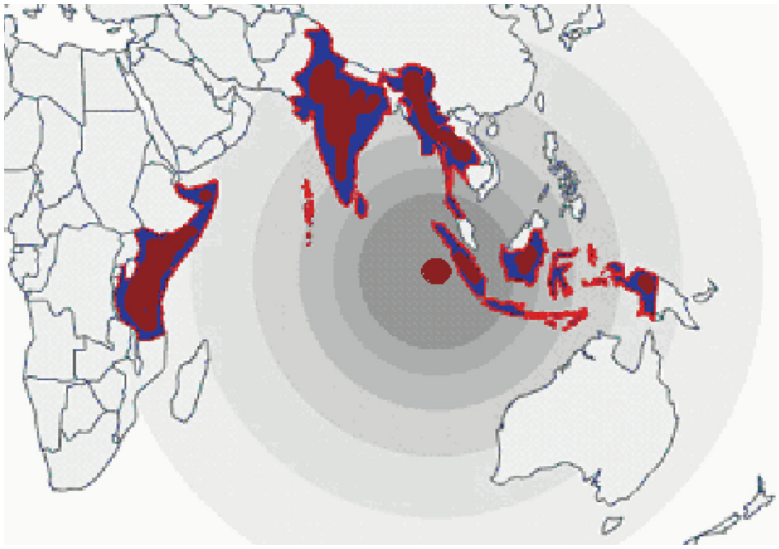
Tsunami Evaluation Coalition (TEC)

The International Community's Funding of the Tsunami Emergency and Relief



Government Funding

European Commission

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Abbreviations and Acronyms

ACF	*Action Contre la Faim*
ACP	Africa, Caribbean and Pacific, referring to the states signatories to the Cotonou Agreement with the EU
ACTED	*Agence d'Aide à la Coopération Technique Et au Développement*
AKF	Aga Khan Foundation
ASEAN	Association of South East Asian Nations
CAP	Consolidated Appeal Process
CONCORD	European NGO Confederation for Relief and Development
DAC	Development Assistance Committee of the OECD
DCA	Danish Church Aid
DARA	Development Assistance Research Associates
DG	Directorate-General
DFID	Department for International Development, UK
DIPECHO	Disaster Preparedness Program from ECHO
DPP	Disaster Preparedness / Prevention
EC	European Commission
ECHO	European Commission Humanitarian Aid Department
EMOP	WFP Emergency Operation
EU	European Union
FAO	Food and Agriculture Organization
FTS	Financial Tracking System
GDAS	Global Disaster Alert System
HA	Humanitarian Aid
HAC	Humanitarian Aid Committee
HIC	Humanitarian Information Centers
ICMC	International Catholic Migration Commission
ICRC	International Committee of the Red Cross
IDP	Internally Displaced People
IFRC	International Federation of the Red Cross
IOM	International Organization for Migration
IRC	International Rescue Committee
LRRD	Linking Relief Rehabilitation and Development

MDM	*Médecins du Monde*
MPDL	*Movimiento por la Paz el Desarme Libertad* (Spanish NGO)
NGO	Non Governmental Organization
NRC	Norwegian Refugee Council
PRRO	WFP Protracted Relief and Recovery Operations
OCHA	Office of Coordination of Humanitarian Affairs
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PARC	Performance Assessment Resource Center
PSF	*Pharmaciens Sans Frontières*
RELEX	EC Directorate General for External Relations
SCF	Save the Children Fund
Sida	Swedish International Development Cooperation Agency
TEC	Tsunami Evaluation Coalition
ToR	Terms of Reference
TSF	Télécoms Sans Frontières
UN	United Nations
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNISDR	International Strategy for Disaster Reduction
WFP	World Food Program
WHO	World Health Organization

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Background

This report on the European Commission's funding in response to the Tsunami is part of a series of country studies[1] undertaken in the context of an evaluation of the international community's funding of the Tsunami emergency and relief. The subject is one of five thematic evaluations carried out by the Tsunami Evaluation Coalition (TEC). This thematic evaluation on funding is led by Danida.

"The Tsunami catastrophe that struck Asia on December 26, 2004 is one of the worst natural disasters in modern history. Although the major impact was felt in India, Indonesia, the Maldives, Sri Lanka and Thailand, several other were affected by the Tsunami including Myanmar and Somalia. More than 250,000 people died and overall, an estimated 1.5 to 5 million people have been directly affected. Damage and destruction of infrastructure has devastated people's livelihoods, and left many homeless and without adequate water and healthcare services.

The world – governments and people – responded with unprecedented generosity in solidarity with the rescue and relief efforts of the affected communities and local and national authorities. More than $6 billion has been pledged for humanitarian emergency relief and reconstruction assistance in tsunami-affected areas. This has been instrumental in reducing or mitigating the consequences of the disaster, and in boosting the recovery and reconstruction efforts."[2]

In accordance with the terms of reference, the purpose of this thematic evaluation on the international community's funding response is:

a) To provide an overview of the total volume of financial and in-kind funding of the response by the various actors,

b) To assess the appropriateness of the allocation of funds in relation to the actual relief and reconstruction needs and in relation to other emergencies,

c) To contribute to a better understanding of public responses to emergencies,

d) Provide a basis for follow-up studies after 2 and 4 years.

The purpose of this study on the European Commission's response is to assess European funding policy and decision-making against good donorship principles and:

- Document the amount and pattern of pledges made by the European Commission as a donor in the months following the Tsunami. Analyze these pledges commenting on evidence that they represent new funding, or reallocated funding. Seek to comment on the relationship between appeals for assistance on the one hand and the nature of pledges on the other.
- Record actual financial commitments made and comment on how these relate to pledges. Where possible show to which agencies and which countries commitments have been made. Comment on these commitments with regards to agency and affected-state identified programming.
- Of these commitments, identify what has actually been spent and how well spending in these first six months was prioritized and disbursed in a way that demonstrates impartiality.

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[1] Other state donors reviewed include Australia, Canada, Denmark, Germany, Ireland, Japan, the Netherlands, Spain, Sweden, the United Kingdom, and the United States.

[2] As stated in the Concept Paper for Evaluating the International Community's Funding of the Tsunami Emergency and Relief, June 28, 2005, Danida File no: 104.a.e.51

Finally, while focusing on the funding role of state actors, the study recognizes that official donors have increasingly far wider, multi-faceted roles and responsibilities in the field of humanitarian action. It is in the context of this broader donor function and the Good Humanitarian Donorship agenda that this study aims to review European Commission funding policies and decision-making processes.

Methodology

DARA, in collaboration with the PARC, throughout the month of August 2005 undertook a desk review of background documentation to develop a reporting format, a donor questionnaire based on Good Humanitarian Donorship principles, and tables for financial data collection.

Interviews were held with key informants in ECHO in the beginning of September.

The reporting format for donor state funding and criteria were then shared and contrasted with other evaluation teams involved in the country studies in a coordination meeting held in Geneva on September 8, 2005.

For the purposes of the study on the European Commission's response, DARA interviewed representatives from ECHO 3 working in South East Asia and South Asia, ECHO evaluation, ECHO 6, the Finance and Audit unit, the HAC reporting system and DG RELEX.

This information was contrasted and corroborated with that provided by other sources: the Financial Tracking System, implementing agencies, other donors, European Commission documentation and available information on the internet.

Summary and key points

A review of the European Commission's humanitarian funding managed by ECHO in the Tsunami relief operation demonstrates that the procedures established for the provision of humanitarian aid prove functional and enable an appropriate and timely allocation and response. The commitment and contractual awarding of 3 million euros in favor of the IFRC on the very December 26th illustrate ECHO's capacity to deliver rapid funding. Almost all of the funds entered into decisions and contracts and were thus made available to the IFRC at the end of December 2004 came from 2005 budget lines. ECHO had the flexibility of committing funds from the 2005 budget at the end of 2004.
In response to the Tsunami, the European Commission pledged and committed 473 million euros.[3] The amount was divided into 123 million euros for humanitarian aid in 2005 and 350 million euros for reconstruction support in 2005 and 2006. At the end of December 2004, the Commission provided an initial 23 million euros in humanitarian aid to meet urgent humanitarian needs in the disaster affected region. The 123 million euro amount was immediately pledged in the beginning of January. The Commission proposed that an additional 170 million euros for the second phase of support in the form of reconstruction assistance in 2005. To honor its pledge, the Commission decided upon an amending budget, requesting 98 million euros for 2005 in fresh funds. Technically this implies the mobilization for the so called flexibility instrument[4]. The remaining 72 million euros were financed through the Asia budget (60 million euros), and through the Rapid Reaction Mechanism (12 million euros).

The European Commission felt pressure to respond rapidly to immediate needs in the aftermath of the Tsunami. Not indifferent to the level of media coverage, amounts pledged by the European Commission also had to be significant in comparative terms. Assessing whether the catastrophe modified ECHO's funding principles and donor profile in terms of associating its assistance with forgotten crises was a crucial point of the study. As ECHO has branded itself as a donor that focuses on neglected emergencies, it was important to ascertain whether the Tsunami had diverted funding from other crises and actually modified ECHO policies. In practice, ECHO utilized less than a third – 23 million out of 75 million euros – of its Emergency Reserve budget available in its response to the Tsunami for 2005. The additional 100 million euros came as new funding approved by the European Parliament and the Council. ECHO representatives acknowledge that while at first the financial resources available appeared excessive in absolute terms, in practice the amount in their view turned out to be correct in relation to the coverage of needs on the ground.

A main issue raised by the study is precisely the existence of unmet basic needs and how this relates to the resources available and the type of funding (i.e. private as opposed to public). This feature of the Tsunami operation is especially apparent in this review because ECHO is typically such a key humanitarian donor on the international scene. Understanding the role ECHO has played in a unique crisis like this, when the Flash Appeal is almost fully funded (86% in November 2005), is a matter for further study.[5] Despite the large amounts of funding raised for the Tsunami response, important gaps in crucial humanitarian sectors persist. This raises concern and questions the flexibility of the general funding that is available for Tsunami relief and reconstruction activities. It also raises doubts on implementing agency efforts to adapt their plans and assistance to the existing situation. Moreover, key humanitarian NGOs

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[3] The amounts were pledged jointly with the European Parliament and European Council.

[4] The flexibility instrument is a special provision which allows up to €200 million in extraordinary expenditure above the Financial Perspective ceilings in a given budget year

[5] On average the percentage coverage of funding requirements for all 2005 Appeals is 55% (11/2005). European Commission funding accounts for 8.8% of the funds provided to the Appeals in 2005 (ECHO's funding is 5.9% for all 2005 Appeals and 5.5% in the Indian Ocean Earthquake/Tsunami Flash Appeal).

have not relied on ECHO and state donors for their funding and in many cases these organizations have not received any EC funding. This is particularly the case in later funding decisions and resource allocations. This raises concerns regarding the share of budgets that will be available for humanitarian needs if actors have consistently attempted to commit to rehabilitation and reconstruction efforts. When reconstruction efforts that offer longer term solutions are delayed, humanitarian needs are prolonged and, often, the situation is worsened by the fact that initial efforts foreseen for a prompt response to basic needs were envisaged for a shorter time frame.

It is in this context that the theme of Linking Relief, Rehabilitation and Development acquires added importance. ECHO has anticipated in its Tsunami response, to focus on this crucial issue. It has committed funds towards rehabilitation programs and attempted to inform European Commission's rehabilitation and reconstruction funding, and hopefully that of other donors, through evaluation. It remains to be seen whether a needs based focus which should be the norm in HA efforts can be sufficiently and effectively captured by longer term EC and international community efforts. The Commission has foreseen certain funding instruments to be channelled by NGOs that are intended to play a role in LRRD efforts. At the heart of this issue is whether these attempts carry enough weight in an already defined regional and country agenda.

