FRAMEWORK PARTNERSHIP AGREEMENT 2014

GUIDELINES

Version September 2015

Table of Content

Abbreviations 1
1. Introduction 1
1.1 Purpose of the guidelines 1
1.2 Structure 1
1.3 Period of validity of the guidelines 1
2. Who is ECHO? 3
2.1 Legal and political framework 3
2.1.1 Humanitarian principles 3
2.1.2 Treaty on the European Union and Treaty on the Functioning of the EU (TFEU) 4
2.1.3 Humanitarian Aid Regulation 4
2.1.4 EU Consensus on Humanitarian Aid 4
2.1.5 Good Humanitarian Donorship principles 5
2.2 Aid in action 5
2.2.1 Countries 5
2.2.2 Needs based 6
2.2.3 Result-oriented 6
2.2.4 Accountability 6
2.2.5 Policies 7
2.2.6 Resilience 8
2.3 ECHO – the operational team 8
3. Becoming an ECHO partner 13
4. Partnership 15
4.1 Framework partnership agreement with NGOss 15
4.1.1 Quality partnership 15
4.1.2 Compliance with FPA criteria 16
4.1.3 Partner's assessment 17
4.1.4 Risk Assessment of the Financial Management capacity of the partner 18
A) General Principles 18
B) Risks at Contracting stage 18
C) Risk assessment at liquidation stage 19
D) How can a partner request a revision of its risks assessment? 20
4.1.5 Consultation with partners 20
4.1.6 Publication of information by ECHO on the partners 21
4.1.7 Amendment of the FPA 21
4.1.8 Suspension of the FPA by ECHO 22
A) Procedure for suspension 22
B) Consequences and Duration of the suspension of the FPA: 22
4.1.9 Termination of the FPA 22
A) Termination by the Partner 22
B) Termination by ECHO 23
4.2 Member states Specialised agencies 24
4.3 Communication with ECHO 26
4.3.1 Regular and transparent exchange of information 26
4.3.2 Communication concerning the Framework Partnership Agreement (FPA) 27

4.3.3 Communication in relation to the Specific Grant Agreement (SGA) ... 27
4.3.4 APPEL - Electronic exchange system ... 28
A) Description of APPEL and its functionalities ... 28
B) Who can have access to APPEL ... 29
C) How to access APPEL? ... 29
D) Quality and security of information ... 30
E) When APPEL is not available ... 30
4.3.5 Date of communication ... 30
4.3.6 Confidential and sensitive information ... 31
4.3.7 Language ... 31
5. Financing decisions ... 33
5.1 Worldwide decision and HIPs ... 33
5.2 Primary emergency financing decision ... 35
5.3 Emergency Financing Decision ... 35
5.4 Ad-hoc Financing Decision ... 35
5.5 Urgent actions ... 35
5.6 Agreement number & Financing decision ... 36
5.7 To summarise ... 36
6. Preparing an action ... 37
6.1 How to submit a proposal? ... 37
6.2 Who can sumbit a proposal? ... 37
6.3 When to submit a proposal? ... 38
7. Assessment of proposals by ECHO ... 39
7.1 Eligibility and assessment criteria ... 39
7.2 Appraisal procedure ... 40
7.3 How the financial risk assessment is taken into account? ... 41
8. Specific grant Agreement ... 43
8.1 Signature of the Specific Grant Agreement ... 43
8.2 Precedence of rules ... 44
8.3 Article 6 – Supplementing or derogating clauses or urgent action ... 44
8.4 Content of the Specific Grant Agreement ... 45
9. Action implementation ... 51
9.1 Implementing partners ... 51
9.2 Consortium & Coordinated approach ... 52
9.2.1 Coordinatined logframes ... 53
9.2.2 Consortium ... 53
9.3 Eligibility criteria of costs ... 55
9.3.1 The criteria ... 55
A) Necessary for its implementation ... 55
B) Incurred during the eligibility period of the Action ... 56
C) Identifiable and verifiable ... 57
D) Reasonable, justified, and compliant with the principle of sound financial management ... 57
E) Covered by the budget of the Action ... 57
F) Comply with the applicable tax and social legislation ... 58
9.3.2 What are the main Categories of eligible direct costs? ... 58
A) Staff cost ... 58
B) Cost of supplies ... 59
C) Cost of procurement contracts ... 62
D) Costs of travel ... 62
E) Cost arising from the agreement ... 63
F) Costs entailed by implementing partners ... 63
G) Financial support to beneficiaries ... 63
H) Cost of infrastructure ... 63

I) Not recoverable VAT ... 64
J) Simplified costing ... 64
9.3.3 Eligible indirect costs ... 64
9.3.4 Ineligible costs ... 65
9.4 Procurement ... 66
9.4.1 Mandatory principles: ... 66
A) Principle of ethical procurement ... 67
B) Principle of sound financial management ... 68
C) Principles of equal treatment, non-discrimination and untied aid ... 68
D) Principle of transparency and right of access ... 68
E) Principle of proportionality ... 69
F) Principle of avoiding conflicts of interest ... 70
G) Principle of supporting the local economy ... 70
H) Principle of due diligence ... 71
I) Responsibility of the partner in the respect of the principles ... 71
9.4.2 Special Provisions for the Procurement of Medical Supplies and Food ... 71
A) Medical supplies ... 72
C) Food supplies ... 75
9.4.3 Derogations and exceptions ... 76
A) Partner derogating from its own rules ... 76
B) Derogation granted by ECHO ... 76
C) Exception on quality assurance ... 76
9.4.4 Urgent Action & Procurement ... 77
9.4.5 Relations with contractors ... 78
9.4.6 Implementing partners and consortium ... 78
9.4.7 Checks ... 79
9.4.8 Which consequences if the action does not comply with the Annex III? ... 79
9.4.9 Humanitarian Aid Procurement Centres (HPCs) ... 80
A) What are the advantages? ... 80
B) Who is recognised as an HPC? ... 81
9.5 Remote management ... 82
9.5.1 Remote management in ongoing actions ... 82
9.5.2 Remote management and the Single Form ... 83
9.6 Cash and vouchers ... 84
9.6.1 Conditions ... 84
9.6.2 Information to include in the Single Form? ... 85
9.7 Visibility, communication and information ... 86
9.7.1 What is expected? ... 86
9.7.2 Derogation ... 86
9.7.3 Monitoring ... 87
9.7.4 Reporting ... 87
9.8 Monitoring ... 88
9.8.1 Monitoring by partners ... 88
9.8.2 Monitoring by ECHO ... 89
9.9 Interim Report ... 90
9.10 Evaluation of Actions ... 91
9.10.1 Evaluation by the partner ... 91
9.10.2 Evaluation by the Commission ... 92
10. Dealing with Changes within the action ... 93
10.1 Amendment by mutual consent ... 94
10.1.1 Specific cases ... 95
A) Beneficiaries: increase or decrease ... 95
10.1.1 Procedure for the modification of SGA by mutual consent ... 95

10.1.2 Modality of the request for amendment and the reply ... 95
10.2 Non-essential changes ... 96
10.2.1 Transfers between budget headings ... 96
10.3 Clerical error ... 96
10.4 Force majeure ... 97
10.4.1 How to qualify a situation as force majeure? ... 97
A) Due diligence ... 97
10.4.2 What is not *force majeure?* ... 98
10.4.3 Consequences of force majeure ... 98
10.5 Suspension of the action ... 99
10.5.1 Suspension by the partner ... 99
A) Suspension procedure ... 99
10.5.2 Suspension by ECHO ... 101
A) Suspension procedure ... 101
10.5.3 Important information about suspension ... 102
10.6 Termination of the specific grant agreement ... 102
10.6.1 Termination by the partner ... 102
10.6.2 Termination by ECHO ... 102
10.6.3 Effects of termination ... 103
11. Closing the action ... 105
11.1 Remaining equipment ... 105
11.1.1 General rule - Transfer of equipment to another humanitarian aid Action funded by ECH. 105
11.1.2 Exception 1 – Donation ... 106
11.1.3 Exception 2 - Derogation from the obligation to transfer or to donate ... 106
11.1.4 Report on remaining equipment ... 106
11.1.5 Exception 3 – Allowance for low value equipment ... 107
11.2 Remaining Goods ... 108
11.2.1 Transfer to another Humanitarian Aid action funded by ECHO ... 108
11.2.2 Donation ... 108
11.2.3 Derogation from the obligation to transfer or to donate ... 109
11.2.4 Report on remaining goods ... 111
11.2.5 Allowance for low value goods ... 111
11.3 Final payment request and final report ... 111
11.3.1 When and how to submit the final payment request and final report? ... 112
11.3.2 Information to be provided ... 112
A) Payment Request ... 112
B) Narrative report ... 113
C) Financial report ... 113
D) Updated financial overview ... 114
E) Updated financial statement ... 114
F) General ledger ... 115
G) Annexes ... 115
11. 4 Analysis of Final report by ECHO ... 116
11.4.1 Operational analysis ... 116
11.4.2 Financial analysis ... 117
11.4.3 Calculation of the final amount ... 117
11.5 Payments ... 118
11.5.1 Currency ... 118
A) Currency of the payment request ... 118
B) Conversion between the HQ currency and other currencies used for the Action ... 119
C) Currency and implementingpartners/consortium ... 119
11.5.2 Pre-financing ... 119
11.5.3 Additional pre-financing ... 120

11.5.4 Payment of balance 120
11.5.5 Suspension 120
A) Suspension of time-limit of payment (Stop-the-clock) 120
B) Suspension of payments 121
11.5.6 Payment of interets on late payment 121
11.5.7 Recovery 121
11.5.8 To summarise 121
11. 6 Administrative and Financial Penalties 123
11.6.1 Administrative penalties 123
11.6.2 Financial penalties 123
12. Audits, checks, and inspections 125
12.1 Record keeping 125
12.2 Audits by the Commission 126
12.2.1 Field audit 126
A) Objectives of field audit 126
B) Selection procedure 126
12.2.1 HQ audit 127
A) HQ audit objectives 127
B) HQ audit planning 127
C) Audits and consortium 128
12.3 Checks by ECHO 129
12.4 Checks and inspection by OLAF and Court of auditors 129
12.5 Audits by partners 130
13. Other issues 131
13.1 Conflict of interest 131
13.2 Intellectual and industrial property rights 131
13.3 Assigment of claims and payments to third parties 132
13.4 Liability 133
13.4 Fraud and irregularities 133
14. Useful links 135
15. Glossary 137

<u>Disclaimer:</u> The guidelines cannot be considered as exhaustive and do not replace ECHO legal basis, the existing Commission procedures and the partnership agreements.

ABBREVIATIONS

- ACP - African, Caribbean and Pacific countries
- ECHO - European Commission's Humanitarian aid and Civil Protection department
- DO - Desk officer
- EU - European Union
- FCA - The Forgotten Crisis Assessment
- FPA - Framework Partnership Agreement
- GVCA - Global Vulnerability and Crisis Assessment
- GC - General Conditions
- HAR - Humanitarian Aid Regulation
- HIP - Humanitarian Implementation Plan
- HOU - Head of Unit
- IO - International Organisation
- NGO - Non-Governmental Organisation
- RSO - Regional Support Office
- SGA - Specific Grant Agreement
- SF - Single Form
- TA - Technical Assistant – ECHO expert in the field
- MSSA - Member States Specialised Agency
- UN - United Nations Agencies

1. INTRODUCTION

1.1 PURPOSE OF THE GUIDELINES

These guidelines explain the rules and procedures applying to humanitarian aid actions funded by ECHO, in particular actions implemented by NGOs and Member States Specialised Agencies. The purpose is to contribute to a better understanding of ECHO rules and to enhance efficiency and effectiveness in the delivery and support of humanitarian aid. They replace previous guidance documents that were applicable under the Framework Partnership Agreement 2008 (FPA).

The information provided in these guidelines is also available on the **Partners' website** at the following address: http://www.dgecho-partners-helpdesk.eu

The Partners' website also offers a Helpdesk service. The Helpdesk provides general advice and support to ECHO partners. The partners can contact the helpdesk to ask specific questions on the FPA. The Helpdesk will respond on the basis of the applicable partnership instruments and guidance published by ECHO, including the online Frequently Asked Questions. The responses given by the Helpdesk do not override the operational or financial judgement of the Commission nor do they prevail over the applicable rules and provisions.

For matters directly related to the implementation of any specific Grant Agreement the Partner should contact the desk officer in charge of this file within ECHO.

1.2 STRUCTURE

The guidelines are structured in chapters and sub-chapters. The document has been organised according to the project cycle logic, starting from the identification of needs and the strategy to address those needs until the evaluation.

A glossary provides definitions of the terms used in the guidelines or in the official legal texts.

1.3 PERIOD OF VALIDITY OF THE GUIDELINES

These guidelines have the same validity as the Framework Partnership Agreement with NGOs, i.e. from 1 January 2014 until 31 December 2018. Partners will be informed in case of modifications of the guidelines.

Not found in the guidelines the information you are looking for?
Post your questions on: http://dgecho-partners-helpdesk.eu/contact/start

2. WHO IS ECHO?

The **European Union** as a whole is the world's biggest donor of humanitarian aid. Together, Member States and European Institutions contribute more than half of official global humanitarian aid.

The **Directorate General for Humanitarian Aid and Civil Protection**, or simply "ECHO", is the department of the European Commission in charge of Humanitarian Aid and Civil Protection.

Humanitarian assistance is about saving and preserving lives of people affected by natural or man-made disasters such as floods or armed conflicts. The Commission, through ECHO, provides humanitarian aid only outside the European Union.

ECHO's areas of intervention include, among others, provision of food assistance, shelter, health, water and sanitation and protection of victims of fighting. ECHO can also fund actions to cope with the consequences of population movements and carry out short-term rehabilitation and reconstruction. Furthermore, ECHO finances disaster preparedness actions (commonly referred to as “DIPECHO”) to ensure preparedness for risks of natural disasters and promote the use of early-warning systems.

ECHO respects in all its actions the fundamental humanitarian aid principles of "humanity", "independence", "neutrality" and "impartiality".

The implementation of humanitarian aid funded by ECHO is the responsibility of the humanitarian organisations with which ECHO has concluded partnership agreements. ECHO cooperates with different types of humanitarian organisations such as: non-governmental organisations, national societies of the Red Cross, International Organisations (the International Committee of the Red Cross, the International Federation of Red Cross and Red Crescent Societies and the International Organisation for Migration), UN Agencies and Specialised Agencies of the Member States.

2.1 LEGAL AND POLITICAL FRAMEWORK

The legal and political framework which governs the activities of ECHO is the following:

2.1.1 HUMANITARIAN PRINCIPLES

Humanitarian aid provided by ECHO is based on the humanitarian principles of **humanity, neutrality, impartiality** and **independence**.

- **Humanity** means that human suffering must be addressed wherever it is found.
- **Neutrality** means that humanitarian action must not favour any side in an armed conflict or other dispute;
- **Impartiality** means that humanitarian aid must be provided solely on the basis of need, without discrimination between or within affected populations;

- **Independence** means the autonomy of humanitarian objectives from the political, military, or other objectives that any actor may hold with regard to areas where humanitarian action is being implemented. This principle serves to ensure that the sole purpose of humanitarian aid remains to relieve and prevent for the suffering of humanitarian crises. Humanitarian aid is not a crisis management tool as it does not pursue objectives such as conflict prevention and resolution.

Humanitarian aid is provided in conformity with international law, specifically with international humanitarian law and refugee law.

2.1.2 TREATY ON THE EUROPEAN UNION AND TREATY ON THE FUNCTIONING OF THE EU (TFEU)

Article 214 of the Treaty on the Functioning of the European Union (TFEU)[1] spells out the objective of EU humanitarian aid. According to the Treaty, humanitarian aid is a shared parallel competence. This means that in the domain of humanitarian aid the Union has competence to carry out activities and conduct a common policy; however, the exercise of that competence shall not result in Member Sates being prevented from exercising theirs. Member States' national humanitarian aid policies and the EU policy should not only complement each other, they also have to reinforce each other.

Article 214 establishes the objectives of humanitarian aid, that is, to provide ad hoc assistance and relief and protection for people in third countries which are victims of natural or man-made disasters, in order to meet the humanitarian needs resulting from these different situations. The Article also refers to the humanitarian principles mentioned above.

The legislative procedure to be followed in the domain of humanitarian aid is the ordinary legislative procedure: the Commission makes a proposal; the Parliament and Council adopt it, the Council votes with qualified majority.

2.1.3 HUMANITARIAN AID REGULATION

The **Council Regulation N° 1257/96 of 20 June 1996 concerning humanitarian aid**, known as Humanitarian Aid Regulation, lays down the objectives and general principles of humanitarian aid and the procedures for its implementation. The Regulation constitutes the legal basis for the adoption of humanitarian aid financing decisions and for the signature of the Framework Partnership Agreements.

HAR: http://ec.europa.eu/echo/en/who/about-echo/legal-framework

2.1.4 EU CONSENSUS ON HUMANITARIAN AID

In 2007, based on a Commission proposal, the three institutions - the Council, the Parliament and the Commission - adopted the European Consensus on Humanitarian Aid. *The Consensus sets out a common*

[1] The Lisbon Treaty was signed by the heads of state and government of 27 EU Member States on 13 December 2007. The text of Article 214 can be found in Annex 1.

EU vision and a practical approach for reaching out effectively to millions of people worldwide suffering as a result of conflicts and natural disasters.

Consensus: http://ec.europa.eu/echo/files/media/publications/consensus_en.pdf

2.1.5 GOOD HUMANITARIAN DONORSHIP PRINCIPLES

In 2003, in the face of an increasingly challenging humanitarian environment, a number of the humanitarian donors, including the Commission, agreed to 23 principles and best practices on humanitarian aid for donors and a process of working together to apply those principles, known as 'Good Humanitarian Donorship' (GHD).

The GHD principles, now indorsed by no less than 41 donating countries, include reference to principled humanitarian action, respect for and promotion of international humanitarian law, the importance of needs based assistance, accountability to affected populations, predictable humanitarian funding, coherence of donor action, primacy of civilian response and support to multilateral coordinated humanitarian action.

The GHD Initiative, which acts as a donor forum and network, actively promotes the principles, encourages principled donor behaviour which each donor can adapt to its own policies, and, by extension, promotes improved humanitarian action. The donors have been meeting regularly since 2003 to exchange information on policies and practices in relation to the implementation of the GHD principles.

Both the Consensus and the GHD provide the guiding framework which the EU institutions and Member States must respect when supporting the implementation of humanitarian aid actions, including the choice of partners.

http://ec.europa.eu/echo/en/partnerships/relations/ghd

2.2 AID IN ACTION [2]

2.2.1 COUNTRIES

ECHO finances projects in third countries, namely countries outside the EU. Its actions are implemented in more than 80 countries. ECHO website provides useful and detailed information on its countries of operation, for instance **country fact sheets**, press releases, latest news.

Find more information on Countries of intervention: http://ec.europa.eu/echo/en/where

[2] **FPA**, Para 6) of the Preamble

2.2.2 NEEDS BASED

Union-funded actions should be based solely on the affected people's needs and on an impartial needs assessment.

A needs-based approach ensures consistency in the allocation of resources to different crisis according to the respective needs, regardless of pressures of any kind.

To ensure that aid is deployed in all the right places at the right time, ECHO carries out "needs assessments" on a permanent basis before making funding decisions.

Para. 6 of FPA NGO Preamble: "Union-funded actions should be based solely on the affected people's needs and on an impartial needs assessment.

Different tools have been developed to do this more efficiently:

- Global Vulnerability and Crisis Assessment (GVCA)
- The Forgotten Crisis Assessment (FCA)

The Partner is also expected to carry out impartial needs assessment. It is requested to provide the result of its needs assessment in section 3.1 of the Single Form.

For more information on needs assessment: http://ec.europa.eu/echo/en/what/humanitarian-aid/needs-assessments

2.2.3 RESULT-ORIENTED

One of the main objectives of the FPA is to optimise the implementation and the result of the humanitarian aid actions financed by ECHO and executed by the Humanitarian Organisation.

Para. 6 of FPA NGO Preamble: "Union funded actions]… should be results-oriented, and delivered in the most effective, efficient and rapid manner.

The actions shall be implemented in accordance with the principles of economy, efficiency and effectiveness. Specific, measurable, achievable, relevant and timed objectives shall be set out for all actions. Performance indicators shall monitor the achievement of those objectives. This would involve the further development of analytical tools on impact (outcome) of humanitarian interventions.

The consequences of the results-oriented approach are:

- Shifting of focus from the financing of inputs to the financing of realistic results.
- Result-based reporting
- Increased attention to monitoring and evaluation.

2.2.4 ACCOUNTABILITY

When signing the FPA, the partner commits to ensure accountability of its actions.

Accountability in the context of humanitarian aid encompasses both **accountability to European citizens** on the good use of public funds and **accountability to those in need** in the countries facing humanitarian crisis, to ensure that the aid is suitably adapted to the circumstances and is provided in a way that enhances prospects for recovery[3].

	Through:
Accountability to European citizens	• Transparent strategies
	• Regular reporting to main stakeholders, including communication activities
	• Audits of the actions

	Through[4]:
Accountability to Beneficiaries	• Establishing and delivering on commitments
	• Staff competency
	• Sharing information
	• Participation
	• Handling complaints
	• Learning and continual improvements

2.2.5 POLICIES

ECHO has developed sectorial policies that define the framework of the Union funded humanitarian operations. It does so in compliance with the European Consensus on humanitarian aid in order to make humanitarian aid more relevant, coherent and of better quality, meeting better the various needs of people affected by a conflict or a natural disaster.

Policy guidelines are available for the following sectors:

Para. 6 of FPA NGO Preamble: "[Union-funded actions]… should be implemented with due regard to quality standards and the Union's policy approach in support to humanitarian actions, including the Commission's standards and guidelines, notably for sectoral and thematic issues.

[3] Article 43 of the European Consensus on Humanitarian Aid.
[4] For more information on accountability to those in need, consult HAP Benchmarks http://www.hapinternational.org

• Food assistance	• Nutrition	• Disaster risks reduction
• Water sanitation and hygiene	• Cash and vouchers	• Protection
• Health	• Gender sensitive aid	• Helping children in need

For more information:
http://ec.europa.eu/echo/en/what/humanitarian-aid/policy-guidelines

2.2.6 RESILIENCE

Resilience is defined as the ability of an individual, a household, a community, a country or a region to resist, adapt, and quickly recover from a disaster or crisis such as drought, violence, conflict or natural disaster. Strengthening the resilience of populations can help greatly reduce the impacts of recurrent natural and man-made disasters, affecting millions every year.

The EU aims to place resilience building as a central development and humanitarian priority in countries facing recurrent crises. The priority is to deal with the vulnerabilities and root causes of crises rather than only with their consequences.

Para. 6 of FPA NGO Preamble: "[Union-funded actions] ….providing aid in a way that, to the extent possible, enhances the prospects of recovery and strengthens resilience, in particular by establishing the linkage between relieve, rehabilitation and development.

A policy has been designed to increase resilience of the world's most vulnerable people. National resilience strategies, disaster management plans and efficient prevention systems for vulnerable countries are put at the heart of this policy so developing countries are in control.
Furthermore, joint development of innovative approaches to risk management with the insurance industry also forms an important part of this new strategy. Seasonal safety nets is one example of a resilience strategy which involves cash transfers, either unconditionally, or in exchange for work or training, to the most vulnerable people when their reserves of money and food are lowest.

As a result of EU commitment to resilience, resilience markers have been introduced in the Single Form to further support the quality of ECHO project and their contribution to building resilience of the most vulnerable. For further information see section 5.2 of the Single Form guidelines.

For more information:
http://ec.europa.eu/echo/en/what/humanitarian-aid/resilience

2.3 ECHO – THE OPERATIONAL TEAM

ECHO's main office is located in Brussels. The main contact points for ECHO partners are the operational desks officers. One strength and comparative advantage of ECHO is its worldwide network of field offices. There is an ECHO field office in almost all the countries where ECHO operates.

The roles are clearly defined between Brussels and the field offices. The ECHO experts in the field provide **up-to-date information and analysis** on needs in a given country or region. They give **technical**

support to EU-funded humanitarian operations, contribute to the **development of humanitarian intervention strategies** and **monitor the implementation of EU funded projects**. ECHO's field offices also ensure contact and coordination with humanitarian organisations in the field.

N**o decision having legal or financial implication can be taken at field level. Only ECHO headquarter is authorised to do so!**

For more information:
http://ec.europa.eu/echo/en/who/about-echo/field-network

The table below describes the respective roles of ECHO operational Team.

	ECHO in Brussels (Desk Officer – DO)	ECHO experts at Country level (TA)	ECHO experts at Regional level (RO)
Strategy, Financing decisions	• Lead and coordinate the strategy and financing decision processes. • Consult with other Commission services. • Draft the financing decisions/HIP. • Organise information meetings at Brussels level when appropriate.	• Monitor/assess the humanitarian situation. • Advise on appropriate interventions. • Provide technical input for preparation of the HIP. • When relevant, organise consultations with the partner on its strategies. • Organise information meetings in the field when appropriate.	• Give inputs on regional and country specific context. • Provide sectorial analysis and support relevant for the region
Single Form	• Initiate appraisal process and send proposals to TAs; • Consolidate comments received from field. • Prepare the decision on the selection (or not) ; • If, proposal selected, send to the partner a list of consolidated comments; • When the proposal eventually finalised and accepted, launch the agreement procedure; • When MR, IR and FR submitted, proceed to analysis and contact partner if concerns arise from this analysis.	• Assess the proposal in parallel; • Follow-up with the partners on comments received from desk in view of the submission of revised proposal. • Analyse the MR, IR and FR.	• Provide comments on sectorial issues or on policy compliance • Contact point for communication and visibility plan.
Monitoring	• The DO will conduct monitoring mission whenever possible to better understand the humanitarian context and problem encountered by the partner. During these visits, the DOs will meet with the humanitarian workers, the local authorities, the beneficiaries, etc.	• The TAs will visit the ECHO-funded Action at least once. TAs can be alone or accompanied by the DO or by the sectorial expert (RSO);	• Experts will visit project sites to provide sectorial and policy advice as appropriate or to gather sectorial information on funded Actions.

Day to day

The DO remains at your disposal to answer any question (on the phone, by e-mail, etc.) about overall compliance of intervention with ECHO strategy, to answer technical questions or to clarify any issue about ECHO activity related to the crisis.

- Desk officers can be contacted by the partner to:
- present a new strategy, or action;
- share experience in relation to a crisis
- share the findings of a study/evaluation/mission

The TAs can be contacted to:

- Ask questions relating to the ECHO presence in the country;
- Request advice on a specific issue.
- Share experience or concerns relating to the implementation of an action;
- Share information on the humanitarian situation .

RO can be contacted for any questions relating to sectorial issues, including visibility and communications.

But remember: no decision having legal or financial implication can be taken at field level. Only ECHO headquarter is authorised to do so

3. BECOMING AN ECHO PARTNER

Any non-governmental organisation which considers that it meets the criteria to become an ECHO partner can apply.

Applications for the signature of the FPA must be made online through the electronic exchange system APPEL (see section 4.3.4 below).

The applicant will have to answer first a set of pre-selection questions. The answers to these questions allow ECHO to check if the applicant complies with the minimum mandatory eligibility criteria. If the applicant answers to any of these questions negatively, it will be automatically rejected.

If the answers are positive to all the pre-selection questions, the organisation will have to complete a more detailed questionnaire which will enable ECHO to further assess the capacities of the applicant organisation.

The criteria to become a partner focuss on the eligibility and suitability of the applicant. They are defined in Article 7 of the Humanitarian Aid Regulation, in the Financial Regulation and its Rules of Application.

Amongst the **eligibility and suitability criteria**, the following ones are of particular importance:

- the NGO must be non-profit making autonomous organisation;
- it must be set up in a Member State of the European Union (EU), in a country of the European Economic Area[5], or must have been recognised in an EU Member State through the Council of Europe Convention No. 124 of 24 April 1986[6] ;
- it must have its main headquarters in a Member State of the EU or in a third country in receipt of EU aid;
- it must have 3 years of experience in the humanitarian field;
- it must have a financial situation meeting the standard set by the Commission.

	• General questions: http://dgecho-partners-helpdesk.eu/contact/start • Specific question about an application: ECHO-APPEL@ec.europa.eu
	• http://dgecho-partners-helpdesk.eu/become_a_partner/start

[5] Iceland, Lichtenstein and Norway
[6] Currently, outside EU MS, only Switzerland and FYROM are parties to Convention

4. PARTNERSHIP

4.1 FRAMEWORK PARTNERSHIP AGREEMENT WITH NGOS

The main purpose of the **Framework Partnership Agreement (FPA)** is to establish a stable and long-lasting cooperation between ECHO and non-governmental organisations which fulfil the criteria to become a partner on the other side.

FPA valid for 5 years
Until 31/12/2018

The FPA also defines the rights and obligations of the Parties when they enter into a Specific Grant Agreement and specifies the rules governing Union-funded humanitarian aid actions.[7]

4.1.1 QUALITY PARTNERSHIP[8]

With this partnership, the partners and ECHO contribute together to the effectiveness and efficiency of humanitarian aid. The strength of the partnership is based on the professionalism of the partners, their diversity, their capacity to respond to humanitarian needs and their adherence to agreed rules and standards.

ECHO and the partners commit to develop a quality partnership based on:

- Transparency and accountability towards all stakeholders, including beneficiaries of aid.
- Strategies and initiatives to increase the effectiveness of Union-funded humanitarian aid, for instance by supporting international coordination mechanisms for humanitarian response;
- Fair working conditions for humanitarian workers, volunteers or salaried, with special attention to their safety in the field and, to the extent possible, to their professional development;
- Coherence with the Union policy approach in support of humanitarian actions including the Commission's standards and guidelines, notably for sectorial and thematic issues[9];
- Promotion of a learning culture based on the evaluation of actions and on sharing and disseminating best practices and lessons learnt[10];
- Promotion of awareness and understanding of humanitarian issues and values among decision-makers and the general public in order to foster the overall legitimacy and effectiveness of humanitarian assistance.

[7] FPA NGO, Para. 3) of the Preamble &, Article 1
[8] FPA NGO, Article 2.2
[9] See section 2.2.5 on Policies
[10] See section 9.10

4.1.2 COMPLIANCE WITH FPA CRITERIA

Throughout the duration of the partnership, the partner has the obligation to maintain compliance with the eligibility and suitability criteria based on Article 7 of the Humanitarian Aid Regulation and which are explained in the section 3 "How to become a partner".

In line with the spirit of partnership, the partner undertakes to inform ECHO immediately of any change in its legal, financial, technical or organisational situation that may put into question its compliance with criteria and/or may create conflicts of interests.

Examples of changes include:

- **Legal change**: e.g. change of mandate of organisation, change of name, legal representative, etc.;
- **Financial change** e.g. weakening of financial capacity;
- **Organisational situation** e.g. modification of the non-profit nature of the organisation.

The partner must also update its administrative information such as addresses, contacts, user's rights, bank account. These changes will be encoded and saved by the partners into APPEL.

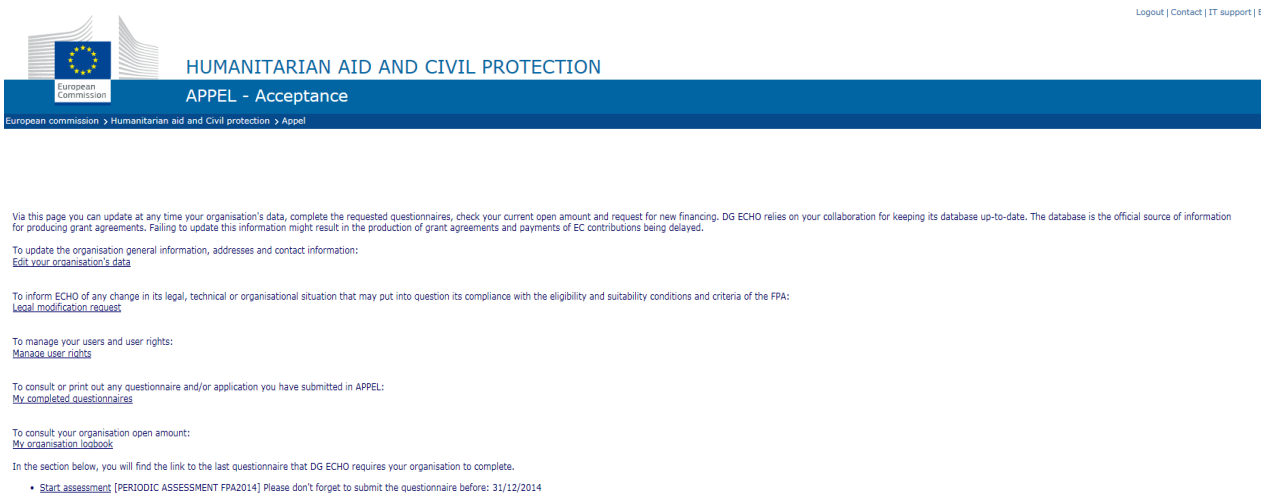
Updating administrative information is essential to ensure an efficient communication flow with ECHO.

