

Meeting of the European External Aid Committee

28 April 2010

EFCA Secretariat, Brussels

The Chair welcomed all to the meeting, and in particular

- EIC representatives Michel Démarre (Colas, President European International Contractors), Martin Egas (BAM, and author of several proposals within the EIC working group Africa), Christian Combes (Egis, representing the engineering consultancy in liaison with EFCA) and
- new STD representative Stina Mossberg.

He invited a short introduction from all participants.

The meeting started with a discussion on common EFCA-EIC interests and scope for joint initiatives and strategies (see annex).

1. Approval of the agenda and apologies for absence

Apologies for absence were noted.

The proposed agenda was approved.

2. Approval of the minutes of the meeting held on 14 January 2010 in Brussels

The minutes of the 14 January 2010 meeting were approved.

3. Review of actions – outstanding matters

3.1 EFCA – EIC relationship

- *Following the EIC-EFCA discussion previous to the Committee meeting, it was agreed that Patrick-Yann Dartout will contribute to the recast of the draft EIC position paper on Quality Assurance (cf. attached EIC presentation, including the outline of EIC views and proposals).*
- *Patrick-Yann Dartout will continue to represent EFCA at future EIC Working Group 'Africa' meetings.*

3.2 EFCA-FEACO relation

A meeting between the Committee Chair and Eric Tourrès, Chair of the FEACO Europe Committee had not yet materialized.

It was noted that both federations jointly represent the consultancy industry in the regular dialogue with the EuropeAid Cooperation Office.

- *It was agreed to invite Eric Tourrès and the Vice Chair of FEACO's 'Europe Committee' to the next Committee meeting.*

3.3 EFCA BOOKLET: Introduction for engineering consultancies on tendering for EU development assistance

The BOOKLET, prepared with the assistance of an external expert journalist, is a useful EFCA promotional tool. Therefore, the Board of Directors decided to make it available for free to the member associations for their interested member firms. A digital version (and future updates) will be made available on EFCA's pass-word protected extranet to the member associations (in order to restrict access to their member firms).

The provisionally estimated investment related to the preparation (journalist) and printing of the BOOKLET is €12,000.

- *An overview of the list of European contacts to who received a free copy of the BOOKLET, is attached to the minutes.*

4. Report on contacts and meetings with EC officials/Permanent Representations

4.1. 27 January 2010 meeting with Christos Komninos (AIDCO/G.7)

It was referred to the notes on the meeting (attached).

The meeting primarily focused on EU development policies.

- *Agneta Lindqvist invited the industry again to send concrete cases of requests for three CVs ('replacement of experts') and VAT problems.*

4.2. 29 April 2010 follow-up meeting with Representatives of the Permanent Representations

Given the lack of clear messages on behalf of the industry, the meeting had been cancelled in order not to lose momentum.

The meeting exchanged views on the Committee's future line of perspective and approach. Until now activities focused on procurement/contracting procedures and the framework in which the firms operate. It was questioned whether the Committee could include country/region specific issues in its scope of work (cf. item 5).

5. Key issues and the industry's challenges

5.1. Key issues

The Vice-Chair suggested including policy related aspects in the Committee's work programme. She explained that the implementation of the political EC agenda will deeply impact on the European firms.

Major EC measures are taken in three areas:

- division of labour, i.e. the authorisation of national development agencies to manage a project/programme on behalf of the EC and to function as a fund managing donor (impacts on the transparency of the information about contracting opportunities and the use of EC's or fund managing donor's rules and procedures);
- use of country systems for budget support and project support (impacts on liabilities, taxes and registration requirements);
- demand-led technical cooperation for enhanced capacity development¹.

Furthermore, the EC will review the 2004 Project and Programme Cycle Management Guidelines (PPCM) by March 2011.

It was added that another major concern relates to the increasing use of NGOs and public bodies for the implementation of projects.

The following comments were noted:

- Europe has taken on the political commitment to increase the use of budget support;
 - the EC views budget support and the sector approach through delegated cooperation as effective aid delivery systems. It was remarked that the EC is accountable for its financial commitments;
 - impact of devolution to recipient countries: firms face increasing delays and project management problems.
- *The Committee agreed to shift its focus from procedural issues to a policy dialogue with the EC, European Parliament and Member States (national administrations).*

The industry needs to base its views on the essential and constructive objective 'enhanced aid effectiveness and quality'; e.g. shifts towards improved financial management, accounting and procurement systems are to be included in a budget support strategy. Consequently, capacity building is needed for effective protection against corruption. Also, EFCA should underline that the consultancy industry is an important partner in the implementation of EU development assistance and that it represents an economically significant sector.

➤ *It was decided that:*

- *in preparation for the elaboration of 1-page policy statements, the Vice-Chair will prepare a summary introduction of the political issues and the most evident challenges for the industry;*
- *a moderator/facilitator will join the next meeting (3-hours workshop format; 2 groups)*

➤ *All Committee members are invited to submit suggestions for a facilitator to the Vice-Chair.*

¹ <http://capacity4dev.ec.europa.eu/>

5.2. Procurement procedures/application of procurement rules – current major concerns

5.2.1. EuropeAid multiple framework contracts

The following two problems were reported: the number of invited framework contractors for specific assignments is increasing (from 3 to 6 or 7) whilst the size of the assignment amounts to only €40,000 to €70,000. This leads to a downgrade of the quality of services and increase of the administrative burden for the firms and the EC (offer evaluation).