The European Commission is regarded as an actor that can promote policies and good practices at an international level. It promotes a series of initiatives which it feels help coordinate, design and improve EU action. A number of donors feel that there is an important role the EC could play in terms of providing greater coordination and a principle driven response. Likeminded key European state donors believe that it should be an EU imperative to promote a rights-based response and principles of good donorship within a framework of shared operational objectives. It is also up to EU Member States and the European Council to forward this agenda and provide the EC with the necessary legitimacy to act on it. The value added of the European dimension in the disaster response to the Tsunami is a topic for further and separate review.

Introduction

Overview of the response

In the wake of the Indian Ocean Earthquake and Tsunami, the European Commission pledged 473 million euros for 2005 and 2006 to help the regions affected by the Tsunami. The pledge announced on January 6, 2005 at the "Special ASEAN Leaders' Meeting on the Aftermath of Earthquake and Tsunami," was officially divided into **123 million euros for humanitarian aid in 2005 and 350 million euros for reconstruction support in 2005 and 2006**. With this pledge, the EU situated itself as a top donor in the Tsunami response efforts.

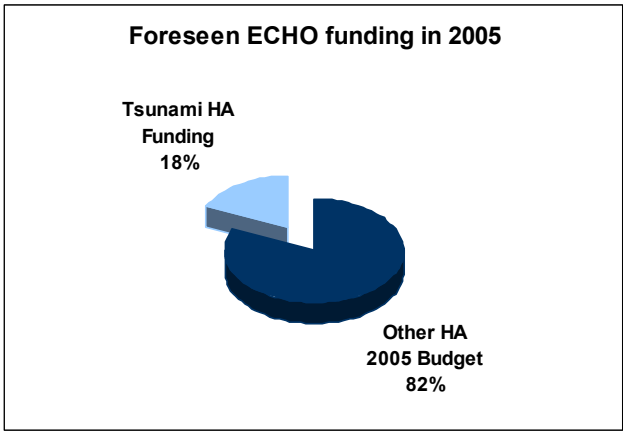
The European Commission funded its emergency and relief response to the Tsunami primarily through its humanitarian office ECHO. Food aid was also funded through EuropeAid. Only a few days after the disaster, at the end of December 2004, the Commission provided an initial 23 million euros in humanitarian aid to meet urgent human needs in the disaster affected areas. This was followed by an additional amount of 100 million euros pledged at the Jakarta Conference in the beginning of January. In addition, 14 million euros were granted to WFP for the provision of food aid. When counting the funds provided to WFP by EuropeAid, the total amount of **EC humanitarian aid contributions in response to the Tsunami are estimated to reach 137 million euros in 2005**.

ECHO is an important humanitarian donor[6] channelling an estimated 10% of the EC's overall ODA. When created, the amount of ECHO aid was modest, but has risen rapidly to reach a level similar to the

[6] Second in the world behind the United States according to the latest OECD data and ECHO 2004 reports.

assistance provided bilaterally by the EU Member States. ECHO states that its aid is now also comparable to the levels of humanitarian aid provided by the United States.

Figure 1. ECHO funding



In 2003 and 2004, approximately 10% of ECHO's overall budget was devoted to responding to natural disasters. The amount approached 20% in other years: 1998, 2000, 2001 and 2002. ECHO's response to the Tsunami alone will represent approximately 18% of its funding activity in 2005.

As ECHO has an EU mandate (Regulation (CE) nº 1257/96) to provide emergency assistance and relief to the victims of natural disasters, it immediately sought to fund relief efforts in the wake of the Tsunami. In funding those agencies it defines as partners, signatories to a framework partnership agreement, ECHO has the task of ensuring that goods and services reach disaster areas quickly.

The Commission through ECHO was able to commit funds – 3 million euros to IFRC – on the very day of December 26th. In the immediate aftermath of the Tsunami, the European Commission, like many other donors, felt pressure to demonstrate its willingness and capacity to respond. Controversy heightened on December 28, 2004 when Jan Egeland, UN Undersecretary-General for Humanitarian Affairs, suggested that the United States, with an initial $15 million pledge, and other Western nations were being "stingy" with relief funds.[7] As pledges surged in the first week of January, and statements at the "Special ASEAN Leaders' Meeting on the Aftermath of Earthquake and Tsunami" in Jakarta suggested that total EU (25 Member States + European Commission) pledges amounted to around € 1.5 billion, or US$ 2 billion, Humanitarian Aid Commissioner Louis Michel warned: "We must be very careful not to enter a beauty contest where we compete on who has the highest number. I am interested by promises that lead to actual spending."[8] At the same time, it was reported that, when in Sri Lanka in the first days of January, he also stressed that the EU has been the quickest contributor of aid money to Sri Lanka, the Maldives, and Indonesia. Media reports indicated: "the United States rivals the EU with a contribution of $350 million."[9]

The initial ECHO funding commitment of 3 million euro in favor of the IFRC on 26 December was in response to the organization's first appeal for 6.7 million US$. Subsequently, two additional decisions amounting to 20 million euro were adopted on 30 and 31 December, before the closing of the year. EuropeAid responded to a WFP Emergency Appeal on 11 January with the provision of 14 million euro by amending an existing contractual provision.

ECHO presence and funding in the affected countries

The humanitarian assistance funded by the European Commission is channelled by implementing humanitarian aid agencies. ECHO greatly relies on the information provided by its regional experts and

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[7] The Washington Times, December 28, 2004

[8] www.euractiv.com

[9] Radio Free Europe/Radio Liberty, 3 January 2005

the capacity of implementing agencies in ensuring that its aid is appropriate and effective. ECHO, as part of its strategy, at the end of 2003 started strengthening its rapid reaction capacity by establishing a hub–office to support country offices in the beginning of 2004. There is now a regional South Asia office in India and one in Thailand.

ECHO has been active in Sri Lanka ever since its creation in 1992 and works there and in the refugee camps of Tamil Nadu (India) with approximately 12 implementing partners on the ground. In 2004 it provided 6.5 million euros in humanitarian aid. Assistance provided in Thailand and Myanmar amounted to 16.3 million euros in 2004 The program remained large in 2005 with an indicative budget of 15.5 million euros.[10]

Table 1. ECHO 2005 indicative budget for Asia

Country/Sub-region	Amount in M of €
Afghanistan/Pakistan/Iran	***20.0***
South East Asia	***39.0***
Burma/Myanmar	8.0
Cambodia	2.5
China/Tibet	Pm
Indonesia	2.0
East Timor	2.5
Laos	2.0
Northern Korea	14.0
Philippines	0.5
Thailand	7.5
South Asia	***14.0***
Bangladesh	2.0
India	2.0
Nepal/Bhutan	6.0
Sri Lanka	4.0
Iraq	***0.0***
Sub-total	**73.0**

Due to the conflict situation in Northern Sri Lanka, ECHO had partners on the ground and two experts when the Indian Ocean Tsunami struck. In its aftermath ECHO decided to work exclusively with established partners that were in-country. Since the end of January, ECHO has had two permanent experts and a program assistant in country. In addition, ECHO opened the Sri Lanka office in mid-February. Prior to the disaster, ECHO was planning to phase out its assistance in a two to three year period. In 2005 ECHO had only foreseen allocating 4 million euros in Sri Lanka and 2 million euros in India.

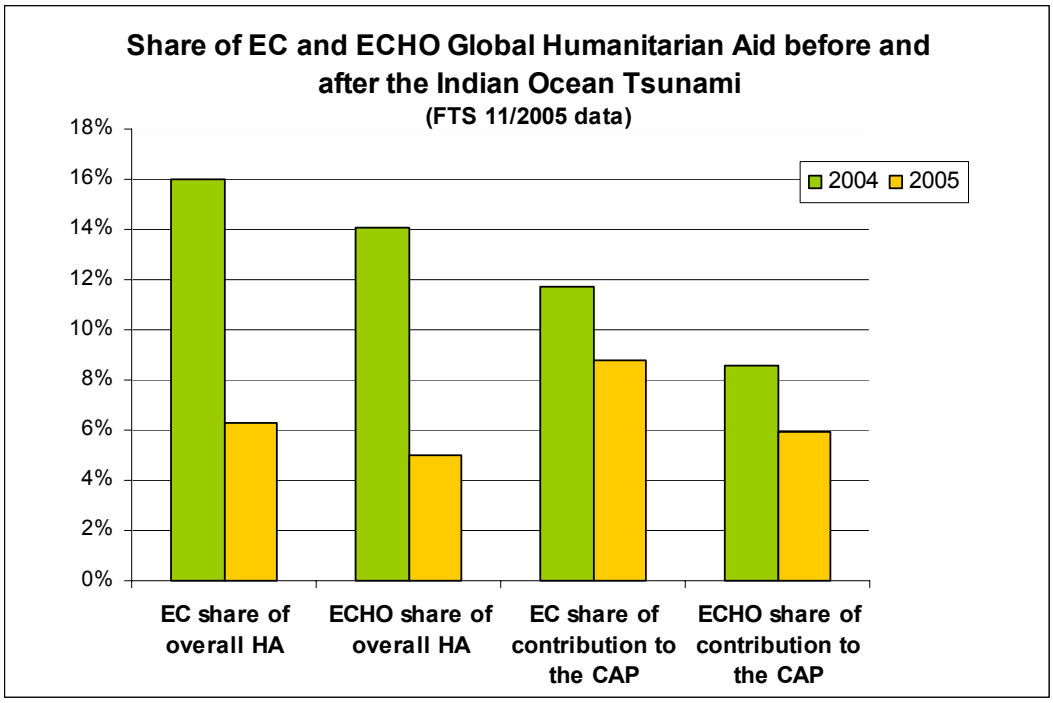
[10] ECHO has been providing aid in the context of the crisis in Myanmar since 1994. It has focused its assistance on the vulnerable in Myanmar and on the Thai-Myanmar border. Assessments in the field carried out by ECHO staff however indicated that Myanmar had been relatively spared in comparison and that the situation in Thailand was far worse.[10]

Likewise, in Indonesia, before the Tsunami struck, ECHO was also in the process of phasing out. ECHO's planned 2005 budget in the country amounted to 2 million euros. There was one local assistant in-country and one expatriate from the regional office in Bangkok that would travel to Indonesia every one to two months. In the province of Aceh itself, no partners were funded at the time as access remained difficult. Despite the presence of three humanitarian aid agency expatriates in Aceh, there was no coordinated view on how to engage and provide humanitarian assistance in ways that would have an impact.

Limitations and particularities

According to the FTS, the European Commission's humanitarian aid corresponds to 6.3% of overall humanitarian contributions in 2005 (11/2005 data)[11]. For 2004, ECHO contributions represented 14.1% (16% for the EC) of global humanitarian aid, more than twice the share of 2005 global humanitarian aid flows.[12] The data provided by the FTS also indicates that ECHO funding for the Tsunami represents only 1.6% of the total funding and that contributions to the Indian Ocean Tsunami Flash Appeal represent 5.9% of overall commitments. The decrease in the importance of ECHO's share of global humanitarian assistance in 2005 is largely the result of both private funding and large amounts of funding by other state donors, like Japan, in response to the Tsunami.

Figure 2. EC and ECHO Humanitarian Aid



In contrast to other donors under review in the context of the TEC, the European Commission is not a state government but a multilateral donor. It is included in the OECD as a member of the DAC. Its policies and practices are different to those of individual EU Member States. When the European Commission pledges an amount unforeseen in the annual EU Budget, the European Parliament and the

[11] EC contributions to the CAP in 2005 represent 8.8% of overall contributions. Data for ECHO is, respectively, 5% and 5.9% in 2005.

