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**European
Commission**

Humanitarian Aid and Civil Protection

ECHO-UN Guidelines

**ECHO's Guidance applicable to Humanitarian Aid
Actions implemented by the UN**

Compiled by the UN-ECHO Joint Task-Force

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Introduction

The purpose of these Joint ECHO-UN Guidelines is to present in a single document a synthesis of relevant guidance texts which apply to the United Nations (UN) when implementing European Union (EU) humanitarian aid provided by the EC.

These Joint ECHO-UN Guidelines are meant as a useful tool for staff in the UN and the EC, or more specifically by the Directorate General for Humanitarian aid and civil protection (ECHO). These Guidelines aim to offer them concrete advice on specific aspects particular to the EU-UN partnership in the provision of aid for the prevention of and recovery from humanitarian crises.

The shared objectives, principles and commitments of the UN and the EU have been outlined in a number of strategic policy and programmatic frameworks¹, including the Financial and Administrative Framework Agreement (the Fafa) which set the basis for the EU-UN partnership in practice. The Fafa² allows for a significant simplification of the programmatic partnership between the two organisations which also facilitates EU-UN cooperation in the domain of humanitarian aid.

Through the present Guidelines UN organisations and ECHO seek to enhance the understanding of each other's standards, practices, structures and cultures, consequently leading to a smoother partnership in practice. For complex questions or to have an in-depth understanding of a particular issue the reader is still advised to consult the original texts identified and summarised in these Guidelines (a list provided in Section 21) or to contact the focal point in his/her organisation.

The Guidelines are not a legal instrument. They should be considered as a living document that can be modified as necessary and appropriate. In case parts of these Guidelines require revision, ECHO and the UN will consult each other and decide on how any update may best be done. The UN Office in Brussels can be contacted for that purpose. The latest version of the ECHO-UN Guidelines can be found on ECHO's website³.

¹ Among others: Communication from the Commission to the Council and the European Parliament - The European Union and the United Nations: the choice of multilateralism:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52003DC0526:EN:NOT>

Communication from the Commission to the Council and the European Parliament - Building an effective partnership with the United Nations in the fields of Development and Humanitarian Affairs

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52001DC0231:EN:NOT>

² The Financial and Administrative Framework Agreement (the Fafa) was concluded on 29 April 2003. The full text is available here: http://ec.europa.eu/echo/files/about/actors/fafa/agreement_en.pdf

³ http://ec.europa.eu/echo/about/actors/fafa_en.htm

Table 1: The different stages of an Action

This table provides an overview of the most relevant sections of the Guidelines for the different stages of an ECHO-funded Action:

Subject	Section	Preparation	Implementation	Intermediate report	Final Report & closure
Principles of cooperation	1	X	X	X	X
ECHO funding decision mechanism	2	X			
Project proposals	3	X	X		
Contribution agreements	4	X			
Suspension of an Action and <i>force majeure</i>	5		X		
Amendments of Contribution Agreements	6		X	X	
Payment schedules	7		X		X
Eligible Costs	8	X	X	X	X
Working with Implementing Partners	9	X	X		
Procurement of goods, works and services	10		X		
Evaluation and monitoring	11	X	X	X	X
Visibility	12	X	X	X	X
Ex-post publicity	13				X
Payment of interest	14				X
Dealing with remaining supplies	15				X
Reporting	16	X	X	X	X
Reduction of ECHO's contribution	17				X
Recovery of surplus balance at the end of an Action	18				X
Verification of operations financed by the EU	19		X		X
Settlement of disputes	20		X		X

1. Principles of cooperation

The UN and the EU have developed a strong partnership motivated by the shared principle of supporting, in the most efficient manner, all people affected by humanitarian crises.

When partnering with the UN, ECHO uses the existing capacities available within the UN system to effectively and efficiently provide emergency assistance and relief to the victims of natural disasters or armed conflict outside the EU.

The FAFA⁴ reflects the commitments of both the European Commission (EC) and UN to continue to strengthen their mutual contacts with a view to improving the exchange of information on programming and content throughout the cycle to their operations⁵. Based on this, the EC and the UN should also examine the possibilities for further harmonisation of their procedures when cooperating with each other.

ECHO will make every effort to allow for the necessary flexibility to enable UN organisations operating in highly volatile situations to meet evolving needs during the implementation period⁶ of the humanitarian aid Action. In order to achieve this, the UN will make every effort to define in advance the aspects most likely to be affected by changes in a given situation⁷. This principle also implies that just as the UN Organisation should inform ECHO of significant changes and difficulties encountered in the implementation of the Action so too should ECHO endeavour to inform the UN of its concerns in a timely fashion.

The above is notwithstanding the duty of information spelled out in the standard contribution agreement⁸ whereby Parties shall inform each other immediately and in writing of any circumstances likely to hamper or delay the implementation of the Action or the fulfilment of their contractual obligations.

Communication channels

ECHO and the UN Organisation communicate at different levels and using different channels depending on whether the subject is contract-specific or not. Generally, when a funding proposal is being discussed or has been accepted, the Desk Officer is the main focal point at ECHO HQ. Once the action is implemented, the Technical Assistant of ECHO in the field becomes an additional contact person (working in collaboration with the ECHO Desk Officer) with the UN in the field. Moreover, where the document in question has legal effect the method of transmission of that document may be governed in by the General Conditions.

Dispersed throughout these Guidelines the reader will find information on the available, most appropriate or contractually recognised way to communicate particular information and documentation between ECHO and the UN.

⁴ http://ec.europa.eu/echo/files/about/actors/fafa/agreement_en.pdf

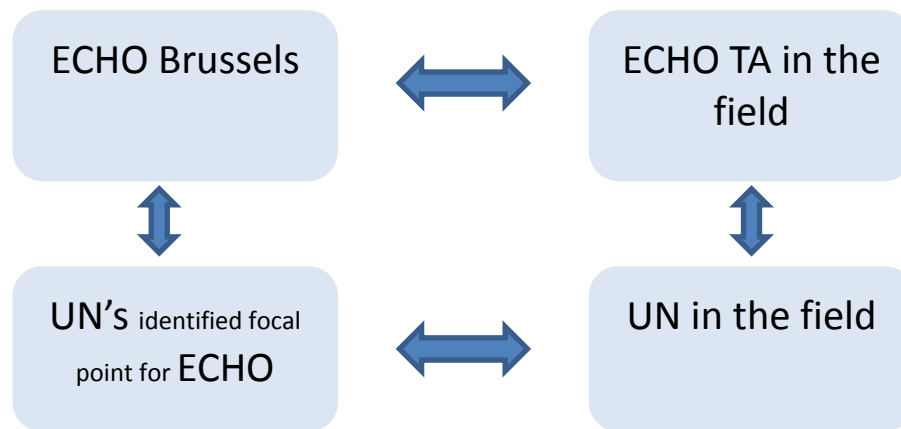
⁵ FAFA, preamble (para 2 & 5)

⁶ FAFA, Article 10.3

⁷ FAFA, Article 10.4

⁸ General Conditions, Article 1.6

HOW TO COMMUNICATE



Means of communication

The regular information sharing (inquiries, circulation of electronic version of documents, studies, etc.) between the Desk Officers at HQ, ECHO's Technical Assistant (TA) in the field and UN Organisation's staff implementing the Action takes place through **e-mail exchanges**.

For matters relating to modifications of the Action or the Contribution Agreement **official exchange of letters** or signing of Supplementary Agreements may be required (information on managing the changes is included in Section 6 "Amendments of Contribution Agreements"). In a few specific cases the General Conditions or Special Conditions may specify that documents must be transmitted by **registered mail**⁹, such as when related to the signature of a Contribution Agreement or the creation of a Supplementary Agreement.

In addition, ECHO has developed an **on-line application** (the APPEL interface¹⁰). New project proposals should be submitted and, later on, managed through APPEL. Section 3 of the present Guidelines provides information on transmission of project proposals.

Emails are not yet supported by the e-Single Form application and the system does not allow ECHO to reply to the submission of documents via APPEL. Therefore, information about approval or refusal of a project proposal submitted through APPEL will be sent by ECHO by **email or letter**.

Guidance on how to access and use APPEL and related e-tools is available through the following:

- ECHO's webpage on e-tools: http://ec.europa.eu/echo/about/actors/etools_en.htm.
- For guidance related to legal and financial matters covered in this document, UN Agencies are encouraged to contact their respective EU focal points in Brussels or in

⁹ or equivalent such as courier services.

¹⁰ To download the offline version of the application go to: <http://www.osor.eu/projects/echooffline>.
Submissions through the on-line window are managed by the UN Organisation's designated focal point.

headquarters. Questions to ECHO can also be submitted through http://www.dgecho-partners-helpdesk.eu/doku.php/contact_us; however this Helpdesk cannot answer operational questions for which the Desk Officer remains the main contact point.

- ECHO's **Partners Help Desk Website** (<http://www.dgecho-partners-helpdesk.eu>) can be consulted to get further information on the e-tools and to have access to the trainings' registration forms. The Helpdesk cannot answer operational questions for which the Desk Officer remains the main contact point.
- Help function is also available for each section of the e-Single Form.
- The latest version of the offline module of APPEL is hosted at the following address <http://www.dgecho-partners-helpdesk.eu/etools>. In addition, a forum is open to questions and comments about the use of the program.

A useful overview table on Transmission of Documents is annexed to these Guidelines (Annex I).

2. ECHO funding decision mechanism

ECHO's mandate, as defined in the Humanitarian Aid Regulation¹¹, is implemented through Financing Decisions adopted by the EC. These periodic Financing Decisions "regulate" the funding of individual Actions¹². No agreement may be concluded without the prior adoption of a Financing Decision.

The type of Financing Decision to be used in a particular situation is determined by the degree of urgency of the humanitarian response (a process internal to ECHO). Each Financing Decision contains specifications as regards the nature of the humanitarian crisis, the amount available for ECHO to contract with its Partners and duration of the humanitarian Actions to be implemented under that Financing Decision.

The different types of Financing Decisions currently available in ECHO's procedures include (i) Primary Emergency Decisions; (ii) Emergency Decisions; (iii) Ad-hoc Decisions; (iv) Worldwide and (v) DIPECHO decisions (all outlined below).

Information and consultation

When a crisis arises suddenly (Primary or Emergency Decisions), ECHO Partners are invited to pro-actively contact ECHO to share their analysis of the situation and capacities to respond. ECHO may also contact Partners present in the country or the region affected with a view to preparing ECHO's response.

For the other types of ongoing humanitarian crisis, ECHO prepares every year an Operational Strategy document, a political statement setting out the general lines of priorities to address the main humanitarian challenges for the year to come including the geographic priorities set for ECHO support. When adopted, the Strategy is made available on ECHO website¹³ (usually in autumn).

For Financing Decisions taken in pursuance of the Annual Operational Strategy, ECHO may consult its Partners to request inputs on a specific crisis situation and the appropriate response (= **consultation meetings**). ECHO may also organise meeting after the publication of the HIP and before the target date for the submission of proposals (= **information meetings**). These meetings will be announced in advance on ECHO internet¹⁴.

¹¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31996R1257:EN:HTML>

¹² Financing Decisions regulate: the period during which the Decision is valid and therefore the period during which the specific Actions must be carried out completed, maximum duration of any Action to be financially supported by ECHO, specifies where further information such as priorities, strategies, types of eligible activities or eventual administrative procedures for proposal submissions would be defined.

¹³ http://ec.europa.eu/echo/policies/strategy_en.htm

¹⁴ For details on ECHO's funding decisions & information meetings: http://ec.europa.eu/echo/funding/meetings_en.htm

Financing Decisions

There are different types of Financing Decisions¹⁵:

- **Primary Emergency Financing Decision**

The *Primary Emergency Financing Decision* is designed to cover the first immediate needs of the people concerned in the hours and days after the outbreak of a new humanitarian crisis. Proposals should be submitted to ECHO as soon as possible after the onset of the crisis. It is a first initial response which does not aim to cover all needs. The Primary Emergency Financing Decision is appropriate in the case of sudden onset of natural disasters (e.g. earthquakes), and man-made disasters (e.g. conflicts). **The maximum duration of Actions under these Financing Decisions is 3 months and no extension is possible.**

- **Emergency Financing Decision**

Emergency Financing Decisions cover both new crises and existing humanitarian crises where humanitarian aid is already under way, but where continuing uncertainty and instability (a '*crisis within a crisis*') require an appropriate, rapid and flexible response (e.g. where there are sudden deteriorating weather conditions within a natural disaster situation). Experience shows that most Emergency Financing Decisions are taken to react to sudden natural disasters and a few of them are related to conflicts (e.g. sudden flows of refugees). **The maximum duration of Actions under these Financing Decisions is 6 months and no extension is possible.**

- **Ad-hoc Financing Decision**

Ad-hoc Financing Decisions do not fall under the category of Emergency Financing Decisions or Worldwide/DIPECHO Decisions. These decisions are more technical in their nature and try to meet specific needs of the humanitarian community, for example, *Enhanced Response Capacity*, where, as a general rule, the duration of Actions under these financing decisions is between 12 and 18 months.

- **Worldwide and DIPECHO¹⁶ Decisions**

These two types of decisions cover ECHO's response to those crises identified in its Annual Operational Strategy¹⁷.

- The Worldwide decision covers all humanitarian aid actions funded by ECHO during a given period.

- The DIPECHO decision covers the DIPECHO Actions Plans in regions identified in the Annual Operational Strategy.

The duration of these decisions is 24 months, starting on 1st January of Year N¹⁸ and all ECHO partners and Member States' Specialised Agencies are identified as potential implementing partners in such decisions.

¹⁵ For more on this please see ECHO's Fact sheet A1 & A2 (Nov 2010) :

http://ec.europa.eu/echo/files/about/actors/fpa/2010/upd_nov/fact_sheet.pdf

¹⁶ DIPECHO is the name of a specific programme launched by ECHO which is dedicated to supporting Actions in the field of disasters preparedness http://ec.europa.eu/echo/aid/dipecho_en.htm

¹⁷ For more on ECHO's strategy: http://ec.europa.eu/echo/policies/strategy_en.htm

¹⁸ Year N refers to the year when the Financing Decision enters into force.

Humanitarian Implementation Plans (HIPs)

The operational information about ECHO's analysis of the context, the needs assessment and expected response to a specific crisis is provided in a Humanitarian Implementation Plan (HIP). Apart from giving a snapshot of the situation in a given crisis/country at a specific moment in time, the HIPs inform also the reader of the planned procedures for allocation of funds as well as the state of the already allocated funds.

HIPs per country or crisis will be published on ECHO website at http://ec.europa.eu/echo/funding/decisions_en.htm. UN Agencies will be informed of the publication of new or revised HIPs by e-mail.

In response to a HIP, UN agencies might be asked to submit either a **Single Form** or **Letter of Intent** summarising their proposed interventions or any other information (such as humanitarian programmes and appeals).

