

European Commission
EuropeAid Co-operation Office

**Practical guide to
procedures for
programme estimates
financed by the
European Development
Fund (EDF) and the
General Budget of the
European Communities
(BUDGET)
(project approach)**



Version 1.1 – October 2007

CONTENTS

1. INTRODUCTION	5
1.1. Legal framework and documentation for the EDF	6
1.2. Legal framework and documentation for the BUDGET	8
2. SPECIAL POSITION OF DECENTRALISED OPERATIONS AND PROGRAMME ESTIMATES TO BE CARRIED OUT ACCORDING TO THE PROCEDURES SET OUT IN THIS PRACTICAL GUIDE.....	9
2.1. Special position for the EDF	9
2.1.1. Implementation by direct labour (decentralised operations)	9
2.1.2. Forms of decentralised operations	9
2.2. Special position for the BUDGET.....	11
2.2.1. Framework	11
2.2.2. Forms of decentralised operations.....	12
2.2.3. Cases in which this practical guide applies	14
2.3. Programme estimates	15
2.3.1. Definition	15
2.3.2. Main characteristics.....	15
2.4. Roles and responsibilities	17
2.4.1. The imprest administrator	20
2.4.2. The imprest accounting officer.....	20
2.4.3. The steering committee	21
3. APPROVAL AND IMPLEMENTATION OF DECENTRALISED OPERATIONS TO BE CARRIED OUT ACCORDING TO THE PROCEDURES SET OUT IN THIS PRACTICAL GUIDE	23
3.1. “Date + 3 years” rule	23
3.2. Financing agreement	24
3.3. Drawing up the programme estimate.....	25
3.3.1. Types of commitments (imprest - specific).....	25
3.3.2. Types of authorised expenditure	27
3.3.3. Types of programme estimates.....	28
3.3.4. Duration of programme estimates	29
3.3.5. Sources of financing for programme estimates	30
3.3.6. Contents of the programme estimate	32
3.3.7. « Programme estimate » bank account(s).....	35
3.3.8. « Project » bank account(s) in the context of the EDF	37
3.3.9. « Project » bank account(s) in the context of the BUDGET	38
3.3.10. Petty cash	39
3.3.11. Calculation of the amount of the initial allocation (advance/pre-financing)	39
3.3.12. Start-up programme estimate	40
3.4. Approval and signing of the programme estimate	41
3.4.1. Approval circuit of the programme estimate	41
3.4.2. Time-limits for approving programme estimates	42
3.5. Use of the contingency reserve and amendments to the programme estimate	43
3.5.1. Use of the contingency reserve.....	43
3.5.2. Budget reallocation (internal adjustment)	44
3.5.3. Amendments to the programme estimate	45

4. IMPLEMENTATION OF PROGRAMME ESTIMATES.....	47
4.1. Financial implementation of the imprest component of the budget of the programme estimate	47
4.1.1. Payment of the initial allocation (advance/pre-financing).....	47
4.1.2. Replenishment of the “programme estimate” or the “project” bank account(s).....	50
4.1.3. Documents making up a record of expenditure.....	51
4.1.4. Reimbursement - clearing advance/pre-financing.....	55
4.1.5. Closure of a programme estimate.....	56
4.1.6. Records and accounts.....	59
4.1.7. Audits.....	59
4.1.8. Conservation of supporting documents.....	60
4.1.9. Staff management.....	61
4.1.10. Transfer of materials and equipment at the end of the implementation of the project or programme	62
4.2. Award and performance of procurement contracts and grants provided for in the programme estimate	63
4.2.1. Award of procurement contracts.....	63
4.2.2. Performance of contracts.....	66
4.2.3. Award of grants.....	66
4.2.4. Performance of grants.....	68
4.2.5. End of the time-limit for performing contracts.....	68
4.3. Implementation reports.....	68

ANNEXES

- Annex 1:** Summary diagram presenting all the possibilities of decentralisation of procurement and grant award procedures and of payments (**BUDGET only**)
- Annex 2:** Specific points for inclusion in the delegation agreement concluded with the body governed by public law or the body governed by private law with a public-service mission of the beneficiary country(ies) responsible for the financial implementation of the project or programme (public indirect decentralised operations)
- Annex 3:** Specific points for inclusion in the terms of reference annexed to the service contract concluded with the body governed by private law responsible for the financial implementation of the project or programme (private indirect decentralised operations – **EDF only**)
- Annex 4:** Specific points for inclusion in the TAP annexed to the financing agreement
- Annex 5:** Example for an operational programme estimate
- Annex 6:** Example for a start-up programme estimate
- Annex 7:** Rules governing the currencies used for drawing up programme estimates, opening “programme estimate” bank account(s) and keeping the accounts
- Annex 8:** Model financial guarantee for payment of an advance/pre-financing for implementation of the imprest component of the budget of a programme estimate by a body governed by private law (private indirect decentralised operations – **EDF only**)
- Annex 9:** Non exhaustive example of documents to be included in replenishment request files
- Annex 10:** Non exhaustive example of documents making up a record of expenditure
- Annex 11:** Examples of supporting documents by type of expenditure to be included in payment files (records of expenditure)
- Annex 12:** Example of a cycle of programme estimates, records of expenditure, replenishments and closures

- Annex 13:** Summary tables of the main rules on the award and implementation of procurement contracts and grants
- Annex 14:** Summary table of powers delegated by the relevant representative of the beneficiary country(ies)/the National (or Regional) Authorising Officer in the context of procurement contract and grant award procedures

1. Introduction

This practical guide sets out and explains the rules and procedures to be applied, in the case of projects and programmes implemented by means of **decentralised management** under the responsibility of EuropeAid Cooperation Office (AIDCO) and the Delegations of the European Commission in the beneficiary countries, to:

- all programme estimates financed under the 9th European Development Fund (**EDF**) resources,
- programme estimates financed under the general budget of the European Communities (**BUDGET**), when the criteria necessary for decentralised management are not fully met but payments within thresholds are nevertheless decentralised.¹

This practical guide applies to projects and programmes formulated according to the aid delivery method known as “**project approach**”² and in no case to projects and programmes under budgetary aid and support for sectoral programmes.

Most of the projects and programmes for which programme estimates are used are implemented under the responsibility of the Delegations of the European Commission in the beneficiary countries. In these cases, a reference to the “Head of Delegation” in this practical guide includes also the other authorising officers by sub-delegation within the Delegations³ in accordance with the empowerment delegated by each Head of Delegation.

When those projects and programmes are directly implemented under the responsibility of Headquarters, a reference to the “Head of Delegation” in this practical guide should be taken to mean the relevant authorising officer by sub-delegation within AIDCO.

- For the **BUDGET**, programme estimates have to be used in case the European Commission undertakes the financial implementation of general budget resources by means of **decentralised management** with the beneficiary countries in accordance with Article 164⁴ of the Financial Regulation applicable to the general budget of the European Communities, including where the beneficiary countries have qualified management staff in their departments or entities with

¹ See section 2.2.3. of this practical guide.

² Please refer to Chapter 3 of the “Project Cycle Management” Guidelines. Reminder: a project is a series of activities aimed at delivering results and bringing about clearly specified objectives and to be implemented within a defined time-period and with a defined budget.

³ Including the regionalised Delegations under each regional Delegation.

⁴ This Article will be deleted and replaced by Article 56 when the Financial Regulation will be amended in 2007.

public-sector participation that performs the activities directly by direct labour in accordance with Article 236(2) of the Implementing Rules of the Financial Regulation applicable to the general budget of the European Communities.

- For the **EDF**, programme estimates have to be used in case projects and programmes are implemented by direct labour. This implementation is authorised in the following circumstances:
 - Where the European Commission undertakes the financial implementation of EDF resources by means of decentralised management with the ACP States in accordance with the provisions set out in the ACP-EC Partnership Agreement and applying notably the breakdown of responsibilities provided for in Article 57 of the Agreement and Articles 34, 35 and 36 of Annex IV thereto;
 - Exceptionally, if the National (or Regional) Authorising Officer is temporarily replaced by the European Commission authorising officer by delegation.⁵

The rules and procedures set out in this practical guide also apply to programme estimates of ongoing projects and programmes financed under previous EDFs, as long as there is no incompatibility with the corresponding financing agreements.

They also apply *mutatis mutandis* to programme estimates for “all ACP” projects and programmes (Secretariat of the ACP Group of States, CDE, CTA, etc.).

This version of this practical guide cancels and replaces version 1.0 of the practical guide to management of direct labour operations and programme estimates financed by the EDF dated February 2004.

This practical guide complements the guide to financial procedures of the 9th EDF, the finance guide applicable to external actions financed from the general budget of the European Communities and the practical guide to contract procedures for EC external actions, available via AIDCO’s intranet site on the “EDF – Financial and contract procedures” and “Budget – Financial and contractual procedures” pages.

1.1. Legal framework and documentation for the EDF

The legal provisions and guidelines applicable to **the implementation of projects and programmes by means of decentralised management,**

⁵ See COM (2002) 290/3 giving the summary record of the meeting of Cabinets and Commission departments of 4 June 2002 in the framework of the procedure for adoption of the proposal for a EU Council Regulation on the Financial Regulation applicable to the 9th EDF.

implying the drawing up and the implementation of programme estimates and financed under the 9th EDF are:

- The ACP-EC Partnership Agreement signed in Cotonou on 23 June 2000⁶ as revised by the Agreement signed in Luxemburg on 25 June 2005⁷, in particular Article 24 of Annex IV “Implementation and management procedures”.
- The ACP-EC Council of Ministers Decision No 2/2002 of 7 October 2002⁸:
 - adopting the new General Regulations for service, supply and works contracts financed by the EDF, and
 - extending ACP-EC Council of Ministers Decision No 3/1990 of 29 March 1990⁹ adopting the General Conditions for works, supply and service contracts financed by the EDF.
- The Financial Regulation applicable to the 9th EDF and adopted on 27 March 2003 by the Council of the EU¹⁰, in particular Title V dealing with direct labour operations and Titles IV and VI dealing with procurement contracts and grants.
- This practical guide.

The legal provisions and guidelines applicable to **the implementation of projects and programmes by means of decentralised management, implying the drawing up and the implementation of programme estimates and financed under the 7th and 8th EDFs are:**

- The Fourth ACP-EC Convention of Lome as revised by the Agreement signed in Mauritius on 4 November 1995¹¹, in particular Article 299 of Chapter 5 “Implementation procedures”.
- The ACP-EC Council of Ministers Decision No 3/1990 of 29 March 1990¹²:
 - adopting the General Regulations for works, supply and service contracts financed by the EDF, and

⁶ Official Journal of the European Union L 317, 15.12.2000.

⁷ Official Journal of the European Union L 209, 11.8.2005.

⁸ Official Journal of the European Union L 320, 23.11.2002.

⁹ Official Journal of the European Union L 382, 31.12.1990.

¹⁰ Official Journal of the European Union L 83, 1.4.2003.

¹¹ Official Journal of the European Union L 156, 29.5.1998.

¹² Official Journal of the European Union L 382, 31.12.1990.

- adopting the General Conditions for works, supply and service contracts financed by the EDF.
- This practical guide.

1.2. Legal framework and documentation for the BUDGET

The legal provisions and guidelines applicable to **the implementation of projects and programmes by means of decentralised management, implying the drawing up and the implementation of programme estimates and financed under the BUDGET** are:

- The Financial Regulation applicable to the general budget of the European Communities and adopted on 25 June 2002 by the Council of the EU¹³, in particular Title IV of Part II dealing with external actions, the Implementing Rules of this Financial Regulation adopted on 23 December 2002 by the European Commission¹⁴, in particular Title III of Part II dealing with procurement contracts and grants, and the amendments to these Implementing Rules adopted on 20 July 2005 by the European Commission¹⁵.
- **For certain programme estimates (see section 2.2.3. hereinafter)**, this practical guide.

¹³ Official Journal of the European Union L 248, 16.9.2002 (Council Regulation 1605/2002 of 25 June 2002).

¹⁴ Official Journal of the European Union L 357, 31.12.2002 (Commission Regulation 2342/2002 of 23 December 2002).

¹⁵ Official Journal of the European Union L 201, 2.8.2005 (Commission Regulation 1261/2005 of 20 July 2005).

2. Special position of decentralised operations and programme estimates to be carried out according to the procedures set out in this practical guide

2.1. Special position for the EDF

2.1.1. Implementation by direct labour (decentralised operations)

Annex IV to the revised Cotonou Agreement provides for implementation of projects and programmes by direct labour as follows¹⁶:

“In the case of direct labour operations, programmes and projects shall be implemented through public or semi-public agencies or departments of the State or States concerned or by the legal person responsible for executing the operation.”

“The Community shall contribute to the costs of the department involved by providing the equipment and/or materials that it lacks and/or resources to allow it to acquire additional staff required in the form of experts from within the ACP States concerned or other ACP States. The participation of the Community shall cover only costs incurred by supplementary measures and temporary expenditure relating to execution that is strictly confined to the requirements of the programmes and projects in question.”

“Programme estimates implementing direct labour operations must comply with the Community rules, procedures and standard documents laid down by the Commission, as applicable at the time of approval of the programme estimates.”

