

FACT SHEETS

DG ECHO

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GLOSSARY

INTRODUCTION TO THE FACT SHEETS

The Fact Sheets have been created for strengthening the coherence and transparency when applying the rules of financial management in DG ECHO, for better codifying the practices, as well as for identifying possible and simplified solutions to known problems. They should also make it easier for partners to prepare their files, knowing how they will be interpreted afterwards by DG ECHO and its auditors. In case of audits, reference should be made to the Fact Sheets in use during that period. They cannot be considered as exhaustive and do not replace the legal base, the existing Commission procedures, the FPA¹ or the FAFA².

The Fact Sheets intend to guide the reader per theme, issue or procedure in an understandable and clear language. They are organised around four main themes (basic issues, eligibility issues, financial issues and other issues), regrouping them in a logical order and permitting new Fact Sheets to be added later on, if need be. A Glossary provides a definition or clarification of the terms used in the Fact Sheets.

On the one hand, as everything is continuously evolving, it is likely that new problems and questions will occur, procedures will change, and so on. On the other hand, partners, auditors and DG ECHO want to have a stable environment, so that procedures and information can be handled consistently. The Fact Sheets will be annually reviewed in autumn. In the meantime questions raised will be addressed in the Frequently Asked Questions on DG ECHO's website (http://ec.europa.eu/echo/about/actors/fpa_en.htm). .

For additional information on these Fact Sheets or related issues, please contact ECHO-FPA@ec.europa.eu .

These Fact Sheets which replace the provisional Fact Sheets distributed beforehand will take effect on 1st January 2009.

¹ FPA: Framework Partner Agreement concluded between DG ECHO and NGO's and International Organisations after an initial assessment.

² FAFA: Financial and Administrative Framework Agreement concluded between the European Commission and the United Nations and its agencies

FACT SHEET A.1

TYPES OF FINANCING DECISIONS AND RELATED PROCEDURES

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

Introduction

DG ECHO's mandate, as defined in the Humanitarian Aid Regulation (the Regulation), is implemented through financing Decisions that are adopted by the European Commission. These financing Decisions are thus the “legal base” for the funding of individual Actions. No Agreement may be concluded without the prior adoption of a financing Decision.

The administrative procedure that needs to be followed for adopting financing Decisions has a paramount influence on the time necessary for completing the approval process. If the implementation of an Action depends on the signature of the Agreement, Partners have to take this matter into account when establishing the start date of an Action.

This Fact Sheet presents the different types of financing Decisions drafted by DG ECHO, commonly referred to as humanitarian aid financing Decisions, and the procedures followed in each case for their adoption.

The financing Decision-making process for DG ECHO is governed by the Regulation and the internal rules of the European Commission. The process includes the consultation of the Member States, via the Humanitarian Aid Committee (HAC) and the right of scrutiny by the European Parliament (EP).

1. DG ECHO administrative procedures

In the European Commission, financing Decisions are generally adopted by the College of the European Commission following a "written procedure" with the participation of all Commissioners. Prior to the adoption, the Directorate-General that presents the draft financing Decision has to launch a consultation of other Commission departments concerned (an “inter-service consultation”), and has to obtain their agreement. The deadlines for reply are established in the European Commission’s internal rules and the procedure can be suspended by any actor without a prescribed deadline for lifting the suspension.

In the case of DG ECHO, the HAC has also to be consulted, and the EP exercises its right of scrutiny before the financing Decisions can be adopted by the Commission. This procedure takes from 2 to 4 months, depending on the time of the year.

The **Humanitarian Aid Regulation** however recognises the need to establish specific rapid financing Decision-making procedures in the field of humanitarian aid for Emergency financing Decisions up to and including EUR 10,000,000 and non-Emergency Decisions up to and including EUR 2,000,000. The HAC and the European Parliament have not to be consulted under these rapid procedures.

On the contrary, the consultation of the HAC and scrutiny of the European Parliament is mandatory for:

- “Emergency financing Decisions” above EUR 10,000,000;
- “Non-Emergency financing Decisions” above EUR 2,000,000.

The European Commission equally recognised the need to have specific procedures for adopting financing Decisions in the field of humanitarian aid and has adopted **special procedures in its internal rules** granting the Commissioner in charge of humanitarian aid the power to act on behalf of the College of Commissioners in a number of cases, and delegating to the Director-General of DG ECHO the adoption of certain financing Decisions under very precise circumstances. These rules known as the "empowerment" concern financing Decisions which have duration of up to 18 months and a value up to and including EUR 30,000,000:

- (1) The College of Commissioners has delegated to DG ECHO's Director-General the adoption of Primary Emergency financing Decisions to respond within the first 72 hours that follow a sudden outbreak of a crisis (natural or man-made) for amounts up to and including EUR 3,000,000. This is a much lighter procedure that bypasses all of the consultation steps, but it still has to comply with other conditions (see table in annex).
- (2) The College of Commissioners has empowered the Commissioner in charge of Humanitarian Aid to adopt in case of a long-lasting/protracted crisis financing Decisions up to and including EUR 10,000,000. This type of financing Decision requires the consultation of other Directorate-Generals.
- (3) The College of Commissioners has empowered the Commissioner in charge of Humanitarian Aid to adopt in the case of an evolving/unstable crisis Emergency financing Decisions up to and including EUR 30,000,000. This type of financing Decision requires the consultation of other Directorate-Generals.

2. The different types of financing Decisions

The type of financing Decision to be used in a particular situation is determined by the following criteria: degree of urgency of the humanitarian response, nature of the humanitarian crisis, amount of the financing Decision and duration of the humanitarian Actions to be implemented under the financing Decision.

Based on the Regulation and on the empowerment financing Decision, DG ECHO has defined four types of financing Decisions:

- **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. Such crises are unpredictable in terms of where, when and how they strike. It is a first initial response which does not aim to cover all needs. The Primary Emergency financing Decision is appropriate in the case of sudden onset of natural disasters such as earthquakes, and also applies to the sudden onset of conflicts.

- **Emergency financing Decision**

Emergency financing Decisions apply both to new crises and established humanitarian crises where humanitarian aid is already under way, but where continuing uncertainty and instability requires an appropriate, rapid and flexible response, e.g. where there are sudden deteriorating weather conditions within a natural disaster situation (a *crisis within a crisis*). 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).

- **Ad hoc financing Decision**

Ad hoc financing Decisions are financing Decisions which do not fall under the category of Emergency financing Decisions or Global Plans. An *Ad Hoc Decision* may be appropriate for following-up (primary) emergency decisions after the initial three- or six-month period, where actions need to be continued. Another typical *Ad Hoc decision* is a decision built on the basis of a limited set of elements and articulated on the basis of a single sector or theme of intervention, a single or limited number of Partners or a limited set of specific objectives. Examples of *Ad hoc financing Decisions* are Thematic Funding/Capacity Building Programme, the Grant Facility and DIPECHO.

- **Global Plan financing Decision**

Global Plans apply mainly to long-lasting/protracted humanitarian crises which may evolve more or less slowly and in a more or less predictable way. They are the appropriate instrument for providing an integrated and multi-sector humanitarian response to complex, large-scale, protracted and, in most cases, man-made humanitarian crises. *Global Plans* apply to situations which allow for some planning and the use of multiple Partners.

References and useful links:

- Financial Regulation, Article 75.2
- Implementing Rules of the Financial Regulation, Article 90
- Humanitarian Aid Regulation, No 1257/96
- Current Decision on empowerment, SEC (2001) 873
- Fact Sheet A.2 Dates in financing Decisions and Agreements

	Emergency		Other			
Type of Decisions	Primary Emergency	Emergency		Ad Hoc	Global Plan	
Consultation CAB	Informal	YES(2 days)		YES(3-5 days)	YES(5 days)	
Inter-service consultation	NO	YES (3 days)		YES (5 days)	YES (5 days)	
HAC and EP (*)	Information ex-post	Up to EUR 10,000,000: Information ex-post	Above EUR 10,000,000: Consultation(HAC 3 weeks+ EP 4 weeks)	Up to EUR 2,000,000: Information ex-post	Above EUR 2,000,000: Consultation(HAC 3 weeks + EP 4 weeks)	ALL Global Plans :Consultation (HAC 3 weeks + EP 4 weeks)
Adoption (**)	Up to EUR 3,000,000 Adopted by Director-General DG ECHO	Up to EUR 30,000,000 Adopted by the Commissioner	Above EUR 30,000,000 Adopted by College through written procedure (5 days)	Up to EUR 10,000,000: Adopted by the Commissioner Above EUR 10,000,000: Adopted by the College through written procedure (5 days)		
Length of the procedure (average) from launch to adoption	Max. 72h <u>from outbreak or declaration of crisis</u>	10 working days .	10 working days + 2 months for consulting HAC-EP	20 working days + 2 months for consulting HAC-EP when applicable		
Context of utilisation	Response within 72 hours from the sudden onset of a new crisis	Immediate and unforeseeable humanitarian requirements generated by a new crisis. Ongoing but unstable/volatile humanitarian crises.		One-off response to meet localised, foreseeable humanitarian requirements for a limited period. Follow-up to emergency decisions. Other types of non-urgent funding (DIPECHO, Thematic decisions, Grant Facility...)	Coherent framework for an Action in a given country or region where the scale and complexity of the humanitarian crisis is such that it seems likely to continue	
Conditions to be met	<u>Only one</u> primary emergency decision for each crisis Operations to start within 5 days from crisis. Ops duration max. 3 months. Agreements only with FPA-partners or UN.	Duration of operations max. 6 months		Duration of decision 12 months or shorter. If longer to be justified (in general up to 18 months).	Duration of decision 12 months or shorter. If longer to be justified (in general up to 18 months).	

(*) By way of derogation, HAC and EP consultation can be shortened in justified circumstances (written procedure HAC = 5 working days; emergency procedure EP = 5 working days).

(**) Languages of decisions:

- Adopted by delegation (Prim. Em.) or empowerment (: emergency up to 30,000,000 and non-emergency up to 10,000,000) : 1 language (EN or FR)
- Submitted to HAC and EP for consultation: 2 languages (EN+FR)
- Adopted by College: 3 languages (EN+FR+DE) → only text of decision, not the DG ECHO working document

Annex: More Detailed Information on Types of financing Decisions and Related Procedures

1. Introduction

"No expenditure without a legal basis"

Article 75.2 of the Financial Regulation establishes that all commitment of expenditure shall be preceded by a financing Decision. The financing Decision shall determine the essential elements of an Action involving expenditure from the budget.

DG ECHO's mandate is implemented through financing Decisions adopted by the European Commission. These financing Decisions are the legal base that authorises the subsequent payments. No Agreement (legal commitment) may be concluded without the prior adoption of a financing Decision.

The Decision Manual provides detailed explanations and instructions concerning the drafting of financing Decisions. This Fact Sheet does not replace the Decision Manual which needs to be updated.

2. Types of administrative procedures for the adoption of financing Decisions

The adoption of financing Decisions follows two different sets of rules and procedures:

- First those based on the provisions of the "Comitology" Regulation concerning the procedures delimiting the role of other institutions in the process. This includes, among other things, the procedures of the Humanitarian Aid Committee (HAC) and the exercise of the right of scrutiny of the European Parliament (EP).
- The second set of rules and procedures are the internal Commissions rules, and in particular, the empowerment Decision which establishes the delegation of powers of the College in favour of the Commissioner in charge of Humanitarian Aid and the Director-General of DG ECHO.

The Humanitarian Aid Regulation

The Humanitarian Aid Regulation (hereafter referred to as the Regulation) establishes the fundamental features of the Decision-making process. The Regulation recognises the need to establish rapid Decision-making procedures in the field of humanitarian aid and introduces a clear differentiation in the procedures to be followed taking into account the amount of the financing Decision, the urgency of the humanitarian response and the duration of the individual Action to be funded (see table included in Fact Sheet A.1).

In accordance with Article 17 of the Regulation ("the European Commission shall be assisted by a Committee"), the European Commission requires the positive opinion of the HAC when adopting most of the financing Decisions. The HAC is made up of representatives of the Member States and chaired by the European Commission. The Regulation includes the "Comitology" procedure to be followed in each case taking into account the object of the Decision. The consultation of the HAC takes place in the regular meetings that it holds. Exceptionally, consultation can also take place by written procedure.

Once the HAC has approved the financing Decision, it is sent to the EP. If the EP does not voice its opposition to the measure or object the procedure within a month, the European Commission can formally adopt the Decision.

Special attention should be paid when drafting financing Decisions falling under the Regulatory procedure (i.e. financing of a Specialised Agency of a Member State and stand-alone funding of protection of humanitarian goods and personnel)¹. Under this procedure, if the HAC gives a negative vote, the draft Financing Decision can not be implemented and is referred to the Council, which has 3 month to adopt its opinion or to object to the financing Decision. Once this period has elapsed, and in the absence of a positioning of the Council, the European Commission can implement the financing Decision.

The empowerment Decision

It should be noted that the normal procedure for the adoption of financing Decisions by the European Commission is by written procedure, once favourable opinions of other concerned Services have been obtained.

Any financing Decision falling outside the scope covered by the empowerment Decision will therefore follow the normal procedure. Thus, financing Decisions over a certain amount (EUR 30,000,000) or with a certain duration (over 18 months), are formally adopted by the College following a written procedure.

The European Commission has followed the same logic of the Regulation when establishing a differentiation in its internal procedures for the adoption of financing Decisions, granting different levels of power to the Commissioner in charge of humanitarian aid according to the level of urgency of the humanitarian response, the amount and the duration of the financing Decision.

The Commissioner in charge of humanitarian aid is empowered to adopt Emergency humanitarian aid financing Decisions up to and including EUR 30,000,000. Under certain circumstances, the Director-General of DG ECHO has the power to adopt Primary Emergency financing Decisions up to and including EUR 3,000,000. The Commissioner is empowered to adopt non-urgent humanitarian aid (Ad hoc) financing Decisions up to and including EUR 10,000,000.

For all financing Decisions except Primary Emergency financing Decisions, an inter-service consultation has to be launched. In the case of no reply within the deadline, tacit approval can be presumed for all services concerned except for the Legal Service. The explicit approval of the Legal Service is obligatory.

3. The different types of financing Decisions

The nature of the humanitarian crisis and the degree of urgency of the humanitarian response determine the type of financing Decision to be used in a particular situation.

¹ Please see article 15 (1) of the Regulation. Whenever a Decision finances a specialised agency of a Member State or protection (security) of humanitarian aid, the HAC gives its opinion under the "regulatory" modality and a negative vote can block the implementation of the whole Decision.

Based on the Regulation and on the empowerment Decision, DG ECHO has defined four types of financing Decisions:

Global Plans

The legal base of the Global Plan is set out in Article 15.2 of the Regulation, and is defined as follows: "[Global Plans] *provide a coherent framework for action in a given country or region where the scale and complexity of the humanitarian crisis is such that it seems likely to continue /.../ the European Commission and the Member States shall examine the priorities to be established in the implementation of these Global Plans.*"

In order to assure coherence with the legal base of Global Plans in Article 15.2, references to Article 2(a), which expressly refers to emergencies, should not be used in Global Plans.

With view to creating flexibility as regards the use of the resources covered by a Global Plan, in view of the long duration and the high amounts, it is advisable when drafting the text of the Global Plan to create a reserve within the financing Decision of maximum 10% of the total amount.

The text of a Global Plan must always set out and justify its duration. Such justification relates to a realistic implementation of the Actions which make up the activities or sectors of intervention contained in the objectives of the financing Decision.

Ad hoc financing Decisions

Article 13 of the Regulation provides a definition of an Emergency financing Decision and Article 15 defines the concept of a Global Plan. However, these are not the only types of financing Decisions envisaged by the Regulation. These two articles also make reference to other financing Decisions, ("*Article 13, fourth paragraph: Financing Decisions to continue operations adopted by the emergency procedure; and Article 15.2, second indent: financing Decisions in excess of EUR 2,000,000*"). Financing Decisions which do not fall under the category of Emergency financing Decisions or Global Plans are called *Ad hoc financing Decisions*. Typical Ad hoc financing Decisions are:

- Financing Decisions under EUR 2,000,000 (which do not require consultation of the HAC)
- Financing Decisions to follow-up an Emergency financing Decision
- Thematic funding/Capacity Building Programme and the grant facility
- DIPECHO
- Food aid financing Decisions.

It should be noted that this is not an exhaustive enumeration.

The text of an Ad hoc financing Decision must always set out and justify its duration. Such justification relates to a realistic implementation of the Actions which make up the activities or sectors of intervention contained in the objectives of the financing Decision.

Emergency financing Decisions

The legal base for the *Emergency financing Decision* is Article 13 of the Regulation, where it is stated that "[t]he European Commission shall decide on emergency action for an amount not in excess of EUR 10,000,000. The following operations shall be deemed to necessitate emergency action:

- operations to meet immediate and unforeseeable humanitarian requirements generated by sudden natural or man-made disasters, such as floods, earthquakes and outbreaks of fighting or comparable situations /.../".

Emergency financing Decisions apply both to new crises and established humanitarian crises where humanitarian aid is already under way, but where continuing uncertainty and instability requires an appropriate, rapid and flexible response, e.g. where there are sudden deteriorating weather conditions within a natural disaster situation (a *crisis within a crisis*).

In any case the financing Decision has to refer to an event and to a precise date in order to identify the reason of the urgency of the humanitarian response. This date can be the date of a natural disaster or the date of an official declaration or call for international help.

Emergency financing Decisions are transmitted for information to the HAC within 48 hours of their adoption and there is no right of scrutiny of the EP.

Please note that when the European Commission adopts Emergency financing Decisions of an amount above EUR 10,000,000, both the HAC and the EP have to be involved. A written consultation of the HAC can be launched and the delays for the scrutiny of the EP shortened.

Article 13 of the Regulation states that the duration of individual Actions financed under the financing Decision shall be limited to six months without adopting a new financing Decision. As a general rule, recourse to only FPA Partners and international organisations is strongly recommended.

Primary Emergency financing Decisions

A *Primary Emergency* financing Decision is a special type of Emergency financing Decision, based on Article 13 of the Regulation, taken by the Director-General in accordance with the empowerment rules.

A Primary Emergency financing Decision must be taken within seventy-two hours of the outbreak of the humanitarian crisis and is limited to a maximum amount of EUR 3,000,000. The duration of Actions under a Primary Emergency financing Decision is limited to three months. Only FPA/NGOs Partners and FAFA/FPA international organisations can be included in the list of potential Partners.

Only one Primary Emergency financing Decision may be adopted for a specific crisis. Any other complementary financing Decision covering the same crisis must take the form of an Emergency or Ad hoc financing Decision.

FACT SHEET A.2

DATES AND DURATIONS IN FINANCING DECISIONS AND AGREEMENTS

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

1. Introduction

Financing Decisions and Agreements both contain several periods, dates and durations. The purpose of this Fact Sheet is to clarify the different notions and rules associated with this. The intention is to explain how concepts are used, and to present some new practices intended to facilitate the work of both DG ECHO and its Partners.

2. Definitions of key dates

A table setting out the essential dates relevant for each type of financing Decision as well as for Agreements can be found in annex to this Fact Sheet.

2.1. Dates related to the financing Decision

Date of adoption: The administrative date (given by the Secretariat General of the European Commission), indicates when the financing Decision was formally adopted by the European Commission. The date from which Agreements may be signed by DG ECHO.

Date of entry into force: The date from when the financing Decision produces legal effects.

Duration/implementation period of a financing Decision: Only Global Plans and Ad Hoc financing Decisions establish the duration of the financing Decision. Primary Emergency and Emergency financing Decisions establish a maximum duration of the humanitarian Actions. The implementation period or duration of the Global Plan or the Ad hoc financing Decision is the period during which the Actions must be implemented. The start date and the duration are set out in Article 3.1 of the financing Decision. Extensions to an action's implementation period are not allowed beyond the end of the specified implementation period of the decision, except in case of suspension. For details, see Fact Sheet A.5 on the Suspension of the implementation of Humanitarian Actions.

