



FINAL REPORT FOR THE REGIONAL SEMINAR

LESSONS LEARNT FROM ACTIONS CO-FINANCED WITH NGOs

**Bangkok - Thailand
2 – 3 March 2005**

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LESSONS LEARNT FROM ACTIONS CO-FINANCED WITH NGOS Bangkok - Thailand, 2 – 3 March 2005

1. Executive Summary

The seminar "Lessons learnt from actions co-financed with NGOs" was organized to discuss and assess the implementation of budget line 21 02 03 (ex B7-6000) with representatives from NGOs in Asia and Europe as well as from the EuropeAid/Unit2 in Brussels and EC Delegations in Asia. The debates took place also in the context of the new financial regulation applicable since 2003 and the devolution (or deconcentration) of the management of the budget line to the EC Delegations..

The first day of the two days seminar examined very practical administrative and financial issues identified while the second day was dedicated to qualitative and strategic aspects in relation to the budget line implementation at this stage.

The seminar gave the participants therefore a well-timed opportunity to convey their opinions and questions and to express reservations or positive experiences identified with respect to the budget line itself as well as to consequences that changes may have on their action and relationship from practical as well as strategic points of view.

In conjunction with presentations made by the EuropeAid Unit F2 and NGO representatives, participants debated and consolidated views in eight working groups with a dozen of participants mixed in each. This not only allowed to present main issues regarding the implementation of the budget line and changes but also to identify achievements, extension and development opportunities in this transition phase, conveyed through concrete recommendations made by the working groups.

These issues and recommendations were confirmed by the answers received to a detailed questionnaire addressed to the participants and summarised in this report (for detailed report on completed questionnaires see Annex 4).

According to the proposed agenda, in the first day of the seminar, discussions and contributions by participants addressed mainly issues related to the administrative, contractual and financial management of the project implementation along with clarifications related to the interpretations of regulations in force.

NGOs expressed concern with regard to the rigidity of the new provisions and possible negative consequences this may have on the implementation level of the co-financed actions. Beneficiary organisations commented in particular on the lack of flexibility in reorganising some project activities in the course of the project or the time consuming EC approvals required to formalise changes. Participants requested to improve communication and cooperation on administrative, contractual and financial matters and, in particular, to have:

- In each EC delegation an EC Task officer acting as the focal point and being easily accessible for NGOs in order to prevent contradictory interpretations of the new regulations.
- Accessible and regularly updated information from the EC in Brussels and relevant support instruments providing guidelines and allowing the harmonisation of the budget line implementation criteria and modalities as well as a better preparation of applications for calls for proposals.
- To have consultations, like the present workshop, on a more continued basis at the national and regional levels in order to share respective feedbacks.
- To consult local implementers on procedural bottlenecks and find alternatives to measures being experienced as particularly difficult or not practicable.

In the second day of the seminar participants addressed more strategic issues related for instance to the targeting and impact of the budget line and debated in particular how to strengthen the partnership, allowing a greater importance of qualitative aspects and synergies. Complementary to this proposal, the necessity to strengthen capacities and provide more spaces for the local participation of the civil society was also stressed.

The discussion covered issues related to a better definition of strategic priorities and the development of a global and consistent vision with respect to the conception and design of co-financed projects and actions. Among aspects that should be addressed in order to optimise the impact of the interventions the following were mentioned in particular:

- the design and implementation of methodological tools for monitoring and evaluation
- the improvement and assessment of the impact, in particular through pre- and post project needs assessments
- the strengthening and diffusion of the experimented innovations
- the development of the sustainability aspects and components
- the transfer of good practices.

The working group recommendations of the Bangkok Seminar and questionnaire responses emphasised the importance of the budget line's contribution to the region, and welcomed the devolution process for its potential to improve communication opportunities and to promote local perspectives.

Following the consultations, a set of concrete recommendations emerged in order to further reinforce the budget line's regional impact and use in the future, namely:

- to maintain and preserve the flexibility of the budget line 21-02-03;
- to maximise dialogue opportunities between the European Commission and the NGOs, specifically at the Delegations level;
- to create spaces for training and exchanging good practices (regional/national or thematic seminars, websites, publications, on-line forums, etc.);
- to valorise the community based NGOs' skills by promoting their capacities as actors of sustainable development;
- to continuously strengthen implementation methods and strategies - such as the co-financing instruments used, partnerships, innovative aspects, added value, monitoring and evaluation tools and optimisation of the budget line impact – so as to achieve further significant and sustainable results in the region.