2.1.2. Forms of decentralised operations

The three following forms of decentralised operations should be distinguished:

- **Direct decentralised operations**

In the case of direct decentralised operations, tasks relating to the financial implementation of projects and programmes shall be performed directly in public departments of the beneficiary ACP State or States.

The implementation tasks can include the performance of all or part of the activities foreseen in the projects and programmes

¹⁶ Article 24 of Annex IV to the revised Cotonou Agreement.

directly by public departments of the ACP State or States concerned (direct labour).

The financial management of a direct decentralised operation shall be carried out by imprest accounts administered by an imprest administrator and an imprest accounting officer appointed by the National (or Regional) Authorising Officer with the prior approval of the Head of Delegation.¹⁷

- **Public indirect decentralised operations**

In the case of public indirect decentralised operations, the beneficiary ACP State or States shall entrust tasks relating to the financial implementation of projects or programmes to bodies governed by public law¹⁸ or bodies governed by private law with a public-service mission. These bodies of the ACP State or States are nevertheless legally distinct from the ACP State or States concerned.

In such cases:

- the body concerned shall assume responsibility for the management and financial implementation of the project or programme in place of the National (or Regional) Authorising Officer. Tasks so delegated may include the power to conclude contracts and manage contracts and the supervision of works on behalf of or for the account of the ACP State or States concerned.
- the ACP State or States concerned shall first conclude a delegation agreement with the body concerned.

Prior to its signature, the delegation agreement with the body responsible for the financial implementation of the project or programme must be approved by the Head of Delegation.

- **Private indirect decentralised operations**

In the case of private indirect decentralised operations, the beneficiary ACP State or States shall entrust tasks relating to the financial implementation of projects or programmes to bodies

¹⁷ The approval of these appointments may be done at the latest when the start-up programme estimate is approved and signed by the Head of Delegation (see sections 3.3.10. and 3.4.1. of this practical guide).

¹⁸ These bodies must have legal personality, i.e. the legal capacity to have rights and obligations, including the power to sign contracts in their own name.

governed by private law, that are legally distinct from the ACP State or States concerned.

In such cases:

- the body concerned shall assume responsibility for the management and financial implementation of the project or programme in place of the National (or Regional) Authorising Officer. Tasks so delegated may include the power to conclude contracts and manage contracts and the supervision of works on behalf of or for the account of the ACP State or States concerned.
- the ACP State or States concerned shall first conclude a service contract with the body concerned.

The service contract with the body responsible for the financial implementation of the project or programme must be awarded in accordance with the General Regulations for EDF-financed contracts.

The service contract with the body concerned may never be concluded by the European Commission for and on behalf of the ACP State or States concerned.¹⁹

2.2. Special position for the BUDGET

2.2.1. Framework

The Financial Regulation²⁰ states that the European Commission may decide to entrust management of certain actions to the authorities of beneficiary third countries, after having established that the beneficiary third countries are in a position, in the management of Community funds, to apply in whole or in part the following criteria according to the degree of decentralisation agreed:

- effective segregation of the duties of authorising officer and accounting officer;
- existence of an effective system for the internal control of management operations;

¹⁹ Except and if necessary, when the National (or Regional) Authorising Officer is temporarily replaced by the European Commission authorising officer by delegation.

²⁰ See Article 164 of the BUDGET Financial Regulation. This Article will be deleted and replaced by Article 56 when the Financial Regulation will be amended in 2007.

- for project support, procedures for the presentation of separate accounts showing the use made of Community funds ; and for other forms of support, an officially certified annual statement for the area of expenditure concerned to be made available to the Community;
- existence of a national institution for independent external auditing;
- transparent, non-discriminatory procurement procedures ruling out all conflicts of interest.

It is acknowledged that:

- where the above requirements are not fully met, a certain degree of decentralisation may nevertheless be decided, provided that the European Commission ensures the existence of an adequate framework and monitoring;
- different tasks may be subject to various degrees of decentralisation within the same project or programme.

Where none of the requirements is met, the management of operations may not be decentralised.

The financial implementation of projects and programs by way of decentralised management can only be entrusted to the authorities of the beneficiary country(ies).

An overview of the operational implications of decentralised management is provided in the finance guide applicable to external actions financed from the general budget of the European Communities (section 6.4.3.).

2.2.2. Forms of decentralised operations

The two following forms of decentralised operations should be distinguished:

- **Direct decentralised operations**

In the case of direct decentralised operations, tasks relating to the financial implementation of projects and programmes shall be performed directly in public departments of the beneficiary country(ies).

The implementation tasks can include the performance of all or part of the activities foreseen in the projects and programmes directly by public departments of the beneficiary country(ies) concerned (direct labour).

The financial management of a direct decentralised operation shall be carried out by imprest accounts administered by an imprest administrator and an imprest accounting officer appointed by the relevant representative of the beneficiary country(ies) with the prior approval of the Head of Delegation.²¹

- **Public indirect decentralised operations**

In the case of public indirect decentralised operations, the beneficiary country(ies) shall entrust tasks relating to the financial implementation of projects or programmes to bodies governed by public law²² or bodies governed by private law with a public-service mission. These bodies of the beneficiary country(ies) are nevertheless legally distinct from the beneficiary country(ies) concerned.

In such cases:

- the body concerned shall assume responsibility for the management and financial implementation of the project or programme in place of the the relevant representative of the beneficiary country(ies). Tasks so delegated may include the power to conclude contracts and manage contracts and the supervision of works on behalf of or for the account of the beneficiary country(ies) concerned.
- the beneficiary country(ies) concerned shall first conclude a delegation agreement with the body concerned.

Prior to its signature, the delegation agreement with the body responsible for the financial implementation of the project or programme must be approved by the Head of Delegation.

Contrary to the EDF, financial implementation tasks may not be entrusted to bodies governed by private law except those with a public-service mission.

²¹ The approval of these appointments may be done at the latest when the start-up programme estimate is approved and signed by the Head of Delegation (see sections 3.3.10. and 3.4.1. of this practical guide).

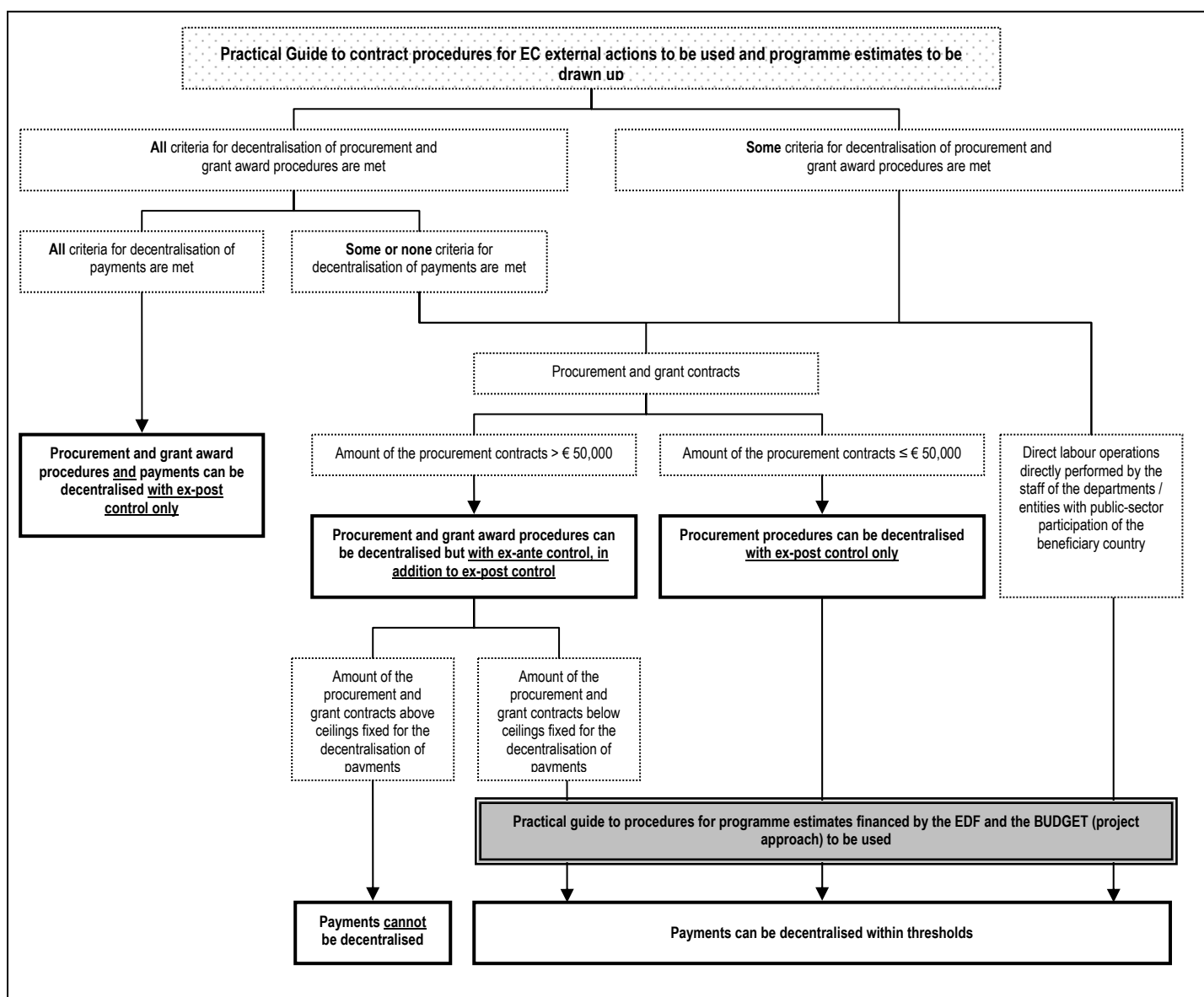
²² These bodies must have legal personality, i.e. the legal capacity to have rights and obligations, including the power to sign contracts in their own name.

2.2.3. Cases in which this practical guide applies

The cases in which this practical guide applies are highlighted in the summary diagram provided hereinafter and in Annex 1 to this practical guide.

As shown in the diagram, this practical guide is applicable in case the European Commission undertakes the financial implementation of general budget resources by means of decentralised management with the beneficiary countries except :

- when all the criteria necessary for decentralised management are met;
- when payments cannot be decentralised.



2.3. Programme estimates

2.3.1. Definition

The programme estimate can be defined as follows:

The programme estimate is a document laying down the programme of measures to be carried out and the human and material resources required, the corresponding budget and the detailed technical and administrative implementing arrangements for decentralised execution of a project or programme over a specified period by direct labour and/or by means of public procurement and/or the award of grants.

Each programme estimate, when it is framed by this practical guide, shall be prepared by the imprest administrator and the imprest accounting officer in the case of direct decentralised operations, or by the body concerned, in the case of indirect decentralised operations, and shall then be approved by the relevant representative of the beneficiary country(ies) and the Head of Delegation before the activities it provides for commence.

2.3.2. Main characteristics

The main features of programme estimates are:

- Programme estimate is designed to **implement part of a project or programme** covered by a financing agreement.
- Programme estimate must cover, with reference to the relevant financing agreement, a **work programme**, a **budget**, a **financing plan** and **technical and administrative implementing arrangements** over the period in question.
- Programme estimate is drawn up at **regular intervals, usually yearly**.
- Programme estimate's budget includes **two components**:
 - In all cases, the part of the work programme which will be:
 - implemented by the physical persons or by the legal person responsible for the financial implementation of the project or programme and to whom the relevant representative of the beneficiary country(ies)²³ delegates some of his powers;

²³ For the **EDF**, it is the National (or Regional) Authorising Officer.

- financially executed by means of one or more bank accounts administered by these physical persons or this legal person.

This is the **imprest component of the budget of the programme estimate which will be, for the EDF, the subject of one individual financial commitment or, for the BUDGET, covered by an individual budgetary commitment prior to the signature of the programme estimate.**

- Where appropriate, the part of the work programme which will have to be implemented directly by the relevant representative of the beneficiary country(ies) or by the European Commission (Contracting Authority) through procurement contracts and/or grants.²⁴

This is the **component of the budget of the programme estimate which will be the subject of specific individual financial/budgetary commitments as and when required prior to the signature of each corresponding contract.**

- The programme estimate is **drafted and signed** by:
 - the imprest administrator and the imprest accounting officer, each in the framework of their respective roles²⁵, in the case of direct decentralised operations;
 - the body responsible for the financial implementation of the project or programme, in the case of indirect decentralised operations.
- Before the activities provided for in the programme estimate can start up, it must be **approved and signed** by:
 - the relevant representative of the beneficiary country(ies);
 - the Head of Delegation, for approval of the financing (endorsement).
- The imprest component of the budget of the programme estimate is **implemented, in accordance with the principle of effective separation of the authorisation and payment functions**, by:

²⁴ Which means the conclusion and the management of the contracts by the relevant representative of the beneficiary country(ies) or by the European Commission for and on behalf of the beneficiary country(ies) concerned and in all cases the execution of the related payments by the European Commission.

²⁵ See sections 2.4.1. and 2.4.2. of this practical guide for an explanation of their roles.

