

European Commission

**Directorate General for Development
and Cooperation - EuropeAid**

**Practical guide to
procedures for
programme estimates
(project approach)**



Version 4.1 – Mars 2013

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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 partially decentralised management under the responsibility of Directorate General for Development and Cooperation - EuropeAid (DG DEVCO) and the Delegations of the European Union in the beneficiary countries, to:

- **all programme estimates financed under the 10th European Development Funds (EDF) resources¹,**
- **programme estimates financed under the general budget of the European Union (Budget),**

when the criteria necessary for decentralised management are not fully met but that payments within ceilings are nevertheless decentralised.²

This practical guide applies to projects and programmes formulated according to the aid delivery method known as “project approach”³ and in no case to projects and programmes under budgetary aid and support for sectoral programmes.

This practical guide applies to any new programme estimate signed from the 1st January 2013⁴.

This practical guide constitutes the instructions from the Director General of DG DEVCO. These must be applied by all the actors intervening in the implementation and the control of programme estimates that must respect the rules and procedures set out in this guide.

Any exception from the rules set out in this practical guide has to be prior approved by the Geographical Director concerned of DG DEVCO.

¹ And resources of the 9th EDF when the corresponding Financing Agreements have been subject to a rider allowing the application of the contracting procedures of the 10th EDF. Otherwise, please refer version 3.0 of this guide.

² See section 2.2.3. of this practical guide.

³ 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.

⁴ As indicated under article 6.3 of Financing Agreements, all programme estimates implementing the Financing Agreement must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

Most of the projects and programmes for which programme estimates are used are implemented under the responsibility of the Delegations of the European Union 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 Delegations⁵ in accordance with the empowerment delegated by each Geographical Director of DG DEVCO.

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 the Geographical Directorate concerned of DG DEVCO.

- For the **Budget**, programme estimates have to be used in case the European Commission implements the Budget by means of decentralised management with the beneficiary countries in accordance with Article 58 of the Financial Regulation applicable to the Budget, including where the beneficiary countries have qualified management staff in their departments or entities with public-sector participation that performs the activities directly by direct labour in accordance with Article 261.2 of the Implementing Rules of the Financial Regulation applicable to the Budget.
- 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 partially decentralised management with the ACP States in accordance with the provisions set out in the ACP-EU 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.⁶

The rules and procedures set out in this practical guide also apply *mutatis mutandis* to programme estimates for “all ACP” projects and programmes (Secretariat of the ACP Group of States, CDE, CTA, etc.).

This practical guide complements the DEVCO companion to financial and contractual procedures applicable to external actions financed from the general budget of the EU and the 10th EDF, and the practical guide to contract procedures for EU external

⁵ Including the regionalised Delegations under each regional Delegation.

⁶ 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 EDF.

actions, available via DG DEVCO's intranet site on the "Financing and contracting: Guides" page under "Finance & Contracts" and via EuropeAid's internet site under "Work with us" and "Procedures & documents".

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 partially decentralised management, implying the drawing up and the implementation of programme estimates, and financed under the 10th EDF** are:

- The ACP-EU Partnership Agreement signed in Cotonou on 23 June 2000⁷ as revised once by the Agreement signed in Luxemburg on 25 June 2005⁸ and twice by the Agreement signed in Ouagadougou on 22 June 2010⁹, in particular Article 24 ("Implementation by direct labour") of Annex IV ("Implementation and management procedures").
- The Financial Regulation applicable to the 10th EDF adopted on 18 February 2008¹⁰ and modified on 11 April 2011¹¹ by the Council of the EU, in particular Title VI dealing with direct labour operations.
- 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 partially 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 Union adopted on 25 October 2012¹² by the Council of the EU as well as the Rules of Application of this Financial Regulation adopted on 29 October 2012 by the European Commission.
- This practical guide.

⁷ Official Journal of the European Union L 317, 15.12.2000.

⁸ Official Journal of the European Union L 209, 11.8.2005.

⁹ Official Journal of the European Union L 287, 4.11.2010.

¹⁰ Official Journal of the European Union L 78, 19.3.2008.

¹¹ Official Journal of the European Union L 102, 16.4.2011.

¹² Official Journal of the European Union L 298, 26.10.2012 (Council Regulation 966/2012)

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

2.1. EDF context

2.1.1. Decentralised management

In most cases, the European Commission undertakes the financial implementation of 10th EDF resources by means of decentralised management with the ACP States in accordance with the conditions set out in the revised Cotonou Agreement, based in particular on the sharing of responsibilities provided for in Article 57 of that Agreement (concerning guidelines for development finance cooperation) and in Articles 34, 35 and 36 of Annex IV to the Agreement (on agents responsible for the management and implementation of EDF resources).

