

11. CLOSING THE ACTION

Closing of the action is a very important phase and it should be carefully managed.

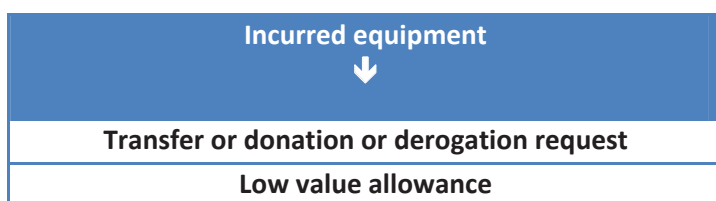
The action must be completed by the end of the implementation period specified in the Specific Grant Agreement. As a general rule, in order to be eligible, the related costs must be incurred during the eligibility period.


It is the moment in the project lifecycle when the partner will report on what has been achieved, which resources have been used and which supplies remain.

If the partner is facing some problems at this stage, such as activities not completed or delayed, goods to be distributed, possible delays in the preparation and submission of the final reports, the partner should immediately contact ECHO to seek solutions.

11.1 REMAINING EQUIPMENT

The rules on remaining equipment⁹³ apply when ECHO is the single largest donor to the action (namely it has the largest contribution in comparison to other donors) and are relevant for equipment fully charged to the action (new or second hand) and incurred.



 Equipment purchased towards the end of the action is in most cases considered as not necessary for the Action and will be declared ineligible unless duly justified operationally.

11.1.1 GENERAL RULE - TRANSFER OF EQUIPMENT TO ANOTHER HUMANITARIAN AID ACTION FUNDED BY ECHO

The partner transfers equipment **to another humanitarian aid action** funded by ECHO and informs ECHO in the final report on the project to which the equipment has been transferred. The transfer means that the partner continues to exercise ownership and control over the equipment.


Equipment has to be transferred until the equipment has reached the end of its useful lifespan. To assess this, the partner has to simulate the depreciation costs of the equipment as if it was proposed for depreciation from the date of its purchase until the end of the eligibility period for the action.

There is no limitation to the number of times the equipment may be transferred as long as it has not been fully depreciated.

⁹³ Article 10(3) of the General Conditions FPA NGO.

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If after several transfers, the equipment does not have an economic value according to the depreciation plan but is still usable, the partner can freely decide what to do with the equipment.

 The transfer to an action funded by another Directorate General (DG) of the Commission is not possible, but the partner may charge in those cases a part of the depreciation costs to both ECHO and the other DG.

11.1.2 EXCEPTION 1 – DONATION

If transfer to another humanitarian aid action funded by ECHO is not possible or appropriate, the equipment may be donated.


ECHO prior agreement not required when donated to:	ECHO prior agreement required when donated to:
Beneficiaries of the action, i.e. the affected people of the humanitarian crisis	Local NGOs and local authorities that are not identified as Implementing partners in the SF
Local NGOs identified as Implementing partners in the Single Form	International Organisations
Local authorities identified as Implementing partners in the SF, e.g. local hospitals	International NGOs

 **Equipment may never be donated to for-profit entities!** In all cases, the partner has to inform ECHO about the end use of the equipment in the final report. Donation certificates must be kept by the partner for audit purposes but should not be attached to the final report.

11.1.3 EXCEPTION 2 - DEROGATION FROM THE OBLIGATION TO TRANSFER OR TO DONATE

ECHO may agree to a derogation from the obligation to transfer or to donate equipment, in particular in cases where the equipment is either **very specific** (e.g. de-mining equipment) or it **requires expert handling**, and if the partner pledges to use it for the benefit of humanitarian aid actions until the end of their useful economic lifespan.

In case the equipment cannot be transferred or donated, the partner should give the reasons and explain the future use of the equipment in the final report. The final destination should then be approved by **mutual consent**. If the derogation is accepted, the partners become the owner of the equipment and do not have to report further.

 The request for derogation must be made through a modification request of the SF or at the latest with the Final Report. The derogation will be introduced in the section 11.

11.1.4 REPORT ON REMAINING EQUIPMENT

The **end use of the equipment should be mentioned** in the Final Report. An example of reporting table for remaining equipment is provided below. The partner can use a different table provided that the key information is available.

Template : Remaining equipment				
Grant agreement reference:				
Item description	Quantity	Purchase date	Total amount	End use
Item 1				<input type="checkbox"/> Transfer + agreement ref number <input type="checkbox"/> Donation + beneficiary <input type="checkbox"/> Depreciation <input type="checkbox"/> Derogation + motivation
Item X				

11.1.5 EXCEPTION 3 – ALLOWANCE FOR LOW VALUE EQUIPMENT

Equipment with a low value will be exempt from the obligation of transfer or donation under certain conditions explained in the table below.

