

FPA Watch Group Meeting – Exchange with ECHO

| | MINUTES |
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| DATE | 28.06.2016 |
| TIME | 14.00 – 16.00 |
| PLACE | ECHO Rue de la loi, 86 Brussels |
| PARTICIPANTS | cf. List of participants |

I. Presentation of the FPA Watch Group survey on the FPA 2014:

The FPA WG presented the main outcome of the recent survey the group undertook on the FPA 2014. [See here](#)

The aim of this survey was to identify the positive outcomes and challenges of the FPA 2014 and start drawing the priorities of the FPA Watch Group for the next FPA 2020. Findings from the survey have been integrated in **the Watch Group Framework paper: Towards a new FPA, available here.**

ECHO comments on the FPA WG survey presentation:

- ECHO representatives thanked the FPA Watch Group for the presentation and asked whether the use of earmarked funding and partners’ perspective about it had been touched on in the survey.
 - ➔ Watch Group members replied that thanks to its field network, ECHO can rely on a deeper understanding of the needs and great degree of expertise. NGOs don’t have any issues with ECHO specific expertise at operational level and on the contrary value it. However sectorial earmarking tends to go against the needs-based approach. Setting arbitrary percentage per sector may prevent flexibility and rapid response to emergency. Overall NGOs would appreciate ECHO to recognise their expertise in designing project actions and would rather want the partnership to focus on more strategic and programmatic issues. Moreover, a high-level of earmarking often results on a high-level and burdensome reporting. In the framework of the Grand Bargain implementation, NGOs notice increasing requests for more transparency but little progress on having less earmarking and lighter reporting.
- ECHO then asked for further clarification on the FPA Watch Group recommendation to encourage the use of coordinated approach.
 - ➔ For NGOs, consortia require a different way of working implying a high degree of coordination and trust. Establishing consortia take time and under ECHO’ s current rule the lead is bearing a high degree of risk and heavy administrative burden. When

looking at lessons-learnt¹ from NGOs that worked under the coordinated approach, feedback are very positive and the Watch Group suggests looking at it as a first step towards consortia building.

II. ECHO presentation of the FPA consultation process:

The FPA consultation process:

Until now ECHO and the Task Force of the FPA Watch Group together with the Red Cross EU office already exchanged on the following topics:

- Applications,
- Multi-partner grants
- Procurement rules
- Programmatic partnership
- Implementing partners
- Funding predictability
- Multi partner FPAs

An ad hoc meeting was also organised to look at the different ways of working of NGO families

- On Friday 29 June, ECHO and the FPA partners will exchange around Audit and Performance based financing.
- ECHO is also addressing the major themes of the FPA review in internal consultations.

Overall calendar:

- The FPA Consultation will take place until September.
- ECHO will be drafting the next FPA during the Autumn
- ECHO is now internally consolidating feedback on the strategy and vision on the next FPA.

AP: ECHO to get back to VOICE following further guidance at management level

10 Themes have been or will discussed during the consultation period:

- **Programmatic partnership**

ECHO really welcomed having the NGOs presentation from other donors' practices when using the programmatic approach. Overall, it was a very productive discussion, and ECHO is willing to explore how to introduce a programmatic partnership into the next FPA. ECHO will still have to define how it will work in practice and who will be eligible to use such approach. It will most likely address partners dealing with important volume of funding and/or willing to have a high strategic dialogue with ECHO.

¹ Coordinated approach allows NGOs to learn how to work together and share best practices in terms of compliance with ECHO rules.

It should be set in a MYP-MYF programmes and might require high-level audit ex-ante assessment (something similar to pillar assessment). Different modalities in terms of reporting will also have to be explored. It might also imply to move towards a payment not link to costs(PNLC) approach in order to have less earmarking.

ECHO reminded the FPA WG of its wish to continue working with a diversity of partners through a more classic FPA.

- **Application for new FPAs**

The big challenge for ECHO regarding the application process is the current high level of workload in assessing large number of partners. Some assessed partners only go through the application process because it is required by certain other donors.

ECHO is considering introducing a two stage process: looking first at the essential (strict compliance with basic eligibility criteria) and then a more in depth assessment process.

