

TECHNICAL ANNEX

STRATEGIC SUPPLY CHAIN

FINANCIAL, ADMINISTRATIVE, AND OPERATIONAL INFORMATION

The provisions of the financing decision ECHO/WWD/BUD/2024/01000 and the General Conditions of the Agreement with the European Commission shall take precedence over the provisions in this document.

The activities proposed hereafter are subject to any terms and conditions that may be included in the related Humanitarian Implementation Plan (HIP).

1. CONTACTS

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2. FINANCIAL INFO

Indicative Allocation²: **EUR 6 000 000.**

Indicative breakdown per Actions as per Worldwide Decision (in euros)³:

¹ Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO).

² The Commission reserves the right not to award all or part of the funds made or to be made available under the HIP to which this Annex relates, or to allocate part of the funding to interventions with a regional or multi-country approach.

³ For flexibility and fast responsiveness purposes, this breakdown can be adjusted within certain limits based on newly arising needs.

Country(ies)	Action (a) Human-induced crises and natural hazards	Action (b) Initial emergency response/small-scale/epidemics	Action (c) Disaster Preparedness	Actions (d) to (f) Transport / Complementary activities	TOTAL
Global				EUR 6 000 000	EUR 6 000 000

3. PROPOSAL ASSESSMENT

a) Co-financing

Under the EU Financial Regulation, grants must involve co-financing; as a result, the resources necessary to carry out the action must not be provided entirely by the grant. An action may only be financed in full by the grant where this is essential for it to be carried out. In such a case, justification must be provided in the Single Form (section 10.4)⁴.

b) Financial support to third parties (implementing partners)

Pursuant to Art. 204 Financial Regulation, for the implementation of actions under direct management under this HIP, partners may provide financial support to third parties, e.g., implementing partners. This financial support can only exceed EUR 60 000 if the objectives of the action would otherwise be impossible or excessively difficult to achieve. In such cases, justification must be provided in the Single Form (section 10.6) based on the following grounds: a limited number of non-profit NGOs have the capacity, skills or expertise required; there are only a limited number of organisations in the country of operation, or in the region(s) where the action takes place; in a confederation, family or network context, the partner would rely on other members of the confederation, family or network to ensure geographical coverage, while minimising costs and avoiding duplication.

c) Alternative arrangements

In case of country or crisis-specific issues or unforeseeable circumstances, which arise during the implementation of the action, the Commission (DG ECHO) may issue specific ad-hoc instructions which partners must follow. Partners may also introduce via the Single Form duly justified requests for alternative arrangements to be agreed by the Commission (DG ECHO) in accordance with Annex 5 to the Grant Agreement.

⁴ Single form guidelines: <https://www.dgecho-partners-helpdesk.eu/ngo/action-proposal/fill-in-the-single-form>

d) Field office costs

Costs for use of the field office during the action are eligible and may be declared as unit cost according to usual cost accounting practices, if they fulfil the general eligibility conditions for such unit costs and the amount per unit is calculated:

- i. using the actual costs for the field office recorded in the beneficiary's accounts, attributed at the rate of office use, and excluding any cost which are ineligible or already included in other budget categories; the actual costs may be adjusted on the basis of budgeted or estimated elements, if they are relevant for calculating the costs, reasonable and correspond to objective and verifiable information;

and

- ii. according to usual cost accounting practices which are applied in a consistent manner, based on objective criteria, regardless of the source of funding.

e) Actions embedded in multi-annual Programmatic Partnerships⁵

Funding under this HIP may be used to finance actions implemented in the framework of multi-annual strategies (Programmatic Partnerships), as and when provided for in the HIP. Programmatic Partnerships can be at country, multi-country or regional level. If multi-country/regional, the proposals should specify the breakdown between the different country allocations.

f) Regional and multi-country actions (non-Programmatic Partnerships)

Regional/multi-country actions can be supported under this HIP (and where relevant in conjunction with other HIPs⁶), where they are proven more suitable/effective than country-based interventions to respond to identified needs, taking into account the operating context, the strategy and the priorities set out in the HIP (or respective HIPs), the operational guidelines provided in section 4.1.2. of this Annex, as well as the applicant organisation's capacities. The proposals should specify the breakdown between the different country allocations.