[12] ECHO contributions to Consolidated Appeals were 8.6% of total (11.7% for the EC).

European Council (EU Member States) as the Budget Authority, must still give a final approval to these proposals.

Figures on the level of disbursement up to February were not available. In addition, information on the level of expenditure of implementing partners for initial contracts was not forthcoming.

Overall allocation and disbursement

Table 2. European Commission funding in response to the Indian Ocean Tsunami

Overall Pledge (5/1/2005): 470 million euro, (123 million euro in Humanitarian Aid)									
Donor	**Country**	**Humanitarian in millions of euro (11/2005)**			**Reconstruction amounts committed**		**Disbursed**	**In kind %**	**Grant %**
		Committed[13]	**Contracted**	**Disbursed[14]**	**2005**	**2006**			
ECHO	Indonesia	40.5	3938	30.61			-	-	100%
	Sri Lanka	32.6	29.2	21.31			-	-	100%
	Maldives	2.7	2.7	2.18			-	-	100%
	Thailand	0.5	0.5	0.40			-	-	100%
	India	10.0	9.6	5.76			-	-	100%
	Regional	16.7	16.6	12.75			-	-	100%
	Total	***103.0***	***98.0***	***72.9***			-	-	100%
	Of pledge	*87%*	*80%*	*59%*					
Food Aid /security	Regional	14.0	14.0	14.0			-	-	100%
	Total	*14.0*	*14.0*	*14.0*			-	-	100%
DG RELEX	Indonesia				80	120	-	-	100%
	Sri Lanka				55	40	-	-	100%
	Maldives				5	11	-	-	100%
	Regional				3	9	-	-	100%
	Not specified				27	-	-	-	100%
	Total				170	180	-	-	100%
Total EC		117.0	101.6	72.1	170	180	-	-	100%

Officially, 20 million euros of ECHO funding remain uncommitted but are included in a funding decision expected to be adopted in December 2005. The EC pledge did not take into account the assistance later decided by EuropeAid's Food Aid/Food Security of 14 million euros.

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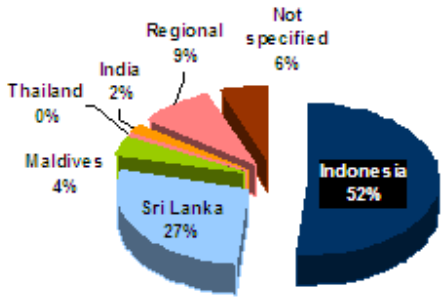
[13] Committed implies that a financial decision has been adopted. 20 million euros of the amount pledged have yet to be committed.

[14] According to ECHO procedures, between 50% and 80% of the total amount of each contract is paid upon signature, a second payment is made upon presentation of an intermediary financial report (if at least 75% of then first allocation has been spent) and the final 20% is paid upon submission of the final report by the partner.

Table 3. Aid committed per country

Country / Region	HA Committed in M of €	Reconstruction amounts Committed	Total in M of €
Indonesia	40.5	200	240.5
Sri Lanka	32.6	95	127.6
Maldives	2.7	16	18.7
Thailand	0.5	-	0.5
India	10.0	-	10.0
Regional	30.7	12	42.7
Not specified	-	27	27.0
Total	117.0	350	**467.0**

Figure 3. Aid committed per country, %



More than half of the EC funding has been earmarked for Indonesia. In comparison to other donors, the EC has also focused heavily on the Maldives as the third country to channel the most funding. India, which receives 12.5% of ECHO's aid in the *ad hoc* 80 million euro decision, and Thailand are not considered in the reconstruction phase, largely as a result of their stance on international aid.

ECHO procedures and budgets

ECHO, as a Directorate-General of the European Commission**,** participates in the drafting and implementation of the EU's general budget and the definition of Humanitarian Aid. The budgetary authority (Council of Ministers and European Parliament) is responsible for approving the budget. ECHO has two sources of funds: the general EC budget and the European Development Fund. General budget funding for humanitarian aid is found under Title 23. This heading is divided into three lines: the main one which covers financing of all humanitarian operations; a budget line for aid support expenditure and a line which covers the financing of operational support and disaster preparedness programs.

To be able to respond rapidly to unexpected events which could not have been foreseen when the budget was established, ECHO may call on an emergency aid reserve (title 31). Mobilization of funding from the Emergency Reserve requires trilateral agreement between the Commission, the Council and the Parliament.

Table 4. ECHO budgets

	2005 Initial budget in millions of euros	2004 Final budget in millions of euros
1. Community budget for Humanitarian Aid		
Aid for populations and emergency food aid for developing countries and other third countries that are victims of catastrophes or serious crises –	6.5	490
Aid Support expenditure	476.5	
Operational support and crisis preparedness	12.5	
2. Reserve for emergency aid (initial amount available)	223	221
ECHO may call upon the emergency aid reserve in relevant situations and according to specific needs (amount used).	100*	28
3. European Development Fund[15]	-	52
Total ECHO budget	495.5	570

Source: ECHO website
*Amount of the Emergency Reserve used for the Tsunami operation for humanitarian aid

Table 5. EC Humanitarian Aid funding in response to the Tsunami

Humanitarian Aid Pledged: € 123 M EuropeAid Food Aid: € 14 M		Committed in €	Contracted in €	Disbursed in €
Primary Emergency Decision, 26/12/2004, 3 months		3,000,000	3,000,000	3,000,000
Regional	Emergency Relief Response (IFRC)	3,000,000	3,000,000	3,000,000
Emergency Decision, 30/12/2004, 6 months		10,000,000	10,000,000	7,999,910
Sri Lanka	Relief Response	8,266,182	8,266,182	6,612,946
Maldives	Relief Response	1,733,818	1,733,818	1,387,054
Emergency Decision, 31/12/2004, 6 months		10,000,000	10,000,000	7,909,000
Indonesia	Relief Response	10,000,000	10,000,000	7,909,000
Ad Hoc Decision, 9/2/2005, 12-18 months [16]		80,000,000	75,067,125	54,121,971
Regional Component € 13.6 M	Coordination and information, Early Warning System, ECHO's technical assistance, logistic, transport		13,639,002	9,754,989

[15] HA in ACP countries can in exceptional circumstances use funds made available by the Cotonou ACP-EC Partnership Agreement (9th EDF)

[16] The allocation per country is an indicative breakdown of the amount of the Objective 1 of the decision (€ 67.4 million).

Humanitarian Aid Pledged: € 123 M EuropeAid Food Aid: € 14 M		Committed in €	Contracted in €	Disbursed in €
Indonesia € 30.5 M	Relief and short-term rehabilitation and recovery	*30,500,000*	29,349,554	22,703,993
Sri Lanka € 24.4 M	Relief and short-term rehabilitation and recovery	*24,400,000*	20,953,062	14,702,576
India € 10 M	Relief and short-term rehabilitation and recovery	*10,000,000*	9,625,507	5,760,413
Maldives € 1 M	Shelter and livelihood support	-	1,000,000	800,000
Thailand € 0.5 M	Restarting livelihood	-	500,000	400,000
ECHO Total	**Amount**	**103,000,000**	**90,396,170**	**63,919,994**
	% of amount pledged	**86%**	**73%**	**52%**
	% rates on 15 March 2005[17]	**86%**	**36%**	**23%**
EuropeAid	**WFP Food Aid EMOP** 11/1/2005	**14,000,000**	**14,000,000**	**-**
TOTAL		**117,000,000**	**104,396,170**	**-**
Uncommitted pledge (10/2005) 20,000,000 euro				

Source: ECHO and EuropeAid.

The Commission has three separate decision-making procedures available to initiate a humanitarian aid operation:[18]

- the *delegation procedure*: the Commission has delegated powers to the Director of ECHO for primary emergency humanitarian decisions to speed up the response to sudden emergencies within certain limits (a maximum amount of 3 million euros and a maximum duration of three months);
- the *empowerment procedure*: the Commissioner responsible for humanitarian aid is empowered to take decisions relating to:

  -emergency operations up to EUR 30 million for a maximum of six months;

  -non-urgent decisions up to a maximum of EUR 10 million.

  These decisions are subject to a consultation procedure (cabinets, interdepartmental). Emergency decisions exceeding EUR 10 million and non-urgent decisions exceeding EUR 2 million require Humanitarian Aid Committee approval;

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[17] Commissioner Louis Michel provided information on the status of allocations and disbursements on March 15, 2005: "17 contracts have now been signed worth €21 million, 27% of the total allocated under the decision, and 15 other contracts should be approved over the next few days for almost €20 million. That means that contracts have been awarded for €43 million of the €80 million." Nearly 23% of the pledge had been paid out. EU Commissioner for Development and Humanitarian Aid, speech "*Post-Tsunami Relief Effort: The Commission's Humanitarian Response and The Need For Sound Aid Management*." European Parliament round table organised by Mr Nirj Deva MEP in cooperation with Dr Willem Van der Geest of the European Institute for Asian Studies, Brussels, March 15, 2005

[18] Council Regulation (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid [Official Journal L 163 of 02.07.1996].

- the *written procedure* for all decisions not covered by the delegation or empowerment procedures which require Humanitarian Aid Committee Approval.

In responding to the Tsunami, ECHO utilized an initial 3 million euros from its Emergency Reserve in a Primary Emergency Decision to fund the IFRC. Primary Emergency Humanitarian Aid Decisions entail fast-track procedures and envision a three month implementation period and a maximum allocation of three million euros. Two separate additional decisions were adopted in December 2005 as Emergency Decisions that foresee a 6 month implementation period and a 10 million euro allocation (maximum amounts) and do not require prior approval of the Humanitarian Aid Committee. The fourth ECHO Decision for 80 million euros adopted on February 9, 2005 is for a 12 to 18 month period and required the *written procedure*.

On occasions of major crises like the Indian Ocean Tsunami catastrophe, ECHO follows a *rolling program* approach in its funding. The rolling method of contracting projects has also been utilized in the context of the crisis in Darfur. This approach enables ECHO to increasingly base its funding on identified needs and proposals presented by implementing partners. ECHO's 80 million euro decision enables it to follow a rolling program. A funding decision for the additional 20 million euros pledged in the area of HA was launched on November 10th and is expected to be adopted in December 2005.

