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# European Community (2007), DAC Peer Review: Main Findings and Recommendations

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Review of the Development Co-operation Policies and Programmes of the European Community

## ***A different and evolving form of development co-operation***

The European Community\* is unique among the members of the Development Assistance Committee (DAC) in that it both provides direct donor support to developing countries and plays an important "federating" role with the other institutions and Member States of the European Union (EU). The Community and the 27 Member States taken together account for more than one half of all official development assistance (ODA) recorded by the DAC. Compared with other multilateral institutions, the volume of Community ODA alone is larger than that of the World Bank's International Development Association and several times that of the United Nations Development Programme.

European development co-operation has evolved in parallel with Member States construction of a collective vision for Europe, its treaties, conventions and agreements. Current development policy draws its shape and direction from this ever-evolving historical mosaic of action, ranging from assistance to Member States' former colonies to stabilisation of the European "neighbourhood". The effect of this layering of objectives and procedures has been to leave the European institutions with a reputation for bureaucratic complexity. The Commission has reformed its administration in recent years, including the primary services for development co-operation: the Directorate-General for Development (DEV), the Directorate-General for External Relations (RELEX), the EuropeAid Co-operation Office (EuropeAid) and the Directorate-General for Humanitarian Aid (ECHO). Since the last Peer Review, the Commission has paid significant attention to strengthening its policy framework and delivery systems, including its specialised service for implementation (EuropeAid).

The Community now seeks to move its development programme and system beyond the lingering influences of history, towards a more proactive and strategic European vision for development co-operation. The last decade has witnessed a period of greater and more political European Union assertiveness. Simultaneously, the heightened emphasis on issues of world peace and security raised since 11 September 2001 have deepened the resolve of the Commission to play its part in dealing with the threat of world terrorism. Increasingly, the EU views development action as an instrument of foreign policy and this means that European development institutions now work in a more complex and political environment.

### *The added value of the Community*

In 2005 European development policy was updated in the European Consensus on Development, which provides a common vision for the Community and Member States alike. It highlights the Commission's dual development role by clarifying its added value in relation to the Member States (its federating role) and by requiring improvements in its role as a donor. This dual role cuts across all areas addressed in this Peer Review. The adoption of the European Consensus has been a major strategic success since the last Peer Review. However, there are a series of challenges in implementing it.

There is a risk that the ambitious, multiple objectives of the consensus, including expanded political ones, could diffuse a focus on development and undermine longer term strategic priorities. Parts of European civil society, the European Parliament and individual Member States have expressed concern that the primary objective of poverty eradication is not always reflected in field delivery. Similar concerns are raised for closely related, cross-cutting priorities such as gender, environment, HIV/AIDS and achievement of the Millennium Development Goals (MDGs). The challenge now is to define this broad vision more operationally. The Commission will need to maintain the integrity of the

development agenda and emphasise the effective implementation of priority policies, including a clear focus on results. For example, a pro-poor growth strategy could help integrate poverty eradication more directly into Economic Partnership Agreements and aid-for-trade plans. A clearer translation of vision into operational strategies would seem to be the next logical step in implementing the consensus.

An institutional challenge for consensus implementation is to identify the respective comparative advantage of the Commission and the bilateral Member States within Europe's overall approach to development. In May 2007 the Council concluded a new policy on the "division of labour" among these actors. These conclusions will have important implications for the Community's (and the Member States') development co-operation priorities, organisation and approaches. Already, the Commission is generally recognised for its comparative advantage and leadership in such areas as policy coherence for development, the scaling-up of aid and the aid effectiveness agenda.

Another institutional challenge is how to best integrate the 12 new members of the European Union in their role as emerging bilateral donors. Some of these donors find it difficult to conform to the standard development co-operation guidelines produced in Brussels. The Commission should continue to work closely with these new members to help integrate them into the increasingly co-ordinated, international approaches to development policy and delivery.

As the Member States reflect upon their future operational relationship in development co-operation with the Commission, they also need to review their current, sometimes detailed, collective approach to overseeing Community decision-making, including that exercised by the European Parliament and the Council of Ministers and its working groups. Member States need to agree to an approach that enables the Commission to implement approved policies and strategies more expeditiously and effectively and to continue to improve its performance as a donor agency. Better results reporting to Parliament and the Member States can help build confidence in Community programmes and permit more strategic forms of oversight.