⁵ See the dedicated [guidance](#) on Programmatic Partnerships.

⁶ For multi country actions falling under more than one HIP, partners are requested to submit only one proposal in APPEL. The single form should refer to the HIP that covers the majority of targeted countries.

g) Multi-year funding actions⁷

HIPs may be used for multi-year funding actions, which should have a duration of minimum 24 months and the full budget is committed upfront. Specific policy areas for multi-year funding may be mentioned in the respective HIP. Multi-year funding actions aim at generating additional efficiency gains and improve design and delivery of humanitarian assistance. The submitted proposals should demonstrate these gains, which should be monitored during the implementation of the action and will have to be reported in the final reports of the action.

It is possible to request multi-year funding in the context of a Programmatic Partnership to be concluded with DG ECHO. In this situation, see section 3.e.

4. ADMINISTRATIVE INFO**Allocation round 1**

- a) Indicative amount: up to EUR 6 000 000.
- b) Costs will be eligible from 1 January 2024.
- c) The initial duration for the Action may be up to 24 months or more⁸ provided that the added value of a multi-annual duration is demonstrated by the partner⁹. Education in Emergencies actions do not need further justification and should have an initial duration of at least 24 months unless there is a needs- or context-based justification for a shorter duration. For Disaster Preparedness, justification is needed only for particularly volatile contexts. Follow-up actions, which continue/extend ongoing operations financed under a previous Humanitarian Implementation Plan, can be submitted as modification requests to extend the overall duration to a maximum of 48 months. Actions that are extended further through modification requests can be funded under a maximum of three successive Humanitarian Implementation Plans. The same approach may also be used to the extent appropriate in furtherance of any multi-annual strategies provided for by the HIP (see point e) of section 2 above).
- d) Potential partners¹⁰: All DG ECHO Partners. Consortia or other collaborative arrangements are strongly encouraged.

⁷ For more information - See the factsheet on EU Humanitarian Aid Multi-Year Funding available on the DG ECHO Website ([DGEcho WebSite \(dgecho-partners-helpdesk.eu\)](https://dgecho-partners-helpdesk.eu)) Additional information can be found here: Grand Bargain Quality funding commitments: [Grand Bargain Caucus on Quality Funding - Outcome Document - final - 11Jul22.pdf \(interagencystandingcommittee.org\)](#) and Grand Bargain definitions: [Multi-year and flexible funding - Definitions Guidance Summary - Narrative Section January 2020.pdf \(interagencystandingcommittee.org\)](#)

⁸ Maximum duration of an action is 48 months.

⁹ See the factsheet on EU Humanitarian Aid Multi-Year Funding available on the DG ECHO Website ([DGEcho WebSite \(dgecho-partners-helpdesk.eu\)](https://dgecho-partners-helpdesk.eu)).

¹⁰ Unless otherwise specified potential NGO partners refer to certified partner organisations.

- e) Information to be provided: Single Form or Modifications requests of on-going actions¹¹.
- f) Indicative date for receipt of the above requested information: by 29 February 2024¹².

4.1. Operational requirements:

4.1.1. Assessment criteria:

- 1) Relevance
 - How relevant is the proposed intervention; is it compliant with the objectives of the HIP?
 - Has a joint needs assessment been used for the proposed intervention (if existing)? How have the local partners been included in the needs assessment efforts? Have other recent and comprehensive needs assessments been used?
 - Has the proposed intervention been coordinated with other humanitarian actors and local and national actors?
- 2) Capacity and expertise (including in support to the localisation approach)
 - Does the partner, with its implementing partners, have sufficient expertise (country / region and / or technical)?
 - How does the partner contribute to developing/strengthening local capacity?
- 3) Methodology and feasibility
 - Quality of the proposed response strategy, including intervention logic / logframe, output & outcome indicators, risks, and challenges.
 - Feasibility, including security and access constraints.
 - Quality of the monitoring arrangements.
 - Quality of the proposed localisation approach, and measures taken to minimise the transfer of risks.
- 4) Coordination and relevant post-intervention elements
 - Extent to which the proposed intervention is building on ongoing local response and in coordination with other humanitarian actors and actions (including, where relevant, the use of single interoperable registries of beneficiaries).