In the event that, based on the information obtained from the partner or on reliable information obtained through any other means, ECHO considers that the partner no longer complies with the criteria, the Commission may take appropriate action. This includes the possibility to suspend the Framework Partnership Agreement or to terminate the Framework Partnership Agreement and any Specific Grant Agreements[11].

How to inform ECHO about those changes?

Legal changes (e.g. mandate, name, official address, merger, etc)	APPEL through a legal modification request
Change of person empowered to commit the organisation + change of LEAR	APPEL through a legal modification request
Financial changes	APPEL at the time of Periodic Assessment Or ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu
Organisational changes (e.g. internal procedure such as procurement, security, etc),	APPEL through a legal modification request
Administrative changes (e.g.field offices, regional offices, persons entitled to sign FPA, sector of intervention, etc)	APPEL through “Edit your organisation’s data”
Bank account	APPEL through a legal modification request
Change user rights	APPEL through "manager user rights

[11] See sections 4.1.8 to 4.1.10.



4.1.3 PARTNER'S ASSESSMENT

In addition to the updates sent by the partner and mentioned under section 4.1.2, ECHO will assess on a regular basis whether the partner continues to comply with the conditions to become an FPA partner[12].

In particular, the purposes of the so-called "Periodic Assessment" are to:

1. Review the legal, financial and technical or organisational situation that may put into question the partner's compliance with applicable regulatory conditions and criteria and/or may create situations of conflicts of interests.
2. Analyse operational feedbacks received during the year from ECHO operational desks.
3. Review the actions taken by the partner following the recommendations received during previous audits carried out by ECHO external auditors.
4. Use the information provided under points 1, 2 and 3 to review the conclusions of the risk management.

The Periodic Assessment is fully implemented through APPEL. The partner will receive an email approximately 6 months after the end of its financial year inviting it to provide the information necessary for the assessment.

The Periodic Assessment is managed by the partner's headquarter. No inputs are required directly from the field.

For more information:
http://dgecho-partners-helpdesk.eu/partnership/partner_assessments/start

[12] Article 6.2 of the FPA NGO

4.1.4 RISK ASSESSMENT OF THE FINANCIAL MANAGEMENT CAPACITY OF THE PARTNER[13]

A) GENERAL PRINCIPLES

In order to comply with requirements of the Financial Regulation[14]as regards budget implementation, ECHO has put in place **risks mitigation measures**. These measures may vary depending on the specificity the partnership and the nature of the actions funded. The actions funded by ECHO may therefore be subject to appropriate controls, at the grant award and final payment stages, based on the risk assessment of the partner's financial management capacity.

The risks are assessed during the partner's Periodic Assessment.[15] The partner has access through APPEL (logbook) to the result of this risks assessment.

B) RISKS AT CONTRACTING STAGE

At contracting stage, ECHO will evaluate the risks it takes in pre-financing an action, by assessing the capacity of the partner to fund its activities in the short and medium term; the risk is that a partner does not implement the Action and the pre-financing cannot be recovered.

The financial solidity of the partner will be assessed, during the partner's Periodic Assessment, using standard financial indicators, such as net equity, net result, liquidity ratio, turnover and the level of dependence to ECHO funding. The benchmarks to assess the level of risk assumed by ECHO when pre-financing an Action will be fixed on the basis of two indicators:

- **Liquidity ratio** (i.e. Current assets / short-term liabilities): The NGO should be capable of covering its short term commitments, i.e. paying its charges when they are due. According to Commission standards, the ratio should be generally higher than 1[16]. In order to take into consideration the particularities of the humanitarian action the benchmark has been fixed by ECHO at 0,95.

- **Financial independence** (i.e. Equity (Non-restricted funds) / Total liabilities). This ratio gives an idea of the NGO's solvency, i.e. the capacity of the NGO to operate in the future, being capable of covering its medium and long term commitments. According to Commission standards, the ratio should be above 20%.

The partners whose indicators are above both thresholds may sign Specific Grant Agreements with ECHO without any particular limitation.

Partners which have a liquidity ratio below 0.95 over a consecutive number of years are considered as not meeting the criteria to remain a partner. In such case, ECHO may terminate their FPA.

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[13] Article 7 of the FPA NGO.
[14] Article 32 of the Financial regulation applicable to the general budget of the Union.
[15] See section 4.1.3.
[16] This means that current assets should be higher than short term liabilities.

For partners whose financial independence is below 20%, ECHO's financial exposure should be limited to a given amount.

The exposure of ECHO is the total amount of pre-financings paid to the organisation and not yet claimed as consumed by a declaration of expenditure or an intermediate or final report. This exposure is referred to as "open amount".

This risk exposure, referred to as the threshold, shall not exceed a percentage (15 or 20%) of the organisation's turnover. The maximum amount of pre-financing that ECHO could pay to a partner will be calculated by multiplying the operating income of the partner by the risk exposure. The operating income will be extracted from the latest certified audited accounts.

Liquidity ration	*Financial independence*	*Limitation of financial exposure*	*Example of Mitigating measures*
> 0.95	>20%	No limitation	NA
	10% >X< 20%	20% of turnover	50% prefinancing
	0% >X< 10%	15% of turnover	50% prefinancing

Before signing a Specific Grant Agreement with a partner in this situation, ECHO will look at partner's threshold and open amount.

In most cases, the threshold will have no influence as it will be higher than the open amount. In those cases where the open amount is higher than the threshold and that ECHO wants to sign a new agreement, ECHO might decide to impose mitigating measures. (See section 7.3)

C) RISK ASSESSMENT AT LIQUIDATION STAGE

The risk assessment at liquidation stage consists of analysing the capacity of the partner to manage the financial and procedural aspects of an Action, and more precisely the level of assurance to claim eligible expenditure. This risk is calculated on the basis of the non-eligible expenditures detected at final payment and during audits over a period of 3 years.

< 2%	**Fast track liquidation. Ad hoc checks possible**
>2%	Normal liquidation procedure

Based on this assessment, ECHO will adapt its financial controls at liquidation stage, i.e. when analysing the **final financial report**. For partners with an accumulated error rate below 2%, ECHO will apply a fast track procedure for the analysis of the final financial report. This means that the check on the general ledger will be limited.

The fast track approach does not have a direct impact on the partner as the partner will be asked to submit the same information for all its actions. It is only when ECHO will carry out a more in-depth analysis of the ledger that the partner might be requested further information.

The risk assessment does not have impact on the operational analysis of the narrative report.

D) HOW CAN A PARTNER REQUEST A REVISION OF ITS RISKS ASSESSMENT?

The risk assessment will be performed once per year on the basis of the information provided by the partner and the results of the controls performed by the different European bodies involved in checking the eligibility of expenditures.

The assessment will be done at the time of the Periodic Assessment mentioned above. Together with the conclusions of the Periodic Assessment, the partner will receive the revised risks assessment.

The partner has at any time the possibility to contact ECHO when it is in possession of new elements which might have an impact on ECHO assessment.

- General questions: http://dgecho-partners-helpdesk.eu/contact/start
- Specific question about the Periodic Assessment: ECHO-Partner-Assessment@ec.europa.eu

4.1.5 CONSULTATION WITH PARTNERS[17]

ECHO will involve its partners in the programming and planning of humanitarian aid, and, when appropriate, consult them regarding the implementation of this Framework Partnership Agreement and on other issues of mutual interest. To that effect, the following consultation processes have been put in place:

- **Partner conference**: the partner conference is organised once a year in Brussels. All partners are invited to send up to two representatives. This is a unique occasion to exchange views on topics of common interest.
- **FPA Watch Group:** composed of NGOs representing the interest of the FPA partners. The group is managed by VOICE, a network of NGOs active in the humanitarian aid. ECHO and the FPA Watch Group meet at least twice a year or more regularly when needed, e.g. during the revision of the FPA. Further information on the FPA Watch Group can be found at: http://www.ngovoice.org/index.php?page=117
- **Ad hoc meetings initiated by the partners**: at any time partners can request a meeting with ECHO representatives either in Brussels or in the field. A copy of ECHO organisational chart can be found at: http://ec.europa.eu/echo/about/who_en.htm
- **Ad hoc meeting initiated by ECHO**: at any time ECHO may invite partners to discuss issues relating to their FPA or any relevant issue. (e.g. meeting after an audit, after a security incident, to explain a partner strategy in the field…)
- **Meeting to discuss the Humanitarian Implementation Plan (HIP)**: such meetings take place at field level. Additional meetings may be organised at ECHO's offices in Brussels for high profile

[17] FPA NGO, Point 12) of the Preamble.

crisis. The purpose of these meetings is either to discuss with partners the content of the future HIPs or to present the final version of the HIPs. Partners will find information on those meetings ECHO website at http://ec.europa.eu/echo/en/funding-evaluations/funding-for-humanitarian-aid/consultations-partners-financing-decisions.

4.1.6 PUBLICATION OF INFORMATION BY ECHO ON THE PARTNERS

ECHO publishes on its website the **name** and **country of registration** of its partners. Should the partner have an objection to this publication, it should contact ECHO.

- To forego the publication of partners data: ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu

4.1.7 AMENDMENT OF THE FPA[18]

Amendments to the FPA are done through **exchange of letters**. They can be requested either by ECHO or by the partners. The changes may affect either the articles of the FPA (e.g. revised or new articles) or the information relating to the partners (e.g. addresses legal status, new legal entity, etc).

How? Partner: enter the changes into APPEL using the functionality: **"Legal Modification Request"**

ECHO: via a letter to the partner official address.

When? As soon as possible after the change takes place .

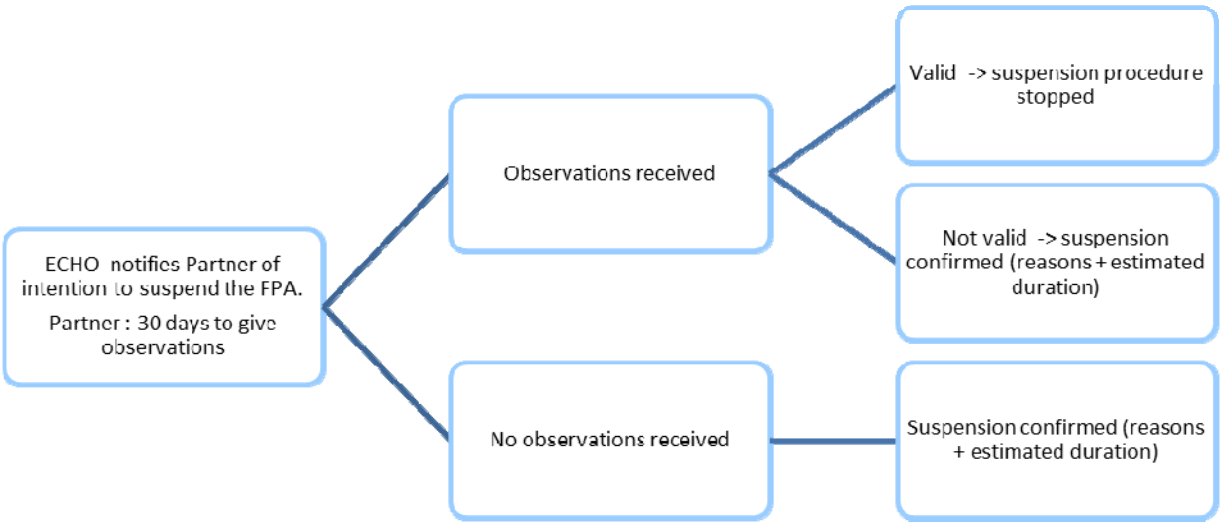
- Inform ECHO immediately in case of changes : ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu

[18] Article 13 of the FPA NGOs

4.1.8 SUSPENSION OF THE FPA BY ECHO[19]

If ECHO considers that the partner no longer complies with the eligibility and suitability criteria[20] to become a partner, ECHO may decide to suspend the partner until further information is received. ECHO may take such a decision either as a result of the analysis of the information submitted within the Periodic Assessment or of information obtained through other sources (e.g. audit, information from other donors, publicly available information on the partner etc.).

A) PROCEDURE FOR SUSPENSION



B) CONSEQUENCES AND DURATION OF THE SUSPENSION OF THE FPA:

- During the suspension, the Partner is not eligible for new funding.
- Any Specific Grant Agreement concluded before the suspension shall be completed and liquidated under the terms of the SGA.
- When grounds for suspension are no longer present, suspension shall be lifted.
- Partner cannot claim any compensation on account of a suspension of the FPA.

4.1.9 TERMINATION OF THE FPA[21]

A) TERMINATION BY THE PARTNER

Partner may terminate the FPA at any time by way of sending a **formal notification**[22] signed by a representative authorised to sign the FPA, indicating the date when the termination shall take effect.

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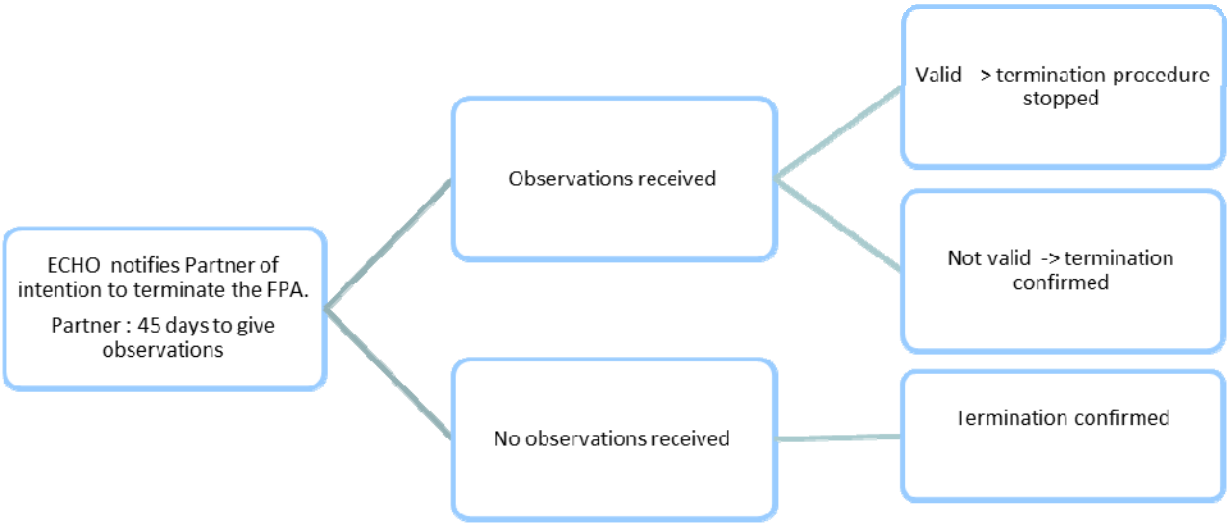
[19] Article 8 of the FPA NGOs
[20] See section 3 – Becoming an ECHO partner
[21] Article 9 of the FPA NGOs

- Send notification to: European Commission, ECHO, Unit responsible for Partner Support Team, B-1049 Brussels, Belgium - ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu

B) TERMINATION BY ECHO

ECHO may terminate the FPA,

- if it is established that the partner does not comply with the criteria required to be a partner;
- If administrative penalties are to be applied to the partner.



In case there is an on-going Specific Grant Agreement in place, the obligations of the Parties resulting from it, including those in the FPA, continue to apply even after the termination of the FPA takes effect.

[22] See Section 4.3.2

4.2 MEMBER STATES SPECIALISED AGENCIES

ECHO may finance humanitarian actions implemented by Specialised Agencies of Member States (MSSA)[23], if these MSSAs are recognised by ECHO.

The MSSAs are **national public bodies** or **bodies governed by private law** with a **public-service mission** in the area of humanitarian aid, set up in a Member State of the European Union. In order to be recognised as an ECHO partner, the MSSA must:

A public service mission can be granted to a private law entity through a specific act/decision/agreement of the relevant authorities. Alternatively, the private law entity can pursue the public service mission under the effective control of the relevant authorities

- be registered in a Member States of the European Union;
- have proven 3 years of expertise in the field of humanitarian aid;
- commit to respect the fundamental humanitarian principles;
- enjoy legal personality in order to have the authority to undertake legal obligations and to sign contracts;
- have provided adequate financial guarantees (only for private law bodies);
- comply with the Annex III of the FPA (in particular private law bodies).

The **MSSAs do not sign an FPA with ECHO**. After having applied to ECHO, if the result of the assessment is successful, MSSAs are invited to sign a letter to acknowledge their acceptance of the applicable legal template.

The Commission will follow the evaluation procedure and evaluation criteria to assess action proposals as laid down in Article 3.3 and 4 of the FPA NGO, thus ensuring equal treatment between different partners.

Due to their distinct nature, MSSAs are not subject to the Periodic Assessment, nor to the risks controls applicable to actions.

The legal texts used for MSSAs are **almost** identical to the ones of the NGOs with **some differences** and are composed of:

- The Model of Specific Grant Agreement
- The General Conditions applicable to humanitarian aid actions financed by the European Union (Annex 1)

[23] See Annex 1: Humanitarian Aid Regulation (HAR), Article 9.

- The Principles and procedures applicable to procurement contracts awarded within the framework of humanitarian aid actions financed by the European Union. (Annex 2)
- The Single Form (the same as for NGOs)

To a large extent, these **guidelines apply** also for actions implemented by MSSAs.

	• General questions: http://dgecho-partners-helpdesk.eu/contact/start • Specific: ECHO-APPEL@ec.europa.eu
	• http://dgecho-partners-helpdesk.eu/partnership/mssa/start

4.3 COMMUNICATION WITH ECHO

4.3.1 REGULAR AND TRANSPARENT EXCHANGE OF INFORMATION[24]

In a partnership, it is essential to maintain regular and transparent exchange of information. In particular, in humanitarian aid, it might be necessary to adapt quickly the action and activities to the evolving context.

The partner will inform immediately ECHO in the following cases:

- Circumstance likely to hamper or delay the implementation of the action or the fulfilment of its contractual obligations;
- When the partner become aware of corrupt, fraudulent, collusive or coercive practice in breach of the Specific Grant Agreement.

In addition, the partner will endeavour to inform ECHO when external reports or other publications are issued in relation to the action.

ECHO may also request specific information relating to the implementation of the action at any time.

In most cases, communication shall be transmitted via APPEL, unless otherwise requested in the FPA, the General Conditions or in the Specific Grant Agreement.

Depending on the nature of the communication, other means could be used, such as **email**, **pdf letter sent by email** or **formal notification**.

The FPA foresees an exhaustive number of cases where a **formal notification[25] is required**. In all other cases, the necessity of sending a registered letter shall be considered on a case by case basis. The tables below summarised the main types of communication and their means of transmission.

Formal notification = postal delivery with return receipt

When sending emails or letters to the partners, ECHO will use the data provided in APPEL or in the Single Form. The partner is invited therefore to update regularly its official address and email addresses in APPEL.

[24] FPA NGO, Article 2(4) and Article 5 of the General conditions.

[25] The FPA defines formal notification as postal delivery with return receipt or equivalent electronic means, if they allow for certification of receipt. Currently, ECHO does not use and cannot receive electronic message equivalent to a postal delivery with return receipt. Until further notice, formal notification will be made only through postal delivery with return receipt.

4.3.2 COMMUNICATION CONCERNING THE FRAMEWORK PARTNERSHIP AGREEMENT (FPA)[26]

Type of communication	Relevant Article	Partner to ECHO	ECHO to Partner
Legal changes (financial, technical, organisational)	FPA, Art 6(1)(b)	APPEL	[N/A]
Name/Address/legal representative	FPA, Art 6(1)(b)	APPEL	email (pdf) [27]
FPA amendment (other than those mentioned above)	FPA, Art 13(2)	[N/A]	email (pdf)
Periodic Assessment	FPA, Art 6(2)	APPEL	APPEL or email (pdf)
Suspension FPA by the Commission	FPA, Art 8	[N/A]	Formal notification
Termination FPA by partner	FPA, Art 9(1)	Formal notification	
Termination FPA by the Commission	FPA, Art 9(2)	[N/A]	Formal notification

4.3.3 COMMUNICATION IN RELATION TO THE SPECIFIC GRANT AGREEMENT (SGA)

Type of communication	Relevant Article	Partner to ECHO	ECHO to Partner
Submission proposals		APPEL	
Request revised proposals			APPEL notifications or email by Desk
Refusal of the proposal			Email (pdf)
Specific Grant Agreement	GC, Art 2(a)	Registered mail	Formal notification
Clerical error	GC, Art 12(3)	Email to HoU or Director referred in the SGA	Email (pdf)
Modification (requiring mutual consent)	GC, Art 12(2)	APPEL	Email (pdf)
Notification of Non-Essential changes	GC, Art 12(5)	APPEL	[N/A]
Request revised Modification request			APPEL notifications or email by Desk
Submission interim report	GC, Art 16(2)	APPEL	
Request revised Interim Report		APPEL	APPEL notifications or email by Desk
Request second pre-financing	GC, Art. 18(3)	APPEL	
Force majeure	GC, Art. 13	APPEL or formal notification	Formal notification

[26] FPA ONG, Article 12.
[27] Letter (pdf) sent by email to official address

Notification of events that could lead to suspension	GC, Art. 14(1)	APPEL or email to TA or Desk	
Difficulties in implementing an action	GC, Art 5(a)	APPEL	Will depend on the nature of the difficulties
Suspension	GC, Art.13(b)	By APPEL or formal notification	Email (pdf)
Suspension requested by ECHO	GC, Art 14(2)		Formal notification
Resumption of activities after suspension	GC, Art 14(3)	APPEL	Email (pdf)
Submission final report	GC, Art. 16(3)	APPEL	
Request for additional information			Email (pdf)
Request to donate supplies	GC, Art.10(3)	APPEL	Email (pdf)
Termination by the Partner	GC, Art. 15(1)	Formal notification	Formal notification
Termination by ECHO	GC, Art. 15(2)		Formal notification
Assignment of claims to third parties		Email to ECHO-finance-legal-affairs@ec.europa.eu	
Inform of Corrupt, fraudulent, collusive or coercive practice or established breach of agreement.	GC, Art 5 d)	APPEL or email to ECHO-finance-legal-affairs@ec.europa.eu	Email (pdf) or formal notification
Reduce of the grant	GC, Art.18(10)		Formal notification
Suspension of payments	GC, Art.18(12)		Formal notification
Penalties	GC, Art.28(c)		Formal notification

4.3.4 APPEL - ELECTRONIC EXCHANGE SYSTEM

A) DESCRIPTION OF APPEL AND ITS FUNCTIONALITIES

APPEL is the application for electronic exchange of information between ECHO and the partner.

Using APPEL, the partner can:

- Update its administrative data necessary for the management of agreements;
- Transmit operational and financial information;
    - Submit action proposals (on the SF);
    - Submit action reports, and
- Submit modification requests through the Single Form

Documents transmitted via APPEL do not have to be transmitted to ECHO by other means (postal delivery, mail). It is however possible to export documents from APPEL to an offline e-SF (useful for cases when APPEL is not functional).

B) WHO CAN HAVE ACCESS TO APPEL

ECHO partner staff and applicant organisations can use APPEL according to the rights they have requested and received. There are 6 categories of **user rights**:

- **Legal Entity Appointed Representative (LEAR) user rights**: The LEAR user rights can only be assigned to the person that is empowered by the constituent act or the internal rules of the organisation to represent and legally commit the organisation. The LEAR has the legal responsibility for the management of all other APPEL users of the organisation and their user rights. The LEAR can delegate the management of APPEL user rights by designating User Rights Administrators (URAs). LEAR user rights are granted by ECHO after having received the signed APPEL Charter[28]. In case of changes in the person empowered to represent and legally commit the organisation, the organisation needs to notify ECHO by sending the information (name, position of the new person) by email to the following e-mail address: echo-appel@ec.europa.eu.

- **User Rights Administrator (URA)**: The URA will manage user right of other users within the organisation. The URA needs to document the assignment of user rights and regularly update the list of users (the names of the persons that are no longer in the organisation or have changed functions are to be deleted and/or updated). The URA user rights can be granted or deleted only by the LEAR.

> How many users?
> No limitations to the number of users and to the number of user rights assigned to an individual user. (except for the LEAR, only 1)

- **Sender user rights**: The Sender can consult, encode or modify Single Form in APPEL. The Sender will also send the documents encoded in APPEL to ECHO. It is recommended to have 2 senders per organisation in case of absence of one of them.

- **Encoder user rights**: the Encoder can consult, encode or modify Single Form in APPEL.

- **Reader user rights**: The Reader can consult requests and the corresponding information in APPEL. The Reader cannot encode, modify or send data to ECHO.

- **Administrative user rights**. The Administrator can modify the organisation's administrative data. The Administrator cannot manage requests within the Single Form.

When submitting the final payment request and the declaration confirming that the information provided in the request for payment is full, reliable and true,[29] the **partner shall ensure** that the sender has the ability to legally commit the organisation.

C) HOW TO ACCESS APPEL?

The organisation can access APPEL through the "European Commission Authentication System" (ECAS) through user account(s), created by individual users within the respective organisation. These user accounts are personal and consist of a single identifier, i.e. a single unique username and password per user.

[28] The APPEL Charter is signed at the successful conclusion of the FPA application process, when the applicant organisation is invited to sign the FPA. Contact ECHO if your organisation has not signed a APPEL Charter at echo-appel@ec.europa.eu
[29] GC, Article 18(4)(c)(ii).

A Quick Guide is available in APPEL at https://webgate.ec.europa.eu/appel/index_en.html explaining:

- how to get an ECAS user account;
- how to apply for an FPA;
- how to access APPEL with an existing ECAS password.

Do not forget to update your ECAS account when you change email address

D) QUALITY AND SECURITY OF INFORMATION

It is the responsibility of the partner using APPEL to manage its own user rights, from creation to modification and deletion. The partner also needs to ensure that the information submitted in APPEL is accurate. For that purpose it should put in place adequate procedures to ensure that the access rights granted to its staff continuously remain in line with the tasks delegated to them and that they are aware of the responsibilities and obligations under each category of user rights.

Users shall not reveal their passwords under any circumstances, except where remote assistance is required from specialised personnel not disposing of screen capture software, and not located in the same building. After such assistance, the user shall immediately change his/her password. Where passwords are disclosed to other persons, the password owner remains responsible for the actions undertaken under his/her username/password. In this respect the organisations should be aware that ECHO will under no circumstances, not even when providing support, request the disclosure of passwords from users.

As the management of APPEL is the responsibility of the partner, the Commission cannot be held liable for any inaccuracy of information supplied in APPEL by users and for any miscommunication resulting from it.

E) WHEN APPEL IS NOT AVAILABLE

If access to APPEL is technically not possible the communication between the partner and ECHO can be made by e-mail or by postal delivery.

In such cases, the partner shall use the following contact information:

Communication in relation to	Email	Postal address
FPA	ECHO-Finance-legal-affairs@ec.europa.eu	European Commission Directorate-General for Humanitarian Aid and Civil Protection – ECHO B - 1049 Brussels Belgium
Specific Grant Agreement	Email of the Head of Unit or Desk Officer	

4.3.5 DATE OF COMMUNICATION

Depending on the modality of communication, the following is the date of receipt by ECHO:

- **Communication via APPEL**: the day of the successful submission. After submitting the document, the partner will receive a message confirming the successful submission.
- **Communication by email:** the date of successful dispatch (if it was sent to correct address!).

- **Postal delivery (without return receipt):** the date of its registration by the Commission.
- **Formal notification**: the date on which the letters are actually received.

4.3.6 CONFIDENTIAL AND SENSITIVE INFORMATION [30]

Confidential and sensitive information is information that could jeopardise the implementation of the action, the safety or security of the beneficiaries or the staff of the partner, its implementing partners or the economic interest of anyone involved.

Informing ECHO on the confidential or sensitive character of information can be done

- by in writing to the desk, or
- by contacting to the Unit responsible for Partner Support at ECHO-Finance-Legal-Affairs@ec.europa.eu , or
- through the Single Form(Section 13).

The partner cannot use information or documents marked as confidential or sensitive for any other reason than to comply with the obligations under the FPA or the Specific Grant Agreement (unless both ECHO and the partner agree otherwise in writing).

ECHO shall preserve the confidentiality of such information and documents, unless in cases of transmission to bodies charged with the monitoring or inspection tasks in application of Union law: OLAF, the European Court of Auditors.

Obligations related to confidential and sensitive information:

- ECHO and the partners are to preserve the confidentiality of the information and documents marked sensitive or confidential.
- The obligation lasts for 5 years, starting from the date of the receipt of the confidential or sensitive information, unless:
    - both ECHO and the partner agree to release the other from this obligation sooner;
    - the information becomes public by other means (but not in violation of the obligation not to disclose the information);
    - the disclosure is required by law; or
    - the disclosure does not put in danger beneficiaries or humanitarian staff.

4.3.7 LANGUAGE

The working languages are French or English. The Specific Grant Agreement will normally be concluded in the language in which the Single Form is filled in, and is not linked to the language in which the FPA was concluded. Subsequent communications will be made in the language of the Agreement.[31]

[30] FPA NGO Article 11, FPA GC Article 24.
[31] GCs, Article 4(3).

5. FINANCING DECISIONS

ECHO's humanitarian aid funding is channelled through **financing decisions** that are adopted by the European Commission. These decisions are the "legal basis" for the funding of individual actions. The financing decisions identify:

- the objectives of the humanitarian interventions;
- the region of intervention;
- the funds to be allocated;
- the implementation and eligibility period of humanitarian interventions.
- The implementation strategy

Funding cannot be awarded to a partner without the prior adoption of a financing decision.

There are 4 types of financing decisions:

- the Worldwide financing decision;
- the Primary Emergency financing decision;
- the Emergency financing decision;
- the Ad-Hoc financing decision.

Why is it important to understand the financing decision process?

- to be able to provide inputs into the financing decisions (e.g. inputs in the drafting of the Worldwide decision/HIPs)
- to understand the limitation of ECHO funding (e.g. which actions can be funded)
- to have a clearer idea about the applicable rules and procedures (e.g. single bid for emergency decisions, or specific eligibility dates)

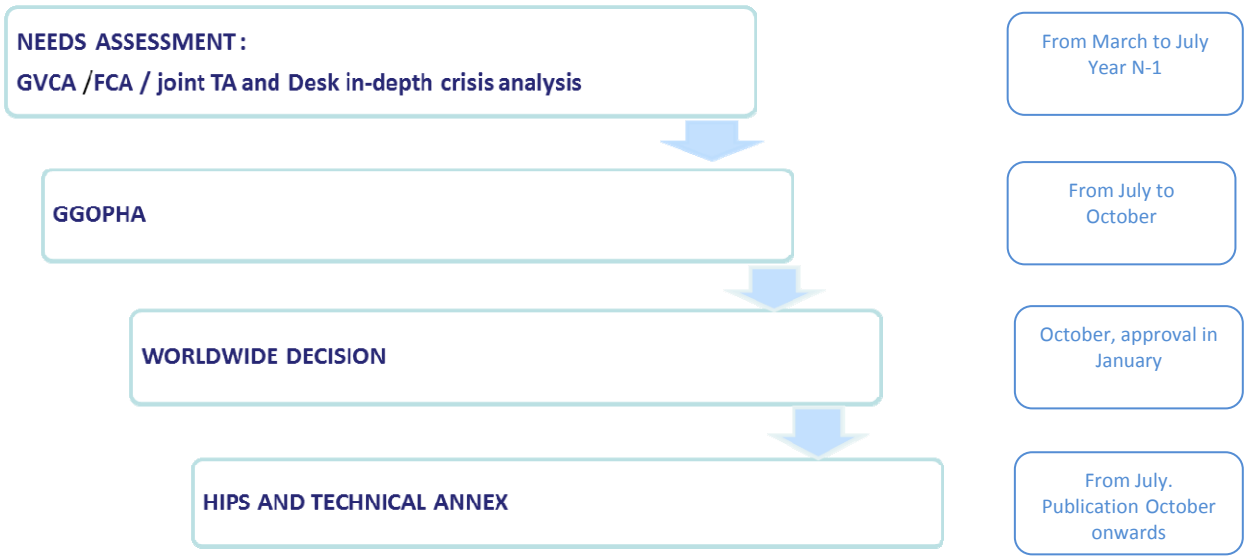
5.1 WORLDWIDE DECISION AND HIPS

The Worldwide decision covers all the humanitarian crises which are described in ECHO General Guidelines and Operational priorities (GGOPHA) . The duration of actions under this decision is **maximum 24 months**.