Answering the NGOs' requests and proposals, the EuropeAid, F2 Unit offered important clarifications with respect to the implementation of the budget line and discussed details raised by the participants. The Unit expressed its commitment to promote future dialogue spaces and to follow-up on the recommendations from this seminar within the limits of the present legal framework.

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2. Introduction

2.1 Background

The community policy of co-financing actions with NGOs is developed in the context of the European Union's commitment to reduce poverty, protect the rule of law and respect the fundamental liberties as stated in Article 177 (former 130U) of the European Union Treaty.

In July 1998, the Council adopted the Regulation (CE) n° 1658/98 (JOL 213, 30/07/1998), which provides the Commission with a formal legal basis to manage budget line 21.02.03 (ex B7-6000) "Actions co-financed with NGOs in the developing countries" financial resources. In January 2000, the Commission approved the new General Conditions that regulate the current co-financing modalities.

The Seminar "Lessons learnt from actions co-financed with NGOs" was organized by the European Commission Cooperation Office EuropeAid - Unit F2, in the context of the management of this budget line.,.

Through this seminar, the European Commission aimed at promoting a space for dialogue with NGOs and the other actors in order to discuss themes related to the experience obtained with the implementation of projects in the region and discuss the changes operated in the budget line, with the objective to inform about these changes and to identify recommendations aiming at improving the future interventions financed by the budget line in the region, namely in the context of the ongoing reorganisation of the EC external relations services.

Since its inception in January 2001, EuropeAid, the Commission service responsible for the management of EC external aid embarked in a reform process aiming at improving the efficiency and effectiveness of the different EC co-operation programmes. The devolution process, consisting in the transfer, from the head office in Brussels to the Delegations of tasks and responsibilities in the Commission's management of the external assistance, is a central element of this reform. Furthermore, the new Financial Regulation of the Commission, which came into force on the 01/01/2003, implied additional changes in the financial management of the projects.

This was the context of the Seminar, understood as a space for exchanges and rapprochement between officials of the European Commission – the head office in Brussels and Delegations – and the local and European NGOs.

2.2 Objectives and Agenda

The Seminar agenda was structured around three objectives:

- To analyse and clarify the aspects related to the administrative, contractual, financial and logistical management namely in the context of the changes implemented in the budget line 21 02 03 (former B7-6000), and more specifically those concerning the implementation of the devolution process and of the new Financial Regulation.
- To have a better knowledge of the practices of the NGOs and their local partners with respect to the implementation of the budget line in order to identify suggestions and proposals, particularly those related to the co-financing instruments used, the strengthening of the partnership between European and Southern NGOs, the implementation of the projects, the results achieved and the difficulties faced.

- To exchange experiences and contributions on strategic issues, innovative aspects, added value, monitoring and evaluation, with the aim of identifying new insights and working instruments in order to optimise the impact of the programme in the region.

The first day of the two days seminar examined very practical administrative, contractual, logistical and financial issues while the second day was dedicated to qualitative and strategic issues: innovation, added value, impact (See Programme Annex1).

A questionnaire preceding the conference had been sent to the participants in order to know their opinions, concerns and questions with respect to the implementation of the budget line. It focused more specifically on aspects related to the co-financing instruments used, the partnerships, monitoring and evaluation systems, as well as the appropriateness of the targeting and focus of the budget line. A total of 18 completed questionnaires were received from the seminar participants with relevant data. Received contributions were processed and used as reference in the preparation of the Seminar (See annex 4) as well as incorporated into the present report and its recommendations.

2.3 Participants

The seminar gathered about 100 participants, representing:

- Asian NGOs from Bangladesh, Cambodia, India, Indonesia, Laos, Nepal, Pakistan, Philippines, Thailand and Vietnam;
- European NGOs from UK, Scotland, France and Belgium;
- The European Commission Unit EuropeAid/F2 and
- EC Delegations in Asia.

The participants were grouped in eight working groups in order to ensure complementary profiles. Therefore, each group was formed by representatives from the European Commission and/or of its Delegations, along with representatives from both the European and the local NGOs. Attention was also paid to the geographical representation of the participating countries so as to achieve balanced groups in this respect as well.

Themes tackled and questions raised were analysed and enriched in this way by the diversity of the participants' insights, according to their origins, job functions, responsibilities and experiences.

Participants analysed the themes tackled, formulated and structured key issues according to five cross-aspects:

- ⇒ lessons learnt
- ⇒ negative aspects
- ⇒ positive aspects
- ⇒ clarifications required
- ⇒ proposals and recommendations.

