

# Disasters and crisis management



**Natural disasters know no borders –  
neither do solidarity and mutual  
support in times of need**

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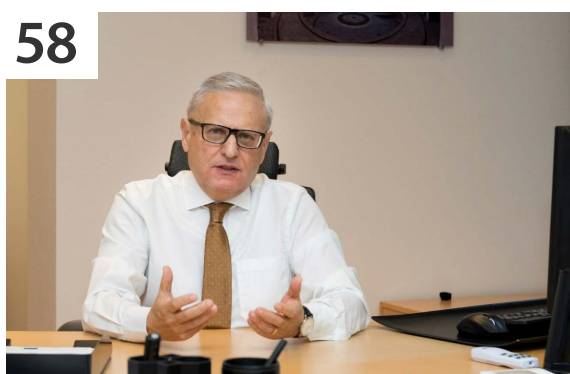
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## Solidarity in the face of a clear and present danger

A picture can say more than a thousand words. This is true of many situations and particularly of emergency situations caused by disasters. A natural disaster enters your mind with the image of a child rescued from the rubble, with houses and nature devastated by wildfires or tornadoes, with people swimming away from their house since they don't have any other option. But also, in the case of man-made disasters, the image of women and children escaping from the violence of war, or refugees clinging on to a life jacket. These images subdue us, stay with us and create a connection to fellow humans at risk.

When people are facing a clear and present danger, political differences and animosities fade away and are replaced by an urge to help and offer solidarity. In my first job, working on human rights issues in the UN, I soon heard the saying 'human rights start after breakfast,' although some would argue that human rights begin *with* breakfast. The idea behind this is that some of their basic needs must be fulfilled before people can start worrying, on an equal footing and in dignity, about other issues, such as human rights. The COVID-19 pandemic reminded me of this expression, since health concerns are primary concerns compared with many other human needs. With health taken for granted by many of us, the pandemic has shown that when a disaster strikes, and on such a global scale, priorities change quickly towards maintaining the physical well-being of your loved ones and yourself. At almost no matter what cost... even at the cost of certain rights considered sacred before.

While COVID-19 might spring to mind as the most obvious disaster spilling over from last year, 2021 is by no means an easy year when it comes to natural disasters. According to the International Disaster Database, the year 2020 had a higher number of disasters than the average of the last 20 years – apparently, with Atlantic hurricanes so numerous that there were not enough letters in the alphabet to name them all. But what's new? Reports from the early 1990s identified a fivefold and record increase in disasters between 1960 and 1980 and in 1987 the UN designated the 1990s as the 'International Decade for Natural Disaster Reduction,' calling for concerted international action. And not for the last time! The World Wide Fund for Nature (WWF) has labelled 2021 as a record year when it comes to natural disasters. Increasingly, politicians are catching up scientists when it comes to recognising the link between these disasters and climate change, as also seen during the recent COP26 in Glasgow. The good news is that at least in 2020 these disasters led to substantially fewer human casualties than in many previous years. A matter of better disaster preparedness...?

When a disaster strikes, the first concern is to react quickly and properly. Proper crisis management can prove to be crucial in this first emergency phase, requiring pre-set structures for help, coordination and decisive action. In particular, it requires leadership to trigger that action: digesting various data, handling procedures and being inventive about possible solutions, the latter being particularly challenging since every disaster is unique, with its own characteristics. But leadership requires more than only decisiveness, particularly in transboundary crises. It requires empathy and a capacity to adapt, as research on crisis processes by Marij Swinkels shows (see page 7).

The bigger the disaster, the greater the coordination needs seem to be. The COVID-19 pandemic has shown that creating such awareness takes time and some gap plugging (see page 35) and it can actually cost human lives when coordination is slow or only allowed reluctantly. Hence the importance of proper *ex ante* coordination mechanisms in humanitarian aid in disasters, as both the UN Acting Assistant Secretary-General in this area, Ramesh Rajasingham, and the EU Commissioner for Crisis Management, Janez Lenarčič, emphasise regarding their roles in global and EU crisis management (see pages 11 and 18). Noteworthy here is also that their humanitarian aid efforts are based on values showing the unconditional solidarity that sets disaster aid provision apart: both the UN and the EU are *principled* donors, meaning working exclusively on the basis of needs, without any regard to political or other situations. Also in the COVID-19 pandemic, particularly at the start, we saw that disagreements were set aside when facing a clear and present danger to health.

Not surprisingly, these values are also essential to the actions of major non-governmental aid organisations. Most visible perhaps are the Red Cross and Red Crescent Societies, whose quick and impartial presence when disaster strikes is impressive. But also to a 'single country NGO' such as Friendship, whose founder Runa Khan identifies adherence to values such as integrity, dignity, justice, quality and hope as preconditions for starting any of the multiple actions her NGO carries out in Bangladesh (see page 39). Such values also include transparency and accountability, not only because of donor requirements, but also since accountability mechanisms are also very important to the people affected by disaster (see page 48).

Not only are the organisations and people involved in disaster action impressive, but also the amounts of funding. This depends of course on what you define as emergency and disaster relief. Does it include disaster prevention and preparedness efforts? How do you label EU expenditure related to the COVID-19 pandemic and where does disaster aid stop and reconstruction aid commence? This last question is also relevant in view of the enormous EU efforts undertaken to mitigate the economic and fiscal consequences of the ongoing pandemic, with long-term impact for Europe (see page 140). But whatever definition you apply, the EU-funded amounts involved are substantial and are being used by the Member States and regions affected, be it by the wildfires in Greece or by an unprecedented flood in the Liège region (see pages 26 and 30).

However good the intentions for accountability in disaster aid may be, they do not form a natural symbiosis for several reasons. The very nature of emergency action - where speed is essential - creates additional risks of cutting corners when it comes to financial management. Furthermore, disasters may involve many actors, both from the aid-providing and the aid-receiving side, which often makes tracking aid flows difficult. While the urgent needs are clearly visible, the risks of fraud and corruption are just around the corner, particularly in disaster-affected areas with weak governmental structures. On top of this, it is also an area where reporting on results is essential to preserve trust: the trust of those providing the aid - be it by people directly or their governments on behalf of them - and those receiving the aid, since clear results are essential for hope, trust in future progress and ownership of the solutions the results are meant to be part of.

Enough reasons for Professor Arjen Boin to learn lessons from crises and undertake crisis audits (see page 53). Enough reasons, as ECA Member Leo Brincat and several other contributors argue (see pages 58 and 82), for public auditors to proceed with care, yet with stamina to assess compliance and performance aspects (see page 70). For the ECA, the COVID-19 pandemic led to a substantial shift in its audit planning soon after the pandemic started, with audits and reviews published or planned relating to the health and economic measures taken and envisaged or the institutional resilience displayed (see pages 65, 75 and 79). Other audit institutions in the EU have done the same, in reaction to the current pandemic, or in reaction to or anticipation of earlier disaster situations (see pages 88 and 136), sometimes leading to new solutions for assessing and reporting to add value in an expedient way (see page 107). Enough reason also for the European Parliament to insist on proper and timely reporting on the various EU funding instruments created, as MEP Corina Crețu does for example regarding the EU Solidarity Fund (see page 126).

Public auditors themselves identified quite some time ago - following the tsunami in 2004 - that it would be useful if peers provided guidance on how to audit different elements of the disaster management cycle. This translated into international guidance adopted by the global platform of public external auditors, INTOSAI. This guidance has been used, for example by the SAI of Indonesia (see page 117), and updated (see page 111). While prevention and preparedness had already been identified as important elements in this cycle, the pandemic and even more the effects of climate change - sometimes labelled *climate crisis* - have more than ever underlined their importance. For several public audit institutions this shows the need for more and deeper assessments of publicly funded actions for disaster prevention and preparedness. Arno Visser, President of the Netherlands Court of Audit, pleads for increased attention by auditors to 'accidents waiting to happen' (see page 91). Michel Huissoud, who heads the Swiss Federal Audit Office, even goes a step further in relation to measures taken regarding the pandemic, addressing a data gap which, if left untouched by his institution, would create serious compliance problems at a later stage (page 99).

Disaster prevention and preparedness are also key elements in many other contributions to this Journal. EU Commissioner Lenarčič observes limits to how prepared one can be if preventive measures, particularly regarding climate change, are not taken. He identifies the paradox that the urgency and visibility of disaster aid measures come at the cost of long-term measures meant to decrease the cost of disaster aid. Kevin Cardiff, former ECA Member and crisis manager, gives a practitioner's view on how audit can do more to contribute to crisis readiness, how auditors are in a unique position to assess interactions between crisis management systems - or the lack of them - and the need for real coordination (see page 100). His call regarding risk assessments is echoed in other articles, including by IDI experts pleading for enhanced risk assessment work by SAIs (see page 122).

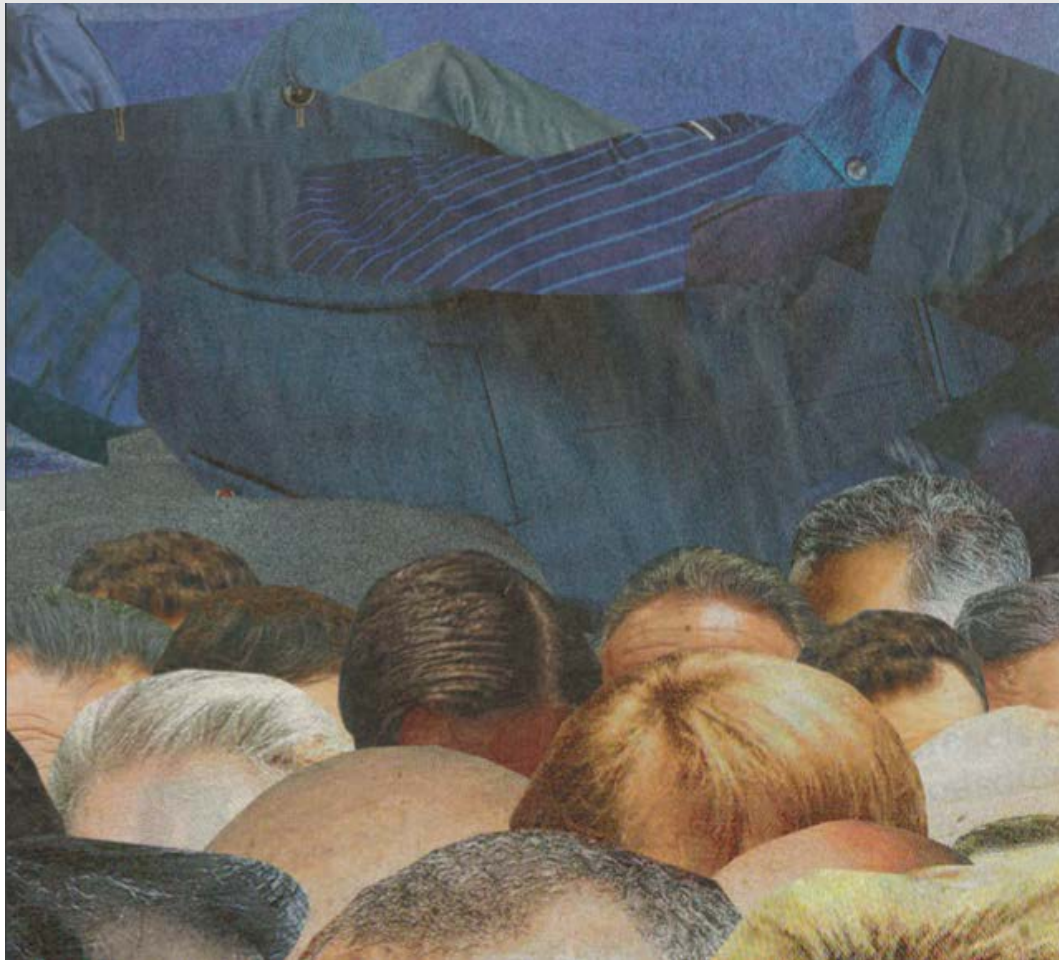
We have produced this Journal to share information on solidarity in times of crisis and on how public auditors are contributing to alleviating future crises. We also produced this Journal to bow to all those giving aid without any interest but the benefit of the receivers: human kindness in its pure form, aid that provides hope of a change for the better, hope in the face of clear and present danger, as for the child portrayed on our cover picture (a 2021 World Press prize winning picture), waiting to be saved before the wildfires come too close. These are pictures connecting the world to stories that matter. I hope this edition of the Journal will connect you to a theme that can hit anyone of us. Let's hope the disaster aid provisions then work as intended.





# The quest for adaptive leadership in EU transboundary crises

Marij Swinkels, Utrecht University



Source: Lotte Boonstra

Crises prompt a search for tailored solutions, whether proven or innovative. But what is the source of these new solutions? What role do leaders play in finding them? And what are the key factors for success? Marij Swinkels is Assistant Professor at the Utrecht University School of Governance and a seasoned commentator on crisis management and political leadership. Her PhD research focused on EU leaders' response to the eurozone crisis, in particular how their ideas and the related dynamics shaped the overall crisis response. These are by no means easy aspects to address, but it is clear that the leadership approach can be rather crucial in crisis management.

## Leaders' ideas – guiding principles for crisis decision-making?

On May 18, 2020, French President Emmanuel Macron and German Chancellor Angela Merkel announced their plan for an EU recovery fund to navigate out of the uncharted territory of the COVID-19 crisis. The recovery fund – €500 billion for economic recovery after the COVID-19 crisis – was perceived as a radical plan. Commentators argued that this implied a grand U-turn in German ideas regarding fiscal support in economic crises. The seemingly swift German-French response to the COVID-19 crisis was unlike prior EU responses to the numerous crises on the continent. During the eurozone crisis, for example, it took leaders a lot longer to come to a joint response to try to solve the crisis.

Chancellor Merkel, towards the end of the presentation, said 'Times of crises are always difficult times... times to stand up for certain ideas'<sup>1</sup>. Merkel's words seemed to suggest that leaders' ideas form an important basis for their decision-making in complex, transboundary crises in the EU. But which ideas do guide EU leaders in times of crises?

<sup>1</sup> Translation by author. Original: <https://www.volkskrant.nl/nieuws-achtergrond/merkel-vreest-voor-de-toekomst-van-europa~b079b78b/>.

How can we uncover these ideas? And what can we learn from this in managing transboundary EU crises in the future? In this reflective article, I will build on insights from my PhD on the role of leaders' ideas in EU transboundary crises to answer these questions and explore the lessons learned for both EU crisis leaders and public auditors. Transboundary crises – a test of crisis mechanisms or their absence

### **Transboundary crises – a test of crisis mechanisms or their absence**

Before delving into the challenges of leadership during transboundary crises, let us take a brief step back to define this concept, which has become more and more prominent in the EU since 2008<sup>2</sup>. We speak of a transboundary crisis in the EU 'when the life-sustaining systems or critical infrastructures of multiple member states are acutely threatened'<sup>3</sup>. Five characteristics make a transboundary crisis<sup>4</sup>:

- they cross multiple domains, countries and policy areas;
- they have a slow incubation period followed by phases of rapid escalation;
- they have unclear, complex causes;
- they involve multiple stakeholders with conflicting responsibilities; and
- they cannot be solved using existing policy solutions (Boin, 2019).

These five characteristics make transboundary crises notoriously hard to manage and hold implications for crisis management tasks.

Recent EU crises, including the financial and economic crisis, the migration crisis, the Brexit crisis and more recently the COVID-19 crisis, have shown us that existing crisis response mechanisms were not always adequate for dealing with the transboundary characteristics of such crises. Taking the eurozone crisis as an example, we can observe that at the start, both capacities and responsibilities for economic crisis management were organised at Member State level while the problems facing the EU were transboundary in nature.

The 'Greek case' of 2010 led to phases of rapid escalation in the crisis, laid bare asymmetries in the design of European Monetary Union (EMU) and exposed weaknesses in the EMU's fiscal governance regime. Debate over its causes and responsibilities remained fuzzy, difficult, and disputed<sup>5</sup>. Topics such as shared supervision were not on the agenda, and, while the Stability and Growth Pact (SGP) and the Excessive Deficit Procedure (EDP) were in place to prevent potential crises, they were insufficient to serve as a fully-fledged crisis management system<sup>6</sup> – let alone to be enforced. And while EU institutions were eventually strengthened in the wake of the eurozone crisis, as new institutional capacity was created (European Stability Mechanism (ESM) and Banking Union), this was not the case at first.

One effect of such ill-adapted crisis management capacity is that it increases the likelihood of transboundary crisis management originating from debates between EU leaders over their ideas on the crisis. EU leaders need to make far-reaching decisions without suitable institutional and administrative capacity, and thus improvisation is key. We can therefore argue that EU leaders and their ideas play an important role in managing EU transboundary crises.

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2 Van Middelaar, L., *De nieuwe politiek van Europa*. Historische Uitgeverij, 2017.

3 Boin, A., Rhinard, M., & Ekengren, M., Managing Transboundary Crises: The Emergence of European Union Capacity. *Journal of Contingencies and Crisis Management*, 22(3), 131–142, 2014. <https://doi.org/10.1111/1468-5973.12052>.

4 Boin, A., The Transboundary Crisis: Why we are unprepared and the road ahead. *Journal of Contingencies and Crisis Management*, 27(1), 94–99, 2019. <https://doi.org/10.1111/1468-5973.12241>.

5 Van Esch, F., & Swinkels, M., How Europe's Political Leaders Made Sense of the Euro Crisis: The Influence of Pressure and Personality. *West European Politics*, 38(6), 1203–1225, 2015. <https://doi.org/10.1080/01402382.2015.1010783>.

6 Pisani-Ferry, J., The Euro Crisis and Its Aftermath. In *The Euro Crisis and Its Aftermath*. Oxford University Press, 2014 <https://doi.org/10.1093/acprof:oso/9780199993338.001.0001>.



### **The role of EU leaders' ideas in managing transboundary crises**

In my dissertation research on the role of EU leaders' ideas in managing EU transboundary crises, I concluded that leaders' ideas affect their transboundary crisis management capacity in different ways. First, individual leaders' personality traits and socio-economic context determine how their ideas about a crisis and about the economy form, and when leaders are susceptible to changing their ideas. Second, as all leaders are different (in terms of both personality and context), these cognitive ideational dynamics are important to consider when managing transboundary crises. These dynamics often restrict leaders' opportunities to jointly respond to the challenges of transboundary crises. Third, repeated interaction, positional changes, and coalition building by several leaders can help to promote certain policy ideas to solve transboundary crises in leaders' networks, and this helps to overcome conflicting ideas about managing transboundary crises.

In effect, this implies that if we wish to understand how EU transboundary crisis management unfolds, we should explore both the cognitive ideas and the ideational changes of the leaders involved in managing these crises, as well as the discursive processes through which leaders debate their ideas in policy networks and policy discourses. Such insights increase our understanding of the crisis management development process, with all the complexities, hurdles, and struggles it entails<sup>7</sup>.

These findings have implications both for EU crisis management practitioners in Brussels and in Member States, and for those observing or monitoring the ways in which the EU decides on policies in times of crises. The findings shed light on the complexities of decision-making in times of transboundary crises. Studying the content of policy actors' ideas in the decision-making process can shed light on the 'process dimension' of policy evaluation<sup>8</sup>. Using innovative methods such as qualitative comparative analysis, and alternative data such as speeches and interviews, I have shown that failing to manage transboundary crises effectively may not be the result of deliberate or thwarted attempts by leaders to stop the crisis from being solved. Instead, a failure to converge can also be understood as the outcome of differing ideational dynamics among leaders.

Moreover, practitioners would benefit from analysing their counterparts' ideas to understand their stories and positions in policy debates and why their ideas may be different. Transboundary crisis management strategies should aim to facilitate constructive dialogue and overcome ideational differences to reach a joint response<sup>9</sup>. When this does not occur, decision-making in transboundary crises continues to be a debate over solutions at the level of ready-to-use policy instruments and incentives. This implies technocratic or technical leadership and leads to shortsighted crisis responses<sup>10</sup>.

### **Adaptive leadership as a solution?**

To overcome the risks of resorting to such technical leadership in dealing with transboundary crisis, we can take lessons from the literature on adaptive leadership<sup>11</sup>. Adaptive leadership, a term coined by Heifetz<sup>12</sup>, implies that leaders dare to think beyond existing ideas and dare to offer new perspectives in times of uncertainty.

Adaptive leadership requires leaders to take time to reflect upon the underlying dynamics of the crisis and their own ideas about it, and use that as a precursor for the future. To lead adaptively in transboundary crises, leaders can:

- reflect upon the context needed for change and take a flexible approach to accommodate and think about adaptive challenges;

7 Swinkels, M., *The role of EU leaders and ideas in managing the Eurozone crisis: navigating uncharted territory*, Utrecht University, 2021 <https://dspace.library.uu.nl/handle/1874/404647>.

8 Compton, M., Douglas, S., Fahy, L., Luetjens, J., Hart, P't, & Erp, J. van., New development: Walk on the bright side—what might we learn about public governance by studying its achievements? *Public Money & Management, Preprint*, 2021, p. 2 <https://doi.org/10.1080/09540962.2021.1975994>.

9 Steehouder, J., & Swinkels, M., Solidarietà all'olandese. *Limes: Rivista Italiana Di Geopolitica*, 4, 175–182, 2020.

10 Van Middelaar, L., 2017, idem, p. 25-26.

11 Swinkels, M., 2021, idem, p. 160.

12 Heifetz, R., *Leadership without easy answers*, Harvard University Press, 1998.

- take time to reflect upon their own ideas, values, and norms about a policy domain and discuss how change can flourish; and
- create institutional arrangements to deal with this (for example create an 'idea-analysis unit' or an 'adaptive crisis management unit' to make room for such leadership).

Adaptive leadership in transboundary crises is challenging, as it often involves unpopular decisions and going against vested interests, but when it occurs, it can potentially have far-reaching consequences for reform. It also challenges the criteria of good governance: effective, efficient, procedurally just decision-making, as adaptive leadership requires flexibility and adaptation to changing situations, as such influencing the predictability of EU governance performance. This is especially challenging for those auditing EU transboundary crisis management: how can European auditors assess the quality of decision-making in transboundary crises if it is based on a flexible and adaptive approach?

### **Auditors and assessing adaptive leadership**

This last question goes beyond the scope of this short article, but I hope I have provided some food for thought regarding the role of EU leaders' ideas in managing the most salient crises of our times, and what we can do to evaluate these crisis management practices. The findings showcased here should both drive public auditors to consider the process dimension of EU decision-making when auditing transboundary crisis responses (for example using alternative data and methodologies), and encourage them to think about ways in which adaptive leadership can be both promoted and evaluated during transboundary crises. This requires reflection on how processes can be optimised to facilitate adaptive leadership. Perhaps uncharted territory for public auditors?

To come back to Merkel's words from a previous paragraph, EU transboundary crisis management does indeed require leaders to stand up for certain ideas. But successfully standing up for an idea in EU transboundary crisis management means setting out the context for change and being able to get others to see that need for change: putting adaptive leadership skills into practice to find a joint response based on an idea. EU leaders will be forced to continue this quest for adaptive leadership in the years to come, and so public auditors will follow in evaluating the output.

# 'Accountability – a fundamental value underpinning the humanitarian aid community'

Interview with Ramesh Rajasingham, UN Acting Assistant Secretary-General for Humanitarian Affairs and Deputy Emergency Relief Coordinator

By Gaston Moonen



Source: UN OCHA.

Ramesh Rajasingham

When it comes to humanitarian and disaster aid, many will turn for help to UN organisations to provide the first relief activities that are beyond the relief capacity of national authorities alone. This requires not only appropriate means and funding, but also organisational strength, coordination, diplomacy and commitment to help in what are often very difficult circumstances. A key figure who deals with this challenge on a daily basis at global level is Ramesh Rajasingham, the UN's Acting Assistant Secretary-General for Humanitarian Affairs and Deputy Emergency Relief Coordinator in the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) since March 2020. Having worked in the UN on humanitarian affairs for over 25 years, he explains what it takes to provide tailor-made assistance on the ground, with a focus on coordination, deployment capacity, accountability, preparedness, and drivers of need in relation to humanitarian aid.

## Coordination is key

*You have been involved in crisis management throughout your career, for example in Syria and as part of global responses to health crises. In your view, what is the core element for ensuring successful crisis management?*

**Ramesh Rajasingham:** It is fundamental to realise that no organisation can provide a comprehensive crisis response alone. A successful humanitarian operation requires many people working together and bringing their various sources of expertise, resources and strengths to the table. Coordination is key to making the collective international effort work, under the leadership of national authorities. OCHA's coordinating role is mandated through a 1991 UN General Assembly resolution. I often visualise this role as being the conductor of an orchestra: everyone may be playing their instruments perfectly, but, without coordination, the outcome will be less than ideal. Coordination spans the entire response cycle, from joint needs assessments to ground operations, raising financing, evaluating outcomes, as well as sharing information and data, and coordinating advocacy messages aimed at decision-makers and global audiences.

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*... no organisation can provide a comprehensive crisis response alone.*



The operation on the ground is where we face the make-or-break test of the response. This life-saving work is at the heart of what we do. It is organised so that each sector – e.g. food assistance, civilian protection, education, nutrition, or health – is led by a designated international agency, but our work would be impossible without national non-governmental organisations (NGOs). Convening everyone around a joint strategy is essential for success.

#### Box 1 – UN OCHA

The [United Nations Office for the Coordination of Humanitarian Affairs](#) is responsible for bringing together humanitarian actors to ensure a coherent response to emergencies. OCHA also ensures there is a framework within which each actor can contribute to the overall response effort.

With its partners, OCHA contributes to principled and effective humanitarian response focusing on five types of activities: coordination; humanitarian financing; humanitarian policy; advocacy; and information management. In country, regional and liaison offices around the world (with headquarters in New York and Geneva), specialised and dedicated OCHA staff work towards assistance reaching millions of humanitarian beneficiaries in four continents. To do its work, OCHA receives voluntary contributions from a diverse set of donors, with only 5 % of OCHA's annual budget funded from the UN regular budget. In financial terms, total OCHA activities for 2020 amounted to US\$311 million.

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*... our work would be impossible without national non-governmental organisations (NGOs).*



Source: UN OCHA/Matteo Minasi.

Maniche, Sud Department, Haiti, 24 August 2021 - Ramesh Rajasingham talks to Marie Rose, mother of four children, who lost her youngest, just two months old, to the earthquake.

*UN Disaster Assessment and Coordination (UNDAC) teams can deploy anywhere in the world at short notice (12-48 hours). They are provided free of charge to the disaster-affected country, and deploy at the request of the United Nations Resident or Humanitarian Coordinator and/or the affected government. Could you provide some insight into the structure and set-up of these teams?*

**Ramesh Rajasingham:** Following a government's request for assistance – or its acceptance of the UN's offer of support – OCHA alerts a roster of more than 300 UNDAC (United Nations Disaster Assessment and Coordination) members around the world. The members are experienced disaster managers and humanitarian experts working for national organisations, UN organisations, or NGOs. UNDAC members respond to the alert, and OCHA assembles a team based on the initial mission objectives, assessing, for example, areas of support, language capabilities, and country context. The team then deploys immediately to the affected country.

Teams are often led by OCHA staff, but they always include a mix of international UN staff and national UNDAC members. Teams are self-sufficient, and can operate immediately to support the coordination of international assistance. The UNDAC members are provided with all necessary personal and team equipment such as communications equipment, food and accommodation. Teams focus on where to add value to the response in the immediate life-saving phase of the emergency. They can fill capacity gaps, for instance in coordinating internal response teams and incoming relief items, coordinating logistics, and information management.

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*Teams focus on where to add value to the response in the immediate life-saving phase of the emergency.*

*OCHA has several work streams including coordination, humanitarian financing, policy and advocacy. It is often called to crisis situations to coordinate life-saving aid to affected people. What is the key challenge for humanitarian aid from a global perspective, and to what extent can you and OCHA allocate time and efforts that relate to long-term mitigation instead of short-term firefighting?*

**Ramesh Rajasingham:** OCHA's mandate is to coordinate immediate, life-saving assistance to people affected by armed conflict, natural disasters and other crises. Today, some 235 million men, women and children around the world require some form of humanitarian assistance to meet their basic needs for food, water, shelter, health care, education and protection. For OCHA and the humanitarian system more broadly, the biggest challenges are protracted armed conflicts and the increased scale and impact of disasters, including climate-related disasters. These crises have driven an enormous increase in humanitarian needs in recent decades.

“Today, some 235 million men, women and children around the world require some form of humanitarian assistance...”

“...crises have driven an enormous increase in humanitarian needs in recent decades.”

The humanitarian response has also grown exponentially. OCHA works with governments, UN specialised agencies and NGOs to develop humanitarian response plans that coordinate the efforts and resources of thousands of partners globally. In 2020, our collective efforts delivered humanitarian aid to nearly 100 million people, most of them women and children.



Ramesh Rajasingham visited Burkina Faso on 8-11 February 2021.

OCHA also works with partners to strengthen early warning systems and preparedness. Related to this is anticipatory action, in which we aim to act before a disaster strikes in order to minimise its impact and help people recover more quickly. Much work is done with development actors on longer-term mitigation and resilience, and we advocate for the need to address the underlying drivers of crises such as climate change. This requires a global and coordinated effort by everyone.

“... we advocate for the need to address the underlying drivers of crises such as climate change.”

### **The UN and the EU share common values and goals**

*Disasters in areas where the population is already under pressure, perhaps because of failing government structures (e.g. in Haiti), poverty or substantially changing geographical circumstances (e.g. due to climate change) have an even greater impact than disasters in wealthy nations, such as the recent floods in Western Europe. How does this affect how OCHA provides emergency assistance?*

**Ramesh Rajasingham:** Most of OCHA's work takes place in complex emergencies with overlapping and compounding factors. These include armed conflicts, recurrent natural disasters, and entrenched poverty. This increases people's vulnerabilities, and places strain on local systems and capacities. Currently, we work in almost 60 countries and territories to provide protection and assistance to millions of people.

Everywhere we work, we are guided by the humanitarian principles of humanity, impartiality, neutrality and independence. With other UN agencies and NGO partners, we have also developed systems, tools and resources that we use around the world. For example, in all large-scale crises, OCHA sets up coordination structures, and leads the publication of a joint Humanitarian Response Plan with information about the situation on the ground and the planned humanitarian operation, including what funding is needed and how it is used. Thankfully, not many countries in Europe need our support today.

“ Everywhere we work, we are guided by the humanitarian principles of humanity, impartiality, neutrality and independence.

*In the context of the UN's emergency preparedness measures, response and relief actions, a comprehensive cooperation partnership exists between the EU and the UN. What is so specific about this cooperation? What are the limitations, and where do you see opportunities for further participation? Also, how substantial is the EU's aid in helping the UN carry out its humanitarian aid work?*

**Ramesh Rajasingham:** The EU is a long-standing supporter of the UN across the multilateral aid agenda, including humanitarian aid. We share common values such as solidarity with people affected by crises, and respect for universal human rights. We also share a common goal of ensuring that the most affected people receive aid first. This is the foundation for our collaboration.

“ The EU is a long-standing supporter of the UN across the multilateral aid agenda...

The UN, including OCHA, enjoys a strong partnership with the EU on advocacy and policy formulation on key humanitarian issues, such as respect for international humanitarian law and the protection of civilians. We also focus on many of the same emergencies, including Syria and the surrounding region, Yemen, and the Sahel. The EU's support in highlighting crises in Afghanistan, Myanmar and Central America has been invaluable.



Source: UNOCHA.

Killi camp, Idlib, October 2021. Winter in North West Syria.

The financial support from the EU is of vital importance. Over the last 10 years, the EU has provided more than US\$26 billion to humanitarian organisations. EU institutions are consistently among the top five donors of humanitarian aid. We encourage all countries to provide humanitarian financing and direct it through multilateral channels. This is the most effective and efficient way to avoid duplication, fill gaps, and make the response more cost-efficient.

“ Over the last 10 years, the EU has provided more than US\$26 billion to humanitarian organisations.



We would welcome seeing all EU Member States contribute in a way that is commensurate with their wealth. For countries that are less familiar with humanitarian action, a great place to start is the pooled funds that OCHA manages: the global Central Emergency Response Fund and the Country-Based Pooled Funds. These funds inject money into life-saving projects and programmes where they are most needed, and support a principled humanitarian response.

### **Working towards a 'gold standard' on accountability**

*An important focus point for the ECA is accountability, an issue that is not always a priority in an emergency. Are there specific provisions to ensure that corners are not cut regarding accountability in specific circumstances, an issue which may weaken donors' trust in the long term?*

**Ramesh Rajasingham:** Accountability is a fundamental value underpinning the humanitarian aid community. We strive never to compromise on this, even in the rush of an emergency. We must be accountable not only to the affected people we serve, but also to our donors and oversight bodies.

“ Accountability is a fundamental value (...) We strive never to compromise on this, even in the rush of an emergency.

Accountability to affected people is the commitment by humanitarians in the UN system, the NGO community and the Red Cross family to deliver aid responsibly: to take account of, give account to and be held to account by the people we assist. Building on a renewed momentum and focus on this issue, several Resident and Humanitarian Coordinators convened this year to identify how to improve our ability to deliver system-wide accountability to people in need, and to agree on the 'gold standard' that the system should work towards. Practical steps are being taken to make progress on this.

In terms of accountability to donors and oversight bodies, all UN entities are subject to audits and evaluations by, for example, the UN Board of Auditors, the Office of Internal Oversight Services, or the Joint Inspection Unit. These bodies also provide oversight of the humanitarian pooled funds we have in individual crisis-affected countries. Specific procedures are in place to address fraud and sexual exploitation and abuse, and we continue to strengthen accountability through improved monitoring and joint evaluations.

*Where do you see opportunities for public auditors to add value to emergency aid situations and disaster preparedness? How can auditors support your work, and is there a specific topic in your area of responsibility where you would welcome the insights an external audit may bring?*

**Ramesh Rajasingham:** OCHA is already supported by oversight structures mandated by the UN Secretary-General, the General Assembly and UN Member States, including EU Member States. The UN works under the Single Audit Principle. This means that only entities mandated by the General Assembly have the authority to audit its activities.

The UN Board of Auditors is an independent body that audits the UN and its funds and programmes. Its membership rotates, and often includes the national audit institution from an EU Member State. For example, Mr Kay Scheller, President of the German Federal Audit Office, is a current member.

The Internal Audit Division of the Office of Internal Oversight Services (OIOS) is responsible for independent internal audits designed to add value and improve OCHA's operations. The Inspection and Evaluation Division of OIOS conducts programme evaluations, reviews every three years, as well as inspections of specific issues of high risk to OCHA. For specific response operations, we have Inter-Agency Humanitarian Evaluations, which are independent assessments of the collective results that have been achieved. In any given year, two to three evaluations are conducted. OCHA is also subject to external, donor-led evaluations, such as the Multilateral Organisation Performance Assessment Network, ECHO verifications and the Central Assurance Assessment. Reports from all audits, evaluations and assessments are publicly available.

We welcome all initiatives that strengthen and harmonise audits. This ensures public confidence in the proper use of taxpayers' money, and helps avoid duplication and inefficiencies in administrative and management costs.



*We welcome all initiatives that strengthen and harmonise audits.*

### **Undertaking specific disaster response preparedness missions**

*UNDAC also undertakes disaster response preparedness missions. Such missions evaluate national disaster preparedness and response capacity and plans upon specific requests from governments. To date, UNDAC has carried out 35 of these missions worldwide. What are the main issues during such missions, and is a specific methodology used?*

**Ramesh Rajasingham:** These preparedness missions carry out an integrated assessment of the requesting country's state of preparedness to respond to emergencies. The UNDAC team identifies strengths, weaknesses and gaps, and looks at the legal framework, structure and functioning of all levels of the national disaster response system. This provides the foundation for the development and implementation of plans to strengthen the response preparedness of governments and their partners.

The missions have helped to foster an enabling environment in most of the countries where they have been deployed. Their broad approach has helped create necessary space for the national disaster management authority, which did not previously exist. The missions have also helped to strengthen national capacity at the organisational level, and energised and brought new momentum to capacity development.

*Do you see substantial differences in emergency preparedness measures, response and relief actions and policies between major countries and regions, such as the US, the EU, China, or India? Are there any best practice examples for providing humanitarian aid, and are there any recipient regions where you see a good learning curve in dealing with humanitarian assistance?*

**Ramesh Rajasingham:** Almost all regions and countries have gone through difficult periods and experienced crises at some stage in their history. The key is to learn from such events, and put in place structures and systems that reduce the likelihood of crises, mitigate their impact, and ensure timely and effective responses if needed.

OCHA constantly tries to capture lessons learned and good practices that help us to provide faster, more efficient and adequate aid. We work with many institutions and governments, including the US, China, and the EU and its Member States, to tap into and make good use of their incredible experience, expertise and capacity. Our UNDAC teams are examples of this collaboration.

We also work with governments to set minimum international standards in disaster response, for example through the International Search and Rescue Advisory Group, which has over 90 countries and UN agencies as members. Right now, much focus is on the crucial area of enhancing the role of local responders in aid operations and strengthening the voices of people affected by crises.

### **Climate change as a main driver for humanitarian needs**

*How important is climate change in your work? And where do you see that significant progress can be made?*

**Ramesh Rajasingham:** The frequency and intensity of climate- and weather-related events are rising at an alarming pace, and are already the main drivers of humanitarian need and vulnerability. Future climate hotspots will create humanitarian needs in new places. Our work will have to reflect that.



*Future climate hotspots will create humanitarian needs in new places. Our work will have to reflect that.*

To combat the climate crisis, humanitarian action must more decidedly contribute to global adaptation efforts, contribute more to community resilience, and adjust its own focus and ways of working. But humanitarians cannot do this alone. The UN Secretary-General has called on developed countries to fulfil their commitment to mobilise US\$100 billion for climate action in developing countries, and for donors to allocate 50 % of their funding in support of adaptation and resilience. We echo that call.

On a more practical level, OCHA operates a Joint Environment Unit together with the UN Environment Programme. This unit looks at the environmental impact of crises or specific environmental emergencies. It is one of the rapid response tools that OCHA can deploy in the immediate response phase. In its 27-year history, the unit has responded to over 220 requests for assistance.

The unit also manages the Environment and Humanitarian Action Network to minimise the environmental impact of humanitarian action and promote environmentally responsible humanitarian programming. The network has more than 240 members across the globe, and progress is being made to invest in greener options for humanitarian action.

“*... progress is being made to invest in greener options for humanitarian action.*”



# Crisis management: disaster response is saving lives, but preparedness and prevention are key

## Interview with Janez Lenarčič, European Commissioner for Crisis Management

By Derek Meijers and Gaston Moonen



Janez Lenarčič

Source: European Commission

Disasters can strike anywhere in the world, any day and at any time. The challenge with each crisis is to analyse quickly what has happened, if anyone or how many have been affected and what needs to be done. The European Union and, more specifically, the European Commission, plays an indispensable role in wider management of crises of this kind, whether in Europe or globally. At the Commission, Janez Lenarčič, as Commissioner for Crisis Management, bears primary responsibility for the EU's disaster response coordination and humanitarian aid efforts. In that capacity, he is the face of EU solidarity in times of disaster. When we spoke with him about the Union's role and activities in these area, he revealed that there is a lot more to this, ranging from civil protection to enhancing preventive measures and resilience, both within and outside the EU. But also commitment, compassion, knowledge and stamina – or, as the Commissioner called it, 'collective solidarity' among those providing help.

### Alleviating suffering and strengthening preparedness

From the outset, Janez Lenarčič makes it clear that his job title as 'European Commissioner for Crisis Management' should not mislead anyone. 'It does not imply that I am responsible for any crisis in its entirety. To understand exactly what my mandate is one has to look into the portfolio description. And this is Commissioner for Humanitarian Aid and Civil Protection.' In that role, under one hat his focus is on alleviating the suffering of the most vulnerable and providing assistance to people whose lives have been upended by disaster, crisis or conflict. 'And under my other hat, I am responsible to coordinate and strengthen our response to as well as our collective preparedness to emergencies and disasters, both at home and globally. Of course the pandemic and accompanying crisis have had many implications for both preparedness and response, and continue to

do so. Throughout this period, I have been reminded daily of the value of collective solidarity, and it is important that we continue to foster greater cooperation and build on this value of solidarity over the coming years.’

“ Throughout this period [the pandemic], I have been reminded daily of the value of collective solidarity...

The Commissioner was heavily involved in the COVID-19 crisis from the very beginning. In January 2020, well before the World Health Organization declared a pandemic, he and his staff were on the case. ‘For instance, we started with providing assistance to China, which asked for our help, because China ran out of personal protective equipment. Of course, later on Europe faced the same situation but we should not forget that the first major country that ran out of protective equipment and facing this epidemic was China. At the same time, it is also the biggest producer in the world of protective equipment and we organised the assistance that was provided to China by EU Member States at the request of China.’ He explains that, through the Union’s Civil Protection Mechanism (UCPM), his services started to organise repatriations of European citizens from China. ‘This endeavour continued over several months because, when the pandemic struck all over the world, it resulted, among other things, in the grounding of planes and closing of airports.’ By organising ad hoc evacuation and repatriation flights, over the months the Civil Protection Mechanism ensured the return of about 100 000 EU citizens. With some pride, he adds: ‘Which made it one of the biggest EU repatriation operations ever.’

“ ... [on repatriations to the EU in 2020] one of the biggest EU repatriation operations ever.

The intensity continued, the Commissioner explains, since through the UCPM he was heavily involved in providing millions of items of equipment to EU Member States and a number of third countries. ‘And this activity is continuing. Finally, when at the beginning of the pandemic there were global shortages of personal protective equipment, we decided to establish a safety net in the form of a European stockpile of medical countermeasures.’ The stockpile consists primarily of medical protective equipment, ventilators and certain other items to prevent similar shortages from happening again. Now that it has been constituted, the stockpile will be available for years to come. ‘So if the pandemic continues for much longer, we will have a last resort reserve.’

When asked how this relates to the new European Health Emergency Preparedness and Response Authority – HERA, which was announced by President von der Leyen in her State of the Union address in September 2021, Janez Lenarčič points out that the UCPM will be one of the Commission’s ‘contributing programmes’ to the HERA authority. Since an important part of HERA’s work is stockpiling, this will require ample coordination. ‘Which I think will be ensured, as the Commissioner for Crisis Management has a seat on the coordination committee which is to steer the activities of HERA. This includes what to stockpile, and how much.’

### The need for more Europe in times of crisis

For the Commissioner, the creation of HERA, while important, is certainly not the only outcome of the COVID-19 crisis. He thinks several lessons can be drawn from it, also considering the role of the EU and its Member States.

‘I am deeply convinced that the key lessons we all should learn from the pandemic is that there has to be more Europe in such situations. Whenever we are dealing with a crisis that affects several, most or all EU Member States, a crisis that has transboundary impact – in this case even a global dimension – there is a need to do more at the European level.’ However, for him this does not necessarily mean the transfer of competences to the EU. ‘We have the Treaty, the Treaty is very clear: issues like health, civil protection and others are the competence of the Member States. But even if that is so, we should try to have better coordination at EU level. So that the Member States act in a coordinated and connected manner.’

“ ... the key lessons we all should learn from the pandemic is that there has to be more Europe in such situations. (...) we should try to have better coordination at EU level.

Janez Lenarčič considers that the Member States and the EU did eventually achieve coordination in most areas, despite a rocky start. ‘In the beginning, in March 2020, there were some immediate reactions to this new crisis, with the virus spreading, when Member States started to close their borders in a fairly uncoordinated, unilateral

manner, not even talking to the neighbours on the other side of the border. Causing huge queues of trucks and cars, etc. Or they blocked exports of protective equipment that were meant for other Member States, thus violating the Single Market rules.'

However, he also observes that, after a few days, and forceful intervention by the European Commission, Europe moved on from this unilateral and uncoordinated approach. 'Also because everybody realised that this was no way to tackle the challenge.' In his view, the lesson was learned quickly. 'Because very soon the Member States decided to entrust the Commission with the procurement of vaccines. And now, in spite of preliminary delays at the end of last year and the beginning of this year, every EU citizen has access to full COVID-19 vaccines and even boosters, meaning a possibility to get the best protection there is.'

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... Member States decided to entrust the Commission with the procurement of vaccines. And now (...) every EU citizen has access to full COVID 19 vaccines...

For the Commissioner, strategic reserve stockpiling is another example of a task relating to the COVID-19 crisis that was smoothly enabled at the EU level, as it was placed under rescEU, the strand of the UCPM whose purpose is to establish a new European reserve of resources, ranging from planes to medical equipment, including protective materials. 'This reserve was set up in a record short time. This task was defined few days before 19 March when we had the implementing decision published in the EU's Official Journal, expanding the rescue reserve to include medical measures.' He explains that the European medical reserve was set up in the following weeks and months. 'And has been used extensively, since we have distributed items from the reserve to a number of Member States.'

For the Commissioner this reserve provides an example of how the EU and its Member States need to do more together. 'When I say there is a need for more Europe, I am not saying we need additional competences to strengthen the EU level, because that would entail a Treaty change, and that is an arduous and complex process. However, even when certain areas are the exclusive competence of Member States, there is the possibility and also the need to do more together.'

### No conditions attached to humanitarian aid

The COVID-19 pandemic is unique in its kind and intensity, even for the Commissioner, who deals with crises on a daily basis. But most crises relate to disasters that cause human misery and hardship, requiring humanitarian aid. This was by no means a new area for Janez Lenarčič when he became Commissioner for Crisis Management, since he had been working for several years on humanitarian matters at the Organisation for Security and Cooperation in Europe (OSCE). Everyone agrees that the EU is a key player in the world in this area. 'I am responsible for ensuring that we respond quickly and bring the different strands of work together. My role is also to be the face of EU solidarity in times of disaster, and to raise the attention of other donors to respond to acute humanitarian crises, including those that are not in the headlines.'

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My role is also to be the face of EU solidarity in times of disaster...

Figures show that the Union, together with its Member States, is the biggest donor of humanitarian aid globally. 'A second very important fact is that the EU is a *principled* donor.' He explains that EU decisions on where and to whom to provide humanitarian aid are based exclusively on the focal principles for humanitarian action, which are humanity, neutrality, impartiality and independence. 'To put it in the simplest possible terms: we channel humanitarian aid exclusively on the basis of the needs. Without any regard to political or other situations.'

The Commissioner underlines that EU humanitarian aid is covered by these principles. 'This is very important because we do not instrumentalise humanitarian aid for political, economic or other objectives.' The EU's objective in humanitarian aid is to alleviate suffering and save lives. No strings attached. 'The only thing that we demand when we operate in any country where there are humanitarian needs is that there is full access for our humanitarian aid and our humanitarian workers,

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... we do not instrumentalise humanitarian aid for political, economic or other objectives.



who are usually members of humanitarian agencies, the Red Cross family or NGOs. We demand full access and safety for lives, and respect for international humanitarian law in general and the four principles I mentioned earlier.’ He adds that this approach places the EU in the front row of what are known as ‘good humanitarian donors.’

Besides the action he took in relation to the pandemic, the Commissioner’s activities in the area of humanitarian response have been escalating. ‘Humanitarian needs were already going up steadily, especially due to the proliferation of conflicts, protracted conflicts that have been going on for decades and remain unresolved, climate change and its impacts, environmental degradation, demographic pressure. These – as we call them – *drivers* have already resulted in increasing humanitarian needs in the past.’ However, he stresses that the pandemic, when it struck in 2020, only aggravated this trend. ‘We have seen a spike in humanitarian needs, while at the same time the funding for humanitarian aid has not gone up that fast. We do increase humanitarian aid substantially but the increase in the needs is much faster. This leads to an increase in the funding gap.’

To address the gap but also other major challenges to humanitarian aid, in March 2021 the Commission issued a communication on EU humanitarian action, in which the Commissioner formulated the institution’s approach to what he labels ‘an unsustainable situation’ and charting how to deal with it. For Janez Lenarčič, the first thing is to increase humanitarian funding by encouraging countries that could do more to provide more humanitarian aid. In other words, to expand the common base. ‘Because at the moment, only a handful of big donors, the EU among them, provide the overwhelming majority of global humanitarian aid. While many others who could do more are not making their best effort.’ In addition, he thinks the Commission needs to look at whether it could be using the available resources in a more effective way. ‘We have identified a number of possible options for achieving that.’ As the third element, he refers to efforts to reduce the *need* for humanitarian aid. ‘For this to happen we have to work more forcefully on ending conflicts and preventing new ones as well as putting the respect of international humanitarian law at the centre of our external action in order to protect innocent civilians and preserve humanitarian space.’

Regarding the last aspect, the Commissioner has to rely on others, since reducing needs is not the work of humanitarians alone. ‘On the humanitarian aid side, we consider to be particularly promising the *nexus* approach, which means close cooperation between humanitarian, development, and peace actors. So joint action should be aimed at ending conflicts, providing longer-term development assistance, so as to enable people to stand on their own feet and not depend anymore on humanitarian aid.’ Ultimately, the *nexus* approach is another way of reducing, or trying to reduce, the financial burden of humanitarian aid in the future.

### Prevention is the future

When speaking about the *nexus* approach the link is easily made to prevention, an issue which the Commissioner considers essential in many respects to keep human suffering and damage, and therefore the need for humanitarian aid but also civil protection

#### Box 1 – Enabling the EU’s crisis response: the ERCC

Through its 24/7 Emergency Response Coordination Centre, the ERCC, the Commission monitors and facilitates the EU’s response to crises as they emerge. The ERCC is central to bringing different actors and information together. Focusing for example on the summer 2021 emergencies, the ERCC helped to draw up flood rescue modules using boats and over 150 rescue workers from France, Italy and Austria to support the response in Belgium. As for the forest fires that spread across vast areas of southern Europe in particular, the ERCC helped oversee the deployment of 18 aeroplanes, 3 helicopters and some 1 300 rescue workers from 14 countries. The biggest UCPM deployment in this area so far. During India’s devastating COVID-19 second wave in May this year, the ERCC coordinated assistance from 19 countries in the form of oxygen, personal protective equipment and other urgently needed material in a matter of days.

