

EUROPEAN COMMISSION



Humanitarian Aid



# The new FPA

Annual Partner Conference

10 December 2007

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# Agenda



## Context



## Some novelties



## What do I have now?



## How will it work?



# Context



## Why no extension?

- Take on board new opportunities offered by revised Financial Regulation (1 May 2007)
  - Rules of eligibility VAT
  - Cash payments to beneficiaries
  - Increased focus internal control and risk management
- “Momentum” for change
  - European Consensus
  - Enlargement: new potential partners
  - Decision to be taken by DG ECHO





# Context

## Why no extension? (2)



- Simplify and increase flexibility
  - Rules of nationality and origin
  - Diminish administrative burden and redundant information requests
  - Allow new candidate-partners more easily while keeping a minimum level of quality
- Address errors and weaknesses (IAS-audit)
  - Financial strengths of partners
  - Diversity of partners has to be addressed properly



# Context



## Continuity

- No revolution: strengthen and build further on experience with current FPA (single form, real costs, results driven approach, quality partnership)
- Take on board novelties triggered by Fact Sheets



## Simplify and optimise added-value





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# Some novelties



- Two control mechanisms
- Single form and reporting
- Procurement rules
- Some other simplifications



# Some novelties



## Coffee for everybody or coffee or tea?

- Is the FPA partnership not a too “closed club”?
- Procurement and procedural manuals are sometimes a difficult criterion for new candidate-partners
- How deal with good partners which have a rather limited financial capacity or whom depend strongly from ECHO-financing?
- Can the equivalence of partners’ internal procedures been recognised under certain conditions?



# Some novelties



## A-control mechanisms (Action related monitoring)

- Quick procedure for becoming partner
- Less conditions as there is no explicit ex ante verification of the partner's own procedures
- Intensified monitoring of Action
  - At least one monitoring visit, if feasible
  - Intensified reporting on procurement procedures
  - More focused control at liquidation
  - Audit focuses on eligibility aspects, less on partners' procedures
- Compliance with procurement procedures of Annex IV (guidelines will be made available)
- Maximum funding per action, otherwise additional controls



# Some novelties



## P-control mechanism (Prior assessment and Procedures)



- Internal procedures assessed as equivalent to FPA-principles



- Greater flexibility in managing actions
- Application own procurement procedures



- Audit focuses more on implementation procedures.



- No limits on funding per action



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# Some novelties



## A or P, is that the question?

**NO**

- It does not express a value about the operational capacities and added-value of the partner
- It is only the way ECHO monitors the implementation of actions and verifies the eligibility of costs



# Some novelties

## Single Form and reporting



- Reduce redundancies and integrate log-frame
- Strengthen focus on output
- Identify what has to be addressed at proposal time/ as progress report/ as final report
- Procurement issues grouped (1 annex), only mandatory when A-control mechanism used
- Financial issues more related to partners' own practice and concentrated at final report stage
- From snail mail to e-mail



# Some novelties

## Single Form and reporting (2)



- Only two reports
  - Intermediate report (by default 3 months before end action) – no extensive financial reporting
  - Final narrative and financial report
- Format reporting
  - Intermediate & Final narrative report: Single Form
  - Final financial report: use of partners reporting tool, structure defined by partner
- Financial breakdown is partner oriented
  - No title 1 and 2 anymore, neither transfer limited to 15%, amendments, ....
  - Single Form coherent from proposal up to final report stage



# Some novelties



## Procurement rules

- Mandatory principles
  - Ethical procurement, transparency, proportionality, non-discrimination, equal treatment, best value for money,...
  - Applicable to all partners
- Rule of nationality and origin: gone with the wind...
- Own rules for Agreements with
  - P-control mechanism or
  - A-control mechanism for procurement < 60,000 EUR
- In case of “urgent action”: single quote, also possible
  - In case of non-emergency decision
  - When P-control mechanism applied
- Revision of rules regarding procurement of medicines and food in order to strengthen quality requirements



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# Some novelties

## Procurement rules (2)

Only in case of A control mechanisms with value procurement above EUR 60.000



- No more restricted procedures
- Humanitarian Aid guidelines for procurement: mandatory
- Increased procurement thresholds:

	Supply Contracts and Service Contracts	Works Contracts
Open Tender with International Publication	Estimated value of the Contract is EUR 300.000 or more	Estimated value of the Contract is EUR 3.000.000 or more
Open Tender with Local Publication	Estimated value of the Contract is EUR 150.000 or more but less than EUR 300.000	Estimated value of Contract is EUR 300.000 or more but less than EUR 3.000.000
Negotiated procedures	Estimated value of the Contract is less than EUR 150.000	Estimated value of Contract is less than EUR 300.000



# Some novelties

## Some other simplifications

- DG ECHO depreciation rates for equipment more attractive
- Simplification of rules regarding end use
  - No more derogations required in case of transfer to follow-up project
  - No prior agreement by DG ECHO in case of donation to local beneficiary or local implementing partner
  - Allowance for low value equipment
- Let's compare





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# Some novelties



FPA 2003

FPA 2008

Objectives

145 words

228 words



“Partnership”

29 times

105 times



“May”

11 times

17 times

## Coherence check



Number of words in FPA (6048) + lines of the grant agreement (137) / number of instruments (5 = FPA + 4 annexes) =  
Number of words of Humanitarian Aid Regulation (1257)



