

FPA Watch Group Meeting
ECHO, 16 June 2003
11.00 – 16.00

Participants:

NGOs/Red Cross:

Gaëlle NIZERY, Carine MALARDEAU, both CARE International; Cinzia LAURELLI, CINS; Giovanna SOLARI, CISP; Diana WHITE, EU CORD; Simonetta RISAIO, Handicap International; Farida CHAPMAN, International Rescue Committee; Renee RICHARDSON, IRC- UK; Jean SASLAWSKY, Médecins du Monde; Inge VANGODTSENHOVEN, MSF; Jeanette ADRIAENSSENS, Harri HIEKKANEN, both Red Cross/ EU office; Domitille CADET, Red Cross France; Samantha CHAITKIN, Kathrin SCHICK, both VOICE; Jane Backhurst, World Vision.

ECHO:

Pablo IBANEZ, Didier MERCKX, Béatrice MIEGE, all ECHO 4 ONG

Meeting Notes :

Before going into the questions that had been sent by the Watch Group, ECHO explained that it is making efforts to create standard Proposal and budget forms for all its partners, as common as possible to be used by NGOs as well as the UN and the Red Cross.

1. Questions on the General Conditions Document

The original 29 questions are reproduced below, each followed by the responses given by ECHO at the meeting. Action points to be taken by ECHO are marked **. ECHO did not respond systematically to the “Broader and outstanding questions relating to the documents of the new FPA” which had also been attached.

- (suggestion) **article 1.1**, "The HO shall ensure that the operation ... achieves the objectives set out therein": This remains problematic; we suggest the following text: "... Operation Proposal and that it fulfils the obligation of making available all the means necessary to the achievement of the objectives set out therein".

Article 1.1: There is the **obligation to deliver on the objectives**. The Humanitarian Organisation (HO) has flexibility to decide on the means.

- (suggestion) **article 1.3**: we would like to include here the possibility to **sub-contract** the totality of the operation to a partner, not just a part.

Important to understand here is the difference between contract and grant. There will be a “grant”, not a “contract”, so you won’t be able to sub-contract. ECHO is using terminology whereby the HO can “contract” with a profit-making company, but with e.g. local implementing partners or other non-profit implementing partners, the terminology is “partnership,” which may indicate a flexible legal agreement.

That said, it will be possible to have the whole operation done by a local implementing partner through partnership, but it will not be possible to contract out the whole agreement.

** This terminology will be clarified in the Glossary.

- (suggestion) **article 2.2**: as discussed before, we would prefer that the reports be

presented in the same language as the *proposal*, not the grant agreement.

The contract will be in the language of the proposal - English or French only. In theory it will be possible to include costs of translation from other languages in the eligible project costs, but this is subject to approval by the desk officer in the specific case (the desk officer may find the project too expensive as a result of high translation fees).

Discussion on Co-financing

- (question + comment) **article 2.3 (and other articles dealing with co-financing)**: if an operation is co-financed by the HO, what implications does this have on the reporting? For example, do the provisions of **article 11** apply also to the non-ECHO budget/purchases? This question can be repeated for a number of practical application situations.
- Article 2.5** (and possibly **2.7**): we would like to see these demands for additional information limited to regular requests, in order to avoid an excessive or systematic frequency of requests : providing information is no problem, but it should not constitute a full-time job for the NGOs.

ECHO sees **co-financing with a “glass-of-water” model**. ECHO’s money will combine with other funds towards an operation like water added to water in a glass, without clear delimitations. “The beauty of the principle of co-financing” is that it is not earmarked – this should reduce administration, as well. Therefore, because ECHO’s financing will not be earmarked, the **HO reports on a whole operation, irrespective of how much is financed by ECHO**. The HO has the freedom to spend ECHO’s money however it chooses in an operation, and therefore the entire operation must be reported on because otherwise ECHO will not know where its money has gone.