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*We have seen a spike in humanitarian needs, while at the same time the funding for humanitarian aid has not gone up that fast.(...) This leads to an increase in the funding gap.*

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*... only a handful of big donors, the EU among them, provide the overwhelming majority of global humanitarian aid.*

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*... we have to work more forcefully on ending conflicts and preventing new ones...*

activation, to a minimum. He underlines that, as well as the capacity to respond to crises after they occur, the crisis management cycle has two other elements: prevention and preparedness. 'We try to treat all three as equally important, but this is not always easy in a political sense because once there is a disaster, everybody will be in favour of a quick and decisive response. But if you are not yet facing a disaster or an imminent crisis it is more difficult to mobilise the necessary resources to tackle prevention and preparedness, to try to prevent what we can still prevent. And to prepare for all the incidents that cannot be prevented, like for instance earthquakes.'

“... if you are not yet facing a disaster or an imminent crisis it is more difficult to mobilise the necessary resources...”

This is also why he thinks the approach to climate change has such a bearing on his field of crisis management. 'Climate change is in my view already climate crisis. We are already witnessing a very clear impact of climate crisis on our environment, on our livelihoods.' Janez Lenarčič refers to last summer's crisis events, starting with the terrible floods in northern Europe, and continuing with unprecedented forest fires throughout the Mediterranean in particular. 'We will see more of that. Therefore we have to act, not only in building our response capacity, not only in preparing ourselves, but also in trying to prevent what we can still prevent. And the Commission is doing that. Because our ambition to create Europe by 2050 as a climate-neutral continent is a prevention measure! To prevent worse than what we already expect.' In this sense, one can draw the parallel that disaster prevention relates to climate mitigation, and disaster response to climate adaptation.

“Climate change is in my view already climate crisis. (...) our ambition to create Europe by 2050 as a climate-neutral continent is a prevention measure!”

### UN and EU – partners on several accounts

The EU is not only a big player when coordinating humanitarian aid and providing relief through its partner organisations, but also a big donor, mostly to the UN. According to the Commissioner, there is good reason for this. 'The role of the UN in humanitarian affairs is most important in two aspects. One aspect is as a coordinating body for global humanitarian activities. The EU strongly supports that role, which is performed by the UN Office for the Coordination of Humanitarian Aid (OCHA).' He explains that there are many donors – the EU, the US, the UK, Switzerland, Norway, etc. – although not as many as he would like to see. The number of donors means that action must be coordinated, and this also goes for the activities of humanitarian partners on the ground. 'So that they do not all go to one place and leave some other place unattended. I cannot overemphasise the coordinating role, and I believe that the UN is best positioned to assume this role. In every country where there is a humanitarian situation there is a UN coordinator, and the EU strongly supports that role.'

“... I believe that the UN is best positioned to assume this [coordinating] role.”

The second important aspect Janez Lenarčič identifies regarding the UN is when it acts as the EU's humanitarian partner on the ground. He mentions the many UN agencies among the EU's key humanitarian partners, such as the World Food Programme, UNICEF and the WHO – mainly during but also before the pandemic. 'These UN agencies have enormous expertise, they also have some unmatched resources. For example, the World Food Programme has unmatched logistical resources, which enables them to tackle any looming food crisis in a very effective manner.' So clearly a number of UN organisations are indispensable partners in humanitarian aid for the EU. But the Commissioner underlines that they are not the only ones. 'As I already said, we work with the International Red Cross and Red Crescent family. In addition to that, very important partners of ours are international NGOs. They have great capacity, great skills and also, in many cases, a unique ability to address humanitarian needs.'

“... very important partners of ours are international NGOs.”

### Robust accountability ensures local conditions are given consideration

When discussing accountability issues and needs in humanitarian aid action, the Commissioner is unequivocal: 'This was and is on top of our agenda, to insist on ability, also when it comes to sound financial management. Not only for the EU as a donor, for example towards the UN, but towards the humanitarian agencies who are our partners.'

To have robust safeguards in place, aimed at preventing misuse of funding. And, when something inappropriate happens anyway, to have quick remedial procedures in place.'

Janez Lenarčič considers the emergency aspect is no excuse for foregoing the proper auditing of action in such situations, reiterating that, as a donor, the Commission demands strong audits from its partners implementing the various programmes and projects on the ground. 'There also has to be thorough auditing when it comes to emergency situations. But it has to be adapted to the circumstances in which our partners operate. Because in some circumstances there is a lack of security that affects the ability of our partners to do their work. In other situations you do not have a functioning banking system – such as the situation in Afghanistan. Therefore, you cannot expect the usual standards of financial management from all places that we need to operate in. I have to say that in our operations with the ECA we have always received full understanding of the specificities of our work.' In his view, therefore, auditing is adapted to these specificities.

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...[audit] has to be adapted to the circumstances in which our partners operate.(...) with the ECA we have always received full understanding of the specificities of our work.

When speaking about what he would like the ECA to assess as an audit topic in his area of responsibility, the Commissioner is very clear: 'To the extent that it falls in the mandate of the ECA, I would welcome ECA involvement in prevention. Meaning, whenever funding is allocated, it should also be audited from the sense that it is well spent in view of the disaster prevention or disaster risk reduction perspective.' He gives a specific illustration from the common agricultural policy. 'I would welcome the ECA's specific assessment when there is funding channelled into certain crops or plants. The ECA could assess this from the viewpoint of disaster risk reduction.' In his view, this will be useful, for example, where EU-funded crops that are not risk-preventing are to be planted in a region particularly susceptible to drought. 'Auditing should not only be a technical exercise, checking whether certain numbers match up. No, it also has to be done in the sense of whether the funding was done effectively from the perspective of disaster risk reduction.' The Commissioner believes there is room for such an assessment without stepping into the role of decision-maker. 'I would very much welcome such an angle! Money that is spent on unsustainable activities and can increase the risk for disaster is certainly not money well spent.'

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Auditing should not only be a technical exercise (...) it also has to be done in the sense of whether the funding was done effectively from the perspective of disaster risk reduction.

### How prepared can you be?

The importance of prevention as an element in the crisis management cycle becomes even clearer when discussing disaster preparedness in the light of the Commissioner's responsibility for the UCPM and Member States' responsibilities and actions. Janez Lenarčič mentions a visit he made to Greece after the serious Mediterranean wildfires last August. 'Greece is fully aware of the importance of capacity-building for disaster response. Greece actually has one of the biggest aerial firefighting fleets in Europe. This enables them to deal with five or six peaks of forest fires simultaneously. But this year they had 15 or 20. So how prepared can you be?'

The Commissioner refers to a report of some years ago which concluded that Greece had done more than was needed on response capacity, but not enough on prevention. 'This is, unfortunately, a very good illustration of my points on prevention, of the fact that building a response capacity alone is not going to solve the problem. And they are very well aware of that. Because if we do not do anything on the climate front, you will have not 20 but perhaps 50 or 100 wildfires at the same time. Again: how prepared can you be?'

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... if we do not do anything on the climate front, you will have not 20 but perhaps 50 or 100 wildfires at the same time. Again: how prepared can you be?

According to the Commissioner, all three stages of crisis management must go hand in hand. 'But that is easier said than done. Why? Because politicians as well as voters are prepared to invest in response capacity. The experience is vivid, is fresh. So when there is a fire season like this year there is of course the readiness of governments and voters to accept greater investment in response capacity because we will have to tackle

these fires.' He argues that prevention is different because it has no immediate visible impact. 'When you work on prevention you are actually working on no impact. Because things that you prevent do not happen! And that makes it politically difficult to mobilise resources.'

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*When you work on prevention you are actually working on no impact. (...) And that makes it politically difficult to mobilise resources.*

Besides investment, prevention also requires something else: a change in behaviour. The impact of which is often only visible in the distant future. Janez Lenarčič: 'We see EU climate action as an important part of risk reduction and crisis prevention. And you can see how difficult the discussions that we have are. When the Commission says, by 2035 no more cars in Europe may be sold with an internal combustion engine, so no diesel and petrol cars anymore. Then you immediately hear complaints from Member States which are producing these cars. These are difficult discussions because the immediate impact you see when you demand a change in behaviour is negative.' He refers to people's reactions when told they will have to buy electric cars: much more expensive, less range, charging much longer, etc. 'Changing behaviour entails sacrifices, entails some difficult decisions. While the immediate positive impact is not there, it comes later in the form of something that has not happened.' He concludes that it is difficult both for politicians and for citizens to accept the mobilisation of resources for disaster prevention. 'They don't see the immediate positive impact of it.'

### European solidarity passing the test but... ?

After his first year in office as Commissioner for Crisis Management, Janez Lenarčič identified solidarity as the core element of emergency action. One year later, with the pandemic still ongoing, as well as a number of man-made crises and natural disasters, ranging from Afghanistan to Haiti, from floods to wildfires, causing widespread hunger or calling other UN Sustainable Development Goals into question, the Commissioner considers that solidarity is still at the centre of what he and his staff do. 'In both parts of my mandate, solidarity, with no strings attached, so pure solidarity of help for the person in need. Same for civil protection. Civil protection is the face of European solidarity in the EU and globally. Because our Union Civil Protection Mechanism is accessible to any country of the world. Any country of the world can turn to the Mechanism, ask for assistance and get it.'

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*... our Union Civil Protection Mechanism is accessible to any country of the world.*

The Commissioner gives as an example the earthquake situation in Haiti. 'We were all summer in crisis mode relating to floods, regarding forest fires in Cyprus, Turkey, Greece, North Macedonia, Albania, Italia and Algeria. They all asked for our assistance and they got it. And then the earthquake hit Haiti, an awful event, with over 2 200 people who died and enormous damage. I visited the country in the aftermath to see it myself.' He underlines that the country already has many political, economic, social and security challenges. 'This added so much to the misery of so many people. I should also mention here the Taliban takeover in Afghanistan and the imminent looming collapse of health, education and other public services. In all these cases, we were able to count on European solidarity. Not one request for assistance, even though there were so many, went unanswered! We were able, together with the Member States, to mobilise enough resources to respond favourably to all of them.' As examples of aid provided, he mentions emergency medical teams, hospitals, water purification stations, communication equipment, humanitarian supplies for Haiti, and the humanitarian flights to Kabul. 'Because when the airport was not accessible for commercial flights we set up the *EU humanitarian air bridge*, which is used for places and situations when there are no commercial alternatives.'

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*Not one request for assistance, even though there were so many, went unanswered!*

Janez Lenarčič concludes that 2021 has been a testing year, with above all a testing summer. And that EU solidarity has come through the test well. 'But as we discussed before on how prepared we can be, I would now say: how much solidarity can we expect? Is there a limit? I hope not, and I am grateful to everyone who has offered effective assistance under very trying circumstances. But I do think we all have to do more in order to deal with this threat

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*... how much solidarity can we expect? Is there a limit?*



of increasing strain on the EU's and Member States' capacities and consequently ability to display solidarity.' For the Commissioner, the best way forward is to focus more on prevention. 'I mentioned it a few times already. Prevention, meaning what we can still prevent in relation to climate change. What we can still prevent in terms of humanitarian need, like the proliferation of conflicts, ending old protracted ones, strengthening the respect of international humanitarian law, working on demographic pressures, working on environmental degradation, etc. To finish with the shortest possible answer to your question on how I would address the experience of my second year: we need more solidarity and more prevention!'

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*... we need more solidarity  
and more prevention!*

# 'Natural disasters know no borders – neither do solidarity and mutual support in times of need'

## Interview with Vassilios Papageorgiou, Secretary General for Civil Protection in the Greek Ministry of Climate Crisis and Civil Protection

By Gaston Moonen



Vassilios Papageorgiou

Source: Greek Ministry of  
Climate Crisis and Civil Protection

The relationship between natural disasters and climate change is increasingly undisputed, as became clear during the COP 26 summit – the UN Climate Change Conference – in Glasgow in November 2021. Wildfires are one of the most flagrant impacts, with recent images from the USA, Canada, South Africa and Australia. In the EU too the effects are omnipresent, such as the wildfires that strike southern Member States during the summer period. In 2021, for example, Greece experienced a very warm summer that was also literally scorching in several regions, such as the island of Evia, where it had a devastating impact. Vassilios Papageorgiou is not only the Secretary General for Civil Protection in the Greek Ministry of Climate Crisis and Civil Protection, but he also has extensive first-hand experience of natural disasters, serving as Fire Lieutenant General in several locations, including on islands and as Chief of the Hellenic Fire Corps. He explains what preventive and protective action has recently been taken, and what assistance has been provided by the EU and its Member States.

### Mediterranean as a hot spot ... also for wildfires

*A new Ministry of Climate Crisis and Civil Protection has recently been established in Greece. For you, with a relatively fresh look and starting position, what is the main issue, the main challenge, when it comes to civil protection in Greece?*

**Vassilios Papageorgiou:** The Ministry of Climate Crisis and Civil Protection was indeed recently established, and the rationale behind this decision is highly innovative. Given the constantly growing challenges of climate change, Prime Minister Kyriakos Mitsotakis and the Greek government aim to promote a new holistic approach. We are all familiar with the conventional civil protection mechanism, which focuses on addressing the aftermath of any natural or man-made disaster. What we are trying to achieve is to bridge civil protection with prevention, preparedness and resilience in dealing with the repercussions of climate crisis. This is the great challenge lying ahead. Greece is located

in the middle of a region of climate urgency. There is no doubt that the Mediterranean is a climate change hotspot. To tackle this urgency, we must think out of the box and act fast. And this is exactly what we are focusing our efforts on.

“... bridge civil protection with prevention, preparedness and resilience in dealing with the repercussions of climate crisis. (...) the Mediterranean is a climate change hotspot.

*During the summer of 2021, following an extremely severe heatwave, several Member States in southern Europe were hit by wildfires, Greece most prominently among them. The island of Evia was particularly hard hit. What went best when combatting the fires, and where do you think major improvements can be made?*

**Vassilios Papageorgiou:** The entire Mediterranean actually faced a particularly difficult summer, with extreme heatwaves that ignited severe mega-fires. Greece, Italy, Turkey and Algeria, among others, were all severely hit. What was of essence, and our number-one priority, was to protect human lives. We achieved this goal by applying evacuation plans when needed and using the European emergency number 112 to send out alerts to citizens and provide specific guidelines to keep them safe. We also managed to protect properties effectively, with remarkably few losses given the magnitude of the wildfires.

Of course, there is always room for improvement. Let me give you an example. We have already launched an ambitious training programme for forest firefighters. This will take place in winter in the US to set up a highly qualified unit that can intervene in hard-to-access locations under difficult circumstances. Having in place a well-trained and properly equipped forest firefighting corps of 500 persons in full deployment will be a real game-changer when tackling wildfires, particularly in containing them in the early stages.

#### **EU solidarity comes in several forms**

*Greece has invested a lot in firefighting capacity during the last decade. Nevertheless, it called for aid from other Member States, which it received. This capacity relates to preparedness to fight wildfires. What are the main additional efforts that are planned to prevent wildfires, and are such efforts viable given the prospect of more frequent and severe heatwaves caused by climate change? This particularly since you have underlined the need for disaster prevention. How does that translate in relation to wildfires?*

**Vassilios Papageorgiou:** Our intention is to invest more in prevention and preparedness actions. Through the National Civil Protection Programme, code-named ‘AIGIS’ [Greek for ‘shield’], we are also investing heavily in the renewal of our firefighting fleet, state-of-the-art early warning systems, and smart coordination and communication systems to secure a speedier and more effective response. With total funding of €1.71 billion through the European Investment Bank, Next Generation EU and the National Strategic Reference Framework for 2021-2027, the AIGIS program is the largest investment that has ever been planned in the field of disaster management in Greece. It will completely reshape not only our firefighting capacity, but also our natural disaster prevention and preparedness capability.

“Our intention is to invest more in prevention and preparedness actions. (...) the AIGIS program is the largest investment that has ever been planned in the field of disaster management in Greece.

*Greece received aid from several Member States and other countries to combat the fires. What did this aid consist of and could it be deployed fast enough? How crucial was the aid in mastering the fires? And are there recent examples of Greece helping other countries in similar situations?*

**Vassilios Papageorgiou:** I cannot emphasise enough the importance of the European Civil Protection Mechanism and rescEU in responding to the recent devastating wildfires. This year saw one of the biggest ever mobilisations in the history of the Mechanism, with contributions from 24 EU and non-EU countries in personnel, firefighting aircraft and vehicles. This response illustrates better than anything that solidarity is getting stronger. And the European Civil Protection Mechanism has been an important part of that trend.

Greece has been a longstanding and very active member, participating in both the European Civil Protection Pool and rescEU Transition with two Canadair aircraft. Greece is also part of the fully-fledged rescEU programme, as it hosts the stockpiling of vital medical equipment. Let us not forget that Greece has been part of the Mechanism from day one. As well as receiving help on 16 occasions – including this year’s impressive mobilisation – we have also provided assistance to other Member States a total of 45 times! For example, this summer Greece helped Italy by sending firefighting aircraft to Sardinia; we also sent aircraft to Cyprus and, more recently, offered help to Austria to combat wildfires outside Vienna. We are strongly convinced that, just as natural disasters know no borders, neither do solidarity and mutual support in times of need.

“... just as natural disasters know no borders, neither do solidarity and mutual support in times of need.”

*There are undoubtedly many possibilities for the EU to help Greece address wildfires and other emergencies. Are any concrete steps in the pipeline for new EU measures to help Greece in its wildfire preparedness and rebuilding, or any other specific issues that are highly relevant from a crisis management perspective?*

**Vassilios Papageorgiou:** Through rescEU, Greece will receive seven new Canadair aircraft, two of them 100 % EU-funded. In fact, our country will receive the first Canadair purchased by the European Union. We therefore intend Greece to become a hub for the entire south-eastern Mediterranean, providing assistance to countries in the wider region whenever they need to manage a natural disaster or other emergency. This project will not only illustrate the importance of tangible solidarity; it will also ensure there is a speedy response to the increasing needs of the entire region owing to the climate crisis.

“Through rescEU, Greece will receive seven new Canadair aircraft, two of them 100 % EU-funded. (...) We [...] intend Greece to become a hub for the entire south-eastern Mediterranean...”

Moreover, we are currently working on setting up a pilot project for firefighter exchanges between EU countries to assist the south of Europe during the forest-fire season and the north during winter floods. Greece intends next summer to become the first country to host firefighters from around Europe, who will assist their Greek colleagues whenever needed. We firmly believe in the added value of this project, as it involves extensive expertise and knowledge-sharing and will build up strong ties between firefighting services across Europe.

### **Wildfires also lead to flooding**

*As Secretary General for Civil Protection, your remit extends from firefighting to disaster relief and policies for adapting to climate change. How important is firefighting in your portfolio, financially and time wise, and besides firefighting which issues have required your particular attention during the past few weeks?*

**Vassilios Papageorgiou:** Naturally, during the wildfire season, which in Greece extends from May to October, firefighting is our top priority. However, it goes well beyond that. Because of climate change, we now have to face extreme weather phenomena, such as heavy rainfall, floods and even snowstorms, more often.

Floods are now largely a source of concern for us due to last summer’s wildfires. Along with all the responsible authorities, we have taken concrete measures in the affected areas to avoid ground erosion. Only a month ago, we faced extreme rainfall in most parts of Greece, even in Athens, and this necessitated urgent measures that included temporarily moving people out of their houses to avoid loss of life. We have also launched exercises to train local populations in areas most vulnerable to flooding. We started in Alepochori, west of Athens, with a large-scale exercise, and we will expand this model to several other spots in Greece. Training the population and raising awareness are of vital importance. From a financial perspective, as I mentioned earlier, we are in the process of extensively reforming our civil protection mechanism. The importance of EU funding and support in this endeavour cannot be overstated.

“Floods are now largely a source of concern for us due to last summer’s wildfires.”



*Emergency situations most often require rapid action and quick impacts. Where do you see opportunities for public auditors, whether at national or EU level, to add value in emergency situations and disaster preparedness? How do you think they can help you in your work?*

**Vassilios Papageorgiou:** Public auditing may contribute significantly in terms of speeding up procedures while safeguarding transparency and efficiency in public spending. What all authorities require, particularly regarding emergency management, is clarity and swift processes. We are closely working with the relevant authority in Greece, which is the National Transparency Authority, and I would like to take this opportunity to compliment the European Court of Auditors for its constant support for reforms and its efficacy in improving public accountability in the EU.

*Prime Minister Mitsotakis has promised substantial aid for the victims of wildfires in Evia and the rest of Greece. As Secretary General for Civil Protection, you undoubtedly have a large role to play. What can you say at this stage to the victims of the wildfires on this issue, on matters such as compensation, rebuilding, relocation, prevention, etc.?*

**Vassilios Papageorgiou:** The Greek government has moved very fast not only to compensate the inhabitants of Evia, but most importantly to launch a coherent and long-term plan for revitalising the region's economy and safeguard social cohesion. For our part, we provide local authorities with every possible assistance to put in place anti-erosion measures. We are also working closely with them to speed up anti-flood projects wherever they are needed.

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*... we provide local authorities with every possible assistance to put in place anti erosion measures.*

But apart from short-term interventions, what is most important is that the region can recover as quickly as possible. To this end, the government is working relentlessly on a concrete step-by step holistic plan that will allow inhabitants to adjust their professional activity to the new circumstances by offering their assistance in rebuilding Evia and making it a model of sustainable reconstruction. And in this way they will be able to face up to future wildfires more effectively. Climate change makes these virtually inevitable at some point, hopefully later rather than sooner.

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*... making it [Evia] a model of sustainable reconstruction.*

# 'The sky fell on our head. Liège and its region had floods of an exceptional magnitude, leading to its worst catastrophe of the century!'

Interview with Willy Demeyer, Mayor of Liège, about the floods in Wallonia in July 2021

By Gaston Moonen



Source: Bruno Fahy/BelgaImage

Liège residents leaving their homes during the 2021 flood.

What happens when a disaster strikes? What is the cascade of action among authorities? Who does what and who coordinates? Where does assistance come from? These are practical questions, which we presented to Willy Demeyer, Mayor of Liège, a few months after the July 2021 floods, also to get some insights into how disaster assistance unfolds. Since such questions went beyond the remit of the City of Liège and the Mayor, he coordinated his replies with the staff of Elio Di Rupo, Minister-President of Wallonia, Belgium.

## Solidarity and European cooperation

*The Liège region has experienced floods before. How does the July 2021 flood compare to previous ones? What was the essential first action which had to be taken?*

**Willy Demeyer:** In July this year, the sky fell on our head. Liège and its region had floods of an exceptional magnitude, leading to its worst catastrophe of the century! The July flooding was totally exceptional, in that:



*The July flooding was totally exceptional...*

- it was geographically and hydrologically completely unforeseeable;
- water flow was extremely high - measured at 3 300 m<sup>3</sup>/sec at its peak in the middle of July;
- the fierce current made rescue missions impossible; and
- there is a steep incline all along the Meuse, Vesdre and Ourthe.



Source: Ville de Liège

Mayor Willy Demeyer

Given these exceptional circumstances, experience and well-established crisis management teams are vital. In Liège, all the various response teams are used to working together, which helps with crisis management. The City of Liège and the regional crisis unit were in contact from the outset, and managed events throughout the various stages of the crisis.

*Belgium is a European country. Yet, when a disaster strikes, many non-Belgians will consider it a national issue and perhaps less of a European issue. Where did the first aid flows, of material and manpower, come from, from which levels? Did you receive aid from the EU, from other countries? Was there a feeling of support and solidarity from outside Belgium?*

**Willy Demeyer:** Given the scale of the disaster, other teams naturally demonstrated solidarity and unity. Emergency assistance gradually arrived, first from provincial and regional areas, then from the north of Belgium.

Every possible solidarity mechanism was activated, from local to European level. The Federal Government activated the EU Civil Protection Mechanism. Reinforcements then arrived from Luxembourg, France, Germany, Austria and Italy. The catastrophic weather conditions prevented access by air and delayed arrival somewhat, but their assistance, which embodies the values of European solidarity, was particularly appreciated by both the authorities and the public. In terms of possible recommendations for the future, it would be good to ensure that rescue teams are fully autonomous, logistically speaking.

“ Every possible solidarity mechanism was activated, from local to European level.

“ ... for the future, it would be good to ensure that rescue teams are fully autonomous, logistically speaking.

*When many emergency services are involved, coordination and communication are essential. In the case of a flood, who are the responsible authorities in the city of Liège, its surrounding area and Wallonia? Is there a set protocol on coordination and actions to be taken and information to be shared and provided?*

### Crisis management and emergency planning in Belgium

**Willy Demeyer:** In Belgium, emergency preparedness and response - commonly known as crisis/disaster management - is organised at municipal, provincial and federal level in accordance with the Royal Decree of 22 May 2019. The decree allocates tasks and responsibilities.

During the July flooding, the provincial crisis phase was triggered first, as several municipalities in the province of Liège were affected. The following day, with other provinces also affected, the federal phase was triggered. In the federal phase, the National Crisis Centre organises and coordinates emergency planning and crisis management.

In crisis management, relief is divided into five *disciplines*:

- Discipline 1: rescue operations (rescue, firefighting, etc.);
- Discipline 2: medical, sanitary and psychosocial support;
- Discipline 3: police missions (policing on the ground, investigations, keeping order, etc.);
- Discipline 4: logistical support; and
- Discipline 5: informing the public and supporting the administrative authority.

Wallonia has no specific crisis management powers. However, at the initiative of its Minister-President, it set up a Special Commission to manage the situation from the end of the acute phase of the crisis (food aid, psychological support, security, housing, etc.) and to manage reconstruction.

“ Wallonia has no specific crisis management powers.

## Disaster coordination at work

*How has, in the larger Liège area, the coordination been between mayors and civil protection experts? Can you elaborate on that cooperation?*

**Willy Demeyer:** The mayors of the municipalities affected in the greater Liège area worked with the crisis management and emergency planning bodies set up for these circumstances at each level: municipal; provincial - Governor of Liège — provincial crisis unit; regional - Regional Crisis Centre; and federal - Minister for the Interior - National Crisis Centre. This in line with the development of the crisis and the emergency situation. Emergency reception centres for those evacuated were set up by the municipalities located on plateaux above the valleys affected.

The association of mayors of the 24 cities and municipalities of the greater Liège area - *Liège Métropole* - coordinated crisis management in the less acute phase as the floodwaters subsided, working in two areas:



*The association of mayors (...) of the greater Liège area (...) coordinated crisis management in the less acute phase...*

First, provision of workers and administrative staff, construction equipment and IT equipment, and premises/offices, by municipalities that were unaffected:

- emergency road and drain clearance/unblocking, ongoing in the days and weeks after the flooding;
- continuity of essential public services, in particular civil registries, in the municipalities most affected.

Second, coordination of broader social assistance:

- operating emergency reception centres during the initial days of the crisis (acute phase);
- managing donations of food, hygiene products, furniture and household appliances by setting up a network for collection, storage and redistribution; and
- centralising emergency rehousing services for those affected.

Action in these two areas was coordinated with the crisis management bodies set up at provincial level – the provincial crisis unit under the authority of the Governor and the provincial solidarity unit under the authority of the Provincial College.

*What did you and your colleagues consider as the biggest challenge to be addressed to support the people affected by the flooding? What would you consider their biggest needs, then and now?*

**Willy Demeyer:** At the time of the flooding, the message from the alert system was not sufficiently clear and did not indicate the scale of the disaster that was about to unfold. Extra time would have enabled appropriate protective measures to be taken. Furthermore, the absence of means to intervene, to rescue, pre-prepared local and national resources for action, rescue and care - civil protection and military - tailored to a natural disaster of this magnitude.



*At the time of the flooding, the message from the alert system was not sufficiently clear...*

After the flooding, the biggest needs were and sometimes are:

- great difficulty in finding long-term temporary housing;
- difficulty in accessing professional equipment to dry out the homes affected;
- need for psychological support for victims;
- need for legal and administrative assistance with the various compensation procedures;



- need to continue or return to a 'normal' life for residents in the worst affected municipalities or neighbourhoods where both public infrastructure (sports hall, crèche, school, etc.) and shops were destroyed or severely damaged.

### Learning curve for disaster preparedness?

*While the Meuse is the main river going through Liège, a lot of water came from another source, from the Vesdre Valley. Was there a disaster plan anticipating this, and if so, did it work in practice?*

**Willy Demeyer:** The legislation requires municipalities to have an emergency plan and an official responsible for emergency preparedness. The City of Liège therefore has a general emergency preparedness and response plan. In 1926, the City of Liège experienced highly exceptional severe flooding when the Meuse burst its banks. Following this, significant investments were made into works on the banks of the Meuse, Vesdre and Ourthe. These works prevented the Meuse from flooding and saved the city centre. The scale of the disaster would otherwise have been far greater.

“... significant investments were made into works on the banks of the Meuse, Vesdre and Ourthe. These works prevented the Meuse from flooding and saved the city centre.”

*Emergency measures can range from providing shelter to victims of floods to reconstruction aid. Can you indicate which type of aid the City of Liège, the region and Wallonia has concentrated on and has the flooding led to structural changes? Or do you expect it will lead to changes regarding federal and regional emergency plans?*

**Willy Demeyer:** As early as the night of 14 July, the City of Liège set up a reception facility for those affected. This initial emergency assistance has evolved since July, but still aims to cover the primary needs of those affected: meals, showers, laundry, administrative help and psychological support. Community-based reception centres are still open seven days a week in the two local neighbourhoods affected, Chêné and Angleur.

“Community based reception centres are still open seven days a week in the two local neighbourhoods affected...”

The Walloon Region also responded very quickly by setting up a Special Commission for Reconstruction, focusing on two core initiatives: *Response* and *Reconstruction*. The Response initiative aims to help municipalities meet basic needs: housing, food, psychological support for those affected and those involved, help with the administrative operation of the municipalities affected, repairing and securing infrastructure, waste management, economic and social recovery, communication with those affected, etc. The Reconstruction initiative concerns the preventive measures to be implemented, particularly land use planning, town planning, etc. Wallonia is now providing for a reconstruction plan of €2 billion in total.

“Wallonia is now providing for a reconstruction plan of €2 billion in total.”

The changes to be made regarding emergency preparedness will be reflected in the findings of the Walloon Committee of Inquiry and the hearings in the Federal Parliament.

*As a public entity, you operate under various accountability frameworks. Is there any provision for specific arrangements to ensure accountability processes are applied in emergency situations to the aid provided and what do you expect public auditors to contribute? Where would you welcome their insights?*

**Willy Demeyer:** As mentioned above, the Royal Decree of May 2019 lays down the tasks and responsibilities of those involved. The Committee of Inquiry is likely to make recommendations for the future.

### Cross-border info and reconstruction aid from different levels

*Cross-border floods such as we saw last summer show that some catastrophes are not confined to national borders. However, recovery and relief actions are often managed on a mostly national level. Where do you see opportunities for better and closer cooperation and synergies between neighbouring countries in the context of emergency response?*

**Willy Demeyer:** One of the difficulties we had to face was the very large geographical area affected by the floods and the intensity of the flooding. The weather alert model should be refined in order to identify the geographical areas concerned more precisely, as this has a significant impact on crisis management. It is important to debrief and share experiences in order to improve national and EU response protocols.

*The homes of many people affected by the disaster have structural damage but they do not have the financial means to reconstruct and renew. What are municipalities and the region doing to address this problem and where do you see possibilities for the EU to assist?*

**Willy Demeyer:** In Belgium, the insurance intervention ceiling is capped by law. To provide optimum support to those concerned, the Walloon Region, led by the Minister-President, negotiated an insurance intervention ceiling of twice the previous level and undertook to cover amounts beyond this ceiling. Exceptionally, a regional decree provided for assistance from the Disaster Fund (which also covers uninsured persons).

“... the Walloon Region (...) negotiated an insurance intervention ceiling of twice the previous level and undertook to cover amounts beyond this ceiling.”

At local level, the City of Liège has taken various measures to help citizens with administrative procedures. Collaboration has been set up with the Bar Association to extend free legal aid. Finally, the Federal Government has taken steps to activate the European fund for disaster assistance.

# An insider's perspective on COVID-19 and next steps

By John Ryan, Directorate-General Health and Food Safety (SANTE),  
European Commission



Source: European Commission.

Organising the vaccine distribution in the EU

If there is one sector that has been affected by the COVID-19 pandemic it is the public health sector, and then particularly the people working in the hospitals, the care centres, the test facilities, etc. But also policymakers in health had to think and work out of the box – mostly from home - to address the emergency needs while initiating long term solutions against the pandemic. For sure, this includes the health specialists working at EU level. John Ryan works as Director of Public Health in the European Commission's DG SANTE and was and is involved in issues ranging from public procurement for medical products to public information issues on vaccination. Below he gives insights on how the COVID-19 pandemic has affected his DG's work and reflects on what might be in store for the future.

## Legal background

From a public health perspective, it is important to refer to systems and legislation at EU level existing *before* the COVID-19 pandemic started, which were mobilised as a response. Here I refer in particular to our health security legislation on cross border health threats, adopted in 2013. This legislation sets up a system of reporting for surveillance purposes of a fixed list of communicable diseases, an electronic alert system, a rapid risk assessment for new threats, and the possibility to coordinate the response across the EU in the Health Security Committee. The text also introduced a system of joint procurement of medical countermeasures. Other legislation mobilised during the pandemic concerned pharmaceutical and medical devices legislation, as well as input from the European Commission's DG SANTE in respect of digital tools (passenger locator cards, contact-tracing apps, EU Digital COVID Certificate).

The EU legislative framework on cross border health threats is in line with the international system established by the International Health Regulations. Still, the enormity of COVID-19 – the biggest health crisis of our lifetime – also revealed certain gaps in our health security framework, which prompted us to put forth proposals under the European Health Union umbrella on revisions and to strengthen our EU collective health capacities.

## **Operational aspects**

The primary responsibility for managing the cross border health threats legislation is with DG SANTE, working also with pharmaceuticals and medical devices legislation and digital tools in health. This is why DG SANTE has led the response since the very beginning in January 2020 to date. Several EU agencies are also closely working on the COVID-19 outbreak: the European Medicines Agency, the European Centre for Disease Prevention and Control, the European Aviation Safety Agency and the European Agency for Safety & Health at Work.

From the beginning of the outbreak, a strong inter-service coordination was put in place, including regular inter-service meetings involving all concerned Commission Directorates working closely with European Council groupings. As the pandemic grew, it became not only a health threat, but a major crisis encompassing other policy areas: transport, travel and border management, education and culture, communication, etc. While DG SANTE has and continues to be a main player, we work very closely with other Commission services.

Reporting on health developments is taking place through regular updates of surveillance data from the European Centre for Disease Prevention and Control and Member States through a regular report prepared by DG SANTE and forwarded to the Council. Regular meetings – on a weekly basis – have been organised of the EU Health Security Committee to discuss coordination of the response. Regular meetings of the EU health ministers and other Council formations are also involved in the response, including adoption of specific legal measures.

## **Some highlights of EU level action**

It would be worth highlighting that COVID-19 was the occasion for a major scaling up of joint procurement<sup>1</sup> of medical countermeasures:

- using the legal basis of the cross border health threats legislation, DG SANTE concluded over 200 contracts allowing countries to order essential medical supplies and innovative therapeutics for nearly €13 billion;
- the Commission itself procured medical products using the Emergency Support Instrument (Commission purchasing and funding), such as masks, rapid anti-gen tests, disinfection robots, plasmapheresis equipment, etc. and donated it to the EU Member States; and finally and most significantly;
- the EU vaccines strategy, led by the Commission and all Member States, that resulted in more than 764 million vaccine doses distributed in the EU, with more than 288 million EU citizens now fully vaccinated as of beginning of November 2021. Our goal of vaccinating 70 % of adults by the end of the summer 2021 was reached by 31 August 2021. Contracts for more than 6 billion vaccine doses were signed under this strategy.



Source: European Commission

Procuring for disinfection robots.

<sup>1</sup> The Commission negotiates on behalf of interested Member States, these then can purchase products using own funds.



The rapid deployment of EU-level tools helped with specific aspects of the outbreak control:

- the development and making available of a COVID-19 contact tracing apps – interoperable across EU countries;
- guidelines on use of tests and issuance of a list of commonly accepted rapid antigen tests, up-dated on a regular basis;
- development of a European preparedness for vaccination strategy (focusing on risk groups);
- recommendations and guidelines;
- legal basis for passenger locator cards, provision of a digital platform for exchanging such cards and support to countries in the implementation process<sup>2</sup>;
- guidelines on health measures in the context of EU and international travel; and
- the EU digital COVID-19 certificate (issued based on COVID-19 vaccination, a negative test result (PCR or rapid-antigen) or recovery status as appropriate).



Helping towards using antigen tests

### Other public health issues

The mental health impact of the pandemic was the subject of an exchange of best practices with Member States and specialised NGOs and representatives of health care workers. A major EU conference was organised to discuss how to reduce mental health impacts and increase resilience. DG SANTE also recognizes the longer-term consequences of a COVID-19 infection and will financially support through our funding programmes the reinforcement of health systems, including implementation of actions on mental health.

### Next steps

The Commission has proposed a 'European Health Union' package of legislative proposals to learn the lessons from the COVID pandemic and to strengthen our legislation in some key areas. This covers a new proposed regime for cross border health threats, a reinforcement of the agencies (European Centre for Disease Prevention and Control and European Medicines Agency). It also includes the creation of the European Health Emergency Response Authority (HERA), which should fill an important gap in our capacities to anticipate threats and potential health crises and to ensure we have the needed medicines, vaccines and other medical countermeasures if a crisis hits. Finally, a new mechanism was proposed to strengthen emergency pharmaceutical readiness. These texts are now being discussed with the European Council and Parliament. In parallel, the financial resources available to the agencies and through the [EU4Health programme](#) have been substantially reinforced.

<sup>2</sup> Mainly through the Healthy Gateways joint action: <https://www.healthygateways.eu/>

At the international level, the Commission is working with other international partners to strengthen the operation of the World Health Organisation. In addition, the proposal to create a pandemic treaty is another issue currently being discussed in the framework of the World Health Organisation, as well as other similar initiative in the G7 and G20 frameworks.

### **Strengthening our public health for cross border threats**

The COVID-19 outbreak has shown the need to strengthen our public health preparedness as well as health systems to be capable to respond effectively and rapidly to future serious cross border threats to health. It has shown the importance of good data collection and alert systems, not only in the EU but internationally. It demonstrates the interplay between health and other policies, and the need to integrate preparedness and response planning and execution across policy departments. Finally, we have also seen the importance of communication to citizens and fostering their trust in and acceptance of public health measures.

# Providing aid and hope in Bangladesh – ‘In areas where others don’t go!’

## Interview with Runa Khan, Founder and Executive Director of Friendship

By Gaston Moonen



Runa Khan

Source: Friendship

Whoever you talk to in the humanitarian aid field, they all confirm that Non-Governmental Organisations are essential to get disaster aid implemented on the ground. Many of us know of international NGOs such as the Red Cross organisations (see page 48), Médecins sans Frontières or the International Rescue Committee (IRC). But do you know NGOs active in only one country, providing relief and aid in many ways? 'Friendship' is one of them, active only in Bangladesh and deeply embedded in the communities where it works. Bangladesh is a country where over the past decade 700 000 people were displaced by natural disasters and where the climate crisis will be the key driver for population migration. When interviewing Runa Khan, Friendship's founder and Executive Director, she is not only able to explain charismatically what Friendship does, but above all how it does it, getting to the heart of humanitarian aid: the single purpose of people helping people, with respect and dignity.

### Dignity is essential

When you pay a virtual visit to the NGO Friendship, on their website, it becomes clear that this single country NGO wants to address multiple issues in communities in Bangladesh. The NGO describes there how all problems are intertwined and therefore an integrated development model is used in close interaction with the communities served by Friendship. So what is new, since many NGOs will plead they have an integrated development model, from providing emergency aid to reconstruction programmes?

Speaking with Runa Khan quickly reveals some essential differences, not only providing facts on what Friendship does but also the story of the why and the how, with *dignity* as the key word. 'When providing relief to people in Bangladesh... what are we actually doing? These people have lost their homes, they have lost families, they sometimes lose the very land they're standing on. With the conditions in Bangladesh these people

“When providing relief to people in Bangladesh (...) you need to be very careful that you do not take away more than what you give them.

### Box 1

[Friendship](#) is an international Social Purpose Organisation guided by its vision of a world where people—especially the hard to reach and unaddressed—have equal opportunities to live with dignity and hope. From Bangladesh, a country facing the most pressing of humanity's challenges, the organisation develops scalable solutions to strengthen marginalised communities, and empower people to transform their lives and reach their full potential. Friendship International operates from five European countries (Luxembourg, France, the Netherlands, UK and Belgium), building an improved understanding and stronger relationship between resource providers and beneficiaries. Friendship works for the most vulnerable and remote communities, for Saving Lives, Poverty Alleviation, Climate Adaptation and Empowerment, serving seven million people annually.



According to Friendship's 2020 Annual Report, Friendship's actions in Bangladesh enabled access to health services for 6.5 million people, distributed 8.3 million persons-days in emergency aid, while 108 000 people benefitted from its sustainable economic development programme and 23 000 people from their schooling programmes. Its 2020 expenditure amounted to 1 178 698 398 Taka (about €12 mio).

are migrating all the time and you need to ensure that when you touch them, be it through your talk, be it through your giving... when you touch their lives you need to be very careful that you do not take away more than what you give them.' She explains that a person who has lost everything may have been a person of dignity in earlier circumstances. 'He or she stands in front of you literally in a state of a beggar. We have thousands of volunteers in the country and when they are giving relief, I always tell them: "You are giving them a bag of rice that helps them for seven days. Do not take away their dignity, their self-respect in the way you give."'

This aspect of dignity, of respecting the qualities, needs and capacities of the people and communities Friendship

works for and is actually embedded in, shines throughout the whole interview. The way Runa Khan brings this across makes clear how dignity is the core element of her NGO's work. 'Dignity is essential. Otherwise, you take away their ability to restart their life. This goes for everything we do. In our schools, for the Rohingya communities, others. We have 59 schools that are doing the national curriculums - primary, secondary and high schools - and we have 49 adult education centres. We have about 400 single class room schools in the Rohingya communities.'

“Dignity is essential. Otherwise, you take away their ability to restart their life.”

She specifies that Friendship educates about 35 000 children, with a curriculum built around values, including environmental aspects. 'Because people learning in our schools are all people who some way or the other have been impacted by climate. And they have to become good human beings, good citizens. Whatever they learn academically, if you do not build your character, there is no way you can get to the top. You need character and you need other abilities.'

“... if you do not build your character, there is no way you can get to the top.”

### Addressing the needs of people out of sight



Source: Friendship

A cyclone often has long-term effects for local communities and prevents them from thriving.

Education is at the heart of not only Friendship but of Runa Khan herself. Before founding Friendship, she was a social entrepreneur and wrote several books on pedagogy and textbooks for children, aimed at moving away from rote learning. Her family roots have played an important role in her decisions leading to founding Friendship. 'I come from a very privileged family, one of the oldest in the country, brought up in little glass bubbles. I felt a responsibility towards the country. When I started doing this entrepreneurship it was linked to how either I can provide work for the underprivileged, or I can do something which has mass impact.' She explains that sailing on the rivers with her

husband made her realise how difficult it was to reach people in remote areas, often separated by changing rivers and land.



'You have to realise that Bangladesh receives billions of funding for relief purposes. And then I saw these thousands, even millions of people totally unaddressed, out of the mainstream. Nobody was even looking at them because they are too far away for the NGOs, even more so for the international ones.' She then realised that this is where she should start working. 'I can take care of one person, more perhaps. 600 people was my target the first time, if I can reach them, just take care of them, I am happy.' Laughing she observes that her work perhaps snowballed. 'Because I was not from the development sector and I worked in a very atypical way. Aid agencies told me that what I wanted was impossible. But we had their example, which did not work, so I had to do it the other way.'

“... I was not from the development sector and I worked in a very atypical way.”

The other way means for her filling in the gaps of the needs of people. 'These people need to have the right things, in the right amount, in the right way, at the right time. No point in doing things which are already there. Instead create the synergies.' She points out that being a needs-based and rights-based NGO should not only be words. 'You are working with people and you are working within their ecosystem. So it is extremely important to not say something will not work and something will. We realised that these were migrant communities, moving because of the climate, although I did not realise at that time, in 2002, that it was due to the climate impact.'

“No point in doing things which are already there. Instead create the synergies.”

Having seen the situation on the ground – and on the water – Runa Khan realised these migrant communities needed a service platform. 'So I started the first mobile ship hospitals, trying to create a healthcare system where I took reality into perspective. Since the land is migrating, people are migrating you cannot really get doctors there to stay. So we made a mobile healthcare system in three tiers: the hospital ships, serving all kind of medical needs, from eye surgeries to cervical cancer interventions, orthopaedic and reconstructive surgeries of cold cases and of course also mother and child deliveries. Second, a network of clinics through paramedics, providing service when the hospital ship moved.'

“Since the land is migrating, people are migrating (...) So we made a mobile healthcare system...”

As a third point, an important element setting Friendship apart from others, she refers to the training of local people to serve in these clinics, including as paramedics. 'Committing for example women – all below high school level – to get training. And to earn their own income. We have two accreditations of the government, one for the modality of the training, and one for the business model.' In doing so she covers two sides of the coin: involving the local staff in the care taking. And by doing so providing them an income. Runa Khan: 'This is one of the fundamental differences between preparing a project and thinking it is the panacea everywhere. It is about *how* you work.' She explains that there are certain elements which are replicable. 'I worked with this three tier model after the earthquake in Kashmir in Pakistan. We did it through a bus. But the need and the reality on the ground needs to be taken into perspective very strongly.'

“This is one of the fundamental differences (...) It is about how you work.”

The latter is not always easy. 'Because you listen to what they say and you listen to what they don't say. It is in what they don't say where the real pain, the suffering and the needs come in.' She explains that after she started, she soon realised that the people were ultra-poor and needing many things. 'We created a kind of integrated system for development where we take the community needs and socio economic environmental reality and possibilities, as the base. Working with vulnerable communities where even the area is geographically unpredictable, then, finding workable and sustainable solutions using available elements as tools is most difficult. But if you are successful in the most difficult and inaccessible communities, it becomes easier to replicate this approach elsewhere.'

“We created a kind of integrated system for development where we take the community needs and socio economic environmental reality and possibilities, as the base.”

## Imbuing communities with dignity

Nowadays Friendship has grown to one of the largest, service providing NGOs in Bangladesh. 'We started with health, but now we have four key goals: saving lives, poverty alleviation, climate actions and empowerment. We try to ensure them by working through six sectors: health, education, climate adaptation, sustainable economic development, inclusive citizenship, and cultural preservation.'

Runa Khan becomes more concrete by giving an example in education and again, as she has done before, she refers not to what Friendship wants to bring but to the why and the how. 'Education is very much needed to bring hope to a community. When people see themselves as totally finished, with a lack of perspective for themselves, at least they need hope for their children. Through their children they have hope and education is extremely important for that.' Education that should not only bring knowledge but also bring values upfront to be used on a daily basis. 'Stimulating children to be empathic, with enough courage to take mother, who is sick, across a river, or enough courage not to tolerate violence in the community. Creating the feeling of having an equal opportunity to dignity and hope.' In her view, such opportunities need to be created. 'You need to provide the whole cycle to actually say that you create impact to people who have nothing.'

“Education is very much needed to bring hope to a community. (...) Creating the feeling of having an equal opportunity to dignity and hope.”

This cycle also includes an inclusive citizenship programme. 'This I started about ten years later so that all the lives we touch we then try to imbue them with standing on their own feet. We try to ensure that they know where they stand in their ecosystem, politically, socioeconomically.' She explains that this includes teaching about the constitution, the governmental structures, etc. 'So that they can go to the government and demand.' For this includes raising awareness that they *can*, and with dignity. 'Because they also pay taxes, they have a citizen identity which is giving them rights. Imbuing them and linking office bearers to the community and making sure that civil servants also feel responsible for such communities.' She proudly refers to the first paralegal aids Friendship created in the country. 'In 85 of these islands we have paralegal aids with legal booths where people can come for advice. And it works.'

“... all the lives we touch we then try to imbue them with standing on their own feet.”

Imbuing the community with knowledge, providing the confidence that people can achieve things, is key in Runa Khan's philosophy. 'How can a woman, who has been socially ostracised, torn away by her husband, demand anything from anyone? We need to cure her, we need to imbue her with self-respect, train her, give her knowledge. If she does not have the knowledge, she cannot take the next step.' She points out that taking these steps is important in the sequence of relief and assistance. 'I can give you a whole list of tick boxes that we might be able to fill in but that does not change reality on the ground.' She points out that in the remote areas where Friendship works, the impact you can have depends on how you involve the community in achieving it.

## Funding – inspiring like-minded people

When it comes to the funding of all that Friendship undertakes, Runa Khan explains that from the beginning, in 2001/2002, she decided to work a bit differently from other organisations. 'Because in 2002 I could not get the funding for what I needed the funding for, I then decided that I would make my own international NGO. To ensure that the donors who are giving us money are linked to what we are wanting to do.' She emphasises that it is all about *proximity*. 'I needed the direct touch of people to believe in the way we were and are working. So I started Friendship International which is based out of Luxembourg.'

She explains that she found several partners, such as Marc Elvinger in Luxembourg, but also others in the UK, in France, in the Netherlands and in Belgium, where she found a partner in HRH Princess Esmeralda. 'Internationally we, including the partners in Europe, keep very strongly to the vision of Friendship, ensuring that all entities are in the same boats. We also have other partners of course. In the Rohingya camps we are in health the

second largest health NGO, after Médecins sans Frontières.' The funding which is found through Friendship International entities creates great impact and has great efficiency in delivery, as these are funds which are designed to meet the needs and fill in the gaps or create a bridge, synergising other interventions where funding is often done for a particular aspect of the total needs.

Runa Khan indicates that Friendship has worked with the EU on several projects. 'But not directly, only in consortia. She mentions as an example the 'Prescriptech' project, organised from the Netherlands, which relates to cervical cancer, and which works through the health modality set-up by Friendship. 'Now Friendship Luxembourg is applying for direct EU funding, which includes many processes. Necessary but also creating bureaucratic challenges. But I think we are strong enough now to deal with that.'

Being Friendship's Executive Director, one might think that Runa Khan has to spend a lot of time on fund raising for her organisation. She makes clear that this was and is not her first occupation because she is lucky to have the network of Friendship International entities to help her. 'I did it for a number of years at the beginning because we were quite a small organisation, I started up with USD 60 000, not a lot. The first hospital ship was funded by Unilever. But growth was never my intention. The work was! Which is not easy because they are such remote areas. I did not have a head office, I had that project, and everything was from the ship. My first concern was always "what is needed by the community." Because once it is needed a community will internalise what is given, and without that no sustainability will happen.'