Eligibility date of expenses related to the financing Decision: The date as from which expenditure incurred under the financing Decision is eligible. This date is set out in Article 3.2 of the financing Decision. For Global Plans and Ad hoc Decisions, the start date for eligibility in general corresponds to the date of the submission of the first proposal and may never be more than three months before the adoption date of the financing Decision. For Primary Emergency and Emergency financing Decisions, the eligibility date will, in principle, be the start date of the crisis or the date of recognition of the crisis.

2.2. Dates related to the Agreement

In order to avoid uncertainties on the eligibility of costs incurred between the proposal date and start date of the Action, the FPA 2008 foresees that:

- **The implementation period of the Agreement:** The period during which the Action is implemented in the field. The start date of this period is set out in Article 2.2 of the Special Conditions of the Agreement.
- **The eligibility period of the Agreement** (Article 2.3 of the Special Conditions in the Agreement): may cover the period between the date of receipt of the proposal by DG ECHO and the end of the implementing period. The dates set out in Articles 2.2 and 2.3 of the Special Conditions of the Agreement are no longer necessarily identical. This does not mean that all costs are eligible as such. Costs between the start of the eligibility and the start of the Action have to be clearly spelled out in the section 4.3.2 and agreed with DG ECHO.

The eligibility period of an Agreement may under no circumstances begin before the start date for eligibility of expenses set out in Article 3.2 of the financing Decision. Furthermore, it should be underlined that this in no way relieves the Partner of the responsibility to prove that costs fulfil all other criteria for the eligibility of costs as set out in the Financial Regulation (Article 27), the Humanitarian Aid Regulation (Article 3), the FPAs (Article 18 of the General Conditions) and the FAFA (Article 3).

It is important to note that *the eligibility period of the Agreement may not always correspond to the implementation period of the Agreement*.

3. Special case: the N + 1 Rule

The availability of financial resources is provided by a given financing Decision. Agreements and amendments affecting the budgetary commitments related to the specific financing Decision can only be approved or increased in the year N (corresponding to the year of entering into force of the decision) and N+1 (the following year).

The practical impact of the application of this rule can be illustrated as follows: For a financing Decision entering into force on 1 December of year N for 18 months, it will only be possible to conclude new Agreements or amendments increasing the total amount of the budget up to 31/12/N+1 (=13 months only). In case the financing Decision would enter into force on 1 January of year N, such changes could be made for up to 24 months (until 31/12/N+1).

DECISIONS AND AGREEMENTS¹**Dates and Durations**

		Financing Decisions adopted applying an emergency procedure		Other financing Decisions
		Primary Emergency	Emergency	Global Plans and Ad Hoc financing Decisions
DECISIONS	<i>Date of adoption of financing Decision</i>	Within 72 hours after crisis.	Within 3 months after crisis if no prior Primary Emergency financing Decision. If prior Primary Emergency financing Decision; within a maximum of 6 months.	Not related to a single event.
	<i>Date entry into force of financing Decision</i>	Same as adoption date of the financing Decision.	Same as adoption date of the financing Decision.	Date of adoption of financing Decision or later (for instance when the financing Decision is adopted at the end of a year but intends to use funds from the next year).
	<i>Maximum duration of financing Decision</i>			18 months is maximum covered by the empowerment rules ² (to be justified) Start date of duration of the financing Decision normally equals the start date of the first Action.
	<i>Maximum duration of Action</i>	Actions must start within 5 days from the crisis, with a maximum duration of 3 months. The duration of the Decision is defined by the maximum duration of Actions.	Actions must start within 3 months after crisis if no prior Primary Emergency financing Decision; otherwise they must start within a maximum of 6 months. The last Action will start no later than six months from the crisis.	
	<i>Start date eligibility of expenses related to the financing Decision</i>	Financing Decision establishes start date of eligibility (= date of crisis).	Financing Decision establishes the start date of eligibility (= date of crisis).	Decision establishes start date eligibility (possible until three months before date of adoption of the financing Decision); this date normally corresponds to the eligibility start date of the first Action.

¹ For Primary Emergency and Emergency financing Decisions, the date of crisis or the date of recognition of the crisis will in principle be the start date of the crisis.

² Empowerment is where the European Commission decides to give one or more of its members the authority to act on its behalf and under its responsibility within clearly defined limits. In case of financing Decisions for Humanitarian Aid, one of these limits is the maximum duration of 18 months

		Decisions adopted applying an emergency procedure		Other Decisions
		Primary Emergency	Emergency	Global Plans and Ad Hoc financing Decisions
AGREEMENTS	<i>Date submission proposal</i>	As soon as possible after the crisis, so as to allow the preparation of the financing Decision. This requires the submission of a less detailed Single Form.	As soon as possible after the crisis, so as to allow the preparation of the financing Decision. This requires the submission of a Single Form.	Always on the basis of a Single Form, and as soon as possible, so as to allow for the preparation of the financing Decision.
	<i>Start date of Action</i>	Action must start within 5 days of the crisis.	All Actions must start within 6 months. In case there is no prior Primary Emergency financing Decision, the first Action must start within 3 months of the crisis.	The start date of the Agreement as set out in Article 2.2 of the Agreement. If the proposal is submitted <u>after</u> the adoption of the financing Decision, the start date of the Action may not precede the date of submission of the proposal. If the proposal is submitted <u>before</u> the adoption of the financing Decision and the activities have already started, the start date of the Action may be the start date of eligibility as established in the financing Decision.
	<i>Date of eligibility³</i>	Normally the date of the crisis.	Corresponds normally to the date of receipt of the proposal by DG ECHO or the date of the crisis.	May correspond to the date of receipt of the proposal by DG ECHO.
	<i>Maximum duration of Actions</i>	3 months, to be calculated from start of Actions (not from the adoption of the financing Decision). No extension possible beyond this.	6 months, to be calculated from the start of Actions (not from the adoption of the financing Decision). No extension possible beyond this.	As a general rule, 12 months. Actions must be completed during the duration of the financing Decision.
	<i>Date of signature of Agreements</i>	During the first 5 working days after the crisis	Never before entry into force of the financing Decision.	
	<i>Date of entry into force of Agreement</i>	Date of reception by DG ECHO of the Agreement duly signed by the Partner.		

³ Not all expenses are eligible from this date onwards. Eligibility also implies an overall assessment of all criteria which need to be fulfilled for being eligible.

FACT SHEET A.3

SPECIFIC CONDITIONS AND DEROGATIONS IN AGREEMENTS (ARTICLE 8)

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

1. Introduction

Specific conditions are used either to supplement (i.e. add something to) or to derogate from (i.e. remove something from) an Agreement and the rules applicable to it. They are included in Article 8 of the special conditions of the Agreement.

Specific Conditions should be included when the Agreement is initially set up. By way of exception, specific conditions may also be agreed upon between the Partner and DG ECHO after the signature of the Agreement, depending on the circumstances. This will be explained below¹.

Both parties may request the Agreement to be supplemented or the General Conditions or the procurement rules ("Annex IV" in case of signatories of the FPA) be derogated from. Such a request must always be *explicit* and *well justified*.

In cases where the Partner wishes to apply a provision already foreseen in the rules governing the Agreement, supplementary Agreements are not needed. The Partner may request a *confirmation reply* (see Fact Sheet A.4).

2. Definitions

A distinction is to be made between Special Conditions and Specific Conditions. The Special Conditions are the text of the Grant or Contribution Agreement. They establish the Action's purpose, implementation period, budget, and reporting and payment arrangements, as well as Specific Conditions.

Specific Conditions to the Agreement include new provisions not envisaged in other parts of the Agreement that are necessary for the implementation of the Action. The need for such provisions is part of the Partner's planning of the Action and can, therefore, in most cases, be expected to be known at the stage of the drafting of the initial proposal/Single Form.

There are three categories of Specific Conditions clauses:

- Article 8.1 clauses supplementing the rules governing the Agreement,
- Article 8.2 clauses derogating from the rules governing the Agreement,
- Article 8.3 clauses establishing the nature of the implementing modalities of a given Action.

¹ For questions concerning amendments see Fact Sheet A.4.

3. Procedure

3.1. Article 8.1 *Supplementing the Agreement – New provisions*

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. For examples refer to section 5.1.

If the clause has to be inserted after the signature of the Agreement. (See Fact Sheet A.4 Amendments), a formal amendment in the form of a Supplementary Agreement must always be concluded and properly justified.

3.2. Article 8.2 *Specific conditions derogating from the Agreement*

Derogations refer to cases where, for well-founded reasons, a clause forming part of an Agreement or of the rules applicable to the Agreement (such as the General Conditions and the procurement rules ("Annex IV" in case of signatories of the FPA) should not apply to the particular Agreement, and another rule is to be applied instead.

The need for derogation would normally be known in advance and, therefore, should be taken into consideration at the stage of the drafting of the initial Agreement. In cases where the FPA/NGO, the FPA/IO or the FAFA allow for exemptions (already foreseen), no derogations will be made, but a confirmation reply may be requested by the Partner.

In case a Partner applying P control mechanism wants to derogate from its own rules, DG ECHO will never be able to accept or reject an explicit derogation. This has to be handled as foreseen in the Partner's procedures. The partner can derogate from its own rules provided it follows its own internal derogation/waiver process, without needed to seek DG ECHO's permission/approval.

When the need for derogation emerges after the conclusion of the Agreement, a formal amendment in the form of a Supplementary Agreement must be concluded and properly justified. For examples refer to section 5.2.

3.3. Article 8.3 *Defining the nature of the implementing modalities*

The nature of a given Action such as an urgent Action or multi-donor, in the case of International Organisations and UN-agencies, should always be known and established before signature of the Agreement and cannot be modified.

4. Drafting rules for Article 8

- When adding rules not foreseen in the provisions governing the Agreement, the clause is inserted as Article 8.1:

"8.1 The following shall supplement the General Conditions:

[...]"

- When derogating from the provisions governing the Agreement, the clause is inserted as Article 8.2:

"8.2 The following derogations from the General Conditions shall apply:

By derogation from Article [...]"

- When there is a need for defining the nature of the implementing modalities of the Action subject to the Agreement, Article 8.3 will be used.

DG ECHO will indicate by "N/A." for each of the above if "not applicable" to the Agreement at hand.

5. Examples of standard clauses

These clauses are drafted on the basis either of a clear, justified request by the Partner in the Single Form or proposed by DG ECHO .

The examples provided thereafter are not exhaustive.

5.1. Clauses *supplementing* the Agreement (Article 8.1)

Specific reporting requirements

Taking into consideration the country of the action technical requirements and regulations, the Humanitarian Organisation will provide [insert details on reporting frequency or other details] to DG ECHO'.

Additional intermediate reports for Agreements with A control mechanism

As the European Community contribution to the Action, established in Article 3.2, exceeds the funding threshold for the Humanitarian Organisation under the applicable A control mechanism, and in compliance with Article 11.4.a of the Framework Partnership Agreement, the Humanitarian Organisation shall submit additional intermediate reports, both narrative and financial, notwithstanding Article 4.1 of the Special Conditions. The Humanitarian Organisation shall submit these reports six weeks after the first half of the implementation period of the Action established in Article 2.2, i.e. no later than [...]. The reports shall comply with the provisions regarding the final narrative and financial reports, detailed in Article 10.2 of the General Conditions. The provisions of Article 21 of the General Conditions apply mutatis mutandis to the Commission's approval of the reports.

Additional pre-financing payment after additional intermediate reports for Agreements with A control mechanism

The Commission may make an additional pre-financing payment of EUR [...], representing 30% of the amount specified in Article 3.2, if 70% of the previous pre-financing payment has been used up and if the Commission has approved the additional reports referred to under Article 8.1.1 of the Specific conditions .

Security co-ordination

The Humanitarian Organisation agrees to take part in security co-ordination organised by the United Nations Department of Safety and Security (UNDSS).

Interim payment (convert pre-financed payments to a definitive payment diminishing the outstanding debt in the Commission's official accounts)

The Humanitarian Organisation shall submit a request for an interim payment when submitting the intermediate report in accordance with Article 4.1 of the Special Conditions.

The amount of the interim payment will be determined on the basis of costs actually incurred, presented in an intermediate report and as such validated by the European Commission. The interim payment will be executed first by off-setting against the amount of Pre-financing paid to the Humanitarian Organisation and, where appropriate, from the second Pre-financing payment mentioned in Article 5.1 of the Special Conditions. The balance of this Pre-financing payment may be paid as validated by the European Commission in its analysis.

The interim payment is without prejudice to the verification of the eligibility of all costs incurred by the Humanitarian Organisation made at the time of verification of the request for final payment.

Cost recovery system

A cost recovery system is established under this action. The Humanitarian Action shall directly invest the amounts recovered under this system in the action.

Emergency and Primary Emergency financing Decisions

When in emergency situations there is a need for rapid commitments.

By [date], the Organisation shall submit [specify as relevant to the case: a detailed work plan, detailed information on the effective deployment in the field]. The European Commission reserves the right not to accept the above additional information. It will in such a case ask the Organisation to duly introduce the necessary modifications.

DIPECHO actions linked to multi-donor

The terms and conditions established in the call for proposal (insert the reference of the call) complement those established in these Special Conditions.

5.2. Clauses derogating from the Agreement (Article 8.2)

Exchange Rate

By derogation from Article 10.4 of the General Conditions, and for the purposes of reporting the costs of the Action under this Agreement, the Humanitarian Organisation will use the exchange rate as per the description in section 11 of the Single Form.

Derogation to rules of nationality and origin only for Actions financed by European Development Fund (EDF)

In respect of the principles of impartiality and independence of Humanitarian Aid as specified in the Commission decision on rules and procedures applicable to property, supply, works and service contracts awarded within the framework of humanitarian actions financed by the European Communities, the Commission agrees to waive the rules of nationality and origin.

Permission to use a less strict procurement procedure in cases not set out in the procurement rules ("Annex IV" in case of signatories of the FPA) (Article 13.2 of the General Conditions) - Only for Agreements with A control mechanism:

By derogation from Article 13.2 of the General Conditions and Section 3 of Annex IV to the FPA (General Rules and Procurement Procedures), and taking into consideration the country of the Action's technical requirements and regulations, the European Commission authorises the Humanitarian Organisation to follow a [insert] procedure [where applicable: with [...] offers] for the purchase of [specify] in the framework of the Action subject to this Agreement.

5.3. Clauses defining the nature of the implementing modalities (Article 8.3)

This is applicable to Global Plans and Ad hoc financing Decisions as well as Primary Emergency and Emergency Decisions.

The rules applicable to urgent actions shall apply to this Agreement.

International Organisations only:

The conditions for multi-donor actions shall apply to this Agreement.

FACT SHEET A.4

AMENDING AGREEMENTS

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

1. Introduction

The main rule for Agreements is that they should be planned in advance and all of the known circumstances should be included in the Agreement when it is drafted. However, there may be well-justified circumstances which make it necessary to modify, supplement or derogate from an Agreement after it has entered into force. The instrument used for these purposes is the amendment. The possibilities of amending Agreements are set out in Article 11 of the General Conditions. Depending on the subject of the amendment and the moment in time when it is requested, the form of the amendment and the procedure for its adoption may vary.

Confirmation replies

If both parties agree to apply a provision already mentioned in the rules governing the Agreement, then obviously no formal amendment is needed. In case the Partner requests an explicit confirmation for having legal security, the European Commission will draft a confirmation reply, which is legally binding for both parties and does not constitute a formal amendment. It is important that the subject of the request is clear and unequivocal. The reply from DG ECHO will be made at the level of Head of Unit.

Subsequent changes in circumstances and/or new elements shall be promptly notified by the Partner to DG ECHO in order to allow DG ECHO to assess whether the *Confirmation Reply* remains valid. *Confirmation replies* are a facility offered to the partners, on initiative of the partner, and are thus optional for them.

DG ECHO will examine the justifications provided and give its opinion to the Partner in a *Confirmation reply*. The *confirmation reply* will be used, for instance, when the Partner would like to have the explicit confirmation from DG ECHO that the suspension period can be longer than 1/3 of the implementation period. Another example would be, if, for an Agreement with A-control mechanism, a Partner wishes to obtain confirmation from DG ECHO that a single bid procedure can be used in cases foreseen in the procurement rules ("Annex IV" in case of signatories of the FPA).

2. Rules common to all amendments

2.1. The purpose of an amendment

The purpose of an amendment is to modify the Agreement in response to changed circumstances. Amendments must always be duly justified, clear and unequivocal.

2.2. What can be subject to an amendment?

2.2.1. Make sure to respect the legality of the Agreement

The *limit* to what may be amended is established by *the legal base of the Action*, as stipulated in the Humanitarian Aid Regulation 1257/96 and described in the European Commission's financing Decision. An Agreement shall never be amended so as to change

or go beyond the legal basis. No amendment may have as its purpose or effect to change any of the characteristics of the actions as defined in the financing Decision (notably as concerns types of beneficiaries, area of implementation), or to modify the original object of the Agreement (title and specific objective). Such modifications would change the key elements used for the assessment of the Action, and it would fundamentally change the identification of the Action subject to the Agreement. In this context, it is important that the Partners and DG ECHO pay special attention when drafting the specific objective of the Action and the title of the Agreement.

Articles 1 (Purpose), and 8.3 (Clauses establishing the nature of the implementing modalities of the action) of the Agreement may never be modified.

2.2.2. The hierarchy of clauses

Within the Agreement, an order of precedence between the different parts of the Agreement has been established; Specific Conditions (Article 8) take precedence over all other parts of the Agreement, then follow the Special Conditions (Articles 1-7) and the General Conditions.

The Agreement itself consists of the following parts:

- The Special Conditions of the Agreement, including the Specific Conditions
- The General Conditions of the Agreement (Annex III)
- Annex I: Operational overview of the Action (section 4.3.1 of the Single Form) and
- Annex II: Financial overview of the Action (section 11 of the Single Form).

The Proposal in its entirety is also part of the Agreement (Article 1.2).

2.2.3. The particular status of the Single Form

The Single Form in its entirety is intended as a living document which reflects the state of the Action subject to the Agreement at any moment in time. It may be modified by the Partner during the implementation of the Action, subject to the amendment methods specified in Section 3 below.

Any modification of the Single Form must always be communicated in writing.

3. Amendment methods

Three methods are available for amending Agreements: unilateral modifications, exchanges of letters and Supplementary Agreements.

3.1. Unilateral modifications

An unilateral modification consists of a written communication from the Partner informing DG ECHO of changes that the Partner has introduced. Although it can be in the form of a letter, it is recommended to include the modifications in the intermediate report or in the final report.

Article 11.2 of the General Conditions limits the use of unilateral modifications to the following cases:

- Changes which do not affect a basic element of the Action nor Articles 2, 3, 4, 5 or 8 of the Special Conditions,

The basic elements of the Action include:

- the Action's objective,
 - the related indicators and results,
 - types of beneficiaries,
 - area of implementation and,
 - when relevant, sustainability (Article 11.2 of the General Conditions).
- Changes of address or bank accounts as identified in Articles 6 and 7 of the Special Conditions shall simply be notified by letter to the other Party.

3.2. Exchanges of letters

The amendment by exchange of letters becomes an integral part of the Agreement, and consists of a request from the Partner and a reply to the request by DG ECHO. Each party signs and sends one single document, in the form of a letter. Exchanges of letters are to be used for the following cases:

- modification of Articles 4 (Submission of Reports) or 5 (Payment Arrangements) of the Special Conditions of the Agreement,
- modifications to the indicators, results, beneficiaries, area of implementation and, when relevant, to sustainability, and
- transfer of equipment/goods to another action and donation of equipment/goods to local authorities.
- when the DG ECHO agrees with the partners request to waive the visibility obligation laid down in Article 4.2 of the General Conditions.

An amendment by way of exchange of letters must be made in a timely fashion and be concluded before the end of the implementation period. The amendment enters into force when DG ECHO has replied positively. The change has to be integrated in the Single Form at the next reporting stage. Requests for amendments by exchange of letters shall be signed by a person who the Partner authorises to make such requests (those who can make a legal commitment on their behalf or those mentioned in Article 7 of the Special Conditions of the Agreement). Within DG ECHO the reply will be signed at the level of Head of Unit.

