

## FPA Watch Group Meeting – Exchange with ECHO

	MINUTES
DATE	22 September 2015
TIME	14.00 – 16.00
PLACE	ECHO Offices
PARTICIPANTS	FPA Watch Group (Cf. Participants List) ECHO: Marco Panigalli (HoU, C/3), Charles Pirotte (Deputy HoU, C/3), Alberto Garralon Perez (Team leader - Finance, C/3), Alfonso de la Fuente Garrigosa (Deputy HoU, C/2), Philippe Navarre (Project/Process Assistant, C/2), Peter Aardema (Team Leader - Audit externe, C/2), Roger Bellers (International Aid / Cooperation Officer - Disaster Risk Reduction and Resilience, A/4) and the Gender Advisor in ECHO Nairobi

### Changes in ECHO

- The new DG, Monique Pariat, coming from DG AGRI, is new to humanitarian aid, but has an extensive experience of EU policies and legal/financial procedures. Claus Sørensen is now advising President Juncker on humanitarian affairs, especially in light of the WHS.
- C/3 takes budget and finances, legal affairs and partner support, while C/2 keeps internal control. There also have been changes in the geographical breakdown between B/2 and B/3. New organisational charts attached. HoU and some Deputies of B/2, B/3 and B/5 have moved (on 1<sup>st</sup> September) or will move on 1<sup>st</sup> October.
- There has been a reorganisation at field level regarding the sectorial hubs and the RO (now they are 12). Updated information shared by ECHO attached.

### Major findings from latest audits exercises

The problems remain the same:

- Lack of documentation of invoices (proof of payment, distribution of aid)
  - Incomplete tender files
  - Lack of senior management approval when internal rules are not followed
  - Lack of quality assurance according to international standards for medicines
- Sometimes it is because papers are lost (i.e. Nepal), in other cases it is because NGOs do not follow major recommendations regarding archiving systems which are crucial to avoid many audit issues.

The statistics regarding the audits 2015 are not available yet. ECHO audit unit is considering how to best share those findings to make them useful for partners. Overall, ECHO error rate is below 2% which remains good.

### Q&A

- ❖ Partners are not buying medicine in some countries because they cannot assure the certification (HPC are too slow to deliver or certified medicine are not available locally). Mr.

Aardema suggested to discuss it with Desks and the audit unit to try to solve this issue together.

- ❖ Are shared costs among key findings of audit exercises? What kind of documentation does ECHO suggest to prove time used by staff? If time sheet is the solution, is it by % or not?  
It has to be seen case by case. Two Commission decisions regarding the shared costs have been released recently: the first related to staff costs, the second related to office costs. Now ECHO is exploring how to advise partners. In the meantime, it is clear that it has to be documented in internal policies In case of doubt; the best solution is to directly ask ECHO.

## Technical issues

ECHO has shared its answers to the Watch Group document – see attachment.

- The PDF has some technical limitations that ECHO is trying to mitigate. ECHO is investigating to move to new technology that should be more flexible and user-friendly.
- The SF is an application rather than a form. It is not doable to make it in a Word format.
- The message of ECHO staff updating APPEL will be transferred to Pillar B.
  - The problems with the modification request and the no-cost extension requests are not clear → related to the need to update APPEL.
- Some technical issues have been solved – APPEL should now work with Chrome.
- ECHO is now looking how to make changes in the contact person as well as annexes.
- Whenever partners have a technical problem with APPEL, it is preferable to immediately contact ECHO support to try to find a concrete & immediate solution.

## New DIPECHO approach

ECHO has adapted its new strategy for DIPECHO: do more and better DRR. It is not the end of DIPECHO, but the objective is to rationalize it to make it more effective. DIPECHO is now included in the regional HIPs → to become more effective and coherent with regional strategies: Integrated DRR to protect/improve projects activities, targeted DRR to address specific issues. The purpose is to build on what has been done and past successes. Demonstrating ECHO added-value – losses avoided - would enable ECHO to provide more funding for DRR operations (currently there are 37.6 million – the intention is more).