2.4 Presentation of the report and Seminar results

The team in charge of the conference preparation and moderation elaborated the present report with the objective to gather the most significant contributions and recommendations for the improvement of the daily work of all the stakeholders involved in the implementation of budget line 21 02 03. The report is intended to summarise the proceedings for the participants as well as to share the conference and questionnaire results with representatives of national authorities, European Commission and NGOs which were not able to attend the meeting in Bangkok but might be interested in its discussions.

According to the conference agenda and objectives, the report is divided in three main parts:

The first part analyses and clarifies aspects related to the administrative, contractual, financial and logistical management of budget line 21 02 03 (former B7-6000), and more specifically those concerning the devolution process and implementation of the new Financial Regulation.

The report then looks to the agenda items discussed during the second day of the conference which was dedicated to exchange experiences and contributions on strategic issues, innovative aspects, added value, monitoring and evaluation, with the aim of identifying new insights and working instruments in order to optimise the impact of the programme in the region. It provides information on actual practices of the NGOs and their local partners with respect to the implementation of the budget line in order to identify suggestions and proposals, particularly those related to the co-financing instruments used, the strengthening of the partnership between European and Southern NGOs, the implementation of the projects, the results achieved and the difficulties faced.

The third part presents the main recommendations emanating from the working groups and during the plenary sessions which seem as well to be confirmed by the review conducted through questionnaires prior to the conference. The recommendations aim at strengthening the actors and future actions in the Asian region within the NGO co-financing programme.

3. The management of budget line 21 02 03: administrative, contractual, financial and logistical aspects

The first day of the Seminar was entirely dedicated to issues related to the management of the budget. The members of EuropeAid, Unit F2, made a presentation of the budget line and answered requests for clarification, explaining at the same time changes induced by the financial regulation and by the devolution process. While insisting that, during this period of time, the communication should be intensified between all the actors participating in this process, the EC officers mentioned that the Bangkok seminar gave already an opportunity to materialize this latter aspect.

The information shared with the participants was set out also in the framework of the new financial regulation, clarifying the new rules and changes introduced, their consequences and the limits within which it is possible to operate.

The EC officers stressed as well that they were ready to further cooperate with NGOs on ways to offer a maximum of flexibility and that they will do their best to simplify some implementation aspects while keeping in mind the assistance objective to combat poverty as the overall priority. All the Commission will do must, however, be done within the rules established by the law. It was underlined that Delegations will have more contacts with NGOs, more possibilities to ensure a better monitoring of the actions but that all has to be done within the legal framework in force given by the regulation.

Participants requested to have as many answers and information for clarification as possible in order to have the transition process and the changes implemented in a constructive way, strengthening the realisation of the initiatives supported by this budget line.

3.1 Basic principles of budget line 21-02-03 (ex B7-6000)

The budget line 21-02-03 was created in 1976 with the basic purpose of fighting poverty. With an initial allocation of around EUR 2.5 million, this budget line is now granting about EUR 200 million per year. The budget line is directly accessible exclusively to European NGOs. Organisations from

Southern countries wishing to present a proposal must therefore do it through partnerships with European NGOs.

The budget line is very open, in the sense that its thematic and geographical priorities are very wide. NGOs are therefore free to submit for co-financing a very wide range of projects, as long as they have a social, human and/or economic dimension and promote sustainable development processes. As stated by the EC representatives, future call for proposals might nevertheless give more preference to low "per capita" income and least developed countries while further promoting and reinforcing a variety of training activities that European NGOs can implement in order to strengthen the capacity of action of local NGOs in the field.

Through this budget line the EC co-finances three types of actions in developing countries, that is projects, block grants and programmes. For each one of them a separate call for proposals is published. Projects in developing countries represented in 2003 approximately 55% of the budget line allocation, while block grants represented around 10% and programmes 20%. 10% of the budget line was used to co-finance actions in Europe to raise the awareness of European public opinion to development issues and a small percentage is allocated to strengthen the co-operation and networking between NGOs.

3.1.1 Recent changes in the management of the budget line

✓ In 2000 the European Commission reformed the whole system of management of the budget line, from the selection stage up to the closure of the actions co-financed. The system of calls for proposals was adopted as the standard procedure to deal with the requests for co-financing submitted by NGOs, and much more strict rules as regards the contractual management of the projects were adopted.

✓ Moreover, the coming into force in 2003 of the new Financial Regulation introduced some more strict rules as far as the management of the projects is concerned.

✓ Further to this reform, some suggestions are being studied in order to improve the application process, such as:

- a) changing the application form by giving more importance to the qualitative aspects,
- b) separating the eligibility of the NGO from the eligibility of the project,
- c) working with two stage calls for proposals, ("concept notes"), procedure which might be considered for future calls.