Table 2: Financing decisions dates and durations

The table below summarises the key dates relating to ECHO Financing Decisions (FD):

	Primary emergency	Emergency Decisions	Ad hoc Decisions	Worldwide and DIPECHO Decisions
Date of adoption of financing decision (FD)	Within 72 hours after crisis	Within 3 months after crisis if no prior Primary Emergency FD. If prior Primary Emergency FD; within a max. of 6 months.	Not related to a single event.	January or February of year that Financing Decision enters into force.
Maximum Duration of the Decision (i.e. validity of the legal basis)	The duration of the Decision is defined by the maximum duration of Actions	The Decision duration ends 6 months after the start of the last Action.	12 months. 18 months is the maximum possible but requires specific justification.	24 months
Maximum duration of Action	Max 3 months. No extension possible	6 months No extension possible	12 months as a general rule.	12 months as a general rule for Worldwide Decision 18 months for DIPECHO.
Date submission proposal	As soon as possible after crisis	As soon as possible after crisis	Decided on a case-by-case basis	As specified in the HIP
Type of proposals to be submitted	Less detailed Single Form	Single Form	Single Form	Single Form (or Letter of Intent + Single Form if selected)
Start date of Action	Actions must start within 5 days from following the crisis	Actions must start within 3 months following the crisis if no prior Primary Emergency FD was established; otherwise Actions must start within a	As established in the Article 2.2 of Special Conditions of the contribution agreement	As established in the Article 2.2 of the Special Conditions of the Contribution Agreement

		<p>maximum of 6 months following the crisis.</p> <p>The last Action will start no later than 6 months following the crisis.</p>		
Date of eligibility	As a general rule: the date of the crisis unless otherwise specified in the FD	The date of the crisis or the date of receipt of the proposal by ECHO	As a general rule: the date of receipt of the proposal by ECHO or can be a later date agreed with ECHO	Date specified in the HIP or later date.
Date of signature of Agreements	Within 5 working days after the adoption of the Decision	Never before entry into force of the Financing Decision		

3. Project proposals

Focus on Results

As set out in Article 1 of the FAFA, the EU-UN partnership focuses on the results. To that end, project proposals presented by the UN to the EC include objectives and objectively verifiable indicators¹⁹, and they describe measures through which progress will be monitored during the implementation of the Action (work-plans, reports and any other relevant information).

Results orientation is key to UN's own management approach called "Results Based Management", focusing, inter alia, on performance monitoring aiming at both assessing qualitatively how the results are being achieved and reporting on measures taken to improve them further.

In the context of ECHO-UN cooperation, project proposals submitted to ECHO present already that results orientation. Performance measures reflected in the proposals are specific, measurable, attainable, realistic and time-based. Indicators for the contribution specific agreement may be linked to more general indicators relevant for the whole Action²⁰. The UN corporate indicators, which respond to the aforementioned criteria and are relevant to the Action, should in principle be acceptable to ECHO. Both Parties may jointly agree on more specific indicators, if such are compatible with the UN agency's monitoring and reporting system.

Linked to this focus on results, the FAFA states that European Commission's representatives shall be invited to participate in the main **monitoring and evaluation missions** (please also see Section 11 on this subject) relating to the performance of Actions that have received funding from the Commission and that the results of such missions shall be reported to the Commission. Furthermore, in order to facilitate the coordination between UN and Commission evaluation, UN submissions of proposals will outline the proposed evaluation plan of the relevant Action²¹.

The results orientation continues to be applied throughout the project implementation cycle including in interim and final reports which have as purpose to present the progress of delivery and the level of achievement of the Action's intended results.

¹⁹ FAFA, Article 1.1

²⁰ FAFA, Article 1.1

²¹ FAFA, Articles 1.2 & 1.3

Proposal Stage – Use of the Single Form

All project proposals submitted to ECHO must be presented on the *Single Form for Humanitarian Actions*²² ("the **Single Form**").

What is the Single Form?

The Single Form is a template²³ that ECHO has put in place for its Partners to use when requesting ECHO to financially contribute to their Actions. The Single Form is a “living document” that is used throughout the life cycle of an Action, that is to say:

- Project proposals are developed on the Single Form (when finalised and accepted by ECHO, the Single Form constitutes an integral part of the Contribution Agreement);
- the Intermediate Report is presented on the same Form on which the project proposal was accepted by ECHO. UN Organisation is requested to present updated information in sections indicated (INT);
- the Final Report is “built on” the Intermediate report, where the UN Organisation is requested to provide updated information in sections indicated (FIN).

The same type of Single Form is used regardless of the type of the Financing Decision through which the Action would be funded (Section 2 of these Guidelines speaks about the different instruments presently in place). There can be additional guidelines issued for specific calls for proposals announced by ECHO and these would be made available on ECHO website: http://ec.europa.eu/echo/funding/decisions_en.htm.

All project proposals should be submitted using the **E-Single Form** and through its on-line application APPEL²⁴. The reception and registration date shall be the date of submission of these documents in APPEL. This date of receipt is important as in certain cases it establishes the start date of eligibility of expenses. Documents transmitted via APPEL do not have to be transmitted to ECHO by any other means (fax, mail, email).

Presently, APPEL can be used for transmission of the following to ECHO:

- Project proposals²⁵ (Single Form);
- Progress and Final Reports²⁶;
- Modification Requests.

(See Annex I “Transmission of documents” - overview table).

²² Available at: http://ec.europa.eu/echo/files/about/actors/fpa/single_form_en.pdf, MS Word version available through: http://ec.europa.eu/echo/about/actors/fafa_en.htm

²³ Available at: http://ec.europa.eu/echo/files/about/actors/fpa/single_form_en.pdf, MS Word version available through: http://ec.europa.eu/echo/about/actors/fafa_en.htm

²⁴ To download the offline version of the application go to: <http://www.osor.eu/projects/echooffline>.

Submissions through the on-line window are managed by the UN Organisation’s designated focal point.

²⁵ Project proposals submitted to ECHO for consideration must be developed on a Single Form for humanitarian aid actions (“Single Form”).

²⁶ Submission of Reports or Modification Requests through APPEL is relevant for those project proposals which were initially encoded in that system.

The **Single Form Guidelines** explain how to fill in the (e)Single Form sections, they are available here:

http://ec.europa.eu/echo/files/about/actors/fafa/2010/upd_nov/single_form_guidelines.pdf

Funding modalities: Multi-donor vs. 100% Financing

When submitting a project proposal, the UN Organisation needs to specify whether the funds requested from ECHO would be a contribution towards a “Multi-donor” or a “100% Financing” scheme.

Multi-donor funding (i.e. a Multi-Donor Action) - as a general rule, ECHO contributions are on a co-financing basis, meaning that ECHO's funds cover only part of a programme implemented by a UN Organisation without the need to identify exactly which part constitutes the ECHO-funded Action (there is no earmarking). Whether an action is a Multi-Donor Action is established before signature of the Contribution Agreement²⁷ (also reflected in the Agreement itself). In Multi-Donor Actions the maximum amount of ECHO's contribution is defined in the Contribution Agreement and ECHO's contribution is not given as a percentage of the total programme. Consequently, a change in the total cost of the programme has no automatic implication on ECHO's contribution.

100% Financing (i.e. Budget of the Action fully funded by ECHO no other donors). In order to provide this form of funding ECHO must be satisfied that the overall action fits completely into both its legal mandate and its operational priorities for funding.

Transmission of project proposals

Funding through the Worldwide and DIPECHO Decisions (see Section 2 for more details about Financing Decisions) may require the submission of a **Letter of Intent** before submission of the full project proposal.

The logic behind this additional step is the following: by publishing the HIPs, ECHO informs its partners of the availability of funds for a specific country or crisis and of the planned procedure for allocation of these funds. If substantial competition for funds is expected, the HIP may invite all ECHO Partners to submit Letters of Intent in order to give ECHO a global view on how the UN and all other interested partners expect to cover the identified needs, without having to draft a full Single Form.

If a Letter of Intent is selected, the UN Organisation will be invited to submit a Single Form. This invitation to submit a Single Form is not a guarantee that the final proposal will be financed by ECHO.

When the e-Single Form has been sent via APPEL a message will appear on the screen indicating the attributed reference number (e.g. 20xx/0000X/RQ/01/01) specific for that proposal and that the workflow has been launched. This message replaces the

²⁷ In exceptional cases it may be necessary to subsequently amend a Multi-Donor Action to a 100% funding action (if for example ECHO ends up being the only donor), in which case all the conditions of full-funding will apply from the moment of the amendment onwards (e.g. as regards donation rules, reporting requirements etc)

“Acknowledgement receipt” by letter issued previously and in cases where the Single Form was submitted on paper. That reference number should be used for all further correspondence with ECHO.

ECHO will do its best to reply within 15 working days of receiving a new request and, in any event, to inform the UN organisation as soon as possible of its decision. In case a project proposal is rejected, ECHO will send a letter (pdf by e-mail) explaining the reasons for its assessment.

4. Contribution Agreements

For each Action supported financially by ECHO, a specific Contribution Agreement is concluded. The standard Contribution Agreement between ECHO and UN agencies²⁸ regulates the working relationship between these two parties for the duration of the particular humanitarian aid Action agreed upon and described therein.

Elements of Contribution Agreements

All Contribution Agreements include the following parts which form an integral part of the Agreement:

- The **Special Conditions** – The Special Conditions describe the purpose, proposal, entry into force of a particular humanitarian aid Action and set the applicable terms on matters such as financing, reporting and payment arrangements, including bank account and contact details. The Special Conditions are particular to each individual agreement and take precedence over the General Conditions and any provision or conditions contained in other parts of the Agreement.

- **The General Conditions** – an integral standard part of each Contribution Agreement even though not sent in paper. They set general administrative, financial and managerial conditions governing the implementation and completion of a specific ECHO-funded Action. In case of discrepancy, provisions of the General Conditions take precedence over provisions contained in other annexes.

- **The Annexes:**

Annex I - Description of the Action - This is the log-frame copied from section 4.3.1 of the Single Form (as presented in the latest version sent by the UN and accepted by ECHO).

Annex II - Financial overview of the Action is the copy of the section 11 of the Single Form (as presented by the UN and accepted by ECHO).

Section 3 of these Guidelines explains the use of the Single Form.

Transmission of agreements

Once ECHO has accepted a project proposal, a specific Contribution Agreement is drafted, signed and transmitted (in paper and by registered mail) to the designated legal representative of the UN Organisation for signature. The Agreement will be based on the latest version of the (e-)Single Form transmitted to ECHO.

The UN returns²⁹ to ECHO, by registered mail or equivalent, one signed original of the Contribution Agreement within 15 calendar days following its receipt. The second original of the Agreement remains with the UN Organisation.

²⁸ Full text available at http://ec.europa.eu/echo/about/actors/fafa_en.htm

²⁹ In compliance with Article 9.2 of the General Conditions

Any further documents exchanged between the Parties in relation to an Agreement shall be drafted in the language in which the Contribution Agreement was established. The translation costs related to the correspondence with ECHO may be recognised as eligible costs.

Entry into force and end of the Contribution Agreement

The Contribution Agreement will be considered as concluded and will enter into force on the date of receipt of the original document, countersigned by the representative of the UN Organisation, by ECHO³⁰.

As a general rule the Contribution Agreement ends following the financial closure of the Action (provision of final payment to the UN Organisation or recovery of unspent funds) and further to the confirmation by both sides that there remain no outstanding financial claims. Nevertheless, the UN organisation may have certain duties towards ECHO which extend beyond the termination of an agreement – namely with regard to verification missions (see Section 19).

In cases where either Party considers that the Action can no longer be carried out as foreseen in the Agreement, the latter can be terminated with advance notice or immediate effect based on provisions set out in Article 16 of the General Conditions.

³⁰ General Conditions, Article 9.2

5. Suspension of an Action and *force majeure*

The UN Organisation may suspend the implementation of the Action if changes in circumstances in the field are likely to make it impossible or excessively difficult to continue the implementation, notably in the event of force majeure, serious threat to the safety of humanitarian workers, and in cases of incompatibility between the further implementation of the Action and compliance with humanitarian principles³¹. *Force majeure* shall mean any unforeseeable exceptional situation or event beyond the Parties' control which prevents either of them from fulfilling any of their contractual obligations, which is not attributable to error or negligence on their part (or the part of their implementing partners, contractors or employees), and which proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available or financial difficulties cannot be invoked as *force majeure*.

Other examples where the Action may need to be suspended include: *fait du Prince* i.e. decisions taken by national, regional or local authorities which affect the implementation of the Action (e.g. prohibition to import humanitarian goods, refusal of access to the region affected by the crisis, etc.) or actions taken by third parties for whom the UN Organisation has no responsibility (e.g. riots, attacks against refugee camps, etc.).

In such cases, the UN will immediately inform ECHO about the suspension providing justification, information about the measures adopted and the expected date of resumption. The UN shall also inform of the details of the expenses expected to be incurred during the suspension period.

ECHO may request³² the UN Organisation to suspend the implementation of the Action in the event of serious threat to the safety of humanitarian workers on the site, incompatibility between the further implementation of the Action and compliance with humanitarian principles. The UN Organisation has 15 calendar days after receipt of the suspension request to reply to ECHO and present its observations. ECHO also has the right to terminate the Contribution Agreement, in accordance with the procedure established in Article 16.2 (b) of the General Conditions, in case of failure to comply with the suspension request.

The duration of the implementation period will be automatically extended by the number of days of the suspension. If the suspension lasts longer than a third of the implementation period of the Action determined in Article 2.2 of the Special Conditions, ECHO may terminate the Contribution Agreement³³. In instances where the suspension of the Action has impact on one or more of the key parameters of the Action, the Agreement may need to be modified accordingly. Please refer to Section 6 of these Guidelines for more information about amendments.

Neither of the Parties shall be held liable for breach of its obligations under the Contribution Agreement if it has been prevented from performing them by *force majeure*.

³¹ General Conditions, Article 15.1

³² General Conditions, Article 15.2

³³ General Conditions, Articles 15.3 & 16.3 (a)

6. Amendments of Contribution Agreements

During the implementation of an Action, there may be circumstances which make it necessary to amend the Contribution Agreement. Depending on the subject of the amendment and the moment in time when it is requested, the form of the amendment and the procedure for its adoption may vary. Any amendment of the Contribution Agreement, including its Annexes, shall be done in writing³⁴.

Confirmation replies

A confirmation reply is not an amendment, but it may be requested from ECHO to ascertain or confirm the interpretation of existing rules.

For example, the General Conditions foresee that a suspension of an Action can be up to 1/3 of the duration of the implementation period. In a specific case, ECHO and the UN have agreed to prolong the suspension beyond the aforementioned. A confirmation reply was therefore requested by the UN. In its confirmation reply, ECHO confirmed its agreement to the longer suspension and has informed the UN of the legal procedure (a Supplementary Agreement in this case) necessary to follow in order for the amendment to enter into force.

When requesting a confirmation reply from ECHO it is important that the subject of the request be clear and unequivocal. Once requested and issued, the confirmation reply is binding for both parties. Subsequent changes in circumstances and/or new elements shall be promptly notified by the UN to ECHO in order to allow ECHO to assess whether the *Confirmation Reply* remains valid.

What cannot be amended?

A Contribution Agreement shall never be amended so as to change or go beyond the legal basis of the Action, as defined in the financing Decision/HIP, or to modify the original object of the Agreement. These unchangeable elements are the following:

- Title
- Specific Objective
- Article 1 of the Special Conditions: purpose

Such modifications would change the key elements used for the assessment of the Action and it would fundamentally change the identification of the Action. Where it becomes impossible to carry the implementation of the Action without changing the elements mentioned above, the Agreement may need to be terminated³⁵.

Amendment methods

³⁴ Article 11.1 of the General Conditions

³⁵ ECHO Fact Sheet A4 (November 2010): http://ec.europa.eu/echo/files/about/actors/fpa/2010/upd_nov/fact_sheet.pdf

Three methods are available for amending Agreements: Supplementary Agreements, exchange of letters and unilateral modifications.

