



DFAT / NGO Committee for Development Cooperation
A joint committee of the Department of Foreign Affairs and Trade and
Australian non-government organisations

Minutes of the 149th Committee for Development Cooperation (CDC) Meeting held on 6 June 2017

DFAT CDC Members

Megan Anderson (Chair)
Jon Burrough
Sally-Anne Vincent (Dial-in)

Secretariat

Naomi Jackson (DFAT)
Rebecca Lysaght (DFAT)

NGO Members

Kalene Caffarella (ARC)
Rob Floyd (Uniting World)
Mark Webster (ADRA)

Observers

Jocelyn Condon (ACFID – Minutes)
Joanna Pradela (ACFID)
Marc Purcell (ACFID)

Apologies

Simon Cann-Evans (DFAT)

10:30am – Meeting Opened

ITEM 1. Welcome Remarks

In opening remarks, the Chair:

- Welcomed participants and Sally-Anne via telephone;
- Acknowledged traditional custodians of the land on which the meeting took place, and paid respects to elders past and present;
- Noted apology from Simon Cann-Evans;
- Thanked ACFID for acting as Secretariat in organising this meeting – and in advance for the preparation of the minutes

Conflict of interest check:

- The Chair requested all meeting participants declare any conflicts of interest.
- No conflicts were declared.

ITEM 2. Endorsement of minutes of the 148th CDC

The committee briefly discussed the minutes of the 148th meeting.

- Kalene Caffarella queried the point on the accreditors workshop, seeking to clarify to what extent the new policy for child protection was covered and how updates to the policy were communicated; given there has been changes to the policy.
- Rebecca Lysaght responded that the DFAT Child Protection section attended the workshop and advised the changes, and noted that from the accreditation point of view the changes do not have a substantial impact for accreditation. The main change was regarding risk assessment at the activity level, which was already in the grant Agreement. She further added that there would be an annual reflections workshop taking place in August, to which Child Protection can be added to the agenda to reinforce that this is still a focus of DFAT.
- The Chair raised a point of clarification on the minutes relating to an Organisation Review (OR) Report (Page 9) discussion on the sending of locally engaged staff into higher risk geographical areas as a risk management strategy. The CDC had noted this practice should be discouraged.
- Rob Floyd said that he had wanted to make this point. The Chair raised that this may be a reasonable response in some circumstances, depending on the different risk profile of the situation. Rob indicated he was happy for the minutes to be amended.

The Chair accepted the minutes of the 148th meeting, seconded by Mark Webster

AGREED ACTIONS:

- **148th minutes to be amended to say the CDC noted that risk management strategies should be fit for purpose for both local and international staff.**

ITEM 3. Update on action items

DFAT reported on action items from CDC 148 in March 2017.

Partnership principles

The Chair spoke to the item.

- DFAT remains committed to embedding the partnership principles in the ANCP Program Logic and since the last CDC, DFAT has drafted a consultation paper
- DFAT will circulate the consultation paper to ANCP NGOs in the next couple of weeks. The consultation period will be one month.
- Following this, DFAT will have an opportunity to update and adjust the partnership principles to reflect feedback from the sector, and look forward to endorsing and agreeing the final principles at the annual reflections workshop in August.
- The Chair suggested that it would be useful if the CDC NGO representatives consolidated their comments as one input to the process from their collective perspective, noting that the individual ANCP NGOs also have an opportunity to submit feedback.

CDC attendance at International Development Contractors (IDC) Meeting

The Chair spoke to the item.

- A meeting date is not yet confirmed. This will most likely be 22 June or 21 July.
- The agenda will include space for CDC/ACFID NGO representatives to participate and the date will be advised as soon as it is confirmed.

Consolidated feedback from NGOs/DFAT observers about Accreditation processes to the CDC meeting

The Chair spoke to the item

- The feedback document had been circulated overall feedback was positive, including from organisations that had been unsuccessful. Many noted that accreditation is a tough process and one that asks difficult questions and engages the board.
- Where feedback was received regarding timing and approach of accreditation this is taken up and addressed on a case-by-case basis, and this is consistent with this group of ORs.
- Kalene Caffarella raised a question on the usefulness of the final OR report, noting that past versions had been helpful for organisations to prepare a workplan around and to reflect on progress and room for improvement where applications had been unsuccessful. This feedback was noted.
- The Chair advised that DFAT is investigating the use of an electronic survey method for collection.
- The Chair noted that it is useful to also collect feedback from the CDC reflections on reading reports, and that DFAT remain committed to continuity of approach through assessments. Given this, the survey tool will be extended to CDC to provide feedback on the process for the next round.

