

USER GUIDE

TO THE

FINANCIAL PROCEDURES

OF THE

EUROPEAN DEVELOPMENT FUND

(EDF)

EUROPEAN COMMISSION
DEVELOPMENT AID
SCR/D/2 UNIT

"Financial implementation of ACP projects and integrated projects"
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HOW TO USE THE *USER GUIDE*

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INTRODUCTION: HOW TO USE THE USER GUIDE

The Fourth ACP-EEC Convention (LOME IV), Article 221(g) states that:

"Development finance cooperation shall:
(g) be carried out with a minimum of administrative formalities using simple and rational procedures so that projects and programmes may be implemented rapidly and efficiently;"

The ACP-EEC cooperation is implemented through a five-yearly allocation of funds, known as the European Development Fund (EDF). Some of these resources are managed by the European Investment Bank (EIB), but most by the Commission. This *User Guide* relates only to resources managed by the Commission.

The *User Guide* lists and explains in simple terms the procedures for the financial management of the European Development Fund under the Fourth Lomé Convention. It is intended for use by those concerned with the financial aspects of the proposal, preparation and management of all development cooperation activities covered by the EDF.

There are three levels of authority for operation of the EDF. The highest level is the Fourth ACP-EEC Convention (LOME IV) and the Council Decision on the Association of the Overseas Countries and Territories with the EC (91/482/EEC). At the second level, it is supported by the Internal Agreement on the financing and administration of Community Aid under the Fourth ACP-EEC Convention (91/401/EEC), the General Regulations and General Conditions required under Articles 305 and 306 of the Lomé IV Convention, and contained in Decision 3/90 of the ACP-EEC Council of Ministers of 29 March 1990 and the Financial Regulation of 29 July 1991 applicable to development finance cooperation under the Fourth ACP-EEC Convention (Council decision 91/491/EEC). At the third level, comprehensive rules for the application of this legislation are set out in the Manual of Instructions.

All of these documents should be kept to hand by any person concerned with the operation of the EDF.

For convenient quick reference for day-to-day operations and training purposes, the essential elements of the three levels of authority are summarized in the Project Cycle Management Manual (which covers all aspects of project management), the User's Guide to Tenders and Contracts and this *User Guide*. The *User Guide* makes full reference to the three levels of authority which should be consulted for further details.

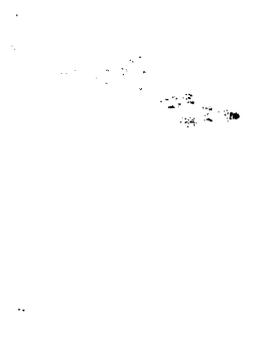
The *User Guide* deals solely with the financial aspects of the project cycle, is complementary to the Project Cycle Management Manual (integrated approach and logical framework). It should always be remembered that financial management is not an end in itself, but a tool which, properly used, contributes to the timely and effective implementation of projects. It therefore has a key service role within the logical framework of the project cycle (see section 2.7 Means and costs, 5.1 physical and non-physical inputs, 5.4 costs and financing plan and 6.6 economic and financial factors/analysis of sustainability).

For ease of reference, the *User Guide* deals separately with the decision-taking stage (project preparation - budgeting or financial planning - commitment), the project implementation stage: contracts (delegated appropriation documents checks)

These chapters also include practical summaries on financial management techniques and tools such as financial planning, internal controls, monitoring budget performance and guarantees.

A series of annexes containing working checklists and documents for use by National Authorizing Officers, Head of Delegations and Directorate-General VIII completes the *User Guide*.

The *User Guide* is intended for use in conjunction with a continuing programme of in-service training. For that reason, and for the sake of clarity and brevity, explanatory text has been kept to a minimum.



**1. THE STRUCTURE
OF THE
EUROPEAN DEVELOPMENT
FUND**

1. THE STRUCTURE OF THE EUROPEAN DEVELOPMENT FUND

1.1. The legal structure of the EDF

As pointed out in How to use the *User Guide*,¹ there are three levels of authority for the operation of the EDF. The following diagram shows how authority flows from the top down, or, put another way, starting at the bottom, the next higher authority.

At the top, is the **Fourth ACP-EEC Convention (LOME IV)**, which is decided by all the Member States of the European Union and the African, Caribbean and Pacific (ACP) States, which are parties to the ACP-EEC Convention, and the Council Decision on the Association of the Overseas Countries and Territories.

At the second level, come binding legal agreements in the Council of Ministers:

- The **General Regulations and General Conditions** required under Articles 305 and 306 of Lomé IV, and adopted in Decision 3/90 by the ACP-EEC Council of Ministers of 29 March 1990;
- The **Internal Agreement** on the financing and administration of Community Aid under the Fourth ACP-EEC Convention (91/401/EEC) adopted by the representatives of the EU Member States;
- The **Financial Regulation** of 29 July 1991 adopted by the European Community Council and applicable to development finance cooperation under the Fourth ACP-EEC Convention.

At the third level, comprehensive rules for the practical day-to-day interpretation and application of the legal rules are set out in the **Manual of Instructions**.² These rules are determined by the Commission services. They must always draw their authority from the legislation in the higher levels, and never conflict with it.

At the foot of the table comes a series of practical guides to simplify the application of the above legislation and regulations, from which they draw their authority. These guides are the Manual of Project Cycle Management (integrated approach and logical framework), the Users' Guide to Tenders and Contracts Financed by the European Development Fund and this *User Guide*. The first covers all aspects of project preparation and implementation. The second deals specifically with all aspects of tenders and contracts, including financial clauses. The *User Guide* covers only procedures with a financial component, but taking the overall framework into account. These guides are intended to provide a basic understanding in conjunction with in-service training, and practical step-by-step instructions for daily use.

¹ See page 2

² The edition of the Manual of Instructions currently in use is the IVth edition published in 1988. The Manual of Instructions

**DECISION ON
THE ASSOCIATION
OF THE OCT**

**(1)
FOURTH CONVENTION OF LOME**

**(1) GENERAL
REGULATIONS
GENERAL CONDITIONS**
Decision No 3/90 of the
ACP-EEC Council of
Ministers
of 29 March 1990

(2) INTERNAL AGREEMENT
on the financing and
administration of Community
Aid under the Fourth ACP-
EEC Convention
(91/401/EEC) adopted by the
representatives of the
governments of the Member
States meeting within the
Council

**(2) FINANCIAL
REGULATION**
of 29 July 1991
(91/491/EEC)
Council of the European
Community

**MANUAL OF
INSTRUCTIONS
1988**

of DG VIII

**USERS' GUIDE
TO TENDERS AND
CONTRACTS**

**PROJECT
MANAGEMENT
MANUAL**

**FINANCIAL
PROCEDURES
USER GUIDE**

- (1) Binding for the ACP States and the Community and its Member States
(2) Binding for the Commission.

1.2. The Financing Structure of the European Development Fund

The European Development Fund (EDF), established by the Internal Agreements, is a global pledge of funds committed by the Member States of the European Union for the purpose of implementing a series of ACP-EEC Conventions and Council Decisions on the Association of the OCT on development cooperation. The current convention is the Fourth Convention of Lomé which runs for ten years from 1 March 1990. The Council Decision runs also for ten years. The first five years¹ were covered by the 7th EDF. The total amount of the 7th EDF was ECU 10,940 million, of which ECU 10,800 million set out in the Financial Protocol of the Fourth Convention of Lomé (ACP) and ECU 140 million set out in the Council Decision (OCT). The agreement amending the Lomé IV Convention has been signed on November 4, 1995. The Council Decision amending Council Decision on the Association of the OCT should be adopted before end 1997. Consequently, the total amount of the 8th EDF (1996-2000) is ECU 13,132 million, of which ECU 12,967 million for the ACP States and ECU 165 million for the OCT. This Fund is earmarked for a number of specific purposes as well as general programmable resources, as shown in the following table.

Convention of Lomé IV - Summary of Second Financial Protocol 1996-2000 and Council Decisions on the Association of the OCT.
(millions of ECU)

OVERALL AMOUNT 14,625 (ACP) and 200 (OCT)

8TH EUROPEAN DEVELOPMENT FUND (EDF) 12,967 (ACP) and 165 (OCT)

EIB 1,658 (ACP) and 30 (OCT)

GRANTS
11,967 (ACP) and 135 (OCT)

RISK CAPITAL
1,000 (ACP) and 30 (OCT)

NON-PROGRAMMABLE

PROGRAMMABLE

NIP / RIP

4,405 (ACP) and 20 (OCT)

7,562 (ACP) AND 115 (OCT)

STABEX	SYSMIN	Emergency assistance	Assistance to refugees	Interest rate subsidies	Structural adjustment support	Other grants	Regional Cooperation
1,800 (ACP) and 5.5 (OCT)	575 (ACP) and 2.5 (OCT)	140 (ACP) and 3 (OCT)	120 (ACP) and 0.5 (OCT)	370 (ACP) and 8.5 (OCT)	1,400 (ACP)	6,262 (ACP) and 105 (OCT)	1,300 (ACP) and 10 (OCT)

1.3. The programming and project cycle

The programmable resources are further divided into envelopes for individual countries or regional groups of countries: the NIP (national indicative programme) and the RIP (regional indicative programme). These provisions for funding, which are reserved indefinitely, are available for commitment to specific programmes and projects in that country.

The next stage is when a project is proposed and a decision is taken to implement it. Funds are earmarked by means of Commitments, which are the entry into the accounting system, transferring the funds from an account for the global appropriation, such as the national indicative programme, to accounts for individual projects.

A Financing Agreement is drawn up between the ACP State and the Commission which binds the ACP State to execute the project, and the Commission to fund it up to the ceiling foreseen.

Subsequently, contracts are awarded by the ACP State concerned to contractors or suppliers to carry out the project, thus binding the ACP State in a legal financial obligation. The contracts are endorsed, i.e. guaranteed, by the Commission Head of Delegation. This creates an obligation to pay by the Commission which has legal force. At this point, the funds previously earmarked under the Commitment are transferred to another account, to cover the cost of the contract. This accounting entry is the Delegated Appropriation.

The table overleaf summarizes the main stages of the programming and project cycle in relation to the corresponding financial procedures.

1. CREDITS AND PROGRAMMING
 (Fourth Lomé Convention and Council Decision on the Association of the OCT)
 Instruments of Development Cooperation

		- Allocation of financing to instruments of development cooperation.
<p style="text-align: center;">Non-programmable</p> <ul style="list-style-type: none"> - STABEX - SYSMIN - Emergency Assistance - Assistance to Refugees - Interest rate subsidies - Structural adjustment support - Risk capital 	<p style="text-align: center;">Programmable</p> <ul style="list-style-type: none"> - National indicative programmes (NIP) - Regional indicative programmes (RIP) 	
		<p style="text-align: center;">"ENVELOPES"</p> <ul style="list-style-type: none"> - Allocation of financing to countries and regions

2. PROJECT FINANCING (programmable aid)

<p style="text-align: center;">DECISION-TAKING PROCESS</p> <ul style="list-style-type: none"> - Project and programmes designed under the indicative programme. - Financing proposal approved by Commission services (DGVIII/technicals, DGVIII/C/2, DGXX/Financial Control). - Financing decision by Commission or delegated authority (eg. CAO). - Financing agreement between Commission and ACP State. 	<p style="text-align: center;">COMMITMENT</p> <ul style="list-style-type: none"> - The financing proposal recorded in the on-line accounting system (OLAS) by DGVIII/C/2. - The Commitment will be finalised only when the Financing Decision has been taken.
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3. PROJECT MANAGEMENT AND FINANCIAL EXECUTION - CONTRACTS

CONTRACT

- Drawing up specifications
- General conditions
- Special conditions
- Invitations to tender
- Selection of contractor

DELEGATED APPROPRIATION

- The contract recorded in the on-line accounting system (OLAS) by DG VIII/C/2.

4. FINANCIAL MANAGEMENT AND EXECUTION - PAYMENTS

CLAIMS FOR PAYMENT

- Claims / invoices
- Supporting documents
- Payment certificates
- Validation of expenditures
- Authorization of payment

PAYMENT ACTION

CONTROLS

- Before payment DGXIX executes a series of controls
- Local recording and monitoring of expenditure against Contract
- Recording and accounting of payments by DGVIII/C/2
- Financial control by DG XX

5. CLOSURE

CONTRACTS

- Proposal by NAO or Head of Delegation
- Recording of completion of works, purchases, services and payments for them
- Recovery of unused advances

DECOMMITMENT (delegated appropriation level) by DG VIII/C/2

PROJECTS

- Request by NAO
- Completion of project (= contracts under the project closed)

DECOMMITMENT (commitment level) DG VIII/C/2 - Control by DGXX (prior approval)

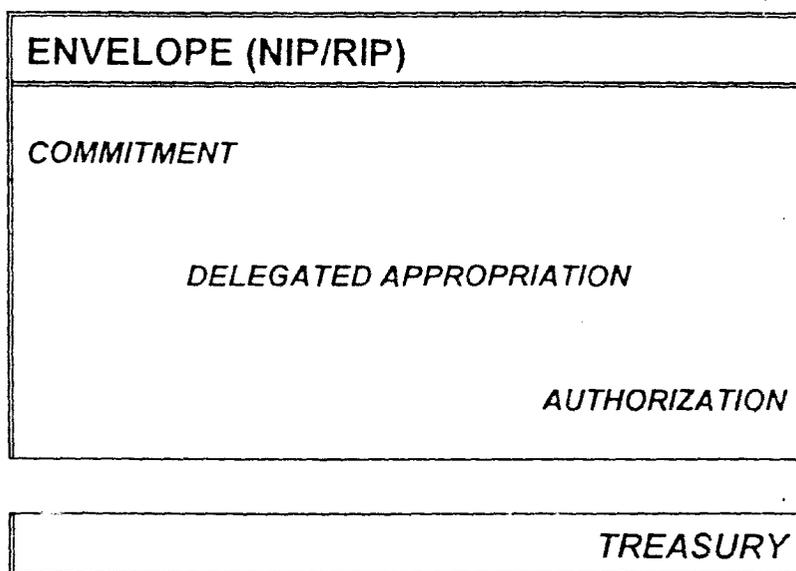
For the 8th EDF, the total of Member States' contributions is ECU 13,132 million.² From these funds, appropriations are entered in the accounting system, OLAS, for each of the various categories shown in the table under point 1.2.

Projects are funded from one or a combination of the above categories. The related accounting entry is the Commitment³.

Contracts, or contractual arrangements, are then concluded for implementing the project. The related accounting entry is the Delegated Appropriation.⁴

As work progresses, payments are authorized and made through the banks.⁵

The following table summarizes the main stages.



The accounting system, OLAS has two other important functions:

- It generates statistical information and reports such as those required by Heads of Delegations and National Authorizing Officers for preparation of annual reports, closures and other monitoring.

¹ This section is based on the introduction to the EDF-OLAS On Line Accounting System User Manual, V1 : 11/94.

² See table page 11.

³ See chapter 2

⁴ See chapter 3.

⁵ See chapter 4.

- Controls and approval visas: each type of accounting movement is validated by a visa, or electronic signature. Visas are defined in advance and attributed to services or departments. No visa can be given until the preceding stage has been validated.

The main active users are all at Commission Headquarters in Brussels, e.g.:

DG VIII	(Development Cooperation)
DG XIX	(Treasury & Accounting)
DG XX	(Financial Control)
ECHO	(Emergency Aid)
The Court of Auditors	(External Control)

Heads of Delegations and National Authorizing Officers have no active input to the on-line accounting system. However, they do need to be able to refer to the reports generated by OLAS, in order to obtain management information, and to prepare reports for which they are responsible. They also need to be able to understand the system of accounting codes, so that documents they produce or endorse are correctly coded.

1.5. Management Structure

The wide-ranging responsibilities of the Chief Authorizing Officer (CAO)¹, National Authorizing Officer (NAO), Regional Authorizing Officer (RAO) and the Head of Delegation are set out in the Convention of Lomé IV itself², as well as the other regulations and administrative orders.

The *User Guide* covers only those duties which are directly or indirectly related to financial procedures.

The Financial Regulation³ defines the distinct and separate roles of:

- the authorizing officer (commitments concerning expenditure and authorization of payments),
- the accounting officer (payment operations), and
- the financial controller.

1.5.1. The Chief Authorizing Officer⁴

The CAO is appointed by the Commission. He is responsible for managing the resources of the Fund. The main responsibilities involving financial procedures are:

- committing, clearing and authorizing expenditure,
- keeping accounts of commitments and authorizations,
- cooperating closely with NAO to make commitment decisions and financial arrangements necessary to ensure the proper execution of approved operations from the economic and technical viewpoint,

¹ Unless otherwise stated, all references to the CAO, NAO, Head of Delegation, etc. apply to any officer delegated by them to carry out their duties

² Lomé IV, Articles 311 to 318

1.5.2. Responsibilities of the National Authorizing Officer¹

The National Authorizing Officer is appointed by the government of the ACP State concerned to represent it in all operations financed from the resources of the EDF managed by the Commission. The main responsibilities involving financial procedures are:

- preparing, submitting and appraising projects and programmes (in close cooperation with the Head of Delegation),
- signing contracts,
- clearing and authorizing expenditure for which he is responsible,
- technical adjustments within adjustments reserve,
- alterations to estimates during execution,
- transfers from item to item within estimates,
- imposition or remission of penalties for delay,
- discharge of guarantors,
- local purchase of goods,
- hiring of consultants and other technical assistance experts,
- annual reports.

Substitutes can replace the NAO when absent. They should be nominated by the NAO and their signatures transmitted (together with the signature of the NAO) to the Commission on an official identification card.

1.5.3. Responsibilities of the Head of Delegation²

The Head of Delegation is appointed by the Commission as its representative in an ACP State, subject to the approval of the ACP State concerned. The main responsibilities involving financial procedures are:

- preparing financial proposals,
- approving within 30 days the NAO's proposals for placing of direct agreement contracts, service contracts, emergency assistance contracts and contracts by accelerated procedures, works contracts under ECU 5 million and supply contracts under 1 million,³
- approving within 30 days of NAO's proposals for placing of all other contracts, where the award is made to the lowest bidder, meets the technical specifications, and does not exceed the amount earmarked for the contract,⁴
- endorsing contracts, estimates for direct labour, riders thereto, payment authorizations issued by NAO,⁵
- financial monitoring of projects,⁶
- annual report,

¹ Lome IV, article 312-315.

² Lome IV, articles 316-318.

³ Lome IV, article 317(g).

⁴ Lome IV, article 317(h).

⁵ Lome IV, article 317(j).

⁶ Lome IV, article 317(k).

- control of the use of counterpart funds.¹

1.5.4. The accounting officer

For the purposes of this *User Guide*, the accounting officer is responsible for executing payments orders drawn up by the authorizing officer. The Accounting officer of the EDF is an official of DG XIX in Brussels.

1.5.5. The Paying Agent²

The paying agent is the financial institution, usually a bank, which holds funds and executes payments on the instructions of the accounting officer and/or the NAO and the Head of Delegation.

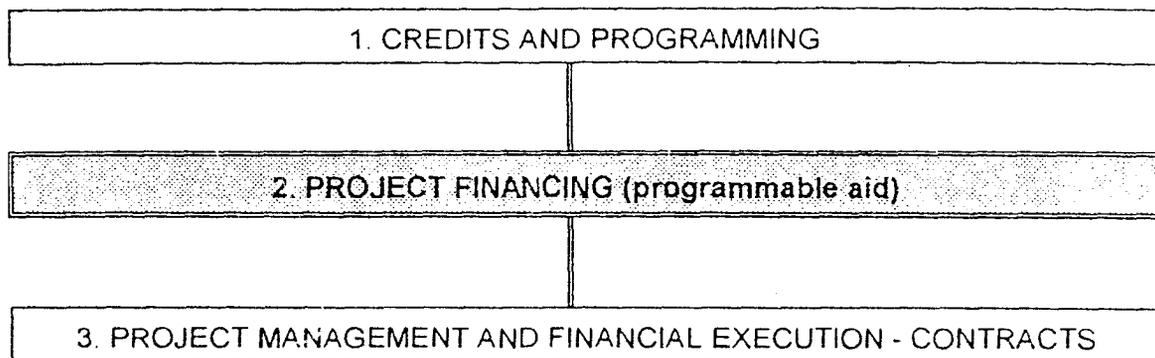
¹

This is outside the scope of the User Guide and is covered by other training

2. PROJECT FINANCING

2. PROJECT FINANCING (Programmable aid)

Following the overall allocation of credits and programming, the next stage in the programming sequence is project financing.



Once the National or Regional Indicative Programmes (NIP or RIP) have been signed by the Commission and the ACP States concerned, decisions may be taken on the funding of individual projects. The decision-taking process involves a request, checking the technical, economic and financial viability of the proposed project, presentation of a financing proposal and a decision by the Commission. When the decision is taken, funds are reserved for the project by an accounting entry - the Commitment.

2.1. Initiation of the project

2.1.1. *Identification and appraisal of the project*

The identification and appraisal process is described in full in the Manual on Project Cycle Management. The National Authorizing Officer and the Head of Delegation, together with their staff and consultants will be closely involved in this process. Only the financial aspect, which is an integral part of project design and appraisal, directly concerns us here. It is emphasized, however, that financial procedures in general and costing in particular cannot be considered in isolation. Important though they are, they are simply a planning and management tool at the service of the real activities of the project.

2.1.2. *Costing the project*

By costing a project, we mean preparation of a financial plan or budget for the project. The future cost of items such as wages, materials, equipment and other supplies and services can never be forecast with total certainty. Project costing is therefore something of an imprecise art. We have to apply our judgement and experience to known present costs to estimate as closely as possible what a future project may actually cost.

We have to bear in mind a number of future unknown factors such as:

(i) The actual contract cost of the successful bidder or bidders

Once the financing decision has been taken, contracts will normally be awarded on the basis of competitive tendering. Although the lowest technically acceptable tender will normally be accepted, the price may still be higher than expected. Past experience of similar contracts in the same industry can be used as a guide to the likely outcome of future tendering procedures.

(ii) General price changes (inflation) during the life of the project

Future inflation can be estimated from analysis of past and present trends. Caution should be exercised, since circumstances change, and past patterns are not always a guide to the future.

(iii) Price changes in individual items

This is not the same as inflation. It should not be assumed that the general price index is true for any one item. It is possible for individual items, e.g. bricks and cement, to rise at a different rate from the general level, (or even fall). Where possible, information on prices for each item needed for the project should be used.

(iv) Fluctuations in exchange rates of currencies

(v) Unforeseen technical problems

By definition these cannot be costed, but the risk or likelihood of such problems occurring may be estimated, and consideration given to allowing a contingency element in the costing. For example, for a dam project, a geological survey may miss a small pocket of softer rock. A bridge site may be subject to flooding. If available, industry statistics may be used to assess the risk.

(vi) Changes in the economic environment

These may be the result of external changes in the world economy or sectors of it, or internal factors, such as a change of government, social unrest or natural disasters. All could have an impact on the cost of a project. There should at least be an awareness and consideration of the level of risk.

Despite the difficulties, there are three good reasons for making accurate budgetary estimates:

- If the project budget (Commitment) is over-estimated, it ties up funds which could be used for other projects.
- If the project budget (Commitment) is under-estimated, there will be insufficient funds to complete the project, resulting in delays and additional work for national and Commission officials.
- The project budget is used as a yardstick (or standard) to measure the actual performance of the project activities. If it is to be of any value, the standard must be realistic.

Before any financial estimates can be prepared, the physical and technical content

and equipment and time schedules must be realistic. This is based on experience of similar projects, industry standards etc, using outside consultants if necessary.

Costing of the physical and technical estimates may be based on current costs allowing for:

- price contingencies:
 - past experience of costs for similar projects, historic price trends (caution - circumstances change, so past trends may not be repeated in the future);
 - foreseeable price changes (decreases as well as increases) in labour, materials and specific supplies relevant to the project;
 - changes in exchange rates of currencies.
- physical contingencies:
 - unforeseen but conceivable events with an impact on costs.

Where the project includes a number of related activities, as is often the case, should be broken down by objectives for each activity and monitored separately. For example, a major civil engineering works project might include the following activities:

to build:

- (i) a road between a village and the main highway,
- (ii) a bridge to cross the river, and
- (iii) a clinic.

Secondly the resources to be used for the project, or for each objective, should be analysed as shown in the following table:

Operations to be financed	Current prices	Price contingency inflation, exchange rates	Physical contingency	TOTAL
Works				
Supplies				
Services				
Direct labour				
Fellowships				
All other categories				
TOTAL				

2.2. The decision-taking process

The decision-taking process proper can be conceived in three stages, during which the legally binding commitment is built up. In terms of financial procedures, the legal binding is crucial, since it has financial consequences. There is commitment, enforceable in law, to pay real money. It is also worth pointing out at this stage that authorizing officers, and those to whom they delegate their authority, are personally legally and financially liable in respect of their acts.¹ In the event of failure to comply with the regulations, of misconduct or gross negligence in the performance of their duties, they may be penalised.

2.2.1. The Normal Procedure

The normal procedure applies to all projects financed from EDF funds, except:

- those specified in chapters 2.2.2. and 7, and
- those managed by the European Investment Bank² (Risk capital and interest rate subsidies) for which the Commission only keeps the accounting records.

The procedure is initiated by an *official request*, usually from the ACP State concerned. The NAO identifies and prepares the project, and submits a dossier containing all necessary information to the Head of Delegation for appraisal³.

The Head of Delegation appraises the project dossier and, in close collaboration with the NAO, draws up a *financing proposal*⁴. The financing proposal is then submitted to the Commission technical and financial services which examine its technical and financial feasibility. This stage defines the project in technical and financial terms.

¹ Financial Regulation, articles 39 and 42 of the 7th EDF.

² Risk capital and interest rate subsidies for which the Commission keeps only the accounting records: For risk capital, the letter notifying the decision of the EIB Board of Directors' Meeting serves as the basis for the commitment. The delegated appropriation is registered on the basis of the loan contract signed by the parties involved. For interest subsidies, the commitments and delegated appropriations are made on the basis of the letter notifying the signature of the contract (art. 60). These require the prior approval of DG VIII services and Financial Control for the Commitment.

³ Lome IV, articles 285, 286.

⁴ Lome IV article 288

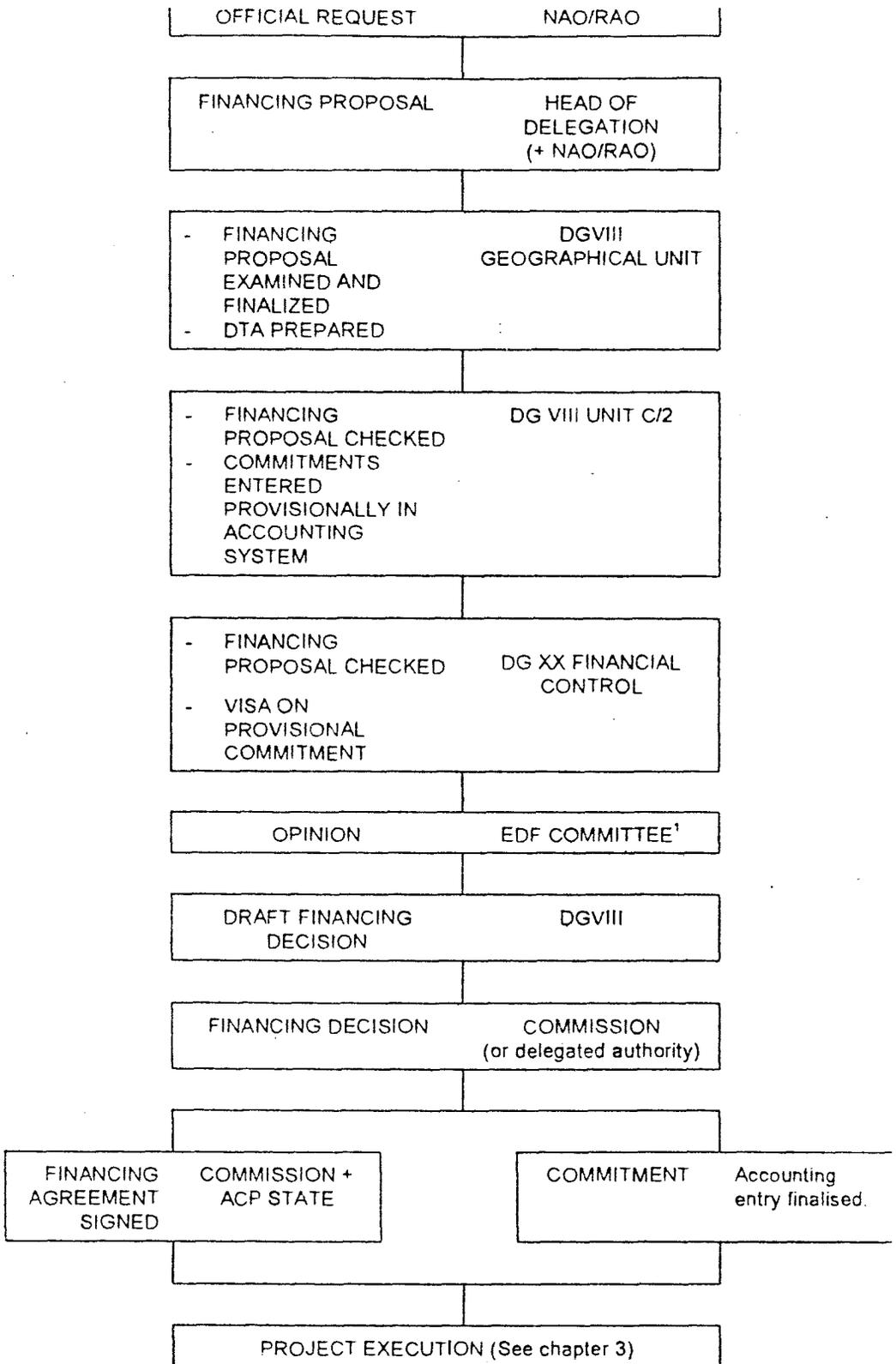
The next stage is the **decision-taking process**. The finalized financing proposal, which defines the project, is submitted for a *financing decision* by the Commission following an opinion by the EDF Committee. The financing decision is an instruction to implement the project and thus binding on the Commission services. The Chief Authorizing Officer is responsible for ensuring implementation.¹

When the decision is taken by the Commission, the funds necessary to meet the obligation or commitment to implement the project must be earmarked in the accounting system. This is the *Commitment* (previously called the Primary Commitment).