As to the possibly common problem that usually with two public donors the funds are separated and earmarked (e.g. USAID, which requires that each item from its contribution be earmarked in a budget), **ECHO is not concerned with these other donors or their earmarked budgets**. For ECHO, the HO will have to present a budget of eligible items, as non-eligible items should not exist in the budget.

NGOs were concerned that, for example, normally they would use another part of the budget other than the part provided by a public donor to purchase ineligible items. ECHO responded that unlike in the transition period, in the new FPA **real costs will be used, without ceilings, and the desk officer will be charged with interpret whether the overall budget is too high or not**, but will not judge, for example, whether the expat staff was too expensive or not, because ECHO will not have earmarked funds for this individual budget entry. This means:

- You will no longer have to negotiate with the desk officer on individual costs of items, but on the cost of the whole operation.
- No micro-management by the desk officer
- Grants will be for the real costs of the operation, meaning eligible costs PLUS indirect costs (7%)
- Co-financing rules will *by exception* allow ECHO to pay 100% of eligible costs, but in other cases ECHO is to ask for co-financing
- The initiative for co-financing will come from the HO; there is no push for co-financing within ECHO.

As to the difference between co-financing by the NGO (own funds) and co-financing by another donor, this is not important to ECHO, as its relationship is with the HO. Problems arise when other donors attach certain conditions to their funding – e.g. if USAID requires procurement to be done with US companies. **It is the HO’s responsibility to sort out if there are any inconsistencies in different donors’ obligations**.

Unfortunately, **NGOs’ own funds cannot count as co-financing** according to the implementing rules of the Financial Regulation, and ECHO, while recognizing the reality of the situation, can do nothing to change this. Instead, in article 15 of the General Conditions ECHO has included as eligible costs an extremely broad

range of items. ECHO suggests that the HOs use this flexibility as intelligently as possible to try to cover some of the real costs of the operation not covered by the 7%. ECHO emphasised that these costs are unprecedentedly generous, and do not exist in AidCo or any other service of the Commission. As to concerns about **matching up the starting dates of operations co-funded by different donors**, ECHO says that common sense will prevent ECHO from co-financing on emergency or primary emergency operations, or other operations that endure less than 6 months.

CO-FINANCING EXAMPLE: You have **three health care centres in Burundi**, and want ECHO to fund two of them. What is the “whole operation”? The three health centres, or just the two done with ECHO funds?

It may be in the NGO’s interest to consider all three of the health centres the “whole operation”, even if ECHO will be paying for only two of them, because in this case ECHO will pay 7% on the “whole operation” (in this case, all three health centres).

How does this 7% work?

If total direct eligible costs are €1M, and ECHO gives 7% for indirect costs (more similar to “overheads” than to “administrative costs”, and many of the latter are actually covered as eligible costs), the total costs will amount to €1M+70,000

4 principles of NGOs (basis for this co-financing model):

- No double funding
- No profit
- Distinction of terms “direct” and “indirect” costs
- Equal treatment of donors (meaning the HO can’t take indirect costs from one donor but not another):

This principle applies in article 15.5§2 of the General Conditions, where there is a clause on “comparable contributions” which prevents the HO from taking advantage of ECHO’s 7% by making ECHO’s total contribution go just to indirect costs. The clause is a guarantee that the 7% won’t be artificially increased to make a large amount available for overheads alone.

- (comments + question) **article 2.6** : this is very strong, especially when the period for submitting interim reports is not clarified. Would submitting the interim report late count as a failure to fulfil a substantial obligation as stipulated in 13.2(b) or as in 13.4(e)? Or do other sanctioning procedures apply?

The measure is disproportionate to the gravity of the fault: we would like to see these articles deleted or if not, propose that the Commission reserve the right to take action.

The reporting period will be stated in each grant agreement, and a system of warnings is in place. The NGO can present either the report, or an explanation of why the report is not forthcoming, within the stated period. The Commission has the right not to accept this explanation, reasonably. ECHO’s new administrative procedure, including warnings, letters, and finally sanctions, is in response to the lack of possibility in its current system to react to pathological reporting practices by partners.