ACTION: DFAT to circulate a copy of the feedback survey to the CDC for input.

ITEM 4. Update from DFAT

Budget

The Chair spoke to the item

- On Tuesday 9 May, the Government announced its decision on the 2017-18 Official Development Assistance Budget, with \$132.4 million appropriated to NGO Global Programs for 2017-18. This includes the ANCP, accreditation, the ACFID partnership and various program administration costs.
- As a result of the increase to the appropriation, the funding for ANCP grants to Australian NGOs will increase from \$126.4 million in 2016-17 to \$128.8 million in 2017-18 – an increase of \$2.4 million. The \$2.4 million includes the additional \$2 million in appropriation plus \$400,000 identified in savings from program administration for 2017-18.
- In a time where there is heavy scrutiny of the aid program, a \$2 million increase to the appropriation, compared to 2016-17, reflects the high regard in which the government holds the ANCP and its effectiveness in delivering tangible results.

Grant agreement review process update

The Chair spoke to the item

- The Chair thanked the CDC and NGOs for their submissions to the review process
- 10 submissions were received from NGOs, including the one made by CDC NGO representatives, one from a collective NGO group (APAC), and eight individual NGOs.
- Comments were received on 30 clauses in the agreement, with many of those requests for clarity and interpretation of the clause.
- The Chair noted that ANCP funds 500 projects in 50 countries so getting a standardised approach and the right balance is a challenge
- The major changes:
 - The **Prohibited Dealings** clause, which addresses terrorism financing has been amended. The relevant legal areas within DFAT removed the “associated with terrorism” wording and replaced it with “directly or indirectly engaged in, preparing, planning, assisting in or fostering the doing of a terrorist act”, which is taken from the Criminal Code.
 - The **Performance clause** in the 2016-17 agreement has been replaced with a remedy clause. Rather than specifying an approach to addressing performance concerns, the clause outlines that the parties agree to work together to address any issues as they arise. This better reflects the partnership approach of direct NGO grants.
- Other changes:
 - **Bank accounts** – the requirement for a grant recipient to hold funds for each grant in a separate bank account has been removed, as the account keeping practises of each NGO should adequately provide a trail of funds for each grant for audit purposes.
 - **Notices and publicity** – recipients are now required to provide “reasonable notice” to DFAT rather than a specified 21 days’ notice for public notices such as media releases. It was recognised that 21 days was unlikely to be practical.
 - **Assets** – the definition for assets has increased the threshold value from \$2,000 to \$5,000 plus portable and attractive items.
 - **Risk management** – the clause now requires that recipients have risk management plans, commensurate with their activities, rather than suggesting that a NGO may consider having plans. This is consistent with good development project practise, and the requirement to have documented risk management plans for fraud, other financial and child protection risks as specified in DFAT safeguard policies and accreditation criteria.
- Unamended clauses - The Fraud and Corruption clause has not been revised at this stage. This clause was revised in 2016-17 following detailed consideration at senior executive level. DFAT would like to assess the implementation of this clause across the aid program and gather evidence of its success or otherwise, before making any changes to the clause.
- The revised template was distributed on to all ANCP NGOs on Thursday 25 May. DFAT noted they are keen to move forward with the finalised documents to allow the implementation of

the GAP and 2017-18 ANCP. Thus, additional amendments to the agreement would not be prioritised at this stage. Feedback may be provided to CVB in writing throughout 2017-18, for consideration of changes where needed.