Finally, a *financing agreement*² is drawn up and signed by the Commission and the ACP State. It constitutes a binding legal agreement between the Commission and the ACP State containing detailed arrangements for executing the project in accordance with the financing decision. The following flowchart illustrates the sequence of events:

1

Lome IV, article 311.2(b).



¹ If as a result of the EDF Committee deliberations there is any amendment to the Financing Proposal then it is sent to

2.2.2. Exceptions to the normal procedure

- Accelerated procedure

Accelerated procedures¹ allow projects to be decided more quickly in the case of emergency or urgent need, or in the interests of efficiency where the cost of the project is relatively small.

The Commission is permitted to take decisions on projects under National Indicative Programmes and Regional Indicative Programmes for projects of less than ECU 2 million² (provided that the project amount does not exceed 25% of the indicative programme concerned), without seeking the opinion of the EDF Committee.

Member States may reply within seven days after receipt of the written proposals. After that period the Commission can take a decision. The Commission decides on the basis of the written comments received from Member States. If there is no response from Member States then their agreement is assumed.

- Global authorizations (fast-track)

A global authorisation delegates authority to take financing decisions without informing the EDF Committee for projects within certain categories such as small groups of projects, ad hoc services or training.³

The size of the envelope for global authorisations will vary according to the category of projects, which can include: technical assistance; training; microprojects; cultural schemes; decentralized cooperation and operations for refugees, which are approved by the EDF Committee. Within this framework, the Commission is allowed to take decisions without referring back to the EDF Committee. These decisions give rise to a Commitment. Once the envelope is almost consumed, a report on the use of the funds goes to the EDF Committee. A further global authorization may then be arranged.

The following table shows the type of activity covered, the form of financing proposal and the ceiling for individual projects.

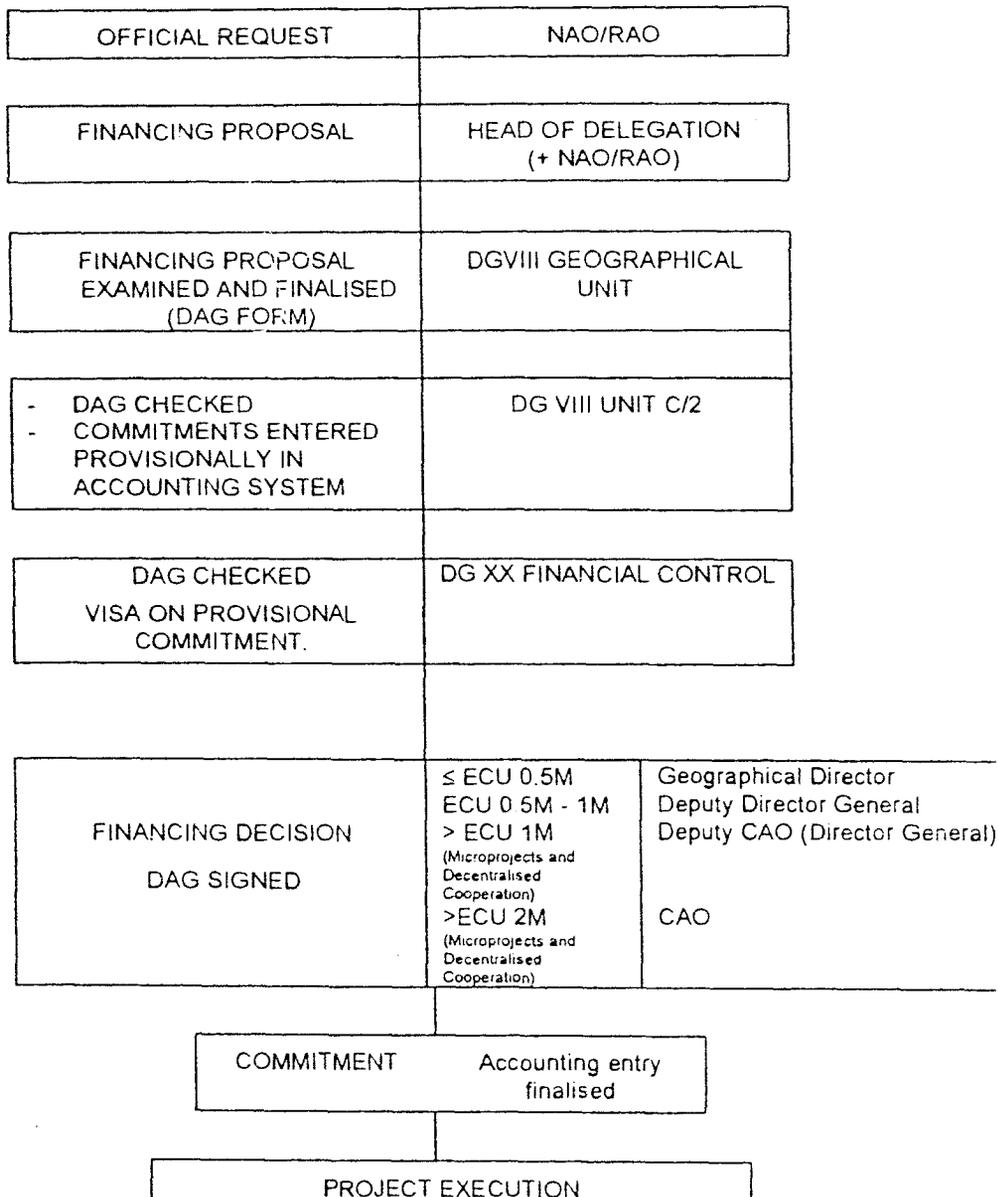
¹ The precise meaning of the term "accelerated procedure" depends on the context. The meaning in the context of the decision-taking process should not be confused with accelerated tendering procedures, and semi-direct accelerated payments.

² Internal Agreement, article 25.2.

Project type	Financing proposal	Ceiling
Technical Assistance	DAG	≤ ECU 0.75M
Training	DAG	≤ ECU 0.75M
Microprojects	DAG	no ceiling
Cultural Schemes	DAG	≤ ECU 0.75M
Decentralized Cooperation (8 th EDF)	DAG	no ceiling
Assistance to Refugees	DAG	≤ ECU 0.75M

The signed DAG is the basis for the commitment. The general procedure for Technical Assistance training, microprojects, cultural schemes and decentralized cooperation is shown on the flowchart on Page 25. A specific procedure for Technical Assistance (Experts ECU 80,000) is given on Page 26 and the procedures for refugee assistance which is non-programmable, are given in chapter 7.

DECISION TAKING PROCESS FOR PROJECTS UNDER GLOBAL AUTHORISATIONS (except assistance to refugees)



may take financing decisions on technical assistance up to an amount of ECU 80,000^f. This procedure is only available where there is no existing Commitment (eg. to prepare a new project under the NIP).

EXPERTS ECU 80,000

The Head of Delegation is empowered by the Deputy CAO within the Technical Assistance Global Authorization to take financing decisions up to an amount of ECU 80,000 for operations (not to exceed 12 months) in application of articles 276 2a),c),d) and 279 3a),b),c),d),e) of Lomé IV Convention

Financing Proposal

- Request by NAO
- Fax (standard form) from Head of Delegation to VIII/C/2 to ascertain availability of funds and requesting commitment including in particular:
 - summary of operation,
 - cost,
 - date of NAO request.

Financing Decision / commitment

- Head of Delegation takes the decision, using DAG form and following fax from VIII/C/2 confirming availability of funds.
- The fax is the basis of the commitment.
- The DAG is sent to headquarters after the decision.

ESTIMATED TIME BETWEEN REQUEST AND FINANCING DECISION	
- Normal procedure (see Annex 7)	120 days
- < 2 MECU	30 days
- Global authorizations :	
• Headquarters	15-30 days
• Delegation	2-5 days

2.3. Modifying a decision

2.3.1. Overruns

There may be grounds for modifying a decision in the case of an overrun. Normally overruns are borne by the recipient country¹.

The following measures can be taken by the NAO as soon as he sees the risk of an overrun. The NAO must at once notify the Commission, via the Head of Delegation of the measures he proposes.

He may either:

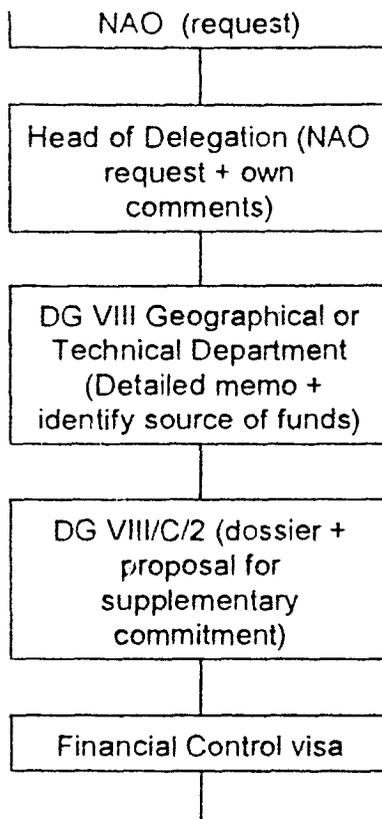
- propose to scale down the project (by reducing the works or cutting the number of activities), or
- draw on domestic or other non-Community sources of funds.

Exceptionally, and only if such measures are insufficient or cannot be used, additional funds can be authorized.

The Head of Delegation should therefore establish and maintain suitable procedures for monitoring all projects for which he is responsible, in order to ensure that:

- the Commission is notified as soon as an overrun looks likely,
- measures to contain or offset the overrun are immediately considered and proposed to the commission,
- the reasons for the overrun are clearly identified, in particular whether or not they are outside the Government's control.

The following flowchart outlines the procedure to be followed if further funding is sought.



DECISION		
Deputy CAO	CAO ¹	Commission following opinion of EDF Committee
Supplementary commitment less than 10% of original financing decision or under ECU 1 million	Supplementary commitment 10-20% of original financing decision and ECU 1 million or more	Supplementary commitment over 20% of original financing decision

It is not possible to increase funds decided under a normal procedure (Financing Proposal, Opinion of EDF Committee, Financing Decision) through a DAG procedure.

Global authorisations

In the event of a Cost Overrun occurring in a project where the Financing Decision originally came through a DAG (Global Authorisation), a supplementary DAG is required and the total amount of the project (initial DAG + supplementary DAG) cannot exceed the limits shown in the table in paragraph 2.2.2 above.

¹

Financial Regulation, article 62.
 Information note 55124 of 1.10.1992.
 Service Note 55125 of 1.10.1992, para 2.

2.3.2. Internal Adjustments

The internal adjustment of a project involves any substantial change to the means of implementing it, without changing the overall objective laid down in the financing agreement and the total amount. Typical reasons would be:

- technical (an alternative technical solution to a problem is preferred in the light of actual conditions), or
- financial (switching of funds between items to cover overruns in one item from surplus in another).

The NAO must address a request to the Commission, where the desk officer drafts a detailed memo setting out the grounds for the change.

Financial control must approve the internal adjustment.

Decisions are taken by the CAO¹ on adjustments amounting to 10% or more of the original financing decision and at least ECU 1 million and on major extensions of the period of performance of a project. The Deputy CAO decides on adjustments of less than 10% or less than ECU 1 million.

2.4. Decommitment

Decommitment² is simply a reversal of the commitment. The commitment is an accounting operation which transfers funds from the original source (e.g. the ACP State's national indicative programme) to the account of a specific programme. Decommitment is an accounting operation which transfers unused funds from a completed project or programme back to the original source.

The following table uses a simple arithmetical example to illustrate the accounting movements:

	Indicative programme	Commitment
Initial indicative programme	1000	-
Financing decision - project costing 100 approved	(100)	100
Balance	900	100
Expenditure on project implementation	-	(90)
Balance	900	10
Decommitment	10	(10)
Final balance	910	-

Decommitment follows completion of the project. When all the delegated appropriation accounts are closed, the final balance of the decommitment is credited to the envelope from which it was drawn (NIP or RIP).

The following procedure must be followed:

AGREEMENT	NAO + HEAD OF DELEGATION + DG VIII/C/2
ACCOUNTING ENTRY PROVISIONAL DECOMMITMENT	DG VIII/C/2
APPROVAL BY ELECTRONIC VISA DECOMMITMENT	FINANCIAL CONTROL

Note that it is also possible to make a partial decommitment of funds that are not now going to be used in the project (for example: the scope of the project is reduced; contracts have been awarded at much less cost than originally anticipated) and can be freed up to go back into the NIP envelope. In that case, the procedures for partial decommitment follow the procedures foreseen for overruns (para 2.3.1).

**3. MANAGEMENT
AND FINANCIAL EXECUTION
CONTRACTS**

3. MANAGEMENT AND FINANCIAL EXECUTION - CONTRACTS

The first two stages in the programming or project cycle were concerned with establishing the framework of needs of individual countries, regional groupings and specific situations, such as refugees, and identifying the means to finance them.

The third stage is project implementation, when the needs are satisfied through specific actions and activities. Projects may be very complex, involving many activities, contracts and operators. It is the "engine-room" of technical cooperation. Its success depends on a great many people at all levels carrying out a great many day-to-day transactions and operations in a timely and efficient manner. Good project management and financial procedures are the oil which keeps the pistons moving.

Project implementation can be divided into two parts: the establishment of the contract, or equivalent agreement; and payment for works, services or supplies. This section covers the financial procedures relating to contracts.

2. PROJECT FINANCING (programmable aid)

3. PROJECT MANAGEMENT AND FINANCIAL EXECUTION - CONTRACTS

4. PROJECT MANAGEMENT AND FINANCIAL EXECUTION - PAYMENTS

3.1. The delegated appropriation - contract or estimates

Unlike the commitment, the budget of the delegated credit or appropriation (previously called the secondary commitment) is to some extent determined by third parties, the bidding contractors or suppliers, at least within the ceiling of available funds. Nevertheless, the authorizing officer and the Head of Delegation must apply the same financial planning or budgeting techniques in making a financial evaluation of bids¹. If the successful bidder's financial schedule is not realistic, he may have insufficient funds to complete the contract. If as a result he becomes bankrupt, it will be necessary to repeat the tendering process to select a second contractor to complete the project. This should be given particular attention on major works contracts. The result is additional cost, perhaps an overrun on the commitment, delay and additional work for national and Commission officials.

For any project, knowledge of the economic or industrial sector is necessary to make a sound financial evaluation. For major projects, external advice should be obtained if necessary.

In the case of emergency assistance and assistance to refugees, there may be a retroactive element to the contract, to include work carried out within a three-month period prior to the date of signature of the contract. This is a common sense measure to allow relief work to begin immediately it is required.

The general rule and derogations are summarized in the following table:

General Rule	Alternatives requiring Commission approval (unless otherwise agreed in the Financing Agreement)				
	Restricted tendering ¹ (works and supplies)	Direct agreement ²	Pre-contract operations permitted ³	Price preference ⁴	Non-ACP/EEC State contractor/product ⁵
Full competition - open invitation to tender (works and supplies) - restricted invitation to tender (services)					

Pre-contract approvals

The draft tender dossier must be submitted for approval to DG VIII (the technical unit concerned) and DG VIII/C/3, the unit responsible for tenders and procurement. In the case of accelerated procedures, direct agreement contracts and of emergency aid, the Head of Delegation can give his direct approval⁶. In other cases the dossier needs to be submitted to Brussels.

A summary of approvals are outlined below:

Approvals Of Tender Dossiers	
by Head of Delegation	by Commission
All types for emergency assistance. Accelerated. Direct agreement.	Open international. Restricted. Direct Labour (Work Programmes).

Approvals of short lists for restricted tenders and direct agreements	
by Head of Delegation	by Commission
- Works - Supplies	- Services (PMS form approved by Director VIII/G)

Once approval has been given, the ACP State issues the call for tender, evaluates the bids, and makes a proposal for award. Procedures vary by nature of contract but in general, the Head of Delegation approves (or otherwise) this proposal and the

¹ General Regulations, article 7.3.

² Ibid., article 7.4.

³ Lome IV, article 254, para 2 a

⁴ - - - - -

react to the NAO proposals, or his tacit agreement may be assumed'. The ACP State then enters into a contract with the selected contractor. The contract must match the conditions of the tender. A standard form of contract is normally used. The contract is then signed by the NAO and endorsed by the Head of Delegation. The contract should not be signed until the Head of Delegation has indicated he is prepared to endorse it, since without endorsement there can be no financing by the Commission and the ACP State would have to finance the contract.

IMPORTANT: work on the project must not begin until the contract has been signed. EDF financing is only assured after the contract has been endorsed by the Head of Delegation and only for future work.

3.3. Standard contracts: works, supplies, services

- *Types of standard contract*

The General Regulations¹ define the following three types of standard contract, works, supplies and services. For each type, it lays down standard rules, called the General Conditions. These apply to all contracts. Individual contracts will also have special conditions, which are specified separately as agreed between the contractor and the contracting party and whose order must follow that of the General Conditions. These would include, for example, clauses covering price revisions, penalties and currency of payment.

Works contracts are contracts where a contractor is engaged to carry out works, usually but not necessarily related to civil engineering and infrastructure, e.g. roads, water and power supplies, hospitals, schools etc.

Supplies contracts are contracts for the supply to the contracting authority, of all items, most often plant, equipment, parts and materials. They can include services such as installation, testing, commissioning, provision of expertise, supervision, maintenance, repair and training.

Services contracts cover tasks performed by a consultant such as studies, designs, provision of technical assistance and training.

- *Financial clauses*

Contracts are also defined according to the type of financial arrangements²:

	Characteristics	FINANCIAL CLAUSES ³ MUST STATE	
		Total	Method of calculation
LUMP SUM CONTRACTS	A single all-in price	Yes	No
UNIT-PRICE CONTRACTS	works, supplies, services itemized, and priced individually	Yes	Bill of quantities and unit prices
COST-PLUS CONTRACTS	actual cost of works, supplies, services plus overheads plus profit	Yes	Rules for calculating costs, overheads and profits
COMPOSITE CONTRACTS	combination of any of the above	Yes	methods for calculating amounts payable under the contract

¹ General Regulations, Article 3 - Definitions (Decision 3/90 of the ACP-EEC Council of Ministers of 29 March 1990).

² General Regulations, article 10.

Within any contract it is only possible to have one exchange rate, normally between the contractual currency (currency of the contract concerned) and the currency in which the contractor wants to be paid. Contracts should not incorporate a second fixed rate between the contractual currency and the ECU, as the currency of payment can fluctuate against the ECU.

-Special standard contracts

- Contracts on emergency aid / aid for refugees

The General Conditions applicable to these contracts are not those resulting from Council Decision 3/90 but those written by DG VIII, given that these contracts are concluded with NGOs.

- FAO / UNESCO framework agreements

These framework agreements are intended for formalizing the contributions of the Commission to actions implemented by the FAO and UNESCO (and by extension, other United Nation agencies). They are always denominated in ECU and the currency of payment must always be the ECU.

Since 27.01.1993, there has been a model framework agreement that the Commission and the FAO approved to implement their technical co-operation projects.

On 27.02.1996, the Commission approved a similar agreement with UNESCO.

3.4 Work programmes (direct labour)

Work programmes (or direct labour)¹ are an alternative to standard contracts for implementing projects. The national administration of the ACP State itself takes responsibility for carrying out the works directly, through its public works department and using its own staff. The aim is thus to make wider use of national resources where the ACP State concerned has suitably qualified staff. It is an exception to the principle of competition.

The financial management of projects which are implemented directly by the administration of the ACP State concerned using its own labour (direct labour) is based on an imprest accounting system, and with payments only in local currency. A work programme must be foreseen in a financing agreement.

Work programmes can be used for :

- Emergency Assistance,
- Service Contracts ,
- and all other operations the estimated cost of which is less than ECU 5 Million.

Work programmes in principle cannot be used for :

Version 2.0

- Works, services or supplies paid in foreign currency,
- Major works contracts of any kind.

If any of these are included in the project, they must be contracted separately under the appropriate procedure in each case and recorded separately.

Prior to the start of operations, the imprest holder¹, usually the Project Director, who is appointed by the NAO, prepares an estimate of works to be performed and their cost. The method is similar to the preparation of a tender proposal by a tenderer for a standard contract. The estimate must conform to the expenditure categories set out in the financing agreement. The estimate is usually for a period of one year

IMPORTANT: The Head of Delegation MUST obtain approval from central services before endorsing the work programme.

The estimate is submitted by the NAO to the Head of Delegation. The process for proposing, evaluating and approving the work programme and establishing the delegated appropriation is described in the following box.

WORK PROGRAMME (DIRECT LABOUR)

1. The imprest holder (project director) appointed by the NAO (with technical assistance if required) draws up a draft estimate, containing objectives, statement of quantities and prices, amount of initial advance and the administrative and financial procedures to be followed.
2. The NAO approves and transmits the above to the Head of Delegation.
3. The Head of Delegation prepares a special report containing his observations together with an estimate of funds needed. He transmits draft + special report to the DG VIII Technical Service concerned. Unit C/2 may also be consulted.
4. The Technical Service informs the Head of Delegation of its approval (usually by fax/telex).
5. The NAO draws up final estimate, including funding arrangements and sends it (original + 4 copies) to the Head of Delegation.
6. The Head of Delegation :
 - checks that the final estimate conforms to the draft approved by the Technical Service and endorses it.
 - informs the NAO of total funds agreed for the project by returning two copies of the estimate.
 - informs DG VIII Technical Service (by one copy) and Unit C/2 (by original of the estimate).
7. The delegated appropriation is entered into the accounting system by DG VIII C/2 on the basis of the final signed estimate.

3.5. Non-standard contractual procedures

3.5.1. *Micro-projects*¹

MICRO-PROJECTS

To meet the development needs of local communities. The key feature of individual micro-projects is that they stem from an initiative by a local community or group. The local community, and in some cases the Government of the ACP State concerned, contributes to the project, usually in kind.

The EDF contribution is thus restricted to :

- Maximum ECU 300,000 for each micro-project²,
- Maximum 75 % of the total cost of each micro-project².

The Commission may pay an advance of up to 80% of its contribution³.

The NAO submits proposals for groups of individual micro-projects (usually an annual programme) to the Head of Delegation for approval.

The Head of Delegation

- appraises the technical, economic and financial viability of the project, and checks the local community input,
- decides and informs the NAO within one month,
- informs DG VIII/C/2.

DG VIII/C/2 makes delegated appropriation based on the annual programme.

The annual programme is usually administered on an imprest accounting basis, similar to cost estimate (see 4.7.)

3.5.2. Study and Training Awards

Applications for awards are submitted by candidates through the NAO. The Head of Delegation approves the application and cost estimates and forwards them to DG VIII/G/2.

The delegated appropriation is made on the basis of an award telex from Unit VIII/G/2 with the prior approval of Unit VIII/C/2.

3.5.3. Contracts signed by the Commission on behalf of an ACP State¹

These are drawn up and concluded by the deputy CAO on behalf of the ACP State (and not the Commission) at the request of the NAO. They commonly concern the contracting in Europe of consultants and Trade Fairs.

3.5.4. Experts under the ECU 80,000 limit

Where the NAO asks the Commission to draw up and conclude, on behalf of the ACP State a service contract of value less than 80,000 ECU, the Head of Delegation is empowered to act on behalf of the Commission if he is using the PMS procedure.

3.5.5. European Association for Cooperation (EAC)

The ACP State delegates to the Commission contracting through the EAC. The delegated appropriation is based on the contract. This procedure is generally used for technical assistance contract with individual experts.

3.5.6. Procurement Contracts

The procurement contract is a mixed contract. It can be likened to a service contract, but it includes a special fund which is put at the disposal of the contractor to be spent on the purchase of supplies from third parties (this fund is subject to specific rules defined in an annex of the contract). As service contracts, they are subject to the General Conditions for Service Contracts. The component for procurement of supplies must be approved by the Commission as a derogation. The Contractor, as procurement agent, must follow the standard rules and procedures of the EDF.

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3.6. Checking the contract

All contracts must be checked to ensure that they comply with the Convention of Lomé IV and its detailed rules. Some checks have to be carried out on all contracts. Others are necessary because the contracts are not standard (see above). Some checks are carried out by the NAO, some by the Head of Delegation, some by the Chief Authorizing Officer. Detailed checklists for each, which should be photocopied, completed and attached to each dossier, are set out in Annex 1.

3.6.1. Checks to be carried out on all contracts

CHECKS ON ALL CONTRACTS

1. Availability of funds

Check that project funds (commitment) are sufficient to cover the estimated costs of the contract. This applies both in total, and to the detailed breakdown of the project financing.

2. Signatures

Check that the contract has been signed and dated by:

- the contractor and contracting authority,
 - the NAO,
- and endorsed by:
- the Head of Delegation.

3. Date

Work must not commence prior to signature of the contract.

4. Guarantees

Check that a performance guarantee is provided where necessary, 30 days after the receipt of the notification of the attribution of the contract and drawn up in proper form.

5. Tender dossier

- Check that it is complete, i.e. it contains the tender of the contractor to whom the contract has been awarded and any special conditions.
- Check that the figures in the price schedule:
 - are arithmetically correct,
 - do not exceed authorized limits (e.g. ceilings for daily fees for services).

6. Currency

Check that the currency of the contract is permitted under the regulations i.e. in principle that of the beneficiary ACP State.

7. Payment procedures

Check that provisions for payment of advances, interim and final balances comply with the General Conditions:

- Check the currency of payment.
- Check that the fixed exchange rate to be used for payments is that ruling for the month prior to the date of opening of tenders or date of signature of contract and is stated in the contract.
- Check that the contract states that payments can only be made on the basis of supporting documents, e.g. invoices or statements.

3.6.2. Specific checks by contract category

	Works	Supplies	Services
Foreign Currency¹: 1. Check that only one fixed exchange rate is included. 2. Check that payment made partly in foreign currency or ECU is justified. The grounds are assessed by the Head of Delegation in a covering note to the Commission (DG VIII). Common acceptable grounds would normally be that the contractor incurs expenditure in another country or/and a foreign currency. For studies or consultancy, 100% may be paid in foreign currency for short term contracts or if justified. Exchange rate used is the rate for the month when the contract was negotiated, or the 1st of the month preceding the date set for opening of tenders.	✓	✓	✓
Price Revision: Price revision formulas are intended to maintain the real value of the contract, without giving rise to losses or gains due to variations in prices. Checks should be made to avoid abuse. Check that the revision threshold in the contract is reasonable - revisions arise when variations in the prices move by more than a predetermined percentage. Only objectively verifiable indexes must be used.	✓		✓ (normally only from 2nd year)
Origin of goods: Check that goods supplied originate in the ACP or EU. (If not, a derogation must be accorded by DG VIII/C/3):	✓	✓	✓
Period of performance: Check that it is stated in the contract and that it agrees with the tender.	✓		✓
Date and place of delivery of goods: Check that they are stated in the contract and that they agree with the tender.		✓	
Acceptance: Check that arrangements for acceptance are stated - who is to accept, guarantees, retentions.	✓	✓	✓

3.7. Scheduling of payment

Payments for all types of contracts fall into three categories:

- advances,
- interim,
- final.

provides) for:

- works not yet performed,
- supplies not yet delivered,
- services not yet rendered.

3.7.1.1. General rules

An advance can only be made after:

- the contract has been concluded,
- the funds have been earmarked (delegated appropriation), unless the advance is in local currency in which case the Head of Delegation may pay before the delegated appropriation is finalised.