The process leading to the drafting of the Worldwide decision and budget allocations per individual crisis is an impartial needs assessment exercise carried out on an annual basis and gathering information on the humanitarian crises from different sources of information such as:

- the Global Vulnerability and Crisis Assessment (GVCA)
- the Forgotten Crisis Assessment (FCA)

- a comprehensive (sub)crisis context and possible response analysis that gives an insight into the nature and severity of needs. This analysis is conducted by ECHO field experts in coordination with the respective operational units in Brussels (in some countries, the experts meet with the partners to jointly discuss existing needs and reflect on most appropriate response)



The most important documents for the partners from an operational point of view are the **Humanitarian Implementation Plans (HIPs)**. The HIPs are communication tools prepared and published by ECHO in the context of the Worldwide decision. They are based on ECHO's annual needs assessment exercise described above. They provide information on each operational priority identified in the Worldwide decision on the basis of the GGOPHA. HIPs per country or crisis may be published on ECHO website from October onwards of the year preceding the adoption of the decision.

Together with the HIPs, ECHO publishes **a Technical Annex**. The Annex is prepared and published by operational units to assist partners in the preparation of their proposals . It contains operational, legal, and financial information necessary for drafting proposals, such as operational priorities, contact data of ECHO in HQ and the field, the allocated amount, the indicative date for submitting proposals, eligible partners etc.

- Further information on the Annual Strategy: **http://ec.europa.eu/echo/en/who/accountability/strategy**
- Needs assessment: **http://ec.europa.eu/echo/en/what/humanitarian-aid/needs-assessments**
- HIPs: http://ec.europa.eu/echo/en/funding-evaluations/funding-decisions-hips.

5.2 PRIMARY EMERGENCY FINANCING DECISION

The Primary Emergency financing decision is designed to cover the first immediate needs of the people concerned in the hours and days after the outbreak of a new humanitarian crisis.

Proposals should be submitted to ECHO as soon as possible after the onset of the crisis. In some cases, the proposals will serve as background to draft the financing decision. It is a first initial response which does not aim to cover all the needs. The Primary Emergency financing decision is appropriate in the case of sudden onset of natural disasters (e.g. earthquakes), and man-made disasters (e.g. conflicts). **The maximum duration of actions under these Financing Decisions is 3 months. It is not possible to extend the duration of the actions.**

5.3 EMERGENCY FINANCING DECISION

The Emergency financing decisions cover both new crises and existing humanitarian crises where humanitarian aid is already under way, but where continuing uncertainty and instability (a '*crisis within a crisis*') require an appropriate, rapid and flexible response (e.g. where there are sudden deteriorating weather conditions within a natural disaster situation). Experience shows that most Emergency financing decisions are taken to react to sudden natural disasters and a few of them are related to conflicts (e.g. sudden flows of refugees). **The maximum duration of actions under these financing decisions is 6 months. It is not possible to extend the duration of the actions.**

5.4 AD-HOC FINANCING DECISION

The Ad-hoc financing decisions primarily cover funding for crisis in African, Caribbean or Pacific countries funded from the European Development Fund (which is outside the EU budget).

5.5 URGENT ACTIONS

An urgent action[32] is an action which addresses immediate and unforeseeable humanitarian requirements generated by sudden natural or man-made disasters.

Urgent action includes all actions financed under the ECHO Primary Emergency and Emergency financing decisions mentioned above. Urgent action may also exist under other types of financing decisions (e.g. Worldwide decision/HIP, if foreseen in the text of the HIP or its Technical Annex). In this later case, ECHO and the partners agree together that the implementation of the actions has to start immediately.

Where an urgent action is financed under a Primary Emergency or an Emergency Financing decision, the partner should in principle use the simplified Single Form.
Where the urgent action is financed under other types of financing decisions, the partner may either use the simplified Single Form or the full Single Form (in the latter case the partner needs to include a reference to the fact the action is urgent in Section 11 of the Single Form)

[32] Article 2(f) of Annex III

In both cases, an Article 6.3 will be included into the text of the Specific Grant Agreement.

5.6 AGREEMENT NUMBER & FINANCING DECISION

The reference number given to a Specific Grant Agreement gives information on the financing decision. It reads as follows

ECHO	/AFG	/BUD	/2014	/9101 where:

ECHO = Financing Decision from ECHO

/AFG = Region/Country code. It can be:
- AFG – country code based on ISO - 3 digit
- -CF – region code defined by ECHO

BUD= Budget line, can be:
- **BUD** (general budget of the EU)
- or **EDF** (European Development Fund)

2014= Budget year of the financing decision

/9101 = decision and agreement number where:
- 9 or 0 = 9 for HIP or 0 for emergency/ad-hoc decision
- 1= number of decisions taken for the country concerned
- 01= reference number of the agreement.

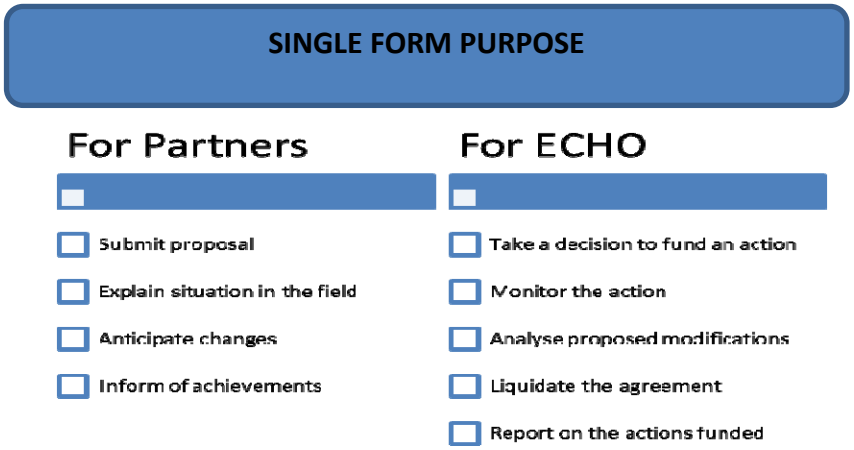
5.7 TO SUMMARISE

Decision Type	Duration of actions	Single Form to be used	Date submission proposal	Extension possible
Primary Emergency	3 months – maximum	Simplified	In the first days of the crisis.	NO
Emergency	6 months – maximum	Simplified	As soon as possible after the crisis	NO
Urgent action in HIP	6 months maximum	Simplified or non-emergency	As soon as possible after the crisis	NO[33]
Non Emergency Decision (ad-hoc)	Defined in the decision and where relevant in the HIP	Non-emergency or complementary		YES
World wide Decision	24 months – maximum	Non-emergency or complementary	For Worldwide decision, date specified in the HIP	YES

[33] In very exceptional cases, when the amendment would not call into question the award of the grant or equal treatment of partners, ECHO may agree to an extension amendment of the Agreement for a few months to allow completion of activities.

6. PREPARING AN ACTION

The **Single Form** is the form which the partner has to use to request funding for its actions.



The Single Form is a living document: It is the same form that is used during the action's life cycle to **amend** the action or to **report** on its achievements.

Single Form guidelines are available on ECHO Partners' website. The SF guidelines assist partner in filling in the Single Form. http://dgecho-partners-helpdesk.eu/reference_documents/start

6.1 HOW TO SUBMIT A PROPOSAL?

The partner will send the Single Form to ECHO using the **electronic exchange system, APPEL**[34].

ECHO **will not accept** other forms of communication. action proposals submitted by email or by other means to an ECHO staff will not be taken into consideration for appraisal and will not be considered as received by ECHO.

APPEL not available?

The obligation to use APPEL can only be derogated from in situations of urgency where, **for technical reasons**, APPEL cannot be immediately accessed by the partner. The partner will send the PDF version of its proposal by e-mail to the desk officer responsible for the agreement.

The official submission of the proposal via APPEL to ECHO HQ will trigger the appraisal phase (see section 7.2).

6.2 WHO CAN SUMBIT A PROPOSAL?

The partner can submit a proposal **on its own** or **in cooperation** with other humanitarian organisations[35]. The latter is often referred to as the consortium approach.

Consult section 9.2 on consortium for more information.

[34] FPA NGO Article 10.2 & General Conditions for Specific Grant Agreements, Article 4.

6.3 WHEN TO SUBMIT A PROPOSAL? [36]

	By an indicative date	From a *[date]* onwards	At any time
Frequency	Majority of cases	In few cases	In response to sudden crisis or ad-hoc decision
Type of crisis	HIP[37]		Emergency decisions, or ad-hoc decision
Where to find info?	Date published in section 3.1 of the HIP technical annex		At partner's own initiative or ECHO request
Appraisal?	From this date, ECHO will start appraisal process (although ECHO may in principle consider Single forms transmitted after this date)	Appraisal starts at reception of proposal	Appraisal starts at reception of proposal

	http://dgecho-partners-helpdesk.eu/action_proposal/start
	• General questions: http://dgecho-partners-helpdesk.eu/contact/start • Specific: Consult the HIP or decision document for the address of ECHO staff

[35] FPA – article 4.1
[36] FPA – article 4.1
37 Funding opportunities available at http://ec.europa.eu/echo/funding

7. ASSESSMENT OF PROPOSALS BY ECHO

ECHO will analyse the action proposal against a set of criteria; these criteria are mentioned in Article 5 of the FPA and summarised in this chapter. They are also outlined in the Financing Decisions, the HIPs and/or the technical annexes.

7.1 ELIGIBILITY AND ASSESSMENT CRITERIA

- **Humanitarian principles:** Funded actions must comply with the fundamental principles of *Humanity*, *Impartiality*, *Neutrality* and *Independence*. In situations of armed conflict, they should also comply with *International Humanitarian Law*.[38]

- **Minimum standards:** actions should also respect the following minimum standards :
  - **Well prepared** action: in particular with clear objective and SMART indicators using Key Result Indicators[39] when applicable;
  - Action in line with Humanitarian Aid Union policy[40], including **sectorial and thematic** standards and guidelines;
  - Action respecting the highest **ethical standards** and best practices in the sector and the specific operating environment;
  - Action **culturally** appropriate and adequate for the specific needs of different groups of affected persons ;
  - Action including **clear analysis** of the beneficiaries' situation.

Read Art.5 of the FPA to find out more about those minimum standards

- **Assessment criteria**: Each action will be assessed against a set of criteria according to the specific context of intervention. These criteria include:
  - Relevance to ECHO strategy and operational requirements specified in the financing decision/HIP;
  - Quality of the needs assessment and of the logical framework;
  - Relevance of the intervention and coverage of the crisis;
  - Feasibility;

[38] FPA NGO Article 3.2
[39] For more details on the Key Result Indicators, consult the Single Form guidelines.
[40] See section 2.2.5 for more information on policies

- Implementation capacity; and
- Knowledge of the country/region.

In case of actions ongoing in the field, where ECHO is requested to fund a continuation, a visit to the ongoing action may be conducted by ECHO field expert (TA) to determine the feasibility and quality of the action proposed.

Depending on the characteristics of the crisis, other elements could be taken into account when assessing the proposals, such as:

- Security;
- Coordination;
- Access arrangements;
- Quality of monitoring;
- Sustainability, resilience, Linking Relief Rehabilitation and Development;
- Cost efficiency; or
    - Comparative advantage of the action or the partners.

The Single Form guidelines present for each sections of the SF the criteria that will be used to assess the various elements of the action.

7.2 APPRAISAL PROCEDURE

The submission of the proposal through APPEL will trigger the appraisal procedure within ECHO. ECHO will base its assessment on the criteria mentioned above and will contact the partner for clarification if necessary.

ECHO has established for itself internal deadlines for the various stages of this procedure. These deadlines are indicative. The pre-selection and negotiations phases could be delayed for instance when the starting date of the action is planned for later than 60 days from the submission date.

For more information on the role of Desks and TA in the appraisal process, consult section 2.3.

Appraisal procedure - stages	Communication Channel	Indicative Target date
Submission of the proposal in APPEL	**APPEL**	Day 1
✉ Acknowledgment receipt	**APPEL**	
Analysis – pre-selection – made by ECHO staff HQ/TA/RSO in parallel		+15 working days
✉ Invitation to submit revised proposal including comments to be integrated or (next row)…	**ECHO->Partner** **APPEL notification**	
✉ Refusal letter	**ECHO->Partner** **Email (pfd)**	
Negotiation: exchanges between the partner and the TA before the	**TA ↔ partner field**	+30 working days

submission of the official revised proposal.	**(email)**	
Revised proposal	**APPEL**	
Additional round of negotiation	**ECHO ↔ Partner**	(normally not foreseen)
Decision to fund and preparation of agreement	**ECHO -> Partner** **Formal notification**	+11 working days
In case the negotiation was not successful:		
Refusal letters	**ECHO -> Partners** **Email pdf**	
Clarification on refusal	**Partner-> desk/TA** **Email**	

As a result of the appraisal by ECHO, the partner might be requested to modify some aspects of its proposal (e.g. reduce amount, modify results, better coordination with other actions, etc.).

These requests might be necessary for ECHO to ensure a better coverage of the crisis and a more efficient assistance. **However, these requests should remain reasonable and should not hamper the effective support provided by the partner to its beneficiaries**.

The project belongs to the partner. Before accepting these requests the partner must ensure that it will still be in a position to implement the action. In such cases, an open dialogue with ECHO is paramount.

In case of difficulties to reach an agreement (e.g. deadlines for the revised proposals, nature of requests made during negotiation, etc), the partner can contact the desk or the Partner's Helpdesk for support.

	Consult the HIP or decision document for the addresses of ECHO staff: http://ec.europa.eu/echo/en/funding-evaluations/funding-decisions-hips
	• Further questions: http://dgecho-partners-helpdesk.eu/contact/start

7.3 HOW THE FINANCIAL RISK ASSESSMENT IS TAKEN INTO ACCOUNT?

The financial risks assessment carried out by ECHO[41] is particularly relevant at contracting stage. The main risk for ECHO is that the partner does not have sufficient capacity to implement the action.

Before launching the agreement signature procedure, ECHO will check whether the partner has a threshold and whether the partner's open amount[42] is superior to the indicative threshold of the concerned partner. If the open amount is above the threshold, ECHO desk officers will have to justify their choice to sign an agreement with that partner in that moment in time. ECHO will give its opinion on the justification based on the following criteria:

- The calendar of the ongoing actions: are the ongoing actions close to an end? Is ECHO expecting final reports soon?

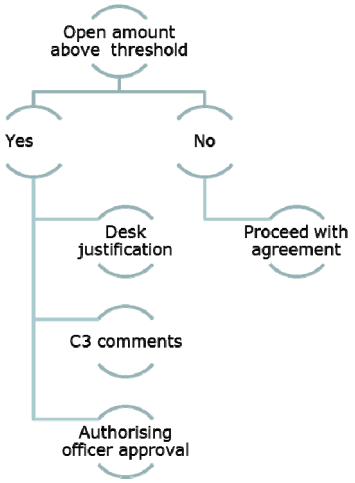
[41] See details in section 4.1.4
[42] Open amount = the total amount of pre-financing relating to agreements for which a Final Report has not been submitted yet.

- The character of the crisis covered by the new agreement - is it an urgent action? Forgotten crisis? Follow-up action, etc.
- Whether the Action is submitted as a consortium or not - if the lead partner has a threshold, what is its actual share in the action?[43]

For actions involving several FPA partners, ECHO will consider the share of each partner into the action individually .

Depending on this analysis, **mitigating measures** can be established, such as:

- Pre-financing the action in two instalments (50% and 30%) instead of one;
- splitting the action in order to reduce the amount;
- postponing the signature of the agreement.



The threshold is not a criterion limiting the partner's capacity to submit a proposal.

[43] If the partner with a threshold is an implementing partner in an ECHO Action, the threshold is not taken into account when signing the agreement.

8. SPECIFIC GRANT AGREEMENT

8.1 SIGNATURE OF THE SPECIFIC GRANT AGREEMENT

If ECHO decides to fund the project , it will send **2** originals of the Specific Grant Agreement (SGA) signed by ECHO, based on the model template, Annex I to the FPA.

Until the electronic signature is available, the agreement has to be send by post (Article 2 a of GC)

The partner has to send back **1** original of the SGA dated and signed by an authorised person within **15 calendar** days from receipt of the two originals.

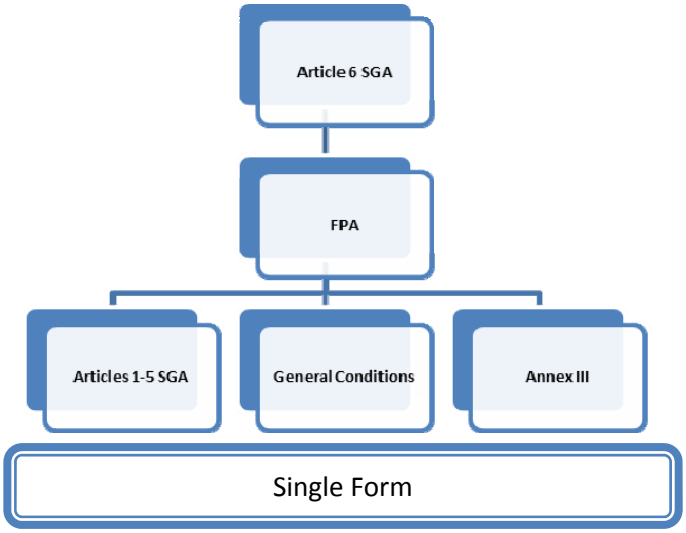
Who?	What?	How?	Where?
ECHO -> Partner	2 signed originals	Formal notification	Official postal address in APPEL
Partner -> ECHO	1 signed original	Registered letter	European Commission DG– ECHO B - 1049 Brussels, Belgium

The reception by ECHO of the **signed original** sent by post will trigger the payment of the first instalment. Sending of the signed agreement by email will not be considered as sufficient to launch the pre-financing procedure.

What if …		
SFA returned unsigned	➧	Agreement not valid. ECHO decides whether to resend the SGA text for signature
SGA returned signed but without date	➧	The date of signature will be the date of registration by ECHO.
SGA returned after 15 calendar days	➧	ECHO has the right to decide whether to accept the Agreement.
SGA returned with modifications made by partner.	➧	Agreement considered as null and void. ECHO can decide to launch again the agreement with or without changes.
Clerical errors in SGA	➧	The partner can sign the Agreement and inform ECHO (Head of Unit/director) of the identified error/s. ECHO will make the correction. (see also section 10.3)

A cover letter will be sent together with the Specific Grant Agreement. The text of the letter may contain important information for the implementation of the action (for instance, reminder to send TOR for evaluation or specific request for information on the action).

8.2 PRECEDENCE OF RULES



The FPA, the GC, Annex III and the SF are not attached to the SGA but are nevertheless an integral part of the SGA.

This chart presents all the documents which are an integral part of the Specific Grant Agreement (SGA) and the precedence of rules starting from the top.

8.3 ARTICLE 6 – SUPPLEMENTING OR DEROGATING CLAUSES OR URGENT ACTION

Article 6 of the Specific Grant Agreement introduces specific conditions either to supplement the General Conditions or to derogate from provisions foreseen in the General Conditions. These clauses can be requested by:

- the partner;
- by ECHO during the negotiation of the proposal.

In order to be valid, the clauses need to be explicitly mentioned in Article 6 of the Specific Grant Agreement. It is not sufficient to mention them in section 11 of the Single Form, even if the Single Form forms an integral part of the Agreement.

	Supplementing	Derogating	Urgent action
Description	= adding provisions to the Agreement not foreseen in the existing clauses	= when a clause forming part of the SGA should not apply and another rule is to be applied instead	= defining the action as urgent.
How to request it? **(when requested by partners)**	Section 11 of Single Form	Section 11 of Single Form	Automatic if Simplified Single Form. Otherwise if requested by partner and agreed by ECHO
Relevant article of SGA	6.1	6.2	6.3

8.4 CONTENT OF THE SPECIFIC GRANT AGREEMENT

#	Text of the Articles - Specific Grant Agreement	Comments
	This Specific Grant Agreement [insert number] (hereinafter referred to as 'the Agreement') is concluded between:	• Agreement number given by ECHO. • It is the identification number of the action and must be mentioned by the partner in all communications
	The **European Union** (hereinafter referred to as 'the Union'), represented by the European Commission (hereinafter referred to as 'the Commission'), represented for the purposes of signature of the Agreement by [Forename SURNAME, function, DG/service], on the one part,	• This is the identification of the official ("Authorising Officer") entitled to sign the agreement in the name of the European Union.
	and **[Name of the organisation] [SHORT NAME of the organisation]** [Address] (hereinafter referred to as 'the Humanitarian Organisation'), represented for the purposes of signature of the Agreement by [Forename SURNAME, Function], on the other part.	• The person identified shall be a legal representative of the organisation, as indicated by the partner under section 12.1 of the Single Form. This person must be included in APPEL in the list of persons entitled to sign Specific Grant Agreements on behalf of the Organisation. • The partner is responsible for the accuracy of the data transmitted to ECHO and must update the data whenever necessary in APPEL.
1	**Subject matter of the Agreement**	
1.1	This Agreement is concluded in the context of the partnership established between the Parties. It is drawn up in accordance with the relevant terms of the Framework Partnership Agreement No [...] signed between the Commission and the Humanitarian Organisation on [date on which the last Party signed the Framework Partnership Agreement] (hereinafter referred to as 'the Framework Partnership Agreement'). The terms and conditions of the Framework Partnership Agreement and its Annexes are fully applicable to this Agreement, except where explicitly provided otherwise.	• The terms of the FPA and its annexes (the General Conditions and Annex III) are applicable to the SGA. However, where Article 6 SGA foresees conditions derogating or supplementing the General Conditions, these shall have precedence over all other applicable rules.
1.2	The Commission has decided to award a grant, under the terms and conditions set out in this Agreement and the Framework Partnership Agreement,	• The title of the action is automatically extracted from the SF. Where the title of the action does not indicate the country of operation, this will also be included, where relevant.

#	Text of the Articles - Specific Grant Agreement	Comments
	including its Annexes, for the action entitled [**insert title of the action**] (hereinafter referred to as 'the Action') as described in the Single Form [...],which forms an integral part of this Agreement.	• The reference number of the Single Form is the number notified automatically to the partner at the time of the submission of the last version of the proposal via APPEL. The system will automatically identify the last version of the SF (approved version) and will insert the relevant reference number in the Agreement.
1.3	With the signature of this Agreement, the Humanitarian Organisation accepts the grant and agrees to implement the action in accordance with the terms and conditions of the Agreement and of the Framework Partnership Agreement, including its Annexes, acting on its own responsibility.	• The text of the General Conditions and Annex III are not annexed to individual Agreements, but by signing the Agreement the partner acknowledges that they will apply to the action. • The full text of the proposal (i.e. the last version of the Single Form sent by the partner and accepted by ECHO) is also an integral part of the Agreement. The Single Form can be uploaded and accessed via APPEL.
2 Entry into force of the Agreement and the implementation period of the action		
2.1	The Agreement shall enter into force on the date provided for in Article 2 of the General Conditions applicable to Humanitarian Aid action financed by the European Union annexed to the Framework Partnership Agreement (hereinafter referred to as 'the General Conditions').	• The Agreement produces effect only once it has entered into force. Currently, the signature of the SGA is still done on paper. However, in the future, the possibility exists for transiting to a full e-SGA. Thus, Article 2 GC provides for the possibility of both paper and e-signature. 1. **When SGA is to be signed on paper:** it shall enter into force on the date of receipt by ECHO of one original document duly signed by the partner sent by postal delivery with return receipt; 2. **When SGA is to be signed electronically:** it shall enter into force on the date of receipt by ECHO of the protected electronic document, duly signed by the partner through APPEL.
2.2	The implementation period of the action shall run for [months/days] from [insert date] (hereinafter referred to as 'the start date of the Action').	• The duration and the start date are automatically extracted from section1.5 of the Single Form. • The last day of the agreement will be calculated according to the following example: a 3 month action starting on 8 February will end on 7 May. • The implementation period of the action can equal the period of eligibility of expenditure (see below, Article 2.3 SGA) or can be shorter. The implementation period can never start before the eligibility period. • The option to have the implementation also in "days" is available only for modification requests.
2.3	The eligibility period of the action shall be from [insert date] until the end of the implementation period of the action	• The eligibility date is automatically extracted from section 1.5 of the Single Form. • The eligibility period expires at the end of the implementation

#	Text of the Articles - Specific Grant Agreement	Comments
	specified in Article 2(2) herein.	period.
3. **Maximum amount and form of the grant**		
3.1	The direct costs of the action eligible for Union-funding are estimated at EUR [...]. Indirect costs are estimated at EUR [...] and shall be declared as eligible on the basis of a flat-rate of [...] % of the total eligible direct costs. The total eligible costs of the action are estimated at EUR [...], as set out in the Financial Overview of the action in the Single Form.	• The amounts mentioned in this article are extracted from section 10 of the Single Form.
3.2	The European Union undertakes to finance a maximum of EUR [...], equivalent to [...] % of the estimated total eligible costs specified in Article 3(1) herein.	• The amounts mentioned in this article are extracted from section 10 of the Single Form. (cf. SF guidelines). • ECHO contribution is expressed both as a maximum amount and as a percentage of the total budget of the action. The percentage varies according to the financing modalities (full or partial financing).
3.3	The final amount of the Union contribution shall be determined in accordance with Article 18(8) of the General Conditions.	• This provision recalls the rules related to the establishment of the final amount.
4.Submission of reports and final payment request		
4.1	*Either* ["[...] months before the end of the implementation period of the action, the Humanitarian Organisation shall submit an Interim Report on the action's implementation, covering the implementation up to one month before the reporting date."] *or* ["Not applicable."].	• The interim reporti deadline is usually 3 months before the end of the action. • No interim report requested in the case of: o urgent actions or o short actions with a duration of less than 10 months. • When the Interim Report is not required, Article 4(1) shall indicate 'Not applicable.' Exceptions: When operationally justified, ECHO may: • set a different deadline (e.g. in case of long actions – 24 months – the IR could be requested 6/9 months before the end of the action.) • request an IR also for urgent/short actions e.g. particularly difficult context or when ECHO does not have the possibility to do a monitoring of the action.
4.2	The Humanitarian Organisation shall submit the final payment request and the final report within [...] months after the end of the implementation period of the action.	• Default reporting deadline: 3 months after the end date of implementation Exception: • a different deadline may be set when operationally justified (e.g. in case of consortium), however the extension should not

#	Text of the Articles - Specific Grant Agreement	Comments
		be excessive. • If the partner anticipates delays in the submission of the final report, it can request at any time a different deadline. The request should be made through a Modification Request, in Section 13 of the Single Form.
5. Payment arrangements		

5.1	In accordance with Article 18(2) of the General Conditions, the Commission shall make a pre-financing payment equivalent to [...%] of the amount specified in Article 3(2) herein.	General rule: 80%
		• Different pre-financing rates can be applied by ECHO taking into account the specificities of the action, e.g.:
		  • the duration of the action;
		  • the difficult operating contexts, where there is a risk that the action can be suspended or terminated (in order to allow the re-allocation of the un-spent amounts);
		  • the past performance of the partner in similar contexts;
		  • in case of partners with a financial threshold to limit the risks incurred by ECHO.
		• In those cases, ECHO may provide 50% followed by a second pre-financing payment amounting to 30% or a different configuration.
		• In general, the partner is informed of the pre-financing rate at the reception of the SGA. Furthermore, the partner is informed of its risk status in APPEL, and thus may expect that in case of a high risk rating the level of pre-financing may be adjusted.
		When:
		• The **first/single pre-financing** will be made 30 calendar days following the **entry into force** of the Agreement. The rule concerning the late payment interest will apply after that deadline. (see 2.1 above)

5.2	*Either* ["In accordance with Article 18(3) of the General Conditions, a further pre-financing instalment, equivalent to [...%] of the amount specified in Article 3(2) herein shall be made by the Commission, subject to the Humanitarian Organisation's declaration that at least 70% of the first pre-financing installment paid has been consumed."] *or* ["Not applicable."].	• The **second pre-financing** is subject to the declaration by the partner that 70% of the previous instalment has been consumed, i.e. the partner has legal commitments amounting to 70% of the first instalment. • The partner shall submit the request via the dedicated form in APPEL and sign the declaration to be attached as an annex in APPEL (no additional information needed). It does not have to coincide with the submission of the Interim Report. This payment is done within 30 calendar days of receipt of the declaration. • If there is a single pre-financing, Article 5(2) shall indicate 'Not applicable.'

#	Text of the Articles - Specific Grant Agreement	Comments
6. Specific conditions applying to the Action		
		• Article 6 serves the purpose of introducing specific conditions either to supplement the General Conditions or to derogate from one or more of their provisions. It is strongly recommended to introduce the necessary specific provisions, if any, in the SGA from the start, in order to avoid having to amend the SGA once the implementation of the action has begun.
6.1	*Either* ["The following specific conditions shall supplement, and have precedence over all other provisions of the Framework Partnership Agreement and its Annexes: [...]."] *or* ["Not applicable."].	• Specific conditions supplementing the agreement refer to cases where one of the parties wants to add provisions to the agreement not foreseen in the existing clauses. • If not relevant, the Article shall indicate "Not applicable".
6.2	*Either* ["The following specific conditions shall derogate from, and have precedence over all other provisions of the Framework Partnership Agreement and its Annexes: [...]."] *or* ["Not applicable."].	• Derogations refer to cases where, for well-grounded reasons, a clause forming part of the General Conditions should not apply and another rule is to be applied instead. • If not relevant, the Article shall indicate "Not applicable".
6.3	*Either* ["The rules applicable to urgent actions provided for in Article 3(5)(g) of Annex III of the Framework Partnership Agreement shall apply to this Agreement."] *or* ["Not applicable."].	• The information whether an action is "urgent" shall be retrieved from the e-SF, only in those cases where a simplified SF was used. In other cases, the mention will be included by ECHO when necessary. • If not relevant, the Article shall indicate "Not applicable".
	Done in two originals in the [English/French] language, one for the Commission and one for the Humanitarian Organisation.	• The language of the SGA will be the same as the language in which the e-SF was completed, i.e. English or French. • ECHO will send two originals signed by ECHO. The partner has to send back one original of the agreement signed within 15 days from receipt of the two originals.
	For the Humanitarian Organisation [Forename SURNAME] [Function] Signature Done at [place], [date] For the Commission [Forename SURNAME] [Function] Signature Done at [Brussels], [date]	• The person identified shall be a legal representative, as indicated by the partner under section 12.1 of the Single Form. This person must be included in the list of persons entitled to sign Specific Grant Agreements on behalf of the Organisation. • The partner is responsible for the accuracy of the data transmitted to ECHO and must update the data whenever necessary in APPEL. • The partner must indicate also the date and place of signature.

9. ACTION IMPLEMENTATION

The partner implementing humanitarian aid actions should ensure that it mobilises the necessary financial, human and material resources[44]. The partner will implement the action with the requisite degree of care, efficiency, transparency and diligence.

9.1 IMPLEMENTING PARTNERS

The partner may entrust tasks forming part of the action on a non-profit basis to one or several implementing partners.