- The Chair further noted the subsequent discussion on **GST**
 - Initially, CVB received internal advice that aid grant amounts should be inclusive of GST. Further clarification sought by the ANCP team revealed that there were options in the way GST can be treated in agreements and administratively. The ANCP team elected to re-insert the GST clause back into the ANCP and GAP agreements and confirm to all NGOs that funds payable will be the grant amount plus GST.
 - It was not the intention of DFAT to reduce funds available for NGO projects.
 - DFAT recognises this has caused some confusion, but we trust that all NGOs will be satisfied with the outcome.
 - The Chair thanked the CDC members, ACFID and the NGO community for their engagement on the issue, which resulted in a mutually acceptable resolution.
- Joanna Pradela responded by also thanking DFAT for how they worked in such an open way, allowing the issue to be resolved quickly.
- The Chair restated DFAT's commitment to an open communications process. She clarified that the agreements will not be reviewed every year, but that DFAT wishes to maintain an approach of being open to receiving feedback on issues regarding clauses that are not working, so they can be worked into subsequent revisions.
- Marc Purcell reflected that review process went well, but that the GST issue was not in that process, which was why NGOs were caught by surprise. The Chair noted this was useful feedback.
- Joanna Pradela queried the indemnity clause and how this should be read considering other discussions on OHS and DFAT in insecure environments.
- The Chair responded that DFAT would take this question on notice and provide a response, and requested that the question be provided to DFAT in writing.
- The Chair further noted that for the purposes of ANCP the decision has been taken to restrict new projects in Afghanistan for the next cycle. This decision was not taken lightly by DFAT, who recognise NGOs have experience in high-risk locations. Given ongoing security concerns, there are no plans to reintroduce ANCP at this stage. This decision will be revisited in December.

AGREED ACTION: CDC to provide question regarding Afghanistan and OHS in writing to DFAT for response

Due diligence requirements for accredited NGOs

The Chair spoke to the item.

- As per advice from DFATs due diligence area, and in accordance with chapter 7 of the Aid Programming Guide:
- Due diligence assessments are mandatory before entering into an arrangement with most aid delivery partners. Due diligence assessments are not required for:

- Suppliers under the Aid Advisory Services (AAS) Panel: Under a Services Order, contractors selected from the AAS are considered to have met due diligence requirements.
 - Accredited Australian non-government organisations (NGOs): Due diligence assessment of an accredited Australian NGO is not required because the accreditation process for the NGO under the Australian NGO Cooperation Program satisfies due diligence requirements.
 - Partner governments: Due diligence is undertaken by conducting Assessments of National Systems (ANS) and sector-level investigation of financial management; including procurement systems (see Section 7.5.2).
 - Whole-of-government partners: These partners are considered to have met due diligence requirements, as they operate under the Public Governance Performance and Accountability Act 2013 (PGPA Act) or the Commonwealth Authorities and Companies Act 1997.
- The Chair noted that credibility and DFAT's due diligence processes are paramount to the aid program. Previous checks – accreditation or otherwise do not absolve partners of responding to due diligence concerns in program implementation. If concerns are raised during program implementation, the NGOs and Volunteers branch would work closely with the relevant Post to investigate and resolve.
 - The Chair noted however that DFAT recognises the need for a process, and that it remains important to work with teams in the field to provide appropriate information to manage the risks. The core principle would need to be that information would be shared with the affected agencies, that the process is not duplicated unnecessarily and respects the accreditation process, whilst recognising the need to manage DFAT's risk.
 - Marc Purcell queried if the NGO branch facilitating the provision of this information to agencies would also increase the workload for the ANCP team, and as such if this could be done on an exceptions basis where Managing Contractors are aware of the accreditation approach and information provided notes only relevant exceptions.
 - The Chair noted that the key consideration was risk management and issues of how this will work in practice is something the team needs to work through.
 - Mark Webster reflected that the response was encouraging, and that NGOs have appreciated the way that many Managing Contractors and posts have engaged with this issue. He noted that a policy position is helpful for consistency and expectations, and that the steps outlined could mean this is not an ongoing obstacle.
 - Joanna Pradela queried if this process could come back to the CDC for discussion. The Chair clarified that the intention is to go offline and work through the process as it is not specific to ANCP – but that DFAT recognise implications for the sector and will engage on these aspects.
 - Rob Floyd suggested that it would be helpful to share mapping of ANCP accreditation and due diligence approaches. This was agreed.
 - Marc Purcell queried whether the concerned agencies who have raised issues with contractors would now need to wait for this process to be complete before they received a response. The Chair clarified that advice has been provided directly to contractors for the issues that DFAT is aware of, and that the contractors will respond based on that advice.

AGREED ACTION: DFAT to circulate mapping previously done of ANCP accreditation requirements to DFAT's due diligence framework at the upcoming meeting and to contractor network on email.