- the imprest administrator and the imprest accounting officer, in the case of direct decentralised operations;
 - the body responsible for the financial implementation of the project or programme, in the case of indirect decentralised operations.
- If a project or programme, because of its geographical or cross-cutting scope, involves activities that cannot be implemented properly at a global or geographically centralised level, it may prove necessary to set up separate components with their own programme estimates for their implementation. Each of those programme estimates are prepared and implemented by their own imprest administrator and imprest accounting officer in accordance with the rules and roles set out in this practical guide. In such cases the imprest administrator and imprest accounting officer responsible for the global or geographically centralised programme estimate will have to coordinate the drafting and submission of all the programmes estimates of the project or programme.

The creation of “subimprests” is not authorised.

2.4. Roles and responsibilities

The roles and responsibilities of the European Commission and the relevant representative of the beneficiary country(ies) are set out:

- For the **EDF only**, in Chapter 6 (“Fund-Resource management and executing agents”) of Annex IV to the revised Cotonou Agreement²⁶;
- For the **BUDGET** and for the **EDF**, in the financing agreement, in the practical guide to contract procedures for EC external actions and in this practical guide.

The relevant representative of the beneficiary country(ies) delegates some of his powers for the implementation and financial management of decentralised operations:

- In the case of **direct decentralised operations**, they are delegated to the **imprest administrator** and the **imprest accounting officer**, who are appointed by the relevant representative of the beneficiary country(ies) and designated in each programme estimate. If the imprest administrator and the imprest accounting officer are not officials or other agents of the beneficiary country(ies) concerned, they normally sign an employment contract with the relevant representative of the beneficiary country(ies).

²⁶ See Articles 34 to 37 of Annex IV to the revised Cotonou Agreement.

There must be no form of subordination between the imprest administrator and the imprest accounting officer in the exercise of their duties.

- In the case of **public indirect decentralised operations**, they are delegated to the **body governed by public law** or to the **body governed by private law with a public-service mission** of the beneficiary country(ies) responsible for the financial implementation of the the project or programme following the conclusion of a delegation agreement.
- In the case of **private indirect decentralised operations (EDF only)**, they are delegated to the **body governed by private law** responsible for the financial implementation of the project or programme following the conclusion of a service contract.

Reminder : for the BUDGET only, the relevant representative of the beneficiary country(ies) may under no circumstances delegate financial implementation tasks to any body governed by private law, except with a public-service mission.

The delegation agreement with the body governed by public law or the body governed by private law with a public-service mission of the beneficiary country(ies) as well as the service contract with the body governed by private law must specify the tasks that have been delegated and the manner in which the project or programme will be managed and financially implemented. They must notably contain the following provisions²⁷:

- adequate provision for control of the use of EDF/BUDGET resources by the European Commission, OLAF (the anti-fraud office), the relevant representative of the beneficiary country(ies), the European Court of Auditors and the national audit bodies of the beneficiary country(ies) concerned;
- a clear definition and demarcation of the powers delegated to the body concerned and the powers retained by the relevant representative of the beneficiary country(ies);
- the procedures to be followed in exercising the powers so delegated, such as the selection of operations to be financed (grants), the award of contracts or contracting authority;
- the possibility of *ex post* review and financial penalties where the award of grants or contracts by the body concerned does not comply with the procedures laid down above;

²⁷ For the **EDF**, see Article 81 of the 9th EDF Financial Regulation.

- effective separation of the duties of authorising officer and accounting officer;
- the existence of an effective internal control system for management operations;
- the existence of an accounting system for management operations and separate procedures for the presentation of accounts, so enabling the correct use of EDF/BUDGET resources to be ascertained.

Annex 2 to this practical guide specifies what must be covered in the delegation agreement to be concluded with the body governed by public law or the body governed by private law with a public-service mission of the beneficiary country(ies) responsible for the implementation and financial management of a decentralised project or programme.

Annex 3 to this practical guide specifies what must be covered in the terms of reference annexed to the service contract to be concluded with the body governed by private law responsible for the implementation and financial management of a decentralised project or programme.

The delegation agreement and the service contract with the body concerned must clearly designate the two persons who will take on the duties of authorisation (imprest administrator) and payment (imprest accounting officer). These persons must then be duly authorised by this body to sign and act on its behalf in implementing the corresponding programme estimates.

The duties of authorising officer and accounting officer are separate and mutually incompatible²⁸. This principle of segregation and incompatibility of functions is also applicable to the imprest administrator and the imprest accounting officer of a programme or project implemented by means of decentralised management.

The duties of imprest administrator shall be carried out by a single person. This also applies to the duties of imprest accounting officer.

The duties and powers delegated to the imprest administrator and imprest accounting officer should in any case be set out or referred to in the technical and administrative implementing arrangements for the programme estimate.

These arrangements should also name the substitute imprest administrator and the substitute imprest accounting officer.

²⁸ See Article 17(1) of the 9th EDF Financial Regulation and Article 58 of the BUDGET Financial Regulation.

2.4.1. The imprest administrator

The imprest administrator is responsible for drawing up the technical and operational parts of the programme estimate. With the imprest accounting officer, he or she submits the programme estimate for approval and, where need be, liaises with the other imprest administrators in drafting and submitting programme estimates for local or cross-cutting components.

In implementing the imprest component of the budget of a programme estimate, the imprest administrator is also responsible for all expenditure commitments, payment authorisations and recoveries.

The imprest administrator therefore:

- commits the expenditure provided for in the imprest component of the budget of the programme estimate;
- signs, for and on behalf of the relevant representative of the beneficiary country(ies), order forms and contracts resulting from tenders and calls for proposals and/or consultations, subject to conditions and limitations laid down in the programme estimates that he or she is in charge of;
- accepts the corresponding works, supplies and services;
- verifies for each invoice, payment request and interim or finalised statement of account that the works provided for were realised, supplies provided for were delivered and services provided for were rendered and/or the actions effected are in accordance with the related contracts; endorses and signs each of these documents as “certified correct”;
- sends these documents and any supporting documents to the imprest accounting officer for payment;
- co-signs with the imprest accounting officer cheques, bank transfer orders and disbursement authorisations.²⁹

2.4.2. The imprest accounting officer

Note that the term “imprest accounting officer” refers to the person jointly responsible for the financial management of the imprest

²⁹ So bank transactions and cash disbursements require two signatures, that of the imprest administrator and of the imprest accounting officer.

component of the budget of a programme estimate, not necessarily to the person who actually keeps the accounts.

The imprest accounting officer is responsible for drawing up the financial and contractual parts of the programme estimate. Jointly with the imprest administrator, he or she submits the programme estimate for approval and, where need be, liaises with the other imprest accounting officers in drafting and submitting programme estimates for local or cross-cutting components.

During implementation of the imprest component of the budget of the programme estimate, the imprest accounting officer is responsible for verification of expenditure and implementation of corresponding payments and recoveries after their authorisation by the imprest administrator. This also includes responsibility for the bookkeeping of these operations.

The imprest accounting officer therefore:

- verifies the correct application of contract and grant award procedures;
- verifies the existence of adequate and reliable supporting documents for commitments, payments and any recoveries;
- verifies the contractual and financial details of each invoice, payment request and interim or final itemised statement of account submitted by the imprest administrator;
- co-signs with the imprest administrator cheques, bank transfer orders and disbursement authorisations;
- draws up and updates lists of staff and their pay, the inventory of materials and equipment and, where appropriate, inventories of stock financed by the project or programme;
- prepares and draws up requests for payment of the initial allocation (advance/pre-financing), for replenishment and for closure.

2.4.3. The steering committee

In addition to these organisational requirements, some beneficiary countries have steering committees to provide guidance and support for the implementation of projects and programmes.

There is no obligation to set up a steering committee. The decision to set one up and what its role will be is taken jointly by the relevant representative of the beneficiary country(ies) and the Head of Delegation during the formulation of each project or programme.

The steering committee is usually made up of representatives of various bodies involved in the implementation or supervision of the project or programme in question, most notably the relevant representative of the beneficiary country(ies), the representative(s) of the technical ministry(ies) concerned and the Head of Delegation, who has observer status.

The steering committee may be involved in:

- steering and generally coordinating projects and programmes within its remit;
- verifying and approving annual programming proposals for projects and programmes within its remit;
- verifying proposals for programme estimates in the context of these projects and programmes;
- assessing reports on the implementation of projects and programmes and supervisors' reports;
- arbitrating where necessary and taking decisions on any alterations to the programme.

The steering committee may not interfere in any case in the financial implementation of the programme estimates.

If it is necessary or helpful to set up a steering committee for implementation of a project or programme, provision for it should be made in the corresponding financing proposal. Furthermore, the role of the steering committee should be described in the financing agreement if possible and without fail in the technical and administrative implementing arrangements for the corresponding programme estimates.

3. Approval and implementation of decentralised operations to be carried out according to the procedures set out in this practical guide

3.1. “Date + 3 years” rule

The “date + 3 years” rule works as follows:

- For the **BUDGET**³⁰, contracts, whether or not within programme estimates, that implement financing agreements must be concluded (signed) within three years from the date of adoption of the corresponding global budgetary commitment³¹. Contracts for audits and evaluations may be concluded later.

The “date + 3 years” rule does not apply to:

- contracts concluded under other contracts;
- ordinary operating costs (excluding equipment) of the structure in charge of the management of the project or programme;
- expenditure incurred for activities directly performed by public departments of the beneficiary country (direct labour) and that therefore do not require the award and conclusion of any contract.³²

- For the **9th EDF**³³, contracts and programme estimates that implement financing agreements must as a rule be concluded (signed) within three years from the date of adoption of the corresponding global financial commitment. Contracts for audits and evaluations may be concluded later.

The “date + 3 years” rule does not apply to:

- contracts concluded under other contracts;
- contracts concluded in the framework of implementation of the imprest component of the budget of programme estimates.³⁴

However - but only where management is decentralised or in case of temporary replacement of the National (or Regional) Authorising Officer by the European Commission authorising officer by delegation – where this

³⁰ See Article 166(2) of the BUDGET Financial Regulation.

³¹ For new financing agreements signed after the amendment to the BUDGET Financial Regulation, it will be within three years from the date of adoption of the corresponding financing agreement.

³² See Article 236(2) of the Implementing Rules of the BUDGET Financial Regulation.

³³ See Articles 53(2) and 54(4) of the 9th EDF Financial Regulation.

³⁴ The “date + 3 years” rule applies to the component of the budget of the programme estimates covered by specific individual financial commitments.

rule cannot be complied with owing to the very nature of the project or programme to be funded, the Head of Delegation may send to Headquarters a duly substantiated derogation request. It is essential that the derogation request be drawn up and sent as early as possible in the project or programme identification and preparation stage.

3.2. Financing agreement

At the end of the identification, formulation and financing phases of the project cycle a financing agreement is concluded and signed between the European Commission and the beneficiary country(ies) concerned.

The technical and administrative provisions (TAP) annexed to the financing agreement describe and include notably the work programme, the procedures and conditions for implementation and financing, the provisional technical and financial execution timetable, a detailed listing of all the tasks and activities to be carried out and a detailed budget estimate for the project or programme.

The decision to implement decentralised projects and programmes to be carried out according to the procedures set out in this practical guide is taken at the formulation stage and provision made for it must be stated in the financing proposals and the TAP annexed to the corresponding financing agreements.³⁵

The TAP annexed to each financing agreement should cover the following at least:

- the form of operation to be implemented: direct decentralised or public indirect decentralised or, fo the **EDF only**, private indirect decentralised;
- the extent of the powers to be delegated by the relevant representative of the beneficiary country(ies) to those responsible for the implementation and the financial management of the project or programme;
- the estimated amount of the budget for the project or programme and for which payments of expenditure will be decentralised (**BUDGET only**);
- the frequency of audits;
- the setting-up of the steering committee, if one is planned, and description of its role.
- the setting-up of local or cross-cutting components if any are planned.

³⁵ For the **EDF**, see Article 80(6) of the 9th EDF Financial Regulation.

The financing agreement with the attached TAP is thus the reference document for both recourse to decentralised operations to be carried out according to the procedures set out in this practical guide, and the drafting of consecutive programme estimates to implement the corresponding projects and programmes.

Annex 4 to this practical guide sets out the specific points that must be covered in the TAP annexed to the financing agreement related to a decentralised project or programme to be carried out according to the procedures set out in this practical guide.

The general conditions of financing agreements specify that the procedures for implementing programme estimates must comply with the rules in force, which are set out in this practical guide.³⁶

3.3. Drawing up the programme estimate

3.3.1. Types of commitments (imprest - specific)

As mentioned in the previous chapter, the programme estimate may comprise two differently managed forms of expenditure which call for different individual financial/budgetary commitments³⁷:

➤ **Imprest commitment**

The imprest component of the budget of the programme estimate corresponds to the estimate of the amount of financing to cover all the expenditure:

- needed to carry out the planned work programme as foreseen in the programme estimate,
- with reference to the period covered by the programme estimate,
- which will be implemented by the imprest administrator and the imprest accounting officer within the limits of the powers subdelegated by the relevant representative of the beneficiary country(ies),
- which will be paid out during the period covered by the programme estimate via the bank account(s) to which the

³⁶ See financing agreement templates, Article 7.1 of the General Conditions for the **EDF** and Article xx of the General Conditions for the **BUDGET**.