3.7.1.2. Special rules

- Contractors must provide a bank guarantee in the same currency and for precisely the same amount as the advance. It should follow the models in Annex 16. If an advance is paid in two currencies, then contractors would need two different bank guarantees.
- The following are exempted from presenting bank guarantees: parastatal, UN Organisations, Organisations linked to the Commission like EAC, Eurostat, etc. NGOs with contracts for emergency aid and aid to refugees are also exempted. Other NGOs can be exempt on a case by case basis.
- Advances must be repaid or justified in the currency in which they were paid.
- The amount of the advance must be offset against interim statements so that it is fully repaid before these amount to 80% of the contract price. If no interim statements are made, the advance must be deducted from the final payment (see below).
- The amount of the advance is restricted¹ to the amounts shown in the following table:

ADVANCES (% contract price)	Payment Type	WORKS ²	SUPPLIES ³	SERVICES ⁴
Start-up costs	Lump sum	10	60	20
Materials and equipment	Against justifications	20		

¹ There are special flexible arrangements for emergency assistance and refugees See chapter 5.

² Art. 46.1 General Conditions Works.

³ Art. 29.2 General Conditions Supplies.

⁴ Art. 34.2 General Conditions Services.

3.7.1.3. Advances for contracts with two or more currencies

When a contract allows for payment in a currency other than the contractual currency, advances can in theory be paid also in these different currencies. The following should be noted:

- The split between local and foreign currency applies to total payments made at the end of a contract.
- Advance payments should not exceed the total amount payable in any one currency.
- Requests for payment of advances in one currency only, e.g. fully in European currency can be accepted. It is not therefore necessary to split the advances into the percentages foreseen for currencies of payment.
- However, if the advance is to be split, the payment should never be for a lower amount than that mentioned in the bank guarantee, since that would render the bank guarantee invalid. A bank guarantee should be presented for each currency.

3.7.2. *Interim payments* are payments for works, services and supplies provided and provisionally accepted by the project supervisor. There may be one or more interim payments, as set out in the general and special conditions of the contract. The total amount of interim payments must not exceed 90 per cent of the contract value.

3.7.3. *The final payment* is the outstanding balance due under the contract, usually 10 per cent. It may be paid either:

- on final acceptance of the works, supplies or services and after expiry of any warranty period. For the delivery of consumables (petrol, bitumen, books), there is no guarantee period.
- on provisional acceptance of the works, supplies or services, subject to a bank guarantee or other security.

3.8. Performance Guarantees

In the case of works and supply contracts, the contractor must provide before the contract is concluded (30 days after receipt of the notification of the attribution of the contract), a performance guarantee, i.e. a guarantee for the full and proper performance of the contract. The amount of the guarantee normally cannot exceed 10% of the contract price, and in no case more than 20%.

The guarantee may be in the form of:

- a bank guarantee,
- a bond provided by an insurance and/or bonding company,
- an irrevocable letter of credit,
- a banker's draft,
- a certified cheque,
- a cash deposit with the contracting authority.

In practice, only the first two types are used. Bank guarantees and bonds are used for performance guarantees for works and advances. Letters of credit could be used as guarantees in relation to supplies.

The bank guarantee, or other form of performance guarantee must be with a recognized bank, insurance and/or bonding company approved by the contracting authority.

The guarantee must state:

- the name and address of the supplier/contractor,
- that the beneficiary is the contracting authority,
- the currency of the guarantee, which must be the same as that of the currency of payment indicated in the contract,
- that the guarantee is payable unconditionally on first written demand, i.e. the guarantor is directly liable,
- that it is governed by the law of the issuing country.
- the date when it comes into effect: 30 days after the award of the works or supply contract, or the date of payment of the advance.

As a matter of policy, the guarantee should not have a specified expiry date. If an expiry date is specified for a supply contract, it must fall at least 60 days after provisional acceptance (in practice, three months after the expected date of delivery) and must be extendible until after acceptance.

The exact time may vary depending on the type of contract. The principle which must always be respected is to protect the contracting authority against any default, partial or otherwise, by the contractor.

3.10. The delegated appropriation

The **delegated appropriation** is entered into and maintained in the accounting system on the basis of:

- the contract price in the currency of the contract and,
- the estimated final ECU value of the contract.

If a Delegation wishes to make ECU provision for contingencies (to cover contractual expenditure or expenditure arising directly from such obligations), the grounds must be explained in a covering note. Acceptable grounds are :

- Elements normally included in the contract:
 - price variations based on a price revision formula and recognised indices.
 - increased expenditure because quantities used to fulfil the objectives of the contract exceed the estimate in bill of quantities.
- And elements not normally included in the contract:
 - fluctuations in exchange rates.

The safety ECU margin should be calculated in relation to the scale of the works, period of performance and risks of currency fluctuations, so as to avoid blocking funds needlessly.

4. FINANCIAL MANAGEMENT AND EXECUTION - PAYMENTS

4. FINANCIAL MANAGEMENT AND EXECUTION - PAYMENTS

3. PROJECT MANAGEMENT AND FINANCIAL EXECUTION - CONTRACTS

4. PROJECT MANAGEMENT AND FINANCIAL EXECUTION - PAYMENTS

5. CLOSURE

4.1. Internal controls - the role of the Authorizing officer and Accounting officer

An internal control system is the system of financial and other controls designed to ensure the orderly and efficient administration of an organization, in this case, the EDF. This means ensuring:

- compliance with the Lomé Conventions and subordinate legislation,
- adherence to the relevant policies of the Commission or the ACP State concerned,
- the safeguarding of project funds, property, equipment and other assets,
- completeness and accuracy of the records.

The purpose of internal controls in relation to payments is to prevent errors or irregularities. This means ensuring:

- that payments are only made in respect of works, supplies or services properly provided under a contractual arrangement, and
- that such payments are made when they are due and within the time limits laid down.

It is a generally accepted principle of internal control that this can be achieved by defining separate functions and making different individuals (in different departments) responsible for carrying out those functions. This means that no single individual or department has the power to carry out a complete transaction. All transactions require the involvement of at least two separate individuals in separate entities.

In the EDF payments system, there are three separate functions: those of the authorizing officer, the financial controller and the accounting officer¹. These officers may delegate duties to assistants, but they retain final responsibility. They must, therefore, monitor the work of subordinate officers, which must also be organized under the principle of segregation of duties. The three separate individuals and their separate functions and duties are summarized in the following table:

RESPONSIBLE PERSON	ACTIONS		
AUTHORIZING OFFICER ²	1. Validation - checking that payment is due	2. Authorization of validated payment: Issues payment order (or instruction to pay)	3. Entry into accounting system
FINANCIAL ³ CONTROLLER (DG XX)	4. Checks provisional entry into accounting system (correct posting)	5. Checks regularity of payment: prior approval	
THE ACCOUNTING OFFICER (DG XIX)	6. Checks payment order	7. Instructs paying agent to make payment	
PAYING AGENT Bank or other financial institution	8. Makes payment		

There are thus two levels of control:

- Prior to payment:
 - The authorizing officer alone can give permission for payment, but he cannot actually make the payment. It should be noted that the control over payments is that the authorizing officer can only authorize payment and the accounting officer can only instruct the payment.
 - Transfer orders must carry two signatures, one being the signature of the accounting officer, or delegated officer.
- Before and after payment:
 - The financial controller checks the payment before it is made or definitively entered into the accounting system.

¹ 7th EDF Financial Regulation, article 8.3

² Depending on type of payment and project, NAO, and Head of Delegation and/or CAO.

³ For locally executed payments Financial Control visas after payment but before the accounting movement is

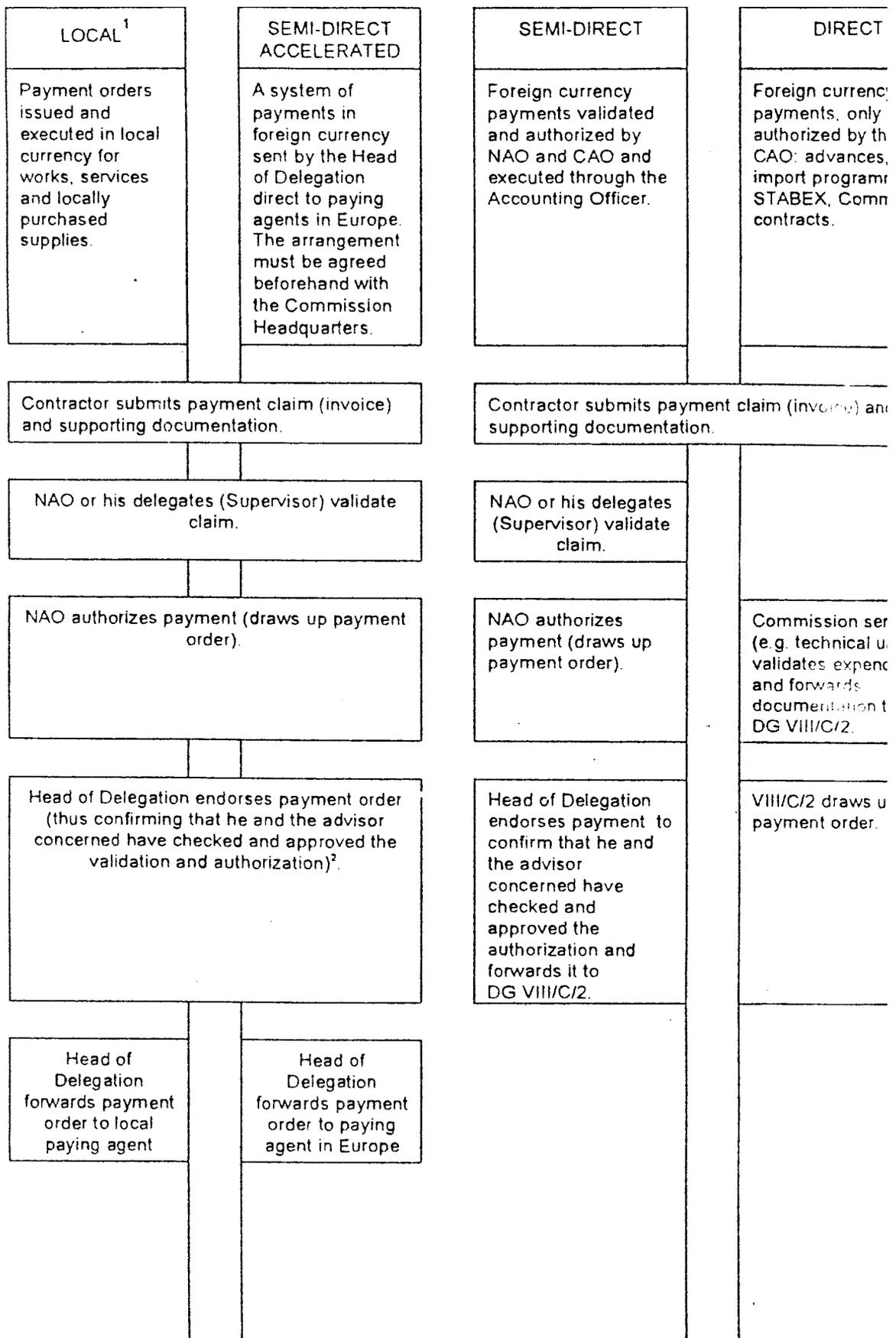
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- Supporting documents

- Invoices must be attached to payment orders. These are documents which establish that the creditor is entitled to payment (request of advance, invoices or claims for works or services performed, goods supplied).
- Invoices must be endorsed by the Delegation adviser responsible for the project.
- The dossier, consisting of payment order (one for each currency), supporting documents and the control sheet must be sent to the Commission Headquarters together with, for local payments, the bank statement concerning the sum credited or debited by the paying agent.

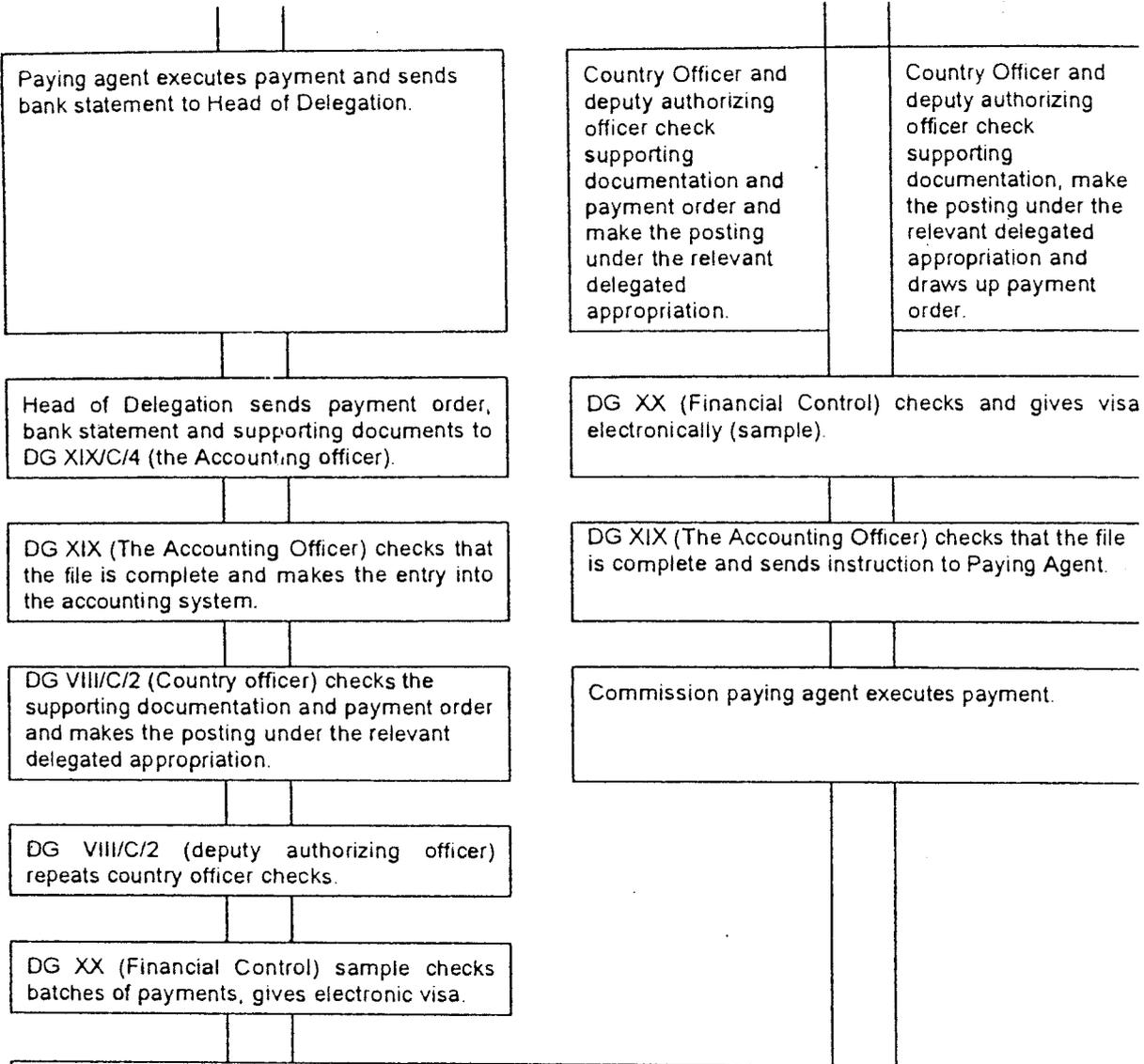
4.2. Payment mechanisms

The following table shows the sequence and routing of preparation, validation, authorizations, checks and actions in relation to the four types of payment procedure in use and, in each case, who is responsible for them.



¹ See chapter 4.7. for payments made under an imprest system (e.g. direct labour, micro-projects).

² Lomé IV, art. 317 (i and k)



4.3. Payment Claim

- **Works contracts**

The contractor submits to the supervisor with copy to the Head of Delegation a signed and dated application for interim or final payment containing the estimated contract value of permanent works executed, adjusted for:

- price revision,
- amounts withheld as guarantee,
- plant/materials on site for incorporation in the permanent works,
- repayment of advance,
- other sums due to contractor.

The supervisor issues a certificate (the supervisor is usually represented by a technical assistant paid on a different contract to supervise the works contract).

- **Service contracts**

The contractor submits to the supervisor (with a copy to the Delegation) a signed and dated request for payment with original supporting documents for travel and other reimbursable expenditures.

- **Supply contracts**

The supplier submits an invoice and original supporting evidence.

4.4. Validation

Validation (clearing)¹ of expenditure means verifying that:

- the claim for payment is justified, i.e.:
 - the works, services and goods specified in the contract have been supplied in accordance with the contract, or
 - an advance is payable in accordance with the contract.
- the amount claimed is in fact due to the claimant (including arithmetical check).
- the claim is in accordance with the conditions set out in the contract, i.e. place, currency and time of payment.

¹

VALIDATION CHECKS	WORKS CONTRACTS	SERVICE CONTRACTS	SUPPLY CONTRACTS
Validity of claim	Invoice + Original supporting documents or original of Bank Guarantee (advance)		
Payment conditions:			
• Advance	Check contract special conditions and limits ¹ .		
• Interim payment	The contractor submits a signed and dated claim, endorsed by the Supervisor, plus a detailed statement of work carried out and supporting documents ² .	Claim/invoice from consultant + receipts for reimbursables. Check repayment of advance, if any.	<ul style="list-style-type: none"> - Invoice - Certificate of provisional acceptance
Final payment	The contractor submits a signed and dated final claim, endorsed by the Supervisor, plus a detailed statement of work carried out and supporting documents ² .	Final claim / invoice from consultant + receipts for reimbursables + final report, if applicable.	Final claim / Final acceptance (expiry of guarantee period).
Completeness of documentation	<ul style="list-style-type: none"> - Statement of account (supervisor or NAO). - Payment order (NAO) - Supporting documents - Control sheet (signed by Delegation Advisor) - Delegation's cover note 		
Origin			The supplies originate in EU Member State or ACP State

It is important to have a request for final payment because the *final payment* constitutes a receipt in full for all the amounts due to the holder under the contract (art. 51.4. General conditions for works contract, art. 33.4. General conditions for supplies contract, art. 35.10 General conditions for service contract).

After validating the expenditure, the authorizing officer (NAO and CAO) draws up a payment order which constitutes authorization to pay. The payment order must contain the following information:

- project accounting number,
- delegated appropriation number,
- amount of payment (figures and words),
- currency of payment, which may be:
 - local,
 - Foreign currency (justified percentage),
 - ECU (justified percentage).(a separate payment order + control sheet is required for each currency):
- name, address and bank account details of payee,
- purpose of expenditure.

4.6. Payment action

The Accounting officer checks the details of the payment order. He forwards the paying order to the paying agent (bank) for payment.

4.7. Direct Labour - administration of imprest accounts¹

- *Setting up the imprest fund*

- a) Imprest holder draws up a request for initial funding and forwards to NAO.
- b) NAO issues cash authorization (payment order) and transmits dossier to Head of Delegation.
- c) Head of Delegation endorses payment order and forwards dossier to paying agent.
- d) The paying agent executes the payment to the bank account opened in the name of the project.

- *Operating the imprest fund*

Imprest holder

- makes commitment on basis of order form after price comparison or call for tender,
- verifies invoices, statements and other supporting documents,
- authorises payment by drawing up payment order (to confirm service rendered, goods supplied, works complete and accepted, etc...),
- forwards payment order + supporting documents to accounting officer.

Account officer of the project

- checks that payment order agrees with supporting documents,

¹

- checks authorisations.

Account officer of the project + imprest holder

- pay by bank transfer, both signing.

- ***Replenishment of the imprest fund***

In principle, the replenishment of the imprest fund should be carried out quarterly. However, where the credit balance is lower than 50% of the initial appropriation, the imprest holder should draw up a summary statement of expenditure broken down by the items shown in the original cost estimate.

The NAO checks the summary list and supporting documents, and draws up a payment order.

The Head of Delegation endorses the payment order, and forwards it to the paying agent.

- ***Detailed Procedures***

- ***Purchasing***

The imprest holder prepares purchase orders. The Manual of Instructions lays down the following procurement procedures:

- ECU 300 to ECU 2,000 - obtains price estimates,
- Over ECU 2,000 - restricted tendering.

Revised procedures and limits have been suggested by DG VIII (see annexe 17: page V of annexe 2 para. 5.) :

The imprest holder checks that funds are available and signs purchase order.

The account officer of the project, forwards copy of purchase orders to users, who notify receipt of supplies or services rendered and submit supporting documents.

The account officer of the project prepares payment order.

The account officer of the project and imprest holder sign payment order.

The account officer of the project makes cash payments up to ECU 150.

- ***Stock Management***

The imprest holder shall designate a bookkeeper to work for him and who shall perform the following tasks :

produce periodically an up-to-date inventory together with the

- site manager;
- record sales, cash and cheque payments in a receipts journal and put them into an account separate from the general project account.

- ***Personnel Management***

A joint responsibility of the imprest holder and the accounting officer who :

- draw up an annual list of personnel by post and by name, setting out wages and related contributions to be paid by the project;
- maintain an up-to-date personnel register;
- maintain a pay book with monthly tables showing details of personnel expenditure.

- ***Supporting documents***

The supporting documents required for reimbursement of the imprest fund are :

Purchase of goods or services

Settled suppliers invoices, accompanied by purchase order form (and delivery notes, if any), bearing the date and means of delivery and certified " supplies accepted or service rendered ".

Personnel costs

- Wage slips or individual claims initialled by the recipient and signed by the imprest holder and accounting officer.
- Claims for reimbursement of mileage costs :
 - stating reason for the journey, registration number of the vehicle, date, destination and miles/kilometres travelled, fuel bills, or
 - "log book" for vehicle, as basis for flat rate reimbursement per mile/kilometre travelled.

All supporting documents must bear a serial number cross-referenced to the petty cash records and bank statements.

Petty Cash

Petty cash records, with order forms and receipts, signed by imprest holder and accounting officer.

All supporting documents should be kept by the delegation or with delegation agreement by the project manager.

- *Reconciliation Statements*

The account officer of the project draws up :

- a statement reconciling the up-to-date balance of the accounts to the corresponding cash records and bank statements.
- a statement for each article showing the authorised and actual expenditure, and any difference.

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5. CLOSURE

5. CLOSURE

4. PROJECT MANAGEMENT AND FINANCIAL EXECUTION - PAYMENTS

5. CLOSURE

5.1 Closure of a Contract

Closure of a delegated appropriation is initiated when a contract is complete or cancelled.

The Head of Delegation must first ensure that there are no outstanding payment obligations under the contract, checking that:

- all invoices and requests for payment due from contractors for works, supplies and services delivered have been received and paid within the prescribed time limits;
- all amounts withheld (retentions) pending final acceptance of the works, supplies or services have been paid;
- there are no outstanding claims by contractors against the authorizing administration, e.g. for late payments;
- all advances have been recouped;
- there are no matters in dispute with the contractors, i.e. final acceptance has taken place.

The OLAS Contract Card is always the basic document to check for whether a contract can be closed.

The Head of Delegation then sends the request for closure to the Commission.

Closure of the contract by the Commission involves:

- **Decommitment**
 - Closes the contract (delegated appropriation) in the accounts and
 - transfers any credit balance to the project (commitment) concerned.

5.2 Closure of a Project

Closure of the project is initiated at the request of the National Authorizing Officer:

- normally when all the operations foreseen in the financing agreement have been completed, or
- exceptionally when the project is cancelled prior to or during implementation.

Alternatively, the Head of Delegation may request closure of the project with the tacit agreement of the NAO.

Closure of the project by the Commission involves:

- ***Decommitment***
 - Closes the project (commitment) in the accounts and
 - transfers any credit balance to the reserve account of the ACP country concerned.

5.3 Physical Action

Information on closure is sent to the Head of Delegation by means of the monthly dispatching of project cards. The Head of Delegation informs the NAO accordingly.

Project Documents, including Contracts, Progress Reports, Invoices etc. should be archived for a period of at least 5 years, counting as from the moment when the Parliament and Council have given the discharge for the year during which the project has been closed.

The prior approval of Financial Control is NOT required for closure of a delegated appropriation but is required for closure of a commitment.

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6. REPORTING

6. REPORTING

6.1. Year-end and periodic reporting

At the end of each year, the Fourth Convention of Lomé requires the Chief Authorizing Officer, the Head of Delegation and the National Authorizing Officer to report on the status of implementation of projects and programmes.

Thus, under the terms of art. 327 paragraph 1 of the 4th Lomé Convention, the ACP States and their beneficiary regional organisations, on the one hand, the Commission (in collaboration with the European Investment Bank), on the other hand, are required to draw up an annual report on the management of development finance cooperation. These reports are intended to help the ACP/CE Committee of development finance cooperation for the financing of development to examine whether the objectives of financial cooperation were achieved. In accordance with art. 327 paragraph 2(a), the ACP/CE Committee draws up an annual progress report, which is examined by the Council of Ministers at its annual meeting.

In addition, pursuant to the Financial Regulation applicable to cooperation for the financing of development (4th Lomé Convention), the Commission has to establish, at the latest on 1 May of each year, the financial statements of the EDF (situation as at 31 December of the previous year).

The financial statements include in particular:

- a balance sheet which describes the assets and liabilities of the EDF as at 31 December of the preceding year,
- a statement of sources and uses of funds for the preceding year,
- a table of revenue of the financial year,
- the revenue and expenditure accounts presenting the commitments, delegated appropriations and expenditure authorisations (for the preceding year and cumulative, overall and by beneficiary countries).

The financial statements are submitted to the European Parliament, to the Council and to the Court of Auditors.

In addition, periodic reports on projects in progress are also required for management purposes.

The information for these reports is generated by the on-line accounting system in Brussels (OLAS) which records, in sequence:

- commitments,
- delegated appropriations,
- payment orders.

For each country, the computer prints out a statement of the current financial situation of projects from financing decision to closure. There are three levels of statement:

the *country account book* which contains for each Fund:

- a summary of the financial situation for all projects and contracts;
 - all commitments
 - all delegated appropriations by commitments and total payments by delegated appropriation
- the *project card*¹ which contains a detailed breakdown of the financial situation of the project, amounts committed (delegated appropriation), spent and available (see Annex 11).
- the *contract card*² which contains a detailed breakdown of the financial situation of the contract, e.g. transactions (payment orders), outstanding advances (see Annex 12), in ECU and contractual currency.

6.2. Overruns and their prevention

Overruns or potential overruns can be detected early, so that remedial measures can be taken, by a regular and systematic review of budgetary controls. Budgetary controls are a combination of accounting and operational controls.

The *accounting aspect of budgetary control* involves two parameters which must be monitored over the life of the project:

- actual expenditure,
- planned expenditure.

Overrun for contract is dealt with through the *control sheet*, which must be attached to every payment.

The control sheet monitors progress on:

- planned amounts of payments and reimbursement of advances, and
- adjustments - riders, price revisions, contingencies and overruns.

The *operational aspect of budgetary control* involves monitoring four parameters over the life of the project. These are:

- actual expenditure,
- actual performance,
- planned expenditure,
- planned performance.

It is therefore not enough to consider only financial information, which is simply a reflection of other realities, such as progress of the works or services, quality or price of supplies. Performance and the related expenditure must be considered together.

¹ Annex 9.

² Annex 10.

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for example - if half the work has been completed, then roughly half the expenditure should have been incurred. If expenditure has reached 70 per cent when only half the work has been completed, it will not be possible to complete the project within the planned commitment. There will be a cost overrun.

Budgetary control has two objectives, one minimal, one optimal:

- **minimal objective**

to identify potential cost overruns before they occur, by regular monitoring of contract performance and external economic factors. Monitoring should be systematic - a formal review at least once a month. More frequently if there are problems with the contract or rapidly changing external factors.

- **optimal objective**

to permit completion of the project within the budget, thus releasing funds for other projects.

When potential overruns are identified in advance, timely preventive or corrective action can be taken. This is to the benefit of the Contracting Authority, which normally bears the cost of any overruns.

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7. SPECIAL PROCEDURES

7. SPECIAL PROCEDURES

7.1. Structural Adjustment Support

This is intended to alleviate the short-term economic and social problems that may result from the process of adjustment in the pursuit of long term economic growth and social justice. Quick disbursement is a key feature. The support may take the form of:

- **General Import Programmes (GIP)**, which are cash grants of foreign exchange to support broad macro-economic reforms, or
- **Sectoral Import Programmes (SIP)** which focus on individual sectors. These consist of either cash grants in foreign exchange or direct procurement.

Decision-taking process

Financing Proposal Normal procedure - the NAO submits a request through Head of Delegation.

Commission Decision Normal procedure - the Commission decides after obtaining the EDF Committee's opinion.

Financing Agreement The financing agreement is concluded in the normal way, setting out the purposes and arrangements for payment of the grant.

Commitment Normal procedure (see chap. 3).

Delegated Appropriation

For direct procurement SIPs, the normal procedure for supply contracts (see Chap. 3).

For foreign exchange grants, transfers are made to an account in the name of the ACP State opened with a bank in an EU State. The delegated appropriation is normally based on an **implementing agreement**.

Payment procedures

The first instalment is authorized directly by headquarters.

Subsequent instalments are based on supporting documentation to justify expenditure of the previous grant. The CAO authorizes the release of the next instalment.

Checks

The Head of Delegation and/or technical assistance staff are responsible for checking the day-to-day operation of the programme.