ITEM 5. Accreditation Updates

Rebecca Lysaght from DFAT spoke to the item.

- A review of accreditation criteria is on the accreditation workplan for the coming year. The objective is to ensure accreditation is still meeting DFAT's requirements to minimise risk.
- The Terms of Reference (TORs) will be circulated to the CDC for comment. A detailed timeline is yet to be developed, but this will also be provided.
- Rob Floyd suggested that the review include thought on the fit for purpose of different types of organisations and the particular ways that criteria are recorded and explained. Sometimes the tool doesn't fit quite as well for unusual organisations as 'normal' ones, and ORs do not always reflect what is going to happen if an organisation is accredited. This could be concerning if it is not clear how they will absorb the funding.
- Rebecca responded that this is something assessors have been thinking about. They have also put a process in place this year to undertake an early discussion with organisations that are upgrading so that they are not trying to retrospectively program large amounts of money.

ITEM 6. Other items tabled by NGO Representatives

The Chair invited NGO Representatives to table any additional items.

ANCP guidelines on welfare definitions

- The Chair noted that this issue would fit into the accreditation review process. This recommendation was agreed.
- Kalene Caffarella suggested the accreditors' workshop might also be a good opportunity to ensure principles are applied in the same way. Rob Floyd noted that microfinance would be another area to look into.
- The Chair summarised that CDC has acknowledged concern related to application of criteria related to welfare and development and noted the actions outlined to ensure the concern is addressed, and that CDC has recommended and agreed this as a standing item at the accreditors' workshop.

AGREED ACTION: Welfare principles to be added as a standing item at the accreditors' workshop

PNG Health and education grants

- Marc Purcell raised the recent round of PNG health and education grants TORs call for co-financing or other contributions expected to be 10% or more. He queried the impetus behind this approach, whether it is consistent for other players, private sector, Managing Contractors, and the implications of precedent.

- The Chair responded that ACFID should write to DFAT specifically raising this issue, whilst noting that DFAT undertakes a range of processes based on what will get the best outcome.

Role of Post policy

- Joanna Pradela queried if there was anything DFAT could share on the role of Post policy. The Chair responded that the role of Post policy is currently being discussed with posts and will be implemented in the coming Financial Year pending advice from posts.
- Mark Webster queried whether DFAT would provide an update at the reflections workshop. Rebecca Lysaght clarified that one of the ODE Recommendations was around more clarity on the role of posts.
- The Chair noted that the process is reflected in the workplan, recommendations will be addressed and agreed to in management response.

150th Meeting of the CDC

- Joanna Pradela noted that next meeting is 150th meeting of the CDC and might be a good opportunity to do something to mark cooperation, and that ACFID would be keen to support this.
- Sally Vincent supported the idea and noted there is room for greater understanding of the role of CDC – maybe a tweet and FB posts about the ANCP's unusual aspects, why it's interesting – that would be useful for posts.
- Marc Purcell suggested a joint blog – perhaps an NGO representative and DFAT representative together reflecting on CSO dialogue with a government department that is very successful.
- The Chair noted DFAT looks forward to working with ACFID and CDC to celebrate and use opportunity to highlight unique aspects and value of the ANCP program to a broader audience.

AGREED ACTION:

- **DFAT to respond to written query from ACFID on recent grants at the PNG post including co-financing arrangements.**

Closing

- The Chair thanked all present for their participation in the ORs, and the seriousness with which all have read the reports and engaged in the discussion. She noted that this speaks to aim of continuously strengthening the program.
- The Chair further noted the excellent contribution and professionalism of the CDC secretariat, ACFID and her own team in working with organisations and accreditors and having prepared for a very functional CDC process. It was well managed and appreciated, which allows CDC to reach the heart of important issues.
- The NGO representatives echoed appreciation of the openness of all of the conversation – and the value of the forum as a point for open discussion.

ITEM 7. Next Meeting

- The CDC agreed the next meeting will likely be in the first week of September and that they will endeavour to have Face to face meeting as the CDC will welcome a number of new members and wish to celebrate the 150th CDC.
- The Chair acknowledged Rob Floyd's contribution to the CDC and thanked him for his service and expertise as a CDC member, and the time and energy he has put in to supporting colleagues in the sector.

Meeting Close 2.12pm.