³⁷ For the **EDF**, individual financial commitments are also called assigned funds in accordance with Article 54(3) of the 9th EDF Financial Regulation.

imprest administrator and imprest accounting officer are signatory, and,

- if appropriate, which will be paid in the period prior to the submission of the request for closure³⁸ via the same bank account(s).³⁹

If the time to perform contracts and grants implemented with the subdelegated powers granted to the imprest administrator and the imprest accounting officer exceeds the period covered by the programme estimate, the total estimated amount of financing must be provided for in the imprest component of the budget of the programme estimate under which they are to be awarded. Provision must be made, in the next programme estimate, for the means to continue performance of contracts concluded by the imprest administrator and financed by the imprest component of the budget of the programme estimate under way if their implementation period exceeds the period covered by the programme estimate.⁴⁰

For the **EDF**, all this expenditure, duly forecast and budgeted for, is the subject of one individual financial commitment for the total sum of the imprest component of the budget of the programme estimate, hereinafter referred to as “imprest commitment”. An imprest commitment is adopted in this way for each programme estimate.

For the **BUDGET**, one or more individual budgetary commitments (type “RZ”), each of them hereinafter referred to as “imprest commitment”, are adopted before the end of the deadline fixed by the “date + 3 years” rule for the total sum of the imprest component of the budgets of all programme estimates to be implemented during the period of execution of the financing agreement concerned.⁴¹

➤ **Specific commitments**

The programme estimate also may or has to provide for contracts and grants to implement the financing agreement which cannot be carried out with the subdelegated powers granted to the imprest administrator and the imprest accounting officer. These contracts,

³⁸ See section 4.1.5. of this practical guide.

³⁹ For example, wages and salaries for the last month covered by the programme estimate that are paid the following month, an electricity bill for the last month covered by the programme estimate that is received and paid in the following month, etc.

⁴⁰ See also the last paragraph on the section dealing with the operational phase in section 3.3.4. of this practical guide.

⁴¹ For further explanations, please refer to chapter 7.5 of the finance guide applicable to external actions financed from the general budget of the European Communities.

which will be awarded and managed by the relevant representative of the beneficiary country(ies) and/or the Head of Delegation, will each be the subject of an individual financial/budgetary⁴² commitment, hereinafter referred to as a “specific commitment”. Payments under these contracts will be made by the European Commission. The estimated amounts of each contract and each grant should be individually referred to in the programme estimate under which they are to be awarded, for information and for the amount estimated, and mentioned for the record in all subsequent programme estimates as long as the contract or grant is under way.

In the case of contracts and grants that will take longer to implement than the period covered by the programme estimate, it is up to the relevant representative of the beneficiary country(ies), in liaison with the Head of Delegation, to weigh up the advisability of financing them as part of the imprest component of the budget of the programme estimate or of financing them with specific commitments. This should be done before the programme estimate is approved.

Each individual financial/budgetary commitment, whether imprest or specific, is charged against the global financial/budgetary commitment which covers the corresponding financing agreement.

3.3.2. Types of authorised expenditure

The types of expenditure that can be financed by the imprest component of the budget of programme estimates include in particular:

- service contracts, except contracts for financial audits and the evaluation of the project or programme and, for the **EDF only**, contracts calling for the framework contract procedure;
- supply contracts;
- works contracts;
- grants;
- staff costs such as the additional allocations of seconded officials or other agents of the beneficiary country, their salaries being

⁴² For the **BUDGET**, a commitment type “RF” has to be used.

borne by the country's budget⁴³, and the wages, salaries and allocations of staff recruited for the project or programme;⁴⁴

- administrative expenditure such as the rent of offices and houses, supplies, vehicle costs, mission and travel expenses, per diems, bank charges⁴⁵, etc.;
- expenditure related to scholarship holders and trainees such as travel expenses, subsistence allowances and other allowances, expenses to obtain visa, medical examination expenses of the successful applicants, etc.

In the case of direct decentralised operations, the salaries and/or allocations paid to the imprest administrator and the imprest accounting officer may be financed from the imprest component of the budget of the programme estimate.

In the case of indirect decentralised operations, the staff and running costs of the body concerned cannot be covered by the imprest component of the budget of the programme estimate because these costs are covered by the delegation agreement or the service contract concluded with the body.

The thresholds and rules applicable to the award of contracts and grants, whether financed by the imprest component of the budget of programme estimates or by specific commitments, are set out in section 4 of this practical guide.

In accordance with the principles of sound financial management, the financing of credit lines or loans under programme estimates is prohibited, as is borrowing from financial institutions and loans/cash transfers between projects and programmes.

3.3.3. Types of programme estimates

Decentralised operations be carried out according to the procedures set out in this practical guide fall into three phases: **start-up**, **operational** and **closure**.

⁴³ The allocations paid to officials and other agents of the beneficiary country seconded to the project or programme must abide by the possible national regulation in this respect and be reasonable in proportion to their salaries and/or to the scales existing on the national employment market.

⁴⁴ See also section 4.1.9. of this practical guide.

⁴⁵ The possible charges applied by the bank for the opening of the account(s) and/or for the validation of the form(s) for the "financial identification" may exceptionally be covered by the imprest component of the budget of programme estimates.

Those managing and financially implementing the project or programme will draw up, in step with these phases, a start-up programme estimate followed by several (rarely only one) consecutive programme estimates for the operational phase, the last one also covering the closure phase.

3.3.4. Duration of programme estimates

There may not be two successive programme estimates covering the same implementation period. They must therefore follow on from each other without any overlapping of dates.⁴⁶

➤ Start-up phase

The duration of the start-up programme estimate is specified in section 3.3.12. of this practical guide.

➤ The operational phase

Operational programme estimates are **normally annual**.

Whatever the case, the initial duration of a programme estimate may not exceed 18 months.

The possibility of drawing-up programme estimates with an initial duration of more than 12 months should be used to get the implementation timetable in sync with the technical demands of the work programme (e.g. agricultural season or school year) or aligned on the calendar year or financial year of the beneficiary country concerned where need be.

In the interests of consistency and sound management, drawing up a programme estimate with an implementation period or duration that is not in step with the work programme it is financing should be avoided.

Where some or all of the activities provided for in a programme estimate are not carried out in the period covered by that programme, they must be carried over to the following programme estimate, which then has to budget for their full implementation. This avoids having to extend a programme estimate simply to finish the planned work programme or to deal with the time-limits

⁴⁶ Only activities relating to the financial closure of a programme estimate those implementation period is finished may be carried out during the following programme estimate, except for the closure of the last programme estimate of the project or programme (see paragraph on closure below).

on guarantees for the performance of contracts concluded in the period covered by that programme estimate.

➤ **Closure phase**

To ensure that the imprest component of the budget of the last programme estimate can be closed on schedule, the implementation period of this last programme estimate **must include a closure phase of not more than 6 months**, the sole purpose of which is the drawing-up and submission by the imprest administrator and the imprest accounting officer of the closure request, including the final statement of expenditure incurred, its verification by the relevant representative of the beneficiary country(ies) and by the Head of Delegation, and any financial audit.

Only for the last programme estimate, the implementation period may begin at the latest 6 months after its signature by the relevant representative of the beneficiary country(ies) and the Head of Delegation, as long as the period between the signature and the beginning date of the implementation is covered by the preceding programme estimate.

For the BUDGET and the 9th EDF, the implementation period (exclusive of the closure phase of not more than 6 months) of the last programme estimate must be included in the operational implementation phase of the corresponding financing agreement whereas the closure phase of the last programme estimate can be included in the closure phase of the corresponding financing agreement.

For the 7th and 8th EDFs, the closure phase of the last programme estimate must be included in the period of execution of the corresponding financing agreement.

3.3.5. Sources of financing for programme estimates

There are several sources of financing for programme estimates:

➤ **National funds**

- **National budget**

The national budget of the beneficiary country concerned usually finances recurrent costs which will continue after completion of the project or programme, an example being the salaries of local officials and other agents of the beneficiary

country seconded to the project or programme by their ministries. Such financing is subject to the rules of the beneficiary country concerned.

- **Counterpart funds⁴⁷**

Counterpart funds are constituted by the beneficiary country from:

- the local currency generated from the sale of goods provided by EC external aid;
- the countervalue in local currency of the foreign exchange provided by EC external aid.

These funds are managed by the beneficiary country concerned in agreement with the Head of Delegation.

➤ **EC contribution**

The European Community's contribution is usually the principal source of financing for both the imprest commitments and, where appropriate, any specific commitments foreseen in the programme estimates.

➤ **Own resources generated by the project or programme**

These resources include any interest on bank account(s), asset sales, services invoiced to third parties, the beneficiaries' contributions, and the like. Own resources may be used to finance⁴⁸ only activities provided for in the programme estimate and must be accounted for just like other source of financing.

The conditions for using own resources should be set out in detail in the technical and administrative implementing arrangements for the programme estimates.

The unexpended balance of own resources at completion of the decentralised project or programme carried out according to the procedures set out in this practical guide must be transferred to the EDF/BUDGET.

⁴⁷ See point 1.1.5 of the guide for the programming and implementation of budget support for third countries.

⁴⁸ For the **BUDGET only**, except for the interest on bank accounts that should be paid back to the general budget of the European Communities (see Article 4 of the Implementing Rules of the Financial Regulation).

The funds from these different sources of financing (national funds, EC contribution, own resources⁴⁹) must be paid into separate bank accounts and under no circumstances should they be invested or put on term accounts.

3.3.6. Contents of the programme estimate

An example for an operational programme estimate can be found in Annex 5 to this practical guide.

- The **cover page** of the programme estimate should give the following information:
 - the beneficiary country(ies) concerned;
 - the technical ministry or its equivalent, where applicable;
 - the title of the project or programme;
 - the form of the decentralised operation;
 - the accounting number of the corresponding global financial/budgetary commitment;
 - the title or number of the programme estimate;
 - the period covered by the programme estimate;
 - the total amount of the programme estimate;
 - the amount of the imprest component of the programme estimate.

- The **content** of the programme estimate, which stem from the TAP annexed to the corresponding financing agreement, must include the following:
 - a **work programme**;
 - a **budget**;
 - a **financing plan**;
 - the **technical and administrative implementing arrangements** over the period concerned.

⁴⁹ When the own resources are only limited to bank interests or are insignificant, the obligation to open a specific bank account does not apply.

The work programme, the budget and the financing plan must itemise separately:

- expenditure under the imprest component of the budget of the programme estimate, which will be the subject of an imprest commitment, and
- proposals for contracts and/or grants, which will require specific commitments.

➤ **Work programme**

The work programme should set out the context, the logical framework, the objectives, the expected results, the activities to be undertaken during the period covered by the programme estimate and the material and human resources necessary for carrying out these activities. It should make clear the interaction between the project or programme and other parties involved.

From the second operational programme estimate onwards, the work programme should also mention progress in carrying out the activities of the project or programme (activities done, results obtained, any deviation from the forecast programme and any relevant explanations, especially concerning activities not undertaken and carried over to the next programme estimate).

A provisional implementation timetable should be attached to the work programme. Activities should be presented as individual operations or in the form of units of work so that they can be costed in the budget and later properly managed, i.e. expenditure monitored.

➤ **Budget**

The budget should refer to the same categories of expenditure as used in the TAP annexed to the corresponding financing agreement. Within these categories, items of expenditure should be presented in accordance with the interventions of the logical framework, i.e. by subactivity and activity on the basis of objectives. The budget should also include an estimate of expenditure not directly attributable to the activities and subactivities⁵⁰, and of project or programme operating costs⁵¹ over the period concerned.⁵²

⁵⁰ Notably investments and audit and evaluation expenses.

⁵¹ Notably rent, permanent staff costs, vehicles running costs, various supplies, and the like.

⁵² See also the corresponding paragraphs dealing with the imprest commitment in section 3.3.1. of this practical guide.

All main budget headings and all items included in each of these main headings should be costed in as much detail as possible; this concerns both the work programme and the human and material resources needed to carry out it over the period concerned.

Any own resources generated by a project or programme should be estimated separately⁵³. The use to be made of them should be entered against the corresponding own resource and detailed in the same way as other activities.

The budget allowances should be established with great care and in a realistic and economic way in order to allow the use of the budget estimate effectively and as a reference document for both coordination and technical purposes and for the financial management of the programme estimate, and thus the management of the whole project or programme.

The budget should be drawn up in national currency or, where applicable, the currency foreseen for payment of expenditure so that the financial implementation of the programme estimate can be monitored. The rules governing the currency of a programme estimate are set out in Annex 7 to this practical guide.

A provisional financial implementation timetable should be attached to the budget.

The example for an operational programme estimate annexed to this practical guide offers additional guidance and examples of tables for drawing up and submitting budgets.

➤ **Financing plan**

The financing plan recapitulates all the sources of funds, Community and otherwise, required for implementation of the programme estimate and sets out in detail the interventions to be financed by each.

➤ **Technical and administrative implementing arrangements**

The technical and administrative implementing arrangements are directly derived from the TAP annexed to the corresponding financing agreement and serve to flesh them out.

As a minimum they should include the following information:

- the names of the imprest administrator and the imprest accounting officer as well as of their substitutes;

⁵³ When the own resources are only limited to bank interests or are insignificant, this obligation does not apply.