7.2. STABEX¹

7.2.1. *Scope of STABEX*

STABEX stands for the stabilization of earnings from exports by ACP States to the European Union² or to certain other ACP States³ or of all exports of certain products.⁴ This is an arrangement designed to offset the harmful effects of fluctuations in the prices of certain exports on the economies of ACP States.⁵ It takes the form of a **grant**. The products concerned are all agricultural and are listed in article 187 of the Fourth Convention of Lomé.

An ACP State may request a STABEX grant where 70% or more of export earnings come from exports of the two preceding years to countries which are not part of the European Union (60% in the case of LDCs).⁶

The product concerned must account for at least 5% of total export earnings in the year preceding the year of application⁷ (except Sisal - 4%). For LDCs, landlocked and island countries, the proportion is 1%.⁸

7.2.2. *Limitations on the scope of STABEX*

The grant is not payable where:

- the fall in earnings from exports to the European Union is the result of discriminatory measures against the EU taken by the ACP State concerned.⁹

The grant is reduced where:

- the fall in earnings from exports to the European Union is the result of measures by the government or producers to restrict supply.¹⁰
- where significant changes arise in production in the ACP State or demand in the European Union.¹¹

¹ Lomé IV, articles 186-212.

² Lomé IV, article 189.1(a).

³ Lomé IV, article 189.1(b).

⁴ Lomé IV, article 189.1(c).

⁵ Lomé IV, article 186.

⁶ Lomé IV, article 189.3.

⁷ If, as the result of a natural disaster, the preceding year's exports are lower by 50% or more than the average annual exports for the three years prior to the disaster, the latter figure is used to calculate the percentage of total exports.
Lomé IV, article 196.3

⁸ Lomé IV, article 196.1 and 2.

⁹ Lomé IV, article 201.

¹⁰ Lomé IV, article 202.

7.2.3. Calculation of the grant

The reference level is based on the average export earnings for 4 of the 6 years preceding the year of application, excluding the highest and lowest.¹ The requirement is reduced to the average for the 3 years preceding the year of application for products not previously exported.²

The transfer is calculated as:

- the reference level,
- less the actual amount of export earnings in the year of application,
- reduced by 4.5% x the reference level;

The above reduction is capped as follows:

- for LDCs the reduction is only 1%,
- amount of transfer less than ECU 2 million - no reduction for LDCs or landlocked countries,
- amount of transfer less than ECU 1 million - no reduction for island countries,
- a maximum 30% of the difference between the reference level and the actual level of export earnings (20% for LDCs and landlocked countries)³.

1

Lome IV, article 197.2.

THE DECISION-TAKING PROCESS

Action	Responsible authority / person	Deadline (in year following application) ¹
1. Request		
The ACP State submits an application for a STABEX grant, together with the required statistical data ² .	NAO	31 March ³
2. The financing proposal		
A proposal is prepared annually for all countries and products eligible, based on analysis of the export statistics provided ⁴ .	Commission - DG VIII/B/3	
ACP State notified of its situation ⁵ .	Commission - CAO	30 April
Examination of dossier & consultations with ACP State.	Commission	30 June
ACP notified of amount of transfer based on appraisal of dossier (subject to decision on availability of funds) ⁶ .	Commission - CAO	1 July to 31 July
3. Decision - commitment - delegated appropriation		
Commitment	DG VIII/C/2	
Approval	Financial Control	
Decision on transfer ⁷	Commission	31 July
Transfer agreement	CAO - NAO	30 September
Delegated appropriation	VIII/C/2	
4. Payment		
Transfer of funds(ECU), to interest-bearing account in a member state. ⁸	DG VIII/C/2- Financial control - Accounting Officer	on signature of transfer agreement
Framework of mutual obligations, i.e. how the funds are to be used ⁹	Commission - CAO ACP State - NAO	
Mobilization of funds for purposes agreed in framework of mutual obligations ¹⁰	Joint signatories: NAO/Head of Delegation	
Reports		
Progress on processing of transfers to Committee of Ambassadors ¹¹	Commission	30 September
Use of funds transferred ¹²	NAO	12 months from mobilization resources

¹ Deadlines may be extended if consultations between the ACP State and the Commission cannot be concluded (Lomé IV, article 207), or there disagreement and the ACP State appeals (Lomé IV, article 208).

² Lomé IV, article 199.2 and Annex XLIII.

³ Lomé IV, article 199.3.

⁴ Lomé IV, article 207.1.

⁵ Lomé IV, article 207.1.

⁶ Lomé IV, article 207.3.

⁷ Lomé IV, article 205.

⁸ Lomé IV, article 211.1.

⁹ Lomé IV, article 210.

¹⁰ Lomé IV, article 211.2.

7.3. SYSMIN

Sysmin is a special financing facility for those ACP countries whose mining sectors occupy an important place in their economies and are facing problems. Support may aim at assisting the sectors concerned or for diversification and broadening the basis of economic growth.

7.3.1. *Conditions for eligibility*

Two macro-economic conditions must be met:

- a) The ACP State concerned must be an exporter of mining products to the E.U.;
- b) Mining must constitute an important sector in the national economy. Either:
 - 15% or more of the share of export earnings accounted for by one of eight particularly important products: copper (including cobalt), phosphates, manganese, bauxite/alumina, tin, iron ore, (whether or not in agglomerate form), and uranium, or
 - 20% or more of the share of export earnings accounted for by all mining products covered.

These threshold values are 10% and 12% respectively for the least-developed, landlocked or island ACP States.

If the two macro-economic conditions a) and b) above are fulfilled, recourse to the Sysmin financing facility becomes possible in either of the two following situations:

- where temporary or unforeseeable difficulties create a perceived or expected threat to the viability of a significant mining enterprise, leading to a significant fall in revenue for the ACP State concerned;
- where a fall in the export earnings of one of the eight products, in relation to the average for the two years preceding the request, leads to a decline of at least 10% in total export revenue, threatening the completion of development projects or programmes already under way.

7.3.2. *Decision and implementation procedures*

Financing Proposal

The Commission receives applications forwarded to it by the NAO and appraises it in accordance with the Sysmin provisions. The request must be submitted in the 12 months following identification of the above-mentioned consequences.

An independent assessment, financed from the resources of the facility, controls the compliance with the eligibility criteria laid down in the Lomé Convention and the type of project or programme to be financed.

The amount of aid is fixed by the Commission in the light of different factors linked

co-financing possibilities and the relative importance of the mining sector for the economy of the ACP State concerned.

Whilst Sysmin aid is provided to the ACP State in the form of subsidies, the economic and financial analysis of a project may result in the definition of different financial conditions for on-lending by an ACP State to the final beneficiary.

Commission Decision

The Commission takes a single decision on the eligibility of such application and on the financing of project or programme deemed to qualify for Sysmin funds.

Financing Agreement

The Financing Agreement is concluded in the normal ways, setting out the purpose and arrangements of the grant.

ATTENTION: There is no possibility of addendum to the Financing Agreement aiming at increasing the amount of the aid.

Commitment :	Normal procedure (see chapter 2.2.1.).
Delegated Appropriation:	Normal procedure (see chapter 3.1.).
Payment Procedure :	Normal procedure (see chapter 4).
Checks :	The NAO, the Head of Delegation and/or Technical Assistance Staff are responsible for checking day-to-day operation of the programme.

7.4. Emergency assistance¹

EMERGENCY ASSISTANCE

is intended to be quickly and easily available to ACP States faced with serious economic and social difficulties of an exceptional nature resulting from natural disasters or comparable extraordinary circumstances.

Time limits

Funds must normally be fully committed, disbursed and action completed within 180 days of the establishment of the implementation arrangements.

Decision-taking process

- **More than ECU 1 million**

- A Government request normally, but not necessarily, initiates the procedure.
- The Head of Delegation is notified for information and appraisal.
- Member States are consulted by fax / telex.
- Financial control approval is required.

- **Less than ECU 1 million**

- As above, except that Member States are not consulted.

The **financing decision** is taken by the Chief Authorizing Officer.

The **commitment** is recorded in the normal way, based on financing decision.

Financial Management and Execution is carried out by the EC Humanitarian Office (ECHO).

Because of the urgent nature of work for emergency assistance, retroactive payment may be made for work carried out up to three months prior to the financing decision.

Advances of up to 50% of the project cost, and in some cases more, are permitted. Further advances are made when previous funds have been spent and properly accounted for, with supporting documents (suppliers, invoices, claims from NGOs, contractors etc.).

7.5. Assistance to Refugees¹

REFUGEES

Assistance may be granted to ACP States taking in refugees or returnees to meet acute needs not covered by emergency assistance, to implement in the longer term projects and action programmes aimed at self-sufficiency and the integration or reintegration of such people.

Appraisal procedure

- Request by NAO, international organization or NGO.
- Head of Delegation appraises request.
- NAO approves request following comments from the Head of Delegation.
- Head of Delegation submits request to Commission.

Decision procedure

- *The normal procedure*
For projects over ECU 2 million, a financing proposal is submitted to the EDF Committee and the Commission takes the decision (see 2.2.1.).
- *Accelerated normal procedure*
For projects from ECU 1 million to 2 million, the Commission informs the EDF Committee and takes the decision (see 2.2.2.).
- *Global authorization*
For projects under ECU 750 000 the DAG form is used. The CAO takes the decision.

Financing Agreement

The financing agreement is normally replaced by a letter of confirmation from the CAO for the information of the NAO and operational partners. Exceptions are where the project is directly implemented by the local administration or is co-financed.

Primary commitment

Following financing decision.

Delegation Appropriation

The contracts follow:

- either the general condition works or supplies and services or direct labour if the project is implemented directly by the ACP State concerned.
- either special standard contracts (see para 3.3) signed with operational partners (NGO).

Payment procedures

These are in accordance with the General Conditions and the Special Conditions of each contract.

LIST OF ANNEXES

1. Checklists (contracts and payments)
2. Exchange Rate List - INFOR ECU OF AUGUST 1997
3. List of Daily Allowances (1997)
4. List of fees limits for direct agreement contract
5. Organizational Chart of DG VIII
6. Decision-taking structure
7. Time limits
8. DAG Form
9. PMS Form
10. Request for delegated appropriation
11. Project Card
12. Contract Card
13. Control Sheet
14. Payment order form
15. Model of delegated appropriation Closure
16. Models of Bank Guarantees
17. Work Programmes

CONTRACTS - VALIDATION CHECKLIST

CAUTION: THIS CHECKLIST IS AN AIDE-MEMOIRE ONLY.
ALWAYS CONSIDER IF ANY OTHER CHECKS ARE APPROPRIATE.

	Check questions for all contracts	Signature of person responsible		
		NAO	Head of Delegation	Headqu sta
1	Primary commitment are there sufficient funds available?			
2	Was the prior agreement of DG VIII/C/3 (tenders) obtained?			
3	Has the contractor signed and dated the contract ?			
4	Has the NAO signed and dated the contract?			
5	Has the Head of Delegation endorsed and dated the contract?			
6	Is the contractor the same as the successful tenderer?			
7	Is the contract price the same as the tender price?			
8	Does the dossier include a price schedule and method of calculation?			
9	Is the price schedule arithmetically correct?			
10	Are prices and fees within authorized ceilings?			
11	Is there a cover note from the Delegation indicating: - the contract price in the currency of the contract? - the estimated contract price in ECU? - the amount of the contingency allowance?			
12	Is the currency of the contract permitted?			
13	Has the correct exchange rate been used for foreign currency?			
14	Is the contract consistent with the tender dossier?			
15	Do the clauses follow the model contract?			
16	Does the contract comply with the EDF General Regulations and General Conditions?			
17	Do the documents show the date of notification of the contract?			
18	Do the documents show the imprest accounting number?			
19	If foreseen in the contract, has the performance guarantee been provided in due form, within 30 days of notification?			
20	Is the currency of payment shown?			
21	Is the currency of payment permitted under the regulations?			
22	Is payment to be made only in local currency?			
23	If payment is to be made partly in foreign currency, is it a justified proportion?			

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	payments in local currency?			
25	Is account name and number, bank name, address and sort code of the bank account in the country where the contractor has his registered address stated for payments in foreign currency or ECUS?			
26	Is the time limit (or period) of performance stated?			
27	Is there a price revision formula?			
28	Is there a formula for the amount payable in local currency, including local price indices to be used?			
29	Is there a formula for the amount payable in ecus or foreign currency, including price indices of the country of payment or Eurostat indices?			
30	Does the date when it comes into effect comply with the regulations?			
31	Does it provide for advances to be deducted from the amount to be paid?			
	HAVE YOU CHECKED ALL THE CONTENTS OF THE CONTRACT? IF NOT, WRITE DOWN ANY OTHER CHECKS THAT YOU THINK NECESSARY			

**CAUTION: THIS CHECKLIST IS AN AIDE-MEMOIRE ONLY.
ALWAYS CONSIDER IF ANY OTHER CHECKS ARE APPROPRIATE.**

Checks for certain contracts		Signature of person responsible		
		NAO	Head of Delegation	Headquarters staff
SUPPLY CONTRACTS				
1	Is the delivery time stated?			
2	Is the place of delivery stated?			
3	Are the conditions and deadlines for acceptance stated?			
4	Is the origin of the products stated?			
5	Are the payment procedures stated?			
6	Does the contract price cover the delivery to final destination?			
7	Is the length of validity of the technical guarantee stated?			
SERVICE CONTRACTS				
1	Is the amount of the contract, in total and in detail within the PMS?			
2	Does the percentage payable in foreign currencies conform to the regulations?			
3	Is the level of fees within authorized limits?			
WORK PROGRAMME (DIRECT LABOUR)				
1	Is the programme estimate drawn up in local currency?			
2	Is it payable in local currency?			
3	Does the programme estimate include retrospective coverage?			
4	Is there a description of the operations to be carried out?			
5	Is there a detailed financial estimate?			
6	Do the financial and administrative provisions conform with the regulations?			
7	Is the separation of duties between the Authorizing office and accountant assured by the nomination of the imprest holder and the accounting agent of the project?			
8	Is the amount of start-up advance specified together with its clearance?			
9	Are there contracts of such importance that they should be the subject of a separate contract (separate commitment)?			
10	Is the arithmetic correct?			
11	Is there a correspondence between physical progress and total claimed?			
<p>HAVE YOU CHECKED ALL THE CONTENTS OF THE CONTRACT?</p> <p>IF NOT, WRITE DOWN ANY OTHER CHECKS THAT YOU THINK NECESSARY.</p>				

PAYMENT FILE - VALIDATION CHECKLIST

**CAUTION: THIS CHECKLIST IS AN AIDE-MEMOIRE ONLY.
ALWAYS CONSIDER IF ANY OTHER CHECKS ARE APPROPRIATE.**

	Check questions validation	Signature of person responsible		
		NAO	Head of Delegation	Headquarters staff
1	Is the claim made by the contractor named in the contract?			
2	Has the contractor signed and dated the claim?			
3	Does the claim concern works, services or supplies described in the contract?			
4	Have the works for which payment is requested been performed?			
5	Are original supporting documents attached (or copies certified by authorizing officer or Head of Delegation)			
6	Does the claim conform to the payment conditions specified in the contract?			
7	Is the documentation complete: - payment order? - supporting documents? - Delegation's cover note? - Control Sheet signed by project adviser?			
8	For supplies contracts, do the supplies originate in an EU Member State or ACP State?			
9	If supplies do not originate in an EU Member State or ACP State, was a derogation accorded?			
10	Are the calculations correct?			
11	Does the payment regime correspond to the works scheduled?			
	HAVE YOU CHECKED ALL THE CONTENTS OF THE CLAIM? IF NOT, WRITE DOWN ANY OTHER CHECKS THAT YOU THINK NECESSARY			

PAYMENT ORDER - VALIDATION CHECKLIST

CAUTION: THIS CHECKLIST IS AN AIDE-MEMOIRE ONLY.
ALWAYS CONSIDER IF ANY OTHER CHECKS ARE APPROPRIATE.

	Check Questions Payments	Signature of person responsible		
		NAO	Head of Delegation	Headquarters stat
	Does the payment order contain:			
	- imprest accounting number			
	- appropriation number			
	- amount of payment in figures and words			
	- currency of payment			
	- name, address and bank account details of payee			
	- method of payment			
	- purpose of expenditure			
	Has the payment order been signed by the Authorizing Officer?			
	Has the payment order been endorsed by the Head of Delegation?			
	HAVE YOU CHECKED ALL THE CONTENTS OF THE PAYMENT ORDER?			
	IF NOT, WRITE DOWN ANY OTHER CHECKS THAT YOU THINK NECESSARY.			

Version 2.0

ANNEX 2

EXCHANGE RATES

COURS MENSUEL DE L'ECU VALABLE DU 1er AU 31 AOUT 1997 - DOCUMENT INTERNE

OBJET : Cours comptable de l'écu et cours de conversion à retenir pour le calcul des remboursements des frais médicaux, des frais de mission, des frais de séjour, d'approche et de voyage des personnes étrangères convoquées par les services de la Commission européenne. La Commission rappelle que ce document a une valeur strictement informative et ne crée pas de droits dans le chef des utilisateurs. Les codes "PAYS" utilisés par le CUC sont strictement applicables. Le code monnaie correspond à l'abréviation traditionnelle pour les monnaies dont le cours de l'écu est établi quotidiennement par la DG II de la Commission européenne et au code international "ISO" (International Standardisation Organisation) pour les autres monnaies.

CODE PAYS	PAYS	MONNAIES	CODE MONNAIE ISO	CODE MONNAIE	UN ECU EN MONNAIE	UNE UNITE DE MONNAIE EN FRANCS BELGES	Notes explicatives
Monnaies cotées quotidiennement par la Commission européenne							
		Ecu	XEU	ECU	1,000000		
002	Belgique	Franc belge	BEF	BEC	40,861500		
008	Danmark	Dansk krone	DKK	DKR	7,537290	5,421200	1
004	Deutschland	Deutsche Mark	DEM	DM	1,979060	20,647000	
009	Ellas	Drachmi	GRD	DRA	309,575000	0,131990	
011	España	Peseta	ESP	PTA	166,946000	0,244760	2
001	France	Franc français	FRF	FF	6,670950	6,125300	3
007	Irèland	Irish pound	IEP	IRL	0,737825	55,381000	
005	Italia	Lira italiana	ITL	LIT	1,929,550000	2,117700	4
012	Luxembourg	Franc luxembourgeois	LUF	LUF	40,861500	1,000000	
003	Nederland	Nederlandse gulden	NLG	HFL	2,228770	18,334000	
038	Oesterreich	Oester. Schilling	ATS	OS	13,924800	2,934400	
010	Portugal	Escudo	PTE	ESC	199,967000	0,204340	
032	Suomi	Markka	FIM	FMK	5,871170	6,959700	
030	Sverige	Svensk krona	SEK	SKR	8,580230	4,762300	
006	United Kingdom	Pound sterling	GBP	UKL	0,660434	61,871000	5
400	United States	US dollar	USD	USD	1,073540	38,062000	6
404	Canada	Canadian dollar	CAD	CAD	1,484700	27,522000	
732	Nippon (Japan)	Yen	JPY	YEN	127,611000	0,320200	
039	Suisse	Franc suisse	CHF	SFR	1,636280	24,972000	7
028	Norge	Norsk krone	NOK	NKR	8,190540	4,988900	
024	Iceland	Iceland krona	ISK	ISK	77,541500	0,526960	
800	Australia	Australian dollar	AUD	AUD	1,442540	28,326000	8
804	New Zealand	New Zealand dollar	NZD	NZD	1,654900	24,691000	9
046	Malte	Lire maltaise	MTL	MTL	0,429689	95,096000	
052	Turquie	Lire turque	TRL	TRL	170,891,000000	0,023911	
600	Chypre	Livre cyproite	CYP	CYP	0,580509	70,389000	
064	Hongrie	Forint	HUF	HUF	210,757000	0,193880	
091	Slovénie	Tolar slovène	SIT	SIT	179,973000	0,227040	
066	Roumanie	Leu	ROL	ROL	7,842,180000	0,521050	
061	Tchèqu (Rép.)	Couronne tchèque	CZK	CZK	37,151800	1,099900	
063	Slovaquie	Couronne slovaque	SKK	SKK	37,449200	1,091100	
	Divers pays	Franc CFA	XAF	XAF	667,095000	6,125300	10
	Divers pays	Franc CFA Ouest	XOF	XOF	667,095000	6,125300	11
	Divers pays	Dollar Caraïbes de l'Est	XCD	XCD	2,898560	14,097000	12
Autres pays		Autres monnaies		Autres cours			
660	Afghanistan	Afghani	AFA	AFA	5,099,320000	0,801310	
388	Afrique du Sud	Rand	ZAR	ZAR	4,932360	8,284400	
070	Albanie	Lek	ALL	ALL	187,333000	0,218120	
208	Algérie	Dinar algérien	DZD	DZD	64,852600	0,630070	
043	Andorre	Peseta d'Andorre	ADP	ADP	165,926000	0,246260	
330	Angola	Kwanza réajusté	AOR	AOR	286,389,000000	0,014268	13
478	Antilles néerlandaises	Florin Antilles néer.	ANG	ANG	1,910900	21,383000	
632	Arabie saoudite	Riyal saoudien	SAR	SAR	4,026630	10,148000	
528	Argentine	Peso argentin	ARS	ARS	1,073330	38,070000	
077	Arménie	Dram arménien	AMD	AMD	547,237000	7,466900	
474	Aruba	Florin arubain	AWG	AWG	1,910900	21,383000	
078	Azerbaïdjan	Manat d'Azerbaïdjan	AZM	AZM	4,259,810000	0,959230	
453	Bahamas	Dollar des Bahamas	BSD	BSD	1,073540	38,062000	
640	Bahreïn	Dinar de Bahreïn	BHD	BHD	0,404725	100,960000	
666	Bangladesh	Taka	BDT	BDT	47,356500	0,862850	
469	Barbade	Dollar de la Barbade	BBB	BBB	2,147080	19,031000	
073	Bélarus	Rouble bélarusse	BYB	BYB	46,523,900000	0,067829	
421	Belize	Dollar de Belize	BZD	BZD	2,147080	19,031000	
413	Bermudes	Dollar des Bermudes	BMD	BMD	1,073540	38,062000	
675	Bhoutan	Ngultrum	BTH	BTN	39,434500	1,036200	

DE YS	PAYS	MONNAIES	CODE MONNAIE ISO	CODE MON- NAIE	UN ECU EN MONNAIE	UNE UNITE DE MONNAIE EN FRANCS BELGES	Note: expli- cative
16	Bolivie	Boliviano	BOB	BOB	5.636090	7.250000	
93	Bosnie-Herzégovine	Dinar	BAD	BAD	Non communiqué	Non communiqué	
91	Botswana	Pula	BWP	BWP	4.011140	10.187000	
08	Bésil	Real brésilien	BRL	BRL	1.168890	34.958000	
03	Brunei	Dollar de Brunei	BND	BND	1.621500	25.200000	
68	Bulgarie	Lev	BGL	BGL	1,977.900000	2.065900	
28	Burundi	Franc burundais	BIF	BIF	381.536000	0.107100	
96	Cambodge (Kampuchéa)	Riel	KHR	KHR	2,945.790000	1.387100	
47	Cap-Vert	Escudo du Cap Vert	CVE	CVE	104.862000	0.389670	
63	Cayman (îles)	Dollar des îles Cayman	KYD	KYD	0.889106	45.956000	
12	Chili	Peso chilien	CLP	CLP	447.870000	9.123500	
20	Chine	Renminbi Yuan	CNY	CNY	8.900180	4.591100	
180	Colombie	Peso colombien	COP	COP	1,187.930000	3.439700	
175	Comores	Franc des Comores	KMF	KMF	500.321000	8.167100	
24	Corée du Nord	Won nord coréen	KPW	KPW	2.361790	17.301000	
28	Corée du Sud	Won	KRW	KRW	957.437000	4.267800	
136	Costa Rica	Colon du Costa Rica	CRC	CRC	251.874000	0.162230	
192	Croatie	Kuna	HRK	HRK	7.036300	5.807200	
148	Cuba	Peso cubain	CUP	CUP	22.544300	1.812500	14
138	Djibouti	Franc de Djibouti	DJF	DJF	190.791000	0.214170	
156	Dominicaine (Rép.)	Peso dominicain	DOP	DOP	15.051000	2.714900	
20	Egypte	Livre égyptienne	EGP	EGP	3.668050	11.140000	
128	El Salvador	Colon El Salvador	SVC	SVC	9.436420	4.330200	
547	Emirats arabes unis	Dirham E.A.U	AED	AED	3.942360	10.365000	
500	Equateur	Sucre	ECS	ECS	4,336.030000	0.942370	
353	Estonie	Couronne	EEK	EEK	15.832500	2.580900	
334	Ethiopie	Birr éthiopien	ETB	ETB	7.199160	5.675900	15
529	Falkland (îles)	Livre des îles Falkland	FKP	FKP	0.660434	61.871000	
315	Fidji	Dollar des Fidji	FJD	FJD	1.595640	25.608000	
252	Gambie	Dalasi	GMD	GMD	10.930200	3.738400	
376	Géorgie	Lari	GEL	GEL	1.391310	29.369000	
276	Ghana	Cedi	GHC	GHC	2,302.740000	1.774500	
344	Gibraltar	Livre de Gibraltar	GIP	GIP	0.660434	61.871000	
416	Guatemala	Quetzal	GTQ	GTQ	6.307560	6.397000	
260	Guinée	Franc guinéen	GNF	GNF	1,180.890000	3.460200	
257	Guinée-Bissau	Peso de Guinée-Bissau	GWP	GWP	43,361.200000	0.094235	
488	Guyana	Dollar guyanais	GYD	GYD	152.765000	0.267480	
452	Haiti	Gourde	HTG	HTG	17.820800	2.292900	
329	Hélène(Ste) et dépen.	Livre de Ste. Hélène	SHP	SHP	0.660434	61.871000	
424	Honduras	Lempira	HNL	HNL	14.192200	2.879200	
740	Hong-Kong	Dollar de Hong-kong	HKD	HKD	8.373610	4.879800	
564	Inde	Roupie indienne	INR	INR	39.434500	1.036200	
700	Indonésie	Rupiah	IDR	IDR	2,861.180000	1.428100	
616	Iran	Rial iranien	IRR	IRR	3,220.620000	1.268700	
612	Iraq	Dinar iraquien	IQD	IQD	0.333764	122.430000	
624	Israël	Shekel	ILS	ILS	3.789650	10.782000	
464	Jamaïque	Dollar jamaïcain	JMD	JMD	37.888100	1.078500	
628	Jordanie	Dinar jordanien	JOD	JOD	0.763726	53.503000	
079	Kazakhstan	Tenge	KZT	KZT	81.283100	0.502710	
346	Kenya	Shilling kenyan	KES	KES	63.377000	0.644740	
083	Kirghistan	Som	KGS	KGS	Non communiqué	Non communiqué	
636	Koweït	Dinar koweïtien	KWD	KWD	0.326464	125.160000	
684	Laos	Kip	LAK	LAK	1,245.840000	3.279800	
395	Lesotho	Loti	LSL	LSL	4.932360	8.284400	
054	Lettonie	Lats letton	LVL	LVL	0.631242	64.732000	
61.4	Liban	Livre libanaise	LBP	LBP	1,700.970000	2.402200	
268	Liberia	Dollar libérien	LRD	LRD	1.073540	38.062000	
216	Libye	Dinar libyen	LYD	LYD	0.421753	96.885000	
055	Lituanie	Litas	LTL	LTL	4.294160	9.515600	
743	Macao	Pataca	MOP	MOP	8.583920	4.760200	
096	Macédoine (ancienne république yougoslave de)	Denar	MKD	MKD	60.790200	0.672170	
370	Madagascar	Franc malgache	MGF	MGF	5,830.330000	0.700840	