Figure 4. EC Humanitarian Aid funding response to the Tsunami

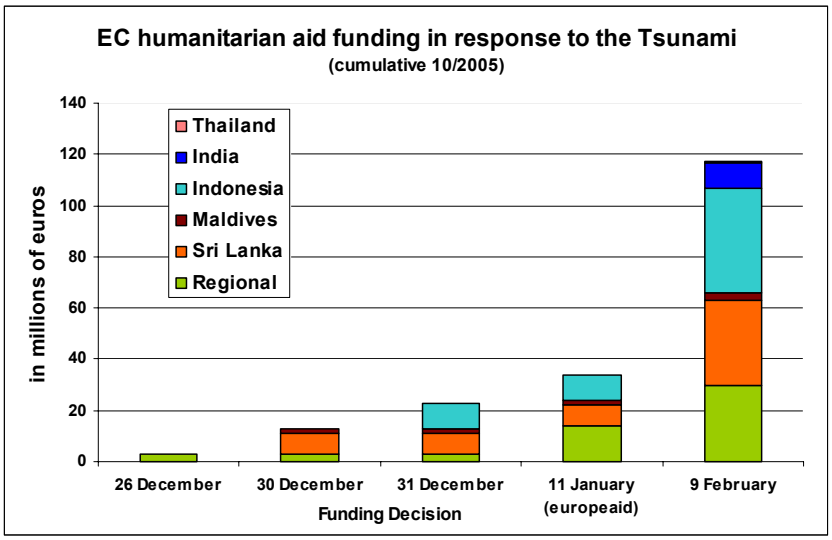
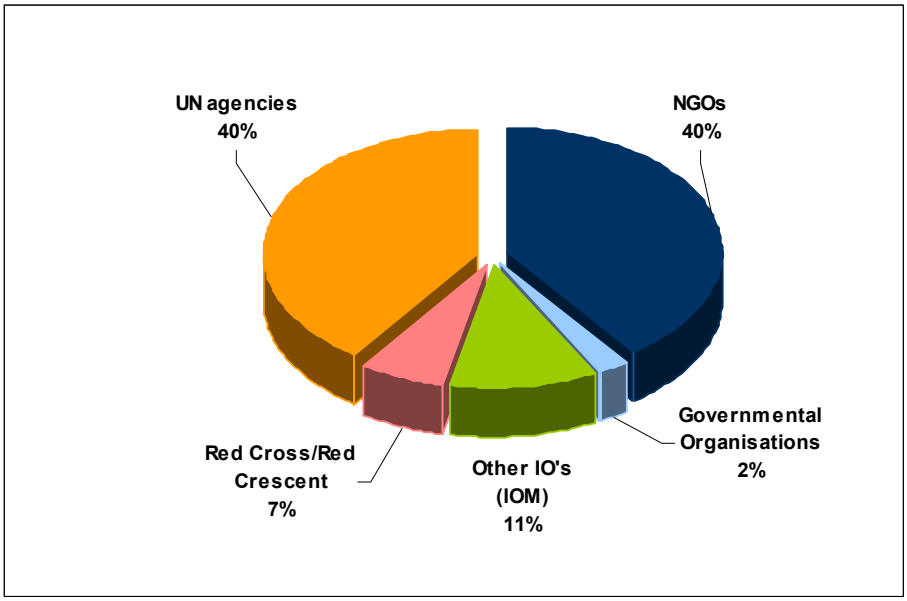


Table 6. ECHO funding by implementing agency

Breakdown by implementing actor for relief phase						
Implementation	**Amount in €**	**Actor**	**Amount in €**	**Country**	**Sector**	**Amount in €**
NGOs	**34,877,331.61**	ACF	1,860,000	Sri Lanka	Water & San.	1,200,000
				Indonesia	Water & San.	660,000
		ACTED	2,408,313	Indonesia	Misc.	742,553
					Shelter	880,000
				India	Multi-sector	785,760
		AID (UK)	249,968	India	Multi-sector	249,968
		AKF	936,182	India	Multi-sector	936,182
		ATLAS	3,374,679	Indonesia	Logistics	1,143,124
				Regional	Logistics	2,231,555
		Care D	863,441	Sri Lanka	Food	413,088
					General	450,353
		Care NL	1,886,265	Indonesia	Water & San.	1,886,265
		Care UK	1,022,510	India	Multi-sector	1,022,510.
		Caritas Germany	1,695,055	India	Multi-sector	1,695,055
		DCA	1,567,164	India	Livelihoods	1,567,164
		German Agro Action	4,256,000	Indonesia	Water & San.	1,000,000
				Sri Lanka	Multi-sector	3,256,000
				India	Multi-sector	579,266
		Handicap Int´l- F	1,377,610	Sri Lanka	Water & San.	733,560
				Indonesia	Health	644,050
		ICMC	1,013,618	Indonesia	Misc.	484,820
					Psycho social	528,798
		IRC –UK	1,844,561	Indonesia	Health	923,462
					Water & San.	921,099
		MDM-F	500,000	Indonesia	Health	500,000
		MDM-Gr	475,818	Indonesia	Health	475,818
		MPDL	581,400	India	Multi-sector	581,400
		Oxfam UK	571,534	Sri Lanka	Water and San.	571,534
		Premiere Urgence	1,497,673	Indonesia	Shelter	1,497,673
		PSF	484,157	Indonesia	Health	484,157
		Save the Children UK	1,331,234	Indonesia	Food	1,331,234
		SCF UK	280,000	India	Psycho-social	280,000
		Solidarités	535,000	Indonesia	Water & San.	535,000
		Terre des Hommes CH	748,779	Sri Lanka	Health	748,779
		Terre des Hommes-I	500,000	Thailand	Livelihoods	500,000
		Triangle	276,595	Indonesia	Livelihoods	276,595
		TSF	97,767	Indonesia	Communication	97,767

Breakdown by implementing actor for relief phase						
Implementation	**Amount in €**	**Actor**	**Amount in €**	**Country**	**Sector**	**Amount in €**
		ZOA	1,400,000	Sri Lanka	Multi-sector	1,400,000
Governmental Organizations	**1,816,418**	NRC	1,816,418	Indonesia	Coordination	260,492
					Shelter	824,435
				Sri Lanka	Miscellaneous	731,491
Red Cross / Red Crescent	**5,689,001**	Danish Red Cross	2,689,001	Indonesia	Psycho-social	911,102
				Sri Lanka	Psycho-social	1,105,179
				Sri Lanka	Psycho-social	672,720
		IFRC	3,000,000	Regional	General	3,000,000
Other/ Inter-governmental Organizations	**9,738,760**	IOM	9,738,760	Indonesia	Health	1,347,558
					Logistics	1,872,410
						2,117,958
				Sri Lanka	General	1,439,387
				Regional	Logistics	1,872,410
					Logistics	1,089,037
UN agencies	**35,054,045**	FAO	9,435,000	Indonesia	Livelihoods	5,535,000
				Sri Lanka	Livelihoods	3,900,000
		WFP	7,972,351	Regional	Logistics	1,912,500
				Sri Lanka	Food	6,059,851
		UNDP	1,498,353	India	Livelihoods	498,353
				Maldives	General	1,000,000
		UNFPA	812,000	Indonesia	Health	812,000
		UNHCR	2,828,514	Sri Lanka	Shelter	2,828,514
		UNICEF	6,934,027	Indonesia	Water and sanitation	4,000,000
				Maldives	General	1,733,818
				Sri Lanka	Water and Sanitation	1,200,209
		OCHA	4,000,000	Regional	Preparedness	2,000,000
					Coordination	1,000,000
				Indonesia	Coordination	1,000,000
		WHO	1,573,800	Sri Lanka	Health	500,000
				Indonesia	Health	1,073,800

Figure 5. Distribution of ECHO Tsunami funding by agency type



ECHO's funding of UN agencies in the last four years has consistently ranged between 27% and 29% of its funds. In the Tsunami Response, ECHO has allocated 40% of its funds to UN agencies. In contrast, NGOs have received far less ECHO funding in this crisis than usual – 40% in the Tsunami operation as opposed to 60% on average in previous years. These differences are partially a reflection of the fact that traditional ECHO NGO partners have received large amounts of private funding and have not approached ECHO for the same level of support. Also, in the Tsunami-affected areas where NGOs did not have a very strong presence as the Maldives, ECHO funded UN agencies that had greater implementation capacity. In contrast, ECHO greatly relied on NGOs for aid implementation in India.

Figure 6. Variations in traditional shifting patterns

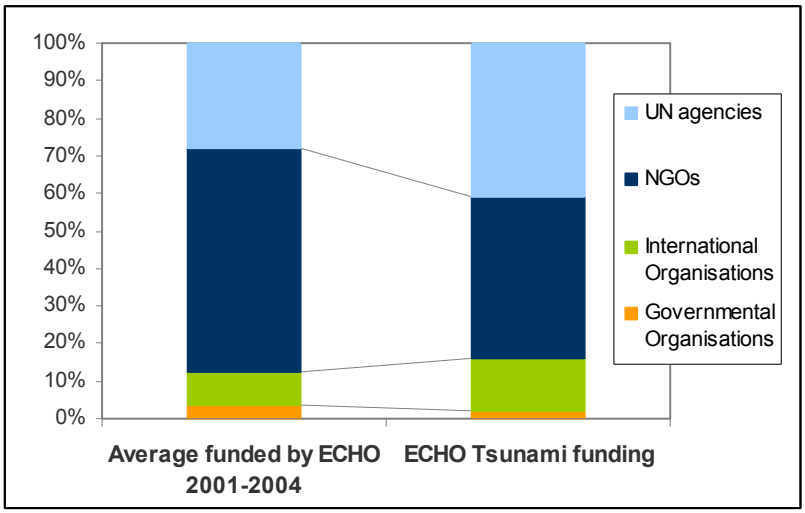


Table 7. Ranking of agencies funded by ECHO

Agency	Volume of ECHO Tsunami funding (Ranking)	Ranking ECHO's 20 main partners in 2004
IOM	1	-
FAO	2	-
WFP	3	1
UNICEF	4	3
German Agro Action	5	13
OCHA	6	10
ATLAS	7	-
IFRC	8	8
UNHCR	9	2
Danish Red Cross	10	17
Care NL	11	-
ACTED	12	-
ACF	13	6
IRC UK	14	14
NRC	15	-
Caritas-Germany	16	-
WHO	17	19
DCA	18	-
UNDP	19	-
Premiere Urgence	20	-

The agencies most funded by ECHO in this emergency, IOM and FAO, are not listed among its 20 main partners in 2004. In fact, only half of the agencies funded in the Tsunami response are.

The most noted absences of traditional ECHO partners are Oxfam, MSF (Netherlands, Belgium and France) and the ICRC which is not the lead Red Cross Movement actor in natural disaster responses.

The fact that IOM has channelled the most funding is noteworthy. UNHCR has been a secondary partner in comparison. It should be noted that in Indonesia, UNHCR decided to withdraw from Aceh and subsequently withdrew a 6 million euro proposal which ECHO was considering for approval. According to ECHO, it is the UNHCR's inability to implement humanitarian operations in Aceh during most of 2005 that explains their less important position in the overall ECHO tsunami funding. The importance of FAO funding is consistent with the focus on restoring livelihoods and the incorporation of relief development from the onset.

The figure below provides a breakdown of ECHO's funding to the IOM and UN agencies by organization. It should be mentioned that half of the funding allocated to OCHA corresponds to support for UNISDR's Indian Ocean Early Warning System.