The partner shall ensure that the conditions applicable under the Specific Grant Agreement are also applicable to implementing partners. It concerns in particular the rules related to conflict of interest, visibility, communication and information, eligibility of costs, procurement, right of access, evaluation of the action, audits and other controls.

Sometimes, it can be difficult to draw the line differentiating a contractor from an implementing partner. The following table indicates the main differences between these two actors.

	Contractor	Implementing Partners
Purpose	To acquire goods, services or works required for the implementation of the action.	To secure the necessary local support and cooperation in the implementation of the action.
Selection Procedure	Competitive and negotiated tendering procedures should always be used.	Relations based on sharing of common values and objectives. Tendering procedure not required.
Delegation of Power	Contractors do not enjoy a discretionary margin for the execution of their contract. They are required to undertake tasks as per the letter of the contract. The partner cannot delegate the execution of key elements of the action to contractors.	IP may enjoy a delegation of power from the partner. They are required to achieve results and thus enjoy a discretionary margin in achieving the targeted results. IP may implement key activities of the action. The partner however, remains responsible towards ECHO for the actions of its IP and has to put the appropriate supervision and monitoring system into place.
Legal Instrument	The result of a procurement procedure is a contract.	The rights and obligations of IP are established in an agreement or in a Memorandum of understanding.
Profit	The contractor's remuneration normally includes an element of profit.	The agreements signed between the partner and the IP must not have the purpose or effect of producing a profit for either party.

[44] Article 1 of the GC.

The decision to entrust tasks to implementing partners should be mentioned in the section 6.7 of the Single Form. The partner does not need to indicate all implementing partners, but it can decide which implementing partners to present in the Single Form. It will depend on the role played by the implementing partners in the action. To take this decision, the partner will consider the need to ensure transparency towards ECHO, the share of the budget managed by the IPs in question, the level of the involvement of the IPs in the action and the type of action. The partner should however remain reasonable as regard to the level of details provided in the Single Form, both as regard to the number of implementing partner presented and quantity of information.

In the Single Form, the partner will present and explain:

- The prospect of having recourse to implementing partners;
- The estimated budget share that would be allocated to the activities carried out by implementing partners. (N.B. There is no minimum or maximum limit regarding the budget share that can be allocated to implementing partners. It is possible in some cases to entrust tasks forming part of the action to an IP which is allocated 0% of the budget. However, the partner is obliged to retain full control of the implementation of the action.)

The partner is able to add or remove implementing partners unilaterally in the Single Form, as this is considered a non-essential operational change. However, if the partner considers that there would be significant operational consequences from removing an IP, or if the partner is aware that adding an IP may raise problems in terms of compliance with the humanitarian principles, it is obliged to contact ECHO under its duty of full information sharing foreseen in Article 5 of the General Conditions.

Signing a Memorandum of Understanding (or equivalent) with the implementing partners is **essential** to clarify the rights and obligations from the outset.

Partners should ensure full access to documents of the Implementing partners during audit at Headquarters.

It is also important to remember that the partner remains fully responsible for all activities implemented by its implementing partners and shall ensure and guarantee an effective management and control of the whole action.

9.2 CONSORTIUM & COORDINATED APPROACH

The number and the complexity of today's disasters are stretching humanitarian actors' capacities to respond effectively and efficiently to these disasters. Experience has shown that strengthening the collaboration between the humanitarian organisations operating in the field can bring numerous advantages such as complementarity, increased geographic coverage, increased target population coverage and decreased duplication.

ECHO is supporting two different approaches to increase coordination and collaboration in the field:

- Coordinated log-frames
- Voluntary consortia

9.2.1 COORDINATINED LOGFRAMES

The coordinated approach consists in signing one Specific Grant Agreement with individual partners which have decided to collaborate more closely in the field to address the needs of a specific crisis.

Under this approach the collaboration takes place ex-ante between partners present in the field. The partners share their needs assessment (or they carry out joint needs assessment), they develop in a collaborative way their response which is translated into a joint Logframe. Each partner will then submit individual proposal containing the same Logframe. They will therefore work together towards achieving the same objectives but under separate grants.

9.2.2 CONSORTIUM

On a voluntary basis, partners may decide to join forces to respond to complex and major crisis and create a consortium.

Working in consortium is often challenging for humanitarian organisations. In 2012[45], ECHO funded a report drafted by The Emergency Capacity Building (ECB) Project on the challenges and keys for success of consortium. These keys are summarised in the box.

Key factors for a successful collaboration
- Common objectives between partners
- Effective leadership
- Alignment of procedures
- Support staff working for the project
- Commitment for the collaboration (meeting, MOU)
- Transparent, effective communication
- Clarify roles and responsibilities
- Realistic funding
- Finding common approaches
- Managing internal crisis within consortium

This said, **consortium within an ECHO-funded specific grant agreement** is defined as an action under which several partners (FPA or even sometimes UN/IOs) work together under a consortium arrangement, with one of the FPA partner signing the Specific Grant Agreement and acting as the lead of the consortium, while other FPA partners take part in the implementation as implementing partners.

The lead partner carries the full legal and financial responsibility for the action and will ensure that the obligations of the Specific Grant Agreement are respected by the implementing partners. Several measures have

From a legal point of view, the members of a consortium (except the lead partner) are considered as implementing partners.

[45] *What We Know About Collaboration:the ECB Country Consortium Experience*: The report could be used as a reference tool for developing a country consortium or strengthening an existing collaboration among emergency response agencies and wider stakeholders, including local government and local communities. It summarizes the key factors that ECB Project stakeholders identified to help NGOs successfully consider working with a consortium. It also provides a select number of tools and approaches to assist you with developing momentum with your joint activities. Members of the ECB country-level consortia also share some of the key lessons they are learning about building capacity together.
http://www.ecbproject.org/resource/18304

been taken however to facilitate, to the extent possible, the work and interaction of the partners involved in the action. These measures are explained in the text of these guidelines and are summarised in the table below.

It is of paramount importance for the success of the consortium that the partners agree on the main elements of the action beforehand, for instance, through a Memorandum of Understanding.

Specific measures for ECHO funded Consortium	
Depreciation	• FPA partners can use their own depreciation rules
Eligible costs	• Coordination costs acceptable if reasonable
Procurement rules (see 9.4.5)	• Consortium members apply the rules of the lead member or each consortium member apply its own rules
Currency	• The exchange rate established between lead partner and consortium members is an internal matter.
HQ audit	• Cover the entire consortium • Importance of ensuring clear audit trail • Information from Consortium members to be sent to HQ Lead partner.

9.3 ELIGIBILITY CRITERIA OF COSTS

9.3.1 THE CRITERIA

Eligible costs[46] are costs which meet the following criteria:

- **necessary** for the action
- **incurred** during the eligibility period
- **identifiable** and **verifiable**
- **reasonable**, justified and in line with sound financial management
- covered by the estimated overall **budget** of the action
- compliant with applicable tax and social **legislation**.

These criteria apply to both the partner signing the Specific Grant Agreement and its potential implementing partners.

ECHO will only pass judgement as to the actual eligibility of costs at the liquidation stage when determining the balance to be paid. Costs that do not meet the eligibility conditions will be declared ineligible and disallowed accordingly. The mere fact that certain costs are being mentioned in the financial part of the Single Form at proposal stage and thereafter is irrelevant, as this cannot overrule the otherwise applicable eligibility conditions.

A) NECESSARY FOR ITS IMPLEMENTATION

The fundamental eligibility requirement is that costs are eligible when they are useful and needed for the achievement of the results. The costs must be essential for the performance of the operation in question. In other words, they **would not have been incurred if the action had not taken place**.

The question of necessity of a cost is the first question to be asked in case of doubt about the eligibility of a cost.

In some cases, the assessment of the fulfilment of the "necessity" requirement is not easy. This is the case for instance of equipment purchased towards the end of the action. This assessment will be based on the operational information provided by the partner or by ECHO.

[46] Article 8 of General conditions.

B) INCURRED DURING THE ELIGIBILITY PERIOD OF THE ACTION

A cost is incurred when the related goods, equipment, service or works have been ***used*** in connection with the action. The fact that a legal commitment has been made (e.g. signature of a legally binding agreement or issuing a purchase order) is not sufficient for the costs to be eligible.

The table below describe the meaning of "used" for each type of costs.

For:	Used during the eligibility period means:
Goods ➥	When distributed to the beneficiaries
Equipment for beneficiaries ➥	When made available to beneficiaries
Support supplies ➥	When directly linked to the action and necessary for the action
Services and works ➥	When performed.

The partner should be prepared to demonstrate that a cost has been actually incurred, for instance during ECHO audits. Auditors may ask to visit specific action locations (distribution points, shelter construction sites, etc.) to verify that the supplies have been delivered or used during the eligibility period. During an HQ audit, auditors will check all the supporting documents related to the action and the relevant dates (i.e. distribution lists, logbook, employment/service contracts, reports on end of works, post-distribution monitoring report, but also payment vouchers, bank statements, tender files including bids not accepted, derogation forms signed at applicable level, etc.). This example list includes the costs incurred by implementing partners.

What if?

- Partner realises that costs will be incurred after the end of the eligibility period?

  ➥ Can request a no-cost extension when still possible.

- The costs are not paid by the end of the eligibility period.

  ➥ should ideally be paid by the time of submission of the final payment request.

  ➥ if not, must be booked as debt in the accounts of the partner until the cost is paid.

- The costs are not paid at the time of the audits without a justification:

  ➥ the actual and real nature of the costs may be challenged.

4 exceptions (exhaustive list) Costs that can be incurred after the eligibility period	
Preparation final report = costs necessary for the drafting of the final report (salaries of staff, + the overheads linked to the work of this staff).	**Post distribution monitoring** = cost of staff in charge of the post distribution monitoring and related running costs.
Final Evaluation = costs relating to the final evaluation, both external and internal.	**Audits=** Only if the audit is an essential requirement under the applicable national legislation for the partner to operate in the country of the action

C) IDENTIFIABLE AND VERIFIABLE

The costs must be recorded in the accounting records of the partner. They must comply with the accounting standards of the country of registration of the partner and its usual cost accounting practices. The costs should also be backed by supporting evidence. (e.g. invoice, receipts, agreements, time-sheet, etc).

The partner does not have to provide those supporting evidences with the final report, but it has to make them available at ECHO's request or in case of audits.

Indirect costs do not need to be backed by supporting evidence during audits.

D) REASONABLE, JUSTIFIED, AND COMPLIANT WITH THE PRINCIPLE OF SOUND FINANCIAL MANAGEMENT

This principle means that the budget of the action must be used in accordance with the principles of economy and efficiency.

- The principle of economy requires that the resources used in the pursuit of an activity be made available in due time, in appropriate quantity and quality and at the best price.
- The principle of efficiency refers to the best relationship between resources employed and results achieved.

Throughout the action, the partner will have to make sure that this principle is respected. At the end of the action, in cases where this principle could not be respected, the partner will have to justify the reasons and the impact on the result. When no valid justification can be provided, costs may be declared ineligible.

E) COVERED BY THE BUDGET OF THE ACTION

This requirement means that all the costs must be included in the overall budget of the action. It does not mean that all those costs will be "visible" in the financial statement as the financial statement presents only the costs up to a certain level (level 3). Eventually, all the costs that will be presented in the ledger at final report stage must fall into one of the budget headings presented on the Financial Statement annexed to the Single Form.

F) COMPLY WITH THE APPLICABLE TAX AND SOCIAL LEGISLATION

The partner must comply with the applicable tax and social legislation e.g. the legislation of the country of registration of the partner and of the country of implementation.

9.3.2 WHAT ARE THE MAIN CATEGORIES OF ELIGIBLE DIRECT COSTS?

Direct costs[47] of the action are the costs directly linked to the implementation of the action, which would not have been incurred had the action not take place.

A) STAFF COST

☑	**Personnel assigned to the action**	• Working under an employment contract or an equivalent appointing act.
☑	**Natural persons working under a contract other than an employment contract** e.g. in-house consultants, advisors	• Provided that the person works under the instructions of the partner • In the premises of the partner (unless exception) • The result of the work belongs to the partner; • The costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the partner. If these conditions are not met, then a consultant is considered a service provider under a service contract, thus the procurement rules apply.
☑	**Allowances and other benefits for volunteers** assigned to the action.	

Headquarter staff cost is not eligible. Unless:

- If the costs relate to the monitoring of the action in the field.
- If the costs relate to a specific tasks necessary for the achievement of the action operational results and have accordingly been identified as an operational activity in the SF.
- If the costs relate to the preparation of the final report (up to a max. of 1 full time equivalent with appropriate qualification and experience for the drafting of the final report (max. 3 months) independent of the actual location of the person drafting the report.

What may be included under personnel costs?

- actual salaries
- social security contributions
- staff insurance costs
- statutory costs included in the remuneration, provided that these costs are in line with the Humanitarian Organisation's usual policy on remuneration. (e.g. sick leave indemnities)
- additional remunerations, provided that they are paid in a consistent manner (e.g. hardship allowance)
- severance payments due at the end of employment contracts, provided that such payments arise from a statutory obligation under the applicable labour law (and not contractual arrangements), and provided these are charged pro rata to the Action. Accrued severance payments not payable immediately are acceptable.

[47] Article 8(2) GC FPA NGO

In such cases HQ salaries or a portion of these may be directly eligible, provided that the assignment of the HQ staff to the action are traceable, e.g. through timesheets or other similar means (e.g. the cost-allocation procedures of the partners).

Costs relating to the general grant management support are not eligible as they are considered as part of the capacity of the partner and covered by indirect costs.

C) COST OF SUPPLIES

The notion of supplies includes both goods and equipment.

- Goods are items intended for direct consumption or use by the beneficiaries, including non-durable items and consumables.
- Equipment: durable items that can be used multiple times over their estimated economic useful lifespan. They comprise both **support equipment** (intended to assist the implementation of the action) and **operational equipment** (intended for the direct benefit of the beneficiaries).

	Which costs	Conditions
Goods	• Purchase costs, related transport, storage and distribution costs	• Procurement rules respected • Incurred during the eligibility period • Rules on remaining goods respected
Equipment	• Full Purchase costs of new or second hand equipment • Depreciation • Rental • Lease	• Procurement rules respected • Incurred during the eligibility period • Rental/lease: only the rate applicable to the action. • Depreciation: see below • Full Purchase costs, provided rules remaining equipment respected

When ECHO is the **single largest donor** to the action, the options and conditions mentioned above apply to goods or equipment. When ECHO **is not the largest single donor**, these requirements are not applicable, provided that the remaining equipment is used to the benefit of the humanitarian actions.

When the partner expects difficulties to purchase the equipment (e.g. delays in delivery, difficulty to obtain custom clearance), ECHO recommends opting for solutions such as rental, lease, or depreciation.

SPECIFIC CASES

- **Stationary items,** as a general rule, have to be included in indirect costs or field office costs. Stationary items necessary for a specific activity (e.g. for a training for beneficiaries) are eligible.
- Purchase, depreciation or rental costs are not eligible in case of equipment **donated by another** donor or fully paid under a previous EU action. The only relating costs that can be charged are the running costs of the equipment if they are mentioned in the Single Form and directly linked to the implementation of the action.

- In-kind contributions are not considered as eligible costs and cannot be used to as a basis for the calculation of indirect costs.
- Costs directly linked to the management of the **consortium** (liaison officer, administrative support, audits, logistics support, monitoring of the associated partners activities) are eligible costs as long as they are reasonable and verifiable.
- The partner may **share costs** among different uses and actions according to a cost allocation system. (e.g. cars). These costs may be eligible provided that they are linked to the action and are charged in proportion of the different sources of funding.
- For equipment leased with option to buy, the eligible costs should generally not exceed the costs that would have been incurred if the equipment had been purchased. They should exclude any finance fee.

DEPRECIATION

- The partner can use their own depreciation rates[48], provided that they are in line with:
    - its own accounting practices (and that they are recorded in the accounting statement);
    - the applicable national legalisation of the country where the partner is established;
    - international accounting standards;
    - the principle of economy and efficiency;
    - the principle of proportionality (only the portion of the actual use is taken into account).
- When the partner collaborate with implementing partners which are FPA partners, the FPA partners can use their own depreciation rates.
- Where the durable equipment belongs to an implementing partner which is not a FPA signatory, the implementing partner should use a depreciation rate and a methodology which is at least comparable or consistent with the one used by the lead partner in that action. This is to avoid having different depreciation rates applied in the same action which would be hard to reconcile or justify.
- Depreciation rules apply to second hand equipment, provided that the appropriate actual useful life of the asset is taken into account.
- It may be the case that the depreciation procedures foresee an accelerated depreciation for emergency contexts. In such a case, ECHO expects that the depreciated equipment is used in subsequent actions.

[48] Article 10.2 of the General Conditions FPA NGO

- An important exception to this is if the durable equipment was bought using donor funding during a previous action. In cases where an donor has already paid or co-financed the purchase cost of a piece of durable equipment the related depreciation or rental costs can never be charged to a future ECHO funded action - to do so would be contrary to normal financial safeguards and would constitute double funding.

- In cases where it is not possible to charge rent/depreciation costs to an ECHO funded action it may still possible to charge the maintenance and running costs of that durable equipment to the action's budget.

STOCKS

In order to respond quickly and effectively, the partners often need to purchase supplies in advance and to constitute stocks. For eligibility purpose, ECHO makes a difference between two types of stocks: **Stocks constituted** in advance of an action and **stocks pre-positioned** (or stockpiling)in advance of possible disasters.

- **Pre-constituted stocks** are goods or equipment bought before the action funded by ECHO. For ECHO, these stocks will be considered as incurred when distributed or used during the eligibility period of the action, no matter the purchase date. The procurement rules and quality requirements specified in Annex III of the FPA must be respected.

  The partners can declare the historical purchase price, the inventory costs and the costs relating to the distribution of the supplies.

- **Pre-positioning/Stockpiling** is the constitution of emergency supplies not intended for immediate use, with the objective of reinforcing the emergency/disaster preparedness in third countries. These stocks managed by a partner and constituted with ECHO's support should be made available to all ECHO partners in case of emergencies. The costs of the supplies will be considered as incurred when the supplies are delivered to the warehouse of the Partner.

Exception: In certain countries, in view of possible a follow-up Action, partners may be authorised to pre-position stocks to avoid rupture in the procurement pipeline, subject to the following conditions:
- the delay in procuring or delivering of supplies should be due to objective logistical reasons and should not be due to problems in the procurement process of the partner that may be avoidable or manageable.
- The stocks should be proportionate to the identified possible gap in the procurement chain.
- The other stockpiling conditions (inclusion as a result in SF, reporting obligations, stocks available to other partners if needed) remain applicable.

Which costs to declare in the action under which the stocks are pre-positioned?	
Stocks pre-positioned but not distributed during ECHO action.	• Purchase costs • Transport costs to the warehouses • Warehouses costs during the eligibility period ⓘ If the supplies are distributed in a follow-up action funded by ECHO, the distribution costs can be charged to that follow-up action.
Stocks pre-positioned and	• Purchase costs • Transport costs to the warehouses

distributed during ECHO action.	• Warehouses costs • Distribution costs.

As pre-positioning/stockpiling is not for immediate use, the **reporting rules are stricter** than for other type of stocks. The partner will have to provide in the Single Form of the actions under which the stocks are purchased the following information:

- **At proposal stage**: The pre-positioning should appear in one of the results of the action. The partner will explain why the stocks should be constituted, the nature of the supplies and how they will be handled (for instance, in case the disaster or emergency, in case limited period of usability).
- **At report stage**:
  - If the stocks were used during the action: explain in the narrative sections of the Single Form the use that was made of the stocks.
  - If the stocks were not used: update if necessary the information provided at proposal stage on the handling of the stock.
- **After the action**: In order to avoid risks of double funding, the partner should clearly label the stocks. The partner should also, at any time, be able to trace the stocks and explain its use. (For instance in case of an audit).

C) COST OF PROCUREMENT CONTRACTS[49]

In order for the cost of procurement contracts to be eligible:

- the procurement must support the timely, efficient, effective achievement of the actions

- the contract has be awarded to the tender offering the best value for money or the lowest price

- Access to contractor must be guaranteed for audit and other checks[50].

D) COSTS OF TRAVEL

Cost of travel and related subsistence allowances for employees taking part in the action, including headquarters' employees conducting field monitoring missions are eligible. These costs must however be directly linked to the action, and in line with the partner's usual practices on travel.

In the case of missions covering several projects, only the portion of the costs of travel and related subsistence allowances which corresponds to the share of the total mission time spent on the action is taken into account.

[49] Article 9.1 of the General Conditions FPA NGO
[50] Article 23 of the General Conditions FPA NGO

E) COST ARISING FROM THE AGREEMENT

Are eligible the costs arising directly from requirements imposed by the Specific Grant Agreement provided that the corresponding services are purchased in accordance with the applicable procurement rules.

These costs include (not exhaustive list):

- bank fees for transfers to the country of operation;
- insurances;
- dissemination of information;
- evaluation and monitoring of the action;
- quality assurance measures; e.g. related to food or medical supplies quality control;
- translation, reproduction, etc.

Costs of needs assessments are in most cases not eligible as direct costs, but are covered under indirect costs. However, if there are specific studies or surveys foreseen in the Single Form to be carried out during the action, these may be considered eligible as direct costs. They have to be explained in section 8 of the Single Form.

F) COSTS ENTAILED BY IMPLEMENTING PARTNERS

The costs entailed by IPs are only eligible if they correspond to actual costs and are in line with the no-profit principle.

G) FINANCIAL SUPPORT TO BENEFICIARIES

In most cases the financial support to beneficiaries shall take the form of either cash or vouchers. In order to comply with the requirements of the General conditions[51], the Single Form should include essential information about the financial support.

See section 9.6 for detailed information

The possibility of using a financial support to beneficiaries which takes the form of a prize will, in most cases, be applicable only in case of communications actions. (e.g. recognition prizes for outstanding work performed by people in the fight for humanitarian values).

H) COST OF INFRASTRUCTURE

Costs of infrastructure in the field, in particular field offices, **directly linked** to the action are eligible**.** The costs of renting or depreciation of field offices may be considered eligible, provided that only the portion of the costs which

Partners should be ready to demonstrate the actual use, the necessity and the link with the Action. reasonability of the costs.

[51] Article 11 of the General Conditions FPA NGO.

corresponds to the rate of **actual use** of the infrastructure for the purposes of the action is taken into account. The term "infrastructure in the field in particular field offices" also covers the running costs of the field office. However, it does not cover the costs of purchase of the field office.

I) NOT RECOVERABLE VAT

Value added tax which cannot be refunded may be considered eligible under certain conditions:

- the partner must be able to demonstrate that they requested the exemption from the relevant authorities (e.g. recent copy of letter sent to the tax authorities)
- the partner must be able to show the response of the tax authorities, or the applicable legislation which stipulate that VAT cannot be refunded.

In case there is no reply from the relevant authorities, the letter from the partner or its legal counsel requesting the VAT exemption or reference to the applicable legislation can be considered as a proof that VAT exemption was requested. When a partner receives a VAT reimbursement of costs after the receipt of the final payment and when the VAT has already been paid by ECHO, it is necessary to reimburse these amounts to ECHO. The partner should contact ECHO in such cases, which will issue a recovery order.

VAT rules are the same for implementing partners as for the lead applicant. The IP has to request an exemption and should be able to prove that it had requested the exemption.

J) SIMPLIFIED COSTING

As a general rule, the grant awarded by ECHO consists of the reimbursement of eligible direct costs declared as actually incurred and of eligible indirect costs declared on the basis of a flat-rate.

The General Conditions[52] foresee that the grant can also take the form of a reimbursement based on unit costs, lump-sum or flat-rate costs.

While this is not the standard option for ECHO, should the partner wish, for well-motivated reasons, to apply this approach, it will have to contact ECHO.

- For VAT & Simplified costing contact: ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu

9.3.3 ELIGIBLE INDIRECT COSTS

Indirect costs[53] are those costs which are not directly linked to the implementation of the action and therefore cannot be attributed directly to it. Indirect costs do not need to be supported by accounting documents for the purpose of ECHO funding.

[52] See Article 17c) of the General Conditions FPA NGO

Indirect costs = flat rate of maximum 7% of the total eligible direct costs.

A lower percentage can be applied in case the relevant policies of the partner foresee the charging of a lower percentage of indirect costs, and this policy is consistently applied among donors.

The exact percentage will be established in each Specific Grant Agreement.

If the partner receives an operating grant from the Union budget, it will not be able to claim indirect costs under individual actions funded by ECHO.

Examples of overheads

- renting or depreciation of buildings, running costs, including stationary and petty office equipment (with exception of field office)
- costs connected with horizontal services such as administrative and financial management,
- Human resources not linked directly to the Action
- training, unless foreseen as an activity necessary for the Action.

9.3.4 INELIGIBLE COSTS[54]

- **Debt and debt service charges** not linked to eligible expenditure, but linked for instance to mortgage and loans;
- **Provisions for potential future losses or for debts**;
- **Interest owed**;
- **Doubtful debts**, namely those costs which are still under dispute between the supplier and the partner. For instance, a supplier claims the payment of a contract for delivery of goods but the partner disputes the proper or timely delivery of goods and the dispute is on-going;
- **Costs of purchases of land or buildings** other than costs of infrastructure in the field, unless otherwise specified in the Specific Grant Agreement. The circumstances that would allow for purchase of lands or buildings by the partner must be exceptional and such a purchase must be always included as a derogation clause in Article 6(2) of the Specific Grant Agreement. For example:
    - The purchase of such facility may be exceptionally allowed where, in order to comply with the principle of sound financial management, the purchase of a specific building may be economically more justifiable than renting, rehabilitating or building one,
    - if a facility with a specific purpose is already present, and it is not damaged to such extent that it would not be economically feasible to repair the damage.

[53] Article 8.3 of the general conditions FPA NGO
[54] Article 8.4 of the general conditions FPA NGO

- **Currency exchange losses**: While currency exchange losses are not eligible, currency exchange gains may also be retained by the partner and do not have to be declared to ECHO. Gains must however be used for humanitarian aid purpose.

- **Costs of transfers** from the Commission charged by the bank of the HQ of the partner. This does not apply to the transfer between the HQ to the field;

- **Contributions in-kind from third parties**: Contribution in-kind is a support which is not provided in cash (e.g. goods received for free) and which cost cannot be considered as eligible costs;

- **Excessive or reckless expenditure**;

- **Deductible VAT, and recoverable duties and other charges**. The VAT status of the partner both at HQ and at field level should be indicated upfront in the Single Form and updated in the final financial report. In case an exemption was requested for VAT and a negative or no reply has been received from the concerned authorities, this should be mentioned in the report. The evidence does not have to be included with the final report, but must be available for audit.

9.4 PROCUREMENT

When implementing an action, **the partner or its implementing partners** will purchase services, goods, and works or even, in exceptional cases, property. It will therefore have to award procurement contracts. In managing these contracts, the partner can apply its **own procurement procedures.** When launching a procurement procedure, regardless of the value of the procurement contract or of the percentage of funding, the partner has to ensure that its own procedures **comply with**:

- The specificity of humanitarian aid and the principles governing humanitarian aid, i.e. humanity, neutrality, impartiality and independence;
- The mandatory principles and obligations described in Annex III of the FPA.
- The eligibility conditions of costs of procurement contracts as described in Article 9 of the General Conditions[55];

ECHO will not certify the procurement procedures of the partners. The compliance with ECHO requirements will be checked during audits. However, if the partners have specific questions on procedures, they can send a question to the FPA Helpdesk[56].

9.4.1 MANDATORY PRINCIPLES:

Mandatory principles have to be applied by the partner when procuring. There is no hierarchy between the different principles. They must all be complied with.

[55] See section 9.3.2 C)
[56] http://dgecho-partners-helpdesk.eu/

- Ethical procurement
- Sound Financial Management
- Equal Treatment, non-discrimination and untied aid
- Transparency and right of access
- Proportionality
- Avoiding conflicts of interest
- Supporting the local economy
- Due Diligence

A) PRINCIPLE OF ETHICAL PROCUREMENT

Partners, tenderers, candidates and contractors must observe and uphold ethical standards in the procurement and execution of contracts. The **minimum standards** include the respect of working conditions and avoidance of child labor, the respect of basic social rights and environmental aspects:

Respect of working conditions and avoidance of child labour.

The partner must be sure that candidates, tenderers and contractors respect basic social rights and working conditions and that they do not procure goods or services from suppliers that use child labor or other exploitative practices. The partner should verify the respect of these principles; especially, when the partner work regularly with some providers.

Procurement contracts should seek to support and encourage freedom of association and decent working conditions in the workplace and actively seek to avoid relationships with contractors that engage child labor, bondage or forced labor, or practice discrimination in the work-place. Working conditions should protect more vulnerable workers from exploitation or abuse of sexual or other nature. Other exploitative labor practices would include for example situations where the employer curtails the rights of freedom of association, collective bargaining or to join trade unions.[57]

How to avoid working with contractors not respecting ethical principles:

- Refer to ethical principles in the Terms of reference/specifications as a criterion.
- Remind it in the contract;
- Check the providers for compliance through the most adapted means (visit, web-site, declaration on honour, etc)

Respect of basic social rights

Before launching a procurement procedure, the partner should consider the effects on issues such as poverty eradication, human rights, fair-trade, sustainable development[58] and inequality in the distribution of resources.

[57] For more information on international standards on labour conditions please visit http://www.ilo.org/global/lang--en/index.htm

Environmental aspects

The partner should also consider the effects on the environment that the assets, supplies and/or services may have, including, where possible, to the effects of waste management ("green procurement[59]"). When reasonably feasible, and depending on the nature of the supply, a criteria in the selection process could be included to verify the supplier's environmental performance as well as the sustainability of the delivered products and solutions. Involvement in the unethical exploitation of natural resources such as precious metals, stones and rare earths should also be avoided.

B) PRINCIPLE OF SOUND FINANCIAL MANAGEMENT

Sound financial management means that the partner ensures that it has taken all steps to secure the best price quality ratio available in the quantity and within the timeframe required.

While, sometimes rapid delivery is more important than high quality, a minimum quality level needs to be maintained to guarantee that the assistance given is appropriate to the circumstances.

A thorough drafting of the Terms of Reference or Technical specifications is essential for the respect of this principle.

C) PRINCIPLES OF EQUAL TREATMENT, NON-DISCRIMINATION AND UNTIED AID

The partner should treat all interested parties in the same situation in the same way, e.g. additional information, given to one tenderer must be given to all the other tenderers.

The partner will also ensure that there is no unjustified differentiation between the providers/tenderers and that supplies may be purchased fully and freely in all countries. This is to be understood without prejudice to the principle of supporting local economy.

D) PRINCIPLE OF TRANSPARENCY AND RIGHT OF ACCESS

Transparency:

- The principle of transparency means that the partner will ensure that all information on procurement procedures, opportunities and processes are clearly defined and made widely known and available.
- The principle of transparency also means that the partner must be able to justify and document at any time that the procedures used respect the mandatory principles.

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[58] More on this matter may be found in the Commission communication of 5 May 2009 entitled "Contributing to Sustainable Development: The role of Fair Trade and non-governmental trade-related sustainability assurance schemes" (COM(2009)0215), Available at:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0215:FIN:EN:PDF

[59] For more on the EU's initiatives on "green procurement" please visit: http://ec.europa.eu/environment/gpp/index_en.htm

A transparent system increases the possibility of detecting any deviations from fair and equal treatment, and therefore makes such deviations less likely to occur and it makes, at the same time, a genuine competition possible. Furthermore, if the partner become aware of any corrupt practices or established breaches of the applicable procurement rules, it should immediately inform ECHO in writing by informing the desk through APPEL or by sending an email to ECHO-finance-legal-affairs@ec.europa.eu or at higher level.

Right of access for the purposes of verifications and audits

The European Commission, or persons mandated by the European Commission, including the European Anti-Fraud Office (OLAF), and the Court of Auditors must have right of access to the documents and the premises of entities which have received EU funds.

The partner has the responsibility of facilitating the same access to third parties without any direct contractual link with the Commission, e.g. contractors or implementing partners. To this end, the partner shall provide complete information on the procurement procedures, documents, and abstain from any obstructive practices which could hamper the access or the exercise of the control.