1) Supplementary Agreement

A Supplementary Agreement is a formal legal agreement, to be established in duplicate, both originals being signed by both parties. This additional document contains only the Article(s) which are being modified. The use of Supplementary Agreements is limited to modifications of the following Articles of the Special Conditions of the Agreement:

- Article 2 (Entry into force and implementation period of the Agreement e.g. extension);
- Article 3 (Financing of the action, e.g. change in amount);
- Article 8 (supplementing or derogating from the General Conditions).

Where there are also changes to the annexes, normally covered by an exchange of letters, these modified annexes can be annexed to the Supplementary Agreement.

A Supplementary Agreement enters into force on the date of receipt, by the EC, of one original duly signed by both parties (the second one remains with the UN Organisation). The change has to be reflected in the Single Form at the next reporting stage³⁶.

2) Exchange of letters

The amendment by exchange of letters becomes an integral part of the Agreement, and consists of a request from the UN agency and a reply to the request by ECHO. Each party signs and sends one single document, in the form of a letter. Exchanges of letters are used in the following cases:

- modification of Articles 4 (Submission of Reports) or 5 (Payment Arrangements) of the Special Conditions of the Agreement;
- modifications to the indicators, results, beneficiaries, area of implementation and, when relevant, to sustainability.

The amendment enters into force the day following the day of receipt of the written reply by the UN Organisation³⁷. The change has to be integrated in the Single Form at the next reporting stage.

3) Unilateral modification

A unilateral modification consists of a written communication from the UN agency informing ECHO of changes in the implementation that the UN agency has introduced. Although it can be in the form of a letter, it is recommended to include the modifications also in the Intermediate Report or in the Final Report.

The use of unilateral modifications is limited to the following cases³⁸:

- Changes which do not affect a basic element of the Action³⁹ nor Articles 2 (entry into force and implementation period of the action); 3 (financing); 4 (submission of reports); 5 (payment arrangements) or 8 of the Special Conditions;

³⁶ General Conditions, Article 16

³⁷ General Conditions, Article 11.4

³⁸ General Conditions, Article 11.2

Changes in the activities, if this does not affect the achievement of the related result;

Changes between headings of Section 11 of the Single Form, if this does not modify the agreed results or other basic elements of the Contribution Agreement (e.g. indicators, results, beneficiaries, area of implementation, the Log-Frame and, when relevant, sustainability)⁴⁰;

Changes of address or bank accounts (as identified in Articles 6 and 7 of the Special Conditions) shall simply be notified by letter to the other Party. The UN agency might be asked to fill in a new "financial identity" template to confirm the changes.

In case of Multi-Donor Actions, the estimation of the total eligible costs of the Action referred to in Article 3.1 of the Special Conditions is not considered as a basic element of the Action and consequently can be changed unilaterally.

Timeframe for modification requests

Requests for amendments, when these require a response from ECHO, should be submitted by the UN as soon as the need for modification arises and not later than one month before the end of the implementing period of the Action, except in duly justified cases. In order for an amendment to be considered concluded in a timely fashion, and thus for the respective amendment method to apply, the process of granting approval for the amendment must be concluded before the end of the implementing period of the Action.

Where a need for change is identified while preparing the Intermediate Report, it is necessary to first to submit an e-Modification Request (to be approved by ECHO) and subsequently the Intermediate Report, this way allows for the Report to present the latest approved changes. In such cases ECHO shall process the modification request as quickly as possible based on the information provided in that request and shall not require an entirely updated Intermediate Report to accept or reject the modification request. APPEL allows simultaneous submission of both the modification request and Intermediate Report (see below), however, to make sure that the Intermediate Report is consistent with the latest changes, it is highly recommended to first submit a modification request in APPEL and get it approved by ECHO *before* the submission of the Intermediate Report.

ECHO commits⁴¹ to inform the UN Organisation, within the shortest delay, of its acceptance or rejection of the proposed amendment. The UN shall abstain from implementing any changes before having received the express agreement from ECHO, except in cases of force majeure, suspension of the implementation of the Action or equivalent circumstances which require the immediate adoption of precautionary measures.

³⁹ The basic elements of the Action include: the Action's objective, the related indicators and results, types of beneficiaries, area of implementation and, when relevant, sustainability (Article 11.2 of the General Conditions).

⁴⁰ The previous upper limit on budget-line movements (then set at 15%), which existed before the introduction of the General Conditions of 2008, no longer exists. This reflects the approach that the Single Form is intended to be a 'living document' which can evolve together with the Action and as a result there is no *financial restriction* on the sums moved between the budget-lines presented at proposal and at final reporting stage as long as the overall figures are comparable or explainable. Therefore generally speaking the UN may make unilateral changes between the amounts in the different headings of Section 11, without the need for ECHO'S prior approval for these costs to be considered eligible, since ECHO's maximum contribution anyway remains unchanged.

⁴¹ General Conditions, Article. 11.3

After the submission of the final report, no formal modification or amendment will be done. However, requests for changes to the Agreement submitted with or after the final report (but anyhow before the payment order is launched) may be considered by ECHO, and if accepted, they will be taken into account in the final liquidation. The UN Organisation will be informed by means of the payment advice sent after liquidation.

Exceptional case: the ex tempore amendment

The specific nature of humanitarian aid actions and their relatively short duration may make it impossible in some cases to respect the deadlines set out for amendments of Agreements. In exceptional cases, the possibility to adopt an *ex tempore* amendment, i.e. an amendment after the implementation period of an Action but before the final report, may therefore be considered.

A request for an amendment made after the implementation period of the Action must always be particularly well justified, and is limited to obligations which are still to be fulfilled by (one of) the Parties:

- A supplementing clause regarding the transfer to another project of remaining supplies (goods and equipment).
- Extensions of the implementing period of the Action specified in Article 2.2 of the Special Conditions of the Agreement, within the limits of the Decision and of restrictions applicable to urgent actions.

Requests for *ex tempore* amendments must be submitted before the final report. The method used to amend the Agreement during this time period is an *exchange of letters*, independently of what method would have been used had the amendment been concluded before the end of the implementation period of the Action.

Transmission of modification requests

The modification request should be transmitted to ECHO by the same means that the Single Form (i.e. when the Single Form was submitted in paper, modification request should be sent on paper as well, when a Single Form was transmitted via APPEL, a modification request tab in APPEL should be used for formulating the modification request).

Once a modification request is encoded in APPEL, a message will appear on the screen confirming the submission. In case of refusal by ECHO, the Desk Officer will send an email to the UN Organisation explaining the reasons for rejection.

APPEL allows simultaneous submission of both the modification request and Intermediate Report (see below), however, to make sure that the Intermediate Report is consistent with the latest changes, it is highly recommended to first submit a modification request in APPEL and get it approved by ECHO before the submission of the Intermediate Report.

If the modification request is accepted, the Desk Officer will prepare either an exchange of letters confirming the changes (pdf by e-mail) or a supplementary agreement (by registered mail).

Table 3: Summary: What can be amended and how?

<i>Methods</i>	<i>Elements of the Agreement to modify</i>	<i>How to inform ECHO</i>
NOT modifiable	<ul style="list-style-type: none"> - Title - Specific Objective - Article 1: purpose 	
Supplementary Agreement	Special Conditions: <ul style="list-style-type: none"> - Article 2 - Entry into force and implementation period - Article 3 – Financing of the Action - Article 8 - supplementary and derogating clauses to General Conditions. 	<ul style="list-style-type: none"> - Formal request no later than one month before end of implementation. - Changes to be reflected in subsequent reports.
Exchange of Letters	<ul style="list-style-type: none"> - Article 4 – Submission of report - Article 5 – Payment arrangements - Modifications concerning basic elements of the Action: indicators, results, beneficiaries, area of implementation and when relevant sustainability. - Transfer of goods and equipment to another action - Donation of equipment/goods to local authority. - Ex-tempore changes concerning transfer of goods and equipment or no-cost extension of the duration of the action after implementation or derogation to keep equipment difficult to donate 	<ul style="list-style-type: none"> - Formal request to be approved by ECHO before the end of implementation period. (exempt if ex-tempore request) - Changes to be reflected in subsequent reports.
Unilateral modification	<ul style="list-style-type: none"> - Concerning elements not affecting Annex I or the basic elements of the action. Special Conditions: <ul style="list-style-type: none"> - In case of Multi-Donor Actions: total amount in Article 3.1 and Annex II - Article 6 – Bank account - Article 7 – Contact Address 	<ul style="list-style-type: none"> - Email, letter or through reports - Changes to be reflected in subsequent reports

7. Payment schedules

All Commission payments to the UN shall be made in Euro.

Pre-financing

While the FAFA calls for advance payments of between 80% to 95% of the EC's contribution to be paid within 45 days of receiving the Contribution Agreement signed by both parties⁴², the current General Conditions for humanitarian aid actions funded by ECHO set the advance payment to 80% of the overall contribution, equally to be paid within 45 days following the entry into force of the Contribution Agreement. There is no need to request the first instalment as it is automatically processed after submission of the countersigned contact.

Final payment ('Liquidation')

The remainder of the contribution is transferred following the endorsement of Final Reports. The final payment covers the remaining 20% of the ECHO contribution, unless the level of eligible expenditure does not justify so or not all costs incurred were found to be eligible (see also Sections 8 on "Eligibility" and 16 on "Reporting"). To be paid, the UN organisation needs to introduce, with the Final Report, a **request for payment**. There is no standard form for this request, but it should identify the amount(s) pre-financed by the ECHO, the expenditure engaged by the UN organisation and the final instalment requested from ECHO.

ECHO will pay the balance due to the UN within 45 calendar days following the acceptance of the Final Reports.

For more information about Final Reports, please refer to the Section 16 on Reporting.

⁴² FAFA, Article 7

8. Eligible Costs

For the purpose of defining what the EU funds may be used for, the Financial and Administrative Framework Agreement (FAFA) defined what constitutes eligible direct and indirect costs under the frame of an EU-UN Contribution Agreement.

Eligible Direct Costs

To be considered eligible as direct costs in the context of an Action financed or co-financed by the EU, costs must⁴³:

- be necessary for carrying out the Action, be provided for specifically in the contribution-specific agreement and comply with the principles of sound financial management, in particular value for money and cost-effectiveness;
- have actually been incurred⁴⁴ during the implementation period of the Action specified in the contribution-specific agreement, whatever the time of actual disbursement by the UN organisation. The only exception allowed, in relation to the time when the costs are incurred, are the costs related to the winding-up of the Action and expenditure related to the constitution of stocks in connections with the Action (these specific cases are explained below);
- be recorded⁴⁵ in the UN' or UN partners' accounts, be identifiable, backed by originals of supporting evidence, and verifiable pursuant to the provisions on the verification (see also Section 19 "Verification of operations").

Subject to the above conditions being fulfilled, the following direct costs may in particular be eligible⁴⁶:

- the cost of UN staff assigned to the Action, corresponding to actual salaries plus social security charges and other remuneration-related costs. Identifiable personnel costs at headquarters level arising as a direct consequence of the Action may be included. Salaries and costs will not exceed those normally borne by the UN;
- travel and subsistence costs for UN staff taking part in the Action, provided they do not exceed those normally borne by the UN;
- purchase costs for equipment (new or used) which are attributable to the Action or depreciation costs of that equipment⁴⁷;
- purchase costs for goods and services (transport, storage and distributing, rent of equipment, etc.) which are directly attributable to the Action;
- costs directly arising out of, or related to, accepting or distributing contributions in kind;
- costs of consumables and supplies directly attributable to the Action;
- expenditure on contracting or expenditure incurred by the UN' partners directly attributable to the Action;
- the proportion of field office costs that corresponds to the amount of activity directly attributable to the Action or to the proportion of Commission funding;

⁴³ FAFA, Article 3.1

⁴⁴ Costs are considered incurred when they are the subject of a formal legal commitment between the Organisation (or its partners) and a third party.

⁴⁵ The time of "recording" in the accounts is not necessarily the same as the moment of "incurring".

⁴⁶ FAFA, Article 3.2

⁴⁷ In line with Article 18.3 of the GC, UN organisations are entitled to use their own depreciation rates. Organisations cannot deviate from these rates even though ECHO rates may be more advantageous at times.

- costs deriving directly from the requirements of the contribution-specific agreement (dissemination of information, specific evaluation of the Action, specific reporting for Commission needs, translation, reproduction, insurance, targeted training for those involved in the Action, etc.) including financial service costs (in particular bank fees for transfers).

The above list is not exhaustive.

In the context of humanitarian actions funded by ECHO, complementary beneficiary-oriented categories have been identified in Article 18 of the General Conditions such as distribution of small amounts of cash to the beneficiaries and compensations in-kind and in cash to the beneficiaries for their involvement in the implementation of Action's activities which are not covered by an employment contract.

In addition to the above, the following constitute eligible direct costs:

a) Goods purchased before the submission of an Action proposal – i.e. Stocks

Stocks constitute goods acquired *before the submission of an Action proposal* (see also Section 3 “Project proposals”)⁴⁸ and purchased in line with procurement rules and procedures applicable to the UN organisation⁴⁹ (for more information on this matter please refer to Section 10 “Procurement of goods, works and services”). Expenditure committed before the date of submission of the Action proposal is eligible for EU financing when this expenditure is related to the constitution of stocks used within the action for which the funds are awarded (cf. also Article 18.1 (c) of the General Conditions).

In order to be eligible, stocks of goods must⁵⁰:

- be used in the action being financed by ECHO;
- be constituted in compliance with the Article 6 of the FAFA, i.e. including the award of contract to the tender offering best value for money, in compliance with the principles of transparency and equal treatment for potential contractors, care being taken to avoid any conflict of interests⁵¹;
- be of satisfactory quality, timely delivery or completion, price corresponding to market prices and having no adverse effect on the economy or efficiency of the action.

b) Goods purchased after the submission of an Action proposal but prior to the signature of the Agreement

Goods purchased *after the submission of the Action proposal but prior to the signature* of the Agreement are not qualified as stocks. Related costs are only eligible if the purchases have been made during the eligibility period of expenditure as specified in Article 2.3 of the Agreement. It is to be specified in the Single Form (Section 1.6 “Start date of the eligibility of expenditure”) as of when the expenditure shall be eligible incurred.

c) Stocks without replenishment

When the implementation of the Action requires the mobilisation by the UN organisation of stocks belonging to that UN organisation or another organisation and when there is no obligation for the UN organisation to replenish the stocks, ECHO will reimburse the costs on

⁴⁸ Fact Sheet B1 (November 2010): http://ec.europa.eu/echo/files/about/actors/fpa/2010/upd_nov/fact_sheet.pdf

⁴⁹ FAFA, Article 6

⁵⁰ Fact Sheet B1 (November 2010): http://ec.europa.eu/echo/files/about/actors/fpa/2010/upd_nov/fact_sheet.pdf

⁵¹ FAFA, Article 6.2

the basis of the historical costs of purchase (as any other relevant costs when applicable, e.g. storage, insurance and packaging costs) in the same terms as it would have reimbursed them had the UN organisation used its own stocks. The stocks must not have been paid for already by the EU or other donor's funding.

d) Stocks with replenishment

When the implementation of the Action requires the mobilisation by the UN organisation of stocks constituted within the framework of a preparedness Action funded by ECHO or by another donor or constituted by the UN organisation to maintain its emergency response capacity, ECHO will reimburse the costs on the basis of the reconstitution costs. The replenishment should be clearly indicated in the final report.

e) Winding up activities of the Action⁵²

These relate to costs **committed during** the implementation period of the Action for activities **implemented after** the end of the implementation period of the Action but before the submission of the final report (= winding up activities). Winding up activities may concern the final distribution of some remaining stocks, supplies or the preparation of the final report. The related costs can be considered eligible to the extent that these costs are reasonable and necessary for the Action. They may not consist of a mere extension of the activities of the Action. Some costs **committed after** the end of the implementation period (= winding up costs) and **before the submission of the final reports**, such as **running costs** (e.g. fuel) or **human resources** (for reporting) can be considered eligible to the extent that these costs are reasonable, that it was not possible to commit them during implementation and that they are needed for winding up the action. In case of doubt on the procedure, UN should consult with the Desk Officer in charge.

