

4. PARTNERSHIP

4.1 FRAMEWORK PARTNERSHIP AGREEMENT WITH NGOS

The main purpose of the **Framework Partnership Agreement (FPA)** is to establish a stable and long-lasting cooperation between ECHO and non-governmental organisations which fulfil the criteria to become a partner on the other side.

FPA valid for 5 years
Until 31/12/2018

The FPA also defines the rights and obligations of the Parties when they enter into a Specific Grant Agreement and specifies the rules governing Union-funded humanitarian aid actions.⁷

4.1.1 QUALITY PARTNERSHIP⁸

With this partnership, the partners and ECHO contribute together to the effectiveness and efficiency of humanitarian aid. The strength of the partnership is based on the professionalism of the partners, their diversity, their capacity to respond to humanitarian needs and their adherence to agreed rules and standards.

ECHO and the partners commit to develop a quality partnership based on:

- Transparency and accountability towards all stakeholders, including beneficiaries of aid.
- Strategies and initiatives to increase the effectiveness of Union-funded humanitarian aid, for instance by supporting international coordination mechanisms for humanitarian response;
- Fair working conditions for humanitarian workers, volunteers or salaried, with special attention to their safety in the field and, to the extent possible, to their professional development;
- Coherence with the Union policy approach in support of humanitarian actions including the Commission's standards and guidelines, notably for sectorial and thematic issues⁹;
- Promotion of a learning culture based on the evaluation of actions and on sharing and disseminating best practices and lessons learnt¹⁰;
- Promotion of awareness and understanding of humanitarian issues and values among decision-makers and the general public in order to foster the overall legitimacy and effectiveness of humanitarian assistance.

⁷ FPA NGO, Para. 3) of the Preamble &, Article 1

⁸ FPA NGO, Article 2.2

⁹ See [section 2.2.5](#) on Policies

¹⁰ See [section 9.10](#)

4.1.2 COMPLIANCE WITH FPA CRITERIA

Throughout the duration of the partnership, the partner has the obligation to maintain compliance with the eligibility and suitability criteria based on Article 7 of the Humanitarian Aid Regulation and which are explained in the [section 3](#) "How to become a partner".

In line with the spirit of partnership, the partner undertakes to inform ECHO immediately of any change in its legal, financial, technical or organisational situation that may put into question its compliance with criteria and/or may create conflicts of interests.

Examples of changes include:

- **Legal change:** e.g. change of mandate of organisation, change of name, legal representative, etc.;
- **Financial change** e.g. weakening of financial capacity;
- **Organisational situation** e.g. modification of the non-profit nature of the organisation.



The partner must also update its administrative information such as addresses, contacts, user's rights, bank account.

These changes will be encoded and saved by the partners into APPEL.

Updating administrative information is essential to ensure an efficient communication flow with ECHO.

In the event that, based on the information obtained from the partner or on reliable information obtained through any other means, ECHO considers that the partner no longer complies with the criteria, the Commission may take appropriate action. This includes the possibility to suspend the Framework Partnership Agreement or to terminate the Framework Partnership Agreement and any Specific Grant Agreements¹¹.

How to inform ECHO about those changes?

Legal changes (e.g. mandate, name, official address, merger, etc)	APPEL through a legal modification request
Change of person empowered to commit the organisation + change of LEAR	APPEL through a legal modification request
Financial changes	APPEL at the time of Periodic Assessment Or ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu
Organisational changes (e.g. internal procedure such as procurement, security, etc),	APPEL through a legal modification request
Administrative changes (e.g. field offices, regional offices, persons entitled to sign FPA, sector of intervention, etc)	APPEL through "Edit your organisation's data"
Bank account	APPEL through a legal modification request
Change user rights	APPEL through "manager user rights"

¹¹ See sections 4.1.8 to 4.1.10.



Via this page you can update at any time your organisation's data, complete the requested questionnaires, check your current open amount and request for new financing. DG ECHO relies on your collaboration for keeping its database up-to-date. The database is the official source of information for producing grant agreements. Failing to update this information might result in the production of grant agreements and payments of EC contributions being delayed.