CODE PAYS	PAYS	MONNAIES	CODE MONNAIE ISO	CODE MON- NAIE	UN ECU EN MONNAIE	UNE UNITE DE MONNAIE EN FRANCS BELGES	Notes expli- catives
701	Malaysia	Ringgit Malais	MYR	MYR	2 857250	14 301000	
386	Malawi	Kwacha	MWA	MWK	17 597900	2 322000	
667	Maldives	Rufiyaa	MVR	MVR	12 635600	3 233800	
204	Maroc	Dirham marocain	MAD	MAD	10 650500	3 836600	
373	Maurice	Roupie mauricienne	MUR	MUR	23 317300	1 752400	
228	Mauritanie	Ouguiya	MRO	MRO	164 916000	0 247770	
412	Mexique	Peso mexicain	MXN	MXN	8 448760	4 836400	
074	Moldova	Leu de Moldova	MDL	MDL	4 889970	8 356200	
716	Mongolie	Tugrik	MNT	MNT	870 534000	4 693800	*
366	Mozambique	Metical	MZM	MZM	12 594 500000	0 324440	*
676	Myanmar	Kyat	MMK	MMK	6 568680	6 220500	
389	Namibie	Dollar de Namibie	NAD	NAD	4 932360	8 284400	
672	Népal	Roupie népalaise	NPR	NPR	61 138100	0 668350	
432	Nicaragua	Cordoba oro	NIO	NIO	10 198600	4 006600	
288	Nigeria	Naira	NGN	NGN	90 016300	0 453930	
809	Nou-Calédonie et dép.	Franc CFP	XPF	XPF	121 290000	0 336890	16
649	Oman	Rial d'Oman	OMR	OMR	0 413313	98 863000	
350	Ouganda	Shilling ougandais	UGX	UGX	1 180 660000	3 460900	*
081	Ouzbékistan	Sum d'Ouzbékistan	UZS	UZS	167 472000	0 243990	
662	Pakistan	Roupie pakistanaise	PKR	PKR	44 714700	0 913830	
442	Panama	Balboa	PAB	PAB	1 073540	38 062000	
801	Papouasie-Nou.Guinée	Kina	PGK	PGK	1 515770	26 958000	
520	Paraguay	Guarani	PYG	PYG	2 313 480000	1 766200	*
504	Pérou	Nouveau Sol	PEN	PEN	2 843810	14 369000	
708	Philippines	Peso philippin	PHP	PHP	31 065400	1 315300	
060	Pologne	Zloty	PLN	PLN	3 636620	11 236000	
644	Qatar	Rial du Qatar	QAR	QAR	3 907690	10 457000	
075	Russie	Rouble russe	RUR	RUR	6 222 010000	0 656730	*
324	Rwanda	Franc rwandais	RWF	RWF	320 030000	0 127680	
806	Salomon (îles)	Dollar îles Salomon	SBD	SBD	4 084320	10 004000	
819	Samoa occidentales	Tala	WST	WST	2 856800	14 303000	
311	Sao Tomé et Prince	Dobra	STD	STD	5 195 170000	0 786530	*
355	Seychelles et dépen.	Roupie seychelloise	SCR	SCR	5 510530	7 415200	
264	Sierra Leone	Leone	SLL	SLL	840 228000	4 863100	*
706	Singapour	Dollar de Singapour	SGD	SGD	1 621500	25 200000	
342	Somalie	Shilling somalien	SOS	SOS	2 812 670000	1 452800	*
224	Soudan	Dinar soudanais	SDD	SDD	172 840000	0 236410	17
669	Sri Lanka	Roupie sri lankaise	LKR	LKR	63 855100	0 639910	
492	Surinam	Florin de Surinam	SRG	SRG	430 490000	9 491900	*
393	Swaziland	Lilangeni	SZL	SZL	4 932360	8 284400	
608	Syrie	Livre syrienne	SYP	SYP	46 699000	0 875000	
082	Tadjikistan	Rouble tadjik	TJR	TJR	Non communiqué	Non communiqué	
736	Tai-wan	Nouveau dollar T'ai-wan	TWD	TWD	30 012400	1 361500	
352	Tanzanie	Shilling tanzanien	TZS	TZS	671 289000	6 087000	*
680	Thaïlande	Baht	THB	THB	35 126300	1 163300	
817	Tonga	Pa'anga	TOP	TOP	1 402940	29 126000	
472	Tnnité et Tobago	Dollar Trinité et Tobago	TTD	TTD	6 725190	6 075900	
212	Tunisie	Dinar tunisien	TND	TND	1 234400	33 102000	
080	Turkménistan	Manat	TMM	TMM	Non communiqué	Non communiqué	
072	Ukraine	Hryvnia	UAH	UAH	1 993560	20 497000	18
524	Uruguay	Peso uruguayen	UYU	UYU	10 284500	3 973100	
816	Vanuatu	Vatu	VUV	VUV	129 250000	0 316140	
484	Venezuela	Bolivar	VEB	VEB	530 060000	7 708800	*
690	Viêt-nam	Dong	VND	VND	12 533 000000	0 326030	*
653	Yémen	Riyal yéménite	YER	YER	139 560000	0 292790	
094	Yougoslavie (Rép.Féd)	Nouveau dinar	YUM	YUM	6 530900	6 256600	
322	Zaire	Nouveau zaire	ZRN	ZRN	124 454 000000	0 032833	*
378	Zambie	Kwacha	ZMK	ZMK	1 423 950000	2 869600	*
382	Zimbabwe	Dollar du Zimbabwe	ZWD	ZWD	12 523000	3 262900	

LISTE DES TAUX DE "PER DIEM" APPLICABLE DANS LES PAYS ACP/PTOM
 POUR DES MISSIONS DE COOPERATION TECHNIQUE DE COURTE DUREE
 (INFERIEURES A DEUX MOIS)

1997

Pays	Taux per diem (en écus)
ANGOLA	207
ANGUILLA	161
ANTIGUA/BARBUDA	167
ARUBA	177
BAHAMAS	169
BARBADOS	185
BELIZE	106
BENIN	92
BOTSWANA	78
BRITISH VIRGIN ISLANDS	175
BURKINA FASO	93
BURUNDI	110
CAMEROUN	154
CAP VERT	105
CAYMAN ISLANDS	251
CENTRAFRIQUE	114
COMORES	147
CONGO	90
COTE D'IVOIRE	120
DJIBOUTI	150
DOMINIQUE	147
DOMINICAN REPUBLIC	102
EQUATORIAL GUINEA	66
ERITHREA	69
ETHIOPIA	86
FALKLAND ISLAND	94
FIDJI	98

GABON	126
GAMBIA	91
GHANA	169
GRENADA	148
GROENLAND	148
GUINEE BISSAU	118
GUINEA CONAKRY	160
GUYANA	98
HAITI	83
JAMAICA	136
KENYA	104
KIRIBATI	98
LESOTHO	75
LIBERIA	128
MADAGASCAR	122
MALAWI	100
MALI	89
MAURICE	145
MAURITANIE	129
MAYOTTE	140
MONTSERRAT	155
MOZAMBIQUE	162
NAMIBIA	105
NEDERLANDSE ANTILLEN	177
NIGER	103
NIGERIA	111
NOUVELLE CALEDONIE	167
PAPUA NEW GUINEA	180
POLYNESIE FRANCAISE	164
RWANDA	108
SAO TOME & PRINCIPE	135
SENEGAL	89
SEYCHELLES	153
SIERRA LEONE	125

Pays	Taux per diem (en écus)
SOLOMON ISLANDS	73
SOMALIE	104
ST KITTS & NEVIS	133
ST LUCIA	157
ST VINCENT & GRENADINE	126
SOUDAN	143
SURINAME	94
SWAZILAND	99
TANZANIE	184
TCHAD	100
TOGO	72
TONGA	85
TRINIDAD & TOBAGO	120
TURKS AND CAICOS ISLANDS	155
TUVALU	75
OUGANDA	137
VANUATU	105
WALLIS ET FUTUNA	93
WESTERN SAMOA	114
ZAIRE	186
ZAMBIA	97
ZIMBABWE	104

Grille de rémunérations

pour

Contrats de gré à gré, missions inférieures à 6 mois

Dans le pays de l'attributaire et autres pays de l'U.E.

Par jour ouvrable

	ECU	
	Minimum	Maximum
Niveau I	456	630
Niveau II	427	534
Niveau III	208	432

Dans les pays ACP / PTOM

Par jour calendaire / mois calendaire

	ECU	
	Minimum	Maximum
Niveau I	384 (11.520)	523 (15.690)
Niveau II	331 (9.930)	448 (13.440)
Niveau III	171 (5.130)	356 (10.680)

Grille de rémunérations

pour

Contrats de gré à gré, missions égales ou supérieures à 6 mois

Dans le pays de l'attributaire et autres pays de l'U.E.

Par jour ouvrable^{1,2}

	ECU	
	Minimum	Maximum
Niveau I	456	630
Niveau II	427	534
Niveau III	208	432

Dans les pays ACP / PTOM

Par mois calendaire²

	ECU	
	Minimum	Maximum
Niveau I	11.520	15.690
Niveau II	9.930	13.440
Niveau III	5.130	10.680

¹ Par souci de simplification de la gestion, le temps presté dans le pays de l'U.E. n'excédant pas 10 jours ouvrables ne sera pas compté comme prestation dans un pays de l'U.E., mais assimilé à une prestation dans le pays ACP/PTOM.

² Pour obtenir le coût total de la rémunération, le chiffre de la rémunération est à multiplier par le nombre de jours/mois effectivement prestés et non ce nombre plus celui des jours/mois de congé.

Niveau

Catégorie de Personnel

I

Expert hautement qualifié ayant assumé des responsabilités importantes dans la profession, recruté pour ses capacités de direction, de réflexion et de conception.

Expérience professionnelle de **quinze ans** minimum, dont 5 à 7 minimum outre-mer, sauf lorsque cette dernière expérience n'est pas nécessaire, compte tenu de la nature de l'action.

II

Expert confirmé bénéficiant d'une bonne formation dans la profession.

Expérience professionnelle de **cinq** minimum, dont 2 ans minimum outre-mer, sauf lorsque cette dernière expérience n'est pas nécessaire, compte tenu de la nature de l'action.

III

Expert **débutant** dans la profession, titulaire d'un diplôme universitaire ou d'une formation équivalente.

Agent d'exécution confirmé, expérience professionnelle de 5 ans minimum.

ORGANISATIONAL CHART

Directeur général a.1.
 Philippe SOUBEUSTRE

Assistants
 Gary Quince
 Caspar Frontini

VIII/1: Prospective et programmation; Questions macro-Appui à l'ajustement structurel
 Bernard PEIR (*)

VIII/3: Relations avec le Parlement le Conseil et les Institutions ACP-UE
 Elisabeth TISON

VIII/2: Politique étrangère
 Steffen Stenberg-Jensen

Directeur général adjoint
 Athanasios Theodorakis

Directeur général adjoint
 Philippe Soubeustre

Assistants
 Carla Monissi

Groupe de Conseillers
 Marie Savvaides-Polytou

Assistants
 Gary Quince

AEC / Association Européenne pour la Coopération
 Jacques Buchet de Neuilly

Direction A
 Politique de développement
 Friedrich Hamburger

Direction B
 Instruments
 Jacob Moulman

Direction C
 Gestion des ressources financières et humaines

Direction D
 Afrique Occidentale et Centrale
 Hans Smids

Direction E
 Afrique Orientale et Australe f.f.
 José de Silva Domingos

Direction F
 Caraïbes, Pacifique, Océan Indien
 Francoec Granell

Direction G
 Mise en œuvre sectorielle
 Jean Delorme

Conseiller
 Questions CAD/OECD
 Gerhard Buchbinder

Conseiller responsable pour les questions des pays moins développés, enclavés et insulaires
 Achim Kratz

C/1: GÉRER le personnel et relations avec les Délégations
 William Hanns

D/1: Afrique Occidentale I
 Anna Silvia Piergrossi

Conseiller
 Jean-Michel Flierl

Conseiller
 Coordination questions PTOM
 Yves Roland-Osselin

G/1: Santé et planification familiale
 SIDA
 Dominique Deffkour

A/1: Développement durable et ressources naturelles
 Amos Tincani

B/1: Sécurité alimentaire et Aide alimentaire
 Casar Deben

C/2: Gestion financière FED
 Roger Moors

D/2: Afrique Occidentale II
 Manuel Lopez-Bianco

E/1: Corne de l'Afrique
 Basilis Pappadopoulos

F/1: Caraïbes I
 Martino Meloni

G/2: Education, Formation, Coopération culturelle
 Bartolomé Amat Armengol

A/2: Développement social et humain; femmes et développement
 Antonia Kastriassianaki

B/2: Coopération décentralisée; Co-financement avec les OND
 Bernard Ryelandt

C/3: Appels d'offres et passation des marchés
 Ole Scott-Larsen

D/3: Afrique Occidentale III
 Hans Carle

E/2: Afrique de l'Est
 Asger Pfløgaard

F/2: Caraïbes II
 Philippe Darmutzy

G/3: Pêche, Élevage, Recherche agronomique; Relations avec le CTCAR
 Anton Reithinger

A/3: Relations avec la CHUCED, Produits de base
 Roger Both

B/3: Stabes
 Jean-Claude Muller

C/4: Gestion financière Budget
 Andreas Hecher

D/4: Afrique Centrale
 Hans Carle

E/3: Afrique Australe I
 Francisco da Câmara

F/3: Pacifique
 Philippe Darmutzy

G/4: Coopération régionale; Réhabilitation; Micro-résistions
 Klaus Ehbele

A/4: Politique commerciale
 Ingo Faustel

B/4: Développement de l'initiative privée; développement industriel et des entreprises; promotion des investissements; relations avec le CDI
 Lutz RHO

C/5: Questions financières générales; relations avec le BEI
 Georges Kasimatis

D/5: Infrastructures
 Gerald Barton

E/4: Afrique Australe II
 Jean-Claude Boldin

F/4: Océan Indien
 Lou Huby

G/5: Coopération technique
 Gérard Molinier

A/5: Développement du commerce et des services
 Sean Doyle

B/5: Développement minier et énergétique; Symin
 Miguel Forest

C/6: Questions juridiques
 Jan ten Bloemendal

D/6: Agriculture et Développement rural
 Pierre Pelligré

E/5: Infrastructures
 Antonio Garcia Fragio

F/5: Groupe multidisciplinaire; Infrastructures, Agriculture et Développement rural
 Henri Martin

VIII/7: Suivi des programmes; Comités de financement;
 Franco Nicora

C/7: Inspection de la coopération au développement; relations avec la Cour des comptes
 Frank Bean

E/6: Agriculture et Développement rural
 Uwe Werblow

Délégations

relations extérieures

DECISION-TAKING STRUCTURE

WHO?	TITLE	RESPONSIBILITIES	LEGAL BASIS
Commission	EDF Authorizing Body	Takes decisions on financing proposals (if 2 million ECU or more, an opinion of EDF Committee is needed).	Lomé III, art.19-21 Internal Agreement under Lomé IV, art. 25-27
Commissioner for Development	Chief Authorizing Officer	<p>1. Manages resources of the EDF.</p> <p>2. Decides:</p> <ul style="list-style-type: none"> - Supplementary commitments $\geq 10\%$ amount of financing agreement and \geqECU 1 million and $\leq 20\%$ of amount of financing agreement - Internal adjustments $\geq 10\%$ amount of financing agreement - Microproject programmes DAG ≥ 2 million ECU. - All refugees operations DAG ≤ 1 million ECU. - All emergency Aid operations. <p>3. Approves:</p> <ul style="list-style-type: none"> - Structural Adjustment - all instalments except the first. - Contracts $>$ECU 5 million (works) or $>$ECU 1 million (supply) 	Lomé IV, art. 311 Commission Decision C(92)1273/5 of 24.06.92
Director-General for Development	Deputy Chief Authorizing Officer	<p>1. Decides:</p> <ul style="list-style-type: none"> - Supplementary commitments $< 10\%$ amount of financing agreement or $<$ECU 1 million. - Internal adjustments $< 10\%$ amount of financing agreement or $<$ECU 1 million. - Decentralised cooperation (DAG) > 1 million ECU - Microproject programmes (DAG) < 2 million and > 1 million ECU <p>2. Approves:</p> <ul style="list-style-type: none"> - Contracts $<$ECU 5 million (works) or $<$ ECU 1 million (supply). 	
Deputy Director-General	Deputy authorizing officers	Decides:	
Directors D, E, F, G		Decide:	
Director G		Decides: PMS	
Heads of Delegation		Decide:	
Directors - DG VIII / A, B, C, D, E, F, G		Execute: All operations within their area of competence.	
Director ECHO		Implements: All operations for management of emergency assistance.	
Director C Sub-delegation Unit VIII/C/2 (with agreement of Deputy CAO)		Signs: All proposals for commitments, contracts, delegated appropriations, recovery orders, payment orders.	Note J. da Silva Domingos no. 53032 of 29.07.94

TIME LIMITS FOR APPROVAL TO BE OBSERVED BY ONE OF THE PARTIES UNDER THE LOME IV CONVENTION		
<i>MAXIMUM TIME ALLOWED</i>	<i>APPLIES TO</i>	<i>AUTHORITY</i>
60 DAYS	ALL EXCEPT AS SPECIFIED BELOW	LOME IV, ART. 223
120 DAYS	DECISIONS ON NORMAL FINANCING PROPOSALS	LOME IV, ART. 289
30 DAYS	APPROVAL BY HEAD OF DELEGATION OF CONTRACTS PROPOSED BY NAO	LOME IV, ART 317
90 DAYS	CONTRACT PAYMENTS	GENERAL CONDITIONS

GLOBAL COMMITMENT AUTHORIZATION DECISION (DAG)

<ul style="list-style-type: none"> * TECHNICAL ASSISTANCE OPERATION (OR PROGRAMME) * TRAINING OPERATIONS, INCLUDING STUDY AWARDS, SYMPOSIA AND SEMINARS * CULTURAL SCHEME * MICROPROJECTS PROGRAMME * AID TO REFUGEES, RETURNEES AND DISPLACED PERSONS * DECENTRALIZED COOPERATION <p>Status:</p> <ul style="list-style-type: none"> *Initial request *Supplementary request *Cancellation 	<p>APPROVED BY</p> <p>AUTHORIZING OFFICER</p> <ul style="list-style-type: none"> *Chief Authorizing Officer *Deputy Chief Authorizing Officer *Deputy Director-General (D,E,F,G) *Geographical director or G *Head of Delegation <p>Date approved:</p>
<p>Identification No: EDF /...../...../.....</p> <p>Accounting No (allocated by OLAS)</p> <p>EDF No</p>	<p>FOR DG VIII/C/2 USE ONLY</p> <p>No:</p> <p>DATE:</p>

Financial Instrument: * NIP / RIP / Reg. all ACP / SysmIn / Outstanding balance (specify EDF) / Art 255 / Other

1. Country or region:
2. Type of operation (for TA, see point 12 PMS) and title:
3. Requesting authority / body and date of request (attach copy):
4. Planned contracting authority *National or regional authority
 - *Commission: Headquarters or Delegation (specify)
 - *Relevant agency
5. Planned method of award of contract
 - *Restricted invitation to tender following prequalification published in OJEC.
 - *Restricted invitation to tender without prequalification published in OJEC.
 - *Direct agreement following restricted consultation (give grounds for direct agreement, see pp 12 and 13 of document reform)
 - *Direct agreement without restricted consultation (give grounds for direct agreement, see pp 12 and 13 of document reform)
 - *Direct labour
 - *Open invitation to tender published in OJEC / Other (please specify)
6. Amount of the operation or programme
 - *Earlier commitment for same operation or programme / first request for funds: ECU.....
 - *Supplementary request / cancellation: ECU.....
 - *Total or balance: ECU.....

NB: In case of supplementary request or cancellation:

 - No and date of earlier approval:
 - Accounting No:
7. Previous EC-aid financed operations related to this proposal: *YES / NO
 - IF YES: - title
 - Identification No / amount.
 - Nature of connection: phased project / project in several parts / other.
 - If operation cofinanced: give names of parties involved / amount and nature of their contribution.
8. Timetable: expected start date Total duration:
9. Name, unit and telephone no of initiator: Actual duration:(mon
of services provided

* Delete as appropriate

SUMMARY SHEET¹

10. BACKGROUND

- 10.1 Links with NIP / RIP (or explain if inter-regional operation)
 Links with government policy or EU objectives
 Main features of the sector or field of operation concerned
 Government, decentralized bodies, regional organizations and other donors

Previous activities (studies, projects, etc.) which justify the present proposal

10.2 PROBLEMS TO BE ADDRESSED

11. SPECIFIC OBJECTIVES; INTENDED RESULTS AND ACTIVITIES PLANNED

12. IMPLEMENTATION OF THE OPERATION OR PROGRAMME

12.1 PHYSICAL AND HUMAN RESOURCES REQUIRED

12.2 IMPLEMENTATION PROCEDURES:

13. OTHER COMMENTS, INCL. FACTORS RELATING TO SUSTAINABILITY

14. MONITORING AND EVALUATION

15. COST ESTIMATE (see relevant model in annex to guide below)

VISAS:	1. Initiator:	2. Initiator's head of unit	3. Associated dept(s)
	4. VIII/G/2 (Training or culture DAGs) VIII/G/4 (Microproject or refugee DAGs) or VIII/B/2 (decentralized cooperation DAGs)	5. VIII/7	6. VIII/C ³
	*7. Geographical Director ²	*8. Dep Director Gen. (D, E, F, G)	*9. Director General
DISTRIBUTION : DAG Headquarters Distribution DAG Deleg.	<i>Initiating official and associate(s), Geographical Directorate(s), Directorate C, Directorate G, Delegation(s), Archives</i> <i>Technical and geographical unit, C2, VIII/7 and G5</i>		

* Delete as appropriate

¹ or state of progress in case of supplementary funds or cancellation

² Director of the Directorate in G responsible for all-ACP operations

GUIDE TO COMPLETING THE SUMMARY SHEET FOR THE

VARIOUS TYPES OF OPERATION

I. DAG for TECHNICAL ASSISTANCE OPERATION (OR PROGRAMME) (about 15 to 20 lines of text to reply to points 10-14)

10.2 Problems to be addressed: In the case of studies, state in particular why the study cannot be carried out by the requesting Institution. For institutional support, say what needs to be improved.

11. **SPECIFIC OBJECTIVES; INTENDED RESULTS AND PLANNED ACTIVITIES**

- Specific objectives: expressed in terms of the benefit to the target group (e.g. mostly institutions, local authorities, NGOs, etc.) which is the object of the proposed technical assistance services.

- Intended results: e.g. calculation of viability, transfer of know-how, assessment of impact of project on the environment.

- Planned activities: indicate the activities planned to achieve the intended result.

Specify the type of operation:

- Policy support ¹
- Capacity building ¹
- Project /programme support ²
- Other (specify), e.g. gap filling ²

If the operation is of a type covering more than one of the above, specify by decreasing order of importance (e.g. an operation whose main theme is capacity building but which has a substantial policy support component and related project support components, should be described as follows: 1. capacity building; 2. policy support; 3. project support).

If capacity building involving transfer of know-how and use of local consultants is not one of the factors used to indicate the type of operation, why not?

12.1 Physical and human means required

- if operation has an equipment component, what does it cover?

12.2 Implementation procedures

- specify intended type of agent (consultancy, individual expert, institution, NGO, etc.) and give grounds for choice

- specify if operation is phased. If so, specify if the same consultant is expected to be used.

13. **ANY OTHER COMMENTS INCL. FACTORS RELATING TO SUSTAINABILITY**

- indicate projected practical capacity-building measures (counterparts, training, local consultants, etc.) if this is specified under point 11.

14. **MONITORING AND EVALUATION**

- Monitoring: in relation to the relevant TA tasks (e.g.: supervision, management, coordination, training, education, facilitation advice, information, etc.): objectively verifiable monitoring indicators as against the specific objectives and intended results. Indicate the sources of verification (periodical reports by consultant, etc.)

- Evaluation: in relevant cases (see indicative list above), indicate procedures established for drawing up end-of-operation report and ensuring that the proposed operation is covered by one of the regular evaluations (by project, sector, country, etc.)

15. **COST ESTIMATE:**

	<u>Quantities</u> m/months	<u>Amounts in ECU</u>
1. Fees European expatriates ³ Local / regional staff		
2. Operating costs incl. cost of special services (laboratory tests, geotechnical surveys, etc.)	-	
3. Travel	-	
4. Miscellaneous	-	
Total		

For applications for supplementary funds only, the above calculation relates to:⁴

- the supplementary funds only (excluding any earlier commitment)
- the overall commitment (including the earlier commitment)

¹ Defined as increasing the capacity of countries, organizations and individuals to manage development in an autonomous, smooth, efficient and sustainable manner. Some examples of capacity building studies on reorganizing a ministry, transfer of know-how through technical assistance, use of local consultants

² Defined as temporarily filling a position in the civil or semi-public service in the country concerned

³ cf. Footnote 7 p. 31

⁴ Delete as appropriate

II. DAG for TRAINING OPERATIONS INCL. STUDY AWARDS, SYMPOSIA AND SEMINARS

10. BACKGROUND

Indicate if part of another project, and if so, the target group (senior management, middle management, project beneficiaries, etc.) and state how large the training component is as a proportion of the total project cost.

Where appropriate: coordination with operations financed by EU Member States or other donors.

11. SPECIFIC OBJECTIVES; INTENDED RESULTS AND PLANNED ACTIVITIES

Under specific objectives, indicate clearly the expected pedagogical results in quantitative terms (number of persons to be trained).

12. IMPLEMENTATION OF THE OPERATION OR PROGRAMME

Indicate the institutional framework and, where appropriate, the coordination and/or management structure, the involvement of expatriate technical assistance, use of interinstitutional cooperation, etc.

In the event of technical assistance involvement, reply to questions 11, 12, 13 and 14 on the DAG for Technical Assistance in this guide.

13. OTHER COMMENTS INCL. FACTORS RELATING TO SUSTAINABILITY

Indicate: *measures taken to promote training of women,

*any agreements with EU Member States or other donors on coordinating operations.

15. COST ESTIMATE

Operations under technical assistance programmes: follow the model proposed for DAG Technical Assistance in this guide.

Study awards programmes: set out the information so as to indicate the different headings: allowances, travel, administrative costs, etc.

III. DAG for CULTURAL SCHEMES

10.1 Links: (if the links are not evident, give grounds to justify the implementation of the operation)

- indicate whether operation covers several or all ACP regions. If the operation is financed under several different RIPs (e.g. CI CIBA), name each region concerned.
- classify the operation under one of the following chapter(s):
 - Taking account of the cultural dimension (Articles 142-144) :
Research, publications, training, seminars, etc.;
 - Safeguarding the cultural heritage (Article 146) :
(a) Physical. Historical monuments, museums, etc. ;
(b) Abstract. Music, oral tradition, promotion of national languages, etc.
 - Production and distribution of cultural goods and services (Article 147): Audio-visual production, literary publications, promoting the arts, theatre, dance, etc.
 - Cultural events (Article 148): Support for festivals, contacts, cultural days, exhibitions, etc.
 - Information and communications (Article 149):
(a) Mass media: radio, TV, press agencies, training in journalism, etc.
(b) Cultural centres, libraries
(c) Inter-cultural communication: research, contacts, publications, etc.

11. SPECIFIC OBJECTIVES, INTENDED RESULTS AND PLANNED ACTIVITIES

Here it is important to highlight the purpose of the operation from the point of view of the promotion of cultural identities, cultural development and cultural communication. With particular reference to film production, an outline of the subject matter of the film should be given. If the financing of the film concerned is currently under consideration by the films selection Committee, the minuted record of the discussions should be annexed to the DAG.

12.2 Implementation procedures:

The administration in charge of implementation: the rule is as stipulated in the Convention, i.e. primary responsibility for the conclusion and management of contracts falls to the national ACP authorities. The same rule applies to contracts with a regional or inter-regional scope. In the case of funding for films, the ACP State must acquire the commercial and non-commercial rights resulting from the production of the film. For that reason the delegation of power to the Commission with regard to the conclusion of the contract in the name of the ACP State, within the meaning of Article 302, does not in principle apply.

- Agencies or persons responsible for implementation:
- Method of award of contract:

13. OTHER COMMENTS INCL. FACTORS RELATING TO SUSTAINABILITY
(See DAG for Technical Assistance in this guide.)

14. MONITORING AND EVALUATION
(See DAG for Technical Assistance in this guide.)

15. COST ESTIMATE:

(a) To be borne by the EDF:

A breakdown, with the relevant headings, should be provided for items for Community funding.

They are set out here in table form and expressed in ECU.

A cultural scheme may also have a technical assistance component. If so, fill out a PMS form.

b) Financial arrangements:

Cofinancing: Required No

If required, specify:

EU Member State : ECU

Recipient ACP State : ECU

Other: : ECU

..... : ECU

IV. DAG - MICROPROJECTS PROGRAMME

- 12.1 Physical and human resources required
- indicate institutional framework, coordination and management structures
- 12.2 Implementation procedures
- set out clearly the practical implementation procedures, in particular the method of award of contract.
13. OTHER COMMENTS INCL. FACTORS RELATING TO SUSTAINABILITY
- include: sustainability factors and involvement of beneficiaries.
15. COST ESTIMATE:

PROPOSED SECTORS		Estimated allocation (in ECU)			
		EDF	Local authorities	ACP States	TOTAL
Agriculture	- Crops - Livestock - Fisheries - Forestry - Soil conservation				
Water supplies	- Supply channels - Wells				
Road infrastructure	- Rural tracks - Bridges				
Social infrastructure	- Health - Education - Housing - Culture				
Economic infrastructure	- Warehouses - Stores - Markets - Abattoirs - Processing facilities - Development of craft				
industries					
Other					
Miscellaneous	- Technical assistance - Expenditure				
TOTAL					
%					100

- 14.1 Projected implementation schedule (secondary commitments):

	1996	1997	1998	1999	2000	Total	Allocation procedures
Technical assistance							
Supplies							
Works							
Other							
Total							

IVa - DECENTRALIZED COOPERATION PROGRAMME

(in case of microprojects support programmes)

10. Background

Indicate, where appropriate:

- links with other operations under the decentralized cooperation policy, financed by the EC or other donors
- national policies on decentralization or support for initiatives by decentralized operators

11. Specific objectives; intended results and planned activities

- In terms of development projects and of institutional support to local decentralized operators (including networks)
- Sectoral objectives or support for an integrated process of mobilizing the community and local development

12. Implementing the programme or operation

12.1 Physical and human resources required

12.2 Implementing procedures

- Institutional arrangements: specify if NAO contract - intermediate body responsible for management; procedures relating to cofinancing of individual projects (level of decision-making, forms of contract, etc.); existence and composition of programme steering committee; management of the imprest account, financial control and monitoring.
- Participatory approach:
 - involving final beneficiaries in the identification, procedure, management and financing (in cash or in kind) of the microprojects and programmes.
 - links between NGO providing aid and grassroots organizations, or between local authorities and NGOs and grassroots organizations.