Equipment item cost EUR 1 to 750	Equipment item cost EUR 751 to 2500
<ul style="list-style-type: none"> - the partner can keep without any limit if it pledges to use it for humanitarian actions - their final use should not be explained in the final report 	<ul style="list-style-type: none"> - does not need to be transferred or donated provided that the total costs of the equipment concerned is maximum EUR 15 000 - the partner pledges to use it for humanitarian actions - they have to be reported on in the final report



The threshold for low value allowance equipment is Euro 15 000 regardless of the action's budget or the number of the consortium members.

An example of **reporting table** for low value equipment is provided below. The partner can use a different table provided that the key information is available.

Template - Low Value Equipment Allowance		
Grant agreement reference:		
Description of the items	Date of purchase	Cost in euro per item
Item 1		
Item X		
Total cost of low value equipment		

11.2 REMAINING GOODS

In order to be eligible, costs of goods needs to be incurred during the action and be necessary. This implies that the relating results foreseen in the proposal need to be achieved within the duration of the implementation period of the action.

If despite achieving the result, the partner has remaining goods at the end of the implementation period, the following steps - in order - will be taken depending on the volume of the remaining goods:

1. To request a no-cost extension via an amendment by mutual consent to give more time to distribute the remaining goods, provided that the no-cost extension is still possible and that the distribution meets the needs of the beneficiaries. In order to avoid risk of double funding in the event of an overlap of actions/activities, a no-cost extension is possible only if there is no follow-up action or when the follow-up action does not focus on addressing the same needs. (i.e. there is no overlap in the activities/results)
2. To transfer or donate the goods taking into consideration the conditions mentioned below.
3. To request derogation for goods difficult to transfer or to include the goods in low value allowance.

Page 114, the partner will find the decision tree that ECHO will use to decide on the eligibility of remaining goods.

11.2.1 TRANSFER TO ANOTHER HUMANITARIAN AID ACTION FUNDED BY ECHO⁹⁴

If the no-cost extension is not possible, and when the action's results are achieved and the remaining amount of goods does not result from procurement excessive to the needs, the goods can be **transferred to a follow-up ECHO-funded action**.

Marginal = < 5% per type of goods purchased (e.g drugs, food, NFI kits.)

This applies when ECHO is the single largest donor and the quantity to be transferred is a **marginal quantity**. What is considered as marginal is to be defined in the light of all the goods of a similar type purchased within a given action.

ECHO considers as marginal a quantity up to 5% of the goods of similar type purchased in the action. In some circumstances, due to the complex humanitarian situation, the quantity might be higher. In such cases, the partners should revert to ECHO to request a derogation to transfer a bigger quantity of remaining goods.

11.2.2 DONATION

⁹⁴ Article 10.4.a of the General Conditions FPA NGO

If there is no follow-up action, the goods can be donated. When ECHO is the single largest donor, the partner may **donate** goods left over at the end of the action, of a **marginal quantity**, that were not used or distributed to beneficiaries provided the results were achieved.

ECHO agreement <u>not required</u>	ECHO agreement ⁹⁵ <u>required</u>
When goods donated to:	
Beneficiaries of the action, i.e. the affected people of the humanitarian crisis	Local NGOs and local authorities that are not identified as Implementing partners in the SF
Local NGOs identified as Implementing partners in the SF	International Organisations
Local authorities identified as Implementing partners in the SF, e.g. local hospitals.	International NGOs

Goods may never be donated to for-profit entities!

In all cases, the partner has to **inform in the final report** on the goods destination and has to keep a **donation certificate** for future audit purposes.

11.2.3 DEROGATION FROM THE OBLIGATION TO TRANSFER OR TO DONATE

ECHO may agree to derogate from the obligation to transfer or to donate goods in particular in cases where the goods require **expert handling** (e.g. nutrition or health-related goods) and the partner pledges to use it for the benefit of humanitarian aid actions.



This derogation must be requested in the SF in the section 11.

⁹⁵ By mutual consent or by the acceptance of the final report

Remaining goods – Decision Tree used by ECHO

When the quantity of remaining goods is higher than 5% of the quantity of the goods of similar type purchased, the following decision tree will be applied. The first question to ask is: **Have the Results been achieved?**

↳ YES, fully

↳ Are the remaining goods parts of a stockpiling result with the objective of reinforcing the emergency/disaster preparedness in third countries?

↳ Yes

→ Rules on stock-piling apply

↳ Are the remaining goods part of a business continuity- related result (i.e. avoiding a rupture in the procurement pipeline)?