** the words “or fails to provide an acceptable written explanation” will be added to article 2.6.

- (clarification) **article 5 (confidentiality)** : How confidential is confidential? Does this also apply to circulation internally within the HO? Circulation for the purpose of training, best practice, etc.? This could be explained e.g. in the glossary.

Before the moment when documents are classified, they are not confidential. **ECHO or the HO can request classification of any documents as confidential**, meaning that access to the public will be restricted, and permission will be needed in order to make the documents public.

** Clarification of confidentiality will be put in the Glossary.

- (comment) **article 6.2** : clarification is needed on the first paragraph : the HO “should” (how binding is this?) present a “visibility plan”. Does this also apply to emergency and primary emergency operations? Developing a visibility plan seems not to be possible in a hurry. “Visibility plan” could be defined and explained in the glossary.
6.2, second paragraph: we would like to see this sentence deleted: we are concerned that these requirements could be exaggerated in practice.

The visibility plan is simply a brief explanation of what visibility actions are to be taken, not a more elaborated document. The argument that visibility is not possible in an emergency or primary emergency situation is not acceptable for ECHO precisely because it is this type of operation that gets the greatest attention from the media and the general public. ECHO notes that the AidCo’s visibility rules are much more demanding and elaborated in a 160pp document.

- (comment) **article 6.6** : How does this relate to Article 5 on Confidentiality? Some of these elements, such as the proportion of the operation's total costs covered by ECHO funding, should not be published by default – they should be confidential unless otherwise stated. The requirement to publish information about operations is written in the Financial Regulation. ECHO got an exception so that it does not have to publish information ex-ante, but only ex-post: ECHO will still have to publish a report each year. However, considerations of safety and of “harming of interests” (e.g. relating to the impartiality of an NGO) will help in part to get around this: **partners may make a request not to publish information about their operations** based on these two reasons.

- (clarification, questions, suggestion) **article 8.1 (evaluation)**: Much clarification is needed. Who does ECHO have in mind for “Representatives” of the Commission? If these might come from other Commission services, we are concerned that they might have other priorities. Also, “shall” might be replaced here by “may”. It is not at all clear who shall invite these representatives: if it is the HO, will the costs of these visits be financed separately? What if these monitoring and evaluation missions are not financed by ECHO, or co-financed? What about coherence/coordination between strictly ECHO visitors and others?
We would suggest adding the following sentence to 8.1: “The HO retains the right to undertake monitoring and evaluations alone where time is restricted or visits may undermine the objectives of the mission.”

There is a formal requirement to send a letter of invitation to the ECHO evaluation office. In practice, it should stop there, with no visit taking place as a result. As for 8.2, which says that ECHO can decide to carry out an ex-post evaluation of the operation, these will be done according to the principles that:

- Evaluations should not be disruptive
- The HO has the obligation to provide access, as well as relevant information and documents

- (comment) **article 8.2, para. 4**: we would like to have an assurance that the HO’s comments on the draft will be included in the report.

**The approximate wording: “The Humanitarian Organisation’s comments can be attached if they are received within the deadlines” will be added to article 8.2, para. 4.

- (question/comment) **article 9.4 (signature)**: How will the HO know the exact date of the EC’s reception of the grant agreement? Established practice based on the second signature has always worked – why does this change now?

On the part of ECHO, the second-signature system employed in established practice never worked, because ECHO was not able to know when the agreement was signed. With the **new practice of using the receipt from the registered letter or courier/DHL**, the date will be incontestable, which is in the interests of both parties. The courier can also be claimed as a direct cost.

- (questions/terminology + comment) **article 10 (amendments)**: For clarification and possibly for glossary: What are the "basic elements of the operation" that require prior modification?(**10.2**) What is a "supplementary agreement?" and the "original object of the agreement" that cannot be modified even with a modification of the agreement? (**10.5**) These were perhaps explained orally, but should be defined e.g. in the glossary.
10.1: "If the request comes from the Organisation ...": does this mean that ECHO can also take the initiative of amendment ? (If this is the case, we do not agree!)
10.3 : The terminology in this paragraph is mixed and could be clarified : the three terms "inventory", "proposal" and "request" seem to refer to one and the same document.
10.3: clarification would also be needed regarding how this would work in co-financed operations.