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*... once it is needed a community will internalise what is given, and without that no sustainability will happen.*

She explains that sustainability needs so much more than finances. 'If I train somebody how to do agriculture, and this man has no idea – he is a fisherman, it does not automatically work just with training! You have to do your homework on who is capable of actually doing what. So, we have a vulnerable community but if I have not assessed the needs of the individual and the community I will not have the sustainability... for the money I have spent.' She points out that fundraising is important but is also shared within her organisation, with a relatively small team of about five members in Bangladesh, supported and helped by the Friendship International entities. 'Of course without funding it's not possible to run a humanitarian organisation! But to make an organisation effective and efficient – and this is often overlooked – soft skills are essential. In all medium to large organisations you need processes – that's a given as it cannot function efficiently otherwise. But the actual impact and sustainability is going to be ensured through soft skills - values and how that is implemented, deep justice creates trust, truth and verity in operation and communication must be there from day one. If you work without a leader in an organisation, how can it really grow and be effective?'

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*... the actual impact and sustainability is going to be ensured through soft skills - values and how that is implemented...*

She refers to a period during the COVID-19 pandemic when she was not in the country, stuck in Europe. 'The organisation did more work than when I was there. We have now almost 4 000 staff members in Friendship and 60% of them are people we have trained in the community. My job is to ensure that leaders and followers are created. You need both of them to run an organisation. You need trust. If I did not have trust in the community... I would say in 90 % of the areas...nothing happens. You need to ensure that they can make their own decisions.'

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*My job is to ensure that leaders and followers are created. (...) You need trust. (...) You need to ensure that they can make their own decisions.*

She raises the question of where the fine line is, between procedures, policies, processes and independence of decision. 'That is where I come in and I am - or the leader of any organisation is - the balancing factor. You see, when there is a storm, the staff on our ships need to take action... I am not going to be there, the captain and the boatmen have to make decisions. They cannot wait for the head office's processes. Each of our sectors have, at the end of any chain, our services, strengthening and delivering services of a certain capacity by the community itself, who in turn become micro-social entrepreneurs. We have about 700 teachers. We do not really lose our teachers, they

continue teaching the community, if they migrate they teach the children around them, or, if they are able to, they become supervisors. This is the first line of strength, to imbue the communities and the field operation works due to this. For example, if I do not have a head of health, or the head of education... I am confident that at least for a year the project can be run by the people themselves in the field.'

Runa Khan makes clear that Friendship's line of getting funding for the projects they feel engaged with can also have financial consequences. This can also relate to the outlook and ethics to be observed in the projects envisaged. 'Just recently I stopped a USD3.5 million project. We were about to sign the Memorandum of Understanding but I stopped it. I wrote in the letter that our visions did not match.'

### Accountability requires responsible behaviour... from many sides

For Runa Khan another important reason why her organisation works as it does lies in values and their application. 'We have strong policies of no tolerance. Not one of our staff members can eat or drink a glass of water in the house of a beneficiary. He or she will be sacked, not by me but by his supervisor. I was told this would never work because then we would not have friends in the community.'

She points out that corruption can accelerate easily if not smothered in the beginning, so avoiding her staff being compromised. 'Today it is a glass of water, tomorrow they will drink tea at the beneficiaries' home, and when we give relief during floods, our staff will be reminded of the tea and maybe asked that more is given to them because of that! When we give money for income, our staff in turn may ask for the best vegetables from their garden. Thus, there are no such exchanges, full stop. If you are eating and dining with your beneficiaries you are in their hands, they start making unethical demands on you. You need to gain their respect. In a country like Bangladesh we still have a long way to go regarding corruption.'

“*We have strong policies of no tolerance. Not one of our staff members can eat or drink a glass of water in the house of a beneficiary. He or she will be sacked...*”

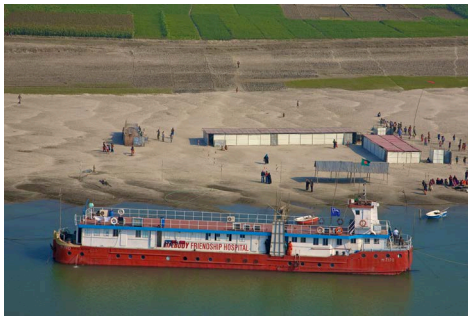
She labels this as one of the humanitarian organisational dangers and reiterates the importance of a clean relationship between an aid organisation and its recipients. She takes that line further towards donors for such an aid organisation. 'I was very naive in those days, the early 2000s. I realised that donors were giving me funding and they all wanted reports. So I made a centralised report and sent it. But they wanted a report on *their* money. I replied: "how do you know that it is your money? Which is your money if you do not have the centralised report?" I insisted on giving the central report and put two donors together to discuss what this can lead to.' She captures this with 'Please give me mine, I am only responsible for mine.'

On that, she concludes: 'You have to be as responsible in giving as you are in receiving. We are still one of those very few organisations also making a central report if two or more donors are supporting projects.' She observes that things have changed since the early days of Friendship, when people from a donor like Emirates Airlines, which used to fund our second hospital ship, would come in to check on their funding and we only had an accounting system maintaining the accounts. 'Now Friendship has chartered accountants and we are audited by large audit companies and the French and Luxembourgish Governments. So the reporting is different now of course. But I do think then and now the reality and perspective of a country needs to be taken into account by auditors for ensuring that the best reality system has been maintained.'

“*You have to be as responsible in giving as you are in receiving. We are still one of those very few organisations also making a central report if two or more donors are supporting projects.*”



Source: Friendship



Lifebuoy Friendship Hospital.

Which does not mean she pleads for going easy on wrongdoing, on the contrary. 'We do not condone! We have an internal audit team of about five people. I sit with them and stress: we need to deal with mistakes and incompetency in one way and corruption and harmful actions in another way. Do not put a red sign against a mistake, but put a red sign, even if it is for 20

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*We do not condone! (...) we need to deal with mistakes and incompetency in one way and corruption and harmful actions in another way.*

cents, if it's corruption.' But the responsibility of the management and herself does not stop there. 'Then I need to see where it went wrong. If he or she has misused money while being in a certain crisis, I should look at the circumstances and the perspectives for the individual. The wellbeing of the staff is also the organisation's responsibility. And thus once or twice we had to consider putting that person on a job where such risk does not exist. I have done so in the past and I have never been wrong when making human resources decisions.' She makes clear, however, that sacking people due to misuse has also been part of life but that the fallout for people in Friendship has been very limited, certainly compared with the usual numbers in the humanitarian aid sector.

She emphasises that today things are different from the problems that happened 40 years or more ago in developing countries. Development agencies have to change the modality of the way they work. 'In Bangladesh you are getting people of strength, in African countries there are people of strength. Perhaps we need to look and re-evaluate the balance of how the giving has to be.' In her view entrepreneurship and micro-finance is not the solution to most problems where people live below the poverty line. 'It does not work. Because in Bangladesh now, also due to the pandemic, 42 % of the people have fallen below the poverty line. How do you start an enterprise or microfinance with them, especially those in climate-impacted areas where restarting life is so difficult, without creating the opportunity and rejuvenating their own strength first?'

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*In Bangladesh you are getting people of strength, in African countries there are people of strength. Perhaps we need to look and re-evaluate the balance of how the giving has to be.*

### Emergencies fuelled by climate change

When it comes to the effects of climate change, Bangladesh is often presented as one of the most vulnerable countries. And rightly so, listening to Runa Khan. 'In 100 % of our core projects we are working with people who are getting impacted by climate change, continuously. We cannot get away from emergencies caused by these changes. So what do we do? The first is preparedness, preparedness and preparedness.' She explains how Friendship has taught thousands of community groups to identify their own risks, to work with them and find solutions to them before those risks impact them. 'We call it community initiated disaster risk reduction - CIDRR – and we take it to a high level of organisation.' Proudly she points out that nowadays Friendship has people, being second generation entrepreneurs, coming in for a week or so to learn about risk management. 'Because they say such risk scenarios can be used in business.'

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*In 100 % of our core projects we are working with people who are getting impacted by climate change, continuously. (...) The first is preparedness, preparedness and preparedness.*

Other preparedness projects Runa Khan mentions relate to plinths Friendship builds in riverine areas to prevent the water breaking off land. 'Egg-shaped plinths, showing a good track record vis-à-vis-erosion.' She refers to cyclone shelters started three years ago. And the mangrove deforestation project. 'We have the largest private sector mangrove deforestation project in Bangladesh, with the largest nurseries, bigger than the government nurseries!!' As to climate change prevention measures Runa Khan indicates her country produces only 0,47 % of the CO2 emissions. Nevertheless: 'We announced during the COP26 in Glasgow our CO2 neutrality plans, including also pioneering the first solar-micro grid network on a remote sandbar island.'

As to the relief provided in actual emergencies, she explains how important it is that all the programmes link up to each other. 'It is an integrated model so we are linking needs as a whole. During an emergency, there are people from health, education, food, etc. taking the core actions.' With a laugh, she adds a small but important detail: 'You will never see a picture of Friendship staff who are on land or on a boat, with the beneficiaries in the water. It is always the Friendship people who are in the water, giving the aid. To ensure there is no indignity in the giving.' For the same reason, she does not like airdrops, when there is a possibility to land and give.

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*You will never see a picture of Friendship staff who are on land or on a boat, with the beneficiaries in the water. (...) To ensure there is no indignity in the giving.*

Part of the relief consists of rehabilitation of housing, water, sanitation, etc. 'We have innovative things, like floating toilets, so that the water is not polluted. We have five desalination plants in the community, which is free during emergencies.' After the rehabilitation, one would expect to move to development aid. According to Runa Khan, it often does not work like that. 'Because when you have lost everything, migrating or not, you have to restart your life, and you need a *foothold* on which to start. We have developed something we call *transitional funding*.'

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*... when you have lost everything (...) you need a foothold on which to start. We have developed something we call transitional funding.*

She explains that transitional funding is one of the projects Friendship works on directly with the Luxembourg government and concerns the two years between when you have lost everything and when you are capable of becoming an entrepreneur and access credits. 'We ensure that people will have money, seed money. They must, in two years, make at least 2.5 times that seed capital. So that they know how to earn money and they have seed capital to start with. And we link them to the government ecosystem when doing business: health, education, the legal system, etc., so that they know where to go to in case of an emergency.'

### Stepping up where others decline

Runa Khan is proud that Friendship is filling the gaps where other humanitarian organisations fail or decline. Which is remarkable in view of the many NGOs – thousands – active in Bangladesh. 'We do the work which others cannot do. Where others don't go! If others are doing it, I do not want to go into it. Simply because they have the capacity and I think we have the strength of giving something which is needed.' She refers back to the mangrove example. 'Others were doing it but they did not have the community development we had established.'

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*We do the work which others cannot do. Where others don't go!*

She recalls that the aid community changed when the Rohingya came into Bangladesh. 'Then you had all the players of the world coming in, all the international NGOs of the world. And they had to conform to the government rules, etc. And I can tell you: poaching is disastrous. We saw a locally registered NGO losing 40 % of their staff.' With relief and some pride she adds: 'We were really so lucky that nobody left Friendship.' With some NGOs Friendship has partnership cooperation. 'We work very well with Médecins sans Frontières. Because they have rules and principles which are very transparent, and we work side by side: if they do not have a facility and we have that, they recommend us. For example, in the Rohingya camps our laboratory is excellent so even the Red Cross sends people to our laboratory. The same for MSF. And we work with UNICEF, on schooling. But for many UN agencies we need to fill in needed gaps for delivery of certain quality with Friendship-arranged funds.'

However, as Runa Khan has made clear throughout the interview in a rather convincing way, her organisation follows its own path. 'I can compromise on many things, if I think something is right or something is better. But on the essentials of why we are here, how we are going to work, on the values of Friendship, I cannot compromise. These five values – integrity, dignity, justice, quality and hope - represent for Runa Khan the vision of Friendship. 'Why? Because these are the core on which we work. They are not our limiting factors, they are the preconditions that we start our work on.'

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*... on the essentials of why we are here, how we are going to work, on the [five] values of Friendship, I cannot compromise. (...) They are not our limiting factors, they are the preconditions that we start our work on.*

Friendship's way of working has touched millions of people in Bangladesh and improved their lives on several accounts. Runa Khan: 'Allow people to become honest in whatever they do, to be sincere. And approach them with respect and dignity. That is the start of empowering them to do things themselves which they can be proud of. And ensure that you can give to them hope for a better future.'

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*Allow people to become honest in whatever they do (...) with respect and dignity.*

# Towards stronger and more accountable EU-wide disaster risk management

By Mette Petersen, Red Cross EU Office



© Matthieu Lacroix/French Red Cross.

Deadly flash floods hit the South-West of France, leaving a trail of overturned cars, collapsed bridge and houses and damaged roads. French Red Cross teams worked across the affected areas, helping people to clear up storm damage, Aude, France, October 2018.

Around the world, the 192 National Red Cross and Red Crescent Societies are key players in working to prevent, lessen the impacts of and respond to all kinds of crises and disasters. Such a presence does not come about overnight and requires preparedness, organisation, funding and – first and foremost – commitment and enthusiasm to help. Mette Petersen is Director of the Red Cross EU Office, a membership office for the 27 National Societies in the EU, the Icelandic Red Cross, the Norwegian Red Cross and the International Federation of Red Cross and Red Crescent Societies (IFRC). For the last 20 years, she has worked continuously for the IFRC and National Red Cross Societies in different contexts in Asia, the Middle East and Turkey. Below she explains that accountability for its actions, not only towards donors but also towards people affected by disasters, is one of the cornerstones on which the Red Cross thrives. Greater accountability requires investment in many areas, including cooperation, coordination, local capacities and continuous community involvement. When it comes to disaster risk management, these aspects are also critical to creating a more resilient society in the EU, aided by the Union Civil Protection Mechanism.

## Making people-centred investments for resilience

In the face of climate change, disasters are expected to continue to grow in frequency and intensity. The disruption that the world is experiencing due to the COVID-19 pandemic has demonstrated something that the ongoing climate crisis had already been alerting us to: we urgently need to be better prepared for complex emergencies and climate-induced disasters. In recent years, the EU has been reinforcing its crisis management system in the face of threats and hazards that require more collaboration and coordination, across both countries and sectors. The Union Civil Protection Mechanism (UCPM) is the key instrument in these efforts, with its extended budget and strengthened legislation.

Larger investments to bolster the resilience of people, systems, and critical infrastructure, while anticipating and reducing risks, as well as taking early action to mitigate impacts, are crucial. However, as the growing gap between humanitarian needs and resources



persists, these investments must be accompanied by measures to boost accountability – in the widest sense: including accountability to affected people, donors, taxpayers, and the staff and volunteers involved in disaster preparedness and response.

Through their auxiliary role<sup>1</sup>, National Red Cross and Red Crescent Societies (National Societies) have gained extensive knowledge and good practices, including in cross-border and international contexts, that could help make the EU crisis management system more efficient and accountable as it evolves. Years of experience in the humanitarian sector have also provided valuable lessons on how to increase effectiveness by putting the people affected in the driver's seat, listening, and ensuring that their needs are met in the best possible way.

### **Accountability to disaster-affected people**

From the Red Cross' perspective, we are accountable, first and foremost, to the people and communities we aim to support. Trust is the foundation of humanitarian action, and the best way to concretely build trust and improve the quality of assistance is to make sure that we engage people in a transparent manner and base our activities on their feedback and needs (see **Box 1**). Community members must be recognised and valued as equal partners and active participants in their own future and recovery (see **Box 2**).

#### **Box 1 - Improving feedback systems to enhance accountability**

The Red Cross is investing in its feedback and complaints systems, which come in many different formats. These systems need to receive, analyse, act on, and respond to feedback and complaints. All these stages must function well to ensure full accountability and longer-term learning. Although a lot has improved over the years, enhancing how we listen to and act on community needs and feedback is a priority for the Red Cross. We are also keen to support authorities in ensuring better follow-up to the assessments, feedback and data that we submit to them on their request.

While citing good use of public funds as the starting point, the [European Consensus on Humanitarian Aid](#) – the EU's joint statement providing a common vision that guides the action of the EU in humanitarian aid in third countries – agrees that accountability to those in need is most important. Clear quality standards, principles, policies, and guidelines are also critical to promoting greater accountability. As the EU's civil protection response grows larger and extends to humanitarian contexts, it should become more people-centred, and strive towards higher quality, cost-effectiveness and transparency.

#### **Box 2 – Two-way communication through social media**

Social media has become a fundamental tool to communicate with the general public, discover what people are interested in, raise awareness, and render our work more useful to people in need or those who may want to help. The Spanish Red Cross' digital observatory follows what is being said about the organisation on social media, the needs and issues of most concern in their areas of work and the types of action most relevant for people, and allows it to provide personalised answers. During emergencies, it places special focus on monitoring social media and on establishing citizen information points in the field to answer information requests, gather feedback and complaints, and ensure appropriate referrals to address the needs of the population affected.

Could it learn from the humanitarian sector, where community engagement and accountability are part of business-as-usual?

### **As local as possible**

Boosting accountability also means making sure that action is fast, effective, and relevant to the local context. Local actors are the ones best placed to ensure this accountability through their knowledge of the conditions, resources, and needs of vulnerable people on the ground. The Red Cross and Red Crescent network employs an approach which is 'as local as possible, as global as necessary,' optimising locally led action, while being able to scale up and use available national, regional, and global resources efficiently when needed. The experience of National Society volunteers and staff in meeting growing needs in the quickest and most appropriate way makes their action more effective and reinforces the trust of communities.

When it comes to the UCPM, cost-efficiency and accountability of civil protection deployments would benefit from more efforts to reinforce local preparedness and capacities. This could happen when organising and conducting activities in the field or liaising with

<sup>1</sup> The auxiliary role of National Red Cross and Red Crescent Societies is to support their public authorities through humanitarian services, in times of war or peace, while acting in accordance with the [Fundamental Principles](#) of the International Red Cross and Red Crescent Movement.

local authorities. More opportunities to use remote support and coordination could be explored. As shown by the COVID-19 crisis, deployment of staff and assets is not the only way to deliver international assistance. UCPM technical experts could also build the preparedness and response capacities of local authorities, contributing to local resilience beyond the short-term civil protection deployments.

### **Enhanced collaboration**

Improved collaboration and transparent knowledge-sharing help build synergies and strengthen accountability among all actors. Working together effectively is key to enhanced response and to ensuring better understanding of risks and levels of preparedness. Recent major operations have also pointed to the need for a clear division of tasks and efficient coordination mechanisms between different authorities at all levels. Public health emergencies and disasters with health consequences have illustrated the vital importance of increased cooperation between civil protection and health authorities. The same applies to cooperation between different European Commission directorates-general, which are working towards a comprehensive approach to EU-wide and cross-border threats. Often, collaboration increases knowledge of different actors' systems and ways of working, widening possibilities for future partnerships. For example, teaming up with the Red Cross in the COVID-19 response has led the Portuguese authorities to engage the National Society in new sectors and working bodies.



© Netherlands Red Cross.

Floods in the Netherlands: Red Cross teams worked around the clock to help people and pets affected by floods, 15 July 2021.

While the EU bolsters its crisis management framework, it should seize the opportunity to engage all partners in a clear and inclusive way, capitalising on existing capacities and knowledge. The UCPM Knowledge Network – which aims to gather civil protection and disaster management actors to work together and learn from each other – has great potential to ensure this inclusiveness in its set-up and future functioning. Key actors with strong disaster management expertise should be invited to the lessons-learned exercises, particularly when it comes to major humanitarian operations where they can contribute significantly. In addition to contributing to accountability, publicly sharing UCPM lessons learnt would benefit operational collaboration with partners.

### **Better laws, better accountability**

The urgency and chaos created by disasters can pose serious challenges to quality and accountability. The COVID-19 pandemic has exposed some critical weaknesses in existing public health emergency laws and gaps between public health, emergency management, social protection laws and institutions<sup>2</sup>. With exemptions not in place to allow the movement of people and goods by actors like the Red Cross, the continuity of assistance to people in need and responses to ongoing disasters was jeopardised.

The International Federation of Red Cross and Red Crescent Societies (IFRC) has over 20 years' experience supporting National Societies in advising their governments on strengthening legal frameworks<sup>3</sup>. It has learnt that laws, policies, and institutional arrangements play a crucial role in supporting all aspects of disaster risk management. These laws should contain measures to ensure that during a state of emergency, safeguards are in place for transparency and accountability, as well as for maintaining the rule of law, preserving democratic institutions and protecting human rights. Legislation should also allow efficient and timely access to funding while enabling the early release of funds ahead of hazards.

<sup>2</sup> IFRC, *Law and Public Health Emergency Preparedness and Response - Lessons from the COVID-19 pandemic*, 2021.

<sup>3</sup> The Checklist on Law and Disaster Preparedness and Response provides recommendations for states to revise and strengthen laws and policies for climate, disaster risk management and emergency preparedness and response. See for more information: <https://disasterlaw.ifrc.org/>.

### Smart(er) investment in disaster risk reduction

We are all also accountable and have a responsibility towards future generations. But while everybody knows that prevention is better than cure, the Red Cross's experience is that funding for managing and reducing disaster risks remains limited. When prevention is not possible, anticipatory action triggered by forecasts could help to significantly reduce the potentially catastrophic impacts of extreme weather events. This is another instance where civil protection could benefit from the experience of the humanitarian sector (see **Box 3**).

#### Box 3 – Building anticipatory action capacities in Europe

While not yet integrated into disaster risk management in the EU, the Red Cross is scaling up this approach internationally and has started to test it in Europe. The German Red Cross used its anticipatory action capacities in the Ahr Valley flood operation, where the Heidelberg Institute for Geoinformation Technology provided projected figures on lives lost, the value of damages caused and the number of households affected in a very early phase of the response thanks to assessments using satellite imagery and scientific data modelling.

So, if disaster risk reduction makes sense in every way, is less costly than responding to and recovering from disasters, and thus a good use of public funds, why is it not happening more? A larger focus and share of funding continue to go to preparedness assets and disaster response, which are more visible and produce quick results. But the UCPM also needs to be more accountable by demonstrating cost-effectiveness. Additionally, the reports on [the Economics for Disaster Prevention and Preparedness](#) developed by the European Commission and the World Bank (April 2021) argue that there is a need for an environment that better enables civil protection actors to scale up efforts beyond the 'traditional' focus to take a more proactive and strategic role in prevention, mitigation and preparedness.



Source: Hellenic Red Cross

Forest fires in Greece: having been engulfed in flames for six days, thousands of people in Greece were evacuated from around Athens. Hellenic Red Cross teams worked day and night, distributing basic necessities for rescue teams and the people affected, Attica, Greece, 8 August 2021.

The future Union disaster resilience goals could help promote a shift in emphasis. Introduced in the recently amended UCPM legislation, they aim to improve the capacities of the EU and its Member States to withstand the effects of transboundary disasters. These goals will be useful in moving beyond the current focus on assets and equipment by placing greater emphasis on anticipating, planning and reducing disaster risks. Concentrating on deploying hardware is not only costly, but also ecologically unsustainable. Despite the challenges posed by its short operational timeframe, the civil protection sector should take measures to be more sustainable. One such measure might be joining the humanitarian sector in its efforts to reduce the environmental footprint of its actions.

The [EU Adaptation Strategy](#)<sup>4</sup> is another chance to promote many critical elements, such as the need to improve knowledge of climate impacts and adaptation solutions to manage uncertainty, and the importance of stepping up climate risk assessments and adaptation planning and action. Linking the civil protection sector's efforts to the ambitions for a climate-resilient Europe is a great opportunity to manage climate risks in a coherent manner.

### Accountability through legislation or soft policy measures

Accountability to donors means using resources wisely and efficiently, being open about how the money is spent, and measuring impacts rather than the number of assets or people deployed. Growing human and financial resources in the field of EU civil protection require commensurate attention to accountability. But surprisingly, the UCPM legislation does not explicitly mention accountability, and it does not include quality requirements for assessing the impacts of civil protection operations.

Indeed, the recent evaluation<sup>5</sup> of the European Commission's Civil Protection Prevention and Preparedness Projects programme includes a series of recommendations. Among these, it highlights the need to monitor and evaluate the performance of the programme through the development of a planning monitoring, evaluation and reporting (PMER) policy – either set out in legislation or as a 'soft policy measure'. Monitoring of preparedness and response activities, as well as internal and external evaluations, are critical to holding actors accountable to stakeholders, improving future policy and practice and adapting actions as needed. They also help to make sure that resources are used in the most efficient way.

This Commission programme is currently one of the main EU funding opportunities for civil protection projects. To ensure long-term sustainability and increase cost-efficiency, more EU or national funds should be invested in existing solutions developed through previous projects (see **Box 4**). Smaller initiatives using a step-by-step approach provide a good basis that can then be replicated on a larger scale. In the Red Cross's experience, several factors contribute to successful project development and implementation, including realistic financial planning and appropriate timelines in calls for proposals. Building the right consortia and including all partners in a meaningful way takes time but it is fundamental to developing good projects.

#### **Box 4 - Improving coordination in complex multi-site or multi-risk emergencies**

The French Red Cross-led Multi-Site Events Response and Coordinated Intervention ([MERC](#)) project, funded under the UCPM, explored communities' resilience to multi-site and multi-risk disasters in large urban areas. The project underlined the importance of strengthening coordination between volunteer civil protection organisations and public authorities. It also pointed to the need to adapt existing civil protection coordination mechanisms to complex scenarios, rather than developing new ones.

### It's decision time

Civil protection is at a crossroads – will it do more of the same, or will it do better by learning from the humanitarian sector's progress towards more accountability in the recent decades? Increasing the accountability surrounding UCPM assistance to people affected by disasters can be done with simple steps. Civil protection actors can provide more information directly to the community to increase awareness of what they are doing and make space to hear any possible concerns. Working within the community, for the community, and with the community are key to guaranteeing accountability from the Red Cross' point of view.

A properly functioning and accountable disaster risk management system consists of many essential ingredients, including – as highlighted above – improved collaboration and coordination among all stakeholders, more investments in strengthening local capacities and in disaster risk reduction, as well as better legal preparedness for effective disaster risk governance. Some of the complexities of future crises may not yet be known, but the impacts of climate crisis are already keenly felt. All actors, from civil protection, disaster management, climate change and disaster risk reduction, have a shared responsibility to urgently join forces to make people and systems more resilient.

4 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *Forging a climate-resilient Europe - the new EU Strategy on Adaptation to Climate Change*, February 2021.

5 ICF, Evaluation of the European Commission's Civil Protection Prevention and Preparedness Projects (2014-2020).



# Guidelines for auditing crisis management

By Professor Arjen Boin, Leiden University



Crises can push societies to the brink. When a crisis goes bad, the result may be human tragedy, structural damage and financial disaster. After a crisis, people have a right to understand what happened and why things did not always happen as planned or as might have been expected. It is important to learn lessons so that future emergencies will not turn into disasters. Auditors can play an important role to provide such post-crisis insights, contributing to a learning government. Arjen Boin is Professor of Public Institutions and Governance at the Institute of Political Science at Leiden University and has published extensively on crisis and disaster management, including examining the management of hurricane Katrina and, more recently, national responses to the COVID-19 crisis. In this article, Arjen Boin identifies which pivotal issues need to be addressed when evaluating a crisis. He introduces some core guidelines that can enable auditors to provide real added value instead of presenting obvious conclusions.

## Evaluating crisis management: why it matters

As the smoke of the COVID-19 wreckage slowly clears, a set of pressing questions is coming into full view. Why were modern, European states unprepared to respond to the 'crisis foretold' that was COVID-19? How do we explain the differences in crisis regimes rolled out over Europe? What role did the EU play in supporting and coordinating the responses of member states? In short, the question is: how should we assess national and international responses to this transboundary crisis?

Auditors in every public sphere will be busy for a long time answering these and other questions. They will evaluate whether crisis managers stuck to their plans and procedures, and whether they improvised adequately in the face of inevitable planning shortcomings. They will assess whether crisis managers acted in time and made the right decisions, and whether leaders communicated clearly and convincingly.

Auditors know that their verdicts matter, as these will serve as key input for the accountability process. Politicians will have to account for the way they managed the biggest crisis in decades; audits will serve as primary exhibits of failure (crisis audits rarely give rise to success stories).

There are good reasons to take this audit task seriously. One reason is that the legitimacy of public governance, political leadership and democratic practices is strongly affected by perceptions of whether crises have been managed adequately. In times of crisis, as the saying goes, the public turns its hopeful gaze to their leaders. They had better perform. A second reason is more functional: we will likely see more crises that rate high on the 'mega' scale. We had better learn whatever lessons can be learned from the COVID-19 experience if we are to cope with cyber disturbances, energy shortages, new forms of terrorism, climate-fuelled migration and extreme weather events. There really is no time to lose.

The European Union cannot afford to lag behind in this respect. The entrenched devotion to integration is creating plenty of 'externalities' – negative effects – that may take on crisis-like proportions at ground level. The EU has slowly begun to build crisis management capacities, which it loves to tout in times of non-crisis. In the wake of COVID-19, new transboundary crises will undoubtedly cast light on the functionality and rationale of EU crisis mechanisms. Let's just say a bit of scrutiny won't hurt – especially in light of the new crisis powers and accompanying funding that undoubtedly will materialise.

### **How to evaluate a crisis?**

The importance of the task begs the question of how to best perform a crisis audit. It is a task that auditors rarely have to perform and for which, it is fair to assume, they are not trained. They must assess how a government has coped with a unique event for which it could not have been prepared – or at least not fully. There is never a clear policy or plan – with schedules, clear aims and tools to be wielded – that can realistically and usefully serve as the base line for a thorough evaluation. The best they can hope to have is an abstract set of principles and hopeful assumptions, which Professor Lee Clarke has famously dismissed as 'fantasy plans'. Every crisis shows that governments start with a plan that cannot work and is thus quickly (and usually justifiably) jettisoned. Auditors are better off not paying too much attention to these plans, as they will only give rise to fantasy evaluations.

How, then, can we perform a proper audit of crisis management? Auditors need a clear idea what crisis management entails, why it is so hard, and what may therefore reasonably be expected from all those who play a role formulating and executing a response to unfolding disruption. Let us have a quick look at these building blocks of a good evaluation.

First, we need to unpack the idea of crisis management: what we mean are the efforts of government officials, in conjunction with citizens, businesses and non-governmental organisations, to arrest a developing threat and limit its consequences for society. These efforts serve different aims. The extent to which these aims are accomplished largely determines the effectiveness of crisis management.

#### *Prevention*

Governments must work to prevent foreseeable and preventable crises from occurring. That sounds like an undeniable truth. Yet, two questions inevitably arise. Which crises are really 'foreseeable' or predictable with a reasonable degree of accuracy (and what is 'reasonable' in this regard)? Second, should something that is preventable be prevented at every cost? How high a price tag will a society tolerate for prevention strategies and prevention failures?

#### *Detection*

The sooner an emerging crisis is recognised, the better the chances of nipping it in the bud. But the problem is how to recognise a crisis that has never been experienced before. Governments need to collect information on indicators that are usually only identifiable in hindsight. Even if the indicators are clear (think of a pandemic), it is not easy for crisis experts to focus the attention of decision-makers on the information that points to the need for action. Experts will quickly discover that threats are competing for attention and politicians are not always easily diverted from existing threat agendas.

### *Understanding*

Once a crisis has emerged in full view, it is essential to understand its causes, dynamics and effects. More information leads to better response strategies, at least in theory. Alas, a defining characteristic of crisis is the lack of verified and useful information. Many data points, little insight – this sums up the predicament of crisis decision-makers. It usually takes quite some time for a full picture of the situation to emerge. Experts are consulted, but they do not always offer useful clarifications.

### *Acting*

Political leaders will have to make critical decisions without the information they would normally have. It is therefore understandable that some of these decisions will not work out as intended. They will have to get partners in the response network to collaborate, even if there is no clear framework of authority and these partners have never worked together before. A bit of confusion, overlap and inefficiency are to be expected. Solutions will have to be found for problems that are new or unsolvable (at least in the short term). Suboptimal improvisation is the norm during a crisis.

### *Communicating*

Leaders have to provide citizens with hope and direction. They have to suggest that things are under control, even if nobody thinks they are. Political leaders will want to project leadership, even if they are probing in the dark. Media and opposition figures will test the waters, criticising leaders as soon as they think it is acceptable. That happens quite a bit earlier on social media. In a large response network, multiple leaders will emerge. It is not always possible to have all them sing from the same hymn sheet.

### *Learning*

if crisis management starts out as a bit of a fuzzy experiment – discovering what works in light of limited information – one might expect leaders and their assistants to display a keen desire to learn, quickly. But it is hard to learn during a crisis, especially if you cannot be sure of the feedback you receive. It can also be hard to act upon a seemingly adequate lesson: political leaders are loath to perform sudden U-turns in public, especially if they have spent political capital on convincing citizens to follow them down a sacrificial path.

### **In hindsight, failure is easier to spot than success**

In short, it is hard to perform these crisis management tasks. Even if leaders manage to be fairly effective, they still may not appear successful. In a cruel paradox, it is rarely obvious in real time when crisis management measures have been effective, whereas chaos and unintended consequences are always visible and tend to inform public impressions of crisis leadership. Many leaders find out the hard way that effectiveness does not automatically translate into legitimacy.

That is another good reason for cool and detached auditing. But before auditors – often equipped with extensive authority to look behind the scenes – can begin with their important task, they will have to deliberate about two critical issues.

First, they need to take into account the conditions under which the crisis in question has to be managed. Every crisis is different and some are easier to manage than others. Clearly, crises that recur often and are dealt with by highly trained responders should be easier to control than a ‘black swan’ that surprises and outwits the response apparatus. Crises that originate in far-away domains may be harder to influence than ones closer to home. We may expect more from well-funded, stable governments than leaders who oversee depleted coffers and a vulnerable population.



Source: Pixabay

Second, they need to formulate criteria for measuring success. They must answer the question: 'What can we reasonably expect from crisis responders on each crisis task, given the limitations under which they must operate?' They must, in other words, formulate an answer to the following questions:

- Was this crisis actually preventable in light of the knowledge available at the time? If so, how could it have been prevented? At what price? What unintended consequences could such preventive efforts have had?
- How much information is enough for leaders to act on warnings about an impending crisis and how much ambiguity can they tolerate? What if leaders have made an explicit risk assessment but chosen to accept the risk (in light of a 'false positive')? Must leaders always act on the risk of a crisis occurring, even if it is only a possibility?
- Given that it always takes some time to understand a situation, how long might it take for an adequate picture of a crisis to emerge?
- Should leaders act before they have a complete and adequate picture of the situation? How long can they wait? If they do and their decision backfires, are they to blame?
- What can we reasonably expect from ad hoc, high-pressured cooperation between organisations that have never worked together before?
- Should leaders be expected to communicate everything they think they know and don't know? If they do, how is miscommunication evaluated?
- Should leaders correct their strategy if new but unverified information suggests that it is not working or even counter-productive?

### **Guidelines for delivering real added audit value**

Many evaluation reports produce tendentious conclusions and lessons that simply do not make any sense. These reports are often accepted at face value, which almost guarantees that they will serve as a template for future evaluation efforts. Auditors can avoid this sad state of affairs by sticking to a few simple guidelines.

#### *Differentiate between evaluating, learning and blaming*

A thorough evaluation forms the basis for learning and blaming (accounting). It should be nothing more than establishing the facts (what happened, exactly?) and determining whether the various crisis management processes deviated from reasonable expectations. Assigning guilt should be left to others. Learning lessons is probably also better done by others.

#### *Specify your assessment criteria*

Without a clear statement of standards used, the outcomes of any evaluation exercise are near meaningless. Unfortunately, too many evaluation reports appear to be the outcomes of impressionistic analysis rather than a thorough, criteria-driven evaluation. Many of these reports reinvent the wheel as they point to misunderstandings, faulty decision-making, lack of clear communication and insufficient coordination without explaining how they arrived at their – usually scathing – verdict.

#### *Avoid N=1 thinking*

A crisis is a unique situation. It is therefore tempting to view the management of that crisis as a unique effort, requiring inductive analysis. But such backward mapping will inevitably lead to primary causes, in the same way that reading a detective back to front will quickly tell the reader who the perpetrator is. Crisis management consists of difficult but not unique tasks, which are best studied against a baseline that is derived from the study of other crises.



*Use theory, involve academics*

It is easy to identify failure factors. But these obvious factors are only valid when they don't feature in similar crises that were well managed. A comparative perspective is critical to arrive at valid insights. Theory is required, which can be delivered by academics. Don't reinvent the wheel – involve academics who have studied other crises and know which factors really made a difference.

*Avoid blame*

To explain is to blame, as the old saying goes. But it really is possible to analyse crisis management processes without assigning blame to individuals. It all starts with the assumption that all those involved deserve the benefit of the doubt. Assume they tried their hardest. Remember that everybody can make a mistake. Look for structural factors that bred individual errors. Look for evidence of failed checkpoints or cultures with blind spots. That will help organisations improve their crisis management preparedness.

*Lessons are not simply the opposite of failures*

Coordination failed, so we recommend improved coordination. This is one of the more simplistic lessons to appear perennially in crisis reports. A lesson tells the reader something about the underlying factors that enabled failure to persist. A lesson may be formulated without recourse to an accompanying recommendation. The lesson that plans often do not work is valuable as it tells the reader not to invest too much hope in planning alone.

*But tell it like it is*

Simplistic, uninformed analysis is bad. So is the tendency to politely hide critical findings behind a façade of woolly formulations and legalese. If auditors document abject failure, a dereliction of duty in clear violation of pre-formulated criteria of failure, they should call it out. Crisis managers have a duty to do their best. Inexcusable behaviour must clearly be documented. The politics of the situation should never play a role in formulating the conclusions of a report.

**Taking crisis auditing to the next level**

In the wake of COVID-19, auditors will have to redefine the process of crisis evaluation. For too long it has been the preserve of opportunistic politicians with an agenda, catering to accountability concerns at least as much as to the need to understand what happened and how we can do better next time. Crisis evaluation is in need of professionalisation. Every crisis presents an opportunity, it is often said. Let this be the opportunity to take crisis auditing to the next level.

# 'The origins and effects of emergencies can be multiple'

## Interview with Leo Brincat, ECA Member

By Gaston Moonen



Leo Brincat

Unlike at the European Commission, where there is a Commissioner for Crisis Management, the responsibilities in this area at the ECA are not as clear-cut. Not only between ECA Members, but also between audit chambers, and this has been even more obvious since the COVID-19 crisis began affecting the work of a number of those chambers. There are good reasons for this, according to Leo Brincat, ECA Member in the 'External action, security and justice' audit chamber, since emergencies can have many causes and effects. However, within the ECA, Leo Brincat has been responsible for several special reports relating to EU actions triggered by emergencies, such as recent reports relating to the migration crisis, and an opinion on the review of the Union Civil Protection Mechanism. On top of that he is the ECA's 'COVID-19 knowledge node Member', with some 'foresight insights' at the time of the interview – October 2021 – into current COVID-19 developments.

### Emergencies in the wider sense

Leo Brincat has been an ECA member of the audit chamber in charge of external action, security, justice and defence policies and in that capacity has reviewed several draft reports concerning EU external action. Some of them are directly related to humanitarian aid topics, but perhaps even more to the consequences of emergencies, such as reconstruction aid or asylum/refugee issues. On the latter topic, he has been a rapporteur for several of them, most recently for [special report 17/21](#) on *EU readmission cooperation with third countries: relevant actions yielded limited results*.

A report which stands out for him was [special report 08/2021](#) on *Frontex's support to external border management: not sufficiently effective to date*. 'This was one of the more challenging topics in view of our objective of adding value and making suggestions for best practices. Another issue was the timing of publication, since at the time there was a lot of attention given to push-backs, an issue which we did not cover in that audit but focused on Frontex's contribution to EU's integrated border management. Nevertheless, at the same time it got a lot of media interest, also because of this issue of push-backs.' He recalls that there were perhaps four times as many journalists following the

presentation of this special report compared with what ECA special reports usually get. 'And this report is still discussed at various fora at length. I recently gave a presentation to the Frontex Management Board, at their request, as well as to migration-linked NGOs, who think Frontex is a monster. And in the European Parliament, to various members of committees focusing on migration issues. It is not a report nor a topic that dies a couple of weeks after the presentation of the report.'

Leo Brincat brings up the report since for him the rapid expansion of Frontex also relates to the issue of emergencies, albeit indirectly, i.e. dealing with the consequences of emergencies, which is different from dealing with the first needs. 'I think that when you audit emergencies you have to adopt a different approach. Why? It is only natural that you have to show more responsiveness than usual, when you are tackling a 'normal' audit subject. You have to show speed and diligence and quick decision making.' He also mentions the issue of flexibility, also in the sense of changing audit teams to actually free up the right resources for an emergency audit.

“... when you audit emergencies you have to adopt a different approach.(...) You have to show speed and diligence and quick decision making.”

### COVID-19 boosting the ECA's audits relating to emergencies

Another issue for him is complexity. 'Unlike with 'normal' audit topics, if you are dealing with an emergency, there is a big probability that the auditee is very busy working on the emergency.' He refers to the COVID-19 pandemic and the ECA's first audit activities regarding this issue. 'We had to find the right balance between doing our work, working remotely, letting the Commission do its work without disrupting it. And at the same time, obviously, not avoiding our responsibility of being the guardian of EU finances by actually auditing the Commission. All in all not a very easy balancing act to perform.'

He observes that the whole COVID-19 emergency has had quite an impact on the ECA's work programme, following an in-depth review of what could be done by the audit chambers. 'Our choice of audits took into account quite a broad set of criteria, such as risks and materiality, but also the interests of our stakeholders.' Regarding stakeholders he emphasises that, without 'downplaying the importance of the Parliament as a natural partner,' an important focus of the ECA is also the Council. 'And I think we also have to address non-institutional stakeholders, including the taxpayers, who might know little of what the ECA is all about. The COVID-19 pandemic resulted in a very material increase in the EU's financial resources dedicated to managing this crisis.'

According to Leo Brincat, the COVID-19 crisis forced the EU and its Member States to deal with both the immediate and long-term consequences of the pandemic, i.e. primarily the health and economic dimensions. 'The pandemic increased the risks related to the achievement of certain EU policy objectives. From personal experiences, also when presenting our reports, I noticed considerably increased interest on the part of our stakeholders in issues related to crisis management at EU level. Quite frankly, usually I don't think that this would have created interest among the public at large, but today this has risen very high on the European and, I would even say, global agenda.'

In this context, he refers to the State of the Union speech of President von der Leyen, with strong commitments towards preparedness for future crises. 'I have no doubt about it. Without the pandemic, crisis management would not be considered of primary importance, as it is now. Compare the way Member States look at civil protection when it is a 'business as usual' scenario and now, after the recent flooding in Belgium, Luxembourg and Germany.'

“Without the pandemic, crisis management would not be considered of primary importance, as it is now.”

According to Leo Brincat, the COVID-19 pandemic will have long-lasting effects. 'I think that there is a strong commitment in various Member States that we should, as of now, even if the pandemic fades away, think very seriously about the next pandemics...to improve pandemic preparedness. Let's be honest: the EU has been much more agile in its response than it was in the times of the financial crisis. That is at least my impression.' However, having said that, he adds that one should

“... the EU has been much more agile in its response than it was in the times of the financial crisis.”

not forget that in the first few months, many Member States were going in different directions, almost hindering and hampering each other. 'Having a level of preparedness for any potential new pandemics is not just desirable but a must. Even if they do not happen in the short or medium term.'

### Creating and using reference points for auditors

As important as he considers the COVID-19 pandemic to be for developing a different mind-set on crisis management, he thinks that attention was focusing on transparency in spending on emergency issues a lot earlier. 'When you have an emergency situation, you cannot always be sure that the money is spent in a transparent way. And I can understand that concern, because, if you have a crisis situation, you might be tempted to bypass the rules of the game because of the emergency. " ... accountability for disaster related aid has been a sensitive topic for some time already. The turning point was not COVID 19. (...) [it was] the tsunami in December 2004...' I think that accountability for disaster-related aid has been a sensitive topic for some time already. The turning point was not COVID-19. Following the tsunami in December 2004, the global community of supreme audit institutions – INTOSAI – created a working group on disaster-related aid leading to a number of audit guidelines being adopted in 2013, which were actually streamlined into one single guideline in 2020 – GUID 5330.' He explains that this provides certain parameters to audit institutions when doing audits concerning disasters. 'This does not necessarily mean they'll solve all the problems, but at least if they are facing a situation which is linked to this type of aid, they are not starting with a blank sheet of paper, they have something to draw on as a reference point.'

According to Leo Brincat, such reference points, and the related contacts and discussion groups with other audit institutions, are most useful. 'Within the ECA I was appointed to act as COVID-19 liaison member with the International Organisation of Supreme Audit Institutions (INTOSAI) and its regional branch EUROSAI. In fact, I have been engaging with them quite regularly, with institutions from Asia, the Gulf countries, the American audit office, etc. Through peer exchanges we try to base ourselves on lessons learned from these experiences.' " Through peer exchanges we try to base ourselves on lessons learned...

He observes that, despite the geographic diversity and the different ways COVID-19 has impacted countries, there are many common threads between the various countries. 'Interestingly, one of the ideas floated by most members arose because of the health dimension and economic impact of COVID-19, the effects and the emergency situations that developed: we should not be working in a bubble. Instead, we should be engaging with international bodies, such as the World Health Organisation, the Organisation for Economic Cooperation and Development, etc. Obviously, not to prescribe matters to them but just to make sure we have a broader view than we would have stuck in the shelter of the audit community.'

### ECA opinion on the Union Civil Protection Mechanism

A recent ECA publication relating to emergency issues was [opinion 9/2020](#) on the Commission's proposal for amending the Union Civil Protection Mechanism (UCPM). Here, Leo Brincat makes a link to a point he made earlier - to avoid cutting corners when it comes to financial management and accountability. 'As usual, here too we tried to be as objective as possible and we did actually see a trade-off between acting promptly and setting the right mechanisms for sound financial management. The Mechanism got a substantial budget increase, close to 150 %.' He points out: 'We have no problem with increases in budget, especially if they are aimed at boosting medical reserves, medical evacuation capacities or forming emergency medical teams. But we would have expected that at the end of the day, if value for money is still important, such a quantum leap should have been complemented by a needs assessment or at least a specific monetary framework being put in place. There was neither, and I think this was a shortcoming.' " We have no problem with increases in budget [but] ... if value for money is still important, such a quantum leap should have been complemented by a needs assessment...



Leo Brincat points out that the aim of the UCPM is to actually complement Member States' initiatives, not vice versa, because public health primarily falls under national competencies. 'This brings us to another important point - given all this, it can come at a cost when it is not planned well. One cannot just say 'This is an emergency situation: let's throw money at the problem.' The EU already has the reputation - rightly or wrongly - that it starts solving problems by throwing money at them. If we are going to justify large increases in the budget, we have to make sure that this is not the case.'

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*We just have to make sure that it is justified by substance in activities and not triggered by purely political criteria.*

He adds that the ECA applied the same approach regarding Frontex. 'We did not say, 'Frontex should not expand.' We are not policy makers. We said that if Frontex has to expand so rapidly, are we sure that they did what they had to do by 2016? Because it is useless saying, 'I want to expand my plans, but I have not even carried out my present mandate fully.' He stresses that the ECA is looking at these things not strategically but from a purely budgetary point of view. 'If the EU takes a policy decision to multiply an organisation's budget several times, that is not for the ECA to decide. We just have to make sure that it is justified by substance in activities and not triggered by purely political criteria. Even in the case of Frontex, there were no feasibility studies carried out. When we probed, they said this was a political decision taken by the Council.'

Overall, Leo Brincat concludes that even if there was an emergency situation – of which he has no doubt because the expansion was carried out in the wake of the 2015 migration discussions – one has to motivate and substantiate. 'Simply saying 'We have an emergency situation' is not good enough. When we looked at this aspect for our opinion, we made a point: if you look at private sector finance and supply chain management, processes go hand-in-hand.' He believes that, regarding the whole issue of civil protection, sound financial management needs to be integrated with rules and reporting. 'For the simple reason that in emergency situations we cannot afford this to get bogged down in bureaucracy.'

### Coherence in set-up translates into better implementation

When discussing what all this means in practice, Leo Brincat is quick to respond. 'Very simple. We feel that there have to be a priori well-organised mechanisms wherever possible and the idea that they should be in place in the 'finding' processes too when action is needed. There has to be a clear definition of the role and responsibilities of different actors.' For him actors go well beyond the level of the Member States. 'It also concerns the level of the Commission.'

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*There has to be a clear definition of the role and responsibilities of different actors.(...) It also concerns the level of the Commission.*

At the same time, he observes that, unless there is a political will and a spirit of collaboration on a common goal from the 27 Member States, things will not get off the ground. 'We see it happening with the migration pact. The migration pact was and remains a work in progress so far, even though there are add-ons as we go along. The fact is we had a migration crisis in 2015/16 and now we are talking about potential migration crises five years later and there are still no coherent, robust migration plans in place.' He makes clear that the ECA is not saying that it has to be the proposed Migration and Asylum pact. 'Once again, we are not policy makers, this needs the consent of the Member States. We are not saying that this is the ideal template, although we take note of various positive aspects of it. What we are saying is that on the basis of our special reports [08/2021](#) regarding Frontex and [17/2021](#) on cooperation on returns, there is an urgent need for a migration and asylum pact.'

He argues that not having a pact leads to concrete problems. 'Let's take the problem of people returning. We blame third countries for not cooperating enough, for not showing good will, etc. If you have a dysfunctional approach between Member States, who approach the same third country differently – say there is country X, a third country, and you have countries A, B, and C of the EU. If these Member States send three different signals in the way they approach third countries and if third country X is smart enough and knows there is disunity within the EU on this issue, it will cash in on this vulnerability,

most probably by either raising the stakes or sending even more legal migrants. This will make a bad situation worse.' He reflects that the EU has to offer some guidance to its Member States and has to make sure that there is a more coherent approach by the Member States. 'Which is not easy!'

He sees an analogy with the COVID-19 issues when, at the beginning, guidance was needed to have a more coherent approach between Member States but the prerogative was not with the Commission. 'We see that also with the vaccinations. The Commission has been putting in a lot of money and urging very strongly that vaccination rates should be increased. But when you see the disparities between various Member States, one can understand why, as a consequence of COVID-19, inequalities have grown further within the EU itself. That is unhealthy because it undermines the EU project itself and solidarity between its Member States.'