¹¹ Single Forms will be submitted to DG ECHO using APPEL.

¹² The Commission reserves the right to consider Single Forms transmitted after this date, especially in case certain needs/ priorities are not covered by the received Single Forms.

- Extent to which the proposed intervention contributes to resilience and sustainability, including the sustainability of locally driven responses.
- 5) Cost-effectiveness/efficiency/transparency
- Does the proposed intervention display an appropriate relationship between the resources to employed, the activities to be undertaken and the objectives to be achieved?
 - Is the breakdown of costs sufficiently documented/explained, including the information on percentage of funding to be implemented by local actors and the share of overhead costs transferred to them?¹³

In case of actions ongoing in the field, where DG ECHO is requested to fund the continuation thereof, a field visit may be conducted by DG ECHO field expert (TA) to determine the feasibility and quality of the follow-up action proposed.

In case of a Programmatic Partnership, the proposed action shall be assessed under the same criteria as listed above. However, a Programmatic Partnership proposal must also demonstrate a clear added value (e.g. efficiency gains; longer term outcomes, scaling up of innovative approaches; contribution to a specific policy; etc.). See dedicated guidance to partners for more details.

No award will be made to NGO partner organisations which have not complied with their obligations concerning the submission of audited financial statements (i.e., which would not have submitted those in due time to the Commission without a proper justification) or which would appear not to offer sufficient guarantee as to their financial capacity to implement the proposed actions (in light of their liquidity and independency ratios as appearing from their latest available annual statutory accounts certified by an approved external auditor).

All awards made using EU Funds must respect the Conditionality Measures¹⁴ issued under any Council Implementing Decision adopted in accordance with Article 6 of EU

¹³ In accordance with the relevant section of the Single Form guidelines (section10)

¹⁴ Conditionality Measures against a Concerned Entity, may, for example, include, amongst others, the requirement to: suspend payments or the implementation of the legal commitment to/with the Concerned Entity; and/or terminate the legal commitment with the Concerned Entity; and/or prohibit entering into new legal commitments with the Concerned Entity. Conditionality Decisions and Measures issued under Council Implementing Decisions may impact the implementation of grants, contributions and procurement contracts awarded, as the Commission is required to ensure the application of these Conditionality Decisions and Measures in the implementation of the EU budget via both direct and indirect management.

regulation 2020/2092 on a general regime of conditionality for the protection of the Union budget¹⁵ (“Conditionality Decision”).

The Commission hereby notifies applicants under this HIP/TA of the following Conditionality Decision (valid at the date of publication of this HIP/TA):

- **Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary¹⁶.**

This Conditionality Decision, in particular its Article 2.2, prohibits legal commitments under direct and indirect management with any public interest trust established by Hungarian Act IX of 2021¹⁷, including those entities listed in Annex I to Hungarian Act IX of 2021¹⁸ and other affiliated entities maintained by them (“Concerned Entities”). The Commission will further notify when the above-mentioned Conditionality Measures are lifted.

4.1.2. Specific operational guidelines and operational assessment criteria:

This section outlines the specific operational guidelines that DG ECHO partners need to consider in the design of humanitarian operations supported by DG ECHO. It also lists and explains the assessment criteria – based on those outlined in section 4.1.1 - that DG ECHO will apply in the specific context of the HIP to which this Technical Annex relates when assessing proposals submitted in response to the related HIP.