✓ Besides that, the Commission has endeavoured to reinforce the dialogue with the NGOs. For this purpose, the Commission has organized in October 2003 a Seminar with the European NGOs in Palermo that resulted into the so-called "Palermo Process". At that meeting, a number of recommendations were produced. They were related to sharpening the identity of the budget line, the need to increase the importance of the partnership between the European and Southern NGOs, the capacity building strengthening of the Southern Civil Society, the development or creation of synergies with other actors such as the regional authorities, trade unions and other stakeholders working in the same fields and promoting integrated and innovative projects.

3.1.2 Devolution of budget line 21.02.03

Another key-element of the external assistance reform process is the devolution of the external aid management to the Delegations of the Commission. This affects necessarily the whole external aid and not only the budget line of co-financing actions with NGOs. This devolution process has implications at the level of responsibilities and roles ensured by the Head office in Brussels and by the Delegations as well as regarding their respective relationship with the NGOs.

Head office in Brussels

The management of the global calls for proposals and selection of applications for budget line 21 02 03 remains the responsibility of Commission headquarters in Brussels. The Delegations will, however, as it happens already now, provide their opinion and recommendations on the most suitable applications. The follow-up and management of most regional projects will remain with Brussels as many of them would necessitate the involvement of too many Delegations. Brussels headquarters will provide continued support to the Delegations for logistical, planning and monitoring issues.

Delegations:

As mentioned above, EC delegations will participate in the project selection and appraisal process by formulating recommendations and will be responsible for all contractual procedures including the initial signing of contracts.

Monitoring, payments and management of the projects will as well be the direct decision and task of delegations. The same is valid for project auditing and evaluation.

The relative proximity of delegations to project sites will allow for a closer support to local NGOs and more visits to the projects.

NGOS:

The relationship between European NGO and local NGOs should not be directly affected. Communications regarding contractual and reporting matters will be directly handled between NGOs and the Delegations.

3.1.3 The Contract cycle

Presentations made by the EC representatives on the application and contracting process were structured around four key issues:

- The entire call for proposals process lasts approximately one year. Starting from the publication of the call for proposals, the timing is distributed into a period of about 4 months for the NGOs to present a proposal; followed by more or less 6 months for the appraisal and selection of the proposals and some 2 additional months to establish the contract. Such a time can be experienced as very lengthy by some NGOs which should, however, as well consider the numerous project applications received by the F2 Unit as well as the detailed administrative and mandatory procedures to be followed which can not be shortened.
- The selection of the proposals is divided into two phases: Firstly an assessment of the administrative compliance and eligibility (A.C.E.) of the action is made and in a second stage the technical appraisal of the eligible proposals is undertaken. The criteria applied for the evaluation of the proposals are: relevance, methodology, sustainability, budget and cost-effectiveness, as well as technical and operational capacity of the applicant and its partners.
- Once a proposal is approved for co-financing a grant contract between the EC and the European NGO is established, comprising a set of elements such as the budget, payment instalments, auditing and information related to the action itself like its starting date and duration.
- A set of legal texts regulate the management of the budget line, starting from Council Regulation n° 1658/98 and the General Conditions for Co-financing projects implemented in developing countries with NGOs (VIII/505/99) (which, for example, imposes a maximum duration of 5 years for a project and 3 years for a Block Grant. The contract itself is regulated by its special conditions and a total of 7 annexes, including Annex II (General

Conditions applicable to the grant contracts of the EC). It should be noted that the new Financial Regulation introduced some new rules to grant contracts, which were duly translated into those general conditions (Annex II).

In this context the Practical Guide to contract procedures for the external aid should also be mentioned as it establishes and clarifies rules regarding the selection procedure and the contractual management of the projects.

3.2 Management Issues raised at the Bangkok Seminar

Recommendations or queries on management issues formulated by the participants during all the sessions of the seminar are summarised below and were commented in presentations and discussions by the EC officers.

On the devolution:

- The EC devolution process is seen as allowing for a closer Delegation-NGO communication, NGOs will have to adjust, however, to the changes and might be confused as to whom to deal with. EC delegations are expected to be more available to answer specific contract related questions.
- It would be preferable that one person in the Delegation deals with NGOs and budget line relevant matters. There should be one NGO focal point EC Task officer, being easily accessible for NGOs and empowered to act quickly, in each delegation.
- Regarding the EC delegation's role, the precise nature and frequency of its monitoring/reporting functions remain unclear and the role of EC delegations acting as "Regional delegations" might need to be better presented for the sake of clarity.
- Participants recommended to level-off different interpretations of rules. EC delegation, NGO and EC Brussels might disagree or have miscommunication regarding the interpretation of some rules.