“... inequalities have grown further within the EU itself. (...) it undermines the EU project itself and solidarity between its Member States.”

### Effective public procurement processes in place before disaster strikes

When Leo Brincat refers to the various stakeholders the ECA has, he is also speaking about the non-institutional ones. When it comes to humanitarian aid, one type of a non-institutional player plays a very important role: the NGOs providing aid on the ground. Also for them, but not only, he thinks it is important to ensure that there are proper procurement procedures in place, in the limited timeframe available. This should be the case so that work can be done through these NGOs. 'If you look at various ECA reports, the ECA has already drawn some conclusions and made recommendations, based on assessments which show that procurement procedures have already improved. 'I'm not saying they have become optimal, but there has already been some improvement.' For him this raises the question of what it means for public auditors. 'How can they speed up further and improve these processes, especially in cases of emergencies? Improvements have already been made but there is still a lot of work to be done.'

“... procurement procedures have already improved.”

He thinks that COVID-19 offers ample examples of this. He refers to reports of poor procurement procedures in numbers of countries in relation to buying masks and protection equipment. 'This shows that public auditors, whether they are dealing with NGOs or not, must help public entities to be ready and to apply the best standards for public procurement, even in emergencies. Prompt emergency response depends upon many factors, but if I had to single out one process - it is the underlying procurement process.' He relates this issue back to the ECA opinion on the Union Civil Protection Mechanism. 'We actually highlighted that the introduction of direct procurement actually has the potential to speed up the EU crisis response itself'

“... public auditors (...) must help public entities to be ready and to apply the best standards for public procurement, even in emergencies.”

Another issue is the joint procurement agreement. 'There the Commission has actually coordinated and still coordinates the procurement exercise.' He explains that there the Commission 'surveys Member States' needs, it drafts technical specifications, it organises the procurement procedure, assesses the tenders, awards the contracts, and then obviously Member States can place individual orders and purchase medical equipment under those contracts.' He adds that, according to the Commission, direct procurement capacities allowed faster reaction at EU level, as it took about four weeks for overloaded Member States to actually launch their first procurement. 'This was very critical. In our [opinion 09/2020](#) we made that point. Such a move could have allowed the Commission to be quicker. Hopefully possible in similar situations in the future and obviously in full complementarity with one another.'

Leo Brincat points out that, as the external auditor, the ECA will have to keep on focusing on the compliance aspect to make sure that urgent action does not give rise to ineligible spending of funds. 'As the ECA Member responsible for the COVID-19 knowledge node, I am looking forward to the report which our audit chamber on sustainable use of natural resources is currently drafting on vaccine procurement. That should shed a lot of light on

this issue.' He points out that the ECA is not only seeking to make critical assessments. 'But over the last months we have seen many flaws in practice throughout the supply chain, and various instances of what and how the Commission could have done better. We also understand that a new task plan is also in the pipeline in this particular audit chamber on food security during the COVID-19 pandemic. This should also be of great help.'

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*[regarding COVID-19 related actions] ...over the last months we have seen many flaws in practice throughout the supply chain...*

### Disaster preparedness is essential

When discussing the concerns he has for the future regarding emergencies, he stresses the need for preparedness plans, also basing this on his contacts with INTOSAI and EUROSAI peers. He believes such preparedness is also necessary in view of some possible COVID-19 pandemic scenarios, which he considers pertinent from a crisis management perspective. 'Regardless of whether COVID-19 goes away or increases again, I think we should be working on two levels. First, tackling COVID-19 as it is. I think that encouraging vaccinations in non-EU countries, especially in Africa, is not an act of charity but a necessity for global security. Because if, hypothetically, all Europe is vaccinated and Africa remains at its current level, it is going to be bad news for global security.' He believes that, besides the humanitarian aspect, even out of self-interest, it is important for the EU and the world as a whole to see that vaccination catches on.

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*... vaccinations in non EU countries, especially in Africa, is not an act of charity but a necessity for global security.*

The second issue for him is whether, with the lessons learned from the COVID-19 emergency, it will be important for the EU - and the European Commission in particular - to see whether it has all the possibilities to act as it actually needs to, and has the required competences. 'This also in view of the questions raised regarding the health portfolio: the pandemic might have brought some new insights.' In this context, he refers to a book he is currently reading, called *Shutdown*, by Adam Tooze, analysing the challenges institutions and systems face in preparation for the next crisis. 'This book also goes into the humanitarian aspect of the pandemic, drawing comparisons between individual countries and highlighting successes and failures.' Leo Brincat believes that, without downplaying the importance of the pandemic, there is quite a risk that humanitarian crises will increase, even if COVID-19 goes away. 'I read somewhere that even if we look at the hunger aspect of people affected by the pandemic, we are talking about 265 million people. So this might call for a reinforcement of the humanitarian aid budget.'

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*... even if we look at the hunger aspect of people affected by the pandemic, we are talking about 265 million people.*

### Emergencies and their roots

For Leo Brincat it is rather clear that emergencies have an impact on the ECA's work programming. 'In our work programme we will continue to assess the EU's response to mitigating or alleviating the effects of COVID-19.' In this respect, he was pleasantly surprised by the resilience the ECA showed when shifting gears towards new audits relating to the pandemic. 'To be honest, I was not expecting it to act so effectively. The shift we made, and the output we had, proved our worth: we operated in accordance with and adapted to the circumstances, especially since our work entails so much field work and for a number of months nobody was allowed to travel.' He adds that, contrary to expectations, the ECA's output did not suffer. 'There were some delays obviously but overall output did not suffer.'

Currently, there are many humanitarian emergencies going on, with various concerns at the highest political level, be it on migration issues in Turkey or on the EU border in the east, or the chaotic departure from Afghanistan. Leo Brincat thinks it is important for an audit institution such as the ECA to focus on what happens on the ground, rather than at the political level. This may relate directly to humanitarian affairs or issues indirectly related to emergencies, or perhaps leading to them. 'The origins and effects of emergencies can be multiple. Let me give an example. We are currently carrying

out an audit on free movement to assess whether the Commission has taken effective actions to protect the right of free movement, including the functioning of the Schengen Agreement in the context of the COVID-19 crisis.’



*The origins and effects of emergencies can be multiple. Let me give an example. (...) the functioning of the Schengen Agreement in the context of the COVID 19 crisis.*

Another audit he sees as having links to emergencies, albeit more indirectly, relates to cybersecurity, and with a more preventive and preparedness character. ‘By doing an audit on how *hack proof* EU institutions are, we aim to assess the state of cybersecurity governance and readiness in the EU institutions and agencies to handle cybersecurity incidents. This impacts indirectly, but I think, with the cybersecurity issue coming more to the fore, you cannot think of real governance and of handling crisis situations if you don’t also factor in these considerations.’ Referring to the recent but short breakdown of Facebook and related platforms, he observes that a cyber-breakdown can have enormous economic and financial costs. ‘With severe consequences also from a humanitarian aid perspective.’

For Leo Brincat what is essential here is the *interplay* between various issues. ‘The worst thing that we, the ECA, can do is to work in silos. Today, actually, the blurring of lines is healthy. Between where responsibility begins and ends, because, conceptually, we have to think in terms of the big picture.’



*[on the interplay between issues]  
The worst thing that we, the ECA, can do is to work in silos.*





# COVID-19 - ECA auditors' account on delivering fast insights on actions undertaken during the crisis

By Nicholas Edwards, Sustainable Use of Natural Resources Directorate, and Adrian Savin, Regulation of Markets and Competitive Economy Directorate



Source: monsite/GettyImages

In times of crisis, the need for information and first assessment is high while the availability of data, comprehensive insights and fact-based feedback is low. Public auditors are keen to address this but cannot proceed, for several reasons, with full-fledged audits. That is one of the reasons why the ECA issues reviews: to provide timely help to decision-makers. The COVID-19 crisis required quick decision making on many issues, including from the ECA to deliver feasible outputs at speed. Nicholas Edwards and Adrian Savin were heads of task for two COVID-19 related reviews the ECA published at the end of 2020 and early 2021, and share their experiences and impressions of reviewing crisis measures in constrained circumstances.

## Real-time review in a crisis - getting the facts without getting under the auditees feet

In March 2020, the COVID-19 pandemic struck the EU and threatened health and economic systems. Unclear information, disinformation, lack of confidence in public action and rumours compounded mounting uncertainties. Given the rapid spread of the virus across Europe and the magnitude of measures being adopted in response to it, the ECA decided in April to amend its 2020 work programme in order to launch two rapid reviews on COVID-19 measures (see **Box 1**). The reviews were meant to inform the public in a structured and objective way about the EU response to the COVID-19 crisis in two key areas: public health and economic policies.

We were working on other tasks when we were designated as heads of tasks for these reviews. It was clear to us that the challenges of these tasks were unique and massive but we were also excited to contribute to ECA's high-priority tasks for 2020 and more generally to the accountability of EU institutions' response to a massive and unprecedented crisis.

Collecting evidence in real time with minimal disruption to policy makers involved in the crisis management was an important constraint. We focused on understanding and organising publicly available information first and filled any gaps through interviews, surveys or data queries from the EU and national actors. Another challenge was the fact that we had to work to very tight deadlines while facing fragmented or inconsistent information on newly adopted policy actions with confidential, insufficiently explained or incomplete data. We also had to engage with an important number of diverse policy actors at EU and Member State level. Moreover, the ECA had to produce the reviews under new and untested working conditions due to the pandemic.

#### Box 1 - the two ECA reviews in a nutshell

The COVID-19 pandemic poses challenges to public health systems worldwide. [ECA review 01/2021 \*The EU's initial contribution to the public health response to COVID-19\*](#) looks at actions taken by the European Commission and EU agencies to support the Member States' public health response to COVID-19, facilitating for example the supply of medical equipment, promoting information exchange and vaccine research. We reviewed the use of the existing EU framework for dealing with pandemics, plus the main additional actions taken by the Commission and EU agencies by June 2020. The review discusses the actions taken, such as the allocation of 3 % of the annual EU budget (by 30 June 2020) to support public health related measures, and flags key challenges.

The European Union and its Member States implemented a variety of measures to limit and counter the economic damage caused by the ongoing COVID-19 pandemic. [ECA review 06/2020 \*Risks, challenges and opportunities in the EU's economic policy response to the COVID-19 crisis\*](#) provides an integrated overview of these measures taken at national level by June and EU level by August 2020. As of July 2020, the value of the 1,250 measures was around €3.5 trillion or 27 % of EU-27 gross domestic product (GDP). Job retention schemes and liquidity support made up most of the measures, which have so far largely mitigated layoffs. The review also flags risks, challenges and opportunities for the future of EU economic coordination, for example, the risks of economic divergence and distortions of the level playing field between Member States.

The reality matched our expectations and tested our adaptation skills. We had to organise our teams and cooperate with the reviewees under new working methods (in particular teleworking), discover new IT tools, adapt our internal communication and methods to gather evidence, and... carefully monitor the news to keep up with events. Our teams had to be brought together fast. People were pulled off other tasks and colleagues from other directorates and ECA Members' cabinets contributed to the review work as well. The whole preparatory phase, which is also a useful team building exercise, was condensed to the shortest possible time. But the intensity of the work made up for this. Our swift progress on the tasks benefitted from rapid replies received from the institutions and actors contacted.

#### Scoping a moving target




















We focused on providing a clear picture of the EU's initial response to the pandemic but did not try to draw fully-fledged lessons learnt while we lacked the advantage of hindsight. Our brief was to present key information in a structured overview and spot the main emerging risks and trends, or challenges and opportunities for EU coordination and budget stemming from the crisis and policy responses. For example, both reviews were able to present detailed data on the EU funds spent on EU health and economic responses at a time when the European Commission did not yet have such an overview.

Creating a clear picture of EU actions during a crisis was no easy task. When a pandemic is disrupting every aspect of our lives, it can be tricky to distinguish between what is a public health measure and what isn't. We debated a number of times whether repatriation flights of EU citizens should be within scope (we decided against) as well as COVID-19 related disinformation and fake news (we included it). The final scope for the public health review was still pretty broad (see **Figure 1**).

Clarity meant getting a comprehensive approach. When reviewing the EU economic response, one of our discussions concerned the inclusion of the national measures in the scope of the review. It was clear that the Member States' quick and massive budgetary measures were key to mitigating the economic impacts and that it was important to take stock of this spending if we wished to understand the EU response and its coordination actions, in particular why and how the Commission and the Council coordinated the

national fiscal responses. We obtained the data on the adopted fiscal measures from all Member States through an ad-hoc survey sent to the members of the Economic and Financial Committee, with whom we had excellent cooperation.

**Figure 1 - Main public health related measures taken by the Commission and EU agencies up to 30 June 2020**

		Council focus areas:	
 <b>European Commission</b>	Providing financial and material contributions to Member States' public health COVID response		
	Coordinating efforts with Member States (e.g. through the Health Security Committee) and international stakeholders		
	Launching several rounds of joint public procurement of medical and protective equipment for the Member States, while limiting their export from the EU		
	Creating stockpiles of medical equipment		
	Facilitating, through a "clearing house", the matching of demand with supply for medical equipment		
	Supporting research on COVID-19 treatments and vaccines		
	Tackling disinformation about the pandemic		
 <b>ECDC: European Center for Disease prevention and control</b>	Regular risk assessments and scientific advice on issues such as infection prevention and control, and use of medical products		
	Issuing guidance to Member States (covering testing, availability of medicines, border controls, cross border cooperation, and contact tracing)		
 <b>EMA: European Medicines Agency</b>	Monitoring current or anticipated medicine shortages		
	Providing advice to developers of treatments and vaccines		
	Evaluating and authorising new treatments and vaccines		
		 Limiting the spread of the virus  Ensuring Provision of medical equipment  Promoting Research for Treatment and Vaccines  Fighting disinformation	

Source: European Commission.

### The EU's capabilities were stretched while the crisis risks exacerbating inter-MS inequalities

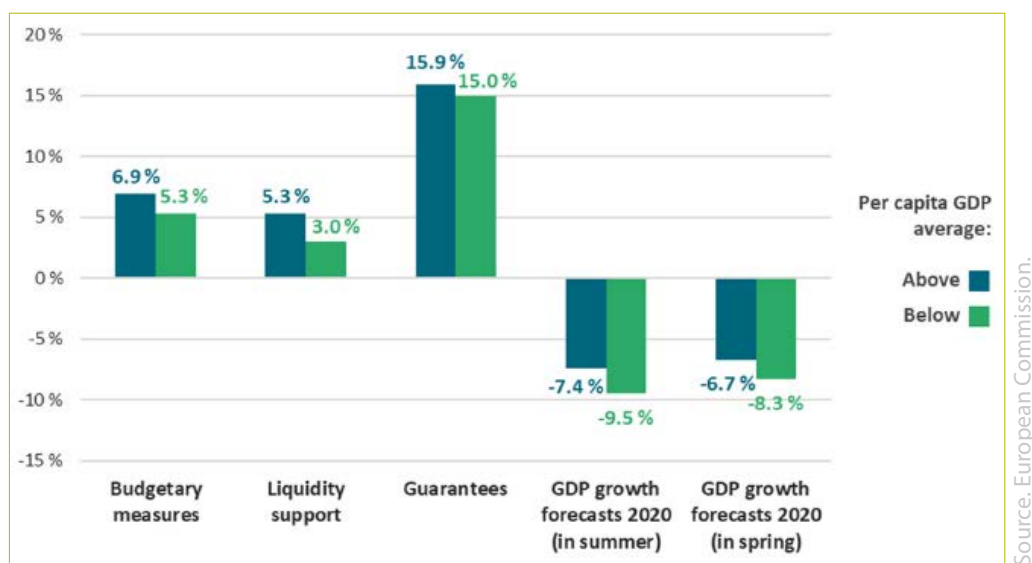
We found that the EU's limited mandate in the field of public health made it particularly challenging for it to step in and step up rapidly in the early days of the pandemic. The European Centre for Disease Prevention and Control (ECDC) found it challenging to handle the volume of varied data it was receiving while existing tools such as EU-level joint procurement of medical supplies were little used by the Member States. We also highlighted the risk that the rapid spread of misinformation and disinformation poses to the role-out of a COVID-19 vaccine.

We also found that the economic crisis risked causing uneven economic losses across countries and sectors and that this raised the challenges of EU coordination of economic policies in the recovery period. Governments adopted a wide range of discretionary fiscal measures adding up to about €3.5 trillion, generally in line with the EU's crisis policy guidelines, i.e. job retention schemes and state aid to provide liquidity support to businesses. However, their size and composition reflected the Member States' relative

wealth, rather than how badly the crisis has affected them (see **Figure 2**). We therefore warned about the risks of economic divergence and distortions of the level playing field between Member States.

We also assessed risks and challenges for the implementation of the newly adopted recovery instrument *Next Generation EU* (NGEU) worth €750 billion in relation to its absorption, careful targeting of growth-enhancing measures and accountability. The review also highlighted the opportunity offered by the new budgetary instruments (NGEU, SURE) to enhance EU coordination towards common objectives (green, digital transitions, low levels of unemployment) and against EU-wide economic shocks, given their sizeable envelopes (see **Figure 3**).

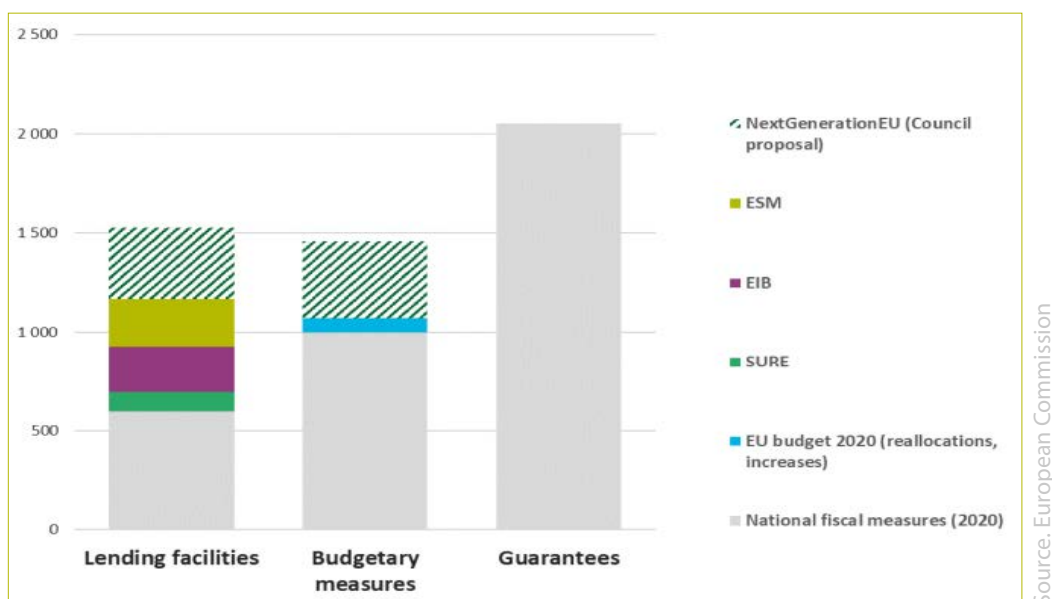
**Figure 2 - Comparison of aggregate fiscal packages (in % GDP) and estimated**



### GDP falls in 2020

*Note:* Fiscal measures adopted as of end-June 2020 were collected through a ECA ad-hoc survey and included discretionary budgetary measures (revenue and expenditure), liquidity support (tax payment measures and financial instruments such as public loans) and public guarantees.

**Figure 3 - Comparison of EU and Member States' estimated financial response to the crisis (in billion €)**





### **Delivering impact and serving as stepping stones for COVID-19 related audits**

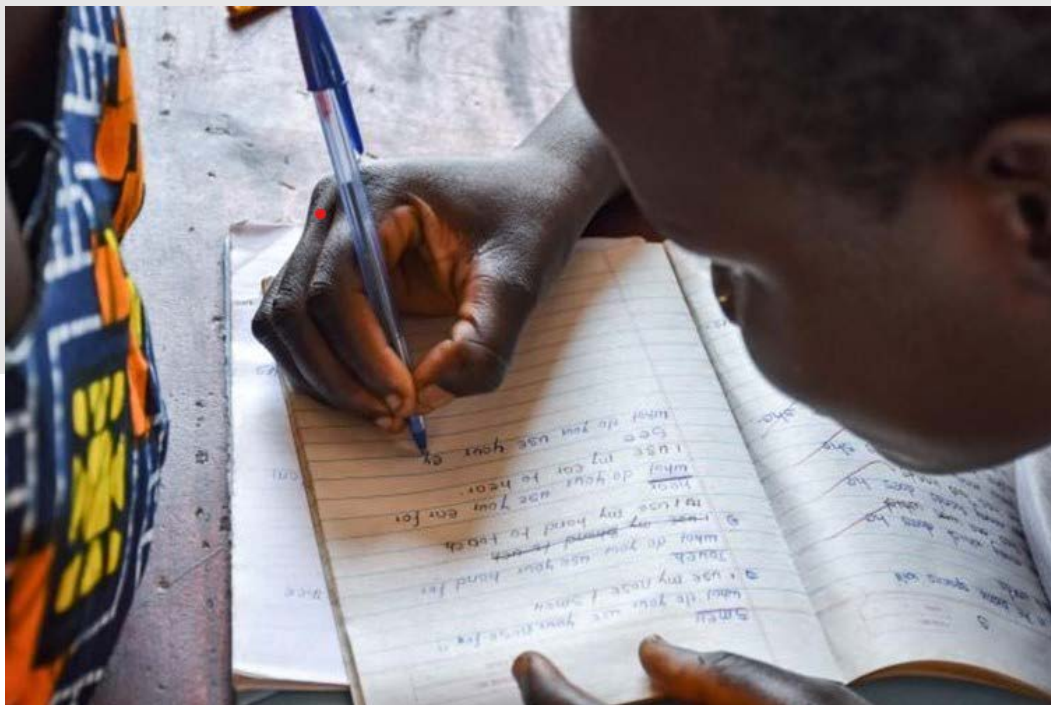
The ECA managed to publish the reviews as planned and could contribute to public and EU-level discussions on future measures. For example, the review on the EU economic response was published in the middle of the Council discussions about several features of the NGEU. The ECA publications also allowed the EU legislator to strengthen and fine-tune several legal provisions of the draft Regulation on the *Recovery Resilience Facility* (RRF) related to its accountability and audit arrangements. The review on public health was published at a time when the European Commission was reviewing all aspects of EU-level response to cross-border health threats, including the work of the ECDC, and could feed in to that reflection.

The reviews were key starting points for future audits. They allowed the ECA to further reflect on the most important EU measures taken in response to COVID-19 that needed to be addressed through performance audits. According to the [ECA annual work programme 2021+](#), a significant number of tasks to be started in 2021 are dealing with the EU's response to the COVID-19 pandemic. For example, the ECA launched audits on the EU's procurement of COVID-19 vaccines and on the Commission assessment of the national recovery and resilience plans that Member States have submitted in the framework of the RRF.

This has been a useful experience for us in case we would need to carry out audit work on a crisis, and in a crisis, again. It is clear that we cannot and should not start a full audit when a crisis is still unfolding but being able to come in at an early stage with a review is valuable. We should manage our stakeholders' expectations as, even working fast, it is imperative that we respect audit standards and processes which impacts our time to publication. We cannot publish our work to fit with the news cycle but we can identify and communicate early on key areas we are going to monitor and engage with our stakeholders to understand their expectations.

# Auditing humanitarian aid in 2005 and 2020: similarities and differences

By Mark Marshall, 'External Action, Security and Justice' Directorate



Refugee school work in Uganda

Source: European Commission.

The European Commission, through its Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO), provides humanitarian aid for those affected by disasters. In 2006, the ECA published a special report on ECHO's humanitarian response to the tsunami. Fifteen years later, in January 2021, the ECA published a special report on EU humanitarian aid for education. Mark Marshall worked on both of these performance audits and was therefore in a good position to compare their approach to auditing humanitarian aid.

## Our tsunami audit: an impromptu response to a disaster

On 26 December 2004, a massive tsunami caused widespread destruction in Indonesia, Sri Lanka and other countries of the Indian Ocean, killing over 200 000 people. Following the tsunami, ECHO provided €123 million of humanitarian aid to cover basic needs in terms of shelter, food, water, sanitation, health and livelihood recovery. In view of the level of interest and the amount of EU funding, the ECA decided to carry out a performance audit of ECHO's humanitarian response. It was important for the audit team to act quickly, not only so that we would be in time to examine humanitarian aid projects in the field, but also to deliver a timely and relevant report. In the autumn of 2005, we visited ECHO projects in Indonesia and Sri Lanka. When, in July 2006, we published [ECA special report 03/2006](#) on ECHO's humanitarian response to the tsunami, we were one of the first to produce an audit report on the response to the disaster.



ECHO livelihood recovery assistance: fishing boats in Aceh, Indonesia.

### Our education audit: a planned examination of a theme

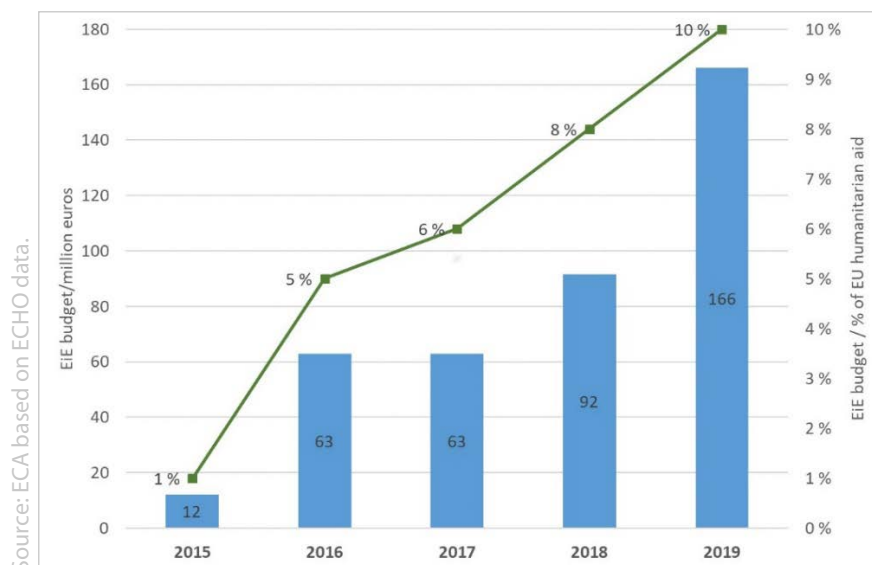
After the tsunami audit, the ECA carried out further performance audits of humanitarian aid, which also focused on specific crises. For example, [ECA special report 13/2014](#) focused on the 2010 earthquake in Haiti, and [ECA special report 15/2016](#) focused on conflicts in the African Great Lakes Region.

In contrast, our audit of humanitarian aid for education, [special report 02/2021](#), was not a response to a specific disaster. Instead, it focused on a theme: education. While the tsunami audit was added to the ECA work programme at short notice, this audit arose from the usual planning procedures. The theme was first highlighted as suitable for a performance audit in an internal note of 2018 on education in emergencies and protracted crises made by my colleague Kristina Maksinen.

In the note, she described how millions of children in crisis-affected areas did not attend primary school. Education could not only provide these children with learning opportunities, but also increase their resilience and provide immediate physical protection. Despite this, until ten years ago, most donors considered education as a development, rather than humanitarian, activity. However, she identified a growing consensus on the value of providing education during increasingly lengthy humanitarian crises.

ECHO was part of this growing consensus which considered education to be a humanitarian activity. In recent years, it has shifted more of its funding towards education. In 2015, it allocated only 1 % of its aid to education. By 2019, the proportion had risen to 10 % (€160 million), see **Figure 1**.

**Figure 1 - ECHO humanitarian funding for education 2015-2019**



ECHO livelihood recovery assistance: fishing boats in Aceh, Indonesia.

Humanitarian aid for education was an interesting and important new policy area and the budget had grown rapidly. In addition, there was a risk that ECHO procedures might not deliver aid efficiently. ECHO's procedures were designed to address pressing humanitarian needs in a crisis, rather than the longer-term educational needs of children. This entailed a risk of insufficient multi-annual planning, or insufficient attention to the cost-effectiveness of education. There were therefore good reasons to carry out a performance audit of humanitarian aid for education. The ECA decided to focus the audit on how ECHO managed its increased level of support and whether it was providing value for money.

### **COVID-19 travel restrictions prevented visits to projects in the field**

During the tsunami audit in 2005, we visited projects in the field implemented by ECHO's partners (NGOs and international organisations). For our recent education audit we focused on two countries, Jordan and Uganda, both affected by protracted crises. Jordan had been hosting refugees from the Syrian crisis since 2011, whilst Uganda had been hosting refugees from the civil war in South Sudan since 2014. We planned to visit Jordan and Uganda in March and April 2020 to see how ECHO's partners carried out projects concretely, and to verify the information we had reviewed in documents. However, because of COVID-19 travel restrictions, we had to cancel these visits.

Instead, we held videoconferences with ECHO and its implementing partners in Jordan and Uganda. We based our observations and conclusions on these exchanges, together with our review of documentation (for example, project proposals, monitoring reports and results indicators). During our tsunami audit, there had been no videoconferences. In contrast, during the COVID-19 lockdown, our head of task, Helka Nykaenen, held daily 9 o'clock briefings with the audit team by videoconference. This wholesome practice kept the audit on track and was useful for sharing information, planning work and shaping ideas.

### **The terminology has evolved, but the challenge of linking humanitarian with development aid remains**

Our tsunami report looked into how well ECHO linked emergency relief with longer-term development. At the time, this process was known by the abbreviation LRRD (linking relief, rehabilitation and development). ECHO's aim was to avoid a gap in support and to ensure a smooth transition in the return to stability. We found that the high level of funding after the tsunami enabled ECHO to carry out some high quality relief projects which would help to bridge this gap. It also enabled ECHO to fund rehabilitation projects with a development flavour, such as the construction of boats and a wharf, and training in improved fishing techniques.



ECHO project to restore livelihoods of fishermen in Aceh.



Fifteen years later, ECHO no longer talked about LRRD, but instead referred to ‘the nexus.’ This was short for the humanitarian-development nexus, or the connection between short-term humanitarian aid and longer-term development. During our education audit, we found that ECHO carried out many activities which continued to benefit children after the projects had ended. Building classrooms and training teachers, for example, were similar to development activities.

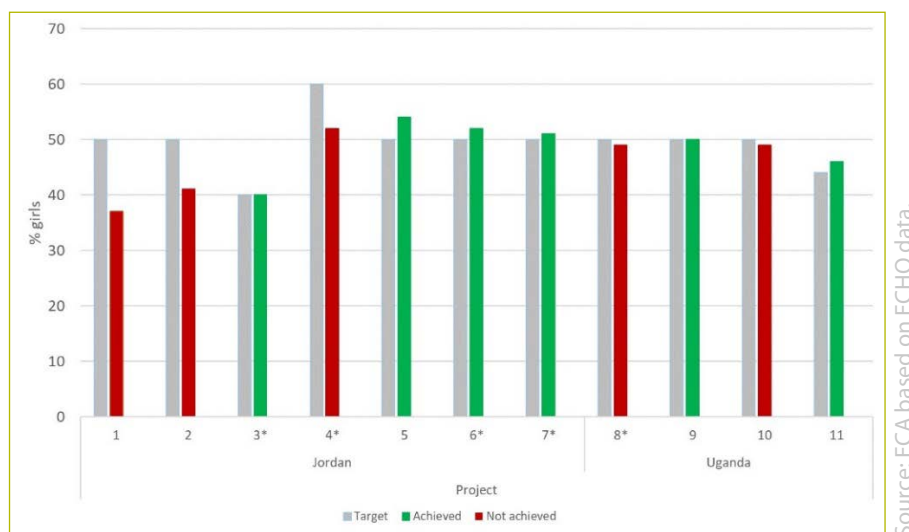
However, the nexus was not so effective in cash assistance projects. These were projects which provided cash to families so that their children could attend school. We found that these projects were not linked to development programmes which could provide more sustainable livelihoods for families and reduce their reliance on cash assistance. Instead, ECHO needed to repeat its projects and provide cash to the same families so that their children could continue to attend school.

### **Our education audit examined gender issues**

In contrast to the tsunami audit, our audit of humanitarian aid for education examined whether ECHO took into account the disproportionate effect of crises on the education of girls. Girls face obstacles accessing education such as stigma, harassment and mistreatment by teachers. They risk dropping out of school because of household work or early marriage, with irreversible effects.

We found some activities which specifically addressed the needs of women and girls. For example, one project helped child mothers to attend classes by providing care for their babies. More generally, however, we found that the proportion of girls targeted did not reflect the greater disadvantages they faced. Furthermore, several projects did not reach the target proportion of girls (see **Figure 2**).

**Figure 2 - Projects did not target enough girls and several did not achieve the target**



Projects ongoing

Source: ECA based on ECHO data.

The [Council Conclusions](#) on our report expressed concern that projects were not targeting or reaching enough girls and called on ECHO to give more consideration to gender equality. The [Working Document](#) to the Parliament’s Committee on Budgetary Control also noted with regret that projects did not reach a sufficient number of girls, despite gender equality being one of the key guiding principles in EU humanitarian aid.

### **One constant between our 2005 and 2020 audits: the need to improve cost analysis**

ECHO accepted all the recommendations of the education report (see **Box 1**) and has already started addressing them.

**Box 1 - Main conclusions and recommendations of [ECA special report 02/2021](#):  
*EU humanitarian aid for education: helps children in need, but should be longer-term and reach more girls***

The main message of the report is that EU aid helped children in need and projects achieved their expected results. They also continued to benefit children after they had ended. However, ECHO did little to reduce beneficiaries' dependence on cash assistance projects. In addition, projects did not reach enough girls. We also found that projects of one year are too short to address children's educational needs in a protracted crisis. In addition, ECHO did not sufficiently analyse project costs to identify opportunities for increased cost-effectiveness.

We recommended that ECHO should increase the sustainability of cash assistance projects; provide more support for girls; provide longer-term funding for education in protracted crises; and improve cost analysis when selecting and monitoring education projects.

Both the tsunami and the education audits recommended that projects should be longer. However, in the case of the tsunami audit, the proposed increase from six to nine months was intended to provide sufficient time to implement emergency operations. For the education audit, our proposal to support projects for at least two years was in order to meet the educational needs of children in protracted crises more effectively.

Despite the many contrasts between the two audits, one constant was the need to improve cost analysis. The tsunami audit recommended ECHO to develop comparative cost information to provide more assurance that it obtained goods and services at a fair price. ECHO agreed with this recommendation. However, ten years later in 2016, the Great Lakes audit ([ECA special report 15/2016](#)) repeated it, as did our education audit in 2021. This time, to encourage implementation, we gave some practical examples of comparisons that ECHO could carry out. For example, we compared two projects to build schools in Uganda, and found that in one it cost almost 50 % more than in the other, to build a similar classroom. By comparing costs in this way, and exploring the reasons for variations, ECHO could provide education for even more children with the same amount of money. Typical advice from an auditor perhaps, but which can make a life-changing difference for the children concerned.

# The ECA auditing other EU institutions' administrative response to disaster: the COVID-19 experience

By Marion Kilhoffer, Financing and administering the Union Directorate



Source: EU

Many organisations have business continuity plans that, fortunately, are not often tested to their limits ... as they are when a real crisis emerges. But the COVID-19 pandemic – an all-too-real crisis – has done just that, having far-reaching effects on the way numerous organisations work, in both the public and private sectors. Marion Kilhoffer is head of task for the ECA's ongoing audit on how resilient the EU institutions' response to the COVID-19 crisis has been, and how they are learning from it. Below she explains how, for this audit, she used existing audit guidance on reviewing disaster management and how this helped to create a readily applicable audit framework.

## Giving 'global' and 'non-discriminatory' disasters a concrete dimension

When we talk about disasters, we think of natural catastrophes: floods, wild fires, earthquakes and, since 2020, pandemics. And when we talk about auditing disaster management, we think of the organisations that are directly involved when a catastrophe happens: emergency services, civil protection, hospitals; or of the policies introduced to mitigate the disaster's effects. But what COVID-19 has taught us is that all organisations, no matter how far removed from the field of natural disaster management, have to be ready to deal with and adapt to the unexpected.

COVID-19 has affected all sectors of society, albeit to varying degrees. And while most audits of public bodies in relation to COVID-19 have focused on specific aspects of governments' policy responses in different sectors, such as health or education, or on the economic costs of furlough schemes, very few if any have centred on how government departments have dealt with the impact disasters have on the way they work.

The European Court of Auditors has published several opinions, reports and reviews on the EU's response to the COVID-19 crisis, for example on health or economic aspects (see page 65). More will follow, including our ongoing audit on the EU institutions' administrative response to COVID-19 and the lessons they have learned, announced on 1 September 2021 as audit preview *Resilience of the EU institutions during the COVID-19 crisis*. When designing the audit, we found that with a little tweaking, a number of existing principles and guidelines for auditing disaster management were perfectly suited to this exercise, despite having been designed with very different organisations in mind.

## **The framework for auditing disaster management**

As the European Commission observed in a 2009 communication<sup>1</sup>, disaster management can be understood as a cycle with four components:

- **Prevention:** taking the necessary steps to prevent the disaster from happening. This includes measures such as large-scale vaccination campaigns to eradicate known diseases, or building dikes and floodgates in areas prone to flooding;
- **Preparedness:** designing response scenarios in case disaster does strike, and testing them regularly to ensure everybody knows what to do. Preparedness covers everything from fire and evacuation drills, to complex exercises such as those coordinated by the EU Civil Protection Mechanism like EU Sequana (Seine and Marne flood);
- **Response:** when disaster strikes, minimising its impacts. This stage comprises actions such as rescue operations and distributing food and drinkable water; or, in the case of COVID-19, non-pharmaceutical interventions (lockdowns);
- **Recovery:** returning the impacted community to normal, building back.

Some models, for example the guidance on auditing disaster management issued by the International Organisation of Supreme Audit Institutions (INTOSAI guidance [GUID 5330](#), updated in 2020) have six components, because they split both *response* and *recovery* into two parts. Under this model, *response* consists of recovery (of property) and relief activities, and national and international response to emergency, while *recovery* consists of rehabilitation and reconstruction. The overall logic remains the same.

Disaster management is a cycle, in the sense that components feed into each other. The lessons learned from the response are used to improve prevention measures and fine-tune preparedness plans, so that if the same event happens again, its impact will hopefully be less damaging.

The above-mentioned GUID 5330 provides guidance on auditing disaster management. It is designed to help supreme audit institutions (SAIs) audit governments' disaster management policies. The guidance also provides some examples of objectives for audits examining the effectiveness and sound design of preparedness activities, the appropriateness of responses, or whether aid pledged has been distributed and has achieved its intended purpose.

The challenge when planning our audit was to see whether this framework was relevant for COVID-19, and how it could be applied to organisations not directly involved in disaster management but nevertheless confronted with the consequences of a disaster.

## **Applying this framework to the EU institutions and COVID-19**

The question of whether GUID 5330 is relevant to COVID-19 was an easy one to answer: pandemics are disasters, and given their scale and nature, they cannot be viewed as risks that an organisation can deal with on its own. Indeed, in our case, the response of the EU institutions was shaped by the decisions taken by the authorities of their host Member States.

To assess whether the guidance on auditing disaster management could be applied to the EU institutions, we had to take a step back and consider it from a broader perspective. As part of their management and control framework, organisations are expected to conduct risk assessments and have business continuity plans (BCPs) in place. That gives us our *preparedness* component. If one of the risks identified in the risk assessment materialises, the organisation is expected to apply its BCP in response. That gives us our *response* component. Disasters are temporary, and organisations will take action to restore what they consider a 'normal' state of affairs – that's our *recovery* component.

The scale of the COVID-19 pandemic was unexpected. But pandemics are not new: in the last 15 years in Europe, we have feared one flu pandemic (H5N1 in 2006) and experienced another (H1N1 in 2009). The Ebola epidemic that raged in West Africa

<sup>1</sup> See [COM\(2009\) 82 final](#), p. 6.



between 2013 and 2016 also impacted the work of the EU delegations in Africa. It was therefore not unreasonable to expect the EU institutions to have contingency plans for epidemics.

With this in mind, we tweaked the disaster management cycle to adapt it to our audit. We ignored the *prevention* component because there was nothing the EU institutions could have done to prevent COVID-19 from impacting them, given that the virus was new and there was no vaccine; and we took *recovery* to mean creating a new normal:

**Figure 1 – Adapting the disaster management cycle**



This allowed us to conceptualise the institutions as miniature governments acting with two aims in mind: self-preservation (ensuring they could fulfil their mandate) and protecting their 'citizens' (i.e. staff). The resulting audit question was framed as follows: 'Have the EU institutions overcome their COVID-19 crisis and emerged more resilient?'

We adapted some of the objectives given as examples in GUID 5330 to define the points we would audit:

**Preparedness**

- existence of a preparedness framework (risk assessments and BCP);
- clear responsibilities;
- regular exercises to test the viability of the BCP and adequate resources to implement it.

**Response:**

- effectiveness of the measures put in place to reduce disruption;
- protection of staff and duty of care.

**Recovery:**

- lessons learned to improve disaster preparedness;
- resilience and long-term consequences.

To maximise the relevance of our audit, we decided to cover the institutions making up the three branches of power: executive (Commission), legislative (Parliament and Council) and judiciary (Court of Justice).

**When auditing the performance of administrations, flexibility and creativity are key**

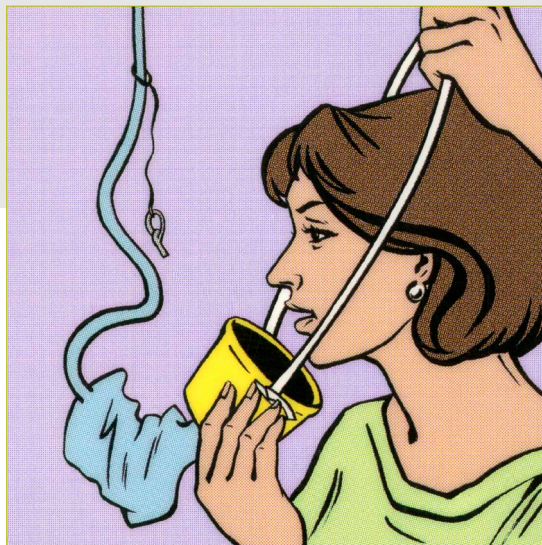
Nowadays, performance audits often focus on public policies and their impact, but less frequently on the inner workings of administrations, or only secondarily: administrations are seen as means of implementing policies rather than as audit topics in their own right.

COVID-19 posed unprecedented challenges to most organisations: they were expected to continue functioning but, almost overnight, had to change the way they were working. There was no template for this, no rules to follow. It therefore took some creativity for us to assess the quality of the EU institutions' response to this challenge and evaluate the level of disruption and the lessons learned to make them more resilient as organisations.

Considering administrative crisis management in isolation from the policy response to COVID-19 allowed us to focus on it and treat it as a form of 'disaster management'. This gave us an audit framework we could rely on, which only required minor tweaks to be readily applicable. By using this framework to look at EU institutions themselves in terms of preparedness, response and recovery, we are also aiming to obtain insights into the lessons they are learning in order to understand what happened and how to do better next time. Because one thing is certain in our post-pandemic world: global emergencies are no longer just a theoretical possibility.

# Responding to an emergency one step at a time: the ECA's COVID-19 story

By Andreas Bolkart, Directorate of the Presidency



What do you do as a public auditor if you can no longer obtain your audit evidence in the traditional way? Or if the topic you had planned to audit appears to become less relevant in the wake of new issues dominating everybody's life? Andreas Bolkart, Principal Manager for strategy, foresight, planning and performance management at the ECA, provides insights into how the ECA has reacted to the COVID-19 pandemic, which has not only changed the way ECA auditors work but also the focus of their work.

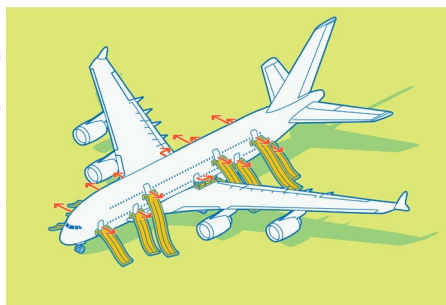
## First step: staying operational

The breakout of the pandemic meant deep operational changes happening from one day to the next, with the need to adjust the audit process for virtually all existing tasks. The work done by the IT, HR and medical services, and other departments, to ensure the smooth functioning of the ECA during the protracted period of remote working was tremendous.

The main and obvious obstacle was that we had very limited possibilities to carry out audits on the spot, due to tight travel and public health restrictions. These limitations affected the verification of physical and documentary evidence, as well as the possibilities of interviewing auditees and stakeholders personally. They hit us particularly hard, as EU auditors, as by default we do our work across the (currently partially closed) borders.

However, resorting to a fully digital mode of auditing worked relatively well and allowed us to stay practically fully operational, even if one principle is very clear: enhanced use of digital tools cannot lead to compromises on the soundness of evidence. The ECA's methodological guidance leaves no doubts about this: 'In times of crisis or emergency auditors are still expected to conduct audits in full compliance with audit standards, even under challenging working conditions. Balance is needed between ensuring flexibility in working arrangements, while minimising risks to audit quality.'

Source: anilyanik/Getty Images



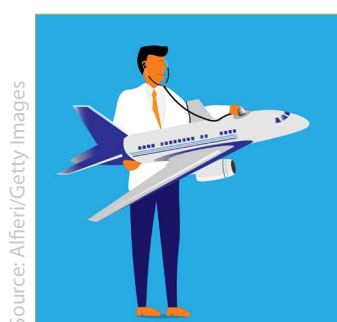
## Second step: quickly reorient and provide orientation

Within the first weeks of the COVID-19 pandemic, the ECA assessed its audit environment and concluded that a [rapid revision of the 2021 work programme](#) was necessary for two reasons: to adjust ongoing work to the new working conditions and to include a first analysis of the EU crisis response measures.

An important dimension of our immediate response to the EU's handling of the crisis was issuing opinions on COVID-19-related EU legislation. Seven out of the ten opinions we published in 2020 concerned legislation amended or established as a reaction to the COVID-19 crisis. We issued the opinions following urgent requests by the Parliament or the Council and highlighted in them risks related - among other things - to the design, monitoring and accountability arrangements of the crisis instruments.

[Opinion 6/2020](#) had a particularly broad scope and novel nature, as it covered the legal basis of a newly established crisis-response mechanism: the Recovery and Resilience Facility (RRF). This innovative new instrument offered new opportunities, but also entailed risks, which we highlighted in the opinion. To address them, we proposed a number of improvements to the draft legal framework aimed at ensuring *additionality* and *coordination* of the RRF with other EU funds, linking more closely the RRF's objectives of recovery and resilience with the allocation keys, reducing the administrative burden and strengthening accountability. The final text of the RRF regulation brought improvements in particular with regard to accountability and audit rights, showing our opinion had a direct impact.

As part of our immediate response, we also published two in-depth reviews of the EU's actions, focusing respectively on the [economic response](#) to the COVID-19 outbreak and [public health](#) (see page 65). They offer a comprehensive analytical picture of the EU's crisis reaction, map all key actions taken by the EU, highlight risk areas for the management of the crisis, and constitute a basis for our in-depth audits in the future. They are examples of issues covered by EU supreme audit institutions' first assessments of the response to the pandemic as reflected also in the [Audit Compendium – Response to COVID-19](#), published in July 2021 (see also page 88).



Source: Alfieri/Getty Images

### Third step: designing a comprehensive response for the medium and long term

The COVID-19 pandemic triggered an unprecedented and complex response from the EU. There are many aspects that make this process distinctive: the number of institutions involved, the amounts of finance at stake, or the range of policies concerned.

Therefore, we have started preparing a medium-term response aimed at comprehensive audit coverage of the EU's COVID actions. The [ECA's strategy 2021-2025](#) - adopted in January

2021 - underlines the ECA's full mandate to audit all EU institutions and bodies set up by the Treaties, but also all intergovernmental structures that are of key relevance to the functioning of the EU's current and future architecture. The strategy also commits the ECA to ensuring, through a multi-annual programming approach, good coverage of new initiatives such as the management of the 'Next Generation EU (NGEU) and to providing strong assurance on it.

The ECA's work programme constituted the next step in the direction of providing a thorough analysis of the crisis response. Our [work programme for 2022](#) will continue on that path. We currently have the following audits ongoing, which will be published in 2022 or early 2023.

Handling of the COVID-19 crisis:

- COVID-19 vaccine procurement by the EU;
- EU health and medical agencies' response to the pandemic;
- EU Support to mitigate Unemployment Risks in an Emergency (SURE);
- right to free movement in the context of the COVID-19 crisis;
- resilience of EU food supply chains during COVID-19; and
- operational resilience of the EU institutions and bodies during the COVID-19 crisis.



Next Generation EU – the €750 billion EU post-recovery instrument:

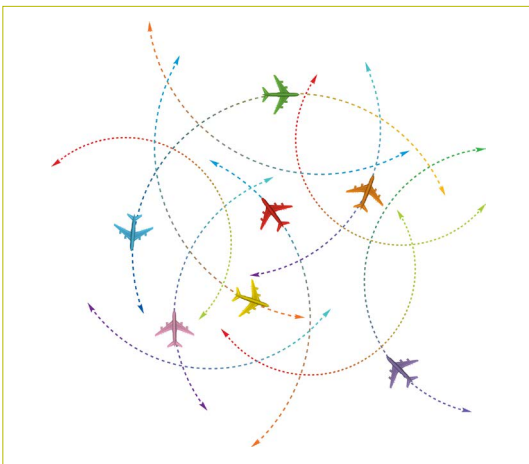
- assessment of the recovery and resilience plans of the Member States, which form the basis for receiving funds;
- design of the Commission's control system for Recovery and Resilience Facility to ensure Member States have fulfilled the conditions for payments and are protecting the EU budget;
- debt management at the Commission when raising the necessary NGEU funds on the financial markets;
- coronavirus Response Investment Initiative (CRII/CRII+) and React-EU; and
- review of the risk and opportunities of the interaction between EU cohesion funds and the Recovery and Resilience Facility.

In addition, we intend to start more work to assess whether NGEU funds were indeed rapidly absorbed in Member States, and whether the instrument is truly performance-based, e.g. rewarding effective implementation of reforms and investments. At Member State level, we intend to assess their control systems to ensure implementation of reforms and investments and the protection of EU funds against fraud, and take a closer look at the implementation of national recovery and resilience plans.