A full note on the amendments, as an internal note for all desk officers and also to be distributed to all the partners, is now being developed.

There are **three procedures for amendment**:

1. Modify, then tell ECHO
2. Ask ECHO's authorisation first (can be sent in advance by fax and followed up by a paper letter signed by the same person as signed the grant agreement)
3. Supplementary agreement, or hard amendment, in which two cases may apply:
 - a. Changing the financial data of the specific conditions
 - b. Extension of the operation

Regarding 10.1, In the case of suspension, ECHO has no intention of giving up this right. In this case the relevant Desk would take the initiative.

On the terminology in 10.3, "Inventory" (relating to supplies, goods, equipment) is completely different from "proposal" and "request," but as the latter terms are equivalent in this context, it can be changed to avoid confusion.

** The text will be changed to use "proposal" twice (in place of "request")

As for the **inventory of leftover stocks in co-financed operations**, for the sake of consistency, article 10.3 will not apply: the EC has the right to this information when it funds an operation at 100%, but not in the case of co-financing.

- (question + comment) **article 10.4**: Is it now the case that we will be able to have **contingency reserves** in our budgets? Need for clarification: why in 12.3 and 15.6 is this reserve mentioned, while in the "budget breakdown" document the reserve is "pro memoria"?
The use of the reserve was in the past quite flexible and rapid : a reserve is usually used for "unforeseen situations". This will no longer be the case if, in order to have access to the reserve, we have to submit an interim report as stipulated in 10.4.
More generally, does article 10.4 refer to the Reserve of the contract (since it will be 0 most of the time) or to the Reserve of the decision?

The reserve only refers to the reserve of contracts, not the reserve of decisions. It is necessary for ECHO to have a procedure, even if in 90% of the cases the reserve will be 0.

- (comment/question) **article 11 (award of contracts)**: In **11.1**, sometimes it is not

possible to specify potential contractors and contracting arrangements in the operation proposal. Where does the procurement centre fit in relation to this article?

This article calls for the HO to state who it envisages will carry out the contracts, or which contracting arrangements. There are four possible “arrangements”:

1. Competitive tendering
2. Direct contract
3. Framework contract
4. Procurement Centre

The first step is to state the contractor or arrangement, and then to inform ECHO of any changes in the arrangement (changes in individual contractors will not need to be announced, only in the arrangements, and modification of the contract is not needed). Finally, in the report, the HO can specify what arrangements and contractors were used post-facto.

The reason for this innovation is that **the old Document 14 will not exist in the new FPA**. Instead, there will be a much more relaxed document outlining a number of procurement principles that need to be followed (competitive tendering, best economical value, etc.). Therefore, the purpose of this reporting/indication of procurement methods are to prove that these principles were taken into account when using public money: it is principally of interest to the Court of Auditors.

With reference to article 11.3, in the case of co-financing, “own funds” are useful for using **other arrangements** (e.g. buying from Japan). This is already in the current FPA. There is also an EC standard rule for this but ECHO can be more flexible by having it in this article.

The HO can ask for a derogation on this requirement or justify that an item came from another contribution.

- (question) **article 12.3** : Proposal to delete. The Commission “may require” the HO to suspend the operation : is the NGO obliged to suspend the operation or could the NGO continue after having explained why and how?
(comment) This requirement risks to become political; the conditions should be better explained, or the article could be deleted, since suspension, logically, must remain at the initiative of the NGO, with ECHO retaining the possibility to terminate the contract.

Suspension by the Commission would be limited to two possible bases:

1. Safety of humanitarian workers
2. Compatibility with humanitarian principles
3. (*force majeure* is not likely to be invoked by the Commission)

No other case can be applied.

