

## **Main Conclusions**

### **MEETING BETWEEN THE FPA WG AND DG ECHO**

23 January 2006  
(h. 14.00 – 17.00)

#### **I. BACKGROUND**

The meeting was convened to discuss two issues:

- The document drafted by the FPA Watch Group and entitled “*ECHO-NGOs Framework Partnership Agreement – Towards a strengthened partnership. Recommendations for an improved relationship between ECHO and its NGO partners*”. After discussion of this document in the meeting of the FPA Watch Group dd. 1 December 2005, Mrs. Schick (VOICE) and Mrs. Vasquez (MSF Belgium) presented it at the Annual Partners Conference of 8/9 December 2005. DG ECHO’s Director-General, Mr. A. Cavaco announced at the Conference that he would participate at the next meeting of the FPA Watch Group to discuss the document.
- The revision of Annex V

#### **II. RECOMMENDATIONS FOR AN IMPROVED RELATIONSHIP BETWEEN ECHO AND ITS NGO PARTNERS – MAIN CONCLUSIONS**

Stefan de Keersmaecker (SdK) chaired the meeting. DG Antonio Cavaco (AC) introduced the new Head of Unit 4, Johannes Luchner (JL). DG ECHO made the following comments with regard to the Recommendations:

Recommendation 1: The defence of the principles of humanity, impartiality, neutrality and independence of humanitarian aid is a very important issue for DG ECHO and it represents the basis of ECHO work.

Recommendation 2: DG ECHO agrees with this recommendation. Both NGOs and ECHO are exposed to increasing pressures. A good dialogue between DG ECHO and NGOs is necessary. At the moment there is a good ongoing consultation process and the increasing number of meetings with the FPA WG confirms this.

The FPA WG stressed that more formal answers concerning their requests and/or suggestions would be useful.

Recommendation 3: Concerning the codification of reporting, DG ECHO took two initiatives: 1) ECHO 4 and ECHO 6 are establishing a standard list of documents to be provided with the final report; 2) ECHO 4 collects best practice (prepared by the organization punto.sud in the

framework of a Grant Facility programme) that can be used by partners in order to improve their reports.

Recommendation. 4: Concerning the Terms of Reference for the audits, DG ECHO pointed out that audits of specific operations that are foreseen in the ToR of organisational audits allow to assess the good financial management of an organisation. Therefore, a specific operation audit cannot be separated from an organisational audit. ToRs of the auditors are available on the Web site for all ECHO partners.

The WG restated that audits should not be an evaluation of the whole humanitarian operations since auditors do not have the background for this kind of assessments. NGOs expect also to receive feedbacks on the evaluations and assessments they receive.

Recommendation. 5: DG ECHO does not agree with the term “harmonization” between DG ECHO and Member States (MS). It should be replaced by “coordination”. Efforts have been taken by ECHO in order to better coordinate its work with that of the MS. The work in the HAC Committee is a good example of how this coordination should look like, but in general it is a challenge for the Commission to synchronize its work with the MS.

For the WG, co-financing is in principle a good idea but often increases the bureaucratic burden for NGOs, since it is complicated to deal with various reporting requirements and, different procurement procedures.

Recommendation. 6 and 7: The WG stated that the tasks of experts are still unclear and that different interpretations often are received from field offices. These inconsistencies represent a real problem for NGO daily work.

DG ECHO reconfirmed that only HQ staff is allowed to take decisions concerning FPA implementation. However, DG ECHO has made many efforts in order to train the experts in the field offices. For all questions related to the legal interpretation of the Framework Partnership Agreement and the contractual relationship with ECHO, NGO Partners can find the person responsible for their country on ECHO’s Website.

DG ECHO will establish an internal working with representatives of geographical and horizontal units to discuss FPA related matters. This group will contribute to ensure a consistent and coherent interpretation of the FPA rules and procedures. At the field level, FPA information points have been nominated to ensure a proper dissemination of know how regarding the FPA.

If NGOs identify inconsistencies in interpretation between ECHO field Offices and HQ staff in different units, they are invited to address the issue to the Director General.

Recommendation. 8: Concerning the recognition of NGO internal procedures requested by the FPA WG, DG ECHO explained that it already examines NGOs’ procurement procedures as part of the partner selection procedure, as well as in the framework of the Annual Partners’ Assessment. However, such an examination is not a “validation” of Partners’ procurement procedures. Instead, it is part of an overall assessment of NGOs’ administrative, financial and operational capacity.

As is stipulated in the FPA, Annex V and the General Conditions, the primary responsibility for establishing appropriate procurement procedures lies with the NGOs. The latter must ensure that their procedures are compliant with the FPA and its Annexes. Procurement procedures are not any different in this respect from other internal rules and procedures of the NGOs (recruitment procedures, financial and accounting procedures,...), for which the exclusive responsibility also rests with the NGOs.

In any case, and below the 60,000 € threshold, NGOs shall follow their own procurement rules as long as these are in conformity with the general principles of Annex V.

The WG stated that ECHO should be able to assess NGO's compliance procedures in accordance with the FPA.

Recommendation. 9: ECHO is willing to update its website more regularly.

Recommendation. 10: (see R. 8)

Recommendation. 11: ECHO explained that Operations funded under emergency decisions cannot last more than 6 months. This duration is imposed by the Humanitarian aid regulation (art. 13) and cannot be extended. In any case, the new Annex V should in principle solve the NGOs' concerns, as it will clearly define the concept of urgency in non emergency decisions.

