The new FPA
Annual Partner Conference 10 December 2007
Agenda

Context

Some novelties

What do I have now?

How will it work?
Why no extension?

- Take on board new opportunities offered by revised Financial Regulation (1 May 2007)
  - Rules of eligibility VAT
  - Cash payments to beneficiaries
  - Increased focus internal control and risk management
- “Momentum” for change
  - European Consensus
  - Enlargement: new potential partners
  - Decision to be taken by DG ECHO
Why no extension? (2)

• Simplify and increase flexibility
  • Rules of nationality and origin
  • Diminish administrative burden and redundant information requests
  • Allow new candidate-partners more easily while keeping a minimum level of quality

• Address errors and weaknesses (IAS-audit)
  • Financial strengths of partners
  • Diversity of partners has to be addressed properly
Context

Continuity

• No revolution: strengthen and build further on experience with current FPA (single form, real costs, results driven approach, quality partnership)

• Take on board novelties triggered by Fact Sheets

Simplify and optimise added-value
Some novelties

- Two control mechanisms
- Single form and reporting
- Procurement rules
- Some other simplifications
Coffee for everybody or coffee or tea?

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

A-control mechanisms (Action related monitoring)

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

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

- Internal procedures assessed as equivalent to FPA-principles
- Greater flexibility in managing actions
- Application own procurement procedures
- Audit focuses more on implementation procedures.
- No limits on funding per action
Some novelties

A or P, is that the question?

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

**Single Form and reporting**

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

Single Form and reporting (2)

- **Only two reports**
  - Intermediate report (by default 3 months before end action) – no extensive financial reporting
  - Final narrative and financial report

- **Format reporting**
  - Intermediate & Final narrative report: Single Form
  - Final financial report: use of partners reporting tool, structure defined by partner

- **Financial breakdown is partner oriented**
  - No title 1 and 2 anymore, neither transfer limited to 15%, amendments, ....
  - Single Form coherent from proposal up to final report stage
Some novelties

**Procurement rules**

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

Procurement rules (2)
Only in case of A control mechanisms with value procurement above EUR 60.000

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

<table>
<thead>
<tr>
<th></th>
<th>Supply Contracts and Service Contracts</th>
<th>Works Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open Tender with International Publication</td>
<td>Estimated value of the Contract is EUR 300.000 or more</td>
<td>Estimated value of the Contract is EUR 3.000.000 or more</td>
</tr>
<tr>
<td>Open Tender with Local Publication</td>
<td>Estimated value of the Contract is EUR 150.000 or more but less than EUR 300.000</td>
<td>Estimated value of Contract is EUR 3.000.000 or more but less than EUR 3.000.000</td>
</tr>
<tr>
<td>Negotiated procedures</td>
<td>Estimated value of the Contract is less than EUR 150.000</td>
<td>Estimated value of Contract is less than EUR 300.000</td>
</tr>
</tbody>
</table>
Some novelties

Some other simplifications

• DG ECHO depreciation rates for equipment more attractive

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

• Let’s compare
Some novelties

FPA 2003  FPA 2008

Objectives  145 words  228 words

“Partnership”  29 times  105 times

“May”  11 times  17 times

Coherence check

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

New FPA is result of

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

Entry into force new FPA: 1 January 2008

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

As from April 2008: partner may request amendment but as always you have the choice
What do I have now?

**Half empty**

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

**Half full**

Many opportunities:
- Simpler rules (e.g. for procurement)
- More easy language
- Guidelines
- Fact Sheets
- Training
- Support
What do I have now?

- **New FPA for existing partners**
  Based on recent information through APPEL, operations, audits and so on:
  - Insufficient fresh information: can continue to be partner after assessment updated candidature file
  - Otherwise signature on basis of the available information

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

but also recognizes the limits of the exercise.
What do I have now?

Criteria for control mechanism

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

• Internal control mechanisms and risk assessment
  Audit trail, adequate segregation of duties, accountability procedures, risk appraisal and so on

• Procurement rules
  Availability written procedures, applicable thresholds for procurement, respect mandatory principles annex IV and so on)
What do I have now?

Partners received on 6 December the result and assessment info and can send additional information, if felt necessary.
What do I have now?

Supporting documents on 31/12/07

– Guidelines:
  • Single Form
  • Financial reporting
  • Grant Agreement
  • Humanitarian Aid guidelines for procurement

– Fact sheets
– Glossary

Visibility guidelines
What do I have now?

Training and support

• On-line training tool in FR/EN with all appropriate documentation
  – On-line website
  – CD-version of data available on 28/11/07

• Let’s have a look…
How will it work?

Main priorities for 2008

• For correct implementation:
  – Training
  – Support

• For better guidance
  – Final guidelines and fact sheets
  – Further collaboration between ECHO and partners

• Provide partners legal certainty
How will it work?

Training and support

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

**Better guidance**

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