Strategic Supply Chain

The Strategic Supply Chain HIP is intended to support the vision set out in DG ECHO’s Humanitarian Logistics Policy.

Therefore, actions will have to contribute to a **paradigm shift** towards a more **efficient and effective** humanitarian supply chain.

Actions supported should have a **multiplying effect** by **demonstrating the benefits** of more efficient and effective ways of implementing the humanitarian supply chain, and proving these practices are workable and scalable, thereby encouraging others to adopt meaningful and positive change this area. **The impact of a proposal in this regard will be a the primary assessment criteria** and should be clearly and thoroughly addressed in the Single Form, ideally with detailed information and / or indicators specifically to measure this, for example:

¹⁵ Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget OJ L 433I , 22.12.2020, p. 1–10

¹⁶ OJ L 325, 20.12.2022, p. 94–109

¹⁷ Act IX of 2021 on public interest trust foundations with a public service mission (entry into force 01/01/2023).

¹⁸ Available (in Hungarian) at: <https://njt.hu/jogszabaly/2021-9-00-00>

- To what degree it can contribute to **systemic change** via e.g. collaborative operational/information systems and greater and better use of data, and;
- How this will contribute to **efficiency or effectiveness** gains, either directly or indirectly;
- How many and **to what extent other organisations are willing to collaborate and will benefit**, to what extent it will raise the overall understanding and awareness of the the importance of a strategic approach to the humanitarian supply chain;
- To what extent targeted **dissemination of good practice** and lessons/findings has been developed and will be implemented;
- The extent to which a proposal contributes to **consideration of logistics as early as possible in the planning process**;
- Integration of / complementarity with work on reducing **environmental impacts** of the supply chain; The majority of organisations' environmental footprint comes from their logistics/supply chains, and as such these offer an opportunity to minimise environmental impacts and must be part of the strategic approach to the supply chain. Preference should be given to proposals that procurement, distribution, and use of environmentally sustainable items, reducing and optimising secondary and tertiary packaging, avoiding procuring single-use items, and favouring products with greater durability and high recycled content;
- Maximisation of integration with and use of **already existing coordination mechanisms** – for example, where the Logistics Cluster is or will be activated, contributing to the gaps and needs analysis and ConOps development, ideally during their inception and throughout any subsequent iterations, as well as strengthening the logistics capacities of regional and national disaster management authorities.

As per the HIP, proposals can for for global strategic initiatives or regional and/or country specific projects, with areas of focus and criteria for assessment as follows:

Support to global strategic initiatives

- This support to global strategic initiatives, i.e., tools and approaches that can be used and deployed anywhere around the world, will focus on achieving growth in the use of joint initiatives (especially common services, shared services, and joint procurement). In particular,

initiatives that provide a structure within which humanitarian actors can meet, share information and resources, discuss and agree on joint solutions, and also operationalise these are especially encouraged.

- Proposals should ideally already have a strong working basis and proof of concept. They should support and increase the consideration of supply chain and logistics throughout the entire project cycle (e.g., planning, implementation and monitoring); those that improve the allocation of sufficient, qualified staffing to logistics functions will also be considered. The approaches that encourage the procurement, operations including warehousing and transport, customs, and other administrative requirements, reducing environmental footprint, and the Humanitarian-Development-Peace Nexus approach set out in the Logistics Policy and Operational Guidelines should be incorporated as much as possible. Proposals that address these aspects outside of an overarching joint approach objective will also be considered.
- Overall, any proposals contributing to a paradigm shift towards more efficient and effective logistics are welcome. Proposals will ideally demonstrate the potential for this in a concrete and operational way. However, if a strong argument can be made for the need for research or training in particular areas to support this paradigm shift, these can also be considered.
- DG ECHO will also support innovative approaches to the supply chain, particularly (but not limited to) technical and digital solutions. Proposals will need to offer tools to humanitarian organisations to, for instance, accelerate digitisation of their supply chains in a concrete way, while demonstrating a meaningful impact at the programmatic and operational level and having scope for broad adoption. DG ECHO can also support initiatives facilitating reverse logistics, in particular if mutualisation and joint initiatives can be set up. These should complement the work being undertaken on reverse logistics by the WREC project, led by the Global Logistics Cluster.