- the period covered by the programme estimate;
- the references of the “programme estimate” bank account(s) or, where appropriate, of the “project” bank account(s);
- calculation of the amount of the initial allocation (advance/pre-financing) to be paid into the “programme estimate” bank account(s) or, where appropriate, into the “project” bank account(s);
- provisions on submission of the supporting documents related to expenditure incurred;
- procedures and thresholds for the award of contracts and grants;
- cash disbursement procedures ;
- rules on the currency of payments;
- staff management rules ;
- the content and timing of implementation reports;
- provisions on closure of the imprest component of the budget of the programme estimate;
- provisions for internal and external controls, such as the frequency of financial audits;
- tax and customs arrangements.

3.3.7. « Programme estimate » bank account(s)

For the BUDGET only, in all cases a transit “project” bank account in euro needs to be previously opened.⁵⁴

In principle, the imprest administrator and the imprest accounting officer open a “programme estimate” account at a bank of the beneficiary country concerned⁵⁵. This bank account will be reserved for payment transactions relating to the implementation of activities provided for in the imprest component of the budget of the programme estimate carried out under the corresponding imprest commitment. It

⁵⁴ See section 3.3.9. of this practical guide.

⁵⁵ In practice, the name of the account should include the name, initials or acronym of the project or programme and the number of the programme estimate.

will be credited with the initial allocation (advance/pre-financing) and replenished in accordance with cash-flow requirements.⁵⁶

For the **EDF**:

- in the case of direct and public indirect decentralised operations, a single bank account in national currency should be enough as all payments will be in principle made in national currency;
- in case of private indirect decentralised operations, one or more bank accounts will be opened in national currency and/or euro and/or another currency according to the currency of payment of the planned expenditure.

For the **BUDGET**, one or more bank accounts will be opened exclusively in national currency and/or another currency according to the currency of payment of the planned expenditure, except in euro. Indeed, payments in euro (if any) will be made from the transit “project” bank account.⁵⁷

The rules on the use of currencies for payment of expenditure under the imprest component of the budget of programme estimates are set out in Annex 7 to this practical guide.

Such bank accounts require two signatures, that of the imprest administrator and that of the imprest accounting officer. These accounts, separated by currency, are used for all financial transactions.

Payments from such bank accounts are made for and on behalf of the relevant representative of the beneficiary country(ies) and normally do not require the intervention of either the relevant representative of the beneficiary country(ies) or the Head of Delegation. However, the relevant representative of the beneficiary country(ies), in agreement with the Head of Delegation, may decide to fix a threshold above which all payments need his or her prior authorisation. This decision must be reflected in the technical and administrative implementing arrangements for the corresponding programme estimates.

In the interests of sound financial management, monitoring of advances/pre-financing, consistency in implementation of consecutive programme estimates and facilitate closure of imprest commitments, the imprest administrator and the imprest accounting officer are required to open one or more new bank accounts for the implementation of each new programme estimate.

⁵⁶ See section 4.1.2. of this practical guide.

⁵⁷ See section 3.3.9. of this practical guide.

This obligation is however not applicable when an appropriate accounting system allows to make sure of the sound treasury management. This has to be verified by the Head of Delegation before the implementation of the project or programme concerned.

3.3.8. « Project » bank account(s) in the context of the EDF

In case the Head of Delegation is satisfied with the accounting system that allows making sure of the sound treasury management, the procedures will be as follows:

- The imprest administrator and the imprest accounting officer open at a bank of the beneficiary country concerned one or more “project” accounts according to the currency of payment of the planned expenditure.
- Such bank account(s) will be reserved for payment transactions relating to the implementation of activities provided for in the imprest component of the budgets of all the programme estimates.
- Such bank account(s) will be credited progressively with the initial allocation (advance/pre-financing) and replenishments necessary for the implementation of each programme estimate.
- Such bank account(s) require two signatures, that of the imprest administrator and that of the imprest accounting officer; these accounts, separated by currency, are used for all financial transactions.
- Payments from such bank account(s) are made for and on behalf of the relevant representative of the beneficiary country(ies) and normally do not require the intervention of either the relevant representative of the beneficiary country(ies) or the Head of Delegation. However, the relevant representative of the beneficiary country(ies), in agreement with the Head of Delegation, may decide to fix a threshold above which all payments need his or her prior authorisation. This decision must be reflected in the technical and administrative implementing arrangements for the corresponding programme estimates.

3.3.9. « Project » bank account(s) in the context of the BUDGET

In all cases, the imprest administrator and the imprest accounting officer must open a “project” account in euro at a bank of the beneficiary country concerned.⁵⁸

In case the corresponding financing agreement foresees different components that are going to be managed under the responsibility of different ministries or bodies, a separate “project” bank account in euro will have to be opened for each line of responsibility as long as there is no single ministry or body taking the overall responsibility of the financial implementation of the project or programme.

This “project” bank account in euro is a transit account on which all disbursements from the European Commission (i.e. payments effected from the “RZ” individual budgetary commitment) will be received and then will have to be fully transferred by the imprest administrator and the imprest accounting officer to the corresponding “programme estimate” bank account. Accordingly, it will be concerned exclusively by the following transactions:

- transfers in euro from the European Commission bank account;
- transfers in currency other than the euro toward the “programme estimate” bank accounts;
- transfers of the closure balances from the “programme estimate” bank accounts;
- payments of expenditure in euro, if any;
- transfer of the closure balance towards the miscellaneous revenues of the BUDGET upon project or programme’s completion.

However, in case the Head of Delegation is satisfied with the accounting system that allows making sure of the sound treasury management, the procedures will be as follows:

- In addition to the requirement of opening the transit “project” bank account in euro (see above), the imprest administrator and the imprest accounting officer will open at a bank of the beneficiary country concerned one or more “project” accounts according to the currency of payment of the planned expenditure.

⁵⁸ This is required by Article 234 of the Implementing Rules of the Financial Regulation and it is also necessary to allow, where appropriate, the re-assignment of balances to be transferred following the closure of each “programme estimate” bank account.

- Such bank accounts will be reserved for payment transactions relating to the implementation of activities provided for in the imprest component of the budgets of all the programme estimates.
- Such bank accounts will be credited progressively with the initial allocation (advance/pre-financing) and replenishments necessary for the implementation of each programme estimate.
- Such bank accounts require two signatures, that of the imprest administrator and that of the imprest accounting officer; these accounts, separated by currency, are used for all financial transactions.
- Payments from such bank accounts are made for and on behalf of the relevant representative of the beneficiary country(ies) and normally do not require the intervention of either the relevant representative of the beneficiary country(ies) or the Head of Delegation. However, the relevant representative of the beneficiary country(ies), in agreement with the Head of Delegation, may decide to fix a threshold above which all payments need his or her prior authorisation. This decision must be reflected in the technical and administrative implementing arrangements for the corresponding programme estimates.
- The closure balance of each “project” bank account in currency other than euro will be refunded to the transit “project” bank account in euro.

3.3.10. Petty cash

Payments to cover expenditure under the imprest component of the budget of a programme estimate are usually made by bank transfer or cheque. Nevertheless petty cash in national currency may be kept to pay small amounts of administrative expenditure. It is managed under the responsibility of the imprest accounting officer.

The total sum of expenses paid in petty cash should be kept to a strict minimum and its use reserved for payments which cannot be made by other means. Furthermore, the amount of petty cash available should be kept to a reasonable minimum and made secure.

3.3.11. Calculation of the amount of the initial allocation (advance/pre-financing)

The amount of the initial allocation (advance/pre-financing) has to be determined on the basis of the requirements of the implementation of the imprest component of the budget of the programme estimate. The advance/pre-financing may not be the object of short term investments.

The amount of the initial allocation (advance/pre-financing) may never exceed 80% of the total amount (excluding the contingency reserve) of the imprest component of the budget of the programme estimate. However, this ceiling can be reduced by the Head of Delegation on the basis of a risk analysis, in particular the level of clearance of the advances/pre-financing previously paid on programme estimates financed in favour of the beneficiary country(ies) concerned must be taken into account and for the BUDGET the risk of exchange losses on transfers from the transit “project” bank account in euro.

This ceiling do not apply to the start-up programme estimate.

3.3.12. Start-up programme estimate

The start-up programme estimate is intended to finance the work of launching the project or programme and of preparing the first operational programme estimate as soon as the people responsible for the financial implementation of the project or programme are in place.

The start-up programme estimate should therefore cover the shortest period possible, which should in no circumstances exceed 6 months. The amount of financing will be small and used solely for task of preparing the first operational programme estimate.

The start-up programme estimate should be drawn up by the office of the relevant representative of the beneficiary country(ies) on the basis of a simple model tailored to the specific needs of the project or programme. It does not necessarily require the signature of the imprest administrator and the imprest accounting officer⁵⁹ before its approval by the relevant representative of the beneficiary country(ies) and the Head of Delegation.

Given its nature and contents, the start-up programme estimate should be rapidly approved by the relevant representative of the beneficiary country(ies) and the Head of Delegation.

Taking into account the modest amount and the short implementation period of the start-up programme estimate, the amount of the initial allocation (advance/pre-financing) may equal that of the imprest component of the budget of the programme estimate.

⁵⁹ The signing of the start-up programme estimate by the imprest administrator and the imprest accounting officer and the deposit of their signatures to the “programme estimate” and/or “project” bank account(s) can be done later when they are posted to the project or programme. The initial allocation (advance/pre-financing) may be paid at that moment.

An example for a start-up programme estimate can be found in Annex 6 to this practical guide.

3.4. Approval and signing of the programme estimate

3.4.1. Approval circuit of the programme estimate

The approval circuit of an operational programme estimate is as follows:

- Drawing up of the programme estimate by the imprest administrator and the imprest accounting officer;
- Verification of the programme estimate by the steering committee, where applicable;
- Signing of the programme estimate by the imprest administrator and the imprest accounting officer;
- Verification, approval and signing of the programme estimate by the relevant representative of the beneficiary country(ies);
- Verification of the programme estimate by the Delegation;
- Approval and endorsing of the programme estimate by the Head of Delegation.

The Head of Delegation's endorsement of the programme estimate signals his or her agreement to its financing with EDF/BUDGET resources as long as the rules and procedures set out in this practical guide are followed. If the rules and procedures are not followed, expenditure on the operations in question will become ineligible for financing with EC resources.

In case of agreement, the Head of Delegation signs for endorsement three or four copies of the programme estimate. He keeps one copy and sends the others back to the relevant representative of the beneficiary country(ies) who keeps one copy and sends one copy to the team responsible for implementation of the project or programme and one copy to the supervisory technical ministry, where applicable.

Tips:

➤ Amendments to proposed programme estimates

If changes have to be made in response to comments by the relevant representative of the beneficiary country(ies) and/or the

Head of Delegation, the proposal will have to be modified consequently and go through the approval circuit once again.

In order to avoid losing time like this, it might be a good idea for the team responsible for the financial implementation of the project or programme to submit their proposed programme estimate at a joint meeting with all the authorities concerned. This is also one of the roles of the steering committee, where there is one. The conclusions of this meeting can then be incorporated into the final version of the proposal, which is then likely to be adopted without delay.

➤ **Opening of the “programme estimate” and/or “project” bank account(s) and deposit of signatures**

In order to speed up implementation of the programme estimate and payment of the initial allocation (advance/pre-financing), the following formalities - opening the “programme estimate” bank account(s) and/or, where appropriate, the “project” bank account(s), deposit of the signatures of the imprest administrator and the imprest accounting officer, and completion of the form(s) for the “financial identification”- can usefully be done before the programme estimate is signed by the relevant representative of the beneficiary country(ies) and the Head of Delegation.

➤ **Request for payment of the initial allocation**

On the same lines and for the same reasons, the request for transfer of the initial allocation (advance/pre-financing) to the “programme estimate” bank account(s) or, where appropriate, to the “project” bank account(s) may be drawn up and submitted at the same time as the final version of the proposal for a programme estimate.

3.4.2. Time-limits for approving programme estimates

The time taken to draw up a programme estimate and get it adopted will depend on a number of factors (existence of a steering committee playing an active role in the adoption of programme estimates, intervention of one or more technical ministries, etc.) and on the quality of the preparatory work.

So the following should be taken into account:

- Time necessary to the team responsible for the financial implementation of the project or programme to draw up the proposal, including formal or informal consultations with the relevant representative of the beneficiary country(ies), the Head of Delegation and/or the technical supervisory authority;

- Time necessary to the steering committee to assess and verify the proposal, where applicable;
- Time to amend the proposal in the light of the steering committee's recommendations, where applicable;
- Time needed to get the programme estimate approved by the relevant representative of the beneficiary country(ies);
- Time needed to get the programme estimate approved by the Head of Delegation.

Nevertheless, the time taken for preparation and approval of the programme estimate should not exceed 4 months.

Whatever the case, the programme estimate should be ready early enough to be approved and signed by the relevant representative of the beneficiary country(ies) and the Head of Delegation before the start-up of the planned activities of the imprest component of the budget of the programme estimate.

Expenditure paid and/or committed before the date on which the programme estimate is endorsed by the Head of Delegation may under no circumstances be financed by the EDF/BUDGET resources.⁶⁰

Lastly, it is advisable to take account of the time needed for payment of the initial allocation so as to have the necessary funds available for the start-up of the activities of the imprest component of the budget of the programme estimate.