Auditing a crisis - or rather a reaction to it - is a great challenge for auditors. It involves overcoming technical difficulties, but above all a balanced approach to assessing the work of those managing the crisis. Possibly, the incentives to take shortcuts in procedures and controls are unusually high, and the emergency and rapidly expanding budgets can pave the way to fraud. All these circumstances call for more intensive audit scrutiny instead of less.

While trying to live up to this expectation, we need to keep in mind that the crisis response mechanisms have been developed under extreme pressure and, at EU level in particular, their success depends on densely intertwined networks of cooperating institutions and many uncontrollable factors. This in turn calls for great caution in attributing responsibility for flaws in the design of instruments or for missed objectives. Such flaws may include weaknesses in the accountability and transparency design of these crisis response mechanisms, possibly leading to longer-term accountability gaps.

Source: lvcandy/Getty Images



**Covid-19 pandemic – a game changing emergency**

Overall, it seems fair to say that the ECA's reaction to the COVID-19 crisis was fast and effective. We remained operational, took the first decisions about amending the work programme within weeks, published the first products within a few months of the outbreak of the pandemic and have a comprehensive mid and long-term response in the pipeline.

At the same time, the crisis has forever changed the way we collaborate internally and interact with auditees and stakeholders externally. This showed great opportunities for efficiency but also

some risks to audit accuracy or thoroughness and the depth of external relations.

The EU's comprehensive crisis response significantly expanded our audit field and this for many years to come. The challenge for the next months and years will be to come up with balanced audit findings and recommendations which support the work of those coordinating and managing the crisis, while promoting accountability and a fast learning curve in the design, execution and impact of the measures taken and those still ahead of us.

# Emergency situations: auditors must factor in specific risks

Interview with Bertrand Albugues, ECA Director

By Gaston Moonen



Bertrand Albugues

Emergencies and crisis management can affect many policy areas, as the COVID-19 pandemic has shown. However, humanitarian aid to non-EU countries represents a large proportion of the disaster-related aid provided by the EU. Within the ECA, the 'External action, security and justice' directorate is responsible for auditing humanitarian aid, led by director Bertrand Albugues. Here, he explains the peculiarities and challenges of auditing humanitarian aid and emergency situations in non-EU countries.

### Emergencies often strike less resilient areas

*Your audit directorate has done various audits regarding emergency situations. What were the topics covered in this respect and is there a common thread that can be identified in the problems detected and recommendations made?*

**Bertrand Albugues:** In recent years, we have covered emergency-related issues through quite a number of audit tasks, related among others to the humanitarian aid provided to populations affected by conflicts in the African Great Lakes Region ([special report 15/2016](#)); the Union Civil Protection Mechanism ([special report 33/2016](#)); the 'hotspot' approach in the EU response to the refugee crisis ([special report 06/2017](#)); the Bêkou EU trust fund for the Central African Republic ([special report 11/2017](#)); the Facility for Refugees in Turkey ([special report 27/2018](#)); the European Union Emergency Trust Fund for Africa ([special report 32/2018](#)); the transparency of EU funds implemented by NGOs ([special report 35/2018](#)); the asylum, relocation and returns of migrants ([special report 24/2019](#)); and, most recently, EU humanitarian aid for education ([special report 02/2021](#)). In the context of the COVID-19 pandemic, we are currently carrying out an audit on free movement, which will determine whether the Commission took

effective action to protect the right of free movement, including the functioning of the Schengen agreement.

With regard to our past audits, we could indeed identify a number of recurring topics in our recommendations. The first and maybe most important topic relates to the crisis preparedness of EU institutions and agencies, which need to have the capacity and the tools to respond to emerging crises. We have also made recommendations to improve the selection of EU action implementing partners, who should have the right capacity, systems and procedures, enabling them to act effectively and efficiently when a crisis arises and to deliver value for EU money.

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*[on issues recommended by the ECA] improve the selection of EU action implementing partners...*

When a crisis arises, responders have to act with urgency and decisions have to be taken quickly. In case of extreme urgency, the EU financial rules provide that the Commission may have recourse to exceptional public procurement procedures. As auditors, we pay particular attention to the fact that recourse to such procedures does indeed remain exceptional, as they come with additional risks in terms of value for money.

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*... we pay particular attention to the fact that recourse to such [exceptional public procurement] procedures does indeed remain exceptional...*

We also assess whether decisions made were preceded by adequate needs and cost analysis, taking into account the particular circumstances of the crisis and whether these measures were well coordinated with other key players, including civil protection and humanitarian assistance providers. Another issue that might frequently arise in our recommendations is the need to ensure the sustainability of EU action results and to improve the link between emergency relief operations and possible further action for rehabilitation and development.

Finally, we have made recommendations aiming to improve monitoring and reporting systems. Such systems are critical in enabling timely and effective decision-making. They are also key in enabling subsequent evaluation of EU action and drawing lessons from past action to better prepare and respond to new crises.

*Your audit directorate audits various aspects regarding EU external action programmes. How does auditing emergency actions, for example employed by DG ECHO or the EU Civil Protection Mechanism (but outside the EU), differ from auditing other EU external action programmes?*

**Bertrand Albugues:** Emergencies often result from natural disasters, like droughts, floods or diseases, or human-caused disasters, like armed conflicts, which create difficult environments to operate in, including for our auditees and for our auditors. Furthermore, the situation on the ground can be volatile. Disaster response often implies a diversity of partners, ranging from local governments and NGOs to international organisations, all of these interacting in a potentially unstable situation.

Auditing emergency actions outside the EU means dealing with risk factors that you would not encounter while auditing 'internal' EU policies. Countries affected by disasters are often affected by legal, social and political instability, weak administrative capacities, large-scale economic crisis or instability, or endemic fraud and corruption. At the time of planning our audit work, we need to factor in all those parameters, in order to design a relevant and realistic audit, while managing risks for our auditors and minimising the burden as much as possible for our auditees, who are busy responding to the crisis.

When auditing emergency actions, we pay particular attention to checking whether the EU aid reaches the most vulnerable in a timely manner. Also, in an emergency context, spending decisions are streamlined and this is a good thing, but as auditors we need to verify that aid is provided at a reasonable cost. This is not always easy to assess, because every emergency crisis is different and thus benchmarking is not always possible.

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*... every emergency crisis is different and thus benchmarking is not always possible.*

## Learning from tough circumstances, even when audit is difficult

*Where do you see new opportunities for ECA auditors, and public auditors in general, to assess crisis management action, given the spotlight on the topic due to the COVID-19 pandemic and related programmes? Do you think there will be more interest and attention?*

**Bertrand Albugues:** Once a crisis is over, people often feel the need to move ahead. The human mind might also have a natural tendency to forget crises once they are over, to focus on what lies in the future, rather than on bad memories from the past. This can be a good thing. However, it may be useful to look back into how a crisis unfolded and how it was dealt with. Through their methodical work and their recommendations, auditors can contribute to drawing lessons, building experience and taking action, so that the EU is better prepared when the next crisis arises.

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*The human mind might also have a natural tendency to forget crises once they are over, to focus on what lies in the future...*

On the scale of a human life, and due to its far-reaching social and economic consequences, the COVID-19 pandemic is rather extraordinary. In that regard, it can certainly help us draw unique lessons in order to improve the way the EU deals with future challenges.

*You have been the director responsible for the audit of 'External action, security and justice' since December 2020. How did the COVID-19 pandemic affect your auditors' work and their capacity to carry out audit visits?*

**Bertrand Albugues:** When I became Director for this audit domain in December 2020, we had been working under the COVID-19 regime for more than eight months. While we managed to carry out nearly all the planned audit visits for the 2019 Statement of Assurance (SoA) audits relating to our financial and compliance audit tasks, we could only perform a very limited number of audit visits for the 2020 SoA audits. And this was only for the Multiannual Financial Framework (MFF), heading 3, 'Security and citizenship,' where audit visits take place in Member States. This affected our SoA work on MFF heading 3. The most significant area of expenditure concerned the Emergency Support Instrument (ESI), which in 2020 accounted for just over 40 % of the total spent under this MFF heading. This instrument aims to help EU Member States address the COVID-19 pandemic by funding, among other things, the cross-border transfer and transport of patients, medical staff and essential medical items; research into and production of vaccines and treatments; and the development, purchase and distribution of testing supplies.

The COVID-19 pandemic most significantly affected our SoA audit work on MFF heading 4, 'Global Europe', and on the European Development Funds (EDF). In these two areas, EU funds are spent in third countries and access to audit evidence is generally more difficult than it is within the EU. The difficulties in obtaining access to the audit evidence were further increased because our auditees were themselves subject to restrictive measures such as distance working. Like many colleagues in the ECA, we replaced audit visits by desk reviews and we used e-mail exchange and video conferences as the main means of communicating with our auditees.

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*[on obtaining access to audit evidence]... our auditees were themselves subject to restrictive measures such as distance working.*

For performance audit tasks, we also had to replace many audit visits by video conferences. For instance, for [special report 02/2021](#) relating to EU humanitarian aid for education, we carried out the audit between November 2019 and June 2020. Due to the COVID-19 pandemic, we could not visit projects in the field. We held interviews with Commission staff in Brussels before the travel restrictions were introduced. We then held video conferences with employees of the Commission and implementing partners at their headquarters and in the field in Jordan and Uganda.

## Emergencies challenge numerous processes, with potential risks for accountability

*Emergency aid and action is often executed in haste, perhaps creating a need to cut corners on accountability, and working with pre-set arrangements that might not always be the most economical and effective, with constraints such as time, consistency between programmes*



and actors, shortages and large sums involved with potential for misuse. We have also seen that after serious emergency situations, instruments are often set up that disregard or weaken proper audit arrangements – think about financial supervisory arrangements after the financial crisis, or most recently, following the pandemic, new instruments set up outside the EU budget. Can emergency situations conceptually weaken audit rights and capabilities and potentially weaken accountability?

**Bertrand Albugues:** By definition, a crisis can challenge the existing political, financial and legal systems, and motivate all public players to review their policies. This often requires far-reaching legislative changes and a rapid reallocation of resources to where they are most immediately needed. The Next Generation EU (NGEU) and Recovery and Resilience Facility (RRF) instruments are clear examples of such a situation. In particular, the RRF marks a major shift in how EU spending will be financed during the 2021-2027 MFF. Auditors need to accompany such developments by drawing attention to the risks in terms of transparency and accountability, including possible limitations to their own mandate. In the particular case of the RRF, the ECA's [opinion 06/2020](#) highlighted the risks to our audit's mandate and recommended, for reasons of clarity, that a specific provision should be inserted in the proposed regulation which would clearly provide for our right of audit for the grants as well as the loan component of the RRF. Our overall ECA strategy for 2021-2025 recognises the need for us to closely follow the changes related to the new MFF and the NGEU initiative, which will be far-reaching and affect the financing and use of the EU budget, and to adapt our audit approach.

“... a crisis can challenge the existing political, financial and legal systems, and motivate all public players to review their policies. (...) Auditors need to accompany such developments by drawing attention to the risks in terms of transparency and accountability...”

Several audit institutions employ new means to address the call for fast feedback on emergency measures taken, by means of rapid and/or real time audits. Different audit institutions may label these as investigations, focus audits, facts-only audits, ad hoc audits, etc.). Is this issue also present in the ECA reviews and do you think it can apply to auditing EU external action relating to emergencies?

**Bertrand Albugues:** Fast feedback is something that we recommend to our auditees, so that prompt and realistic action can be taken. In programming our work, we focus on allocating our resources to where they can add most value; this means selecting audit tasks that are relevant and timely. In this context, some of our audits are indeed performed while the audited actions are still underway. One example is our current audit on free movement, to which I referred earlier.

So while there is indeed room for carrying out such audits, we need to approach these with particular care, so that we can carry out our work without disrupting our auditees' equally important work. We also need to preserve our independence by carefully remaining in our auditor role. In other words, auditing close to the action can present big advantages in terms of relevance, but only as long as the audit does not disrupt the action and there remains a clear distinction between the auditor's duties and those of the auditee.

“... auditing close to the action can present big advantages in terms of relevance, but only as long as the audit does not disrupt the action...”

### Multiple policies require audit prioritisation

Your directorate is responsible for several MFF budget headings relating to Migration and Border Management (MFF4), Security and Defence (MFF5), Neighbourhood and the World (MFF6), the Union Civil Protection Mechanisms and some instruments related to citizenship and justice (MFF2). On top of that, you might have new audit tasks in view of the RRF. What are your resource constraints for auditing emergency situations related to humanitarian aid, how much audit capacity can you actually allocate to this area?

**Bertrand Albugues:** Indeed, we have a large and diversified audit domain. Apart from migration, humanitarian aid and civil protection policies, our audit domain includes pre-accession and neighbourhood policies, development, cooperation and foreign policy, defence, nuclear decommissioning, borders and internal security, and citizenship and justice policies.

Most of these policies are only indirectly related to the RRF and, compared to other audit chambers of the ECA, the RRF is likely to have a relatively limited impact on our audit activity. This being said, the EU Civil Protection Mechanism, which is in our audit domain, will receive substantial additional funding under the NGEU, which will require us to increase the attention that we pay to this instrument.

About half of our directorate's audit resources are dedicated to SoA audits, to the audit of the European Development Funds and, up to now, to the annual report on performance. The other half focuses on performance audits. Through the ECA's annual work programming exercise, we aim to allocate these resources to where they can add most value, taking into account a broad variety of factors, including our assessment of the risks to the EU interests, audit and evaluation coverage, as well as our stakeholders' interest. So indeed many constraints to take into account when deciding where to allocate our audit capacity.

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... many constraints to take into account when deciding where to allocate our audit capacity.

*The ECA issued a special report in 2017 on the EU Civil Protection Mechanism (UCPM), concluding that the coordination of responses to disasters outside the EU was broadly effective. In 2020, the ECA issued an opinion regarding the new Commission proposals for the EU Civil Protection Mechanism. Do you foresee another audit on this Mechanism, also in view of its role in relation to climate change events (wildfires, floods) and outside the EU coordination with EU emergency aid issues? Or do you envisage audits relating to a whole different kind of emergency – for example health or cybersecurity?*

**Bertrand Albugues:** Budgetary resources allocated to the Union Civil Protection Mechanism for the next MFF period exceed €3 billion. This includes a reinforcement of €2 billion provided under the NGEU in order to expand and strengthen the UCPM, so that the Union is better equipped to prepare for and respond to future crises. Things will keep happening around the UCPM. For example, the Commission recently launched the European Health Emergency preparedness and Response Authority (HERA) to prevent, detect, and rapidly respond to health emergencies. HERA will have €6 billion funding in 2022-2027 from several EU programmes, including the UCPM. The UCPM is a key instrument in our audit domain and we will certainly keep considering it in future years when selecting new audit tasks to feature in our work programme.

With regard to your second question, we are currently carrying out an audit on *hack-proofing* EU institutions, which aims to assess the state of cybersecurity governance and preparedness in the EU institutions and agencies to handle cybersecurity incidents. We also have

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... we are currently carrying out an audit on hack-proofing EU institutions...

an audit on climate change and development aid, which will assess the effectiveness of the Global Climate Change Alliance Plus (GCCA+) in helping the most vulnerable countries to mitigate risks and adapt to the changes. In January 2021, the ECA published [review 01/2021](#) on the EU's initial contribution to the public health response to the COVID-19 pandemic and in 2022 others will follow in relation to measures taken regarding the pandemic.

### Prevention instead of cure as focal point of audit work

*Emergency situations can become long-term situations, as we see in ECA [special report 02/2021](#) relating to EU humanitarian aid for education, or situations in refugee camps. Where should we draw the line between emergency aid and development aid, and what could auditors do in relation to crisis prevention? For example, [special report 32/2018](#) focused on the EU Emergency Trust Fund for Africa, a fund aiming to foster stability and better manage migration by addressing the root causes of destabilisation, forced displacement and irregular migration. Is this an example that can be further explored?*

**Bertrand Albugues:** Your question includes many elements, all of which raise complex issues. Development aid is the traditional approach to developing third countries' resilience to crises. After the outbreak of a crisis and the international community's reaction to it comes the time to focus again on the development path. For this purpose,

there are two main ways. The first one is by addressing the root causes of emergencies. This requires a robust and up-to-date needs and gaps analysis to focus EU action on where it can add most value. We addressed such issues in our special reports on the Bêkou Trust Fund ([special report 11/2017](#)) and the EU Emergency Trust Fund for Africa ([special report 32/2018](#)). The second way is by linking relief, rehabilitation and development. We focused on this in our special report on EU support for rehabilitation following the earthquake in Haiti ([special report 13/2014](#)) and, earlier, our special report on rehabilitation after the Tsunami and Hurricane Mitch ([special report 06/2008](#)).



*[on ways to improve resilience to crisis] The first one is by addressing the root causes of emergencies. (...) The second way is by linking relief, rehabilitation and development.*

Our special report on Haiti and our previous special report on the EU Emergency Trust Fund for Africa illustrate well the need to link relief, rehabilitation and development. This is a key aspect to consider when aiming to improve EU aid sustainability, including, for the long term, EU emergency aid sustainability. For the ECA's [work programme for 2022+](#), we are considering a new audit on addressing root causes of migration in Africa that would assess whether projects implemented through the EU Emergency Trust Fund for Africa have achieved their intended results, while respecting basic human rights. Not easy objectives to achieve or to audit.



# The Contact Committee Audit Compendium on the response to COVID-19

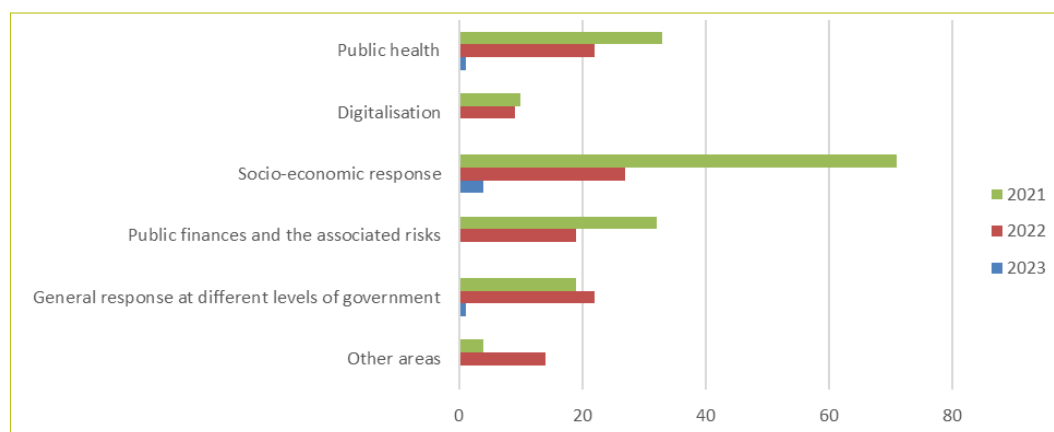
By Daniel Tibor, Directorate of the Presidency

The COVID-19 pandemic is an emergency that has triggered a broad range of measures, and is still doing so, at many levels in society. The global crisis has considerably affected the work of supreme audit institutions (SAIs), which have allocated substantial resources to assess and audit the actions taken regarding the pandemic and its consequences. The Contact Committee of the SAIs of the EU has issued its 2021 Audit Compendium focusing on the response to the COVID-19 crisis. Daniel Tibor is a senior institutional relations officer at the ECA and in this capacity has guided the production of the *Audit Compendium on the response to COVID-19*. Below he provides more information on the SAIs' pertinent audit activities, the main issues covered in the Audit Compendium, and how it came about.

## EU supreme audit institutions reacted swiftly to COVID-19

The COVID-19 pandemic is one of the most disruptive health crises in human history with a major impact on societies, economies and individuals everywhere. The pandemic has, of course, also considerably affected the work of EU supreme audit institutions, which had to cope with several limitations in their daily work. Nevertheless, they reacted promptly and have undertaken many audit and monitoring activities related to COVID-19. Already in 2020, they completed 48 audit activities and more than 270 (see **Figure 1**) have been either finalised in 2021, are still ongoing or planned for the months and years ahead.

**Figure 1 - Overview of audit activities 2021-2023 in the EU**



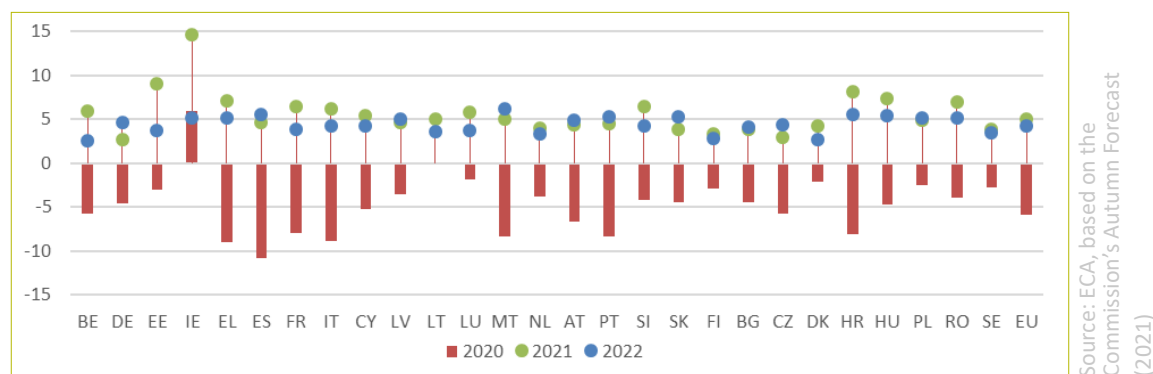
## COVID-19 pandemic - impact and response at national and EU level

Overall, the impact of the pandemic on the EU and Member States has been substantial, disruptive and highly asymmetric (see **Figure 2**). However, its timing, extent and exact nature have varied greatly across the EU. In most areas severely affected by the pandemic, the EU has only limited power to act. This is partly because competence for public health is not exclusive to the EU, and partly because there was little preparedness or consensus among Member States on a common response. Due to the initial lack of a coordinated approach, governments acted independently when putting in place prevention and containment measures, procuring equipment or setting up recovery packages and job retention schemes to mitigate the socio-economic consequences.

Nevertheless, after a difficult start, the EU and Member States seem to have improved their cooperation to mitigate the socio-economic effects of the crisis. With the agreement on the *Next Generation EU* recovery instrument, the EU and Member States have not only shown a great deal of solidarity, but also ventured into uncharted territory to tackle the long-term challenges of the pandemic.



**Figure 2 - Real GDP growth in the EU in 2020, forecasts to 2022**



Note: percentage change on preceding year.

### The Contact Committee Audit Compendium on the response to COVID-19

In July 2021, the Contact Committee<sup>1</sup> published a fourth edition of its Audit Compendium series, which has proven to be a useful tool for enhancing SAI communication with and raising awareness of EU citizens and relevant stakeholders about the SAs' audit work in different policy fields, this time addressing the [response to COVID-19](#). Previous editions addressed [youth unemployment](#) (2018), [public health](#) (2019) and [cybersecurity](#) (2020).

With the fourth edition, the Contact Committee is now providing information on the impact of and the response to the pandemic at national and EU level, and gives an overview of the pertinent audit work carried out and published in 2020. It draws on the results of audits carried out by the SAs of Belgium, Cyprus, Germany, Latvia, Lithuania, the Netherlands, Portugal, Romania, Slovakia, Sweden and the European Court of Auditors, and contains summaries of 17 reports out of those 48 published in 2020. Each summary gives context and reasons for the audit activity, as well as some principal findings and conclusions. They are grouped into five priority areas:

- public health (e.g. addressing public procurement of personal protective equipment or the impact on statutory health insurance);
- digitalisation (e.g. addressing remote learning and working);
- socio-economic response (e.g. addressing job retention schemes, guarantees and loans);
- public finances and risks (e.g. addressing budget implementation and fiscal policies); and
- general response at different levels of government (e.g. addressing public services and support at local level).

This Audit Compendium reflects the EU SAs' immediate response to the crisis. Since their conclusions cover not only a broad range of audit topics at different levels of government, but also reflect various types of assessments and audits, it would be difficult to synthesise a set of general audit conclusions. At an aggregate level, however, there is consensus that the pandemic caused a multidimensional and asymmetric crisis that has affected nearly all areas of public and private life, be it (public) health, economic activity, labour, education or public finances. Any assessment of its overall impact can only be – at best – rather tentative at this stage, given that many audit and monitoring activities were carried out while the situation and the events were still unfolding.

<sup>1</sup> The Contact Committee is an autonomous, independent and non-political assembly of the heads of SAs of the EU and its Member States. It provides a forum for discussing and addressing matters of common interest relating to the EU. By strengthening dialogue and cooperation between its members, the Contact Committee contributes to an effective and independent external audit of EU policies and programmes.

### **Quick, but not dirty – new process approach shortened lead times**

Besides its topics and the broad coverage of audit work, this fourth edition is remarkable in several other ways. Not only is it the first edition resulting from the *EU Network Audit*, a relatively new approach to international audit cooperation (see **Box 1**), but also the most topical one, as it addresses very recent events and pertinent SAI publications, whereas previous editions looked back over longer periods. At the same time, it is the quickest Compendium so far, with only a few months production time, despite the complex process and the lockdown conditions.

As for previous editions, the ECA took on the drafting of the general parts on the impact and response, and coordinated and managed the production process, from defining the key aspects and agreeing with the SAIs on their contributions, via translating them into English, to streamlining and clearing them for publication. For research, assessment and analysis we closely followed the daily developments and took into account new (scientific) insights, which required us to continuously amend, reassess and redraft the contextual information on impact and response, to update databases and redesign visuals and graphs.

Once formatting and layout had been checked, rechecked and refined, and the final English version formally approved and published, the task was still not complete. The full English version still had to be translated into the other 23 official EU languages, which subsequently necessitated various adaptations of the format and layout, and kicked off another round of checking and liaising with the EU SAIs to make sure that the quality of the English original had been preserved in all language versions.

#### **Box 1 - EU Network Audit**

Within the framework of the Contact Committee, the EU Network Audit is a strategic approach to maximising the impact and visibility of the Contact Committee and its member SAIs' audit work at national and EU level. It starts with the identification of relevant policy areas or exceptional events, which have or are highly likely to have a significant impact on our societies, and on which interested SAIs decide to carry out related audit work in a given period. At the end of the period, the participating SAIs strive to concert their communication activities in order to publicise the results.

The means to do so can be manifold, be it in the form of an Audit Compendium (as it was done this time), be it in a management letter, a Contact Committee statement or press conference, be it a high-level conference or a seminar at working level, or some coordinated social media activities.

Given the disruption the pandemic has caused and its foreseeable mid to long-term impact on the EU and its Member States, the pandemic lent itself as an obvious theme for this new type of cooperation.

### **Sharing experiences to have impact**

Looking back at the beginning of the project, the tight deadlines and difficult, sometimes also frustrating, tasks (such as rewriting five pages due to new figures and scientific findings), it is with great satisfaction and gratitude to all those involved that I hold my paper copy in my hands. Sharing experiences aims to improve the learning curve in audit and government action, particularly relevant in emergencies where fast learning can make a serious difference. On behalf of the ECA's liaison team, I would like to seize the opportunity to thank the SAIs for their very smooth cooperation and responsiveness, and my ECA colleagues for their dedication, flexibility and patience. In the end, I think it was definitely worth the effort, and I can only hope the reader of our latest Audit Compendium will agree.

# 'Auditing accidents waiting to happen'

## Interview with Arno Visser, President of the Netherlands Court of Audit

By Derek Meijers and Gaston Moonen



Source: Algemene Rekenkamer

Arno Visser

The COVID-19 emergency has been a test for many organisations on how to function, and supreme audit institutions (SAIs) have been no exception. But for several of them the issue goes well beyond just business continuity, since the pandemic has also been a litmus test on how to provide the most added value to decision-makers in times of crisis. In challenging circumstances, how can an SAI be seen – and used – as a partner for improvement? We interviewed Arno Visser, President of the Algemene Rekenkamer – the Netherlands Court of Audit – to find out about his SAI's strategic focus on auditing ongoing processes rather than past events, how this helps with the need to shift quickly when emergencies occur, and how accountability principles can be upheld even in crisis situations.

### Focus on agility

This interview with Arno Visser took place shortly before he completed sixth year as President of the Netherlands Court of Audit (NCA). Following a career in the private sector, local politics and the Dutch parliament, Arno Visser became a Member of the NCA, of which he was appointed President in 2015. Since then there have been a number of disasters and emergencies in the Netherlands and around the world – not only the COVID-19 pandemic, but also storms, floods and humanitarian disasters.

When asked about the implications of crisis situations for public audit and their impact on transparency and accountability, Arno Visser immediately recalls the MH-17 disaster, the national tragedy in which a Dutch passenger airliner was shot down by Russian-backed rebels above eastern Ukraine in July 2014. Or hurricanes Irma and Maria, which caused major floods and large-scale destruction in the Dutch Caribbean. 'Thanks to changes

in the way the NCA operates, from a more traditional supreme audit institution to one that can respond in a more agile way to current events and that can provide parliament with more relevant reports, we have been able to cover those catastrophes with significant work', says Arno Visser. 'And this has made our reports more timely, usable, valuable for our stakeholders.'

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*Thanks to changes in the way the NCA operates (...) our reports [are] more timely, usable, valuable for our stakeholders.*

According to the NCA President, an example of that changed approach and culture is that the Dutch SAI programmes its audits every month, rather than on a yearly basis, which is the more common practice among SAIs. 'We work with a rolling planning schedule, which allows us to discuss and, if necessary, adjust our audit programme every month. This approach has taught us a sort of mental flexibility that enables us to be more responsive and put certain topics on ice when current affairs compel us to change direction. And as an agile SAI, we have positioned ourselves to focus on ongoing processes instead of auditing things that happened in the past, and in this way we can make a contribution to accountability and good governance when our auditees are still in a position to adjust their course.'

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*... an agile SAI, we have positioned ourselves to focus on ongoing processes instead of auditing things that happened in the past...*

### Auditing preparedness and prevention

The method increasingly used by NCA auditors is known as *preparedness review*. As an example of a topic that is very suitable for this approach, Arno Visser mentions the UN Sustainable Development Goals (SDGs). 'Just like so many countries worldwide, the Netherlands will work towards achieving the objectives of the SDGs for the coming 30 years. It would not make much sense to wait until after that period to start auditing the measures taken in that context. Therefore we are auditing the related programmes now, to see if the Netherlands is well placed to address the SDGs.'

He explains that the NCA has taken the same approach to Brexit, its auditors having analysed the Netherlands' preparedness for the UK's exit from the EU three years before it actually happened, and the critical topic of cybersecurity. 'The latter topic is a good example of auditing preparedness. Some audit institutions might find that exceptional but we think it is normal, as part of risk management assessment and disaster prevention. We have carried out audits on cybersecurity in sectors that are critical for society. Based on long experience of auditing information security compliance in central government, we saw added value in auditing the performance of policies and measures in practice.' He refers to the first two sectors audited, water management and automated border controls. 'The first being vital for a nation largely below sea-level, and the second due to the position of Amsterdam Schiphol Airport as an international hub and gateway to the country.'

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*... auditing preparedness (...) we think it is normal, as part of risk management assessment and disaster prevention.*

The NCA President points out that this approach often prompts interesting discussions on the timing and role of SAIs with his colleagues throughout the EU. 'We are one of the few SAIs that aim to make a contribution when events are still taking place and policies can still be adjusted, and I think this mind-set is also particularly important when it comes to auditing disaster relief measures, because, as auditors, we need to add value today!'

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*... as auditors, we need to add value today!*

According to Arno Visser, an interesting consequence is that this method enables the NCA's auditees to solve problems as they occur. 'Perhaps this is not what has been traditionally called real-time audit, but we try to communicate audit findings when they can still have an impact. This can mean that, instead of publishing a report after concluding our work, we need to share confidential information with our auditee and point out major risks before they materialise. Literally to reduce risks ... on time!' He emphasises that this has revamped his SAI's role of being a trusted third party, helping to increase its impact, as auditees understand they can benefit from the auditors' information to plug gaps in the system before they cause bigger problems.



## COVID-19 and lessons learned from the past

In Dutch, there is a saying ‘Nood breekt wet’ (necessity knows no law). A phrase which the executive sometimes utter to explain questionable decisions and justify the need to cut corners on rules and accountability requirements in times of crisis. And it is a phrase used by governments around the globe when criticised about their response to the COVID-19 pandemic, which simultaneously affected the audit work of SAs worldwide.

‘For the NCA, the pandemic has had as much of a systemic impact as on any other institution,’ says Arno Visser. He recalls discussing with NCA management and staff what the sudden measures and the nationwide lockdown meant for the democratic system, and how the SAI should react. ‘One of our principles was that we should not get in the way of the crisis manager addressing the crisis, but focus more on how our knowledge and experience can help to solve crises. Our first questions were which past audits could be relevant under these circumstances, which topics we should look into right away and which should wait until after the pandemic has been brought under control.’ He explains that the NCA then started to answer each question in order to define how it should reflect the global health crisis in its audit programme. ‘One of the first consequences for us as public auditors was that we had to redraft parts of our annual report, which we published in May 2020. This was necessary as, given the major disruption and system-altering impact of COVID-19, issues from 2019 were no longer relevant enough to be included.’



*Our first questions were which past audits could be relevant under these circumstances...*

Another NCA contribution to the Dutch government’s response to the pandemic was its collection of lessons learned from past crises. ‘We immediately compiled information from our audit reports, but also parliamentary inquiries from the past 50 years, to see how the government should act when the economy comes to a sudden and grinding halt.’ He adds that this information was already available, but that one cannot expect a minister, parliamentarian or civil servant to be aware of all the mistakes made by government in previous crises. ‘After that first publication on lessons learned, we immediately announced those would be the starting point for our follow-up audit of COVID-19-related state aid for large companies, which we published half a year later.’ He emphasises that proactively linking existing knowledge with future scrutiny has proved to be a very effective way of compelling government to navigate known pitfalls and improve its performance. ‘Nevertheless,’ he adds, ‘we have been less positive about our government’s crisis management in subsequent reports – unfortunately.’

## Strategic crisis management

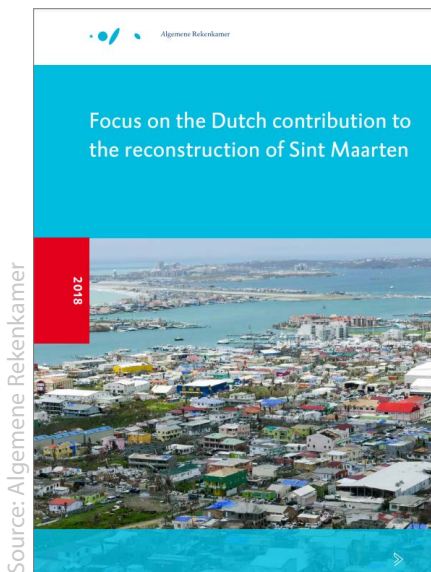
In previous interviews for the Dutch public Arno Visser has said that, in times of crisis, core weaknesses already present in society may surface, and that crises may be viewed as a test of strategies, systems and structures. And that sometimes the resilience and preparedness of public organisations to deal with crisis situations is not as good as many people in the Netherlands – including politicians – like to think. ‘Public institutions need to take a strategic approach, but strategies can only provide us with guidelines, with general directions. But we should always ask ourselves, how does it help us under the current circumstances? What is the added value of our work to citizens and companies, or how can we be relevant to them?’ In his view, this is another reason why the NCA plans its audits on a rolling basis.



*Public institutions need to take a strategic approach (...) But we should always ask ourselves, how does it help us under the current circumstances?*

‘During these monthly strategic dialogues,’ continues Arno Visser, ‘our auditors pitch proposals for audit tasks, and other auditors can come with arguments in favour or against those topics. And this leads to fruitful exchanges that help us in the Board of the NCA to form a substantiated opinion about which audits we should do now, which can wait until later, and which we should not carry out at all.’ These are what Arno Visser calls *ingredients* for a responsive SAI – one that deploys its limited resources where it can make a significant contribution to transparency, good governance and public accountability. ‘It helped us to publish our report on COVID-19 related state aid for large companies substantially earlier, increasing the relevance of our findings.’

## Auditing humanitarian aid



Cover of the NCA 2018 report on the provision of aid to Sint Maarten.

Specific examples of situations where it can be useful to adjust an audit strategy to check measures that are still being implemented are audits of humanitarian and disaster-related aid. In the work of the NCA, the audits that stand out include those that covered the response to the natural disasters suffered in the Caribbean by Sint Maarten (Saint Martin) and Haiti, assistance to tsunami-affected countries around the Indian Ocean, and the delivery of humanitarian aid in Africa. Arno Visser points out that the main difficulty of such audit work is that, depending on the situation, the tools, institutions, organisations and arrangements through which support and funds are used are very different. 'In parallel, this means that, as public auditors, we do not always have the same or sufficient audit rights.' As an example, he mentions the limitations of the NCA's audit mandate in Haiti, where humanitarian aid was mainly delivered indirectly through foreign relief organisations and NGOs. In contrast, in Sint Maarten, a part of the Kingdom of the Netherlands, aid was brought in directly by the Dutch Navy.

In its 2018 report on the reconstruction of Sint Maarten following hurricane Irma, the NCA is rather critical of the progress of reconstruction, and concludes that the island's population have seen few outcomes from the World Bank's management of the recovery trust fund. In this case, the NCA also identified the typical dilemma between, on the one hand, robustness in financial accountability systems and, on the other, the requirement for speed to address the urgent needs of those hit by the disaster. In this context, Arno Visser points out that, when auditing disaster relief measures abroad, SAIs need to take account of the views of local government (where structures still exist) and the local population, as these are crucial factors in the way things play out on the ground.

'From a performance point of view,' continues Arno Visser, 'this meant that, regarding our audit on aid provided in Haiti, even though we could not carry out formal audits, we did manage to develop a dedicated methodology that enabled us to continuously make recommendations to those local partners. Here, one of the recurring recommendations we made in our ongoing dialogue with our – informal – auditees, was that they should gather uniform data to better understand their own performance, as well as that of others. Thanks to those discussions, we have helped to identify good practices in delivering humanitarian aid through third parties – for example that a part of the aid should always go directly to the organisations themselves, rather than to local governments, as that often leads to corruption and fraud.' He adds that, by doing so for five consecutive years, the NCA has helped to improve the transparency and accountability of aid organisations, including, notably, new organisations acting in later crises.

“... we have helped to identify good practices in delivering humanitarian aid through third parties...”

## Stretching the rules in times of crisis

In his 2021 presentation to the Dutch parliament on the traditional 'Accountability Day' in May 2021, when COVID-19 expenditure was the topic on everyone's lips, Arno Visser insisted that purpose and financing need to be closely linked. He went on to observe that some rather elementary requirements were not being met, ranging from checks that goods have actually been delivered, to full government reporting to parliament. On whether the replies of the NCA's auditees and the actions they have taken to address audit criticisms have been adequate and promising for the future, Arno Visser explains that the objective of Accountability Day is to highlight issues the executive should address and which are important for parliament.

When discussing the role played by audit guidelines, such as the one of the International Organisation of Supreme Audit Institutions (INTOSAI) [GUID 5330](#) on auditing disaster

management and earlier INTOSAI guidelines on disaster aid and preparedness, Arno Visser is very clear. 'We used them to further develop how meaningful we want to be as a SAI, also when it comes to auditing disaster topics. But we did not use them as a detailed handbook for checking which specific guidelines we will use during an audit.'

'To get that message across,' he explains, 'we learned that it is most effective to communicate the principles and concepts that are the foundation of the findings and recommendations we put forward in our audits.' He adds that, this year, one main issue was the age-old principle of legality, according to which the government cannot spend any money until parliament has given its consent, even in times of crisis. 'This is a fundamental pillar of our democratic system that should be respected under all circumstances. Yet, lamentably, over the last two years, the Dutch government has repeatedly violated this principle under the pretext of a crisis. And this is not a technicality, but a problem of principle.' According to Arno Visser, this is not far short of a disaster in itself, because, although the emergency laws forced through parliament may have enabled the government to respond to the pandemic quickly, they have sidelined parliament, hampered democratic oversight, and significantly reduced public accountability and transparency.

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*... it is most effective to communicate the principles and concepts that are the foundation of the findings and recommendations...*

In February 2021, the NCA initiated an 'objection procedure' (*Bezwaarprocedure*) regarding the financial management of the Dutch Ministry of Health, Welfare and Sport (see **Box 1**). This in view of the fact that, despite unresolved problems over many years, the ministry received substantial amounts of money to address the COVID-19 crisis. 'What we saw was that the organisation, which already showed weak financial management, became responsible for crisis-related money without the organisational weaknesses being addressed. Therefore our recourse to an important instrument we have, yet rarely use, which is to issue a formal objection. A serious red flag, calling for attention from both the parliament and the executive.'

#### **Box 1 – The NCA's objection procedure**

In the past, the Dutch government's stretching of the rules has prompted the NCA to employ its most powerful instrument by making a formal objection to government policy in the framework of the discharge procedure. This right to object (more or less unique in the world of SAIs) allows the NCA to object to irregularities it has found, or to the financial management of a minister, and requires a reaction from that minister. Arno Visser: 'The objection procedure is a very strong weapon and is intended to signal that measures need to be taken urgently. Before taking this step, we conduct a more detailed investigation into the issue, based on which we decide whether or not to raise an objection. We only use this procedure in very rare situations – for example, when a minister could be accused of not responding to previous signals and recommendations, or when there are major errors in the annual report.'

#### **The EU's reaction to emergencies leads to audit gaps**

In the summer of 2021, large areas of Europe suffered extreme weather events that caused severe floods, in particular in Germany, Belgium and the Netherlands. The catastrophe took the lives of over 170 Europeans, caused widespread destruction and deprived thousands of people of their homes, possessions and livelihoods. Unfortunately, the Netherlands has ample experience of floods, but this means the country also has government programmes to aid the regions where these disasters took place and prevent them in the future. When discussing the main lessons from these sad events from an audit point of view, especially considering the transnational impact such disasters can have and the question of the EU's role in addressing them, Arno Visser points out the EU does not have the best track record on disaster planning, prevention and management.

According to Arno Visser, 'At the moment, there are still too many examples of mismanagement for me to rely on the EU. That is to say, from a democratic point of view.' Elaborating on this, he gives as examples audit gaps and implementation issues at the European Central Bank, the European Peace Facility, the billions of euros that are spent outside the European budget, and the European Stability Mechanism. 'Currently,

we see that the EU often creates new audit gaps when it launches new programmes and policies, despite the audit lessons and recommendations that are available, in particular also in the context of crisis response, humanitarian aid and disaster relief. So when I think about closing audit gaps and the effective monitoring of implementation, the EU is not the first that springs to mind. And in the case of cross-border problems, or even disasters, they can only be dealt with effectively, in a cooperative manner and, jointly, by the governments of all affected countries, whether they are EU Member States or not.'

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*... we see that the EU often creates new audit gaps when it launches new programmes and policies...*

For the NCA President, increasing the EU's competence will not automatically lead to better solutions on the ground. 'For example, in the Netherlands we saw several differences between GGD (municipal health) regions. EU measures would not have resolved such differences.'

### Cooperation is key

On the matter of auditing disaster relief, the response to crises such as the COVID-19 pandemic, and closing cross-border audit gaps in areas such as cybersecurity, Arno Visser strongly supports joint audits that cover EU-wide topics and are carried out by several cooperating SAIs. 'Unfortunately, there are far too few good examples of successful joint audits within the EU context. The only good examples I know covered waste management and air pollution, but even those good examples took too long to complete, and we acted too slowly to add real value for our auditees.'

In this area he sees a lot of potential for EU SAIs to improve. 'Instead of making our own methodology and conducting audits from our own narrow national perspective, we should aim to achieve collective results that can benefit our entire Union. I am very critical about this topic – and sadly I am also very sceptical as to whether we as EU SAIs will be able to overcome this problem in the short term. Nevertheless, I also believe this to be one of the key challenges and a top priority where the Contact Committee of EU SAIs, including the ECA, should show real leadership.'

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*... [as EU SAIs] we should aim to achieve collective results that can benefit our entire Union.*

For Arno Visser, this means making better use of the toolbox that SAIs have at their disposal for their audit work. 'This includes raising awareness of risks before they materialise, so proper risk identification. Where can things go wrong, what are the weak elements in a system that can lead to a disaster? What are the weaknesses in the chain? In other words, auditing accidents waiting to happen! Be it related to cybersecurity, water management, health, or potential natural disasters.' In his view, this is audit work that SAIs can increasingly undertake, both on their own and in cooperation. 'Then, in a constructive way, we as auditors will be contributing to preventing disasters in the future, whether they are of a traditional character or related to the specifics of our modern age.'

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*... proper risk identification (...) what are the weak elements in a system that can lead to a disaster?*



# Swiss Federal Audit Office stepping in to address the data gap during the COVID-19 crisis - our data analysis has become rather crucial

By Michel Huissoud, Director of the Swiss Federal Audit Office



Source: Swiss Federal Audit Office

Traditionally, public auditors take centre stage once accounts have been closed or a project is finished and can be assessed on economy, efficiency and effectiveness. But as society's information needs change, so can the role of auditors, sometimes becoming visible in times of crisis when swift action is and, often, extra efforts are needed to prevent misuse and abuse of extraordinary funding. In the context of the emergency response to the COVID-19 crisis, the Swiss Federal Audit Office (SFAO) decided to take up the challenge of early data analysis to prevent troublesome findings later on in its more traditional ex post work. Michel Huissoud, who has led the SFAO since 2014, explains below the why and the what behind its new data analysis activities.

## Speed at the cost of overview and consistency?

The COVID-19 crisis? Spending so many billions in such a short time is a necessary but risky business. The first constraint is time: businesses and individuals need immediate help. There is no time for complex procedures, for including detailed documentation with applications or for allowing public authorities to make checks before reaching a decision. The money must reach the beneficiaries quickly.




The second challenge is consistency between the many programmes. The Swiss draft law on compensation for cases of hardship reads: 'Support from the Confederation shall only be granted to businesses on condition that they are not entitled to other aid from the Confederation.' The aim is to avoid cumulating these new payments with financial aid from the Federal Offices of Culture, Sport, Civil Aviation, Transport and Housing. This objective seems obvious and laudable. However, achieving it is clearly far from straightforward. The SFAO has been addressing this issue since the beginning of the crisis.

After a few months, one thing became clear to us: the Federal Administration does not have an overview of the data from the various federal aid programmes. Each of the offices concerned has its own consolidated aggregate data, but not necessarily comprehensive individual data on which funds have gone to which final beneficiaries. This is the case for federal programmes that are implemented by the cantons, such as childcare or cultural support. Without detailed data, how can the Federal Administration rule out the possibility of multiple payments? In an ideal world, it would be enough to trust the people who apply.

By signing, they undertake to abide by the conditions laid down, but this is where the third problem lies: the human factor. New procedures for businesses operating under time pressure and the large numbers of applications to be processed mean the inevitable errors will be numerous. But there is more unpleasant news: by the end of 2020, the SFAO had received 313 whistle-blower reports on potential misuse of the various federal programmes. In addition, the compensation funds received 600 reports of anomalies. This is a huge increase compared to the 187 reports received in 2019. Canton public prosecutors have initiated several hundred criminal proceedings. It is clear that trust and the threat of sanctions, if clearly described at all (see **Figure 1**), are not enough to prevent abuse and fraud.

**Figure 1 – Description of measures to be taken in the event of misuse and abuse findings**

Canton	AG	AR	AI	BL	BS	BE	FR	GE	GL	GR	JU	LU	NE
Measures described?													
Canton	NW	OW	SH	SZ	SO	SG	TG	TI	UR	VS	VD	ZG	ZH
Measures described?													

 = Measure described in detail  
 = Measure described in general terms  
 = Measure not described [in Switzerland's Covid-19 hardship reporting database ('HAFREP')]

Source: Swiss Federal Audit Office

### Stepping in to address the data gap

So, what can be done? Traditionally, the SFAO's auditors tend to act as critical observers and only intervene retroactively to check whether public administrations have acted correctly. In the COVID-19 crisis, the SFAO voluntarily stepped out of this role to fill a key gap: collection and critical analysis of data. Under strict conditions – such as guaranteeing that the data concerned will be destroyed at the end of an audit – the law gives the SFAO access to detailed data on payments made. This makes the SFAO the only body in Switzerland with an overview of data from the various federal programmes.

For this reason, since April 2020 we have been contacting the implementing agencies to upload their data to our IT platform for each federal grant. We then process the data with specialised software –ACL for those in the know – which we often use in our audit work. These transfers have been greatly facilitated by the various application forms, which explicitly state that the business or individual applying for financial assistance agrees to the use of these data for audit purposes. Applicants also undertake to provide the information needed by the federal services to oversee financial assistance. Experience shows that such provisions are useful and necessary. They offer everyone involved greater legal certainty in terms of data protection compared to general and abstract legal provisions.

The same passage in the COVID-19 guaranteed loan form allows us to verify that businesses are abiding by their commitment to not pay dividends until the loan has been repaid. The data from the 'withholding tax forms 103' received by the Federal Tax Administration are regularly compared with the guaranteed loans. This allows us to identify suspicious cases early on and forward them to the relevant federal office for processing. We will continue to perform this task over the next few years until the loans are repaid.

### **Providing more added value beyond our traditional audit role**

We have made a conscious decision to step aside from our traditional role to support the Federal Administration. The COVID-19 data analyses we have been carrying out since 2020 are part of the process of helping businesses and individuals. But we are not limiting our oversight to this phase! As you can see in our current [annual programme](#), our audits will cover aspects of the Confederation's COVID-19 programmes (such as the quality of information flows, price audits and the deployment of the armed forces and civil protection). In addition, we will be checking whether the federal offices have made good use of the information we gave them.



# The role of audit in crisis readiness

By Kevin Cardiff, KBC Bank Ireland and former ECA Member



Source: Getty Images

How can an auditor be of use for crisis managers? When to step in to assess the handling of a crisis without disturbing or slowing down solving the crisis? What to focus on in view of a crisis's potential unique character? Questions relevant for crisis managers and auditors alike. Kevin Cardiff experienced a crisis from within, working as senior official in Ireland's Department of Finance during the worst periods of the global financial crisis that started in 2007 and serving as Secretary-General of that Department from 2010 onwards. While it was a financial breakdown, the sense of urgency was no less than in another crisis, to stop the financial fallout. Kevin Cardiff published the book *RECAP – Inside Ireland's Financial Crisis* in 2016, providing an account of the pressures, the key incidents, the big questions and the difficult choices that had to be made in 2008 and beyond. He also served as ECA Member from 2012 to 2018, responsible for a range of audit products relating to EU's financial governance issues. With his experiences of being in the executive during a crisis and as public auditor looking at its aftermath he shares his reflections and insights and where auditors can provide most added value.

