. However, as explained in EQ2, in many cases the UN was the only feasible option.

3.1.2 *Systematic guidance on the conditions under which channelling funds through the UN bodies is recommended does not exist, despite the existence of some limited indications in this respect (JC 1.3)*

COM(2001) 231 details some concrete measures to be taken by the Commission within the framework of the partnership with the UN, among which was "establishing clear general policy guidelines for the co-operation with specific UN entities". It also states that UN partners should be selected for exploration of six priority areas for thematic funding, namely trade and development;

²⁰ Source: Bangladesh: Food Security for Vulnerable Group Development. Ex-post Evaluation Mission COWI/Atkins Report September 2007

²¹ E.g. Elections in DRC (UNDP), Research relaunch in DRC (FAO), UNRWA, Trade TA in Pakistan (UNIDO), Adolescents in Bangladesh (UNICEF), FSVGD in Bangladesh (WFP)

regional integration and co-operation; macro-economic policies and social sector support; transport; food security and sustainable rural development; and institutional capacity-building.

Certain elements of guidance can be identified. Indeed, starting from the general Communication on the choice of multilateralism, the Commission has taken initiatives and issued certain Communications on the EU's role in a number of global governance issues. These undoubtedly constitute guidance in the sense that they stress the role of the UN bodies in these different fields, recognise that certain situations and characteristics make them natural partners for the Commission, highlight their comparative advantages in specific fields, and open the way for cooperation with them. However, they do not prescribe channelling of funds through these bodies nor even do they all recommend UN bodies explicitly versus different modalities (such as NGO and contracting via the market); the choice is left to task managers. Moreover, they concern only a relatively limited number of areas when compared to the wide range of channelled interventions. Examples of such guidelines are the following:

- For **food aid and food security** projects, a 1996 Council regulation lists in its annex different organisations (UN bodies²² and types of NGOs) eligible for Community aid for operations in that field. Moreover, the annexes of the 2006 annual work plan for the Food Security Budget Line identifies the WFP and UNRWA (relating to food aid to Palestinian refugees) as bodies eligible to implement the identified actions.
- Before supporting the reconstruction of **Iraq**, the Commission issued a Communication (COM(2003) 575) in preparation for the Madrid Conference that set the guidelines for the common EU approach to the Iraq reconstruction.
- The COM(2002) 132 on **Water Management** in Developing Countries can be considered as formal guidance in sector terms. The Communication seeks better and stronger coordination and complementarity between donors bilateral or multilateral in order to improve aid effectiveness. It recommends enhanced collaboration with UN agencies among others. It identifies the working of several UN bodies in water-related fields (UNDP, UNICEF, WHO, FAO, UNCHS, WMO, UNESCO and UNEP, also the UN Commission on Sustainable Development – “Agenda 21”). The Communication places future collaboration with the UN family within the framework of closer collaboration with the UN system developed in the COM(2001) 231 “Building an effective partnership with the UN”.
- The COM(2001) 211 on **Conflict Prevention** analyses international cooperation in this sector. It is a guidance document insofar as it sets out the justification for cooperation with the UN bodies in this area: “*With an overall mandate of maintenance of international peace and security the UN is a key partner in conflict prevention*”. The Communication also highlights the role of the UN system in environmental issues linked to conflict situations. “*In connection with environmental issues linked to conflict situations, the UN system plays a crucial role in multilateral co-operation. A large number of Multilateral Environmental Agreements provide a legal framework for co-operation and capacity building to mitigate global, regional or shared environmental problems*”. Finally, the UNHCR is identified as one of the organisations specialised in early detection of destabilising population flows.
- The COM(2001) 153 recognises the role of the UN bodies in multi-donor initiatives to act in **post-crisis** situations: “*Post-crisis situations often mean that one has to deal with potentially unstable partners. (...) UN agencies should be called upon to provide legitimacy and a framework for donors (...)*”.

²² WFP, UNRWA, UNICEF, UNHCR, FAO, ICRC, IFRC

- The COM(2001) 252 on the “EU’s Role in Promoting **Human Rights & Democratisation** in Third Countries” mentions that “*in some focus countries, international bodies such as the UN and the International Committee for the Red Cross (ICRC) may have privileged access to work to improve the human rights situation, making them natural partners for the Commission*”. It further specifies that “*Co-operation with the UNOHCHR is particularly important as a reflection of the importance the EU attaches to the signature, ratification and application of international human rights instruments by the third countries with whom it has partnerships, as well as to the follow-up of relevant recommendations by UN bodies. Enhanced co-operation could involve not only projects, but also support to the UN mechanisms (e.g. special rapporteurs) where these relate to issues identified as a priority for the EU. This would contribute to strengthening the multilateral framework to which the EU is committed. Such an approach would identify the OHCHR as a partner for the EC on an ad hoc basis, and is consistent with the Communication on building an effective partnership with the UN.*” In relation with the rights of **indigenous peoples** the European Initiative for Democracy and Human Rights (EIDHR) Programming Document 2002-2004²³ proposes continuation of its work in partnership with international organisation and in support of UN mechanisms.

Moreover, there has been capitalisation in specific areas of Commission-UN cooperation in the field. These “**bottom-up**” cases materialised by ways of guidelines where the cooperation was considered by both parties to be worth extending, repeating or strengthening in future, albeit with underlying specific characteristics for each case, thus aiming to avoid a “one-size-fits-all” restrictive model. An example is the EC-UNDP “**Operational Guidelines** regarding the implementation of **electoral assistance** programmes and projects”, signed in 2006. They state that “*it is recommended that projects/programmes within the scope of these Operational Guidelines should preferably be directly executed by UNDP or have UNDP as the implementing partner*”. This agreement, which emerged from practice and was set up jointly by the two partners, capitalises on joint experience to date in this area. It also aims at outlining practical measures for facilitating cooperation (*see 3.8.1*).

These different elements provide some guidance. However no encompassing and systematic guidelines have been identified indicating the circumstances under which channelling of funds through the UN system or to specific UN bodies is recommended. Some EU Member States have a more directive approach in setting funding of multilateral agencies as a priority modality, provided effectiveness is guaranteed and possibly with assistance to the UN body to increase its effectiveness. In fact, generally the Commission’s channelling decisions were taken “*on an ad hoc basis*”. Channelling materialised more in interventions dictated by major events - with more than half of the funds for interventions relating to political crises²⁴ - than in the thematic areas postulated in COM(2001) 231. UN bodies were mostly selected for pragmatic reasons.

Finally, it is interesting to note that the Commission Staff met had different views on the need for more formal guidance. These varied from a request for clear and explicit guidelines to the Delegations on their choice of potential (strategic or implementing) partners, to opinions in favour of the current situation of absence or near-absence of guidelines. In all cases the need for the necessary flexibility was stressed.

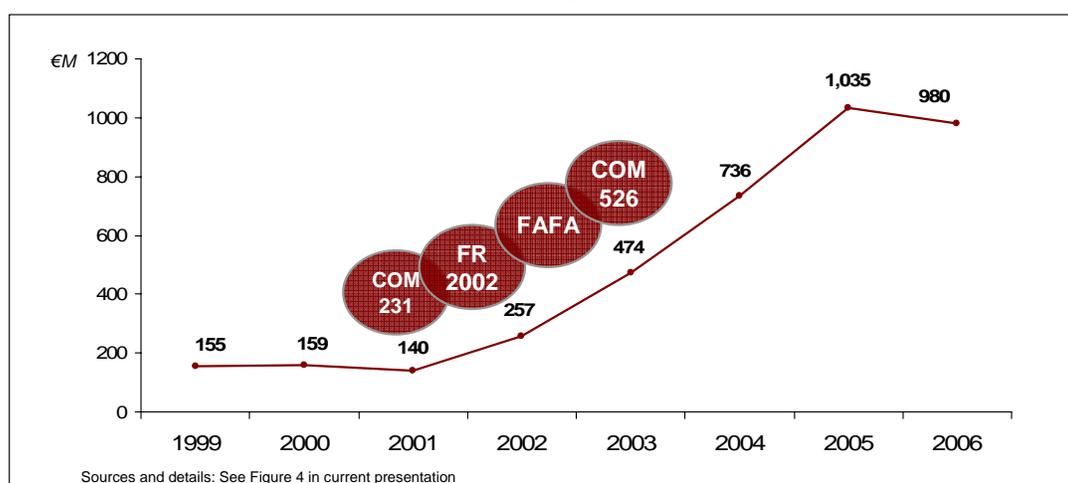
²³ See also Regulation 975 & 976/299 on the European Initiative for Democracy and Human Rights

²⁴ See Inventory Note

3.1.3 The increase in aid channelled through the UN mainly arises from the introduction of the key Communications in 2001 and 2003, the FR in 2002 and the FAFA in 2003, although it is not linked to the development of specific guidelines as such (JC 1.4)

The significant increase in aid channelled by the Commission through the UN bodies (from around €150m in 1999-2000 to €1bn in 2005-2006²⁵) has been accompanied by the establishment of three key elements of an overall cooperation framework between the Commission and the UN bodies: the introduction of the respective Communications in 2001 and in 2003²⁶, and of the FAFA in 2003, the latter itself operationalising art. 53 of the new Financial Regulation (FR) in 2002. According to Commission staff interviewed at HQ and Delegation level, these different elements significantly influenced the increase in funds channelled through the UN by facilitating this process.

Figure 4 – Evolution of the contracted amounts from RELEX-DEV-AIDCO through UN bodies and link with cooperation framework



Interviewees also underlined the role played by context elements over the evaluation period, such as the impetus towards multilateralism (including that in the Commission) leading to and following the Paris Declaration, and the increase in multilateral response mechanisms for major events, with the UN as administrator. Also the occurrence in recent years of major natural or man-made catastrophes with high public awareness and donor mobilisation certainly had an impact on the magnitude of the amounts channelled. But the detailed analysis of the financial data relating to channelled funds undertaken during the inventory stage shows that the steady and substantial increase in funds channelled is a general phenomenon and does not relate only to large events or to specific themes, countries or regions, or UN bodies (*see further details in the Inventory Note*). The figure below indeed shows that channelling of funds to the seven largest recipient countries, representing 52% of the total, significantly increased from 2001. This is partly but not wholly related to the “9-11 context”, for example in the financing of Iraq and Afghanistan²⁷. A similar increase from 2001 is also observed in the wide range of other recipient

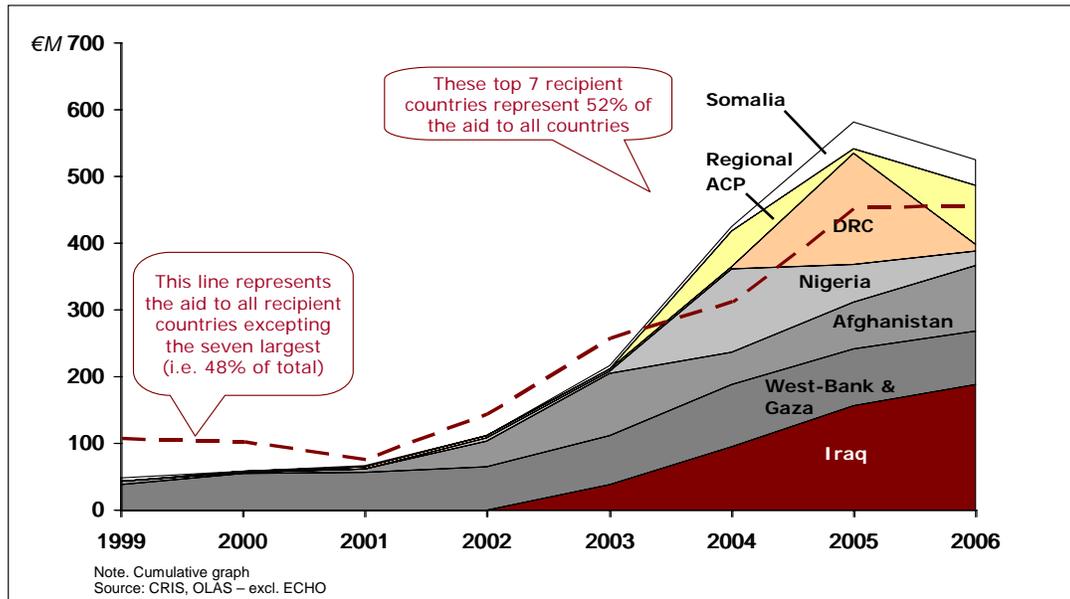
²⁵ Amount of funds contracted by RELEX-DEV-AIDCO with UN bodies (*see Inventory Note for more details and also Figure 2 in the present report*).

²⁶ COM(2001) 231 “Building an effective partnership with the UN” and COM(2003) 526 “The European Union and the United Nations: The choice of multilateralism”

²⁷ Iraq and Afghanistan account together for about €0.9bn EC aid or approximately 23% of the total amount of funds contracted by RELEX-DEV-AIDCO with UN bodies, 1999-2006 (*see Inventory Note*).

countries which made up the other half (48%) of the channelled funds. It is an additional indication that, rather than relating only to specific circumstances, the increase in channelling is part of an overall trend in strengthening the channelling of Commission funds through the UN system.

Figure 5 – Evolution of the contracted amounts from RELEX-DEV-AIDCO channelled through UN bodies, 1999-2006 – 7 largest vs. other recipient countries



3.2 Evaluation Question 2 on specific expertise

EQ2: *To what extent does the channelling of funds enable the Commission to use the UN bodies' specific expertise so as to offer a broader range of responses to partners' needs?*

This Evaluation Question aims at verifying the extent to which the channelling of funds has allowed the Commission to gain access to specific expertise in political, technical, financial and administrative aspects, as well as logistics and equipment, so as to improve its response to the needs of partner countries. Indeed, by such channelling the Commission might broaden any response it makes.

Answer to EQ 2 on specific expertise

Channelling allows the Commission to benefit from the UN bodies' following types of specific expertise and experience:

- a) **the unique and specific mandate** given by the international communities to a UN body, particularly when administering multi-donor interventions in contexts of political crisis and security problems;
- b) **the neutrality and legitimacy of the UN system** as a global inter-governmental organisation, which is crucial when the Commission wished to act within a neutral framework especially in politically sensitive situations such as those related to elections, refugees, border and drug control, or a severe political crisis;
- c) **experience and presence in the field**, giving the UN bodies a continuing acquaintance and an established mutual confidence relationship with the partner country or region, a strong network of local actors including local governing bodies and beneficiaries, and a logistical advantage (e.g. of peacekeeping forces). This applied particularly where the Commission wished to intervene in a country or region where it had had its cooperation with national authorities interrupted, and where it sought easier access to a multitude of local actors and strong logistical support;
- d) **the historical and technical expertise** of the different UN bodies (e.g. children and adolescent issues for UNICEF, refugee protection and asylum issues for UNHCR); their role in a **global approach to "global problems"** (e.g. climate change, drugs, etc.); and their role and experience in relation to **international norms and standards** (e.g. on accreditation and certifications, food standards, rights of the child).

The channelling of funds enabled thereby the Commission to offer a broader range of responses to beneficiaries than if it did not pass through the UN, given the specific characteristics and role of the UN system.

The answer to this Evaluation Question is presented in terms of advantages in terms of the availability of a broader range of expertise or experience first for the Commission in its aid delivery, then directly for the beneficiary.

3.2.1 The channelling of funds enables the Commission to use different types of specific expertise available in UN bodies (JC 2.1, JC 2.2)

The UN bodies have different types of specific expertise and experience that benefited the Commission's aid delivery, which can be classified under the following (sub-)categories:

a) Unique and specific mandate

In areas of cooperation for which the international community has given a unique and specific mandate to the UN system, this organisation becomes a natural partner for the Commission. This is notably the case for the administration of a number of multi-donor interventions, in particular when these involve work substantially on security and political issues and in the absence of government capacity. The UN also has a clear mandate to address emergency and humanitarian assistance needs in immediate crisis situations (conflicts, natural disasters...). Examples where the UN were given such a mandate include the Iraq Trust Fund (UNDP) and the Elections in the DRC, where UNDP was selected by donors and DRC representatives through a Consultative Group. The case of UNRWA shows further that when the Commission wished to intervene in favour of the Palestine refugees, the unique and specific mandate of UNRWA, given on 8th December 1949 “*to carry out direct relief and works programme for Palestine refugees*”, made it the “*de facto*” partner to support.

b) Neutrality and legitimacy

In cases where the Commission wished to act within a neutral framework, especially in severe political crises or in politically-sensitive situations such as those relating to elections, refugees, border and drug control, the specific character of the United Nations as a global inter-governmental organisation with 192 member states, and in which partner countries are also represented, provided the required neutrality and legitimacy in relation to local governments and actors as well as donors. Support for UN intervention in cases of political crisis accounts for more than half of the funds channelled²⁸, and includes for instance Elections in DRC (UNDP), the Iraq Trust Fund (UNDP), the East Jerusalem Hospitals (WHO), and BOMCA - CADAP in Central Asia (UNDP).

c) Experience and presence in the field

Where the Commission wished to intervene in a country or region where it had had its cooperation with national authorities interrupted but where UN bodies had remained continuously present, the Commission benefited from an opportunity to renew through the UN its cooperation with the local governing bodies. This has for instance been the case through the governance structures of the UN-administered multi-donor interventions in Iraq and in the DRC.

Where the Commission sought easier access to a multitude of local actors, the UN bodies' continued acquaintance and established mutual confidence relationship with the partner country or region provided the Commission with a network of valuable contacts, among other things to develop its political dialogue with local, regional and national authorities. This was for instance observed in the FSVGD in Bangladesh (WFP) and BOMCA-CADAP in Central Asia (UNDP).

Where the Commission required strong logistical support to intervene in a partner country or region, UN bodies provided the required logistics on account of their experience and presence in the field (e.g. the case of UNRWA support for Palestine refugees in the five host “countries” Lebanon, Jordan, Syria, West Bank and Gaza) or of the presence of UN peacekeeping forces (e.g. the MONUC²⁹ in the case of the elections in DRC (UNDP)).

²⁸ See Inventory Note

²⁹ UN mission in DRC (“Mission de l'ONU en République Démocratique du Congo”)

d) Technical expertise

Where the Commission wished to intervene on global problems, the United Nations bodies provided global solutions in their field of technical expertise. Examples of such areas are climate change, HIV/AIDS, forest protection, drugs, and sexual violence³⁰. Moreover, the Commission states in its COM(2005) 12 final that *“the United Nations is the only option for tackling global problems needing global solutions”*.

Where the Commission sought to participate in the set-up and implementation of international norms and standards, the UN bodies were natural partners due to their multilateral character, as well as their various fields of technical expertise. This has for instance led to Commission financing in the field of trade, investment and development issues through UNCTAD (e.g. for the implementation of the Automated System for Customs Data (ASYCUDA)); food standards, guidelines and codes of practice through FAO/WHO's Codex Alimentarius; industrial standards, quality, metrology, accreditation and certifications through UNIDO (e.g. Trade TA in Pakistan UNIDO); rights of the child through UNICEF; or for strengthening human rights by supporting core capacities of the Office of the UN Nations High Commissioner for Human Rights.

In cases where the Commission wished to intervene in areas in which the UN had the leading thematic expertise developed over time in accordance with the objectives assigned to it by the international community, it benefited from that leading UN expertise. The Commission has for instance benefited on children and adolescent issues from the experience of UNICEF (e.g. Adolescents in Bangladesh), on refugees protection and asylum issues from UNHCR (e.g. Asylum in Ukraine and Moldova as well as in Central Asia), on elections from UNDP (cf. the “EC/UNDP Operational Guidelines for the Implementation of Electoral Assistance Programs and Projects”), or on environment from UNEP (e.g. Environment in Afghanistan).