Eligible Indirect Costs

A fixed percentage of direct eligible costs, not exceeding 7 %, shall be eligible as indirect costs. Indirect costs are eligible provided that they do not include costs assigned to another heading of the budget of the contribution-specific agreement⁵³.

Where the rates applied in accordance with UN' governing bodies' decisions exceed 7%, the UN may recover the balance as direct eligible costs, subject to the provisions governing the identifiable nature of direct eligible costs referred to in Article 3 of the FAFA and 18.1 of the General Conditions being fulfilled⁵⁴.

The indirect costs do not have to be justified in the final financial report⁵⁵. Indirect costs charged by UN Organisations are charges in line with governing bodies' decisions and are used for the overall administration of extra-budgetary grants. This means that the indirect costs charged are not available for project support activities (e.g. supervision, monitoring, reporting, etc.) in relation to the Action. Any activities of this kind, will find their translation in the direct costs section of the proposal, mainly in the form of costs at headquarters level arising as a direct consequence of the Action⁵⁶.

⁵² ECHO's Final Financial Reporting Guidelines

⁵³ FAFA, Article 4.1

⁵⁴ FAFA Article 4.5

⁵⁵ ECHO's Final Financial Reporting Guidelines 3.e

⁵⁶ FAFA, Article 3.2

Non-Eligible Costs

The FAFA also specified what costs may not be considered eligible, notably⁵⁷:

- debts and provisions for possible future losses or debts;
- interest owed by the UN to any third party;
- items already financed from other sources;
- purchases of land or buildings;
- currency exchange losses;
- taxes, duties and charges, including VAT (unless the UN is not able to reclaim them and if allowed by the applicable regulatory provisions).

Taxes, Duties and Charges (TDC)

As a general rule, the UN Organisations and their partners should apply for TDC exemption. When the UN Organisation is denied TDC exemption or did not obtain a reply to its request for exemption, the TDC costs form part of the direct eligible costs and therefore may be reimbursed. The UN Organisation must be able to demonstrate that it requested the exemption from the relevant authorities. If the UN Organisation knows, through earlier experiences, that the request for TDC exemption will be denied, this should be explained in the proposal (below the table in section 13 of the Single Form) and the costs included in the budget. If during the Action TDC are reimbursed, the TDC costs are not claimed in the Final Report. If reimbursement of these charges occurs after the submission of the Final Report – in relevant cases – the UN Organisation shall inform ECHO's Financial and Legal Affairs unit, who will launch its recovery. Relevant cases would only be those where ECHO has contributed to TDC and where their reimbursement has an effect on the ECHO contribution. In reality, these two criteria are likely only to be met in cases of 100% Financing (Section 3 of these Guidelines explains the funding modalities). In the case of contributions to Multi-Donor Actions, ECHO contributes a lump sum (not a percentage) based on the proposal which indicates all costs exclusive of TDC. Therefore, where ECHO has not contributed to TDC in such actions any subsequent reimbursement of charges to the UN will neither entail any related duty to inform ECHO nor any right of ECHO to launch their recovery.

Contributions in-kind

Contributions in-kind made by the UN itself or its partners are not eligible as co-financing.

The cost of staff assigned to the Action by the UN (or its partners) is not a contribution in-kind and may be considered by ECHO as co-financing in the budget for the Action when paid by the UN or its implementing partners.

The fact that contributions in-kind do not contribute to the amount of eligible costs of the overall Action does not, however, mean that there are irrelevant to ECHO. This information helps ECHO get an overview of the size of the total Action and the provision of this information is in line with the UN's commitment to report to ECHO on the whole Action. Furthermore, costs directly arising out of, or related to, accepting or distributing contributions in-kind may be considered eligible by ECHO to the extent that they comply with the eligibility criteria⁵⁸.

⁵⁷ FAFA, Article 3.3

⁵⁸ FAFA Article 4, General Conditions Article 18.1

9. Working with Implementing Partners

The FAFA explains that the UN regularly implements Actions in collaboration with other entities. In deciding which activities will be contracted to other entities and which ones will be implemented directly, the UN considers cost as one of the determining factors, considering that contracting should not lead to increased costs over direct implementation by the UN itself⁵⁹.

ECHO's General Conditions also recognise that the UN may work alone or in association with other organisations, on a non-profit basis, identified in the Action proposal as implementing partners. The UN may also contract out parts of the Action, in accordance with the procedure established in General Conditions⁶⁰ and the applicable procurement rules (dealt with under Section 10 of these Guidelines).

Difference between Implementing Partners and Contractors

An **implementing partner** is an entity which carries out part of the activities of the Action in co-operation and under an agreement with the UN entity who is in charge of that Action. The costs which an implementing partner incurs are as eligible as those of the UN Organisation provided that they meet the same eligibility criteria defined in the Agreement (the previous Section 8 deals with this subject). An implementing partner can be based in the country of Action or in any other country⁶¹. In the terminology used by ECHO an "implementing partner" is not a "contractor" in the pure sense of the word since "implementing partners" are non-profit entities. "**Contractors**" are generally profit-based (their relationship with the UN Organisation is of commercial nature) and are awarded contracts subject to the applicable procurement procedures to ensure adequate competition.

Partner	Implementing partners	Contractors
Purpose	Implementing partners implement specified activities of the Action.	To acquire goods, services or works required for the implementation of the Action.
Profit	The agreements signed between the UN and its implementing partner must not have the purpose or effect of producing a profit for either party.	The contractor's remuneration normally includes an element of profit.
Examples	governmental agencies, non-governmental organisations, other UN agencies, other types of non-profit making organisations or entities	manufacturers, publishing houses, construction companies

⁵⁹ FAFA, Article 5.1; General Conditions Article 1.2.

⁶⁰ General Conditions; Article 13

⁶¹ ECHO Single Form Guidelines

Section 7 of the Single Form is intended for presenting information on contracting to other entities which ECHO refers to as "implementing partners". As per the FAFA, when presenting project proposal for financing by ECHO, the UN will, in as much as possible, provide details of contracting arrangements and partners envisaged. If full details of contracting arrangements are not known at that stage, they will be provided as soon as they are available. The UN Organisation will also undertake to inform ECHO, with as much prior notice as possible, of changes in these arrangements⁶².

Responsibility of the UN

The FAFA also recognises that the UN is fully responsible for the co-ordination and execution of all contracted activities⁶³. In doing so the UN Organisation acts in line with its applicable rules, procedures and policies designed and thereby warrants that any contracting process is conducted with impeccable standards and to the highest degree of public trust. These policies include, but are not limited to, respect for fundamental human rights, social justice and human dignity, respect for the equal rights of men and women, prohibition of forced labour and child labour, preservation of environment, respect of all laws of proper jurisdiction including the principles of transparency, non-discrimination, anti-corruption and ethics. UN Organisations have also established adequate policies as to avoid conflict of interest, fraud and corruption, have also been put in place mechanisms allowing detecting, report and investigating any allegations of violations of the UN Regulations and Staff Rules, acts of mismanagement, misconduct, waste, abuse of authority by staff and unlawful conduct, including harassment and retaliation.

This responsibility is reflected and explained in more detail in the **General Conditions** which provide that the UN shall, as appropriate, ensure that its obligations towards ECHO established under the Contribution Agreement are adequately reflected in its relations with the UN's implementing partners and contractors. In this context the General Conditions⁶⁴ make particular reference to the following 11 provisions:

Article 2 – Conflict of Interests

Article 3 – Liability

Article 4 – Communication, visibility & information

Article 5 – Evaluation of the Action

Article 6 – Access to agreement-related documents by third parties

Article 7 – Intellectual Property Rights

Article 8 – Data Protection

Article 13 – Award of Contracts

Article 16 – Termination of the Contribution Agreement

Article 18 – Eligible Costs

Article 23 – Controls, verifications & audits

Where applicable, the UN should include the necessary provisions in its agreements with implementing partners and contractors.

In any case, the UN Organisation shall assure an effective supervision and control of the Action and is fully responsible for all activities implemented by its implementing partners and contractors in the framework of the Action. ECHO recognises no contractual link between

⁶² FAFA, Article 5.2 Contracting

⁶³ FAFA, Article 5.3 Contracting

⁶⁴ General Conditions, Article 1.2

itself and the UN's implementing partners or contractors. ECHO will not entertain any request for reimbursement or indemnity presented by implementing partners or contractors of the UN⁶⁵.

⁶⁵ General Conditions, Article 1.2

10. Procurement of goods, works and services

Applicability of UN Rules

The procurement of any goods, works or services from contractors by the UN in the context of an Action financed or co-financed by ECHO shall be carried out in accordance with the applicable rules and procedures adopted by the UN⁶⁶. This is possible under the EU's Financial Rules as the UN's rules and procedures conform to internationally accepted standards, including the award of contract to the tender offering best value for money, in compliance with the principles of transparency and equal treatment for potential contractors, care being taken to avoid any conflict of interests⁶⁷. In line with its Financial Rules the EC conducts assessments of all organisations, including the UN, to ascertain that their rules comply with internationally accepted standards with regard to the "four pillars" (i.e. accounting, internal control, audit and procurement).

Further to the verification clause (annexed to the FAFA), costs which fail to comply with the procurement requirements outlined in the FAFA (i.e. internationally accepted standards; award of contract based on best-value-for-money, principles of transparency and equal treatment for potential contractors & avoidance of any conflict of interests⁶⁸) shall not be considered eligible for Commission funding.

While the UN organisations with whom ECHO works will apply the UN's own rules and procedures for procurement, the Commission and a UN organisation may agree on appropriate procurement rules and procedures in specific cases depending on the applicable regulatory provisions on each side⁶⁹.

Exemptions and Derogations

ECHO notes that the UN's procurement rules do not permit UN organisations to rely on the derogations provided under ECHO's procurement rules and procedures and the resulting flexibility which these intends to offer in exceptional cases. Only the UN's own exemptions and derogations, may therefore apply in actions implemented by the UN⁷⁰.

⁶⁶ FAFA, Article 6.1

⁶⁷ FAFA, Article 6.2

⁶⁸ FAFA, Article 6.2

⁶⁹ FAFA article 6.1

⁷⁰ Although ECHO has drafted Humanitarian Aid Guidelines for Procurement, these Guidelines are not applicable to the UN. This is recognised in the Guidelines themselves which state that: "*Where humanitarian actors already have well-developed and detailed internal procurement manuals and guidelines which respect the requirements established by EU humanitarian aid law, including Partners operating under the "P" Control mechanism, UN agencies or other International Organisations, these Guidelines do not attempt to override such procedures.*"

11. Evaluation and monitoring

Evaluations and monitoring exercises constitute standard elements of assessing whether the implementation of a given Action is going the desired way. Considering the shared principles of aid effectiveness as promoted by the Paris Declaration, the EC and the UN are encouraged to conduct joint monitoring and evaluation missions.

In line with the principles of the EU-UN partnership (outlined in Section 1), either side should inform the other, as soon as this is discovered, of any aspect which in their views may hinder the good implementation of the Action. This way, adequate measures (such as adapting the Action to the changing context) can be discussed and agreed in a timely fashion. This is to the benefit of those in support of whom the Action had been undertaken in the first place.

Where evaluations of Actions funded by ECHO are carried out by the UN⁷¹, ECHO should be invited to take part in the mission and should receive the evaluation report. These missions should be completed in a collaborative manner, it being understood that they will be conducted under the UN responsibility. Copies of evaluation reports should be enclosed, if not shared before, with the final report submitted to ECHO (see Section 16 for more information on requirements concerning final reports).

ECHO may perform evaluation missions as a donor⁷². These evaluations are funded separately from the budget of the Contribution Agreement. Such missions should be planned and completed in a collaborative manner. For that purpose, matters as timing of the missions, questions to be addressed with management of the UN Organisation will be previously discussed by both parties. In this respect, ECHO services shall ensure that advance notice of intended evaluations and monitoring exercises is communicated to UN Organisations as soon as this is available. The mission will offer to make a draft of its report available to the Organisation's management for comments prior to final issuance.

⁷¹ FAFA, Article 1.2

⁷² FAFA, Articles 1.3 & 1.4

12. Visibility

As set in the FAFA and without prejudice to instances where other arrangements may be agreed between the parties, the UN shall take all appropriate measures to publicize the fact that an Action has received funding from the EU⁷³ as well as from other donors when the Action is funded from several financial sources. This is based on the principle of equal treatment of all donors.

In this regard, information given to the press, the beneficiaries of an Action, all related publicity material (e.g. signboards), official notices, reports and publications should acknowledge that the Action was carried out “with funding by the EU” (that statement would be adapted as to indicate all contributors to the Action) and shall display in an appropriate way the European logo (twelve yellow stars on a blue background) and logos of other donors when relevant.

It is understood that UN **equipment and vehicles** routinely carry the UN emblem and other indications of ownership prominently displayed. In cases where equipment or vehicles and major supplies have been purchased using funds provided by the EU, the UN agrees to include appropriate acknowledgement on such vehicles, equipment and major supplies. The aforementioned applies provided that such actions do not jeopardise the UN privileges and immunities provided under the 1946 Convention on the Privileges and Immunities of the UN and the safety and security of UN staff⁷⁴.

The size and prominence of the acknowledgement and EU logo shall be clearly visible in a manner that will not create any confusion regarding the identification of the Action as a UN activity, the ownership of the equipment and supplies by the UN, and the application to the Action of the UN privileges and immunities⁷⁵.

All UN **publications** pertaining to Actions that have received funding from the EU, in whatever form and whatever medium, including the Internet, shall carry the following or a similar disclaimer: “This document has been produced with the financial assistance of the EU. The views expressed herein can in no way be taken to reflect the official opinion of the European Union”⁷⁶. Publicity pertaining to EU contributions shall quote these contributions in Euro, in parenthesis if necessary. UN publications and reports prepared in response to, and in accordance with, its legislative directives are excluded from this provision⁷⁷.

If the equipment bought with an EU contribution is not transferred to local partners of the UN or the final recipient of the Action at the end of the implementation period specified in the contribution-specific agreement, the visibility requirements as regards this equipment (in particular display of the EU logo) shall continue to apply between the end of the implementation period specified in the contribution-specific agreement and the end of the overall Action, if the latter is longer.⁷⁸

⁷³ FAFA, Article 11

⁷⁴ FAFA, Article 11.1

⁷⁵ FAFA Article 11.2

⁷⁶ FAFA, Article 11.3

⁷⁷ FAFA, Article 8.3

⁷⁸ FAFA, Article 11.4

Visibility Guidelines

The abovementioned commitment is also supported in the General Conditions⁷⁹ forming part of each ECHO-UN Contribution Agreements but also specific “[Joint Visibility Guidelines for EC-UN Actions in the Field](#)⁸⁰” have been developed by HQ staff of the EC and the UN with the aim to facilitate the process of designing, implementing and documenting the visibility and communication activities undertaken in the context of specific Actions.