3.5. Use of the contingency reserve and amendments to the programme estimate

3.5.1. Use of the contingency reserve

The imprest component of the budget of the programme estimate usually includes a contingency reserve.

The amount of this reserve may never exceed 10% of the total amount of the imprest component of the budget of the programme estimate excluding contingencies.

⁶⁰ With the only exception of the possible expenses applied by the bank for the opening of the account(s) and/or for the validation of the form(s) for the "financial identification" (see section 3.3.2. of this practical guide).

Use of the contingency reserve is subject to the following conditions:

- Reallocation (internal adjustments) between main headings of the imprest component of the budget of the programme estimate⁶¹ is not or no more possible;
- The imprest administrator and the imprest accounting officer address a written request to the relevant representative of the beneficiary country(ies) explaining why they need to use the contingency reserve. Their request must be supported by a detailed financial estimate of the amount needed and an update of the budget of the programme estimate;
- The prior written agreement of the relevant representative of the beneficiary country(ies) and of the Head of Delegation.

Under those conditions, use of the contingency reserve does not entail an addendum to the programme estimate.

3.5.2. Budget reallocation (internal adjustment)

Reallocation (internal adjustment) between main headings of the budget of the programme estimate or a transfer within the same main heading should not increase or decrease the total amount of the imprest component of the programme estimate or affect the technical solutions initially selected. Furthermore, the result of all successive internal adjustments of the budget of the programme estimate may, at no point in time, modify the budget breakdown foreseen in the corresponding financing agreement.

The imprest administrator may take a commitment on a the basis of internal adjustment of the budget of the programme estimate only at following conditions:

- The imprest administrator and the imprest accounting officer address a written request to the relevant representative of the beneficiary country(ies) explaining the proposed reallocation. Their request must also entail the provision of an updated budget of the programme estimate mentioning the initial amounts, the amounts of the proposed reallocation, the amounts of the previous approved reallocations, if any, as well as the amounts finally amended;
- The prior written agreement of the relevant representative of the beneficiary country(ies);
- The Head of Delegation is informed in writing without delay by the relevant representative of the beneficiary country(ies). This

⁶¹ See section 3.5.2. of this practical guide.

information must include the updated budget of the programme estimate submitted by the imprest administrator and the imprest accounting officer.

Under those conditions, budget reallocation does not entail an addendum to the programme estimate.

3.5.3. Amendments to the programme estimate

Except for use of the contingency reserve and budget reallocations⁶², any amendment to the programme estimate, including to its annexes, has to be the subject of an approved addendum.

The following should be taken into account when making amendments:

- Such changes must be adequately justified by written by the imprest administrator and the imprest accounting officer;
- Such changes must be authorised and the resulting addendum must go through the same circuit for approval by the relevant representative of the beneficiary country(ies) and the Head of Delegation as the programme estimate itself;
- If the total amount of the imprest component of the budget of the programme estimate changes, this change has to be reflected in the imprest commitment concerned, either by making an additional commitment (plus change) or a partial decommitment (minus change).

In case the addendum has a financial impact, it has to include an updated budget of the programme estimate.

Amendments to a programme estimate can only be made within its implementation period.

Addendum cannot cover retroactively activities not foreseen initially in the programme estimate and undertaken before its approval and endorsing by the Head of Delegation.

The implementation period of a programme estimate may not be extended for more than 6 months and may not intrude into the period covered by any subsequent programme estimate.⁶³

⁶² Under the conditions detailed in sections 3.5.1. and 3.5.2. of this practical guide.

The increase of the amount of the initial allocation (advance/pre-financing) must be exceptional. In all cases, it cannot pass the fixed ceiling⁶⁴ and may be authorised only on presentation by the imprest administrator and the imprest accounting officer of a cash flow statement justifying this additional need.

⁶³ In which case it is advisable to draw up an addendum to the next programme estimate to cover the activities which have to be extended or deferred and the additional amounts needed to carry them out.

⁶⁴ See section 3.3.11. of this practical guide.

4. Implementation of programme estimates

Implementation of a programme estimate may involve two types of expenditure:

- The expenditure of the imprest component of the budget of the programme estimate, for which there is an imprest commitment;
- The other expenditure foreseen in the programme estimate, which will be implemented by the award of procurement contracts and/or the award of grants managed directly by the relevant representative of the beneficiary country(ies) and/or the Head of Delegation under specific commitments and for which the related payments will be executed by the European Commission.

4.1. Financial implementation of the imprest component of the budget of the programme estimate

4.1.1. Payment of the initial allocation (advance/pre-financing)

Before the initial allocation (advance/pre-financing) is paid, the following conditions have to be met:

- Opening of the “programme estimate” bank account(s) and/or, where appropriate, of the “project” bank account(s)⁶⁵ and deposit of the necessary signatures.
- The programme estimate is approved and signed by all parties, including by the Head of Delegation.
- The financial identification form(s) is(are) duly completed, signed by the imprest administrator, the imprest accounting officer and the bank representative and annexed to the programme estimate.⁶⁶
- **In the case of direct decentralised operations, financial responsibility in respect of the European Commission for implementation of the programme estimates remains always with the relevant representative of the beneficiary country(ies), whatever may be the extent of the powers and responsibilities delegated to the imprest administrator and the imprest accounting officer.**

It is not necessary to lodge a financial guarantee before payment of the advance/pre-financing requested.

⁶⁵ In this case, this condition will have to be met only once before the payment of the initial allocation for the implementation of the start-up programme estimate.

⁶⁶ In the case of a “project” bank account, this condition will have to be met only once before the payment of the initial allocation for the implementation of the start-up programme estimate.

- **In the case of public indirect decentralised operations, financial responsibility in respect of the European Commission for implementation of the programme estimates remains always with the relevant representative of the beneficiary country(ies),** whatever may be the extent of the powers and responsibilities delegated to the body governed by public law or the body governed by private law with a public-service mission of the beneficiary country(ies).

It is not necessary to lodge a financial guarantee before payment of the advance/pre-financing requested.

- **In the case of private indirect decentralised operations (EDF only), financial responsibility in respect of the European Commission for implementation of the programme estimates remains always with the relevant representative of the beneficiary country(ies),** whatever may be the extent of the powers and responsibilities delegated to the body governed by private law.

Without prejudice to this responsibility, the body governed by private law has always to see to respecting scrupulously the rules and procedures set out in this practical guide and to informing without delay the relevant representative of the beneficiary country(ies) of any problem that can occur in the financial implementation of the project or programme. Moreover, a **financial guarantee** in the same currency⁶⁷ and of an amount equal to that of the advance/pre-financing requested **must be lodged to the relevant representative of the beneficiary country(ies) by the body implementing the programme estimate**⁶⁸.

The financial guarantee must remain valid for 30 days after payment/reimbursement of the balance of the final statement of expenditure financed from the imprest component of the budget of the programme estimate, duly approved by the Head of Delegation.

⁶⁷ If the body finds it difficult to obtain a financial guarantee in national currency, a financial guarantee in euro may - by way of derogation and subject to the agreement of the Head of Delegation - be accepted under the following conditions:

- the amount of the guarantee must be determined by taking into account the possibility of a more unfavourable exchange rate between the national currency and the euro (i.e., the amount of the guarantee calculated in euro using the exchange rate in force on the day in question may be increased by 10%);
- the Head of Delegation must undertake to monitor the exchange rate regularly during implementation of the programme estimate and ask for an additional guarantee if the national currency countervalue of the guarantee in euro has fallen to less than the amount of the advance/pre-financing paid in national currency. Explicit provision for this must be made in the terms of the guarantee.

⁶⁸ This also includes NGOs, private bodies, which implement the programme estimate. NGOs' exemption from having to lodge a bank guarantee for advances of less than EUR 1 million or 90% of the contract applies only to grant contracts.

The amount of the guarantee may be reduced at any time but under no circumstances may it be lower than the balance of the advance/pre-financing not yet cleared or repaid.

Financial guarantees (originals) must be kept by the Head of Delegation in a safe place where they are protected against risks of loss or theft up to the end of their validity.

The expenses incurred in putting up the financial guarantees to obtain advances/pre-financing for implementation of the imprest component of the budget of programme estimates may be covered by that component.

A model of financial guarantee is provided in Annex 8 to this practical guide.

- The relevant representative of the beneficiary country(ies) has received a **request for payment of the initial allocation (advance/pre-financing)** drawn up and signed by the imprest accounting officer and also signed by the imprest administrator.

The approval circuit of the request for payment of the initial allocation (advance/pre-financing) and the corresponding payment is as follows:

- Verification by the relevant representative of the beneficiary country(ies) that the prior conditions for payment of the initial allocation are met and approval of the request;
- Drawing up and signature by the relevant representative of the beneficiary country(ies) of a payment order corresponding to the amount of the advance/pre-financing accepted;
- Sending by the relevant representative of the beneficiary country(ies) of the signed payment order and supporting documents to the Head of Delegation;
- Verification by the Delegation of the payment order and supporting documents;
- For the **EDF**, in the case of a payment request **in national currency**, authorisation of expenditure and signature of the payment order by the Head of Delegation which is then sent to the National Paying Agent responsible for paying the advance/pre-financing to the “programme estimate” bank account or, where appropriate, to the “project” bank account;
- For the **EDF**, in the case of a payment request **in foreign exchange**, authorisation of expenditure by the Head of Delegation. Subsequently, the EDF Accounting Officer will transfer the

amount of the advance/pre-financing to the “programme estimate” bank account or, where appropriate, to the “project” bank account from an European Commission account in a financial institution of an EU Member State;

- For the **BUDGET**, in all cases, authorisation of expenditure by the Head of Delegation. Subsequently, the BUDGET Accounting Officer will transfer the amount of the advance/pre-financing to the transit “project” bank account in euro from an European Commission account.

4.1.2. Replenishment of the “programme estimate” or the “project” bank account(s)

Replenishment request(s) has(have) to be drawn up in accordance with cash flow situation which will in particular depend on the amount of the initial allocation (advance/pre-financing).⁶⁹

For **replenishment** of each “programme estimate” bank account or, where appropriate, of each “project” bank account⁷⁰, the imprest administrator and the imprest accounting officer must draw up and submit to the relevant representative of the beneficiary country(ies) the following documents:

- The **replenishment request** as such, numbered and giving the desired amount and the references of the bank account in question.
- The statement or **record of expenditure** incurred in the period concerned, accompanied by the required supporting documents.
- The **statement justifying the initial allocation** (advance/pre-financing).
- Where relevant, the statement or **record of own resources generated by the project or programme and the use made of them** in the period concerned. This document must be drawn up on the same lines and submitted in the same way as the record of expenditure. All relevant supporting documents should be attached.⁷¹

⁶⁹ To avoid any cash-flow shortage, it will be advisable to take into account of time necessary for verification of the replenishment requests and for the drawing-up and approval of the payment orders by the relevant representative of the beneficiary country(ies) and the Head of Delegation, plus the actual banking transfers.

⁷⁰ For the **BUDGET only**, except for the transit “project” bank account in euro (see section 3.3.9. of this practical guide) when no payment in euro has been made directly from it.

⁷¹ See section 4.1.3. of this practical guide dealing with supporting documents.

- Where relevant, a detailed and verifiable **estimate of cash-flow requirements** until the next replenishment.
- For the **BUDGET only**, a cash-flow table related to the transit “project” bank account in euro and showing amounts collected and disbursed in the period concerned.
- Where relevant and for information, the financial situation of the other contributions provided for in the financing plan of the programme estimate.

All these documents⁷² must be dated and signed by the imprest administrator and the imprest accounting officer, each signatory being identified by the indication of his or her name under his or her signature.

A non exhaustive example of documents to be included in files to support replenishment requests can be found in Annexes 9 and 10 to this practical guide.

The approval circuit for replenishment requests and the corresponding payments is identical to that of payment requests for the initial allocation (advance/pre-financing) described in the previous section.

To be deemed eligible, expenditure has to be incurred in carrying out activities provided for in the duly approved and signed programme estimate. Expenditure performance must also comply with the rules and procedures set out in this practical guide.

Reminder: expenditure paid and/or committed before the date on which the programme estimate is endorsed by the Head of Delegation is not covered by the EDF/BUDGET.⁷³

4.1.3. Documents making up a record of expenditure

Each record of expenditure should include a **cover page, budgetary monitoring documents, financial monitoring documents** and, where appropriate, the **corresponding supporting documents**.

⁷² As must each payment file (see section 4.1.3. of this practical guide).

⁷³ With the only exception of the possible expenses applied by the bank for the opening of the account(s) and/or for the validation of the form for the “financial identification” (see section 3.4.1. of this practical guide).

All these documents and supporting documents should refer to the same period of expenditure to be substantiated and closed at the same date.

A non exhaustive example of documents to be included in expenditure records can be found in Annex 10 to this practical guide.

➤ **Cover page**

The cover page must carry the following information:

- the title of the project or programme;
- the accounting number of the corresponding global financial/budgetary commitment and individual financial/budgetary commitment;
- the title or number of the programme estimate;
- the number of the record⁷⁴;
- the period covered by the record;
- the total amount of justified expenditure in the period covered by the record.