3.2.2 Partner countries' needs have received a broader range of expertise through the financing of UN interventions (JC 2.3)

In those interventions for which the impact on beneficiaries has been assessed, the beneficiaries recognise that in general they benefited from the fact that the Commission leveraged the UN bodies' experience and expertise. For example, UNRWA could not provide its core programmes (education, social relief and health) to the Palestine refugees without the Commission contribution (30% of total contribution to UNRWA). The elections in DRC (UNDP) and the Research Re-launch in DRC (FAO) are also examples where the beneficiaries took advantage of the combination of the funds, expertise, experience and network provided by both institutions. An interesting further example is BOMCA-CADAP in Central Asia, as beneficiaries took advantage of the UNDP logistics and network in the five Central Asian countries to put in place a regional project, while benefiting also from EU expertise in terms of border management and integrated border management systems.

³⁰ Examples (see Annex 4 of the Inventory Note): “Climate Change Capacity Development (C3D) - Technical Assistance for Strengthening and Training Developing Countries (UNFCCC)”; “Second Generation Surveillance on HIV/AIDS (WHO)”; “Preservation of forest resources and improved livelihoods of forest peoples through conservation of great apes as flagship species (UNEP)”; “Global efforts against the demand for and the supply of drugs” (UNODC); “Launch of a Global Call to Action on Sexual Violence and Exploitation in War (UNFPA)”

3.3 Evaluation Question 3 on Results and Impact

EQ3 *To what extent did the channelling of funds contribute to the sustainable achievement of the intervention objectives the Commission targeted when channelling its funds?*

The purpose of the question is to assess whether the channelling was used on the grounds that it was the best way to contribute to achieving a specific objective with results that are sustainable.

Answer to EQ 3 on Results and Impact

UN bodies have often been channels for interventions in difficult contexts. There has been positive **impact** from most of the Commission's funding, mainly because channelling through the UN made delivery of aid possible in cases where this would otherwise have been difficult. This has particularly been the case in politically-sensitive situations. Without the opportunities offered by UN bodies, final beneficiaries would have received less aid. Moreover, channelling also had impact in terms of policy dialogue with partner countries. Indeed channelling through the UN system offered the Commission access to national authorities and a platform for discussion, characterised by the neutral and legitimate role of the UN.

In other cases it proved difficult to provide in this exercise an overall assessment of the attainment of results and impact at intervention level³¹. Nevertheless, a number of positive **factors** indicating that channelling through the UN has influenced the effectiveness of the cooperation can be identified. **Capitalisation** exercises also proved to provide a basis for improved effectiveness in future joint operations.

In the same way, three main observations on sustainability could be made: (1) a large part of the funding benefits projects relating to emergencies which by their nature focus on the achievement of immediate progress rather than on long-lasting results.; (2) in a number of areas UN bodies have a long history and experience of involvement; and (3) some typical components of UN projects such as training, institutional building and involvement of local actors favoured the potential sustainability of the interventions.

The answer to this Evaluation Question is structured first around the extent to which results and impact were attained, then on their sustainability.

3.3.1 *Most of the funding channelling through the UN has enabled aid to be delivered in cases where that would otherwise have been difficult, and has also given the Commission access to privileged dialogue with national authorities (JC 3.5, JC 3.7)*

UN bodies have often been channels for interventions in difficult contexts, for instance those of post-crisis recovery or where local capacity is restricted.

For most of the Commission's funding through the UN, impact has been positive in partner countries as channelling offered a **unique possibility** for delivering Commission aid. Indeed, some interventions could not have taken place without benefiting from a number of conditions

³¹ Cf. main challenges and limits in section 1.2.4

that could only be offered by the UN (neutrality of the UN system, presence of peace-keeping forces, etc. – see 3.2.1). This particularly applies to politically-sensitive situations, representing more than half of the funds channelled. Without the opportunities offered by UN bodies, the final beneficiaries of those interventions would have received less aid or even none. Examples of case studies are presented in the table below.

Table 4 – Main Outputs/Results/Impact - Examples of unique possibility

Interventions	Outputs/ Results / Impact
Elections in DRC (UNDP)	Successful organisation of (almost) first-time elections, with participation of 25 millions voters.
Iraq Trust Fund (UNDP)	Aid delivered in Iraq: €359M total commitments from the Commission
Afghan Refugees in Pakistan (UNCHR)	Aid delivered to 1.2 million Afghan refugees
UNRWA	Provision of basic services to 4.3 million Palestine refugees
FSVGD in Bangladesh (WFP)	Support to 255.000 women through participation to the largest food aid beneficiary programme in the country.

Channelling through the UN system also had impact in terms of **policy dialogue with partner countries**. It indeed offered the Commission access to national authorities and a platform for discussion, supported by the neutrality or legitimacy of the UN's role. These factors are especially crucial in politically-sensitive areas (such as on refugee issues or the conduct of elections) and in fragile States (such as Iraq, Afghanistan, DRC), but also in other cases³². This opportunity became more and more significant over the evaluation period in that the Commission progressively favoured policy dialogue with the partner countries over merely project or programme approaches.

In other cases, study of selected interventions, including visits to ten of them, provides contrasting indications on the attainment of results and impact. In the same way, a comparative analysis on monitoring reports³³ prepared by an external monitoring team in 2007 indicates that the average scores for "impact" for Commission-financed UN interventions are quite similar to those for non-UN-channelled interventions (see table below). However, average scores for "effectiveness" as well as for "quality of design" were lower (albeit only slightly) for Commission-financed UN interventions compared with non-UN-channelled interventions.

Table 5 - Average scores of UN executed projects vs. all Commission projects in 1.374 monitoring reports (2006-2007)³⁴

%	Relevance/ Quality Design	Efficiency to date	Effectiveness to date	Impact Prospects	Potential sustainability
ALL Base= 1.374	2.81	2.74	2.78	2.85	2.83
UN only Base= 75	2.72	2.75	2.71	2.83	2.82

³² E.g. Adolescents in Bangladesh (UNICEF), FSVGD in Bangladesh (WFP)

³³ Annex 7 provides more information and a synopsis on the different ROM studies mentioned in this evaluation.

³⁴ Source: Monitoring Team Tacis NP, Central Asia and CARDS, 2007. See also Annex 7.

Another recent analysis of ROM reports produced by the Commission³⁵, studies the causes behind “negative” ROM reports. It indicates that the reasons why these interventions implemented by “UN bodies/international Organisations” are rated lower lie in the fact that an overwhelmingly high percentage (94%) of “negative” ROM projects exhibit problems of design, being “over-ambitious” (explained as objectives and planning being unrealistic), which progressively worsen during implementation. However, lower scores appear to be attributable less to administrative or financial problems arising from UN interventions *vis-à-vis* other lower-performing projects. The evaluation team considers that this could be related to the fact that the Commission finances UN interventions in **especially difficult contexts**, such as emergency situations or politically-sensitive contexts, where the initial objectives might be harder to attain in comparison with more traditional technical assistance projects.

A number of **positive factors indicating that channelling through the UN has influenced the effectiveness of cooperation** can nevertheless be identified. This is particularly true of difficult contexts (although not exclusively so). The main factors include the following, as identified through desk and field studies on selected interventions:

- **Political legitimacy** of the UN *vis-à-vis* partner country governments and other donors, increasing policy dialogue with national authorities and favouring timely and swift implementation, in particular in politically-sensitive situations (*see 3.2.1*).
- **UN logistics**, for instance the invaluable support of the MONUC peace-keeping forces for the Elections in DRC (UNDP)
- **UN experience**, particularly when the UN could (i) offer turnkey projects to the Commission, (ii) continue or expand existing interventions, or (iii) build on successful pilot phases. Adolescents in Bangladesh (UNICEF) provide a good illustration. Other examples are Water in Nigeria (UNICEF), the FSVGD in Bangladesh (WFP), and Strengthening Asylum (UNHCR),
- **Flexibility and adaptability to circumstances** shown by the UN.

Furthermore, there have also been positive examples of effectiveness where **capitalisation** on practical common experience has been realised. This led in some cases to specific agreements, such as the *operational guidelines on electoral assistance* between the Commission and UNDP and the agreement between EuropeAid and the WFP on food aid and food security. These arrangements, derived from the common practical experience of the Commission Services and UN bodies, permitted a deepening of the partnership based on an accumulation of knowledge and on identification of good practices to promote and difficulties to avoid. They offer the basis for markedly improved effectiveness in joint future operations.

Finally, in terms **impact on political dialogue with the UN**, the picture is more varied. On the one hand, financial channelling strengthened the dialogue between the Commission and the UN in a variety of policy areas³⁶, and allowed a useful sharing of experience. Joint work included

³⁵ Study made by AIDCO Direction E in 2007 on “negative” ROM reports, i.e. reports having at least one “d” or at least three “c” scores (102 projects 01/2006-03/2007 from which 81 were analysed in detail using 37 criteria in categories ranging from conception, implementation, implementing agency, external causes and ROM quality). See also Annex 7.

³⁶ “Improving Lives, Results of the partnership of the United Nations and the European Commission in 2006” mentions for instance that the Commission and the UN were engaged in 2006 in a wide range of policy areas, including the following: food security, agricultural development, health, education, social cohesion, working environment, trade, investment, competition, regional integration, intellectual property rights, migration and asylum, child protection, human rights, governance, electoral

activities relating to policy and programming definition, development of policies on joint training of staff, capturing of lessons learned, and joint monitoring and evaluations of programmes. According to Commission staff met at country level and during pyramidal focus group meetings, financing of interventions in certain areas also offered access to policy fora (e.g. the Peace Building Commission), increasing thereby the Commission's influence on decision-making. On the other hand, Commission representatives explained that policy dialogue with the UN is by no means systematic and occurs only in a limited number of areas. Key reasons are reportedly the willingness of the Commission (notably considering the expected 'return on investment' and the diversity of views and interlocutors within the UN system) and its capacity for such dialogue (in terms of time, mandate, organisation, and knowledge). Additionally, alignment between the Commission's CSP/NIP and UNDAF (or UN bodies' country strategies), as envisaged in COM(2003)526, was observed in some cases but is far from being a common practice.

There are also indications that when UN interventions were selected based on calls for proposals (representing 25% in numbers of contracts but less than 10% of the channelled funds³⁷), the Commission did not meet the UN bodies' expectations of a partnership relationship (e.g. participating in the Commission's dialogue with the national authorities). This stems from the fact that the Commission considers that there is a graded scale of scenarios in its relationship with the UN that goes, so to speak, from core funding to allowing the UN to participate into Commission's calls for proposals, and that only some of these scenarios may have the characteristics of a real partnership.

3.3.2 Three main observations can be made on sustainability (JC 3.6)

When considering sustainability it is important to take account of the specific characteristics of the Commission's channelling through the UN.

First, a large part of the funding benefits projects relating to emergencies and in particular political crises. It is in the very nature of these types of operation that they are more designed to tackle immediate needs and achieve rapid progress and recovery than focus on sustainability aspects. A clear example is the Elections in DRC (UNDP). In a context of emergency and unknown challenges, this project had indeed to concentrate on the organisation of (almost) the first elections in the history of the country rather than on laying the foundation stone for an electoral process to be pursued in the longer term³⁸.

Second, when the Commission supports a UN body as the organisation with the international mandate to intervene or that has the most related expertise or experience in a given area, it increases the sustainability potential of the intervention. Moreover, the stability and reliability of the Commission's funding and its strong support as a partner strengthen the UN and its interventions (*see 3.4.1*), thereby also promoting their sustainability potential.

Third, a number of functioning modes often encountered in UN approaches increase sustainability potential. These concern for instance project components such as training, institution building, development of income-generating activities, and introduction of new norms and regulations. UN bodies tend also to work more with local actors (UN staff, NGOs, etc.) than

processes, peace-building, conflict prevention and crisis management, control of small arms and light weapons, drug and crime strategies, environment-security linkages, post-crisis demobilisation, reintegration, rehabilitation and recovery, humanitarian coordination for immediate response, disaster prevention and mitigation.

³⁷ See Inventory Note

³⁸ The successor of that project (PACE) has nevertheless the sustainability of national institutions as an objective.

with other organisations such as the Commission and the World Bank, thereby increasing local ownership.

But there is no conclusive evidence from this evaluation that channelling has an effect on the overall sustainability of the operations as there are also drawbacks associated with these support modes. A recent Commission study of ROM reports further confirms that there is no indication that interventions through the UN are generally more or less sustainable than other Commission-financed interventions at operational level. Sustainability scores for UN interventions and for non-UN-channelled interventions were indeed similar on average (*see table 5 under 3.3.1*).

3.4 Evaluation Question 4 on strengthening the UN system

EQ4: To what extent did the Commission's channelling of funds strengthen the UN system and promote the Commission's influence in it?

The Communication of the Commission to the Council and the European Parliament on the Choice of Multilateralism, COM(2003) 526 is the key political document framing the cooperation of the Commission with the UN system. While reaffirming the overall objective of the European Treaties to enhance global governance, the Communication insists that the Commission seeks to become a "front runner" in multilateralism. This implies that it strengthens the UN system and supports its reform with a view to pursuing more effectively this shared objective, and that it has enough influence to play a proactive role in the major decisions.

This Evaluation Question attempts to verify whether these intentions are furthered by the practice of channelling. It seeks to investigate whether there is evidence of the Commission's political and financial assistance contributing to a stronger UN system. At the same time it seeks to investigate whether the increased multilateral activities of the Commission translate into greater Commission influence in the steering organs of UN bodies.

Answer to EQ 4 on strengthening the UN system

The Commission' financial assistance has enabled the UN system to perform its functions on a more solid and predictable basis, as three important points were verified:

- Channelling of funds permitted the UN bodies to pursue their own priorities, given the clear convergence between the objectives of the Commission and of the UN bodies in general;
- The Commission is a reliable and important financial partner for the UN bodies, by virtue both of the magnitude of its contributions and of the fact that it delivers its funding as promised;
- Earmarking for procedural reasons has become exceptional since the introduction of the FAFA and faster disbursements to the UN could be realised, removing obstacles to pursuit of the objectives.

However, strengthening the multilateral system is almost never mentioned as a justification for channelling funds through a UN body. The executing and implementation capacity of the UN body is always the first criterion. Strengthening of multilateralism is nevertheless often achieved during implementation of multi-donor interventions.

The increased use of channelling by the Commission has been accompanied by greater influence at different levels, in the design of interventions, in policy dialogue with partner governments, in stimulating reform of UN bodies, and in implementation of interventions through its participation in numerous coordination committees and steering groups

The answer to the question is structured in three parts relating to the following: the results of the Commission's channelled interventions in terms of financial stability; the results in terms of increased operational coherence of the UN system; and the strategic influence of the Commission in the UN system.

3.4.1 *The Commission' financial assistance has enabled the UN system to perform its functions on a more stable and predictable basis (JC 4.1, JC 3.1)*

The first contribution to strengthening of the UN system is clearly the financial support provided through the channelling of funds to interventions. It seems obvious that the additional resources provided through channelling of Commission funds constitute major value added for the UN bodies and should help improve their performance. This link is not automatic and can be established only if three important points are verified: (i) the channelling of funds must permit the UN bodies to pursue their own priorities; this requires strong convergence between the objectives of the Commission and those of the UN bodies; it also requires that UN bodies are not used as executing agencies outside their normal *modus operandi*, which might weaken their performance; (ii) the Commission's financial support must be reliable, that is delivered as promised, so as to strengthen the stability and predictability of these resources for the UN bodies; (iii) the conditions attached to the use of the funds must be such as to guarantee a high degree of accountability without becoming an impediment to the pursuit of the objectives.

Cases where there is no strong convergence or at least parallelism between the priorities and objectives of the Commission and those of the UN agencies through which funds are channelled are exceptional. Only one such case was observed in the selection of projects studied in depth for this evaluation. It concerned the "Asylum in Ukraine and Moldova" (UNHCR) where the main priority of the UNHCR was the legal and social protection of refugees whereas the focus of the Commission was on preparation for future border control. This absence of coherence impacted on programme implementation, and eventually support to NGOs involved in legal and social protection of refugees was continued by UNHCR alone.

Apart from this exception, all projects studied showed a clear convergence of objectives but to different observable degrees, for example:

- both institutions, the Commission and the UN agency, merge their intervention directly into the partner Government's priorities and activities³⁹;
- the Commission and UN strategies build on each other and evolve together⁴⁰;
- the Commission provides its funds to support initiatives set up and developed by the UN bodies acting on their own initiative or as coordinators of multilateral initiatives⁴¹;
- the Commission uses a UN body as an executing agency to implement its own projects⁴². In those cases care is always taken by both the Commission and the UN agency that the latter is used in a manner compatible with its own priorities. However, in some of these projects difficulties of implementation and reduced performance have been observed as the UN bodies engaged in activities outside their usual intervention format (*see 3.7.1*).

³⁹ FSVG in Bangladesh (WFP), Environment in Afghanistan (UNEP), Water in Nigeria (UNICEF)

⁴⁰ CADAP and BOMCA in Central Asia (UNDP).

⁴¹ Elections in DRC (UNDP), Earthquake in Pakistan (UNDP), Adolescents in Bangladesh (UNICEF), UNRWA, Palestine Refugees in Lebanon (UNRWA), Health MDG in ACP (WHO), Iraq Trust fund (UNDP), Fight against Locusts in NW Africa (FAO), Food Security in Angola (WFP), Asylum in Central Asia (UNHCR).

⁴² Research relaunch in DRC (FAO), Trade TA in Pakistan (UNIDO), Afghan Refugees in Pakistan (UNHCR), East Jerusalem Hospitals (WHO)

The analysis of documents and the field visits confirm that overall the Commission is a reliable financial partner for the UN bodies, by virtue both of the magnitude of its contributions and of the fact that it delivers results as promised. Contributions to the core budget of UNRWA and to large multilateral operations have proved decisive. Also, the contribution agreements under the FAFA have permitted quick disbursements - the Commission making substantial advances - and clarified the financial relationships⁴³. Some exceptions were observed, for instance in the case of Locust in Senegal (FAO) where late mobilisation of funds by the Commission severely penalised the project. FAFA and contribution agreements have not reduced the obligation of the UN body to be accountable to the Commission for the use of its funds, a point that is often advocated by UN institutions as an argument for managing the Commission's funds separately. Indeed, even if the FAFA facilitates collaboration between the Commission and the UN bodies, it imposes a multitude of strict rules on reporting, in the interests of visibility that still has to be respected on contractual grounds.

The issue of predictability is complex. Within a contribution agreement it is clear. Whether a contribution agreement will be signed is less predictable. Hence, for the UN bodies in charge of large operations, core-funding and multi-annual commitments are invaluable. Core-funding on a large scale is only provided to UNRWA and is essential for that organisation. The following table⁴⁴ shows the importance and dependability of UNRWA on the Commission's funding relative to that of other donors:

	2002	2003	2004	2005	2006
Commission's Contribution in % of total UNRWA resources	20%	23%	22%	25%	28%
EU MS and other donors contribution to total UNRWA resources	80%	77%	78%	75%	72%
Share of Commission total contribution which is allocated to core funding	80%	80%	87%	81%	64%
Share of EU MS and other donors contribution which is allocated to core funding	70%	70%	68%	67%	62%

The Commission's contribution to UNRWA's total resources has steadily increased in nominal terms over the years and the share of its contribution allocated to core-funding has remained stable, except in 2006 where a large increase of funds was allocated to projects and emergency appeals. By contrast the other donors have reduced gradually the share of their contribution in the form of core-funding and moved towards emergency appeals and projects, reducing the predictability and stability of UNRWA's resources.