New analytical process of field offices and partners to inform all HIPs

- Local assessments
- Assess comparative risk and pocket of risks
- Multi-hazard approach (emphasis on natural hazards in a broader risk context)

Targeted prioritisation of the DP funding allocation within HIPs:

- On the basis of needs and vulnerabilities
- Consultative and co-ordinated
- Links with DEVCO/EEAS/CLIMA and joint programming → influencing what others are doing
- Raising local/national/regional DRR capacities
- Synergies with EU Aid Volunteers and EU Civil Protection (if possible)
- Contribute to the 2015 DRR Sendai Framework Priorities

➔ Greater investment to save more lives and livelihoods: being more strategic on how we use DIPECHO line by mainstreaming it in the HIPs.

- Strategy for partners: Unaddressed situation of risk, vulnerability ➔ how it should be addressed ➔ why ECHO/partner is well placed to do so.

All 2016 HIPs encompass DRR: either integrated or targeted ➔ all HIPs are supposed to give statement on the situation and broad recommendations to it. . There won't be 2 years cycles anymore – it will be yearly cycle like the humanitarian one. Mainstreamed DRR activities will also be mentioned but will be covered by the humanitarian budget.

### Q&A

- ❖ The amount is the same but it is distributed differently so there is an interim period where some geographical zones might get less than they used to have. But the idea is to get more in the long-term. Now the purpose is to also cover un-addressed local capacities gaps, like in Africa where DRR is now part of the HIPs strategies.
- ❖ Joint work with DEVCO: The idea is to do joint analysis and work together when and where possible – to use DEVCO to replicate and amplify ECHO DRR good practice
- ❖ Integration of DRR in humanitarian aid: Some countries where humanitarian aid is not needed, ECHO will support DRR activities if there is an added-value. ECHO financing HA programmes is not a condition in itself.

### ECHO Budget

Additional funding for humanitarian aid is expected to come for 2015 and 2016, notably to address the refugees' crisis (Syria, Iraq, and neighbouring countries). DG BUDG is preparing an amending budget for 2015 and an amending letter for 2016, for adoption (if everything goes well) in November. It is still to be decided how the extra money to be received for 2016 will be factored in the WWD and the HIPs (they may be published as they stand, and adapted at a later stage; alternatively, WWD and HIPs may already include part of the expected additional amounts).

### Quality markers

#### Resilience Marker – PPP attached

There have been two reviews: VOICE has done one and ECHO has done an internal one. Generally, the experience is seen as quite positive.

Recommendations – Continue with the marker, but:

- Guidance revised
- Expectations are contexts specific, will be set out in the technical annexes of the HIPs, and under TAs advice
- Change in one question to include capacities
- If there is a difference in the marker evaluation between the partner and the TA, there has to be a follow-up dialogue
- There will be training – most probably within the e-SF training; but still to be confirmed.

Some changes in the SF: the score will be automatically calculated and if it is not applicable, all the related questions will be blank.

### Gender & Age Marker– PPP attached

An initial assessment was done this year to have a baseline. It included:

- Qualitative surveys on GAM and trainings
- Analysis of quantitative data
- Random check on proposals/reports
- Interviews or meetings with partners and ECHO operation staff (both at field and HQ level)

Main findings:

- 56% of respondents from partner organisations believe that the introduction of GAM has fostered change/positive actions (+ 37% replied somewhat)
- Gender analysis has been identified by the majority of respondents as the least difficult, while negative effects as the most difficult criterion to be taken into consideration
- More than a half of assessed proposals (where applicable/information available) have not been marked on the basis of toolkit's instruction by both partners and ECHO staff
- Discussion between ECHO staff and partners needs to be enhanced: 46% of respondents from partners think that feedback is discontinuous/only at one phase of project and 21% have not received a feedback.