Reference to the right of access should be included in all the contracts concluded for procurement purposes.

E) PRINCIPLE OF PROPORTIONALITY

The principle of proportionality requires that procedures followed for awarding a contract must be proportionate to the value of the contracts. This generally means more demanding procedures for higher value contracts.

When contracts are split into lots, the procurement procedure will be established according to the total value of all the lots together. A contract cannot be split into lots to avoid a genuine competition. One exception is foreseen for the procurement of fresh food divided into lots according to seasons. In this case, the lots will be considered individually.

Procedures have also to be established taking into account the overall costs of the procurement procedure versus the difficulty and risks associated with the contract. Some lower value contracts may still involve great risks hence adopting more stringent measures may be prudent and justified.

Finally, the procedures should be in line with the legislation of the country of the partner.

Contracts > EUR 60 000	Contracts ≤ EUR 60 000
• Open to broader degree of competition	• Closed, negotiated or restricted procurement procedures.
• All mandatory principles apply	• Only Ethical procurement, sound financial management, avoidance of conflict of interest
• Special provisions apply	• Special provisions apply
• Up to date written procedures required. Exceptions should be documented.	• Not necessary to have the procedure described in writing. The final invoice is

	considered as a sufficient proof, unless the procedure of the partner foresees a different procedure.
Procurement based on a SINGLE OFFER is possible when: urgent actions[60], HPC[61], property contract, in case of no suitable offers/tenders, for technical or operational reasons, for additional contracts, for additional supplies. These exceptions need to be documented.	

F) PRINCIPLE OF AVOIDING CONFLICTS OF INTEREST

Each person participating in the procurement procedure of the partner should avoid conflict of interest.

A best practice, among others, is to entrust the decision of awarding a contract to an evaluation committee rather than to a sole person. Members of the evaluation committee should be aware that they need to disclose the existence of a conflict of interest.

> Conflict of interest exists where the impartial and objective exercise of functions is compromised for reasons involving family, emotional life, economic interest or any other interest shared with a tenderer or candidate.

The partner should have in place clear rules and guidance to staff on what to do in case they or one of their colleagues are in a situation of conflict of interest. These rules should provide information on who to contact for advice or disclose the conflict to and, where necessary, take the appropriate action. It is good practice that staff involved in the procurement process formally signs a declaration of no conflict of interests before performing their duties. This applies also to those participating in opening committee and evaluation committees.

G) PRINCIPLE OF SUPPORTING THE LOCAL ECONOMY

When possible, the partner should use local human and material resources, in order to help the economic recovery of the populations affected by the crisis.

> The term "Local Economy" comprises the totality of available resources at the area of intervention. It can be local production, local market and also local labor forces. The notion of local area may also include neighbouring countries.

During audit and monitoring, the partner will have to demonstrate that there is no extra disturbance to the local situation caused by resourcing its action, i.e. that the partner is not doing more harm than good when using local resources. At the minimum, the partner needs to ensure that the action does not increase the vulnerability of the local community.

For this purpose, and where relevant according to the principle of proportionality, the partner is advised to carry out an **assessment of the local market**[62]. This assessment should be documented. It should consider the purchase of the partner and, if known, the purchases

[60] See section 9.4.3
[61] See section 9.4.9

made by other organisations in the same area. This assessment should also consider what is needed, what is available, whether the quality is sufficient, etc.

H) PRINCIPLE OF DUE DILIGENCE

Due diligence involves carrying out duties professionally, carefully and thoroughly, going well beyond the minimum effort.

In order to be diligent in procurement matters, the partner should be aware of the importance of good procurement planning and should have in place systems for identifying risks and managing them.

A good procurement planning is essential to ensure a timely delivery and satisfactory quality of the supplies, works or services. The planning starts before the launching of the procurement procedure. For major procurement, it should be done at the time of the submission of the proposal to ensure that the procurement will contribute effectively to the achievements of the results.

In cases where the delivery is late, the quality is low, the partner will have to take measures to mitigate negative consequence and ensure sound financial management (for instance, the partner can apply a penalty to the providers, the partner can purchase new items locally while waiting for the delivery).

I) RESPONSIBILITY OF THE PARTNER IN THE RESPECT OF THE PRINCIPLES

Being responsible for the entire procurement chain, the partner is responsible for ensuring the respect of the mandatory principles, including by contractors. It is therefore advisable to keep the procurement chain as short as possible.

Particular attention should be paid when the partner maintains long term relations with contractors, or enter into framework contract. In such cases, it is expected that the partner apply more due diligence in verifying that contractors and sub-contractors respect the mandatory principles.

Such verification should however be proportional to the volume of the procurement.

How to ensure respect of principles with contractors?

- Mention the principles in the TOR or specifications
- Mention them in the contractual documents
- Carry out appropriate checks (e.g. Visits, check website, request a declaration on honour, etc.)

9.4.2 SPECIAL PROVISIONS FOR THE PROCUREMENT OF MEDICAL SUPPLIES AND FOOD

Specific rules apply for the purchase of medical supplies and food to ensure **the quality** of the supplies.

These rules apply:

- Irrespectively of the value of the contract to be awarded,

[62] Partner can refer to tools such as the EMMA toolkit for this type of assessment. http://emma-toolkit.org/

- Even when ECHO is not the single largest donor, and,
- Even when such rules are not foreseen in partner' procurement procedures.

The special provisions are based on a series of internationally recognised standards. The list of standards mentioned in Annex III is not exhaustive and partner may use as a quality reference any other equivalently recognised standard.

Partner is strongly invited to read carefully Annex III, Article 4 before procuring medical supplies or food.

A) MEDICAL SUPPLIES

The partner shall procure medical supplies[63] either:

- through an Humanitarian Procurement Center[64] (HPC), or
- by launching a procurement procedure itself.

Rules a partner must respect when procuring Medical supplies itself

Medical supplies must be purchased following a **procurement procedure** ensuring **genuine competition** (where possible), between **pre-certified suppliers** which can offer **pre-qualified supplies** (i.e. both supplier and supplies must meet internationally recognized standards).

When procuring itself, the partner should get the support of staff qualified in health care (e.g. pharmacist).

Considering the countries of operation, the partner should do a risk analysis of possible import obstacles or quality issues. These possible problems should be described in the section of the Single Form on equipment and goods.

Pre-certification of suppliers

Before launching the procurement procedure, the partner will either have available or prepare a list of pre-certified suppliers that will be invited to submit an offer. In order to be "pre-certified" a supplier will have had to demonstrate that it meets the following conditions:

- its premises and facilities meet internationally recognised standards;*
- it is technically capable of ensuring the quality of active ingredients, and
- its products come from approved suppliers.

[63] Medical supplies include pharmaceutical products and medical devices.
[64] See section 9.4.9

Tip: a self-certification made by a supplier is not sufficient proof that the supplier meets the international standards.

To assess the fulfillment of the status of pre-certified suppliers, the partner can rely on:

- its own assessment of the suppliers;
- proof of pre-certification by other donor (e.g. USAID)
- certification issued by an internationally recognised or reputable certification body (e.g. a WHO-approved body); or
- certification issued by a Stringent Regulatory Authority (i.e. medical regulatory authorities in the EU, Japan or the USA)

Procurement procedure with pre-certified candidates

The partner will **send an invitation** to negotiate simultaneously to pre-certified candidates identified. To ensure genuine competition, whenever feasible, the invitation should be sent **at least to 3 candidates**.

The invitation describing the nature of the supplies to be purchased will include **at least** the following criteria:

Selection criteria	How to prove ?
The selection criteria refer to the capacities of the supplier. • respect of WHO principles for the production and handling of medical supplies such as - Good manufacturing practice (GMP) and where relevant: - Good storage practices (GSP) - Good laboratory practice (GLP) - Good Clinical Practice (GCP) - WHO model quality assurance standards (MQAs) - WHO's or the Union's Good distribution Practices (GDP) • ongoing monitoring of the production and quality control activities • monitoring of customers complaints and remedial follow-up • any other recognition ensuring compliance with at least one of the following standards or equivalent standards: - United States QS 21 CFR part 820) on quality system regulation, - ISO9001/2008 on quality management system - ISO9002/1994 on quality assurance in production, installation and servicing	In its offer, the candidates will have to demonstrate that they can respect the criteria. The partner should have qualified staff to assess the offers. Where the suppliers or the products already benefit from a relevant pre-certification or pre-qualification, a copy of the certification/qualification document is sufficient to demonstrate the respect of the corresponding selection and award criteria.
Award Criteria	
The award criteria refer to the quality of the supplies. • respect of minimum quality standards (WHO[65] principles, GMP, GSP, GDP, GLP) • Respect of the national drug regulation in the country of destination • respect of any intellectual property and patent regulation applicable in the	

[65] List of WHO pre-qualified products: http://apps.who.int/prequal/query/ProductRegistry.aspx

country of operation	

When comparing the offers received, the partner will compare prices taking into account the whole treatment per patient (transportation, storage, etc.) and not only the cost per unit. The partner will consult international medicines price databases, such as:

- International Drug Prices Indicator
- The Global Fund Price and quality reporting tool
- The price Information exchange website
- the global price reporting mechanism provided by the WHO AIDS medicines and diagnostics services
- MSF untangling the Web of antiretroviral Price reductions.

How to define Medical devices?

Medical Devices include an enormous variety of existing healthcare items, and many new forms are being constantly invented. It might be difficult for partner to identify whether a specific piece of equipment is a medical device or not. ECHO **does not maintain an exhaustive list** of medical devices classified as such.

Medical Device refers to an instrument, apparatus, implement, machine contrivance, implant, in vitro reagent, or a component that provides a diagnosis, cure, mitigation, treatment, or prevention of a disease or condition, which does not achieve its intended use by being metabolised or through a chemical reaction.

Examples of medical devices can include: walking sticks, surgical instruments, contact lens lubricants, condoms, stethoscopes, insulin syringes and needles, wheelchairs, hearing aids, implantable devices, Magnetic Resonance Imaging (MRI), and Computed Tomography Imaging (CT).

Mosquito nets are not, however, classified as medical supplies.

For more information on defining medical supplies:

- Global Medical Device Nomenclature (GMDN) system designates 12 categories of medical devices consisting of more than 10,000 generic groups. (https://www.gmdnagency.com/)
- The Universal Medical Devices Nomenclature System (UMDNS) is another nomenclature system being primarily used for medical devices. (https://www.ecri.org/Products/Pages/UMDNS.aspx)
- The WHO is also working towards a unified nomenclature system that can be used globally (http://www.who.int/medical_devices/innovation/mde_nomenclature/en/)
- EU national authorities: http://eu.europa.eu/health/medical-devices/links/contact_points_en.htm

How to prove the compliance with special provision on medical supplies during audits?

The partner should keep in their files a thorough description of the various procedures described above: pre-certification and procurement procedure.

The partner should also be able to produce certificates of conformity, proof of quality and relevant documentation concerning the pre-qualification of drugs and the pre-certification of suppliers. All documents linked to quality assurance considerations, e.g. positive assessments by entities such as QUAMED[66] and USAID should also be kept in the procurement file as evidence of quality compliance.

C) FOOD SUPPLIES

The food supplies purchased should **match the nutritional habits** of the beneficiary populations and should **comply with quality standards** of the country of origin and/or country of destination. Costs related to food supplies not meeting these two requirements will be considered as ineligible.

When possible, **priority** should be given to purchases in the **country of operation** or in the neighbouring countries. In such cases, it is essential to get evidence from a market analysis that the foreseen purchases do not distort the market and affect negatively the beneficiaries. This market analysis can be mentioned in section 6.3 of the Single Form.

Quantity and Quality assurance

The partner is responsible for ensuring the quantity and quality of the supplies, including their packaging and marking. The quality and quantity checks can be done on a sampling basis.

Purchases ≤ 300 000 EUR	Purchases > 300 000 EUR
• Partner's qualified staff can certify the quantity and quality of supplies. • Partner can request external expertise.	• ECHO will pay for the cost of a Monitoring Agency which will certify the quantity and quality of supplies.

Role of the Monitoring Agency

The Monitoring Agency will verify and certify the quality, quantity, packing and marking of supplies. Normally the monitoring agency is contracted before the award of the food supply contract. As soon as the food supply contract has been awarded, the monitoring agency shall carry out its checks in line with the applicable international monitoring standards[67] with the chosen supplier. This would entail at least:

[66] www.quamed.org
[67] ISO 45004 – ISO/IEC 17020

- A check on quality before loading and a check on quantity when the goods are loaded. As a result of this check, the monitoring agency issues a provisional certificate of conformity to the supplier and only after that the transport can start.
- A comprehensive check at the place of delivery, where the warehouses of the partner can be considered as the final place of delivery. After that the monitoring agency needs to issue a final certificate of conformity to the supplier and it needs to notify the partner thereof.

How to prove compliance with special provision for food supplies during audits?

ECHO expects the partner to demonstrate their compliance with internationally accepted product standards via such evidence as reports, audits, studies, statements by suppliers etc. The partner can, also attach in the procurement file pictures and/or monitoring reports from the field distribution.

9.4.3 DEROGATIONS AND EXCEPTIONS

A) PARTNER DEROGATING FROM ITS OWN RULES

Derogations or exceptions from partner's procurement rules of the partner must be duly approved by the partner's decision-making body following the internal rules and procedures established by the organisation. Those decisions should be documented and traceable.

B) DEROGATION GRANTED BY ECHO

Any derogation from Annex III needs to be approved by ECHO.

Requests for derogation may be founded on security, operational, technical or quality reasons, shortfall or unavailability of the supplies on the markets, costs or delays due to transport, legislation in the country of operation (e.g. ban on importing medicines in the country of operation), or if the fulfilment of the contractual obligation would harm the partner’s mandate or the safety of its staff or beneficiaries.

When requesting derogation, the partner will be as precise as possible about the nature of the request and briefly explain the reasons for this request. The request should preferably be submitted at proposal stage (in section 11 of the Single Form). If not possible, the partner will use the modification request to introduce the derogation. These requests, if accepted by ECHO, will be included in Article 6 of the Specific Grant Agreement.

C) EXCEPTION ON QUALITY ASSURANCE

The Annex III is **mandatory** in all cases as far as **quality of food and medical supplies** is concerned, regardless of ECHO contribution and regardless of the value of the procurement contract.

Thus, where the partner, for circumstances beyond its control, is unable to demonstrate compliance with internationally accepted product standards, it must demonstrate that the procedures used ensure

equivalent quality assurance to international standards, which includes at least compliance with the "do-no-harm principle" and the standards accepted by the national or regional regulatory authorities.

Where the partner, for circumstances beyond its control, is unable to demonstrate compliance with internationally accepted product standard, it may demonstrate instead that the supplies offer the best quality available. Reasons for this inability to rely on traditional, internationally recognised assurance may be linked to import or other obstacles in place by the national authorities or may be a result of the remoteness of the implementation of the action or other factors beyond the partner's control.

As a general principle, exceptional cases should be discussed with ECHO as soon as possible after they arise, taking into account that the important consideration is the safety of the staff and of beneficiaries. When structural issues are known to exist in an area these should be raised from the outset in the Single Form in section 11. Together with ECHO, in these exceptional circumstances, the partner will look for an alternative way of demonstrating that the supplies offer the "best quality available, e.g. by reliance on the standards set by the national or regional authorities.

9.4.4 URGENT ACTION & PROCUREMENT

To properly manage the procurement during an urgent action as defined in section 5.5 , the partner has to include in their procurement procedures provisions on urgent actions and exceptional circumstances[68], while maintaining respect of the mandatory principles.

Annex III foresees that the partner may apply, in addition to their internal procedures on exceptions, a a procurement procedure based on a single offer when the action funded by ECHO is expressly characterised as being an urgent one, as evidenced by the insertion of an Article 6.3 of the Specific Grant Agreement.

If there is no insertion of an Article 6.3 in the Specific Grant Agreement (e.g. when urgent needs arise during the duration of an action which would lead to the inclusion of a new urgent result/activity), the partner can apply its exceptions on procurement procedures (such as single offer) or if it does not have exceptions in its procurement procedures , it can derogate from its regular procurement procedures, if the following conditions are respected:

- The procurement could not have been reasonably planned in advance;
- the procurement addresses urgent needs and needs to start immediately, being that any delay incurred by employing regular procurement procedures would put lives at risk;
- the urgency is not based on circumstances attributable to the partner (*e.g*. the partner cannot use the exceptions to make up for bad planning or lack of resources),
- the recourse to exceptions is only temporary, *i.e*. in use until such time that the partner can start procuring in line with the regular procurement procedures ('bridging the gap'),

[68] Article 3(5)(e) of Annex III

- the partner's rules and procedures on invoking exceptions from its standard rules are duly followed,
- the decisions concerning the use of exceptions are taken at an appropriate level of authority to grant the derogation taking into account the value of the contract, ensuring the absence of conflicts of interest, and
- all exceptions to the standard procurement rules are properly documented in the Partner's procurement files (to be made available in the event of any possible audit).

Partner WITH exceptions in its procurement procedures	Partner WITHOUT exceptions in its procurement procedures
If Article 6.3 in the Specific Grant Agreement ➔ Single offer	
If NO Article 6.3 in the Specific Grant Agreement	
⬇	⬇
Can follow its own exceptions/derogations only if its rules on exceptions comply with the conditions mentioned above.	Can exceptionally derogate from its procurement procedures on an ad hoc basis, in line with its internal procedures for overriding standard rules and provided this complies with the conditions mentioned above.

9.4.5 RELATIONS WITH CONTRACTORS

There are no direct links between ECHO and the contractors of the partner. Partner is responsible for the implementation of the procurement contracts vis-à-vis the Commission.[69]

However, the partner must make sure that the following obligations of the General Conditions apply also to contractors: intellectual and industrial property rights[70], liability for damage[71], rights of access[72], and conflict of interest[73].

9.4.6 IMPLEMENTING PARTNERS AND CONSORTIUM

The partner's procurement rules should also establish the applicable rules for the Implementing partners, including members of a possible consortium.

As a good practice, the partner and implementing partners should establish in writing (e.g. in a MoU) whether:

- the implementing partner will apply the partner's procurement rules, or
- the implementing partner will apply its own rules. In this case, the MOU should establish which procurement rules will be followed. The MOU should also specify that the rules of the implementing partners must be in line with Annex III to the FPA. The lead partner can also ask a copy of the procurement rules to ensure that they are in line with Annex III.

[69] Article 27 of General Conditions FPA NGO
[70] Article 25 of General conditions FPA NGO
[71] Article 27 of General conditions FPA NGO
[72] Article 21 of General conditions FPA NGO
[73] Article 6 of General conditions FPA NGO

In either case, the lead partner has the obligation to ensure that the implementing partners or consortium members apply the correct rules. It is considered good practice for the lead partner to ask to produce a procurement table to ensure both the correct application of the rules as well as the efficient co-ordination of procurement activities.

9.4.7 CHECKS

Respect of the procurement mandatory principles will be checked by ECHO during audits, either field or HQ audits.

The establishment of proper procedures for documentation of the procurement is the responsibility of the partner. The standard tender documentation and contractual instruments of the partner should include the necessary detail to show that it has duly performed its duties.

Where the Commission becomes aware, through an on-site audit or any other means that the partner's internal rules do not provide sufficient safeguards or procedures to ensure an adequate respect for Annex III, the Commission may make recommendations or it may request that the partner complements or replaces the procedures already in place. [74] Non-compliance with these recommendations may result in the termination of the Framework Partnership Agreement.

9.4.8 WHICH CONSEQUENCES IF THE ACTION DOES NOT COMPLY WITH THE ANNEX III?

The non-compliance with the Annex III may lead to considering the costs **ineligible** or may lead – depending on the seriousness of the breach – to **reducing** the EU financial contribution[75].

Costs may be declared **ineligible**[76] when:

- the procurement did not support the timely, efficient and effective achievement of the results;
- the contract does not offer the best value for money or the lowest price;
- the conditions concerning the visits, audits, checks and inspections are not guaranteed by the contractors.

EU financial contribution may be **reduced** when:

- Evidence is found of non-compliance with Annex III.

ECHO may also disallow related costs or reduce its contribution in case the procurement rules of the partner have not been followed and there is an absence of due authorisation and documentation for an

[74] Annex III, Article 1(c) FPA NGO
[75] See difference between disallowance and reduction in section 11.4.3
[76] Article 9.1 of the General Conditions FPA NGO

exception from the procurement rules of the partner. The decision to disallow or to reduce the contribution will depend on the nature of the non-respect of partner's rules.

In case of serious or repeated non-compliance, ECHO may also terminate the Specific Grant Agreement or even the FPA.

9.4.9 HUMANITARIAN AID PROCUREMENT CENTRES (HPCS)

Humanitarian Procurement Centres ("HPC") are not-for-profit organisations specialised in the technical and commercial management of supplies and services necessary for the implementation of humanitarian actions. They can provide technical assistance in procurement or supply pre-established stocks, purchasing or logistics capacity.

ECHO assesses those entities wishing to be recognised as HPCs in accordance with the set rules and procedures with the aim of ensuring that humanitarian supplies and services purchased using EU funds are of sufficient quality and procured according to certain principles and ethical standards.

Having regard to the type of services that they usually provide, HPCs can be:

- *Stockholding:* Certain HPCs hold stocks of supplies which they can make directly available to ECHO's partners;
- *Non-stockholding:* Other HPCs do not hold own stocks but purchase the supplies on behalf of the client. Such HPCs have often concluded framework contracts with suppliers; and/or
- *Service providing*: HPCs may also offer consultancy services regarding procurement. They may advise the organisation of tender procedures, custom clearance, quality assurance and the like. They may also organise procurement procedures for ECHO's partners but without purchasing on behalf of the client organisation.

A) WHAT ARE THE ADVANTAGES?

ECHO's partners have a number of advantages when procuring goods and services through HPCs:

- **Quality of the supplies is guaranteed and risks of buying counterfeit supplies reduced**: ECHO assesses the quality assurance provisions of the HPC on the basis of robust eligibility criteria, which are based on WHO MQAS. Other than these, the criteria for recognition as an HPC also include, amongst others, non-discriminatory sales and fair pricing methodology and policy (including all overheads & mark-ups), expertise in procurement and related activities, well-documented and fair procurement procedures, and adequate financial and administrative capacity.
- **Procurement procedures are simplified**, as ECHO's partners can use a single quote procedure to award the contract to an HPC. They pass orders to the HPC without recourse to competitive tendering or publication irrespective of the amount of the contract.
- **Procurement from any of the recognized HPCs fulfils the best value principle.** As ECHO has already assessed the HPC to ensure, among others, having a proper procurement in place, it is not needed nor wished that the partner is doing its own price comparison. Moreover, as the

HPCs are not for profit entities, extra work in answering to requests for offers would create unnecessary financial and administrative burden for the HPC, which may thus also increase the price of products.

In any case, the partner should exercise the necessary degree of care, efficiency and diligence with regard to monitoring the quality and timeliness of the supplies or services provided by an HPC. Indeed, quality problems may occur, e.g. during transport, and in such cases the partner remains responsible for the quality assurance.

B) WHO IS RECOGNISED AS AN HPC?

The online **HPC Register** provides a list of the organisations which currently benefit from the recognition by ECHO as HPCs as well as an indication of their main areas of activity and the countries to which they supply goods or services This Register does not entail any contractual relationship between ECHO and the HPC.

Depending on their areas of specialisation, the HPCs recognised by ECHO supply goods or services in one or more of the following areas: Pharmaceutical products & medical supplies; Medical devices & equipment; Prosthetic Technology; Veterinary; Food; Livelihood support; Water & Sanitation; Shelter & Non-Food items; Engineering, Radio and Telecommunications; Transport; Administration and Services.

	When service provided by an HPC falls below those expected, contact ECHO-Finance-Legal-affairs@ec.europa.eu
	For more information on HPC: http://dgecho-partners-helpdesk.eu/actions_implementation/procurement_in_humanitarian_aid/hpc

9.5 REMOTE MANAGEMENT

ECHO defines **remote management** as an operational approach used to provide relief in situations where humanitarian access to disaster-affected populations is limited by security concerns and/or formal or informal decisions imposed by de jure or de facto authorities, thus requiring adjustments to the management of the humanitarian actions. Typically, this involves humanitarian agencies transferring operational responsibilities, usually carried out by expatriate staff, to national and local employees or to implementing partners.

ECHO **does not fund** actions using remote management other than in the most exceptional circumstances, such as security concerns, major bureaucratic obstacles, and force majeure.

ECHO will consider funding actions involving remote management only when it can answer in a satisfactory manner the questions below:

- Is there an access problem?
- Does the proposed action include acceptance-building measures?
- Is it direct-life saving action?
- Can the action be implemented without risking the lives of those undertaking the work on the ground?
- What is the source of the needs assessment in a remotely management action?
- Is the staff adequately qualified?
- Are the monitoring arrangements adapted for remote management?

9.5.1 REMOTE MANAGEMENT IN ONGOING ACTIONS

Where remote management is proposed by a partner for an ongoing action, due to a change in circumstances that hinders or prevents direct implementation (e.g. force majeure, security concerns, etc), ECHO will use the same criteria than the ones mentioned above to assess whether the action should be:

- continued using remote management approach;
- suspended;[77]
- terminated.

The partner will inform immediately ECHO of those circumstances hindering the implementation of the action and requiring remote management. The partner will submit a modification request including the

[77] See section 10.4

necessary information on the remote management measures. This modification requires the approval of ECHO (i.e. Mutual Consent procedure[78]).

9.5.2 REMOTE MANAGEMENT AND THE SINGLE FORM

The remote management mechanism should be clearly explained in the Single Form. The partner is invited to read the assessment criteria explained in ECHO approach to remote management to identify the information to be provided in the various sections of the Single Form. Particular attention will be paid to:

- Section 6.1 - organisational and management structure;
- Section 6.7 - implementing partners;
- Section 8.1 - monitoring arrangements;

For further information, consult ECHO approach to remote management document
http://dgecho-partners-helpdesk.eu/actions_implementation/remote_management/start

[78] See section 10.1

9.6 CASH AND VOUCHERS

ECHO can consider funding the following financial support to beneficiaries[79]:

- **Unconditional cash transfers** (grants): cash transfers given directly to the beneficiary to increase their purchasing power to meet their basic needs without the beneficiary having to do anything specific to receive the benefit;
- **Conditional cash transfers** (e.g. cash for work, cash for training, cash for repatriation, etc.): the beneficiaries are required to fulfill a specific obligation or activity to receive the transfer (such as attending school, planting seed, establishing a livelihood, demobilise, etc.). Therefore, conditionality refers to what beneficiaries are required to do to receive the transfer and not to conditions on how they subsequently use the resources. Cash transfers can be done through distributions of cash or value-based coupons;
- **Vouchers**: tied to a set of pre-defined commodities or services. If the vouchers are not tied to a set of predefined commodities or services, then they will be treated as cash payments.

"**Cash-based**" is used in this document to refer to both cash and not-tied voucher transfers.

9.6.1 CONDITIONS

For all types of cash-based transfers, the following conditions must be defined in the SF:

- The purpose of the cash-based transfer;
- The amounts of cash transfer that will be paid per beneficiary and the criteria for determining the exact amount ;
- The definition of the persons or categories of persons which may receive such financial support and the criteria to give it. The criteria for giving financial support means that the partner needs to explain why certain categories of persons should be given financial support. For example categorical targeting of Pregnant and Lactating Women or returnees, or use of criteria such as Food Consumption Score or lack of access to water, etc.;
- The specific controls, as well as the monitoring and the reporting procedures;
- A comprehensive risk assessment of the chosen modality or modalities. For each of the major risk factors the proposal must indicate
    - the specific measures to be taken during implementation to minimize the risks (security corruption inflation and/deflations);

[79] “Financial support to third parties” is the terminology used in the General Conditions for cash and vouchers to beneficiaries.

  - the arrangements to monitor whether these risks develop, and
  - if so, the response measures to mitigate the consequences (e.g. switch to another transfer modality);

- The maximum amount of cash transfer that can be paid to a beneficiary, which shall not exceed EUR 60 000[80];
- The net amount actually transferred to the beneficiaries per modality used (i.e. total amount transferred in cash vs. total amount transferred in voucher vs. other).

The **do no harm** principle should be applied throughout cash-based activities.

In addition to the elements above, in case of **conditional cash** transfers, the partner shall define the **conditionality** (e.g. such as attending school, planting seed, building shelter, demobilizing, etc.) and the **reasons** for opting for conditional cash.

9.6.2 INFORMATION TO INCLUDE IN THE SINGLE FORM?

There is no specific section where to include all the information required assessing the eligibility of the cash modality. The information can be encoded in the following sections of the Single Form:

- Assessment: in particular, inclusion of a market assessment;
- Beneficiaries: definition of the persons or categories of persons which may receive financial support;
- Result/subsections: select the sector/subsectors concerned, and the relevant KRIs.
- Activities: different type of activities that may receive financial support in case of conditional financial support 81 and criteria for giving the financial support;
- Assumptions and risks: the monitoring and supervision mechanisms;
- Financial report: The net amount actually transferred to the beneficiaries per modality used (i.e. total amount transferred in cash vs. total amount transferred in voucher vs. other);
- Monitoring and evaluation.

Consult the Cash and vouchers guidelines
http://ec.europa.eu/echo/files/policies/sectoral/them_policy_doc_cashandvouchers_en.pdf

[80] Except where the financial support is the primary aim/modality of the action, in which case, the amount paid to each beneficiary could exceed EUR 60.000.
[81] The term "activities" is used to describe the conditions of financial support, namely where the beneficiaries are required to fulfil a specific obligation or carry out an activity to receive the cash transfer.

9.7 VISIBILITY, COMMUNICATION AND INFORMATION

9.7.1 WHAT IS EXPECTED?

As part of the contractual provisions, the partner should publicise the relevance and impact of Union-funded humanitarian aid, both in the European Union and in third countries where Union-funded actions are carried out, while duly respecting and protecting the safety and dignity of the beneficiaries.[82]

The level of publicity given to an action will depend on the nature of the action and on the capacity of the partners to implement standard or above standard activities.

Standard visibility and communications actions	Above standard visibility actions
Between 0 and 0.5% of the direct eligible costs (max. 8000 EUR)	More than 0.5% (or more than 8000 EUR)
Minimum requirements at field level and elsewhere: • Display the Union logo (visibility) • Highlight the Commission as donor in the media and press releases (communication)	Described in a visibility and communication plan: • Additional visibility at project location, including goods & equipment • Additional information & communication activities • Prior agreement Regional Information Officer / ECHO INFO on the proposed visibility plan

For details on how to implement these obligations, consult the dedicated Visibility website: http://www.echo-visibility.eu/

9.7.2 DEROGATION

It is possible to derogate to the activities relating to standard visibility (section 9.1 A & B of the Single Form)

As regard to the **visibility in the field**, a derogation will have to be requested if one of the check boxes are deselected. Derogation to the obligation of visibility in the field is possible when those activities may harm the implementation of the action, the safety of the staff, implementing partners or the beneficiaries or local community.

Derogation should be requested in the Single Form under section 11 either at proposal stage or at a later stage through a modification request. If approved, the derogation will be included in Article 6 (2) of the Specific Grant Agreement.

[82] FPA NGO - Preamble para 8 and Article 2.3

The derogation for visibility in the field should not stop the partner from carrying out visibility, communication or information activities at headquarters level.

As regard to the **acknowledgement of EU funding** (section 9.1 B), a derogation should be requested when less than 4 options are selected.

9.7.3 MONITORING

During their monitoring visits, ECHO staff will check, among other aspects of the action, whether the partner is fulfilling its minimum obligations in terms of visibility. If ECHO staff could not find sufficient evidence, a letter will be sent to the partner to seek clarifications and to request that more efforts are put to publicise the funding.

9.7.4 REPORTING

At the end of the action, the partner will have to demonstrate that the contractual visibility and communication obligation has been respected as an integrated part of the action and throughout the implementation process.

For more information on Visibility, Communication and information, the partner can consult ECHO **Visibility website** http://www.echo-visibility.eu/

When submitting the final report for liquidation, the partner **must** include supporting information such as photos of relevant items, copies of/links to press releases and press cuttings, references to relevant publications, links to project related website posts, etc.

The amount of supporting evidence provided does not need to be exhaustive. The partner must able to demonstrate in a credible way that the contractual visibility and communication obligation has been respected as an integral part of the project and at different stages of its implementation.