Regarding the flexibility in the use of the funds it is worth noting that earmarking for procedural reasons has become exceptional since the introduction of the FAFA. Examples found in the selection of interventions studied include that of the Health MDG in ACP (WHO) where the funds are earmarked by country, sector and by WHO's departments, or that of the Fight against Locust in NW Africa (FAO) for which funds come out EDF's B envelope. It is also the case for the Iraq Trust Fund (UNDP) where the Commission allocated its funds to five different clusters of activities (education, health, agriculture, governance and poverty reduction).

⁴³ See also section 3.8.1

⁴⁴ Resources and expenditures data provided by UNRWA

3.4.2 Strengthening the multilateral system is almost never mentioned as a justification for channelling funds to a UN intervention (JC 4.2)

Strengthening the multilateral system is never, with the single exception of the Iraq Trust Fund (UNDP), mentioned as a justification for channelling funds through a UN body. The executing and implementation capacity of the UN body is always the first criterion. It may be worth noting that some EU Member States take a different position. For instance, the French cooperation programme has an explicit strategy of increasing its support to the multilateral institutions on grounds of effectiveness. The British cooperation programme takes a similar position and conducts assessments of institutions in order to help them, if considered necessary, to strengthen their capacity so that British aid can be channelled through them with a maximum of effectiveness.

While strengthening multilateralism is not the primary goal of channelling, it is nevertheless often present during implementation of multi-donor interventions. There are several examples reported by the missions and in documents where channelling directly or indirectly strengthened the capacity of the UN bodies to work together by stimulating and supporting coordination mechanisms involving different UN bodies⁴⁵.

Finally it is observed that channelling funds through UN bodies has not generated duplication or overlapping of interventions.

3.4.3 The increased use of channelling by the Commission has been accompanied by greater influence at different levels: in the design of interventions, in policy dialogue with partner government, in stimulating reform of UN bodies, and in implementation of interventions through its participation in numerous coordination committees and steering groups (JC 4.3)

Greater Commission influence when channelling its funds can be observed at different levels:

- Design of interventions: the Commission may undertake the project design and involve the UN body⁴⁶, or the project may be identified and designed by the UN body but benefit from improvements suggested by the Commission.
- Influence in policy dialogue with the partner government: this has been the case in several projects (*see 3.3.1*).
- Reform of the UN institutions: the Commission has played a major role in stimulating the reform of UNRWA through its active participation in the Advisory Commission.
- Implementation of interventions: channelling its funds has given the Commission the opportunity to participate in numerous coordination committees and steering groups⁴⁷; it has generally seized these opportunities and played a proactive and positive role⁴⁸ which is

⁴⁵ Elections in DRC (UNDP), Earthquake in Pakistan (UNDP), Trade TA in Pakistan (UNIDO) where the Commission mobilised ITC, UNIDO and WIPO to foster synergies when conducting the programme appraisal mission; FSVG in Bangladesh (WFP), UNRWA where the Commission has no direct role in enhancing coordination between UN bodies but as the main provider of food aid has stimulated cooperation between food aid donors and was instrumental in the signature of an agreement between UNRWA and the WFP on that issue; Bangladesh where the Commission generally reinforces indirectly the cooperation between UN bodies in the country; BOMCA - CADAP in Central Asia (UNDP) where the Commission stimulated better coordination and better management of the UNDP country offices in the region.

⁴⁶ E.g. Research Relaunch in DRC (FAO), Trade TA in Pakistan (UNIDO)

⁴⁷ Clear examples are Elections in DRC (UNDP), UNRWA, Asylum in Central Asia (UNHCR).

⁴⁸ An excellent example is the cooperation between UNRWA and the ECTAO in Jerusalem that led to the recruitment of a senior policy advisor, research on the poverty profile of refugees and reconsideration of the whole approach in relief and

appreciated by the UN bodies and the other donors. However, it raised the issue of the limit between cooperation and interference (*see 3.7.1*).

3.5 Evaluation Question 5 on scaling up

EQ5: Did the channelling of funds contribute to a scaling-up of development aid?

The **purpose of the question** is to understand whether the presence and financial contributions of the Commission in an UN intervention have had a leverage effect on the total available ODA.

Answer to EQ 5 on Scaling-up

There are indications that the ODA accruing to some countries and to beneficiaries in general has been enhanced by the Commission's channelling, in that it enabled the Commission to intervene in areas where it would otherwise not have done so, thereby for instance disbursing faster in emergency situations, or disbursing funds that might otherwise have been lost owing to deadlines in Commission procedures (although this latter case represent a relatively small part of the funding).

Moreover, in several cases the Commission's sizeable and early contribution and its strong support certainly made a difference and also created a positive dynamic among donors.

The answer to the question is structured in four parts. These relate to the extent to which (1) the absorption capacity of UN bodies has facilitated the disbursement of Commission funds; (2) the Commission's presence attracted or mobilised other donors; and (3) the Commission's contributions made it possible to reach the critical mass necessary for the interventions; and it further investigates whether (4) ODA has been scaled up since the channelling took place.

3.5.1 The absorption capacity of the UN bodies has facilitated the disbursement of Commission funds at operational level (JC 5.1)

There are no indications that the absorption capacity of the UN at a general level was a deliberate and planned reason for channelling Commission funds. The part of the Commission aid channelled through UN bodies increased significantly over the evaluation period, from around €150m in 1999-2000 to €1bn in 2005-2006⁴⁹, which corresponds to an increase from less than 1% to about 13% of total RELEX-DEV-AIDCO aid..

Nevertheless, some observations can be made. There are indications that in emergency situations and in countries where the Commission had little experience, the existence of large multi-donor UN interventions did enable the Commission to intervene and to disburse faster, for example for the elections in DRC (UNDP) and UNRWA. Alternatives (such as intervention through NGOs) would indeed have led to delayed Commission disbursements, and hence a time lag before new commitments could be made.

At operational level, the proven absorption capacity of existing UN structures and facilities capable of managing the influx of Commission funds did sometimes play an important role in the channelling of Commission funds. As reported by Delegation staff in several countries visited,

social services. Another example is the very active participation of Commission staff to the technical committee of the Elections in DRC (UNDP) that has undoubtedly contributed to improved management.

⁴⁹ Source : see Annex 4

there were indeed cases where, having tried other options, the Commission decided to channel through the UN as it encountered problems with the complexity and inflexibility of certain Commission rules. This relates for instance to respect for the deadlines specified by the “D+3” rule (even improved in 2007)⁵⁰, the end of direct agreements with NGOs, and the rejection of cash components. In a Mini-Survey to Delegations prepared by the Commission in 2005, one Delegation stated that it seeks more rapid ways of contracting funds such as through UN bodies since the “*Commission’s procedures are seen as too slow and heavy*”. A clear illustration encountered during a field mission relates to a Commission contribution as high as €20m for the Rural Employment Opportunity for Public Assets (REOPA) in Bangladesh. Delegation staff reported that substantial delays occurred in the set-up of that project due to lack of Government capacity but also to the fact that a cash component in the project posed problems with regard to Commission rules. After lengthy discussions it was finally decided to pass through a WFP project in order to remain within the “D+3” deadlines under which these funds could be contracted. During field missions several other cases were mentioned of channelling through the UN as a last resort solution. Time constraints on Delegation staff were also reported during the field missions as having also influenced some decisions to channel funds (see 3.8.2). This all should however not be exaggerated as such cases represent only a limited proportion of the Commission’s channelling through the UN. ,

Nevertheless, when the absorption capacity of UN interventions has permitted faster disbursements *by the Commission* or even avoidance of “losing” funds, it does not imply automatically that Commission funds disbursed to the UN are in fact fully disbursed by the UN in the field. There are for instance some cases where funds were lost to the beneficiary owing to delays by the UN agency (e.g. Research Re-launch in DRC (FAO), see 3.5.1) or where funds were reimbursed by the UN body (e.g. Fight against Locust in NW Africa (FAO)).

3.5.2 The presence of the Commission did not have a general leverage effect in terms of attracting or mobilising other donors (JC 5.2)

There is no evidence of a general leverage effect of Commission contributions on other donors. Aid levels are indeed politically determined and that donors often act according to their own agenda.

Nonetheless, in several cases EU MS and other donors were influenced in their contribution by the fact that the Commission participated in the intervention. In some cases this was emphasised by the Commission’s sizeable contribution and the fact that it showed strong support for the intervention, or by a declared “EU interest”. Several examples of this were reported in DRC, in Bangladesh, and for UNRWA. In addition, there are several cases where the fact that the Commission made a first contribution created a positive dynamic among donors. More important still is the recognised fact that for some major operations (Elections in DRC, UNDP, provides a patent example) the intervention would simply not have taken place without the sizeable contribution of the Commission (see also 3.5.3).

⁵⁰ The 2002 EC Financial Regulation provides in its Article 166 that the maximum deadline for signing the individual legal commitments implementing a financing agreement is D+3 years from the date of the global budgetary commitment. The 2007 revision of the Financial Regulation introduced as amendment to Article 166 a provision that the maximum deadline is now D+3 years from the date of the conclusion of the financing agreement rather than D+3 years from the date of the global budgetary commitment. The change is that it is now the date when the other party signs the financing agreement that counts and no longer the date when it is signed by the Commission and inscribed in the global budgetary commitment (net gain in time: 3 to 6 months according to Commission staff). *Source EuropeAid; Financial Guide applicable to external actions financed from the General Budget of the European Communities (May 2007) page 40.*

However, other dynamics were observed in some interventions. Some donors decide for instance to participate in a UN intervention in order to be present alongside the Commission, as they consider it as a competitor (e.g. for an intervention in Bangladesh). But it was also observed that on the contrary some donors decide not to participate as the Commission is already a major donor (e.g. some EU MS in relation to UNRWA). Moreover, staff indicated during a field visit that the Commission did not welcome other donors (including EU MS) in the UN intervention.

Another point worth highlighting is that channelling may induce an indirect leverage effect. For instance, studies conducted in DRC by the FAO using channelled Commission funds have led to projects in the field of agricultural and forestry research eventually being taken over by the Belgian cooperation which otherwise would reportedly not have engaged in that activity because it did not have the resources to conduct project identification studies.

More details on prior consultation between the Commission and EU MS are provided below under EQ9 on Coordination and Complementarity.

3.5.3 Commission contributions made it possible in a number of interventions to reach the required critical mass (JC 5.3)

The Commission's contributions certainly made a difference in this regard in several UN interventions. This was obvious in interventions where the Commission was the sole donor. For multi-donor interventions, its sizeable contributions were in several cases decisive. Examples are the Elections in DRC (UNDP), UNRWA, BOMCA-CADAP in Central Asia (UNDP).

In some cases the Commission's funding covered all financing requirements, and no other donors were present in consequence, e.g. Adolescents in Bangladesh (UNICEF).

3.5.4 There is variable evidence that channelling as such improved the speed and extent to which funds could be made available to the beneficiary, which is another possible source of scaling-up (JC 5.4)

Another possible source of scaling-up could result from quicker disbursement, without changing total commitment levels. It entails indeed more rapid and complete use of committed funds, as well as higher or more rapid commitments for tranches or programmes in subsequent years. Whereas disbursements from the Commission to the UN are undoubtedly facilitated by the FAFA, there is variable evidence that channelling improved the speed with which and the extent to which funds could be made available to the beneficiary. Examples are cases where there were few feasible alternatives (e.g. UNRWA, Elections in DRC (UNDP)), several cases where funds would have been "lost" without the possibility of channelling through the UN (e.g. REOPA in Bangladesh), or slow implementation leading to funds not being wholly disbursed (e.g. Research Re-launch in DRC (FAO)), as described in 3.5.1.

3.6 Evaluation Question 6 on visibility

EQ 6: To what extent did the Commission's channelling of funds contribute to the visibility of its support vis-à-vis the partner countries and its MS?

The question aims at verifying the extent to which the visibility of the Commission's channelled funds was ensured, with a view to raising awareness on Commission development aid both among the home public and in the partner country, and also to promoting the accountability of the Commission to the EU MS and their taxpayers.

Answer to EQ 6 on Visibility

Over time, the emphasis on the importance of the visibility of the Commission's contributions to the UN system has increased. In parallel, the requirements and strategy in terms of visibility are evolving and becoming more comprehensive and detailed. The visibility requirements applicable during the period covered by this evaluation (1999-2006) are mainly those of the FAFA.

Overall, it may be stated that, when channelling funds through the UN system, the Commission remained visible for partner governments, local organisations, EU MS, and other donors at country level. At a more general level, there are indications that EU taxpayers were generally not aware of the presence and role of the Commission in this type of intervention.

It is difficult to link unequivocally these observed levels of awareness with visibility measures implemented, as a number of difficulties and shortcomings were repeatedly observed in this respect over the period:

- differences in perception between the UN and the Commission on when requirements could be considered fulfilled, as well as a lack of common understanding of what needed to be done;
- a lack of clarity and/or details of the visibility requirements;
- differences in views and levels of awareness within the Commission on the ongoing developments on visibility requirements and strategy;
- a lack of awareness of some Delegations on their obligations in terms of visibility and a tendency to delegate all visibility measures to the UN bodies implementing the interventions funded, without taking complementary initiatives from their side.

At a more general (HQ) level, initiatives taken by the Commission remained modest, which may be a factor explaining the limited awareness of the European taxpayer. It is not clear to what extent visibility measures in the field have or have not contributed to the (lack of) awareness of the European taxpayer (for instance through references in the international media).

Finally, it should be noted that several stakeholders raised questions on the Commission's visibility requirements. This concerned:

- coherence with principles such as pooled funding and with the philosophy of the Paris Declaration on Aid Effectiveness and of the Stockholm Declaration on Principles and Good Practise of Humanitarian Donorship;
- alignment with the DAC and Paris Declaration definitions of ODA and project costs (visibility requirements are a charge on the project budget while benefiting the donor exclusively); *and*
- impact on the recognised neutrality of the UN system.

The answer to this Evaluation Question is structured in three parts. First, the evolution of the requirements in terms of visibility is examined, as well as the degree of compliance with the agreed visibility rules. Then the effects of the application, or lack of it, of the visibility rules are examined: first in terms of the degree of awareness at partner country level (beneficiaries, partner countries, EU MS and the international community); then at European level with respect to the EU MS and European taxpayers.

3.6.1 Visibility requirements evolved over time. Different situations and recurrent weaknesses have been observed in terms of fulfilment of these requirements at country level. At a more general level actions implemented by both the UN and the Commission remained limited. (JC 6.1)

Evolution of the visibility rules

Since 1999, three important events can be highlighted with respect to the EU visibility rules in agreements with international organisations:

- the 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* ;
- the FAFA in 2003 ;
- the Commission-UN *Joint Action Plan on Visibility* of September 2006 and the ongoing development of new visibility guidelines.

During this period, the Commission's emphasis on the importance of visibility has increased and the approach and requirements have become more comprehensive and detailed.

The above mentioned **1999** agreement remained at a rather general level. It contained a specific article (12) on visibility that specified the following: “*The UN shall work together with the Community to ensure the visibility of the Community's participation in each programme or project. The programme or project plan shall include actions dedicated to promoting this visibility; these actions shall form part of the direct costs of the programme or project and shall be described in the final reports*”⁵¹. It also stipulated that distinctive signs should be given due exposure, while taking into consideration the safety of personnel. Furthermore, an accompanying letter from the UN to this agreement stipulated that “*without prejudice to clause 12 of the agreement, it is understood that, wherever possible, the Community will enjoy equal visibility with the United Nations*”⁵².

In **2003**, the FAFA listed (minimum) obligations with respect to visibility⁵³:

- The UN needs to take appropriate measures to publish the fact that an action has received funding from the EU. As an example, publicity material, reports, etc. should acknowledge that the action was carried out “*with funding by the European Union*” and display the European logo. Similar provisions concerning equipment purchased using Commission funds are also

⁵¹ «Agreement between the UN and the European Community on the principles applying to the financing or co-financing by the community of programmes and projects administered by the UN” (1999)

⁵² Accompanying letter from the UN to the “*Agreement between the UN and the European Community on the principles applying to the financing or co-financing by the community of programmes and projects administered by the UN*”, 1999.

⁵³ See articles 11.1 to 11.4 of the FAFA. EU Visibility Guidelines for external actions were also issued in November 2002, but it was explicitly stated in these guidelines that they “*do not apply to agreements with international organizations ...*”; See EUROPEAID, *EU Visibility Guidelines for external actions*, November 2002.

provided. It is also specified that the UN agrees to conduct the agreed visibility measures provided that these “do not jeopardize the United Nations privileges and immunities provided under the 1946 Convention on the Privileges and Immunities of the United Nations and the safety and security of United Nations staff”;

- The distinctive signs should be of appropriate size;
- A disclaimer needs to be used for UN publications pertaining to actions that have received funding from the Commission;
- The rules in terms of duration of the visibility requirements are also specified

All the above-mentioned elements are repeated in Article 6 of the General Conditions applicable to European Community contribution agreements with international organizations. As of 2003, the Contribution Agreements generally include in the general conditions the above-mentioned elements on visibility (copying *verbatim* the articles from the FAFA).

In 2006, a *Joint Action Plan on Visibility* aimed at clarifying the scope of the visibility clauses included in the FAFA. It describes actions to be undertaken to strengthen the understanding of and support for key humanitarian and development messages among authorities, non-state actors, the general public in the beneficiary countries and the EU Member States, and interested parties in the wider donor community. The main objective of the Joint Action Plan is the communication of “positive results of the partnership”. In the continuation of the Action Plan, a comprehensive and detailed set of guidelines on visibility are being developed. A 2006 draft version of these guidelines explains that the objective is to ensure that projects wholly or partially funded by the European Union acknowledge visibly the support of the EU. They cover the written and visual identity of the EU. These Guidelines go further than issues related to “static visibility” (stickers, panes, etc.), and produce more guidance and tools for producing a dynamic communication strategy for each action. They tackle, among other things, the following main subjects:

- A step by step guide on communication and visibility tackling issues such as appropriate visibility, key target audiences, drawing up a communication and visibility plan
- A section on visibility appropriate to different types of actions (technical assistance and studies, provision of supplies and equipment, etc.)
- Specific guidelines for international organizations which encompass, among other things, a “visibility matrix” on “how and when to communicate what to whom”
- A section on communication tools and how to use them (for instance leaflets, web pages, banners, pictures, etc.), as well as a section on how to use EU visual identity elements (for instance the EU Flag, colours, disclaimers, but also key messages on the EU).

