

Replies to questions shared by the FPA Watch Group during the meeting with DG ECHO on the MGA October 2020

1) Multi-beneficiary grant: Can you please elaborate on the 'multi-beneficiary grant agreement' option and how it will work in practice? Will it simply mean they are listed in the contract but only the lead will sign, receive the grant on behalf of the other beneficiaries and maintain full responsibility vis-à-vis ECHO? Just confirm 'multi-beneficiary' refers always to other organisations with a partnership certificate only? The second one regards the multi-beneficiary agreement: is ECHO considering making instalment transfers to each partner directly in case of consortium?

The partners involved in a multibeneficiary agreement will have to make their consortium internal arrangements. Normally, they will sign a consortium agreement, though this is not obligatory.

*The 'consortium agreement' is an agreement between members of the consortium, to set out their internal organisation for implementing the grant. It is purely internal; the EU is not party and has no responsibility for it (nor for any adverse consequences). The consortium agreement should **complement** the GA and must not contain any provision contrary to it.*

*The internal arrangement or consortium agreement should in principle be concluded **before the signature of the GA**. Otherwise, there is usually a serious risk that prolonged disagreement jeopardises the action. Of course, the does not have to remain the same during the lifetime of the action, it can be modified by the consortium at any moment.*

The coordinator will sign then sign the MGA with DG ECHO and the co-beneficiaries (co-partners) will sign accession forms, which will be submitted together with the MGA. Due to technical limitations only the coordinator will have access to APPEL (in the corporate e-grants system, the coordinator has to give access to the tool to all co-beneficiaries). The coordinator will receive funds and distribute them according to the consortium agreement without unnecessary delays; no funds are paid separately to the co-beneficiaries.

How and when the payments are distributed is in principle an internal matter for the consortium. The consortium agreement may set out, for instance, specific periods for the distribution of payments or that the distribution will be carried out in instalments (and these will not be considered 'unjustified delays', if the arrangements set out in the consortium agreement are complied with). Also, if the coordinator does not comply with its obligations, this is in principle an issue to be resolved within the consortium.

The multibeneficiary model is obligatory for actions where several NGOs are involved and all are certified as partners; non-certified partners cannot be co-beneficiaries (they will be considered as receiving financial support to third parties, implementing partners).

All beneficiaries are responsible for implementing the Agreement and for complying with all its obligations (see Article 7 of the MGA). There is joint responsibility for technical implementation, while financial responsibility, in case of recoveries, belongs to beneficiary concerned in case of beneficiary termination or after final payment. At the final payment stage the coordinator maintains responsibility. Budget per beneficiary is defined at proposal stage and can be amended unilaterally (Article 5.5). At final report stage, an updated financial statement has to be submitted.

Article 21 MGA stipulates that beneficiaries are all responsible for reporting, but the coordinator (upon verification of quality and completeness) must submit the reports. Co-beneficiaries have an obligation to submit appropriate reports and deliverables: their non-compliance should be solved under the consortium agreement. New beneficiaries can be added through an amendment request, including the signed accession form (Annex 3). A beneficiary can be terminated upon approval of an amendment request; after approval the coordinator must submit a report as well as a second amendment request (Article 32.2.2 MGA). It is also possible to terminate or modify the coordinator. The use of procedures (e.g. in case of procurement) should be specified in the consortium agreement.

2) MGA and top-ups: will the MGA be used for potential top ups as well?

Top-ups of actions started under the FPA 2014 based on the 2020 budget will be made on a business as usual basis. These top-ups will be managed using the current (2018) version of the Single Form. Top-ups on 2020 Budget will have to be initiated before 31 December 2020 to use the 2018 version of the SF and the GA 2014. However, the MGA and the new SF will be used in all cases where the deadline for submitting proposals will be set after 1 January 2021.

No-cost extensions will be possible at any time for actions started under the current GA 2014 using the GA 2014 templates.

For budget 2021, it will only be possible to provide top-ups from the new MFF to actions started under the 2014-2020 MFF by way of follow-up actions. The follow-up actions will need to be presented under the new Single Form and the MGA will be used for contracting.

3) Change linked to exchange rates: Regarding the change related to exchange rate: could we have more details?

The rules on conversion (of costs incurred in other currencies into euros) are as follows:

- * for partners with accounting records in euros: conversion of costs according to their usual accounting practices
- * for partners with accounting records in a currency other than the euro: conversion of costs recorded in their accounts by one of the following:
 - * daily euro exchange rate is published in the C series of the Official Journal of the European Union for the currency in question: using the average of the daily exchange rates published over the corresponding reporting period.

For cost adjustments to previous periods ('adjustment financial statements'), the exchange rate to be used is the one for the reporting period in which the costs adjusted were incurred.

For eligible cost related to drafting and submitting the final reports incurred after the action duration, the exchange rate to be used is the one for the last reporting period.

