

## FPA Watch Group Meeting – Exchange with ECHO

	MINUTES
DATE	30.06.2016
TIME	14.30 – 16.15
PLACE	ECHO Rue de la loi, 86 Brussels
PARTICIPANTS	FPA Watch Group cf. List of participants ECHO: Marco <b>Panigalli</b> (C/3- HoU), Charles <b>Pirotte</b> (C/3- Deputy HoU), Alberto <b>Garralon Perez</b> (C/3 - Team leader: Finance), Alexandre <b>Castellano</b> (A/4- International Aid/Cooperation Officer), Daniel <b>Clauss</b> (A/4- Policy Officer), Galina <b>Samaras</b> (C/3- Legal assistant)

### 1. ECHO new organisational chart

ECHO presented the main changes of the new organisational chart that entered into force on 1<sup>st</sup> July. Please find [here](#) the new chart.

Desk officers’ organisation will also be modified and names will be updated on APPEL by the 1<sup>st</sup> of July.

As of 1st of July, Charles Pirotte will be in the new unit D1 responsible, amongst other issues, for partners’ support, whereas Marco Panigalli will be the head of unit D3 – Budget, Finances and Control.

ECHO field network is being adapted to the new organisational chart; functional links between country and regional offices and Brussels desks are being updated. Almaty office will no longer be a regional one; Kiev will serve as regional office as interim.

The supports provided by Ankara and Amman offices are also being adapted to the new situation in the region.

### 2. Brexit first follow up

ECHO budget is coming from the EU General Budget and there is no direct link between a Member State's contribution and a specific programme or policy. Therefore it is premature to predict what would be the potential impact of the Brexit on ECHO budget.

For the time being, DFID external assigned revenues to ECHO should not be affected, since termination clause of the on-going contract only refers to operational issues. Regarding UK FPA partners their partnership with ECHO is not at risk at least until the negotiation with the UK is over.

### 3. MFF mid-term review

The European Commission is currently preparing the College debate on the review of the Multi-annual Financial Framework taking place on 27 July. The outcome of the UK referendum will most likely impact the discussions. At the moment the mid-term review debate mostly focuses on the need for simplification, flexibility and prioritisation, whereas an increase of the thresholds (general or for the individual Headings) of the MFF should not be expected at this stage. To be noted that the European Parliament is proposing the creation of a crisis reserve in the EU budget.

### 4. HIPs process

The Task Force presented the outcome of its exchange with DG ECHO in early June on the HIP process 2017, where they shared FPA partners' main concerns and recommendations based on the experiences of the 2016 HIP process.

Partners asked ECHO for an update of the different points agreed on at the last meeting.

ECHO shared with partners that there is an on-going table discussion on the issue of the publication of the HIPs. As previously discussed, one of the main issues lies in finding the balance between the political need for the Commissioner to publicly announce EC funding especially when travelling abroad, and the operational need for ECHO and partners of timely and predictable funding.

**Next step:** The outcome will be shared when available with the FPA Watch Group.

Moreover, on the same issue, Charles Pirotte is currently drafting a note to the operation levels to try to find a reasonable compromise. The proposal note suggests that the HIPs could be presented at technical level prior to the official adoption for partners to be able to start working with desk officers. However, this note focuses only on the communication aspect of the issue, thus the operational part will have to be addressed by ECHO Directorates B and C who will be sharing the management of the HIPs process.

Partners comment ECHO efforts of starting to deal with the main discussed issues.

**Next step:** the FPA Watch Group would be keen to pursue exchanging with ECHO through the following months in order to find suitable solution to address other critical issues linked to the HIPs process and previously shared.