Figure 7. ECHO funding by UN agency (including IOM)

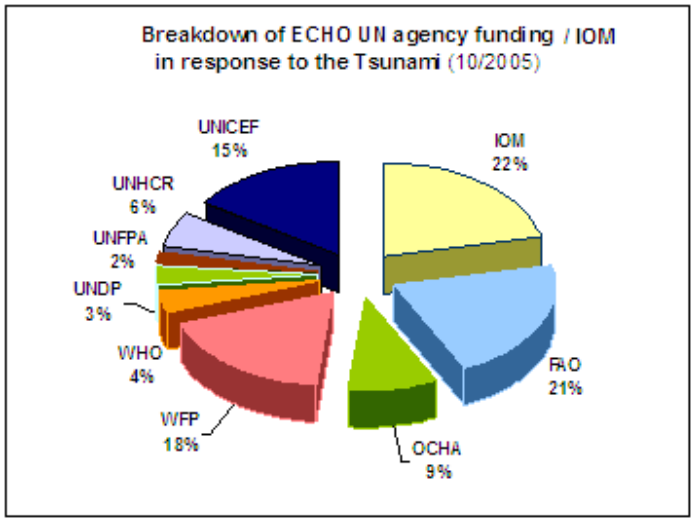


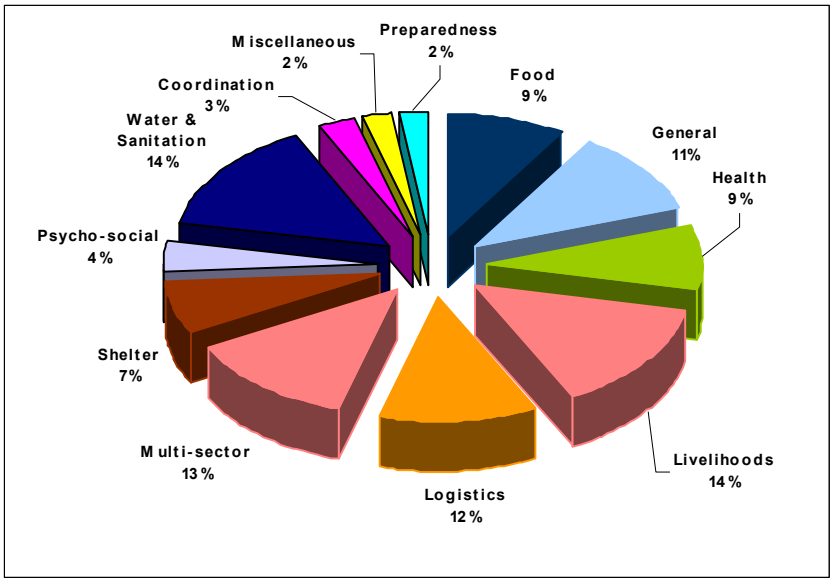
Table 8. Sector allocations and geographic focus by donor and budget[19]

Sectors	Committed	Countries	Committed	%
Water & Sanitation	12,707,668	Indonesia	9,002,364.44	10%
		Sri Lanka	3,705,303.58	4%
Livelihoods	12,277,112	India	2,065,517	2%
		Indonesia	5,811,595	7%
		Sri Lanka	3,900,000	4%
		Thailand	500,000	1%
Multi-sector	11,168,883.00	India	6,512,883.00	7%
		Sri Lanka	4,656,000.00	5%
Logistics	10,366,584.00	Indonesia	5,133,492.00	6%
		Regional	5,233,092.00	6%
General	9,495,968	Sri Lanka	1,889,740	2%
		Maldives	2,733,818	3%
		Regional	4,872,410	6%
Food	7,804,173	Indonesia	1,331,234	2%

[19] Breakdown excludes amounts allocated regionally for ECHO staff and offices in the field.

Sectors	Committed	Countries	Committed	%
		Sri Lanka	6,472,939	7%
Health	7,509,624	Indonesia	6,260,845	7%
		Sri Lanka	1,248,779	1%
Shelter	6,030,622	Indonesia	3,202,108	4%
		Sri Lanka	2,828,514	3%
Psycho-social	3,497,799	Indonesia	1,439,900	2%
		Sri Lanka	1,777,899	2%
		India	280,000	0%
Coordination	2,358,259	Indonesia	1,358,259	2%
		Regional	1,000,000	1%
Preparedness and Mitigation	2,000,000	Regional	2,000,000	2%
Miscellaneous	1,958,864	Indonesia	1,227,373	1%
		Sri Lanka	731,491	1%
Total	87,175,556		87,175,556	100%

Figure 8. ECHO Tsunami funding by sector (10/2005)

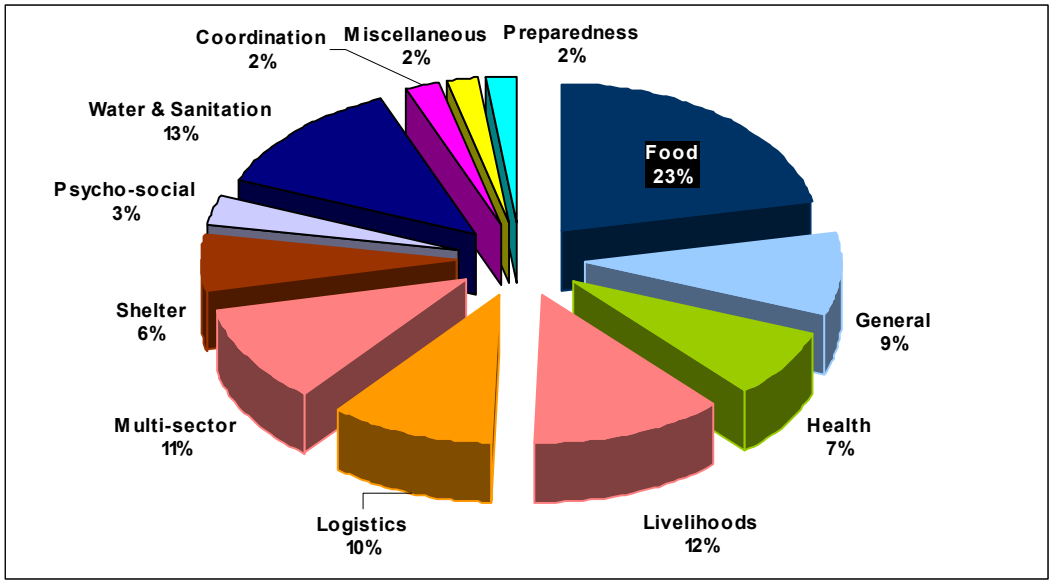


Although information on the distribution of funds by type of aid is rough and many projects are geographically focused and cover different types of needs, data shows the following:

- the large amount of funding devoted to water and sanitation and the focus placed on a sector that ECHO states to be under-funded or under-covered in relation to existing needs;

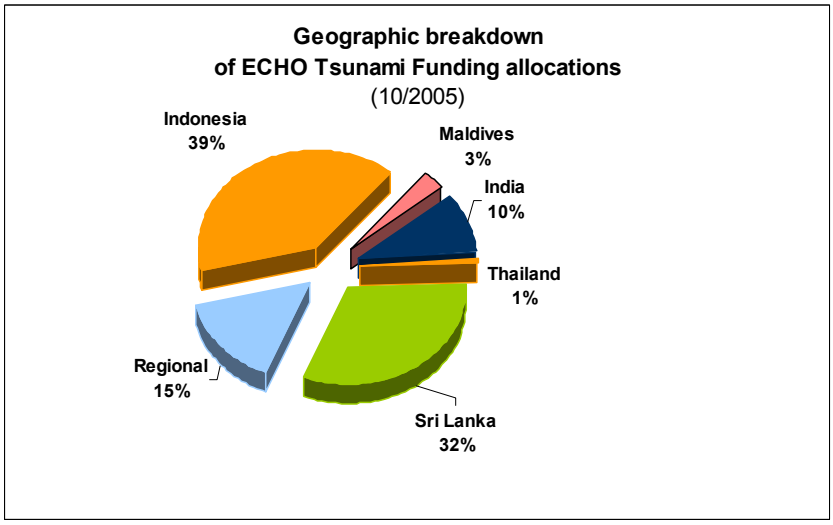
- the relatively important share of funding in recovery efforts, livelihood recovery representing 14% of allocations and psychosocial recovery, 4%. Data also demonstrates additional focus on LRRD;
- the added commitment within geographical funding allocations (in addition to ECHO thematic DIPECHO funding) to disaster prevention efforts.

Figure 9. EC Humanitarian Funding allocations by sector (including Europeaid)



When including the EC's allocation to WFP through Europeaid, food aid represents the most important form of humanitarian assistance provided, amounting to 23% of overall commitments.

Figure 10. ECHO funding by country



Allocation percentages per country are in line with the breakdown foreseen by the funding decisions. The amounts allocated by ECHO up to October 2005 do not show considerable differences between Indonesia and Sri Lanka (only 7%). This is a small difference when compared to overall EC funding commitments, which foresee that Indonesia will receive 52% of EC Tsunami relief and reconstruction funds.

On Good Humanitarian Donorship: review of funding policies and practices in the Tsunami response

In its strategy document for 2005, ECHO states that a principled approach to humanitarian aid has become its trademark and that it can only defend the principles and values of humanitarian assistance – neutrality, impartiality and independence – that are challenged every day, if it meets the highest standards for humanitarian donors. ECHO's mission statement "considers that it has a special responsibility in the implementation of the Good Humanitarian Donorship Principles and Implementation Plan."

This chapter attempts to provide an assessment of ECHO's funding policy on the basis of Humanitarian Donorship Principles and Good Practice.

1. Humanitarian principles and objectives

The European Community humanitarian action is embedded in the right of victims of natural disasters, wars and outbreaks of violence, or other comparable exceptional circumstances, to international humanitarian assistance when their own authorities prove unable to provide effective relief. It is based on and guided by the respect of international humanitarian law and the core humanitarian principles of humanity, impartiality, neutrality and independence. The prime aim of the European Community humanitarian assistance is to save and preserve life, prevent or reduce suffering and safeguard the dignity of populations of third countries before, during and in the aftermath of such natural disasters and man-made crises and to facilitate and obtain freedom of access to victims as well as the free flow of such assistance.

The European Community allocates humanitarian funding solely according to the victims' needs on the basis of impartial needs assessments. Funding decisions are not to be guided by or subject to other considerations. The aid will be provided in a timely manner in response to the urgency of the needs and continued for the period of time necessary to meet the humanitarian requirements.[20]

ECHO does not intervene directly in the field and channels its aid through implementing partners. The majority of the DG´s funding goes to NGOs which have signed Framework Partnership Agreements. ECHO has been a staunch supporter of independent NGOs. Médecins Sans Frontières has traditionally been a main recipient of Commission humanitarian aid funding. In principle, all NGOs that adhere to ECHO's values, principles and objectives are eligible partners after verification that they meet predetermined criteria. The eligibility criteria include "endorsement of a voluntary code of conduct or charter stipulating adhesion to the principles of impartiality, independence and neutrality in delivering humanitarian assistance."

Humanitarian principles are especially relevant in conflict sensitive contexts. In the case of the Tsunami disaster response, ECHO had been working in Sri Lanka since 1994 and, based on a coordinated effort with other donors, maintained its focus in the Northern and Northeastern provinces. As for Indonesia, although ECHO maintained modest funding provisions for assistance in the country in 2005, (due to problems of limited humanitarian access), its strategy included the conflict in Aceh and the crises in

[20] See Preamble of the Framework Partnership Agreement with Humanitarian Organisations, European Commission, DG for Humanitarian Aid – ECHO.

Indonesia as a priority and also as one of eight forgotten emergencies. The 2005 ECHO Aid Strategy, published 4 days before the Indian Ocean Tsunami states:

"In Indonesia, ECHO will be maintaining its efforts in 2005 to help victims of the internal conflicts in the provinces of Aceh, Papua and Central Sulawesi. Once again, access is highly restricted in the areas where government and separatist groups are fighting in Aceh and Papua. ECHO's aid will be geared to assisting and protecting civilian victims of the conflict and to facilitating the return of IDPs to their homes or their resettlement and integration in their new places."[21]

As a result of its crisis monitoring efforts, ECHO was aware of the conflict situation prior to the natural disaster and of the need to take special care to avoid challenges to the basic principles of humanitarian aid. This prior awareness would in theory guide funding to be conflict-sensitive and not influenced by different parties. In Sri Lanka, ECHO also managed to initially fund only those partners that were already in-country and respecting humanitarian aid principles.

An issue which proves more complex is ascertaining whether the level of EC funding in response to the Tsunami was *impartial,* which involves defining if it was in proportion to needs. This requires understanding how the overall amount was decided and on what basis. Given ECHO's procedures and practice, the initial 23 million euros are a standard prompt response to a major catastrophe. The additional *ad hoc* funding decision for a longer timeframe (12 to 18 months) was also very much in line with ECHO´s mission. When assessing impartiality, it comes into play discerning what factors influenced decision-making and provided a basis for determining the additional exact amount of 100 million euros of humanitarian aid.