Regional and/or country specific projects

- DG ECHO intends to support regional and country level strategic and joint initiatives where it can be demonstrated that there is added value in doing so. As mentioned above, the focus is on initiatives to encourage this shift which, competing with so many other immediate needs, would struggle to receive funding or would not have the same systemic impact without dedicated budget, and which are complementary to DG ECHO geographic funding envelopes. DG ECHO's ambition is that the funded initiatives will demonstrate the added value of such approaches, increase adoption/systematisation in future, and create a multiplying effect. The initial ad hoc funding will lead, as the initiatives progress, to self-sufficiency or to the

incorporation of such activities into more traditional funding streams if still needed.

- Therefore, the case for the added value of a proposal, and proposed way(s) of monitoring this should be well developed. Solutions related to both emergency response and protracted crises can be supported. Regional and or country specific joint and strategic preparedness and anticipatory activities may be considered when related to ensuring the ability of the supply chain to respond to crises. As above for global strategic initiatives, DG ECHO can also support initiatives facilitating reverse logistics, in particular if mutualisation and joint initiatives can be set up. These should complement the work being undertaken on reverse logistics by the referred WREC project, led by the Global Logistics Cluster.

Localisation

In line with the DG ECHO guidance on localisation¹⁹, and unless duly justified, DG ECHO will expect that proposals are based on partnerships with local actors, including through the participation and leadership of local and national actors in the project cycle, giving them space in the governance process, allocating an appropriate share of funding to local partners. In case of proposals of similar quality and focus, DG ECHO will give priority to proposals where at least 25% of DG ECHO's contribution will be spent on activities implemented by local and national actors. DG ECHO also expects partners to provide an adequate share of overhead cost to their local implementing partners. In addition, DG ECHO will prioritise proposals where the locally led action constitutes a central element and which are designed bottom up, and where DG ECHO partners provide relevant support to local partners' response (technical training, institutional support, peer learning).

Environmental considerations

All partners are expected to include context-specific measures to reduce the environmental footprint of the proposed actions, while preserving their effectiveness, in compliance with the minimum environmental requirements set out in DG ECHO's Guidance on the operationalisation of the Minimum Environmental Requirements and Recommendations for EU-funded humanitarian aid operations²⁰.

The minimum environmental requirements should be applied through a 'mainstreaming' approach with environmental impacts mitigated across sectors, projects and programmes with the aim to consider the environment holistically when designing and implementing actions. The requirements will apply to all sectors with special attention on mitigating the negative environmental impacts in protracted, chronic situations.

¹⁹ <https://ec.europa.eu/echo/files/policies/sectoral/dg%20echo%20guidance%20note%20-%20promoting%20equitable%20partnerships%20with%20local%20responders%20in%20humanitarian%20settings.pdf>

²⁰ https://civil-protection-humanitarian-aid.ec.europa.eu/what/humanitarian-aid/climate-change-and-environment_en

Under this HIP, specific consideration can be given to initiatives facilitating reverse logistics, in particular if mutualisation and joint initiatives can be set up. These should complement the work being undertaken on reverse logistics²¹ by the WREC project, led by the Global Logistics Cluster. The HIP Policy Annex should be consulted in parallel.

²¹ “Reverse logistics is a supply chain management process involving the movement of materials from the point of consumption back through various steps in the supply chain with the aim of recapturing value [...] This process encompasses activities such as redistribution, resale, repair, recycling, and responsible disposal of materials. By implementing reverse logistics practices, humanitarian supply chains can effectively retain and reintegrate materials into the supply chain in a sustainable manner, thereby reducing waste and resource consumption” (WREC Global Reverse Logistics Information Session NFR, September 2023 Logistics Cluster Website (www.logcluster.org))