Finally, the Commission must convince the European public of the appropriateness of the consensus vision. In recognition of the importance of public awareness for the future evolution of Europe the Community is consulting with the European institutions, government at all levels and civil society to produce a communication programme of action in 2007. Development co-operation can use the results of this consultative exercise to promote a better targeted action plan for public awareness of development. The need to communicate more effectively at the European, national and local levels suggests the importance of careful preparation of this plan in order to target limited funds for greatest effect.

### *Recommendations*

In implementing the European Consensus, the Commission needs to maintain the integrity of its development agenda and to emphasise results. To achieve this, more coherent operational strategies would help assure that poverty eradication, the MDGs and cross cutting issues, including gender, environment and HIV/AIDS are fully addressed.

The Commission and Member States should use recent Council conclusions on division of labour to further clarify their respective operational roles and ensure strategic use of comparative advantages to manage and deliver European development co-operation in country, and across countries and sectors. This is likely to entail further adjustments in Community priorities, organisation and operations to enhance complementarity.

Member States and Parliament will also need to improve and consider streamlining the different levels of oversight they exercise over development operations to enable the Commission to further improve its effectiveness and performance. Oversight should be structured so that it is strategic and streamlined and does not attempt to micromanage Commission operations.

## Promoting policy coherence for development

### *A renewed effort*

The European Community Treaty requires that development objectives be taken into account in all non-aid policies affecting the developing world. The political and operational priority accorded this topic has grown substantially since the previous Peer Review. In 2005, the European Council initiated a new policy coherence effort by focusing attention on the achievement of the MDGs by 2015. The Council committed to a wide-ranging list of 12 policy coherence priority areas: trade, environment, climate change, security, agriculture, fisheries, social dimension of globalisation, migration, research and innovation, information society, transport, and energy. This political framework now needs to be progressively implemented by the Community based on field realities and knowledge and with a clearer sense of operational priorities.

A work plan for this policy coherence agenda was adopted by the Council in 2006, including a calendar of action and proposals in each priority area. It also defined more specific roles for the Council, the Commission and the Member States. An Informal Network composed of experts from the Member States and the Commission has been active since 2003. A formal means of bringing policy coherence issues to the attention of EU decision makers is needed. Organisational responsibilities within the Commission and the Member States are now being identified and should be as operationally specific as possible.

Progress on the policy coherence agenda will be monitored and results reported every two years. The first report is now being prepared. This could be a watershed document for future European action and should be used to prioritise the current ambitious list of actions so as to better allocate limited resources. Also given the recent decisions on division of labour, the report can be used to identify the most efficient distribution of roles among the Commission, Council and Member States.

The Commission seeks to play a role in harmonising development co-operation among Member States in headquarters and in the field. It will need to further strengthen inter service co-ordination on competing policies in order to reconcile differences quickly and effectively. Commission and Community leadership needs to send clearer and more coherent policy guidance to delegations and Member States, especially the larger ones, so that well synchronised European positions can be established in a timely manner. Given the varying skill levels in field delegations, priority country posts may need to strengthen their capacity to play this role credibly. Improved policy dialogue and better orchestrated policy action will have greater influence and better development impact.

### *Special themes*

This Peer Review explored several special themes of interest to the DAC which require a "whole of government" approach. Democratic governance is a growing political priority for the Community and requires policy coherence in Brussels and a well structured policy dialogue at the country level. Currently there is strong pressure from the European Parliament and the public to link assistance only to recipients meeting minimum governance, anti corruption and human rights standards. The Community characterises this as rewarding mutually-agreed performance standards, rather than as conditionality. Effective implementation of democratic governance requires closer co-ordination among the external affairs directorates-general, Member States in Brussels and other key donors at the country level. Clearer guidance to the field on performance standards will facilitate this dialogue, manage recipient government expectations and enhance the predictability of aid disbursements.

Community policies towards fragile states and security systems reform are other special themes of this review which also require effective whole of government approaches. Currently, no one document outlines a Commission strategy for conflict and fragile states programming; however, a Communication on this subject is being prepared. The challenge of coherence is particularly daunting given the variety of instruments available to the Commission and elsewhere in the EU for different

contexts. Greater coherence is also required among European security and defence policy instruments and other aspects of country programming; missions sent to the field require better integration into other aspects of Community programming.

Lastly, the Commission has highlighted the need to redress gender inequalities as an integral part of the Community's development policy. To do so, it promotes a twin track approach for women's empowerment and mainstreaming gender equality. However, in the course of Peer Review field visits, gender issues were not consistently addressed in programme implementation or highlighted as a key indicator when measuring programme performance. The current Commission approach could be strengthened in these areas.

