

## FPA Watch Group Meeting

At VOICE, 21 April 2004

10.00 – 15.00

### Participants:

Miriam CUE, Pierre GALLIEN, ACF ; James SHEPLEY, ADRA EU Liaison Office ; Fernando NOBRE, AMI-Portugal ; Jérôme Lebouc, CARE International; Cinzia Laurelli, CINS Brussels ; Simona POGLIANI, COOPI ; Rikke HOLM, DanChurchAid ; Diana White, EU-CORD; Katleen HAYEN, International Rescue Committee ; Mags Bird, Mission East; Claire FEHRENBACH, Jean SASLAWSKY, MDM ; Stephan GOETGHEBUER, MSF ; Jeannette ADRIAENSSENS, Red Cross (EU Office); Samantha CHAITKIN, Kathrin SCHICK, VOICE ; Jane BACKHURST, World Vision EU office.

### Notes:

Because there were no new documents (e.g. supporting documents) from ECHO, the discussion was limited to exchanging experiences, rather than reacting to the documents. After this exchange the group discussed the future tasks and process for a continued FPA Watch Group.

#### 1. Experiences with the FPA So Far

Each organisation around the table discussed the main problems they have encountered with the new FPA. Most organisations said that, generally speaking, the experience had been positive so far. Many said that it was still quite early to identify problems, as most organisations had not yet completed project cycles under the new FPA.

#### ➤ Positive view overall

- The **overall** reaction to the implementation of the new FPA so far has been relatively positive. Most projects are still in early stages (proposals); the greater challenges may be seen at the stage of budget modifications and reporting.
- NGOs that already have a number of projects running feel positive towards the new FPA: some feel it has helped improve ECHO relationships. Other say that in the long run, the new FPA is not more arduous; it might even be easier from the administrative point of view. However, **more problems are expected to come later**, when projects reach the reporting and budget flexibility stages: this will be in the next 3 months.

#### ➤ Slowness of the process (considered the main problem so far)

- Both contracts and decisions are **slower**. It's not clear exactly why, and it leaves the burden on NGOs to go ahead with projects without having the contracts. The need for cross-checking is a possible reason why the new FPA takes more time. The lateness seems to be on ECHO's side: it takes longer to get approval – but this may be temporary during the transition.
- In general there are longer response times from ECHO. ECHO is missing its own deadlines, and NGOs are progressing to later stages in the project cycle – e.g. the interim-reporting stage – without having signed the contract yet. This carries considerable **financial and legal risks for NGOs**. Examples:
  - In Central Africa a 6-month project was submitted in December and the contract arrived in April.
  - One NGO already had 6-7 projects underway with contracts outstanding until much later.
- Many NGOs noted that there is an **inconsistency from country to country**, with one country going fast and another slow. Examples:

- Good experiences noted in Somalia, Sri Lanka, Uganda
- Considerable slowness in Central Africa, Sudan

### ➤ **Co-financing**

- **Co-financing** is not a problem yet, but it could be a problem for later, and should be monitored carefully.  
NGOs have been told different things about co-financing from ECHO desks and field offices in different countries. Examples:
  - For an India contract an NGO was told ECHO looked favourably on co-financing, so the NGO included it in the proposal.
  - ECHO asks for co-financing but one NGO said no, and it was okay.
  - Only 100% so far, and no pressure for co-financing.
  - Co-financing has not been a problem, since the NGO has not asked for 100% in a proposal so far.
  - For Yemen ECHO wrote a letter saying that co-financed projects would have priority, but that this would be applicable next time. Current projects at 100%.

### ➤ **Interpretation of texts, knowledge of the new FPA**

- There is still much to do on **interpretation of texts**. Do NGOs now know it better than ECHO? (Will it be a question of ECHO 4 vs. ECHO-Audit at the end of the day?) NGOs felt there may be a need for a kind of “jurisprudence”, or at least a need for each NGO to keep all their correspondence with ECHO... NGOs gave several examples of ECHO personnel **getting the 2003 FPA wrong**.

### ➤ **Role of the Field Officer in Decisionmaking**

- NGOs perceived that the **role of the field officer** now seems to be stronger vis-à-vis the desk officer. NGOs perceived that **decisionmaking** seems to take place more in the field than before. This is not very consistent from country to country. The informal relationships create a lot of uncertainties as to where the problems are (Brussels or Field). NGOs also get the feeling that, in part because field officers see more the **short-term performance/recent contract record** of the NGO, this has become a greater factor in decision-making relative to longer experience.

### ➤ **Unpredictability of Global plans and decision making** from country to country.

- A related problem was the **unpredictability of Global plans and decisionmaking** from country to country – but these are not strictly problems of the new FPA. The problem is partly related to **the lists of potential partners**, which are supposed to be indicative, but in practice they are exhaustive. The distribution of global plans is also irregular: some receive them and others not.