Recommendation. 12: ECHO explained that the recognition of Humanitarian Procurement Centres (HPC) is under way. In-depth audits, including on-the-spot visits, still have to be carried out. In the meantime, DG ECHO has already granted preliminary recognition to all nine HPCs which successfully passed the documentary verifications. The list of HPCs benefiting from such preliminary recognition is available on ECHO's website, together with a Background Document on HPCs. Partners may already purchase from those HPCs benefiting from preliminary recognition. Should the in-depth audits lead to the rejection of the HPC status, orders placed with this HPC before this rejection will remain eligible for DG ECHO funding (unless there are other reasons for the ineligibility of the costs, i.e. reasons not linked to the rejection of the HPC status).

ECHO mentioned that HPCs are not service providers and although the validation of HPCs has not been completed, NGOs buying in good faith through HPCs are legally covered.

Recommendation. 13: ECHO removed the proposal of introducing a mandatory price verification system, thus this recommendation has been accomplished.

DG Cavaco confirmed that he will officially respond to these recommendations in writing. The NGOs will continue to follow up the recommendations over the next months.

### **III. REVISION OF ANNEX V – MAIN CONCLUSIONS**

During the preparatory meeting ECHO distributed a revised draft of Annex V (4th Version) to the members of the FPA Watch Group.

#### **Presentation of the new version of the draft revised Annex V**

Pablo Ibañez (PI) summarised the main modifications. To a large extent, ECHO has integrated the Watch Group's earlier recommendations in this new version of the draft revised Annex V.

The following issues were discussed in more detail.

#### **a) Definitions – Supply contracts**

(1.1.3), A clearer definition of Operational leasing can be found on the website [www.ifac.org](http://www.ifac.org). If this definition still creates confusion, it will be left out.

#### **b) Definitions – Central Buying Agent**

(1.1.14), Where appropriate, “Central buying agents” (CBAs) – such as IAPSO - have also been recognised and included in the Website list of HPCs. CBAs distinguish themselves from other HPCs in that they do not have their own stocks. As it is the case for other HPCs, they may not generate profit. They should, therefore, not be confused with commercial private service providers.

#### **c) Definitions – Stringent regulatory authority**

(1.1.15) The definition of Stringent regulatory authority has been included.

#### **d) Definitions – Urgent operations**

(1.1.16), The Desk Officers will qualify Aid operations as “urgent” at the proposal stage.

#### **e) General Principles**

(2.1.2), Market prices correspond to prices in the country of operation. Technical specifications of the products have to be drafted by NGOs in order to explain why and what they are planning to buy.

(2.1.5), the term “compliant with” has been replaced by “compatible with”; Derogations to the rules as asked for by the FPA WG.

#### **f) Publication**

The requirement to submit an annual report (ex post publications) about purchases has been removed as asked for by the FPA WG.

### **g) Derogations to the rules**

(3.7.2), The possibility of derogations from the rules has been extended as asked for by the FPA WG and derogations based on “ethical” reasons have been included. For contracts up to 60.000€ NGO internal derogations/exceptions apply.

### **h) Verifications, control and sanctions**

(3.8.3) New FPA applicants will be asked to fill in the procurement self-assessment checklist to assess their compatibility with the principles and rules of Annex V. This “self-certification” will be combined with audits (“ex-post checks”) to verify the application of the partners’ rules. The aim of these verifications will be to assess these rules’ compliance and compatibility with the principles, rules and procedures of Annex V.

For existing FPA Partners, similar verifications will take place on a bi- or tri-annual basis, in the framework of ECHO overall Headquarter audits.

### **i) Negotiated procedures**

(4.1.3) The number of candidates invited to negotiate shall not be less than 3 (rather than 4 as in the previous Annex V).

### **Follow up**

The members of the FPA Watch Group are invited to suggest further textual modifications in order to clarify certain parts of the text. These have to be sent to ECHO – through VOICE - by February 10<sup>th</sup> at the latest.

#### **List of Participants (FPA WG members)**

ACF	Elvira Rodriguez
ADRA (EU)	Mario Oliveira
ADRA Germany	Thomas Petracek
AVSI	John Makoha
CARE International	Jerome Lebouc
CESVI	Paolo Caroli
	Manuela Corda
CINS	Cinzia Laurelli
Concern	Brid Barrett
COOPI	Lorenzo Bianchi Carnevale
CORDAID	Robert van der Wolff
DanChurchAid	Angela Macher
	Malene Joergensen
EU – CORD	Diana White
German Agro Action	Mathias Mogge

Handicap International	Simonetta Risaio
IRCUK	Karine Penrose-Theis
MAG	Clare Collingwood
Malteser	Sandrine Rosenberger
MDM	Laurent Bacos
Mission East	Mags Bird
MSF (B)	Inma Vazquez
Red Cross/ EU Office	Jeannette Adriaenssens
VOICE	Sonia Giannone
	Kathrin Schick

Apologies: David Bennett (Oxfam GB), Kees Klijs (ICCO), Claudia Höchst (World Vision Deutschland), Gloria Mella (Save the Children), Riccardo Stefanori (CISP)

**DG ECHO:**

**António Cavaco, Johannes Luchner, Stefan de Keersmaecker, Pablo Ibanez, Bela Matias, Silvia Ermini, Gaëlle Nizery**