Furthermore, firms belonging to a same legal entity are now automatically excluded from the tender.

- *The Committee agreed to request a meeting with Hans Stausboll (AIDCO, Head of Unit F.4, Finance, Contracts and Audit for thematic budget lines) on the need for the clarification of the rule on conflict of interest and the return to the restriction of competition to 3 firms.*

The draft invitation and agenda will be submitted for comments to the Chair, Dirk Smits, Gianluca Vedova and Christian Combes.

5.2.2. Tax and VAT

Problems relate to the non-reimbursement of VAT, the impossibility of claiming an invoice with VAT and the complexity of tax systems.

- *In view of the current revision of the Financial Regulation, the Committee agreed to defer the issue to a future meeting.*

5.3. Appeal and redress system

- *The Committee decided to omit the item from its agenda.*

5.4. Unfair competition

This important issue, which is related to ‘transparency’, should be dealt with in an EFCA policy statement.

The following comments were noted:

- Koos Richelle considered competition from institutions and agencies not a significant problem;
 - Koos Richelle also said that mixed shortlists are rather exceptional;
 - NGOs are usually embedded in political parties, have a general popular appeal and are more visible than the consultancy industry.
- *The Chair will prepare a summary report (statistics) on NGO beneficiaries.*
 - *The secretariat will invite views and possibly illustrative cases (distortion of competition) from the national associations.*
 - *Based on the membership’s responses, the Committee will decide whether or not to initiate an EFCA action at its next meeting.*

6. **Any other business**

There were none.

7. **Date of the next meeting**

The next meeting is scheduled in Brussels on Tuesday, 7 September 2010.

Participants:

Martin Güldner, Chair (VBI)
Ines Ferguson, Vice-Chair (TECNIBERIA)

Patrick-Yann Dartout (CICF – SYNTEC)
Dirk Smits (NLEngineers)
Gianluca Vedova (OICE)
Jürgen Wummel (VBI)
Stina Mossberg (STD)
Josep-Maria Ribes (TECNIBERIA)

Jan Van der Putten (EFCA)
Anne Croisiau (EFCA)

Apologies:

Walter Painsi (ACA – FTBI)
Fernando Pereira (APPC)
Gilles Péqueux (CICF – SYNTEC)
Ian Reeckmann (FRI)
Christos Drettas (HELLASCO)
Ryszard Neugebauer (SIDIR)
Klaus Rollenhagen (VBI)

Rasit Ünüvar, EFCA Treasurer (ATCEA)

Guests:

Michel Démarre (Colas, President European International Contractors)
Martin Egas (BAM, and author of several proposals within the EIC working group Africa)
Christian Combes (Egis, representing the engineering consultancy in liaison with EFCA)

Notes on the meeting with EIC (European International Contractors)

Michel Démarre (Colas, EIC President)

Martin Egas (BAM, and author of several proposals within the EIC working group Africa)

Christian Combes (Egis, representing the engineering consultancy in liaison with EFCA)

Introduction

The Chair introduced the European External Aid Committee, which is responsible for conveying the industry's views for the improvement of business conditions to AIDCO. The Committee comprises representatives from firms (i.e. field practitioners) and the national associations.

In order to enhance its dialogue and the industry's profile, the Committee invites AIDCO officials to its meeting to discuss the industry's proposals, which are aimed at improving aid implementation eventually.

EIC President Michel Démarre explained the EIC – FIEC (European Construction Industry Federation) link and EIC's mission. Major concerns relate to budget aid, untied aid (non-application of OECD rules in certain countries), use of country systems (lack of administrative/procurement/contracting capacities) and the decreasing interest of European firms in aid contracts.

Following the release of the European Court of Auditors report on the execution of EDF funded infrastructure works² (2003) and an informal meeting in 2004 on transport infrastructure projects with the World Bank, EIC established the Africa Working Group. Contacts with AIDCO were initiated three years ago and led to the March 2009 EC-EIC round table on infrastructure in ACP countries. As a result three sub-committees were set up to prepare the technical dialogue with AIDCO.

Actions agreed:

- EFCA will be represented at the 40th EIC anniversary in Berlin (29-30 April 2010);
- EFCA and EIC will exchange information on AIDCO contacts/officials (gateways).

EIC draft position paper on Quality Assurance (cf. slides)

The EIC comments and proposals relate to the 'standard terms of reference for road programme/project formulation – feasibility and design studies' and 'standard terms of reference for road project supervision'

The following comments on the content of the position paper were noted:

Recommendation - Studies (2): to rephrase and clarify (the Contracting Authority should base the tender process on the findings of appropriate prefeasibility studies to secure the proper implementation of the proposed project)

Recommendation – Studies (6): to add a constructive/practical proposal for linking the parties concerned, e.g. the use of standard check list

² <http://eca.europa.eu/portal/pls/portal/docs/1/173184.PDF>

The way forward after the identification of problems

EIC will contact AIDCO (Gary Quince, Director C. Sub-Saharan Africa, Caribbean, Pacific) to convene a meeting before the summer recess.

Actions agreed:

- EIC and EFCA to prepare the industry's proposals for improvement (e.g. checklist for required studies for a "well-prepared" project and IFIs good practice examples) prior to the meeting with Gary Quince
- EIC and EFCA to recast the concerns and recommendations (to clarify the industry's message to officials and to showcase the importance of quality infrastructure projects)
- EIC and EFCA to review the introduction in order not to oppose the political commitment to increased budget support