3.3. Supplementary Agreements

A Supplementary Agreement is a formal legal agreement, to be established in duplicate, both originals being signed by both parties. This additional document contains only the

Article(s) subject to amendment. The use of Supplementary Agreements is limited to modifications of the following Articles of the Special Conditions of the Agreement¹:

- Article 2 (Entry into force and implementation period of the Agreement e.g. extension)
- Article 3 (Financing of the action, e.g. change in amount or % of co-financing)
- Clauses inserted in the Specific Conditions of the Agreement; Article 8.1 (supplementing the Agreement) and Article 8.2 (derogating from the Agreement)²
- In cases there are also changes to the annexes, normally covered by exchange of letters, these modified annexes can be added to the Supplementary Agreement.

A Supplementary Agreement can only be concluded up to the end of the implementation period of the Action. It enters into force on the date of receipt, by the European Commission, of one original of the Supplementary Agreement duly signed by both parties.

The change has to be reflected in the Single Form at the next reporting stage.

Supplementary Agreements must be signed by a person with the same authority of representing the parties as the one who signed the initial Agreement.

4. Timeframe for amendments

Requests for amendments must be submitted by the Partner no later than one month before the end of the implementing period of the Action, except in duly justified cases. In order for an amendment to be considered concluded in a timely fashion, and thus for the respective amendment method to apply, the process of granting approval for the amendment must be concluded before the end of the implementing period of the Action.

In order to avoid successive amendments, amendment requests will be regrouped in one amendment when possible.

4.1. Duty of information

The Partner has a general obligation to "give the Commission full information on the implementation of the Action" (Article 10.1 of the General Conditions). Hence, if in the course of the implementation of an Action, the Partner did not respect the applicable rules (for instance with regard to the procurement procedures), the Partner must inform DG ECHO as soon as possible and in any case before submission of the final report. The Partner should indicate which rules have been violated and why this was the case.

DG ECHO has two options:

- DG ECHO takes note, and only takes a position at liquidation stage. The Partner will be informed by means of the payment advice sent after liquidation.

¹ Article 10.5 of the General Conditions.

² See Fact Sheet A.3: Articles 8.1 and 8.2.

- Exceptionally, and if repercussions for the future implementation of the Action, DG ECHO will propose an amendment.

4.2. Exceptional case: the *ex tempore* amendment

The specific nature of humanitarian aid actions and their relatively short duration may make it impossible in some cases to respect the deadlines set out for amendments of Agreements. In exceptional cases, the possibility to adopt an *ex tempore* amendment, i.e. an amendment after the implementation period of an Action but before the final report, may therefore be considered.

A request for an amendment made after the implementation period of the Action must always be particularly well justified, and is limited to obligations which are still to be fulfilled by (one of) the Parties, e.g.:

- A supplementing clause regarding the transfer to another project of remaining supplies (goods and equipment).
- Extensions of the implementing period of the Action specified in Article 2.2 of the Special Conditions of the Agreement, within the limits of the Decision and of restrictions applicable to urgent actions.

Requests for *ex tempore* amendments must be submitted before the final report and the method used to amend the Agreement during this time period is an *exchange of letters*, independently of what method would have been used had the amendment been concluded before the end of the implementation period of the Action.

An *ex tempore* amendment must be signed by a person with the same authority to represent the parties as the one who signed the initial Agreement.

4.3. The ultimate exception: *Retroactive amendments*

Retroactive amendments are different from *ex tempore* amendments in that they are made during the implementation period and *relate to a situation that has already been created in the past*. In principle DG ECHO will decide the eligibility of these costs during the appraisal of the final reports. In exceptional cases, DG ECHO will agree on a retroactive amendment.

In all events, the Partner must *request* a retroactive amendment *at the latest* one month before the end of the implementation period of the Action. Requests received after that date may only be accepted in exceptional and duly substantiated cases. The later the Partner's request for a retroactive amendment is received, the less accommodating DG ECHO should be in dealing with the request.

The amendment method to be used for retroactive amendments (i.e. supplementary Agreement, exchange of letters or unilateral modification) is the same as the method that would have been used had the amendment request not been retroactive.

ECHO.B2 will review ("visa") all retroactive amendments before signature. Retroactive amendments concluded up to the end of the implementation period of the Action, shall follow the same rules as for other amendments. However, all retroactive amendments concluded *ex tempore*, must always be signed by a person with the same authority as the one who signed the initial Agreement, after "visa" at Director level.

4.4. When information is received together with or after the final report

After the submission of the final report no formal modification or amendment will be done. However, requests for changes to the Agreement submitted with or after the final report (but anyhow before the payment order is launched) may be considered by DG ECHO, and if accepted, they will be taken into account in the final liquidation. The Partner will be informed by means of the payment advice sent after liquidation.

5. References and Useful Links

The legal basis for the rules governing the amending agreements is the following:

- Articles 11 and 12 of the General Conditions
- Article 164.3 of the European Commission Regulation (EC, Euratom) N° 2342/2002 of 23 December 2002 implementing the Financial Regulation (the "*Implementing Rules*").

Annex – Indicative summary on amending agreement. What can be amended and how?

Methods	Elements of agreement to modify	How to inform DG ECHO	See details:
Supplementary Agreement	<ul style="list-style-type: none"> - Article 2 - Entry into force and implementation period - Article 3 - Financing modalities + Annex II - Articles 8.1 and 8.2 - supplementary clauses and derogating clauses. 	<ul style="list-style-type: none"> - Formal request no later than one month before end of implementation. - Changes to be formalised in reports. 	See FS A.4 – 3.3
Exchange of Letters	<ul style="list-style-type: none"> - Article 4 – submission of report - Article 5 – Payment arrangements - Modifications concerning basic elements of the Action: indicators, results, beneficiaries, area of implementation and when relevant sustainability. - Transfer of goods and equipment to another action - Donation of equipment/goods to local authority. - Waiving visibility obligation in line with conditions foreseen in Art. 4.2 of General Conditions - Ex-tempore changes concerning transfer of goods and equipment or extension of the duration of the action after implementation. 	<ul style="list-style-type: none"> - Formal request to be approved by DG ECHO before the end of implementation period. (exempt if ex-tempore request) - Changes to be formalised in reports. 	See FS A4 – 3.2
Unilateral modification	<ul style="list-style-type: none"> - Concerning elements not affecting Annex I, total amount in Annex II and the basic elements of the action. - Article 6 – Bank account - Article 7 – Contact Address 	<ul style="list-style-type: none"> - Email, letter or through reports 	See FS A4 – 3.1
NOT modifiable	<ul style="list-style-type: none"> - Title - Specific Objective - Article 1: purpose - Article 8.3 		See FS A4 – 2.2.1
Confirming reply ≠ amendment	<ul style="list-style-type: none"> - Does not modify any element of the agreement. - Explicit confirmation for legal security on the applicability of existing rules. 	<ul style="list-style-type: none"> - Email, letter to ECHO 	See FS A4 – Intro

FACT SHEET A.5

SUSPENSION OF THE IMPLEMENTATION OF HUMANITARIAN ACTIONS

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

1. Introduction

Certain circumstances may render the further implementation of **a significant part** of the humanitarian Action impossible. The implementation of the Action then needs to be suspended. The purpose of this Fact Sheet is to explain the concept of suspension as well as the suspension procedures. In any event, the Humanitarian Organisation shall inform the Commission immediately of any circumstances likely to hamper or delay the implementation of the Action.

2. The notion of suspension of the implementation of the humanitarian Action

A suspension of the implementation of the humanitarian Action is a temporary stopping of the activities of the Action, due to circumstances which make it impossible or excessively difficult to continue. Examples of such circumstances are:

- "*Force majeure*", i.e. circumstances which occur regardless of any human will or intervention, e.g. natural disasters such as earthquakes, floods, cyclones, etc.;
- "*Fait du Prince*", i.e. decisions taken by national, regional or local authorities which affect the implementation of the Actions (e.g. prohibition to import humanitarian goods, refusal of access to the region affected by the crisis, etc.);
- Actions taken by third parties for whom the Partner has no responsibility: e.g. riots, attacks against refugee camps, etc.;
- Serious threats to the safety of the humanitarian workers (e.g. security concerns);
- Incompatibility between the continuation of the humanitarian Action and respect of the humanitarian principles.

When the above circumstances no longer apply, the suspension is ended and the Partner will resume the implementation of the Action (for the procedure, see below). As a general rule, suspensions should not last longer than one third of the implementation period of an Action, unless DG ECHO confirms that a longer suspension period is allowed (cf point 4.4 below).

In some cases, it will be possible for the Partner to continue implementing part of an Action (i.e. those activities which have not been hampered by the circumstances listed above) during the suspension period. This has to be defined in the exchange of information between DG ECHO and the Partner.

In any case the costs to be incurred during the suspension period will be subject to discussions between DG ECHO and the Partner.

The Partner's risk assessment of the Action is very important in this respect. At the proposal stage, the Partner must make a risk assessment in Sections 4.3.1 (Column Risks and assumptions of the Log Frame) and 8.1 (Contingency measures) of the Single Form.

The objective is to identify the risks of the Action, mitigating actions the Partner might take (contingency plans), as well as the steps the Partner intends to take should these risks occur. A good risk assessment helps the Partner to foresee difficulties. It is important that the circumstances are not caused by or cannot be attributed to the Partner.

3. Procedures to suspend the implementation of the humanitarian Action

Both DG ECHO and the Partner may invoke a suspension.

3.1. Procedure if the Partner requests suspension

DG ECHO will only accept a retro-active suspension from the date DG ECHO has received information from the Partner. Hence, the Partner who believes that the Action should be suspended must inform DG ECHO immediately and in writing, preferably by e-mail. The date of informing DG ECHO is the basis taken for the start date of the suspension.

Following this first notification, the Partner shall send to DG ECHO, as soon as possible, the following information:

- The reasons for the suspension (e.g. any of the above mentioned circumstances);
- The expenses that the Partner expects to be incurred during the suspension period, e.g. the running costs of a local office. The suspension of the Action does not change the eligibility rules: if, during the suspension period, certain costs must be incurred which are necessary for the Action (in the context of its suspension) and these are recorded in the Partners' accounts, then these costs shall be eligible; and
- The date on which the Partner foresees the resumption of the activities.

A model letter for requesting a suspension is attached.

DG ECHO will confirm the implementation arrangements for the suspension by letter. The letter will establish the period of suspension and identify the eligible costs during the suspension period. DG ECHO and the Partner must discuss the availability of funds to cover the remaining implementation of the Action.

During the suspension period, the Partner must take all necessary measures to reduce to a minimum the damages (e.g. measures to ensure the security of staff and assets) which may result from the suspension. Afterwards, the Partner will report on the actions and measures taken to reduce to a minimum the damage and on the impact on the final Action objective.

3.2. Procedure if DG ECHO invokes the suspension

If DG ECHO wishes to proceed with the suspension of the implementation of the Action, it shall send a letter to the Partner indicating the reasons for the suspension as well as the implementing arrangements during the suspension period.

In such cases, it is the Director or Director-General who signs the suspension and resumption letters.

4. Procedures to end the suspension

4.1. If the suspension was requested by the Partner

As soon as the circumstances allow, the Partner shall resume activities and immediately inform DG ECHO by letter. The letter must indicate:

- The date of resumption of the activities,
- Any changes which the Partner believes have to be introduced in the Agreement as a result of the suspension (budget changes and possible increases, etc.).

DG ECHO will assess the conditions for resumption (or termination) of the activities and, in case there are changes to the results or funding which affect the elements of the agreement, it will amend it using the more adapted amending procedure (See Fact sheet A4).

When the results change, an exchange of letter is necessary. In case of change of DG ECHO's contribution, the co-financing rate, the total project amount a supplementary agreement is necessary. If the suspension period is longer than 1/3 of the implementation period and the agreement is not terminated, a supplementary agreement is also needed.

4.2. If the suspension was invoked by DG ECHO

DG ECHO will assess the conditions for resumption (or termination) of the activities by the Partner and confirm this by letter signed by the Director or Director General to the Partner. If amendments are to be made, DG ECHO shall do this in line with the procedures as explained in Fact Sheet A.4 *Amending Agreements*.

4.3. Implementation period beyond the duration of the financing Decision

It is possible that, due to the additional time, the implementation of the Action will continue after the expiry of the duration of the financing Decision (for instance, when the suspension ended immediately before the expiry of the duration of the financing Decision). During the implementation period after the duration of the financing Decision, the Partner may still make new commitments (for instance, through the conclusion of contracts). This is an exception to the general rule which establishes that all Actions must be implemented within the duration of the financing Decision.

4.4. Possible termination in the case of a suspension longer than one third of the implementation period

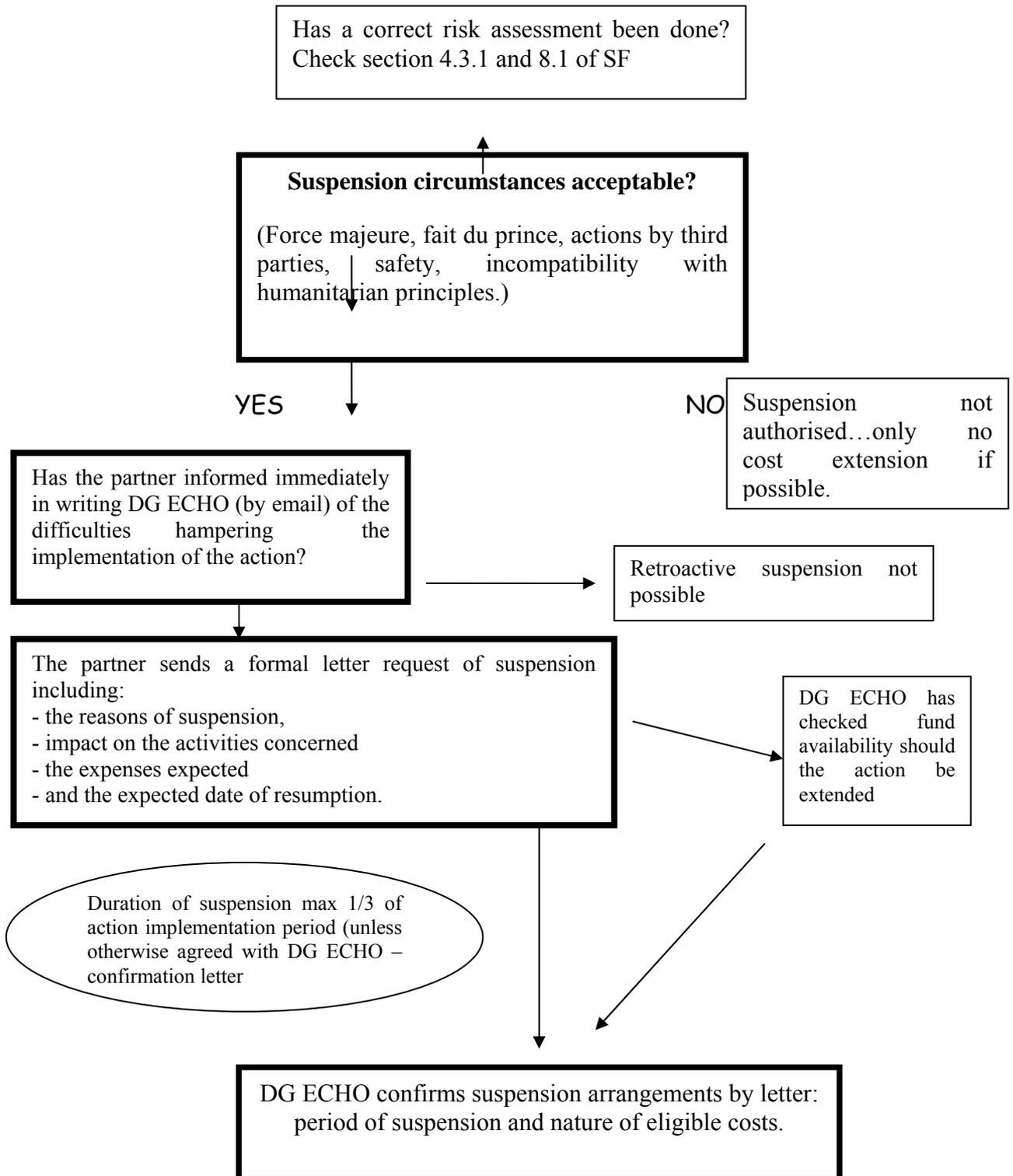
If the causes for suspension last longer than one third of the implementation period, Article 15.3 of the General Conditions stipulates that DG ECHO may decide to terminate the Agreement with immediate effect by written notice stating the grounds for termination. In this case, the termination will have effect on the day following the day of receipt of the termination letter. If, however, the Partner wishes to extend the suspension period over the maximum period of one third of the implementation period, the Partner shall send to DG ECHO a justification for the extension. DG ECHO will reply in writing. If DG ECHO agrees to continue the suspension of the implementation period of the Action, no explicit derogation is needed.

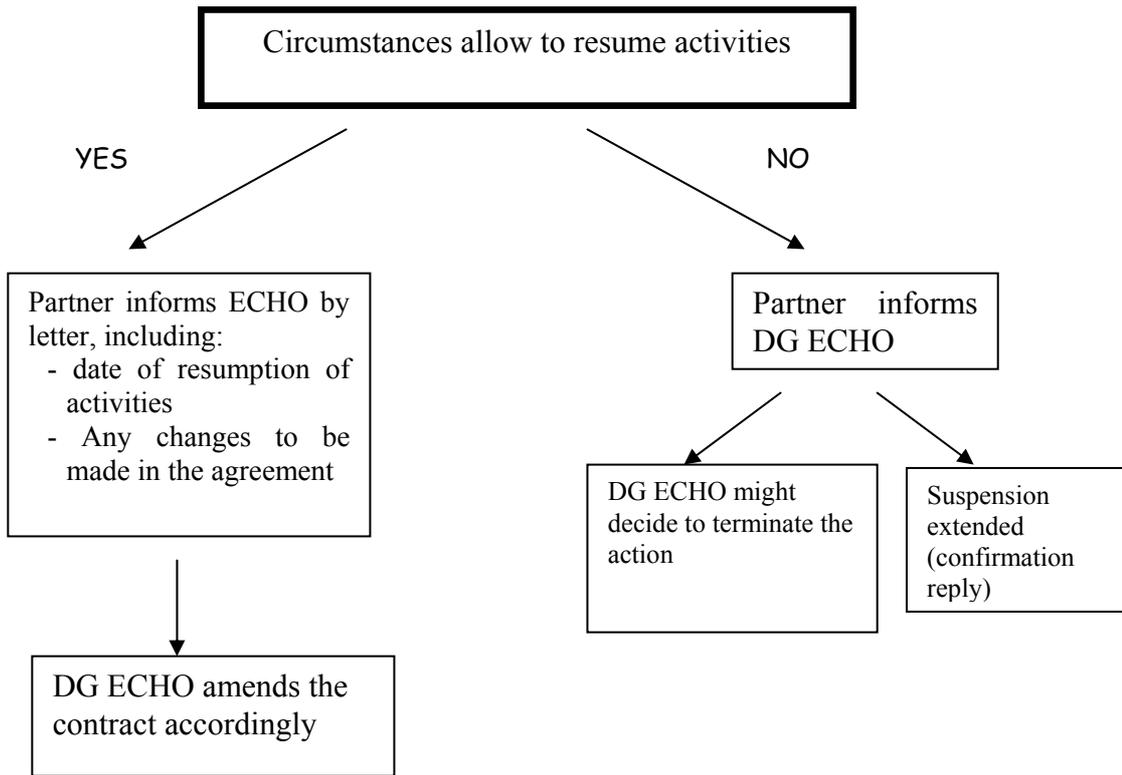
5. References and useful links

The legal basis for the suspension of the implementation of the Action is the following:

- Articles 15 and 16 of the General Conditions.