### Crisis eruption and response

As a public official, I have been involved in my fair share of crises, big and small. They are in concept a bit like volcanic eruptions: tensions in the ground build up over a long period of time, there may be more and more evidence of these tensions in the period ahead of the eruption or the building tensions may be unnoticed. Sometimes, often perhaps, signs of activity do not actually lead to an eruption, as tensions dissipate some other way. But where it does occur, the actual eruption is then followed by an immediate response, and a much longer period of often frenzied follow-up action, reaction to inevitable but unpredictable after-shocks, remediation and a determination never to get caught unawares again, by this particular volcano or perhaps any like it.

Also in the aftermath, there is the period of both accountability and recrimination. 'How could this happen?,' 'Why was it not prevented?,' 'Why did we assume that we were safe?' and so forth. Proper and important questions that deserve a considered answer.



### ECA Journal Short Read

**Crisis tends to build up, followed by eruption** and immediate response and follow-up action. With subsequent **accountability questions** on the what, the why and the how. This goes for many types of crisis, be it natural or man-made.

Auditing a crisis while it is ongoing can be cumbersome and even counter-productive, but is sometimes necessary to preserve trust in the proper handling of a crisis, besides the regular financial accountability requirements. Even so, auditors are foremost **auditing to improve prevention, preparation and response** to the next one.

**Assessing risks and measures taken to mitigate them is where auditors can provide added value**, taking a balanced assessment of issues like trigger points to react with crisis measures, communication and coordination arrangements and **perhaps most importantly: identifying design weaknesses before a crisis matures or assessing system changes introduced in response of a crisis**. This should be done looking beyond individual bodies: a systemic review instead of an organisational one.

The cascade of risks of a crisis call for **clear and public choices on mitigation measures and who manages them**. Public auditors are well placed to audit each part of the system and possibly the system as a whole, sometimes existing of hundreds of interacting public bodies acting in multiple legal systems. Consequently, **limitations in audit mandate and audit scope can be an impediment for such systemic assessment**. Therefore public auditors continuously need to assess and ask themselves whether their **remit needs to be adapted to the mitigating instruments created** and where they can do more to work together in loyal cooperation. All for the sake of a better management of the next crisis.

At the European Court of Auditors, where I was a Member from 2012 to 2018, there was much debate about our role in relation to the financial and economic crisis, and to the avoidance or management of future crises. A special Financial and Economic Governance team was set up and audits were performed that sometimes went further than auditees expected from us, in relation to the European Union reactions to the crisis. But in some instances we went further still, to look explicitly at systems for managing future crises. Of course, at the same time, other teams looked into other types of crises – responses to natural disasters, to migration etc. **Box 1** lists some of the audits performed by this special team.

### Auditing a crisis while it happens has risks.

Auditors have extensive, but far from unlimited, powers to examine public bodies, which can be made available to examine the role of these bodies in a crisis situation. But audit institutions should give careful consideration to the balance of public interest in deciding whether to use their generally extensive prerogatives in mid-crisis. After all, audit is a retrospective examination of past events, or at best, a snapshot of current conditions.

An audit team is not going to add much immediate value to the handling of an

ongoing crisis, and in many cases trying to audit the crisis response of a government or EU institution or public body in mid-crisis will be counterproductive, diverting resources and attention from the immediate task of crisis management. The presence of auditors in the mix might stifle imagination and have a chilling effect on the actions of those who are supposed to cope with the fast changing crisis conditions. So generally, auditors should stay out of crises, or at least the *initial reaction* phase of crises, and generally be circumspect in how they insert themselves into crisis situations.

### Box 1 – ECA special reports 2014-2018, dealing with the EU response to the financial and economic crisis

[Special report 03/2018](#): *Audit of the Macroeconomic Imbalance Procedure (MIP)*.

[Special report 02/2018](#): *The operational efficiency of the ECB's crisis management for banks*.

[Special report 23/2017](#): *Single Resolution Board: Work on a challenging Banking Union task started, but still a long way to go*.

[Special report 17/2017](#): *The Commission's intervention in the Greek financial crisis*.

[Special report 29/2016](#): *Single Supervisory Mechanism - Good start but further improvements needed*.

[Special report 10/2016](#): *Further improvements needed to ensure effective implementation of the excessive deficit procedure*.

[Special report 19/2015](#): *More attention to results needed to improve the delivery of technical assistance to Greece*.

[Special report 22/2015](#): *EU supervision of credit rating agencies – well established but not yet fully effective*.

[Special report 18/2015](#): *Financial assistance provided to countries in difficulties*.

[Special report 5/2014](#): *European banking supervision taking shape – EBA and its changing context*.

### ... but may be essential in certain circumstances

I think there must be exceptions to this general approach. Firstly and most importantly, routine financial audit is a substantial underpinning for financial accountability in all democratic systems, and is so important to the underpinning of democratic trust that it should be set aside only very rarely. Even in the recent COVID-19 crisis, public audit institutions throughout Europe were able to continue their work, and this was all the more important in the context of huge temporary or permanent increases in public expenditures.

Secondly, of course, is when the issues giving rise to the crisis are centered on financial misdealing or arise from a serious breakdown of trust in institutions. In those circumstances, it is precisely the role of independent external audit to establish facts and report them thoroughly and accurately. A crisis of trust cannot be addressed without establishing facts and providing assurance – the central roles of auditors.

But even in circumstances where the auditor ought not to intervene in the crisis itself, the audit process can provide real added value in crisis preparation, crisis response, public assurance and *ex post* accountability. During the economic and financial crisis period in Ireland, the Comptroller and Auditor General's (C&AG) [Annual Report on the Accounts of the Public Services](#), sometimes went beyond a simple opinion on the banking support and related measures, by providing a chapter reviewing the Government's intervention measures. In a landscape that was changing sometimes week to week, and for which the dry presentation of the public accounts was never designed, the C&AG provided an independent and authoritative presentation of complex facts, greatly assisting the accountability process.

### Crisis preparation

But perhaps an area where auditors can add real value is in the examination of schemes and structures designed by public authorities to prepare for crises. It seems to me that while every crisis is different, there are some characteristic traits, each of which is common to many of the kinds of crises that are faced by public institutions. See **Box 2**<sup>1</sup>.

It also seems to me that auditors can make a very significant contribution to crisis management by examining these and other characteristics of pre-crisis situations and looking for them within the overall management, and particularly within the risk or crisis management functions, of public bodies.

#### **Box 2 – Some characteristics of the period ahead of a crisis**

- misunderstanding of risks
- awareness of risks, but slow reaction to developing events
- missed signals, refusal to believe
- failure to trigger countermeasures.
- communication failures
- system design weaknesses
- enormous inertia, unwillingness to break from the herd
- optimism bias – or an unwillingness to face the scale of what may be happening

Let us take just three of these issues - the failure to trigger countermeasures, communication failures and system design weaknesses - and consider the role of auditors.

### Example one - failure to trigger countermeasures

Failure to trigger countermeasures is very common in financial stability or financial market crises of one kind or another, and it is a good example of something that looks very like a sort of somnolent inaction, but is not that. Consider the position of a Council, Committee, Minister, official or institution which is facing a crisis in a financial institution, or indeed a sovereign nation. Let's assume that they have, perhaps belatedly, come to understand and are aware of risks, and they have a plan that says in the event of a particular indicator of, say, moderate signs of withdrawal of investors from the market in the bonds of this institution or country, a crisis prevention conference will be called and a new set of conditions will be applied to the entity facing the crisis. But they know

<sup>1</sup> Incidentally, an interesting exercise would be to evaluate public authority and political preparedness for the potential climate change crisis against this list of characteristics.

that as soon as they intervene, financial markets will react. The fact that the public authorities are preparing for a potential crisis could accelerate the development of the crisis as markets react to that signal, and the moderate withdrawals of capital could well turn into a fully-fledged flight, for which the parties are not yet ready, because after all, they have not even talked to each other fully yet.

Some discussions of course, can happen in secret, and resources to deal with a crisis can be gathered together quietly. However, governments and institutions are often legally bound to publicise events that might affect the market in their stocks, and it is very difficult to gather large amounts of resources without attracting attention. Thus, there is a very strong, inbuilt incentive to put off some of the key reactions to a building crisis until it seems clear that the crisis is almost upon us. When the Irish parliament, the *Oireachtas*, examined the period of the eruption of the Irish banking crisis at the end of September 2008, there were many questions, among them why had the reaction occurred so late. But also whether some of the initial reactions could not have been put off a short while longer.

This incentive to wait, to avoid panic, to seek better information, to get better prepared, to involve more players, is not restricted to financial crises. I imagine that many of the COVID-19 Councils around Europe had to ponder deeply on the question of whether and how fast to react to the COVID-19 breakouts, knowing that in triggering early countermeasures, at a time of uncertainty about the likely direction and severity of the epidemic, they put whole industries, and even some of the fundamental freedoms underpinning the European Union, at risk. The courage of those who made (and sometimes were criticised for) those decisions should be acknowledged.

#### **Example two - communication**

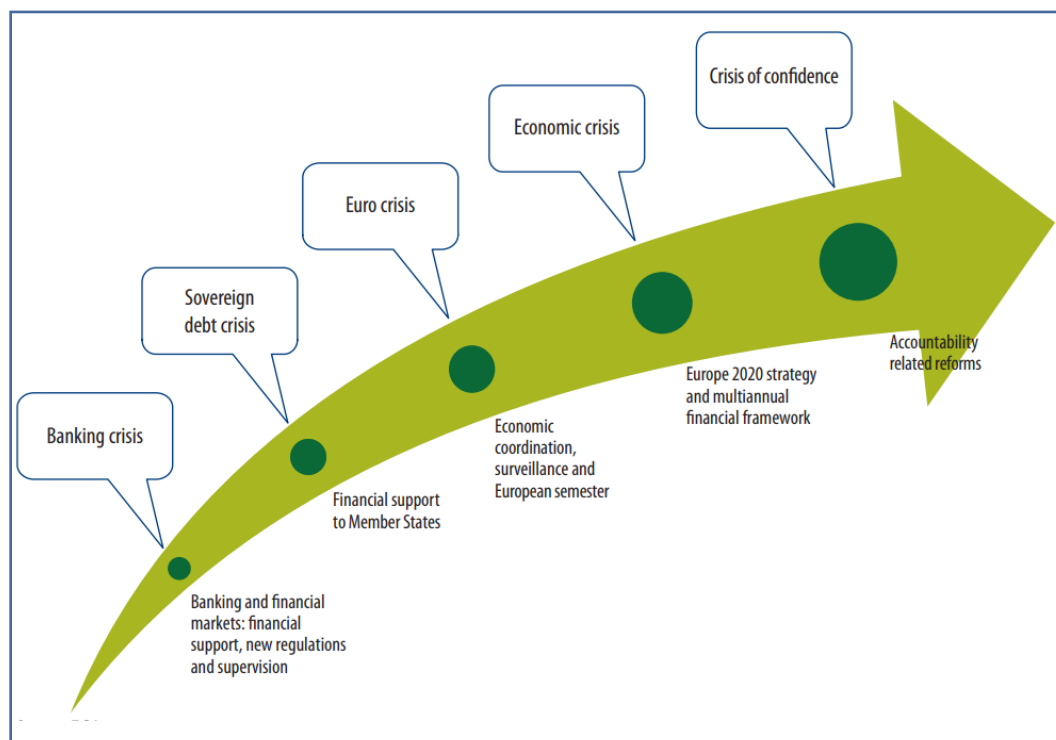
A *Taoiseach* (Prime Minister) of Ireland once remarked to me that there were some crises which seemed to occur although – and possibly even because – each of the institutions concerned was busily and properly doing its own job. Public agencies are aligned to individual mandates, and their combined and faithful operation of these mandates does not always add up to the optimum public interest approach.

The European Union has shown at least some recognition of this and it operates in part on the basis of the wonderful concept of ‘loyal cooperation’ between the institutions of the Union and those of the Member States. It is not enough that these institutions fulfil their own mandates, they must also act in recognition of and cooperation with the mandates of other institutions. And that requires open cooperation, and therefore communication, between institutions. Sometimes that happens with seamless ease. At other times the incentives for siloed thinking, even inter-institutional jealousy or past misunderstandings, or legal constraints, can hamper the mutual communication that allows institutions to cooperate to fulfil their mandates in a way that protects the public interest. In crises, poor cooperation and rigid or narrow interpretation of public mandates can seriously hamper a holistic response.

#### **Example three - system design weakness**

But even if there are not problems of mandate, and even if cooperation is good, public systems may not be adequately designed for the crises they might face. As the economic and financial crisis developed there was a huge and highly accelerated development of new institutions, new legislation, new governance arrangements, new European competencies, to cope with the crisis, and address the weaknesses that had become evident (see **Figure 1**).

**Figure 1 – EU response to the financial crisis**



In relation to financial stability alone, there were new regulatory agencies like the EBA, ESMA, EIOPA<sup>2</sup>, the three new regulatory agencies, for banking, securities/markets and insurance. There was a new and much more highly integrated supervisory system, the Single Supervisory Mechanism. A Single Resolution Board was planned and established to take care of the position of banks which were failing. And borrowing and lending functions were gathered together, first in the EFSM and EFSF, then in the ESM<sup>3</sup>, to help countries deal with their fiscal and financial system difficulties. All of these new bodies were put in place in large part as a result of the experience of the financial crisis. And every one of them functionally independent from each other, with different responsibilities, obligations, powers and accountability structures.

Taken together, the pre-existing institutional structure, with these various new authorities and agencies, represent an enormous pool of expertise and experience and a staggering amount of financial 'firepower.' They are the result of a great deal of consideration, debate and development in the light of the experiences of the financial crisis. And there is a wide and welcome acknowledgement that the development process is not complete.

However, the development of all these new agencies and functions is in itself also a recognition of the pre-crisis systems weaknesses that existed. An interdependent European financial system was not matched then by a sufficiently powerful and well integrated crisis prevention system.

National institutional structures were also exposed as insufficiently developed. In many countries, this was not for the want of effort. The 10 or 15 years prior to the financial crisis were characterised by a real trend for experimentation, development and institutional reform in relation to financial regulation and financial stability, in a number of the Member States. But when the crisis came, it was clear that these were in some cases insufficiently well integrated at the national level and also that there was no structure explicitly tasked with preventing financial crises at the European level, notwithstanding the many bright people and powerful institutions who each had a 'piece of the pie.'

<sup>2</sup> EBA standing for European Banking Authority, ESMA is the European Securities and Markets Authority, and EIOPA stands for European Insurance and Occupational Pensions Authority.

<sup>3</sup> EFSM is the acronym for European financial Stabilisation Mechanism, EFSF is the European Financial Stability Facility and ESM the European Stability Mechanism.



Finally, it was clear during the early part of the crisis that both at national level and at European and international level there were countervailing institutional incentives. Member states authorities rushed to protect national liquidity pools in competition with their neighbours, information about stressed credit institutions was incompletely shared because secrecy seemed essential, public institutions struggled internally with conflicting objectives and legal mandates that were not always designed for the situation at hand.

In truth, given the circumstances, things could have been a lot worse. Europe did take some time to develop its suite of measures. They came slowly at first, then more quickly and the scale of European interventions was finally large enough to reflect the scale of the issues, after enormous political and institutional effort by individuals and institutions, which understood the need to act.

### **Role of the auditor in relation to crisis readiness**

When the European Court of Auditors was working on special reports on the crisis management arrangements of the Single Supervisory Mechanism (SSM), and at the setting up of the Single Resolution Board (SRB and whose whole *raison d'être* is the management of crises)<sup>4</sup>, for which I was the reporting Member, we were particularly aware that although these were two separate audit tasks, the two institutions were themselves expected to work together as part of a system. Among other things, we looked at the system itself, how the elements of the system were resourced and developed to meet their mandate, and at the communication mechanisms, and questioned how they were working, and how they might work in a crisis.

We were conscious of the danger that crisis interventions in the case of a failing bank might only be formally triggered by the SSM quite late (for good reasons explained earlier), giving very little time to the SRB to ready itself. So it seemed essential that the SRB would be an integral part of the crisis communication going on in the SSM. Work was already in train between the institutions on these points, but we made recommendations about the triggering of pre-crisis reactions within the SSM and about the communication between SSM and SRB, and between European and national bodies, while remaining within our own mandate that precluded us from making certain types of observations. Most importantly, we wanted to stress that these two organisations needed to operate as a system, not as single bodies.

Making our formal recommendations to address these issues (and in our own informal communications) *before* the new institutions had settled into fixed ways of working together was important. I like to think that this is an example of how auditors can add value: understanding some of the key lessons of previous crises in the same and other fields and checking whether they have been addressed in new risk or crisis management systems.

### **Lessons for public audit institutions**

A volcano exploding on a remote uninhabited island is not a real crisis, though the local wildlife might disagree. It is the interaction of the volcano, with the lives of people, with the economic and geographic factors that led them to want to live near it, with the planning rules that allowed habitation there, with the public choices about investing in mitigating measures, with the early warning and evacuation systems, and with the character and behaviour of individuals who played their part in preparing for and managing the crisis as it happens that determine the impact of the event (see also **Box 3** for some personal reflections on crisis management). So public auditors, according to their various mandates, can best add value by understanding and emphasizing the role of each part of the system, and auditing in that light.



Volcano erupting on an island (Iceland)

Source: Getty Images

<sup>4</sup> See [special report 02/2018](#): *The operational efficiency of the ECB's crisis management for banks*, published in January 2018, and [special report 23/2017](#): *Single Resolution Board: Work on a challenging Banking Union task started, but still a long way to go*, published in December 2017, as well as [special report 29/2016](#): *Single Supervisory Mechanism - Good start but further improvements needed*, published in November 2016.

Meanwhile, each audit institution is independent, and within these institutions<sup>5</sup> we stress the need for independence of thought and strength of character of each individual auditor. That is especially appropriate in our roles as independent external auditors of individual public bodies and institutions. And when we audit, we do so to a carefully defined and by definition limited scope, within our audit mandate. Each public auditor therefore assesses risks and audit requirements within its own remit, and that is quite proper.

But who audits a crisis preparedness system – like the one we now have for major banking crises – which is composed of literally hundreds of interacting public bodies and institutions, and 27 different national legal systems (excluding all the possible extra-EU international interactions)? No-one? Or everyone? In practice, depending on the priorities and mandate of many individual public auditors, many elements of that system may go unaudited or unevaluated for very long periods of time. Has nobody got the task of providing an overall independent external assurance to the public and their representatives on the interoperability of the system as a whole? The ECA is perhaps the most likely candidate, but its mandate does not go nearly that far.

It is not an original suggestion, but maybe auditors, too, need to develop their role as part of a European system, and ask that their legal remit is adjusted to allow for that. Not to take away their independence of thought or action, but to ensure that they can and – and in relation to the most important Europe wide systems – they do act in a concerted way. For a very small number of the most important European issues, could *loyal cooperation* be extended to the point of *real co-ordination*? There are more crises to come...

### Box 3 – Some personal lessons learned

The first response to the crisis is often desperately important in determining how the crisis will unfold, for better or for worse limiting future options. But it is usually just the first response, not the final one. After that, there is a rolling series of events that cascade one on the next. A desperate sprint to get matters in order at the onset of a crisis gives way to an energy and resource-sapping marathon. Think of the recent COVID-19 crisis: similar onsets of the crisis in different countries, but the initial policy response determined a lot in terms of the outcomes and the subsequent responses required.

Some of the core lessons I learned when dealing with a crisis are:

- plan well and have the best info possible for initial decisions – prepare the decision makers, not just the technicians;
- prepare for a longer battle than you think. Consider your team, but also your reinforcements and replacements;
- demand the resources you need, don't 'make do', if not necessary;
- to convince, you have to explain again and again;
- expect some bad behaviour, be tough, democratic, obey your moral code even when it is challenged; and
- crises are career threatening – put that aside and do your job.

<sup>5</sup> See for example the publication [Public Audit in the European Union](#) on the ECA website.

# Emerging risks requiring reactive and rapid auditing

By Jacek Mazur, formerly of the Supreme Audit Office of Poland



Source: Getty images

When emergencies arise, particularly in unknown territory, the call for external review and advice often increases. The first steps to deal with the COVID-19 crisis have been accompanied and followed by ever increasing calls for insights, data and feedback, particularly in view of substantially increased government spending. And with digitalised information flows, new technologies allow information to be produced easily and circulated rapidly. How well are external audit organisations geared towards responding quickly to review emergency situations? What can auditors do to rapidly address important and topical issues of high interest to the public? Jacek Mazur worked from 1991 to 2021 as Advisor to the President of Supreme Audit Office of Poland (NIK), retiring only recently. Below he attempts to answer these questions, providing examples of different rapid and real-time audit practices and things to take into account when undertaking reactive and rapid audits, whether on emergency situations or other topics<sup>1</sup>.

## Various practices to deliver audits more rapidly

The international standards of supreme audit institutions (ISSAIs) are an important source of international principles, guidance and practices for external auditors. They provide specific guidance on how to audit disaster management (e.g. [ISSAI GUID 5330](#)). But on a more general level, the ISSAIs also show that supreme audit institutions (SAIs) should be aware of emerging risks, threats and changing environments and react to them in a timely manner. They should react to citizens' and other stakeholders' expectations, which are widely discussed and attract interest (see for example [ISSAI Principle 12 The Value and Benefits of Supreme Audit Institutions](#) and [ISSAI 100 Fundamental Principles for Public-Sector Auditing](#)).

Accordingly, we see more and more SAIs developing and presenting strategies that incorporate flexibility and rapid response possibilities to address emerging risks or short-term audit requests (see also the ECA Journal edition [Strategy development in a rapidly changing world](#)). As a result, some SAIs are introducing new solutions and working methods. Below I identify different practices employed by six national audit institutions to deliver insights more rapidly for their stakeholders.

<sup>1</sup> Jacek Mazur has previously published on this topic in the bimonthly periodical *Kontrola Państwowa*. See: Investigations of the UK NAO – A New Type of Audit?, *Kontrola Państwowa* no 6/2020; Reactive and Rapid Auditing – New Forms of SAIs' Work, *Kontrola Państwowa* no 2/2021. Includes detailed information, sources and bibliography.

### **The United Kingdom: investigations**

Until eight years ago, the UK National Audit Office (NAO) mainly conducted financial and value-for-money audits. In 2013, the then Comptroller and Auditor General (C&AG) Amyas Morse introduced an additional component to address demands for timely scrutiny of specific issues of contention or debate on which the NAO could provide transparency. Amyas Morse sought a solution that would allow the NAO, as a credible, independent and authoritative source, to report rapidly on live issues that would complement existing audit and assurance activities. As a result, investigations were introduced, becoming one of the NAO's key activities. During 2013-2020, expenditure on investigations accounted for some 8 % to 15 % of its budget.

Investigations are characterised by:

- topics focused on important, live issues discussed in the media and of interest to the public;
- reactive and rapid action: the time from topic approval by the C&AG to publishing a report should not exceed three to four months;
- precisely defined audit scopes;
- short audit reports, limited in length to approximately 5.000 words;
- factual statements without evaluations or recommendations.

As a recent example, I refer to an NAO investigation, [published in September 2021](#), on the government's efforts to increase the number of ventilators available to the National Health Service in response to the COVID-19 pandemic. Both the Cabinet Office and the Department of Health and Social Care started their programmes on the basis that securing as many mechanical ventilators as possible, as quickly as possible, was necessary to safeguard public health. Inevitably, the costs were higher than would be expected in normal times. However, the departments maintained sufficient record of their programmes' rationale, the key spending decisions they took and the information they had based these on. They also put in place effective programme management, controlled costs where possible and recovered some of their committed spending once it became apparent that fewer ventilators were needed than they had originally believed.

The NAO has already published over a hundred investigations. They provide a dynamic and colourful illustration of public life, addressing the public's most important concerns. In general, their topics are related to situations where MPs, citizens, whistle-blowers, the media, etc. have concerns or where they suspect that things are not working as they should, or where problems exist that – regardless of the reason – call for a solution or at least an opinion from the government.

### **The Netherlands: focus audits**

Since 2017, the Netherlands Court of Audit (Algemene Rekenkamer) has been reporting on some of its audits in a new rapid product called focus audits (Focus-onderzoek). This represents a new way of carrying out performance audits: rapid and focused, with no conclusions or recommendations, presenting the facts only – in order to facilitate public debate and respond to current or emerging issues.

In the Netherlands Court of Audit's view, focus audits should be:

- topical: looking at relevant and topical issues;
- fast: at most 14 weeks from start to publication;
- focused: with a defined scope and a clear objective – to verify facts (the audit question is usually formulated: 'Is it true that...?');
- factual: report only the facts (in context), without any conclusions and/or recommendations;
- concise and explanatory: reports should be concise, explanatory and clear.



As an example, see the [Focus on digital homeworking](#) report, published in November 2020. This looked at the risks of digital homeworking, which, with start of the COVID-19 pandemic, suddenly became the norm. The Netherlands Court of Audit examined which ICT tools employees of ministries and other central bodies were using and for what purposes, what threats could arise, and how ministries communicated their policies in this area. The audit showed that the way officials used ICT tools sometimes posed a risk to information security.

Other examples of focus audits undertaken by the Netherlands Court of Audit are:

- differences of opinion on the Netherlands' net payments to the EU;
- effectiveness of the police in addressing issues raised in crime reports;
- access to long-term care;
- Coronavirus: testing capacity went unused.

### **Denmark: facts-only reports**

The Danish National Audit Office (Rigsrevisionen) presents to the Danish Parliament's Public Accounts Committee two types of document: reports (beretning) and memoranda (notat). Some memoranda (usually five to six per year) provide information on facts (factual memoranda – faktisk notat). They are completed within a period of two or three months – much quicker than audits leading to reports.

### **Latvia: reports during audits**

In 2020, for its examination of the government's operations during COVID-19 pandemic, the Latvian State Audit Office developed an extensive form of interim reporting that allows it to react quickly to emerging issues and make recommendations during audits. An 'interim report' (starpziņojums) can be presented at any stage of the audit process if significant and topical information arises that could be useful for decision-makers and the public, giving them an understanding of specific issues. It is not a new type of audit, but rather a preliminary presentation of findings of an 'ordinary' audit, conducted in accordance with the same procedures and methodology. Interim reports can be issued for all types of audits in order to promptly inform decision-makers and the public, provide recommendations and prevent irregularities.

### **Poland: ad hoc audits**

The Supreme Audit Office of Poland (NIK) has for many years been conducting audits in response to urgent needs. Although NIK operates on the basis of an annual audit plan, it can also conduct audits 'outside' the plan – known as ad hoc audits – to urgently examine a specific problem. NIK carried out 30 of these ad hoc audits in 2017, 23 in 2018 and 17 in 2019.

For example, NIK carried out an audit on preparations by the government and public administration, to introduce an electronic toll collection system. Due to delays, the matter had become very urgent. The audit pointed up a lack of effective solutions to enable drivers to pay tolls easily without tailbacks. It had taken seven years to start developing a concept for electronic toll collection. There was a risk – compounded by delayed decisions, lack of knowledge of the latest toll collection systems, procedural mistakes and a lack of competent staff — of no longer being able to collect tolls.

### **Slovakia: rapid audits**

In February 2020, the Slovak Supreme Audit Office introduced rapid audits as part of its budget implementation audits. It conducted rapid audits at four ministries to examine the completeness of final settlements, and to evaluate financial management, the use of EU funds, and developments in selected areas, as well as to point up potential examples of uneconomical use of public funds. These audits typically lasted three months.

### **Rapid reaction audits – a tool to provide more added value**

SAls have found ways to respond to the challenges of today's – rapidly changing – world. Reactive and rapid audits seem to be an effective tool SAls can use when appropriate:

they can fulfil the need for information to manage a crisis; they can allow for an external scrutiny response to topical issues; and they can provide information on a given topic while the public and the media are still interested in it. Their brief reports can add to accessibility and a quick understanding of the information they contain.

Although approaches may differ from country to country, reactive and rapid audits have the same objective: to ensure accountability and transparency of government and public administration activity, and to improve the quality of public services. This is in line with the widespread evolution of SAls, from mainly auditing public finances to increasingly examining and evaluating the outcomes of administrations' activity for the sake of accountability and a learning government.

Reactive and rapid audits are not a distinct form or type of auditing. They are rather a new way of organising SAls' work and managing audits, with shorter deadlines. The practices of the six SAls discussed here vary: one could say that each goes its own way, in search of the methods that best meet its needs, taking into account their legal basis and capabilities. These audits can be compliance, financial and performance audits alike. What makes them special is the way SAls take the decision to launch one (rapid reaction to a very important public finance or societal problem, etc.) instead of including it as part of their audit planning for the upcoming years. They are also characterised by simplified procedures, a narrower scope, and a flexible approach to managing the audit and preparing the audit report, including in relation to the extent of the audit conclusions drawn.

Some of the examples of reactive and rapid audits presented above are audits in the traditional sense (comparing 'things as they are' with 'things as they should be'). By contrast, those conducted by the SAls of the United Kingdom and the Netherlands do not lead to any recommendations. Although these activities differ from the traditional understanding of an audit, they are still based on those SAls' tried-and-tested methodologies, and the reports go through their quality control procedures. However, they may omit several significant stages of the audit process, such as analysing findings, identifying the reasons for irregularities, or making recommendations for improvement – elements that depend in particular on the analytical capacity of the SAl concerned. Therefore, such audits cannot be considered full audits.

However, the need to react to rapid changes, whether due to emergencies (the COVID-19 pandemic providing perhaps the most explicit demonstration of SAls' reactive capacity), economic and political developments or social and media processes, has an impact on the nature and forms of public auditing. Nowadays, in a rapidly changing world, audits comprising all the elements of the traditional external audit report, including conclusions and recommendations, may prove too time consuming. Even the most accurate evaluations and recommendations may not be usable if the report is only published some years after the start of the audit. SAls seem to realise this and, in the future, we may therefore see a shift in audit approach, as exemplified by the practices of some SAls, to simplify and reduce audit procedures, to make SAls more flexible to deliver timely reports more rapidly, providing appropriate added value in times of crisis and beyond.

# Public auditors' joint efforts to provide guidance on auditing disaster-related funds

By Gaston Moonen



Tsunami warning signs in Krabi/Thailand

Source: Juergen Sack/Getty Images

International efforts to improve disaster resilience are intensifying, not only because of the increasing frequency of disasters but also because of the link with climate change. Major disasters can trigger specific initiatives, such as the Hyogo Framework for Action, a 10-year plan to protect the world from natural hazards. It was adopted by 168 countries in 2005, following the tsunami that hit South-East Asia. That tsunami, and the ensuing flow of aid to those affected, also inspired the development of audit guidelines for public auditors auditing disaster-related action. Having been involved in the drafting and adaptation process of this INTOSAI guidance, Gaston Moonen provides insights into the origins and contents and where we stand now.

## Disaster can come in many forms... but some trigger more than only aid

Disasters can strike at any moment with various impacts. Historically, most disasters have a local or regional character and their direct impact, as devastating as it can be for nature and humans, is mostly visible in the direct environment. There are very few exceptions to that. You might think of the Chernobyl nuclear power plant disaster in 1986; the consequences of earthquakes (for example the tsunami in South East Asia in 2004 that killed over 230 000 people in fourteen countries); volcano eruptions causing ash clouds to settle (for example the 2010 eruptions of Eyjafjallajökull, which left passengers stranded around the globe); or an airplane crash causing grief and suffering across the world. The one that currently stands out is obviously the ongoing COVID-19 pandemic, the most serious global health crisis for over a hundred years, with all the main characteristics of a disaster and related crisis management.

Measures taken to prevent, prepare for or address disasters involve governmental funding. Those measures are thus assessed by external auditors. Governments must be accountable to their parliaments and to citizens for the aid they provide and receive. But beyond governments, disaster-related aid can be funds or in-kind assistance donated to help communities or individuals either before or after a disaster. Here also there are normally accountability issues, and the call for feedback on results.

Supreme audit institutions (SAIs) play a central role in holding governments to account. This goes both for donor and recipient countries. Following the 2004 tsunami, a vast amount of aid flowed from many different donors to many different recipients, be it governmental or non-governmental. In 2005, it became clear that there was insufficient transparency of and accountability for these aid flows, and a lack of relevant experience of auditing these funds and the actions they financed. The global community of external auditors, through their International Organisation of Supreme Audit Institutions (INTOSAI), set up a task force. In 2007, which later became a working group on accountability for and the audit of disaster-related aid (WG AADA).

Throughout its life cycle, the working group had a membership of between 18 and 23 SAIs, representing both donor and (potential) aid recipient countries. The ECA acted as chair. In 2013 INTOSAI adopted the guidance and good practices developed by the working group at its congress (XXI INCOSAI). Former ECA Member Gijs de Vries chaired the WG AADA and my colleague Torrielle Perreur-Lloyd and I, building on input provided by working group members and the work done by ECA colleagues,<sup>1</sup> put together the audit guidance and a government advisory document (INTOSAI GOV) to facilitate the transparency and accounting for disaster-related aid. Our work fed into my specific interest in humanitarian aid, which, unfortunately, remains more topical than ever before, also due to climate change.

### Disaster management cycle and risk factors

The WG AADA took the disaster management cycle (see Figure 1) as its basis. Disaster-related aid arriving at different points during this cycle can fund pre-disaster and post-disaster activities. Once the urgency has faded, post-disaster rehabilitation and reconstruction activities can commence, relating to rebuilding housing and infrastructure and restoring services.

**Figure 1 – Disaster management cycle**



Source: INTOSAI GUID 5330, prepared by the SAI of Indonesia

<sup>1</sup> Special acknowledgements go to former ECA Member Maarten Engwirda (who chaired the WG AADA on behalf of the ECA until 2011) and former colleagues Jan Pieter Lingen and Ari-Pekka Jantunen, who worked extensively on this issue from 2007 until 2011.



The working group identified a number of relevant risk factors for auditors to consider during the different phases of the disaster management cycle:

Disaster risk reduction:

- risks to the effectiveness of policies and measures planned;
- risks to compliance with statutory requirements on governments regarding the security of citizens; and
- risks to compliance with the requirements of international agreements.

Emergency activities when and shortly after a disaster strikes:

- risks to efficiency when large amounts of aid arrive rapidly and must be managed quickly to save lives and limit losses;
- risks of irregularity when internal control systems are not in place or are not appropriately adapted to the activities and circumstances;
- audit risks if ex ante controls are disregarded in the interest of acting quickly and are not compensated for by ex post controls; and
- risks to economy and the risk of irregularity when operational controls are circumvented or ignored in the interest of speed.

Post-disaster rehabilitation and reconstruction:

- control risks in case of high levels of public expenditure in the disaster-affected area over a short space of time;
- risk to economy, particularly relevant in case of strong demand for certain goods;
- risk efficiency and effectiveness; and
- risk of irregularity, also in view of potential collusions in procurement procedures.

### **Presenting guidance for audit**

The working group presented the guidance and examples of good practice to the INTOSAI in the form of ISSAIs – International Standards of Supreme Audit Institutions. The ISSAI 5500 series, adopted by INTOSAI in 2013 as audit guidance, provided generic and specific guidance on auditing disaster-related aid, to be used in conjunction with other ISSAIs or as stand-alone guidance. See **Box 1** for more details of these ISSAIs.

In 2020, the ISSAI 5500 series were redrafted to form [GUID 5330 Guidance on Auditing Disaster Management](#) under the leadership of the ECA. INTOSAI undertook this restructuring in view of the new framework it had set up to make a clearer distinction between the ISSAIs (those documents that set out requirements to support ISSAI 100, Fundamental Principles of Public-Sector Auditing which was endorsed in 2013) and those documents providing mere guidance and best practice examples, covered under the “GUID” heading. The ISSAI 5500 series, including the INTOSAI GOV 9250 (see below) were streamlined, i.e. summarised and shortened, into GUID 5330 that now encompasses the whole disaster management cycle and presents examples

#### **Box 1 – The ISSAI 5500 series**

ISSAI 5500 provided an introduction to the series. ISSAI 5510 covered the audit of disaster-risk reduction actions and the lead SAI within the working group was the SAI of Turkey, which had done several audits in this area.

ISSAI 5520 focused on the audit of disaster-related aid, with the SAI of Indonesia as the lead SAI, building on its own experience and surveys and carrying out a parallel audit which fed into the guidance drafted.

ISSAI 5530, with the ECA as the lead SAI, aimed to provide practical assistance when considering the increased risk of fraud and corruption in the emergency phase of disaster-related aid, giving insights into risks and red flags which are relevant to audits, and advice on audit procedures in the light of such risks, and providing examples of fraud and corruption.

Finally, ISSAI 5540, with the SAI of the Netherlands in the lead, provided guidance on the use of geospatial information relating to disaster management and disaster aid. Highlighting how modern technology could help both managers and auditors, it provided tools, best practices and examples for both of them in relation to geospatial information and geographical information systems in relation to the disaster management cycle.

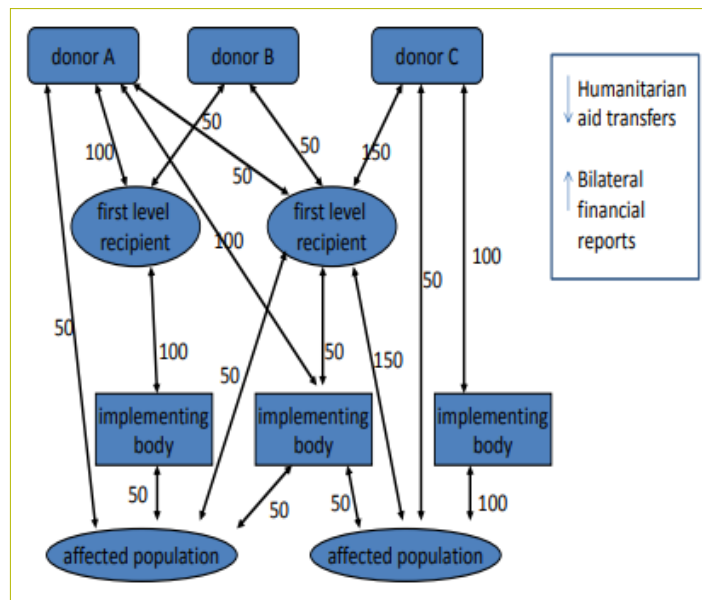
of audit objectives and questions in annexes. The GUID explicitly states, similar to the ISSAI 5500 series it was developed from, that it does not contain any requirements for the conduct of the audit envisaged. This also in view of the specificities of each disaster issue that will need to be dealt with by public auditors.

### Presenting an integrated financial reporting framework: the Integrated Financial Accountability Framework

The working group also developed guidance and good practice on transparency of and accountability for disaster-related and specifically humanitarian aid. Accountability requires the provision of clear, transparent and standardised information, for which responsibility lies with stakeholders, not audit institutions. We therefore addressed three main categories of stakeholders: governments, international organisations and aid organisations. We provided advice to help them develop transparent information in a common format and presented them with an example of an integrated financial reporting framework, which we developed within the working group in concertation with stakeholders, including, UN agencies and NGOs. We called this framework the *Integrated Financial Accountability Framework* – IFAF.

We reached the conclusion that a common format for different stakeholders to record and report aid flows, especially during emergencies, would allow a transparent overall picture of the situation to be constructed. As auditors, we had found this to be missing during earlier crises, meaning that we could not form a comprehensive view of aid donated for humanitarian crises, of who contributed aid and of where and on what it was spent. (see **Figure 2**) We designed the IFAF to address the lack of clear and transparent flow of funds and to help stakeholders cope with the multiple reporting requirements on them. These had become for some of them an almost insupportable burden, sometimes triggered by recommendations provided by external auditors. For some such had become an almost untenable burden, sometimes triggered by recommendations provided by external auditors.

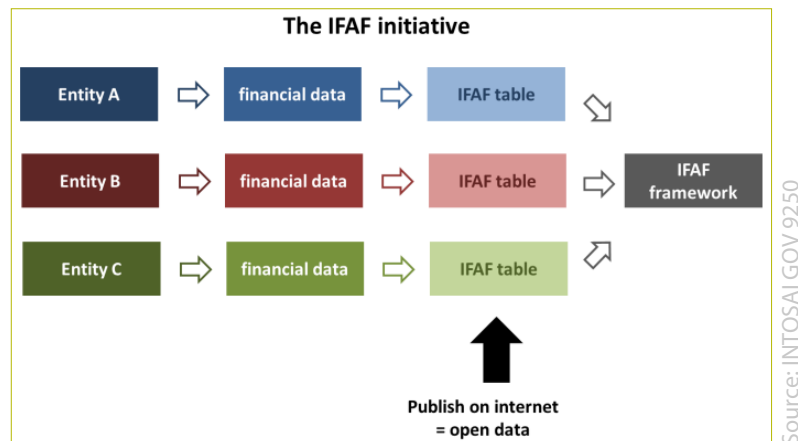
**Figure 2 – Situation before IFAF**



Source: INTOSAI GOV 9250

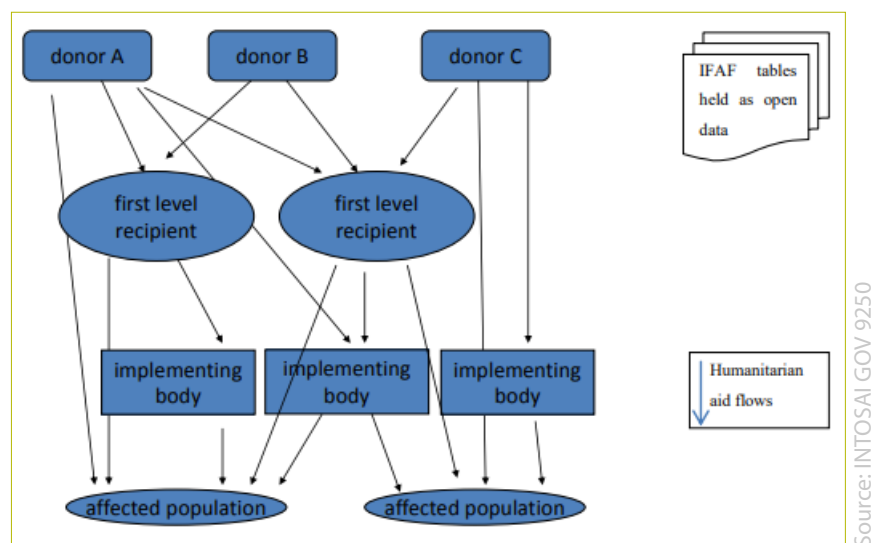
The IFAF is built around the idea that all entities required to report on transfers of humanitarian aid transactions produce and publish tables, showing clearly all transfers (receipts and payments) of humanitarian aid. The tables would be prepared in a simple and standardised way, be audited and be made publically available on the internet. The tables can be linked together to form the IFAF (**Figure 3**).

**Figure 3 – The IFAF set-up**



If applied to all flows of humanitarian aid, IFAF tables would allow donors, recipients, citizens and auditors to trace aid from the donor to the final recipient and vice versa. This would form an audit trail and allow gaps and overlaps to be identified. It would help the calculation of overheads and provide an overview of total costs related to a humanitarian crisis (see Figure 4). For IFAF to work, the tables would have to be available as open data. External auditors would confirm their reliability. The IFAF would be in line with the many initiatives undertaken by a number of organisations, such as the International Aid Transparency Initiative (IATI), OECD-DAC, Publish What You Fund, the World Bank Open Aid Partnership Initiative, the UN Crisis Information Strategy (CiMS) or the UN OCHA Common Operational Datasets (UNOCHA COD).

**Figure 4 – Improved situation when applying the IFAF**



The working group designed IFAF after having consulted many actors at governmental level (including multilateral financial institutions and associated intergovernmental organisations (RIAS)), in international organisations, including UN organisations such as the UN Office of Internal Oversight Services, and NGOs implementing disaster aid on the ground. The IFAF was presented as [INTOSAI GOV 9250](#) – a GOV being an overall framework for advice from INTOSAI to stakeholders, mostly to governments - and adopted by INTOSAI in 2013. In this GOV it was made clear that the IFAF could only be successful if implemented by stakeholders in humanitarian aid, and its full potential could only be realised if applied by all actors in that field. This would involve donors and recipients of humanitarian aid preparing IFAF tables and making the publication of IFAF tables a condition for receiving aid.

Within the process of INTOSAI's restructuring of its ISSAIs as its Framework of Professional Pronouncements (IFPP), leading for example to GUID 5330, INTOSAI abolished its GOVs, and GUID 5330 also replaced INTOSAI GOV 9250. The content of INTOSAI GOV 9250, which

aimed at promoting better and more coherent accounting practices in such complex environments, did not fit into a GUID focusing on the audit of disaster management. I understood that the issue covered by INTOSAI GOV 9250 may be addressed in the future by INTOSAI.

### **The proof of the pudding is in the eating**

The drafting and adoption of the ISSAIs 5500 series by the international public audit community show a global interest and a concern that all aspects of disaster-related aid should be comprehensively assessed. The ISSAIs were available for several years and were then converted into audit guidance GUID 5330. This shows the ongoing interest on the part of the global public audit community in having such specific guidance when auditing disaster-related actions.

The key question is of course whether the guidance have been *used*. Because, as nice as guidance may look on paper, if not used it serves no real purpose. To answer that question may be rather difficult. A possible indicator might be the frequency and quality of publications of assessments of disaster-related actions. But such figures and such a review might not reveal a direct link between the audit work done and the use of the guidance presented above, since, as some public auditors indicate (see for example pages xx and xx), they may use them for overall accountability purposes but not as strict audit standards to be applied to each and every aspect – which was never the intention anyway.

We never did a survey on the use of the ISSAIs and GUID discussed above. I received feedback haphazardly, also when I was not professionally involved anymore in this audit area that for example the SAIs of Chile and Indonesia had been working with the IFAF or the SAI of the Philippines had been using the ISSAIs 5500 series in their audit work. These ISSAIs have also been noticed outside the audit community, rather recently, for example, in a publication by the World Bank of June 2020, covering the role of SAIs in governments' response to COVID-19. In this publication, World Bank experts indicate in the context of the COVID-19 pandemic: 'As it unfolds and countries respond, the role of Supreme Audit Institutions (SAIs) is being recognized as crucial to supporting the government response mechanisms (...) Past experience from SAIs' engagement in government responses to natural and human-made disasters, including health emergencies like Ebola, provides good lessons for SAIs confronted with the COVID-19 pandemic.' Subsequently the article makes several references to the guidance of the ISSAI 5500 series, focusing on the emergency and post-emergency phase, and referring to the 17 inherent risk factors mentioned in ISSAI 5520.

As for the proposals for the IFAF, it did not find fertile ground on most continents. While the IFAF makes sense as a proposal, it also requires quite an overhaul of reporting practices and certainly extra efforts at the outset, since in the initial phase you would need parallel reporting flows to satisfy those not yet using the IFAF. For the IFAF to be fully operational it needs to be applied on a large scale. This was one of its core weaknesses. Nevertheless, while working in other functions I sometimes heard ideas containing elements akin to the IFAF, i.e. making use of open data and machine reading possibilities to create a framework to cover a cascade of financial flows. It turned out to be a rather radical idea coming perhaps unexpectedly from public auditors. The objections to the IFAF were on practical grounds, such as resources, reporting alignments and confidence in others taking over the baton.

### **As topical as ever before**

In hindsight, it is clear that the INTOSAI initiatives on disaster-related aid were part of a general realisation of the importance of accountability and transparency in this field. And hopefully GUID 5330 can contribute towards prolonging this process. The extended COVID-19 pandemic, as unfortunate as it is, may further stimulate this. SAIs are a good position to promote good governance in the administration of disaster-related aid, whatever its cause. Auditors' findings and recommendations to reduce the administrative burden and improve coordination of assistance can help to change minds and have an impact on maximising the amount of aid reaching those in need. That, as Gijs de Vries, the former chair of the WG AADA said already in 2012, makes it more than a professional challenge. It is above all a moral obligation.



# Undertaking a performance audit on volcanic eruption preparedness – Indonesian public auditors implementing and building on audit standards

By Sumaji, Audit Board of the Republic of Indonesia



Source: Edgaras Sarkus/ Getty Images

Indonesia, Bali, sunset view of Mount Agung erupting.

Volcanic eruptions are a natural disaster many people can relate to, whether this is due to the impressive images or the devastation they cause for people nearby and the climatological fallout they cause for those far away. Preventing such eruptions is not (yet) within human potential, but preventing extreme impact on human lives has become an increased focus for government measures in Europe and elsewhere. The Audit Board of the Republic of Indonesia (BPK) has contributed extensively to the drafting of INTOSAI guidelines on auditing disaster management, with several guidelines on this topic adopted in 2013. Here, Sumaji, a Senior Auditor at the BPK with an extensive background in auditing disaster management, shares audit experiences and insights on how the BPK has used the guidelines in practice and to what effect.

## Indonesian archipelago – over 500 volcanoes

Natural disasters have become a common phenomenon in various parts of the world. Sitting on a ring of active volcanoes at the meeting point of three active tectonic plates, Indonesia is one of the most disaster-prone countries in the world. Each year, disasters kill about 1,000 Indonesians, leave another 37,000 homeless and inflict financial losses of more than IDR34 trillion (about €2 billion). The Indian Ocean tsunami of December 2004, which killed about 167,800 Indonesians, was a wake-up call for the government to begin developing a comprehensive approach to disaster risk reduction management. Risk reduction involves activities to prepare for any possible disasters and reduce their impact, including by drawing up strong and adequate provisions, allocating a sufficient budget, and educating and empowering local communities.

In 2013, the National Disaster Management Agency of Indonesia (BNPB) developed the Indonesian Disaster Risk Index (IRBI) to identify the disaster risk index for each province and district. The 2013 IRBI showed that 388 of 497 districts (78 %), all over Indonesia were highly vulnerable to disasters, including the risk of volcanic eruption. This is because Indonesia is home to more than 500 volcanoes, 127 of which are still active, constantly smouldering and occasionally erupting violently. The active volcanoes spread over the

country are approximately 17 % of the most active volcanoes in the world. **Figure 1** shows the Indonesian volcanic risk index, which identifies high-risk volcanic zones vulnerable to volcanic eruption. The index shows that 12 out of 34 provinces should be prioritised for volcanic eruption. To date, scientists are familiar with Indonesia for having the longest volcanic archipelago. Over the next 400 years, 78 volcanic eruptions will threaten 16,670 km<sup>2</sup> and more than 5 million people.