- (questions/clarification) **article 12.4** : There should not be a time delay here. We would also like to see specified which expenditures that continue to be incurred (local staff, office, etc...) will be supported during the suspension (who will pay for these?). It would be important not to add the number of months suspended to the end of the contract. Finally, will/could there be a gap? Clarification is needed on what are the “commitments” referred to in **13.5**.

In the case of suspension, the contract is automatically extended, without having to extend the period of the decision (even if it goes beyond the end-date of the decision).

To suspend, the HO must inform ECHO and specify in the letter what costs will be needed, and of modifications of duration and budget. There will then be a need for a supplementary written agreement (see article 10).

With regard to article 13.5, ECHO will pay for anything results from legal commitments.

- (comment/suggestion) **article 12.6**: we find that this paragraph, **defining force majeure**, belongs in the glossary rather than in the general conditions. We would propose the paragraph begin at “Neither of the parties...” and all previous text be transferred to another document.

The definition of force majeure will be the same for the whole EC.

**The definition of force majeure will be transferred to the Glossary as suggested.

- (comments + terminological comments) **article 13 (Termination of the agreement)**: As mentioned above with reference to article 2, the delimitation between 13.2 (b) and the 13.4 (e) could be made clearer. In 13.2, a technical or organisational change should not merit a sanction as strong as the termination of a contract.
13.4(e) : “irregularity” could be better defined.
13.7: we would suggest a period of 90 days, as for the final report.

In article 13, the rule is stated in article 13.2, with the exception in 13.4 b,c,d,e (immediate effect). All except (a) are included in 13.2 and 13.3(a). Special cases will require special terminations.

In 13.2, this does not apply to just any case, but only those that have an effect on the execution of the project (real pathological cases).

In 13.4, (d) is linked to fraud without follow-up, and is more general, while (e) applies to situations where ECHO will have to take follow-up measures such as reporting to OLAF, etc.

**To 13.4(d), the word “intentionally” will be added.

In 13.7, the reason for the shortened period is that termination is used here as a sanction. However, indeed cases where termination is based on e.g. security still must be taken into consideration because they are not sanctions.

** ECHO 4 will study this situation relative to the other EC services, will verify the need for a 60 rather than 90-day period, and will try to fix a strong deadline.

- (question - curiosity) **article 14.3** : If Belgian law is governing the contract, why isn't the Brussels Court in charge of disputes (as in AIDCO's standard contract)? Amicable settlements could be explained in the glossary, perhaps with examples (mediation, etc.).

Disputes will go to the court of first instance governed by the Court of Justice of the European Communities, which is the highest court. This is to everyone's advantage, and it is standard for Commission services.

- (suggestion) **Article 15.3** : we would propose another bullet point: “other costs”.

This “other” is covered by 15.1, the definition, whereas 15.3 lists the examples. What is more important is that 15.2 prevents disadvantages that may arise from 15.7 (prohibition of own in-kind contributions as co-financing), as costs for constituting stocks, incurred before the date of eligibility of expenditure, will be eligible.

- (question) **Article 15.3, 1st bullet point**: do “**identifiable personnel costs at headquarters level**” include monitoring missions from headquarters, not formerly funded by ECHO?

Yes.

- (question) **Article 15.3, 2nd bullet point**: “travel and subsistence costs” could be elaborated in the glossary.

This depends on the policy of the HO. **ECHO will base its decision on whether the HO normally pays these costs** in order to get the most economically advantageous expat staff. For example, if an NGO’s policy pays travel and subsistence costs also for the family of their expat staff, which would normally be prevented by 15.1, it would nonetheless be allowed, using the NGO’s established protocol, for example its standard remuneration package for expatriates, as proof. Reasonably, an auditor may doubt the cost-effectiveness of, for example, relocating a family for only six months, and may question the sound financial management of the NGO as a result...

- (question) **Article 15.3, 8th bullet point**: “the amount of activity directly attributable...”: clarification is needed as to what this is, and how it would be calculated. Do “field office costs” include photocopies, PC, furniture or just renting? Do they include personnel? Recruitment?