Budgeting for visibility

Where visibility activities require financial resources, these shall be covered from the Action’s budget and considered as direct eligible expenditure of the Action provided that it complies with the eligibility criteria set for such costs (for more information on eligible cost, please refer to the Section 8 “Eligible costs”). Section 9 of the Single Form provides space for informing about the intended visibility and communication activities as well as for reporting on the realisation and/or changes to the plan. Please refer also to Section 16 on Reporting for more information with regard to reporting on visibility activities.

Since the main focus of any Action funded by ECHO and implemented by the UN is provision of humanitarian aid, it is not expected or required to spend substantial amounts on provision of donor visibility. ECHO deems sufficient to allocate maximum 0.5% of the amount of direct eligible costs and no more than €8,000 Euro as budget for visibility and communication actions. Exceptions are allowed when justified by the nature of the Action in which cases the UN Agency implementing the project and ECHO should discuss and agree on the optimal arrangement to follow⁸¹.

Conducting and contracting of activities described above shall be done in line with the applicable rules and regulations of the UN Organisation.

⁷⁹ General Conditions, Article 4

⁸⁰ http://ec.europa.eu/europeaid/work/procedures/implementation/international_organisations/other_documents_related_united_nations/document/joint_visibility_guidelines.pdf

⁸¹ Based on ECHO’s Visibility Toolkit

13. Ex-post publicity

Both the UN⁸² and the EU⁸³ are committed under their own procedures to making information on their work and funding available to the public and both organisations have information disclosure and transparency policies in place.

As per the FAFA, the UN accepts that for each Contribution Agreement the Commission publishes on its website the name and address of the relevant UN organisation as well as the purpose and amount of the contribution⁸⁴. This acceptance of publication by the Commission is mirrored in the General Conditions⁸⁵ based on which the Commission can publish the following information in any form and medium, including the Internet:

- the UN agency's name and address;
- the purpose of the Contribution Agreement; and
- the amount of the EU's contribution and the percentage of funding of the Action.

The Commission undertakes its publication commitment in a variety of ways and using different channels as appropriate. With regard to UN beneficiaries of humanitarian aid, ECHO publishes this information on an annual basis in the context of its report on financial contributions of ECHO to the UN agencies which is posted on its website⁸⁶.

Following a justified request by the UN Organisation, the Commission may forgo such publication if it may threaten the UN's safety or harm its interests⁸⁷.

⁸² The UN publish information on its programmes and operations including a wide range of documents such as policies, procedures, studies, evaluations and assessments, organisational and managerial structures in given country or region, procurement notices and awards as well as other information which is made available to the public under the UN organisation's information disclosure policies. See for example <http://www.undp.org/idp/>

⁸³ When implementing EU funds under "Joint Management" with an International Organisation, the EC is obliged by Article 30 (3), Commission Financial Regulation (http://europa.eu/legislation_summaries/budget/134015_en.htm) to make available, in appropriate manner information on the beneficiaries of funds as provided by the entities to which budget implementation tasks are delegated under this mode of management and with due observance of the applicable EU rules on confidentiality, in particular the protection of personal data. (http://europa.eu/legislation_summaries/information_society/124222_en.htm)

⁸⁴ FAFA, Article 12

⁸⁵ General Conditions, Article 4.4.

⁸⁶ http://ec.europa.eu/echo/media/publications/annual_reports_en.htm

⁸⁷ General Conditions, Article 4.4.

14. Payment of interest

There are three occasions where interest charges may be associated with a payment for a ECHO Action:

- Pre-financing interest (General Conditions: Art. 20.2);
- late payment interest (General Conditions: Art. 22.5);
- and late repayment interest (General Conditions: Art. 24.1).

- Pre-financing interest

None of the Actions implemented by the UN Organisation require interest accrued on pre-financed funds to be reported or returned to ECHO⁸⁸.

ECHO expects that any interest earned be used by the UN in support of the Action or for similar Humanitarian Aid Actions.

- Late payment interest

The Commission shall pay interest for late payment. A late payment is a payment which takes place after expiry of the payment time limit established in the General Conditions of the Contribution Agreements. The only exception is when, for Final Reports, the payment period is suspended (e.g. due to a request for additional information) or an extension of the acceptance period in case of the late submission of the Final Report is in application.

If no suspension of delays was notified to the Organization, the late interest can therefore in principle start to run after 90 days (45 days for acceptance of the reports and 45 days for validation of payment request) from the date of reception of the Final Reports until the day when the EC's account is debited for the final payment. During either of the two assessment periods for the final payment, ECHO suspension periods cannot be taken into account when calculating the payment delay. In case the interest amount is more than €200, ECHO will pay the late payment interest automatically. In case the interest is less than €200, they can be formally requested from ECHO within two months of receiving the final payment.

The rates to be applied are those issued by the European Central Bank (published in the C series of the Official Journal) on the first day of the month in which the payment was due increased by three and a half percentage points (see Article 22.5 of the General Conditions). Payments may also be suspended following presumed infringements of other clauses of the Agreement. In such cases ECHO shall provide a written explanation of the grounds for the suspension and invite the UN Organisation to submit its comments. The purpose of such

⁸⁸ Generally, in line with the Commission's internal financial rules (Financial Regulation, Article 5.4) interest yielded by pre-financing payments must be reimbursed to it if it represents a significant amount. However, the FAFA provides that in cases other than Multi-Donor Actions "...UN rules and procedures pertaining to bank interest shall apply, and an equal treatment among donors shall be ensured. This is based on the understanding that these rules and procedures conform to internationally accepted standards". Additionally, the Commission's internal financial rules (Financial Regulation 5 (a) (2) (f) exempt International Organizations (UN included) implementing actions under "joint management" from the obligation to report on and return interest. Consequently, wherever ECHO contributes to a Multi-Donor Action or any other Action implemented by a UN Organisation under the Commission's "joint management" method of financing, interests earned by the UN on pre-financing need not be either reimbursed or reported to ECHO.

See also: FAQs for International Organisations endorsed by JRG (version 20.01.2010) – Number 49:
http://ec.europa.eu/europeaid/work/procedures/faq/international_organizations_en.htm

suspensions is to give time to check whether the presumed infringements have in fact occurred and, where appropriate, to rectify them.

- Late Reimbursement /Recovery Interest

In situations where there are funds to be returned to ECHO, the refund must take place within 45 days of receiving the EC's request (debit note). If the payment comes after the set deadline, the sum due will bear interest at the rate fixed in Article 22.5 of the General Conditions (see point 2 above).

15. Dealing with remaining supplies at the end of an Action

Donation obligation in fully funded-Actions

DG ECHO only funds activities and expenses to the extent that they are used to the direct benefit of the final recipients of the humanitarian aid, i.e. the affected people of the humanitarian crisis as targeted in the Humanitarian Action. Therefore, and as a general rule, if the full purchase price of the equipment was charged to the Action, the equipment must be donated to local beneficiaries at the end of the Action. This obligation however only applies in 100% ECHO financed Actions. Furthermore it only applies to remaining goods or equipment with significant purchase price:

- goods: more than EUR 500 per category of item
- equipment: more than EUR 500 per single item

In the case of **multi-donor Actions** no obligation to donate exists so the UN organisation may decide what to do with the remaining equipment provided that it is used to the benefit of Humanitarian Aid Actions which may include operations not funded by the EC.

Transfer to another EC-funded project

A UN agency that intends to transfer equipment to another Action funded by the European Union should submit to DG ECHO a justified request along with an inventory of the supplies and a proposal for their use.

This request must be submitted in due time and at the latest with the submission of the Final Reports.⁸⁹

If the request is received before the submission of the final report ECHO will inform the UN organization of its decision by an [exchange of letters](#) which should then be referred to in the Final Report with respect to the end use of supplies in the first Action (See Chapter 16).

If the request is received together with the submission of the final report ECHO will decide on the request within the framework of the final liquidation of the Action⁹⁰ and inform the UN organization accordingly.

⁸⁹ General Conditions, Article 19.2

⁹⁰ General Conditions, Article 21

16. Reporting

Principles and Purposes

The FAFA says that the Commission will consider establishing contribution-specific agreements that coincide with the UN's reporting cycles, so as to facilitate the use of the UN's standard reports, without the need for drafting specific reports for the Commission⁹¹. Due to the significantly shorter implementation periods of humanitarian aid actions when compared to other EU funded external aid, and the necessary rapidity of project approval and payments, humanitarian aid actions funded by ECHO are subject to certain rules different to those of other Commission services and so will not necessarily coincide with the UN's reporting cycles.

The **purpose of reporting** is to allow comparison between the objective and results envisaged and those actually achieved; between activities envisaged and those implemented and between costs budgeted and those incurred. Reports are the means to assess the progress made against the planned objectives of the action, to review the work accomplished and to become aware of any issues (implementation problems, deviations from plans, etc.) which have occurred. In order to ensure that the **purposes of reporting** and results-based approach are upheld - i.e. that the reports received offer consistency and comparability with the project proposal so as to identify the results achieved - Intermediate as well as Final Narrative Reports to ECHO are prepared on the same Single Form on which the project proposal was initially submitted to and accepted by ECHO.

Reporting, narrative as well as financial, shall cover the whole of the Action described in the relevant Contribution Agreement, regardless of whether this Action is wholly or partially financed by the Commission.

In addition to the standard reports to donors, the UN will ensure that progress and situation reports, publications, press releases and updates, relevant to the contribution-specific agreement, are communicated to the Commission as and when they are issued⁹².

Where the Action had to start before the Contribution Agreement between ECHO and UN Organisation was signed, costs incurred prior to the signature of that Agreement can nonetheless be eligible when so specified in that Agreement. In such case these costs must be reported on⁹³. See also Section 8 on Eligible Costs.

Formal Requirements

Unless otherwise specified in Article 4 of the Special Conditions, the UN Organisation shall submit to ECHO:

- an Intermediate Narrative Report,
- a Final Narrative Report and
- a Final Financial Report.

⁹¹ FAFA, Article 2.4

⁹² FAFA Article 2.7 & General Conditions Article 10.3

⁹³ FAFA, Article 2.4

When submitting project proposals (and later, Intermediate and Final Narrative Reports) the standard **Single Form** must be used.

Financial information must derive from the financial and accounting system of the UN Organisation (or the implementing partners) and must present the expenditure in Euro.

The financial reports may be drawn from financial statements denominated in US dollars as per UN legislative requirements. Where necessary, actual expenditure will be converted into Euro using the rate of exchange at which the ECHO contribution was recorded in the UN' accounts⁹⁴, unless otherwise agreed between ECHO and the UN Organisation.

The level of detail and terminology used (e.g. cost categories) in reports submitted to ECHO must be aligned with that submitted at the time of the project proposal (the latter being the latest version accepted by ECHO) so as to allow reconciliation between intended outputs and the deliverables. Narrative reports, both intermediate and final, shall allow comparison between the objective and results envisaged and those actually achieved and between the activities envisaged and those implemented⁹⁵. Due to their nature and context, at the proposal stage, proposals for primary emergency actions require a less detailed description both operationally and financially.⁹⁶ However, to achieve the above-mentioned purposes of reporting, at final reporting stage the information provided should have a level of detail sufficient for ECHO to formulate an opinion on the eligibility of costs behind the headings in section 11 of the Single Form.

Reports and any additional information as may be required by ECHO shall be submitted in the same language as the Contribution Agreement.

Intermediate Report

Article 4 of the Special Conditions specified whether and if so – by when, the International Organisation shall submit an **Intermediate Narrative Report**. The Intermediate Report is built on the latest version of the Single Form (based on which ECHO issued the Contribution Agreement) and at this stage the UN is required to report on progress by providing information only in sections marked [INT].

The Intermediate Report shall focus on the state of implementation of the Action, providing a complete account of the implementation of the Action for the period covered. The

⁹⁴ FAFA, Article 2.3 & General Conditions, Article 10.4

⁹⁵ General Conditions, Article 10.1

⁹⁶ Single Form Guidelines: *"For Actions financed under a **Primary emergency decision** all the information may not be available at proposal stage. However to be able to assess the financing of the Action, DG ECHO needs the following:*

- the essential elements in order to understand the proposal and its rationale (needs assessment, strategy and presence in the country of the organisation),*
- its main components (location, beneficiaries, logical framework),*
- its means of implementation (human resources, implementing Partners, financial overview),*
- the challenges of coordination, security (if relevant for the given area).*

In case of Primary emergency decision, the Partner should at least fill in the following sections of the Single Form: 1.1 to 1.9, 2.1 to 2.3, 4.1, 4.2.1, 4.2.2, 4.3.1, 12.1 to 12.5.

Information relating to the other sections of the Single Form will have to be provided and the relevant sections completed/updated at the intermediate reporting stage."

Intermediate Report should cover the period up to 1 month before date of submission (defined in Article 4 of the Special Conditions) and should concern the whole Action regardless of whether the Action is fully or partially funded from ECHO resources. Failure to submit an Intermediate Report within the agreed deadlines and without any valid justification may be considered sufficient grounds to terminate the Contribution Agreement⁹⁷.

The Intermediate Narrative Report shall directly relate to the relevant Agreement and should provide the **minimum necessary information** required⁹⁸:

- summary and context of the Action;
- activities carried out during the reporting period (i.e. directly related to the Action description and activities foreseen in the contribution-specific agreement);
- difficulties encountered and measures taken to overcome problems;
- changes introduced in implementation;
- achievements/results by using indicators (to be included in the contribution-specific agreement);
- work plan for the following period. If the report is sent after the end of the period covered by the preceding work plan, a new work plan, albeit provisional, is always required before such date.

This information shall be incorporated within the standard Single Form.⁹⁹

While no separate intermediate financial report is requested, at the interim stage, the only **financial information** required to be provided is the update of Section 4.3.2 ("Means and related costs" when there are substantial changes) and Section 11 ("Financial overview of the Action") in the Single Form on which the Intermediate Narrative Report is presented.

At the intermediate stage the Single Form should allow ECHO:

- to use the Intermediate Report as a monitoring tool,
- to analyse unilateral modifications which do not require prior approval (see Section 6, "Amendments of Contribution Agreements").

In those cases where the prior agreement with ECHO is required for modifications these must be agreed before the Intermediate Report is submitted as per the amendment procedures outlined in Section 6, "Amendments of Contribution Agreements".

Final Reports

Final Narrative and Financial Reports must be submitted to ECHO within 3 months following the end of the implementation period specified in Article 2 of the Special Conditions. The Final Reports will be considered as submitted only upon reception of both the Final Narrative and the Final Financial Reports.

⁹⁷ General Conditions, Article 10.2 & 16.2.b

⁹⁸ FAFA, Article 2.5.

⁹⁹ General Conditions Article 10.4. The Single Form (http://ec.europa.eu/echo/files/about/actors/fpa/2010/upd_nov/annex_I_%20single_form_en.pdf) is a living document that ECHO partners will use to submit: the Action Proposal; the Intermediate report; the Final report. For more information on how to fill in the Single Form, please consult the ECHO Guidelines on the Single Form: http://ec.europa.eu/echo/files/about/actors/fpa/2010/upd_nov/single_form_guidelines_en.pdf

In case of delay in the submission of the Final Report without an acceptable written explanation the Commission may **refuse to pay any outstanding amount and recover any amounts unduly paid** to the UN organisation. If the UN Organisation recognises that it will be submitting its reports late, it should inform ECHO in writing (e.g. by e-mail) of anticipated delays and reasons.

An unjustified delay in submission of final reports is also sufficient **grounds for termination of the Agreement** in line with provisions of Article 16.3 of the General Conditions.