# What do I have now?

## New FPA is result of

- Intensive consultation of
  - Partners (NGOs- through FPA Watch Group, Red Cross NS, IO, UN-family)
  - DG ECHO staff (through FPA Coordination Support Group)
  - Other DGs (BUDG, LS, SG, AIDCO, DEV, RELEX)
- Transparent and open communication
- Commission decision on new procurement rules
- Good collaboration by everyone, often in short delays, even during summer period





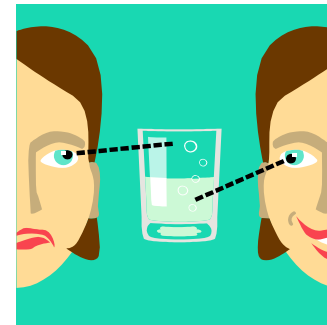
# What do I have now?

## Entry into force new FPA: 1 January 2008

- Agreements concluded after 1/1/08: new FPA
- Agreements concluded before 2008: old FPA:
  - If Action ends after September 2008: amendment to apply new FPA

As from April 2008: partner may request amendment

**but as always you have the choice**





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# What do I have now?

## Half empty

Many changes:

- A new FPA
- A new Single Form
- Modified reporting
- A/P control mechanism
- Short delay for implementation



## Half full

Many opportunities:

- Simpler rules (e.g. for procurement)
- More easy language
- Guidelines
- Fact Sheets
- Training
- Support



# What do I have now?



- **New FPA for existing partners**

Based on recent information through APPEL, operations, audits and so on:

- Insufficient fresh information: can continue to be partner after assessment updated candidature file
- Otherwise signature on basis of the available information



- **ECHO is transparant on**

- the information it uses for assessment,
- on what DG ECHO thinks on the actions in the field,
- on the basis of what information it made an assessment



but also recognizes the limits of the exercise



# What do I have now?

## Criteria for control mechanism

- Financial strength

Annual turnover, dependency on ECHO and EU – funding, management accounting system and so on

- Internal control mechanisms and risk assessment

Audit trail, adequate segregation of duties, accountability procedures, risk appraisal and so on

- Procurement rules

Availability written procedures, applicable thresholds for procurement, respect mandatory principles annex IV and so on)

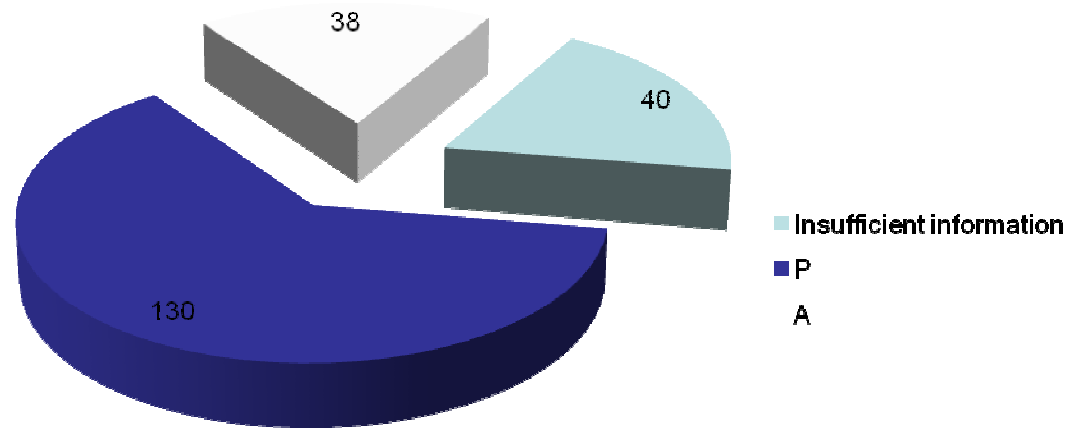




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# What do I have now?

Partners received on 6 December the result and assessment info and can send additional information, if felt necessary





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# What do I have now?

## Supporting documents on 31/12/07

### – Guidelines:

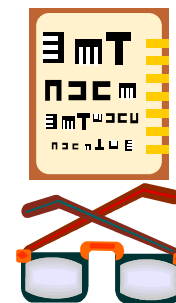
- Single Form
- Financial reporting
- Grant Agreement
- Humanitarian Aid guidelines for procurement

### – Fact sheets

### – Glossary



## Visibility guidelines





# What do I have now?



## Training and support

- On-line training tool in FR/EN with all appropriate documentation
  - On-line website
  - CD-version of data available on 28/11/07
- Let's have a look...





# How will it work?



## Main priorities for 2008

- For correct implementation:
  - Training
  - Support
- For better guidance
  - Final guidelines and fact sheets
  - Further collaboration between ECHO and partners
- Provide partners legal certainty





# How will it work?

## Training and support




- Training by DG ECHO for ECHO-people and partners
- Framework contract FPA 2008 for training and field support
- FPA competence centre in ECHO/B-2
- Review on-line training tool mid 2008



# How will it work?

## Better guidance

- Consultation and dialogue with partners
- FAQ
-  FPA-newsflash
- Review guidelines and fact sheets: definitive versions by mid 2008 through detailed discussion sessions with different partners, ECHO-desks and experts



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