**Figure 1 – Indonesian Volcanic Risk Index**



Source: <http://geospasial.bnpb.go.id/2010/02/19/peta-indeks-ancaman-bencana-gunungapi-di-indonesia>

Note: red indicates that the areas are highly vulnerable to volcanic eruption, yellow means medium vulnerability to volcanic eruption, while green reflects low vulnerability.

The key question is: has Indonesia succeeded in its risk reduction and emergency preparation efforts? As publicly reported, the BNPB spent IDR4 trillion to IDR5 trillion (€245 billion to about €300 billion) annually during emergency phase operations after the disaster struck. Unfortunately, this expenditure is likely to increase, as the government is spending more on reacting to disasters than on preparedness.

### **Auditing disaster preparedness**

The BPK has sought to address this issue through an audit. In this case, the BPK has a mandate to uphold transparency and accountability in disaster management activities by assessing compliance with legal provisions and intended targets.

The BPK carried out a performance audit on volcanic eruption preparedness in relation to Mount Merapi, Sinabung and Soputan to assess the effectiveness of the volcanic eruption preparedness developed and implemented by the BNPB and related entities from 2015 to mid-2016, within the aforementioned scope. The audit was conducted in the second semester of 2016. As a member of INTOSAI, the BPK used INTOSAI audit standards and guidelines. Details of the audit are given below.

#### *Legal framework and audit standards*

The Local Government Disaster Management Agency (BPBD) and related parties provided and utilised disaster-related sources deriving from state financing. Consequently, according to law, the BPK has the legal mandate to ensure that those disaster-related resources were used effectively.

The audit was based on:

- the State Finance Audit Standard (SPKN), issued by the BPK and last updated in 2017;
- the International Standards of Supreme Audit Institutions (ISSAIs) for Performance Auditing (ISSAI 3000) and auditing Disaster Risk Reduction (ISSAI 5510).

### *Audit objectives and criteria*

The audit objective was to assess the effectiveness of volcanic eruption preparedness activities developed and implemented by the BNPB and related entities from 2015 to mid-2016. Based on the criteria from many reliable sources regarding the development and implementation of volcanic eruption preparedness such as legal provisions, internal regulations and best practices from international organisations, the audit team assessed whether:

- a volcanic eruption contingency plan had been developed and prepared comprehensively;
- an evacuation site and route had been determined and were ready to use;
- dissemination and rehearsal of the emergency response management and mechanism had been adequately performed;
- volcanic eruption preparedness activities had been supported by adequate logistic and utilities management.

### *Audit approach and methodology*

The BPK applied a results-based approach which focused on the results of the activities/projects/ programmes regarding volcanic eruption preparedness. For this performance audit, the BPK:

- drew up a strategic plan. This took the form of a preliminary study to obtain a wider understanding of the audited entities and their functionality, and to identify specific audit areas. The audit team then carried out a risk assessment of the audit environment to identify high-risk activities;
- developed an audit design matrix (ADM). The audit team developed and used this ADM to make planning more systematic and directed, facilitate communication of decisions on methodology and assist with conducting fieldwork.

We designed the performance audit techniques to obtain adequate and relevant audit evidence. The audit team used the following techniques for data collection and analysis:

1. interviews: the audit team held direct interviews with individuals designated to play a key role in disaster preparedness activities;
2. site visits: the audit team made site visits to evacuation sites and routes besides the BNPB's and BPBDs' warehouses to observe and evaluate the work of relevant entities included in the audit scope, and interviewed key local individuals in sampled disaster-affected areas;
3. file examination: the audit team gathered and analysed relevant guidance, legislation, disaster contingency plans and related reports at sampled disaster-management agencies;
4. questionnaires: the audit team used questionnaires to evaluate community preparedness activities;
5. document analysis: the audit team analysed documents related to the topic, for example contingency plans, records of distribution of stock and utilities, etc;
6. carried out detailed audit fieldwork;
7. drew audit conclusions. BPK applied a 'combination approach' by combining quantitative methods (direct weighting) and qualitative methods (problem and cause analysis).

### **Audit findings – negligence, management failure and inadequate resourcing**

The BPK found that some significant areas of the management of volcanic eruption preparedness needed improvement.



*Preparation and formulation of contingency plan were inadequate*

Some BPBDs in disaster-affected areas had not completely prepared and formulated contingency plans. Some contingency plans did not meet all the essential requirements, such as the coordination of the scenario pattern between BPBDs at district level and BPBDs at provincial level, and a detailed prediction of refugees' needs and available resources. In addition, some existing contingency plans had not been disseminated and tested. There was no periodic updating of the existing contingency plans.

*Evacuation sites and routes were not ready to use*

Some BPBDs at district level had not provided sufficient signposts to assembly and evacuation sites. Some BPBDs had not even determined evacuation sites. Some routes were also found to be damaged. Due to limitations regarding policies and budgets, evacuation sites and routes turned out to be inadequate and unfit for use.



Some evacuation route points surrounding Mount Merapi in Sleman & Klaten Regency had not been maintained.

Source: Audit Board of the Republic of Indonesia.

*Dissemination and training for officials were inadequate*

We found that the training materials on the emergency response mechanism provided by the BNPB Training Centre and BPBDs at district and provincial level were not comprehensive. They had not included rapid and accurate assessments of location, damage, loss and resources. Nor had public dissemination been carried out in all affected areas.

*Logistics and utilities planning had not been prepared accordingly*

The BNPB had set a broad minimum standard for logistics and utilities, including those for volcanic eruption. However, the BNPB encountered problems in meeting the objectives of the standard. It had also signed Memoranda of Understanding (MoUs) with other relevant entities to fulfil needs regarding logistics and utilities. However, the MoUs had not been complemented with a technical agreement on their implementation. Meanwhile, BPBDs at district and provincial level did not include coordination planning in the MoUs addressing logistics and utilities needs in case of a volcanic eruption. Lack of policy and budget support meant that BPBDs were unable to meet the standard.



Warehouse of the Magelang Regency BPBD. Source: Audit Board of the Republic of Indonesia

Warehouse of the North Sumatra province BPBD.

Source: Audit Board of the Republic of Indonesia.



Overall, the BPK found that the National Disaster Management Agency (BNPB) and the Local Government Disaster Management Agency (BPBD) in the disaster-affected areas of Merapi, Sinabung and Soputan had not managed logistics and utilities sufficiently. Nor had they appointed logistics and equipment managers and staff adequately. Logistics and utilities support storage was not adequate or secured against potential damage.

The problems identified hampered the effectiveness of volcanic eruption preparedness. Therefore, the BPK concluded that volcanic eruption preparedness for Mount Merapi, Sinabung, and Soputan, as developed and implemented by the BNPB and related parties from 2015 to mid-2016, had not been fully effective in achieving the intended targets.

#### **Added value for auditee and auditor**

Based on the performance audit described above, and in addition to its conclusions, the BPK also formulated a number of recommendations. These recommendations were mainly addressed to the Head of the National Disaster Management Agency and were as follows:

- coordinate with the heads of the Local Government Disaster Management Agencies (BPBDs) in Merapi, Sinabung and Soputan to find efficient joint financing alternatives for preparing contingency plans and disaster management plans, and set guidelines for the preparation of contingency plans and measurable parameters to determine disaster scale and level. These documents should serve as a reference for preparing contingency plans and monitoring the completion of preparations for volcanic eruption contingency plans;
- coordinate with the governors of Central Java, North Sumatera, Special Province of Yogyakarta and North Sulawesi, and also with the mayors of Klaten, Magelang, Sleman, Minahasa Selatan and Karo, to set final evacuation site capacity and facility development as a priority in disaster preparedness;
- mandate the Head of the BNPB Training Centre to coordinate with the Director of Disaster Preparedness of the BNPB and heads of BPBDs in Merapi, Sinabung and Soputan to plan adequate training on emergency response mechanisms. Complete documents on the planning and reporting of disaster management training from 2015 to 2016;
- coordinate with the heads of BPBDs at provincial and district level, particularly in Merapi, Sinabung and Soputan, to establish policies on regular inventory reports on needs regarding logistics and utilities at national, provincial, and district level, to serve as reference material for planning logistics and utilities fulfilment in preparation for volcanic eruptions; and
- coordinate with the heads of BPBDs at provincial and district level, particularly in Merapi, Sinabung and Soputan, to prepare MoUs on logistics and utilities fulfilment, and equip them with technical agreements between working units managing logistics and utilities support other than BNPB and BPBDs.

As the supreme audit institution, the Audit Board of the Republic of Indonesia (BPK) is committed to encouraging the government and related parties in achieving their (national) goals and enhancing social welfare, including protecting people from disasters. The BPK does this by carrying out its audit work based on the State Finance Audit Standards and international audit standards. Through its audits, the BPK has used the ISSAI 5500 series relating to accountability for disaster preparedness and disaster-related aid and actively contributed as a member to the transformation of these series into INTOSAI [GUID 5330](#) on Auditing Disaster Management.

The BPK is committed to contributing to the development of such generally accepted and used audit guidance and welcomes any knowledge-sharing on this topic by other audit institutions to enable it to develop its knowledge for application in future audits regarding disaster preparedness. Such disasters are bound to happen, given Indonesia's geographical situation on an archipelago of volcanoes, the related earthquake risks, and the consequences of climate change. Sharing the lessons learned could substantially help us improve disaster preparedness in Indonesia, and hopefully elsewhere.

# Risk and crisis management for SAIs: heightened resilience for increased performance

By Laurent Grosse-Kozlowski and Nils Vösgen, INTOSAI Development Initiative



The global COVID-19 crisis has forced many supreme audit institutions to face how well – or how poorly – they are able to work in crisis mode. This measure of their resilience applies just as well to their internal functioning as to their ability to address government functioning in times of crisis. The INTOSAI Development Initiative (IDI), part of the global umbrella organisation of SAIs, has identified resilience as a common challenge for SAIs and developed Crisis and Risk Management (CRISP) for SAI Performance. Laurent Grosse-Kozlowski, Manager for SAI Governance in IDI, is leading the development and implementation of the CRISP initiative, and Nils Vösgen, also a Manager for SAI Governance in IDI, is part of his team. In this article they explain what CRISP is about, how it can help SAIs to face future disruption, and what it offers concretely in the form of practice-sharing, guidance and training.

## Disruptive times, and public auditors are not immune

The years 2020 and 2021 have meant unforeseen disruption and challenges for the community of supreme audit institutions (SAIs), as for all other institutions of society. While most of them have adapted to the situation, the ongoing COVID-19 crisis has revealed that many SAIs are ill-prepared to deal with large-scale disruption and crises.

The INTOSAI Development Initiative Global SAI Stocktaking Report 2020 shows evidence of this: 'Globally, 53 % of SAIs have an emergency preparedness and continuity plan. Lower income countries are significantly lagging behind the higher income countries.' Indeed, while SAIs routinely evaluate changing and emerging risks in the audit environment<sup>1</sup>, it appears that a substantial proportion of them do not do this for their own strategy and operations.

## What is resilience and why is it important for SAIs?

The COVID-19 crisis has heightened the need for SAIs to show that they have organisational attributes that have become buzzwords very quickly: agility, foresight, and organisational resilience. The concept of resilience can be defined as the ability to anticipate and absorb threats or shocks – i.e. large-scale adverse events – and recover from them. This entails internal resilience, or the ability to perform work as planned when

<sup>1</sup> See INTOSAI-P 12, *The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens*, Principle 5.

faced with disruption, as well as external resilience, the ability to remain relevant during crises by addressing and adjusting to them. For a SAI, the core of being resilient means being able to deliver value and benefits to citizens as defined by [INTOSAI Principle 12](#) even under different and challenging circumstances.

In recent years, a shift in strategic management has meant an increasing focus on outcomes, or on achieving results beyond the SAI's direct sphere of control. While this shift ensures that SAIs produce meaningful results, it also strengthens their bond with the institutional environment, making their strategy dependent on the environment. By focusing on outcomes, SAIs make a value proposition to their stakeholders that they should seek to fulfil even when times get tough. Resilience will allow them to continue achieving those outcomes by changing internal practices and processes as necessary.

A further crucial factor for SAIs is their commitment to be leading by example. SAIs have traditionally strived for excellence in the areas they audit, such as compliance with laws and regulations and resource efficiency. The impetus of leading by example has also spread to areas like gender equality, staff welfare and digitalisation. As institutional resilience becomes an increasingly meaningful attribute of public sector entities – and SAIs audit other entities' risk management and crisis preparedness plans – leading by example should also refer to SAI resilience.

The overall accountability system of which SAIs are a part is confronted by risks. While some of these risks may not be directed at SAIs per se, they will affect them indirectly. For example, there is the risk of corruption in audited entities. While this does not directly threaten the SAI, it will have an impact on audit content, the meaningfulness of audit reports, and the likelihood that recommendations will be implemented. Equally, any significant disruption to the work of audited entities will endanger audit timeliness. While a SAI can only influence these external events to a limited extent, it will benefit from anticipating and preparing for them.

### **Risk and crisis management as pillars of resilience**

From this perspective, risk management and crisis management form two pillars that SAIs need to construct to strengthen their resilience, alongside others such as technology, leadership and strategic management. Although risk and crisis management can appear to be distinct, it is only when both are present that the organisation can take decisive steps towards resilience. Indeed, doing one without the other would result in incomplete work, as the two subjects are not only linked but largely interdependent (see **Figure 1**).

**Figure 1 – Risk and crisis management are inherently interlinked**



Risk management and crisis management use similar tools to assess risks, but from different perspectives. Managing crises is about imagining the impact that the realisation of a risk will have on the SAI, and how the SAI will react to contain and ultimately eliminate the consequences of that risk. While risk management is about reducing or even avoiding risk, crisis management is about a risk that has been realised; it is about managing consequences. In this sense, there is a clear continuum between risk and crisis management, essentially making both part of a single system that contributes to SAIs' resilience.

### The CRISP initiative: how IDI addresses risk and crisis management to assist SAIs

Given these considerations regarding resilience and the changing needs of SAIs during the pandemic, IDI has launched several new initiatives (see **Figure 2**). Among them is CRISP (Crisis and Risk Management for SAI Performance), which was presented in September 2021 and aims to help SAIs focus on setting up and improving risk and crisis management processes that will enable them to face future disruption and strengthen their position in the accountability system of their home countries. While there are international standards on risk management, such as ISO 31000<sup>2</sup>, and some INTOSAI organisations have worked on guidance for SAIs in the area of crisis management<sup>3</sup>, IDI found a lack of guidance that is both specific to the SAI environment and general enough for different models, sizes and development levels of SAIs.

**Figure 2 – IDI’s well-governed SAIs workstream and initiatives**



The first activity of the CRISP initiative was to conduct sensitisation webinars in English and French at which representatives of the SAIs of Bulgaria, Canada, Fiji and Ukraine, as well as the ECA, shared their experiences of setting up and updating their risk and crisis management routines, with specific reference to the pandemic. The ensuing discussion with participants from around 50 different SAIs brought out some main points that will further inform the rollout of this initiative.

While many SAIs have some risk management routines in place, weaknesses were exposed. Many SAIs have not so far considered risk management beyond the realm of internal control, for example looking at IT risks and the link between risk management and their strategic and operational plans. Some SAIs also struggle to quantify risks, and smaller SAIs in particular are easily overwhelmed by extensive procedures. In the area of crisis management, most SAIs have improvised when facing crises, including COVID-19. Although some SAIs have plans in place, these have not always proved easy to implement and often focus on the immediate response to emergencies (such as a fire in the building) while remaining silent on business continuity during a prolonged disruption. The current challenges for most SAIs are the perceived lack of concrete guidance and support on developing improved crisis management routines, and formalising the lessons they have learned over the past two years.

<sup>2</sup> See at [www.iso.org/iso-31000-risk-management.html](http://www.iso.org/iso-31000-risk-management.html).

<sup>3</sup> See for example, INTOSAI's Capacity Building Committee: Disaster Risk Reduction – Business Continuity Planning, accessible at [www.intosaicbc.org/download/business-continuity-planning-2/](http://www.intosaicbc.org/download/business-continuity-planning-2/).



### **What next for CRISP?**

The CRISP initiative will produce guidance for SAls on how to manage risk and crisis. This guidance will refer to established standards, such as COSO<sup>4</sup>, regional tools such as the [AFROSAI-E Crisis, Emergency & Risk Communication for SAls](#), and good practices from SAls, and it will also propose a specific IDI approach to guide and ease implementation by SAls. The guidance is now being drafted and will take account of the feedback received from SAls during the sensitisation webinars. The next step will be to circulate the draft widely for additional feedback from the SAI community before it is finalised.

#### **Box 1 – Interested in CRISP?**

If your SAI is interested in supporting the initiative's implementation or benefitting from it, please get in touch: [Laurent.grosse-kozlowski@idi.no](mailto:Laurent.grosse-kozlowski@idi.no)

Following this, IDI will conduct training sessions in 2022 and 2023 to help SAls familiarise themselves with the proposed methodology and associated tools that they can use to implement good practices in risk and crisis management (see **Box 1**). IDI will also work directly with a few SAls through close coaching and on-site support to develop with them the necessary organisational set-up and tools for risk and crisis management.

IDI is convinced that CRISP will equip SAls better to face future crises and to anticipate and manage risks that are not only inherent to their work but affect their very existence. It will make them more resilient and able to deliver better results.

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4 Commission of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management – Integrated Framework (see [www.coso.org](http://www.coso.org)).

# 'The EU Solidarity Fund – representing solidarity and support between Member States'

Interview with Corina Crețu, Member of the European Parliament

By Gaston Moonen



Source: PE/EU

Corina Crețu

In the EU budget, several budget lines can be used to address emergency needs, ranging from humanitarian aid and civil protection to structural fund financing for disaster prevention projects. One such budget line is the EU Solidarity Fund (EUSF), which was set up in 2002 to help Member States cope with natural disasters, under responsibility of the European Commissioner for Regional Policy. Corina Crețu has been a Member of the European Parliament (MEP) since 2007, with an interruption from 2014 to 2019 when serving as EU Commissioner for Regional Policy. She has dealt with the EU Solidarity Fund from various angles, most recently as a member of the Parliament's Budgetary Control Committee. In that capacity she authored an own-initiative report on the effectiveness of Member States' use of the EUSF which was adopted by Parliament on 20 October 2021. Reason enough to interview her about her experiences with the EUSF, her concerns, and the prospects for the Fund's use.

## **Solidarity as a fundamental value**

The issue of natural disasters has received a lot of attention in Europe, in view of the floods and wildfires that hit the continent last summer. Perhaps also because of the global disaster caused by the COVID-19 pandemic. Corina Crețu believes both types of disaster have had specific consequences: 'The health crisis has affected all of us. In the beginning, it was unexpected and the EU was criticised. The whole situation has weakened our social and economic achievements, and it is still a great challenge for all of us, including in the EP. We could not work *in camera* for a few months. After some weeks of hesitation, I think that the institutions tried to organise themselves as quickly as possible to work effectively.' She refers to a number of measures the European Parliament has approved to combat the crisis. 'First emergency measures and also long-term measures. One of the measures is to include in the EU Solidarity Fund measures to alleviate the consequences of COVID-19. Initially, when established in 2002, the EUSF was meant to address only natural disasters.'

The MEP sees the multiple signs of EU solidarity as one of the key outcomes of the crisis. 'From the pandemic we can see that solidarity is a fundamental value of the EU. There is no country that can deal with such a crisis alone. The country I know best, Romania, is now in a very difficult situation.' She points out that Romania makes use of the EU Civil Protection Mechanism. 'Romania had asked for it in order to receive doctors, medication, oxygen and other equipment.'



*From the pandemic we can see that solidarity is a fundamental value of the EU. There is no country that can deal with such a crisis alone.*

Corina Crețu explains that initially the EUSF was not meant to be an emergency tool. 'It was an instrument through which Member States could recover some of the expenses resulting from a natural disaster. When I was Commissioner for Regional Policy, I saw in Italy people desperate after an earthquake. This was the moment I called for the Solidarity Fund to become more flexible and efficient to provide more quickly financial assistance to Member States affected by natural disaster.' She points out that between 2002 and 2020 the EUSF mobilised more than €6.5 billion for interventions in 96 disaster events that took place in 23 Member States and one accession country.

One of the conditions is that the damage to be repaired must exceed a certain threshold, and Member States have to provide evidence of the costs incurred. 'This evidence, and consequently the money, often came late. For instance, in the case of the earthquake in Italy I approved €1 billion but they received the money after one year. Because they had to prove the disaster expenses and for some regions it was difficult to provide this quickly, presenting invoices, other documents, etc.' The MEP adds that the largest share of applications (about 60 %) were submitted to cover damage caused by flooding, followed by earthquakes. 'Until now earthquakes, because of the enormous damage they cause in financial terms, covers about 48 % of the support provided under the Fund.' She sees the EUSF as one of the tools for the EU to help the most vulnerable regions and citizens. 'But at the same time there are problems in communication about all the help that the EU can provide through these instruments. And frustration over the time delay between the natural disaster occurring and regions affected receiving the money.'



*Until now earthquakes, because of the enormous damage they cause in financial terms, covers about 48 % of the support provided under the Fund.*

She underlines the fact that that MEPs have asked for a more speedy response from the European Commission, also given the impact of the pandemic. 'I was pleased that this Fund was extended to the health crisis we are facing. Originally, the Fund was not allocated to fighting the pandemic. Now the European Commission needs to provide a response to what is happening regarding health issues in the EU. In that respect I think that it will be important for the Member States to have the new European Health Emergency Preparedness and Response Authority (HERA).'

### **Towards shorter allocation times, yet tight controls**

Having been a Commissioner and now in her role as MEP – particularly in the Budgetary Control Committee – Corina Crețu is well aware of the fine balance that needs to be found between not cutting corners on accountability in emergency situations and providing speedy aid to those affected. 'When I was in the position of Commissioner I of course had to explain we have a regulation in place and we cannot speed up and give money without knowing exactly what damage is caused by floods, fires, etc. I was in Portugal and Italy to show our solidarity. But at the same time money went only after a certain amount of time. In my position as MEP and rapporteur for the Solidarity Fund in the Budgetary Control Committee, I have proposed to simplify the procedure and shorten allocation times. And insisting on the need for tighter controls to ensure that the money goes exactly there where it is needed.'



*[regarding the Solidarity Fund] ... I have proposed to simplify the procedure and shorten allocation times. And insisting on the need for tighter controls...*

She explains that the Commission currently does not provide funding for personal losses but only for economic recovery. 'Sometimes this is very frustrating for Member States. This was for example the case in Portugal: many lives were lost due to the fires, but there was not an industrial area affected with high damage in terms of economic costs. We also have to find a solution to show our solidarity in such cases.' Corina Crețu also

decided to start this own-initiative report in view of the *effectiveness* of Member States in using EUSF money in the aftermath of natural disasters. 'One of the objectives was to contact the main stakeholders to better understand all the mechanisms, starting from the submission forms, the criteria related to the disaster cases, the allocation of funds, etc. Of course without forgetting the follow-up and controls in place to ensure that the allocation of funds has been done wisely and for the right reasons.'

She thinks that her report is a very good summary of what the EUSF represents. 'How it is used by Member States to recover after a natural disaster. And of course we should recognise the complexity for a Member State affected by a natural disaster to sort this out and allocate funds as quickly as possible. And undertake efforts to make the Fund more flexible and helpful. This also – and my colleagues supported me – to do so to face recurrent disasters due to climate change.'

Corina Crețu says that support for the report has been very good. 'We tackle the main complaint from the regions, which relates to speed. We would like to improve speed, coherence, effectiveness, public awareness, clarity, simplicity, transparency, lessons learned and identified by the different stakeholders of the Solidarity Fund. We also have the wish that the Solidarity Fund should do a lot more communication about what it is doing and representing solidarity and support between Member States.' Regarding solidarity, she considers the cooperation shown among Member States during the pandemic to have been a great success. 'The coverage of the Fund has been extended to include public health issues, and it is very important that the amount of the Fund was almost doubled. Plus the rate for advance payments was also increased. This means that Member States can better use it from the beginning of a crisis, having payment already before submitting all the documents relating to disaster costs.' She hopes that the report will be welcomed by the Member States.

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... the amount of the Fund was almost doubled.  
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In the MEP's view, it has become urgent not only to do away with red tape but also to use the EUSF proactively in Member States that regularly face natural disasters. 'Especially for regions that are structurally vulnerable to certain recurrent disasters, such as floods, seismological volcanic activity – like we saw in the Canary Islands – or a public health crisis. It is really important to identify where are the vulnerable regions most prone to have these natural disasters. And to help them to prevent them where it is possible.'

### Multiple sources for financing preventive measures

When it comes to prevention the former Commissioner points to the various sources available through the EU budget. 'All Member States use Structural Funds for instance. What is very important in the new budgetary lines is that there is flexibility between the funds. The scope of the funds is very important and the *conditionalities* that we had in the last period, many of them, due to COVID-19, are not completely in place. Now it is possible for instance to use the Regional Development Fund or Social Fund for this kind of action.'

She points out that the EUSF was initially intended just for natural disasters. 'To address issues *after* the natural disaster. But all the studies show that many of them relate to climate change, for instance the fires in Greece. And it is clear that we have to help these countries in order to prevent these natural disasters that lead to huge losses, in human lives and damage. There can be effects destroying an entire industry, like olive oil cultivation for example. There are consequences in terms of economic prospects.' She concludes that analysis could be used to ensure regions are provided with just compensation for the damage they have suffered.

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... it is clear that we have to help these countries in order to prevent these natural disasters  
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On prevention, she argues that, while there is some money in the EUSF, the lion's share should come from Member States. 'That is for the 2021-2027 budget period, because this is the period for which they negotiate with the Commission the operational programmes for 2021-2027, and each Member State can assess what they need and



they should put this in their operational programmes.' National recovery and resilience plans are another possible source. 'Each Member State can use this money, so it is an historic opportunity for Member States, since the traditional sources of funds is basically doubled. It is very important to make synergies between all these instruments to achieve recovery but also to move a step forward after these crises.'

“... make synergies between all these instruments to achieve recovery but also to move a step forward after these crises.

She observes that Member States' capability to deal with all these funds will be essential. 'It is important that the Commission facilitates the establishment of a coordinated plan for accurate and rapid damage assessment. Each beneficiary country should also detail the preventive measures they have taken or are planning to take, including how they will use EU funds to limit future damage and a recurrence of similar natural disasters. As we have stipulated in the report, there is a need for a revision of the EUSF to ensure that the *build back better* principle is enshrined within it.'

### Respecting a delicate balance

According to Corina Crețu, money is currently not really the problem when it comes to emergencies. There is another challenge. 'On the one hand we would like to help the Member States affected, but on the other hand when it comes to control it is very hard to see how this money was used. And emergency situations are especially vulnerable to fraud. All studies show that. It is essential to the European Parliament to have this possibility to control for fraud, corruption and irregularities. This is the reason why our report emphasises the importance of effective control and complaint procedures, to ensure that public procurement procedures are followed by Member States in response to crisis situations.'

“... emergency situations are especially vulnerable to fraud.(...) [Therefore] ensure that public procurement procedures are followed by Member States...

For her it is clear that any allocation of resources from the EUSF must be compliant with the procedures and the principles of sound financial management and protection of the Union's financial interests. 'Including at regional and local level. It is clear that sometimes, even from the side of the European Commission, we need a clear assessment or report on how this money was used. From 2002 until 2020 we had €6.5 billion given through the Solidarity Fund, but no proper assessment of how this money was used.' She points out that in some cases Member States are asked to cover part of the public expenditure for emergency actions in relation to COVID-19. The situation is exacerbated further by the existence of thresholds for funding. 'So it can be frustrating that in the case of natural disasters the Commission cannot approve a number of requests for funding in view of the criteria.'

Corina Crețu explains that, as Commissioner for Regional Policy, she had to keep the balance between two committees in the European Parliament. 'One was the Regional Committee, which is very keen on simplifying and finding flexibilities. The other was the Budgetary Control Committee, where they require strict control procedures. I was in the middle between simplification and control.' She observes that it is important to provide aid in time. 'At the same time, in relation to COVID-19 expenditure, I think in many countries they now started to investigate how money has been used. And I hope the ECA will also be very vigilant in this sense.' She believes that there is a shared responsibility in this area too. 'So not only at the level of the institutions, the first level of control should be in the Member States.'

“[on COVID-19 expenditure]... many countries they now started to investigate how money has been used. And I hope the ECA will also be very vigilant in this sense.

What will be important is the capacity of Member States. Not only for controlling expenditure, but also for assessing which emergency activities qualify for EU funding. She refers to the 2021-2027 multiannual financial framework, which provides a new budgetary package and creates possibilities for synergies between different funds. 'For example with the Solidarity and Emergency Aid Reserve, a special instrument aiming at ensuring the flexibility of the new budget. It should be used in cases of specific situations

of natural disaster and emergencies. This reserve brings together the EU Solidarity Fund and Emergency Aid Reserve and is designed to respond on the one hand to emergencies arising from major disasters in Member States and accession countries, and on the other hand to specific urgent needs in the Union or non-EU countries, in particular in times of monetary crisis.' One of the novelties the MEP identifies is that this instrument can help non-EU countries with emerging needs stemming from climate change, such as conflicts and wars, the global refugee crisis and natural disasters. 'Emergency instruments will have a positive impact because they merge well the two budgets: the EUSF budget (€500 million per year) and Emergency Aid resources with €280 million per year.'

Corina Crețu underlines that these EU budgetary resources are available to respond to emerging issues in which every euro is sorely needed. 'Provided there are projects in place. And this is a problem in many Member States. They have a lot of money available but not enough mature projects. So we did our part in the EU, in Brussels. We introduced flexibility mechanisms, and most of the flexibility mechanism is now kept outside the multiannual financial framework. And the funding can be mobilised above the expenditure ceilings and thresholds.' She hopes that Member States can use these budgets whenever they will be needed. 'However, coming back to the same issue: we should monitor the overall amount, its use, its allocation, having an impact on the effectiveness of the projects. So it is very important to have this second part in place: monitoring and control.'

### Awareness in the Member States

With the various crises going on, the MEP thinks it is very important that people receive humanitarian protection and assistance, no matter in which country they are. 'But governments have to do their part. The Commission acts with the Solidarity Fund after an application made by the Member State. It is very important that Member States themselves assess and submit. Sometimes they are not aware, and in the Member States you need people who know exactly which instruments can provide very quickly a response. Sometimes the Member States are the ones that put the application very late.' She stresses that one of the aims of her report is to be more targeted and prioritised. 'That aid goes to the people who are in need, whether it is a natural disaster, hunger, gender-based problems, etc. It will not always be easy but it is very important that the Member States in this budgetary framework, emergency aid, EUSF, etc., they are all designed to respond to emergencies.'

“... in the Member States you need people who know exactly which instruments can provide very quickly a response.”

Corina Crețu recalls the experience she had as Commissioner when an earthquake struck several Italian regions. 'Of course we tried to be on the spot, to respond in an efficient, fast and flexible way. As Article 1 of the EUSF regulation stipulates, the Fund aims to respond in a rapid, efficient and flexible manner to emergencies. But this is not always possible because the assessment of the regions is sometimes coming very late. Most often the time between the disaster and the payment is usually around one year. It is true that local authorities have an important part to do – apply and provide proof of disasters and their economic consequences. Which is not always easy.'

“Most often the time between the disaster and the payment is usually around one year.”

She highlights that her report calls for measures to shorten the time needed after a disaster before payments are made. 'But this situation has improved only slightly, following the reform of the Solidarity Fund. And we do not know yet the situation around the new MFF arrangements. Because the Commission cannot just give money without sufficient proof. It is very important for local authorities to be very accurate and assess the damage and then to monitor and report on implementation.'

Another worry she has relates to advance payments, the value of which has increased from 10 % to 25 % of the anticipated financial contributions. 'The average time for making an advance payment is still very long, around five months – too long sometimes for the Member States as an affected country needs to receive aid as soon as possible. I know why. I was and am in contact with the representatives of Member States. Some consider that the time between the moment that the application is submitted to the Solidarity Fund and

“The average time for making an advance payment is still very long, around five months – too long...”

the implementation of work is very long. I know all these complaints, and I really consider that the Commission should come with more reactive solutions. In particular to continue its resort to comprehension and patience towards Member States on how to use the Solidarity Fund in a more simplified mode in order to facilitate such for local, regional and national authorities.'

She is in favour of networking among the Member States to share knowledge on using the EUSF. 'Because sometimes Member States are in a completely new situation, and other Member States and the Commission can give advice. Within the report, we have called upon the Commission to continue their work on simplification, to speed up the application procedures for Member States. And pay particular attention to simplifying applications for activation of the Solidarity Fund across several regions in the context of cross-border disasters. Such cooperation, also between Member States, can enable them sometimes to meet the threshold.' She also believes that the Commission should establish a mechanism that provides financial support in an emergency, regardless of whether the annual EUSF budget has been spent. 'This is an issue raised by several members in the Budgetary Control Committee. I think that, at this moment, a doubled sum would be enough. Countries applying for support as a result of the pandemic in 2020 received less than 50 % of the potential aid amount.'

### **Extended aim and use of the Solidarity Fund makes proper reporting the more important**

When it comes to the achievements of the EUSF, Corina Crețu sees the ECA's reports as an essential source of information. 'I think the ECA is crucial in every sector when it comes to spending EU public money. We know very well that procurement in emergency situations could be an area for fraud, corruption and irregularities. We rely very much on the EU's audit institution because we would like to make sure that the public procurement procedures are followed by the Member States in response to crisis situations.' She reiterates that primary responsibility for the Fund's use lies with the Member States. 'But it is very important for the ECA to check all these things and to ensure that if there are derogations they comply with the procurement procedures, including at regional and local level.'

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*We rely very much on the EU's audit institution because we would like to make sure that the public procurement procedures are followed...*

The MEP points out that shared management undoubtedly gives potential for misuse of the EUSF. 'I really think that there is a need to introduce steps to improve transparency and monitor and protect potential misuse. The annual reports for the Solidarity Fund cover the period from 2008 to 2018 and are published in a very irregular manner. This can contribute to mistrust on how money has been used. However, for 2019 and 2020 there is not yet an annual report published, even though the European Commission has the obligation to publish every year.' She believes her colleagues on the Budgetary Control Committee are not comfortable with this situation, with no reporting on how money was spent. 'That is why I would like to ask the ECA to inform the EP of any findings as part of its annual work on assurance relating to the Solidarity Fund and its implementation. Very important for us!'

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*... there is a need to introduce steps to improve transparency and monitor and protect potential misuse.*

More specifically, she explains that the Commission's report on the Fund's use in 2019 should have been presented in 2020. 'That is why the EP is also inviting the Commission, and the ECA, to conduct a new audit of the Solidarity Fund to reassess the instrument and the budget in order to make sure that a sufficient and functional budget is available to deal effectively with major national and regional natural disasters, as well as major public health emergencies.' She underlines that to have an annual report from the Commission is much more important now since the health crisis is included in the Solidarity Fund. 'Effective spending is a key concern in many governmental programmes, be it EU programmes at national or local level. And foster trust in public authorities functioning. It is very important not only to spend money but also report on how this money was spent.' She concludes on a positive note: 'I believe that last year was the *year of solidarity* and I hope that this year will be the *year of reconstruction*!'

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*... the EP is also inviting the Commission, and the ECA, to conduct a new audit of the Solidarity Fund...*

# How has the Covid-19 pandemic affected the work of the MEPs ?

## Interview with Members of the European Parliament Heidi Hautala and Eero Heinäluoma

By Rosa Kotoaro, Directorate of the Presidency



Source: Council of the European Union,  
edited by Rosa Kotoaro

Following the outbreak of the COVID-19 pandemic, many of us became participants of a massive remote work experiment. Across the EU, companies and organisations alike closed their doors and employees moved to home offices. The Members of the European Parliament (MEPs) were no exception. How has the COVID-19 pandemic affected the work of the MEPs? Two Finnish MEPs, Heidi Hautala and Eero Heinäluoma, tell us about their experiences in this interview, done by Rosa Kotoaro, Institutional relations officer at the ECA, in April 2021.\*

### Quick response facilitated by digital technologies



MEP Eero Heinäluoma

When the COVID-19 pandemic broke out, the European Parliament was quick to respond to the challenges the situation posed to its functioning. One of the Parliament's immediate initiatives was to create a mechanism for remote debate and voting. Reflecting on the matter, Eero Heinäluoma points out that the European Parliament was remarkably fast to transition to the remote work conditions, while noting that many other parliaments faced difficulties in adapting to the new circumstances.

One year into the pandemic, Heidi Hautala and Eero Heinäluoma are accustomed to using the various digital tools and videoconferencing platforms as a part of their daily work. 'Apart from some occasional Wi-Fi hiccups, relying heavily on the digital technologies has not brought about notable issues', says Heidi Hautala. Similarly, Eero Heinäluoma has found it easy to adopt the new technologies, although he would welcome further harmonisation of the IT tools in place, as currently the software in use differ from one EU institution and Parliament committee to another.



MEP Heidi Hautala

Source: European Parliament

\* This article was first published in its original format in the Finnish *Tähdistö* online magazine (<http://tahdistolehti.fi/>) on 13 April 2021.



## Keeping busy

MEPs Hautala and Heinäluoma both confirm that the pandemic has not put an end to their busy timetables. In fact, since online meetings and webinars are frequently easier to arrange and participate in than physical ones, the MEPs' calendars become easily packed with virtual meetings, conferences and events. With such online activities added on top of the MEPs' regular tasks in the committees and political groups, constituency and plenary work, and the participation in negotiations, hearings, debates and votes – the pandemic era has been a hectic time for the MEPs.

## Lack of face-to-face interaction poses challenges

One of the key downsides of remote work for both Heidi Hautala and Eero Heinäluoma is the lack of face-to-face communication with their colleagues and the associated challenges. As the Parliament currently allows a limited number of staff physically in the buildings, the MEPs have less direct communication with their teams. Heidi Hautala has observed that it is sometimes challenging to manage the workflow and coordinate with the team in remote conditions. When working remotely, the threshold for the exchange of information may be higher, resulting in an accumulation of action items and unresolved issues. Similarly, Eero Heinäluoma refers to occasional bottlenecks that occur when work accumulates due to the reduced regular interaction with the team.

'I miss collaborating with and talking to my team in person,' Heidi Hautala states. When the whole team is rarely together at the same place, there are fewer opportunities for brainstorming, free-flowing conversation and exchange of ideas, she explains. Along the same lines, Eero Heinäluoma notes that 'online meetings do not provide an ideal setting for creative interchange and cannot compete with face-to-face dialogue.'

“*I miss collaborating with and talking to my team in person...*”

Eero Heinäluoma adds that, since the spontaneous conversations with colleagues in the Parliament's corridors are missing, a part of the usual exchange of information has been eliminated. In addition, he has noticed that the remote work conditions have elevated the role of pre-established contacts. 'As it is more difficult to create new connections remotely than it is in person, people are relying increasingly on pre-existing connections in their work,' he explains.

“*... people are relying increasingly on pre-existing connections in their work...*”

Remote work has also made the MEPs rethink their interaction with stakeholders. Seeing people's genuine immediate reactions is a crucial part of authentic face-to-face communication, Eero Heinäluoma describes. 'In remote conditions, communication risks becoming unilateral,' he says. Despite the existing limitations of remote stakeholder engagement, Heidi Hautala has been glad to see that communication with many stakeholders, including companies and civil society organisations, has remained rather strong through online tools.

On the other hand, while the MEPs have fewer opportunities to meet their colleagues and stakeholders in person since the outbreak of the pandemic, the remote working conditions have provided more occasions to spend time with family. Eero Heinäluoma says that he has been particularly pleased to be able to spend more time with his parents.

## Efficiency gains through remote meetings

On the other side of the coin, both MEPs identify the increased efficiency as a positive aspect of remote work. Heidi Hautala remarks that it is sometimes easier to get hold of busy people through digital platforms, instead of trying to catch them for physical meetings. At the same time, online meetings are frequently shorter than physical ones, leaving more time for other work, thereby resulting in efficiency gains.

However, as Eero Heinäluoma points out, one challenge of reduced meeting times in the committees in particular is ensuring that all voices are heard. 'As the meeting slots have been shortened, not everyone gets the speaking time they would want and the role of a selected few risks becoming inflated,' he describes.

“*As the meeting slots have been shortened, not everyone gets the speaking time they would want...*”

As an advantage of remote meetings, Eero Heinäluoma notes that when one does not have to spend time on travelling from one meeting place to another, there is often more time to attend more meetings, irrespective of their location. Heidi Hautala provides a case in point, as she is about to participate in a conference taking place in New York, without travelling across the Atlantic.

### Less travelling

During the pandemic, the MEPs have witnessed a considerable reduction in business travel. 'Since the outbreak of the pandemic, the MEPs have not made any business trips in the Parliament's delegations,' Heidi Hautala says. She also notes that the situation has drawn attention

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*Since the outbreak of the pandemic, the MEPs have not made any business trips in the Parliament's delegations...*

to the question of the Parliament's two seats, located in Brussels and Strasbourg, and animated the debate on whether the monthly move between the two cities should be continued in the future. Since March 2020, all of the Parliament's monthly plenary sessions have been held in Brussels instead of Strasbourg<sup>1</sup>. Changing the current seat system would require modifying the EU's treaties and therefore call for unanimity among all Member States' governments and ratification by each of their national parliaments.

Heidi Hautala remarks that reducing unnecessary travel is a welcome development in the Parliament. Indeed, a recent [report](#) by the Parliament's Environmental Management Unit (EMAS) found that the transport of persons accounts for two thirds of the Parliament's overall carbon footprint. Accordingly, if the Parliament wants to be in line with the EU's ambitious climate targets, it would be useful to review the need for missions and to limit business trips to the indispensable ones also in the post-pandemic era, Heidi Hautala explains.

### Mandatory disposable masks

Heidi Hautala brings up a recent development in the Parliament's fight against the virus. In March 2021, the use of disposable medical masks became mandatory in all of the Parliament's premises. Following this decision, an environmental NGO calculated that the use of disposable medical masks or disposable FFP2 masks by the MEPs and staff would lead to 12.000 kilograms of non-recyclable waste every year. The NGO [urged](#) the Parliament's President and Secretary General to find a more sustainable option, in line with the Union's green policies.

As Heidi Hautala remarks, the question over the compulsory disposable masks accentuates the interconnected nature of two of today's pressing global challenges – the COVID-19 pandemic and climate change. There is a scientific consensus that climate change drives biodiversity loss, which alters how humans relate to other species on Earth, which in turn has implications for our health and our risk for infections. The debate also highlights that, while the pandemic is frequently overshadowing other policy priorities, it can equally encourage us to look at those priorities from a new perspective.

### Looking ahead

What will the MEPs' work look like in the post-pandemic future? Looking ahead, both Heidi Hautala and Eero Heinäluoma would welcome the continuation of hybrid meetings, enabling both on-site and remote participation. Having the opportunity to choose whether to attend meetings physically or online depending on the situation would save time, money and the environment.

Having said that, Heidi Hautala and Eero Heinäluoma underline that there are many elements of in-person communication that online meetings simply cannot replace. Consequently, both are looking forward to resuming face-to-face interaction once the situation allows it. To what extent hybrid meetings and remote work will stay around in the post-pandemic Parliament, remains to be seen.

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1 Situation as of April 2021.

### **Status as of November 2021**

Seven months after the interview, the situation is not much different. After briefly resuming physical committee meetings in Brussels and in-situ plenary sessions in Strasbourg, the Parliament is once again taking a step back and reintroducing its remote work regime, in response to the deteriorating COVID-19 situation across the EU. As Eero Heinäluoma puts it, 'today, no one can say anything certain about next year.' What does seem certain, however, is that the MEPs will need to remain flexible and prepared for changes also in the future.

# Foresight and audit

## More space for rivers – more transparent flood defence schemes

By Thomas Schmidt-Wegner and Martin Winter, German Federal Audit Office



Source: Markus Volk/Getty Images

Eifel, Elz valley, flood disaster, 15 July 2021.

While some disasters may come as a total surprise, many can be foreseen, particularly when they are included in scenario planning exercises undertaken by governments, companies and even citizens. Mapping alternative scenarios often goes together with rating the likelihood of these materialising – which depends partly on the measures taken (or postponed, as the case may be) to prevent them from doing so. Climate change may accelerate their precipitation. With the Western European floods of July 2021 still fresh in our minds, the audit work done by Germany's Federal Audit Office – the Bundesrechnungshof – over the past few years regarding protective measures taken – or lack thereof – takes on a new significance. Thomas Schmidt-Wegner is a Member of the Bundesrechnungshof and head of the 'Environment, nature conservation and nuclear safety' audit unit. Martin Winter is senior auditor in his team. They present some of their key audit findings, which flagged lack of transparency and serious postponement of expenditure on flood defence projects, with the potential for grave consequences – recent hindsight that feeds into foresight for policymakers.

### Rivers need more space

Large river floods are recurring natural events. Although it is not possible to prevent them completely, it is possible to reduce their potentially severe impact on humans, the environment and infrastructure (including their financial impact) by taking preventive action.

The German federal government estimates the cost of the catastrophic flood of July 2021 in Germany alone at up to €30 billion, and the damage caused by the Elbe river flood in summer 2002 and the floods along the rivers Elbe, Danube and Rhine in June 2013 at about €20 billion. As long ago as 2014, the federal government and the federal states pointed out that investments in flood defence schemes did not merely serve the public good – their economic benefits also far outweighed the cost of the damage caused by the floods.

After the devastating flood in 2013, the federal government and federal states decided to strengthen Germany's flood defences. The country's national flood protection



programme (the 'national programme') was launched in 2015. Since 2016, the federal government has provided additional funding of €100 million a year for flood defence schemes via the national programme. This support focuses on high-priority projects involving multiple federal states in the major catchment areas of the Elbe, Danube, Oder, Rhine and Weser rivers.

The programme's overarching aim is to provide more space for rivers by restoring floodplains. It allocates funding to capital works involving the dismantling and relocation of coastal flood embankments. It also supports measures to establish retention areas – i.e. flood retention basins or polders. The national programme aims to target these flood defence measures effectively and implement them as a matter of priority so that they have a lasting impact. The federal government estimates total funding needs for the national programme at €5.5 billion over a period of about 20 years and intends to bear 60 % of these costs.

Right after its launch in 2015, we started to audit the national programme. The programme was new and of major financial and political significance. Furthermore, it was receiving a considerable amount of federal government money even though the implementation and funding of flood defence schemes generally falls within the remit of Germany's federal states.

In principle, we take a critical view of the federal government (partially) funding programmes in areas that fall under the responsibility of the federal states. Doing so can limit its ability to check – and its influence in ensuring – that its money is being spent as intended. In terms of transparency and effectiveness, it is better to vest all responsibility for implementing and funding a programme in one authority – either the federal government or the federal states.



Source: Getty Images

In the case of flood defence schemes, however, experience prior to the national programme had shown that the measures taken by the federal states were not appropriate for substantially reducing damage caused by river floods. One reason might have been that each federal state planned and coordinated flood defence schemes on its own. In addition, not all federal states gave flood defence schemes the same priority. Furthermore, remedying flood damage was placing an ever more frequent burden on public budgets.

### **Uniform criteria for flood defence schemes**

For these reasons, and given the need for more risk prevention, we considered the national programme's approach reasonable. For large river systems in particular, such as the Rhine and Danube, multiple federal states need to be involved in planning measures. It is also necessary to establish uniform criteria for flood defence schemes and to implement them as soon as possible.

This supra-regional approach, with priority projects following uniform criteria, made (and continues to make) success all the more important. In our audits, we examined the effectiveness of project management and the transparency of monitoring under the more difficult conditions of shared responsibility between the federal government and the federal states. How did the federal government ensure the best possible coordination

and management of the measures funded? How were the individual projects reported on, and what information did the reports contain? Were the eligibility criteria met in each case? And what steps were taken when project implementation came to a halt?

As more or less expected, we found considerable shortcomings. Although the federal government knew how much federal funding had gone to each federal state for projects under the national programme, it did not know which projects had received it. Even at an early stage, it became apparent that the federal states did not take advantage of the funding. In the first four years of the programme, the federal states claimed only around half of the total fundal provided by the federal government. Project planning was delayed by time-consuming approval procedures for developing new floodplains, followed by court proceedings. Construction contractors also did not always have enough capacity.

However, the federal government could not obtain a general overview of which projects were well underway and which were not. The government was also unable to monitor individual projects, let alone take corrective action, and did not know whether they met all eligibility criteria. Only capital works are eligible for funding under the national programme. Federal states also cannot claim national programme funding until their flood defence schemes have already received a certain level of support from other sources – i.e. their own budgets or EU funding. For a long time, the federal government also lacked comprehensive information on such funding.

This left the federal government unable to report adequately to Parliament on the national programme's progress. Close parliamentary scrutiny of the programme was therefore not possible. However, Parliament intended to ensure close programme monitoring. Implementing the national programme quickly and targeting funding effectively were matters of high priority for Parliament.

### **Transparency improved considerably**

We have reported twice to Parliament on the findings of our audits of the national programme<sup>1</sup>. Our recommendations were aimed especially at improving the federal states' reporting to the federal government and the federal government's reporting to Parliament. We recommended that reports provide transparency on the individual projects funded, how these projects were selected, what kind of implementation problems they encountered (and where), and whether eligibility criteria were met.

In 2019, for the first time, the federal government provided a comprehensive report with details on individual projects. Reporting has continued to improve ever since. As from this year, Parliament can verify the fulfilment of all eligibility criteria – i.e. that the projects are capital projects and that federal states' flood defence schemes have received sufficient support from other sources. This gives Parliament the information it needs to monitor the national programme closely – as befits its importance.

Continuous and close programme monitoring at federal level remains crucial. The national programme now encompasses about 100 projects. Overall, the proportion of available funding provided by the federal government is still only about 50 %. Just 12 % of projects are in progress, and only 5 % have been completed. All other projects are in either the design phase (42 %) or the preliminary planning/approval/contract award phase (41 %).