To update the organisation general information, addresses and contact information:
[Edit your organisation's data](#)

To inform ECHO of any change in its legal, technical or organisational situation that may put into question its compliance with the eligibility and suitability conditions and criteria of the FPA:
[Legal modification request](#)

To manage your users and user rights:
[Manage user rights](#)

To consult or print out any questionnaire and/or application you have submitted in APPEL:
[My completed questionnaires](#)

To consult your organisation open amount:
[My organisation lookbook](#)

In the section below, you will find the link to the last questionnaire that DG ECHO requires your organisation to complete.

- [Start assessment](#) [PERIODIC ASSESSMENT FPA2014] Please don't forget to submit the questionnaire before: 31/12/2014

4.1.3 PARTNER'S ASSESSMENT

In addition to the updates sent by the partner and mentioned under section 4.1.2, ECHO will assess on a regular basis whether the partner continues to comply with the conditions to become an FPA partner¹².

In particular, the purposes of the so-called "Periodic Assessment" are to:

1. Review the legal, financial and technical or organisational situation that may put into question the partner's compliance with applicable regulatory conditions and criteria and/or may create situations of conflicts of interests.
2. Analyse operational feedbacks received during the year from ECHO operational desks.
3. Review the actions taken by the partner following the recommendations received during previous audits carried out by ECHO external auditors.
4. Use the information provided under points 1, 2 and 3 to review the conclusions of the risk management.

The Periodic Assessment is fully implemented through APPEL. The partner will receive an email approximately 6 months after the end of its financial year inviting it to provide the information necessary for the assessment.

The Periodic Assessment is managed by the partner's headquarter. No inputs are required directly from the field.



For more information:

http://dgecho-partners-helpdesk.eu/partnership/partner_assessments/start

¹² Article 6.2 of the FPA NGO

4.1.4 RISK ASSESSMENT OF THE FINANCIAL MANAGEMENT CAPACITY OF THE PARTNER¹³

A) GENERAL PRINCIPLES

In order to comply with requirements of the Financial Regulation¹⁴ as regards budget implementation, ECHO has put in place **risks mitigation measures**. These measures may vary depending on the specificity of the partnership and the nature of the actions funded. The actions funded by ECHO may therefore be subject to appropriate controls, at the grant award and final payment stages, based on the risk assessment of the partner's financial management capacity.

The risks are assessed during the partner's Periodic Assessment.¹⁵ The partner has access through APPEL (logbook) to the result of this risk assessment.

B) RISKS AT CONTRACTING STAGE

At contracting stage, ECHO will evaluate the risks it takes in pre-financing an action, by assessing the capacity of the partner to fund its activities in the short and medium term; the risk is that a partner does not implement the Action and the pre-financing cannot be recovered.

The financial solidity of the partner will be assessed, during the partner's Periodic Assessment, using standard financial indicators, such as net equity, net result, liquidity ratio, turnover and the level of dependence to ECHO funding. The benchmarks to assess the level of risk assumed by ECHO when pre-financing an Action will be fixed on the basis of two indicators:

- **Liquidity ratio** (i.e. Current assets / short-term liabilities): The NGO should be capable of covering its short term commitments, i.e. paying its charges when they are due. According to Commission standards, the ratio should be generally higher than 1¹⁶. In order to take into consideration the particularities of the humanitarian action the benchmark has been fixed by ECHO at 0,95.
- **Financial independence** (i.e. Equity (Non-restricted funds) / Total liabilities). This ratio gives an idea of the NGO's solvency, i.e. the capacity of the NGO to operate in the future, being capable of covering its medium and long term commitments. According to Commission standards, the ratio should be above 20%.

The partners whose indicators are above both thresholds may sign Specific Grant Agreements with ECHO without any particular limitation.

Partners which have a liquidity ratio below 0.95 over a consecutive number of years are considered as not meeting the criteria to remain a partner. In such case, ECHO may terminate their FPA.