13. Other comments, incl. factors relating to sustainability

Including:

- involvement of beneficiaries
- prospects for continued support from public authorities and private bodies.

15. Cost estimate

List separately:

- . technical and logistical support services
- . practical development initiatives
- . institutional development.

V. DAG - AID TO REFUGEES, RETURNEES AND DISPLACED PERSONS (ART. 255)

10.1 Links

- situate the operation in its humanitarian aid - rehabilitation aid - development context
- specify in particular under main features the numbers, situation and status of the target groups

12.2 Implementing procedures

- indicate type of operator planned (NGO, specialized agency, local authority, etc.) and their name

13. OTHER COMMENTS INCL. FACTORS RELATING TO SUSTAINABILITY

Include:

14.1 special operations to help vulnerable groups

14.2 operations to help local communities

14.3 taking account of the political and socio-cultural wishes and sensitivities of the target groups.

14.4 guarantees as to the voluntary participation of the target groups.

15. COST ESTIMATE:

BREAKDOWN OF BUDGET BY ITEM

	Total project cost in ECU				incl. Community contribution of:
	Quantity	Unit	Unit cost	Value	Value
A. Personnel					
- expatriate					
- local					
B. Equipment					
C. Other supplies					
D. Works					
E. Transport					
F. Administration and programme support					
G. Other					
H. Contingencies					
Total budget					

PROPOSAL TO MOBILIZE SERVICES (PMS)

Identification no: EDF / / / Accounting no: ¹ Initial proposal: ² Supplementary proposal ² Cancellation ²	APPROVAL Deputy Director-General: Director of VIII/G: Head of Delegation: Date approved:	For VIII-G-5 use only No: Date:
		For Delegation use only for PMS Delegation No:

1. Basic decision:³ Financing agreement / technical assistance DAG / training DAG / culture DAG / microproject+DAG/ refugee DAG / decentralized cooperation DAG / Stabex FMO / "Interest" decision.²
2. Country or region
3. Title of operation
4. Specific objective (in summary form)
As laid down in the basic decision / as amended.¹ If amended, attach separate explanatory note to the PMS.
5. Nature of operation:⁴ policy support, capacity building,⁵ project / programme support, other (specify) incl. gap filling.⁶
6. Contracting authority (put same authority as specified in basic decision, otherwise give grounds if changed):
 - * National or regional authority
 - * Commission: Headquarters or Delegation (specify)
 - * Relevant agency
7. Method of award of contract (repeat if same as procedure specified in basic decision, otherwise give grounds if changed):
 - AOR following prequalification published in OJEC
 - AOR without prequalification published in OJEC
 - Direct agreement following restricted consultation (give grounds for direct agreement, see pp. 12 and 13, of document on PAC reform.)
 - Direct agreement without restricted consultation (give grounds for direct agreement, see pp. 12 and 13, of document on PAC reform.)
 - Direct labour
8. Possible suspensive clause for award of contract⁷ yes/no²
9. Amount Amount in ECU

Amount of operation in basic decision:

Earlier withdrawals for this operation or programme of operations/1st withdrawal of funds:²

Supplementary withdrawal / cancellation:²

Total withdrawn:

Balance of basic decision for this operation:
10. If supplementary funds or cancellation⁸
No and date of earlier approval
11. Nature of operation (see Article 276, Lomé IV):
 - specific technical assistance²
 - general technical assistance²
12. Type of operation: macroeconomic study or studies on a specific topic, sector or product, identification study / feasibility study / technical study / other (specify) / preparation of dossier/evaluation of tender dossiers / supervision, management of projects and programmes / coordination / theoretical or on-the-job training of counterparts (specify whether individually or in groups) / training of trainees, students / other training (specify) / education / evaluation / auditing / accounting / facilitation, organization / advice / information / other (please specify)²
If an institution is the intended intermediary for the operation, state whether or not it involves twinning (yes/no)²
Other services: banking, (paid) administration of study awards, organization of seminars/conferences, purchasing (procurement agents) etc.

¹ To be filled in by initiator of the PMS or by GS (a) if the PMS is put into the visa circuit before the basic decision is approved, (b) if suspensive clause used

² Delete as appropriate

³ Must be attached as background

⁴ If by its nature the operation involves several of the items given, number them in decreasing order of importance (see Guide)

⁵ Defined as increasing the capacity of countries, organizations and individuals to manage development in an autonomous, smooth, efficient and sustainable manner

⁶ Defined as temporarily filling a position in the civil or semi-public service in the country concerned

⁷ Applicable only to the EDF Committee opinion procedure, document to be attached financing proposal

⁸ Attach earlier PMS as background

13. Projected timetable:

- Start date of operation
- Total duration
- Actual duration of services

month	year
	months
	months

14. Shortlist¹ proposed by the author of the PMS and criteria:

Name ²	Type of operator ³ and status	Experience	Number of times proposed as per reference sheet ⁴	Number and total amount of services provided according to reference sheet ⁴	Quality of previous services	Date of confirmation of interest	Nation-ality	FIBU reg. no.
1	2	3	4	5	6	7	8	9
		Attach FIBU reference sheet if available, otherwise an explanatory note - attach CV for individual experts			see p. 17 2nd para. Check <input type="checkbox"/> done <input type="checkbox"/> not possible tick corresponding box			

15. In case of direct agreement following restricted consultation,⁵ rank those shortlisted in decreasing order based on the merits of proposals received

Criteria used for the ranking (the candidate at the top of the list will be proposed to the ACP State).

16. In case of direct agreement without restricted consultation,⁵ give grounds.

17. Lead officials/departments, visas and dates

Department: Initiating⁶

Official: Initiator⁶ Associated⁶

Visas and dates	Initiating service	Associated dept.	Dir. C	VIII-G-5
Head of unit				
Official				

Distribution: Initiating and associated official(s), Geographical Directorates, Dir. C, VIII-G-5, Delegation(s), Archives

¹ In the case of a direct agreement without restricted consultation, this table will refer to a single operator.

² In the case of groups, specify the type and legal status of the group and name the members of the group. Where provision is made for subcontracting, specify type and nationality of subcontractor (see Footnote 3), the type of operation subcontracted and the projected amount (in ecus)

⁴ During the last 5 years.

⁵ If the operation has to be conducted by several different operators, give the amount proposed for each

⁶ Geographical or technical

CALCULATION TO SUBSTANTIATE THE COST ESTIMATE⁷

Ref.	Items	Unit	Quantities	Unit rates	Amount in ECU
A.	<u>Fees</u>				
	- Fees for services in the EU Member States ⁸	m x months (of work)			
	Cat. I				
	Cat. II				
	Cat. III				
	- Fees for services rendered on the spot ⁸ (European expatriate)	m x months (of work)			
	Cat. I				
	Cat. II				
	Cat. III				
	- Fees for local or regional expert (specify) ⁸	m x months (of work)			
	Cat. I				
	Cat. II				
	Cat. III				
B.	<u>Operating costs</u>				
	- European or regional expatriate ⁸				
	per diem for short-term services on the spot (≤ 2 months)	m x days			
	Medium and long-term accommodation on the spot (> 2 months)	months			
	per diem for services in EU Member States	m x days			
	- Local expert ⁸				
	per diems (local)	m x days			
	Accommodation	months			
	- Car (or other) journeys (local)	Veh. x months			
	- Local office (incl. local field staff)	months			
	- Equipment (purchases)				
	Vehicles	Veh.			
	Other equipment (specify)	Other equip.			
	- Publication expenses (publishing, translating, etc.)				
	- Exploratory work (polls, laboratory tests, etc.)				
C.	<u>Travel</u>				
	- Long-distance journeys - experts + family	ret. ticket			
	- Long-distance journeys	ret. ticket			
	- Local/regional transport other than by road	ret. ticket			
	- Internal EU transport	ret. ticket			
	- Unaccompanied luggage				
D.	<u>Other (specify)</u>				
	Subtotal				
	Contingencies %				
	TOTAL				

For applications for supplementary funds only, the above calculation refers to:⁹
 - supplementary funds only (excluding any earlier commitment)
 - the overall commitment (including earlier commitment)

7 These calculations are to be broken down as shown above and sent to the Delegation so that the latter can participate in full knowledge of the facts, either in the negotiations with the operator or in the drafting of the invitation to tender dossier and perusal of the tenders
 8 For the definition of categories of personnel and unit rates, see the notes to the salary scales and per diems. For local and regional experts, refer to the note on the salary scale for the category of experts, to the local scales for the salaries of local experts and to the local scales plus customary local expatriation allowance for the salaries of experts from the region or, where appropriate, from other developing countries
 9 Delete as appropriate

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ANNEX 10

REQUEST FOR DELEGATED APPROPRIATION.

Note to the Directorate-General for Development, VIII/C/2

Subject: COMMITMENT REQUEST for Project Nr.

Com.
(C2)

Please find attached the supporting documents and raise a commitment with the following data:

1. Project title							2. P.A.Nr.									
3. Subject of contract							4. Extension of prev. contract									
5. Commitment for	<input type="checkbox"/> Supplies	6. Procedure of contract award	<input type="checkbox"/> Open Tender Nr.			Lot Nr										
	<input type="checkbox"/> Works		<input type="checkbox"/> Accelerated Tender													
	<input type="checkbox"/> Services. PAC Nr:		<input type="checkbox"/> Restricted Tender after prequal. Nr													
	<input type="checkbox"/> Work Program		<input type="checkbox"/> Restricted Tender													
	<input type="checkbox"/> Direct Labour		<input type="checkbox"/> Direct Agreement													
	<input type="checkbox"/> Other		<input type="checkbox"/> 60.000 Ecu Experts Facility													
7. Contract awarded to:																
Name :							Nationality									
Address :																
8. Tender Procedures:																
Number of participants		B	D	DE	ES	F	GR	IRE	IT	LUX	NL	P	UK	ACF	3rd Co.	
9. Supply contracts:																
Origin of goods (in %)																
10. Commitment amount (in Nation. Currency):																
11. Currencies of Payment											13. Date of commencement					
National				% of contract		14. Period of performance										
Foreign				" " "												
12. Fixed exchange rate																
18. Comments:											15. Advances		Yes		No	
											16. Provision for contingencies ..					
											17. Price revision modalities					

Enclosures:

The Head of Delegation

PROJECT CARD

Delegation:

ACP state...: NIGERIA

11 Dec.:627/1 (2) Type:
SUBSIDIES
ONE DEVSLOP. PROG.

35.000.000,00 ECU

Decided...: 22.03.1988 start: 01.10.1988 end:

Dur...:

F.I.:UNI/06002/000

Opened...: 22.07.1988 Closed...:

archived...:

AMOUNT COMMITTED

AMOUNT PAID

BALANCE IN ECUS

OPENED

CLOSED

	AMOUNT COMMITTED	AMOUNT PAID	BALANCE IN ECUS	OPENED	CLOSED
UK	49.358,50	49.358,50		04.11.1988	05.04.1994
RTIM	13.174,07	13.174,07		01.04.1989	25.03.1994
				01.06.1989	10.02.1993
	59.448,34	59.448,34		23.11.1989	25.03.1994
	65.629,26	65.629,26		02.02.1990	05.04.1994
	1.080.794,83	1.080.794,83		01.02.1990	14.12.1994
990	299.277,73	299.277,73		18.05.1990	06.04.1994
				26.03.1990	12.05.1993
	2.173.767,00	2.098.379,41	75.387,59	19.07.1990	
UNIVERSITY LINKAGE - WP/CE 91	69.879,78	69.879,78		09.03.1989	12.02.1996
	983.600,74	983.600,74		16.03.1992	11.08.1994
NET DIESEL + SPARES	42.136,59	42.136,59		16.03.1992	05.04.1994
OPERATION AGREEMENT -	287.375,17	287.375,17		10.11.1992	03.07.1996
NG (UNI 10525)	23.650,00	19.283,16	4.366,84	29.03.1993	
IA A (UNI 10522)	9.620,00	8.587,44	1.032,56	29.03.1993	
I 10523	13.620,00	11.591,19	2.028,81	05.04.1993	
B TIJANI UNI 10529 & 10528	12.960,00	4.233,69	8.726,31	05.04.1993	
NI 10536	9.745,00	9.505,48	239,52	05.04.1993	
UNIMAID/SILSOE (LOCAL EXPENDITURES)	179.235,55	179.235,55		03.05.1993	10.07.1996
	26.370,00	23.570,94	2.799,06	03.05.1993	

6 ACP UNI 11 Dec.:627/1 (2) Type:
 010203000000 SUBSIDIES
 N-EAST ARID ZONE DEVELOP.PROG.

35.000.000,00 ECU Decided...: 22.03.1988
 F.I.:UNI/06002/000
 Opened....: 22.07.1988 Closed.....:

Delegation:
 ACP state...: NIGERIA
 start: 01.10.1988 end:

Dur...:

archived...:

TITLE	AMOUNT COMMITTED	AMOUNT PAID	BALANCE IN ECUS	OPENED	CLOSED
ULBIMAN (10524) TO NIGER - ICRISAT -	7.420,00	3.269,02	4.150,98	06.08.1993	
RI (UNI 10535) TRAINING TROP. MEDICINE	9.245,00	7.841,08	1.403,92	05.01.1994	
1994 - UNIMAID/SILSOE (NGN)	113.000,00	103.581,29	9.418,71	29.06.1994	
JUNE 94 - RAMAT WARWICK (NGN)	52.920,95	52.920,95		11.07.1994	
MAN. AND INF. SYSTEM COURSE (10580)	7.120,00	396,98	6.723,02	10.08.1994	
agricultural and rural development	16.350,00	13.221,55	3.128,45	10.08.1994	
EXTENSION AND RURAL DEVELOPMENT (10583)	8.190,00	6.098,97	2.091,03	11.08.1994	
EXTENSION AND RURAL DEVELOPMENT (10584)	8.190,00	6.102,07	2.087,93	11.08.1994	
EXTENSION AND RURAL DEVELOPMENT (10579)	8.190,00	6.098,97	2.091,03	11.08.1994	

 PROVISIONAL

.....	6.000.000,00	
.....	5.630.268,51	
D.....	369.731,49	369.731,49
.....	5.504.592,75	
.....	125.675,76	125.675,76
ANCS.....	495.407,25	495.407,25

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ANNEX 12

CONTRACT CARD

 * CONTRACT CARD UNTIL MONTH 8 *

6 ACP UNI 9 Dec.:626/2 (2) Type : F.I.:UNI/06001/000
 OIL PALM BELT RURAL DEVELOPM
 012425000000 Type of commitm.: WORKS
 Procedure.....: RESTRICTED TENDER
 59 HOMAN ENGINEERING CO - ACCBS ROAD ELEBELE REPAIRS
 HD43 HOMAN.ENGINEERING COMPANY LTD

Delegation.....: NIGERIA
 ACP state.....: NIGERIA
 Foreign curr.of paym.: ECU
 Contract.rate of exch: 24.583500
 Currency of contract.: NGN

Started.:
 Finished:
 Duration:
 Opened...: 20.06.1994
 Closed...: 27.04.1995
 Archived: 27.04.1995

HD52

x	DATE	DB IN ECUS	CR IN ECUS	AMOUNT COMMITTED	AMOUNT OF PAYMENT	- ADVANCES -	
						paid cur type	reimbursed cur type
0	07.07.94	360.000,00		8.689.500,00			
0	26.04.95	-10.580,41		-0,02			
0	22.08.94		30.879,80	-825.502,50	825.502,50	NGN	
5							
0	13.09.94		302.215,81	-7.429.522,37	302.215,81	ECU *	
	95 OF PART IN ECU						
0	22.02.95		417,88	-43.447,50	43.447,50	NGN	
2							
0	21.03.95		15.906,10	-391.027,61	15.906,10	ECU *	
	5% FINAL ACCEPTANCE						

engage en ECU	paye en ECU	monnaie du marche	TOTAL PAID/CURRENCY	BALANCE ADVANCES(def+temp)/CUR			
				Nat.	paye	appuree	solde dev
349.419,59		8.689.499,98	868.950,00	NGN			
	349.419,59	-8.689.499,98	318.121,91	ECU			

Version 2.0

ANNEX 13

CONTROL SHEET

DELEGATION OF THE COMMISSION OF THE EUROPEAN COMMUNITIES

PO No.

N

CONTROL CARD No.

PROJECT No.
 PROJECT TITLE
 CONTRACT/ESTIMATE No. CONTRACTOR
 CONTRACT AMOUNT CONTRACT EXCHANGE RATE
 COMMITMENT No.
 AMOUNT IN ECU CONTRACT PAYMENTS:
 AMOUNT IN LOC. CUR. % IN
 PERFORMANCE PERIOD MONTHS FROM
 PAYMENT DETAILS
 AND REFERENCE

EDF		ITEM OF EXPENDITURE	AMOUNT PROVIDED IN CONTRACT	PRIOR PAYMENTS	PRESENT PAYMENT	± %	TOTAL TO DATE
3	5						
4	6	IN THE CONTRACTUAL CURRENCY					
A	A	ADVANCE: SUPPLIES					
B	B	ADVANCE: EQUIPMENT					
C	C	ADV.: START-UP OR SUPPLIES					
D	D	WORKS, SUPPLIES					
	D	WORKS					
E	E	PRICE VARIATION					
F	F	RETENTION GUARANTEE					
G	G	PENALTY FOR DELAY					
H	H	FEES					
I	I	TRAVEL, BAGGAGE					
	L	SUPPLIES					
L	O	LOGISTICAL					
M	M	TAX					
N	N	OTHER					
TOTAL		IN CONTRACT CURRENCY					
		IN CURRENCY OF PAYMENT *					

REMARKS - BALANCE DUE ON CONTRACT:
 - TO BE CLOSED: YES/NO
 - OTHERS

DATE
 ADVISER'S SIGNATURE

In case of payment in a currency different from the contractual one.

RESERVED FOR DG VIII E1 AND E2

	Code Ordinateur				N° Comptable								Référence	E-1 Date												
					Débit				Crédit																	
	1	2	3	4	C	Nat.	Pays		C	Pays	N° Projet	Eng.														
FED 3-4	F	4	2																							
													23	24	25	26	27	28	29	30	31	32	33	34	35	36
FED 5-6	F	4	2																							

NOTE

This new version of the Control Card has been arranged so that the data it contains can be processed by computer. It is therefore essential that it be correctly completed.

For this purpose it is necessary:

- to complete it in the contractual currency whenever possible;
- to attach it to each payment dossier;
- should an invoice be payable in two or more currencies, a P.O. and a control card for each currency must be issued;
- in case of payment in a currency different from the contractual one, don't complete the column "PRESENT PAYMENT", except for the last line "TOTAL IN CURRENCY OF PAYMENT".

Payment details

Give nature of payment and references (invoices/schedules/etc.), plus payment percentage (in the case of supplies) or month (in the case of fees).

Logistical (code L/O)

This covers accomodation expenses, vehicle allowances, procurement of equipment/materials needed for studies or inspection/supervision.

Version 2.0

ANNEX 14

PAYMENT ORDER FORM

**DELEGATED APPROPRIATION
CLOSURE STATEMENT**

Project nr.:

Title:

Delegated appropriation nr.:

Subject:

Beneficiary:

	ECU	CONTRACT CURRENCY
Amount committed		
Amount paid		
Balance to be decommitted		

The Adviser in charge of the project hereby declares that all the actions foreseen under the above-mentioned contract have been performed and the advances are fully recovered.

The last payment has been made by Payment Order nr. of

The delegated appropriation nr. can consequently be closed.

Place and date

The Adviser of the Delegation

MODEL OF BANK GUARANTEE FOR PAYMENT OF ADVANCE

Works Contracts

Account nr. :

Accounting nr. of project:

Invitation to tender nr.:

Lot nr.:

Contract nr.:

We, the undersigned (*name and address of the Bank*), hereby guarantee as primary obligor and not merely as a surety, on behalf of (*name and address of the Contractor*) in favour of (*name and address of the Contracting Authority*), the payment, without contestation and upon receipt of the first written demand of the recipient, of (*amount of the advance*), representing 20 % of the amount of the contract which is payable after the conclusion of the Contract.

This guarantee shall become effective and operative on receipt of the advance payment on the account of (*Contractor's name*) at (*Bank, branch and address*).

We take note that in accordance with article 46.7 of the General Conditions for Works Contracts, the guarantee shall be released as and when advances are repaid.

Any request to pay under the terms of the guarantee must be countersigned by the Head of Delegation of the European Commission in the State of the Contracting Authority.

The law applicable to the guarantee shall be that of (*EEC Member country or ACP State where guarantee issued*).

MODEL OF BANK GUARANTEE FOR PAYMENT OF ADVANCES

Supply Contracts

Account nr.:

Accounting nr. of project:

We, the undersigned (*name and address of the Bank*), hereby guarantee as primary obligor and not merely as a surety, on behalf of (*name and address of the contractor*) in favour of (*name and address of the contracting authority*) the payment, without contestation and upon receipt of your first written demand, of (*amount of the advance*), representing 60 % of the amount of the contract which is payable when the contract is placed.

This guarantee shall become effective and operative on receipt of the advance payment on the account of (*customer's name*) at (*Bank, branch and address*).

We take note that your release of the guarantee and your advice of release in accordance with article 29 of the General Conditions for Supply Contracts will follow within 60 days of the issue of the certificate for provisional acceptance of the supplies or of the date when such acceptance is deemed to have been given under article 39 of said conditions.

Any request to pay under the terms of the guarantee must be countersigned by the Head of Delegation of the European Commission in the State of the contracting authority.

The law and the jurisdiction applicable to the guarantee shall be that of (*EEC Member country or ACP State where guarantee issued*).

MODEL OF BANK GUARANTEE FOR PAYMENT OF ADVANCES

Consultancy Contracts

Account nr.:

Accounting nr. of project:

We, the undersigned (*name and address of the Bank*), hereby guarantee as primary obligor and not merely as a surety, on behalf of (*name and address of the consultant*) in favour of (*name and address of the "Administration" as defined in the contract*) the payment, without contestation and upon receipt of the first written demand of the recipient, of (*amount of the advance*), representing 20% of the amount of the contract which is payable when the contract is notified.

This guarantee shall become effective and operative on receipt of the advance payment on the account of (*consultant's name*) at (*Bank, branch and address*).

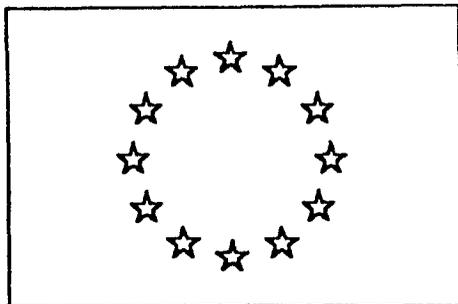
The advance shall be reimbursed by means of deductions from the instalments due to the Consultant.

The reimbursement of the advance shall begin when the amount of the sums due under the contract has reached 20% of the estimated value of the contract, and must be completed when 80% of that value has been reached.

The guarantee shall be released as and when the advance is reimbursed. It shall expire when the advance is fully reimbursed.

Any request to pay under the terms of the guarantee must be countersigned by the Head of Delegation of the European Commission in the recipient State.

The law applicable to the guarantee shall be that of (*EEC Member country or ACP State where guarantee issued*).



EUROPEAN COMMISSION

DIRECTORATE-GENERAL
DEVELOPMENT

Corrected 25.4.97

VIII/876/96-EN

**RURAL DEVELOPMENT
WORK PROGRAMMES**

AND

MANAGEMENT OF IMPREST ACCOUNTS

* * *

PRACTICAL GUIDE

WORK PROGRAMME

(a) The work plan drawn up by the team responsible for the project contains the following:

- a summary of the specific qualitative and quantitative purposes set out in the TAP for the full duration of the RDP;
- for each of the specific purposes: the expected effects over the period covered by the PE;
- for each of the expected effects: the activities planned over the period;
- for each of the operations planned: the means and the human and material operational requirements for carrying them out.

N.B. The work plan may be preceded by a summary assessing the implementation of the preceding work plan (operations carried out, results obtained and shortfalls by comparison with the plan, together with reasoned explanations.¹

(b) For the cost estimate it is necessary to determine first of all the total amount of funds required for each operation under the project, as previously identified in the work plan, then to work out the total cost for each component, and lastly the cost for the programme; the estimated costs are expressed in ecus in the WP².

N.B.: The cost estimate must distinguish between operational costs (see reference to work plan above) and project administration costs (i.e. expenditure related to the project structure as distinct from operations)³; an entry for contingencies should also be included⁴.

(c) The financial plan indicates for each operation the planned source of financing; it is based on the financing agreement and notably the TAP annexed thereto, which are the starting point for financial and technical implementation. Certain criteria and rules have to be followed for drawing up the financial plan; in the case of expenditure to be borne by the EDF, it is necessary to check for compliance with EDF rules and criteria.

¹ Notably in the case of operations not carried out and re-entered in the following work plan.

² In order to allow direct comparison with the financing agreement and the TAP annexed thereto.
NB Do not confuse WP in ecus and imprest accounts in local currency - see p. 5.

³ This makes it possible to see clearly whether the project administration costs are excessive or disproportionate to the operational

B. Resources and expenditure

Resources

The sources of financing available to the field management of an RDP are as follows:

- (a) The **national funds** made available to the RDP by the ACP State, comprising official budget funds and possibly counterpart funds:
 - official budget funds may generally be used to cover recurrent costs under the project which will continue to arise after completion of the project (e.g. salaries of officials allocated to the RDP from government departments);
 - counterpart funds consist of the proceeds in local currency from the sale of either foreign exchange or goods supplied as external aid by the European Commission. Counterpart funds are co-managed by the government and by the Commission, but are here considered as government contributions to projects;
- (b) the **external funds** provided by the EDF, which is the main source of financing. Where there is cofinancing with other donors, the funds supplied by them are also grouped under this heading;
- (c) the **own resources** generated by the RDP itself (including, for example, financial contributions from the local population, invoicing of services provided to third parties by the RDP, bank interest, any repayments to the RDP by other agents, and so on).

Expenditure

The field management of an RDP is concerned with only five types of expenditure:

1. works
2. supplies
3. services
4. grants to other development bodies: (associations, NGOs, missions, credit institutions, international or local bodies), which are usually covered by memoranda of agreement ;
5. local staff and running costs.

C. Accounting

The TAP of an RDP must provide for general internal accounts to be kept for the project. Such accounts must:

- record all the sources of financing of the RDP and all the expenditure borne by it;
- comply with the national rules in force concerning general internal accounting requirements for public or quasi-public undertakings;
- be drawn up in local currency.

On the basis of these general accounts the RDP manager will draw up detailed accounts meeting the requirements specific to each source of financing.

D. Financial and administrative rules

The use of national official budget funds is subject to the rules of the country concerned.

The use of national counterpart funds and of own resources is covered by the rules agreed between the Commission and the country concerned for the co-management of such funds¹ (where no such rules have been established, the rules of the country apply).

The use of external funds supplied by other donors is subject to the rules of the donor concerned (unless otherwise specified in the financing agreement).

Lastly, for the use of external funds provided by the EDF, the Commission's normal rules apply. These rules stipulate that each EDF-financed item of expenditure must be covered:

- by a contractual document (contract or memorandum of agreement);
- and by a specific commitment established on the basis of this document and corresponding to the amount of the contract.

This system is too cumbersome, however, for small items of local expenditure, which are grouped under an **imprest account**, for which there is:

- an imprest account contractual document attached to the WP (see specimen in Annex 1),
- an overall commitment for the estimated amount for operations that will be covered by the imprest account.

The imprest account is conducted under the direct responsibility of the RDP field management in accordance with the "Detailed rules for conducting imprest accounts in EDF-financed programmes" (see Annex 2). The amount for the imprest account is expressed in local currency² and the corresponding commitment converted into ecus by the EDF financial management department in Brussels. The amount of the imprest account should not be more than the local currency equivalent of ECU 5 million.

Start-up phase: before the first WP is drawn up, a low-value "start-up estimate" is made out and a start-up advance paid over, to cover the financing of the limited number of operations necessary in preparation for the first WP.

¹ The rules usually require an agreement between the National Authorizing Officer and the Head of Delegation
² It would be premature to broach here the question of imprest accounts expressed in ecus and of convertible "EDF imprest account"

Fully operational phase: for each successive tranche, the relevant draft WP must be presented four months prior to the start of the period it covers:

- (i) to the National Authorizing Officer **and** to the Commission Delegation in all cases without exception;
- (ii) and also to the technical departments in Brussels in cases where the imprest account component of the WP exceeds ECU 0.4 million/year; the financial departments may also be consulted, if need be.¹

The WP, together with its accompanying imprest account contractual document, must be approved (i.e. signed by the National Authorizing Officer and countersigned by the Head of the Commission Delegation) at least one month prior to the start of the period covered.