In decentralised management the European Commission delegates some executive tasks to the ACP States.

Generally, contracts are concluded by representatives of the ACP States but the corresponding payments are made by the European Commission (partially decentralised management).

In accordance with the ceilings¹³ indicated in this practical guide, payments may be made by the representatives¹⁴ of the ACP States provided that the rules and procedures set out in this practical guide are respected (partially decentralised management).

The ACP States' implementation of operations financed from EDF resources is also subject to scrutiny by the European Commission. Such scrutiny may be exercised by means of prior approval (ex ante control), ex post control or a combined procedure.

The European Commission carries out an ex ante control of all the important stages of contractual procedures. In the cases set out in this Practical Guide, the European Commission may carry out ex post control of procurement-award procedures as well as of payments.

¹³ See Chapter 2.3. of this practical guide.

¹⁴ Natural or legal persons (see section 2.1.2. of this practical guide).

2.1.2. Implementation by direct labour (decentralised operations)

Annex IV to the revised Cotonou Agreement provides for implementation of projects and programmes by direct labour as follows¹⁵:

“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.”

2.1.3. 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, entrusted by the European Commission to the authorities of the beneficiary ACP State or States, shall be performed directly in public departments of the State or States concerned.

In addition, all or part of the activities foreseen in those projects and programmes (operational implementation tasks) can also be performed directly by public departments of the ACP State or States concerned (= direct labour).

¹⁵ Article 24 of Annex IV to the revised Cotonou Agreement.

- **Public indirect decentralised operations**

In the case of public indirect decentralised operations, the representative of the beneficiary ACP State or States shall entrust tasks relating to the financial implementation of projects or programmes, delegated by the European Commission, to bodies governed by public law¹⁶ or bodies governed by private law with a public-service mission of the State or States concerned. 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 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 these contracts, including their financial implementation, and the supervision of works on behalf of or for the account of the ACP State or States concerned.
- the representative of 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 representative of the beneficiary ACP State or States shall entrust tasks relating to the financial implementation of projects or programmes, delegated by the European Commission, to bodies governed by private law, that are legally distinct from the ACP State or States concerned.

¹⁶ 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.

In such cases:

- the body concerned shall assume responsibility for the 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 these contracts, including their financial implementation, and the supervision of works on behalf of or for the account of the ACP State or States concerned.
- the representative of the ACP State or States concerned shall first conclude a service contract with the body concerned.

In case of financing by EDF resources, the service contract with the body responsible for the financial implementation of the project or programme must be awarded in accordance with the practical guide to contract procedures for EU external actions.

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.¹⁷

2.2. Budget context

2.2.1. Framework

In accordance with the Financial Regulation¹⁸, the authorities of beneficiary third countries can be entrusted with budget implementation tasks, as soon as they respect the principles of sound financial management, transparency and non-discrimination and that they ensure the visibility of Union action when they manage Union funds. They shall guarantee a level of protection of the financial interests of the union equivalent to that required under the Financial Regulation when they manage Union funds, with due consideration to:

- a) the nature of the tasks entrusted and the amounts involved;
- b) the financial risks involved;

¹⁷ Except and if necessary, when the National (or Regional) Authorising Officer is temporarily replaced by the European Commission Authorising Officer by delegation.

¹⁸ See Article 60 of the Budget Financial Regulation.

- c) the level of assurance stemming from their systems, rules and procedures, together with the measures taken by the Commission to supervise and support the implementation of the tasks entrusted to them.

Therefore, to protect the financial interests of the Union, the authorities of beneficiary third countries shall, in accordance with the principle of proportionality;

- set up and ensure the functioning of an effective and efficient internal control system;
- use an accounting system that provides accurate, complete and reliable information in a timely manner;
- be subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the beneficiary country;
- apply appropriate rules and procedures for providing financing from Union funds through grants, procurement and financial instruments;
- ensure the ex post publication of information on recipients;
- Ensure a reasonable protection of personal data.

It is also acknowledged that:

- where the above requirements are not fully met, a certain degree of decentralisation may nevertheless be decided, provided that the European Commission puts in place measures to supervise and support the implementation of the tasks entrusted and that she 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.

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, entrusted by the European Commission to the authorities of the beneficiary country(ies), shall be performed directly in public departments of the country(ies) concerned.

In addition, all or part of the activities foreseen in those projects and programmes (operational implementation tasks) can also be performed directly by public departments of the beneficiary country(ies) concerned (direct labour).

- **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, delegated by the European Commission, to bodies governed by public law¹⁹ or bodies governed by private law with a public-service mission of the country(ies) concerned. 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 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 these contracts, including their financial implementation, 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.