Compliance with the agreed visibility rules

Given the period covered by the evaluation, the compliance examined here concerns mainly the visibility requirements of the FAFA. Indeed, the 1999 rules were rather general and issued at a moment where the spectacular increase in channelling had not yet taken place. The issue of the compliance is examined at respectively country and international levels.

a) Compliance at country level

The extent of compliance with the agreed visibility requirements varies from country to country and from project to project, as is apparent from different sources:

- During **country visits** the team has been confronted both with situations where the visibility requirements were fulfilled and with cases where there were important shortcomings in this respect during the evaluation period. An example is the Elections in DRC as documented in the exchange of letters in 2005 between the Head of the Commission Delegation and the UNDP Country Director. These visits also showed that UN bodies target visibility more on intermediary organisations and NGOs than at final beneficiaries.
- A note⁵⁴ accompanying the results of a **2005 AIDCO questionnaire** explains that, on the one hand, it appears that in general *"guidelines are partially respected, but often this only takes the form of ensuring that the logo is widely visible"*. In many cases, the Commission is also invited to events organised to promote the programme, and, less frequently, the Delegation plays a role in steering committees. On the other hand, *"many Delegations report that the clauses are not fully respected"*.
- The **FAFA Meeting's** operational conclusions⁵⁵ mention in 2005 that *"the feedback from EC operational services shows that the UN give very little visibility to the fact that operations are (co)financed by the EC"*.
- More recently, **Monitoring reports** (2006-2007) usually provide examples of visibility being ensured or increased such as for Indian Disaster Preparedness (UNDP), Bosnia Herzegovina E-government at Council of Ministers (UNDP), Albania Preventive and Restorative Juvenile Justice System (UNICEF), and Strategic Action Caspian Sea Coastal Environment (UNEP)⁵⁶. As an example, a Monitoring Report on the intervention *"Strengthening the asylum system of Ukraine and Moldova"* (UNHCR) states that *"The EC logo has been adequately placed at the commemorative plaques of the constructed centres for asylum seekers, cover pages of the produced publications and properly used during the organized events"*. Some examples of lower visibility were singled out, for example regarding the absence of Commission logos from the spraying aircraft subcontracted for Locust control in West Africa (FAO). Another example is provided by UNRWA itself that states in an internal audit of the EC Food Aid and Cash Assistance Programme 2003 that *"the majority of the food communities (...) do not bear the official EU flag imprints (...). Management should ensure that such imprints are on all food commodities distributed ..."*;

More generally, a number of recurrent weaknesses emerge with respect to the compliance with visibility rules:

- There are **differences in perception** between the Commission and the UN. Several cases were reported during country visits where UN representatives stated that requirements in terms of visibility were fulfilled, while Commission representatives considered that this was not really the case. This situation indicates that there is not always a common understanding of expectations in terms of visibility;
- Some interviewees underlined the **lack of clarity or detail of the visibility rules** as stated in the FAFA and the General Conditions, in particular when Contribution Agreements do not

⁵⁴ Source: Note on visibility in operations co-financed with multilateral organisations, AIDCO F4/MK D(2005) 22296, which presents the answers received from the Heads of Delegation to a questionnaire sent to them during the summer of 2005 on the respect of the visibility clauses (together with the approach of other donors on the subject, and suggestions for improvement)

⁵⁵ Source: Operational conclusions of the second meeting of the Working Group established under article 13.1 of the FAFA, 19-20 January 2005

⁵⁶ ROM Reports: 01352.01 and following countries;20279.03; 41026.01; 40788.01 and following.

develop these provisions based on the intervention context, as has generally been observed. This has also been invoked by interviewees as an explanation of the differences in perception and lack of common understanding of the requirements. In the same line, the above-mentioned note on the 2005 AIDCO questionnaire explains that the existing visibility clauses for operations with multilateral organizations are also a cause for concern. It indeed considers that the FAFA contains general visibility clauses but that it appears *“that they do not fully meet the needs of the Commission and the new emphasis being placed on visibility”*.

- Some interlocutors also highlighted **practical problems** relating to visibility requirements, such as the number of logos to be displayed on a single document.
- As mentioned above, the Commission gives increasingly priority to visibility and requirements and strategy is evolving in parallel. From interviews conducted within the countries and at Headquarters level, it appears that **differences in views and level of information** on the state of play of the debate still exist within the Commission. This has also been confirmed during a focus group conducted with Commission representatives. As reported during country visits, such differences create a lack of clarity in understanding of what needs to be done in the field.
- Several elements show that the **role of the Delegations** in terms of visibility has an impact. The accompanying note to the 2005 AIDCO questionnaire states, notably on the basis of the quality and rate of response, that there is a *“lack of importance attached by Delegations to visibility”*. It also states that this is *“suggestive of a lack of awareness by some Delegations of their obligations in this regard”*. This is confirmed also by the country visits. Indeed, it appears from interviews that, before 2006, many Delegations did not give high priority to visibility issues, while this became a high priority from 2006 following the increased attention given to the subject, notably through the above mentioned joint action plan. The questionnaire also revealed staffing as an issue, with a demand for more staff to be assigned to visibility-related tasks or at least more flexibility in using staff for these matters. Delegations themselves highlighted the need for multilateral organizations to coordinate their visibility activities systematically with the Delegation.
- Several interviewees at both the UN and the Commission stated that **too often visibility was fully “delegated”** to the UN, while useful initiatives could be taken by the Commission itself (for instance through press conferences, presence in the field, etc.).

Finally it should be noted that the **principle of visibility has been questioned** by some stakeholders:

- Interviewees highlighted that visibility requirements are not always compatible with the desire for a common approach. In the same line, some EU MS representatives considered that the requirements were in contradiction with the philosophy of the Paris Declaration on Aid Effectiveness (2005), with the Principles and Good Practise of Humanitarian Donorship (Stockholm Declaration in 2003).and with the principle of fund pooling ;
- It was also argued that costs related to visibility measures decrease the funds available to the partner country and the beneficiaries as their cost is budgeted into project costs. Others questioned their coherence with DAC and ODA principles, as in their opinion visibility requirements have a cost that has to be borne by the project budget while benefiting the donor exclusively.
- Finally, questions were raised regarding the coherence between donor visibility requirements and the internationally recognised role of the UN as a neutral institution.

It is important to remember that most of the above findings relate to the visibility requirements of the FAFA. As stated above, a process of reflection on visibility is on-going and related guidelines are being finalised. First drafts of these guidelines show that a number of the above

mentioned issues are being tackled. However, the visibility provisions as written in the FAFA and the CA remain contractually binding.

b) Compliance at a more general level

Visibility is an issue not only at country level but also at a more general level, where activities are to be undertaken by both the UN and the Commission. Important visibility measures have been undertaken but their number at this level remains limited.

The Brussels UN representation has for instance issued and distributed two more general reports *“The Partnership between the UN and the EU”* in 2006 and *“Improving lives”* in 2007, describing the results of the partnership between the United Nations and the European Commission.

The Commission from its side has communicated on the issue through certain tools. The EuropeAid website has for instance published specific information on EuropeAid-managed funds channelled to the UN system, while DG RELEX has information on its website portal *«European Union @ United Nations, Partnership in action»*. However, a screening of the EuropeAid annual reports, one of the main general publications on the development activities of the Commission, shows that prior to the 2007 Annual Report⁵⁷, the channelling of funds through the UN is described only very briefly in these publications. Moreover, the "dice campaign" (*“Would You Leave It to Chance?”*), a general awareness campaign on external aid undertaken in 2006 by EuropeAid, does not mention the channelling of funds through the UN.

3.6.2 At country level, the Commission has safeguarded its visibility, as partner governments, local organisations, EU MS and other donors in the country are aware of the magnitude and use of funds channelled by the Commission (JC 6.2)

While little documented information was found specifically on the impact of visibility activities in terms of increased awareness, the field missions showed that awareness of Commission aid through UN bodies is generally good at country level. Indeed, in the six countries and ten interventions visited, national authorities, the donor community (including the EU MS) and intermediary organisations including NGOs were all aware of the Commission as a donor and of the magnitude of its funding. Moreover, the Commission was said to be highly visible in general in donor coordination mechanisms organised commonly for multi-donor interventions.

It is interesting to cross-read this finding against those of section 3.6.1. Indeed, it is striking to observe that the awareness levels of the above mentioned target audiences is generally satisfactory, whereas the findings in 3.6.1 showed mixed results with respect to compliance with visibility requirements and highlighted a number of recurrent weaknesses. In other words, the causal links between those actions undertaken (or not) in terms of visibility and the results in terms of awareness are not always clear. Indeed the observed results rather suggest that awareness arose through channels other than the actions of “static” visibility foreseen by the FAFA.

3.6.3 At a more general level, the visibility to taxpayers and the EU MS of the Commission's contributions through the UN is limited. Efforts to promote both channelled and overall Commission development aid were scarce over the evaluation period (JC 6.3)

⁵⁷ Channelling was addressed more clearly in the Annual Report 2007 though, where there is a two-page chapter specifically on co-operation with the UN and the WB in addition to numerous other references throughout the document.

Visibility requirements do not aim only at increasing levels of awareness of the Commission's contributions within the country but also at a more general level, such as to EU MS and their taxpayers. Documented evidence is not really available on this issue, and it was not possible to use forthcoming Eurobarometers. Hence, in relation to EU taxpayers and the EU MS the only information collection tool available as a means of assessment during this evaluation, in addition to interviews, was the database of Parliamentary Questions. Both sources indicate that awareness at EU MS level and especially on the part of taxpayers is low. Indeed, the analysis of questions from the Parliament to the Commission shows that the number of questions on the issue was limited. In the time frame covered by this evaluation, the Members of the European Parliament asked a total of 39.324 questions (oral and written) between 1 January 1999 and 31 December 2006. Among them, 110 questions included "United Nations" or "UN" in their title. Most of them tackled the UN as a reference, for example how the EU will implement UN Resolutions, respect for UN Conventions, preparation of UN meetings, and so on. Only 15 questions (equally spread over the period) directly tackled aspects of the channelling of funds to the UN. Four of them related to the legal cooperation framework and the remainder to the financial aspects of Commission-UN cooperation (in particular for UNFPA, UNIDCP and WFP).

This limited awareness of the European taxpayer, as also shown in succeeding Eurobarometre studies published by the Commission, is also confirmed by interviewed staff and stakeholders who consider that at this level the degree of awareness of the Commission's channelling through the UN system may safely be estimated as negligible. It is however interesting to note that a pan-European citizens' consultation⁵⁸ reveals a degree of interest by the European taxpayer in topics that were precisely covered by the channelling: *"according to most panels, the EU should take on an active role in protecting and promoting peace (...), democracy (...) and respect for human rights (...) and justice (...) across the world. Some panels are of the opinion that the EU should use peacekeeping forces (...) and it's diplomatic (...) strength to provide a strong role model (...) across the world in this field."*

Links between this limited awareness and activities in the field are difficult to establish, although they could exist in theory, notably through the use of media such as television. However, the fact that only few initiatives were taken at a more general level to enhance visibility explains, at least to a certain extent, the limited awareness of the EU taxpayer.

As regards visibility at HQ level, it should be noted that it was not possible during this evaluation to visit either the EC Delegation to the UN or the UN HQ in New York. But the UN system has a permanent office in Brussels, representatives of which clearly proved to be well aware of the Commission's contribution during this evaluation process. Representatives met in Rome in 2007 were also aware of the Commission's channelling and its magnitude.

⁵⁸ Source: www.european-citizens-consultations.eu

Abbreviations : Austria-AT; Belgium-BE; Bulgaria-BG; Cyprus-CY; Czech Republic-CZ; Denmark-DK; Estonia-EE; Finland-FI; France-FR; Germany-DE; Greece-GR; Hungary-HU; Ireland-IE; Italy-IT; Latvia-LV; Lithuania-LT; Luxembourg-LU; Malta-MT; Netherlands-NL; Poland-PL; Portugal-PT; Romania-RO; Slovakia-SK; Slovenia-SI; Spain-ES; Sweden-SE; United Kingdom-UK

3.7 Evaluation Question 7 on Implementation & Cost Reduction

EQ7 To what extent did the Commission's channelling of funds contribute to swifter implementation and lower transaction costs?

The question aims at verifying whether channelling through UN bodies is an efficient alternative to direct interventions⁵⁹ by the Commission in terms of time and cost reduction. It relates to efficiency⁶⁰ in terms of reducing transaction costs for the beneficiaries, and to effectiveness in implementation of projects and programmes.

Answer to EQ 7 on Implementation & Cost Reduction

A general assessment of efficiency at intervention level proved difficult for this evaluation, given the limits of the exercise⁶¹. Nevertheless, two points should be made.

First, UN bodies have often been channels for interventions in difficult contexts, for instance those characterised by post-crisis recovery and restricted local capacity. In such cases alternatives are usually few and the conditions for efficiency obviously challenging. Project-specific efficiency factors at operational level also play an essential role.

Second, a number of elements specific to channelling through the UN that have positive and negative effects on the efficiency of aid delivery are identified.

Positive factors for efficiency:

- Overall, swift cooperation and general goodwill between the Commission and UN;
- Single interlocutor for beneficiaries, increased harmonisation and alignment of aid delivery, and rationalised donor activities and procedures;
- UN political legitimacy, logistics, experience, and adaptability; *and*
- Fewer Project Implementation Units (PIU).

Negative factors for efficiency

- Operational-level issues in Commission-UN cooperation
- Overstretching of the UN bodies' *modi operandi*, albeit representing only a limited part of the funding.

The answer to the question is structured in three parts. Findings and analysis are first provided on the overall efficiency of interventions channelled through the UN. Factors having a positive impact on the efficiency of the aid delivery are then differentiated, followed by factors having an impact on costs.

3.7.1 A number of elements specific to channelling through the UN that have positive and negative effects on the efficiency of aid delivery are identified (JC 7.1, JC 7.2, JC 7.3, JC 7.4)

Desk analysis of the selection of interventions as well as project visits during field missions provided contrasting indications on the overall efficiency of the Commission's aid delivery

⁵⁹ "Direct implementation" and "direct intervention" refer here to projects and programmes funded and managed by the Commission or by operators directly contracted by the Commission.

⁶⁰ Efficiency refers to a measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results (according to the OECD Development Assistance Committee's definition)

⁶¹ Cf. main challenges and limits in section 1.2.4

through the UN. UN bodies have often been channels for interventions in difficult contexts, for instance those characterised by post-crisis recovery and restricted local capacity. In those cases alternatives are usually few (*see 3.2.1*) and conditions making for efficiency obviously challenging. Project-specific efficiency factors at operational level play an essential role. Actors and stakeholders met during the various missions accordingly had different examples of and opinions on the efficiency of UN interventions financed by the Commission. Analysis of ROM reports provided similar indications, with efficiency scores on average similar for Commission-financed UN interventions and non-UN-channelled interventions (*see table 5 under 3.3.1*). Moreover, although financing UN interventions has a number of potential benefits, these prove to be offset overall by costs and delays associated with this kind of support (*see below*).

It may be noted, however, that the desk study and field missions showed that interventions which overstretch the implementing UN bodies' *modi operandi* (i.e. their standard types or formats of activities) frequently reveal implementation issues which prove costly in terms of time and resources. Indeed no case has been observed of a systematic analysis of capacities and established operational procedures in instances where the Commission delegated implementation of an intervention to a UN body (i.e. in a kind of "UN as sub-contractor" relationship⁶², in cases of calls for proposals as well as of direct award). The result has frequently been that, especially during periods when the UN was experiencing acute financial constraints, UN bodies interested in conducting projects for the Commission on account of the financial resources it brought them agreed to work outside their normal format, with the result that they experienced considerable difficulties. This was for instance observed for the Research Re-launch in DRC (FAO), the East Jerusalem Hospitals (WHO) (*see box for these two examples*), as well as for the Security of the Electoral Process in DRC (UNDP)⁶³.

Box 1. Overstretching UN bodies' *modi operandi*

East Jerusalem Hospitals (WHO)	Research Re-launch in DRC (FAO)
<p>Given the sensitive political context at the time of the start of the project (2006), the Commission decided to channel its funds through a neutral organisation. WHO appeared the only option. WHO accepted to take over the project, after long internal discussions because of the nature of the operations. The project consisted indeed essentially in the administration of a highly operational project (management of a network of hospitals) whereas the speciality of the WHO office in West-Bank & Gaza Strip lies rather in provision of medical supplies and in the fields of regulation and monitoring of public health. WHO also did not agree with some aspects and components of the Commission-designed project. This resulted in implementation delays at the start of the project.</p>	<p>The FAO was contracted for a project of more than €7m. For such amounts, it needed the involvement of FAO HQ, which proved an extremely lengthy process. It had to manage two large international research centres for implementing research components in the DRC. Subcontracting the two research centres and mobilising a team also proved difficult, given the uncommon type of project and the fact that it needed to involve the HQ. This also led to substantial delays at inception. Along with additional problems of reporting, it resulted finally in the non-disbursement of a proportion of the affected resources as deadlines were over-run.</p>

⁶² A « sub-contractor » relationship refers here to situations where the Commission contracts UN bodies essentially for the mere execution of activities it has designed, UN bodies in such cases being considered as implementing agencies rather than partners/equals.

⁶³ "Sécurisation du processus électoral" (SPEC)

Potential benefits of channelling

Funding UN interventions is associated with a number of potential benefits. A first group of factors with potential benefits derive from support for multilateral actions and are made explicit in the official documents relating to the process leading to the Paris Declaration (*see 2.1*). These include **harmonised and aligned aid delivery, rationalised donor activities, limited duplication, leadership and coordination of international humanitarian action, a single interlocutor, simplified donor policies and procedures**, and so on. These factors in essence concern multi-donor rather than single-donor interventions. In the selection of interventions, they were mainly observed for the Elections in DRC (UNDP).

Potential benefits arise further from UN-specific factors, such as the **UN political legitimacy** (favouring timely and swift implementation particularly in politically-sensitive situations), **UN logistics** (such as peace-keeping forces already in the country), **UN experience** (in particular for projects with successful predecessors or pilot phases), and the **flexibility and adaptability** to circumstances shown by the UN. These factors and examples are further developed above under 3.3.1.

Additionally, all parties **generally acknowledge very effective cooperation and goodwill** between the Commission and the UN. The 2002 Financial Regulation and the subsequent FAFA further facilitated swifter cooperation between the Commission and the UN (*see EQ8*). Direct awards in favour of UN interventions may for instance reduce the time needed for partner selection by the Commission (compared to time-consuming calls for proposals). Although this can reduce the disbursement time by the Commission, it does not necessarily reduce the total delivery time to the final beneficiaries as it may merely transfer the administrative burden to the UN (*see 3.7.1*)

Costs of channelling (financial costs and delays)

Channelling funds through the UN implies costs in terms of coordination, additional intermediary functions, management, and interaction, as follows.

Coordination: Supporting multilateral *versus* bilateral interventions entails a reduction of the number of Project Implementation Units (PIU – usually with costly expatriate personnel). This is also in line with Commission objectives. There is however no evidence in multi-donor interventions of lower overall coordination costs in terms of delays, as the reduced coordination effort for the beneficiary with the UN as the single interlocutor is counterbalanced by the need for donor coordination to be realised by the UN.

Commission management costs: as regards the impact of channelling on the Commission's management task costs, there is no evidence that these were reduced by the channelling. There is indeed differentiation between two main scenarios⁶⁴: (1) where the Commission essentially delegated implementation and related management tasks to the UN bodies, and (2) where it was actively involved in the follow-up to the intervention.

- In case of so-called '**management by delegation**', whereby the Commission relies on the UN body for project implementation, Commission management costs are reduced as fewer management activities are undertaken by Commission staff. The UN bodies indeed

⁶⁴ There are of course a number of interventions which represent a mix of these two cases.

take these management tasks over from donors (e.g. calls for proposals for implementing NGOs). This was for instance the case with FSVGD in Bangladesh (WFP), Asylum in Central Asia (UNHCR), Water in Nigeria (UNICEF), Palestine Refugees in Lebanon (UNRWA) and the East Jerusalem Hospitals with WHO.