On the selection process:

- Some participants supported the idea of a first evaluation of project proposals by the delegation in order to speed up the processing time and to allow delegations to use a "concept paper" selection of projects focusing on priority areas (cf. relevant chapter and statement by EC officers in above 3.1.1).
- Clarifications on the rules might be needed regarding no-cost extensions of project duration.
- Clarifications on the rules might be needed regarding the use of unspent funds and if their reimbursement is seen as positive or negative management.
- The delegation's appraisal of the quality of local NGOs should be an important criterion.
- Rejected proposals and negative evaluations should be discussed and shared with the concerned NGOs, this feedback would increase capacity building and transparency.
- Local costs guidelines should be examined and discussed with people involved in the project implementation at the grassroots level.
- The time delays of the appraisal process between calls for proposals and the signature of the contract should be shortened.

On the contractual management rules:

- The size of the grant might be too large for many small NGOs. There is no ladder to climb progressively. Delegations could manage a small grants scheme for NGOs. The size of budget grants favours the larger and established NGOs. It would be preferable to have smaller grants and more block grants.
- Rules of origin provisions are generally seen as positive as they allow channel investments to EU or developing countries although it might be difficult to obtain such certificates as experienced in some countries. The procedure might encourage the use of second hand

items and could therefore allow for some misdoings. It would be recommended that small amount expenses and certain supplies be excluded from these rules and that these be more clear and adapted.

- With regard to the transfer of capital provisions, questions concern the applicability of the rule in case there are more than only one partner involved, or in case the project life is longer than the EC funding period or in case the rule contradicts local government laws?
- Interest rate rules are complicated, especially in relation to the actual amounts involved as compared to currency or oil price fluctuations which are not accounted.
- Procedures foresee the payments to be made by Delegations within 60 days following the submission of the report(s), the delay starts, however, again at the beginning in case questions are asked by the Delegation to the NGO. Is there a limit to a repeated extension of this delay? A positive or negative recommendation for payment within 60 days should be given disregarding of questions to be raised or not by the Delegation.
- Concerning the possibility provided to increase some budget sub-headings by up to 15% (provided the total budget is not increased), does this gives the possibility to increase for instance the initial number of project activities or staff members? This flexibility is seen as positive as it shorten delays linked to approvals and eases the management. It would be recommended that the Delegation is given the power to exercise discretion when assessing the 15% change requested.
- Some clarifications concerning possible amendments to the projects were requested. If the log-frame or the work-plan of a project is modified during the project's implementation, does it require a formal rider or addendum? If exchange-rates gains are made, can these be reinvested in additional activities within the authorised 15% limit per budget heading? When exactly is an addendum mandatory as compared to a simple authorisation from the Delegation when one element of a project is to be modified?
- There should be more consistency in interpreting the rules, as for example regarding the utilisation of exchange rate gains.

On reporting and evaluation:

- There are no formats provided yet for interim financial and narrative reports (but should be provided shortly as announced by the EC officers). Regarding the reporting requirements, there should be more guidelines for NGOs, sharing of reports through websites and examples for good project or work plan management provided.
- As concerns the reporting requirements: Is the submission of an annual report required after the first 12 months even if 70% of the foreseen budget has not been spent?
- Project's outputs and impact should as well be measured after completion of the activities and some fund should be earmarked to conduct this type of evaluations after project ends.
- Constraints and obligations such as respect of deadlines should be set on a more equal basis between EC and NGOs.

EuropeAid officials answered and clarified an important number of the issues raised and took note and promised to bring to the attention of the competent Commission services the complaints, suggestions and recommendations presented by the participants.

4. Strategic lessons learnt from the NGOs experience

The second day of the Seminar was dedicated to an exchange of views about strategic and qualitative issues regarding the budget line, namely the appropriateness of its wide focus, the quality of partnerships and the impact and sustainability of the projects.

Working sessions were introduced and presentations made by the representatives of two Asian based NGOs: The India based regional office of the Humanist Institute for Cooperation with

Developing Countries (HIVOS) and the India office of the “Associazione Italiana Amici di Raoul Follereau” (AIFO).

The contributions of both NGOs, focusing on the presentation of their experiences regarding the implementation modalities and the projects’ impact, were used as a basis for the later discussions and work in the working groups and plenary session and are attached to this report (in Annex 3).