The main gap is related to a lack of understanding of what gender and age actually mean; and how the marker translates into practice. The report will be finalised soon.

### Q&A

- ❖ IrishAid has given indication that it would use a similar marker to assess their projects.
- ❖ The IASC is also revising its marker using ECHO's one → trying to go in the same direction.

### Stock management/Remaining goods

It has become an issue at reporting stage. ECHO tries to balance the Financial Regulation with the flexibility needed for humanitarian aid. An expenditure is eligible when incurred and needed during the action. Goods are eligible if distributed or used for the action. ECHO fully understands that it might be difficult to estimate in advance. This is why ECHO uses a flexibility margin of 5%. It means that if at the end of the action there is an amount of remaining goods equal or below 5%, ECHO will accept the full amount of the goods purchased – either to be transferred or donated. But ECHO has noted that in many cases there are more than 5%. How to deal with that? ECHO uses a decision tree to take decision regarding remaining goods. It has been included in the guidelines to provide better guidance to partners.

- If the remaining goods can be part of stockpiling / business continuity explicitly mentioned as a result in the Single Form, ECHO will accept it.
- If it is not anticipated but partners foresee the issue coming, ECHO should be asked for an extension to finalize distribution.
- If it is not possible, the partner should show that procurement procedure was timely launched and performed, in relation to needs assessment; then the partner has to explain

why there is a delay (supplier, access, humanitarian situation, unforeseeable fact) → communication with ECHO for possible transfer to follow-up action or donation.

- If it is not possible to demonstrate this, ECHO is forced to disallow the remaining goods.

How to communicate this to ECHO? Partners have to provide

1. Statement with what happened to the remaining goods from previous actions
2. Goods purchased by category of items
3. Remaining goods by category of items

ECHO also reminds partners on their responsibility in dealing with suppliers. The provision of late delivery should be foreseen and addressed with the contract or MoU, partners have with their suppliers.

### Q&A

- ❖ If the partner cannot donate or transfer, it will be considered as ineligible.
- ❖ What is considered as a category? It will depend on the partners' inventory management system (either item by item or by category of items – ECHO accepts category of items).

### Final report

ECHO looks at:

1. Payment request (number of the action, amount requested...)
2. Financial summary (amount of direct and indirect costs)
3. General ledger, filtered by date; and then by nature of expenditure (HR, audit costs, visibility costs, equipment...)
  - How to avoid additional questions? Modify the description to explain it was incurred during the eligibility period.
4. Annexes on remaining goods: equipment and low value equipment
  - ECHO advises not to purchase too much at the end of the action, even if it is low value – since it may question the need and use of these with the eligibility period.

### Q&A

- ❖ Incurred costs: sometimes partners buy a big quantity of goods to be distributed during the action. It might be difficult to put in the general ledger the date of distribution instead of the date of purchase. ECHO does not expect to have the date of the distribution but the partner has to do an inventory at the end of the action showing this.

### Migration

ECHO is closely associated in the discussion within the Commission and EEAS. A Communication is expected to be adopted in the next days, by the Commission. Regarding the possibility of an increase of the ECHO budget, DG BUDG is planning to propose it to the Budget Authority, as mentioned above. ECHO may also be reinforced in terms of human resources. The exceptional situation requires exceptional measures, and everybody is asked to think out of the box: innovative schemes or initiatives to address the refugee crisis. ECHO will also likely be part of a scheme, under discussion, which foresees the distribution of milk or other dairy products to refugees. This option is linked to the specific situation of the milk market in DG AGRI, and could represent a win-win option benefitting both the EU producers and the refugees.

- ECHO will contribute to the Emergency Trust Fund to tackle the root causes of migration in Africa as from next year: 10 million per year over 5 years. ECHO won't finance any action within Europe. ECHO has also contributed to the Bekou Trust Fund (1 addition million is in the pipeline). ECHO has not contributed to the Madad Fund but is considering it for the future.