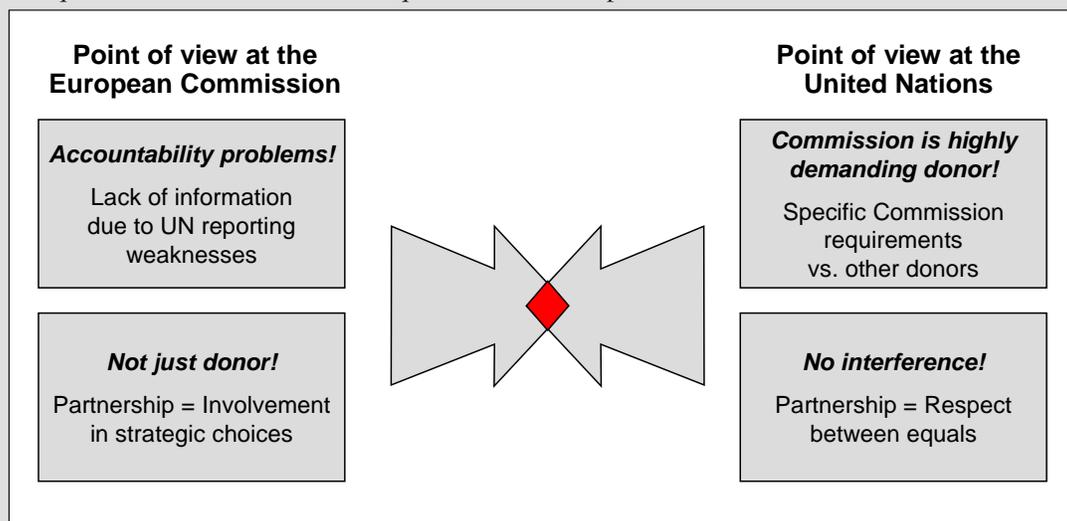
- In respect of **close follow-up** of the channelled interventions by the Commission⁶⁵, there is no evidence that the Commission's management tasks are reduced. Field visits indeed revealed that the time spent by the Delegation task managers may be used more for substantive activities (such as definition of objectives, assistance in formulation of the logframe, strategic issues, policy dialogue, interaction with other donors, etc.) than for administrative support. Nonetheless, substantial time might also be spent on interaction with the UN body, for instance on financial matters or on compliance with the FAFA. The Commission's time spent on the intervention is therefore not necessarily reduced in comparison with the normal time spent on direct intervention. This was for instance the case with the Elections in DRC (UNDP), Research Re-launch in DRC (FAO), UNRWA, East Jerusalem Hospitals (WHO).

Interaction between the Commission and UN at operational level: while overall swift cooperation and goodwill is generally acknowledged, making two large and complex organisations work together efficiently is obviously a challenge and poses difficulties at operational level. The 2002 Financial Regulation and the FAFA which operationalises its article 53 with regard to the UN provided a considerable improvement compared to previous agreements, as mentioned under 2.2 and detailed under 3.8.1. Nevertheless, a number of issues remained unaddressed, with costly effects in terms of time and energy. An issue which proved a bone of contention in some cases is the level of involvement of Commission staff in management and operational control activities during the intervention. It originates in differences of understanding on what type of "partnership" is sought and in unmet expectations on one side or the other. A clear example is the Elections in Congo (UNDP), notably in the early days of the intervention. This issue is explained in the box below.

⁶⁵ This raises as well the issue of interference with UN management responsibilities, as tackled in Box 2.

Box 2. Management and control of activities

The Commission's (desired) involvement in management activities under UN bodies' responsibility has proved a real source of contention with the UN at operational level in certain cases. It raises the issue of the dividing-line between cooperation and interference, as illustrated in the diagram below. It is due to differences in the constituencies and mandate, accountability systems, business practices, history and expectations specific to each of both organisations; with subsequent contradictions in the requirements and expectations .



Commission staff have often been confronted in UN interventions with significant delays in reporting as well as with inadequate reporting quality, particularly regarding management information (*see 3.8.1*). This has posed problems in terms of **accountability**, owing to the fact that task managers have a personal liability for funds under their responsibility according to the Financial Regulations. This was particularly critical when the amounts at stake were substantial and when there were shared risks and co-responsibilities. This increased the pressure for detailed scrutiny. It was also amplified by the fact that Commission task managers could not request a financial audit of the projects executed by the UN in the way that they could for NGOs. For the Elections in DRC (UNDP), for instance, information provided to the Commission was viewed as insufficient and obliged the Commission to take abnormal **financial risks** to avoid blocking the implementation of a politically important and sensitive project. Such a pro-active attitude from both sides to the taking of risks for the sake of the project's outcome in a very difficult situation was thus critical to the success of the elections, albeit in contravention of procedures.

Within UN bodies there are countless voices at operational and HQ levels describing the **Commission as a highly demanding donor**. Whereas most donors, including the EU Member States, rely widely on the UN bodies' own systems once an agreement is reached (i.e. true delegation of management), the Commission, mainly because of its Financial Regulation, demands heavy attention from UN bodies (e.g. in terms of reporting, submission of projects) and duplicates several activities carried out by the UN (e.g. audits, verifications, evaluations)⁶⁶ although in accordance with FAFA provisions. This requires distinct management of Commission funds (*see EQ 8*).

⁶⁶ For instance, FAO staff reported that for the Desert Locust project, a verification mission was performed by a French firm commissioned by the Commission, while the FAO had already an independent external evaluation.

Whereas both the Commission and the UN claim a real “partnership” relationship, they have a different understanding on what it means:

- **Commission point of view:** Commission staff stated on various occasions that the Commission seeks to be treated as a partner by the UN, meaning not just as a donor providing pure project financing. It expects to **be involved in the strategic choices** made during the intervention's implementation. It also considers that it should be involved in day-to-day decisions with heavy financial implications when the Commission provides a substantial part of the funds (such as in the case of a call for proposals by UNDP for computers, representing more than €40m for the Elections in DRC).
- **UN point of view:** UN representatives stated in numerous interviews and focus groups that they wish the UN to be treated as a partner by the Commission, that is **not just as an executing agency** as previously. Commission and UN staff indeed report that the history of their partnership was initially more a contractor-implementer relationship with supply-and-demand dynamics, given the difficult financial situation of the UN at the time. It has however evolved over time. UN representatives reported in consequence that they are absolutely opposed to direct involvement in management activities given that they are fully in charge of implementation and that it is a source of interference. They also consider that there is no justification for giving the Commission more say than other donors. In addition, they point out that the issue has important financial, legal and other implications.

3.8 Evaluation Question 8 on legal framework

EQ8: To what extent does the legal cooperation framework provide an enabling environment for the channelling of funds?

The aim of this Evaluation Question is to assess to what extent the legal and regulatory framework gradually elaborated between the UN and the Commission has effectively facilitated and stimulated cooperation between the two institutions.

Answer to EQ 8 on legal framework

The legal cooperation framework, and in particular the FAFA, undoubtedly provides an enabling framework for the Commission to channel funds. Its main advantages are:

- it permits the UN agencies to use their own procedures in Commission-funded interventions;
- it specifies the mutual obligations; and
- it made possible substantial pre-financing by the Commission.

It is recognised as a practical vehicle for the channelling of Commission funds and as a sound structuring framework. It governs all contribution agreements with the UN agencies ensuring the homogeneity of the legal agreement across the multiplicity and diversity of operations. However, insufficient training and difficulty of interpretation have been sources of some contentious problems in the use of the FAFA.

The SPA, and the numerous communications of the Commission on global governance issues, have constituted useful declarations of intent and offered a justification and an incentive for funding UN agencies. Awareness of these documents and their message at the level of Commission task managers is rather weak and they have no prescriptive influence on channelling of aid.

More operational documents such as the specific bilateral agreements concluded between some UN bodies and the Commission Services, or the jointly elaborated guidelines on specific issues, are important for delineating the field of cooperation and easing its implementation.

However, the Commission's organisational structure at HQ level and information systems reveal weaknesses in handling channelling through the UN effectively. There is for instance no structure that ensures centralising information relating to field level and management reporting. Complexity and compatibility of Commission information systems is a further issue in appropriate decision-making and poses real questions in terms of institutional memory.

The answer to the Evaluation Question is structured in two parts. They respectively consider the legal cooperation framework with the UN, and the extent to which the Commission is equipped with an appropriate organisation to handle the channelling of funds.

3.8.1 The FAFA has been a key element in facilitating channelling of funds (JC 8.1, JC 8.2, JC 8.3, JC 8.4, JC 3.4)

There is little doubt that globally a decisive step in the facilitation of channelling was the introduction of the new Financial Regulation⁶⁷ in 2002 allowing for “joint management”, followed by the Financial and Administrative Framework Agreement (FAFA) which operationalises its Art. 53 specifically for Commission-UN cooperation. Most Commission and UN staff recognise the importance of the FAFA as a vehicle which facilitated the channelling; this is particularly true of staff who had experienced the problem of funding UN bodies prior to the FAFA. A clear linkage can moreover be established with its introduction and the increase in channelled funds (*see 3.1.3*).

A key aspect of the FAFA is that for multi-donor actions “UN organisations may manage EC contributions in accordance with their **own regulations and rules** based on the understanding that these conform to internationally-accepted standards as regards accounting, audit, control and procurement procedures”, as allowed by the 2002 FR. This is a considerable advantage compared to previous Commission arrangements with the UN and with most other organisations. Other important advantages are that the FAFA specifies **mutual obligations** between the Commission and the UN and that it made possible substantial pre-financing by the Commission.

However, for the UN, while it acknowledges the improvement *vis-à-vis* previous agreements, the FAFA requirements remain **more demanding** than those of other donors (e.g. in terms of reporting, submission of projects, pre-financing). This is mainly due to the Financial Regulation applicable to the general budget of the EC, as laid down by the EU MS through the European Council. It entails for the UN **specific management of Commission funds** in multi-donor interventions.

There also remain a number of points where interpretation and application have been contentious:

- **Justification of expenses.** Under the UN accounting system, once funds are committed in the budget for a particular expense by a UN body, this can be used as justification for payment. The Commission does not accept a commitment as a justification for a disbursement. This has created many problems, for instance in the Election in RDC (UNDP), and caused several UN financial reports to be unacceptable to the Commission;
- **Rules for the reimbursement of residual funds.** These are specified in articles 10.1 and 10.3 of the FAFA leading to difficulties of interpretation for operations where the several donors involved prescribed different periods of eligibility for the use of their funds. According to Delegation and UNDP staff, there is frequently an agreement between donors first to use the funds of donors whose contributions have an (earlier) eligibility date for payment (e.g. Commission contributions). This system raises difficulties in respect of reimbursement of budget for costs not incurred, as it is not calculated *pro rata* between donor contributions for execution of the activities;
- **Limitation of the Commission pre-financing to 95%.** Although it is recognised that this is a very high rate of pre-financing it has posed problems in some large operations given the magnitude in absolute terms of the remaining 5%;
- **Visibility provisions** (*see 3.6.1*);

⁶⁷ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, Article 53

- **Reporting:** Commission staff repeatedly complained of late and insufficient reporting from UN bodies, while UN staff highlighted the difficulties of complying with requirements specific to the Commission as compared with other donors (*see box*); *and*

Box 3 – Reporting

Commission staff met in the field and at HQ level repeatedly complained that UN bodies did not respect several FAFA reporting provisions. The main grievance concerned provisions requiring 'narrative' reporting for management purposes in addition to financial reporting, results-based, once a year (minimum), with data in Euro, and covering the entire scope of the action and not merely the Commission-financed part. Proper project management "dashboards" (such as resources/task – Gantt charts) for instance often do not exist in the UN bodies and are replaced by accounting reporting, the design of which often does not allow proper management follow-up. Substantive tests performed by the Commission confirm that a majority of reports submitted by the UN organisations are of inadequate quality and arrive with significant delays (in particular for intermediate reports, whereas project termination reports are generally quite satisfactory). These reporting problems created difficulties for Commission staff, notably in terms of accountability, leading the Commission in some cases to insist on its own involvement in management and control of activities (*see Box 2*). The fact that EU MS are generally less demanding on the UN in terms of reporting stems from the fact that they are not subject to the same financial regulations relating to ODA as they require from the Commission through the European Council.

UN staff repeatedly highlighted that the FAFA comprises some reporting provisions specific to the Commission *vis-à-vis* other donors, such as data in Euro, with which the UN bodies have difficulty in complying. These special reporting formats require distinct management of Commission funds within UN interventions, which creates problems in pooling resources in multi-donor interventions. It even applies to a certain extent to the Commission's only instance of core-budget funding (UNRWA). Moreover, they drew attention to inconsistencies in the requirements of the different Commission Services.

- **Amount of overheads or indirect costs** that can be charged to the Commission, which was a much disputed point even before the FAFA (*see box below*);

Box 4 – UN Overheads

Overheads charged by the UN were a much disputed point even before the FAFA. Under the 1999 agreement the contribution of the Commission to these costs was based on a sliding scale between 7% and 3% as a function of the overall direct cost of the project programme and with a ceiling at €132,500. This has been considerably relaxed in the FAFA, which specifies that "for EC contributions, a fixed percentage of direct eligible costs, not exceeding 7%, shall be eligible as indirect costs", however great are the direct costs. But the point remains a source of difficulty and liable to differences of interpretation.

On the Commission side, whereas some Delegations tend to consider 7% as a flat rate acceptable under the FAFA, others negotiate according to the letter of the agreement and reckon that 7% is a maximum and that indirect costs should be kept within that maximum, particularly for large projects leading to economies of scale in terms of management (e.g. 4.25% agreed for the Elections in DRC (UNDP) after long negotiation).

On the UN side, although there has been no contention about the agreed indirect costs in

specific operations, several agencies insist that the indirect costs they were charged by other UN agencies or the indirect costs they charged to partners other than the Commission were higher, sometimes significantly so (around 13% for several UN bodies), than the 7% ceiling of the FAFA. It was observed in the field that the practice of computing the rate of indirect costs (under the 7% ceiling) entails more a negotiation process than the application of objective criteria.

Moreover, the FAFA specifies that “where the rates applied in accordance with United Nations’ governing bodies’ decisions exceed 7%, the United Nations may recover the balance as direct eligible costs (...)”. These overheads may consist of activities of varying nature between interventions (calls for proposals, follow-up, donor coordination, TA, etc.), including project implementation activities. Use has often been made of this possibility, for example for Adolescents in Bangladesh (UNICEF), reducing the financial pressure on the UN bodies but increasing the operational costs.

The key point is probably that there is no common understanding of all the provisions of the FAFA. Whereas the FAFA is well known and understood in its broad functionalities, its details and practical modalities are often not well understood or applied, and a need for training is reported (see box below). Differences of understanding exist between the Commission Services and UN bodies but also within the Commission Services. For instance, on several occasions the evaluators observed differences of view on particular provisions of the FAFA (financial reporting obligations) between the “contracts and finance” section and other operational services in the Delegations. These difficulties arise primarily from insufficient detailed knowledge and understanding of the FAFA. They also result from ambiguities in certain provisions. Country missions showed that this lead to different interpretations with the UN, and also between Commission services such as task managers and finance & contracts sections.

Box 5 – FAFA Training

Interviewed staff members who administer channelled funds in both institutions at the Brussels and Rome headquarters and in the countries visited during the field missions are aware of the FAFA and have a reasonable understanding of it. Facilities for providing training on the FAFA exist but are reported to be insufficiently used and there is a great demand, particularly from staff working in the field, and in both Delegations and UN bodies, for more comprehensive and unified training on the FAFA. This is further provided for in COM(2003) 526 which contains the recommendation “facilitate joint training activities with organisations of the UN system”. Moreover, the need is increasing in the Delegations as many task managers work under temporary contracts.

Overall, the difficulties encountered with the FAFA do not detract from the fact that the FAFA is an essential and effective vehicle for the funding of UN bodies by the Commission. They point to an insufficiently thorough understanding of the rules and their implications, in difficulty in adaptation to these rules in the case of some UN bodies, and finally to a need for clarifying some of the provisions of the FAFA. Currently a workgroup is still working on improving the FAFA.

In addition, new types of cooperation agreements have been signed based more on a bottom-up approach, allowing mutual project understanding in a pre-determined policy framework, rather than on a top-down global agreement between the Commission and the UN bodies. This may encompass proposals for specific practical measures for the facilitation of the cooperation. An

example is the EC-UNDP “**Operational Guidelines** regarding the implementation of electoral assistance programmes and projects”, signed in 2006. This agreement, emerged from practice and built by the two partners together, clarifies issues such as UNDP pre-financing, an EC retro-activity clause, visibility requirements, selection of experts, performance indicators and benchmarks, reporting requirements, and procurement rules.

As far as the **other elements of the legal and regulatory framework** are concerned (SPA, the numerous communications of the Commission on global governance issues, guidelines, etc.), they have constituted useful declarations of intent and offered a justification and incentive for funding UN bodies. Awareness of these documents and their message is however rather weak and they have no prescriptive influence on channelling of aid. In particular:

- Knowledge of the Strategic Partnership Agreements (SPA) is very limited. During the field missions the evaluators met several Commission staff members (including temporary staff) in charge of programmes implemented by a UN body who were unaware that there was a SPA between the Commission and that body. This however did not prove to be an impediment to good cooperation between the Commission and the UN body nor to implementation of the programme, since the SPA are essentially broad declarations of intent.
- A limited number of SPA were signed in 2004 and 2005. Notwithstanding the willingness of more UN bodies (e.g. UNICEF) to engage in the signature of SPA, the Commission has not signed additional SPA since 2005 but is exploring other ways of engaging in strategic partnership with other UN bodies (UNEP, UNIDO).
- Clear political guidelines exist to a certain extent, but these are limited and are not always specific on recommending a particular UN body as compared to other modalities (see 3.1.1). Awareness of these particular agreements, such as the agreement between AIDCO and the WFP on food aid, are generally known and used by the Services addressing these issues. In this case, however, awareness and knowledge of the content of the agreements varies greatly.

3.8.2 The Commission's organisational structure at HQ level and information systems reveal weaknesses in dealing effectively with channelling through the UN (JC 3.2, JC 3.3)

Whereas the UN bodies reveal weaknesses in dealing effectively with channelled Commission funds (see above), the Commission also faces organisational challenges for dealing with that type of support.

In general, **Delegation** staff report they have sufficient human resources in the present situation for follow-up of the funds channelled. This is however made possible by the current balance of UN-channelled interventions and calls for proposals for non-UN projects. Changing that balance with more direct interventions (including calls for proposals, etc.) would reportedly put such pressure on Delegation staff that they may have difficulty in initiation and later management of their portfolio of interventions. This also means that because of the already stretched resources, “convenience reasons” played a role in some channelling decisions, as reported and observed at HQ and Delegation level. It indeed allows transferring of the administrative burden to the UN, for instance in case of calls for proposals. Such cases are however relatively limited, as explained under 3.5.1.

At **Commission HQ** level, information on UN interventions and interaction with the UN is organised in different small units in DGs RELEX and DEV for policy issues and in AIDCO for administrative aspects of cooperation with the UN. There is no structure within these Commission Services that centralises information relating to field level and management

reporting (on results, costs, issues at stake, etc.). This gives rise to difficulties in providing a comprehensive overview with an adequate level of detail both of the funding of UN interventions and of their implementation. This poses problems in terms of provision of appropriate information for effective decision-making. Moreover, there is no mechanism specific for the cooperation with UN that ensures coherence between UN interventions with implications at country level but agreed on at Headquarters level, on the one hand, and interventions decided direct at Delegation level, on the other. To give an example, no mechanism has been identified which could ensure coherence between decisions taken at Headquarters level to fund the CGIAR in support for the activities of agriculture research centres in DRC, on the one hand, and Delegation decisions to support such agriculture centres through the FAO (e.g. Research Re-launch in DRC), on the other.

Furthermore, Commission staff at HQ and Delegation level broadly report **concerns over availability of information within the Commission**, reflecting structural weaknesses. This poses real questions in terms of institutional memory and an appropriate information basis for decision-making. The complexity and compatibility issues of the different databases in the Commission are further a major impediment to providing accurate and comprehensive information to Commission staff. Extracting harmonised data providing the required type of information is not easy. According to Delegation staff, documents from the UN and the Commission were not adequately filed over time. QSG inputs are for instance not in the CRIS database and are not commonly available when collecting project information at HQ (e.g. for a 2005 study on negative ROM, AIDCO Unit E5 could only collect QSG notes on 4 of 81 projects studied)⁶⁸. Difficulties in information collection have also been experienced by the evaluation team in its attempt to provide an inventory and typology of funds channelled through the UN. The issues encountered with the Commission's databases (CRIS, OLAS, ABAC, HOPE) in this regard are further detailed in section 1.5 of the Inventory Note.

