

Red Cross/FPA Watch Group Meeting with ECHO

25-04-02

Venue ECHO

Time 14.30

Participants:

Pablo Ibanez (ECHO), Siliva Ermini (ECHO), Beatrice Miege (ECHO), Domitille Cadet, (Red Cross France), Francois Courtade (Federation Secretariat), Cinzia Laurelli (CINS), Jeanette Adriaenssens (Red Cross, EU Office), Jo Bennett (CARE), Ugo Bernieri (Red Cross, EU Office), Farida Chapman (IRC), Will de Wolf (Caritas), Sophie Dima (IISA), Pierre Gallien (ACF), Elena Gonzales (Red Cross Spain), Jane Backhurst (World Vision), Helen Holder (HelpAge), Francois Man (SCF UK), Frédéric Bonamy (Premiere Urgence), Thomas Petracek (ADRA), Susie Ridley (Oxfam), Aude Rigot (Atlas Logistique), Simonetta Risaio (Handicap International), Micheal Roelands (ICCO), Jean Saslawsky (MDM), Mark Schakal (MSF), Riccardo Stefanori (CISP), Jennifer Tangney (VOICE), Diana White (EU-CORD), Giovanna Solari (CISP).

No agenda was provided, however the following were set out as the main themes of the meeting which would consist of presentation by ECHO and questions from the floor.

- Basic principles of new system for procedures
 - Presentation of the new formats and implications
 - Main implications for the partners

1. Introduction to Meeting:

ECHO is now ten years old, they have learned a lot and now want to standardise much of what they do. Uncertainties in the past over procedures and timing meant that aid was delayed as partners were afraid to risk not being funded by ECHO after starting a project. Much of these procedural changes outlined today are internal to ECHO so that ECHO will follow the same formats as other internal bodies in the Commission. There is a slight chance that some of the formats will change slightly in the future but for now NGOs should take them as accepted and use them.

ECHO asserted that it is not placing new rules on NGOs but is now enforcing those that were there for many years but which may have been overlooked. The implications for NGOs of the new procedures will be presented today so that there will be no surprises.

Dates in contracts now have much more meaning. The most important point for NGOs is that contracts can **NEVER** cover expenditure before the Decision to fund is taken by the Commission.

ECHO will publish the Commission decisions on the internet, in addition to the obligation of informing those NGOs named within the decision (now as potential partners rather than definite).

ECHO wants to fix the limits of their flexibility to ensure that they are legally covered by the financial regulation and the implementing formats and modalities. They want to give operational units flexibility within the rules, but not outside. This will be monitored by ECHO as there will be no more rule breaking in the future.

Standard formats

Explanatory memorandum (for global plans) will explain in a general way what it is all about. The explanatory memorandum can be changed but the decision cannot..

2. Practical implications of procedural changes

Everybody will have to read the regulation! At least the four first articles.

Article 2 establishes the difference between emergency and non-emergency and other types such as IDP etc., Whenever a decision is made by the Commission they have to refer to article 2. The desk will have to explain what they are doing.

Duration of decisions

Now there is a system that the duration for Primary Emergency is 3 months, Emergency it is 6 months and for the ad hoc decisions and global plans it is for a set period of time to a maximum of 18 months. Rather than modifying a decision to change the time, instead ECHO will formulate a new decision as the work required to change a decision is the exact same as the procedure for creating a new one. There will no longer be an extension of contracts.

Suspension will be used more as the time of suspension will not be taken into account within the period of the decision.

ECHO offices

You will know if there will be technical assistance service as the office will be included in the decision explicitly.

3. Legal basis for new procedures and objectives

Commission cannot spend money without a legal basis, B7 210 establishes how much money ECHO can spend. In order to get money out of that line the Commission has to adopt a decision, depending on the time, amount and situation the decision will be different.

In these decisions you have to justify the objectives and the legal basis (Art. 2)

Trying to keep the idea of principal objective as outlined in Art. 2 and PCM is difficult so ECHO has also outlined specific objectives such as water and sanitation.

Contracts from now on will have to fall under only one specific objective as ECHO has to ensure that they are spending the money they are granted for different objectives and if NGOs are attempting project which cover more than one objective it is very difficult to manage the different budget lines for objectives.

4. Potential partners

Partners will no longer be included in the Decision, now they will only be in the explanatory memorandum which accompanies the Decision. The most important information for NGOs, according to ECHO, is that the money is shown for each specific objectives.

5. Duration of decisions

Primary Emergency and Emergency

These will be of 3 or 6 months maximum.