Documentation to be submitted by UN at Final Reporting Stage

The following elements should be submitted to ECHO within 3 months from the end of the implementation period defined in Art. 2 of the Special Conditions:

- **Request for payment** (identifying the amounts pre-financed, expenditure engaged and balance requested from ECHO – see also Section 7 “Payment schedules”);
- **Final Narrative Report** (fill in Single Form sections starting with [FIN] & where relevant provide explanation on the expenditure reported in the Final Financial Report;
- **Updated Table 11** (fill in Single Form section with updated financial information);
- **Final Financial Report** (this should consist of a detailed financial report coherent with the headings of Table 11 (above) - this can be presented on the UN Organization’s template and allowing to make a link with the Financial Overview table presented in the Section 11 of the Single Form).
- **Products of the Action** - such as studies, publications, evaluations, samples of visibility materials (where applicable and appropriate), other information deemed relevant operationally for ECHO as to fully appreciate the carrying out of the Action.

Annex B to the Single Form also provides an indicative list of other information or documents which may be useful for ECHO to understand the expenditures reported in the Final Financial Report. From this list the UN organisation only need to submit Documents 1-3 and where relevant Document 12 (*List equipment or remaining stocks transferred to another EC funded Action*) and Documents 16 (*List of Studies & evaluations*).

It is not necessary to attach separate documents to the Final Reports where the information is already contained in the Final Narrative or Financial Report and that this documentation is only required "where applicable". In practice the list of equipment or remaining stocks transferred to another EC funded Action is only applicable where prior approval of the transfer of stock/supplies for operational purposes is required by the General Conditions (Article 19.2). The full texts of studies or evaluations shall be considered "applicable" for submission where these studies or evaluations were identified as a "product" of the Action.

Originals or copies of invoices, contracts, certificates of donation¹⁰⁰ or order forms are not required to be submitted by the UN Organisation. It is sufficient that these documents be kept

¹⁰⁰ General Conditions, Article 19.3 states that it is sufficient that the UN reports on the end use of the supplies in its final reports and keeps documentary proof of property transfer for five years after the end date of the Action.

on file by the UN agency for 5 years after the completion of the Action¹⁰¹ for verification purposes (See Section 19).

How ECHO assesses final reports

The Final Narrative and Financial Reports should allow ECHO to formulate a double opinion:

- A first one, called **the acceptance of the Final Reports**, where ECHO will look at the fulfilment of the specific objective, the achievement of the Action's results, the mobilisation of resources, the implementation, the necessity of the costs and how reasonable they were for the implementation of the Action. The information in section 4.3.2 of the Single Form ("Information per result") will constitute the main basis for the acceptance of the Final Reports. The Final Narrative and Financial Reports shall be deemed accepted by ECHO 45 calendar days after receipt in the absence of any other reaction by ECHO. If the reports are not submitted within the deadline specified in Article 4.2 of the Special Conditions, the deadline for acceptance of final reports shall be extended for a period equivalent to the duration of the delay¹⁰².
- A second one, called **the validation of the payment request**, assesses the financial side of the Reports which includes that expenses were in line with the financial regulatory framework (Financial regulation, General Conditions, etc.), sound financial management and the financial reporting standards of the UN Organisation. (See Section 8 for information on what constitutes eligible costs that can be reported to ECHO.) The validation of the payment request (financial closure of the Action) is based on the detailed financial information provided in the Final Reports. At this stage the sections of the Single Form may be considered as background information for getting a better understanding of the financial situation of the Action. The time limit for the payment by ECHO, once the report has been accepted, is 45 days¹⁰³.

Both the acceptance of the final reports and the validation of the payment requests are based on a review by ECHO of the information available to it but this does not constitute a confirmation by ECHO of the eligibility of the costs, nor of the regularity, authenticity, completeness and correctness of the declarations and information contained in the reports – all of which may be overturned by the findings of an on-site verification mission (See sections 17 & 19).

Requests for Additional Information

Apart from the standard reports introduced above, the Commission may request specific information related to the implementation of the Action at any time. The UN Organisation shall submit the reasonably available information within 30 calendar days following the request¹⁰⁴.

¹⁰¹ General Conditions, Article 23.4

¹⁰² General Conditions, Article 21.2

¹⁰³ General Conditions, Article 21

¹⁰⁴ General Conditions, Article 10.3

When more information is required to establish a positive opinion on Final Reports, ECHO can ask the UN to provide it at any time during the assessment period¹⁰⁵. This is done through a “stop the clock letter” and the information should be provided within 30 calendar days following the receipt of the request by the UN. ECHO’s 45-day deadline is suspended pending the receipt of the requested information from the UN Organisation¹⁰⁶.

Bilateral Reporting Arrangements

Where it is found that the existing guidance, including that contained hereunder, is not sufficient to avoid recurring requests for more detail, a bilateral reporting arrangement may be requested by the UN Partner for ECHO’s consideration.

Final Financial Report

There is no specific format required for the Final Financial Report. The UN Organisation may use therefore its own financial reporting format to present the eligible expenditure incurred for that Action (for information about eligible expenditure see Section 8). The advantages of reflecting the budget structure of the UN Organisation include more robust financial reporting and audit trail showing the link between the financial report and the underlying accounting methods. For the Organisation, it should considerably reduce transaction costs.

The figures indicated in Table 11 of the Single Form should be reconcilable with those indicated under the related headings in the detailed financial report. The level of detail should be sufficient for ECHO to formulate an opinion on the eligibility of costs behind the headings in section 11 of the Single Form¹⁰⁷. The cost categories in the Final Financial Report should allow ECHO to understand the type of costs engaged.

That Final Financial Report must present the expenditure in Euro. The financial reports may be drawn from financial statements denominated in US dollars as per UN legislative requirements. Where necessary, actual expenditure will be converted into Euro using the rate of exchange at which the EC’s contribution was recorded in the UN’ accounts¹⁰⁸.

The Final Financial Report submitted to ECHO will be the official report reflecting the accurate status and expenditure of the Action’s budget. The Final Financial Report shall present the overall financial situation of the Action as it constitutes the basis on which the financial closure will be processed (i.e. ECHO will provide the final instalment to UN Organisation or will recover unspent funds following the procedure established in ***Guidelines on recoveries and offsetting under the FAFA***¹⁰⁹).

In the Final Financial Report, costs should be expressed as recorded in the UN agency’s accounting system and should allow for identification of expenditure and its related supporting documents in case of a verification mission. In certain cases it may be necessary to

¹⁰⁵ General Conditions, Article 10.3

¹⁰⁶ General Conditions, Article 21.2, para 2

¹⁰⁷ Article 21.3 of the General conditions applicable to Contribution Agreements

¹⁰⁸ FAFA, Article 2.3. If a UN organisation wants to apply another approach for **all** its Agreements with ECHO, it will have to make the request in writing to ECHO’s Legal & Procedural Affairs unit. If accepted, the UN organisation needs to include a reference to this effect in section 13 of the Single Form submitted. Such a Specific Condition will be reflected also in Article 8.2 of the Special Conditions of the Contribution Agreement.

¹⁰⁹ Available here:

http://ec.europa.eu/europeaid/work/procedures/implementation/international_organisations/other_documents_related_united_nations/index_en.htm

supplement the costs identified in the Financial Report with information and explanations in the Narrative Report to help ECHO understand the relevance of those costs to the Action, as explained hereunder.

Final Narrative Report

The Final Narrative Report must be presented on the standard Single Form ('building on' the one on which the Intermediate Report was submitted) and at this stage the UN is required to report on progress by providing information in sections marked [FIN].

The Report shall provide an overview of the overall implementation of the Action. The UN Organisation shall assess the level of achievement of the specific objective and results envisaged in the proposal using the indicators identified in that proposal¹¹⁰.

Narrative and Financial report should be complementary and coherent. For instance, in the Final Narrative Report, the UN can explain the relevance of certain costs of the Action which are presented in the Final Financial Report. **Providing information of this kind up front allows ECHO to understand the nature of the expenses reported.**

Narrative Reporting on Sections of the Single Form

1) SF Section 4.3 Objectives, Results and Achievements

This section gives the opportunity at final reporting stage to explain in a narrative form the results achieved and the related costs identified in the Financial Report as well as changes that have occurred as compared to the initial proposal with regards to means and costs. The main focus in reporting is always on identifying the results of the Action and how these were achieved. Sometimes when more information is requested it is because it is not clear to ECHO how the results have been achieved or how the activities reported are related to the results of the action.

It is important that this 'focus on results' be kept in mind when completing this section of the Single Form, including its sub-section 4.3.2 on "*More detailed information on specific objective and results*". This section should provide information on the types of costs engaged in order for ECHO to be able to understand their relation to the results of the Action. This Section could, for example, be used to explain **significant amounts** featuring in the Final Financial Report.

To take a practical example, let's say a UN organization spent EUR 67,000 on "IT equipment" and has included this cost item without further details in the Final Financial Report. In order for ECHO to be able to assess the eligibility of these costs, the UN organization could include, in its narrative in section 4.3.2., additional information that allows ECHO to understand the expenditure in the context of the operation; without having to request further information. Depending on the complexity and value of the expenditure in relation to the Action, this information may be provided:-

¹¹⁰ General Conditions, Article 10.2

(a) through contextual information like: "67,000 Euro spent on IT equipment (computers, photocopiers, network equipment) to set up IT infrastructure of XYZ training centre" (assuming that the role and function of this training centre is an integral part of the proposal and does not require further explanation); or

(b) through quantitative information like: "67,000 Euro spent on 3 computers, 3 photocopiers, 2 smart-phones, 3 printers, 3 scanners for project IT infrastructure".

As recalled before, this section should provide information on the types of costs engaged in order for ECHO to be able to understand the nature of the Action. The assessment of reports should not substitute a verification mission.

The 4.3.2 section can be used, for example, to provide information on **procurement awards** when this is required under the UN's own rules. This would include the purpose and total cost of the award and the name of the supplier (unless security concerns justify otherwise). The UN does not need to supply ECHO a complete list of all the procurement, however, where operationally relevant to the Action information on key types of items procured should be explained. Furthermore, where procurement details are anyway published online by the UN organisation under its own transparency rules, it might be valuable to share this link with ECHO if there is some way of tracing the procurement to the Action which ECHO contributed to.

No **donation certificates** for supplies or equipment need to be presented to ECHO by the UN at final reporting stage.

Regardless of whether the equipment is donated or not by the UN at the end of the Action the UN should:

- report on the end-use of the equipment using this Section of the Single Form¹¹¹; &
- keep documentary proof of any transfer of property for 5 years for possible verification.

Where no donation is made the UN shall continue to use the supplies for humanitarian aid actions.

This section of the Single Form also has a subsection allocated to – **Other Costs (4.3.3)**. This section of the SF is dedicated to **generic costs** which could not be attributed to one specific result but which nevertheless contribute to the proposed Action.

2) SF – Section 7 – Implementing Partners

In this section the UN can describe its partnership with implementing partners in the context of the Action. The UN is not required to report on personnel of its implementing partners. As set out in the Contribution Agreement, the UN entity is fully responsible for coordination and execution of all activities¹¹².

3) SF - Section 9.5 “Communication, visibility and information activities”

¹¹¹ General Conditions, Article 19. In the context of multi-donor actions this could be done, for instance, by stating that the UN entity continues to use the supplies for the benefit of ongoing humanitarian actions.

¹¹² FAFA, Article 5.3

Section 9.5 “Communication, visibility and information activities” can be used to provide explanation on costs engaged on the visibility activities carried out during the Action, in addition to other information required in this section (Section 12 of these Guidelines speaks about visibility requirements).

4) SF - Section 10 “Human Resources”

This Section of the Single Form is provided to inform on key staff members who were involved the implementation of an Action in the format below:-

Indicate global figures per function and status

Function	Status	Number of staff	Number of man/month in project	Comments

Section 10 “Human Resources” can also be used to explain the personnel costs presented in the Final Financial Report, including changes in number or type of staff and the explanations for these.

It could be done as follows:

1. Expatriate and key management staff (as appropriate) involved in the Action

- name (if it does not go against the UN agency’s internal rules¹¹³);
- function (e.g. office manager, project officer, doctor, nurse, WATSAN specialist, or type of activity performed under this Action);
- period when the person is charged to the Action (dates); and
- the total cost per person (unless reflected in the Final Financial Report).

It is not necessary to include details here of expatriate staff of the Implementing Partners.

2. HQ staff directly involved in the Action

This information need only be provided if the UN wishes to claim some of these HQ staff costs as direct costs of the Action. Direct costs of the Action must fulfil the eligibility criteria set out in the FAFA and the General Conditions (see Section 8 on Eligible Costs).

3. Local Staff

¹¹³ Generally ECHO requests names of expat staff since, due to the short periods of ECHO's contributions, doing so is considered to be the easiest way of avoiding errors and ensuring traceability at verification stage. Where, however, the UN agency is prevented under its own rules to disclose this information they should inform ECHO's of this and in the final report, in the Section 10 of the Single Form instead provide other information (e.g. titles, grades, functions, personnel numbers or other unique identifiers etc) to allow an equivalent level of traceability for financial management purposes.

In relation to this category of staff which is likely to represent the largest amount of staff members it is sufficient to indicate global figures per function and status using the table provided in the Single Form (above). It is not necessary to include local staff of Implementing Partners. By way of reminder, other personnel related costs such as recruitment costs, medical expenses, housing costs, travel costs, are generally already included in the human resources and therefore not reported upon separately.

Transmission of reports and related correspondence

Where a Contribution Agreement was issued further to a project proposal submitted through APPEL, it is expected that all further reports and modification requests would be sent and administrated via that interface. In such cases no paper version of the report is required to be sent to ECHO.

For project proposals submitted in a traditional way (in paper and via ECHO-CENTRAL-MAILBOX@ec.europa.eu), submission of reports and exchange of other information would be done through the corresponding traditional means (pdf by email, fax or paper).

As regards **management of the Single Form via APPEL**, when submitting Intermediate or Final Reports, the system will allow relevant sections in the Single Form to be updated (i.e. those designed to be updated at this stage). Likewise for modification requests – the system will allow introducing changes of elements which can be modified during the implementation period. Should the submission of the Intermediate Report be delayed in APPEL because of the Modification Request approval procedure (see Section 6 on Amendments), the UN Organisation should contact the Desk Officer at ECHO as to discuss the steps to take. Through APPEL also annexes to Reports (such as copies of studies, evaluations, etc.) can be send in.

Final Reports received in APPEL after 17:00 (Brussels time) will be considered as having arrived the following working day for the calculation of payment delays. Should the Final Report be of bad quality or incomplete, ECHO has the possibility in APPEL to reject the Report and request a new submission. In cases where the Final Financial Report is missing, the Final Report will not be considered as submitted and the deadline for ECHO to accept the Final Reports will be extended until the Final Financial Report is received.

ECHO will continue to send **letters** (generally, pdf by e-mail) relating to the submission of the Final Report, such as: reminder about the submission, extension of deadline for report's validation, absence of financial report, etc. The "Stop the clock letter" requesting complementary information will continue to be sent by letter (pdf by e-mail). Replies to requests will be made by the UN Organisation by email to ECHO's central mailbox (ECHO-CENTRAL-MAILBOX@ec.europa.eu). Final payment advice will be sent by ECHO by letter (pdf by e-mail).

17. Reduction of ECHO's contribution

As explained in the previous chapter, ECHO makes the final payment following the endorsement of the Final Report. The present section explains the instances where the final amount of ECHO's contribution can be lower than the amount ECHO committed to in the Contribution Agreement.