Annex – Indicative summary on suspension of the implementation of Humanitarian actions





Annex:**Model letter for requesting a suspension***Sent by e-mail*

European Commission

DG ECHO

[Name and function of the person who has signed the Grant/Contribution agreement – please specify]

Subject: Request for suspension of an action – force majeure or comparable circumstances

Agreement n°: [please specify]

Title of the action: [please specify]

Country of the action: [please specify]

Dear **[Sir or Madam]**,

We hereby inform you that **[indicate precisely the event that you put forward as force majeure or comparable circumstances]** on the **[indicate the date]**.

We consider that, under these conditions, the execution of the above-mentioned action is jeopardised and that there are grounds for concluding that *force majeure* or comparable circumstance has occurred. For these reasons, we would like to request suspension of the action for a maximum period of **[indicate the maximum number of months which corresponds to 1/3 of the total duration of the action]**.

Considering the humanitarian situation in the field, we can already indicate that:

- the suspension is likely to last **[indicate the number of days or months]**;
- we expect to be able to resume our activities on **[specify the date]**;
- the expenses to be incurred during this period are estimated as follows **[specify the total amount of the cost and include a general description of the type of expenses covered by this amount]**.

We pledge to take all necessary security measures to reduce to a minimum the damages which may result from the suspension, and will report thereon in following reports. As soon as the circumstances allow it, we will resume our activities and immediately inform you by letter of the date of resumption of the activities and of changes to be introduced in the Agreement as a result of the suspension.

We would be grateful if you could communicate your agreement, as soon as possible and **in writing**, on the suspension period as well as on the expenditure which you consider eligible during this period. We understand that this will be confirmed in an amendment to the Agreement once the suspension has been lifted.

We look forward to your answer.

Yours faithfully,

[Person entitled to legally commit the NGO]

FACT SHEET A.6

MEANS OF TRANSMISSION BETWEEN DG ECHO AND THE PARTNERS

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

Introduction

The management and follow-up of agreements concluded between DG ECHO and Partners requires numerous transmissions of documents (proposals, agreements, amendments, suspension requests, reports, etc.). The FPA 2008 intended to streamline these transmissions by increasing the number of situations where transmission of electronic documents only would be adequate.

This Fact Sheet lays down the rules which DG ECHO and the Partner have to bear in mind when transmitting documents to each other, in order to comply with the provisions of the General Conditions.

For the purpose of this Fact Sheet, "documents" refer to each form of written communication between DG ECHO and the partner relating to the agreement and its management. Unless otherwise provided, the term "transmission" encompasses all forms of transmission, electronic or not.

1. Transmission of documents

When preparing the transmission of a document, DG ECHO and the Partner should bear in mind the following:

1.1. Electronic or paper?

The general principle is that documents will be transmitted electronically, unless otherwise requested (in the General Conditions or Special Conditions).

The Annex to this Fact Sheet identifies the format or transmission means to be used for a non-exhaustive list of documents. To improve efficiency the General Conditions aim to widen the possibility to use electronic transmissions, whilst reducing the number of situations requiring both delivery of a paper and electronic document.

1.2. Terminology: e-documents, e-mails and paper documents

An E-document is a document, transmitted electronically as fax or as electronic file (e.g. tiff, jpg or PDF) resulting from the scan of an original, signed paper document.

Any other electronic message is called e-mail. In this case the message or request is included in the message body of a conventional e-mail or as attachment of the e-mail in standard office file formats like MS Word, MS Excel etc.

When this Fact Sheet refers to electronic transmission of documents it refers to both e-documents and e-mails, unless otherwise specified.

Paper transmission means that the original paper documents must be transmitted. In practice, a paper transmission shall take place by registered letter or equivalent such as courier services.

1.3. Language

DG ECHO and the Partner must draft the document in the language of the agreement, pursuant to Article 12.3 of the General Conditions.

The translation costs related to the correspondence with DG ECHO may be recognised as eligible costs.

Any change of language in reporting after the signature of the Agreement can take place if accepted by both parties. In this case, the partner will also provide a translation of the annexes to the Agreement (Logframe and financial overview).

1.4. Legal representative and contact persons

The Partner's "*contact persons*" are to be distinguished from the "*Partner's legal representatives*". Only the latter may sign the agreement and the supplementary agreements on behalf of the Partner.

The Partner is responsible for creating and updating the list of legal representatives and the email addresses through the APPEL interface. For International Organisations and the UN, this interface is managed by DG ECHO/B2 on the basis of a written request.

For each action, the partner identifies:

- the legal representative signing the agreement (section 12.2 of the Single Form); the name of this person, his/her function and full official address will be mentioned in Article 7 of the agreement.
- up to two contact person(s) (section 12.3 of the Single Form); their names and e-mail addresses will be mentioned in the last line of Article 7 of the Special Conditions ("Person(s) following the Agreement"). It is the Partner's responsibility to give the correct e-mail addresses of these persons.

When DG ECHO transmits documents to the Partner, it will put the contact persons in copy. Similarly, the Partner will put in copy the "*person following the agreement*" for the Commission, also identified in Article 7 of the agreement (in principle the desk officer). These copies will be sent electronically only.

Both the Partner and DG ECHO may change their contact person(s) through a unilateral modification (see section 3.1 of Fact Sheet A4 "*Amending agreements*"). If this is the case, DG ECHO and the Partner shall notify this change by e-mail to each other as soon as possible identifying the new contact person(s) for the concerned agreement. The Partner shall update the Single Form accordingly at the next reporting stage.

1.5. Subject heading for electronic transmissions

In case of an electronic transmission of documents, the following rules with regard to the subject heading have to be respected:

1.5.1. At proposal stage

When the Partner submits the first version of the Single Form, the subject heading shall mention "*New proposal – [Country]*". Upon receipt of the proposal, DG ECHO shall create a reference number for this proposal and communicate it to the Partner in the acknowledgment of receipt.

For subsequent versions of the Single Form, the Partner shall draft the subject heading as follows: "*Revised proposal – [Reference number] – [Country] – [Additional information if relevant]*".

As a reminder, and as indicated in the Single Form Guidelines, the dates regarding the submission of the initial and subsequently revised proposals mentioned in section 1.10 of the Single Form must correspond to the dates of actual submission to DG ECHO. The Partner should also mention the above reference number in the footer of the Single Form.

1.5.2. After signature of an agreement

Each agreement concluded between DG ECHO and the Partner has a reference number (indicated in the heading of the agreement). For the electronic transmission of documents after the signature of the agreement, including the reports, the document's subject heading shall refer to this reference number as follows: "*Agreement [number] - [Country] - [Additional information if relevant]*".

1.6. Maximum size and readability of electronic transmissions

Due to the maximum capacity of DG ECHO's mailbox, DG ECHO may not receive or send documents exceeding 10 MB. DG ECHO and the Partners are recommended to limit the transmission to relevant information only and to zip files exceeding 1 MB.

Long strings of e-mails should be avoided.

1.7. Special case: the final version of the action proposal

Article 12.1 of the General Conditions stipulates that the Partner must send the final version of the Action proposal in paper copy.

In practice, the Partner does not know whether any one version of the proposal is the final one, as this depends on its acceptance by DG ECHO. The Partner will therefore send the consecutive versions of the proposal electronically. To save time, when DG ECHO accepts the proposal, it will draft, sign and send the agreement to the Partner on the basis of this electronic version. DG ECHO will attach to the agreement one printed copy of the accepted Single Form. In compliance with Article 9.2 of the General Conditions, the Partner signs and returns both the agreement and the copy of the Single Form attached thereto¹.

¹ The Partner signs the first page of the action proposal.

1.8. Cover letters when submitting reports

When submitting reports to DG ECHO, the Partner should at least mention following information in the cover letters:

- whether the reports contain any amendment requests, and if yes, which ones;
- whether the reports contain a request for second pre-financing payment.

2. Receipt, registration and reply to documents

2.1. Date of receipt

For legal and eligibility purposes, the date of receipt is the date on which the addressee actually received the document. Therefore, and in the case of electronic transmissions, the date of receipt is not necessarily a working day. This date of receipt is important as in certain cases it establishes the start date of eligibility of expenses (see also Fact Sheet A2 "*Dates and durations in financing decisions and agreements*").

Pursuant to Article 12.1 of the General Conditions, DG ECHO and the Partner accept the first date of receipt, be it on paper or by electronic means, whichever happens first.

For the reports, the paper copy must be sent on the same date as the electronic copy. The partner undertakes to ensure that the paper copy corresponds in full to the electronic copy. Any discrepancy detected between the two copies may result in the immediate rejection of the report.

In case the partner sends, on his own initiative, a new version of the final reports, the date of receipt of the final receipts will be the date the new version has been received.

2.2. Date of registration

For its own purposes and as a general rule, DG ECHO registers the documents it has received within two working days following receipt. The date of receipt and of registration may therefore be different. For eligibility purposes, however, only the date of receipt matters as indicated above.

2.3. Reply

It is considered good administrative practice to reply to punctual questions within 15 working days. If the Partner transmits a request with legal implications for the agreement such as an amendment request, DG ECHO commits to reply within the shortest delay of its acceptance or rejection. For the acceptance and validation of the final reports, the general conditions provide special rules.

ANNEX –TRANSMISSIONS OF DOCUMENTS – OVERVIEW TABLE

This table cannot cover all possible documents which may be transmitted in the context of a DG ECHO funded action. It only presents the main and most representative types of documents. In case of doubt, the partner may contact DG ECHO.

The table uses the following abbreviations or terms:

R	Registered letter or equivalent such as courier service
eM	e-Mail
eD	e-Document such as a scanned version of a signed paper copy
Head of Unit	Address of Head of Unit of DG ECHO as identified in Article 7 of the agreement
Contact Person DG ECHO	Contact person of DG ECHO as identified in Article 7 of the agreement (name.surname@ec.europa.eu)
Contact Persons Partner	Contact persons of Partner as identified in Article 7 of the agreement
ECHO Mailbox	Echo-central-mailbox@ec.europa.eu
DG ECHO Mngmt	DG ECHO management
DG ECHO Dir	DG ECHO Directorate

DOCUMENT	FROM	TO	Paper	Electronic	Address	IN COPY Electronic	Address
I. Preparation of the Action							
First version of action proposal	Partner	DG ECHO		eM	ECHO Mailbox	eM	Contact person DG ECHO
Acknowledgment receipt	DG ECHO desk	Partner		eM	<u>Electronic</u> : official e-mail address Partner	eM	Contact persons Partner
Revised version of action proposal	Partner	DG ECHO		eM	Contact person DG ECHO		
Comments/response DG ECHO on first or revised version of proposal	DG ECHO desk	Partner		eM	Contact persons Partner ¹		
In case of acceptance proposal, two copies of the agreements signed by DG ECHO with one paper copy of the	DG ECHO Mngmt	Partner	R		<u>Paper</u> : address legal representative Partner	eD	Head of Delegation Technical Assistant

¹ If the Partner did not identify contact persons, DG ECHO shall send its comments or response to the Partner's official e-mail address.

² When DG ECHO accepts the last revised Single Form, it will print it out, register it and attach it to the agreement to be signed by the Partner. See Section 1.6 of this Fact Sheet.

DOCUMENT	FROM	TO	Paper	Electronic	Address	IN COPY Electronic	Address
Single Form ²							
Agreement and final Single Form signed and returned by Partner ³	Partner	DG ECHO	R		<u>Paper</u> : Head of Unit		
Refusal of action proposal	DG ECHO Mngmt	Partner		eD	<u>Electronic</u> : official e-mail address Partner	eD	Contact persons Partner
II. Implementation of the Action							
Request for confirmation reply	Partner	DG ECHO		eM	ECHO Mailbox	eM	Contact person DG ECHO
Confirmation reply	DG ECHO desk	Partner		eM	e-mail address person who requested confirmation reply (usually Partner's contact person)	eM	Contact persons Partner
Informing DG ECHO of a unilateral modification, outside the reporting (e.g. change contact persons)	Partner	DG ECHO		eM	ECHO Mailbox	eM	Contact person DG ECHO
Informing Partner of a change of DG ECHO's contact persons	DG ECHO desk	Partner		eM	<u>Electronic</u> : official e-mail address Partner	eM	Contact persons Partner
Amendment request, suspension request and resumption notification by Partner	Partner	DG ECHO		eD	ECHO Mailbox	eM	Contact person DG ECHO
DG ECHO reply by exchange of letters	DG ECHO Mngmt	Partner		eD	<u>Electronic</u> : official e-mail address Partner	eD	Contact persons Partner
DG ECHO reply by supplementary agreement	DG ECHO Mngmt	Partner	R		<u>Paper</u> : address legal representative Partner	eD	Head of Delegation Technical Assistant
Supplementary agreement signed and returned by Partner	Partner	DG ECHO	R		<u>Paper</u> : Head of Unit	eM	Contact persons Partner
Request second pre-financing if not made in intermediate report	Partner	DG ECHO		eD	ECHO Mailbox	eD	Contact person DG ECHO
Intermediate report	Partner	DG ECHO		eM	ECHO Mailbox	eM	Contact person DG ECHO
Reminder that intermediate report was not sent	DG ECHO Mngmt	Partner		eD	<u>Electronic</u> : official e-mail address Partner	eD	Contact persons Partner
Request for complementary information	DG ECHO	Partner		eM	<u>Electronic</u> : official e-mail address Partner	eM	Contact persons Partner

³ This transmission will include the paper copy of the final version of the action proposal. See Section 1.6 of this Fact Sheet.

DOCUMENT	FROM	TO	Paper	Electronic	Address	IN COPY Electronic	Address
	desk						
Reply to request for complementary information	Partner	DG ECHO		eM	ECHO Mailbox	eM	Contact person DG ECHO
III. Closing the action							
Request to transfer remaining supplies to follow-up action or to donate to local authorities	Partner	DG ECHO		eM	ECHO Mailbox	eM	Contact person DG ECHO
Reply to request to transfer remaining supplies to follow-up project or to donate to local authorities.	DG ECHO Mngmt	Partner		eD	<u>Electronic</u> : official e-mail address Partner	eD	Contact persons Partner
Final reports	Partner	DG ECHO	X	eM	<u>Paper</u> : Head of Unit <u>Electronic</u> : ECHO Mailbox	eM	Contact person DG ECHO
Reminder that final reports were not sent	DG ECHO Mngmt	Partner		eD	<u>Electronic</u> : official e-mail address Partner	eD	Contact persons Partner
In case of late submission of final reports by Partner, extension of DG ECHO's own deadline to accept and validate the final reports.	DG ECHO Mngmt	Partner		eD	<u>Electronic</u> : official e-mail address Partner	eD	Contact persons Partner
Request for complementary information for final reports ("stop the clock")	DG ECHO Mngmt	Partner	R	eD	<u>Paper</u> : address legal representative Partner <u>Electronic</u> : official e-mail address Partner	eD	Contact persons Partner
Reply to request for complementary information	Partner	DG ECHO		eM	ECHO Mailbox	eM	Contact person DG ECHO
Termination with advance notice by the Partner	Partner	DG ECHO	R	eD	<u>Paper</u> : Head of Unit <u>Electronic</u> : ECHO Mailbox	eD	Contact person DG ECHO
Termination with advance notice by DG ECHO	DG ECHO Dir	Partner	R	eD	<u>Paper</u> : address legal representative Partner <u>Electronic</u> : official e-mail address Partner	eD	Contact persons Partner
Termination with immediate effect by DG ECHO	DG ECHO Dir	Partner	R	eD	<u>Paper</u> : address legal representative Partner <u>Electronic</u> : official e-mail address Partner	eD	Contact persons Partner
Final payment advice by DG ECHO	DG ECHO/B2	Partner		eD	<u>Electronic</u> : official e-mail address Partner	eD	Contact persons Partner

FACT SHEET B.1

GOODS: ELIGIBILITY AND USE AT THE END OF THE ACTION

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

1. Introduction

This Fact Sheet covers two different situations in which the concept of goods is used:

- Eligibility criteria for goods constituted before or during the Action, and
- Goods left over at the end of the implementation period of the Action.

For information on stockpiling, please refer to Fact Sheet B.4.

2. Definition

For the purpose of this Fact Sheet, goods are defined as consumable goods which do not have an economic value after minimal use and therefore do not constitute durable equipment. Eligibility of durable equipment is covered by Fact Sheet B.2.

3. Eligibility criteria for the purchase of goods

Eligible costs of goods are based on and can include the historical purchase cost of the items, the storage costs and the costs of transportation to the implementation location. Costs are considered incurred once there is a legal commitment, for example the issuing of a purchase order or the signature of a contract.

Goods are only eligible to the extent that they meet the conditions of Article 18 of the General Conditions. For more detailed explanations, see sub-sections below.

3.1. Stocks: goods purchased before the submission of an Action proposal

Goods purchased *before the submission of an Action proposal*, and purchased in compliance with the general principles of good procurement may be qualified as stocks.

The detailed procurement procedures have to respect only mandatory principles for procurement (to be found in chapter 2 of Annex IV in case of signatories of the FPA) , regardless of the type of financing Decision on which the Action is based. .

Expenditure incurred before the date of submission of the Action proposal is eligible for Community financing when this expenditure is related to the constitution of stocks used within the action for which the funds are awarded (cf. also Article 18.1 (c) of the General Conditions).

In order to be eligible, stocks of goods must:

- be used in the action being financed;
- be constituted in compliance with the general principles of Title I of the FPA, Chapter 2 of Annex IV to the FPA/NGO, and Article 6 of the FAFA, i.e. best value for money, transparency, equal treatment, avoidance of conflicts of interest, observance of the highest ethical standards, non-exploitation of child labour, respect

of basic working conditions and social rights, access and controls by the European Commission; and

- be of satisfactory quality, timely delivery or completion, price corresponding to market prices and having no adverse effect on the economy or efficiency of the action.

3.2. Goods purchased after the submission of an Action proposal but prior to the signature of the Agreement

Goods purchased *prior to the signature* of the Agreement *but after the submission of the Action proposal* are not qualified as stocks (see also Fact Sheet A.2 Dates and durations in financing Decisions and Agreements). Related costs are only eligible if the purchases have been made during the eligibility period of expenditure as specified in Article 2.3 of the Agreement.

Agreements subject to the A control mechanism shall follow for these purchases the Humanitarian Aid Guidelines for Procurement (under construction) and, when the total amount of the tender exceeds EUR 60,000, all detailed procurement procedures described in the procurement rules ("Annex IV" in case of signatories of the FPA).

3.3. Stocks without replenishment

When the implementation of the Action requires the mobilisation by the Partner of stocks belonging to another organisation, DG ECHO will reimburse the costs on the basis of the historical costs of purchase (as any other relevant costs when applicable, e.g. storage, insurance and packaging costs) in the same terms as it would have reimbursed them had the Partner used its own stocks.

3.4. Stocks with replenishment

When the implementation of the Action requires the mobilisation by the Partner of stocks constituted within the framework of a preparedness action funded by DG ECHO, DG ECHO will reimburse the costs on the basis of the reconstitution costs.

4. Use of goods left over at the end of the Action's implementation period

4.1. Distribution of goods to the beneficiaries after the implementation period

A no-cost extension, if requested in time, may be granted in order to provide the Partner additional time for the distribution of the goods (which cost was incurred before the end of the implementation period) without any budgetary change to the Agreement.

In exceptional cases, the costs for distributing the last remaining goods after the implementation period as well as the related winding-up costs (e.g. running costs for fuel, maintenance, insurance which could not be committed during the action's implementation period) will in principle be accepted as eligible costs when dealing with the final payment request.

4.2. Donation

Goods acquired within the framework of an Action, which the Partner has not distributed to beneficiaries or used up before the expiry of the implementation period, should be donated¹ to the beneficiaries of the Action whenever DG ECHO is the largest single donor. This obligation concerns only goods with significant purchase price (more than EUR 500 per category of item).

A copy of a donation certificate (in the case of large amounts as defined in the Final Financial Reporting Guidelines, or goods donated to one beneficiary/hospital/school) or a donation list (for smaller donations) must be provided to DG ECHO with the final reports.