In the context of the Jakarta Donors conference, held only nine days after the disaster, the Commission, like other donors, felt the need to define its pledge. After recounting the devastating effects of the disaster, President Barroso, in the Session of the European Parliament held in Strasbourg on January 12, 2005, proceeded to explain the EC pledge and the amount of humanitarian aid in the following terms:

First of all in view of "*the scale of the disaster and the shocking images plastered on our televisions and newspapers sparked massive sympathy among our European citizens who rightly demanded a very quick and large response*.

Second, "*on the humanitarian side, the Commission has responded fast and very efficiently. We were first on the ground and first in delivering on our promises. The first support package was announced on the day that the Tsunami struck and we have now committed through ECHO 23 million euro. However, as Kofi Annan has underlined, a billion US dollars will be needed immediately. In answer to this, I propose as part of the pledge that €100 million further is allocated from the emergency reserve to assist in this effort*."

With this explanation, it appears that the amount was based on several considerations: the expectation of European citizens, existing humanitarian needs in disaster affected areas and, lastly, the fact that longer term EC reconstruction funding is lengthier to mobilize and that sustained aid efforts are required earlier.

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[21] ECHO Aid Strategy2005, European Commission, DG for Humanitarian Aid – ECHO, 22 December 2004, p.

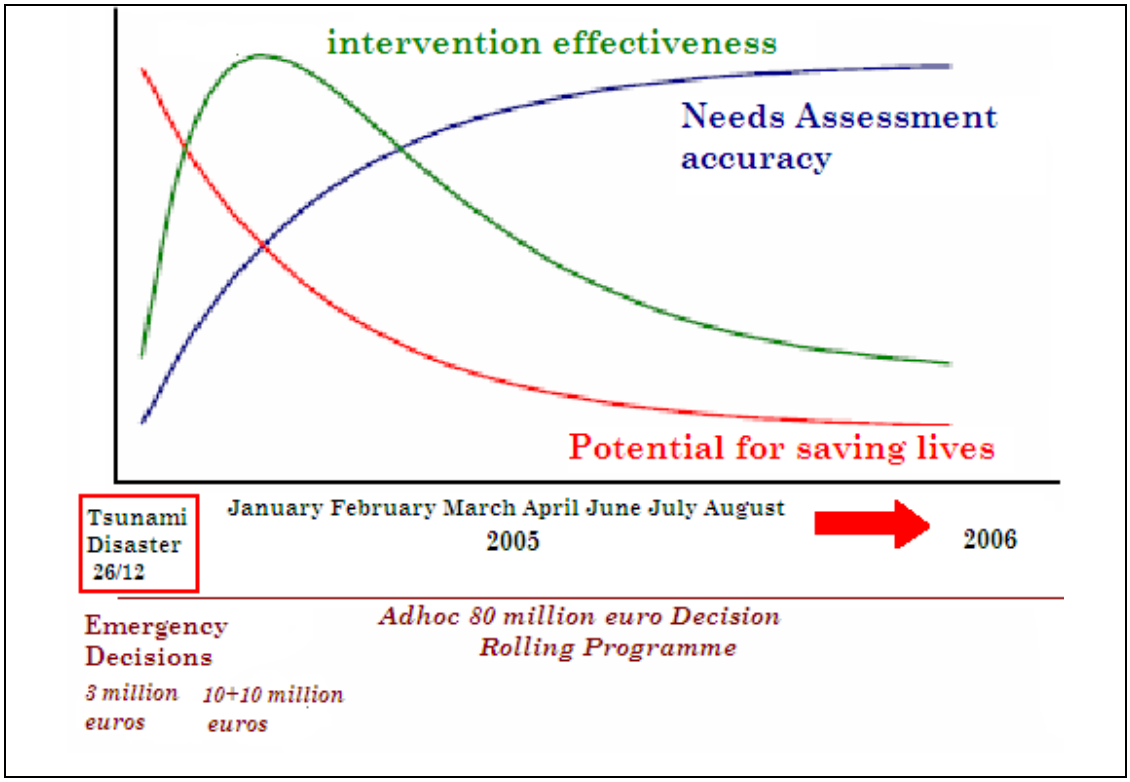
2. Flexibility and timelines

The Commission provided immediate funding with its fast track funding procedure for primary emergency humanitarian decisions to expedite the response to sudden emergencies. It provided the maximum amount of 3 million euros for the maximum duration of three months to the IFRC on the same day of the disaster. It managed to respond rapidly despite the holiday season, weekend, and end of the budget year. Although this initial contribution covered over half of the IFRC's original appeal, when considering the magnitude of the catastrophe, the 3 million euro amount could be regarded as insufficient for a donor like ECHO. Two additional 10 million euro emergency decisions were passed with the approval of the Commissioner responsible for humanitarian aid. As emergency decisions exceeding 10 million euros require Humanitarian Aid Committee approval, DG ECHO set out to have two separate decisions: one for Sri Lanka and the Maldives on December 30th and the other for Indonesia on December 31st, 2004. Practically all the funds committed were from ECHO´s Emergency Reserve for 2005.

Contracts and payments related to the Tsunami response were given priority within the Commission. Complete derogation and precedence was granted despite the workload associated with the opening of the financial year and the lack of budget availability. Advance payments of up to 80% were disbursed in 3 to 5 days as opposed to a usual 2 week delay.

Timeliness of aid is crucial in sudden disasters where there is potential access to populations in need because there is a greater possibility of saving lives at the onset of the emergencies, in the early hours and days. In ECHO's response to the Tsunami the situation was no different. In the immediate aftermath of a disaster, ECHO has to fund efforts with limited information on the actual situation on the ground. How much it funds in the early stages when information is less accurate, is both a result of its internal procedures (the amount of Primary Emergency and Emergency Decisions, and the need to channel assistance through partners that are to a large extent specialized in different sectors or cover different geographical areas) and the need to combine funding with needs assessment. In providing for timely funding, ECHO has to commit funds to specific partners, but at the same time, once it commits these funds its aid is fixed and becomes less flexible. This fact explains to a large degree why ECHO is not eager to rapidly allocate all of its funds to implementing partners and resorts to a rolling program. 27% of the amount pledged remained unallocated in October 2005.

Figure 11. Timeliness, needs assessment and funding



3. Needs based funding

Since 2001, ECHO has sought to target areas in greatest humanitarian need and focus on neglected crises and "forgotten needs." It largely bases its yearly budget forecasts on this policy. The Indian Ocean Earthquake and Tsunami was a major disaster that triggered a massive outpouring of aid. This crisis was unique in many ways and anything but a neglected emergency. ECHO's initial commitments in response to the Tsunami took place before the international community started to donate so heavily in the early days of January. How the amount of the overall pledge of 123 million euros was decided remains unclear. According to the ECHO geographic unit in Brussels, given the situation on the ground and existing needs, "while the amount at first seemed excessive, it is now in practice correct."

ECHO very much relies on the assessments, opinions, and information it receives from its staff in the field. Its staff in turn relies on the information provided by key partners that are in country and have the proper capacity to assess needs in a reliable manner. In the case of Aceh, for example, ECHO expressed that initially only MSF, equipped with helicopters, was able to carry out proper damage assessments and adequately estimate needs. Since then, ECHO has conducted its own needs assessments with partners.

In terms of common needs analysis, ECHO 3 stated that although different needs assessments were posted by OCHA, there was no shared analysis of needs or an effort on the part of OCHA to either validate or synthesize findings of reports.

ECHO is increasingly able to identify unmet needs in affected areas and utilizes its rolling program model to match funding with needs. It has, however, expressed the difficulty of addressing these needs through traditional partners that are not soliciting ECHO for funds. The example of existing needs in the water and sanitation sector was underlined by the fact that Oxfam, a strong partner in this sector, does not want to channel or request additional Tsunami relief funding.

4. Beneficiary participation and local capacity
While Emergency decisions do not specifically contemplate funding in ways that are supportive of beneficiary participation, ECHO does include the concept in its overall humanitarian aid strategy. Funding for Sri Lanka from the Emergency was channelled via partners that were already working in country. Projects included in the *ad hoc* 80 million euro decision have included sectors that foresee greater beneficiary participation. Strong examples of this are efforts in the area of recovering livelihoods and the innovative project funded in Thailand implemented by Terre des Hommes, Italy.

5. Disaster preparedness and mitigation
The European Commission has attempted to integrate DPP (Disaster Preparedness Prevention) into its funding. ECHO has developed a Strategic Orientation to Disaster Reduction defining its operational strategy (see Annex). As an indicative figure, ECHO aims to spend 5% of its annual budget on disaster preparedness activities, as suggested by the European Parliament in the Carlotti Report.[22]

In response to the Tsunami, ECHO has funded the UNISDR through OCHA with 2 million euros. This funding is provided under the 80 million euro decision which stated as one of four specific objectives: "To contribute to the assessment, evaluation and strengthening of Early Warning Systems and disaster preparedness in countries affected by the December 26, 2004 Tsunami in South and South East Asia."

6. Linkages to recovery and development
ECHO's humanitarian response program includes the first phase of rehabilitation. Food distribution programs have been replaced by food-for-work and then cash-for-work activities. The distribution of fresh drinking water has been replaced by the rehabilitation and construction of new wells. Commission humanitarian support includes rehabilitation and livelihood recovery with building material and tools for those able to rebuild their homes, the repair and provision of small fishing boats, distribution of seeds and tools, and the restoration of basic public health services. Approximately 10% of ECHO´s allocations have targeted recovery and rehabilitation efforts. An LRRD inter-service group coordinates among different Commission DGs. EC Reconstruction funding has also foreseen transitional assistance programs in funding UNDP livelihoods programs in Sri Lanka and the Maldives (7 million euros) and the AsiaPro Eco funding channelled through NGOs.

Through evaluation, ECHO is also attempting to further inform donor reconstruction funding. It is engaged in the thematic evaluation of LRRD in the context of the TEC.

7. UN Coordination and ICRC/IFRC mandate
In addition to the activities it funds in different geographic areas, ECHO has developed thematic funding. 2005 is the second year in which ECHO funds OCHA with 4 million euros to "Support and enhance humanitarian information systems essential to the coordination of humanitarian assistance." The specific objective is that OCHA's information management systems and services, mainly Field Information Management, the Financial Tracking System, ReliefWeb, IRIN, and the Global Disaster Alert System, are strengthened in view of improving the coordination of humanitarian assistance.[23] The Global Disaster Alert System (GDAS) intends to strengthen OCHA's role, improve Disaster Preparedness and Prevention and build up disaster response capacity. Under this funding, GDAS will be incorporated into OCHA's information systems to strengthen the Early Warning, Damage Assessment, and Strategic planning of natural disasters as well as the response to sudden-onset emergencies.

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[22] See http://europa.eu.int/comm/echo/pdf_files/evaluation/2003/disaster_main_report2.pdf.

[23] See Humanitarian Aid Decision ECHO/THM/BUD/2005/02000 8

ECHO has provided 1 million euros to OCHA for the HICs in Sri Lanka and Sumatra. IFRC also received immediate support at the onset.