4.1 Achievements and challenges in the project implementation

Discussions of the participants highlighted the positive and/or negative aspects regarding the budget line’s implementation and impact, as well as the need for further clarifications by the EC. The improvement in the use of some instruments such as the Logical Framework, the definition of impact and quality indicators and the monitoring procedures were mentioned. The contributions resulting from internal and external evaluations were also put forward as well as the strengthening of the partnership relations and of the partner capacities. All these aspects have been identified as learning processes, implemented in the context of the shared contributions under the NGO co-financing budget line.

4.1.1. Monitoring and evaluation

Participants mentioned that in order to improve the capacity building results, project proposals should include a detailed strategy and action plan on the specific capacity building aspect.

If the Logical Framework is considered as a good methodological tool, it has been stressed that it can also be of limited use for the analysis of changing and dynamical realities and that difficulties may occur for its application. In order to generalize its use in the formulation, monitoring and evaluation of the projects, it would be necessary to strengthen training mechanisms.

Some of the participants mentioned the risk that can result from the emphasis given by the project designers to the Logical Framework. EC programmer should accept that plans are to change to reflect the reality and not the other way round. Changes should be considered a normal and vital topic. NGOs should be able to inform the partners about modifications without necessarily needing an approval *stricto sensu* for instance regarding matters not affecting goals, objectives or target groups of the project.

Participants requested more information on the procedures and processes applied to the external evaluation of the actions and partners undertaken by the European Commission. What is the value given by the Commission to the internal and external evaluations and how are the monitoring and evaluation results used?

For impact and sustainability measurement, relevant studies should be made after the termination of a project. Best practices are not sufficiently shared.

Behavioural and institutional changes are difficult targets in 3-5 years and impact should be measured through a systematic monitoring and evaluation and a continued strategy for monitoring the budget line by an independent long term observer of social changes. Consistent measurements should be used to indicate pre-and post project situations in order to allow for appropriate impact evaluation.

4.1.2. Partnerships and capacity building

The EC and NGOs should work as equal partners, without hierarchy. This should as well be the case for the local NGO and European NGO partnerships.

The partnerships established between European and Asian NGOs, developed on a long term basis, are much appreciated. Partnerships have been commented as strongly beneficial, more particularly because the skills of the NGOs of both continents are complementary when dealing

with the implementation of the actions. The partnership is experienced as real cooperation for development and not as a classical donor-beneficiary relation as it allows for:

A mutual learning process:

- Working together is a new experience;
- Sharing resources and expertise allows for better synergy;
- Greater effectiveness at the grassroots level;
- Feedback from partners is essential;
- Practical opportunity to empower local partner;
- Legitimacy is created both for EC and the partner organisation;
- European NGO partners share resources to expand and sustain initiatives.

A better knowledge of the local reality:

- Greater understanding of the particular local context
- Involvement of local stakeholders and grassroots communities
- Facilitation of local needs assessments
- Knowledge through longer working experience

Improved project implementation

- Direct contact with the beneficiaries
- Monitoring of the actions

Regarding the positive results obtained through actions involving and addressing communities at the grassroots level, participants once again called upon the EC to a greater flexibility in schedules and mechanisms stipulated in the contracts, since during the process of approval of the proposals, reality has very often already changed as experienced locally. The regulations in force are not flexible enough to take this kind of adaptations into account.

The collaboration with organized social actors promoting changes was stressed as one of the main axes of the work strategy. Along with the need to find solutions to structural problems, it is necessary to keep the work focused on the strengthening of civil society.

Partnerships is often mentioned as an example of the added value of the budget line. It allows European NGOs to design projects with local partners, according to their priorities. Donors have to rely on the NGO present in the field in order to keep track of what needs to be done. The combination of: capacity building support from partners in countries where the local civil society is already well structured with service delivery projects is considered as crucial to strengthen local civil society and fight poverty.

4.1.3. Cooperation with local structures

Participating NGOs recognised that a good cooperation and coordination between local civil society and administration is essential for complementarity, multiplication and sustainability of the outcomes of actions.

NGOs and local authorities seem not always willing to cooperate or to follow-up on coordination initiatives. This relationship very often faces a series of obstacles like, for instance:

- ✓ public organizations often lack experience, training and commitment to absorb new methodologies as it is the case for grass roots community organisations,
- ✓ varying timings and implementation periods for donors, NGOs and governmental entities, might not always favour joined action plans,
- ✓ local authorities and the civil society are often opposed and social issues politicised,
- ✓ socio-economic and administrative conditions do not allow for substantial financial cost-sharing at the local level,
- ✓ mixed working groups to tackle local problems with local means are not systematically envisaged or generating.