In case of donation to a local authority, DG ECHO's prior approval is needed, by way of exchange of letters. In exceptional case of donation to another international NGO or International Organisation, a derogation in Article 8.2 of the agreement is necessary. In case DG ECHO replies after the end of implementation period of the action (*ex tempore*), an exchange of letter is necessary.

Amendments to Agreements on how to handle remaining goods requested after the end of the implementation period but before the submission of the final report, may *by way of exception*, be concluded as an *ex tempore* amendment.

4.3 Transfer to follow-up projects

When DG ECHO agrees to transfer the remaining goods to a follow-up Action financed by the European Commission, an inventory will be made up and no additional charges will be accepted for these goods in the follow-up Action (except for transport and storage costs). Goods can only be transferred to a follow-up Action **once**. At the end of the follow-up Action, the Partner will report on the transferred goods. If there are still items not distributed or donated, a recovery order for the costs of those items will be established before the final payment (which can then be offset by the European Commission's Accountant for that recovery order).

5. References and useful links

The legal basis for the eligibility of goods purchased before the submission of an Action proposal is the following:

- Article 171(a) of the Implementing Rules of the Financial Regulation.

For the conditions to be stipulated in a donation certificate, please refer to:

- Fact Sheet B.2, section 3.1.

¹ In the case that the goods are past their expiry date, the incurred costs are considered ineligible. Goods have to be destroyed at the Partner's expense. In exceptional and duly justified cases DG ECHO may consider reimbursing certain expenditures.

FACT SHEET B.2

DURABLE EQUIPMENT: ELIGIBILITY AND USE AT THE END OF THE ACTION

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

1. Introduction

The purpose of this Fact Sheet is to examine the rules governing the eligibility of durable equipment for DG ECHO funding and to explain the Partners' obligations with regard to the use of durable equipment at the end of the Action.

Durable equipment is defined as equipment that can be used multiple times over its estimated economic useful lifespan and has a residual economic value of more than € 500 at the end of the project. Durable equipment is therefore to be distinguished from consumable goods that do not have an economic value after minimal use.

There are several ways in which durable equipment can be charged to an Action:

- Depreciation: if the Partner has purchased the equipment during the Action but wishes to use the equipment after the Action, or if it has purchased the equipment using its own funds, **depreciation** costs can be charged;
- Renting costs: for **rented, leased or hire** purchased equipment with or without the option to buy (with the exception of financial leasing), related costs can be charged. For durable 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;
- Full purchase costs: for equipment **purchased** in the framework of the Action, full costs can be charged to the Action, provided that the rules on donation and transfer of the equipment at the end of the Action are respected (cf point 4 below).

Where possible, Partners must give preference to the first two reimbursement methods. The chosen method must be identified in the Single Form (Section 4.3.2) as well as, for Agreements under the A-control mechanism, in the Procurement table (Annex A to the Single Form). The costs must in all cases be reported in the final financial report.

Transport, set-up and registration costs are also eligible provided that the costs are necessary and economically worthwhile. Running costs (e.g. for fuel, maintenance and insurance) are also eligible but are to be reported separately.

In any case, proof of the purchase or rental/leasing/hire purchase of the equipment by the Partner (invoices, proof of ownership, etc.) must be kept for possible verification and may be requested by DG ECHO and its appointed auditors at any time.

In case of equipment which has been donated by another donor (including in kind) or financed under a previous Community action, no purchase, depreciation or rental costs of the equipment are eligible for further Community funding (and no obligation of donation is imposed). The running costs of such equipment can however be charged.

2. What costs may be charged to ECHO?

There are several ways in which durable equipment can be reimbursed under an Action.

2.1. Reimbursement on the basis of depreciation costs

In case of depreciation, the Partner charges a fraction of the historical purchase price, provided that the equipment is not yet fully depreciated at the start of the Action.

Only the costs relating to the unexpired depreciation period and to the implementation period of the Action can be charged.

DG ECHO's depreciation rates and/or for P control mechanism the depreciation method of the Partner can be used. In both cases the method used must be identifiable and applied consistently. For the detailed depreciation methods and formula see Fact Sheet B.3 "*Depreciation*".

In case of depreciation, the Partner must indicate in the final financial report the year of purchase and the purchase cost of the equipment. The Partner may decide what to do with the equipment at the end of the Action.

2.2. Renting costs

In case of renting, the Partner charges the renting cost to the Action. In case of renting the adequate procurement procedures have to be respected, i.e. Annex IV for partners applying A-control mechanism and own procurement rules for partners applying P-control mechanism.

2.3. Reimbursement of full purchase costs

Partners may charge to the Action expenses linked to the purchase of new or used durable equipment including vehicles, provided that the rules on donation and transfer of equipment at the end of the Action are respected (cf point 4 below).

Failure to comply with these rules and procedures will render the related equipment costs ineligible. Moreover, repeated failure will be taken into consideration for the annual Partners' assessment.

2.4. Cost allocation systems

The humanitarian organisation may share out certain costs to different uses and actions according to a cost allocation system, for example cars or offices shared between different projects. Provided that such costs are linked to the Action and are in proportion of the different sources of funding, they may be eligible.

The cost allocation system as such must be a justifiable and reasonable standard accounting practice. The humanitarian organisation must at any time be able to demonstrate how the costs charged were derived and explain in the final financial report how the calculation has been made (e.g. pro-rata, averages).

3. The use of durable equipment at the end of the Action

Special attention has to be given to the use of that equipment at the end of the Action. The end use of equipment depends on the way in which the Partner has charged the costs to DG ECHO.

In all cases, the Partner must report on the end use of the equipment in the final report. DG ECHO shall declare non-eligible the expenditure relating to equipment until such time as the Partner provides the necessary details as regards its end use.

3.1. End use of equipment if the full purchase price was charged to DG ECHO

- *General rule: donation to local beneficiaries*

DG ECHO only funds activities and expenses to the extent that they are used to the direct benefit of the final recipients of the humanitarian aid, i.e. the affected people of the humanitarian crisis as targeted in the Partner's Humanitarian Action. In addition, a grant may never produce profit for the Partner. Therefore, and as a general rule, if the full purchase price of the equipment was charged to the Action, the equipment must be donated to local beneficiaries at the end of the Action.

This obligation applies both to 100% financed and co-financed Actions where DG ECHO is the single largest donor (in case of Actions where DG ECHO is not the single largest donor and in case of multi-donor Actions, the Partner may decide what to do with the remaining equipment provided that it is used to the benefit of Humanitarian Aid Actions).

The beneficiaries of the donation may be any of the following (Article 19.1 of the General Conditions):

- the final recipients of the Action, i.e. the affected people of the humanitarian crisis;
- the local Partners: these Partners may be local NGOs or the local implementing Partners of the humanitarian organisations (local implementing Partners are identified in Section 7 of the Single Form);
- the local authorities (at sub-national level), local structures participating in the implementation of short-term rehabilitation or reconstruction work (based on Article 2(d) of the Humanitarian Aid Regulation) such as local, non-profit making hospitals and schools, unless they are identified as implementing partners in section 7 of the Single Form. As the local community will benefit from the donation, the Single Form should mention this local capacity building element, preferably already at proposal stage. The donation letter must specify that the equipment must be used to the benefit of the affected people of the humanitarian crisis (in line with the objectives of the Humanitarian Action), and that it will not be "diverted" to public authorities as a general logistics or support tool (for instance, a generator cannot be donated to the Ministry of Health). The donation must be confirmed by DG ECHO through an exchange of letters;

- in exceptional cases, other international humanitarian actors, on the condition that the decision to donate the equipment is taken on the basis of operational considerations only, is free of any conflict of interest, and the other international actor can guarantee that the equipment is used to the benefit of the final recipients of the humanitarian aid. This involves an amendment of the Agreement.

When the beneficiary of the donation is a final recipient of the Action or a local Partner, the Humanitarian Organisation does not have to obtain prior agreement from the Commission. In all other cases, a prior written agreement by DG ECHO is needed.

Under no circumstances may equipment give rise to a situation of conflict of interests. Equipment may never be transferred to:

- subcontractors or commercial organisations;
- individuals who are not final recipients of the humanitarian aid, including European Commission staff, DG ECHO experts or other individuals having a contractual relation with the European Commission (delegation, local staff, etc.);
- expatriate or local staff employed by the Partner.

In all cases, the end use of the equipment must be reported on in the final financial report. In case of donation, the Partner must prepare a donation letter or certificate, to be signed by the Partner and the beneficiary of the donation. The purpose of such certificate is to lay down the terms and conditions of the donation. It must stipulate:

- the intended use of the donated equipment (for instance under which circumstance the equipment may be sold);
- that the donated equipment must be identified in the beneficiary's inventory and/or allow for possible verifications;
- that the beneficiary cannot request DG ECHO or other donors to pay for the donated equipment, but that running costs could be charged in follow-up projects.

The certificate must also foresee that if the beneficiary does not comply with these conditions, the Partner may request the return of the donated equipment. The conditions of use as specified in the donation certificate must ensure that the equipment is used to the benefit of the beneficiaries identified in the Action.

In case of donation to a large number of individual beneficiaries, the beneficiaries must be clearly identified by the Partner. For reporting issues, please refer to the Final Financial Reporting Guidelines.

- ***Exception 1: allowance for low value equipment (Article 18.4 of the General Conditions)***

Where appropriate, the final financial report of an Action may include an allowance covering low value equipment fully purchased with the Commission's financial

support, for which donation under the conditions described above is not considered necessary.

The maximum cost per single item shall not exceed EUR 2,000 and all costs must be itemised and proven. For Actions with a total costs up to or equal to EUR 500,000, the allowance is maximum EUR 5,000, and for Actions exceeding EUR 500,000, the maximum allowance is EUR 15.000.

For equipment remaining at the end of the Action and covered by the allowance, the Partner has thus no obligation to donate, but is considered to use the equipment for humanitarian aid purposes.

- ***Exception 2: transfer to a follow-up Action (Article 19.2 of the General Conditions)***

Partners might wish to continue the use of equipment in a new or follow-up Action. A transfer to a follow-up Action is possible if the follow-up Action is financed by funds of the European Commission (DG ECHO, DG AIDCO or another DG).

The transfer of the equipment to another Action does not exclude the Partner's obligation to donate the equipment (at the end of the follow-up Action) to the beneficiaries, if it has still an economic value and is sufficiently functional. DG ECHO's acceptance of the transfer of the equipment to a follow-up Action merely postpones the obligation to donate the equipment to the beneficiaries. Therefore, the Partner must take all necessary steps in the follow-up Action to ensure that the equipment is actually donated.

If DG ECHO allows the transfer of equipment to a follow-up Action, the purchase cost of the equipment is an eligible cost under the first Action where it was initially purchased. In the follow-up Action, the purchase cost of the equipment can no longer be included in the budget. The final report of the next Action must however mention the use of equipment financed under a previous Action. DG ECHO shall pay the costs once the Agreement covering the follow-up Action has been signed. If the EU-funded follow-up Action takes place in another region or is governed by a different financing Decision, the equipment costs will be eligible under the first Action but eligibility of the costs for transferring the equipment will eventually have to be considered in the second Action.

On the basis of the final report of the follow-up Action, DG ECHO shall verify the final destination of the equipment. If the equipment has not been donated at the end of the follow-up Action, DG ECHO will make a recovery order on the first Action.

It should be noted that equipment could be donated to subsequent follow-up Actions, if appropriate, until the end of its economic life.

In case the economic value of equipment has become obsolete (for instance after several transfers to follow-up Actions), the Partner no longer has the obligation to donate the equipment and will report that in the Final Financial Report.

A Humanitarian Organisation that wishes to transfer equipment to another Action funded by the European Community shall submit to DG ECHO a justified request along with an inventory and a proposal for their use. The request must be submitted in due time and at the latest with the submission of the final reports. The request will

be accepted or rejected by an exchange of letters. If the request is sent with the final report, DG ECHO will decide on the request within the framework of the final liquidation of the Action (Article 21).

Transfers to actions that are financed by other donors than the European Community are in principle not allowed. In such cases, DG ECHO will apply during the liquidation process DG ECHO's depreciation rates or the Partner's depreciation rates, where applicable.

- **Exception 3: Equipment which is difficult to donate**

Under certain circumstances, specialised equipment such as de-mining equipment can be difficult to be donated or no eligible recipients as described in 3.1 can be identified. On request of the partner describing the most suitable destination of the equipment to be donated, DG ECHO may agree, on a case by case basis, to reimburse without donation.

3.2. End use of equipment if a depreciation cost was charged to DG ECHO

If the Partner charged a depreciation cost to DG ECHO (based on its own accounting rules or on DG ECHO's depreciation system), the Partner does not have the obligation to donate the equipment at the end of the Action. The equipment remains the property of the partner. The Partner decides on the end use of the concerned equipment.

This will also be the case when the Partner transfers the equipment to consecutive follow-up Actions, and each time charges a depreciation cost to DG ECHO. This may be the case, for instance, if a generator is depreciated over 5 years and is transferred to 5 consecutive DG ECHO funded Actions of one year each, whereby 1/5 of the purchase price is charged under each Action as a depreciation cost.

4. References and Useful Links

The legal basis for the rules governing the funding of equipment is the following:

- Article 3 of Council Regulation (EC) N° 1257/96 of 20 June 1996 concerning humanitarian aid
- Article 109.2 of Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006 amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (the "*Financial Regulation*")¹
- Article 165 of Commission Regulation (EC, Euratom) No 478/2007 of 23 April 2007 amending Regulation (EC, Euratom) 2342/2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (the "*Implementing Rules*")³

¹ The grant may not have the purpose or effect of producing a profit for the beneficiary. This fundamental principle is also set out in Article 21.5 of the General Conditions.

- Articles 11.4, 18, 19, and 21 of the General Conditions.

Related Fact Sheets: A.3 Specific conditions and derogations in Agreements, A.4 Amending Agreements and B.3 Depreciation.

Annex – Indicative summary on Use of Equipment

NO DONATION for equipment <500€ and/or falling under following categories			
Categories	Rules	Single Form/Reporting	Reference
Allowance for low value equipment	<ul style="list-style-type: none"> - Max. costs per equipment item: €2000 - For action > 500000€, allowance = 15000€ - For action ≤ 500000€, allowance = 5000€ 	- Final Report: list including description of items, date of purchase, total amount	<ul style="list-style-type: none"> - Art 18.4 GC - Fact sheet B4 - Final Financial Reporting Guidelines, 5.2.1
Depreciation or	<ul style="list-style-type: none"> - For items more than €500 - Partner depreciation or ECHO depreciation 	<ul style="list-style-type: none"> - Single form: impact on means and costs in 4.3.2 - Final report: list including description item, purchase date, purchase amount, # months charged, total amount. 	<ul style="list-style-type: none"> - Art 18.3 GC - Fact sheet B3, B2 - Final Financial Reporting Guidelines, 5.2.2
Equipment obsolete after implementation of action or without economic value		- Final Report	- Final Financial Reporting Guidelines, 5.2.3
Equipment difficult to donate	Donation rules to be applied. If it is not sure that items continue to be used for humanitarian purpose, then an ad hoc solution has to be put in place.	- Final Report	<ul style="list-style-type: none"> - Fact sheet B2 – Exception 3 - Final Financial Reporting Guidelines, 5.2.3
When ECHO is not the major donor, multi-donor	<ul style="list-style-type: none"> - Partner may decide what to do with remaining equipment. - Items should continue to be used for humanitarian purpose 		- Fact sheet B2

DONATION

Basic rules:

- for equipment fully purchased and > 500€
- Compulsory for 100% funded actions and co-financed where DG ECHO single largest donor.
- Items should continue to be used for humanitarian purpose

Donation to	Rules	Single Form/reporting	Reference
Direct beneficiaries	No agreement required from DG ECHO	- Mention in Final Financial Report	- Art 19 GC - FS B2 - Final Financial Reporting Guidelines – 5.2.3
Local partner(s)	- No agreement required from DG ECHO	- Final Financial Report - Donation letter (including terms and conditions of donation) or donation list	- Art 19 GC - FS B2 - Financial Guidelines – 5.2.3
Local authorities	- DG ECHO agreement required - Donation letter should mention that equipment will be used for humanitarian purpose	- Donation letter - Final Financial Report	- Art 19 GC - FS B2 - Financial Guidelines – 5.2.3
International humanitarian organisations	DG ECHO agreement required - Only if decision based on operational consideration. - The donation letter should mention that equipment will be used for humanitarian purpose.	- Amendment of agreement by supplementary agreement article 8.2 (or exchange of letters after implementation period) - Final Financial Report	- Art 19 GC - FS B2 - FS A4 - Final Financial Reporting Guidelines – 5.2.3

<p>Other projects funded by European Commission (= Transfer)</p>	<ul style="list-style-type: none"> - Transfer to the DG ECHO partner's project financed by a Commission service. - DG ECHO agreement required. Partner will submit a formal request including inventory and proposal for use. - Obligation to donate after end of follow-up project, unless obsolete value. - If not donated or used properly, DG ECHO will recover the amount paid in the first action (pay attention if transferred to other organisation's project). - Several transfers possible for equipment, only one transfer for goods. - Costs cannot be charged to the following actions (except running costs or transfer costs). In the following report, mention about use. - Transfer possible until the end of economic life of item. Transfer to other donor action, not allowed (unless justified exception). 	<ul style="list-style-type: none"> - Agreement by exchange of letter or with liquidation - Final report: List of transferred items (item, costs, destination, reference of action) 	<ul style="list-style-type: none"> - FS B2 - Art 19 GC - FS B2 - FS A4 - Final Financial Reporting Guidelines – 5.2.3
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FACT SHEET B.3

DEPRECIATION

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

1. Introduction

In general, depreciation is an accounting method for spreading the actual cost of durable equipment or assets over its estimated useful economic lifespan in a systematic manner and must exceed one accounting year¹. Depreciation is encouraged by DG ECHO.

Article 18.2.c. of the General Conditions stipulates the possibility to charge to DG ECHO expenses linked to the purchase of new or used durable equipment. Durable equipment is defined as equipment that can be used over their estimated economic useful lifespan of more than 1 year and has a residual economic value after minimal use. As stated in the Guidelines on final financial report, equipment or tools that cost less than EUR 500 is generally considered as consumable.

2. Calculation of depreciation costs

As a general rule, Partners are selected for the Actions partly because they have the necessary capacity to carry out the Action.

In some cases, they may already own some equipment. In some other cases, they may need to purchase the equipment but they may wish to keep the purchased equipment that is not intended for distribution to beneficiaries, where such equipment does not fall under the rules of the low value allowance.

In both cases, depreciation schemes can be applied and DG ECHO is prepared to give financial support to the Partners for this equipment and contribute to these items using the depreciation formula given below.

2.1. Calculation of depreciation costs based on the accounting practices of Partners subject to the P-control mechanism²

Usually depreciation is an accounting method for spreading the actual cost of durable equipment or assets over its estimated useful economic lifespan in a systematic manner, and must exceed one accounting year. The charged depreciation should be recognized as an expense in the accounts.

It is the responsibility of the Partners to have a depreciation methodology in place for the accounting and management of durable equipment. The system must:

- be in conformity with the national legislation of the country of establishment of the Humanitarian Organisation (the country where the Partner's Headquarters (HQ) is based);

¹ For other cases, see Fact Sheet no. B.2.

² As indicated in Article 1.3 of the Special Conditions of the particular Grant/Contribution Agreement.

- include the use of a regularly updated inventory covering all of the organisation's assets;
- codify the accounting practices and method to be used for the depreciation of equipment;
- be used in a transparent manner, equally and consistently, in compliance with the principle of equal treatment of donors and the Partner itself (i.e. the same method for calculating and charging depreciation as applied by the Partner itself must be applied to equipment funded by DG ECHO and by any other donor).