This is essential to ensure that the date of approval of the imprest account precedes the first expenditure on items to be covered by the imprest account concerned.

The request for an overall commitment for the imprest account component must be lodged with the EDF financial management department in Brussels no later than the month preceding the start of the period covered.

Where technical assistance is in charge of drawing up the Work Programme / Cost Estimate and is also explicitly given responsibility under the technical assistance terms of reference for meeting the deadline referred to above,² the technical assistance contract may include financial penalty clauses to cover failure to meet the deadline.

Where the TAP stipulate, however, that responsibility for the project is to be given to an official state body of the country concerned, or to one of its representatives, the National Authorizing Officer may decide on penalties or sanctions to be applied where the deadline for presentation is not met.

In all cases, any expenditure predating the approval of the imprest account will be borne by the national budget and not by the EDF.

Where a delay is attributable to exceptional circumstances, duly substantiated, an extension of the WP may be requested of, and approved by, the National Authorizing Officer and the Delegation in the interests of ensuring that priority operations are not interrupted.

The technical departments will fax their conclusion to the delegation within one month. Failing this, the WP will be deemed to have been approved.

Date by which the project management has to lodge the WP (and the imprest account contractual document) with the National Authorizing Officer and the Delegation.

MANAGEMENT AND CONTROL PROCEDURES
FOR WORK PROGRAMMES AND IMPREST ACCOUNTS
IN RURAL DEVELOPMENT

Contents:

- A. Management of a rural development programme
- B. Resources and expenditure
- C. Accounting
- D. Financial and administrative rules
- E. Mobilization of EDF financing
- F. Adjustment of a Work Programme and its imprest account component

Annexes:

- Annex 1 "Imprest account: specimen imprest account contractual document" (to be annexed to the work programme where the latter has an imprest account component)
- Annex 2 "Detailed rules for operating imprest accounts in EDF-financed programmes and projects" (to be annexed to the technical and administrative provisions (TAP) and to each imprest account contractual document)
- Annex 3 "Standard wording of clauses concerning management and control procedures for imprest accounts" (to be incorporated in the financing agreements and the TAP for rural development programmes in which such procedures are used, in the terms of reference of the relevant technical assistance contracts, and in the terms of reference of subsequent audit contracts)

This document and the accompanying annexes represent the outcome of the deliberations in the Working Party on work programmes, set up on 26 July 1994 under the responsibility of Unit VIII-C-2.

This interdepartmental Working Party is chaired by R. Moore and its work is led by B. Caisso (assisted by C. La Face, external consultant); its members are J. Caloghirou, R. Carreau, A. Champion, C. De Filippi, S. Faraci, J. Goedertier, D. Le Restif, R. Roosen, P. Spirlet, F. Tranquilli.

A. Management of a rural development programme

EDF-financed rural development programmes and projects are implemented over several years and in successive stages:

- start-up phase (several months),
- fully operational phase (several years),
- end-of-project phase (several months).

In order to provide, during the fully operational phase, the flexibility needed to adjust the programme to frequently fluctuating circumstances over so lengthy a period, the practical implementation of the programme is divided into a number of instalments, for each of which the ACP country and the European Commission agree a "Work Programme/Cost Estimate".

This is drawn up by the field management¹ of the rural development programme (RDP) before the start of the period covered by the instalment and comprises the following:

- a work plan;
- a cost estimate for the work plan;
- a timetable;
- a financial plan indicating the different sources of financing to be mobilized.

The work plan/cost estimate/financial plan package constitutes the legal basis for executing a tranche of the programme and is referred to in EDF parlance as the "Work Programme" (WP).

When the first WP of a new RDP is being drawn up and approved, at least seven months (start-up phase)² should be allowed between the implementation of the field management and the onset of the period covered by this first WP. Where possible the end of the first WP will be tied in with the end of a calendar year (but note that the overall duration of this first tranche should not exceed 18 months).

Subsequent WPs will normally be for one year and will be tied in with the calendar year. Decisions concerning the duration of tranches will be set out in the implementing TAP³ annexed to the financing agreement for the RDP.

¹ For the start-up phase the field management will in some cases comprise only the project leader and the manager (plus counterparts).

² Including three months for examination and approval of the first WP.

³ N.B. The TAP (Technical and Administrative Provisions) must be brought to the knowledge of all agents involved in the project (in particular they must be annexed to contractual documents such as technical assistance contracts).

Table 1

WORK PROGRAMME STANDARD LAYOUT				
Work plan	Cost estimate	Financial plan		
		National budget	Own resources	EDF specific comm.
<p>OPERATIONS:</p> <p><u>Purpose - 1</u></p> <p>- Expected effect 1.1 Operation 1.1.1 means ...</p> <p>Operation 1.1.2 means ...</p> <p>- Expected effect 1.2 Operation 1.2.1 means ...</p> <p>Operation 1.2.2 means ...</p> <p><u>Purpose - 2</u></p> <p>- Expected effect 2.1 Operation 2.1.1 means ...</p> <p>Operation 2.1.2 means ...</p> <p>- Expected effect 2.2 Operation 2.2.1 means ...</p> <p>Operation 2.2.2 means ...</p> <p>Etc.</p>				
PROJECT ADMIN. means ...				
CONTINGENCIES				
TOTAL		Total imprest account		

Table 2

TABULATED SUMMARY FOR EDF FINANCING: rules for the distribution of expenditure between specific commitment and imprest account		
	Specific commitment	Overall imprest account commitment ¹
1. Works contracts		
Capital expenditure (including maintenance)	_ ECU 100 000	< ECU 100 000
2. Supply/equipment contracts		
2.1 Capital expenditure	_ ECU 100 000	< ECU 100 000
2.2 Operating expenditure	_ ECU 100 000	< ECU 100 000
3. Memoranda of agreement (RDP grants to other agents)	_ ECU 10 000	< ECU 10 000
4. Services		
4.1 Conception, manage- ment, follow-up and evaluation of project	YES	NO
4.2 Studies, audits, works supervision, etc.	_ ECU 10 000	< ECU 10 000
4.3 RDP management personnel ²	NO	YES
4.4 RDP non-management personnel ³	NO	YES

¹ One provisional overall commitment to cover all the minor items of expenditure planned.

² Not including the salaries of officials allocated to the RDP from government departments (their salaries must continue to be a charge on the national budget). The EDF imprest account may, however, cover the following:

- various bonuses allotted to the said officials (see annex for "Detailed rules for conducting imprest accounts in EDF-financed programmes");
- salaries (and bonuses) for management staff - other than officials - recruited and employed by the RDP (fixed-term contracts);

³ Salaries (and bonuses) for non-management staff recruited and employed by the RDP (fixed-term contracts);

RURAL DEVELOPMENT WORK PROGRAMMES
DISTRIBUTION OF CONTRACTS

NOMINATION BY NAO OF IMPREST ACCOUNT HOLDER AND
OF THE ACCOUNTANT CHARGED WITH THE MANAGEMENT OF THE RDP

WORK PROGRAMME, ANNUAL OR BY TRANCHES, DEFINING THE AMOUNT OF THE
COMMITMENT OF THE IMPREST ACCOUNT (MAXIMUM 5 M.ECU)

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IMPREST ACCOUNT				
Direct Agreement	Direct Agreement (3 quotations)	Direct Agreement (3 quotations with OK, NAO + DEL)	Restricted Tender	Specific Commitment
≤ 2,500	≤ 5,000	≤ 25,000	≤ 100,000	≥ 100,000
≤ 2,500	≤ 5,000	≤ 25,000	≤ 100,000	≥ 100,000
FOLLOWING PROMISONS SET OUT IN WORK PROGRAMME				≥ 10,000
NO ≤ 2,500 Limit of W.P.	NO ≤ 5,000 Limit of W.P.	NO ≤ 10,000 Limit of W.P.	NO ≤ 10,000 Limit of W.P.	YES ≥ 10,000 NO
LOCAL CONTRACT FOR RDP ONLY				

1 WORKS

2 SUPPLIES

3 MEMORANDA OF AGREEMENT
RDP grants to other agents

4 LOCAL SERVICES
4.1 Conception, management follow-up and evaluation of project
4.2 Studies, audits, works supervision, etc.
4.3 RDP management staff
4.4 RDP non-management staff

NAO
AND
DELEGATE

AUTHORISES WORK PROGRAMMES FROM IMPREST ACCOUNT AFTER AGREEMENT OF HEAD OFFICE TECHNICAL SERVICES UP TO 5 M.ECU MAXIMUM

DELEGATES AUTHORISATION FOR PAYMENTS TO RDP FOLLOWING THE PRINCIPLE OF DOUBLE SIGNATURE OF THE IMPREST ACCOUNT HOLDER AND THE ACCOUNTANT

DELEGATES APPROVAL OF CONTRACT TO RDP WITHIN THE LIMITS OF W.P.

APPROVES AWARD OF CONTRACT

E. Mobilization of EDF financing

The following is an outline of the various procedures for mobilizing funds at each stage of the implementation of an EDF-financed programme or project.

(a) Start-up phase

(Initial local expenditure to be covered by the start-up advance)

The start-up advance must be for a small amount (up to ECU 50 000) and may cover only local expenditure on start-up and the preparation of the first WP by the field management. One of the management's first tasks is to draw up a start-up estimate (which must be very simple and approximate) as a basis for requesting the start-up advance. The advance may be paid once three conditions have been met (i) lodging of signatures by the RDP management (project leader/counterpart consultant accountant/counterpart), (ii) opening of "EDF imprest account" bank account for the RDP, and (iii) approval of the start-up estimate.

Once the start-up estimate has been approved (signed by the National Authorizing Officer and countersigned by the Head of Delegation) it constitutes the contractual document clearing the way for the commitment and payment of the start-up advance. The commitment is made by the EDF financial management department in Brussels as soon as it receives the commitment request and the signed estimate. The Head of Delegation may, once the start-up estimate is approved, give the go ahead for payment in full¹ of the estimated amount as an advance via the "EDF imprest account" bank account opened for the RDP.

Once the advance is at the disposal of the RDP, the field management may spend it in accordance with the normal imprest account rules,² though with two specific differences:

- written approval by the Delegation will be required for all items exceeding ECU 3 000, and
- there will be no replenishment of the start-up advance.

Reference to these three criteria (compliance with normal imprest account rules, written approval by the Delegation for expenditure in excess of ECU 3 000, no replenishment) must be made in the start-up estimate serving as the contractual document.

The RDP management needs to manage separately and carefully all expenditure under the start-up advance, since it will be required to draw up a very exact closure of the account not later than six months following the start of the first WP.

¹ The payment in full of the estimate as an advance is authorized on an exceptional basis because of the small amount involved.
² See Annex 2 for "Detailed rules for conducting imprest accounts in EDF-financed programmes".

It is recommended that start-up costs be estimated as low as possible (in order to avoid the build-up of unexpended balances which would complicate unnecessarily the internal management of the RDP).

(b) Fully operational phase

In this phase the mobilization of funds is based entirely on the system of successive WPs. In the case of EDF financing, the funds may be mobilized in one of two ways, according to whether expenditure is charged to the imprest accounts or as specific commitments.

(b1) Expenditure not covered by the imprest account (See Table I, under "EDF specific commitment")

Here expenditure is bound up with the performance of contracts, each of which is covered by a specific commitment (see Table 2).

Contracts are usually awarded by international invitation to tender, a restricted tendering procedure or, less commonly, by private agreement.¹ They are signed by the National Authorizing Officer, countersigned by the Delegation and forwarded to the EDF financial management department in Brussels, which then makes a specific commitment of funds for the relevant amount.

Payments in foreign exchange are authorized by the National Authorizing Officer and subsequently validated by the delegation, which then sends them to the financial management department in Brussels for authorization by the Commission and execution by the EDF accounting officer. Payments in local currency are authorized by the national authorizing officer, validated by the delegation and executed directly by the EDF paying agent, after which they are booked in Brussels.

(b2) Expenditure covered by the imprest account (See Table 1, under "EDF imprest account")

This is expenditure arising from the everyday running of a rural development programme and from small items of capital expenditure under the programme (low-value infrastructure and supply contracts) and also, in exceptional cases, from small service contracts and memoranda of agreement for small amounts (see Table 2).

In order to cover in full the total estimated amounts to be paid from the imprest account, the EDF financial management department in Brussels raises a secondary commitment for each individual imprest account (i.e. one imprest account commitment for each WP). For each imprest account the funds are paid over in instalments (an initial allocation in the form of an advance, followed by one or more replenishments at intervals) via the "EDF imprest account" bank account opened for the RDP.

In order to provide the field management with the cash flow necessary for the imprest account to function from the start of each period, the initial advance made is generally sufficient to cover three or four months².

From this advance the planned expenditure is met. The field management follows the normal imprest account rules for expenditure and the periodic replenishments³.

¹ See *Manual of instructions*.

² The maximum is six months, and there is an upper limit of 50% of the amount of the imprest account.

³ See Annex 2 for "Detailed rules for conducting imprest accounts in EDF-financed programmes".

Replenishment is based on reconciliation of the bank accounts and actual proof of expenditure¹, and is carried out by way of reimbursement against supporting documents checked by the delegation or by a duly authorized intermediary body.

The RDP management must manage separately and carefully the components of the annual EDF imprest account, by drawing up an "imprest account administration statement" (one for each EDF imprest account) - see Tables 3 and 4 for examples. The management will be required to draw up a very exact closure of the imprest account, not later than six months following the end of the period it covers; the account may be closed only where the imprest account balance is zero (otherwise the closure will not be accepted, with the consequence that the Commission (Delegation and Headquarters) will refuse the requested commitment for the third imprest account)².

NB: The procedure for transferring the balance of the advance³ from one imprest account to the next must be handled as follows throughout the fully operational phase :

- the balance of the advance paid against the secondary commitment in respect of the first WP imprest account must be transferred to the secondary commitment in respect of the second WP imprest account once all expenditure on the first WP imprest account has been entered in the accounts (and so on throughout the fully operational phase);
- this is purely an accounting operation and has no impact on the RDP's cash flow (the field management continues to use what remains of the initial advance, transferred from one imprest account to the next) nor on movements in the accounts of the EDF paying agent;
- the National Authorizing Officer's departments and the Delegation draw up at the same time:
 - (i) a receiving order against the imprest account commitment for the current WP (for an amount equivalent to the balance of the advance) and
 - (ii) a payment order against the imprest account commitment for the following WP -for an amount equivalent to the receiving order referred to above;

¹ Or on the basis of unit costs (e.g. travel costs expressed in mileage, cost of given number of seedlings) in specific cases explicitly provided for in the WP and in the imprest account contractual document.

² A zero imprest account balance at the date of closure means:

- (i) either that all the RDP expenditure has been accepted by the Delegation and consequently reimbursed through successive replenishments by the EDF or deducted from the initial advance (see procedure for recovering advances);
- (ii) or that RDP expenditure not accepted by the Delegation has been reimbursed via the RDP "EDF imprest account" bank account:
 - by the technical assistance contractor (where responsibility for conducting the imprest account has been conferred explicitly by the terms of reference of the technical assistance and by the imprest account contractual document),
 - or from the national budget (where the imprest account contractual document stipulates that responsibility for conducting the imprest account has been given to an official state body of the country concerned, or to one of its representatives).

See Table 3 for an illustration of a zero imprest account balance.

³ Or the whole advance if nothing has been recovered during the life of the imprest account (see Table 4: it is sometimes simpler to transfer the full amount of the advance from one imprest account to the next, as illustrated in Table 4: the advance will be recovered during the end-of-project phase). This is not the course of action advocated by the financial departments, which prefer at least a partial recovery of the advance for each imprest account so that only the balance is transferred to the next. This gives a better picture each year of aspects such as exchange rate fluctuations and avoids the problem of justifying the advance at project completion.

The advance is recovered at the initiative, and under the responsibility, of the NAO and the Delegation. A decision as to when and how much to recover is taken on the basis of the difference between the amount advanced and the level of actual aggregate expenditure

the Brussels EDF management department acknowledges this transfer in its accounts by recording the above-mentioned receiving order and payment order **at the same time**;

- the Delegation is notified of these transfers by headquarters and in turn notifies the RDP; **at the same time** the EDF financial management department notes this twofold accounting movement in the accounts of the RDP:
 - (i) as a debit in the administration statement for the current imprest account, and
 - (ii) as a credit in the administration statement for the succeeding imprest account (see illustration in Table 3).

Should the field management wish to increase the cash flow at its disposal during the financial year (i.e. it wants an increase in the advance), such increase must (i) be supported, (ii) be approved by the National Authorizing Officer's departments and the Delegation, (iii) be covered by a supplementary payment order to the value of the increase, and (iv) be paid by the EDF paying agent through the RDP's "EDF imprest account" bank account.

(c) End-of-project phase

A final WP will be drawn up for this final tranche; this "end-of-project WP" should cover no more than a few months. Its approval follows the same rules as for a normal WP, but the arrangements for managing the corresponding imprest account are different; this is because, during this concluding stage, the field management will have to clear the advance in full, by the following means:

- forwarding of all supporting documents for expenditure paid out, plus bank reconciliation (as in the case of replenishment), but **with no request for reimbursement**; hence there is no replenishment and it is the advance that is thus accounted for;
- the National Authorizing Officer and the Delegation then draw up a zero payment order (or a number of such orders in succession); these orders may also be referred to as "token payment orders".

Reference to the above rules must be included in the imprest account contractual document accompanying the end-of-project WP.

Six months after the end of the RDP, when the end-of-project WP is closed (by the National Authorizing Officer's departments and the Delegation), the unexpended balance of the advance - if any - will be identified and repaid to the paying agent's account and the EDF financial management department in Brussels will then release the balance from the accounts and close the project for accounting purposes.

NB :An external audit can be carried out to check the running of imprest accounts (the amounts claimed and compliance with procedures).

(d) Sample schedule for an RDP

A Work Programme for 1995 would run as follows (assuming the WP corresponds to a calendar year):

June 1994: presentation of the WP for 1995, together with the corresponding imprest account contractual document, to the National Authorizing Officers

departments and the Commission Delegation (and also to the technical departments in Brussels for approval where the imprest account component exceeds ECU 0.4 million/year);

- Oct. 1994: signing of the 1995 WP (and of the imprest account contractual document) by the National Authorizing Officer and countersigning by the Head of the Delegation;
- Nov. 1994: forwarding by the Delegation to the EDF financial management department in Brussels of the request for commitment of the imprest account component of the 1995 WP;
- Dec. 1994: commitment for accounting purposes in Brussels of the imprest account component of the 1995 WP; first payment order made out by the National Authorizing Officer's departments and the Delegation; payment of the advance by the EDF paying agent into the RDP's "EDF imprest account" bank account;
- During 1995: successive requests for replenishment at intervals (on the basis of actual expenditure, with supporting documents); successive payment orders made out by the National Authorizing Officer's departments and the Delegation; successive payments for the amount of the replenishment by the EDF paying agent into the RDP's "EDF imprest account" bank account;
- Jan-June 1996: - final production of proof of actual expenditure (supporting documents) so clearing the advance and possibly giving rise to an additional payment;
- if advance is not completely cleared, transfer for accounting purposes of 1995 imprest account advance to the 1996 imprest account (see procedures as described above in section (b2));
 - the project management establishes the closing administration statement for the 1995 imprest account (see illustration in Table 3), ensuring that the procedures for justifying advances are complied with (Part IV, Chapter 6 of the Manual of Instructions);
- June 1996: deadline for closing the imprest account in respect of 1995 (essential that the imprest account balance be zero).

F. Adjustment of a Work Programme and its imprest account component

It is possible to review the WP and/or its imprest account component during the course of the year. Proposals for revision are put forward by the project management and must be approved by the National Authorizing Officer's departments and the Delegation.

Requests for revision that will have financial repercussions on the imprest account component (upward or downward adjustment) will require, as the case may be:

- either a supplementary commitment to top up the original overall commitment for the imprest account,
- or a partial decommitment of the original overall commitment.

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Where the proposed revision involves an increase that would bring the total amount of the imprest account to more than ECU 0.4 million/year, it must be passed to the technical departments in Brussels for approval.

}

Example of EDF imprest account administration statement 1995

Corresponding accounting operations carried out in Brussels

Partial recovery of advance: transfer of balance of advance to succeeding imprest account 1996)

Project accounts	Credit	Debit	Balance	Brussels accounts	Commitment payments	Advances	Unbalanced
of advance 1/12/94 (30% of	300 000		300 000	Commitment 1995 imprest account (end 1994)	+1 000 000		1 000 000
ure 1/1/95-31/3/95 est for reimbursement sent 0 000)		100 000	200 000	Payment of advance of 30% (payment order 1)		300 000	
ure 1/4/95-1/5/95 ement 1 (item 2) 1/5/95 (-10 d)	90 000	70 000	130 000		-300 000		
ure 2/5/95 - 30/6/95 rsement request sent 15/7/95, + 120 000=190 000)		120 000	100 000	Payment order for first reimbursement request (payment order 2)	-90 000		
ure 1/7/95 - 1/9/95 ement 2 (items 3 and 5) 1/9/95	190 000	80 000	20 000		-190 000		
ure 2/9/95-30/9/95 rsement request sent on or 00+30 000=120 000)		30 000	210 000	Payment order for 2nd reimbursement request (payment order 3)			
ure 1/10/95 - 1/11/95 ement 3 (items 2, 6 and 8) cluding the 10 000 from item ed but a further 12 000 from item 100 000 recovery of advance)	8,000	50,000	180,000				
ure 1/11/95 - 1/12/95 ure 2/12/95-31/12/95 rsement request sent 15/1/96 40 000+60 000=150 000)		40 000	130,000	Payment order for 3rd reimbursement request (payment order 4) (only 8 000 rather than 108 000 in order to recover 100 000 advance)	-8 000	100 000	
1 expenditure of items 9, 11 96		60 000	98 000	- Zero Payment order (to recover 150 000 of advance)		-150 000	
1 rejected expenditure n 31 by TA or national budget		38,000	38 000	- Zero Payment order (to recover 12 000 of advance)		-12 000	
r of balance of advance 1996 imprest account			0	Transfer of balance of advance - Receipt order 1 for imprest account commitment 1995 - Payment order 1 for imprest account commitment 1996 (Receipt order 95 = payment order 96)	+38 000	-38 000	45
on 30/6/96	588 000	588 000	zero balance: OK	Release of balance available after closure	-450 000	0	
				Total	zero balance: OK	zero balance: OK	zero bal

Example of EDF imprest account administration statement 1995

Corresponding accounting operations carried out in Brussels

advance: advance transferred in full to the succeeding imprest account for 1996)

object accounts	Credit	Debit	Balance	Brussels accounts	Commitment payments	Advances	Unexpended balance
				Commitment 1995 imprest account (end 1994)	1 000 000		1 000 000
advance 1/12/94 (30% of 1/1/95-31/3/95 for reimbursement sent))	300 000		300 000	Payment of advance of 30% (payment order 1)	-300 000	300 000	700 000
1/4/95-1/5/95		100 000	200 000				
at 1(point 2) 1/5/95 (-10 2/5/95 - 30/6/95 ment request sent 15/7/95, (20 000=190 000))	90 000	70 000	130 000	Payment order for first reimbursement request (payment order 2)	-90 000		610 000
1/7/95 - 1/9/95		120 000	100 000				
at 2(items 3 and 5) 1/9/95 9/95-30/9/95 t request sent on 15/10/95,for 000=120,000)	190 000	80 000	20 000	Payment order for 2nd reimbursement request (payment order 3)	-190 000		420 000
1/10/95 - 1/11/95		30 000	180 000				
ment 3(items 2, 6 and 8) ding the 10 000 from cepted but a further ent 8 rejected)	108 000	50 000	130 000	Payment order for 3rd reimbursement request (payment order 4)	-108 000		312 000
> 1/11/95 - 1/12/95 f advance 1/12/95 to rest account 1996		40 000	198 000	Transfer of advance - Receipt order 1 for imprest account commitment 1995 - Payment order 1 for imprest account commitment 1996 (Receipt order 95 = payment order 96)	+300 000	-300 000	612 000
> 2/12/95-31/12/95 ment request sent 15/1/96 000+60 000=150 000)		200 000	-102 000				
ment 4 (items 9, 11 and 13)	150 000	60 000	-162 000	Payment order for 4th reimbursement request (payment order 5)	-150 000		462 000
ment rejected expenditure (item 8) by TA or national s)	12 000		0				
30/6/96	850 000	850 000	zero balance: OK	Release of balance available after closure	-462 000	0	0
				Total	538 000	zero balance: OK	zero balance: OK

ANNEX 1 (to Annex 17)

Imprest accounts: specimen imprest account contractual document

(to be annexed to the Work Programme where the latter
has an imprest account component)

(Country)

Rural development programme (title) _____

Reference number _____

EDF accounting number _____

IMPREST ACCOUNT CONTRACTUAL DOCUMENT
(annexed to Work Programme No _____ of the RDP)

1. IMPLEMENTING AND MANAGEMENT STRUCTURE

In accordance with the provisions of the financing agreement for the programme/project, and in particular its implementing technical and administrative provisions (hereinafter referred to as TAP), the programme/project shall be technically and financially autonomous as regards management of part of the resources allocated to it: in particular, payment of expenditure financed under the EDF imprest account shall be made under the authority of the designated imprest account holders. Payments in respect of expenditure under the EDF imprest account may be made only after the National Authorizing Officer for EDF funds and the Head of Delegation of the European Commission:

- have approved the relevant Work Programme, and hence the imprest account column contained in it,
- and have signed and countersigned respectively this contractual document.

2. IMPREST ACCOUNT HOLDERS AND ACCOUNTING OFFICERS

The National Authorizing Officer for EDF funds shall, in accordance with Article 312 of the Lomé Convention, partially delegate to the imprest account holders designated below his powers:

- (as authorizing officer pursuant to Article 313 of the fourth Lomé Convention) for signing works contracts, supply/equipment contracts and certain service contracts, subject to the limits set out in the table below;
- (as authorizing officer pursuant to Article 224(g) of the fourth Lomé Convention) for signing memoranda of agreement, subject to the limits set out in the table below;
- (as imprest account holder pursuant to Article 299(2) of the fourth Lomé Convention) for the payment of expenditure in the form of local wages, subject to the limits set out in the table below.

The partial delegation of powers shall be subject to the following:

- compliance with the general accounting rules in force in the country;
- compliance with the rules set out in the annexed document on "Detailed rules for

- the certified lodging of authorized signatures by imprest account holders and accounting officers;
- the opening of a special bank account denominated "EDF imprest account" for the RDP;
- the physical capacity of the imprest account holders and accounting officers to carry out their tasks.

The designated imprest account holders shall be:

	National party	Technical assistance ¹
Imprest account holders:
Accounting officers:

- in accordance with the TAP, responsibility for conducting this imprest account has been given to an official state body, represented by the imprest account holder for the national party as designated above;
- in accordance with the TAP and the terms of reference of the technical assistance contract, responsibility for conducting this imprest account has been given to the technical assistance body, represented by the imprest account holder for the technical assistance as designated above.

(Delete whichever does not apply)

3. PERIOD COVERED BY THE IMPREST ACCOUNT

This imprest account shall run from² to

Payment under this imprest account may be made only for expenditure incurred during the above period. Some management operations may extend beyond the above closing date, however, e.g. the final request(s) for replenishment and/or clearance corresponding to the last items of expenditure in the period, and also operations relating to closure of the imprest account. In all cases the imprest account must be closed not later than six months after the final date given above.

The account may be closed only where the "imprest account balance" is zero (otherwise the closure will not be accepted, with the consequence that the Commission (Delegation and Headquarters) will refuse the commitment for the third imprest account).³

¹ Where applicable

² The starting date may not precede the date of approval of this contractual document (i.e. signing of the document by the National Authorizing Officer and its countersigning by the Head of Delegation of the European Commission)

³ A zero imprest account balance at the date of closure means:

(i) either that all the RDP expenditure has been accepted by the National Authorizing Officer's departments and the Delegation and consequently reimbursed through successive replenishments by the EDF or deducted from the initial advance (see procedures for recovery of advances);

(ii) or that RDP expenditure not accepted by the national authorizing officer's departments and the delegation has been reimbursed via the RDP "EDF imprest account" bank account from a source other than the EDF, namely:

- the holder of the TA contract (if the TA terms of reference and the imprest account contractual document explicitly provide that the TA is responsible for management,

Table 1

Limits set for the partial delegation of authorizing powers to the designated imprest account holders for the "EDF imprest account"		
		<i>in local currency</i>
1. Works contracts Capital expenditure (including maintenance)	< ECU 100 000	< _____
2. Supply/equipment contracts		
2.1 Capital expenditure	< ECU 100 000	< _____
2.2 Operating expenditure	< ECU 100 000	< _____
3. Memoranda of agreement (Grants from the RDP to other agents)	< ECU 10 000	< _____
4. Services		
4.1 Conception, management, follow-up and evaluation of project	No	No
4.2 Studies, audits, works supervision, etc.	< ECU 10 000	< _____
4.3 RDP management personnel ¹	Yes	Yes
4.4 RDP non-management personnel ²	Yes	Yes

Not including salaries of officials allocated to the RDP from government departments (their salaries must continue to be a charge on the national budget). The EDF imprest account may, however, cover the following:

- various bonuses allotted to the said officials (see annex for "Detailed rules for conducting imprest accounts in EDF-financed programmes");
- Salaries (and bonuses) for management staff - other than officials - recruited and employed by the RDP (fixed-term

4. AMOUNT OF THE IMPREST ACCOUNT

..... (Local currency)

(For breakdown of this amount see the "EDF imprest account" column of the relevant Work Programme, reproduced in local currency terms in Table 2 below). The estimate amount must not exceed ECU 5 million (Article 299 of Lomé IV).