4.2 Strategic issues: innovative aspects, added value and impact

4.2.1 Innovative aspects and added value

The Bangkok working groups confirmed that the budget line 21.02.03 has supported initiatives for strengthening the civil society that promoted innovations while the relevant questionnaires completed showed that 87% of the answers stated that projects implemented under the budget line “were of an innovative nature”.

Participants nevertheless sought clarifications on the innovative nature requested and raised the need to define more clearly what is meant by "innovation" and to clarify to what extent the selection criteria applied by the European Commission for co-financing were giving priority to either innovative or structural actions.

Some participants mentioned as well that the “innovative” nature requested for projects might not always be opportune, or that a project might need already a lot of energy to be effective in addressing concrete existing needs without having the possibility of an innovative approach. A principal question would be to know if a project being not innovative is considered as inferior or without added value.

Innovations can, because of their experimental nature, be politically, socially or financially risky. For instance, what if there is a conflict between a needs based approach and a rights based one?

In addition to the partnerships and innovation possibilities described above, the participants stressed the added-value of the budget line with regard to possibilities offered by :

- ✓ the size of the funds allowing for adequate operations;
- ✓ specific budgets for actions on food security in the region;
- ✓ better linking of relief and development assistance and better cooperation with ECHO;
- ✓ the thematic flexibility and wide ranging of the budget line.

4.2.2 Sustainability of the actions

As regards sustainability, a number of points were made by the participants, namely:

- A key element mentioned regarding the sustainability of the assistance and NGO cooperation is the existence of a continued, long-term and authentic cooperation between partner NGOs. This working relationship should preferably exist a long time before the actual EC project starts and after it's finished.
- The use of needs assessments and project strategies prepared with the concerned communities as well as their active involvement in the project activities has proven more sustainable than top-down initiatives in order to subjugate the dependency trap.
- Inclusion of income or resource generating activities gives the project more independence from governmental cost-sharing or donor financing.
- EC partners might for instance provide networking support for marketing of local agricultural, herbal and forest products from Asian or Southern countries.
- The capacity of the stakeholders and the quality of their commitment will certainly influence the authenticity of solutions found to social poverty. Projects should ensure that qualified and trained staff remains in the project structures after termination of EC founding.
- As mentioned earlier, problems can only be tackled in a significant manner if the local authorities sufficiently cooperate.
- Development processes are inherently more complex and long-lasting than the impact on the real social situation obtained through a short or medium term intervention.

4.2.3 Impact

- Impact of the projects and actions will essentially depend on the above sustainability criteria as well as on the use of process and quality indicators throughout the project cycle. Improved monitoring, reporting and evaluations along such criteria are necessary tools for feed-back to ascertain the impact of a project.
- In this context, the financing of feasibility studies, transversal evaluations conducted by NGOs as well as capitalisation studies should be envisaged.
- Many participants requested to build into projects the possibility of follow-up activities through Block or Contract funding for replication and scaling up of successfully implemented projects.
- Exchange of experiences and lessons learnt (like in the present consultation workshop) are seen as another essential way for more impact efficiency. Especially deconcentrated EC structure could have regular meetings of implementers (maybe once per year?) in the region/country to share lessons learnt on both process and content.

5. Recommendations

Discussions, working groups and questionnaires allowed to identify a set of recommendations structured around specific issues.

5.1 Focus, flexibility and added value of the Budget line

In the opinion of the large majority of the participants, the budget line's focus should remain as it is now, that is with wide geographical or thematic priorities.

This way it allows a maximum of initiative and experience by NGOs, allows for innovative projects, for interlinking different themes through integrated projects and the possibility of working in quality partnerships. As other examples of its added value was also mentioned the fact that it strengthens civil society and local partners' capacities and that it allows to venture into thematic areas not covered by other budget lines.

During the consultations, a majority of participants indicated that the flexibility offered by budget line 21-02-03 was to be preserved and in the preceding questionnaire, 92% had answered that the present focus of the budget line is good as it is.

However, at the same time participants suggested that the budget line could further improve its targeting. Suggestions made included:

- ⇒ Thematic orientations: Crosscutting themes, specific priorities, priority areas relevant to region or country.
- ⇒ Role of partners: Roles of EU NGOs and local partners should be more specified regarding capacity building responsibilities and the leading role in implementation.
- ⇒ Eligibility: Some participants suggested to accept as eligible only NGOs with experience in the country. Another idea would be to publish calls for proposals with a more specific focus (regional or thematic). Some participants suggested to have some calls excluding large established NGOs (i.e over annual turnover of €3,000,000) for supporting exclusively smaller growing NGOs.