Depreciation methods vary according to countries, organisations, accounting systems, economic and replacement values, and the nature of the equipment. However, the following formula is often used for the calculation of depreciation costs, for equipment depreciated over time:

(A or E / B) x C x D, whereby:

- A = the period in months during which the durable equipment is used for the Action, provided that period A is less than E (the total period of remaining economic lifetime at the start of the Action);
- E = the total period in months of the remaining economic lifetime of the durable equipment at the start of the Action. To be used in the case where E is less than A;
- B = the estimated economic useful lifespan (the total depreciation period) in months for the durable equipment;
- C = the cost of the durable equipment;
- D = the percentage (%) of usage of the durable equipment for the Action (100% if the equipment is only used for the Action during its implementation period).(See Fact Sheet B.2)

In case the Humanitarian Organisation has its own depreciation method for equipment (also applicable outside Europe) as part of their standard accounting practices and that the P-control mechanism is applied for the Action, it can use its own depreciation rates (see Final report financial guidelines).

The Partner may ask for the recognition of his depreciation method by DG ECHO (request to be addressed to unit ECHO B.2).

2.2. DG ECHO Depreciation Rates (available for all Partners)

For A Partners, only this method can be used for depreciation.

DG ECHO suggests an alternative way of depreciation to the above-mentioned formula.

- Equipment with a historic purchase price up to and including EUR 2,000 shall be depreciated over 24 months at 50% per year.

- Equipment with a historic purchase price above EUR 2,000 and up to and including EUR 10,000 shall be depreciated over 36 months at 33% per year.
- Equipment with a historic purchase price above EUR 10,000 and up to and including EUR 30,000 shall be depreciated over 48 months at 25% per year.
- Equipment with a historic purchase price above EUR 30,000 shall be depreciated over 60 months at 20% per year.

Historic Purchase value	Depreciation rate
$\leq \text{€ } 2.000$	50% per year (24 months)
$>\text{€ } 2.000$ and $\leq \text{€ } 10.000$	33% per year (36 months)
$>\text{€ } 10.000$ and $\leq \text{€ } 30.000$	25% per year (48 months)
$> \text{€ } 30.000$	20% per year (60 months)

Once fully depreciated, no costs can be charged or reimbursed, other than running costs.

Important Links: Fact Sheet B.2 Durable Equipment.

FACT SHEET B.4

STOCKPILING

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

Stockpiling, which is in this case the sole purpose of the Action, is the constitution of *emergency goods* and equipments not intended for immediate use, and without a direct link to any well-identified humanitarian crisis, with the objective of reinforcing the emergency/disaster preparedness in third countries. This type of activity (“stockpiling” or “pre-positioning of stocks”) can only be eligible if the European Commission’s humanitarian aid financing Decision on which it is based includes the reinforcement of disaster preparedness or the saving and preservation of life during emergencies and their immediate aftermath amongst its specific objectives, in application of Article 2(a) and/or 2(f) of Humanitarian Aid Regulation (EC) 2157/96.

The stockpiling activity needs to be clearly identified in the Single Form (section 4.3.2) at the moment of signature. Before signing the Agreement, it should also be clearly defined how the stocks will be handled in case the disaster or emergency does not happen and in case the stocks have only a limited period of usability. . In order to avoid double funding, the Partner has also to commit himself to clearly identify these stocks, when they are used by other actions (funded by the European Commission or by other donors) at the moment the disaster or emergency happens.

Stocks managed by a Partner and constituted with DG ECHO's support should be available to all DG ECHO Partners.

The costs of replenishment of the stocks will not be covered by this agreement, but will be financed by the agreements related to the emergency.

References and Useful Links

- Fact Sheet B.1, section 3.4 on replenishment of stocks

FACT SHEET C.1

EXCHANGE RATE ISSUES

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

1. Rules concerning the conversion of the expenditure recorded in the Partner's financial reporting system, to be reported to DG ECHO (at HQ level)

1.1. General Principle

All reports for any DG ECHO funded Action must be submitted in EUR. The use of any other currency will result in the report being rejected.

The report of costs will be drawn up or derived from the DG ECHO Partner's financial reporting system. As per Article 18.1 (d), all costs will have been recorded in the books of account of the Partner.

For Partners **in the Euro zone there is no need to convert currencies** as the books of account and the report are in EUR.

1.2. Specific rules for Partners that use a currency other than EUR

Article 10.4 of the FPA/NGO General Conditions stipulates: *"The final financial report shall be submitted in EUR and may be drawn from financial statements which may use other currencies on the basis of applicable legislation. In these cases, expenditure will be reported using the exchange rate in EUR on the day at which the European Community's first pre-financing payment was recorded in the Humanitarian Organisation's accounts or any other rate agreed between the Parties in Article 8 of the Special Conditions."*

Article 2.3 of the FAFA stipulates: *"Reports....may be drawn from financial statements denominated in US dollars as per UN legislative requirements. Where necessary, actual expenditure will be converted into EUR using the rate of exchange at which the EC's contribution was recorded in the United Nations' accounts."*

In order to eliminate currency fluctuations and for reporting purposes only, in the case of books of account in a currency other than the EUR, the **costs should be converted** to EUR using the same exchange rate as that used when the European Community's first pre-financing payment was recorded in the humanitarian organisation's accounts. In other words and for reporting purposes only, the expenditure should be converted at the rate used **when the first Pre-financing payment was recorded**.

Derogation

If the Partner (not in the Euro zone) prefers to apply another currency approach, this should be defined before signing the Agreement. The applied method will be described in detail below the table in section 11 of the Single Form, and a Special Condition Article 8.2 can be agreed, which stipulates for instance (see Fact Sheet A.3, section 5.2):

"By derogation from Article 10.4 of the General Conditions, and for the purposes of reporting the costs of the Action under this Agreement, the Humanitarian Organisation will use the exchange rate as per the description in section 11 of the Single Form."

2. Rules in respect of the conversion between the HQ currency and other currencies used for the Action

There are different systems for recording expenditure in different currencies, 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) that has been submitted to DG ECHO in the framework of the FPA;
- the system or rule is applied consistently;
- the system gives equal treatment to all types of transactions (and funding sources); and
- the system can be demonstrated.

This should be available on request from the European Commission or its delegated representative.

3. Exchange rate losses or gains

Exchange rate losses are not eligible costs and will not be compensated. See Article 18.6 of the General Conditions.

It is confirmed that just as exchange rate losses are not eligible costs, exchange rate gains are not considered as Action revenue and will not be deducted in the final liquidation process.

In the case of an actual gain from exchange rates, the Partner has pledged that these funds will be used for financing the implementation of humanitarian Actions (Article 20(2) General Conditions).

These rules also apply for the gains/losses resulting from the conversion between HQ currency and EUR at the reporting stage (see above 1.2.) and those resulting from conversion between HQ currency and other currencies used for the Action. (see above 2)

FACT SHEET C.2

VAT

applicable to NGO's, Specialised Agencies of Member States

As a general rule the Partner should apply for VAT exemption.

However, the revised Implementing Rules of the Financial Regulation¹ state in its Article 172a, paragraph 2c that the value added tax paid, which cannot be refunded to the beneficiary according to the applicable national legislation, may be considered eligible by the authorising officer responsible.

When the Partner is denied VAT exemption or did not obtain a reply to his request for exemption, the VAT costs may be reimbursed. The Partner must be able to demonstrate that they requested the exemption from the relevant authorities. For instance, in case there is no reply from the relevant authorities, the letter from the Humanitarian Organisation or its legal council requesting the VAT exemption can be considered as a proof that VAT exemption was requested.

If the Partner knows through earlier experiences that the request for VAT exemption will be denied, this should be explained in the proposal (below the table in section 11 of the Single Form) and the costs included in the budget. The final financial report must confirm the VAT status. The confirmation of the VAT status will normally be verified during an audit.

If during the Action the VAT is reimbursed, the VAT costs are not claimed in the final report.

When a Partner receives a VAT reimbursement of costs where VAT has been paid by DG ECHO, it is necessary to reimburse DG ECHO. The Partner should contact ECHO/B-2 in such cases.

¹ Commission Regulation (EC, Euratom) No 478/2007 of 23 April 2007 amending Regulation (EC, Euratom) No 2342/2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities).

FACT SHEET C.3

RELATIONS WITH FINANCIAL INSTITUTIONS

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

Introduction

This Fact Sheet concerns the day-to-day relations with financial institutions and the resulting costs. The Financial institutions are referred to as 'banks' but this term is used in the wider sense to cover all types of financial institutions (e.g. credit agencies, co-operatives, etc.) even those that may not have an official structure. Bank interest related to DG ECHO payments is dealt with in Fact Sheet C.5.

1. Bank Charges

Bank charges are those costs that banks or equivalent institutions impose on their clients for carrying out transactions or services, including bank guarantee charges when required by the Commission. These costs are eligible and included in Article 18.2 (j) of the General Conditions.

Bank charges will, in general, be considered as indirect costs (included in the 7%). This will almost always be the case for HQ-bank accounts. When the costs can be directly linked to a specific Action (be it a HQ-bank account or local bank account in the country of the Action), they may be eligible as direct costs. It is notably the case for bank guarantees established at the request of DG ECHO.

DG ECHO will not reimburse interest charges or exchange rate losses. Therefore such a cost cannot be included in the bank charges (see also Fact Sheet C.1 Exchange Rates Issues).

It should be noted that in the case that the bank charges are charged as direct costs, DG ECHO can ask for proper evidence by the provision of copies of bank statement or receipts. This includes receipts from bank systems without an official structure. (see section 4)

2. Interest from loans from a bank or other third parties or from other debts

Under **no** circumstances is interest from loans from a bank or other lending organisation or pre-existing debts an eligible cost. See Article 18.6 of the General Conditions.

Financial leasing (a purchase financed by debt) should be distinguished from operational leasing (rental). Only operational leasing is eligible for Community funding as this type of leasing does not include interest costs. The cost of financial leasing is not eligible, given that this is a type of debt which includes payment of interest fees.

3. Assignment

Assignment is a term used to describe the case whereby the rights held by one party in the Agreement are transferred to a third party. Thus the Partner would transfer to another person/bank the property or money that he would be entitled to receive through an Agreement.

As DG ECHO funded Agreements do not have fixed amounts of payments beforehand, they may not be assigned to third parties, and, as also foreseen in Article 17 of the General Conditions, the European Commission may not be held liable to such claims without prior written consent, which can only occur in highly exceptional circumstances. Example: DG ECHO pre-financing payments used by the Partner in its relations with the bank.

4. Special cases

Sometimes the Partner is operating in an area where no financial institutions are available or financial practices differ from traditional practices in the European Union, such as the Islamic banking system (also known as Hawala). As is the case with all costs, the Partner has the obligation to provide, when requested, supporting evidence of the cost of financial transactions in order to have them reimbursed. In the case where the Partner has great difficulty in providing the evidence of these 'financial institution' costs, the Partner must inform DG ECHO Unit B2 during the implementation of the Action, and DG ECHO/B-2 will examine the case.

FACT SHEET C.4

LIABILITIES AND INSURANCE

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

Introduction

All Partners shall implement the Action with the requisite degree of care, efficiency, transparency and diligence, as required by the best practices in the field concerned, and in compliance with the Agreement (Article 1.1 of General Conditions).

1. Liabilities

As stated in Article 3 of the General Conditions, 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 Action. The duty to give this notice is a requirement in any and all procurement notices or tender specifications (see Article 2.9 of Annex IV in case of signatories of the FPA)

2. Insurance

Insurance is an eligible cost included in Article 18.2 (j) of the General Conditions in so far as it can be specifically and directly identified as being related to the individual Agreement. Therefore group or general policies would normally not be eligible costs where the specific items are not named individually and are not directly related to the Action.

The Partner is expected to have taken every precaution to ensure that all the staff and the supplies used for the implementation of the Action (i.e. offices assets or goods/equipment stored in the warehouse) are adequately protected from any form of damage and, whenever possible, are insured.

All Partners are assumed to have an adequate and as comprehensive as possible insurance coverage (even partial), and internal policies for those areas where insurance can not be obtained or is cost-prohibitive. The Partner must be able to explain and justify the absence of insurance coverage (i.e. high risk, war zone or cost prohibitive).

In accordance with the applicable national legislation, any Partner must have employee and vehicle insurance, as well as civil liability coverage. In the case of a named individual insurance policy the costs are included in the personnel costs of that individual. The same applies to the specific insurance of a specific vehicle.

In line with the principles of sound financial management, all international and national transport must also have insurance and be Agreement specific. Such insurance is therefore an eligible cost.

The possibilities for local in-country insurance for offices and/or storage and other facilities may vary according to the country and circumstances. In the case of important loss or damage of goods and material where there is no insurance coverage, DG ECHO is prepared to consider cases individually and may, to some extent, contribute to the loss or damage. A case would be assessed based on the circumstances, the size of the loss, the justification given by the Partner for the absence of insurance, the mitigating actions taken by the Partner (e.g. security and protection) and other information available including the information provided in the Single Form and particularly related to the risk assessment and related contingency plan.

FACT SHEET C.5

PAYMENT OF INTEREST

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

Introduction

There are three occasions where interest charges may be associated with a payment for a DG ECHO Action: Pre-financing interest (FPA General Conditions Article 20.2); late payment interest (FPA General Conditions Article 22.5); and late repayment interest (FPA General Conditions Article 24.1).

1. Pre-financing interest (Article 20.2)

In line with the Financial Regulation (Article 5.4), interest yielded by Pre-financing payments must be reimbursed to DG ECHO if it represents a significant amount.

The Financial Regulation exempts International Organizations under joint management from this obligation.

Interest earned from Pre-financing amounts shall be regarded as representing a significant amount if Pre-financing payment(s) exceeds EUR 750,000 for an Agreement for Actions with a duration of more than 12 months.

From 2007 onwards, it is no longer necessary to report annually on all Actions and all Pre-financing payments. For each Agreement which had a duration of more than 12 months and where Pre-financing payments exceeded EUR 750,000, the amount of interests yielded will be deducted in the payment request at the final reporting stage. The Partner will integrate in such cases the earned interests in the final financial report and then DG ECHO will adjust the cost claim accordingly. Otherwise, DG ECHO will consequently proceed for such cases with the recovery of the interest after the final payment has been made.

The Partners must have bank accounts or sub-accounts which allow the funds and related interest to be identified, or have accounting methods that allow for the paid funds and the interest to be identified (Article 4(a) of the Financial Implementing rules).

The Commission would expect the Partners to use those amounts of interest earned which are not deemed to be significant in support of the Action or for similar Humanitarian Aid Actions.

2. Late payment interest (Article 22.5)

This section applies to all DG ECHO Partners, NGOs as well as International Organizations.

DG ECHO has an acceptance period to accept or reject the final report. After this period and in the absence of any suspension or request for supplementary information, the report is deemed to be 'accepted'.

The validation period for payment requests will start to run upon acceptance of the report, again with the possibility to suspend the payment period in the case where supplementary information has to be requested.

Each period is, in principle, 45 calendar days. Several suspension periods can be applied. Article 21(2) of the General Conditions provides to suspend these periods for requests for additional information or an extension of the acceptance period in case of the late submission of the report.

If no suspension of delays was notified to the organization, the late interest can therefore in principle start to run after 90 days (45 days for acceptance of the reports and 45 days for validation of payment request) from the date of reception of the final reports (see Fact Sheet A.6) until the day that the European Commission's account is debited for the final payment. During either of the two assessment periods for the final payment, DG ECHO suspension periods can not be taken into account when calculating the payment delay.

In case the interest amount is more than EUR 200, DG ECHO will pay the late payment interest automatically. In case of interest of less than EUR 200 the Partner must make the formal request within two months of receiving the final payment.

The rates to be applied are those issued by the European Central Bank (published in the C series of the Official Journal) on the first day of the month in which the payment was due increased by three and a half percentage points. (See Article 22.5 of the General Conditions).

Payments may also be suspended following presumed infringements of other clauses of the Agreement. The purpose of such suspensions is to give time to check whether the presumed infringements have in fact occurred and, where appropriate, to rectify them. This type of suspension also suspends the payment period. The Partner will be informed in writing of this suspension and given the right to reply.

3. Late Reimbursement /Recovery Interest (Article 24.1)

This section applies to all DG ECHO Partners, NGO's as well as International Organizations.

In the case that a Partner has to return funds to the European Commission, they must be paid within 45 days of receiving the European Commission's request (debit note). If the payment comes after the set deadline, the sum due will bear interest at the rate fixed in Article 22.5 of the General Conditions (see point 2 above).

The imposition of this late repayment interest is calculated and set by the European Commission Accountant's office.

FACT SHEET D.1

SPECIALIZED AGENCIES OF MEMBER STATES

applicable to Specialised Agencies of Member States

1. Introduction

The purpose of this Fact Sheet is to give a definition of the concept of a "specialized agency of a Member State" and to indicate the procedures to be followed when signing an Agreement with such an agency.

2. Definition

Article 9 of the Humanitarian Aid Regulation provides for the possibility to finance humanitarian operations of the specialized agencies of Member States.

Member States' specialized agencies are national public bodies or bodies governed by private law with a public-service mission in the area of humanitarian aid.

Elements to be considered are:

- The definition of a "Member State's specialized agency" depends on the national legislation. Not all Member States have such organisms.
- The mandate of a specialized agency should explicitly relate to humanitarian activities.
- A specialized agency should have a legal personality and the authority to sign contracts.
- It should be able to benefit from external funding and to justify its costs.

Examples of some specialised agencies are GTZ and THW in Germany or the Swedish Rescue Services Agency (SRSA) in Sweden.

3. How and when?

DG ECHO can, if it regards this necessary for the implementation of the Actions, enter into an Agreement with a specialized agency, if the latter is mentioned as a potential Partner in the Explanatory Memorandum to the financing Decision.

A specialized agency can be funded by DG ECHO for a humanitarian Action, without being a signatory of the Framework Partnership Agreement.

In that case, the specialized agency will sign, together with the Contribution Agreement, a copy of the FPA General Conditions applicable to European Community Agreements for International Organisations.

A specialized agency should use the same DG ECHO templates for proposals and reporting as those used for IOs and will be considered as using a P control mechanism. As such, regarding the procedures for the award of contracts, the national relevant legislation will apply to the specialized agency as a public body.

When implementing Humanitarian Actions, a specialized agency operates according to the same modalities provided for IOs, i.e. either multi-donor or 100% financing.

The specialized agencies must present all their costs and be able to justify all their incurred costs as any Partner would do.

4. DG ECHO Internal Issues

4.1 At the level of the financing Decision

The financing Decision must make **reference to Articles 9, 15.1 and 17.2 of the Humanitarian Aid Regulation**, in addition to Articles 15.2 and 17.1.

To be funded, it is necessary that the specialized agency is included in the list of potential partners in the technical annex to the Financing Decision.

Where a Member State's Specialized Agency is not included in the above mentioned list of potential partners and the European Commission decides to include it, the European Commission *cannot adapt* the Financing Decision but ***has to modify*** the list in through the applicable Comitology procedure.

4.2 At the level of the Humanitarian Aid Committee (HAC)

The Chairman of the HAC should be informed of the correct Comitology procedure (regulatory committee) to be followed.

The financing Decision must be adopted according to the regulatory Comitology procedure. It means that, pursuant to this procedure, if the HAC does not give a positive opinion by qualified majority or gives a negative opinion, the Commission can not implement the draft financing Decision. The Council has a period of 3 months to reject the financing Decision by qualified majority. If the financing Decision is not rejected by that deadline, the Commission can adopt it.

5. Legal references

The legal basis for Member States' specialized agencies consists of:

- Articles 9, 15.1 and 17.2 of Council Regulation (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid; and
- Articles 53 (implementation on a direct centralised basis) and 54 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities.

FACT SHEET D.2

RULES OF NATIONALITY AND ORIGIN

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

The question of applicability of the rules of nationality and origin will be dealt with by DG ECHO when an agreement is prepared by its services.

- When an Agreement is covered by the EC General budget, the rules of nationality and origin do not apply anymore.
- When an Agreement is covered by the European Development Fund ("EDF") budget, i.e. for ACP countries¹, the rules of nationality and origin apply, independently from the control mechanism to be applied to the Partner. An Article 8.2 derogation will be foreseen in such Agreements in order to make humanitarian Actions free from any tied aid interference (see Fact Sheet A.3. for the text of the derogation).