The HO establishes a pro-rata and that’s it, **there are no criteria for the pro-rata**. It might be recommended to use the amount of each project as a basis for the pro-rata.

Yes, it does cover personnel, etc. The headquarters costs are overheads. Administrative costs in the field are direct costs. Recruitment at HQ is an indirect cost, while more specific recruitment for a project or in the field is a direct cost.

It is the relation with the project that determines whether costs are direct or indirect.

- (comment) **Article 15.5, para. 2** : Clarification is needed, and possibly examples. What is a **comparable Operation**, etc.?

As discussed in relation to article 2.3 (co-financing), this is related to the non-abuse of administrative costs.

- (question) **Article 15.7**: What about **in-kind contributions** made by other donors? There are donors (e.g. WFP) that give legitimate contributions in kind.

In-kind contributions are acceptable for co-financing as long as they are given a value: the donor should certify the value of the in-kind donation if it is to count as co-financing.

- (question) **articles 16.2 and 16.4 (payments)** refer to implementation periods of agreements that exceed 12 months – does this refer to situations where amendments have extended an implementation period to that length? Usually this length is not possible!

When it’s less than 12 months, the full amount applies. When it’s more than 12 months, advance payment is limited to the amount payable in the first 12 months. In theory, it is possible to have contracts of 15 months with ECHO.

- (comment) **article 16.2, para. 3**: we oppose the criteria stipulated in the last line as a **basis for pre-financing percentages**. We do not agree, as timely reporting has nothing to do with the quality of aid delivery. The percentage should be calculated as before, based on the necessity of the operation, e.g. higher percentages for procurement-heavy projects.

This is an innovation introduced by the UN agreement (article 7.14), now imposed on AidCo and ECHO contracts. It is a kind of penalty clause, and it is not yet clear how this will be applied in practice.

- (question/comment) **article 16.5**: How does the HO know about the **approval of their report** before the EC communicates this?
We would prefer to follow the AidCo model – 60 days, rather than the 90 proposed here.

The deadline is for ECHO either to approve the report or to react otherwise to the report. Silence may be interpreted as acceptance.

** ECHO 4 will verify the term of the AidCo's procedures and modify if incongruous.

- (question) **article 18.6**: need for clarification: what are the criteria here?

Reduction would be done with reference to the amount implemented. If 50% are implemented, the pro-rata reduction will be at 50%. It is not possible to make reductions based on goods or services because nothing will be earmarked.

2. Delivery/availability of the FPA documents and plans for a transition period

The first draft of the following texts should be available for distribution to the WatchGroup at the end of this week:

- Preamble (similar to current preamble, but to include ECHO's mission statement)
- Provisions (art. 163 of the Implementing Rules of the Financial Regulation)
 - Title I – Object of the FPA
 - Title II – Quality Partnership and Selection
 - Title III – Humanitarian Operations
 - Title IV – General Provisions

The following texts are what the Watch Group has already received, aside from the procurement rules:

- Annexes
 - Grant Agreement
 - General Conditions
 - Rules on Procurement
 - Single Form
 - Budget Format

The following are more internal documents that are not yet complete:

- Other Documents
 - APPEL (Application Electronique – part of the procedure for signature of FPA 2003)
 - Non-EU NGOs documents
- Implementing Documents
 - Glossary
 - Users' Guide

ECHO estimates that the complete set of documents are one to one-and-a-half months away from **delivery**.

The **Decision by the Commission to adopt the new FPA** documents is another question, as the transition period is as yet unknown. ECHO 4 has no interest in going too quickly if entry into force will be immediate after the decision, because there is a need for a transition period.

Even though everyone is fed up with being in a “transition limbo” with the new FR and the old FPA, it has been a protective limbo. For this reason, ECHO proposes that **all ECHO partners start reading the available draft FPA documents** as soon as possible.