### *Recommendations*

The two-yearly evaluation should be used to develop a work programme for the current agenda of policy coherence for development to: (i) ensure best allocation of resources; (ii) facilitate closer monitoring of progress; and (iii) help reconcile inconsistencies and strengthen synergies among competing policies.

The Commission and Member States should examine improved ways of bringing policy coherence issues effectively to the decision-making level, reflecting their respective competencies.

The Commission should take advantage of the work programme and improved communications to further enhance inter-service co-ordination. In the field, a common agenda should translate into thematic and country specific policy positions that permit better communication and co-ordination, both with headquarters and among EU Members and the country delegations. This may require strengthening the policy dialogue capacity of key delegations.

Increased Commission attention to whole of government approaches to policy coherence for development could contribute to more effective policy co-ordination in selected thematic areas examined in this Peer Review. These include: democratic governance (clearer guidance on country performance standards to facilitate policy dialogue, manage expectations and enhance predictability); fragile states and security system reform (need for strategy and for resource allocation criteria; strengthened co-ordination on security and defence policy instruments and better integration of missions to the field); and gender (better mainstreaming into programmes and more effective performance measurement).

### *Aid volume and distribution*

#### *A major catalyst for ODA growth*

European Community ODA for 2005 was USD 9 390 million,<sup>\*\*\*</sup> an increase of 7.8% from the previous year, making it one of the largest development actors in the DAC. Preliminary estimates already indicate a record level of USD 10 204 million for 2006.

The Community also helps ensure that the entire European Union contributes to greater quality and quantity of aid. In 2005 it galvanised Member State commitment to a 0.51% of GNI target by 2010 (0.17% for the new Member States) and 0.7% by 2015 (0.33% for the new Member States). Of the total additional European ODA over this period Member States will be responsible for much of the increase. Achieving their respective ODA targets will be difficult for some relatively well-established members as well as for new Member States which have to build aid management capacity. An emerging challenge for the Commission is how to encourage, track and help these members achieve their ODA targets. Also, some Member States may look to the Commission to manage part of their growing pool of ODA. Assisting in these challenges could be a substantial added value role for the Commission in the context of increased European ODA.

#### *Significant budget reform*

A 2006 reform consolidated the previously confusing array of 35 financial instruments (both ODA and

non-ODA funds) into a more manageable set of 10 instruments. Now, the largest flows are found in the European Development Fund (EDF) and the Development Co operation Instrument (DCI). Together they represent the majority of total ODA; however, they are managed differently. Both EDF and DCI instruments are implemented by EuropeAid, although each has a different set of rules and regulations. EDF is a multi-annual programme managed by DEV and funded by voluntary contributions from Member States outside the Community budget. It provides support essentially to the 77 African Caribbean and Pacific (ACP) countries. DCI is managed by RELEX; it is financed directly from the Community's annual budget; and it supports development programmes principally in Asia and Latin America. In both cases, thematic funds largely fall outside country strategy planning. Better coherence between thematic programmes and country strategies would increase effectiveness and overall impact.

The consolidation of financial instruments has been an important and necessary exercise and will result in greater transparency, efficiency and effectiveness. But there may be more opportunities ahead to further integrate and reduce them, particularly in 2013 when most financial instruments expire. The Community needs to persist in streamlining its budgetary arrangements. Funding country development assistance for the ACP countries from the Community budget (i.e. "budgetisation" of the EDF) could increase efficiency through the use of uniform rules and regulations.

#### *A continuing need to prioritise use of funds*

The Community now distributes its ODA across 145 recipient countries, the largest spread of any DAC member. The growing focus on a more logical division of labour with Member States should permit the Commission to further differentiate roles in these countries. Its presence in some developing countries may be justified by its federating role among EU members, although not necessarily as a direct donor.

The Community has been under pressure from some Member States to increasingly concentrate on the low income countries, partly as a way to retain the poverty focus of its assistance. Although more than one half of its total bilateral ODA already goes to these countries, the growth trend has levelled since 2003. The Commission should look for opportunities to increase assistance to low-income countries.

Member States and Community leadership see a role for the Commission in fragile states, especially those receiving relatively little attention. In these countries it could represent the EU Member States, advance policy dialogue and respond to their assistance needs while other Members decide the scope and timing of their engagement in such states.

The Community continues to attempt to tighten its focus on priority sectors to ensure that it works in areas of comparative advantage and complements actions of the Member States.