Communication and visibility costs cannot be approved without this supporting information.

If the partner breaches its visibility or communication obligations, the Commission may reduce the grant or apply financial penalties, suspend or terminate the SGA and apply administrative penalties (see chapter “Closing the Action”).

9.8 MONITORING

The monitoring is a vital management tool. The monitoring should be a systematic and continuous process throughout the project life cycle. It includes measuring changes through pre-determined indicators, it looks for changes that have not been anticipated in the project plan, including changes in context, it analyses qualitative as well as quantitative information and it is a key part of any organisation's accountability and learning processes.

9.8.1 MONITORING BY PARTNERS

The monitoring mechanism used by the partner during the implementation of the action should be described in section 8 of the Single Form.

"Monitoring" means collecting the data of the action systematically and regularly. This collection should be focused on different aspects such as:

- progresses of the activities (activities undertaken by the partner and by its implementing partners and results delivered);
- human resources (possible conflicts);
- quality of process (e.g. stakeholder participation);
- financial progress;
- possible risks;
- response by beneficiaries about the activities (i.e. use of services);
- reasons for any adverse response by beneficiaries and any actions to be taken.

A good monitoring activity should provide clear information on the progress of activities and promptly identify challenges and possible areas for improvement.

The Logframe is an essential tool for developing a feasible monitoring plan and constitutes an important tool for the evaluation of the project's effectiveness and impact at the end of the implementation period.

The partners will report back to ECHO in case of discovering circumstances likely to hamper of delay the implementation of the action. In case the monitoring highlighted corrupt, fraudulent, collusive or coercive practice or breach of the Specific Grant Agreement, the partners will inform ECHO immediately[83].

- Contact the desks or
- ECHO-Finance-Legal-affairs@ec.europa.eu

[83] Article 5 of the General Conditions FPA NGO

9.8.2 MONITORING BY ECHO

ECHO may at any time monitor the action. The purpose of the monitoring is to observe the progresses made in the action and the degree of achievements of the results and the specific objective. As a general rule, ECHO will conduct at least one monitoring visit for each funded action. In most cases, the monitoring will be carried out by ECHO staff in the field. In some cases, it can be done by ECHO staff coming from Brussels.

Monitoring missions have different goals:

- To verify whether the action is proceeding according to the logframe and the workplan,
- To detect possible problems,
- To verify whether a readjustment of the initial project is needed;
- To meet and listen to beneficiaries

The partner shall make available all information necessary to allow the monitoring of the action and give the rights of access.

At the end of the monitoring visit the TA should have a meeting with the partner (either in the field or capital level) in order to present his/her findings. ECHO Brussels may also send feedback to the partners based on the conclusions of the TA.

If concrete steps have to be taken to improve the implementation of the action the TA will inform the desk who will inform the partner on the steps/actions that ECHO expects to be taken.

If important problems, constraints and difficulties (e.g. important delays, insufficient quality, stakeholders' dissatisfaction, diversion of the action from the agreed purpose, etc.) have been identified during the visit, the TA will inform the desk who will take the necessary actions, i.e. meeting with partner, amendment of the agreement and/or any other step deemed necessary.

9.9 INTERIM REPORT

The interim report[84] provides full information to ECHO on the progress of the action, so as to allow it to take an opinion on whether the action is implemented in accordance with the grant agreement and, if problems are detected, decide on possible action.

By default the Interim Report is not required in case of

- urgent actions, or
- short actions with a duration of less than 10 months.

However, an interim report might be required for actions of less than 10 months for well justified reasons, such as:

- No possibility for ECHO to do monitoring;
- Remote management.

Alternatively, the partner may be requested to provide information on the implementation of the action through more regular dialogue with ECHO.

Partners should avoid including in the Interim Report changes which requires ECHO consent. The modification request is to be used for this purpose.

When the Interim Report is required the partner will find the timing for its submission in the Article 4 of the Specific Grant Agreement. This report should cover the whole action regardless of the ECHO contribution, and shall cover up to one month before its submission. ECHO may always request additional information, to be provided within 30 calendar days.

The Interim Report shall be drafted on the standard format provided in the Pdf Single Form, filling only the fields marked with INT.

The Interim Report is mainly an **operational tool**. The partner has to indicate the overall amount that has been incurred at the time of the interim report (section 10.1 of the SF), but does not have to submit an updated financial statement (section 10.2 of SF). No updates should be provided on the amounts per result.

If the partner fails to submit the IR within the agreed deadline and without any valid justification, ECHO may terminate the agreement with advance notice.

Consult the Single Form Guidelines for more information on the structure of the interim report. http://dgecho-partners-helpdesk.eu/reference_documents/start

[84] Article 16.2 of the General Conditions FPA NGO

9.10 EVALUATION OF ACTIONS

Evaluations serve to capitalise the experiences and to learn from each intervention.

Evaluations should not look only at the achievements of the result or the objectives but also at the way the action was managed, and if results or objectives were not reached, the reasons for this.

9.10.1 EVALUATION BY THE PARTNER [85]

Evaluations are usually carried out by independent **external evaluators** but **internal** staff members can also evaluate an action as long as they take an objective approach. This would normally mean staff who that was not involved in the response.

Humanitarian evaluation should use a set of dimensions known as the DAC criteria[86]:

- Relevance and appropriateness;
- Connectedness;
- Coherence;
- Coverage;
- Efficiency;
- Effectiveness;
- Impact.

The evaluation should be planned in advance and mentioned in **section 8** of the Single Form.

Evaluations are considered as eligible expenses under certain conditions:

To summarise…	Justification	TOR	Report
Internal evaluation	No	No	Yes
External evaluation	Yes	Yes	Yes

- An **external evaluation** will be eligible under the condition that its pertinence is justified in the Single Form and the Terms of Reference are shared with ECHO before launching the recruitment procedure of the external consultants. The partner will also have to provide a copy of the report as an annex to the final report.

- For an **internal evaluation** linked to the action, the submission of the terms of reference is not a prerequisite. The internal evaluation should not necessarily be justified, as it is considered as a good project management practice. A copy of the evaluation report will have to be provided with the final report for the costs to be eligible.

[85] Article 22.1 of the General conditions FPA NGO

[86] Evaluating humanitarian action using the OECD-DAC criteria – An ALNAP guide for Humanitarian agencies

The lessons learned from evaluations can be indicated in section 13 of the Single Form at final report stage and also in section 3 of the Single Form at proposal stage for evaluations carried out under previous actions.

9.10.2 EVALUATION BY THE COMMISSION [87]

The Commission or any other person or organisation authorised by the Commission may at any time conduct an evaluation of a specific action or of the partner. These evaluations by the Commission are to be planned and completed in a collaborative manner.

The partner shall make available to the Commission, or any other organisation or person mandated by it, all the information necessary to allow for the completion of the evaluation exercise, and shall give the required rights of access.

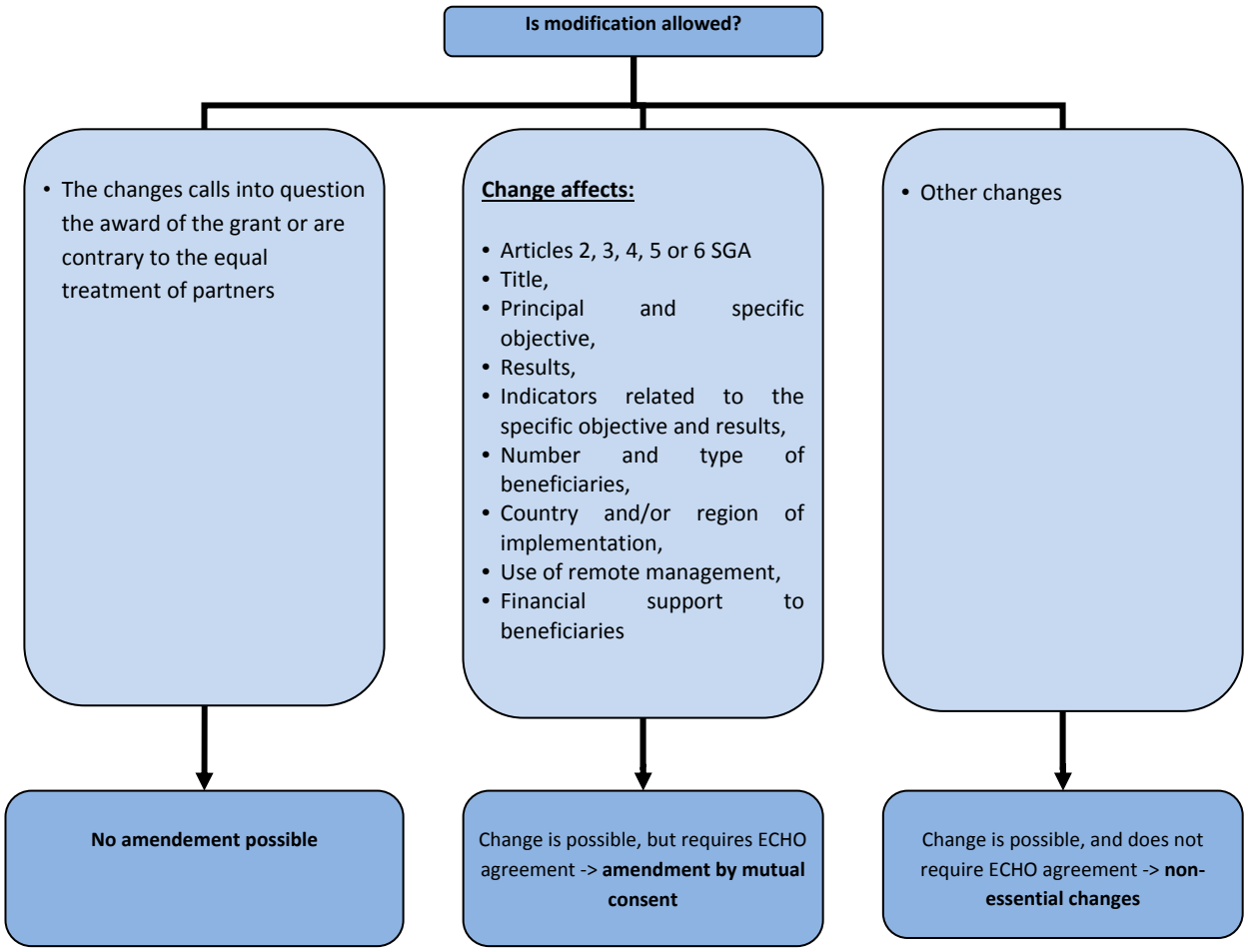
Before the report is finalised, the Commission will make a draft of its evaluation report available to the partner for comments. The final reports of the evaluations carried out by ECHO are available on the ECHO website.

For more information on ECHO evaluations
http://ec.europa.eu/echo/en/funding-evaluations/evaluations

[87] Article 22.2 of the General Conditions FPA NGO

10. DEALING WITH CHANGES WITHIN THE ACTION

The fundamental principle is that the action shall be properly planned; all the particular circumstances should be properly identified in the proposal and, when needed, reflected in the Specific Grant Agreement (SGA). However, there may be well-justified circumstances which make it necessary to modify, supplement or derogate from the SGA after it has entered into force. The possibilities of amending Agreements are set out in **Article 12 GC**.



10.1 AMENDMENT BY MUTUAL CONSENT

This table lists exhaustively all the elements of an action for which the mutual consent procedure applies.

ARTICLE SGA or SF SECTION	APPLICATION – what can be modified?
Article 2 SGA	- The total eligible costs of the action (increase or decrease) - The amount of EU funding and the percentage of EU funding. - If such an amendment is approved, the amount of direct costs is automatically updated.
Article 3 SGA	- Extension or reduction of the implementation period of the action. - In exceptional cases, it is possible to change the eligibility period of the action.
Article 4 SGA	- Deadlines for submissions of Interim Reports and final reports - Adding Interim Report if initially not foreseen, either because of the extension of the action, or because of operational needs.
Article 5 SGA	- Modification of the pre-financing arrangements (in exceptional cases).
Article 6 SGA	- Change, insertion or deletion of any supplementing or derogating clauses, or change in the "urgent" qualification of the action. - Authorisation of donations of remaining goods and equipment that require agreement of ECHO. - Suspending the action or Resuming it.
Title	- Change of the wording of the title when the description does not correspond to the reality in the field. (in exceptional cases)
Region	- Addition or deletion of a region or country of implementation
Principal objective	- Change of the wording of the principal objective when it does not correspond to the reality in the field. (in exceptional cases)
Specific objective	- Change of the wording of the specific objective when it does not correspond to the reality in the field. (in exceptional cases)
SO – indicators (description and values)	- Addition of a new indicator or modification of existing one.
Result title	- Change of the wording of the result title when it does not correspond to the reality in the field.
Result – sector, sub-sectors	- Change the sector; - Addition or deletion of sub-sectors.
Result – beneficiary type	- Change the type of beneficiaries.
Result – estimated number of beneficiaries	- Increase or reduction of the number of beneficiaries. (see box below for more details)
Result - indicator (+ values)	- Addition of a new indicator or modification of existing one.
Request for use of remote management	- Amendment would be necessary if remote management not agreed at proposal stage in section 8.1 SF.
Request for use of financial support to beneficiaries, or modification of any element indicated in Article 11 GC	- Amendment necessary if financial support to beneficiaries not agreed at proposal stage, or if financial support was agreed to, but some of its features are modified: such as the amount of financial support, the criteria, the purpose of the financial support, the definition of the persons or categories of beneficiaries, the possible conditions, the monitoring or supervision mechanisms.

10.1.1 SPECIFIC CASES

A) BENEFICIARIES: INCREASE OR DECREASE

An amendment by mutual consent is not necessary in all cases when the number of beneficiaries changes due to the factual day-to-day evolution of the number of beneficiaries reached.

Decrease	• When partners becomes reasonably confident that, on balance, the expected number of beneficiaries will not be reached	➔	Modification request requiring ECHO approval
Increase	• Increase without affecting other conditions or elements of the Agreement	➔	No amendment required. Report in final report
	• Increase requiring additional financial resources	➔	Modification request requiring ECHO approval → Approval will depend on the availability of budget. If resources not available, other elements of the action might have to be modified (e.g. modify results, reduce activities, etc.)

10.1.1 PROCEDURE FOR THE MODIFICATION OF SGA BY MUTUAL CONSENT

1) ***Requests for amendments*** should to be made in APPEL at the latest **30** calendar days before the end of the implementation period.

   ⓘ **Exception:** when justified, and if ECHO does not object to it, the request for amendment, including a cost-extension, can be done **after the end of the implementation period**, but in any case at the latest with the final report.

2) ***Response by ECHO to the request for amendment*** is to be provided at the latest within 30 calendar days from the request. An absence of response does not equal a tacit consent on the side of ECHO.

   ⓘ **Exception:** if the request is done after the end of the implementation period, at the latest with the final report → ECHO will notify the partner its acceptance or rejection of the request at the latest with the notification of Final Payment.

3) The amendment to the Agreement **will take effect** from the date of eligibility indicated in Article 2.3 (eligibility period) of the Specific Grant Agreement.

10.1.2 MODALITY OF THE REQUEST FOR AMENDMENT AND THE REPLY

- The partner submits a request for modification via a Modification Request (MR) in APPEL.
- When the amendment request does not concern a specific section of the SF (for example reporting deadline), the partner has to use section 13 of SF to justify its request.

- When the amendment concerns a specific section of the SF (e.g. number of beneficiaries), the partner has to encode the modification in that section, including the justification for it.
- If the modification requests include several changes, the partner is invited to provide an overall justification for the changes in section 13.1.

The response from ECHO will be sent in PDF format by email to the official address of the partner (so called **exchange of let**ters modality)

10.2 NON-ESSENTIAL CHANGES

Non-essential changes are **unilateral modifications** of the Agreement.

They may include everything that is not listed in the table in section 10.1 of these guidelines. These changes include for instance, change in the headings and lines of the financial statement, change in the activities, etc.

These non-essential changes can be introduced through a "**Modification Request non-essential changes**" in APPEL.

Once submitted, it will appears as a Non-essential changes MR which becomes favourable immediately. ECHO does not have to give its approval to these changes, unless it realises that one of the changes introduced falls under the modification by mutual consent. (This may happen when modifying activities relating to cash or when modifying the monitoring section to introduce a remote management).

10.2.1 TRANSFERS BETWEEN BUDGET HEADINGS

Partner have full flexibility to make transfers between different budget headings in the Financial Statement annexed to the Single Form, including creating new headings, to the extent that the elements requiring mutual consent are not affected. (i.e. specific objective, result, article 3 of the Specific Grant Agreement, etc). When changes are made in the financial statement, the partners present them through the non-essential changes procedures.

10.3 CLERICAL ERROR

Clerical errors are unintentional additions, omissions or typographical errors made in the text of the Specific Grant Agreement. In case of a clerical error in the text of the Specific Grant Agreement, the Parties shall inform each other as soon as the error is identified and the text shall be rectified by exchange of letters (one party notifying the other of the error, and the other party confirming that it also considers the matter a clerical error and agrees to the rectification). The clerical error shall not affect the validity of the Specific Grant Agreement.

10.4 FORCE MAJEURE

Force majeure[88] is any unforeseeable exceptional situation or event beyond the partner's control, which prevents from fulfilling any or part of its obligations under the Specific Grant Agreement. The force majeure situation should not be attributable to error or negligence on partner's part or on the part of its implementing partners or contractors, and which proves to be inevitable in spite of exercising all due diligence.

10.4.1 HOW TO QUALIFY A SITUATION AS FORCE MAJEURE?

To determine whether a situation qualifies as force majeure, the partner must be able to answer to the questions posed in the table with 'yes' in all cases, with the exception of point 5 where the answer should be 'no'.

Conditions		Clarification	Required answer
1.	Is the situation unforeseeable?	The partner does not know in advance that the situation will occur. *E.g.* peaks of rainy seasons would not qualify as force majeure, because they happen every year, and are therefore foreseeable.	**YES**
2.	Is the situation exceptional (in the specific context)?	This situation is not likely to happen very often and it has exceptional/unusual characteristics (scope, impact and consequences). *E.g.* riots in a region affected by conflict are not considered exceptional, unless they reach a level of intensity which is higher than usual.	**YES**
3.	Is the situation beyond the control of the party?	Acting diligently, the partner could not have done anything to prevent the situation to occur or to avoid the situation.	**YES**
4.	Does the situation prevent the party from fulfilling any obligations under the Specific Grant Agreement or part of an obligation?	The situation has an impact on the ability of the partner to fulfill its obligations under the Specific Grant Agreement. *E.g.* the situation prevents the partner to implement the action in the agreed period.	**YES**
5.	Did the situation happen because of an error or negligence of the partner (or its IP or contractor)?	The partner did not create the situation with its actions or contribute to the situation emerging. *E.g.* if the partner did not carry out a risk analysis and was therefore unaware of the potential risk factors, force majeure would not apply.	**NO**
6.	Has the organisation carried out all due diligence?	The partner acted with care, efficiency, transparency and diligence, in line with the best practices in the field concerned.	**YES**

A) DUE DILIGENCE

[88] Article 13 of the General Conditions FPA NGO

The exact content of the due diligence[89] obligation will depend on the specific humanitarian context. (*E.g*. if the partner did not sufficiently secure its equipment and the equipment was stolen during riots or if the partner failed to communicate with ECHO to address the situation, force majeure would not apply.)

To comply with its due diligence obligation, the partners have to ensure that:

- All **supplies**, especially equipment, used for the implementation of the action are adequately protected from damage and, when possible and cost-effective, insured. When the partner has no insurance, it should explain what the reasons are for the absence of insurance (e.g. high risk, not possible to obtain one in a war zone, costs, etc.) and what its internal policies in absence of insurance are.

- The **staff** participating in the implementation of the action are adequately protected and when possible and cost-effective, insured. The partner should also have a sound and comprehensive security/safety policy, which is regularly updated. Staff is to be adequately trained on the content of the said policy and on security measures in general. The partner should have in place security assessment, protocols and procedures for the emergency evaluation of staff.

- **Back-up copies** of documents exist, stored securely on any appropriate medium, either on IT or on paper.

When assessing a possible situation of force majeure, ECHO will also consider what other precautionary/mitigation measures the partner has taken in the context.

10.4.2 WHAT IS NOT *FORCE MAJEURE?*

- Situations in which the performance of an obligation has simply become more difficult for reasons outside the reasons mentioned above.
- Situations which occurred due to neglect (e.g. loss of supporting documents due to insufficient archiving practices).
- Default of service, defect in equipment or material, delays in making them available (e.g. delays in custom services, container lost in the harbor).

10.4.3 CONSEQUENCES OF FORCE MAJEURE

The partner will notify ECHO without delay of a force majeure situation, providing information on the incident, the consequences on the action, the extent/size of the losses if any, and the general security context. The partner will not be held in breach of its obligations when the conditions explained above are met.

After analyses of the situation, the action may have to be **suspended** (see section 10.5), fully or partially, or **terminated** (section 10.6).

[89] Article 1 a) of the General Conditions FPA NGO

10.5 SUSPENSION OF THE ACTION[90]

A suspension of the implementation of the humanitarian action is a temporary stopping of all or part of the activities of the action, due to circumstances which make it impossible or excessively difficult to continue. When such circumstances no longer apply, the suspension is to be lifted and the partner will resume the implementation of the action. In some cases, it will be possible for the partner to continue implementing a part of the action during the suspension period. This has to be defined in the exchange of information between ECHO and the partner.

10.5.1 SUSPENSION BY THE PARTNER

The partner may have to suspend the implementation of the action if changes in circumstances in the field are likely to make it excessively difficult to continue the implementation of the action, notably in cases of:

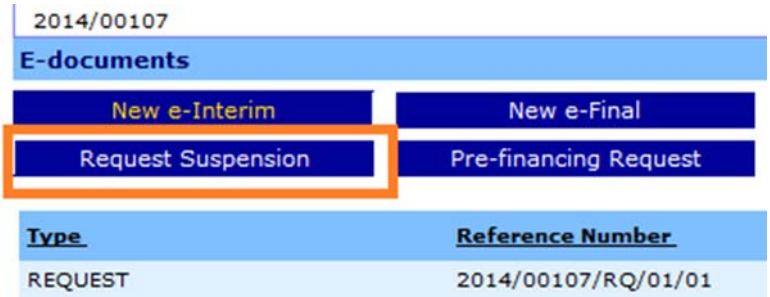
- Force majeure as described in section 10.4,
- Serious threat to the safety of humanitarian workers,
- Incompatibility between the implementation of the action and compliance with humanitarian principles or conflict of interests.

A) SUSPENSION PROCEDURE

TOTAL SUSPENSION

As soon as an event occurs in the field that could lead to a suspension of the action, the partner will inform ECHO (Desk or TA) by email, even if the partner is not sure yet that a suspension will be needed. This first message is important to set the possible start date of the suspension.

1. When the decision to suspend the action is taken, the partner will inform immediately ECHO via APPEL, using the "**Request suspension**" functionality in the eDocument result list screen



The request can be made only when:
- no draft final report has been created
- no internal ECHO workflow is running.

The partner is requested to provide the information supporting the suspension, i.e:

[90] Article 14 of the General Conditions FPA NGO

a. Reasons for the suspension
b. The expenses connected to the suspended activities during the suspension period.(e.g. the running costs of the local office). The eligibility rules continue to apply during the suspension.
c. The proposed start date of the suspension and the estimated duration (in days).

The partner can add supporting documents if deemed necessary.

2. ECHO will review the grounds for suspension and inform the partner of its decision concerning the suspension by email to the official address of the partner. ECHO's letter will confirm the start date of the suspension, the duration and the nature of the expenses considered as eligible.

3. As soon as the suspension is approved in APPEL, the action will change from '**ongoing**' to '**suspended**'. **No further activity in APPEL will be possible during the suspension process**.

4. As soon as circumstances allow, the partner will resume the activities and inform immediately ECHO via APPEL, by clicking on the button "**Terminate Suspension'** in the eDocument result list screen. The partner will have to provide the following information:

   a. The end date of the suspension.
   b. Other modifications necessary to adapt the action to new implementation conditions. (e.g. duration, results, budget)
   c. Any other supporting documents if deemed necessary.

5. ECHO will analyse the information provided and inform the partner of its decision via a pdf letter sent via email to the official address of the partner:

   a. When the resumption has no impact on any basic element of the agreement, ECHO will confirm the resumption and will give the new end date of the action.
   b. When the resumption entails changes of the agreement's articles or of the basic elements of the action (e.g. results, end date, indicators), ECHO will have to agree first on these changes and will confirm its agreement.
   c. When the suspension was longer than 1/3 of the implementation period, ECHO will have to decide whether to resume or terminate the action.

PARTIAL SUSPENSION

When the suspension is partial (concerning one or several results), the partner **should not use** the functionality "Request suspension" as this would suspend the entire action but the **modification request** functionality (MR).

1. The partner should inform ECHO immediately in writing of the risks of partial suspension to set the start date of the partial suspension.

2. Once the partial suspension is confirmed, the partner will provide detailed information on the suspension through a Modification request in APPEL. In **section 13** of the Single form, the partner will provide information on:

a. - the reasons for the partial suspension
b. - the conditions and dates foreseen for the resumption of the activities
c. - the expenses connected to the suspended activities.

3. ECHO will review the grounds for suspension and inform the partner of its decision by email to the official address of the partner. ECHO's letter will confirm the start date of the suspension, the duration and the nature of the expenses considered as eligible.

4. As soon as circumstances allow, the partner will resume the activities and inform immediately ECHO via APPEL by introducing a Modification request. The partner will explain which elements of the specific grant agreement, if any, have to be modified as a result of the partial suspension. The partner will have to provide the following information:

   a. The end date of the suspension.
   b. Other modifications necessary to adapt the action to new implementation conditions. (e.g. duration, results, budget)
   c. Any other supporting documents if deemed necessary.

5. ECHO will analyse the information provided about proposed changes and inform the partner of its decision via a pdf letter sent via email to the official address of the partners.

TO SUMMARISE

SUSPENSION & APPEL	
Total Suspension ⇩	**Partial suspension** ⇩
Suspension request	Modification request

10.5.2 SUSPENSION BY ECHO

ECHO may suspend the action when it has evidence or suspect that the partner:

- committed substantial errors, irregularities or fraud in the implementation of the action,
- failed to comply with its obligations under the Specific Grant Agreement
- has committed recurrent errors, irregularities, fraud or breach of obligations under other grants which have a material impact on the action

It may also suspend when it considers that exceptional circumstances make the implementation excessively difficult or dangerous for the humanitarian workers or where there is an incompatibility between the implementation of the action and compliance with humanitarian principles.

A) SUSPENSION PROCEDURE

1. ECHO will formally notify (Postal delivery with return receipt and e-mail) the partner of its intention to suspend and explaining the reasons for the suspension.

2. The partner will have 15 calendar days[91] to submit observations.

    a. If the partner fails to submit observation, the suspension will take effect on the expiry of the 15 calendar days.

    b. If the partner submits observations, ECHO will consider them and notify the partner of its decision on the suspension.

10.5.3 IMPORTANT INFORMATION ABOUT SUSPENSION

- During the suspension period, the Partners must take all necessary measures to limit the duration of the suspension, to reduce potential damage, to limit the expenses.
- When the suspension risks to prolong more than 1/3 of the initial implementation period, ECHO must be informed.
- The Agreement might be terminated if the causes of the suspension are such that it is not possible to envisage a resumption of the activities or if the causes for suspension last longer than 1/3 of the implementation period.

10.6 TERMINATION OF THE SPECIFIC GRANT AGREEMENT[92]

10.6.1 TERMINATION BY THE PARTNER

The partner may terminate the Specific Grant Agreement in duly justified cases, for example if changes in circumstances in the field are likely to make it impossible or excessively difficult to continue the implementation of the action, such as in cases of force majeure, serious threat to the safety or security of humanitarian workers or beneficiaries, or the inability to ensure compliance with the humanitarian principles. In any case, the decision to terminate the Specific Grant Agreement must be duly justified.

When a partner decides to terminate the Specific Grant Agreement, it has to formally inform ECHO of **reasons and the date of termination** but the Specific Grant Agreement cannot be terminated before the notification is sent to ECHO.

If the partner does not provide any reasons for the termination or if the given reasons cannot justify the termination, ECHO formally informs the partner that the Specific Grant Agreement was terminated improperly.

10.6.2 TERMINATION BY ECHO

There are several reasons why ECHO may terminate the Specific Grant Agreement (SGA) with a partner. The complete list of the reasons for termination of the SGA can be found in Article 15(2) of the General Conditions. It includes, among others, cases of non-compliance with the criteria to be an FPA partner, non-compliance with the SGA, force majeure, fraud, corruption, grave irregularities when implementing

[91] The time-limits may be shortened according to the urgency of the matter.
[92] Article 15 of the General Conditions FPA NGO

the SGA, bankruptcy of a partner, or where the Commission, in spite of two suspensions of the time-limit for payment within the payment deadline, is still not in the position to approve the final report presented by the partner.

Once ECHO contemplates the termination of the SGA, it informs the partner and asks about any observations to be provided within 15 calendar days from the receipt of notification on the intention to terminate the SGA.

- If the partner submits observations, ECHO shall notify its decision if the termination takes effect or not.
- If ECHO decides to terminate the Agreement despite the observations submitted by the partner, the termination shall take effect on the date of receipt by the partner of the termination decision's notification.
- If no observations have been submitted, the termination shall take effect 15 calendar days following the notification by ECHO of the intention to terminate.

10.6.3 EFFECTS OF TERMINATION

Effects of termination of the SGA are the same regardless whether it is ECHO or the partner who terminates the SGA.

Payment by ECHO should be determined based on eligible costs incurred by the partner and the actual stage of implementation of the action on the date of termination.

The **SGA will still apply even after the termination** in order for the payment to be done.

The partner has to send its **request for payment** within 60 calendar days after the termination. If this is not done, ECHO may recover what was already paid to the partner. The possibility of 60 calendar days to send the request for payment will not be given to such a partner that has the SGA terminated due to not producing final payment request within the deadline required, after being already reminded by ECHO.

In those cases where the **SGA is terminated improperly** by the partner or the SGA is terminated because the partner did not implement the action properly, or if the partner committed grave professional misconduct, corruption, fraud, or any illegal activity, ECHO may also apply financial penalties proportionate to the gravity of the situation.

11. CLOSING THE ACTION

Closing of the action is a very important phase and it should be carefully managed.

The action must be completed by the end of the implementation period specified in the Specific Grant Agreement. As a general rule, in order to be eligible, the related costs must be incurred during the eligibility period.

It is the moment in the project lifecycle when the partner will report on what has been achieved, which resources have been used and which supplies remain.

If the partner is facing some problems at this stage, such as activities not completed or delayed, goods to be distributed, possible delays in the preparation and submission of the final reports, the partner should immediately contact ECHO to seek solutions.

11.1 REMAINING EQUIPMENT

The rules on remaining equipment[93] apply when ECHO is the single largest donor to the action (namely it has the largest contribution in comparison to other donors) and are relevant for equipment fully charged to the action (new or second hand) and incurred.

Incurred equipment ↓
Transfer or donation or derogation request
Low value allowance

Equipment purchased towards the end of the action is in most cases considered as not necessary for the Action and will be declared ineligible unless duly justified operationally.

11.1.1 GENERAL RULE - TRANSFER OF EQUIPMENT TO ANOTHER HUMANITARIAN AID ACTION FUNDED BY ECHO

The partner transfers equipment **to another humanitarian aid action** funded by ECHO and informs ECHO in the final report on the project to which the equipment has been transferred. The transfer means that the partner continues to exercise ownership and control over the equipment.

Equipment has to be transferred until the equipment has reached the end of its useful lifespan. To assess this, the partner has to simulate the depreciation costs of the equipment as if it was proposed for depreciation from the date of its purchase until the end of the eligibility period for the action.

There is no limitation to the number of times the equipment may be transferred as long as it has not been fully depreciated.

[93] Article 10(3) of the General Conditions FPA NGO.

If after several transfers, the equipment does not have an economic value according to the depreciation plan but is still usable, the partner can freely decide what to do with the equipment.