5.2 Administrative and financial management

Further clarification will be necessary with respect to the way the devolution process will influence project management. Continued information regarding the distribution of roles and responsibilities between the EC Delegations and the head office in Brussels will be needed.

It is recommended to provide for mechanisms to strengthen the capacities of the Delegations' personnel in the context of the changes implemented in the budget line.

Some NGOs recommended, in case the two stage call for proposals is adopted, to allow financing the design of the projects once the application has passed the profile approval, or "concept note" stage (in case this procedure would be retained in future as discussed above), taking into account the effort implied by the proposal formulation, above all for the smallest NGOs.

In the opinion of many NGO the EC should provide funding for ex-post project assessments and evaluations.

5.3 NGO relationship with the European Commission

An important issue is the efficiency of communication channels, including the accessibility of partners and the responsiveness in discussing or approving changes in the projects. As stated earlier, NGOs wish increased opportunities for dialogue between the European Commission and the NGOs and particularly systematic and continued communications at the Delegations level. The dialogue initiated with EC authorities through such workshops has been deeply appreciated and is considered as an essential element facilitating the constructive implementation of the changes planned in the budget line for NGO co-financing.

Regarding the devolution/deconcentration process and the relationship with delegations, more consistency in delegations-HQs interpreting of rules might be necessary. FAQs are useful but not on all delegation websites.

Communications between the local civil society and EC delegations would furthermore benefit from:

- Innovative training workshops on the interpretation of manuals and regulations, the application of the new procedures; feed-back information sharing, definition of strategies and priorities etc.,
- New channels, materials tools and instruments for information support,
- Supporting the spread and transfer of good practices and lessons learnt, to media and government through training and workshops

5.4 Strengthening the civil society by consolidating the partnerships

Most interventions in Bangkok mentioned the strategic need to further strengthen the partnership between the European and the local NGOs, which could increase the abilities of the community based NGOs and enhance their capacity as actors of sustainable development.

- Participants mentioned that in order to improve the capacity building results, project proposals should include a detailed strategy and action plan on the specific capacity building aspects.
- Local NGOs and donor NGOs may experience difficulties in partnerships, sustainability can therefore only result from a long term process and partnership before and after the project's life.
- Some NGOs mentioned that It would be useful to have an "Asian CONCORDE" to continuously raise local NGO concerns.
- Community participation in social service administration can be assisted by NGOs but this cannot take over government duties which should be encouraged by other means available to EC and donor country or organisations.

5.5 Project Implementation: methodologies and strategies

At the programme and project implementation levels, further improvements of the following aspects should be considered:

- To consolidate synergies with other actors at strategic and project implementation levels.
- To envisage additional instruments such as “micro” projects (in size or timing), that could benefit the smallest organisations.
- In order to further capitalise experiences, the EC might produce annual summary reports with project summaries, themes, lessons learnt and best practices including continued clarification of methodological and strategic definitions and indicators.
- To organize training and resources on a continued basis with respect to new focus and tools affecting the project design or methodology, especially with respect to the Logical Framework.
- The EC and NGO relevant WebPages should further developed to become more active portals for info sharing. Especially Delegation websites are encouraged to publish information in the local language and to share frequent Q&As.
- To envisage legal and budgetary provisions for ex-post evaluations of the actions and projects implemented, to assess impact and sustainability after the termination of the activities.
- To share results from all evaluations phases, the project application appraisal, qualitative indicators, periodic, final and ex-post evaluations.
- To monitor, on a continued basis, actual local social needs and satisfactions whereby the best long term indicator for impact and sustainability would be the minimised need for external assistance in some areas of action.

5.6 Options for Asia

As a result of the contributions and discussions shared during the two days meeting, it has been possible to identify a few horizontal proposals raised regarding the various themes worked on.

Regarding the overall budget allocated over a 5 years period, it might be by far insufficient to address already identified needs in the region. Local actors, donor countries and the EC might have to find additional ways for solutions and financial or political support.

The region's own experiences, options, priorities and strategies, consistent with the 21.02.03 budget line objective of "fighting poverty by improving the quality of life of the poor population and promoting endogenous development" should further be capitalised.

Local governments and NGOs as well as EU NGOs and donors should more closely involve local stakeholders at the community level in social projects and services.

The lobbying capacity of the EC on policies of national governments in Asia is seen as a positive influence for poverty alleviation and human development.

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ANNEXES