¹ African Caribbean and Pacific countries

FACT SHEET D.3

CASH FOR RETURNEES, INCOME GENERATION, CASH FOR WORK, REVOLVING FUNDS, UNCONDITIONAL CASH: LIMITS AND CONSTRAINTS

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

1. Introduction

The use of cash payments and income generation activities in Humanitarian Actions is still subject to further reflections and analysis. The currently applicable procedures for DG ECHO funding are presented below. DG ECHO is currently further analysing the possibilities of using cash and vouchers in responding to humanitarian needs (cf. draft DG ECHO guidance for the use of cash and vouchers in humanitarian crises – under construction) and any changes will then be reflected in an updated version of this Fact Sheet.

The current state:

Systems of distribution of vouchers for goods or exchange of goods are not covered by this Fact Sheet, as they are considered as an alternative procedure for organising distribution. When operating a system of distribution of vouchers to the beneficiaries, the Partner has to adopt the necessary measures to guarantee that the vouchers themselves do not become an alternative to local currency.

This Fact Sheet deals with several types of cash payments and income generation schemes: (1) those related to an associated activity such as cash for returnees, income generation activities such as cash for work and support of a professional activity with the free distribution of relevant goods, equipment and tools to the beneficiaries, (2) costs recovery systems including revolving funds and (3) cash payments without an associated activity.

Micro-credits for the set-up of income generating activities correspond to long-term commitments and **fall outside of DG ECHO mandate**. Therefore the financing of micro-credit schemes can not be included in DG ECHO funded Actions.

2. Cash payments and income generation associated to an activity

2.1. Cash for returnees

2.1.1. Definition – What is cash for returnees?

Cash for returnees consists of providing returnees, in the context of their voluntary return to their place of origin and/or resettlement, with a monetary grant, in cash or in the form of cash vouchers, to facilitate their return and settlement. By analogy, the definition also covers refugees and displaced persons who are considered to be "returnees" when they are subject to repatriation, relocation and resettlement.

2.1.2. How?

The repatriation and resettlement scheme should be organized in principle under the supervision of a mandated international organisation **such as** the United Nations High Commissioner for Refugees (UNHCR), the International Organisation for Migration

(IOM), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) or the International Committee of the Red Cross (ICRC) and the International Federation of the Red Cross and the Red Crescent Societies (IFRC).

As a good practice, a list of beneficiaries should be established as a preliminary activity of the project.

Extra attention should be paid to the security aspects and to the control and monitoring of the Action on the ground. The scheme should cover the departure of the returnees from the host region as well as their arrival in their region of origin or resettlement.

The scheme should ensure that an adequate follow-up is made in order to minimize the risks and dangers of double-financing and misuse of the funds and/or increase the vulnerability of the beneficiaries (e.g. theft).

The European Commission financing Decision should provide for a specific objective to cope with the consequences of population movements (refugees, displaced people and returnees), in line with Article 2(e) of the Humanitarian Aid Regulation.

2.2. Cash for work

2.2.1. Definition

The beneficiaries receive aid in cash as remuneration for work carried out by them. The work should be of public or community interest and is related to the implementation of Humanitarian Actions.

Examples: small-scale water dams, rehabilitation of an agricultural or evacuation road, work for tillage, cleaning refugee camps, etc.

2.2.2. How?

Before engaging in this activity, together with the needs assessment and the analysis of the action appropriateness, the Partner should carry out an analysis concerning the viability of the work and how the Action will affect the most vulnerable groups.

As a good practice, a list of beneficiaries should be established as a preliminary activity of the project and should involve community leaders, local authorities and other appropriate bodies or individuals.

A specific monitoring mechanism should be set up. Typically, cash for work recipients sign or thumb print (in the case of illiteracy) for time worked and payments received.

The scheme should ensure that an adequate follow-up is put in place in order to minimize the risks of failure and dangers of double-financing and misuse of funds and/or increase the vulnerability of the beneficiaries (e.g. theft).

The financing Decision should refer to Article 2(d) of the Humanitarian Aid Regulation and the Explanatory Memorandum to the financing Decision should also include a reference relative to reducing vulnerability and helping affected people to regain a minimum level of self-sufficiency.

2.3. Support to a professional activity with the free distribution of relevant goods, equipment and tools to the beneficiaries

2.3.1. Definition

This consists of supporting a professional activity with a free distribution of relevant goods, equipment and tools to the beneficiaries.

Examples: distribution of sewing machines, beehives, cows, livestock.

2.3.2. How?

The Partner should either include an analysis on the adequacy of the relevant goods/equipment/tools to be distributed in the needs assessment or do the analysis with the various stakeholders at the project onset.

As a good practice, a list of beneficiaries should be established as a preliminary activity of the project and should involve community leaders, local authorities and other appropriate bodies or individuals.

A monitoring and follow-up mechanism should be set up and the destination and use of the goods/equipment/tools agreed between the beneficiaries and the Partner.

The financing Decision should refer to Article 2(d) of the Humanitarian Aid Regulation and the Explanatory Memorandum to the financing Decision should also include a component relating to reducing vulnerability and helping affected people to regain a minimum level of self-sufficiency.

3. Cost recovery

Any decision for supporting cost recovery systems must be well justified.

3.1. Definition

Cost recovery consists of direct and non-direct cost recovery.

3.1.1. Direct cost recovery

The proceeds/results from the sale of goods and services of whatever nature bought with DG ECHO funds or supplied by DG ECHO are to be committed in line with the humanitarian purposes of the Action, during the implementation period of the project. DG ECHO partners use the cost recovery earnings to purchase agreed replacement goods or equipment.

.A direct cost recovery may be constituted in order to create a revolving fund. A revolving fund is generated through the accumulation of fees charged for the use or sale of certain goods or services within the framework of an Action in order to keep the stocks at an equivalent level.

As a general rule, at the end of the Action, the products of the sale are considered as revenue of the Action when calculating DG ECHO's contribution. The related income is mentioned in section 11 [FIN] area of the Single Form as direct revenue from the Action.

The exception is the case where the financing Decision has envisaged, as a specific objective, the constitution of a revolving stock (see Fact Sheet B.1 on stockpiling).

The cost recovery and obligation to reinvest amounts into the action must be acknowledged in Article 8.1 of the Agreement (see standard clause in Fact Sheet A.3, section 5.1). At final reporting stage, the amounts recovered must be identified in section 11 of the Single Form as "contributions by beneficiaries" in an additional line under "% of total funding". These amounts are not taken into account for the calculation of the indirect costs as the objective of the amounts recovered is to be reinvested in the action. They are not taken into account when calculating the level of DG ECHO's contribution to the action.

3.1.2. Non-direct cost recovery

The proceeds/results from the sale of items produced with DG ECHO funded equipment or inputs are used in order to guarantee the sustainability of the Action. In this case, the sale proceeds remain with the intermediate beneficiary (i.e. owner of the donated source).

Example: the sale of water produced with a DG ECHO funded pump in order to generate funds for spare parts and petrol.

3.2. How?

As a rule, cost recovery actions should only be foreseen in Global Plans or Ad hoc financing Decisions. Emergency Actions could possibly include non-direct cost recovery schemes.

Taking into account the nature of the goods and the principle of gratuity of humanitarian aid, a cost recovery scheme linked to food or health activities must include the necessary safeguards in order to prevent negative effects on the population, and guarantee that the most vulnerable groups can benefit from the aid.

See a possible checklist for cost recovery scheme in Annex.

3.2.1. At the beginning of the Action

The Partner should present a detailed plan for implementation, including the proposed structure of the cost-recovery scheme and the control framework operated by the Partner.

For direct cost recovery schemes, the plan of implementation should also include the planned percentage of recovery throughout the Action period when possible and the stakeholders (who collects the money, who keeps custody of the money, who reinvests the money).

3.2.2. During the Action

The Partner takes full responsibility for controlling the generated income over the whole Action period.

In any cost recovery scheme managed directly by the Partner or at community level (community health workers, health centres, etc), the Partner must have a supervision framework which enables it, on a regular basis, to control:

- the appropriateness of the prices charged (as compared to purchase price), except when prices are imposed by legislation;
- the appropriateness of custody arrangements (that collected funds are appropriately accounted for and safeguarded);
- that revenue is not used for aims other than the maintenance of the initial scheme funded by DG ECHO.

In case of direct cost recovery schemes, the supervision framework should also enable the control of the amount of the collected income.

3.2.3. At the end of the Action

The Partner should report on the results and/or structure of the cost-recovery scheme in place.

For direct cost recovery schemes, the reporting on the results of the scheme should cover:

- the cost of items purchased with DG ECHO funds,
- the amount recovered during the Action,
- the income reinvested (reinvested in what should be specified) and
- the residual cash and inventory.

The Partner should comment, in the final reports, on the level of cost-recovery achieved when compared to initial aims, as stated in the Action Proposal.

For non-direct cost recovery schemes, a copy of the certificate of donation of the equipment should be provided, containing the recipient's commitment to use the equipment for humanitarian purposes and a specification of the destination.

Two specific problems sometimes occur in this context:

- where the Agreement does not contain any provisions on the modalities for the transfer of the remaining stocks or,
- where the revolving fund only appears in the final report.

In both cases, the rules on transfer of remaining stocks apply (see Fact Sheet B.1 on the Eligibility of Stocks of Goods) and the surplus, i.e. residual cash, is considered as revenue of the Action and will, therefore, be considered as a non-eligible cost and deducted at the time of liquidation.

4. Cash payments without an associated activity

Where financial support has to be given to affected people, following conditions have to be met:

- The financial support is not the primary aim of the Action.
- The conditions for the giving of such support are strictly defined in the Agreement and its Single Form, with no margin for discretion.

- For NGOs only, respect of a financial threshold in accordance with the new Financial Regulation¹: the maximum amount of financial support to be distributed cannot exceed EUR 100.000 per agreement, with a maximum of EUR 10.000 per each beneficiary.

The Single Form (section 4.3.2) also specifies the minimum and maximum amounts of financial support that can be paid to a beneficiary and criteria for determining the exact amount. Similar control procedures as those set out above for cost recovery systems have to be applied and clearly explained in the Single Form.

Value-based vouchers (also called cash vouchers) used in this context have to be treated as cash payments.

5. Legal References

The legal basis for the rules governing the use of cash for returnees, income generation, cash for work and revolving funds may be found in:

- Articles 2(d), 2(e), 3 and 5 of Council Regulation (EC) N° 1257/96 of 20 June 1996 concerning humanitarian aid;
- Article 108, 109(2) and 120 of Council Regulation (EC, Euratom) No1995/2006 of 13 December 2006 amending Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities;
- Article 184a of Commission Regulation (EC, Euratom) No 478/2007 of 23 April 2007 amending Regulation (EC, Euratom) No 2342/2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities.
- Articles 5, 19 and 21 of the General Conditions.

¹ Modification of Article 120 FR and introduction of new Article 184a of the Implementing Rules to the Financial Regulation.

Annex – INDICATIVE CHECKLIST FOR COST RECOVERY

Date: _____ Title of Project: _____
 Decision type: _____ Action: _____
 ECHO/... _____

PHASE	CHECK	yes	no	Specify
DECISION	Will direct beneficiaries contribute to the cost of any activity/service offered in any eligible partner project?			<input type="radio"/> All <input type="radio"/> some
	Does any grant in this decision apply DIRECT cost-recovery [revolving fund/stock]?			<input type="radio"/> Market price <input type="radio"/> Full cost <input type="radio"/> Subsidized rate
	Does any grant in this decision apply direct NON-DIRECT cost-recovery [sustainability]?			
	Does the decision envisage a specific objective for the constitution of a revolving fund or mentions in the text some grants shall apply cost-recovery ?			<input type="radio"/> Specific objective DIRECT cost-recovery <input type="radio"/> Mentions NON-DIRECT cost-recovery
SINGLE FORM	Does the proposal safeguard the most vulnerable of accessing the services?			<input type="radio"/> Government criteria <input type="radio"/> Community waiver lists <input type="radio"/> Social workers appraisal <input type="radio"/> Adapted pricing criteria <input type="radio"/> Credit / delayed payment <input type="radio"/>
	Does the proposal quantify the planned % of DIRECT cost-recovery ?			<input type="radio"/> % <input type="radio"/> €
	Does the proposal describe who collects the money?			
	Does the proposal describe who treasures the money?			
	Does the proposal describe who reinvests the money?			
	Does the proposal specify how they reinvest the money?			<input type="radio"/> Food/tools/water/drugs <input type="radio"/> Salaries <input type="radio"/> Bonuses/incentives <input type="radio"/> Spare parts/equipment <input type="radio"/>
INTERIM REPORT	If DIRECT cost-recovery , does the partner supervise/control the amount of income collected?			
	Does the partner control the appropriateness of the prices ?			
	Does the partner control the appropriateness of custody arrangements ?			
	Does the partner control that the revenue is not used for aims other than the maintenance of the initial scheme?			
FINAL REPORT	If DIRECT cost recovery and no revolving stock foreseen in the decision specific objective , were the revenues of the sale deducted from the final budget?			<input type="radio"/> €
	If DIRECT cost recovery , did the partner report the costs of items purchased ?			<input type="radio"/> % <input type="radio"/> €
	If DIRECT cost recovery , did the partner report the amount recovered during the project?			<input type="radio"/> % <input type="radio"/> €
	If DIRECT cost recovery , did the partner report the income reinvested and on what ?			<input type="radio"/> % <input type="radio"/> € <input type="radio"/> On what
	If NON-DIRECT cost recovery , did the partner provide a certificate of donation of the remaining dedicated supplies and equipment?			
	If NON-DIRECT cost-recovery , does the certificate contains the recipient's commitment to use the equipment and supplies for humanitarian purposes and a specification of the destination ?			

FACT SHEET D.4

HUMANITARIAN PROCUREMENT CENTRES

applicable to NGO's, International Organisations, UN, Specialised Agencies of Member States

1. Introduction

The purpose of this Fact Sheet is to explain the concept of Humanitarian Procurement Centres ("*HPC*"). Moreover, the Fact Sheet also explains the different responsibilities that DG ECHO, HPCs and humanitarian organisations assume when Partners engage the services of HPCs for the implementation of Humanitarian Aid Actions funded by DG ECHO. The procedure put in place by DG ECHO to assess those organisations wishing to be considered as an HPC is explained in section 5.

2. What is a Humanitarian Procurement Centre?

According to Annex IV, Humanitarian Procurement Centres (hereafter "*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 to Contracting Authorities or supply pre-established stocks, purchasing or logistics capacity.”

HPCs can be:

- *Stockholding*: Certain HPCs hold stocks of supplies which they can make directly available to Partners.
- *Non-stockholding*: Other HPCs do not hold their own stocks but purchase the supplies on behalf of the client. In practice, such HPCs have often concluded long-term supply contracts with the suppliers of goods.
- *Service providing*: HPCs may also offer consultancy services regarding procurement. They may, for instance, give advice about the organisation of tender procedures, custom clearances, quality assurance, and the like. They may also organise procurement procedures for the Partner.

The list of HPCs is available on DG ECHO's website (cf. http://ec.europa.eu/echo/about/actors/procurement_en.htm) and is updated regularly. DG ECHO Partners have to consult this list before placing an order with an HPC. If DG ECHO no longer accepts the organisation as an HPC, it will withdraw this organisation from DG ECHO's website and all costs for orders placed by the Partners before this moment remain eligible. Orders placed after this moment will not be eligible.

3. Consequences of the validation of an HPC: prerogatives and obligations of DG ECHO Partners when awarding contracts to an HPC

When a Partner wishes to award a contract to an HPC, the Partner does not have to conduct an in-depth analysis of the functioning of an HPC. Such analysis has been conducted by DG ECHO and has entailed, in case the outcome of the analysis was positive, the validation as an HPC.

Where appropriate, the Partner shall mention in the final report the award of a contract to an HPC in Annex A of the Single Form.

There is **no contractual relation** between DG ECHO and the HPC. The validation of a given HPC does not constitute an assurance with respect to the quality of the products and services offered or with respect to the compliance of contractual obligations with third parties. DG ECHO will not accept any liability for failures to respect contractual obligations by validated HPCs.

The award of contracts to validated HPCs is subject to a limited number of procedural requirements for the Partners.

First, Partners may pass orders **without recourse to competitive tendering or publication** irrespective of the amount of the contract. Partners can decide to use a single quote procedure to award the contract to an HPC.

Contracts awarded to an HPC must comply with **the principle of economy**. It is the responsibility of both the Partner and the HPC to guarantee that the delivered supplies or the rendered services are of satisfactory quality and in accordance with the technical description provided in the purchase contract. Timely deliveries of the supplies, performance of the service and acceptable pricing levels have to be addressed in the contract between the Partner and the HPC.

The eligibility of costs committed with an HPC is covered by a **presumption of regularity and good faith** in favour of DG ECHO Partners. DG ECHO will, therefore, reimburse the costs of contracts signed by humanitarian organisations even if, as a result of verifications or audits, the validation of a given HPC is withdrawn after the contract has been signed.

In line with their contractual responsibilities, DG ECHO Partners are responsible in any case for the execution and coordination of all contracted activities. To this end they must exercise the necessary degree of **care, efficiency and diligence** when procuring supplies and services from an HPC. In particular, the procurement of medicines and medical equipment has always to comply with the rules established in procurement rules ("Annex IV" in case of signatories of the FPA) in order to guarantee the quality of these products.

Like with any other procurement procedure, the award of contracts has to be free from any interference due to **conflict of interest, fraud, corruption, collusion and coercive practices**. In this respect, Partners have the duty to immediately inform DG ECHO of any irregularities encountered in the procurement process and take the necessary actions to redress the situation.

The **contract** between the Partner and the HPC must specify that the European Commission, including the European Anti-Fraud Office (OLAF) and the Court of Auditors may exercise their **powers of control**, on documents and on-the-spot, on purchases made from the HPC which are financed by the Commission.

4. Eligible costs and procedure for invoicing of costs by DG ECHO-funded Partner

Expenses incurred by the Partners for purchases of goods and services from HPCs are direct costs of the Action.

The Partner must pay the invoices of the HPC for the procured supplies or services. DG ECHO, as in any other contract concluded by its Partners, does not recognise any liability or obligation deriving from the contract signed by the Partner and the HPC.

Invoices presented by HPCs to the DG ECHO Partner must contain the following details:

- invoice number and date;
- date and place of delivery;
- DG ECHO Action involved;
- type of item procured, quantities, sales price per quantity, total sales price and contractual conditions applied (reference to the applicable Incoterm);
- if applicable: insurance costs related to the items concerned, related customs costs incurred by the HPC, related transport costs, related packaging costs;
- if applicable: handling fees and overhead costs;
- total invoice value;
- VAT statement in accordance with the applicable VAT rules.

If the Partner presents an invoice to DG ECHO that does not contain all of the relevant details, DG ECHO may declare the related costs ineligible pending the presentation of a complete payment request.

The general principle of indirect costs of up to 7% applies also on the purchases made from an HPC.

If the costs related to transport, customs and/or insurance of the purchased items were borne by the Partner and not by the HPC, these costs must be included under transport costs, customs and insurance (international transport, local contracted transport, insurance costs, etc.).

5. Validation of HPCs by DG ECHO: concept and procedure

5.1. Introduction

DG ECHO has put in place a procedure for the assessment of those organisations wishing to be considered as HPCs within the meaning of the procurement rules ("Annex IV" in case of signatories of the FPA). The objective of this procedure is to provide humanitarian organisations with a list of those entities which comply with a number of criteria defined by DG ECHO.