Where the total amount of eligible expenditure reported in the Final Reports is lower than the amount of ECHO's contribution specified in Article 3.2 of the Special Conditions

There can be situations where the final amount of costs attributable to ECHO is inferior to the one established in the ECHO-UN Contribution Agreement. The reasons for it can be various, for example:

- The actual costs are lower than the estimated amounts established in the Action's budget (Annex 2 of the Contribution Agreement). This could be due to several aspects, such as positive impact of currency exchange fluctuation or efficient financial management of resources.
- The actual costs are lower than the estimated due to the fact that the Action was not implemented in full i.e. as expected when the project proposal was put together. Again, several factors can lead to such instances. The following are some of the most common scenarios:
 - There could be an event like *force majeure*, *Fait-du-Prince* (see Section 5 for more information on these) which make it impossible for the Action to be implemented according to the Contribution Agreement and as a result of which a decision is taken by the UN and ECHO to terminate the Action prematurely. In such cases, it is not uncommon that the final costs of the Action are lower than those initially budgeted.
 - There could be other objective reasons (e.g. "crisis in a crisis") pursuant to which parties agree to reduce the scope of the ongoing Action to the extent that it can be implemented under the new circumstances. (Section 6 explains how to amend ECHO-UN agreements).

The UN would only be reimbursed for eligible expenditure related to activities and deliverables which were actually carried out. When there remain unspent ECHO funds, these would be recovered¹¹⁴ (Section 17 provides more information on recoveries). The final amount of ECHO's contribution has also to take into account the no-profit principle i.e. the financial contribution is limited to the amount required to balance the income and expenditure for the Action and that it may not, under any circumstances, result in a profit for the UN¹¹⁵.

¹¹⁴ General Conditions, Article 24

¹¹⁵ General Conditions, Article 21.5

Provision for reduction of ECHO contribution is set in Article 22.6 of the General Conditions which states: "*Where the Action is not carried out properly, in full or on time, the Commission may, by **duly reasoned decision**, reduce the contribution on the basis of the actual implementation of the action and the result achieved and the eligibility of the indirect costs claimed by the international organisation.*" Needless to say that should the aforementioned provision be evoked ECHO and the UN Agency concerned will always carefully assess all relevant aspects of such events, on a case-by-case basis in view of the circumstances and difficulties in implementing the individual Action in question.

As indicated earlier (see Section 1 - Principles of cooperation), continuous dialogue and pro-active feedback should take place between the UN organisation and ECHO throughout project implementation. Such exchanges facilitate a better understanding of the difficulties encountered during the implementation and the prompt deciding on mitigating measures (e.g. possible amendments to agreement/strategy, etc.). This is particularly important considering the context in which Humanitarian Actions take place and which often has a significant influence on the performance of the humanitarian actors and on their capacities to carry out the Actions as foreseen in the project proposals agreed with ECHO. For example, when the UN Organisation encounters problems which may prevent it from carrying out the Action in full or on time, the UN Organisation should inform the Desk Officer at ECHO HQ in writing for instance by e-mail.

Following the identification of ineligible expenditure

In the course of validating a payment request ECHO assesses the financial side of the Final Reports (see Section 16). If ECHO considers that certain costs did not meet the eligibility criteria set by the FAFA and the General Conditions, ECHO should contact the UN Agency and present its arguments. The case should be carefully reviewed by both parties and if in the end the costs are found indeed ineligible ECHO may reduce the amount of its overall contribution to the Action.

In Multi-Donor Actions, ECHO still systematically checks the costs incurred by the UN Organisation against the eligibility rules. Nevertheless, by virtue of the **notional approach**¹¹⁶, ECHO does not object if other donors cover for those aspects of a larger Multi-Donor Action which, for whatever reason, cannot be funded by ECHO. Therefore, when assessing eligibility of costs under Multi-Donor Actions, ECHO ascertains whether sufficient eligible costs have been incurred in the overall Multi-Donor Action. Based on this notional approach, ECHO will not reduce its contribution as long as the level of eligible expenditure is at least equal to the amount of ECHO's contribution specified in the Contribution Agreement.

¹¹⁶ This position taken by ECHO is consistent with the notional approach adopted Commission-wide and endorsed by the FAFA Joint Reference Group in the Frequently Asked Questions for International Organisations published on the Commission's web-site: http://ec.europa.eu/europeaid/work/procedures/faq/international_organizations_en.htm
Namely FAQ N° 31 asks "*How can the EC comply with the rules on eligibility of costs of the action when it contributes to a Multi-Donor Action covering costs that may not be eligible under EC rules?*"

Following a verification mission

Under the Verification Clause annexed to the FAFA the Commission, its representatives and other competent bodies of the EU (such as the European Court of Auditors) may carry out checks related to operations financed by the EU (see Section 18). Although the main aim of these verification missions is to obtain assurance and an understanding of the control systems in place, if in the course of these verification missions it is found that certain costs already paid by ECHO were in fact not in line with the eligibility criteria set, the underlying costs may be deemed to have been ineligible. In such cases the Commission may need to recover the funds unduly paid.

What it means in practice is that in instances where the verification mission's report includes financial findings questioning the eligibility of certain costs, ECHO Authorising Officer and the UN Agency concerned shall undertake a critical review of the relevance of the findings and agree upon steps to take. In case of doubts regarding the process, parties may call upon legal expertise available at their respective headquarters. Please refer to Section 19 on Verifications and Section 20 on Dispute settlement mechanism for more information.

18. Recovery of surplus balance at the end of an Action

If a surplus balance exists on the Organisation's accounts at the end of a project, the Commission's procedure for establishing recovery orders and issuing debit notes shall be pursuant to the procedure detailed in the applicable *Guidelines on Recovery Orders and Recovery by Offsetting under FAF*¹¹⁷.

Furthermore, the debit note sent to the Organisation by the Commission should include the reference number of the Contribution Agreement.

In order to minimise the risk due to exchange rate fluctuations, an optional clause can be inserted in the Special Conditions of the Contribution Agreement. Please refer to the Frequently Asked Questions about International Organisations¹¹⁸:

Example of a recovery process

The step-by-step process would go as follows:

- The UN Organisation submits its Final reports, drawn up in Euro (using the rate of exchange applicable to a given contribution agreement which is set in Article 10.4 of the General Conditions or under Art. 8.2 of the Special Conditions). The amount of the surplus in the holding currency of the UN Organisation should be indicated together with the Euro equivalent of this surplus at the time when the report is processed.
- Once ECHO has made its analysis of the Final Report and established the amount of the surplus, the Commission will issue a pre-information note (= advice of recovery) with the estimated amount in Euro. The UN shall either confirm that amount or revert with an updated amount representing the Euro equivalent of the residual balance established by using the UN Operational Rate of Exchange in force at the time when the UN responds to the Commission's pre-information note (the UNORE is available here: <https://treasury.un.org/operationalrates/Default.aspx>). The UN is encouraged to respond to the pre-information notice (i.e. give its agreement or provide an updated amount in Euro) as early as possible in the calendar month in order to avoid exchange rate changes when issuing the debit note (UN Operational Rate of Exchange changes monthly).

Once the UN Organisation expresses their agreement to the amount in Euro to be reimbursed, by informing the focal point for recoveries at ECHO, ECHO can then establish its internal Recovery Order.

- Based on the amount fixed in the Recovery Order, ECHO will then issue the debit note to the UN Organisation for this same amount.

¹¹⁷ that can be consulted at:

http://ec.europa.eu/europeaid/work/procedures/implementation/international_organisations/other_documents_related_united_nations/index_en.htm

¹¹⁸ http://ec.europa.eu/europeaid/work/procedures/faq/international_organisations_en.htm

Table 4 – example of a recovery process

Step	Action	Example
<p>1 : Final Report UN Organisation</p>	<p>The UN Organisation submits its Final Reports. Expenditure presented in Euro (converted from USD to EUR as per the rate of exchange applicable for reporting expenditure). The UN Organisation specifies the amount of surplus balance in USD with an estimated amount in Euro according to its applicable exchange rate at the time when the report is processed</p>	<p>The UN submits the Final Reports on 7th June 2010. The surplus balance on its accounts equals 50,307 US\$. The UNORE in force at the time of processing is 1US\$ = 0,819 €as per the rates listed here: https://treasury.un.org/operationalrates/Default.aspx Estimated amount in Euro = EUR 41,201</p>
<p>Step 2 : Pre-information notice ECHO</p>	<p>ECHO reviews and endorses reports and sends UN a pre-information notice in Euro</p>	<p>The pre-information note (sent to UN on 25th August) indicates the estimated amount EUR 41,201</p>
<p>Step 3 : Confirmation / Updates UN Organisation</p>	<p>The UN Organisation either confirms or updates the amount in Euro according to its applicable exchange rate at the time when the UN responds to the pre-information note</p>	<p>On 2nd September, the UN replies to ECHO providing an updated amount in Euro (UNORE in force at that time 1US\$ =0,787€) (Updated) Amount in Euro = 39,592</p>
<p>Step 4 : Recovery Order ECHO</p>	<p>ECHO establishes the recovery order on the amount confirmed or updated by the UN and sends out the debit note for this amount, if possible, in the same month.</p>	<p>A few days later, the UN receives from ECHO a debit note for 39,592 Euro which is to be settled within 45 days of the issuing of the debit note (the due date is specified on the debit note)</p>

19. Verification of operations financed by the EU

The EC acknowledges the mandated primacy of UN oversight and control systems, including the principle of exclusive or single audit by UN External Auditors and, in keeping with internationally-accepted practice in the discipline of financial oversight and control, will endeavour to build reliance on these systems¹¹⁹.

The UN recognises the need for the Commission to obtain an assurance that an adequate system of accountability is in place (accounting systems and procedures, reporting, including the oversight mechanisms), to acquire an understanding of that system and to report to its own institutions on the proper use of EU funds. As an integral part of this process, the Commission may periodically perform an on-site “walk through”, with appropriate concrete examples, of these systems.

As to facilitate the process, Parties have agreed on *Common Terms of Reference for Verification Missions*¹²⁰ (“**ToRs**”) which set the objectives, scope and methodology of the verification in practice.

The objective of a verification is not to audit a UN Organisation, but it is for the Commission (or the European Court of Auditors or the competent bodies of the EU or other organisations authorised by the Commission to undertake a verification on its behalf) to acquire an understanding of, and to report on, the adequacy of the system of accountability (accounting systems and procedures, control and procurement procedures, reporting, oversight/audit mechanisms) in place, to enable the Commission to report to its own institutions on the proper use of EU funds.

The Commission may also request all relevant financial information (drawn from accounts and records) and seek clarifications of information, including verification of underlying documents. Such information will be in a form which makes it possible for the EC to verify the use, in line with the provisions of the FAFA, to which its funds or contributions have been put. The sampling methods are defined in the Common Terms of Reference.

Verification missions may be initiated during the implementation of the Contribution Agreement until four years after final payment of the Contribution Agreement. Most verifications, however, will take place within 1 year after the end of the implementation period. Verification missions must be carried out in accordance with the FAFA and the Common Terms of Reference for Verification Missions.

¹¹⁹ Annex to FAFA “Agreement on the application of the verification clause to operations administered by the United Nations and financed or co-financed by the European Community”

¹²⁰ The scope, methodology and processes to be followed are defined in the Common Terms of Reference for Verification Missions agreed between the Commission and the UN, available here: http://ec.europa.eu/europeaid/work/procedures/implementation/international_organisations/other_documents_related_united_nations/index_en.htm

These are some of the Operational Principles¹²¹:

- Verification missions are to be planned ahead and procedural matters are to be agreed upon between ECHO (or their designated representatives) and the UN Organization concerned in advance (as a practice, eight to four weeks in advance of when the visit is intended to take place). These essentially include such matters as timing and scope of the mission, questions the mission wishes to raise with management of the UN Organization, nature of financial information, and whether verifiers are to visit headquarters locations and/or field offices. Level of sampling is set in the abovementioned ToRs.
- As part of the process of obtaining an assurance and understanding of control systems, ECHO representatives may wish to confer with the organization's internal audit function in order to understand the overall operation of the internal audit function.
- The verification mission may sample up to a maximum of 5 transactions per key process (procurement, recruitment including payroll, disbursements, budget management, logistics and reporting) per project as relevant to the Action funded by the EU to ensure that systems described are working¹²². The EC verification team will bring any transaction identified with a problem to the attention of the UN organisation. Should the problem be substantiated by the UN organisation and the EC verification team, then an additional 5 transactions in the same process will be sampled. This sampling will be in accordance with the principles stated in the Common ToR for verification missions.
- Subject to considerations of confidentiality of each individual UN agency, original documents shall be shown to the mission to facilitate the check process. For the most part, copies of such documents will not be taken by the mission. However, requests for copies of such documents will be considered by the UN on a case-by-case basis and will be determined by the organization's management in consultation with, as necessary, its External Auditors.
- Initial and final meetings between the mission and the organization's senior management are to be conducted at the start and end of the mission.
- The mission will offer to make a draft of its report available to the organisation's management for comments prior to final issuance. The position of the UN will be an integral part of the final report.

Acceptance of Final Financial Reports by ECHO and validation of payment requests do not constitute a verification exercise and should not be considered as one.

¹²¹ Annex to FAFA "Agreement on the application of the verification clause to operations administered by the United Nations and financed or co-financed by the European Community".

¹²² The Common Terms of Reference say that "*The EC verification team will bring any transaction identified with a problem to the attention of the <UN entity>. Should the problem be substantiated by the <UN entity> and the EC verification team, then an additional 5 transactions in the same process will be sampled. If one or more of these extra 5 transactions reveals any further problem, the verification team will not pursue sampling but will refer to the <UN entity>Controller (or equivalent). Any disagreement on the substantiation of the problem(s) at any stage of the sampling between the <UN entity> and the EC verification team will be referred to the <UN entity> Controller (or equivalent).*"

20. Settlement of disputes

Consultations

In order to minimize diverging interpretations of the FAFA, Parties have put in place structures allowing for discussion on any matters arising out of the FAFA:

- The **FAFA Working Group** was created under the FAFA itself (Article 13.1) to promote a regular exchange of information on all matters arising out of the FAFA. The Working Group meets annually in order to review the implementation of the FAFA. It may propose any appropriate action, including amendments of the framework agreement. The operational conclusions of the FAFA's Working Group's meetings are available for consultation on the Commission's web-site¹²³.

- The **Joint Reference Group (JRG)** was instituted by the 5th FAFA Working Group meeting in 2008 to complement existing dispute settlement mechanisms¹²⁴. The JRG is composed of officials of the EC and the UN at appropriate levels who work together and meet regularly and to whom issues broadly relating to day-to-day implementation of EU-UN Actions can be referred. The JRG would analyse the case and provide advice to the relevant Commission services and the UN Organisation involved.

In the context of a specific ECHO-UN Contribution Agreement when it occurs that Parties do not reach a common conclusion, the matter can be brought to the attention of the next hierarchical level¹²⁵ or it can be referred to the Joint Reference Group¹²⁶ (JRG).

Settlement of disputes

By the principles enshrined in the FAFA¹²⁷, the affected Parties shall endeavour to settle amicably any dispute or complaint relating to the interpretation, application or fulfilment of any contribution-specific agreement, including their existence, validity or termination.

Where, in the context of a specific ECHO-UN Contribution Agreement, it occurs that Parties do not reach a common conclusion, the matter should first be brought to the attention of the next hierarchical level¹²⁸.