⁶⁸ This is reportedly due to the fact that the system has become fully operational only in 2007. All QSG minutes meetings should now be available on the Commission's intranet, but retrieval difficulties remain in that they are organised by meeting date and not by contract reference number

3.9 Evaluation Question 9 on coordination and complementarity

EQ9: To what extent did aid channelling facilitate or improve coordination between the Commission and the EU MS?

The question aims at assessing whether channelling facilitates coordination with the Member States.

It is worth noting that channelling funds via a third institution is in itself a form of coordination and complementarity. The present question therefore does not address all aspects of coordination and complementarity. Other Evaluation Questions pertain to harmonisation of procedures, alignment, and so forth; the present question rather focuses on whether channelling is explicitly used as an instrument for improving coordination among donors, and in particular inside the group of EU donors.

Answer to EQ 9 on coordination and complementarity

There is no evidence that coordination between the Commission and the EU Member States is improved when the Commission channels its funds *via* UN bodies. However, there is evidence that channelling often enables the Commission to take a leading role in donor coordination and that in practice it does so.

3.9.1 There is no evident mechanism of coordination between the Commission and EU MS that is specific to funding through the UN (JC 9.1)

There is no evidence that decisions of the Commission to fund UN bodies are generally preceded by consultation with the EU Member States with a view to coordinating positions. The obvious exceptions are the large multilateral mechanisms that are set up precisely to organise coordination and complementarity between donors; the Iraq Trust Funds is such an example.

There is, however, abundant evidence that channelling creates opportunities for coordination and that the Commission takes up these opportunities and plays a proactive role. In the case of the elections in DRC the participation of the Commission in the “Comité de Pilotage” enabled it to play an important role in terms of political direction of the project and of policy dialogue to induce the Government of DRC to adopt the necessary (legal) measures for the organisation of the elections. Neither UNDP alone nor dispersed donors would have had the same leverage effect. The major role played by the Commission in the Advisory Commission of UNRWA is another important example of proactive involvement. Channelled interventions may also have spill-over in terms of complementarity. This was the case with the financing of the FAO by the Commission to conduct studies with a view to identifying priorities in the agricultural sector. These studies led to donor consultations and were at the origin of the Belgian involvement in agricultural research projects.

Documents on the interventions Environment in Afghanistan and Water in Nigeria illustrate substantial coordination between the Commission and the EU Member States. In the case of Nigeria the Commission has from the outset of the project envisaged it as a platform for enhancing coordination with other agencies and especially the EU MS.

The situation is not always so positive, and in the case of the two interventions visited in Bangladesh (Adolescents with UNICEF and FSVGD with UNDP), coordination with some EU MS was reported as difficult. A sense of competition or even disdain for its performance was

indeed expressed by some EU bilateral aid agencies. This resulted in some duplication of activities.

A final point that emerged from the field visits is the lack of mechanisms specific to channelling through UN to ensure coordination or even information on channelling from Commission Headquarters to the headquarters of some UN bodies, and on channelling of funds in the field. An example can be found in the health sector in DRC. Direct financing by the Commission HQ in Brussels of global activities managed by the WHO headquarters led to implementation in DRC of WHO activities in the health sector on which the Delegation had no information; yet the Delegation has a very important health programme in the country and is a key member of the "Groupe Inter-Bailleurs Santé" in which the local WHO office does not participate.

Overall, the information that emerges from interviews with staff of the Commission and the UN bodies, and of the donor agencies in the countries visited, indicates that with respect to coordination and complementarity channelling is a rather neutral factor; and there is no evidence to suggest that it contributes to more and better coordination between donors in general, or between the Commission and the EU Member States in particular. The situation is not significantly different whether projects are financed through UN bodies or direct and, as in other cases, the main impediment to good coordination and complementarity in channelled operations is the weak institutional capacity of the partner government.

4. Conclusions

Conclusions in this chapter are based on the answers to the Evaluation Questions presented in Chapter 3 “Answers to EQ”⁶⁹. An overall assessment first brings into perspective the main elements of the conclusions of the evaluation so as to provide a summarised general overview. Next the twelve conclusions of the evaluation are presented in such a way as to facilitate an overall synthesis of these answers and to draw lessons for the purposes of programming, design and implementation. They are presented in six groups:

- Conclusions 1-2: General channelling framework
- Conclusions 3-6: Added value of channelling for the Commission (3), for the UN (4) for the partner countries (5), and conveyed by the Commission (6)
- Conclusion 7: Results and impact of channelling
- Conclusions 8-9: Efficiency of the aid delivery and administrative framework
- Conclusions 10-11: Visibility
- Conclusion 12: Organisational structure

The recommendations based on these conclusions are presented in Chapter 5.

4.1 Overall assessment

The Commission's political decision to become an effective partner for the UN as articulated in the 2001 and 2003 Communications has materialised in a wide range of interventions and in a substantial increase in the volume of funds channelled (€1bn or 13% of total aid in 2005 and 2006). This has been achieved through a pragmatic rather than a structured strategic approach to channelling.

This aid modality brought added value to the Commission, UN, and partner countries mainly where:

- it was the sole means of delivering aid (e.g. where Commission cooperation had been interrupted, there was a UN mandate, or global issues were involved);
- it enhanced the Commission's participation in policy dialogue with partner countries;
- there were clear benefits from the UN's co-ordination role, experience in the field, and thematic expertise.

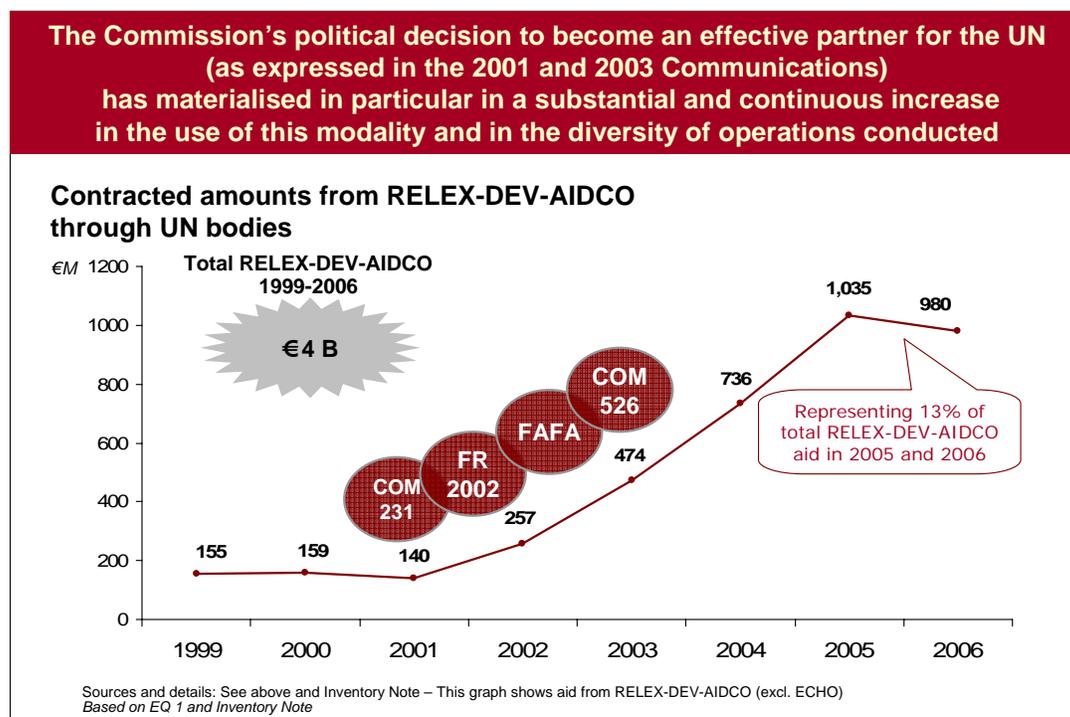
During the channelling process the Commission's visibility to the different stakeholders was preserved at partner country level.

The FAFA proved in general to be a sound administrative framework. However the Commission's organisational structure at HQ level and information systems were not adapted over time commensurately with the increased volume of channelled funds.

⁶⁹ See Annex 10 on Evaluation Methodological Approach

4.2 General channelling framework

Conclusion 1: Increase in funding as intended



In 2001 and 2003 the Commission articulated its political decision to become an effective partner for the UN in its COM(2001) 231 “Building an effective partnership with the UN” and COM(2003) 526 “The European Union and the United Nations: The choice of multilateralism”. It also facilitated channelling through the UN by addressing administrative aspects in the FAFA, which operationalises Art. 53 of the 2002 Financial Regulation. This readiness for cooperation with the UN materialised in particular in a substantial and continuous increase in the use of this aid modality and in the diversity of operations conducted with UN bodies. The Commission’s channelling of funds through the UN family has indeed represented a regularly growing proportion of the Commission’s external aid, this aid modality increasing from around 5% in 1999 to a significant 13% in 2005 and 2006 for total RELEX-DEV-AIDCO aid. This represented annual levels of €1bn in both 2005 and 2006. These high amounts are partially due to responses to major international events and catastrophes that occurred during that period (Iraq, Afghanistan, Elections in DRC, etc.) and which represent half of the aid concerned. Detailed analysis of the inventory in fact reveals that the steady increase is evident across a range of events, themes, countries and regions, and UN bodies. Channelling through the UN has thus become a widespread modality for Commission aid delivery.

Conclusion 2: Pragmatic approach

The Commission's channelling of funds through the UN has followed a pragmatic rather than structured strategic approach

- **Considerable development of cooperation since COM 2001/2003**
- **But no systematic implementation of conditions enumerated in COM 2001/2003**
 - e.g. few “clear general policy guidelines” despite SPA, in particular for the six thematic areas identified in COM 2001; however, co-operation was structurally strengthened in certain areas;
 - e.g. analysis of UN bodies' mandates and capacities, training compatibility, coherence CSP-UNDAF...
- **The Commission's approach has been pragmatic with regard to channelling**
 - UN bodies treated as partners on “*ad hoc* basis”
 - Selection of UN bodies mainly for pragmatic reasons, in particular when there is a lack of feasible alternative routes
 - Channelling decisions dictated more by large events (>50% of funds for cases of political crisis) than by the thematic areas postulated in COM(231) 2001
- **Decisions to channel generally considered justified**

Based on EQ 1, 2, 3, 4, 5, 8, 9

Co-operation between the Commission and the UN in the context of assistance to partner countries has developed considerably since the publication of the two official Commission Communications specific to its relationship with the UN, i.e. COM(2001) 231 and COM(2003) 526. The object of these Communications was to lay the foundations and create the conditions on which to base a “structuring process” of the partnership. These Communications and the six SPA, each with a specific UN body, provided broad indicative objectives and have been used as references in support of channelling decisions.

Nevertheless, the findings show that rapid progression of channelling through the UN has followed a pragmatic rather than a strategic approach. It has not always been accompanied by implementation of the conditions stipulated in these two Communications. Parts of the partnership framework have indeed not developed to the extent expected (such as for the definition of ‘clear general policy guidelines’ in selected areas, evaluation of coherence of CSP with UNDAF, systematic facilitation of joint training activities with UN bodies). There is no evidence that the Communications and SPA have helped build up co-operation between the two institutions.

This relative absence of ‘clear general policy guidelines’, in particular for most of the six thematic areas identified in COM(2001) 231⁷⁰ has favoured the selection of UN bodies for pragmatic reasons rather than as part of a systematic effort to build a longer-term UN-Commission partnership for the benefit of the partner countries. It has had the effect of strengthening the Commission's pragmatic approach to channelling, effectively treating UN bodies as partners “*on an ad hoc basis*”. Consequently channelling materialised more in issues dictated by the political agenda - with in particular more than half of the funds for interventions relating to political crises (see *Inventory Note*) - than in the thematic areas envisaged *ex ante*. In practice it occurred mostly for reasons related to a lack of feasible alternative routes (see Conclusion 3). Some cases

⁷⁰ i.e. Trade and development; Regional integration and co-operation; Macro-economic policies and social sector support; Transport; Food security and sustainable rural development; Institutional capacity-building (see 3.1.2)

were also observed where the UN was contracted mainly for reasons relating to the ease and rapidity of signing contracts with UN bodies. Commission staff interviewed consider that in the majority of cases the decisions to fund UN interventions were justified.

Even so, co-operation between the Commission and the UN has been structurally strengthened in certain areas, based on an accumulation of valuable shared experience. This is for instance the case with the agreement between EuropeAid and the WFP on food aid and food security, and with the operational guidelines on electoral assistance between the Commission and UNDP. These agreements, emerging from established practice and built up jointly by the two partners, are more concrete than the SPA, provide clear guidance, and clarify many issues. In contrast there is no such agreement with, for instance, FAO on agricultural research or with UNIDO on trade capacity building. It has been observed that on projects in these fields little “corporate memory” has been built up, other than in exceptional cases where the same Delegation works with the same UN body on successive projects.

4.3 Added value of channelling for the Commission, for the UN, for partner countries, and as conveyed by the Commission

Conclusion 3: Added value for the Commission

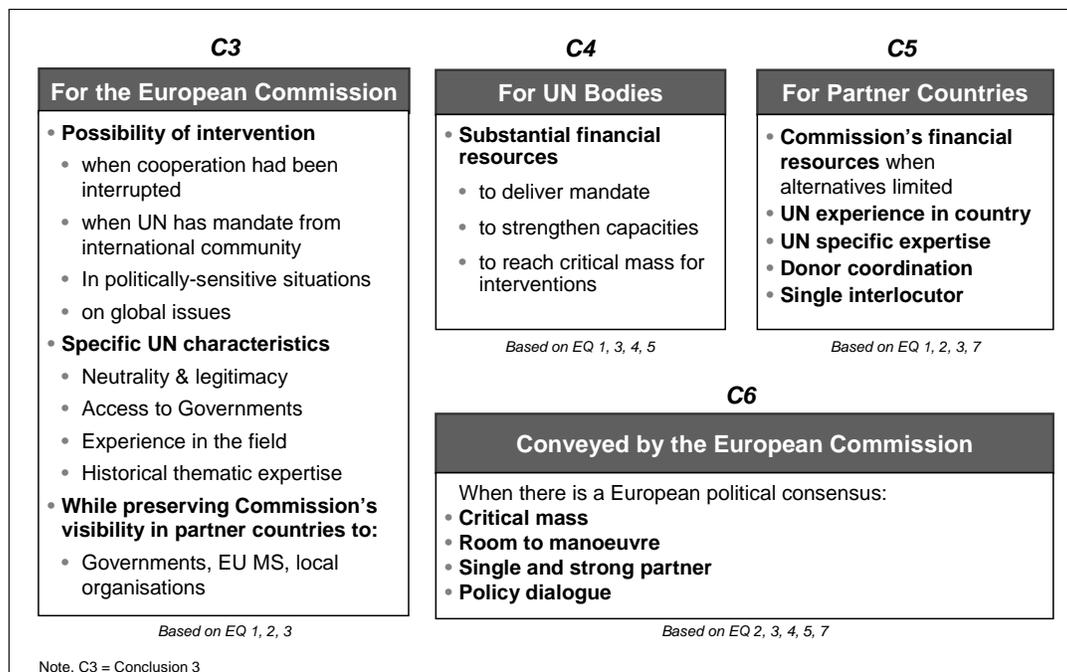
In various cases the Commission benefited from specific characteristics of the UN, which were required for being able to intervene and which no other organisation could offer

This is an important conclusion in that in a majority of cases, channelling through the UN opened doors which would otherwise have remained closed or nearly closed for the Commission. Findings show that this is particularly the case when (i) the Commission had had its co-operation with local governments interrupted (e.g. DRC, Iraq); when (ii) the Commission wished to intervene in global problems which needed global solutions (e.g. climate change, drugs); when (iii) the international community provided the UN with the mandate to intervene (e.g. UNRWA, Elections in DRC); and in politically sensitive situations (e.g. refugees, elections).

The Commission indeed benefited by its channelling from a number of specific UN characteristics such as: the existence of UN-managed multi-donor interventions; privileged policy dialogue with government; the neutrality and legitimacy of the UN system; experience in the field through a continued and extended presence or even of peace-keeping forces; historical thematic expertise (e.g. children and adolescent issues for UNICEF, environment for UNEP); and its role as a platform for tackling global problems.

The diagram below summarises the main elements of the added value of the Commission's channelling of funds through UN bodies, both for the Commission itself (Conclusion 3) and for the various parties (Conclusions 4, 5 and 6).

Diagram 3 : Added value of channelling through UN



Conclusion 4 – Added value for the UN

Channelling has been beneficial for the UN bodies insofar as it provided them with substantial financial resources. This helped them fulfil their mandates and strengthened their roles at country level

See diagram 3 above

UN bodies have first of all benefited from the substantial amount of funds channelled by the Commission, which amounted to €1bn in each of 2005 and 2006 and totalled almost €4bn over the evaluation period 1999-2006 for RELEX-DEV-AIDCO aid⁷¹, as detailed in the Inventory Note. Findings show moreover that Commission's sizeable contributions were decisive in several cases, such as for the Elections in DRC (UNDP), UNRWA, and BOMCA and CADAP in Central Asia (UNDP). The FAFA has also permitted quick disbursements by the Commission, with significant pre-financing; this proved conclusive in the set-up of a number of multi-donor interventions. Findings show furthermore that the Commission is overall a reliable financial partner for UN bodies, by virtue of the continuity of its contributions, as well as their magnitude. Such financial support allowed the UN to further strengthen its position as a key interlocutor at country level.

Moreover, a clear convergence of objectives was observed between the Commission and the UN bodies in nearly all projects studied. Exceptions (albeit representing only a limited part of the

⁷¹ See Figure 2

funding) were mainly those interventions where the design was undertaken by the Commission, with the UN body concerned contracted merely for implementation. In such cases the Commission tended to overstretch UN bodies' standard *modi operandi*, leading to frequent implementation problems.

Conclusion 5 – Added value for partner countries

Partner countries benefited from Commission aid in situations where it would otherwise have been difficult, as well as in cases where the UN had specific experience and expertise and a donor coordination role

See diagram 3 above

The main added value for partner countries is that channelling enabled them to benefit from Commission aid in situations where it would otherwise have been difficult, if not impossible, for the Commission to intervene. Partner countries also benefited from the channelling in those cases where UN bodies had more specific expertise and experience in the country than the Commission. Interaction with donors was improved and total interaction costs were reduced for partner countries as channelling restricted the number of interlocutors. It also allowed a more harmonised approach between donors in certain multi-donor interventions and to use a single interlocutor for a group of donors. These elements are further developed under Conclusions 3, 6, 7 and 8.

Conclusion 6 – Added value conveyed by the Commission

The Commission brought added value through the process of channelling when there is a European consensus, by the critical mass it was able to mobilise and by constituting a key interlocutor able to strengthen European policies and priorities in policy dialogue with the UN and partner countries

See diagram 3 above

There is conclusive evidence from the desk study and field missions⁷² that the Commission itself brings added value in the process of channelling when there is a political consensus at European level to fund UN interventions. This was particularly the case with interventions in politically sensitive areas (which represent more than half of channelled aid), such as the large multi-donor initiatives relating to Iraq, Afghanistan, DRC, West-Bank and Gaza. In those cases, the Commission contributes the following elements of added value:

- **Critical mass:** the fact that the Commission pools together funds from the numerous EU MS allowed it to mobilise a substantial amount of funding, making possible easy attainment of the critical mass required;
- **Room to manoeuvre:** the Commission could mobilise relatively quickly and easily a large volume of funding in those cases;
- **A single and strong partner for the UN:** the Commission represented a key support for the UN in a number of cases, as it represented a single interlocutor to the UN system in the

⁷² However this particular question was not as such investigated in detail in the present evaluation, according to the agreed structuring framework for the evaluation (see Annex 10 containing the main elements of the Inception Report).