- **Procurement**

The exchange around procurement rules was very straight forward. NGOs and ECHO agreed on a number of simplification of rules, especially at the end of the action.

- **Multi-partner grant**

Different views were shared between ECHO and NGOs. Both sides tried to explore different models to improve current way of working under consortia. Following the consultation, ECHO will now draft new suggestions for partners with different models of liability to be used according to the context and the consortia itself.

- **Multi-partner FPA**

Following the exchange during the consultation and the ad hoc meeting on NGOs' family, at this point in time ECHO may not pursue further this option for the next FPA.

- **Implementing Partners**

ECHO and NGOs agreed that there is a need for more transparency and clearer identification of who are the implementing partners in the eSF. There is also a need for more transparency on the criteria used by partners to select their IP.

- **Reporting**

This theme will be addressed in the next consultation meeting with the Task Force of the Watch Group in September.

- **Funding predictability**

This thematic is also linked to the programmatic approach. ECHO will need to see what they can commit to and how to possibly adapt the HIP process.

- **Payment not linked to cost and Simplified cost option**

Those themes are yet to be discussed in a single conversation around 'performance based financing'. It might also apply in the context of the programmatic approach. ECHO sees in those options potential for simplification and look forward to hearing partners' perspectives.

- **Audit**

This topic will also be addressed during the third block of consultation on 29 June.

- **Transition from this FPA to the new one**

The modalities of transition will have to be discussed between NGOs and ECHO during the last phase of the consultation.

III. **Task Force feedback on the consultation so far:**

- The NGOs welcome the open mind approach and *out-of-the-box* discussions they are having so far with ECHO. They perceive the consultation as a high level dialogue and also appreciate that ECHO is taking the time to have internal discussions first and share concept notes ahead of each round.
- However, NGOs are concerned that the expectations and promises around the Grand Bargain are not fully taken into account. ECHO's localisation perspective was limited and NGOs would appreciate to get ECHO's policy vision on localisation.
- NGOs would also like to see what those fruitful brainstorming sessions will bring and whether they will lead to positive change.
- NGOs recognise ECHO's constraints due to the Humanitarian Regulation and the external pressure from the ECA which was less expected.

Q&A:

- How is ECHO planning to implement the GB commitments on harmonised reporting and financial transparency and can those two themes be linked?
 - ➔ ECHO will share its overall strategy with clear objectives for the next FPA in more detail in the near future. On harmonised reporting: ECHO is not part of the 8+3 pilot because did not find it sufficiently granular to meet ECHO requirements, however more harmonisation in reporting should remain an objective.
- Many of the potentially new options in the next FPA would be linked to the programmatic partnership: what will happen for NGOs that are not part of it and which new options will they be able to access?
 - ➔ ECHO is well aware that they need to identify eligibility criteria around the programmatic partnership. However, the level of simplification in this programmatic approach will have to be a quid pro quo between ECHO and the NGOs and there are costs and benefits involved on both side to manage such approach. Therefore, the access to this approach should be limited and ECHO values the importance to continuing working with other FPA partners.

- NGOs asked ECHO to have more clarity on how the GDPR will affect the new FPA especially in relation to dealing with data of beneficiaries?
 - ➔ For now, ECHO is applying Regulation 45 2001 when working with data. In the frame of the new GDPR, ECHO will seek to organise an ad hoc meeting with NGOs in order to have a more technical conversation around GDPR implementation.
- When will ECHO 'staff working document' following the publication of the external evaluation of the EU humanitarian aid be launched?
 - ➔ The document is still being finalised.

IV. Next Steps:

- ECHO is not expecting to share a draft of the new FPA at the next partners conference (**on 19 & 20 November**) but aiming at presenting keys elements and objectives. t. The FPA drafting process will take place in parallel during the Autumn, with the objective to share a first draft in January.
- NGOs remind ECHO that the Partners' conference is the right space to flag important changes that will have a direct influence on the next FPA application, so NGOs can start getting ready to the transition internally.
- **Next FPA consultation will take place in September (exact date tbc)**