To calculate this rate, the beneficiaries may use the editable charts on the ECB website <http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>

How to calculate the rate on the ECB website:

- Step 1 — Go to the ECB website.
- Step 2 — Click on the chart icon [] for the currency.

Step 3 — Choose the 'HTML5 version' which appears under the name of the currency in the top-left corner

Step 4 — Insert the starting date of the reporting period in the field 'from' and the end date of the reporting period in the field 'to'. The average for the period will appear above the chart.

Example: A Romanian university with accounting in New Romanian Leu (RON) is the beneficiary of a GA with one reporting period, from 24.1.2013 to 23.1.2014. The costs incurred in RON during this period are RON 500 000. The university will convert its costs into euros at the average rate of RON 4 .4274 for EUR 1 (established following the steps mentioned above). The university will report costs of EUR 112 933, 10 (RON 500 000 / RON 4 .4274 * EUR 1).

4) *Change linked to staff costs: On the justification of personnel costs based on daily rates, could you clarify what will be expected from partners as most staff are paid on a monthly basis?*

The daily rates are calculated on the basis of the costs actually incurred, so the sum of all monthly payments.

They must be limited to salaries (including net payments during parental leave), social security contributions, taxes and other costs linked to the remuneration, if they arise from national law or the employment contract (or equivalent appointing act)

The daily rate must be calculated as:

{annual personnel costs for the person divided by 215}

The number of day-equivalents declared for a person must be identifiable and verifiable.

The actual time spent on parental leave by a person assigned to the action may be deducted from the 215 days indicated in the above formula.

The total number of actual days declared in EU grants, for a person for a year, cannot be higher than 215, minus time spent on parental leave (if any).

Working with Implementing partners:

5) *It is currently possible to have a consortium of different INGO partners where some of these also work through local partners. Will this still be possible - would all be considered third parties (both the other INGOs and local organisations)?*

It is still possible to work with local partners. All of the implementing partners (NGOs and local NGOs), as well as people in need in the field are considered as receiving financial support to third parties in the meaning of the Financial Regulation.

6) *Could you clarify if IP that does not have a certificate and receives over 60k, needs to be justified? And if so how?*

A justification needs to be provided in all cases where the amount of financial support to third parties exceeds €60,000 as stipulated by Article 204 of the Financial Regulation. Therefore, HIP TA will mention the possible justifications which will have to be explained *in concreto* by the partners in the SF at a proposal stage (SF will constitute part of the humanitarian MGA as Annex 1).

7) *Budget and financial statements: could you please clarify the difference between annexes 2 (budget) and 4 (financial statement model)?*

Annex 2 is the estimated budget to be presented at proposal stage. Annex 4 corresponds to the final costs statement to be submitted at the final report stage together with the general ledger. Both Annexes follow the same structure in terms of cost categories.

ECHO prior approvals:

8) ECHO prior approvals e.g. : Approval of remote management or Derogation to use of Pre-certified medical suppliers criteria (e.g. derogation to prev. Annex III) -> how would this be provided by ECHO to partners? Would that be a new clause in new Annex 5 Specific Rules for HA?

The requests for remote management will be submitted as usual together with the questionnaire, and the result will be an obligation of reporting on a quarterly basis which will be automatically added to "Continuous reporting" (Point 4.1. of the Data sheet in the MGA).

9) Could you explain how the current non-essential change system for example for activities or budget flexibility will work under the new MGA?

Modification requests will be made in HOPE/APPEL as today, and the reply from the Commission will be electronically signed in ARES. As in the FPA 2014, changes to the budget are not considered an amendment as long as they do not imply a substantive change to the description of the action. Addition of amounts for subcontracts require an amendment or simplified approval (approval given with the final periodic report).

The timing to submit the request is the same as what applied under the FPA 2014. In exceptional cases, beneficiary may request an amendment after the end of the implementation period of the Action. However, the acceptance or rejection of the proposed amendment will not be given with the notification of the final payment anymore, but in a separate communication.

Next steps

10) How is ECHO going to ensure alignment between HIPs, Submissions, IT Tools and Grant Agreements being finalised? There is a risk that we are pushed to make applications in a rush and then wait until the tools are in place for contracting. We will start applying for funding before January, working on budget and organizing consortia... do you think we will have a sort of finalised set of documents and tools in November? it would help the work of teams in the field enormously.

Partners will have to adapt to a new system in 2021. DG ECHO is doing its utmost to ensure a smooth transition to the 2021 Partnership and the new contractual framework as of January 2021. The text of the MGA is finalised and we continue working on its implementation into IT systems. The text of the HIPs have been adapted to take the transition into account and the timeline for proposal submission will also be designed in order to enable partners to get acquainted with the new tools.

11) Have you had any guidance from echo on ongoing grants that will run beyond the end of the current FPA?

The ongoing grants lasting beyond the end of the current FPA will be dealt with under the current SF and the grant agreement 2014 (no-cost extensions of such grants as well). Please see also reply to Q.2.