The transfer to an action funded by another Directorate General (DG) of the Commission is not possible, but the partner may charge in those cases a part of the depreciation costs to both ECHO and the other DG.

11.1.2 EXCEPTION 1 – DONATION

If transfer to another humanitarian aid action funded by ECHO is not possible or appropriate, the equipment may be donated.

ECHO prior agreement not required when donated to:	ECHO prior agreement required when donated to:
Beneficiaries of the action, i.e. the affected people of the humanitarian crisis	Local NGOs and local authorities that are not identified as Implementing partners in the SF
Local NGOs identified as Implementing partners in the Single Form	International Organisations
Local authorities identified as Implementing partners in the SF, e.g. local hospitals	International NGOs

Equipment may never be donated to for-profit entities! In all cases, the partner has to inform ECHO about the end use of the equipment in the final report. Donation certificates must be kept by the partner for audit purposes but should not be attached to the final report.

11.1.3 EXCEPTION 2 - DEROGATION FROM THE OBLIGATION TO TRANSFER OR TO DONATE

ECHO may agree to a derogation from the obligation to transfer or to donate equipment, in particular in cases where the equipment is either **very specific** (e.g. de-mining equipment) or it **requires expert handling,** and if the partner pledges to use it for the benefit of humanitarian aid actions until the end of their useful economic lifespan.

In case the equipment cannot be transferred or donated, the partner should give the reasons and explain the future use of the equipment in the final report. The final destination should then be approved by **mutual consent.** If the derogation is accepted, the partners become the owner of the equipment and do not have to report further.

The request for derogation must be made through a modification request of the SF or at the latest with the Final Report. The derogation will be introduced in the section 11.

11.1.4 REPORT ON REMAINING EQUIPMENT

The **end use of the equipment should be mentioned** in the Final Report. An example of reporting table for remaining equipment is provided below. The partner can use a different table provided that the key information is available.

Template : Remaining equipment Grant agreement reference: ……				
Item description	Quantity	Purchase date	Total amount	End use
Item 1				☐ Transfer + agreement ref number ☐ Donation + beneficiary ☐ Depreciation ☐ Derogation + motivation
Item X				

11.1.5 EXCEPTION 3 – ALLOWANCE FOR LOW VALUE EQUIPMENT

Equipment with a low value will be exempt from the obligation of transfer or donation under certain conditions explained in the table below.

Equipment item cost EUR 1 to 750	Equipment item cost EUR 751 to 2500
- the partner can keep without any limit if it pledges to use it for humanitarian actions - their final use should not be explained in the final report	- does not need to be transferred or donated provided that the total costs of the equipment concerned is maximum EUR 15 000 - the partner pledges to use it for humanitarian actions - they have to be reported on in the final report

The threshold for low value allowance equipment is Euro 15 000 regardless of the action's budget or the number of the consortium members.

An example of **reporting table** for low value equipment is provided below. The partner can use a different table provided that the key information is available.

Template - Low Value Equipment Allowance Grant agreement reference: ……		
Description of the items	**Date of purchase**	**Cost in euro per item**
Item 1		
Item X		
Total cost of low value equipment		

11.2 REMAINING GOODS

In order to be eligible, costs of goods needs to be incurred during the action and be necessary. This implies that the relating results foreseen in the proposal need to be achieved within the duration of the implementation period of the action.

If despite achieving the result, the partner has remaining goods at the end of the implementation period, the following steps - in order - will be taken depending on the volume of the remaining goods:

1. To request a no-cost extension via an amendment by mutual consent to give more time to distribute the remaining goods, provided that the no-cost extension is still possible and that the distribution meets the needs of the beneficiaries. In order to avoid risk of double funding in the event of an overlap of actions/activities, a no-cost extension is possible only if there is no follow-up action or when the follow-up action does not focus on addressing the same needs. (i.e. there is no overlap in the activities/results)

Page 114, the partner will find the decision tree that ECHO will use to decide on the eligibility of remaining goods.

2. To transfer or donate the goods taking into consideration the conditions mentioned below.

3. To request derogation for goods difficult to transfer or to include the goods in low value allowance.

11.2.1 TRANSFER TO ANOTHER HUMANITARIAN AID ACTION FUNDED BY ECHO[94]

If the no-cost extension is not possible, and when the action's results are achieved and the remaining amount of goods does not result from procurement excessive to the needs, the goods can be **transferred to a follow-up ECHO-funded action**.

Marginal = < 5% per type of goods purchased (e.g drugs, food, NFI kits.)

This applies when ECHO is the single largest donor and the quantity to be transferred is a **marginal quantity**. What is considered as marginal is to be defined in the light of all the goods of a similar type purchased within a given action.

ECHO considers as marginal a quantity up to 5% of the goods of similar type purchased in the action. In some circumstances, due to the complex humanitarian situation, the quantity might be higher. In such cases, the partners should revert to ECHO to request a derogation to transfer a bigger quantity of remaining goods.

11.2.2 DONATION

[94] Article 10.4.a of the General Conditions FPA NGO

If there is no follow-up action, the goods can be donated. When ECHO is the single largest donor, the partner may **donate** goods left over at the end of the action, of a **marginal quantity**, that were not used or distributed to beneficiaries provided the results were achieved.

ECHO agreement not required	ECHO agreement[95] required
When goods donated to:	
Beneficiaries of the action, i.e. the affected people of the humanitarian crisis	Local NGOs and local authorities that are not identified as Implementing partners in the SF
Local NGOs identified as Implementing partners in the SF	International Organisations
Local authorities identified as Implementing partners in the SF, e.g. local hospitals.	International NGOs

Goods may never be donated to for-profit entities!

In all cases, the partner has to **inform in the final report** on the goods destination and has to keep a **donation certificate** for future audit purposes.

11.2.3 DEROGATION FROM THE OBLIGATION TO TRANSFER OR TO DONATE

ECHO may agree to deroge from the obligation to transfer or to donate goods in particular in cases where the goods require **expert handling** (e.g. nutrition or health-related goods) and the partner pledges to use it for the benefit of humanitarian aid actions.

This derogation must be requested in the SF in the section 11.

[95] By mutual consent or by the acceptance of the final report

Remaining goods – Decision Tree used by ECHO

When the quantity of remaining goods is higher than 5% of the quantity of the goods of similar type purchased, the following decision tree will be applied. The first question to ask is: **Have the Results been achieved?**

- **YES, fully**
  - *Are the remaining goods parts of a stockpiling result with the objective of reinforcing the emergency/disaster preparedness in third countries?*
    - **Yes**
      - → **Rules on stock-piling apply**
  - *Are the remaining goods part of a business continuity- related result (i.e. avoiding a rupture in the procurement pipeline)?*
    - **Yes**
      - → **Transfer**
  - *Is a no cost extension possible and is increasing the result operationally relevant if none of the two options above valid?*
    - **Yes**
      - → **Extend**
    - **No**
      - Has the procurement of the goods been properly planned (bon père de famille)
        - **Yes**
          - → **Transfer or donate**
        - **No**
          - → **Disallow for current action**

- **YES, partly:**
  - *Was the needs-assessment done correctly, and was the partner sufficiently diligent in its procurement planning, in light of the operation context (e.g. complex crisis, regional contract, emergency response for disasters not known with precision at the time of the proposal, lengthy procurement process etc.-?*
    - No
      - → **Disallow**
    - Yes
      - Examine whether the remaining goods result from one of the **3 cases** below:
        - **1-** Needs changed (part of the results have been achieved, but due to changes in the crisis set-up, some of the needs have changed)
          - No
            - → **Disallow**
          - Yes
            - Is a not cost extension possible, assuming that the goods are still relevant to the new needs?
              - → **Yes - extend**
              - → **No – Transfer or donation**
            - Is there a follow-up action for which goods would be relevant?
              - → **Yes –> Transfer**
              - → **No - > donation**
        - **2** Problems of access
          - No
            - → **Disallow**
          - Yes
            - Is a no- cost extension possible or pertinent, assuming that the goods are still relevant?
              - → **Yes - extend**
              - → **No – transfer or donation**
            - Is there a follow-up action for which goods would be relevant?
              - → **Yes –> Transfer**
              - → **No - > donation or disallowances**
        - **3** Other unforeseeable event
          - No
            - → **Disallow**
          - Yes
            - Is a not cost extension possible or pertinent, assuming that the goods are still relevant?
              - → **Yes - extend**
              - → **No – transfer or donation**
            - Is there a follow-up action for which goods would be relevant?
              - → **Yes –> Transfer**
              - → **No - > donation or disallowances**

- **NO – results not achieved**
  - *Is a no cost extension feasible which would allow the partner achieving the results?*
    - Yes
      - → **Extend and use the goods**
    - No
      - → **Disallow**

11.2.4 REPORT ON REMAINING GOODS

The **end use of the goods should be mentioned** in the final report. An example of reporting table for remaining equipment is provided below. The partner can use a different table provided that the key information is available

Template : Remaining goods Grant agreement reference: ……				
Item description	Quantity	Purchase date	Total amount	End use
Goods 1				☐ Transfer + agreement ref number ☐ Donation + beneficiary ☐ Depreciation ☐ Derogation + motivation
Goods X				

The partner should not mention in this table the goods purchased as a pre-constituted stocks (stockpiling)[96] as they are considered as fully incurred and therefore they are not considered as remaining goods.

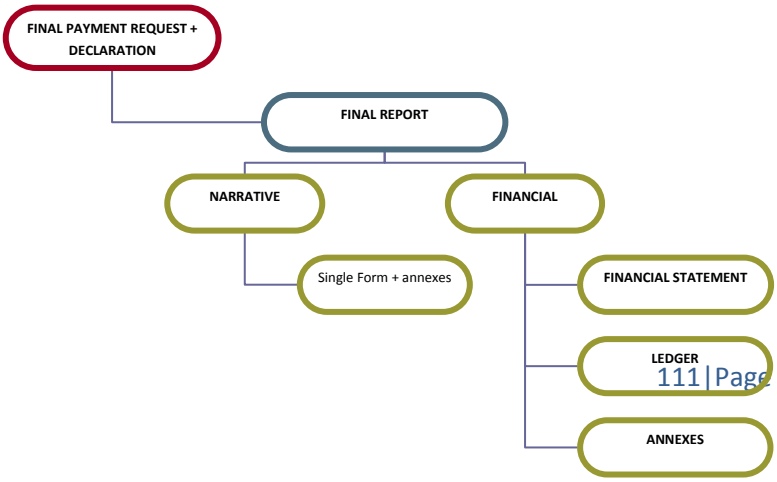
The partner should also report on the goods transferred from the previous action, whether they have been fully consumed or partially consumed (in such a case, the amount of remaining goods should be provided as well as an explanation.

11.2.5 ALLOWANCE FOR LOW VALUE GOODS

Remaining goods that cost **maximum of EUR 750 per category of items**, i.e. identical or similar goods, do not need to be transferred or donated if the partner pledges to use them to the benefit of humanitarian actions. Their final use should not be explained in the final report.

11.3 FINAL PAYMENT REQUEST AND FINAL REPORT[97]

At the end of the action, the partner needs to submit a **payment request,** accompanied by a **final report**



[96] See Section 9.3.2 B) on stocks
[97] Art. 18.4 of General Conditions FPA NGO

consisting of a narrative and financial report.

The final report shall ensure comparability and traceability with the original proposal, while taking account of any modifications presented in the Single Form, as well as with the internal reporting and accounting systems of the partner [98].

The final report will cover the whole action, regardless of the source of the funds and the percentage of ECHO contribution.

11.3.1 WHEN AND HOW TO SUBMIT THE FINAL PAYMENT REQUEST AND FINAL REPORT?

The partner will submit the Final Payment Request and final report at the end of the implementation period and **no later** than the date mentioned in the Article 4.2 of the Specific Grant Agreement, i.e. usually 3 months after the end date of the action.

The Final Payment Request and final report will be submitted using APPEL.

Respecting the submission deadline is particularly important, especially for partners with an open amount above the threshold[99].

However, if the partner realises that it needs more time (e.g. for complex actions or in case of a consortium), it can request an extension of the deadline using the Modification request in APPEL and including its request in section 13 of the Single Form. (see section 10.1).

11.3.2 INFORMATION TO BE PROVIDED

A) PAYMENT REQUEST

The payment request will include the following information[100]:

- the organisation's identification (name, address, etc.)
- the amount to be paid in euro
- the date
- a declaration that the request for payment is full, reliable and true.

A **template** can be downloaded from APPEL. The template is accessible by clicking on "**downloads**" on

Text of the declaration
I, hereby, declare that the information provided in the request for payment is full, reliable and true. I also certify that the costs incurred can be considered eligible in accordance with the Specific Grant Agreement referred above and that the request for payment is substantiated by adequate supporting documents that can be produced in the context of the checks or audits provided for in Article 23 of the General Conditions. I also certify that all the receipts referred to in Article 18(9) of the General conditions have been declared.

[98] Art. 16.3.c of General Conditions FPA NGO
[99] See section 7.3 on risk assessment
[100] Art. 18.4.b of General Conditions FPA NGO

the APPEL home page..

The request will be signed by the legal representative of the organisation entitled to sign the agreement.

The partner will then attach the signed request as an annex of the final report in APPEL. Any error detected in the payment request will trigger the rejection of the request.

B) NARRATIVE REPORT

The final narrative report will be presented using the Single Form. It will provide an overview of the implementation of the **whole action**, regardless of the scope of the Union contribution. In particular, it will present:

- the level of achievement of the objectives and results envisaged in the proposal, the modification request and interim report;
- how the resources have been mobilised;
- the necessity of the costs and how reasonable they are for the implementation of the action.
- the challenges and difficulties encountered during the implementation of the action, e.g. reasons for possible delays in the action or under-achievements.

The Single Form guidelines provide details on the information to be provided.

When necessary, the partners will include **annexes** in support to the information provided in the narrative report (e.g. evidence of visibility actions, evaluation report, etc).

C) FINANCIAL REPORT

The financial report[101] will help ECHO to verify that expenses are in line with the financial regulatory framework (Financial Regulation, General Conditions, etc.). This covers mainly the verification that costs meet the eligibility rules.

The final financial statement must be consistent with the records, accounts and ledgers of the partner and its implementing partner(s)

Consult the section on "Eligibility criteria" 9.3 for more information on the expenses to be presented in the financial report.

The financial report shall be composed of:

- **Updated Financial Overview** of the action, i.e. section 10 of the Single Form
- **Updated Financial Statement** annexed to the Single Form, (section 10.2 of the SF) providing a breakdown by nature of

Important: information in the narrative and financial reports should:

- Be coherent and complementary
- Cover the whole Action regardless of the source of funds and the percentage of ECHO contribution.

[101] Art. 16.3.e) of General Conditions FPA NGO

expenditure of the amounts claimed by the partner.

- **The general ledger(s)** of the action annexed to the Single Form, classified by the nature of expenditure claimed; and
- When relevant, **information annexed** to the Single Form on transferred or donated equipment or goods, and low value equipment with a cost between EUR 751 to EUR 2500, with a maximum of EUR 15000.

D) UPDATED FINANCIAL OVERVIEW

The **updated financial overview** is the section **10.1** and **10.3** of the Single Form. The partner will copy in section 10.1 the actual incurred direct eligible costs and the indirect costs. In section 10.3, the partner will report on the funding of the action.

10.1 Estimated expenditure

	Initial budget	Revised budget	Intermediary report incurred costs	Final report incurred costs
Total direct eligible costs	1.401.869,16 €			
Indirect costs	98.130,84 €			
Total costs	1.500.000,00 €			

10.2 Financial annex

Insert an annex

10.3 Funding of action

	Initial budget	Revised	Final State
Direct revenue of the action			
Contribution by applicant			
Contribution by other donors			
Contribution by beneficiaries			
Contribution requested from ECHO			
% of total funding			
Total Funding			

E) UPDATED FINANCIAL STATEMENT

The **updated financial statement** is the annex requested in section 10.2 of the Single Form. The partner will follow the structure of the financial statement presented at proposal stage and subsequent updates. It is not required anymore to provide the allocation of costs per result in percentage. However, the partner will have to indicate in section 4 of the Single Form an estimation of the amount spent to achieve the result.

The financial statement will be presented in Euro and in the language of the agreement.

In case of co-financing, the costs cannot be earmarked to specific donors.

F) GENERAL LEDGER

A general ledger of the action is a complete record of financial transactions over the life of the action, classified by the nature of expenditure claimed, in the relevant transaction currency, namely the currency of the general accounts, which may be other than Euro. It should enable ECHO to reconcile the figures with the figures encoded in the financial statement: the total of the amounts of each code will have to match with the related code in the financial statement. It is important to indicate the corresponding codes from the ledger in the financial statement, in order to facilitate cross-checking by ECHO.

Ledger = spreadsheet excel

In principle, the general ledger shall be submitted in the language of the Specific Grant Agreement (English or French). In those cases where this is not feasible, ECHO will likely request a translation of the main headings.

The figures presented in the financial overview, the financial statement and the ledger should be reconcilable.

What about financial information coming from implementing partners?

- Either the signatory of the agreement recorded the invoices relating to expenses of the IPs in its own ledger or
- The ledgers of each IP will have to be provided.

G) ANNEXES

Depending on the nature of the action and the quantity of remaining supplies at the end of activities, the partners will provide the following annexes to justify the expenses:

Type of annex	Comments	Type of annex
Equipment fully charged to the action	Providing information on the end use of the equipment (transfer or donation), except low value equipment.	See template under 11.1.4
Low value equipment	For remaining items with a value of >EUR 750 and up to EUR 2500 - max total amount: EUR 15000	See template under 11.1.5
Remaining goods at the end of the action	Providing information on the end use of the goods	See template under 11.2.4
External evaluation report	When the expenditure of the external	Report

	evaluation are charged to the budget of the action.	
External audit report	Only when an external audit was foreseen in Article 6 of the Specific Grant Agreement.	Report

Other supporting documents (e.g. donation certificates, list of staff) should not be annexed to the report. ECHO may however ask any additional information to demonstrate the eligibility of costs, either at liquidation stage or at audit stage.

11. 4 ANALYSIS OF FINAL REPORT BY ECHO

11.4.1 OPERATIONAL ANALYSIS

The operational analysis will consist of verifying the fulfilment of the Specific Objective, the achievement of the action's results, the mobilisation of the resources, the quality of the information, the necessity of the costs and how reasonable they are for the implementation of the action.

The operational analysis is carried out both by the ECHO HQ and the TA in the field.

ECHO HQ and TA will base their analysis on the information provided in the report and also on the conclusions of their monitoring. When the quality of the report does not permit to verify the achievement of the results of the action, ECHO HQ may decide to send a request for **complementary information**. In exceptional cases, ECHO may also decide to carry out an **additional monitoring**.

When the Final Report and possible monitoring show that the action did achieve its results and that the partner fulfilled its obligations, ECHO will conclude its analysis by accepting the report.

When the analysis of the Final Report and conclusions of monitoring visits show that something went wrong in the action (e.g. Action was not fully implemented, was implemented with delays or poorly, and if the partners failed to communicate with ECHO on the difficulties encountered), ECHO will carry out further analysis to find out the reasons for the lack of achievements.

Indeed, the lack of achievements might be the result of external constraints or might be the result of shortcomings in the partner's management of the action:

- If the lack of achievement is due to external constraints, ECHO will check whether the partner took the necessary steps to mitigate the impacts of those external factors. If this is the case, ECHO will most probably accept the report. On the other hand, if the partner **did not take** mitigating measures or did not react in a responsible way, ECHO may decide on a **reduction** of its contribution after having requested clarification from the partner.

Example Possible mitigating measures /responsible approaches:
- Inform ECHO timely of difficulties
- Assess the risks and assumptions on a regular basis
- Adapt the Actions when necessary
- Transparent reporting
- Adapt the budget according to the actual achievement

- If the lack of achievement is due to shortcomings in the partner's management of the action, ECHO will have to carry out a deeper analysis to assess whether some costs should be disallowed or whether a reduction of ECHO grant should be applied.

There is no strict rules and threshold to apply in case of lack of performance in an action. Each analysis will be made in relation to the specific context.

11.4.2 FINANCIAL ANALYSIS

The financial analysis will consist in verifying the eligibility of the costs and establishing the final amount to be paid. An important element of this analysis is to make the link between the necessity of the costs against the actual achievements of the action.

11.4.3 CALCULATION OF THE FINAL AMOUNT

The final amount to be paid to the partner will be calculated by ECHO following the approval of the final report and supporting documents.

So as to establish the final amount of the grant, the scope of eligible costs needs to be established. The costs incurred will be judged against the cost eligibility criteria.[102]

Further to this assessment, ECHO may disallow certain costs or may reduce the grant.

Disallowance	Reduction[103] of grants
• When the costs incurred do not comply with eligibility criteria	• When ECHO considers that an action was not implemented or was implemented

[102] See section 9.3 – "Eligibility criteria"

• Full costs are deducted from the amount requested by the partner.	poorly, partially or late, i.e. when the partner did not comply with its obligations under the agreement and it failed to provide acceptable justifications for its lack of compliance. • Reduction will be proportionate to the gravity and scope of the failing.

In those situations where ECHO considers that it should reduce its contribution, it will notify officially the partner of its intention to reduce the grant, indicating the amount it intends to reduce and the reasons thereof. The partner will be invited to submit observations within 15 calendar days from the receipt of the notification.

If no information is submitted, or if despite the observations, ECHO decide to pursue the reduction, it will formally notify the partner.

If ECHO intends to reduce its contribution, the reduction takes place at the time of determination of the final amount. It is a percentage of the maximum amount of the grant as set out in the Specific Grant Agreement. The definitive final amount of the grant is the lower of the two amounts: the one obtained on the basis of the eligible costs and the one obtained after reduction of the initial maximum amount of the grant.

11.5 PAYMENTS

11.5.1 CURRENCY[104]

A) CURRENCY OF THE PAYMENT REQUEST

The request for payment shall be drafted in euro.

Partners with accounts in a currency other than the euro shall convert the costs incurred into euro using the "euro foreign exchange reference rate" published on the European Central Bank website[105] for the day on which the first pre-financing payment was recorded in the partner's accounts.

The partner may request a derogation and use another exchange rate. The derogation can be requested in section 11 of the Single Form. Alternatively, if the partner intends to use a different exchange rate on a permanent basis, it can request a permanent derogation to ECHO[106].

[104] Article 18.5 of the General Conditions FPA NGO
[105] http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html
[106] ECHO-finance-legal-affairs@ec.europa.eu

B) CONVERSION BETWEEN THE HQ CURRENCY AND OTHER CURRENCIES USED FOR THE ACTION

There are different systems for recording expenditure in different currencies between HQ and the field, for example using the rate on the first day of the month, the rate on the actual day or weighted monthly averages.

The partner can choose which system of conversion is applied, on the condition that the following essential requirements are respected:

- it is written down as an accounting rule (= it is standard practice);
- the system or rule is applied consistently, to all types of transactions and funding sources;
- the system can be evidenced.

This should be available on request from the European Commission or its delegated representatives.

C) CURRENCY AND IMPLEMENTINGPARTNERS/CONSORTIUM

The lead partner is responsible for the financial reporting to ECHO. The exchanges rate for costs incurred by implementing partners/consortium members is an internal matter agreed upon the lead and other members.

11.5.2 PRE-FINANCING

Different pre-financing rates can be applied by ECHO taking into account the specificities of the action, e.g.:

- the duration of the action;
- the difficult operating contexts, where there is a risk that the action can be suspended or terminated (in order to allow the re-allocation of the un-spent amounts);
- the past performance of the partner in similar contexts;
- in case of partners with a financial threshold to limit the risks incurred by ECHO.

In those cases, ECHO may provide 50% (followed by a second pre-financing payment amounting to 30%) or a different configuration.

The partner is informed directly with the Specific Grant Agreement about the pre-financing rate.

Interest generated by pre-financing?
The partners do not have to reimburse the interest generated by the pre-financing. It can keep the interest and pledge to use them it for humanitarian aid purpose.

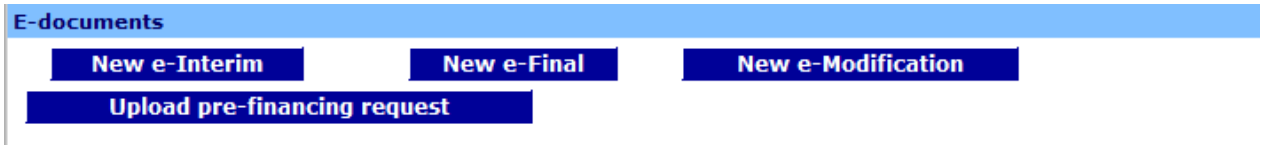
The partner does not have to request the payment of the first pre-financing. It will be made 30 calendar days following the **entry into force** of the Agreement, i.e. from the date of reception by ECHO of the paper copy of the signed agreement sent by post.

The rule concerning the late payment interest will apply.

11.5.3 ADDITIONAL PRE-FINANCING

When the pre-financing rate at contracting stage is not 80%, the partner can request a second pre-financing as soon as it is in position to declare that 70% of the amount received with the first pre-financing has been consumed.

The additional pre-financing request can be done in APPEL. The partner should click on "upload pre-financing request". A screen will then appear proposing a template (see Annex). The template has to be filled in and uploaded back into the system.



11.5.4 PAYMENT OF BALANCE

The payment of the balance is subject to the acceptance by ECHO of the final report and payment request.

The payment will be made within 60 calendar days of the registration of the final payment request[107] unless ECHO suspends the time-limit.

ECHO will notify the partner of the final amount to be paid or recovered, explaining when necessary why the amounts requested by the partners have not been fully paid. If the pre-financing already paid is greater than the final amount to be paid, ECHO will recover the difference.

If the partner disagrees with the statement, it may request clarification to ECHO within 30 calendar days.

11.5.5 SUSPENSION

A) SUSPENSION OF TIME-LIMIT OF PAYMENT (STOP-THE-CLOCK)

ECHO may suspend the time-limit for payment if:

- The final report has not been submitted;
- the final report does not comply with the requirements, e.g. it does not contain sufficient information to allow a good appraisal;
- there is a doubt about the eligibility of certain costs.

In such cases, ECHO will send to the partner a request for complementary information. From the date of sending this request, the remaining time-limit from the 60 calendar days for the final payment will be suspended.

[107] See 11.3.2 – "Which documents to be submitted"

The partner has 30 calendar days to reply to the request. The time-limit for payment will be resumed from the date the complementary information is received. In exceptional cases, the time-limit may be suspended until the necessary on the spot checks are carried out.

B) SUSPENSION OF PAYMENTS

ECHO may suspend the payment procedure at any time during the implementation of the action if it has evidence or doubt that the partner has committed substantial errors, irregularities or fraud.

In such cases, ECHO will notify the partner of its intention to suspend the payment. The partner will have 30 calendar days to make observation. This timeframe might be shortened. If no observations are submitted, or , if despite the observations, ECHO decides to pursue the suspension, it will notify the partner of its decision.

11.5.6 PAYMENT OF INTERETS ON LATE PAYMENT[108]

ECHO will pay interest when payment takes place after the expiry of the time-limit.

If the calculated interest is above EUR 200, it will be paid automatically by ECHO. If the interest is below EUR 200, the partner will have to request in writing within 60 calendar days from reception of the payment.

11.5.7 RECOVERY[109]

In case a partner has to return funds to the European Commission, these must be paid within the period indicated in the debit note issued by the European Commission. If the payment comes after the set deadline, the sum due will bear interest at the rate fixed in Article 20.2 of the General Conditions.

11.5.8 TO SUMMARISE

WHAT	From – to?	Means	Deadline (= calendar days)	Where?
1° prefinancing request	**Partner -> ECHO**	By sending back by post the signed agreement	30 days from reception signed Specific Grant Agreement	Address mentioned in the Agreement
Additional pre-financing request	**Partner -> ECHO**	Upload in APPEL	30 days from reception	APPEL
Payment of balance	**Partner-> ECHO**	Payment request in APPEL	60 days from reception	APPEL

[108] See article 18.13 of General Conditions FPA NGO
[109] See Article 20 of General conditions FPA NGO

11| Closing the Action

WHAT	From – to?	Means	Deadline (= calendar days)	Where?
Request complementary information	**ECHO -> Partner**	Email	Any time during the liquidation process	Partner HQ legal representative
Complementary information	**Partner -> ECHO**	APPEL	30 days from the request	APPEL
Notification of a possible reduction of grant	**ECHO -> partner**	Registered letter with deliver receipt	Any time during the assessment of final report	Partner HQ legal representative
Comments on possible reduction	**Partner -> ECHO**	Email	15 days from reception of notification	Address mentioned in the notification.
Payment advice, if any	**ECHO -> partner**	Email		Partner HQ legal representative
Comment on payment advice	**Partner -> ECHO**	Email	30 days from reception payment advice	ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu
Reply on comments	**ECHO -> Partner**	Email	30 days from reception of comments	Partner HQ legal representative
Request for late interest ≤ EUR 200	**Partner -> ECHO**	Email	60 days from final payment made by ECHO	ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu

11. 6 ADMINISTRATIVE AND FINANCIAL PENALTIES

Administrative and financial penalties[110] may be imposed on a partner that committed substantial errors, irregularities, fraud, or on a partner that lied about certain required information or did not provide such information in order to receive grant, or during the implementation of the Specific Grant Agreement.

11.6.1 ADMINISTRATIVE PENALTIES

"Administrative penalties" means that a partner will not be able to apply for any Union-funded contracts or grants for a maximum of 5 years. If a partner commits another infringement, the period during which such partner cannot apply for Union funding may be extended up to 10 years.

11.6.2 FINANCIAL PENALTIES

Financial penalties are established as a percentage from the Union's contribution to the partner's action and may vary between 2% to 10%.

In case the financial penalty is imposed for a specific breach and the same partner commits another infringement (e.g. in course of different action), the rate of financial penalties may increase to between 4% and 20%.

Administrative and financial penalties may be applied both together and separately.

Penalties will be **proportionate to the seriousness of the infringement**. Once ECHO decides to apply penalties, it has to formally inform the partner about its intention and give the partner opportunity to present observations. If the penalties are confirmed, the partner may contest the decision on penalties before the General Court of the European Union.

Penalties are reserved for serious cases of irregularities & cases of non compliance with Specific Grant Agreement

[110] Article 28 of the General Conditions FPA NGO

12. AUDITS, CHECKS, AND INSPECTIONS[111]

ECHO is accountable for the use of the humanitarian aid funds. To discharge this responsibility, ECHO must be able to confirm each year that funds have been spent as intended and in compliance with the appropriate Regulations. The audit process is a part of the overall control process by which ECHO receives information that enables it to give such assurance.

The audits also provide ECHO with information about its partners and so serve to build the confidence that is needed in the organisations that are essential to ECHO's mission.

Audits, checks and inspections can be considered as an essential part of securing the continuing availability of humanitarian aid funds.

12.1 RECORD KEEPING

The partner will make sure that information is available for audits, checks and inspections carried out by the Commission and other institutions. This information should be available at all time, and sufficiently detailed to facilitate the verification of the nature, value and necessity of individual transaction and of the eligibility of costs.

Upon request by ECHO, the partner shall ensure that at least a copy of all the relevant information for inspection, checks and audits at the level of the partner's HQ can be made available within 30 days.

Record keeping details	Rules	Comments
Nature of documents	**All documents** necessary to verify transactions and justify eligibility	• Especially accounting and tax records but not only
Means	**Originals documents** kept under any appropriate secure medium at HQ or field level.	• At least a copy available at HQ upon Commission/ auditors request. • A digitalised original format is possible, instead of paper copy, if authorised by or if in compliance with the national law of the partner signing the agreement.
Record keeping duration	**5 years** from the date of payment of balance	• except when national regulation foresees longer duration • except on-going audits on the Specific Grant Agreement, or when there are pending appeals, litigation or pursuit of claims, until such cases are closed.
Deadline to send document to ECHO	**30 calendar days** from the date of receipt of the request	• unless the Parties agree in writing to extend the deadline.

[111] Article 23 of the General Conditions FPA NGO

12.2 AUDITS BY THE COMMISSION

ECHO can carry out audits in the field and at Headquarter level. An audit is neither an evaluation nor a monitoring of the action. ECHO Audit Sector is supported in its audits by contractors: an international network of audit companies or a consortium of independent audit firms operating in the countries of the Union who are members of an international accounting and auditing association. The Audit contractors are appointed by means of a framework contract.