### ➤ **Training and training materials**

- **Training** so far has been to the level of introduction. A lot more is needed, especially in the field, and given the high level of staff turnover. It was widely agreed that there is a need for much more training, for example a “refresher” training will be needed by fall, and training of fieldworkers is still missing.
- Many NGOs present **applauded the trainings that had already been held** by Oxfam, Solint and ECHO in Europe and in the field, calling them “essential for the implementation” and “very positive” – but they want more:
  - some said that while they were very beneficial at headquarters level, the knowledge has not yet seeped through the organisation.
  - French NGOs consider that only one (excellent) training for French partners has not been enough, and they want to see it repeated.

- Organisations are making efforts to organise their **own training sessions** in addition. These processes have been **held up due to ECHO's delays to approve** NGO training materials.
- Many NGOs are **waiting for the Oxfam and Solint training materials** before they develop their internal training programmes. Some move forward by **relying on unapproved draft training materials and draft supporting documents** (see below) but are concerned about communicating inaccurate information to their staff. In the meantime, many organisations are using ad hoc communications with fieldworkers and other staff in order to **raise awareness** about the FPA.

#### ➤ **Supporting Documents**

- **ECHO supporting documents** are sorely needed. For the reporting and budget flexibility stages, they will be needed even more than now. Many NGOs are also waiting for these documents before designing internal training programmes.

#### ➤ **Procurement in the Projects**

- Most NGOs have not yet submitted very **procurement**-heavy proposals so far under the new FPA, and it has not been much of a problem yet. But they expect that problems may arise when it comes to the audit – especially regarding the rules of nationality and origin.
- NGOs are experimenting with procurement **derogations**, seeing if different methods work.
- **Publication/Information**: Some NGOs have said they are not currently publishing contracts on their websites.

- A **cultural problem with publication** was noted: French NGO websites are aimed at the public and donors, and fundraising, not to service contractors: it's not adapted for the publication of tenders. In this way publication of tenders could have a negative impact on the organisation.

- One NGO had the experience that ECHO gave a "suggestion" as to what kind of information campaign the NGO should do.

#### ➤ **Procurement Rules Adaptation**

- Different NGOs are taking different approaches to revising their internal **procurement rules** – ranging from rewriting them in response to the Financial Regulation, to developing adaptable clauses for different donors in established rules, to doing nothing and waiting to see what happens. The EC Financial Regulation and implementing rules could at the earliest be revised in 2-3 years. There has not been much experience with special ECHO procurement derogations so far.
- NGOs using multiple donors are considering developing a basic procurement system with **optional clauses** that may be used depending on the requirements of the donor in a given project.
- In one organisation, the European offices are reviewing their rules but questions remain about consistency with the rules followed by the field offices (implementing partners).

## **2. Tasks and Form of a continued FPA Watch Group**

#### ➤ **Adaptation of internal procurement rules:**

Better for NGOs to share procurement models, rather than ask for standards. Too much detail from ECHO would neither be necessary nor positive. Better not ask for too many rules, but just go ahead and in the end demonstrate you are acting in good faith. On the other hand, this approach could be risky in legal (and financial) terms.

EuropeAid's rules are more strict, but acceptable as models and their templates can be helpful also for ECHO procurement.

Some NGOs might try to adapt their internal procurement rules for multiple donors – having more general internal rules with referring clauses adaptable for the particular donor in the given case.

**Proposal:** to have a meeting in the Autumn to discuss procurement rules specifically.

➤ **Need for an evaluation of legal and financial risks, and an exchange of precedents for argumentation with ECHO:**

It's not the NGO's responsibility to find out what kind of contract or authority the different ECHO actors (field experts, desks, NGO unit) have, in order to confirm that a decision or agreement is valid.

A choice needs to be made between a) going by written documental proof on a case-by-case basis -OR- b) going by "case law" with re-applicable precedents.

**Proposal:** to have a meeting before the Summer to discuss the supporting documents to the FPA (and the Watch Group Terms of Reference – see below).

➤ **Short history of the Watch Group:**

The 1996 "Dialogue Group" which worked on the new FPA at that time became the Watch Group in 1999 when they realised the application was different from the theory. The Terms of Reference concerned monitoring the implementation, and could be used again for this period. The original idea was to have 20 people: all ECHO partners were asked to join if they wished. About 20 partners volunteered, so selection was unnecessary. All partners were asked whether they had any objections to the members of the group; then were asked for positive approval of the group. At the time, the representation of large/small NGOs in the group was seen as more important than the mix of nationalities.

➤ **Need for an FPA Watch Group in the current phase**

The group needs renewed legitimacy and a commitment from the group to do the work. The group needs to do more than exchange, but also to create feedback. It should meet about three times per year. Need a strong commitment to ensure that the same people are always around the table.

A Task Force of no more than 5 persons should prepare the meetings and produce any documents as necessary: experience has shown this is a useful set-up.

NGOs are concerned that ECHO will want to put all the responsibility for the follow-up of the new FPA on the Watch Group. Instead, ECHO should fund a project on follow-up. There is still the need for a Help desk, and a need for future training, and it would be best if this had a strong link with the Watch Group.

**Proposal:** Write to all ECHO partners inviting them to join the Watch Group. After receiving commitments, ask all ECHO partners for approval (to make the group stronger in terms of legitimacy vis-à-vis ECHO)