↳ Yes

→ Transfer

↳ Is a no cost extension possible and is increasing the result operationally relevant if none of the two options above valid?

↳ Yes

→ Extend

↳ No

↳ Has the procurement of the goods been properly planned (bon père de famille)

↳ Yes

→ Transfer or donate

↳ No

→ Disallow for current action

↳ YES, partly:

↳ Was the needs-assessment done correctly, and was the partner sufficiently diligent in its procurement planning, in light of the operation context (e.g. complex crisis, regional contract, emergency response for disasters not known with precision at the time of the proposal, lengthy procurement process etc.-)?

↳ No

→ Disallow

↳ Yes

↳ Examine whether the remaining goods result from one of the 3 cases below:

1- Needs changed (part of the results have been achieved, but due to changes in the crisis set-up, some of the needs have changed)

↳ No

→ Disallow

↳ Yes

↳ Is a not cost extension possible, assuming that the goods are still relevant to the new needs?

→ Yes - extend

→ No – Transfer or donation

↳ Is there a follow-up action for which goods would be relevant?

→ Yes -> Transfer

→ No -> donation

2 Problems of access

↳ No

→ Disallow

↳ Yes

↳ Is a no- cost extension possible or pertinent, assuming that the goods are still relevant?

→ Yes - extend

→ No – transfer or donation

↳ Is there a follow-up action for which goods would be relevant?

→ Yes -> Transfer

→ No -> donation or disallowances

3 Other unforeseeable event

↳ No

→ Disallow

↳ Yes

↳ Is a not cost extension possible or pertinent, assuming that the goods are still relevant?

→ Yes - extend

→ No – transfer or donation

↳ Is there a follow-up action for which goods would be relevant?

→ Yes -> Transfer

→ No -> donation or disallowances

↳ NO – results not achieved

↳ Is a no cost extension feasible which would allow the partner achieving the results?

↳ Yes

→ Extend and use the goods

↳ No

→ Disallow

11.2.4 REPORT ON REMAINING GOODS

The **end use of the goods should be mentioned** in the final report. An example of reporting table for remaining equipment is provided below. The partner can use a different table provided that the key information is available

Template : Remaining goods				
Grant agreement reference:				
Item description	Quantity	Purchase date	Total amount	End use
Goods 1				<input type="checkbox"/> Transfer + agreement ref number <input type="checkbox"/> Donation + beneficiary <input type="checkbox"/> Depreciation <input type="checkbox"/> Derogation + motivation
Goods X				



The partner should not mention in this table the goods purchased as a pre-constituted stocks (stockpiling)⁹⁶ as they are considered as fully incurred and therefore they are not considered as remaining goods.

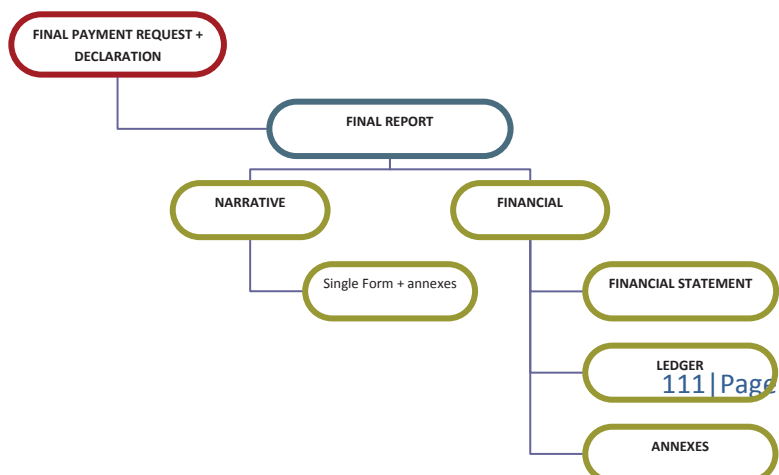
The partner should also report on the goods transferred from the previous action, whether they have been fully consumed or partially consumed (in such a case, the amount of remaining goods should be provided as well as an explanation).

11.2.5 ALLOWANCE FOR LOW VALUE GOODS

Remaining goods that cost **maximum of EUR 750 per category of items**, i.e. identical or similar goods, do not need to be transferred or donated if the partner pledges to use them to the benefit of humanitarian actions. Their final use should not be explained in the final report.

11.3 FINAL PAYMENT REQUEST AND FINAL REPORT⁹⁷

At the end of the action, the partner needs to submit a **payment request**, accompanied by a **final report**



⁹⁶ See Section [9.3.2 B\) on stocks](#)

⁹⁷ Art. 18.4 of General Conditions FPA NGO