### **Flood defence schemes remain key**

The catastrophic flooding in several European countries in July 2021 has once again demonstrated the importance of effective flood defence schemes. Since 2015, the German federal government has provided additional funding via the national programme to support high-priority flood defence projects in the federal states.

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<sup>1</sup> See our reports: *Berichterstattung der Bundesregierung zum Nationalen Hochwasserschutzprogramm*, published in May 2019 and our report *Aufgabenwahrnehmung des Bundesministeriums für Umwelt, Naturschutz, Bau und Reaktorsicherheit beim Nationalen Hochwasserschutzprogramm*, published in January 2016., published in January 2016.

In order to be able to assess whether the national programme is successful, the federal government needs to know which projects receive funding, whether this funding is targeted effectively and where improvements are needed. To this end, the federal Parliament must receive essential project information from the federal states via the federal government in order to be able to monitor the national programme closely. Over the last five years, our recommendations have contributed to establishing and continuously enhancing this flow of information. In 2021, for the first time, Parliament received all relevant information on the national programme from the federal government.

In light of ongoing climate change, effective flood defence schemes continue to be of key importance. Climate change has already made river floods more frequent and serious. According to an internationally recognised study<sup>2</sup>, the likelihood of future extreme rainfall causing floods similar to the ones we experienced in Western Europe in July 2021 has increased by up to 9 % because of climate change. Such new data leads to new scenarios, with related new risks to be taken into account by policymakers.

Public funding for flood defence schemes needs to be used speedily and effectively, as reflected in higher completion rates for flood defence projects; all the more so since, in the area of flood defence, as elsewhere, prevention is better than cure, from both a human and an economic perspective. In order to support this process, we will continue to examine future flood defence schemes.

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<sup>2</sup> Kreienkamp F. et al., *Rapid attribution of heavy rainfall events leading to the severe flooding in Western Europe during July 2021*. World Weather Attribution (WWA) initiative, 2021.



# Foresight and audit

## The COVID-19 pandemic and its effects on the future of Europe

insights by Federica Mogherini, Rector of the College of Europe, and former EU High Representative and Vice-President of the European Commission

By Tijmen Stuart and Lisa Verhasselt, cabinet of Alex Brenninkmeijer, ECA Member



Federica Mogherini giving her presentation during a hybrid meeting at the ECA on 6 October 2021.

Emergencies and crises come in all shapes and sizes. The most significant crisis in recent years, by virtue of its global reach, is undoubtedly COVID-19, not least because of its massive consequences for human health and its economic impact. While any crisis requires a short-term response, there is also a long-term impact on society and how it will be organised in future. When she visited the ECA in October 2021 to reflect on the Conference on the Future of Europe, Federica Mogherini, Rector of the College of Europe, and High Representative of the EU and European Commission Vice-President from 2014 to 2019, highlighted several aspects of the pandemic, which she felt would shape discussions on the future of Europe. Tijmen Stuart and Lisa Verhasselt, respectively a trainee and a secretary in the cabinet of ECA Member Alex Brenninkmeijer, provide insights into Federica Mogherini's thoughts, and explain how she connects the pandemic to the long-term prospects for the European Union.

### Looking beyond shortcomings

On Wednesday, 6 October 2021, the ECA Working Group for the Conference on the Future of Europe organised a hybrid workshop with Federica Mogherini, Rector of the College of Europe and former High Representative of the EU for Foreign Affairs and Vice-President of the European Commission. ECA staff could follow the debate either via Teams or in person, and were invited to express their ideas about Europe's future from their perspective not only as auditors, but also as EU citizens. The event started with an introductory video message from ECA President Klaus-Heiner Lehne, and was followed by a presentation of the Conference programme by Annemie Turtelboom, the ECA Member chairing the Working Group. In her keynote address, Federica Mogherini shared her thoughts on the future of Europe.

Before discussing the opportunities presented by the Conference, Federica Mogherini took her listeners back a few years, specifically to June 2016 and the Brexit referendum. At the time, the debate centred on the question *Who's next?* Mogherini, who was then



the EU's High Representative, recalls that the general feeling was that many other Member States might follow suit, signalling the 'beginning of the end.' Now, five years later, she noted that this dystopian vision had largely dissipated, giving way to debate on the future of the Union; a future that was currently being discussed with institutions and EU citizens, both at national and European level.

One particularly important point made by Federica Mogherini was the following: 'Here we are, 27 still together, the Union reaffirming its mission and its vision, and we are looking at the future in an open and collective manner, including our citizens.' For her, the flashback to 2016 highlighted 'the distance between what we risked facing and losing, and where we are today. Because sometimes we focus a lot on the shortcomings, the difficulties, the challenges – and they are all there – and we forget to remind ourselves what we managed to avoid.' She considered such a message to be equally significant for the Conference on the Future of Europe: 'We should not enter this exercise only addressing the shortcomings and problematic elements, but we should also value the strong points and the achievements.'

### **COVID-19: an opportunity in disguise?**

The Conference on the Future of Europe is a joint initiative by the European Parliament, the Council and the Commission, the aim being to give centre-stage to EU citizens in discussing the challenges and priorities facing Europe in the coming years. For the former High Commissioner, the initiative is particularly significant, as she had first-hand experience of how important it is to have good governance and a healthy relationship with the public and public opinion. However, the Conference is unusual in that it is an open-ended exercise, and so there is no clear endgame. Given these circumstances, the COVID-19 pandemic was very likely to hinder the Conference.

However, Federica Mogherini expressed an interesting alternative view of the interplay between COVID-19 and the Future of Europe. She argued that the fact the Conference is taking place during a global pandemic brings with it several possibilities and opportunities. Had the Conference been held before the pandemic, it would probably have been 'restricted to the conventional wisdom of what is possible and what is not possible.' In other words, COVID-19 has fundamentally changed the rules of the game, meaning that what was unthinkable only a couple of years ago is now possible.

She cited the example of public health, and explained that before the pandemic, the Union's powers in the area of health were very limited and mostly exercised at national level – as laid down in the Treaties. In other words, it was inconceivable for the Union to intervene in health policies. 'Now, it is not only conceivable, but also very much wished for and worked at in very practical ways.' She added that such a development would have been unthinkable just five years ago. 'Even the Conference on the Future of Europe as we will have now was almost unthinkable. We are in a timeframe where some key and long-standing taboos have been broken by the institutions as the best way to react to a crisis situation which was unprecedented and that was coming on top of layers of different crises we have experienced in the last two decades.'

According to Federica Mogherini, the last two decades have seen a constant series of crises in different areas. 'Attacks on European soil, terrorist attacks, migration and refugee crises, financial crisis, the climate change crisis... The pandemic was just the biggest of all, not only for the EU but also for the rest of the world.' She added that the repatriation of large numbers of European citizens by the European External Action Service (EEAS) also meant an expansion of the Union's powers, with the EEAS playing a consular role that would usually lie with Member States. Such a development could best be thought of as the Union's 'excellent and very courageous manner of reacting to this extra-dramatic crisis.'

Federica Mogherini then reiterated her earlier message, namely that we should not take things for granted, and certainly not restrict our focus to shortcomings, particularly since this reaction to the pandemic was taking place at precisely the same time as the new institutional cycle was just starting. 'The Commission had only started in December 2019, and by March 2020 was facing one of the most difficult decisions that a Commission could face, remotely and without even having learnt how to work together. The de

facto expansion of (health) competencies and the use of macroeconomic and financial instruments of unprecedented scale (i.e. the recovery fund) would have been considered taboo.' She underlined that, in the context of a global emergency, the Union had showed that by working together it was able to overcome seemingly insurmountable obstacles with the support of its citizens. 'If you think of how the EU faced the financial crisis and the debates in the Council mainly, but also in the Parliament about the financial and economic instruments to react to the financial crisis, and you measure that kind of discussion against the decision that was taken within a few weeks using the EU budget as a guarantee for borrowing money for Member States, just see how many taboos were broken in the last year and a half!'

All in all, the COVID-19 pandemic has provided an opportunity for the European Union to bring about real change and progress that would otherwise have been impossible. According to Federica Mogherini, such examples of the Union's development prove that 'the future of Europe has already been put in motion from within, from the institutions themselves [...] without there necessarily being a parallel discussion about what this implies for the change of structure, the change of policies, the change of perceptions also of European citizens.' She took the view that the Conference on the Future of Europe 'falls in a perfect place and time.' In other words, the Conference will be the perfect framework not just to accompany and provide a structure for debate, but also to provide a sense of direction for certain changes that have already started within the institutions by also involving public opinion. Furthermore, the themes and issues tackled by the Conference also show that the EU clearly has very different priorities than might have been expected two or three years ago.

### **The Future of Europe: where are we heading?**

For the Rector of the College of Europe, the Conference will be more than just a public consultation exercise; it is also a participatory process, which comes at a time when 'it can really shape the future of Europe.' The Union's reaction to the pandemic had shown its citizens that real change is possible. Why? 'Because some change has already been put in motion but mainly because the policies that have been adopted in the last year and a half, I believe, sent a clear message to the European citizens. The message is: *everything is possible!* Which is not a message that the EU institutions had ever given to citizens before.'

Federica Mogherini went on to explain that such a message would previously have been unthinkable for the EU. 'Due to our history, we tend to believe that if *everything is possible*, we are at risk.' However, she felt that this message now has positive connotations as well. She believed that the fact that the Conference on the Future of Europe is taking place during the COVID-19 pandemic could actually be a significant opportunity, as citizens have seen a change, and have recognised that there is an opportunity to bring about even more change. 'To deviate from common sense, the established framework of policies, and taboos that cannot be broken.' The EU's response to the pandemic has led to a new perception of the EU: 'A Union that is able to look at reality, read it, and understand the priorities of its citizens.' She described this as the *sparkle of life*: 'I think that European citizens have recognised a sparkle of life in what they assumed were in - the best case - useful and boring institutions and - in the worst case - useless and annoying institutions.'

As well as having the impression that citizens' perceptions of the future of Europe have changed, so, she felt, have the institutions. 'Like citizens, the institutions have also experienced this *sparkle of life*. They finally seem to understand the need to explore, adapt and even change things that they themselves had always dismissed as impossible.' There was now a real opportunity for the institutions to say: *We are listening!* She noted that there seemed to have been a shift towards matching priorities with policies. It is this change in particular that Federica Mogherini perceived as being the driving force behind the Conference: 'This empowers the Conference much more than anything else, provided that the opportunity is taken.'

However, this positive note did not mean that she felt there were no risks for the Conference. As with any other participatory experiment, her main concern was citizens'

reluctance to participate. Although participatory processes were always a good idea, even when most participants were from civil society and organised networks, she stressed that it might nevertheless be good for the Conference to reach out to individual citizens. Here too, the pandemic might prove beneficial as 'it promotes a digital and hybrid environment, which allows for easier participation and can help to open channels for individual participation where before this was not really happening.'

### **Dreaming of a less complex EU**

Focusing on the content of the Conference, Mogherini asked herself 'what would I bring in if I were participating in the Conference on the Future of Europe as a citizen?' She identified four priorities, admitting that she might be influenced by her own professional experience and current role as a rector. 'The first lesson learned from the pandemic is that if there is one sector in which we cannot afford not to invest, it is research. I think we have clearly understood that also as a citizen, I would say. Public health systems are second.' She believes that these two areas 'have not been on the political radar in the last two to three decades.' Thirdly, she added, 'I would also expect to see, or would dream, of a Union that manages to face the reality of its complexity somehow.' Another element she would highlight was defence. 'An EU that invests in European defence in a consistent manner, without ideological approach, would be beneficial for our economies, security and industry.'

As regards complexity, Federica Mogherini cited the example of qualified majority voting on foreign security policy, which she felt was often a 'mismatch of perspectives.' She stressed that 'there has not been one decision that has not been taken because there was no unanimity. Which should not come as a surprise since this happens in all government coalitions.' Taking the examples of Belgium and Italy, she argued that 'complexity is a part of politics. You negotiate, you negotiate, and it works. How can you expect that 27 Member States – still 28 in my day – would not negotiate for hours, days and weeks on, to end where joint decisions are concerned?' She pointed out that this happened even in city councils. 'Why should it not happen on a continental level?'

She emphasised that what she really saw as the main problem was not the decision-making process. 'It was the implementation part!' In her view, this was a key issue, along with the ownership of decisions becoming visible during the implementation phase. 'Decisions are taken unanimously and then abandoned as orphans. Only the Belgians cannot say this, but all the other capitals can say: *They decided in Brussels*.' She explained that ownership of any decision by the Member States is the fuel needed to power an effective and efficient policy, and that if you cannot get the engine running at the implementation stage, then any policy will probably grind to a halt.

Federica Mogherini concluded that there is still a dream for the EU, and that the Conference on the Future of Europe could bring about real change if both citizens and institutions make the effort needed to seize their opportunities. Overall, although it might be difficult to believe in other respects, she made the case that the COVID-19 pandemic might actually turn out to be an opportunity in disguise for (the Conference on) the Future of Europe.

# Reaching out

## ECA hosts interinstitutional kick-off event for European Cybersecurity Month – ‘On the road to cyber-mature organisations with cyber-aware staff’

By Desislava Petrova, Human Resources, Finance and General Services Directorate



Kick-off meeting at the ECA for the 8<sup>th</sup> European Cybersecurity Month.

Cybersecurity is a shared responsibility. It is everybody's concern. This was one of the key messages voiced by participants in the 4<sup>th</sup> interinstitutional kick-off event for European Cybersecurity Month (October 2021). The traditional gathering of key cybersecurity experts from EU institutions, bodies and agencies, this year organised jointly by the ECA and the European Commission, took place on 29 September in Luxembourg in hybrid format. Desislava Petrova, course developer for professional training in the ECA's Human Resources, Finance and General Services Directorate, fills us in on what was on the programme and who was there.



### Background

October 2021 marked the 8<sup>th</sup> edition of the EU's European Cybersecurity Month (ECSM), an initiative promoting online security and raising awareness about cybersecurity among EU citizens. On 29 September, for the fourth time, the EU institutions, bodies and agencies (EUIBAs) got together to kick off this important campaign. This year the ECA had the honour of co-hosting the event with the European Commission in a hybrid meeting format.

Iliana Ivanova, ECA Member, opened the event. She highlighted the importance of cybersecurity in our daily lives and looked at the way the ECA contributes to this important topic. She shared some insights from two ongoing performance audits – on 'hack-proofing EU institutions' and 'security of 5G networks' – and emphasised that 'cooperation among EU organisations is a key tool for mitigating the weaknesses in cybersecurity.'

Zacharias Kolias, ECA Secretary-General, presented a few facts supporting the statement that the human factor remains the key to successfully preventing security incidents. This consideration lies at the heart of the ECA's strategic plan on cybersecurity for 2021-2025, underpinning the approach of putting in place a series of measures to protect our systems while also raising awareness among staff.



Next on the programme was European Commissioner Johannes Hahn’s video message. His emphasis was on prevention: *if we fail to prepare, we prepare to fail.*

### **Empowering women in cybersecurity**



The kick-off event was a hybrid meeting which most people followed online.

After these introductions to start the event, a diverse panel of women from different backgrounds discussed women in cybersecurity. Christiane Kirketerp de Viron, from Commissioner Hahn’s cabinet, Ann Mennens, manager of the Commission’s Corporate Cyber Aware programme, Maria Bouligaraki, Head of the Planning and Standards Unit at eu-LISA (EU Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice), Krystina Gray, Vice-President of Women4Cyber’s Luxembourg chapter and Women Cyber Force, and Rosanna Kurrer, co-founder and managing director of CyberWayFinder, exchanged views on the motivation for women to become active in the field of cybersecurity and technology, as well as the challenges they face.

Magdalena Cordero, ECA Director of Information, Workplace and Innovation, moderated the event. She also shared her personal experience of being a woman in a leadership position in the field of information technology.

Among the many interesting topics raised were: the stereotypes a woman may face when she expresses an interest in studying or moving to cybersecurity; the factors that can prevent women from considering a career in cybersecurity; the need for and benefits of more gender-balanced and diverse teams working in cybersecurity, and how this can be achieved; the role played by men in bringing women closer to cybersecurity; and the role of women in Europe’s digital transformation in the next five years.

Before concluding the discussion, the six panellists conveyed their personal messages to the audience of both women and men. To conclude: ‘Lawyers, communication experts, policymakers, linguists... we need all backgrounds to join the #womenincyber movement.’



Key take-aways from the 'Women in Cyber' panel discussion.

### Increasing cyber-resilience through cybersecurity awareness and legislative measures

The event moved on at full speed to a discussion of three interesting and important topics. Juhan Lepassaar, Executive Director of ENISA (EU Agency for Cybersecurity), and Lorena Boix Alonso, Director of Digital Society, Trust and Cybersecurity in the Commission's DG CONNECT, explained the *raison d'être* for European Cybersecurity Month, the contributions made to the event by each organisation and Member State, the campaign's achievements, and the pathways to achieving the necessary behavioural changes. One of the novelties announced by ENISA are key performance indicators for measuring the campaign's outcomes and underpinning investment in cybersecurity. To add a local touch, Pascal Steichen, CEO of SECURITYMADEIN.LU, raised the curtain to reveal some of the activities planned for Luxembourg's own cybersecurity week.

### EUIBAs together for cybersecurity

'We need to work together.' This was the key message of the panel on common cybersecurity rules for EUIBAs. Saâd Kadhi, Head of the EU's Computer Emergency Response Team (CERT-EU), presented the latest quarterly threat landscape issued by his organisation, and discussed the most recent trends. Ken Ducatel, Director of IT Security in the Commission's DG DIGIT, explained the substance of the forthcoming proposal for a regulation on common cybersecurity rules for EUIBAs. Finally, Walter Petrucci, Director-General of Innovation and Technological Support (DG ITEC) at the European Parliament, and Chair of the CERT-EU Steering Board, provided additional information about planned and much-needed developments in CERT-EU's operational capability.



Several institutions were represented in person at the event.

### **Secure@home: operating in a different ecosystem**

Last on the programme was a dynamic hybrid panel, moderated by Magdalena Cordero, on *secure@home*. Raluca Peica, Director of Information Technology at the Court of Justice of the European Union, David Galloway, Deputy Director-General of Digital Services in the General Secretariat of the Council, Edvardas Šileris, Head of the European Cybercrime Centre at Europol, and Mário Campolargo, Director-General, DG DIGIT, shared their institutions' experiences during the lockdown, focusing on what they had learnt and their vision for the future. Although every institution had had a different level of cybersecurity maturity and preparedness for the COVID-19 crisis in terms of IT infrastructure, equipment and human resources, they had all managed to ensure swift business continuity and put in place the necessary measures for cyber-secure operations. All agreed that the new hybrid model of work brings new risks, challenges and – last but not least – opportunities. The 'things which are going to stay' include increased trust, agility and cultural shift.

You can watch the recordings on the [event website](#). [#ECSM activities](#) take place throughout the year – follow [#CyberSecMonth](#) on Twitter and [#ThinkB4Uclick!](#)

# Reaching out

## ECA publishes four 2020 annual reports on EU expenditure and action

By Gaston Moonen



Source: PE/EU

ECA President Klaus-Heiner Lehne presenting the ECA's 2020 annual reports to the European Parliament, Strasbourg, 26 October 2021.

Autumn is a busy time for the ECA, not least due to the number of reports we publish. These include special reports and reviews (see Focus, p. 156), but also our annual reports. Within a three-week period, the ECA published four different annual reports covering financing, compliance and performance. Here, you will find a short overview of the four reports published between 26 October and 15 November 2021 covering 2020, a year of COVID-19 restrictions.

### Annual reports on the 2020 implementation of the EU budget and EDFs

The annual report season kicked off with our annual reports on the implementation of the EU budget and the activities funded by the European Development Funds (EDFs). Our 2020 annual report on the EU budget is split into two separate parts. The first part, published on 26 October 2021, concerns the reliability of the EU's consolidated accounts and the legality and regularity of transactions. It contains the Statement of Assurance (SoA) regarding the financial accounts and the legality and regularity of EU revenue and expenditure, the latter amounting to €147.8 million for 2020. The second part, published on 15 November 2021, covers our reporting on the performance of the EU budget at the end of 2020 (see **Box 4**).

#### Box 1 – Key ECA findings: 2020 annual report

In our 2020 Statement of Assurance, we signed off on the reliability of the 2020 accounts of the European Union. Revenue for 2020 was legal and regular, and free from material error. We gave an adverse opinion on the legality and regularity of expenditure for the 2020 financial year, as the estimated level of error was material at 2.7 % (same as 2019). We identified an increase in high-risk expenditure from 53 % in 2019 to 59 % in 2020.





In the new programme period, the EU will spend significantly more than in the period ending 2020. Over the next seven years, the Union will be able to spend €1.8 trillion, including €750 billion for the Next Generation EU initiative, the EU's response to the pandemic. 'In view of the great challenges that lie ahead of us, we must remain even more vigilant about the financial soundness of the EU,' said ECA President Klaus-Heiner Lehne.

On 24 November 2021, Klaus-Heiner Lehne and ECA Member Tony Murphy, who is responsible for coordinating the annual report, presented the 2020 report to the European Parliament in Strasbourg (see **Box 1**). The presentation launched the discharge process for 2020, with detailed discussions taking place in the European Parliament on each budget heading.

### 2020 annual report on EU agencies

Just a few days later, on 29 October, we published our specific annual report on EU agencies. For 2020, the audit covered 41 agencies and other bodies, located in all EU Member States. In 2020, the total budget for all the agencies, excluding the Single Resolution Board, was €3.7 billion. As in the case of the annual report on the EU budget and the EDF, we provide an opinion on the reliability of the accounts and the legality and regularity of the underlying transactions (see **Box 2**).

'The pandemic has raised particular challenges in the financial management of EU agencies that operate under different national contexts and health measures,' said Alex Brenninkmeijer, the ECA member responsible for this annual report. 'We found, however, that EU agencies have consistently followed

their crisis management strategy as supported by the European Commission and in coordination with the EU Agencies Network. They managed to adapt their work to the unprecedented situation caused by the pandemic and to keep their books clean, comparable to what we found in the previous years.' On 29 November 2021, Alex Brenninkmeijer presented the annual report to the Budgetary Control Committee of the European Parliament, where an initial discussion of the discharge hearing took place involving agency representatives.

### 2020 annual report on EU Joint Undertakings

On 12 November 2021, we published our specific annual report on the EU's Joint Undertakings (JUs). We signed off on the 2020 accounts and underlying transactions of all the Joint Undertakings – the EU's public-private partnerships with industry and research groups.

#### Box 2 – Key ECA findings: 2020 annual report on EU agencies

We signed off on the accounts of all the agencies and bodies examined, but issued qualified opinions for the payments of three agencies. This was mainly due to irregularities in procurement procedures and to gaps in the delegation procedure for authorising budgetary operations. We concluded that EU agencies in different Member States had adapted well to the COVID-19 pandemic. As in previous years, the agencies' financial management was in good shape and had not been severely affected by the pandemic. We found that there were still shortcomings in some agencies' internal controls, while weaknesses in public procurement procedures remained the main source of irregularities. The pandemic also hindered progress in budgetary management and human resources management, with some agencies encountering constraints in these areas.



The eight JUs operating under Horizon 2020 manage a total of €19.7 billion in financial resources for research and innovation in their specific fields. This comes from cash funds provided by the European Commission through its Research and Innovation programmes, and from in-kind contributions and other financial contributions by private partners, participating countries and intergovernmental organisations. The JUs mainly use calls for proposals to select the best projects for funding.

‘Although several aspects could be improved further, our audit for 2020 confirms that the financial and compliance management of the Joint Undertakings is healthy,’ said Ildikó Gáll-Pelcz, the ECA Member responsible for the audit. ‘We note positively that JUs have adapted their business to the constraints imposed by the pandemic without any great impact on activities and deliverables, thanks to synergies among them.’

### Box 3 – Key ECA findings: 2020 annual report on EU Joint Undertakings

As for every other year, we examined the financial situation of all Joint Undertakings (JUs) in 2020. We found that their accounts were reliable according to international accounting rules and that there were no material faults in the underlying payment and revenue transactions.

In the seventh year of their ten-year lifespan, most JUs had already implemented approximately two thirds of their activities under Horizon 2020, the EU’s framework programme funding research and technological development. We also noted that the JUs had exploited synergies to maintain business continuity during the COVID-19 pandemic and to mitigate its potential impact on their service delivery.



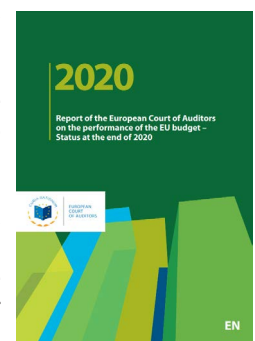
### 2020 annual report on the performance of the EU budget

Last, but not least, we published, in the sequence of four, the second part of the ECA’s 2020 annual report, which concerns the performance of the EU budget. This is the second report issued in this format. Here, we examined whether the Commission, Parliament and Council had used the lessons learned from evaluations, impact assessments and audits to improve the design and performance of the new spending programmes for 2021-2027. Based on the indicators submitted for 2020, as well as recent Commission evaluations and our own audit work, we assessed whether selected programmes in main areas of the budget were on track to meet their objectives. See **Box 4** for the main conclusions published on 15 November 2021.

‘The European Parliament and the Council want to know what results are achieved with the EU budget,’ said François-Roger Cazala, the ECA Member responsible for coordinating the report. ‘It is positive to observe that lessons learnt from the past implementation of spending programmes are often used to improve the design and the implementation of future spending programmes. Available information shows progress towards achieving programme objectives in some programmes, but too often it does not focus on results. We also saw evidence of the effects of the COVID-19 pandemic on the performance of some programmes.’

### Box 4 – Key ECA findings: 2020 Annual report on the performance of the EU budget

In a nutshell, the European Commission’s reporting on the performance of EU spending programmes showed mixed results in the various funding areas, due to the pandemic. The indicators used to measure progress towards targets did not focus sufficiently on results. Although some of the spending programmes examined were affected by the COVID-19 pandemic in 2020, the available performance information for other programmes showed progress. We gave a fairly positive assessment of the European Commission’s (and co-legislators’) ability to use lessons learned from previous programme implementation to improve the design and performance of spending programmes for 2021-2027. However, we also stressed the need for the Commission to improve its use of impact assessments and follow-up action after evaluations.



## Reaching out

### ECA contributing to discussions at the COP 26 in Glasgow – delivery on climate ambitions and directing finance towards climate change adaptation

By Katharina Bryan, and Andrzej Robaszewski, cabinet of Eva Lindström, ECA Member



The effects of climate change on the frequency of natural disasters only make firmer actions to combat it through the UN Climate Change Conference in Glasgow - the COP26 summit (31 October to 13 November 2021) – all the more pressing. This year's summit was the first at which the ECA co-hosted two side events: the ECA contributed through a discussion on external auditors' contributions to translating climate ambition into delivery, and co-hosted, together with the European Investment Bank (EIB), a discussion on how to generate a pipeline of climate adaptation projects. Katharina Bryan, Head of Cabinet, and Andrzej Robaszewski, economic expert, both in the cabinet of Eva Lindström, give a short account of the first event and then highlight the discussions featured at the EIB-ECA event on how to direct private and public finance towards sustainable investments.

#### Contributing to translating climate ambition into delivery

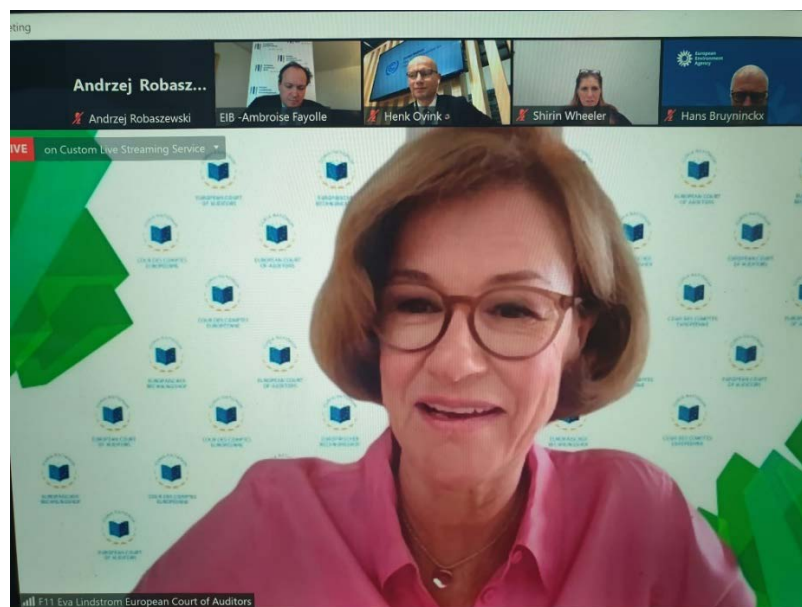
On 4 November 2021, the ECA teamed up with participants of the European Organisation of Supreme Audit Institutions (EUROSAI) to hold a hybrid session on auditors' role in ensuring that climate ambitions are translated into delivery. The session is available on [YouTube](#). As the cost of tackling climate change is going to be huge, public sector auditors have a big role to play in assessing that climate change funds are well spent and address the right issues.

ECA Member Eva Lindström opened the session to discuss key policy developments in the field of climate action and sustainability reporting, and the importance of audit work in this field. Peter Welch, ECA Director, brought to the table some of the many ECA's performance audit reports relating to climate change. He discussed key findings of the ECA's [special report 16/2021](#) on the EU's *Common Agricultural Policy (CAP) and climate* that concluded that €100 billion attributed from the CAP to climate action in the period 2014-2020 had had little impact on reducing CO<sub>2</sub> emissions from agriculture in the EU. He also presented key findings from ECA special reports on energy efficiency in buildings ([special report 11/2020](#)), ecodesign and energy labelling ([special report 01/2020](#)) and the EU's Emissions Trading System ([special report 18/2020](#)).

### Joint event with the EIB on direct finance for climate adaptation

The topic of the ECA-EIB event was in fact very much connected with this Journal's main theme: resilience and preparedness. The number of floods, fires and other natural disasters around the world in recent years will not only increase, but the [2020 Intergovernmental Panel on Climate Change report](#) (IPCC) showed clearly that there are stark differences in their frequency and impact between global warming at 1.5, 2 or 2.5 degrees. Based on the pledges made during COP26, experts now estimate that we are on a path to between 1.8 and 2.4 degrees. Countries are expected to revisit their commitments by the end of 2022 to put us on track for 1.5 degrees of warming, which would maintain the upper end of the Paris Agreement goals.

At the initiative of Eva Lindström, reporting Member for ECA's [special report 22/2021](#) on sustainable finance, the ECA organised an event together with the EIB on directing finance towards climate change adaptation. In fact, the idea arose during our work on the sustainable finance audit. In this audit, and due to our limited audit mandate vis-à-vis the EIB's financing activities, we could only audit what is guaranteed or financed by the EU budget, notably the European Fund for Strategic Investments (EFSI), managed by the EIB. One of the issues that became clear from our audit was the important role the EIB plays when it comes to supporting sustainable finance. With sustainable finance being one of the key areas at the COP26 and our findings on adaptation, we teamed up with the EIB to mount a common event on the topic.



Eva Lindström, ECA Member, presenting in the hybrid session on climate financing.

Eva Lindström presented the ECA's audit results, discussing the reasons behind the lack of sustainable investments and EU action in this area. Regarding the EIB, our findings have shown that the EFSI did not focus on where sustainable investments are needed the most, e.g. only 20 % went to Central and Eastern Europe. EIB Vice-President Ambroise Fayolle presented the EIB's new *Adaptation Plan*. It plans to triple its expected share of adaptation investments to 15 % by 2025. This is a positive development, as one of our findings showed that only 4 % of EFSI financing went to climate change adaptation projects, such as flood defences, compared to mitigation projects.

In the subsequent panel discussion speakers unequivocally called for more action to support adaptation projects. Henk Ovink, Special Envoy for International Water Affairs, presented a practitioner's perspective. He discussed the complexity of financing climate measures as well as how water plays a critical role in tackling climate adaptation. Hans Bruyninckx, the Executive Director of the European Environment Agency, made a compelling case for looking at adaptation as our best 'insurance policy' for existing assets and future investments. He also stressed the importance of inclusive governance. He pointed out that debate on vulnerabilities to climate change should go beyond the



level of comparing wealthy and poor countries in the EU and instead focus on the level of cities and regions. Including the social and territorial dimensions will be key to a more structured response to climate change.

In her concluding remarks, Eva Lindström discussed how sustainability is really about preparedness. Innovative thinking and a pro-active approach will need to go hand in hand with the right distribution of risks among different areas and sectors so as to enable more private financing in adaptation. She mentioned the significant opportunities the EU's recovery fund offers for adaptation projects, but also the challenge for investing funds in accordance with the 'Do No Significant Harm' principle. You can access the recording of the ECA-EIB joint event via [YouTube](#).

The ECA-EIB event was one of a number audit and financial reporting related events at the 2021 COP, which also saw the launch of the International Sustainability Standards Board (ISSB) by the International Financial Reporting Standards Foundation (IFRS). This perhaps reflects an increased awareness of the audit and accounting profession and their role with regard to climate change. With many initiatives having been announced at COP26, there is certainly ample opportunity for auditors to provide a 'reality-check' on what is going on 'on the ground' and do so as soon as possible. In the words of the Secretary-General of the United Nations, António Guterres: 'It is time to go into emergency mode or our chances of reaching the net-zero will be... zero.'

# Reaching out

## Heads of EU SAIs discuss response to COVID-19 crisis and Next Generation EU

By Daniel Tibor, Directorate of the Presidency



The Contact Committee of the European Union's supreme audit institutions offers a forum for discussing and addressing EU public audit issues. With the ongoing COVID-19 pandemic, this topic was high on the agenda at the Committee's last online meeting on 10 November 2021. Daniel Tibor is a senior institutional relations officer and was intensively involved in the preparations for the meeting. Below, he highlights the main issues discussed.

### EU SAI audits covering COVID-19 measures...

On 10 November 2021, the European Court of Auditors hosted an online Contact Committee event. It was the first official meeting of the heads of the EU supreme audit institutions (EU SAIs) since the 2019 Contact Committee meeting in Warsaw. The two sessions focused on the SAIs' response to the COVID-19 crisis and the challenges of auditing *Next Generation EU* (NGEU), in particular the *Recovery and Resilience Facility* (RRF) and the *National Recovery and Resilience Plans*.

During the first session, the participants took the opportunity to discuss their recent audit work, covering a broad range of COVID-19 related issues ranging from procurement of personal protective equipment, to health and crisis management, to overall strategies for overcoming the socio-economic effects of the pandemic. The magnifying-glass effect of the pandemic revealed structural issues at every level. Auditing COVID-19 response measures is resource intensive, and teams must carry out these tasks on top of their 'normal' audit work. This may hamper the identification of potential audit gaps.

### ...and which COVID-19 recovery plans might need auditing

The second session was dedicated to discussing the EU's response to the pandemic and its consequences for EU SAIs and their work. In December 2020, the EU and its Member States mobilised an unprecedented €1.8 trillion in funding to support recovery, adopting first the NGEU, then the multiannual financial framework for 2021-2027 a few days later. Particularly in the case of the RRF, which is a fairly innovative funding instrument by EU standards, success is heavily reliant on the relevance of the *National Recovery and Resilience Plans* and their effective implementation by the Member States.

At the same time, it would be a missed opportunity if these additional funds were not used to their best effect to achieve a quick and sustainable recovery. Moreover, given the enormous amounts of funding made available to stimulate recovery, this is a key issue for EU SAls to include in their strategic considerations and reflections. The heads of the SAls agreed that this would be an ongoing task over the next few years, to help ensure accountability and the effective, efficient and economic use of these funds at every level.

Given the diversity and complexity of the issues at stake, the heads of the SAls welcomed the joint initiative by the ECA and the SAls of Belgium and Germany to facilitate professional exchanges on NGEU-related issues and tasks at auditor level among the EU SAls.

The Contact Committee also endorsed the proposal to discuss NGEU implementation in greater depth, based on ongoing audit work, at its next meeting. This is due to take place in May 2022 at the ECA (COVID-19 permitting).

### Audit Compendium

Published on 22/07/2021



### EU supreme audit institutions reacted swiftly to COVID-19

The COVID-19 pandemic is one of the most disruptive health crises the world has ever seen, with a major impact on societies, economies and individuals everywhere. Among its many impacts, the pandemic has also considerably affected the work of EU supreme audit institutions (SAIs). They reacted quickly and have allocated substantial resources to assessing and auditing the response to the crisis. The Audit Compendium issued today by the Contact Committee of EU SAIs provides an overview of the audit work carried out in relation to COVID-19 and published in 2020 by EU SAIs.

[Click here for our report](#)

### Audit preview

Published on 01/09/2021



### Auditors to probe the resilience of the EU institutions during the pandemic

The COVID-19 pandemic has had far-reaching effects on the working of the EU institutions. The European Court of Auditors (ECA) is carrying out an audit on how resiliently the EU institutions have responded when faced with the pandemic crisis, and how they are learning from it.

[Click here for our report](#)

### Special report 17/2021

Published on 13/09/2021



### Inefficiencies in cooperation with non-EU countries in returning irregular migrants

The EU's cooperation with non-EU countries has not been efficient in ensuring that migrants illegally present on EU territory return to their own countries, according to a special report published by the European Court of Auditors (ECA). During the 2015-2020 period, the EU only achieved limited progress in concluding readmission agreements with non-EU countries. In addition, EU actions have not been streamlined enough to ensure that non-EU countries comply with their readmission obligations in practice.

[Click here for our report](#)



### Special Report 18/2021

Published on 15/09/2021



### Surveillance of Member States after financial assistance appropriate, but needs streamlining

The European Commission checks whether euro-area Member States exiting a macroeconomic adjustment programme remain firmly on track, in the interest of the Member States themselves and that of their lenders. The European Court of Auditors has examined the design, implementation and effectiveness of post-programme surveillance for the five Member States (Ireland, Portugal, Spain, Cyprus and Greece) that received financial support after the 2008 financial crisis. The auditors conclude that, while surveillance was an appropriate tool, its efficiency was hampered by unclear objectives and insufficient streamlining and focus on implementation. A review of the processes and of the relevant legislation, in particular to integrate surveillance activities into the European Semester, is thus recommended.

[Click here for our report](#)

### Special Report 22/2021

Published on 20/09/2021



### EU not doing enough to stimulate sustainable investments

The transition to a net-zero emission economy will require significant private and public investment, but the EU is not doing enough to channel money into sustainable activities. That is the conclusion of a special report by the European Court of Auditors (ECA) that calls for more consistent EU action. The European Commission has rightly focused on increasing transparency in the market, but the auditors criticise the lack of accompanying measures to address the environmental and social cost of unsustainable economic activities. According to the report, the Commission needs to apply consistent criteria to determine the sustainability of EU budget investments and better target efforts to generate sustainable investment opportunities.

[Click here for our report](#)

### Special report 23/2021

Published on 23/09/2021



### EU support for reforms in Ukraine ineffective in fighting grand corruption

Grand corruption and state capture are still widespread in Ukraine despite EU action, according to a special report published by the European Court of Auditors (ECA). The EU has been trying to address corruption in Ukraine as a cross-cutting priority; it has channelled funds and efforts through a variety of sectors, from the competition environment to the judiciary and civil society. But the support and measures put in place have not delivered the expected results, the auditors say.

[Click here for our report](#)

### Special Report 20/2021

Published on 28/09/2021



### EU policies are unable to ensure farmers don't overuse water

EU policies are unable to ensure farmers use water sustainably, according to a special report published today by the European Court of Auditors (ECA). The impact of agriculture on water resources is major and undeniable. But farmers benefit from too many exemptions from EU water policy that hinder efforts to ensure sound water use. In addition, the EU's agricultural policy promotes and too often supports greater rather than more efficient water use.

[Click here for our report](#)

### Special report 19/2021

Published on 30/09/2021



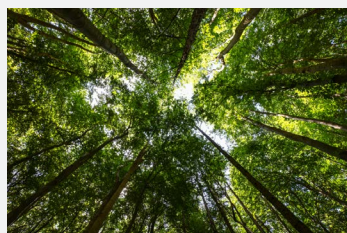
### Increased exchange of data would help the fight against migrant smuggling

Europol, the European Union's law enforcement cooperation agency, supports EU Member States in combating migrant smuggling. Part of this role involves serving as an information exchange hub. However, Europol faces continuous challenges in gaining access to all relevant criminal databases, and in making full use of external information sources. This is the conclusion of a special report by the European Court of Auditors (ECA) that calls for improvements to the way data exchange works, particularly to achieve full interoperability between databases.

[Click here for our report](#)

### Special report 21/2021

Published on 04/10/2021



### EU forestry strategy: positive but limited results

Although forest cover in the EU has grown in the past 30 years, the condition of those forests is deteriorating. Sustainable management practices are key to maintaining biodiversity and addressing climate change in forests. Taking stock of the EU's 2014-2020 forestry strategy and of key EU policies in the field, a special report from the European Court of Auditors (ECA) points out that the European Commission could have taken stronger action to protect EU forests, in areas where the EU is fully competent to act. For instance, more could be done to combat illegal logging and to improve the focus of rural development forestry measures on biodiversity and climate change.

[Click here for our report](#)

## ECA publications in October 2021

### ECA Opinion 2/2021

Published on 05/10/2021



### EU revenue-collection proposals show promise, but don't go far enough

The system used for financing the European Union's budget has not been significantly reformed since 1988. Recently proposed changes to how the EU collects revenue, which will ensure a level playing field between Member States, are generally a step in the right direction, but there is room for improvement. That is the main conclusion of the European Court of Auditors, whose Opinion on a proposed revision of the EU's revenue-collection procedures has been issued today.

[Click here for our report](#)

### Special Report 24/2021

Published on 21/10/2021



### EU auditors: performance-based financing is not yet a reality in cohesion policy

The EU has policies in place to improve the economic, social and territorial cohesion of its Member States. It introduced three dedicated instruments in the 2014-2020 period to incentivise performance. According to the European Court of Auditors (ECA), which has published a special report on performance-based financing in EU cohesion policy today, there is still a lot to be done to ensure that funding is channelled towards measures and projects which deliver the best results.

[Click here for our report](#)

### Annual report

Published on 26/10/2021



### Error continues to affect EU spending: EU auditors call for sound financial management of COVID funds in the future

While the EU's accounts for the 2020 financial year give "a true and fair view" and revenue was considered error-free, payments remain affected by too many errors. That is the conclusion of the European Court of Auditors' (ECA) annual report for the 2020 financial year, published today. The auditors have issued an adverse opinion on expenditure for the second consecutive year. They have also identified risks and challenges relating to the implementation and sound financial management of the EU funds being made available in response to the coronavirus crisis.

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### Annual report on EU agencies

Published on 29/10/2021



### EU agencies maintained clean books in a flexible response to the pandemic

EU agencies in different Member States have adapted well to the unprecedented situation of the COVID-19 pandemic, the European Court of Auditors (ECA) has concluded in its annual audit of EU agencies for the 2020 financial year. The auditors confirm that the agencies' financial management is in good shape, as in previous years, and has not been extremely affected by the pandemic. There are still shortcomings in some agencies' internal controls, and weaknesses in public procurement procedures remain the main source of irregularities. The pandemic also has not favoured progress in budgetary management and human resources management. In 2020, some agencies encountered constraints in these areas.

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### EU Joint Undertakings 2020

Published on 12/11/2021



### Joint Undertakings: auditors give the EU's public-private partnerships good marks

The European Court of Auditors (ECA) has signed off the 2020 accounts and the underlying transactions of all the EU's Joint Undertakings (JUs) – the EU's public-private partnerships with industry and research groups. In the seventh of their ten-year life span, most JUs have already implemented approximately 2/3 of their activities within Horizon 2020, the EU's framework programme funding research and technological development. The auditors also note that the JUs have exploited synergies to maintain business continuity during the COVID-19 pandemic and to mitigate its possible impact on their service delivery.

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### Annual report 2020 on Performance

Published on 15/11/2021



### Performance of EU spending programmes: mixed results in the shadow of the COVID-19 pandemic

The European Commission's reporting on how EU spending programmes perform shows mixed results in different funding areas, and the indicators which measure progress towards targets do not focus enough on results. These are some of the conclusions of the European Court of Auditors, which has published its 2020 report on the performance of a selection of EU spending programmes. Although some of the spending programmes examined were affected by the COVID-19 pandemic in 2020, in some the available information shows that there has been progress in their performance. The auditors give a fairly positive assessment of the European Commission's (and the co-legislators') ability to use lessons learned from the past implementation of programmes to improve the design and performance of spending programmes for the 2021-2027 period. However, they also stress the need for the Commission to improve the use of impact assessments and follow-up actions arising from evaluations.

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### Special report 26/2021

Published on 23/11/2021



### European Commission's estimate of error in EU Cohesion policy provides an incomplete picture

The European Commission annually discloses what it estimates to be the level of irregularity in EU Cohesion policy spending. To this end, it carries out a substantial amount of work to accept Member States' annual accounts and verify the reliability of the regularity information that they provide for this policy area. But, in a report published today, the European Court of Auditors (ECA) concludes that the related error rates that the Commission discloses are not final, and are likely to underestimate the real level of irregularity in Cohesion policy spending. This is because of the shortcomings that the auditors found in the Commission's control system.

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### Review 05/2021

Published on 25/11/2021



### Compared to other parts of the world, development of EU transport infrastructure remains in the slow lane

In recent years, EU auditors have repeatedly highlighted various weaknesses affecting the delivery of large transport projects in the EU. How does the EU's performance compare, however, to other countries in the world, such as Australia, Canada and the US? To answer this question, the European Court of Auditors has carried out a review comparing how the EU and several countries deliver such projects. While this comparison provides reassurance in some respects, it raises concerns in others, such as project implementation. In particular, the auditors note that other countries in the world are doing much better with regard to project delays.

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### SRM Contingent liabilities 2020

Published on 30/11/2021



### EU bank resolution: EU auditors provide overview and assessment of 2020 risk disclosures

The European Court of Auditors has an obligation to report each year on any financial risk arising from legal proceedings relating to the Single Resolution Mechanism (SRM), the EU system managing the orderly winding-up of failing banks within the Banking Union. For the 2020 financial year, the Single Resolution Board (SRB) has not reported any contingent liabilities relating to a resolution decision, but relating to litigations about banks' contributions to the Single Resolution Fund (SRF). The auditors consider the disclosures appropriate, but highlight new case-law, resulting in lower financial risks. Thus, they recommend for next year that the SRB should reassess its risks based on a new method.

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### Special report 25/2021

Published on 08/12/2021



### Long-term unemployment in the EU requires more specific action

Long-term unemployment can have severe consequences, both for unemployed people and for growth and public finances, but, according to a report published by the European Court of Auditors, the action taken against it is not targeted enough. Through the European Social Fund (ESF), the EU funded several measures to promote access to employment since 2014. However, these ESF measures were not always adapted to address the specific needs of long-term unemployed people. The auditors recommend that the European Commission should insist that Member States use an individualised approach to help long-term unemployed people through the new ESF+ which will cover the 2021-2027 period. They also recommend that the Commission should evaluate the effectiveness of "access to employment" measures which target the long-term unemployed.

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### Special report 27/2021

Published on 14/12/2021



### EU auditors recommend to set out a new European tourism strategy

The EU is the world's most visited region: in 2019, around 37 % of all international tourist arrivals had the EU as their destination. However, the EU's support for tourism needs a fresh strategic orientation, according to a special report published today by the European Court of Auditors. The auditors found that tourism-related projects funded under the European Regional Development Fund (ERDF) provided mixed results: some projects were sustainable and had contributed to fostering tourism activity in the region; others had had only a limited impact. In several cases, poor planning and project selection procedures had led to projects being reduced in scope, running over budget, and being delayed.

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### 2022+ Work programme

Published on 15/12/2021



### COVID-19 response and climate policies at the heart of EU auditors' work programme

The European Court of Auditors (ECA) today published its work programme for 2022 and beyond, listing its strategic areas and audit priorities. These will cover a broad range of issues, reflecting the EU's main challenges and key concerns. Foremost among them will be the EU's response to the COVID-19 pandemic and its ambitions to fight climate change. The auditors will scrutinise these areas, and others, to establish whether the EU is using taxpayers' money effectively to deliver on its mandate and commitments.

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## NEXT EDITION

### Cohesion and Next Generation EU: doubling the EU budget for investments

By the time this present issue of our ECA journal has been published, the year 2021 will have come to its close. And with it, the first year of the 2021-2027 MFF period. In our next edition, we will have a look at the EU's approach to supporting reforms and investments in its Member States. On the one hand, through the cohesion policy (or structural funds) programmes, and on the other through the EU's actions to mitigate the economic and fiscal consequences of the COVID-19 pandemic, i.e. the Next Generation EU (NGEU) initiative, and in particular its Recovery and Resilience Facility (RRF). De facto, the political agreement to set up the NGEU initiative has resulted in a doubling of the EU's budget for investments.



What are the similarities between these two funding streams? How do they differ? And more importantly, what opportunities and challenges do they offer for the coming years? Our next issue will make an attempt at examining these aspects in more detail, from the perspective of their governance arrangements, their management and control approaches, and what this implies for us as the EU's independent external auditor.

We plan to cover a broad range of topics, to be covered most likely by two consecutive ECA Journal editions. Here a first glimpse at what this may entail: an account of how the political agreement encompassing both the MFF, but also the NGEU, came into being, how this agreement has been subject to acceptance of the 'Rule of law' conditionality, and the way in which this may affect future spending. Or the extent to which cohesion policy and the NGEU, including the RRF, are aligned with the EU's main policy objectives of mitigating climate change (through the *Green Deal*) and the digital transformation of our societies. We will also discuss the impact of the reinforced performance orientation of the NGEU and the RRF, a key innovation, which clearly distinguishes it from other EU-funded programmes during the 2021-2027 period. And how the Commission, but also the European Parliament and Council, will supervise and monitor the use made by Member States of both cohesion policy programmes and RRF programmes. We will also look at the challenges this simultaneous deployment of two major EU funding initiatives represents for external auditors, both at European and national level.

The preparation of the post-2027 period has already started. We need to assess carefully what lessons we can draw from this real time experiment. With our next issue, we hope to collect some interesting contributions from a wide range of actors at EU, national and regional level and provide some relevant perspectives on this learning exercise.





## EDITION HIGHLIGHTS

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### COVER:

A child sits inside a car close by a forest fire in Oliveira de Frades, Portugal.

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