The equivalent in ecus of this amount will be committed by the EDF financial management department in Brussels as soon as possible.

5. SPECIAL RDP "EDF IMPREST ACCOUNT" BANK ACCOUNT

A special account reserved for bank transactions bound up with the operation of this imprest account has been opened by the RDP:

RDP "EDF imprest account" bank account number:
Bank:.....

This is a double-signature account requiring the signatures of:

- the imprest account holder
- the accounting officer

(Specimens of their signature should be sent to the NAO and the delegation.)

All payments from the EDF paying agent's account will be paid into the above account:

- payment of advance (initial allocation);
- payment at intervals of successive replenishment.

Only payments corresponding to the expenditure set out in Table 2 below may be made from this account.

6. INITIAL ALLOCATION AND SUCCESSIVE REPLENISHMENT

An advance (initial allocation) of ...% of the amount given in point 4 above, namely:(local currency), will be paid into the above account as soon as possible.

This advance, or the balance, will be transferred for accounting purposes to the succeeding imprest account at closure.

Successive replenishments corresponding to requests for reimbursement, made out by the designated imprest account holders on the basis of evidence of payment of items of

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expenditure, and accepted by the national authorizing officer's departments and the delegation, will be paid into the above bank account at intervals.

Where items of expenditure are not accepted and imprest account holders are unable to provide the evidence required by the national authorizing officer's departments and the delegation, the sums involved will have to be repaid to the above bank account as soon as possible (before the final date set for closing the imprest account):

- by the technical assistance contractor; or
- from the national budget.

(Delete whichever of the above does not apply).

7. AUDITS

The national authorizing officer for EDF funds and the head of the delegation of the European Commission may decide to carry out audits, subject to the terms of reference laid down by these authorities. Auditors may carry out any accounting, technical, administrative or legal check they consider useful or necessary, and for that purpose may demand to see any documents relating to the programme/project. The following is an illustrative list of original documents to be kept at the programme/project offices or by the delegation:

- original documents relating to the general programme/project accounts (including the register of capital expenditure and the staff payroll);
- original documents relating to the EDF imprest account administration statement and the various operations covered by the statement (notably initial allocation, replenishment, transfer of the advance and closure);
- original documents relating to the "EDF imprest account" bank account for the programme/project (credit and debit items, reconciliations and balances);
- original documents relating to contracts awarded by imprest account holders by virtue of the partial delegation of powers (invitations to tender, results of invitations to tender, bids from suppliers, with *pro forma* invoices where appropriate, and so on);
- original contractual documents signed by imprest account holders by virtue of the partial delegation of powers (contracts, including order forms, and memoranda of agreement);
- original documents concerning local wages signed by imprest account holders by virtue of the partial delegation of powers (lists, grounds for payment, evidence of receipt by wage earners).

Table 2

"EDF imprest account" column of the relevant Work Programme , expressed in local currency		
Work plan	Extract from PE: EDF imprest account (ECU)	EDF imprest account (local currency)
OPERATIONS: Purpose 1 - Expected effect 1.1 . Operation 1.1.1. means ... (etc). PROJECT ADMINISTRATION: means ... CONTINGENCIES:		
TOTAL	ECU	(Local currency)

Table 3

"EDF imprest account" column of the relevant Work Programme , expressed in local currency and <u>broken down by type of expenditure</u>		
Items	Extract from WP: EDF imprest account (ECU)	EDF imprest account (local currency)
- works supplies - services - grants - local staff		
TOTAL	ECU	(Local currency)

8. TAX AND CUSTOMS ARRANGEMENTS

Pursuant to the tax and customs arrangements laid down in Articles 308 to 310 of the fourth Lomé Convention, purchases of equipment and supplies shall be free of customs duties, taxes and other charges (with the possible exception of certain small purchases on the local market).

Signed

Signed

Imprest account holder(s)

Project supervisor
(if person other than imprest account holder)

Place and date:

Place and date:

SIGNATURE

COUNTERSIGNATURE

National authorizing officer:

Head of delegation of the
European Commission:

Place and date:

Place and date:

ANNEX 2 (to Annex 17):

"Detailed rules for conducting imprest accounts
in EDF-financed programmes and projects"

(to be annexed to the TAP and to each imprest account contractual document)

DETAILED RULES FOR CONDUCTING IMPREST ACCOUNTS IN EDF-FINANCED PROGRAMMES AND PROJECTS

1. GENERAL PRINCIPLES FOR CONDUCTING IMPREST ACCOUNTS

Under the fourth Lomé Convention, the national authorizing officer for EDF funds may delegate part of his powers as authorizing officer and imprest account holder to programme/project leaders (field management) so that they may have direct responsibility for certain operations and items of expenditure. This is the "EDF imprest account" system, which constitutes in each Work Programme a special source of financing, given tangible form in the special imprest account column in the financing plan of the relevant Work Programme.

This delegation of powers implies certain restrictions (see table below) and also compliance with certain conditions which the field management must observe:

- compliance with the general accounting rules in force in the country;
- compliance with these "Detailed rules for conducting imprest accounts in EDF-financed projects and programmes";
- the certified lodging of authorized signatures by imprest account holders and accounting officers;
- the opening of a special RDP "EDF imprest account" bank account;
- the physical capacity of the imprest account holders and accounting officers to carry out their tasks.

Reference is made to these restrictions and conditions in each imprest account contractual document signed by the national authorizing officer and countersigned by the head of the delegation of the European Commission. The contractual document (one for each imprest account) also designates the imprest account holders and accounting officers, and sets out the amount adopted for the imprest account, the period of time (generally twelve months, tied in with the calendar year) during which expenditure is authorized under the imprest account concerned, and the title of the RDP "EDF imprest account" bank account into which payments will be made from the EDF and from which the accounting officers will make payments under the imprest account arrangements.

2. DIVISION OF RESPONSIBILITIES

Conduct of the imprest account is based on separation of functions and powers between imprest account holders and accounting officers:

- (a) imprest account holders are responsible for all authorizing operations: they commit the specified expenditure (see imprest account column in the relevant Work Programme) in accordance with the procedures for awarding contracts, making purchases and dealing with items of expenditure, as described below; they make out order forms, or sign invitations to tender, requests for *pro forma* invoices, contracts and memoranda of agreement;
- they draw up the staff list of the RDP, distinguishing between national officials allocated to the RDP from government departments, management staff other than officials recruited and employed by the RDP, and non-management staff recruited and employed by the RDP; they check invoices and sign payment orders;
- (b) the accounting officers are responsible for all operations involving payment of expenditure and recovery of revenue authorized by imprest account holders; they make payments, after checking that there are grounds for payment in the form of supporting documents and that funds are available (see imprest account column in the relevant Work Programme); they check the application of the procedures for awarding contracts, making purchases and dealing with items of expenditure as described below; they regularly check stocks and inventories, keep the general accounts of the RDP, including the staff payroll and a register of capital expenditure items giving details of the use, condition and method of financing of such items; they draw up the imprest account administration statement.

The two-signature principle also applies in the case of both imprest account holders and accounting officers: this means that both imprest account holders must sign all documents concerned with the authorizing operations referred to in (a) above, and both accounting officers must sign all documents concerned with the payment and recovery operations referred to in (b) above.

Note however that this joint signature rule does not entail joint liability, which falls on only one of the two imprest account holders. It is stipulated in the TAP that responsibility for the programme/project is in the hands of:

- either an official state body of the country concerned, which in that case is represented by the imprest account holder for the "national party";
- or the technical assistance body, which in that event will be represented by the imprest account holder for the technical assistance.

The imprest account holder representing the body declared responsible may overrule the requirement for a second signature from the co-imprest account holder in cases where an unwarranted refusal to sign could have financial repercussions (in the form of penalties or requests for reimbursement) on the technical assistance contract or on the national budget; any such penalties or reimbursement requests are stipulated in the TAP and repeated in the imprest account contractual documents (and also in the terms of reference of the technical assistance contract where the technical assistance body has the responsibility).

3. SPECIAL "EDF IMPREST ACCOUNT" BANK ACCOUNT FOR THE RDP

A special account reserved for bank transactions bound up with the conduct of this imprest account must be opened by imprest account holders and accounting officers. All payments from the EDF paying agent's account will be credited to this special account, namely the payment of an advance (initial allocation) and successive replenishment at intervals. All payments to be made by the managers under the EDF imprest account (see imprest account column in the Work Programme) will be made from this special account. This account will require the joint signatures of the imprest account holder and the accounting officer.

Table 1

Limits set for the partial delegation of authorizing powers to the designated imprest account holders for the "EDF imprest account"		
		in local currency
1. Works contracts Capital expenditure (including maintenance)	< ECU 100 000	< _____
2. Supply/equipment contracts		
2.1 Capital expenditure	< ECU 100 000	< _____
2.2 Operating expenditure	< ECU 100 000	< _____
3. Memoranda of agreement (Grants from the RDP to other agents)	< ECU 10 000	< _____
4. Services		
4.1 Conception, management, follow-up and evaluation of project	No	No
4.2 Studies, audits, works supervision, etc.	< ECU 10 000	< _____
4.3 RDP management personnel ¹	Yes	Yes
4.4 RDP non-management personnel ²	Yes	Yes

4. INITIAL ALLOCATION AND SUBSEQUENT REPLENISHMENT

An advance (initial allocation) will be paid into the bank account referred to above; it will generally be set at a level sufficient to cover 3 to 4 months of imprest account expenditure (subject to a twofold maximum of 6 months and 50% of the estimated amount of the imprest account).

The bank account will be replenished at intervals in line with requests for reimbursement signed and forwarded by the designated imprest account holders, on the basis of evidence of payment of items of expenditure,³ and accepted by the National Authorizing Officer's departments and the Delegation.

¹ Not including salaries of officials allocated to the RDP from government departments (their salaries must continue to be a charge on the national budget) The EDF imprest account may, however, cover the following:
- various bonuses allotted to the said officials;

The requests for reimbursement (sometimes referred to as "memos") are made out by the accounting officers and comprise a list of items of expenditure together with supporting documents for each item.

The layout of the list must correspond to that of the "EDF imprest account" column of the relevant Work Programme, using the same headings and item entries in order to facilitate comparison between estimates and subsequent expenditure.

The supporting documents (at least one for each item of expenditure on the list) must be presented in the same order as on the list in order to ease the work of checking the memos. Such documents may include:

- order forms, contract letters, contracts, receipted invoices, receipts from suppliers, acceptance statements for plant, equipment and other supplies;
- payslips for employees paid wholly or in part by the RDP, with details of the staff concerned and their place of employment;
- statements showing payment of bonuses and/or allowances for national officials allocated to the RDP;
- mission orders for travel giving entitlement to reimbursement;
- records of running expenses for vehicles, backed by relevant supporting documents (log books, fuel records, etc.);
- memoranda of agreement between the RDP and other agents.

The National Authorizing Officer's departments and the Commission Delegation check the expenditure (or have it checked by a duly authorized body). Where expenditure is not accepted, and the imprest account holders are unable to provide the supporting evidence required by the National Authorizing Officer's departments and the Delegation, the sums involved must be repaid to the bank account referred to above as soon as possible (before the final date set for closing the imprest account):

- by the technical assistance contractor,¹ or
- from the national budget.²

5. PROCEDURES FOR THE AWARD OF CONTRACTS (WORKS, SUPPLIES AND SERVICES)

For expenditure on works and supplies/equipment, the procedures vary according to the amount involved (i.e. the equivalent in local currency of) :

- up to ECU 2 500, direct purchase (order form suffices);

¹ Where responsibility for conducting the imprest account has been conferred explicitly by the terms of reference of the technical assistance and by the imprest account contractual document.

² Where the TAP and the imprest account contractual document stipulate that responsibility for conducting the imprest account

between ECU 2 500 and ECU 5 000, direct purchase following bids from local suppliers, without endorsement by the National Authorizing Officer's departments or

the Delegation (order form suffices); the expenditure memorandum must be accompanied by evidence of the bids from at least three local suppliers, in the form of three *pro forma* invoices;

between ECU 5 000 and ECU 25 000, direct purchase following bids from local suppliers, with endorsement of at least three *pro forma* invoices by the national authorizing officer's departments and the delegation (contract to be made out, bearing the signature of an RDP representative and the supplier);

between ECU 25 000 and ECU 100 000, restricted local invitation to tender; at least three suppliers will be asked to make closed bids; the tenders will be opened together and assessed; award of the contract follows the same rules as those governing the selection of successful tenderer for major EDF-financed works or supply contracts¹ and is valid only after endorsement by the National Authorizing Officer and the Head of Delegation.

For expenditure on services of up to ECU 10 000, the prior agreement of the National Authorizing Officer's departments and the Delegation is required (contract to be made out, bearing the signature of an RDP representative and the supplier).

6. FUND FOR MINOR ITEMS OF EXPENDITURE

A petty cash fund may be opened to cover any small items of expenditure concerned with the normal running of the RDP. It will be managed by the accounting officers. The total size of the fund may in no case exceed ECU 5 000 over any single year.

In so far as the provision of evidence of expenditure is concerned, this facility must be used in accordance with the same rules as for other expenditure (at least one supporting document for each item of expenditure).

7. CONTINGENCIES

Only material contingencies are allowable and they may not exceed 10% of the amount of the imprest account.

Use of the material contingencies component, whether to cover an increase in unit costs (for which evidence must be provided) or to finance operations not originally scheduled in the relevant Work Programme (for which supporting arguments must be presented), requires in all cases the prior authorization of the National Authorizing Officer's departments and the Delegation.

8. LOCAL STAFF

The EDF imprest account may not cover the cost of salaries of officials seconded to the RDP by the authorities (whose salaries must remain a charge on the national budget); however, it may cover the following:

- various bonuses allotted to the seconded officials;
- salaries (and bonuses) for management staff other than officials recruited and employed by the RDP (on fixed-term contracts);
- salaries (and bonuses) for non-management staff recruited and employed by the RDP (on fixed-term contracts).

Imprest account holders are responsible for seeing that a list is drawn up giving the names and tasks of the staff referred to above, with the amounts of salaries and bonuses, and details of the amounts payable in individual cases.

8.1. Officials allocated to the RDP

These officials may receive the following benefits:

(a) acting allowance:

This is set as a percentage of the official's gross salary, with an upper limit of 50%; it operates as a performance bonus, covering the relative difficulty of the task to be accomplished and the constraints of the expected effect;

- (b) bonuses:
Imprest account holders may propose *the award of individual bonuses on a personal basis*, subject to the agreement of the national authorizing officer's *departments and the Delegation*, and the presentation of supporting arguments; such bonuses may not be awarded systematically, nor on a contractual or collective basis; they constitute rewards of an individual nature and must reflect the real quality of the performance given and/or the results obtained by the beneficiary;
- (c) travel or mission subsistence allowance:
This is set as a percentage of gross salary, or by reference to a specific grade or rank; eligibility must be in accordance with existing national rules; where the allowance is set by reference to a specific grade, it must be based on the national scales;
- (d) accommodation:
This may be provided by the RDP; instead of a housing allowance, the EDF imprest account covers the cost of rented staff accommodation, considered as job-related housing; where the rental market does not provide the requisite quality or quantity, the EDF imprest account may cover the cost of capital expenditure such as construction (provided it is not disproportionate to the overall RDP budget), rehabilitation or extension - in exchange, in the latter cases, for rent reduction to reflect the value of the capital expenditure;
- (e) vehicles:
These are provided by the RDP and remain its property throughout the accepted duration of their material depreciation (four working years); they are regarded as service vehicles; at the end of the four years the RDP will request renewal of the fleet under a future Work Programme ; vehicles reaching the age limit must be officially removed from the list of capital items owned by the RDP; they may then be passed on by the RDP to the authorities (or, as private vehicles, to RDP management staff or external executive staff) for their residual value¹, whatever the case, all bodywork markings relating to the EDF or the Commission must be removed.

8.2. Management staff other than officials recruited and employed by the RDP (on fixed-term contracts)

Such staff may receive the above benefits in addition to their salary. Employment conditions and remuneration must be identical to those laid down by national legislation; individual fixed-term contracts will be concluded between such staff and the imprest account holders.

8.3. Non-management staff recruited and employed by the RDP (on fixed-term contracts)

As under point 8.2., but excluding the benefits described in point 8.1.

9. BANK INTEREST

Interest accruing on deposits in the RDP "EDF imprest account" bank account is to be entered as RDP own resources. As such it should not be entered in the EDF imprest account administration statement but should be removed from the "EDF imprest account" bank account and paid into an ordinary RDP current account.

As with all own resources, the relevant amounts must be included in the next Work Programme (s), in the "own resources" column.

10. RECOVERY OF CLAIMS

Any repayments to the RDP of amounts due, in whole or in part, from other agents or groups that have received financing under memoranda of agreement, should be entered as RDP own resources: as such they should not be entered in the EDF imprest account administration statement but should be paid into an ordinary RDP current account.

As with all own resources, the amounts of such repayments should be entered in the next Work Programme (s) in the appropriate column.

N.B. It is strongly recommended that the practice of the RDP providing loans be abandoned. The loans should be managed by local banks or intermediate credit bodies, with the EDF imprest account contributing to the financing of such credit lines through memoranda of agreement (grants) with the bodies concerned; in that event, there would be no need for any refund to the RDP.

11. MANAGEMENT OF THE ADVANCE

11.1. Transfer of the balance of the advance

The transfer of the balance of an advance¹ from one imprest account to the next is purely an accounting operation and has no impact on the RDP's cash flow (imprest account holders and accounting officers continue to use the remainder, transferred from one imprest account to the next throughout the fully operational phase), nor on movements in the accounts of the EDF paying agent.

The National Authorizing Officer's departments and the Delegation draw up **at the same time**:

- (i) a receipt order against the imprest account commitment for the current WP (for an amount equivalent to the initial advance) and
- (ii) a payment order against the imprest account commitment for the following WP (for an amount equivalent to the receipt order referred to above); the Brussels financial management department acknowledges this transfer in their accounts by recording the above-mentioned receipt order and payment order **at the same time** and forwards copies of the contract cards to the Delegation. The Delegation then notifies the RDP.

The EDF financial management department notes this twofold accounting movement in the accounts of the RDP **at the same time**:

- (i) as a debit in the administration statement for the current imprest account, and
- (ii) as a credit in the administration statement for the succeeding imprest account.

11.2 Increasing the advance

Should the field management wish to increase the cash flow at its disposal (i.e. through an increase in the advance), such increase must:

- (i) be supported,
- (ii) be approved by the National Authorizing Officer's departments and the Delegation,
- (iii) be covered by a supplementary payment order to the value of the increase, and
- (iv) be paid by the EDF paying agent through the RDP's "EDF imprest account" bank account.

11.3 Transfer of whole advance (without partial recovery)

Although technically possible, such transfers of the whole advance are not recommended. If such a transfert is done, the advance will be recovered during the end-of-project phase.

11.4 End-of-project phase: full recovery of advance

During this final phase the field management will have to recover (clear) the advance in full, as follows:

- by forwarding all supporting documents for expenditure paid out (as in the case of replenishment), but with no request for reimbursement; hence there is no replenishment and it is the advance itself that is used up;
- the National Authorizing Officer's departments and the Delegation then draw up a zero payment order (or a number of such orders in succession); these orders may also be referred to as "token payment orders".

12. OBLIGATORY CLOSURE OF THE IMPREST ACCOUNT

Imprest account holders and accounting officers will be required to draw up a very exact closure of the EDF imprest account administration statement, not later than six months following the end of the period covered by the imprest account.

Closure may take place only where the imprest account balance is zero (otherwise the closure will not be accepted, with the consequence that the EDF financial management department will refuse the commitment for the third imprest account)¹.

¹ A zero imprest account balance at the date of closure means:

- (i) either that all the RDP expenditure has been accepted by the Delegation and consequently reimbursed through successive replenishment by the EDF;
- (ii) or that RDP expenditure not accepted by the Delegation has been reimbursed via the RDP "EDF imprest account" bank account:
 - by the technical assistance contractor (where responsibility for conducting the imprest account has been conferred explicitly by the terms of reference of the technical assistance and by the imprest account contractual document),
 - or from the national budget (where the imprest account contractual document stipulates that responsibility for conducting the imprest account has been given to an official state body of the country concerned, or to one of its representatives).

ANNEX 3 (to Annex 17)

Standard wording of clauses concerning management
and control procedures for imprest accounts

(to be incorporated in the financing agreements and the TAP for rural development programmes in which such procedures are used, in the terms of reference of the relevant technical assistance contracts, and in the terms of reference of subsequent audit contracts)

1. CLAUSES TO BE INCORPORATED IN FINANCING AGREEMENTS

In financing agreements for RDP¹ in which imprest account procedures will be used, the following clauses (in ***bold italics*** below) are to be inserted in certain articles of the special clauses of such agreements:

- Article 3 National Authorizing Officer

The authority responsible for implementing the project under this financing agreement shall be the Minister, National Authorizing Officer for EDF funds.

Specimen signatures of the National Authorizing Officer and his duly authorized deputy or deputies shall be forwarded in triplicate to the Commission by the ACP State. ***Specimens signatures of imprest account holders to whom there has been a partial delegation of powers within the project shall be sent to the Commission delegation in the country concerned.***

Any change with regard to the persons concerned will likewise require due notification, together with lodging of specimen signatures.

- Article 8 General Conditions for Contracts

Works, supply and service contracts shall be drawn up, awarded and performed in accordance with the clauses and provisions set out in Annex 1 to this agreement². ***Operations conducted in the context of imprest accounts shall be carried out in accordance with the clauses and provisions set out in Annex 2 to this agreement³.***

2. CLAUSES TO BE INCORPORATED IN THE T.A.P.

In the implementing technical and administrative provisions of financing agreements for R.D.P. in which imprest account procedures will be used, the following clauses should be inserted:

«IV Implementation of the programme/project

.....

4.2. Organization, procedures and implementing rules

The programme/project shall be technically and financially autonomous as regards management of part of the resources allocated to it. This management shall be the responsibility of:

.....(official state body of the country)

.....(technical assistance)⁴

(complete one of the above)

General internal accounts must be kept for the programme/project. Such accounts must record all the sources of financing of the RDP and all the expenditure borne

by it; they must comply with the national rules in force concerning general internal accounting requirements for official or quasi-official undertakings; they must be drawn up in local currency.

During the fully operational phase of the programme/project, practical implementation will be in accordance with the system of "Work Programmes" (containing an imprest account component: the "EDF imprest account"). The normal duration of instalments during the fully operational phase will be

(it is recommended that the calendar year be used here)

Payments of items of expenditure from the EDF imprest account will be authorized by imprest account holders designated by the National Authorizing Officer in agreement with the Head of Delegation of the European Commission. Failure on the part of imprest account holders to comply with certain management rules may result in financial consequences that will not be covered by the EDF, notably the following:

- the EDF is unable to cover expenditure predating approval of the imprest account¹;
- the EDF is unable to cover expenditure that is not in accordance with the "Detailed rules for conducting imprest accounts in EDF-financed programmes" (see document annexed hereto)

4.3. Timetable

This programme/project will be implemented in a number of phases:

- start-up phase (several months),
- fully operational phase (several years),
- end-of-project phase (several months).

Start-up phase: before the first WP is drawn up, a low-value "start-up estimate" is made out and a start-up advance paid over, to cover the financing of the limited number of operations necessary in preparation for the first WP; payment of the start-up advance is subject to three conditions: (i) lodging of signatures, (ii) opening of an "EDF imprest account" bank account for the RDP, and (iii) approval of the start-up estimate.

Fully operational phase: for each successive instalment, the relevant draft WP must be presented four months prior to the start of the period it covers:

- (i) to the National Authorizing Officer and to the Commission Delegation in all cases without exception;
- (ii) and also to the technical departments in Brussels in cases where the imprest account component of the WP exceeds ECU 0.4 million/year.²

End-of-project phase: a final "end-of-project WP" will be drawn up for this concluding instalment (which should cover no more than a few months). Its approval follows the same rules as for a normal PE, but the arrangements for managing the corresponding imprest account are different; this is because, during

this concluding stage, the field management will have to clear the advance in full, by means of zero payment orders.»

3. CLAUSES TO BE INCORPORATED IN THE TERMS OF REFERENCE OF TECHNICAL ASSISTANCE CONTRACTS

In R.D.P. in which the imprest account system is used, and only in cases where the T.A.P. stipulate that responsibility for managing the system shall be part of the technical assistance, the following clauses should be inserted in the terms of reference of the corresponding technical assistance contract:

"The T.A.P. provide that responsibility for management shall lie with the technical assistance, represented on the spot by the project leader (leader of the technical assistance team); the project leader will be designated as imprest account holder, and as such shall be responsible for all authorizing operations; the imprest account holder and co-holder (national counterpart) shall commit the specified expenditure (see imprest account column in the corresponding Work Programme) in accordance with the procedures for awarding contracts, making purchases and dealing with items of expenditure as described in the 'Detailed rules for conducting imprest accounts in EDF-financed programmes/projects' (annexed hereto):

- they make out order forms, or sign invitations to tender, requests for *pro forma* invoices, contracts and memoranda of agreement;
- they draw up the staff list of the RDP, distinguishing between national officials allocated to the RDP from government departments, management staff other than officials recruited and employed by the RDP, and non-management staff recruited and employed by the RDP;
- they check invoices and sign payment orders.

The Accounting Officer of the technical assistance team (or financial controller) will be responsible for all operations involving validation of items of expenditure and recovery of revenue authorized by imprest account holders, assisted by the deputy accounting officer (national counterpart):

- they make payments, after checking that there are grounds for payment in the form of supporting documents and that funds are available (see imprest account column in the relevant Work Programme);
- they check the application of the procedures for awarding contracts, making purchases and dealing with items of expenditure as described in the 'Detailed rules for conducting imprest accounts in EDF-financed programmes/projects';
- they regularly check stocks and inventories, keep the general accounts of the RDP, including the staff payroll and a register of capital expenditure items giving details of the use, condition and method of financing of such items;
- they draw up the successive imprest account administration statements.

documents concerned with the authorizing operations referred to above, and both accounting officers must sign all documents concerned with the validation operations referred to above.

Note however that this co-signature rule does not entail liability, which falls only on the technical assistance represented by the "technical assistance" imprest account holder. The latter may overrule the requirement for a second signature from the co-imprest account holder in cases where an unwarranted refusal to sign could have financial repercussions (in the form of penalties or requests for reimbursement) on the technical assistance contract:

- (a) in particular, compliance with the date for presenting the WP (and the accompanying imprest account contractual document) to the National Authorizing Officer's departments and the Delegation by the project management is part of the responsibility of technical assistance; financial penalties may be applied under this contract if this deadline is not met;
- (b) furthermore, the EDF is unable to cover expenditure that is not in accordance with the 'Detailed rules for conducting imprest accounts in EDF-financed programmes'; consequently the reimbursement of such expenditure under the 'EDF imprest account' will be refused by the National Authorizing Officer's departments and the

Delegation, and it will have to be refunded to the RDP 'EDF imprest account' bank account by the holder of this contract (such reimbursement must take place before the deadline for closure of the relevant 'EDF imprest account').

4. CLAUSES TO BE INCORPORATED IN THE TERMS OF REFERENCE OF AUDIT CONTRACTS

In the terms of reference of contracts for subsequent audits, which the National Authorizing Officer for EDF funds and the Head of Delegation of the European Commission may decide should be carried out in respect of RDP in which the imprest account system is used, the following clauses should be inserted:

"Auditors may carry out any accounting, technical, administrative or legal check they consider useful or necessary, and for that purpose may demand to see any documents relating to the programme/project, notably the following original documents, to be kept at the programme/project offices:

- original documents relating to the general programme/project accounts (including the register of capital expenditure and the staff payroll);
- original documents relating to the EDF imprest account administration statement and the various operations covered by the statement (notably initial allocation, replenishments, transfer of the advance and closure);
- original documents relating to the 'EDF imprest account' bank account for the programme/project (credit and debit items, reconciliations and balances);
- original documents relating to contracts awarded by imprest account holders by virtue of the partial delegation of powers (invitations to tender, results of invitations to tender, bids from suppliers, with *pro forma* invoices where

- original contractual documents signed by imprest account holders by virtue of the partial delegation of powers (contracts, including order forms, and memoranda of agreement);
- original documents concerning local wages signed by imprest account holders by virtue of the partial delegation of powers (lists, grounds for payment, evidence of receipt by wage earners).

Auditors will have acquainted themselves with the explanatory document 'Management and control procedures for imprest accounts in rural development operations', and its Annexes 1 'Specimen imprest account contractual document' and 2 'Detailed rules for conducting imprest accounts in EDF-financed programmes and projects', annexed hereto.

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