¹³ Article 7 of the FPA NGO.

¹⁴ Article 32 of the Financial regulation applicable to the general budget of the Union.

¹⁵ See section [4.1.3](#).

¹⁶ This means that current assets should be higher than short term liabilities.

For partners whose financial independence is below 20%, ECHO's financial exposure should be limited to a given amount.

The exposure of ECHO is the total amount of pre-financings paid to the organisation and not yet claimed as consumed by a declaration of expenditure or an intermediate or final report. This exposure is referred to as "open amount".

This risk exposure, referred to as the threshold, shall not exceed a percentage (15 or 20%) of the organisation's turnover. The maximum amount of pre-financing that ECHO could pay to a partner will be calculated by multiplying the operating income of the partner by the risk exposure. The operating income will be extracted from the latest certified audited accounts.

Liquidity ration	Financial independence	Limitation of financial exposure	Example of mitigating measures
> 0.95	>20%	No limitation	NA
	10% >X< 20%	20% of turnover	50% prefinancing
	0% >X< 10%	15% of turnover	50% prefinancing

Before signing a Specific Grant Agreement with a partner in this situation, ECHO will look at partner's threshold and open amount.

In most cases, the threshold will have no influence as it will be higher than the open amount. In those cases where the open amount is higher than the threshold and that ECHO wants to sign a new agreement, ECHO might decide to impose mitigating measures. (See [section 7.3](#))

C) RISK ASSESSMENT AT LIQUIDATION STAGE

The risk assessment at liquidation stage consists of analysing the capacity of the partner to manage the financial and procedural aspects of an Action, and more precisely the level of assurance to claim eligible expenditure. This risk is calculated on the basis of the non-eligible expenditures detected at final payment and during audits over a period of 3 years.

< 2%	Fast track liquidation. Ad hoc checks possible
>2%	Normal liquidation procedure

Based on this assessment, ECHO will adapt its financial controls at liquidation stage, i.e. when analysing the **final financial report**. For partners with an accumulated error rate below 2%, ECHO will apply a fast track procedure for the analysis of the final financial report. This means that the check on the general ledger will be limited.

The fast track approach does not have a direct impact on the partner as the partner will be asked to submit the same information for all its actions. It is only when ECHO will carry out a more in-depth analysis of the ledger that the partner might be requested further information.

The risk assessment does not have impact on the operational analysis of the narrative report.

D) HOW CAN A PARTNER REQUEST A REVISION OF ITS RISKS ASSESSMENT?

The risk assessment will be performed once per year on the basis of the information provided by the partner and the results of the controls performed by the different European bodies involved in checking the eligibility of expenditures.

The assessment will be done at the time of the Periodic Assessment mentioned above. Together with the conclusions of the Periodic Assessment, the partner will receive the revised risks assessment.

The partner has at any time the possibility to contact ECHO when it is in possession of new elements which might have an impact on ECHO assessment.



- General questions: <http://dgecho-partners-helpdesk.eu/contact/start>
- Specific question about the Periodic Assessment: ECHO-Partner-Assessment@ec.europa.eu

4.1.5 CONSULTATION WITH PARTNERS¹⁷

ECHO will involve its partners in the programming and planning of humanitarian aid, and, when appropriate, consult them regarding the implementation of this Framework Partnership Agreement and on other issues of mutual interest. To that effect, the following consultation processes have been put in place:

