

MINUTES - FPA WATCH GROUP MEETING

BRUSSELS, 16TH MARCH 2007

10.00 – 16.00

VOICE - AVENUE LOUISE, 43 (BRUSSELS)

1) Introductions

Presentation of the participants and intro to the agenda. Punto.sud attended the meeting as observer. Last year punto.sud set up a helpdesk open to all ECHO partners. The project was co-financed by ECHO in the framework of the Grant Facility action. By participating as an observer, punto.sud will know the main NGO concerns related to the FPA and addressed to ECHO. At the same time their participation will reinforce synergies among all the tool providers in order to have a more consistent and coherent interpretation of the FPA. The monitoring of the consistency of the different tools aiming to give an interpretation of the FPA is a key activity of the 2007 FPA Watch Group (WG) work plan.

2) Approval of the minutes of the meeting of 13th October 2006

The minutes of the previous meeting were approved without any change.

3) Update on FPA issues (Oct. 06 – Feb. 07)

- The Recommendations document at the time of the previous meeting had no reply. After various solicitations, a reply was made by Mr. Cavaco in December '06 before the annual partners' meeting (December '06).
- In October '06 Mr. Mosselmans informed that the revision of Annex V should be finalized in January 07. However, recent meetings with ECHO report that Annex V will go out with the new FPA; this should take into account the discussions and the changes proposed by the WG that already took place over the last year.
- The WG and VOICE succeeded in lobbying for the involvement of the FPA WG in the revision of the ECHO fact sheets. Over the last months, the Task Force (TF) was very active in providing comments and inputs on the ECHO fact sheets.
- The new financial regulation has been adopted. ECHO expects that the new FPA will not lead to a very radical change from the existing one.

4) Watch Group membership

- An email was sent by VOICE in January for membership re-confirmation, following the Terms of Reference, and in response to low activity of some members. The majority of NGOs reconfirmed. However two NGOs left the group due to a lack of internal capacity (Comité d'Aide Medical and Alisei). Two NGOs simply did not reconfirm (Hammer Forum and MPDL).
- A letter to the directors was prepared and sent out by the VOICE Secretariat in February regarding the work done and the relevance of the WG.

5) Task Force reports back on the ECHO Fact Sheets' consultation process

- During the WG meeting in October (first meeting with Mr. Mosselmans – Head of Unit B2) the project of the fact sheets (FS) was presented for the first time. The WG emphasised the importance of the consultation with partners.
- ECHO original aim was to finish the FS by the annual partners' meeting.
- Through VOICE, the WG managed to get agreement that – at the annual partners' meeting – the FS would be released as drafts with clear indication that there was need to discuss further with NGOs.
- TF had 3 meetings with ECHO (from December to February) to comment on the draft FS.
- Many comments were made. Some of the suggestions from WG need further discussion in ECHO.
- The fact sheets will be continually updated (twice per year). However, the FS will only enter into force at the moment they are published.

- Our understanding is that the 'new' requirements/clarifications in the Fact sheets will be taken into account in the new FPA. Existing guidelines are to be updated by ECHO to ensure coherence between all the documents.
- The FS release seems to be delayed (originally they were expected by mid March).
- The fact sheets are already being used in some contexts for clarification of issues where they are helping to solve a particular problem.
- ECHO staff in Brussels has been trained in the FS and there are some ECHO trainings on the FS going on in the field.
- The FS will be initially in English and later in French.
- The FS are for IOs, NGOs and ECHO staff. The TF have tried to ensure that this is clearer in the fact sheets.

(SEE DOCUMENT ENCLOSED "Main changes and clarifications introduced" through the ECHO Fact Sheets – February 2007)

⇒ **Feedback from the presentation (will be taken forward by the TF)**

General - If the FS changes during the implementation of a project, which FS is going to be applied?

FS 3 - Still room for clarification of what goes in Title 1 and what goes in Title 2.

FS 4 - Low value assets - needs more clarification of whether we can keep everything under 500 EUR or whether it depends on timeframe of project (no residual economic value after one year?), or whether we have to pass into a follow up project and assets can be then kept without donation certificate (interpretation received by some NGOs).

FS 8 - Staff reporting - time sheet examples can be requested from punto.sud.

FS 10 - Second hand goods do not have to follow national and origin rules.

FS 12 - Note that the window of ineligibility of stocks purchased between submission of proposal and operation should change with new approach to eligibility. Note that stockpiling is newly defined (see the fact sheet). Still unclear what is the concrete difference between "stock" and "stockpiling".

FS 14 - Note that it is still not clear what ECHO considers to be the first submission. This issue has been raised with ECHO and at the moment it is considered to be the one that gets the registration number in Brussels. It is not clear whether ECHO has an official delay for publishing decisions.

FS 16 - VAT - The problems of local partners and of bearing the cost of VAT that may be slow / uncertain to be reimbursed have been raised with ECHO.

FS 17 - HPC - This fact sheet will replace the info available on the web.

FS 18 - The translation applies to converting accounting currency into EUR.

- See section two of Fact Sheet for conversion to other currencies
- Use of bank rate or internal rate? - Internal rate is ok.

6) 2007 Watch Group Work Plan: timeframe and follow up

The participatory nature of the Work Plan was emphasized by the TF (i.e. the input needed from the Watch Group).