¹²³ http://ec.europa.eu/europeaid/work/procedures/implementation/international_organisations/other_documents_related_united_nations/index_en.htm

¹²⁴ "...Given the absence of an effective mechanism to address problems, it was decided to establish a FAFA "Joint Reference Group", composed of EC and UN officials at appropriate levels, working together and meeting regularly as required [...], to whom issues broadly relating to the day-to-day implementation of the FAFA can be referred.

The "Joint Reference Group" would analyse FAFA-related issues brought to their attention and provide advice – intervening as necessary with the services/agencies involved. The Group would also systematise the information received, and issue updates and information documents (such as "Frequently Asked Questions") which would improve consistency within the EC and the UN, and help to clarify and strengthen the partnership."

¹²⁵ This is in line with the dispute settlement mechanism referred to in the Operational conclusions of the FAFA Working Group's meeting in 2006

¹²⁶ Operational conclusions of the FAFA's 5th Working Group's meeting in 2008 http://ec.europa.eu/europeaid/work/procedures/implementation/international_organisations/other_documents_related_united_nations/index_en.htm

¹²⁷ FAFA, Article 14.

¹²⁸ This is also in line with the dispute settlement mechanism referred to in the Operational Conclusions of the FAFA Working Group's meeting in 2006.

In the absence of agreement at the next hierarchical level, the case may, particularly if it presents a systemic or recurring problem, be referred to the Joint Reference Group¹²⁹ (JRG). Brussels-based representatives of the UN Organisation and ECHO's Legal Affairs unit would assist with the administrative process. The JRG will analyse the case and provide advice to ECHO and the UN Organisation concerned.

If the Joint Reference Group cannot reach a functional conclusion, the matter may, depending on the nature of the question, be referred to the annual FAFA Working Group.

¹²⁹ Operational conclusions of the FAFA's 5th Working Group's meeting in 2008 (see footnote 114 above).

21. References

The Financial and Administrative Framework Agreement (FAFA) between the EU and the UN (2003). Full text available at:

http://ec.europa.eu/echo/files/about/actors/fafa/agreement_en.pdf;

Special Conditions of the Contribution Agreement between ECHO and UN Agencies available: available at:

http://ec.europa.eu/echo/about/actors/fafa_en.htm

General Conditions of the Contribution Agreement applicable to Contribution Agreements between ECHO and International Organisations - Full text available at:

http://ec.europa.eu/echo/files/about/actors/fafa/gen_conditions_en.pdf

The Single Form for Humanitarian Aid Actions & the Guidelines on how to complete this form available: http://ec.europa.eu/echo/about/actors/fafa_en.htm

ECHO has also developed its own guidance texts which may provide additional practical information though not binding on the UN. These include:

[ECHO's Fact Sheets](#)

[Tool-kit for Partners on Visibility, Information and Communication in EU Humanitarian Aid](#) (ECHO's Visibility Toolkit, 2009) - This text is in line with Article 11 of the FAFA and is the expression of the specific visibility and communication approach for humanitarian aid operations foreseen in the [Joint Visibility Guidelines for EC-UN Actions in the field](#), 2008. In either case the FAFA remains the sole legal authority on the subject.

[Guidelines for Final Financial Reporting](#) – This text explains the scope of the final financial report and how it will be used by ECHO for the validation of the payment request. With regard to the UN, while ECHO's Guidelines do not override the *Joint UN- EU Guidelines on reporting obligations under the FAFA* aimed at providing practical guidance for the interpretation of the relevant articles of the FAFA, they may offer advice more specific to humanitarian aid and its funding by ECHO where required. Reporting obligations specific to ECHO-UN Actions will be outlined specifically in the present Joint ECHO-UN Guidelines, section Reporting.

ANNEX I - TRANSMISSIONS OF DOCUMENTS – OVERVIEW TABLE

The table uses the following abbreviations or terms:

R	Registered letter or equivalent such as courier service
eM	e-Mail
e-tools	submission using e-tools application
PDF	PDF-Document such as a scanned version of a signed paper copy
Head of Unit	Address of Head of Unit of ECHO as identified in Article 7 of the Special Conditions of the Contribution Agreement
Contact Person ECHO	Contact person of ECHO as identified in Article 7 of the agreement (name.surname@ec.europa.eu)
Contact Persons at UN Organisation	Contact persons as identified in Article 7 of the Special Conditions of the Contribution Agreement
ECHO Mailbox	Echo-central-mailbox@ec.europa.eu
ECHO Mngmt	ECHO management
ECHO Dir	ECHO Directorate

DOCUMENT	FROM	TO	Paper	Electronic	Address ¹³⁰	IN COPY Electronic	Address
I. Preparation of the Action							
First version of eRequest (201X/000X/RQ/01/01)	UN Organisation	ECHO		e-Tools			
Revised version of eRequest (201X/000X/RQ/01/02)	UN Organisation	ECHO		e-Tools			
Comments/response ECHO on first or revised version of proposal	ECHO desk	UN Organisation		eM	Contact persons		
In case of approval of proposal, two copies of the agreements signed by ECHO	ECHO Mngmt	UN Organisation	R		<u>Paper</u> : address of the legal representative of the UN Organisation	PDF	Head of Delegation Technical Assistant
Agreement and final Single Form signed and returned by Partner	UN Organisation	ECHO	R		<u>Paper</u> : Head of Unit		
Refusal of action proposal	ECHO Mngmt	UN Organisation		PDF	<u>Electronic</u> : official e-mail address	PDF	Contact persons
Material error in Agreement	UN Organisation	ECHO		eM	<u>Contact person ECHO</u>		
Correction Material error in Agreement	ECHO Mngmt	UN Organisation		eM	<u>Official e-mail address</u>	eM	Contact persons
II. Implementation of the Action							

¹³⁰ The addresses and contact persons at the UN Organisation will be the ones identified in Article 7 of the Special Conditions of the Contribution Agreement. These are specific for each specific Action and are included by the UN Organisation in the Section 12 of the (e)Single Form.

DOCUMENT	FROM	TO	Paper	Electronic	Address¹³⁰	IN COPY Electronic	Address
Request for confirmation reply	UN Organisation	ECHO		eM	ECHO Mailbox	eM	Contact person ECHO
Confirmation reply	ECHO Desk	UN Organisation		eM	e-mail address person who requested confirmation reply	eM	Contact persons
Informing ECHO of a unilateral modification, outside the reporting (e.g. change contact persons)	UN Organisation	ECHO		eM	ECHO Mailbox	eM	Contact person ECHO
Informing Partner of a change of ECHO's contact persons	ECHO desk	UN Organisation		eM	<u>Electronic</u> : official e-mail address	eM	Contact persons
Changes in bank account	UN Organisation	ECHO		eM	<u>Contact person ECHO and/or C3</u>		
Notification of events that could lead to suspension	UN Organisation (field or HQ)	ECHO		eM	Contact Person ECHO		
Suspension request and resumption notification by Partner	UN Organisation	ECHO		PDF	ECHO Mailbox	eM	Contact person ECHO
Amendment request, 201X/0000X/MR/01/01	UN Organisation	ECHO		eTools	APPEL		
ECHO reply by exchange of letters	ECHO Mngmt	UN Organisation		PDF	<u>Electronic</u> : official e-mail address	PDF	Contact persons
ECHO reply by supplementary agreement	ECHO Mngmt	UN Organisation	R		<u>Paper</u> : address legal representative of the UN Organisation	PDF	Head of Delegation Technical Assistant
Supplementary agreement signed and returned by Partner	UN Organisation	ECHO	R		<u>Paper</u> : Head of Unit	eM	Contact persons Partner
Request second pre-financing if not made in intermediate report	UN Organisation	ECHO		PDF	ECHO Mailbox	PDF	Contact person ECHO
Intermediate report 201X/0000X/IR/01/01	UN Organisation	ECHO		e-tools	APPEL		
Reminder that intermediate report was not sent	ECHO Mngmt	UN Organisation		PDF	<u>Electronic</u> : official e-mail address	PDF	Contact persons
Request for complementary information	ECHO desk	UN Organisation		eM	<u>Electronic</u> : official e-mail address	eM	Contact persons
Reply to request for complementary information or 201X/0000X/IR/01/02	UN Organisation	ECHO		e-tools/eM	APPEL/ECHO Mailbox	eM	Contact person ECHO
III. Closing the action							
Request to transfer remaining supplies	UN	ECHO		eM	ECHO Mailbox	eM	Contact person ECHO

DOCUMENT	FROM	TO	Paper	Electronic	Address¹³⁰	IN COPY Electronic	Address
to follow-up action or to donate to local authorities	Organisation						
Reply to request to transfer remaining supplies to follow-up project or to donate to local authorities.	ECHO Mngmt	UN Organisation		PDF	<u>Electronic</u> : official e-mail address	PDF	Contact persons
Final reports 201X/0000X/FR/01/01	UN Organisation	ECHO		etools	<u>APPEL</u>		
Reminder that final reports were not sent	ECHO	UN Organisation		PDF	<u>Electronic</u> : official e-mail address	PDF	Contact persons
Reminder of absence of final financial report	ECHO	UN Organisation		PDF	<u>Electronic</u> : official e-mail address	PDF	Contact persons
Reminder of absence of paper copy of final report	ECHO	UN Organisation		PDF	<u>Electronic</u> : official e-mail address	PDF	Contact persons
In case of late submission of final reports by Partner, extension of ECHO's own deadline to accept and validate the final reports.	ECHO Mngmt	UN Organisation		PDF	<u>Electronic</u> : official e-mail address	PDF	Contact persons
Request for complementary information for final reports ("stop the clock")	ECHO Mngmt	UN Organisation		PDF	<u>Paper</u> : address legal representative <u>Electronic</u> : official e-mail address	PDF	Contact persons
Reply to request for complementary information 201X/0000X/FR/01/0X	UN Organisation	ECHO		eM	APPEL/ECHO Mailbox	eM	Contact person ECHO
Termination with advance notice by the Partner	UN Organisation	ECHO	R	PDF	<u>Paper</u> : Head of Unit <u>Electronic</u> : ECHO Mailbox	PDF	Contact person ECHO
Termination with advance notice by ECHO	ECHO Dir	UN Organisation	R	PDF	<u>Paper</u> : address legal representative <u>Electronic</u> : official e-mail address	PDF	Contact persons
Termination with immediate effect by ECHO	ECHO Dir	UN Organisation	R	PDF	<u>Paper</u> : address legal representative <u>Electronic</u> : official e-mail address	PDF	Contact persons
Final payment advice by ECHO	ECHO/C/3	UN Organisation		PDF	<u>Electronic</u> : official e-mail address	PDF	Contact persons

ANNEX II – GLOSSARY

Action	A humanitarian aid operation implemented by a humanitarian organisation and funded or partially funded by the EC.
Amendment	A modification to a Contribution Agreement to reflect operational or other changes in the implementation of the Action. An Amendment can take the form of a Unilateral Modification, an Exchange of Letters or a Supplementary Agreement. (see Section 6 of the Guidelines for more information about Amendments)
APPEL	An on-line application for electronic submitting project proposals to ECHO and the subsequent management of reports and modification requests
Confirmation Reply	A reply by ECHO to confirm the applicability of rules (see Section 6 of the Guidelines for more information)
Contribution Agreement	An agreement between ECHO and a UN Organisation that includes the Special Conditions, General Conditions, Annexes I and II (Description of the Action; Financial Overview)
Control mechanism	The supervisory and monitoring procedure applied to each individual Agreement for identifying, assessing, and managing risks, carried out by the EC to provide reasonable assurance as regards the achievement of the objectives. UN organisations are treated by ECHO on the basis of the P Control Mechanism (whereby "P" stands for Prior assessment and own Procedures), based on the Four Pillar Review (see "joint management" below). This resumes to the UN applying its own rules & procedures when implementing Actions which are financially supported by ECHO (See section 9 & 10 of the Guidelines for more information)
ECHO	Directorate-General for Humanitarian Aid and Civil Protection of the European Commission
Direct Costs	Any expenditure directly linked to the implementation of the Action. Direct costs can be defined as actual costs pertaining to the implementation of the Action and cover both the costs of goods and services delivered to beneficiaries and the costs related to the support activities required for the correct implementation of the Action. Section 8 of the Guidelines explains the notion of eligible direct costs.
Eligibility Period	The period during which the expenses committed for an Action are eligible. See section 8 of the Guidelines
Eligible Costs	See section 8 of the Guidelines
Ex Tempore Amendment	An amendment requested and adopted after the end of the Implementation Period of an Action, but before submission of the final report (See section 6 of the Guidelines)
Exchange of Letters	An Amendment procedure consisting of a Partner's request to modify the Agreement and ECHO's formal written reply. (See section 6 of the Guidelines)
Fait du Prince	Decisions taken by national, regional or local authorities that affect the implementation of the Actions (e.g. prohibition to import humanitarian goods, refusal of access to the region affected by the crisis, etc.) Such events may require a suspension of the Action (See section 5 of the Guidelines)
Financial and Administrative Framework Agreement	Agreement between the UN and the EC signed on 29 April 2003, laying down the mutual rights and obligations of partnership between both institutions for the funding of Actions in areas such as development and

("FAFA")	humanitarian aid.
Financing Decision	Act by which the Commission allocates funds from the General Budget to finance humanitarian Actions. It identifies i.e. the objectives of humanitarian interventions, the region, and type of activities, funds to be committed, eligibility period and potential Partners. See Section 2 for more information about the Financing Decisions.
Force Majeure	Any unforeseeable exceptional situation or event beyond the Partner's or ECHO's control which prevents either of them from fulfilling any of their contractual obligations, which is not attributable to error or negligence on their part (or the part of their implementing partners, contractors or employees), and which proves insurmountable in spite of all due diligence. Such events may require a suspension of the Action (See section 5 of the Guidelines)
Four Pillar Review	Assessment of accounting, audit, internal control and procurement procedures of an organisation, which, if satisfactory, offer guarantees equivalent to internationally acceptable standards.
Humanitarian Implementation Plan (HIP)	By publishing a HIP, ECHO informs its partners of the availability of funds for a specific country or crisis and of the planned procedure for allocation of these funds. The HIP gives a snapshot of the situation in a given crisis/country. It provides an overview of the humanitarian needs and ECHO's response to address the challenges identified.
Implementing Partner	See section 9 of the Guidelines
Incurred Cost	Costs for which a legal obligation exists (e.g. on the basis of a contract). This term is used in relation to eligible costs (explained in Section 8 of the Guidelines)
Indicator	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement or to reflect the changes connected to an Action.
Indirect Costs	See section 8 for information about Eligible Costs
Joint Management	This is a method of implementation of the EU budget by which the EC entrusts some of its implementing tasks to an international organisation complying with international standards with regard to the "four pillars" (i.e. accounting, internal control, audit and procurement). The EC keeps some prerogatives of control and verification, as required by the Financial Regulation. ¹³¹ All Contribution Agreements signed between ECHO and the UN are done under the "joint management" modality
Supplementary Agreement	See Section 6 of the Guidelines for more information about Amendments
Unilateral Modification	See Section 6 of the Guidelines for more information about Amendments
Winding-up costs	See Section 8 of the Guidelines for more information about Eligible Costs
100% Financing	This funding method is used when only ECHO's funds are used to cover the action implemented by the International Organisation (i.e. no other donors).

¹³¹ FAQ – International Organisations (N° 3 & 4):
http://ec.europa.eu/europeaid/work/procedures/faq/international_organisations_en.htm