- **Partner conference:** the partner conference is organised once a year in Brussels. All partners are invited to send up to two representatives. This is a unique occasion to exchange views on topics of common interest.
- **FPA Watch Group:** composed of NGOs representing the interest of the FPA partners. The group is managed by VOICE, a network of NGOs active in the humanitarian aid. ECHO and the FPA Watch Group meet at least twice a year or more regularly when needed, e.g. during the revision of the FPA. Further information on the FPA Watch Group can be found at: <http://www.ngovoice.org/index.php?page=117>
- **Ad hoc meetings initiated by the partners:** at any time partners can request a meeting with ECHO representatives either in Brussels or in the field. A copy of ECHO organisational chart can be found at: http://ec.europa.eu/echo/about/who_en.htm
- **Ad hoc meeting initiated by ECHO:** at any time ECHO may invite partners to discuss issues relating to their FPA or any relevant issue. (e.g. meeting after an audit, after a security incident, to explain a partner strategy in the field...)
- **Meeting to discuss the Humanitarian Implementation Plan (HIP):** such meetings take place at field level. Additional meetings may be organised at ECHO's offices in Brussels for high profile

¹⁷ FPA NGO, Point 12) of the Preamble.

crisis. The purpose of these meetings is either to discuss with partners the content of the future HIPs or to present the final version of the HIPs. Partners will find information on those meetings ECHO website at <http://ec.europa.eu/echo/en/funding-evaluations/funding-for-humanitarian-aid/consultations-partners-financing-decisions>.

4.1.6 PUBLICATION OF INFORMATION BY ECHO ON THE PARTNERS

ECHO publishes on its website the **name** and **country of registration** of its partners. Should the partner have an objection to this publication, it should contact ECHO.



- To forego the publication of partners data: ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu

4.1.7 AMENDMENT OF THE FPA¹⁸

Amendments to the FPA are done through **exchange of letters**. They can be requested either by ECHO or by the partners. The changes may affect either the articles of the FPA (e.g. revised or new articles) or the information relating to the partners (e.g. addresses legal status, new legal entity, etc).

How? Partner: enter the changes into APPEL using the functionality: **“Legal Modification Request”**

ECHO: via a letter to the partner official address.

When? As soon as possible after the change takes place .



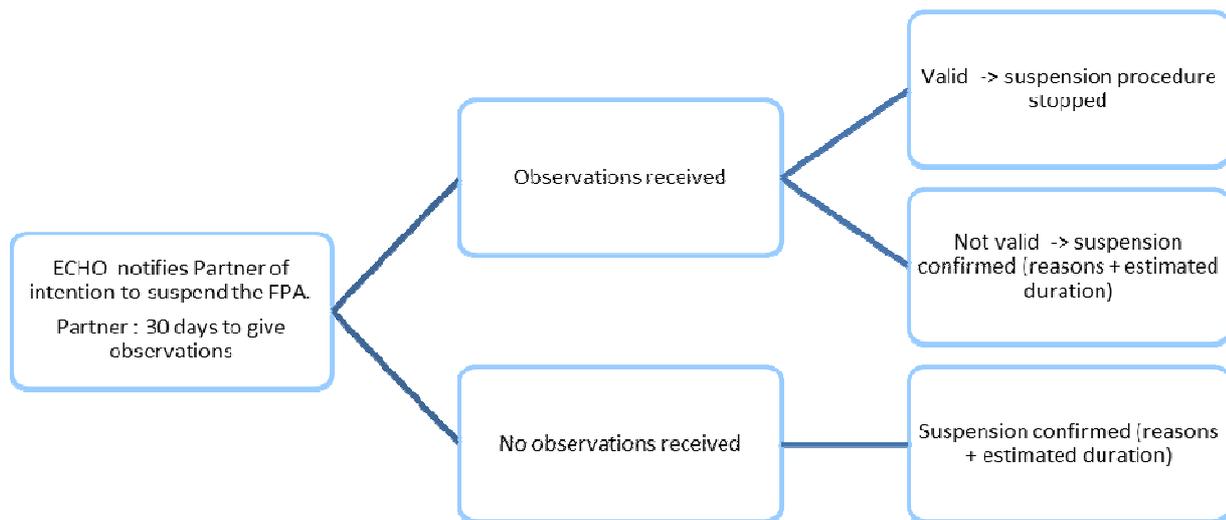
- Inform ECHO immediately in case of changes : ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu

¹⁸ Article 13 of the FPA NGOs

4.1.8 SUSPENSION OF THE FPA BY ECHO¹⁹

If ECHO considers that the partner no longer complies with the eligibility and suitability criteria²⁰ to become a partner, ECHO may decide to suspend the partner until further information is received. ECHO may take such a decision either as a result of the analysis of the information submitted within the Periodic Assessment or of information obtained through other sources (e.g. audit, information from other donors, publicly available information on the partner etc.).