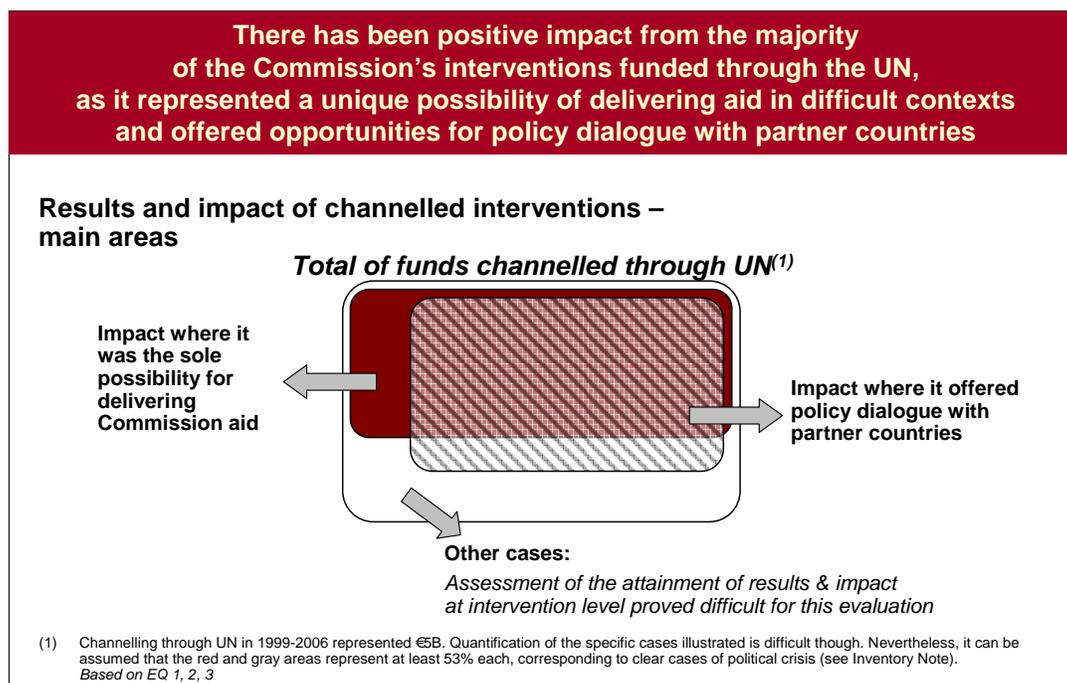
process of managing large financial resources. This facilitated interaction with UN bodies, and more importantly provided strong partnership for the setting-up of interventions, and for creating a sound basis for attracting other donors. Moreover, the Commission's reliability and sizeable financial assistance enabled the UN system to perform its functions on a more predictable and solid basis;

- **Policy dialogue:** The Commission's position allowed it to better promote European policies and priorities in dialogue on policy and strategy issues.

In terms of the added value conveyed by the Commission to the efficiency of aid delivery, the picture is more varied. On the one hand, the Commission provides a unique procedural framework for cooperation with all UN bodies (through the FAFA) and facilitates interaction with UN bodies as it represents a single interlocutor. On the other hand the European Commission's specific requirements for its funds channelled through the UN have caused difficulties as they usually require distinct management of Commission funds. The Commission is indeed subject to financial regulations defined by the EU MS through the European Council which are generally more extensive than those of EU MS with regard to the channelling of funds through the UN.

4.4 Results & Impact

Conclusion 7 – Results & Impact



There has been positive impact for the majority of the Commission's funding through the UN. First, it made delivery of aid possible in cases where this would otherwise have been difficult, particularly in politically-sensitive situations (representing more than half of the channelled funds). Without the opportunities offered by UN bodies, the final beneficiaries of those interventions would have received less aid.

Second, channelling also had impact in terms of policy dialogue with partner countries. There are indeed many testimonies to the effect that channelling through the UN system offered the Commission access to national authorities and a platform for discussion, characterised by the neutral and legitimate role of the UN. This opportunity became more and more significant over the evaluation period in that the Commission progressively favoured policy dialogue with the partner countries over merely project or programme approaches.

In other cases it proved difficult to provide in this exercise an overall assessment of the attainment of results and impact at intervention level⁷³. A number of positive factors indicating that channelling through the UN has influenced the effectiveness of the cooperation can nevertheless be identified. This is in particular the case in difficult contexts (although not exclusively so). It includes notably the political legitimacy of the UN *vis-à-vis* partner country governments and other donors; UN logistics, especially where there are peace-keeping forces; successful existing UN projects; and the flexibility and adaptability to circumstances shown by the UN.

In addition, although limited in number there are cases of capitalisation on practical common experience. These capitalisation exercises have led sometimes to specific agreements, such as in the fields of electoral assistance and food aid and food security. They favoured deepening of the partnership through a sharing of experience on good and bad practices. They form a basis for improved effectiveness in future joint operations.

4.5 Efficiency of the aid delivery and administrative framework

Conclusion 8 – Efficiency of the aid delivery

A number of positive and negative factors in terms of efficiency are identified. Nevertheless, a general assessment of the efficiency of channelling proved difficult for this evaluation

- A general assessment of the efficiency at intervention level proved difficult for this evaluation. Nevertheless one can note that...
- ...**UN bodies have often been channels for interventions in difficult contexts**, which are obviously challenging in terms of efficiency for the implementing agency
- ...**a number of factors can be differentiated which affect the efficiency of aid delivery through the UN :**

<i>Negative factors of efficiency</i>	<i>Positive factors of efficiency</i>
Operational-level issues in Commission-UN cooperation	Overall swift EC-UN cooperation
Overstretching UN bodies' capabilities in their standard <i>modi operandi</i>	Single interlocutor, increased donor harmonisation
	UN's political legitimacy, logistics, experience, adaptability
	Fewer Project Implem. Units (PIU)

Based on EQ 3, 7

⁷³ Cf. main challenges and limits in section 1.2.4

A general assessment of efficiency at intervention level proved difficult for this evaluation, given the limits of the exercise⁷⁴. Nevertheless, two points should be made.

First, UN bodies have often been channels for interventions in difficult contexts, for instance those characterised by post-crisis recovery and restricted local capacity. In those cases alternatives are usually few and conditions for efficiency obviously challenging.

Second, a number of elements specific to the channelling through the UN that have a positive and negative effect on the efficiency of aid delivery can be differentiated.

Factors positively affecting the efficiency of aid delivery include:

- Overall, swift cooperation and goodwill between the Commission and UN, at HQ and operational levels;
- Single interlocutor for beneficiaries, increased donor harmonisation and alignment of aid delivery, and rationalised donor activities and procedures;
- UN political legitimacy, logistics, experience, and adaptability, favouring timely and swift implementation; *and*
- Fewer Project Implementation Units (PIU), resulting in less coordination costs.

Factors negatively affecting the efficiency of the aid delivery include:

- Operational-level issues in Commission-UN cooperation. While cooperation is swift overall and there is a sound administrative framework, there remain inevitably a number of issues at operational level. In addition to difficulties caused by administrative issues, there were also examples of difficult discussions on the management of intervention activities, which stemmed mainly from non-fulfilment of (contradictory) expectations and requirements by both organisations;
- Overstretching UN bodies' *modi operandi*: findings from the desk and field studies show that project implementation problems are frequent in those (albeit relatively few) cases, proving costly in terms of time and resources. UN bodies agreed indeed sometimes to work outside their normal formats or types of activity for the Commission, notably on account of the financial resources it brought them during periods when the UN was experiencing acute financial constraints.

⁷⁴ Cf. main challenges and limits in section 1.2.4

Conclusion 9 – FAFA

The FAFA has proved an essential vehicle for the Commission for framing the contractual side of the co-operation

- **FAFA = practical vehicle and sound administrative framework for the Commission.**
 - FAFA based on 2002 Financial Regulation makes possible:
 - increased degree of Commission **pre-financing**
 - use of **UN's own procedures** in Commission-funded interventions
 - clarification of **mutual obligations**
 - ↳ **Main factor explaining the tremendous increase in funds channelled**
- **However:**
 - for the UN the requirements of the FAFA are more demanding than those of other donors, frequently entailing specific management of Commission funds
 - there is insufficient common understanding of the FAFA
 - there are still points on which interpretation has been contentious
 - e.g. calculation of overheads, justification of expenses, rules for reimbursement of residual funds, visibility provisions
 - ↳ **Difficulties** manifested in administrative hurdles and delays

Based on EQ 1, 4, 6, 7, 8

The Financial and Administrative Framework Agreement (FAFA) between the Commission and the UN has proved a practical vehicle for the Commission for channelling its funds, and a sound administrative structural framework. This is particularly recognised by staff who had experienced the problem of funding UN bodies prior to the FAFA. Through facilitating Commission-UN co-operation it has been an important factor explaining the substantial increase in the volume of funds channelled. As it operationalised Art. 53 of the 2002 Financial Regulation for co-operation with the UN, it made possible a substantial degree of pre-financing by the Commission and accepted the use of the UN's own procedures in Commission-funded interventions. It also clarified mutual obligations between both organisations.

But the fact remains that for the UN the Commission's requirements in the FAFA are more demanding than those of other donors, frequently entailing specific management of Commission funds. There also remains insufficient common understanding of the FAFA, partially due to a lack of training. In particular there are still points on which interpretation and application have been contentious, such as on calculation of overheads, justification of resource/tasks and expenses, rules for reimbursement of residual funds, reporting, and visibility provisions. These issues have created difficulties which manifested themselves mostly as administrative harassment and delays between the two institutions.

4.6 Visibility

Two conclusions relate to the issue of visibility: Conclusion 10 relates to the objectives and operational aspects of visibility. Conclusion 11 treats it in terms of its impact, that is the awareness levels of the different parties.

Conclusion 10 – Visibility requirements

UN bodies have not always complied with contractually-agreed visibility requirements. They proved a source of difficulty and challenge key principles

- **UN bodies have not always complied with contractually-agreed visibility requirements**
- **Difficulties arose at operational level. Sources of problems included:**
 - **on the UN side:**
 - partial lack of management focus by the UN on this question
 - UN understanding that visibility requirements were met
 - **on the Commission side:**
 - requirements seldom detailed (e.g. on target groups, specificities of interventions)
 - responsibilities resting mostly with the UN
 - visibility requirements evolving over time
 - insufficiently clear and timely communications (internal & external)
- **Visibility requirements challenge key principles:** pooling of donor funding, definition of ODA and project costs by DAC and Paris Declaration, neutrality of the UN system

Based on EQ 6, 7

Visibility questions proved a source of difficulty at operational (country) level. Despite recent efforts, UN bodies have not always complied with visibility requirements during the evaluation period. This relates to some lack of management focus by the UN on this question, but also to Commission-related factors. While the FAFA and all contribution agreements with UN bodies include visibility provisions, these were seldom complemented by additional details and there was not always a common understanding of what needed to be done or when requirements could be considered fulfilled. The Commission's visibility requirements for instance seldom included provisions regarding, for instance, target audiences, nor did they often take into account the specific characteristics of the intervention context. Moreover, responsibilities in terms of visibility rested mostly with the UN, and mainly at intervention level. Delegations from their side were not always fully aware of their obligations in terms of visibility and often delegated visibility measures fully to the UN, whereas there was room for complementary actions to be conducted by the Commission. At a more centralised level, visibility measures taken by both the UN and the Commission for the wider public and notably for the EU MS and taxpayer remained limited.

Furthermore, visibility requirements evolved over time, from a mere initial consideration of application of 'static visibility' provisions (stickers, panels, and so on) to a later focus on the awareness of key players. But these trends were not sufficiently accompanied by sufficiently clear and timely communication within the Commission (and hence to the UN). This led to differences in interpretation both internally and over time. Furthermore, different stakeholders interviewed questioned the rationale and requirements of the visibility requirements *vis-à-vis* the key principles

of pooling of donor funding, the DAC and Paris Declaration definition of ODA and project costs (visibility requirements are a charge on the project budget while benefiting the donor exclusively), and the neutrality of the United Nations system.

Conclusion 11 – Awareness of channelling

At partner country level national authorities, EU MS and local organisations are broadly aware of the Commission's channelling.

At European level there are indications that the visibility to EU MS and taxpayers of the Commission's contributions through UN has remained poor

- **At partner country level the Commission did not lose visibility** *vis-à-vis* national authorities, EU MS, other donors and local organisations, partially owing to:
 - **better access to and policy dialogue with government**
 - **Commission presence in highly-visible UN-managed multi-donor interventions**
- **At European level** there are indications that the visibility to EU MS and taxpayers of the Commission's contributions through the UN has remained poor. But:
 - **few efforts were made by the Commission / EU MS** to promote the channelling
 - it is difficult to determine the impact of channelling on visibility to EU taxpayers because **the visibility of the Commission's aid was low whether it was channelled or not** (cf. Eurobarometers)

Based on EQ 3, 6

The evaluation findings show that in general the Commission did not lose visibility of its funding *vis-à-vis* national authorities, EU MS, other donors and local organisations, at least at partner country level. Although the Commission's requirements in terms of "static visibility" (stickers, panels, etc.) were imperfectly met, it was observed in all field missions that key decision-makers at national and international level in the country were largely aware of the Commission's contributions to UN interventions and of the sometimes significant amounts of funding provided. This suggests that the increased awareness was achieved at least in part through means other than actions of "static" visibility. This is largely explained by the Commission's privileged access to government as a result of channelling and by the increased Commission presence in highly-visible multi-donor interventions.

At European level the visibility of the Commission's contributions through the UN is limited, particularly to taxpayers. For instance, over the six-year evaluation period Members of the European Parliament asked only 15 questions directly tackling aspects of the channelling of funds through the UN, out of a total of 39.324 questions. However, while efforts to promote the visibility of channelling existed in the EU (such as the 2006 publication "The Partnership between the UN and the EU" and the common website), overall they were scarce over the evaluation period. As this was also true of overall EC development aid (cf. Eurobarometers), it has been difficult within this study to ascertain whether the fact that the Commission channelled funds through the UN had a real impact on the visibility of its aid to EU taxpayers.

4.7 Organisational structure

Conclusion 12 – Organisational structure

The current organisational structure at Commission HQ level does not aim at centralising information on interventions funded through the UN and is not commensurate with the increased importance of this aid modality

- **No centralised structure or mechanism** within the Commission for gathering information at intervention or country level in such a way as **to allow a comprehensive view of the UN interventions financed** by the Commission
- **Organisational structure** within the Commission at HQ level is **not commensurate with the increased amounts at stake through the UN (13% of total aid during recent years)**
- **Little evidence of appropriate mechanisms for capitalising on joint cooperation** across the range of UN interventions
- **Complexity and compatibility problems of the Commission's information systems and databases** present problems for decision-makers in retrieval of the required information

Based on EQ 3, 6

The Commission's structures at Headquarters level for handling contacts and cooperation with the UN system are divided between DGs RELEX, DEV and AIDCO. The first two DGs are responsible for policy issues and the last-mentioned for administrative aspects of the overall partnership with the UN. However, there is no centralised structure or mechanism for gathering information at intervention or country level in such a way as to allow a comprehensive view of the UN interventions financed by the Commission. There is also little evidence that there exist within the Commission appropriate mechanisms for capitalising on joint cooperation across the range of UN interventions. The Commission's organisational structure at HQ level was not adapted consistently over time to the increase in the amounts being deployed, which represented 13% of total aid in 2006⁷⁵.

The complexity and compatibility problems of the Commission Services' information systems and databases also present problems for decision-makers seeking to retrieve all the required information on UN interventions financed by the Commission. There is indeed no easy way of extracting rapidly harmonised information from the different databases (CRIS, OLAS, ABAC, HOPE) on account of their individual referencing systems and structure. And the way in which they have been inputted over time raises a question-mark over institutional memory. These constitute major impediments to providing an accurate and comprehensive picture of the funds channelled through UN bodies.

⁷⁵ Amounts contracted by RELEX-DEV-AIDCO with UN bodies (see Inventory Note).

5. Recommendations

The evaluators consider that nine key recommendations emerge from the evaluation covering the period 1999-2006. They are presented in the same clusters used for the conclusions in Chapter 4 to which they relate, namely:

- Recommendations 1 to 3: General channelling framework
- Recommendations 4 to 7: Efficiency of the aid delivery and administrative framework
- Recommendation 8 : Visibility
- Recommendation 9: Organisational structure

The table below provides an overview of the level of priority in terms of importance of the recommendations and the agenda (urgency) of their realisation. This information is also provided schematically in the diagram next page.

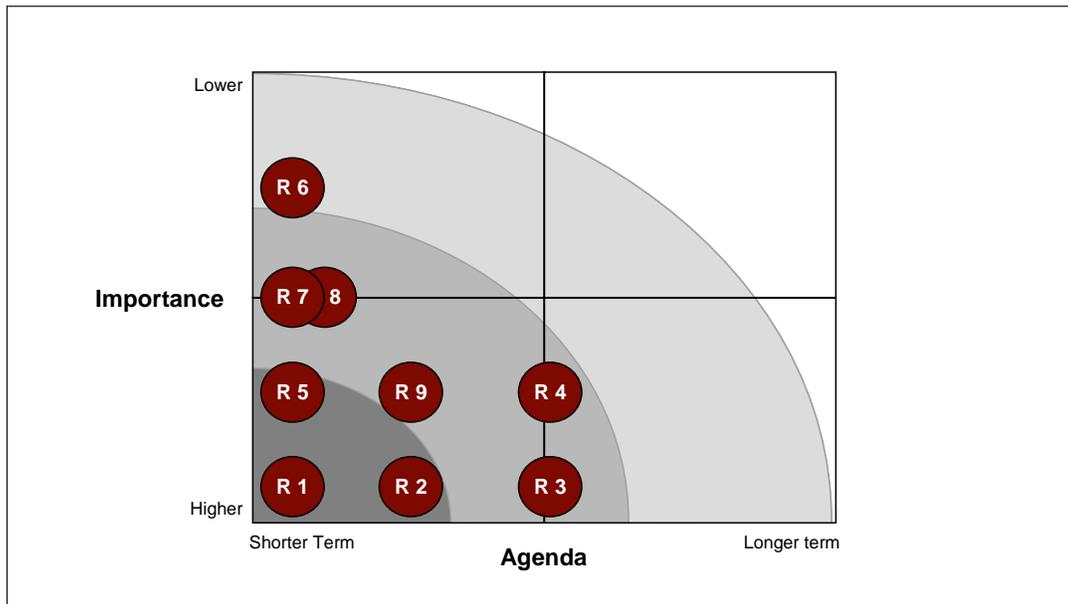
Table 6 – Prioritisation of recommendations

	Importance	Agenda
Recommendation 1 – Redefine the general channelling framework	5	5
Recommendation 2 – Capitalise on joint experience	5	4
Recommendation 3 – Develop partnership on focus areas through a pragmatic approach	5	3
Recommendation 4 – Conduct institutional capability assessments of partner UN bodies	4	3
Recommendation 5 – Clarify mutual obligations	4	5
Recommendation 6 – Clarify administrative issues	2	5
Recommendation 7 – Ensure common understanding	3	5
Recommendation 8 – Focus on visibility of the partnership	3	5
Recommendation 9 – Ensure adequate Commission organisation	4	4

1: low – 5: high

The most important recommendations (R1, R2, R3) relate to redefinition of the general channelling framework and consolidation of cooperation. Other recommendations to be tackled most urgently concern an easing of the current *modus operandi* between both institutions (R5, R6, R7 and R8). As the cooperation between the Commission and the UN works relatively well in practice despite some issues which need to be addressed, short-term priorities concern clarification of those accountability, administrative and visibility issues that still pose problems, create excessive risks for both institutions, cost time and resources, and are therefore detrimental to aid delivery to partner countries.