ECHO is hoping to perform **training** sessions in a decentralised manner, both in the field as well as in Europe. For the European trainings, 2-3 day training sessions organized around case studies are envisioned for a number of limited locations (3-4). Hopefully, this could be done during a transition period until the end of 2003. There have been 4 training projects approved by ECHO for this year (COSV, People in Aid, Caritas Europa, and Oxfam GB – info is available on the ECHO website) of which the Oxfam training is specifically about the FPA.

3. Selection of partners for the New FPA

ECHO will also be reviewing its partnership for the new FPA. Since August 2002, ECHO has been asking its current partners for documents to complete their files for signature.

Strategy:

- The 220 current partners are the first to get the new FPA
- These files will be processed first, in theory, before any new partners
- Out of these 220 partners, 30 are currently suspended, and
- Many of these partners did not react to requests for documentation.

As a result:

- Today there are **113 files ready for signature** of the new FPA
- 31 of these are in an advanced state
- **“Candidate” status** has been created: these are NGOs that are not ECHO partners, that have all the necessary documents and have had operational contracts with ECHO in the past (a total of 137 NGOs without the FPA have had operational contracts and could be eligible for this status).
- **ECHO expects some 180 signatories this fall**, some 15% of which will be from among these “candidates”

There are to be some **new criteria for NGO partners**. Among the hard criteria (documents) are:

- **Last 2 years’ audited accounts**. ECHO considers this quite essential, saying you can’t have an FPA without audited accounts.
- Subscription to a **code of conduct** (which one will be up to the HO) which asserts respect for humanitarian principles.
- **APPEL** (APPLICATION ELectronique) Questionnaire.
 - Each NGO that is ready for signature will receive a login and password
 - It will be the NGO’s responsibility to keep the file updated.
 - Parts of it will already be filled in by ECHO, other parts will need to be provided by the partner NGO
 - Besides technical information, the questionnaire will include information to be used in an ECHO database, to help them keep track of who the NGOs are and where they are working.
 - The Questionnaire will have to be filled in within 6 weeks.
- **10% of budget devoted to HA operations** (in the sense of the 1996 Humanitarian aid regulation). This is still to be considered further. For the **“Family FPA”**, the criteria would not be the same. The “Family” FPA would only bring advantages for non-operational offices of NGO groupings – it would bring no detractions for their members. (Legal personality, a

functioning budget guarantee, and recognition by their host state will be required for the “Family” FPA.)

4. The ECHO Annual Partner Conference (AGM)

Will be held in Brussels at the Charlemagne building in the last week of October. There are two parts to the meeting.

1. Unlike last year’s more technical meeting, **the October meeting will be a nicer, more formal, higher level media event**. ECHO would like to use the occasion to present the new FPA and organize the signature, thus a high level from the partner organizations will be expected. It would then also be an opportunity to have **a more political meeting**, and to pass the message to the Inter-Governmental Conference (ICG, which will be finalising the new European Constitution at that time) about humanitarian aid. It will also involve press statements, etc.
2. Separately, there will be an **annual programming meeting together with ECHO and Partner staff**. Different seminars will be held with the different ECHO operational units.

5. On larger political considerations (Convention)

The FPA is not a legislative instrument, it is an implementing instrument. What is needed is better legislation: the FPA won’t protect HA principles, it’s just an administrative document, not a defence of humanitarian space.

As a result of recent political changes, EU humanitarian aid will now have a strong legal basis in the Constitutional Treaty, and the new FPA will have a legal basis. Financially and otherwise, the situation is much better than it was one year ago, largely as a result of lobbying. Humanitarian aid has many more exceptions than other services. However, while lobbying was effective on the FPA and the Financial Regulation, lobbying on humanitarian aid in the Convention was much less successful, on the part of both ECHO and of its partners.

6. Future meetings

ECHO expects to send the **Preamble and Provisions** very soon, and is correcting the **General Conditions** document taking into account the above.

A **final meeting of the Watch Group may be held in Mid-July** to discuss the Preamble and Provisions and any other documents (this would not include a review of the glossary and user’s guide).