➤ **Budgetary monitoring documents**

The budgetary monitoring documents should make it easy to compare forecast expenditure against expenditure incurred in the course of implementation of the programme estimate.

They consist of:

- a summary table of the monitoring of the budget consumption of the the programme estimate;
- detailed tables of the monitoring of budget consumption by heading and by item;
- the analytical balance sheet.

➤ **Financial monitoring documents**

The financial monitoring documents consist of:

⁷⁴ Records must be numbered in sequence.

- For each currency used (national or foreign exchange), a **summary table plus detailed tables of expenditure** under the same main headings as the budget of the programme estimate. The detailed tables must give, for each item of expenditure, the reference of the corresponding payment file⁷⁵, the date of payment and the nature and amount of expenditure.
- For each currency used (national or foreign exchange), a **reconciliation of the bank balance and the accounting balance of the “programme estimate” bank account or, where appropriate, of the “project” bank account⁷⁶, plus justification of the corresponding cash balance.**
- A **list of ongoing contracts (procurement and grants)** signed by the imprest administrator and financed by the imprest component of the budget of the programme estimate. This list must show, for each contract, the start-up date, the performance time-limit, details of the payments already made (amount and date) and an estimate of remaining payments.
- A **statement of the monitoring of the advances/pre-financing** paid and recovered during the implementation of the contracts signed by the imprest administrator and financed by the imprest component of the budget of the programme estimate.
- A **statement of the monitoring of the financial guarantees** concerning the contracts signed by the imprest administrator and financed by the imprest component of the budget of the programme estimate.

The financial guarantees required for the performance of these contracts⁷⁷ must be retained and kept by the imprest administrator and the imprest accounting officer in a safe place where they are protected against risks of loss or theft. They must also monitor their validity and release them only after the relevant representative of the beneficiary country(ies) draws up the act releasing the guarantee.

- A **perpetual inventory of investments and capital goods** financed by the EDF/BUDGET resources.

⁷⁵ See this section dealing with supporting documents.

⁷⁶ For the **BUDGET only**, except for the transit “project” bank account in euro (see section 3.3.9. of this practical guide) when no payment in euro has been made directly from it.

⁷⁷ See sections 4.2.2. and 4.2.4. of this practical guide.

➤ **Supporting documents**

Supporting documents should facilitate an exhaustive verification of the regularity and relevance of expenditure incurred.

The Head of Delegation has to decide, in particular on the basis of the availability and the reliability of local financial audit expertise, how to perform the verification of the supporting documents. In case it is not going to be effected by the Delegation, it will have to be performed by an external auditor.⁷⁸

This must be specified in the technical and administrative implementing arrangements of the corresponding programme estimates.

When the verification is performed by the Delegation or at the request of the relevant representative of the beneficiary country(ies) and/or the Head of Delegation, the originals (copies are not admissible) of supporting documents must be attached to the records of expenditure.⁷⁹

The supporting documents should include the following information at least:

- bank statements for the period covered;
- the bank ledger;
- the cash ledger;
- petty cash statement;
- the contracts signed by the imprest administrator;
- the payment files.⁸⁰

Payment files should be physically organised so as to mirror the order of the summary table of expenditure for the period concerned. Each payment file has to be signed by the imprest administrator and by the imprest accounting officer and should make it possible to check that:

⁷⁸ See section 4.1.7. of this practical guide.

⁷⁹ Concerning conservation of supporting documents please refer to section 4.1.8. of this practical guide.

⁸⁰ The supporting documents for the record of own resources generated by the project or programme and of their use should therefore include revenue as well as payment files.

- expenditure was committed validly;
- expenditure was validated, paid and discharged correctly.

Validation of expenditure is the act whereby the authorising officer responsible:

- verifies the existence of the creditor's entitlement;
- determines or verifies the reality and the amount of the claim;
- verifies the conditions in which payment is due.

Expenditure for which a cheque has been written but not yet debited from the “programme estimate” bank account or, where appropriate, from the “project” bank account cannot be considered as expenditure incurred and eligible to financing by the EDF/BUDGET resources.⁸¹

The advances/pre-financing paid cannot be considered as expenditure incurred and eligible to financing by the EDF/BUDGET resources⁸², except for advances/pre-financing paid for the performance of contracts conformable to the model contracts included in the annexes of the practical guide to contract procedures for EC external actions.

A list of examples of supporting documents, grouped by type of expenditure, to be included in the payment files can be found in Annex 11 to this practical guide.

4.1.4. Reimbursement - clearing advance/pre-financing

The amount of the replenishment of the “programme estimate” bank account or, where appropriate, of the “project” bank account may not be more than the amount of duly justified and accepted expenditure. However, it may or has to be less with a view to partially or totally clearing the initial allocation (advance/pre-financing).

⁸¹ The written cheques but not yet debited from the “programme estimate” bank account or, where appropriate, from the “project” bank account must be booked in a suspense account in the liabilities of the balance sheet. The statement of this account has to be notably annexed to the reconciliation of the bank balance and the accounting balance of the “programme estimate” or “project” bank account.

⁸² The advances/pre-financing paid must be booked in a suspense account in the assets of the balance sheet. The statement of this account has to be notably annexed to the reconciliation of the bank balance and the accounting balance of the “programme estimate” bank account or, where appropriate, of the “project” bank account.

The initial allocation (advance/pre-financing) must therefore be cleared as soon as the cash flow situation allows, and at the latest by means of the closure request.

It is the responsibility of the Head of Delegation to make sure that initial allocations paid under programme estimates are scrupulously monitored.

The Head of Delegation should therefore check the frequency of requests for replenishment and closure, including the provision of all necessary supporting documents, and serve notice on the imprest administrator and the imprest accounting officer and on the relevant representative of the beneficiary country(ies) if the time-limits laid down in the programme estimate are not met. It goes without saying that no further transfer of funds to the “programme estimate” bank account or, where appropriate, to the “project” bank account can be authorised by the Head of Delegation in this case.

4.1.5. Closure of a programme estimate

➤ Closure request

The closure request, including the final statement of expenditure of the imprest component of the budget of the programme estimate, must be submitted to the relevant representative of the beneficiary country(ies) and the Head of Delegation for approval not later than three months after the end of the period covered by the programme estimate in question.⁸³

Programme estimates must be closed not later than six months after the end of the period they cover.⁸⁴

The procedure for drawing up, submitting and approving closure requests is the same as for replenishment requests. But the replenishment request is replaced by a similar document entitled “request for closure”, which gives the final balance to be refunded or, where appropriate, recovered. At this point a detailed estimate of cash requirements is no longer necessary.

⁸³ For the last programme estimate implementing the corresponding financing agreement, at least 3 months after the start-up of the closure phase of this programme estimate (see section 3.3.4. of this practical guide).

⁸⁴ For the last programme estimate implementing the corresponding financing agreement, at least 3 months after the start-up of the closure phase of this programme estimate (see section 3.3.4. of this practical guide).

Having verified the closure request, the relevant representative of the beneficiary country(ies) will have to compare the accepted amount of total expenditure incurred during implementation of the imprest component of the budget of the programme estimate with the total amount of funds deposited on the “programme estimate” bank account or, where appropriate, on the “project” bank account in order to:

- Completely clear the initial allocation (advance/pre-financing);
- In principle, issue a recovery order (RO) for the repayment of the non-justified balance of the initial allocation (advance/pre-financing), in case of use of a “programme estimate” bank account, or for the transfer of this balance to the books of the following programme estimate, in case of use of a “project” bank account;
- Exceptionally, issue a payment order (PO) to refund the final balance on the “programme estimate” bank account or, where appropriate, on the “project” bank account concerned.

On issuing a recovery order, the relevant representative of the beneficiary country(ies) must make sure that the sum due is indeed reimbursed.

In case of use of a “programme estimate” bank account, the unused balance of the advance/pre-financing must to be refunded to the EDF⁸⁵ or, for the BUDGET, transferred to the transit “project” bank account in euro⁸⁶. Transfer of the remaining advance/pre-financing to the next programme estimate is not permitted.

The bank costs incurred in making this transfer are eligible for the EDF/BUDGET, if any.

The amounts corresponding to non-accepted or non-justified expenditure must be refunded without delay by the imprest administrator and the imprest accounting officer or, where applicable, by the body concerned. If they fail to do so and if a financial guarantee was not obtained before payment of the initial allocation, the relevant representative of the beneficiary country(ies) will become responsible for the debt. Consequently, the amounts due will have to be refunded to the EDF/BUDGET by the beneficiary country(ies) concerned.

⁸⁵ To the National Paying Agent’s account if the amount is in national currency and to the European Commission’s account in Brussels if the amount is in euro or other foreign exchange.

⁸⁶ See section 3.3.9. of this practical guide.

Any unused own resources must be paid to the EDF/BUDGET before closure of the last programme estimate.

➤ **Balance of the “programme estimate” bank account = 0**

Following execution of the recovery or, where appropriate, payment order, the balance of the “programme estimate” bank account will be zero, which will allow:

- its closure;
- the financial closure of the imprest component of the budget of the programme estimate;
- the accounting closure of the corresponding imprest commitment.

To this end, the imprest administrator and the imprest accounting officer have to provide the relevant representative of the beneficiary country(ies) with the bank statement showing the balance of the “programme estimate” bank account at zero and the closure notice of that bank account. These documents must then be transmitted to the Head of Delegation so that the corresponding imprest commitment can be closed.

In the event of failure to reimburse non-accepted or non-justified expenditure, failure to reimburse the unused balance of advance/pre-financing or failure to close the programme estimate at the latest 6 months after the end of the period covered (N) by it, the Head of Delegation has the obligation to withhold approval of the next programme estimate (N+2) until the accounts are in order.

In the case of direct decentralised operations, where claims that the EDF/BUDGET has on the relevant representative of the beneficiary country(ies) are not recovered within the time-limit, the Head of Delegation must take all necessary measures to obtain actual repayment of the amounts due, including, if necessary, suspension of the use of that type of implementation of projects and programmes with the beneficiary country(ies) concerned.⁸⁷

⁸⁷ See Article 46(4) of the 9th EDF Financial Regulation. For the **EDF**, this power has been subdelegated to the Heads of Delegation by the AIDCO/C Director.

4.1.6. Records and accounts

The records and accounts must cover all activities financed by all sources of financing, including the own resources generated by the project or programme itself. They must ensure compliance with generally accepted accounting principles and be kept in accordance with the rules of the beneficiary country concerned.

The rules on the currency in which the accounts are kept are set out in Annex 7 to this practical guide.

With this in mind, a general system of double-entry, budgetary and analytical accounts linking expenditure to each source of financing and with each activity carried out under the imprest component of the budget of the programme estimate should be set up for the purposes of financial management of the project or programme. This system should also make it possible to keep a perpetual inventory of investments and capital goods financed under the project or programme.

It is up to the relevant representative of the beneficiary country(ies) and the Head of Delegation to make sure of the use of an accounting software package showing all the guarantees of reliability and security.

In parallel, both the relevant representative of the beneficiary country(ies) and the European Commission should each keep detailed accounts and records of the financial transactions of each imprest commitment covering the imprest component of the budget of each programme estimate implementing the project or programme.

4.1.7. Audits

Provision must be made for external audits, specifying their type and frequency, in the formulation phase of any project or programme.

External audits must be carried out by an approved auditor who is a member of an internationally recognised supervisory body for statutory auditing⁸⁸. The auditor will be in charge of the verification that the expenditure by the imprest component of the budget of the programme estimate was committed, validated and paid in accordance with the work programme, the budget and the technical and administrative implementing arrangements for the programme estimate and is compliant with the procedures for awarding contracts and grants as well as with the rules and procedures set out in this practical guide.

The frequency of audits might be yearly or half-yearly or linked to the submission of a each new replenishment request and/or the closure request.

⁸⁸ Where this is not possible, by an appropriately trained auditor.

When total expenditure incurred by the imprest component of the budget of a programme estimate amounts to the equivalent of EUR 200,000 or more, the expenditure must always be financially audited before the submission of the closure request.

In the case of important or particularly complex projects and programmes from the financial management point of view, or projects and programmes where there is a risk of non-substantiated expenditure, it is recommended that an audit of the systems and procedures set up by the imprest administrator and the imprest accounting officer be carried out in the start-up phase or at the beginning of the operational phase of the project or programme.

For obvious reasons of external auditors independence, contracts for audits, especially those on the management and the financial implementation of the imprest component of the budget of programme estimates, should always be financed by specific commitments. Furthermore, these contracts have to be concluded and managed by the European Commission for and on behalf of the beneficiary country(ies) concerned.⁸⁹

4.1.8. Conservation of supporting documents

All bookkeeping documents relating to the implementation of a global financial/budgetary commitment should be kept for 5 years from the date of the decision on discharge⁹⁰ of the financial implementation of the EDF/BUDGET resources in the financial year in which the commitment was closed. Year N is usually discharged at the end of the N+2 year.

Consequently, once a project or programme is completed, all supporting documents of a financial and contractual nature have to be kept for at least 7 years after the closure of the corresponding global financial/budgetary commitment.

In order to guarantee conservation and actual availability of the supporting documents when needed, all provisions related to their archiving as well as their conservation must be decided by the Head of Delegation.

⁸⁹ For the **EDF**, see also part II, point 9 of the General Regulations of 2002.