The Work Plan starts by stating the objectives and commitments of the Watch Group (SEE ENCLOSED UPDATED DOCUMENT).

⇒ Comments on the presentation of the Work Plan:

- An "Incident Report" format will be provided to the WG in April. Note: good and bad examples of interaction / problem resolution will be collected in a single document. This is for internal use to ensure representation, follow trends etc. If examples are used in interaction with ECHO then it will be anonymously unless otherwise agreed. The examples have to be sent to VOICE (sonia@ngovoice.org).

- Problem of contract delays: Apparently this is made worse by the right of the Parliament to scrutinise all decisions. This is a common problem for NGOs and was already raised with ECHO in October 2006 (see FPA WG Update Paper – October 2006). This issue will be taken up later in the year. Examples will be collected and included in the Incident Report.

- FPA revision process: The TF has formed 2 subgroups for proactive feed in to ECHO for the FPA revision. TF will send to the WG a draft of the documents that will be given to ECHO early April. Meanwhile, WG members are encouraged to look through the FPA and suggest what they would like changed or improved.

- Note that ECHO will be looking at changes to the medical bit, procurement of medicines etc.

- Food Aid: Needs follow up since there is still a problem of differing information. ECHO has informed NGOs that 2007 would be a transition year. It is important that NGO access to fund not only WFP. ADRA and ACF are putting in Food aid proposals. Philip Morne (DRC Desk for ECHO) anticipated 2 out of 10 million Food aid to go via NGOs but still unclear what can be considered food aid and what not. All emergency food security now comes under ECHO as food aid, however separate food security thematic line under Europe aid also continues.

- Annex V: the comments and proposed changes already made in the revision process started in 2005 will be picked up. We should not expect radical changes from previous rounds of discussion. HPC is a point of note; the WG will pay attention to procedural issues linked to use of HPCs and the FPA. Some NGOs have had problems with HPCs, but got no response from ECHO. Dedicated and non-dedicated supplies: The TF asked for a fact sheet on this, but if the draft Annex V from last year stays then there will no longer be any distinction between dedicated and non-dedicated.

- ECHO Audits: first the WG needs to identify the problems linked to audits. Looking for consistency between audits: are recommendations similar; is scope of audit consistent and appropriate? Which recommendations are followed up etc?

In general WG members are open to share their audit recommendations. Clearer indications will be given by VOICE (see below action). Some NGOs expressed their willingness to share also re field audits.

Some big UK NGOs are having an exchange among internal auditors regarding this issue. Apparently the UK discussion wants to feed to ECHO more on the Principles of audit. Italian NGOs are in discussion about audits - this can be shared in the wider forum.

Belgian NGOs have already discussed with each other and presented a report to ECHO. ECHO is looking at this as case study material but probably does not want to repeat this exercise with every country.

The general impression is that audit firms are interpreting what they have to do - this needs discussion - they do different job depending on who is auditing.

How long before ECHO reacts on audit reports is still a relevant concern for NGOs. And are there inconsistencies with acceptance of audit recommendations?

At the moment it seems that ECHO does not have capacity to compare audit reports for itself. Mr. Mosselmans has expressed the wish to get audits closed in 6 months after the audit report (this information has to be confirmed).

ACTION: VOICE sends email to WG members within the next week on:

- 1) Main points of concern re audit
- 2) Readiness to share on audit (under what conditions)

The 2007 FPA WG Work Plan was approved by the participants.

7) Other communications

- Concern from Handicap on visibility and email sent to VOICE on recent examples of visibility requirements from ECHO. Some NGOs agreed on the increasing demands by ECHO, especially in Asia.
- VSF wants to know if NGOs have an anti-fraud and corruption internal policy (common point in audit recommendations). ACTION: let VOICE/Sonia know.
- Grant facility trainings - VOICE will organise several training session on FPA and on SPHERE in 2007.

8) Presentation of HPCs: MSF Supply and EuronAid (SEE ENCLOSED PRESENTATIONS)

9) Next meeting

The minutes will be sent with all the documents distributed during the meeting together with the PP presentations of MSF Supply and EuronAid.
Next meeting will take place end of June/July.

List of Participants

Organisation	Name and Surname
ACF	Elvira Rodriguez
ADRA	Mario Oliveira
CARE International	Jerome Lebouc
CESVI	Manuela Corda
CONCERN	Mireille Ndikumagenge Jimmy O'Connor
COOPI	Efrem Fumagalli
CORDAID (NL)	Nicole Bos
DanChurchAid	Florence Smidt-Nielsen
EU-CORD	Diana White
GermanAgroAction	Annette Wulf
Handicap International	Laurence Gerard
IMC (UK) (Observer)	Peter Medway
MAG	Lydia Good
Malteser	Sandrine Rosenberger
Mission East	Mags Bird
MSF (B)	Inge Vangodtsenhoven
Oxfam (UK)	David Bennett
Save the Children (UK)	Naomi Bourne
World Vision (DE)	Claudia Höchst
VOICE	Sonia Giannone
punto.sud (Observer)	Federico Bastia

Apologies: Thomas Petracek (ADRA DE), Michael Roelands (ICCO)

Annexes:

- 1) "Main changes and clarifications introduced" through the ECHO Fact Sheets – February 2007
- 2) 2007 FPA WG Work Plan (Final)
- 3) MSF Supply and EuronAid PP presentations