8. Effect on other crises

The table below provides information on the origin of the EC funding utilized in responding to the disaster. Approximately 66% of the funds are new. Evidence from past disasters suggested that especially reconstruction funding tended to divert external aid from other areas. The European Parliament adopted a resolution on January **13th** in which *"MEPs take the view that any substantial contribution by the EU to the reconstruction and development of Tsunami-affected countries should not be offered to the detriment of assistance to other countries or region."* In response to Parliamentary concerns, the President of the Commission indicated that waiting for fresh funds would take up to six months and that he did not believe that the approach would "*have any negative side effects… If governments decide with us that a Tsunami related project takes immediate priority, the originally planned project can be taken up in 2006 or 2007, under the new financial perspective. Any projects that would be reprioritized and delayed in this way will be within the Asia envelope*." In the EC Tsunami response, this has been avoided to a considerable extent in the first two years. CONCORD, the EU alliance of development and relief NGOs, has expressed key concerns regarding the debate on the current proposals for Financial Perspectives 2007-2013 and the economic consequences of the Asian Tsunami disaster.[24] While effects on other standing crises at the time are not currently visible in financial terms, it remains to be seen whether this will be the case in the longer term or whether the responses to other catastrophes that have occurred in 2005 – like the Earthquake in South Asia – have received proportionately less funding than they would have if the Tsunami had not occurred or would have been funded in a different manner. This raises questions about the amounts foreseen in emergency reserves and whether long-term trends can in any way provide an average of the amount of funding required.

Table 9. Origin of the budget made available for the European Commission's funding in response to the Indian Ocean Tsunami

DG		Existing budget lines amount in M €	New Funding amount in M €	Total in M €
ECHO (2005)	ECHO Emergency Reserve (75 M € in 2005)	23	-	23
	Community Emergency Reserve (223 M € in 2005)	-	100	100
AIDCO (2005)	Food Aid allocation to WFP's EMOP and PRRO (110 M € in 2005)	14	-	14
RELEX 2005	Community Emergency Reserve (223 M € in 2005)	-	70	
	Flexibility instrument	-	28	170
	Budget for Asia	60	-	
	Rapid Reaction Mechanism	12	-	
RELEX 2006	Flexibility Instrument		123.5	180
	"4. External Actions"	56.5	-	
Total		165.5	321.5	487

24 Letter addressed to Mr. Jean-Claude Juncker, Prime Minister, Minister of State and Finance Minister, President of the European Council Luxembourg, CONCORD, Brussels, January 14, 2005

Regarding ECHO's assistance, 23 million euros, were utilized from its own Emergency Reserve. ECHO utilized less than a third of its Emergency Reserve for its humanitarian aid response to the Tsunami. The request to draw 100 million euros from the Community emergency reserve for additional humanitarian aid, announced at the January 7th Council, was approved by the budgetary authority (the Council and the Parliament), in the record time of 14 days. As for the aid channelled though RELEX, the majority of funds (63%) have been new, provided through the Flexibility Instrument. The flexibility instrument is a special provision which allows up to €200 million in extraordinary expenditure above the Financial Perspective ceilings in a given budget year. Mobilization of the Flexibility Instrument also requires the consent of both arms of the Budgetary Authority (the Council and the European Parliament). The 14 million euros allocated by EuropeAid are part of an overall allocation of 110 million euros to WFP [25] for the provision of food aid in emergency and crisis situations under specific Emergency Operations (EMOP) and Protracted Relief and Recovery Operations (PRRO).

The immediate effect that the response to the Tsunami disaster had on other crises was the pulling out of means, mainly human resources, from existing humanitarian aid operations, to service Tsunami relief efforts. Although funding is a pull factor, this appears to have been more of a capacity issue than an immediate result of the humanitarian aid funding provided in tsunami-affected areas.

9. Predictability and flexibility

In responding to the Tsunami disaster it is unlikely that key humanitarian organizations have been as affected by the unpredictable nature of humanitarian funding as in other crises. This said, ECHO has become an increasingly predictable donor. Its yearly strategies very much define the nature of its funding. It is only in the advent of unforeseen emergencies that funding is less predictable. When natural disasters have occurred, ECHO has almost consistently funded the IFRC and the IFRC can expect funding within Primary Emergency Decisions, although not necessarily for the full 3 million euro amount, nor for the Federation exclusively.

ECHO earmarked its funding and maintained a degree of funding flexibility in its Tsunami response mainly by maintaining unallocated and uncommitted amounts of funds. For those contracts already allocated, partners have some degree of flexibility and contractual arrangements can also be amended.

10. Appeals and action plan: the Common Appeals Process (CAP)[26]

In response to the Tsunami, ECHO, according to the FTS, has contributed 5.9% of overall commitments to the Flash Appeal. Assessing how this matches with good donorship criteria implies considering whether this funding has resulted in ECHO contributing responsibly and on the basis of burden-sharing, to the CAP. The Indian Ocean Earthquake Tsunami Flash appeal requirements represent 20% of CAP requirements for 2005. Over 83% of the Tsunami Flash Appeal has been funded, while only 55% of the requirements for all 2005 appeals have been covered. ECHO's percentage of coverage for all appeals in 2005 is the same as for the Tsunami: 5.9%.[27]

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[25] The present allocation of 110 million euros (Budget lines: 210201: € 48,450,000, 210202: € 61,550,000) was allocated prior to the Tsunami. The implementation of the operations may start as soon as the Commission has taken its decision. In this instance, the Commission decided to respond to WFP's appeal on January 11, 2005. Total Food Aid/ Food Security Budget for 2005 is 234 million euros.

[26] The Consolidated Appeals Process (CAP) is a mechanism used by aid organizations to plan, implement and monitor their activities. Working together in the world's crisis regions, they produce a Common Humanitarian Action Plan and an appeal, which they present to the international community and donors.

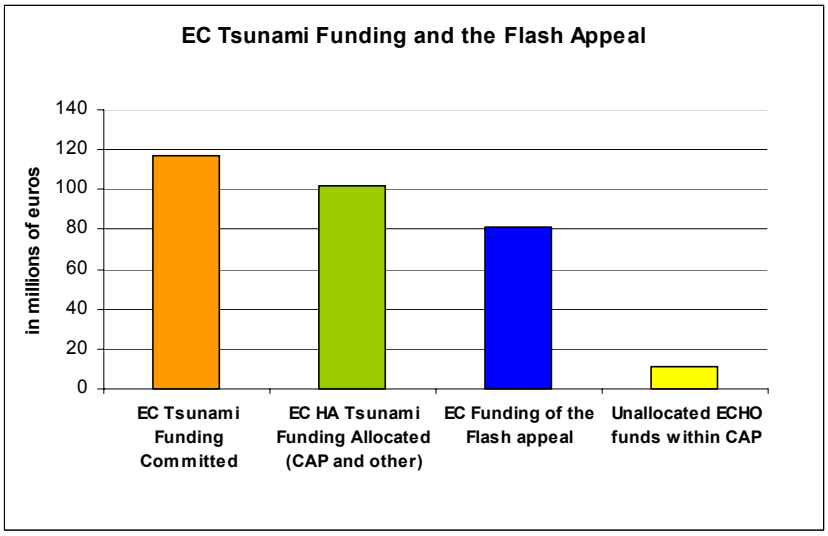
[27] Based on updated 5/11/2005 FTS data.

Certain EU Member States feel that ECHO should take a lead role precisely in funding those emergencies whose needs are not sufficiently considered by other donors. Less than two weeks before the Tsunami, in a Speech on the Reform of the International Humanitarian System, *Hilary Benn, the UK Secretary of State for International Development* declared*: "*I propose that to balance unequal allocation of resources by donors, ECHO, the world's second largest humanitarian donor – and in my view one of the most effective parts of the EU development architecture – should take on a stronger role as a financier of last resort, focusing more of its funds on forgotten crises. ECHO should assess which crises are most poorly-served by other donors and use this as a criterion in determining its own resource allocation."[28]

For the ECHO 3 unit, the Flash Appeal was regarded as a "reference document" but was not perceived as a reliable document for needs assessment purposes. In this sense, the CAP is mainly a fundraising tool and not a means of furthering coordination. Projects have been funded both within and outside the Flash Appeal.

ECHO´s 2005 Aid Strategy states: "In keeping with its commitment to the Good Humanitarian Donorship Principles, DG ECHO will contribute to bringing about an improvement of the Consolidated Appeal Process (CAPs)[29], participation in the CAPS "Kick-off" program, the Montreux CAPS Retreat and related events."

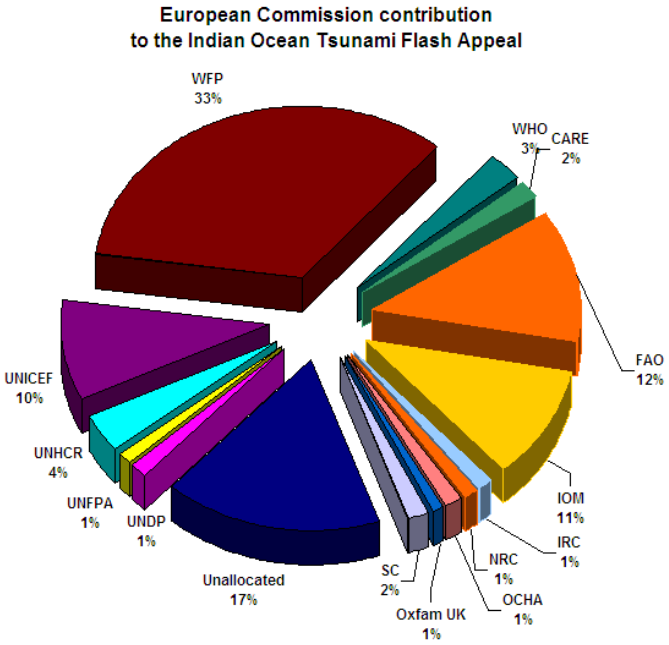
Figure 12. EC Tsunami funding and Flash Appeal



[28] Hillary Benn´s Speeach at ODI's Humanitarian Policy Group, December 15, 2004.

[29] http://ochaonline.un.org/cap2005/index.htm

Figure 13. European Commission contribution to the Flash Appeal



11. Response capacity

ECHO has been funding the upgrading of implementing partner capacity for the last ten years. It has targeted Red Cross/Red Crescent National Societies as key recipients of its disaster preparedness programs. As in the case of OCHA and strengthening coordination, ECHO's thematic funding also offers international organizations and UN agencies funding for core activities.

ECHO, as a donor, responded quickly to the humanitarian disaster in Asia following the earthquake on December 26th. Staff were immediately mobilized and on the same day, ECHO allocated €3 million for the relief efforts of the International Red Cross/Crescent Federation. Teams of ECHO specialists can be deployed within 24 hours to the site of any disaster. As part of its 2004 Aid Strategy, ECHO was in the process of building up its response capacity through its regional offices. ECHO has around 70 experts throughout the world assisted by some 250 local staff. As a result of the Tsunami and in order to strengthen aid delivery, the Commission foresees doubling the number of its experts located in more than 30 field offices throughout the world and organizing multi-sector rapid response teams. Although the quality of ECHO's aid very much depends on the quality of the implementation provided by partner organizations, the Commission has realized that they heavily rely on the assessments and monitoring efforts of their own field staff.

The capability of implementing agencies has proved a problem from a funding perspective, as many agencies lack the human resources and absorption capacity to channel large amounts of funding, mobilize resources quickly and offer sustained post-Tsunami relief and recovery efforts.