A) PROCEDURE FOR SUSPENSION



B) CONSEQUENCES AND DURATION OF THE SUSPENSION OF THE FPA:

- During the suspension, the Partner is not eligible for new funding.
- Any Specific Grant Agreement concluded before the suspension shall be completed and liquidated under the terms of the SGA.
- When grounds for suspension are no longer present, suspension shall be lifted.
- Partner cannot claim any compensation on account of a suspension of the FPA.

4.1.9 TERMINATION OF THE FPA²¹

A) TERMINATION BY THE PARTNER

Partner may terminate the FPA at any time by way of sending a **formal notification**²² signed by a representative authorised to sign the FPA, indicating the date when the termination shall take effect.

¹⁹ Article 8 of the FPA NGOs

²⁰ See [section 3](#) – Becoming an ECHO partner

²¹ Article 9 of the FPA NGOs

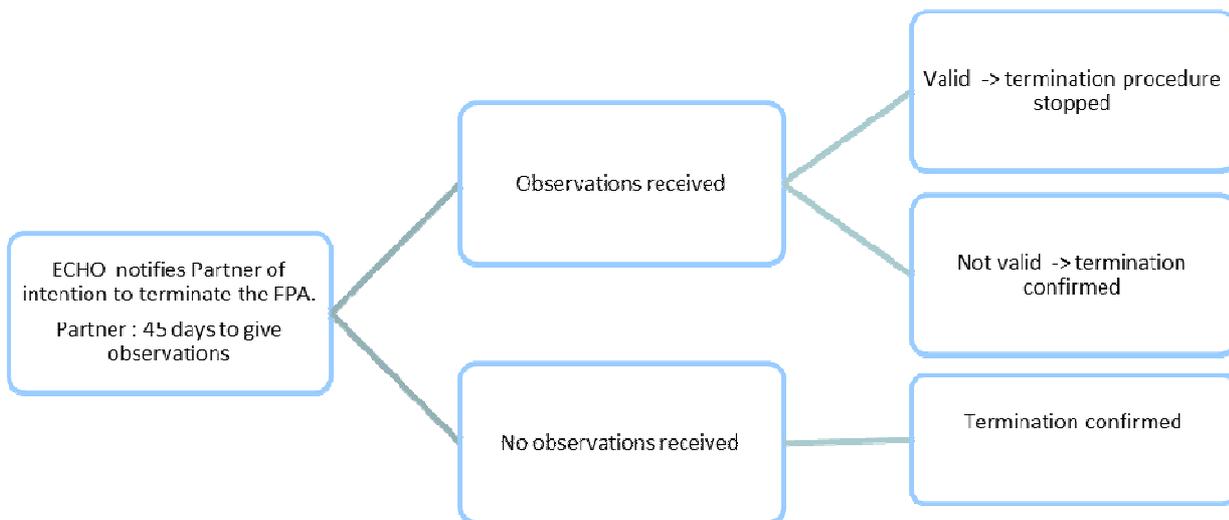


- Send notification to: European Commission, ECHO, Unit responsible for Partner Support Team, B-1049 Brussels, Belgium - ECHO-FINANCE-LEGAL-AFFAIRS@ec.europa.eu

B) TERMINATION BY ECHO

ECHO may terminate the FPA,

- if it is established that the partner does not comply with the criteria required to be a partner;
- If administrative penalties are to be applied to the partner.



In case there is an on-going Specific Grant Agreement in place, the obligations of the Parties resulting from it, including those in the FPA, continue to apply even after the termination of the FPA takes effect.

²² See Section [4.3.2](#)