Diagram 4 – Prioritisation of recommendations, schematic overview



Addressing these priorities requires interventions by different actors. Therefore each recommendation includes suggestions for operational steps for putting it into practice and identifies implementation responsibilities (IR). These are categorised as follows:

- **IR-a:** Commission Services in charge of relations with the UN within RELEX-DEV-AIDCO and other DGs
- **IR-b:** Commission Services responsible specifically for financial and contractual aspects of the relationship with the UN; mainly within AIDCO
- **IR-c:** Commission task managers of channelled interventions, in particular in Delegations but also at HQ level
- **IR-d:** Commission Services in charge of specific expertise (e.g. thematic budget lines, geographies, topics such as electoral assistance and post-conflict situations) within the different Commission DGs
- **IR-e:** UN bodies' Services in charge of relations with the Commission
- **IR-f:** UN bodies' Services specifically responsible for financial and contractual aspects of the relationship with the Commission
- **IR-g:** UN bodies' task managers of channelled interventions, in particular at country level but also at HQ level
- **IR-h:** UN bodies' representatives in charge of specific expertise and experience (such as electoral assistance)

The recommendations are further annotated with cross-references to the supporting conclusions.

5.1 General channelling framework

Recommendation 1 – Redefine the general channelling framework	
<i>Based on conclusions 1, 2, 3, 4, 5, 6, 7, 8</i>	<i>Implementation Responsibility: IR-a, IR-e</i>
Redefine clearly the Commission's general framework for channelling in its cooperation with the UN family. Clarify the Commission's current overall objectives for channelling funds through the UN, provide specific objectives based on transversal factors of added value, and encourage capitalisation.	

In 2001 and 2003, within the context of the rethinking of development priorities and modalities which started with the Millennium Declaration (2000), the Commission's political strategy for co-operation with the United Nations was set up and explained by two Communications, which were considered a starting point for intensification of cooperation. The Commission demonstrated in the following years that, with its substantial financial support in a variety of areas it had become an effective partner to the UN. However, most channelling decisions have been taken by the Commission on a case-by-case approach, effectively treating UN bodies as partners on an *ad hoc* basis. Clear guidelines with a view to building a longer-term UN-Commission partnership for the benefit of the partner countries have mostly not been developed. Channelling has consequently materialised in practice more from issues dictated by the political agenda than in the context of the thematic areas stipulated initially in COM(2001) 231 and COM(2003) 526. Moreover, cooperation with the UN has been structurally strengthened in certain areas, such as electoral assistance, based on an accumulation of valuable experience in practical cases of joint cooperation. The principles enshrined in the Communications have thus been overtaken by a strictly pragmatic approach to channelling.

Based on the experience accumulated since 2001/2003 and the importance gained by this aid modality, and given the present context and agenda, **clarify the current Commission's overall and intermediary objectives with regard to channelling funds through the UN.**

Clarify also the specific and operational objectives pursued when channelling funds through the UN. Base these on transversal factors of added value, detailing their level of importance according to different circumstances, rather than providing top-down definitions of thematic areas as found in the 2001 and 2003 Communications. Develop clear guidance on this basis with decision criteria in line with the objectives pursued. Examples of such transversal factors of added value are:

- Neutrality and legitimacy of a multilateral approach through UN, in politically-sensitive areas
- Unique and specific mandate given by the international communities to a UN body, particularly when administering multi-donor interventions;
- Continued acquaintance and established mutual confidence relationship between UN and partner countries or regions, when access to national authorities and local actors is sought by the Commission, such as in cases where it had previously interrupted its cooperation with a given partner country;
- UN logistics (e.g. through presence of peace-keeping forces), when strong logistical support is required;

- Historical and technical expertise, when UN bodies have leading expertise in specific areas, including in relation to international norms and standards;
- Critical mass, when the Commission's contributions allows attainment of the financial level required for an interventions to attain its objectives;
- Single interlocutor for beneficiaries, increased harmonisation and alignment of aid delivery, and rationalised donor activities and procedures, in areas where other donors are delivering aid in addition to the Commission; etc.

Further, **explicitly encourage capitalisation** on common practical experience (see Recommendation 2 below). Ensure that appropriate mechanisms and capacity exist to **leverage on the financial channelling through UN for increased policy dialogue with the UN**. An example of possible actions to this end is to require Country Strategy Papers to include a specific section detailing local objectives and mechanisms for dialogue with UN bodies in the country.

Two options are proposed for implementing this recommendation, of which the first is the evaluators' preference:

- 1) **Issue a new Communication** updating COM(2001) 231 and COM(2003) 526; *and/or*
- 2) **Develop general guidelines based on factors of added value**, addressed to Commission staff at Delegation and HQ levels interpreting and complementing the existing Communications.

Recommendation 2 – Capitalise on existing joint experience	
<i>Based on conclusions 2, 3 and 5</i>	<i>Implementation Responsibility: IR-a, IR-c, IR-d, IR-e, IR-g, IR-h</i>
For areas in which the Commission and the UN have already successful joint experience, build “operational guidelines” based on cooperation in practice.	

Valuable practical **experience to date** of joint cooperation in certain well-defined specific areas has led the Commission and UN bodies to bring to fruition a capitalisation exercise and subsequently to formalise their willingness and practical modalities for a joint approach in future similar operations. Examples of such “operational guidelines” in specific areas of cooperation are those on the implementation of electoral assistance programmes and projects with UNDP.

Extend such a capitalisation exercise into other specific areas where there has been joint cooperation over the years, so as to exert leverage through the professional knowledge gained, and to identify good practice to promote and difficulties to avoid.

Capture lessons learned from joint cooperation experience, for instance through organisation of joint Commission-UN or multi-donor workshops. Subsequently **build “operational guidelines”** in such well-defined specific areas in which the Commission and UN Services have worked together. These agreements, emerging from established practice and built up jointly by the two partners, should be more concrete than the SPA, provide clear guidance, and clarify in advance several issues pertinent to those particular fields. The guidelines should be clear enough both for reaching decisions on joint approaches and on operational aspects related to implementation of such approaches. An example is the 2006 Operational Guidelines on Electoral Assistance between the Commission and UNDP. **Avoid in this regard a “one-size-fits-all approach”**.

Recommendation 3 – Develop partnership in newer focus areas through a pragmatic approach	
<i>Based on conclusions 2, 3 and 5</i>	<i>Implementation Responsibility: IR-a, IR-d, IR-e, IR-b</i>
For newer specific areas in which the Commission is willing to explore partnership with the UN, strengthen cooperation by initiating and consolidating common practical experience.	

Complementing the previous Recommendation and in line with Recommendation 1, the findings from the present evaluation permit recommendation of a rather pragmatic approach to strengthening cooperation in **newer areas** in which the Commission is willing to reinforce its partnership with the UN. This concerns for instance areas developed under the auspices of the UN system or for which the UN has received a mandate, such as climate change, AIDS, or trafficking in human beings.

For these newer areas in which the Commission is willing to reinforce its partnership with the UN, **strengthen the cooperation by exerting leverage on existing common experience in those or at least similar fields**. It will be more likely to provide useful and practical guidelines for Commission staff in future operations, as experience shows. **Determine further the focus on specific well-defined areas. Capture systematically lessons learned in those areas. Aim at gradually building “operational guidelines”** of the type detailed in Recommendation 4. Focus also on policy development with the UN and partner countries and on clarifying operational issues. In the meantime, articulate the specific circumstances favouring UN interventions in those areas, with a relatively clear indication of the priority level (e.g. prescriptive *versus* indicative; sufficient *versus* necessary conditions) with a view to streamlining decision-making while increasing the coherence and strategic focus of decisions relating to channelling.

5.2 Efficiency of aid delivery and administrative framework

Recommendation 4 – Conduct institutional capacity assessments of partner UN bodies	
<i>Based on conclusions 7 and 8</i>	<i>Implementation Responsibility: IR-a, IR-e</i>
Conduct regular institutional capacity assessment of partner UN bodies with a view to better assessment of their characteristics, avoiding bringing UN bodies into interventions which go beyond their <i>modi operandi</i>.	

The Commission does not conduct regular assessments of its partner UN bodies although several documents on UN-Commission cooperation (incl. COM(2001)231) highlight the need to do so. The findings of this evaluation show the importance of a good understanding of the strengths and weaknesses of the UN body so as to avoid difficulties at implementation stage and to better adapt the design of the interventions. Findings show that numerous implementation issues arise, for instance when interventions set up by the Commission do not fit well with the characteristics of the executing UN bodies. This proves costly in time and resources and constitutes an impediment either to swift and efficient implementation of these UN interventions or to full achievement of their intended objectives.

Restrict the possibilities of channelling funds through a UN intervention where the Commission requirements go beyond the executing UN bodies' *modi operandi*. Two options are proposed therefore, which can both be realised:

First, undertake at a general level a form of institutional capacity assessment of selected UN bodies with which the Commission wishes to strengthen its cooperation. Rather than declarations of political willingness or identification of thematic program funding (e.g. in existing SPA), these assessments would essentially allow examination of the ability for the UN bodies to deliver the added value corresponding to the Commission's objectives when channelling funds to them. They would **focus on factors of added value** (also at the basis of a redefined partnership framework, see Recommendation 4), in addition to more usual elements of institutional and capacity assessments such as institutional factors (culture, leadership, structures, systems, resources, etc.) and forces in the external environment.

Join existing assessment initiatives in order to limit duplication or capitalise on them. Consider joining multi-donor assessments like the Multilateral Organisations Performance Assessment Network (MOPAN)⁷⁶ involving a number of EU MS. Some of them have also done bilaterally assessments and derived programmes. Examples are the Netherlands-FAO evaluation⁷⁷ and the capacity assessment of 23 UN bodies carried out by DFID using, among other tools, a checklist of indicators based on a Balanced Scorecard format and a scoring system.⁷⁸

Second, in the meantime and for the other UN bodies, set up (possibly in collaboration with the UN) a tool to enable Delegation staff to assess quickly and easily the characteristics, technical and managerial capabilities of selected UN bodies or their local offices on an *ad hoc* basis, in cases where alternatives to the UN interventions exist (see DFID example above).

Formalise further in the decision-making process (see Recommendation 4) the requirement for such, even *ad hoc*, institutional assessments in cases where alternatives exist, and the restrictions on channelling funds through those interventions which overstretch UN bodies' capacities. Disseminate these institutional assessments within the Commission Services (see also Recommendation 3).

⁷⁶ The MOPAN is a network of 11 likeminded countries (Austria, Canada, Denmark, Finland, France, Ireland, The Netherlands, Norway, Sweden, Switzerland, The United Kingdom) that are cooperating in making annual reviews of multilateral organisations. Every year 3-4 organisations are reviewed in 8-10 countries. Past reviews started in 2003 and include: World Bank, WHO, UNICEF, UNDP, FAO, the African Development Bank, UNFPA, UNAIDS, ILO, the Asian Development Bank.

⁷⁷ The "Netherlands – FAO Trust Fund cooperation 1985 – 2000" evaluation made by the Netherlands identified FAO weaknesses but recognised it as a specialist that needed support to better implement their projects. It led to the creation of the FAO/Netherlands Partnership Programme (FNPP)

⁷⁸ DFID undertook an independent assessment on the effectiveness of 23 multilateral institutions with which it has an institutional partnership. The Multilateral Effectiveness Framework (MEFF) approach followed by DFID covered organizational systems that enable multilaterals to achieve results on the ground. The MEFF assessed the effectiveness in terms of the results focus of multilateral organizations systems. It looked at eight systems (e.g. corporate governance; operational management; quality assurance), with three perspectives in mind (focus on internal performance, country-level results, and inter-agency partnerships). A checklist of indicators for each component using an adapted Balanced Scorecard format and a "traffic lights" scoring system were further used.

Recommendation 5 – Clarify mutual obligations	
<i>Based on conclusions 8 and 9</i>	<i>Implementation Responsibility: IR-b, IR-f</i>
Clarify the concrete mutual obligations necessary to comply with respective accountability requirements, in particular on reporting and management of operations.	

Although the contractual aspects of the relationship between the Commission and the UN were largely facilitated through the creation of the FAFA in 2003, a number of issues still frequently pose problems and are detrimental to swift implementation. Some of these difficulties pose questions in terms of the accountability of each partner in the relationship. These issues therefore need to be tackled both by addressing the question within each organisation and through a dialogue between both institutions.

The following imperatives are crucial:

- **Reporting: Clarify the type and detail of accounting and management reporting expected** by the Commission in general, while taking into account the impact in terms of separate management of funds for multi-donor interventions with pool funding. Incorporate better project description on the basis of the Logframe Matrix. Emphasise at UN operational level the importance for the Commission of reporting in terms of its specific accountability requirements to the European Parliament, as experience shows that reports considered adequate by the UN services are often, with justification, not considered sufficient by the Commission.
- **Management of operations: Clarify mutual obligations and the limitations they impose on the management activities and control of operations.** Make it clear to all Commission staff that the management activities are under the responsibility of the UN. Consider whether it is appropriate to have Commission involvement in certain circumstances and specify clearly in which cases (e.g. when day-to-day decisions have high financial implications). Ensure that the factors at the roots of staff interference are addressed (e.g. secure adequate reporting from UN, and if necessary revise the personal liability of Commission task managers).

Ensure these points are settled⁷⁹ and disseminate information on them within the Commission and UN Services (see also Recommendation 3).

Recommendation 6 – Clarify administrative issues	
<i>Based on conclusions 8 and 9</i>	<i>Implementation Responsibility: IR-b, IR-c, IR-f, IR-g</i>
Clarify the administrative issues and specific requirements still posing problems, in particular on overheads levels, justification of expenses, the rules for reimbursement of residual funds, and the level of Commission pre-financing	

This recommendation is complementary to Recommendation 5. A number of points indeed still pose problems between the Commission and UN bodies at operational level which are more related to administrative and financial, rather than accountability, issues.

⁷⁹ Incl. with relation to specific descriptions in the annexes to the Contribution Agreements.

- **Overheads level: Provide a standard level** for management costs for all interventions (rather than a maximum level as currently specified in the FAFA) **and specify clearly the circumstances under which this level could be adapted** through negotiation or direct cost imputation (e.g. when a specific type of activity, such as a call for proposals for expensive material, requires limited management but represent a large part of the budget) and the extent to which this could be done.
- **Justification of expenses, the rules for reimbursement of residual funds, the level of Commission pre-financing: define and agree jointly a *modus operandi*** for these issues.

Ensure these points are settled and disseminate information on them within the Commission and UN Services (see also Recommendation 3).

In addition to standard FAFA requirements applicable to all interventions through UN bodies, clarify jointly with UN bodies **at the outset of an intervention** (in the CA) the details of **specific expectations** related to individual interventions (see also Recommendation 8). This concerns for instance the format, content (e.g. resources/task Gantt charts) and frequency of reporting.

Recommendation 7 – Ensure common understanding	
<i>Based on conclusions 2, 8, 9, 12</i>	<i>Implementation Responsibility: IR-a, IR-b, IR-d, IR-e, IR-f, IR-h</i>
Provide common training at operational level to ensure a shared understanding of the legal and regulatory framework of the partnership. Ensure further that all other staff involved in channelling are trained within each organisation.	

The Conclusions emphasise the need for common understanding of certain aspects of the partnership between the Commission and the UN and within each institution,. This recommendation consists of two main parts.

Ensure a common understanding of the reasons, objectives, and means of the partnership and of the main aspects of the legal and administrative framework (Communications, SPA, FAFA, project cycle management, logical framework approach, and specific agreements), especially at operational level. Provide examples of best practices. This concerns two levels in particular:

- **Organise joint Commission-UN training sessions**, especially at the outset of an UN intervention with substantial Commission funding, involving the different Services involved in the process (task managers, accounting and audit services, etc.). Take this opportunity to provide best practices, clarify jointly “grey” zones in the FAFA and issues specific to the intervention (as described in Recommendations 1, 2, 6 and 7). Organise also joint trainings for capitalising on cooperation in specific areas (such as the joint EC-UN training on effective electoral assistance or the seminars organised by UNICEF in Brussels).
- **Organise internal training sessions** at both HQ and field level to ensure a general understanding by all staff potentially involved in channelling issues. Make sure staff are updated on any changes relating to objectives or requirements, and on results of institutional assessments (see Recommendation 6). Ensure sufficient frequency of the trainings to take account of staff turn-over. Disseminate best practices.

Create a platform for discussing lessons learned from past and current practical experience (possibly linked to the platform for Commission-UN policy dialogue recommended in R1 and to capitalisation activities mentioned in R2).

5.3 Visibility

Recommendation 8 – Focus on visibility of the partnership	
<i>Based on conclusion 10, 11</i>	<i>Implementation Responsibility: IR-a, IR-e</i>
Focus on the visibility of the partnership at general and country levels, rather than on elements of ‘static visibility’ at intervention level. Recognise that proactive participation of the Commission in coordination and other fora is a major factor in visibility.	

As foreseen by the Joint Action Plan on Visibility, it is recommended that there should be a **focus on the visibility of the partnership for general and country audiences rather than on elements of ‘static visibility’** within the operations, in order to **remain in line with principles** such as pooling of donor funding, the Paris Declaration and the neutrality of the UN system. Similarly **promote common Commission-UN approaches and joint initiatives on visibility, and consider visibility as part of a comprehensive communication strategy**. Differentiate thereby between objectives, initiatives and responsibilities for visibility at partner country level (focusing on national authorities, local organisations, EU MS’ and other donors’ country representatives) and those for visibility within the EU (focusing on EU MS and taxpayers). **Redefine accordingly the Commission’s visibility objectives in formal documents**, as is currently being undertaken.

For visibility at partner country level, create communication guidelines defined jointly by the Commission and the UN for all interventions. Determine target audiences, specifying clearly the means to be used, and defining mutual obligations. Make it the basis for specific communications plans agreed at intervention level, allowing the flexibility needed to take account of the diversity of intervention contexts. **Leverage the Commission’s visibility at national level through policy dialogue** with the Government and local stakeholders in cases where UN bodies offer favoured access. Recognise that **proactive role of the Commission in coordination and other fora** is a major factor of visibility. **Amend accordingly all existing agreements on visibility at intervention level** (mainly in individual CA with UN bodies) and clarify to what extent the ‘static visibility’ provisions in the FAFA should be interpreted in the light of the above-mentioned redefinition of visibility requirements.

For visibility within the EU, similarly **create a communication plan targeted on the EU MS and their taxpayers**, taking into account the specific characteristics of such target audiences.

5.4 Organisational structure

Recommendation 9 – Ensure adequate organisational structure	
<i>Based on conclusion 12</i>	<i>Implementation Responsibility: IR-a</i>
<p>Ensure that there exists an adequate organisational structure at HQ level for providing a comprehensive view of the funds channelled through UN interventions and for centralising information on UN interventions funded by the Commission. And ensure that the Commission's information systems can consistently provide sufficient information as a basis for reliable decision-making.</p>	

Even if some structures already exist within the Commission Services at HQ level to handle the various contacts with the UN bodies, they did not evolve consistently with the substantial increase in the volume of funds channelled through the UN in recent years and have so far not aimed at providing comprehensive information on UN interventions financed by the Commission. The recommendation thus underscores the following three main requirements:

- first, an **organisational structure at Commission Headquarters level commensurate with the channelled amounts at stake** (13% of total RELEX-DEV-AIDCO aid) and **which centralises information** on UN interventions funded by the Commission;
- second, **homogeneous and user-friendly information systems** that ensure that decision-makers can easily and rapidly retrieve all the required data on funds channelled through UN bodies and on UN interventions financed by the Commission - which implies due attention to the structural problems of the Commission databases which hamper such retrieval of information;
- third, **correct feeding and regular updating of the databases and information systems** by task managers.