#### *Multilateral relationships*

Because the Community functions both as a donor agency and as a multilateral recipient of Member State funds, it does not contribute significant multilateral aid to international institutions. The ratio of multilateral aid to bilateral aid as reported to the DAC has remained stable over the last 20 years at around 7% of ODA. Of this bilateral aid, the Community contributes an increasing amount to international organisations for the implementation of specific projects. Some of this takes the form of contributions to multilateral programmes at the country level.

The Community needs more explicit frameworks such as partnership agreements to pursue improved relations with key multilateral development organisations like the World Bank and the family of United Nations entities. It also should be clearer about its role and value-added in channelling resources to the multilateral organisations vis à vis Member States' contributions.

### **Recommendations**

The Community should continue to be a driving force for monitoring and encouraging progress

towards the agreed targets for scaling-up ODA at the European Union level.

The Commission should give more say to the delegations in prioritising and applying the thematic programmes in country. The Community should continue to unify the rules and procedures of the main financial instruments as opportunities permit and guard against further proliferation of budget lines for development.

The Commission is encouraged to work with the Member States to differentiate better their respective roles in countries and to prioritise the sectors it targets for assistance, ensuring that it does not spread itself too thinly as a donor agency. Given its priority to eradicate poverty, the Commission should demonstrate how it is integrating this objective into pro-poor growth and other operational strategies while looking for opportunities to increase assistance to low-income countries.

The Commission needs more explicit frameworks for its engagement with multilateral institutions and should be clearer about the role it plays in relation to the Member States. It should continue to strengthen its relations with key multilateral partners.

## Aid implementation and management

### *Shared organisational responsibility for development*

Implementation of the European Consensus will require DEV and RELEX to work more closely together and challenge their historically separate organisational responsibilities. DEV and RELEX have different approaches to implementing development priorities because of their specific institutional mandates. Their distinct geographical coverage gives them a different exposure to developing world realities and experience. A more unified Commission organisation for development could minimise institutional redundancy, promote a development policy informed by the full geographic range of development experience and ensure that aid leadership is unambiguously dedicated to the priority issues of development. Over time, the DEV-RELEX division of labour merits review in the face of evolving EU institutional frameworks and in the interest of greater development coherence and aid effectiveness.

### *Recent internal reform efforts*

The Commission has carried out significant internal reforms since the last Peer Review. The European Consensus confirmed the relevance of these reforms. It has expanded them in relation to the principles of engagement, delivery and policy to include objective criteria for resource allocation, improvements in managing harmonisation with external donors, headquarters reorganisation, devolution of authority to the field, streamlining of internal procedures, reinforcement of quality control, and better use of results.

However, the Peer Review team noted that the internal reform process was frequently presented as "completed". In contrast, the Community's development partners frequently commented on the continuing need to devolve authority to the field and further simplify procedures and accelerate programme implementation. While the Commission fulfilled its specific reform mandate, the Community should not become complacent about the reform process given the need to update, adapt and reform management systems in response to the new international aid challenges of scaling-up, aid effectiveness, policy coherence and results based management. Its involvement in the aid effectiveness agenda will help to better identify its own reform agenda.

The substantive devolution of management responsibility away from Brussels to the Commission's 81 empowered field delegations has been a key component of the reform process. This is highly appreciated by Community partners in the field and has played a major role in improving the efficiency of Community operations. The initial devolution process should now be complemented by more strategic empowerment in such areas as project approval and results reporting. Additional professional development staff and operational resources may be needed to strengthen delegation capacities to take on greater responsibilities.

Effective development work often requires specialised personnel planning at headquarters, especially

to provide the required skills-mix at the field level. Consideration could be given to establishing a specialised development personnel function in RELEX or in DEV so that personnel planning and action for all Commission development professionals is led and co-ordinated from the development perspective. Development personnel strategy should also incorporate the significant potential for sharing staff within the larger Community and Member State systems. This may help to allow collective scaling-up of aid without the need for major new recruitment.

### *Moving towards results and learning*

Performance monitoring and reporting has evolved significantly since the last Peer Review, but three aspects merit further Commission attention and effort:

(i) The Parliament and public increasingly require better results based management and reporting from the Community institutions. The European Consensus requires that progress in implementing its objectives is measured regularly and reported annually. Future performance monitoring and reporting should strive to be integrated, simple and organised to provide relevant information to the different parts of the overall system.