### 5. Official presentation of the newly launched eSingle Form

ECHO presented the newly launched eSingle Form to the FPA Watch Group. A note has also been sent to all ECHO partners on 17 June 2016. As discussed in the previous FPA Watch Group changes refer to the section on Transfer modalities providing space for partners to submit mandatory information in relation to using Cash and Vouchers. The finalised Key Results and Outcomes Indicators were also presented. The number of KRI has been reduced and partners are asked to use at least one KRI per subsector in which

their action fits. KOI aim at measuring the outcome of a project; and even if not mandatory, they are highly recommended.

ECHO thanked the FPA WG for its active engagement in the consultation and pilot phases of this new eSingle Form and encourages partners to use the next months' experience to collect feedback. Partners facing difficulties in using the proposed KRI and KOI in relation to specific action should liaise with Desk officers.

**Next steps:** VOICE to collect feedback from the FPA Watch Group on the new eSingle Form.

## **6. Shared and eligible costs: Follow up of discussion on the Simplified Allocation Method**

The European Commission adopted a decision on 16 June on the reimbursement of shared costs. ECHO has been waiting this new decision to finalise its guidance note on Simplified Allocation Method (SAM).

This EC decision confirms what has been discussed previously: NGOs can declare field office costs through simplified allocation method as far as the key allocation is fair, objective and reliable.

The key allocation method may be approved ex-ante by ECHO or subject to possible ex-post checks (most likely at audit stages); in any event, a clause on the use of the simplification allocation method is to be included in the specific agreement. ECHO also specified that the Simplified allocation Method is an additional option to be used when partners deem it appropriate. The norm remains the current actual costing approach that partners may prefer especially in case of "special needs".

**Next step:** ECHO will share the draft note with VOICE for feedback from the Watch Group.

## **7. Thresholds**

### Pre-financing and contracting issues:

Thresholds being one of the novelties of the FPA 2014, the Watch group agreed to monitor the impact of this instrument on ECHO partners.

Recent experiences show that the contracting phase may be delayed for partners that have largely exceeded the thresholds. Since very often there's an overlap between contract liquidation and proposals assessments, the open amount for partners having thresholds can be technically "easier" to reach. The current delay in the contracting phase further exacerbates the issue.

ECHO reminded that partners' thresholds measured the financial capability of partners to assure the implementation of the action and the ability to face any unplanned issues during the implementation. Thus, ECHO needs to ensure that partners have the financial

capacity to cover short - and longer – term liabilities and that pre-financing is used for the specific action and not to fill in a treasury gap.

During 2016, ECHO has faced some issues with a number of partners having thresholds. Indeed their proposals were selected but could not be signed since it would have far exceeded their thresholds and thus represented an important risk for ECHO. Therefore, for 2017 ECHO intends to reinforce the control at proposal stage: concretely, in case a proposal approaches the partner's threshold, the operational desk is informed in order to take this into account during the negotiation phase. This new functionality in the management information system at proposal stage should ensure that the operational desks and the Heads of Unit concerned are informed when the submission of a new proposal represents a financial risk in order to take this into account during the negotiation phase.

Regarding the limit imposed on pre-financing ECHO stressed that as soon as partners have used 70% of the first 50% pre-financing they can apply for the second payment. However ECHO understands that late contracting of the HIPs may affect the pre-financing process.

#### The case of Consortium:

Partners raised the issue of consortium to ECHO in term of risk and responsibility. Indeed since partner leading a Consortia holds all the risks partners holding threshold are discouraged from taking the lead of consortium because of the impact such bigger action may have on their thresholds.

ECHO recognised the need to clarify the rules on consortium and agreed it would make sense to share the burden among partners and FPA Implementing Partners should also be held accountable. However if unexpected issues would occur the responsibility would still lie first on the lead agency.

**Next step:** VOICE to gather recommendations and input from FPA partners on the subject. ECHO will reflect on possible guidance to be shared with FPA partners.

## **8. Partners' Conference 2016**

ECHO briefly introduced the 2016 Partners' Conference, which should take place on 1 and 2 December 2016.

**Next step:** VOICE to gather recommendations and input from FPA partners on possible themes for the next ECHO Partners' conference.

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