ECHO Audit Sector works in very close cooperation with the team of external auditors to develop audit methodology, to ensure training of the auditors so as to ensure quality and coherence in the audits.

The field audits and HQ audits can be carried out either by the external auditors or by ECHO Audit Sector team or both.

12.2.1 FIELD AUDIT

A) OBJECTIVES OF FIELD AUDIT

- To provide assurance to ECHO that funds are used for purposes intended by ascertaining:
    - adequacy of internal control governing project activities
    - expenses tested are supported by evidence, incurred during eligibility period and properly accounted
    - existence of declared equipment and goods
    - adequacy of procurement procedure and supporting documentation

THE BENEFICIARY: THE KEY FOCUS

One of the key elements is to link the beneficiaries back to Partner's administration. The beneficiary must be seen in distribution records and these must add up to the warehouse stock management systems. Key questions in this process are: does exit of warehouse follow entry into warehouse? Is warehouse entry properly tendered for the right quality and according to needs established? This goes both ways: from needs assessment to procurement to warehousing to distribution to beneficiary and from beneficiary back to needs assessment.

- To provide assurance to ECHO that operations are carried out in accordance with agreement by undertaking:
    - physical verification of implementation of activities;
    - interviews with ECHO and NGO staff, implementing partners, beneficiaries, local authorities, other stakeholders;
    - links the activities to the administration.

B) SELECTION PROCEDURE

Partners to be audited at field level are selected on the basis of:

- the country of the action,

- the date of previous field audits,
- the value of total ECHO funds awarded,
- the number of individual grant agreements,
- the perceived risk (based on inputs from desks and/or experts) and
- specific findings at HQ audits.

12.2.1 HQ AUDIT

An ECHO audit at HQ level consists of a review of systems, structures and controls to identify the level of audit risk associated with the partner. It also involves a substantive testing of transactions supporting documents.

A) HQ AUDIT OBJECTIVES

The first aim of HQ audit is to ensure that funds have been spent in accordance with applicable rules.

Moreover, ECHO must ensure that the quality of its partners and of their actions reaches high-level targets, in particular in terms of efficiency and accountability. For this reason, HQ audits include the provision of recommendations to improve the financial management of ECHO partners and their procedures applicable to grant management.

Although not their primary function, the auditors may also make recommendations for improvements to the partner's systems and procedures, which should be expected to be relevant to the specific circumstances. These recommendations are made in the spirit of partnership between ECHO and its partners to assist their development through external independent review of the organisation without extra cost and to share best practices within the partner community.

It is important to understand that auditors' recommendations are not mandatory – they are intended to be helpful and constructive in assisting partners meeting their obligations to ECHO. The decision to follow a recommendation lies with the partner although ECHO would expect there to be a good reason if a recommendation is rejected entirely. During the Periodic Assessment, ECHO will do a follow-up of the most important recommendations made during previous audits[112].

B) HQ AUDIT PLANNING

Annually it is foreseen to carry out between 40 and 60 Headquarter Audits of NGOs. Each partner is audited every 2 to 4 years. HQ audits may take place during the action and for a period of 5 years after the date of the final payment.

The frequency of HQ audits depends on the date of the previous HQ audit and on the identified risk level. This risk level could be:

[112] See section 4.1.3 Partner Assessment.

- **real**, i.e. based on amount and number of Grant Agreements signed;
- **hypothetical** on risk identified in previous audit/periodic assessment;
- **perceived** i.e. based on concerns raised by desks and/or experts.

  - Actions to be tested are selected according to a specific timeframe, as the agreements selected for audit should cover period between the last HQ audit and the date of preparation of the new HQ audit. Once these considerations have been made, the selection of agreements will take into consideration special requests or concerns raised by Desks Officers or Field Experts, an overall coverage of partners' countries of operation, ongoing programmes and actions already audited at field level. This means that for smaller ECHO partners there is the possibility that all grant agreements are selected for audit, while for bigger ECHO partners a sample of actions is selected.

For more information on audits, consult ECHO information paper on audits
http://dgecho-partners-helpdesk.eu/audit/start

C) AUDITS AND CONSORTIUM

When HQ audits review actions implemented in consortium, the review will cover the entire consortium and not just the lead Partner.

The audit of the lead partner will usually be a standard HQ audit, i.e. both systems and financial. The audit of consortium members will be restricted to a financial audit.

In order to be prepared for the audit, it is essential to ensure a clear audit trail from the final financial report (submitted to ECHO) to the financial reports, accounting entries and underlying transactions of each consortium member. Impossibility to reconcile the figures may result to disallowances.

To avoid this situation, it is recommended that the lead partner retains:

- the final financial report submitted to ECHO,
- the underlying financial reports received from each consortium member,
- a reconciliation between the final financial report and the underlying financial reports,
- the lists of transactions contained within each of the underlying financial reports,
- supporting documentation in respect of transactions incurred by the lead partner
- in addition, the lead partner may (but is not legally required to) hold copies of the supporting documentation for the transactions included within the consortium members' underlying financial reports.

Each of the consortium members is advised to retain:

- copies of the underlying report sent to the lead partner (in respect of their own expenditure, not that of the other consortium members);
- a list of transactions that makeup the amounts contained in the underlying financial reports;
- supporting documentation in respect of each transaction (which they should be ready to forward to the lead partner in the event of it being requested for audit purposes).

Auditors will not visit the consortium members' offices. The lead partner will be responsible for providing the auditors will all information required by the auditors. This information can be in electronic format (with a certification from a suitably senior official from the consortium member concerned that the scans are copies of the originals). The auditors may still retain the right to request original documentation should they consider this to be necessary.

12.3 CHECKS BY ECHO

ECHO may carry out checks[113] of the eligibility of expenditure outside of the context of an audit and beyond the documents submitted with the final report.

For instance in the context of the final payment, the liquidation can go further than just the review of the ledger. ECHO may ask for additional information such as copies of invoice, procurement files, etc. These checks can be done at headquarters or in the field.

12.4 CHECKS AND INSPECTION BY OLAF AND COURT OF AUDITORS

- **The European Anti-Fraud Office (OLAF)** is charged by the European Union with protecting the financial interests of the European Union. Its tasks are to fight fraud affecting the EU budget, as well as corruption and any other irregular activity. OLAF may intervene if there is a **suspicion of fraud or irregularity in an ECHO-funded action** that may impact the EU financial interests. OLAF may check all documents concerning the award of the grant financed by the Union, accounting records or supporting documents and administrative documents relating thereto and other documents that OLAF considers necessary for auditing. Following the OLAF report's findings, a recovery order may be issued or any other appropriate action may be taken.

- The checks and inspections by the **European Court of Auditors** are related to the examination of whether the European Union funds have been incurred in a lawful and proper manner and in accordance with the principle of sound financial management. **It is not an audit as such of the partner but of the Commission.** The European Court of Auditors may check all documents concerning award of the grant financed by the Union, accounting records or supporting documents and administrative documents relating thereto and other documents that the Court considers necessary for auditing.

[113] Article 23.2 of the General Conditions FPA NGO

Both organisations have the same rights as the Commission, i.e. right of access for checks and investigation. They can carry out their checks both at headquarter and field.

12.5 AUDITS BY PARTNERS

Audit by auditors contracted by the partner may be eligible only in exceptional cases, i.e. where the national authorities require an external audit of the organisation or the project in order to grant the necessary authorisation to work in the country.

Requests to carry out such audits must be made in section 8.2 of the Single Form and agreed by ECHO. The agreement will be translated in an Article 6(1) of the Specific Grant Agreement.

13. OTHER ISSUES

13.1 CONFLICT OF INTEREST

The partner **must avoid** any situation of conflict of interest. Conflict of interest may arise in any situation where the impartial and objective implementation of an Agreement is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest between the partner and any other party or person.

Conflicts of interest are not always obvious. It may cover, e.g.:

- A situation where a person responsible for implementation of the agreement gives an unfair advantage to a company when procuring for the action because she or her family member has a financial interest in it.
- Hiring of staff where the preference would be given to an applicant of the same nationality as the person responsible for the hiring without paying due regard to applicants of different nationalities.

In case of conflict of interest, or if a particular situation may lead to a conflict of interest, a partner has to:

- inform ECHO in writing immediately after it finds out;
- take all necessary steps to correct the situation and inform ECHO about the measures taken.

If a partner fails to implement the measures requested by ECHO, this may lead to the termination of the Specific Grant Agreement.

If ECHO has evidence about conflict of interest or a situation that may lead to it, it will inform the partner and request measures to be taken.

13.2 INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS[114]

The results of the action, including reports and related documents are owned by the partners. However, ECHO has certain rights to use the results of the action (e.g. studies, reports, databases) for the following purposes:

- Use for its own purposes, such as the drafting of new policy document, for reporting purposes;
- Transmission to other services within the Commission;
- Distribution to other EU institutions or services;
- Copying;

[114] Article 25 of the General Conditions FPA NGO

- Distribution to the public (e.g on the internet), unless the information is marked as sensitive or confidential;
- Translation in any language;
- Giving access to individual requests, without the right to reproduce[115];
- Transmission to the bodies charged with the monitoring or inspection tasks;[116]
- Storage on paper, electronic or other format;
- Archiving.

If ECHO wants to use the results of the action for other purposes than those listed above, these shall be mentioned in Article 6 of the Specific Grant Agreement.

> If ECHO makes the information public, it shall include a copyright notice stating:
>
> "© – year – name of the copyright owner. All rights reserved. Licensed to the European Union under conditions."

There may be cases, where the results of the action contain pre-existing intellectual property rights of third parties (e.g. the action foresees studies to be carried out, which requires use of already existing data covered by IPR). In such cases, it is the responsibility of the partner to ensure that it has the rights to use the pre-existing IPR for the purposes of the ECHO-funded action, and also that ECHO can use the results of the action.

The same obligations apply to implementing partners.

13.3 ASSIGMENT OF CLAIMS AND PAYMENTS TO THIRD PARTIES[117]

"Assignment of claims for payment" means that an organisation transfers to a third party its right to any payment it is entitled to receive from a donor (E.g. pre-financing advance made by a bank against an assignment of claims for payment).

In ECHO-funded agreements, it is in principle not possible to assign claims for payment to third parties. Exceptions are possible in well-justified cases, and as long as ECHO provides its agreement to the assignment. In any case, assignment of claims for payment **does not release** the partner from its obligations to implement the action.

Procedure to obtain the authorisation to assign the claim for payments to a third party:

- Send an email to ECHO **before** the assignment takes place.

[115] Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001
[116] See section 12
[117] Article 19 of the General Conditions FPA NGO

- Specify in the request, the reference of the action concerned, the amount, the third party involved and the motivation of the assignment.

- To contact ECHO: ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu

13.4 LIABILITY

The partner will have sole responsibility for complying with all and any of its legal obligations. Under no circumstances can the European Commission be held liable for any claim for damages caused in relation to the action. The partner should inform all and any third party(ies) that the European Commission has no liability associated with any possible claim or action brought against the Partner in the execution of the ac **Introduction and context of current exercise**

13.4 FRAUD AND IRREGULARITIES

Fraud and corruption involving EU funds have a particularly negative impact on the EU financial interests, EU's reputation and the implementation of EU policies. Prevention and detection of fraud and irregularities are recognised as a key governance requirement within the European Commission.

Taking into consideration its specific working environment, ECHO takes the risk of fraud and corruption very seriously. This is the reason why ECHO has drafted an **anti-fraud strategy** which outlines ECHO's approach to prevention, detection and correction of fraud and irregularities. ECHO is also promoting anti-fraud measures by its partners, for instance through its audits, and the **pro-active exchange of information**[118] on the matter.

Cooperation with the partners is a key success factor for the anti-fraud strategy and to preserve ECHO and its partners from financial and reputational risks. The partner has to inform ECHO immediately of cases of corrupt, fraudulent, collusive or coercive practices.

To inform ECHO: either through APPEL or ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu

ECHO anti-fraud strategy - Executive summary:
http://dgecho-partners-helpdesk.eu/actions_implementation/fraud_and_irregularities/start

[118] Article 5 d) of General Conditions FPA NGO

14. USEFUL LINKS

• Partner's website	http://dgecho-partners-helpdesk.eu/
• ECAS account	https://webgate.ec.europa.eu/appel/index_en.html
• ECHO needs assessment	http://ec.europa.eu/echo/en/what/humanitarian-aid/needs-assessments
• ECHO policy guidelines	http://ec.europa.eu/echo/en/what/humanitarian-aid/policy-guidelines
• ECHO Strategy	http://ec.europa.eu/echo/en/who/accountability/strategy
• Food assistance guidelines	http://ec.europa.eu/echo/files/policies/food_assistance/them_policy_doc_foodassistance_en.pdf
• HIP	http://ec.europa.eu/echo/en/funding-evaluations/funding-decisions-hips
• Cash and vouchers	http://ec.europa.eu/echo/files/policies/sectoral/them_policy_doc_cashandvouchers_en.pdf
• ECHO Visibility website	http://www.echo-visibility.eu/
• Remote management	http://dgecho-partners-helpdesk.eu/actions_implementation/remote_management/start
• EU Aid volunteers	http://ec.europa.eu/echo/euaidvolunteers/index_en.htm)
• Evaluation reports ECHO	http://ec.europa.eu/echo/evaluation/introduction_en.htm
• Evaluations links	http://www.oecd.org/development/evaluation/ , http://www.alnap.org/what-we-do/evaluation
• Emergency market mapping and Analysis toolkit	http://emma-toolkit.org/
• Consortium, ECB experience	http://www.ecbproject.org/ecb-country-consortium-guide/ecb-consortium-guide
• Exchange rate	http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html
• ECHO field network	http://ec.europa.eu/echo/en/who/about-echo/field-network
• Humanitarian Accountability Partnership (HAP)	http://www.hapinternational.org
• Humanitarian Procurement Centers (HPC)	http://dgecho-partners-helpdesk.eu/actions_implementation/procurement_in_humanitarian_aid/hpc
• Anti-Fraud Strategy	http://dgecho-partners-helpdesk.eu/actions_implementation/fraud_and_irregularities/start?s[]=fraud
• Resilience	http://ec.europa.eu/echo/en/what/humanitarian-aid/resilience
• Consultation with partners on financing decisions	http://ec.europa.eu/echo/en/funding-evaluations/funding-for-humanitarian-aid/consultations-partners-financing-decisions
• Sphere	http://www.sphereproject.org/

- VOICE http://www.ngovoice.org

15. GLOSSARY

TERM	CLARIFICATION / DEFINITION
Action	A humanitarian aid operation implemented by a partner and funded by the Union.
Amendment	A modification to an Agreement with mutual consent to reflect operational or other changes in the implementation of the action.
APPEL	APPEL, also called the Electronic exchange system, is the application for electronic exchange of information between ECHO and its partners. Using APPEL, ECHO partners can update their administrative data necessary for the management of agreements, transmit operational and financial information and submit action proposals, action reports and modification requests through the Single Form (E-Request). Organisations which are not yet partners use APPEL to submit their application(s) for the signature of a FPA with ECHO.
Appropriateness	Tailoring of humanitarian activities to local needs, increasing ownership, accountability and cost-effectiveness accordingly.[119]
Assignment of claims for payment	Situation whereby the rights held by one party in the Agreement to a payment are transferred to a third party.
Bank Charges	Costs that banks or equivalent institutions impose on their clients for carrying out transactions or services, including bank guarantee charges.
Baseline	The Baseline is the value of the indicator at the beginning of the action before any activities. The data relating to the baseline can come either from official sources or from the partner's own needs assessment. Baseline data allows assessing the progresses and comparison between the start and the end of the action. The target is the level of result to be achieved within the duration of the action. ECHO does not impose a fixed method to calculate such data as these figures should stem from the problem and response analysis done by the partner for each action.
Beneficiary	Final recipient of Union-funded humanitarian aid.
Best value for money	In procurement, selection of the bid which presents the optimum combination of factors such as appropriate quality, life-cycle costs and other parameters to best meet defined needs and objectives of the action.
Cash for Work	Aid in cash as remuneration for work carried out by the beneficiaries. The work corresponds to work of public or community interest which is related to the implementation of the action.
Clerical error	Unintentional additions, omissions or typographical errors made in the text of the Specific Grant Agreement.

Co-financing	Financing modality whereby an action is financed by several donors and/or financed partially by the partner's own funds. ECHO contributes a percentage of the action's total budget. The concept is only applicable in the case of grants.
Coherence	The need to assess security, developmental, trade and military policies as well as humanitarian policies, to ensure that there is consistency and, in particular, that all policies take into account humanitarian and human-rights considerations.
Complementary actions	Actions funded by ECHO which do not directly relate to a man-made or natural disaster. They include: the NOHA training initiative, the visibility, information and communication funding, policy support and Enhanced Response Capacity funding.
Conflict of interest	Conflict of interest may arise in any situation where the impartial and objective implementation of an Agreement is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest between the partner and any other party or person.
Connectedness	The need to ensure that activities of a short-term emergency nature are carried out in a context that takes longer-term and interconnected problems into account (see footnote 117).
Consumed	Term used in relation to the claim for a subsequent instalment of pre-financing and refers to the amount of the pre-financing which has already been committed or paid.
Contractor	Any economic operator, being a natural or legal person, involved in the provision of supplies, works or services by means of a contract. The term contractor includes any buying agent or other profit-making entity specialised in offering technical assistance or procurement services to partners.
Debit note	A document used by the Commission for a recovery to inform the Humanitarian Organisation of the terms and date for payment.
Days	'Calendar days', unless specified otherwise.
Depreciation	An accounting method for spreading the actual cost of durable equipment or assets over its estimated useful economic lifespan in a systematic manner.
Direct Costs	Cost directly linked to the implementation of the action, which would not have been incurred if the action would not have taken place and can therefore be directly attributed to the action. They may not include any indirect costs.
Donation Certificate	A certificate signed by the partner and the beneficiary of the donation (of equipment or goods) the purpose of which is to lay down the terms and conditions of the donation.
Do No Harm principle	This principle requires the partners to strive to minimise the harm they may

	inadvertently be doing by being present in a country and providing assistance.
Double Financing	A situation whereby the same cost is reimbursed more than once.
Due Diligence	The care that a reasonable person exercises to avoid harm to other persons or their property
Equipment	Equipment includes items that can be used multiple times over their estimated economic useful lifespan. They comprise of both support equipment, intended to assist the implementation of the action, and operational equipment, intended for the direct benefit of the beneficiaries.
ECAS	European Commission Authentication System, a service allowing users to access APPEL.
Effectiveness	The fulfilment of the specific objectives proposed and the achievement of the intended results. Effectiveness measures the extent to which an activity achieves its purpose, or whether this can be expected to happen on the basis of the outputs. Implicit within the criterion of effectiveness is timeliness.
Efficiency	The best relationship between resources employed and results achieved. Efficiency measures the outputs – qualitative and quantitative – achieved as a result of inputs. This generally requires comparing alternative approaches to achieving an output, to see whether the most efficient approach has been used.
Electronic exchange system	See APPEL.
Eligibility Period of the action/Agreement	The period during which the expenses incurred for the action are eligible.
Emergency Financing Decision	A form of Financing Decisions covering new crises or ongoing crisis. In the case of new crisis, Emergency Decisions are adopted where Primary Emergency Decisions are not appropriate. In the case of ongoing crisis, Emergency Decisions are adopted where unforeseen evolutions require a rapid and flexible response. The duration of the actions is maximum 6 months.
Excessive and/or reckless expenditure	Costs incurred by the partners that are not proportionate with the requirements of the action and/or with the principle of sound financial management. According to Article 8.4 of the General Conditions these costs shall not be considered eligible.
Financing Decision	Act by which the Commission allocates funds from the General Budget to finance humanitarian actions. It identifies for instance the objectives of humanitarian interventions, the region, type of activities, funds to be committed, implementation period and potential partners. There are 4 categories of Financing Decisions: Primary Emergency Decisions, Emergency Decisions, Worldwide Decisions and Ad Hoc Decisions.
Financial Support	Where implementation of an action requires financial support to be given

	to beneficiaries, the partner may give such financial support in the form of cash, vouchers or prizes.
Food supplies	Bulk consumable commodities, such as mixed foods, ready-to-use foods, fortified foods with added vitamins and minerals, and supplementary foods to address moderate malnutrition. They shall not include seeds for agricultural purposes.
Force Majeure	Unforeseeable exceptional situation or event beyond the parties' control, which prevents either of them from fulfilling any or part of their obligations under the specific agreement, which was not attributable to error or negligence on their part or on the part of implementing partners or contractors and which proves to be inevitable in spite of exercising all due diligence.
Formal notification	Postal delivery with return receipt or equivalent electronic means, if they allow for certification of receipt.
Framework Partnership Agreement ("FPA/NGO")	Agreement between ECHO and its NGO partner(s) which establishes the principles of Partnership between them, defines their respective roles, rights and obligations and establishes the rules applicable to the actions implemented by the partner and financed by the Union.
Fraud	Any intentional act or omission designed to deceive, resulting in the victim suffering a loss and/or the perpetrator achieving a gain. It includes internal and external misconduct. The intention to deceive is the key element which distinguishes fraud from irregularity. Fraud covers any infringement of the financial interests of the EU as defined by the 'Convention on the protection of the European Communities' financial interests', namely, in respect of expenditure, any intentional act or omission relating to: • The use of presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the EU budget or budgets managed by, or on behalf of, the European Union; • Non-disclosure of information in violation of a specific obligation, with the same effect; • The misappropriation of such funds for purposes other than those for which they were originally granted.
General Conditions	A pre-established set of contractual clauses, annexed to the FPA, which form part of each Agreement and establish the general rules and procedures applicable to the implementation of each action.
Goods	Items intended for direct consumption or use by the beneficiaries, including non-durable items and consumables.
Humanitarian Procurement Centre ("HPC")	A non-profit organisation specialised in the procurement of supplies and services necessary for the implementation of humanitarian actions. The HPCs also provide technical assistance in procurement to partners, putting at their disposal pre-established stocks, purchasing and logistics capacity. An HPC may either be an independent entity or a specialised supply or

	procurement department of a non-governmental organisation or an international organisation, provided that it has the appropriate levels of specialisation and discretion in procurement decisions.
Humanity	The principle of humanity means that human suffering must be addressed wherever it is found, with particular attention to the most vulnerable in the population. The dignity of all victims must be respected and protected.
Implementation Period of the action/Agreement	The time during which the action is carried out. The start date and duration of the implementation are identified in the Agreement.
Impact	The wider effects of the action – social, economic, technical, environmental – on individuals, gender- and age-groups, communities and institutions. Impacts can be intended and unintended, positive and negative, macro (sector) and micro (household).
Impartiality	The principle of impartiality denotes that humanitarian aid must be provided solely on the basis of need, without discrimination of any kind between or within affected populations
Implementing Partner	An organisation which implements parts of the action in the field on a non-profit basis. The implementing partner – usually active in the country or region of the action – is identified in the Single Form. It is not necessarily a local partner. The Agreement holder retains full responsibility for the implementation of the action.
Identifiable and verifiable cost	Cost that is recorded in the accounting records of the partner, determined according to the applicable accounting standards of the country where the partner is established, and with the usual cost accounting practices of the partner, and backed by supporting evidence.
Incurred Cost	Costs relating to services and works and supplies performed/used during the eligibility period.
Independence	The principle of independence means that actions shall respect the autonomy of the humanitarian objectives from political, economic, military or other objectives that motivate actors in the regions where the actions are carried out. It also serves to ensure that the sole purpose of humanitarian aid remains to relieve and prevent the suffering of victims of humanitarian crises.
Indirect Costs	Costs necessary for the functioning of the organisation which cannot be directly linked to the implementation of the action. They may not include any costs identifiable or declared as eligible direct costs. They amount to a maximum of 7% of the total eligible direct costs, unless otherwise specified in the Specific Grant Agreement.
In kind contribution	A contribution in kind includes the provision of goods and services to the partner, which does not involve the provision of money.
International Organisations	An international public sector organisation set up by intergovernmental agreements, a specialised agency set up by such organisations, the International Committee of the Red Cross and the International Federation

	of National Red Cross and Red Crescent Societies.
Key Result Indicators (KRI)	Indicators proposed by ECHO in the Single Form. They have been introduced to facilitate quality assurance and to reinforce the coherence of ECHO funded projects with ECHO priorities and policies.
Local Partner	An organisation (NGO or a local authority) which assists a partner with the implementation of the action at local level. A local partner is always an implementing partner.
Medical supplies	All medicines and other medical products, in particular those included on the national essential medical supplies list, national essential medicines list and on the World Health Organisation's list of essential medicines, proprietary medicines or generics, medical devices and therapeutic food to address acute malnutrition. They shall not include veterinary products.
Member States Specialised Agencies	The MSSAs are national public bodies or bodies governed by private law with a public-service mission in the area of humanitarian aid, set up in a Member State of the European Union.
Monitoring Agency	Internationally recognised independent verification or inspection entity which will assume the responsibility for verifying and certifying the quantity, quality packing and marking of food supplies; preferably accredited to the standard norm ISO 45004 – ISO/IEC 17020 in the food production sector.
Niche organisation	Niche organisations are organisations providing support and capacity building activities necessary for the implementation of a programme or an action. In the context of humanitarian aid, this may entail e.g. map-making, mine clearance, telecommunication, training, transport. (ref. article 186 of RAP)
Neutrality	Upholding the principle of neutrality means that actions do not favour any side in an armed conflict or other dispute.
Non-Essential Changes	Changes to the Specific Grant Agreement which do not require mutual consent.
Offsetting	Deducting an amount owed to the Commission by a third party from a payment to be made by the Commission to the same third party.
Partner	For ECHO, a partner is a humanitarian organisation which has signed one of the following Partnership agreements: the Framework Partnership Agreement with Non-Governmental Organisations, the Framework Partnership Agreement with International Organisations and the Financial and Administrative Framework Agreement between the United Nations and the European Union. It also includes Member States Specialised Agencies.
Personal data	Any information relating to a natural person that can be identified (e.g. through his/her identification number or other factors specific to his/her physical, physiological, mental, economic, cultural or social identity).
Profit	A surplus of the receipts over the eligible costs of the action.
Poor, partial or late	The action may be considered to be implemented poorly, partially or late

implementation of the action	when the partner fails to comply with its obligations under the Specific Grant Agreement, in particular with Article 1 of the General Conditions.
Pre-certified supplier/pre-certification	Approved suppliers of medical supplies. A supplier is pre-certified where it has demonstrated that its premises and facilities meet internationally recognised standards, that it is technically capable of ensuring the quality of the active ingredients and that its products come from a approved supplier.
Pre-positioning of stocks	See Stockpiling
Pre-qualified supplies/pre-qualification	Refer to medical supplies. A medical supply is pre-qualified when it appears on the WHO's list of pre-qualified products, or when it has been approved by another entity in keeping with the WHO's recommended norms.
Primary Emergency Financing Decision	A form of Financing Decision designed to cover the first immediate needs of the people concerned in the hours and days after the outbreak of a new humanitarian crisis. It is appropriate in the case of sudden onset of conflicts or natural disasters. It is a first initial response which does not aim to cover all needs. Primary Emergency Decisions are to be adopted within 72 hours (3 days) from the onset of the crisis, the amount of the decision is limited to EUR 3 million and the duration of the actions is maximum 3 months.
Receipt	Receipt, in the context of the no-profit rule, refers to money received or to be received in connection with the action. It is not to be understood in the sense of written acknowledgment that a specified article, sum of money, or shipment of merchandise has been received.
Relevance	Relevance is concerned with assessing whether the project is in line with local needs and priorities (as well as donor policy). (see footnote 117)
Remote management	Operational approach used to provide relief in situations where humanitarian access to disaster-affected populations is limited by security concerns and/or formal or informal decisions imposed by de jure or de facto authorities, thus requiring adjustments to the management of the humanitarian actions..
Sensitive information	Information the disclosure of which can jeopardise the execution of the action or the safety or security of the beneficiaries, the staff of the partner, implementing partners or the economic interest of anyone involved.
Single Form	The form to be completed by the partners for the submission of their action proposals, reports and modification requests. The Single Form evolves together with the action.
Single Largest Donor	Contributor to an action providing the highest individual contribution.
Specific Grant Agreement	Grant agreement between ECHO and a partner concluded for each action.
Specific Conditions of an Agreement	Provisions in the Specific Grant Agreement that supplement the Agreement (*i.e.* add something to) or that derogate from it (*i.e.* remove something) compared to the General Conditions, but which are necessary for the proper implementation of the action. They may also establish the nature of the implementing modalities of an action. The Specific Conditions are

	included in Article 6 of the Specific Grant Agreement.
Specifications or Technical specifications	See Terms of Reference
Stockpiling	**Stockpiling** is the constitution of emergency supplies not intended for immediate use, with the objective of reinforcing the emergency/disaster preparedness in third countries. These stocks managed by a partner and constituted with ECHO's support should be made available to all ECHO partners in case of emergencies.
Stringent Regulatory Authority	National Drug Regulatory Authority of a country participating either in the PIC/S (Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation Scheme) and/or the ICH initiative (International Conference on harmonization of Technical Requirements for registration of Pharmaceutical for Human Use)
Suspension of the Implementation of the Action	Temporary stopping of all or part of the activities of the action, due to circumstances which make it impossible or excessively difficult to continue.
Supplies	Supplies include both equipment (operational and support equipment) and goods.
Terms of Reference	Terms of reference (for service contracts) and technical specifications (for supply and works contracts) give instructions and guidance to contractors to submit a tender which responds to all technical and administrative requirements, and later to serve as the contractor's mandate during project implementation. The terms of reference or technical specifications are included in the tender dossier and will become an annex to the resulting contract.
Untied aid	Opening up procurement purchases to suppliers based elsewhere than just in the donor country.
Urgent actions	Action which addresses immediate and unforeseeable humanitarian requirements generated by sudden natural or man-made disasters. It includes all actions financed under the ECHO Primary Emergency and Emergency financing decisions and it may also exist under other types of financing decisions (e.g. Worldwide decision/HIP), where ECHO and the partners agree that the implementation of the actions has to start immediately.
Voucher	Vouchers provide access to pre-defined commodities or services. They can be exchanged in designated shops or in fairs and markets. The vouchers may be denominated either in cash (cash-based vouchers), commodity (commodity-based vouchers) or service (service-based vouchers) value. Vouchers might also be combined.
Worldwide Decision	A form of Financing Decision intended to provide a coherent framework for action in a given country or region for long-lasting/protracted humanitarian

	crises. Worldwide Decisions provide an integrated and multi-sectorial humanitarian response to complex, large-scale, protracted and, in most cases, man-made humanitarian crises.

ANNEX 1 – ARTICLE 214 OF TFEU

Article 214 of the Treaty on the Functioning of the European Union (TFEU)

1. The Union's operations in the field of humanitarian aid shall be conducted within the framework of the principles and objectives of the external action of the Union. Such operations shall be intended to provide ad hoc assistance and relief and protection for people in third countries who are victims of natural or man-made disasters, in order to meet the humanitarian needs resulting from these different situations. The Union's measures and those of the Member States shall complement and reinforce each other.

2. Humanitarian aid operations shall be conducted in compliance with the principles of international law and with the principles of impartiality, neutrality and non-discrimination.

3. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the measures defining the framework within which the Union's humanitarian aid operations shall be implemented.

4. The Union may conclude with third countries and competent international organisations any agreement helping to achieve the objectives referred to in paragraph 1 and in Article 21 of the Treaty on European Union.

The first subparagraph shall be without prejudice to Member States' competence to negotiate in international bodies and to conclude agreements.

5. In order to establish a framework for joint contributions from young Europeans to the humanitarian aid operations of the Union, a European Voluntary Humanitarian Aid Corps shall be set up. The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall determine the rules and procedures for the operation of the Corps.

6. The Commission may take any useful initiative to promote coordination between actions of the Union and those of the Member States, in order to enhance the efficiency and complementarity of Union and national humanitarian aid measures.

7. The Union shall ensure that its humanitarian aid operations are coordinated and consistent with those of international organisations and bodies, in particular those forming part of the United Nations system.

Lisbon Treaty: http://www.lisbon-treaty.org/wcm/