The validation of an entity as HPC is done for a fixed period (maximum four years) and can be withdrawn by DG ECHO should the HPC fail to comply with the criteria on which the validation has been founded. DG ECHO may at any time organise verification missions and audits to assess whether the organisation continues to comply with the criteria. In case of withdrawal of the HPC-status, DG ECHO will invite the HPC to present its observations before adopting a Decision. At the end of the period of validation, a new assessment will take place. **The preliminary validated HPCs by DG ECHO will be valid up to December 2008.**

5.2. The content of the assessment procedure

The assessment procedure verifies the HPC's internal control procedures, its external audits, its accounting rules and its procurement procedures.

Applicant HPCs have to comply, on the basis of the definition of HPCs in the procurement rules ("Annex IV" in case of signatories of the FPA), with the following requirements:

- Be a **non-profit-making** organisation. The organisation's price setting mechanisms must enable the organisation to recover its costs without generating profits. Mark ups, handling fees and overhead costs have to be established in accordance with this principle. The compliance with this requirement will be verified by European Commission or its appointed representatives.
- Be an **autonomous organisation**. The organisation must have a legal personality, as well as an autonomous, financial and administrative decision-making capacity. The organisation must have its own management structure and supervisory board. The organisation must establish its own rules and procedures and be able to conclude contracts on the basis of its own judgement, fully independent of any external influence. In particular, the organisation should avoid any situation of conflict of interest with affiliated or other organisations with which it may maintain special relations. HPCs cannot be a financing mechanism of other organisations.

Specialised departments and agencies (with financial and administrative decision-making capacity) set up by International Organisations are considered autonomous organisations for the purposes of the procurement rules ("Annex IV" in case of signatories of the FPA).

- Be a **professional organisation**. This means that the HPC's administrative and financial capacity must be able to support the core functions of the organisation and that the procurement-related activities are performed in accordance with the best practices in the sector in order to guarantee efficiency and the highest levels of performance and quality.

The organisation must have as a core function the management of the supply chain and related services, either for specific areas of trade (medicines, food aid, etc.) or for the general supply of relief items.

- Procurement rules and procedures applied by the HPC must **comply with the general principles on procurement** established in the Financial Regulation:
 - transparency of procurement procedures;
 - proportionality of the procedures followed in relation to the value of the contracts to be awarded;
 - equal treatment of potential contractors;
 - non-discrimination.
- The **award of contracts** by the HPC must be based on the best value for money criteria and must be free of any interference due to a situation of conflict of interest. An HPC must apply the highest ethical standards and exclude from the selection procedures those tenderers not guaranteeing the respect of basic social rights and working conditions, such as the non-exploitation of child labour.

- The HPC must **accept controls** by the European Commission (and its appointed representatives), the European Court of Auditors and the European Anti-Fraud Office (OLAF), including on-the-spot checks, with a view to verifying the procurement procedures followed in those Actions financed by the European Commission and the general functioning of the HPC itself.

5.3. Procedure for the assessment

Organisations willing to participate in the assessment procedure should provide DG ECHO B2 with a general presentation of their activities. DG ECHO will answer with a request for a number of documents and provide an application questionnaire for completion.

The first phase of the assessment is based on the information provided in the questionnaire and supporting documentation. DG ECHO may request any additional information that it considers to be pertinent from the organisation.

The positive outcome of the analysis of the provided documentation will be followed by a second phase of verification, which will be an on-the-spot check of the applicant. The verification can be carried out either by DG ECHO staff or by representatives appointed by DG ECHO.

The outcome of the process will be communicated to the HPC, which, in case of negative assessment, will have the opportunity to present its observations before a final Decision is taken. If the rejection is confirmed, the organisation can re-apply only after 1 year.

The misrepresentation of facts in order to obtain validation as HPC will result, *inter alia*, in the rejection of the application and in this case the period for presenting a new application will be 2 years.

Before and during this assessment period, the organisation will not be considered to be an HPC and the organisation may, therefore, not offer services as an HPC.

The validation of a given entity as HPC by DG ECHO does not entail any certification of quality nor can it be presented as a system of preferred vendors. Any misrepresentation to third parties of the status or scope of the validation as HPC will cause the withdrawal of the validation.

5.4. Invoicing of costs by HPC

DG ECHO will consider eligible the handling fee or overhead costs applied by the HPC to the category of supplies in question. The HPC may charge a handling fee or overhead costs to cover:

- Costs incurred by the HPC for transporting and processing the ordered products (for instance: transport costs, freight insurance costs, packaging costs, customs costs), to the extent that these costs have not yet been included in the purchase price of the supplies concerned; and/or
- Costs that cannot be directly attributed to a specific procurement procedure (for instance: electricity costs, costs linked to the running and maintenance of the warehouse); and/or any other costs related to the functioning of the HPC.

- Costs incurred for the pre-qualification of the product concerned, to the extent that these costs are calculated using a verifiable depreciation method that is applied consistently and in compliance with the principle of equal treatment of humanitarian organisations.

The handling fee or overhead costs charged to the Partner must cover actual costs. The contract between the Partner and the HPC will not, therefore, include a further 7% indirect cost. HPCs must be able to demonstrate the methodology used to establish their prices and mark-ups, including the handling fee and overhead costs. This methodology will be verified by DG ECHO as part of the validation process.

GLOSSARY

CLARIFICATION OF TERMS USED IN THE FACT SHEETS

The objective of the present glossary is to provide a definition or clarification of the terms as they are used in the Fact Sheets. Terms in the clarification/definition column which start with capital letters are also defined.

TERM	CLARIFICATION / DEFINITION	Fact Sheet
Action	A humanitarian aid Operation implemented by a Humanitarian Organisation and funded by the European Commission.	all
Ad Hoc Decision	One of the four categories of Financing Decisions. It intends to give a one-off response to meet localised humanitarian needs, and is generally built on the basis of a limited set of elements. It can be articulated on the basis of a single sector or theme of intervention, a single or limited number of Partners or a limited set of specific objectives.	A.1
Agreement	Generic term covering both Grant Agreements and Contribution Agreements. Encompasses the General Conditions, Special Conditions, Annexes I and II (description of the Action; financial overview), and Action proposal.	all
Amendment	A modification to an Agreement to reflect operational or other changes in the implementation of the Action. An Amendment can take the form of a Unilateral Modification, an Exchange of Letters or a Supplementary Agreement.	A.4
Assignment	Situation whereby the rights held by one party in the Agreement are transferred to a third party.	C.2
Bank Charges	Costs that banks or equivalent institutions impose on their clients for carrying out transactions or services, including bank guarantee charges.	C.2
Cash for Returnees	Providing returnees, in the context of their voluntary repatriation to their country of origin and resettlement, with a monetary grant, to facilitate their return and settlement. Also covers refugees and displaced persons who are considered to be "returnees" when they are subject to repatriation and resettlement.	D.3
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.	D.3
Co-financing	Financing modality whereby an Action is financed by several donors and/or financed partially by the Partner's own funds. DG ECHO's contribution amounts to a percentage of the Action's total budget. Only applicable to NGOs.	all
Committed Cost	Costs for which a legal obligation exists (e.g. on the basis of a contract) and is entered into the Partner's accounts. (See also Eligible Costs)	all
Confirmation Reply	A reply by DG ECHO to a request by a Partner on the applicability of existing rules.	A.4

Contract	An agreement for pecuniary interest concluded in writing by a Contracting Authority in the context of an Action financed, in whole or in part, from a contribution from the Community budget (and where applicable, from the European Development Fund), in order to obtain, against a payment of a price the supply of products, the execution of works or the provision of services. On the basis of their object, the following types of Contracts can be established: Property Contracts, Supply Contracts, Works Contracts and Services Contracts	all
Contribution Agreement	An Agreement signed by DG ECHO and an International Organisation or a Member State specialised agency, covering an Action	all
Control mechanism	<p>The supervisory and monitoring procedure applied to each individual Agreement for identifying, assessing, and managing risks, carried out by the European Commission to provide reasonable assurance as regards the achievement of the objectives. Agreements may be subject to an A or a P control mechanism:</p> <p>The P-control mechanisms (whereby "P" stands for Prior assessment and own Procedures) where DG ECHO assesses the technical capacity and the procurement rules and procedures of the Partner signatory of the Agreement beforehand. In these cases the Partner uses its own rules for procurement and Annex A of the Single Form is not mandatory. Also the reporting on procurement will be less detailed in the final financial report.</p> <p>The A-control mechanisms (whereby "A" stands for Action-related monitoring) where DG ECHO assesses merely the sound management of the Action (including also the respect of internal control and risk management), the sound financial management and the sound management of the procurement procedures. The Partner will have to follow more detailed procurement rules in Annex IV and in the Humanitarian Aid Guidelines for Procurement. Also the related reporting will be more detailed as Annex A of the Single Form is mandatory at each stage and more explicit reporting requirements are fixed for the final financial report.</p>	all
Cost Recovery	Situation whereby goods, services and equipment purchased by the Partner using DG ECHO funds are sold to the beneficiaries, entailing financial proceeds for the Action. In case of <i>Direct Cost Recovery</i> the proceeds/results from the sale of goods and services, are used to purchase agreed replacement goods that are resold at market prices, full cost or at subsidised rates. In case of <i>Indirect Cost Recovery</i> the proceeds/results from the sale of items are used in order to guarantee the sustainability of the Action.	D.3
Date of Adoption of the Financing Decision	The administrative date given by the Secretariat General of the European Commission and indicating when the Financing Decision was formally adopted by the European Commission.	A.2
Date of Entry into Force of the Financing Decision	The date when the Financing Decision produces legal effects and individual agreements can be signed.	A.2
Date of Submission of documents	Date of registry by DG ECHO of the received documents..	A.2 A6
Depreciation	In general, depreciation is an accounting method for spreading the actual cost of durable equipment or assets over its estimated useful economic lifespan in a systematic manner and must exceed one accounting year.	B.3

Direct Costs	Any expenditure directly linked to the implementation of the Action.	all
Donation Certificate	A certificate signed by the Partner and the beneficiary of the donation (of durable equipment or stocks), the purpose of which is to lay down the terms and conditions of the donation.	B.2,B.4
Double Financing	Situation whereby the same cost is reimbursed more than once.	all
Durable Equipment	Durable equipment is defined as equipment that can be used multiple times over their estimated economic useful lifespan and has a residual economic value at the end of the project.	B.2
Duration of a Financing Decision	The period during which the Actions must be implemented. Only Global Plans and Ad Hoc Financing Decisions establish such a period. Synonym for "Implementation Period of a Financing Decision".	A.2
Eligibility Period of the Action/Agreement	The period during which the expenses incurred for an Action are eligible.	A.2
Eligible Costs	Costs that are (i) necessary and reasonable for the implementation of the Action, (ii) actually incurred, complying with the principles of sound financial management, (iii) committed during the Eligibility Period of the Action, (iv) identifiable, recorded in the accounting records of the Humanitarian Organisation or its implementing partners, (v) determined according to the applicable accounting standards of the country where the Humanitarian Organisation is established and according to the usual cost-accounting practices of the Humanitarian Organisation, (vi) backed by original supporting evidence, verifiable, and (vii) complying with the requirements of applicable tax and social legislation.. (See Article 18 of the General Conditions.)	all
Emergency (Financing) Decision	One of the four categories of Financing Decisions covering new crises and established humanitarian crises where humanitarian aid is already under way, but where continuing uncertainty and instability requires an appropriate, rapid and flexible response, e.g. where there are sudden deteriorating weather conditions within a natural disaster situation (a crisis within a crisis).	A.1
Empowerment	Mandate given by the College of Commissioners of the European Commission to one or several Commissioners to act on behalf of and under the responsibility of the Commission, according to well-defined conditions, among others to adopt financing decisions.	
Ex Tempore Amendment	An Amendment requested and adopted after the end of the Implementation Period of an Action, but before submission of the final report.	A.4
Exchange of Letters	An Amendment procedure consisting of a Partner's request to modify the Agreement and DG ECHO's reply.	A.4
Fait du Prince	Decisions taken by national, regional or local authorities which affect the implementation of the Actions (e.g. prohibition to import humanitarian goods, refusal of access to the region affected by the crisis, etc.)	A.5
Financial and Administrative Framework Agreement ("FAFA")	Agreement between the UN and the European Commission, laying down the mutual rights and obligations of partnership between both institutions for the funding of Actions in areas such as development and humanitarian aid.	all

Financing Decision	Act by which the Commission allocates funds from the General Budget to finance humanitarian Actions. It identifies i.e. the objectives of humanitarian interventions, the region, and type of activities, funds to be committed, eligibility period and potential partners. There are 4 categories of Financing Decisions: Primary Emergency Decisions, Emergency Decisions, Global Plans and Ad Hoc Decisions.	A.1
Financial Leasing	A purchase financed by a debt. To be distinguished from Operational Leasing/rental agreements. It is synonym for hire purchase.	B.2
Financial Institutions	The Financial institutions are referred to as 'banks' but this term is used in the wider sense to cover all types of financial institutions (e.g. credit agencies, co-operatives, etc.) even those that may not have an official structure.	C.3
Force Majeure	Any unforeseeable exceptional situation or event beyond the Partner's or DG ECHO's control which prevents either of them from fulfilling any of their contractual obligations, which is not attributable to error or negligence on their part (or the part of their implementing partners, contractors or employees), and which proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available or financial difficulties are not force majeure.	A.5
Framework Partnership Agreement ("FPA/NGO")	Agreement between DG ECHO and the NGOs which establishes the principles of partnership between DG ECHO and the NGOs defines their respective roles, rights and obligations and establishes the rules applicable to the Actions implemented by the NGOs and financed by DG ECHO.	all
Framework Partnership Agreement for International Organisations ("FPA/IO")	Agreement between DG ECHO and the International Organisations, other than the UN organisations (who are subject to the provisions of the FAFA), which establishes the principles of partnership between DG ECHO and the International Organisations, defines their respective roles, rights and obligations and establishes the rules applicable to the Actions implemented by the International Organisations and financed by DG ECHO.	all
General Conditions	A pre-established set of contractual clauses, annexed to the different FPAs and FAFA, which are part of each Agreement and establish the general rules and procedures applicable to the implementation of the Action.	all
Global Plan	One of the four categories of Financing Decisions intended to provide a coherent framework for action in a given country or region for long-lasting/protracted humanitarian crises which may evolve more or less slowly and in a more or less predictable way. Global Plans provide an integrated and multi-sector humanitarian response to complex, large-scale, protracted and, in most cases, man-made humanitarian crises.	A.1
Grant Agreement	An Agreement signed by DG ECHO and an NGO, covering an Action.	all
Humanitarian Procurement Centre ("HPC")	Non-profit making, autonomous and professional structure, specialised in the technical and commercial management of supplies necessary for the implementation of humanitarian Actions. The HPC provides technical assistance in procurement to Partners, putting at their disposal pre-established stocks, purchasing and logistics capacity.	D.1
Implementation Period of a Financing Decision	The period during which the Actions must be implemented. Only Global Plans and Ad Hoc Financing Decisions establish such a period. Synonym for Duration of the Financing Decision.	A.2

Implementation Period of the Action/Agreement	The duration of the Action in the field. The start date of the implementation is identified in the Agreement.	A.2
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.	all
Income generation	It is a tool that helps the affected beneficiaries to regain a minimum of self-sufficiency. It can take the forms of cash for work and the support of a professional activity with the free distribution of equipment and tools to the beneficiaries.	D.3
Indirect Costs	Costs necessary for the functioning of the organisation which cannot be directly linked to the implementation of the Action. They amount to a maximum of 7% of the total Direct Costs.	all
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.	all
Inventory	List of supplies, products, equipment and any other goods.	B.1,B.2 B.4
Local Partner	An organisation (NGO or local authority) which assists a Partner with the implementation of the Action at local level. A Local Partner is always an Implementing Partner.	all
Multi-donor/Joint management	Financing modality whereby DG ECHO and other donors contribute to an Action or programme of an International Organisation. All components of the Action or programme must be eligible for DG ECHO funding (i.e. they must be in line with the Humanitarian Aid Regulation). DG ECHO's contribution is a fixed amount (and not a percentage).	D.3
Operational Leasing	Rental Agreement. To be distinguished from Financial Leasing.	B.2
Partial Funding	It refers to both co-financing or multi-donor	all
Partner	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 Community..	all
Pre-positioning of Stocks	The constitution of emergency stocks and materials not intended for immediate use, and without a direct link to an individual humanitarian crisis, with the objective of reinforcing the emergency/disaster preparedness in third countries. Synonym for "Stockpiling".	B.4

Primary Emergency (Financing) Decision	One of the four categories of Financing Decisions designed to cover the first immediate needs of the people concerned in the hours and days after the outbreak of a new humanitarian crisis. Such crises are unpredictable in terms of where, when and how they strike. It is a first initial response which does not aim to cover all needs. The Primary Emergency Financing Decision is appropriate in the case of sudden onset of conflicts or natural disasters such as earthquakes.	A.1
Revolving funds	A revolving fund is when a reserve of money (the fund) is used to lend to one or more borrowers. Over a given period of time, the borrower is expected to repay the original sum that restocks the fund.	D.3
Rule of Nationality	Rule which determines in which countries the suppliers, contractors and service providers of the Partners of DG ECHO must be established.	D.4
Rule of Origin	Rule which determines from which countries the supplies and materials purchased by the Partners must originate.	D.4
Single Form	The form to be completed by the Partners for the submission of their Action proposals and reports. The single form evolves along with the Action it refers to.	all
Single Largest Donor	Contributor to an Action providing the highest individual contribution.	all
Special Conditions of an Agreement	Contractual clauses either pre-established or variable establishing particular conditions ruling in the Agreement. It includes also the Specific Conditions.	A.3
Specific Conditions of an Agreement	Provisions in the Special Conditions of the Agreement which are not covered by other parts of the Agreement but which are necessary for the proper implementation of the Action. Specific Conditions are used either to supplement (i.e. add something to) or to derogate from (i.e. remove something) the Agreement and the rules applicable to it. They may also establish the nature of the implementing modalities of a Action. The Specific Conditions are included in Article 8 of the Special Conditions of the Agreement.	A.3
Specialised Agencies of the Member States	National public-sector bodies or bodies governed by private law but subject to special public supervision and governance rules with a humanitarian aid mission. The definition of a "Member State's Specialised Agency" depends on the national legislation. Not all Member States have such organisms. Their mandate should explicitly relate to humanitarian activities, they should have a legal entity and the authority to sign contracts.	D.2
Stockpiling	The constitution of emergency stocks and materials not intended for immediate use, and without a direct link to an individual humanitarian crisis, with the objective of reinforcing the emergency/disaster preparedness in third countries. Synonym for "Pre-positioning of Stocks"	B.4
Suspension of the Implementation of the Action	A suspension of the implementation of the humanitarian Action is a temporary stopping of the activities of the Action, due to circumstances which make it impossible or excessively difficult to continue.	A.5
Supplementary Agreement	An agreement between the Partner and DG ECHO, reflecting a modification to a signed Agreement and containing the amended Articles of the initial Agreement.	A.4

Unilateral Modification	An Amendment method whereby the Partner informs DG ECHO of changes the Partner introduced.	A.4
Urgent Actions	Actions which meet immediate and unforeseeable humanitarian requirements generated by sudden natural or man-made disasters. Also Actions which have to start immediately and where delays in awarding procurement contracts would put the respect of the principle of humanitarian aid at risk. These Actions must be identified in Article 8.3 of the Agreement.	A.3,D.4
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, commodity or service value. These are described respectively as value-based, commodity-based or service-based vouchers. Combined vouchers also exist. Vouchers have been most commonly used to provide access to seeds and livestock	D.3
Winding-up costs	<p>Winding-up costs consist of costs committed after the end of the implementing period of the Action (but in any case before the submission of the final reports) that are necessary to fulfil the partner's contractual obligations. These winding-up costs have to be caused by impossible to budget circumstances that arise after the end of the implementing period of the Action. Examples: running costs such as fuel and maintenance and day-labour related to winding-up activities.</p> <p>Winding-up costs are eligible if agreed by DG ECHO at the final liquidation stage.</p> <p>By opposition, costs committed before the end of the implementation period of the Action and materialized before the final report (such as drafting the final report, distributing last remaining supplies, etc.) are not winding-up costs.</p>	B.1