These contracts can be established at any point within the lifetime of the decision. ECHO will be promoting the usage of Emergency contracts much more, currently 25% of ECHO's budget is devoted to Emergency procedures, but much of this 25% is not used. ECHO reminded NGOs that the Emergency procedure is more flexible than Global Plan. Main disadvantage to this is that there is **NO** possibility of extension. ECHO stressed that there is a big difference between the NGO understanding of humanitarian emergencies (need, crisis, etc.) and the institutional understanding of the emergency which is a procedure. NGOs should be more creative in using the emergency procedure (for example vaccination programmes could be an emergency contract).

Global Plans

Decision lifetime of up to 18 months (not normally 18 month contracts, normally 12 month) only extended up to 18 months if there is no new decision.

Important Dates

No financial decision = no contracts and no financial commitment by the Commission.

NGOs SHOULD NEVER START A PROJECT WITHOUT A DECISION HAVING BEEN TAKEN

N.B. From the time of project proposal for ad hoc and emergency/primary emergency it is possible for expenditure to be covered - **NEVER** for global plans.

ECHO stressed at the meeting that in future start dates will have to be applied. Even if the contract is not signed, the start date in the contract will have to be respected, the signature date of the contract is less important. If an operation starts before a decision is adopted then it can only be for emergency and primary emergency. Retroactivity is only now possible for emergency and primary emergency.

What guarantees can NGOs have if there is no contract signed? ECHO says we are speaking of partnership and should have good faith in their intentions.

If the desk has a Decision but does not yet have the contracts prepared, in future the desk will postpone the start date of the Decision. The desk will make the decisions on the basis of requests for funding and need so it is very important for NGOs to be proactive with the Desks.

ECHO wants to increase the administrative costs for NGOs so compensate for a greater usage of 6 month contracts and the consequential increased reporting required.

6. Financial Information

ECHO cannot financially cover an operation which is finished – This will NEVER happen.

No preparatory expenses are allowed for Primary Emergency or Emergency procedures, only for ad hoc or global plans. Preparatory expenses may include feasibility studies, nutritional surveys or recruitment. There is no eligibility of costs before submission of proposal.

Stocks are always eligible - the NGO has taken a financial risk. NGOs will be reimbursed for the cost (original price) of their stock purchase.

Decisions in December 2002 for 2003 will come into force normally February 2003. The contracts should be prepared between December and February 2003.

Partners who were not included in the Decision as potential partners for a Global Plan may still be invited to join in.

7. Reserve

When the Commission decides to use the reserve provided for in the decision - maximum of 10% - it is not taken into account in what is considered to be modification of the decisions. The types of changes to a decision that would require a modification is a 20% between specific objectives or changes above 2 million euro

The changes are cumulative. If several changes are made the value of the first change is taken into account in the 20% or 2 million. But the reserve still allows for some flexibility. The Global plans that are over ten million Euro are less flexible as they are more scrutinised.

8. Internal Decision Making Timing

Cabinets shorter consultation requirements will now be along the lines of the following:

- 2 days emergency
- 2 day ad hoc
- 5 days global plans

Every global plan before being sent out will be checked by the three horizontal units of ECHO 4,5,6 which will have to advise. The three units will be responsible for doing whatever arguing or negotiating required to get the decision adopted in the consultation.

14 point fax which is sent to member states will be checked by ECHO 4, who will plan in advance with the member states in order to get prior approval before the Humanitarian Aid Committee

It is included in the internal guidelines for ECHO that the field will be contacted (NGOs) and a meeting will be organised for the global plans. This is not yet the case for ad hoc decisions.

8. FPA

With Regard to the FPA ECHO asked for the following information without delay:

NGOs are asked to come up with a table type proposal for staff costs. Which would include the following:

- Job description
- Indicative values
- Country

Next week is ECHO's first hearing to finalise the inter-service consultation on the financial regulation application methods – before the final decision on the Financial Regulation on 16th May. ECHO needs a derogation on the following:

- Bank guarantees,
- audit
- evaluation

After that meeting ECHO will be in a better position to know what it can and cannot offer in the new FPA.

ECHO got a commitment from the Danish presidency that they would adopt the new financial regulation. It's a co-decision procedure that needs to be adopted by both the Council and the Parliament, who are both reserving their final agreement until they see the Commissions implementing regulation (which is only adopted by the Commission) but which they want to see. Until they see the implementing modalities they will not accept the Financial Regulation.

Meeting Closed at 5.45pm