(ii) In the longer term, and as international donor interest in joint field approaches evolves, the Commission will need to increase further capacity-building for common results systems at the local level. Credible local tracking and reporting systems can also reduce Community and Member State management needs in this area.

(iii) Improved performance management is an area of common interest for the Community and Member States and the Commission has an opportunity to work closely with Member State aid institutions to harmonise better the overall European Union approach. This is also true in the related area of knowledge management. These are additional areas where the Commission's federating role can prove valuable.

### *The aid effectiveness agenda*

The Community is an active proponent of the aid effectiveness agenda, for which it has two closely related aims: (i) to implement the Paris Declaration and improve the quality of its own aid programmes; and (ii) to lead Member States to implement the Paris Declaration and improve their own aid effectiveness. The Community has senior level commitment to aid effectiveness and is carrying out a number of policy and practical initiatives. EU Aid: Delivering More, Better and Faster is the European Union action plan for implementing the Paris Declaration, and includes a calendar of outputs, both for the Community and the Member States. In order to play this lead role credibly the Commission needs to set an example by successfully implementing aid effectiveness measures and improving the quality and delivery of its aid. The Commission should continue to develop its leadership role in this area.

Greater use of budget support is viewed by the Community as a key instrument for advancing the aid effectiveness agenda and improving its aid delivery. Greater reliance on budget support requires systematic use of risk assessments and a good understanding of the appropriateness of budget support in the local context. The Commission should guard against using this approach for moving funds more quickly to scale-up or to achieve the 50% target. Commission headquarters should rely more on the experience and assessments of delegation staff in designing and managing budget support. It should insist upon its past dynamic and pragmatic approach which fits budget support to the country context. Budget support may be an area where the Commission has a comparative advantage over many Member States, given its experience and accumulated know-how.

The Community has committed to reducing the number of parallel implementation units. However, one special aspect of its co-operation with ACP countries is to put in place a National Authorising Officer to ensure that programmes are consistent with Community rules and regulations. The task of the National Authorising Officer is often assisted by an "EDF Cell" composed of both local government staff

and special contractors, which in some cases resembles a parallel implementation unit. National Authorising Officers do not exist in RELEX countries. It would seem appropriate to compare the value of this approach in these two different sets of countries so as to improve overall Community aid effectiveness. A 2001 evaluation of NAOs and EDF cells could be used as a starting point, to which could be added the comparison with the RELEX approach to implementation.

While the Community has made considerable effort to untie its assistance, it should consider completely untying its aid in line with the DAC recommendation of 2001, whether (i) DCI funding, where other donors who have untied their aid can apply for reciprocal access with the Community, or (ii) EDF funding, where only Member States or ACP countries may bid for contracts. The Commission should review its procurement procedures and contract award criteria to allow competitive access for new EU members, who, as newly emerging donors, do not necessarily have firms and NGOs with well established performance records as aid contractors and grantees. Given the large share of their ODA they contribute to the Community as part of the Barcelona Agreement, these new members are eager to convince their parliaments and public that they are full partners in implementing EU programmes. EU trade policies need to be an integral part of this vision, including the rules of origin for ACP countries under the Community's Everything but Arms policy.

Community policy to work more closely with civil society groups has become more important and is resulting in expanded programming with non-governmental organisations, from Brussels and in the field. However, the current practice of supporting small, stand-alone activities through umbrella projects does not appear particularly strategic or sustainable. This approach will not increase aid effectiveness and impact to the extent that a fuller partnership with civil society could. Civil society organisations would welcome better and broader consultations with the Commission in Brussels and in the field on policies, strategies and programmes. Local groups can also be usefully enlisted to help the government and donors monitor budget support programmes. Contracting procedures used for civil society organisations could be better streamlined and further decentralised to match their local capacity and field realities. It would appear possible to simplify contracts or move to grants for these groups, and perhaps allow them to use their own, pre-certified accounting systems, with greater reliance on ex-post auditing.

### ***Recommendations***

The Commission should continue to lead the EU action plan for implementing the Paris Declaration. It should set an example by implementing aid effectiveness measures and improving the quality and delivery of its aid. The new division of labour principles offer a promising avenue for improving the effectiveness and impact of Community and Member State development co operation.

The Commission should continue to simplify procedures, to further decentralise authority and to provide the delegations with sufficient capacity (staff and skills) to fulfil their responsibilities, including its "federating" role. It should consider establishing a specialised development personnel function in Brussels to lead personnel planning for all development staff.

The Commission should continue to establish a simple and more integrated performance monitoring and reporting system and build capacity in the delegations to provide this information. Performance management reforms should be pursued jointly by the Community and Member States.