⁹⁰ NB. the European Parliament, acting on a Council of the European Union recommendation, gives each year discharge to the European Commission in respect of the financial implementation of the resources of the different EDFs and of the BUDGET.

4.1.9. Staff management

The rules for managing the various categories of staff are set out in the technical and administrative implementing arrangements for the programme estimate. They must include, or refer to, procedures for making available or recruiting staff, national legislation on the subject, the type of contract used and related social entitlements (social security, insurance, etc).

The recruitment procedures and elements of the remuneration package of management staff have to be approved by the relevant representative of the beneficiary country(ies) and the Head of Delegation.⁹¹

Terms of reference should be established for the recruitment of contractual staff. A standard contract is concluded between the imprest administrator and each staff member on contract. These contracts are usually for a fixed term coinciding with the duration of the programme estimate.

A standard contract, a staff list, pay scales, rates for additional allowances and rates for daily allowances paid for missions should be annexed to the programme estimate.

Staff management is the responsibility of the imprest administrator and the imprest accounting officer, whose functions include:

- drawing up each year a list of staff by function and by name, indicating their pay and related contributions borne by the imprest component of the budget of the programme estimates;
- keeping an up-to-date staff register;
- keeping a payroll with monthly tables showing details of expenditure on staff;
- drawing up each year, by category of staff, the rates of daily allowances paid for missions.

Any proposed change in staffing should be mentioned in the programme estimate. Any unforeseen change during implementation of the programme estimate requires the prior written authorisation of the relevant representative of the beneficiary country(ies), who then without delay notifies the Head of Delegation.

⁹¹ In particular, when they approve the first operational programme estimate.

4.1.10. Transfer of materials and equipment at the end of the implementation of the project or programme

The materials and equipment financed by the EDF/BUDGET resources over successive programme estimates remain the property of the project or programme throughout its implementation. They must be used exclusively for carrying out activities provided for in the programme estimates.

Materials and equipment are normally handed over to the administration concerned of the beneficiary country(ies) during closure of the last programme estimate. The relevant representative of the beneficiary country(ies) may, in agreement with the Head of Delegation, decide to assign them to other projects or programmes financed by the EDF/BUDGET. The assignment of the materials and equipment must be the subject of one or several minutes, on the one hand, drawn up on the basis of the perpetual inventory of investments and capital goods acquired during the implementation of the project or programme and, on the other hand, duly approved and signed by the imprest administrator and the imprest accounting officer as well as by the beneficiary(ies).

The materials and equipment may exceptionally be sold to outside economic operators with the approval of the relevant representative of the beneficiary country(ies) and the Head of Delegation. The income generated by these sales must be entered in the accounts as own resources generated by the project or programme.

<p>The conditions for the assignment or the sale of the materials and equipment must be specified in the technical and administrative implementing arrangements of the last programme estimate.</p>
--

4.2. Award and performance of procurement contracts and grants provided for in the programme estimate

4.2.1. Award of procurement contracts

The procedures for the award of procurement contracts, whether financed by the imprest component of the budget of programme estimates (imprest commitment) or by specific commitments, must comply:

- For the **9th EDF**, with the General Regulations of 2002 for service, supply and works contracts financed by the EDF and with the practical guide to contract procedures for EC external actions;
- For the **7th and 8th EDFs**, with the General Regulations of 1990 for works, supply and service contracts financed by the EDF;
- For the **BUDGET**, with Title IV of Part II of the Financial Regulation and its corresponding Implementing Rules, with the Rules and Procedures applicable to service, supply and works contracts financed by the general budget of the European Communities in the course of cooperation with third countries and with the practical guide to contract procedures for EC external actions.

However, in the case of procurement contracts financed by the imprest components of the budget of the programme estimates of a single project or programme or for all decentralised projects or programmes to be carried out according to the procedures set out in this practical guide, the Head of Delegation and the relevant representative of the beneficiary country(ies) may agree to lower the award thresholds in the interests of sound financial management of the EDF/BUDGET resources.

For instance, the equivalent to EUR 5,000, for the **9th EDF**, or to EUR 10,000, for the **BUDGET**, threshold below which contracts financed by the imprest component of the budget of the programme estimates may be awarded on the basis of a single tender, could be lowered.

This decision must be specified in the technical and administrative implementing arrangements of the corresponding programme estimates.

The following contracts:

- **service contracts worth the equivalent of EUR 200,000 or more,**
- **supply contracts worth, for the EDF, more than the equivalent of EUR 150,000 and, for the BUDGET, the equivalent of EUR 150,000 or more, and**
- **works contracts worth the equivalent of EUR 300,000 or more**

have to be financed with specific commitments. Indeed, these contracts will have to be concluded and managed directly by the relevant representative of the beneficiary country(ies) (decentralised management) or by the European Commission (centralised management) and the related payments will be executed by the European Commission.

Service contracts concluded through framework contracts (EDF only) and audit and evaluation contracts have also to be financed with specific commitments as they have to be concluded and managed by the European Commission for and on behalf of the beneficiary country(ies) concerned.⁹²

All other contracts can be financed by the imprest component of the budget of the programme estimates. However, in the case of a single project or programme or for all decentralised projects or programmes to be carried out according to the procedures set out in this practical guide, the Head of Delegation and the relevant representative of the beneficiary country(ies) may agree to lower the thresholds above which the contracts have to be financed with specific commitments and managed directly by the relevant representative of the beneficiary country(ies). This decision must be specified in the technical and administrative implementing arrangements of the corresponding programme estimates.

Where the signing of contracts is delegated to the imprest administrator, the relevant representative of the beneficiary country(ies) may decide whether to approve all proposals for award of contracts financed by the imprest component of the budget of the programme estimates, some of them on the basis of thresholds, or none. The role of the relevant representative of the beneficiary country(ies) in these situations must therefore be specified, if possible in the TAP annexed to the financing agreement, but without fail in the technical and administrative implementing arrangements of the corresponding programme estimates. The same applies to other powers of the relevant representative of the beneficiary country(ies) in precontractual matters.

⁹² For the EDF, see part II, point 9 of the General Regulations of 2002.

Decisions concerning the procurement and award of contracts financed by the imprest component of the budget of the programme estimates have to be referred for approval to the Head of Delegation.

The Head of Delegation's approval is nevertheless not required for contracts worth up to the equivalent of EUR 50,000 (or other reduced threshold as described earlier). In that case, there will be an ex-post control only at the moment of the analysis of the requests for replenishment and closure.

The ex-post control should concern in particular :

- **relevance of the contract;**
- **non-splitting of the contract in order to bypass the procurement thresholds;**
- **where relevant, compliance with the rule on nationality and with the rule on origin;**
- **existence of a potential conflict of interests;**
- **check that the contractor is not subject to a W5 warning (exclusion from the award of a contract financed by the EDF/BUDGET resources) in the Early Warning System (EWS) of the European Commission;**
- **reasonableness of the contract amount.**

At the end of this ex-post control and in case of establishment of non compliance with the contract procedures or of non relevance of the contract, this signed by the imprest administrator may under no circumstances be financed by the EDF/BUDGET resources.

Contracts financed by the imprest component of the budget of the programme estimates and accordingly signed by the imprest administrator may not be signed for endorsement by the Head of Delegation.

Before notifying the award of a contract financed by the imprest component of the budget of a programme estimate, the imprest administrator has to be sure that the successful tenderer is not subject to a W5 warning (exclusion from the award of a contract financed by the EDF/BUDGET resources) in the Early Warning System (EWS) of the European Commission.

In case of modification in comparison with the tender of the successful tenderer on which the proposal for the award of the contract was approved, the imprest administrator has to obtain the approval of the Head of Delegation before signing the corresponding contract. In the event of failure to meet this obligation, this contract may under no circumstances be financed by the EDF/BUDGET resources.

The role of the Head of Delegation concerning the approval of the decisions related to the procurement and award of contracts must be specified in the technical and administrative implementing arrangements of the corresponding programme estimates.

Contracts financed by the imprest component of the budget of the programme estimates are signed by the imprest administrator for and on behalf of the relevant representative of the beneficiary country(ies) and by the contractors.

Summary tables are given in Annexes 13 and 14 to this practical guide.

4.2.2. Performance of contracts

The performance of contracts, whether financed by the imprest component of the budget of the programme estimates (imprest commitment) or by specific commitments, is governed:

- For the **9th EDF**, by the General Conditions for works, supply and service contracts financed by the EDF and by the practical guide to contract procedures for EC external actions;
- For the **7th and 8th EDFs**, by the General Conditions for works, supply and service contracts financed by the EDF;
- For the **BUDGET**, by the practical guide to contract procedures for EC external actions.

4.2.3. Award of grants

The procedures for the award of grants, whether financed by the imprest component of the budget of the programme estimates (imprest commitment) or by specific commitments, must comply:

- For all the EDFs (**7th, 8th and 9th EDFs**), with the practical guide to contract procedures for EC external actions;
- For the **BUDGET**, with Title IV of Part II of the Financial Regulation and its corresponding Implementing Rules, with the Rules and Procedures applicable to service, supply and works

contracts financed by the general budget of the European Communities in the course of cooperation with third countries and with the practical guide to contract procedures for EC external actions.

However, in the case of a single project or programme or for all decentralised projects or programmes to be carried out according to the procedures set out in this practical guide, the Head of Delegation and the relevant representative of the beneficiary country(ies) may agree to lower the equivalent to EUR 10,000 threshold below which grants financed by the imprest component of the budget of the programme estimates may be awarded without a call for proposals in the interests of sound financial management of the EDF/BUDGET resources.

This decision must be specified in the technical and administrative implementing arrangements of the corresponding programme estimates.

Grants over the equivalent of EUR 100,000 have to be financed with specific commitments. Indeed, these grants will have to be awarded and managed directly by the relevant representative of the beneficiary country(ies) (decentralised management) or by the European Commission (centralised management) and the related payments will be executed by the European Commission.

However, in the case of a single project or programme or for all decentralised projects or programmes to be carried out according to the procedures set out in this practical guide, the Head of Delegation and the relevant representative of the beneficiary country(ies) may agree to lower the threshold above which the grants have to be financed by specific commitments and managed directly by the relevant representative of the beneficiary country(ies). This decision must be specified in the technical and administrative implementing arrangements of the corresponding programme estimates.

Where the signing of contracts is delegated to the imprest administrator, the relevant representative of the beneficiary country(ies) may decide to approve all proposals for award of contracts financed by the imprest component of the budget of the programme estimates, some of them on the basis of a threshold, or none. The role of the relevant representative of the beneficiary country(ies) in these situations must therefore be specified, if possible in the TAP annexed to the financing agreement, but without fail in the technical and administrative implementing arrangements of the corresponding programme estimates. The same applies to other powers of the relevant representative of the beneficiary country(ies) in precontractual matters.

The role of the Head of Delegation is the same throughout the grant-award procedure, whether for grants financed by the imprest component of the budget of the programme estimates or those financed with specific commitments. In particular, the text of calls for proposals and proposals for the award of grants financed by the imprest component of the budget of the programme estimates have to be approved by the Head of Delegation.

Contracts financed by the imprest component of the budget of the programme estimates are signed by the imprest administrator for and on behalf of the relevant representative of the beneficiary country(ies) and by the grant beneficiaries.

Contracts financed by the imprest component of the budget of the programme estimates and accordingly signed by the imprest administrator may not be signed for endorsement by the Head of Delegation.

Summary tables are given in Annexes 13 and 14 to this practical guide.

4.2.4. Performance of grants

The performance of grants, whether financed by the imprest component of the budget of the programme estimates (imprest commitment) or by specific commitments, is governed, for all the EDFs (**7th, 8th and 9th EDFs**) and for the **BUDGET**, by the practical guide to contract procedures for EC external actions.

4.2.5. End of the time-limit for performing contracts

The performance of contracts to implement financing agreements, whether financed by the imprest components of the budget of the programme estimates or by specific commitments, excluding contracts for audits and final evaluations and technical assistance contracts implying financial closure activities of the corresponding projects or programmes, may under no circumstances be prolonged beyond the end of the operational implementation phase of the corresponding financing agreements.

4.3. Implementation reports

During implementation of each programme estimate, the imprest administrator and the imprest accounting officer must draw up and submit brief interim implementation reports and a comprehensive final implementation report.

These technical, financial and monitoring reports should provide as a minimum:

- A summary report on the activities carried out, problems encountered and solutions found; the activities carried out should be related to the provisional timetable and explanations given for any delays.
- A financial situation, including a summary of expenditure incurred over the period in question and the remaining balance for each item of the budget; expenditure incurred should be correlated to the financing plan.
- Monitoring of planned activities; this includes comparing the results obtained against the objectives, using the monitoring indicators set out in the logical framework.

Brief interim implementation reports have to be drawn up at least every 3 months.

The comprehensive final implementation report has to be submitted at the latest 30 days after the end of the period covered by the corresponding programme estimate.⁹³

Reports are to be sent to the technical ministry concerned, the relevant representative of the beneficiary country(ies) and the Head of Delegation or, where one has been set up, to the steering committee.

⁹³ For the last programme estimate implementing the corresponding financing agreement, at least 30 days after the start-up of the closure phase of this programme estimate (see section 3.3.4. of this practical guide).