12. Civilian humanitarian action

The EC is funding OCHA's handbook on the implementation of "the guidelines on the use of military assets in humanitarian operations." None of the Commission's funding is directed towards the use of military assets. The EC, in its Communication to the Council and the European Parliament and the

Committee of Regions on Reinforcing EU Disaster and Crisis Response in third countries, stated the following:[30]

"The Tsunami has demonstrated the value of military logistical assets in complementing and supporting humanitarian organizations where their rescue and aid delivery capacities are overstretched or insufficient. It is necessary, however, to ensure that any humanitarian operation using military assets retains its civilian and impartial nature. This is of particular importance in complex emergencies where there is an absolute need to avoid confusion of roles between military and humanitarian actors. For this reason, and in order to preserve the neutrality of the 'humanitarian space' the Commission attaches great importance to compliance with the UN Guidelines on the use of Military and Civil Defence Assets in Humanitarian Operations5 in both conflict and non-conflict situations. These internationally agreed guidelines provide for the mobilization of military assets for humanitarian and relief operations at the request of and in close cooperation with the civilian humanitarian operators. These guidelines are also key operational elements in ensuring the safety and protection of relief workers and victims.

The Commission recognizes and supports the primary role of the UN in coordinating international humanitarian aid efforts. The Commission will work with the Council's Civil-Military Cell to ensure that these principles and guidelines are appropriately reflected in any relevant strategic planning scenarios developed by the Cell."

13. Evaluation

ECHO has planned one specific evaluation on the Tsunami Relief Operation to take place in the first months of 2006. ECHO is developing terms of reference for the overall evaluation regarding the Tsunami Relief Operation. ECHO evaluation has planned a mission to Sri Lanka beginning of November in order to finalize the ToR. Missions have been carried out in Indonesia, India, the Maldives and Thailand in order to develop the ToR.

ECHO evaluation has a ceiling of 154,000 euros and has committed this amount for the evaluation of the Tsunami response. ECHO considers that this amount does not allow for extensive evaluation. It plans to further evaluate Tsunami Relief Operations through thematic evaluations, which are not directly aimed at the Tsunami Relief Operations but which will target some countries that were hit by the Tsunami. Those evaluations will focus for instance on "coping capacities" or "water and sanitation review."

Due to its status, ECHO has the obligation to carry out an evaluation when its programs are above 2 million euros. ECHO has chosen to focus its evaluation on LRRD. Since ECHO is also taking part in the TEC joint thematic evaluation on LRRD, the results of ECHO's internal evaluation will be used for the TEC evaluation.

Regarding the use of evaluation, ECHO plans to incorporate results and recommendations into future programs. Recommendations are included in funding decisions and if they are not duly taken into account, there is a need for justification. The evaluation report should be available in the late spring, and will therefore be used for the decisions made in 2006. Since the focus is on LRRD, the evaluation will primarily inform RELEX as they are in charge of the reconstruction side. The evaluation will point out the achievements as well as the remaining challenges regarding the transition between humanitarian aid and reconstruction activities.

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[30] European Commission Communication to the Council and the European Parliament and the Committee of Regions on Reinforcing EU Disaster and Crisis Response in third countries Brussels, 20.4.2005, COM(2005) 153 final, page 4.

14. Financial transparency and accountability
Although ECHO supports the FTS and entirely reports all of its funding to the system, in practice there are differences in the data provided by the FTS and by ECHO. This is primarily due to a time lag factor and it is unclear whether the delays in updating information are due to the FTS or recipient agencies. All information on ECHO contracts and allocations is eventually available on the ReliefWeb.

Decision-making criteria

ECHO's first emergency funding was decided based on the need for rapid action. The funding was allocated as a result of IFRC's appeal but with no specific proposal. The decision to fund the IFRC was made as a result of previous ECHO in-country experience with National Societies. In ECHO´s view, local Red Cross/Red Crescents operate relatively well in the countries affected by the disaster.

The subsequent emergency decisions were further based on an assessment of needs. Projects are selected on the basis of detailed proposals from partners and are first analyzed in the field. They are assessed against relevance, the extent to which they meet humanitarian needs and implementing partner capacity to deliver on planned efforts. The projects are then sent to the Commission headquarters where the final financing decision is made.

According to Commissioner Louis Michel, ECHO's global network of experts on the ground conducts, analyzes and monitors projects financed by ECHO. As part of the response to the Tsunami, the situation in each country has been analyzed by a team of approximately 10 humanitarian aid specialists.[31]

Response strategy

ECHO has a comprehensive strategy that it drafts yearly. The 2005 ECHO Aid Strategy once again attempted to situate the EC as a reference donor in the field of humanitarian aid. The 2005 year strategy maintained ECHO's focus on good donorship, needs-based funding, and concentrating efforts on forgotten crises and neglected needs. Funding planned for 2005 reaffirmed ECHO's mission as one of the world's most important humanitarian aid donors, second only to the United States. The document lays down the foundations for ECHO's principle-driven humanitarian response.

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[31] EU Commissioner for Development and Humanitarian Aid, speech "*Post-Tsunami Relief Effort: The Commission's Humanitarian Response and The Need For Sound Aid Management*." European Parliament round table organised by Mr. Nirj Deva MEP in cooperation with Dr Willem Van der Geest of the European Institute for Asian Studies, Brussels, March 15, 2005.

The strategy, published only four days before the Indian Ocean Tsunami, states under the "Global Humanitarian Situation and Outlook for 2005" that the overall humanitarian situation "globally leaves little ground for optimism as the challenges mount." The outlook reports on trends increasing the number of disasters and recognizes that individual large-scale disasters, such as the earthquake in Bam (Iran) in 2003 can dramatically increase the figure for disaster-related deaths in a given year. With hindsight it is now known that 2005 has been a catastrophic year in terms of natural disasters with not one unprecedented large-scale catastrophic event, but several. The IFRC's World Disasters Report 2004[32] counted the number of casualties caused by natural and technological disasters at nearly 77,000 (three times the number of deaths in 2003). This data did not include the Tsunami, which took place in the last days of the year and was one of the worst natural disasters recorded in history. The figure for 2005 – which will include the Tsunami – is devastating and may be 5 times the death toll of 2004.

The Tsunami changed the outlook for 2005, if not ECHO's strategy. It poses different challenges to ECHO's response strategy from a funding perspective. The initial one, as a donor, is deciding on the overall amount of funding it should provide and whether it should be a product of the total amount of global funding available for a crisis. While private funding is motivated by different factors, ECHO strives to base its overall funding on needs and has developed a comprehensive system to identify unmet global needs. In the case of the Tsunami, amounts were defined early on. Once amounts have been pledged or committed, disengaging funds from one crisis to respond to other needs seems practically impossible, if not politically unfeasible. Humanitarian Aid Commissioner Louis Michel stated, in reference to post-Tsunami humanitarian aid, that: "The **financing decision**, which is a sort of initial commitment, is based on **an assessment of needs**. The Commission's policy is not one of making huge pledges in a kind of donor "beauty contest." "We prefer a graduated approach with **financing decisions taken as and when** information becomes available and financing requests come in from our partners. This makes sure that **financial aid is matched to real needs**." In this respect, ECHO has managed to halt pressures for rapid allocation and disbursement of pledged funds.[33]

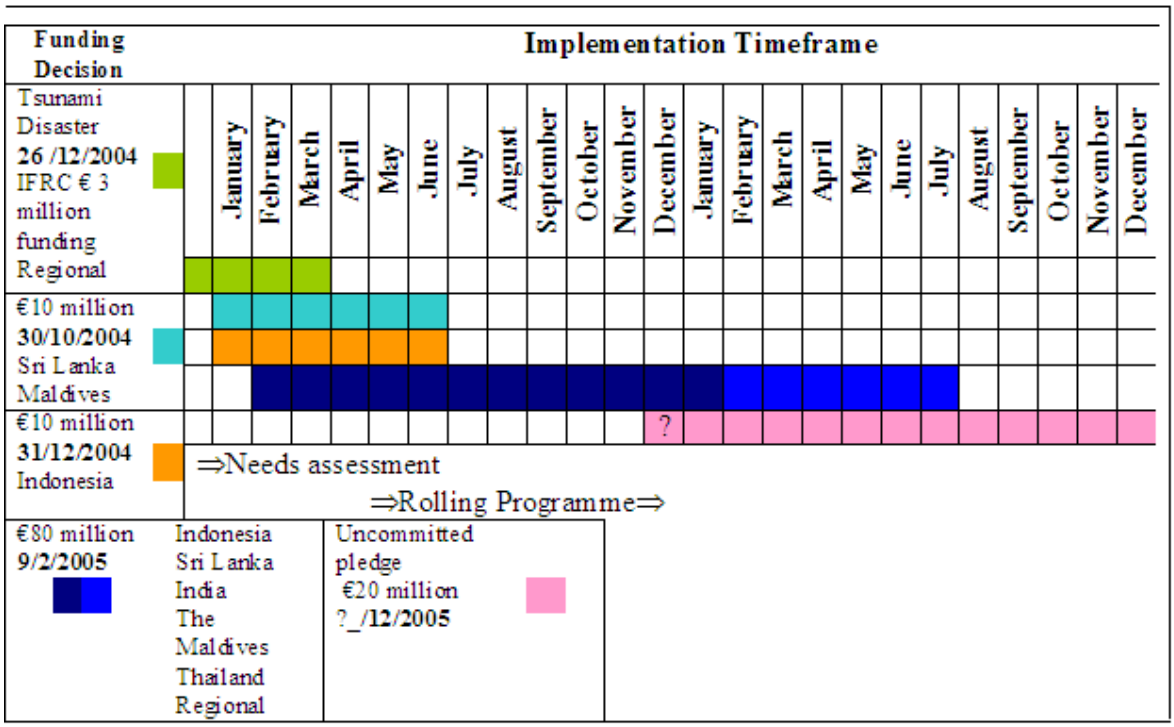
In answering to the Asian Tsunami disaster, the EC undertook the following actions in the field of humanitarian aid:

- **December 26, 2004**: 3 million euros allocated to the International Red Cross within 72 hours following the catastrophe;
- **December 30 and 31**: two further decisions each for 10 million euros for Sri Lanka, the Maldives and Indonesia;
- **January 4-5, 2005**: EC President Barroso pledged an additional 100 million euros in humanitarian aid;
- **January 6**: the European Commission requested up to 100 million euros from the Budget Authority (Parliament and Council) for new relief efforts to be carried out in the stricken zone;
- **January 11**: the European Commission, through EuropeAid, released 14 million euros in response to WFP´s appeal.
- **February 9**: an 80 million euro decision was adopted in order to provide aid, including short-term rehabilitation, for the affected population in the disaster stricken area. This decision also includes India and Thailand.
- **November 10**: a 20 million euro decision is launched and expected to be adopted in December 2005.

[32] IFRC World Disasters Report 2004: http://www.ifrc.org/publicat/wdr2004/

[33] March 15, 2005: Speech by Louis Michel, EU Commissioner for Development and Humanitarian Aid, on the Post-Tsunami relief effort: the Commission's humanitarian response and the need for sound aid management. European Parliament round table organised by Mr. Nirj Deva, MEP, in cooperation with Dr. Willem Van der Geest of the European Institute for Asian Studies (Brussels).

Figure 14. Timeline of EU response



An additional challenge for ECHO's response strategy has been the impossibility of relying on key NGOs for aid delivery. These have received large amounts of private funding for the Tsunami response and are unwilling to channel additional resources. On the ground, ECHO has identified unmet needs but often faces difficulty in providing the required form of assistance through existing implementation channels. This, while creating a separate challenge for ECHO, this reaffirms the need for a rolling program method.

Lastly, ECHO has been tested by the occurrence of not one, but several unforeseen disasters, namely the South Asian Earthquake. ECHO's response strategy to the Tsunami did consider the need not to deplete the existing Emergency Reserve and funds were requested from the Commission's Reserve. What remains to be seen is whether residual amounts for other crises, from existing lines and EC reserves, have proven adequate in proportion to the amount of funding which ECHO should have contributed to these disasters.

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