

**FPA Watch Group Meeting**  
**14th November 2001**  
**Venue: VOICE**  
**Time: 1pm**

**Participants:** Jennifer Tangney (VOICE), Simonetta Risaio (Handicap International), Jean Saslawsky (MDM), Cecile Bjornstov-Johansen (DanChurchAid), Mike Perekrestenko (ADRA), Farida Chapman (IRC Brussels), Cristina Bermejo (IRC Spain), Ercarnacion Guirao (IRC Spain), Will De Wolf (Caritas Europa), Isabelle Lefort (Atlas Logistique), Jane Backhurst (World Vision), Diane Crocombe (Oxfam GB), Michael Roelands (ICCO NL), Rachel Hastie (Oxfam GB), Barbara Sellier (Children's Aid Direct), Francois Man (Save the Children UK)

### **1. Apologies**

Ad Ooms (ICCO), Luca Aiolfi (CESVI), Giovanna Solari (CISP), Sophie Dima (IISA), Floris Faber (EU-CORD, Mission East), Pierre Gallien (ACF), Elvira Rodriguez (ACF), Laure Delcros (MSF), Gaelle Nizery (CARE).

### **2. Update on ECHO**

The changes to the FPA in this current consultation process are more profound than that envisaged by ECHO in the beginning. It is taking longer than planned but there is a general consensus between ECHO and the Task Force that it is better to do it now that to have to keep revising the FPA every year.

The difficulties with the Financial Regulation have been more or less overcome, although the formal decision making process will still take quite a bit more time. The major difficulties encountered in the inter-service stage of the financial regulation were between ECHO and the legal and financial services. ECHO had to ensure that derogations were given to humanitarian aid as otherwise the general rules for grants would have been applied. Certain difficulties remain but ECHO appears confident now that the situation can be resolved.

This delay means that an extension of the current FPA is needed as it is no longer possible to have a legal FPA prepared and signed by NGOs by January 1st. Therefore, this week ECHO applied to have Article 34 of the FPA changed to allow the current FPA in force to continue for an indefinite period until the new FPA is signed and ready to come into force. The new date for the beginning of the signing process is now foreseen as April and ECHO will allow a transition process whereby NGOs will be able to become familiar and undertake training until the entry into force of the new FPA in June. (These timeframes are not confirmed).

Moreover, ECHO will soon be sending a letter to all their partners asking their permission to extend the current FPA. Only rejections need reply. It does appear to be in the best interests of all NGOs however to ensure that the new FPA is permitted to go ahead in a constructive way through the permission of NGOs to extend the current FPA.

ECHO expressed the view that they believed that the process was much more mature and near completion than perhaps NGOs believed. The Task Force reminded ECHO this stage of the many outstanding issues still in need of debate, although they recognised that much progress had indeed been made to date.

**ECHO asked the FPA Watch Group to provide them with a list of what we view as the major outstanding issues.**

### **3. Equipment**

No lumps sums are possible for equipment. ECHO proposed at the last meeting (6th November) that equipment would be covered on a depreciation basis by the rules applied in each NGO with each NGO showing that they are applying their standard rule.

This system poses problems as some NGOs do not depreciate equipment (there is no legal obligation to do so in the field), other NGOs only depreciate certain items of higher value. There does not appear to be a set method applied by NGOs.

All members of the FPA Watch Group are asked to provide Jennifer with information on whether they depreciate equipment. All are also asked to let Jennifer know if their NGO has an internal regulation or standard procedure for this. Finally, NGOs are asked to provide information on whether their depreciation rules differ by country of operation?

If some NGOs do not depreciate then it is necessary to find a mechanism whereby they too can cover their costs.

#### **4. Personnel**

ECHO's proposal of a maximum amount is to be applied. However, it is clear from the opinion expressed by the group that ECHO's proposal of a staff categorisation table setting "average" amounts for salaries is unacceptable. A maximum amount has to be justified in the same way as real costs and therefore NGOs feel that ECHO should not impose further constraints and difficulties. ECHO's explanation that such a categorisation table would prevent over-budgeting and would remove the long debates with Desk Officers was not considered a strong argument.

The development of a system of averages for local personnel was also rejected by the FPA Watch Group, on the basis of equality of staff treatment, coupled with the great disparities in staff payment depending on country, qualifications etc. This was not considered to be an option that would work efficiently.

It was agreed that a letter would be drafted to ECHO explaining reasons for the Watch Groups refusal of such a system. The fact that ECHO should trust its quality partners to develop reflective budgets was raised. It was finally decided that the letter should also refer to "learning partnership" which would mean that if after some time the process of maximum amounts with real cost accounting was proving difficult that it could be reviewed. It was also noted in the context of ECHO's concern regarding over-budgeting that such a practice is not in the interest of NGOs who would provide an explanation in the financial narrative to explain any under-spending.

It was agreed that the above letter should also be sent to Francis Smith. It was further agreed that the issue of the Users Guide should be included in the letter to Francis Smith.

#### **5. Preamble**

Jennifer agreed to send once again the draft that Pierre Gallien sent to ECHO on the Preamble and Provisions. This is to refresh everyone's memory as it is now some time since the original was sent.

All members of the Group are requested to send input to Pierre Gallien ([pg@acf.imagnet.fr](mailto:pg@acf.imagnet.fr)) regarding the Preamble. ECHO has asked for our comments as to the terms of reference for humanitarian aid and the mandate of humanitarian NGO partners of ECHO.

#### **6. Users Guide**

The Group agreed that it would not be possible to undertake the creation of a detailed User's Guide as it is a very large undertaking. ECHO will be contacted to see what they intend to do. Most importantly though it that the FPA Watch Group want to ensure that they will have time to review the Users Guide which is required in the current ECHO timetable by March.

#### **7. Work Schedule**

It was discussed and agreed that the next FPA Watch Group meeting should happen after the Task Force meeting with ECHO to ensure that we have documentation to work on. ECHO should provide a date for the next meeting as soon as possible so that plans can be made. The next meeting will occur at some time in January as ECHO cancelled a proposed meeting in December as they would not have documentation prepared.

## **8. Any Other Business**

The issue of the ECHO Partner's Conference was raised. It was agreed that it would not be politically in the best interests of the FPA consultation to make strong comments in the Plenary. High level attention could actually inhibit the process. However, in the contexts of the working groups it was agreed that any input could be made. Of particular concern were the differing behaviour of ECHO desks and the unfulfilled promises made regarding the Global Plans being posted on the web.

**Meeting closed at 4.30pm**

**Please note - typing in red requires action on your part!**