The Commission should update the 2001 evaluation of National Authorising Officers and EDF cells to ensure their use is consistent with aid effectiveness principles, and to document lessons learned and best practices for all development co-operation, whether in the ACP countries or elsewhere.

While recognising the actions already taken, the Commission and the Member States should work with ACP partners to bring the untying policy under EDF in line with the DAC Recommendations of 2001 and the Community should look for ways to further untie its aid in general.

The Commission is encouraged to intensify its consultations with civil society partners in headquarters and in the field through better structured meetings on policy, strategic programming and aid effectiveness issues. It also should explore ways to better match its contracting procedures to the often limited capacities of civil society partners.

## Humanitarian aid

The Community is the second largest humanitarian donor in the DAC. It provided USD 1 146 million in humanitarian assistance in 2005, 12% of its total ODA. Its strength lies in an extensive ECHO field presence (43 field offices), a network of technical experts and a focus on delivery through established NGO partners (50% of ECHO expenditure). The Commission endorsed the Good Humanitarian Donorship principles and practice and is committed to implementing them through a rapid, needs-based and flexible response to humanitarian crises.

As an important donor, ECHO could have greater policy influence and could better engage the international community to improve the overall effectiveness of individual and collective humanitarian action. The Commission has begun to address this need with the release, in June 2007, of a Communication calling for a European consensus on humanitarian aid. As with other donors, ECHO should make every effort to ensure that its action is independent of other objectives, such as political and military, while ensuring that development actors engage with humanitarian issues. Internally, there are challenges in the way ECHO interacts with other Commission policies for civil protection, crisis response, disaster preparedness and links to relief and development. The Community needs to work to link humanitarian issues better with development programming, for example, in terms of building disaster preparedness into country strategies or in ensuring better transitions and coordination between humanitarian and longer term programming.

The growing need for structured humanitarian policy discussion between ECHO and the Member States suggests the utility of a more organised forum on humanitarian aid. The current structure, the EU Member State Humanitarian Aid Committee (HAC), approves humanitarian assistance responses based on recommendations from ECHO. The significant strengthening of ECHO over the last several years suggests the need for policy level review of humanitarian assistance. The Council Working Group on Development (CODEV) has recently begun to discuss policy issues. A more responsive arrangement for European policy discussion and action should be provided, perhaps within CODEV.

The ECHO base budget remains static even though it must draw on significant supplemental resources every year from the Emergency Aid Reserve or elsewhere. The Community should review this programmed under-funding of humanitarian crisis response, particularly given the special comparative advantage of ECHO and its valued role as a global humanitarian leader. The Community needs to be aware of the risks to its humanitarian response if competition for funds from the Emergency Aid Reserve increases.

ECHO's response capacity is built around strong partnerships with 200 non-governmental organisations with which it has signed framework partnership agreements. Despite the use of these prior agreements, ECHO administrative requirements for proposals and reporting are viewed by many partners as complicated. The Community should review these requirements with a view to simplifying them. This would strengthen collaboration and effective field action.

### *Recommendations*

ECHO should use regular consultations on humanitarian issues to further formalise policy priorities and operational mechanisms. It should seek to increase its influence on international humanitarian policies while maintaining its rapid and flexible response capacity.

The Community and Member States should consider fostering strategic policy discussion of humanitarian action at the Council Working Group level, perhaps within CODEV, to complement the actions of the Humanitarian Aid Committee.

The Community should review the significant under-funding of ECHO's base budget for humanitarian crisis action, especially given the comparative advantage of ECHO and its value added role as a global actor and federator of European humanitarian assistance.

The Community should continue to streamline and simplify its administrative requirements so as to strengthen collaboration with partners and improve field effectiveness.

*\* To simplify our reference to the various development co-operation structures of the European Community, we use the following definitions: (i) the European Commission (the "Commission") is the European body most specifically responsible for implementing and managing the European aid programmes; (ii) the institutions of the European Community (the "Community") primarily include the Commission, but also the Council of Ministers and the European Parliament; and (iii) the European Union (the "EU") includes three pillars: the Community; Foreign and Security Policy; Justice and Home Affairs.*

*\*\* While DAC members frequently discuss a "whole of government" approach in relation to their various national ministries, in the case of the Community this mostly refers to joining of perspectives and operations amongst directorates-general in the Commission.*

*\*\*\* Commission resources are also counted in the ODA of Member States as reported to the DAC.*