2.2.3. Cases in which this practical guide applies

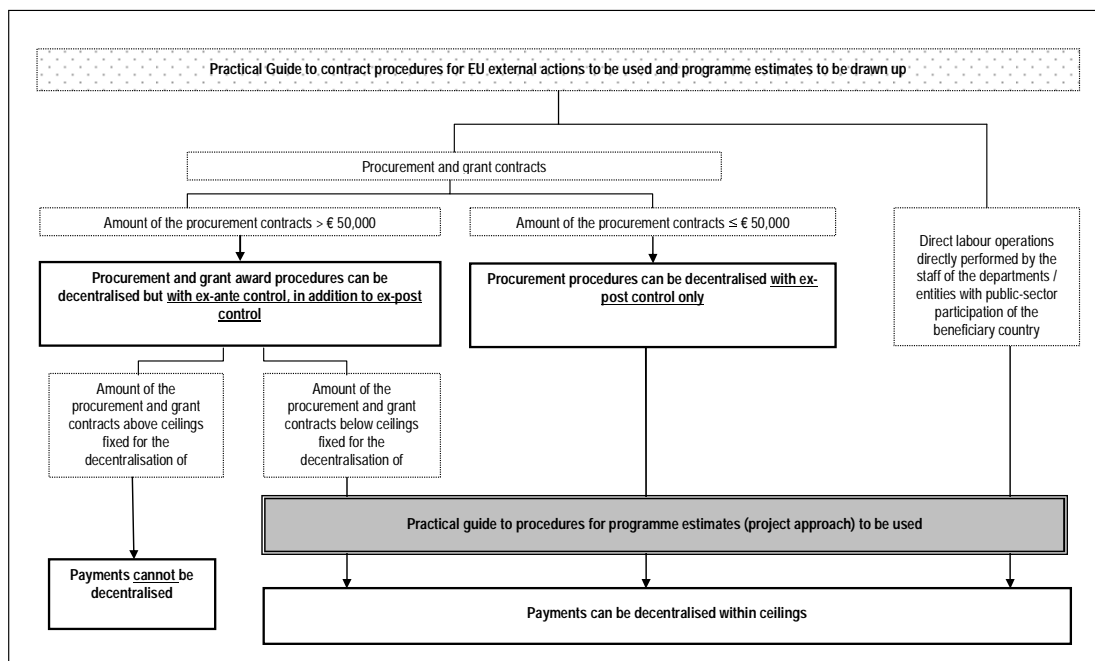
The cases in which this practical guide applies are highlighted in the summary diagram provided hereinafter and in Annex 1 to this practical guide.

¹⁹ 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.

As shown in the diagram, this practical guide is applicable in case the European Commission undertakes the financial implementation of projects and programmes by means of **partially decentralised management** with the beneficiary third countries.

This practical guide is however not mandatory in the following cases:

- when payments are not entrusted to the authorities of the beneficiary country(ies);
- when payments that are entrusted to the authorities of the beneficiary country(ies) are related to procurement contracts and grants above the ceilings²⁰ indicated in this practical guide²¹.



2.3. Ceilings below which execution of payments may be decentralised

In accordance with the authorised ceilings, payments may be made by the representatives²² of the beneficiary countries provided that the rules and procedures set out in this practical guide are respected.

²⁰ See Chapter 2.3. of this practical guide.

²¹ In this case, the first check of the application of the decentralisation criteria is mandatory.

²² Natural persons, bodies governed by public law, bodies governed by private law with a public-service mission or **(EDF only)** bodies governed by private law.

To know which maximum ceilings are applicable, it is necessary to refer to the action fiche corresponding to the project, subject of the financing decision by the European Commission.

For projects subject to financing decisions taken from the 1st January 2013, these ceilings have been determined in comparison with the maximum amount of the procurement contracts and grants to which the payments refer (in equivalent of EUR):

Service contracts	Supply contracts	Works contracts	Grants
< 300,000	< 300,000	< 300,000	≤ 100,000

For projects subject to financing decisions taken before the 1st January 2013, these ceilings have been determined in comparison with the maximum amount of the procurement contracts and grants to which the payments refer (in equivalent of EUR):

Service contracts	Supply contracts	Works contracts	Grants
< 200,000	< 150,000	< 300,000	≤ 100,000

For calls for tenders with several lots, the amounts to consider are those of the call for tender and not those of the different contracts by lot.

Please also refer to Chapter 4.2. of this practical guide.

2.4. Programme estimates

2.4.1. Definition

The programme estimate is 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.

2.4.2. Main characteristics

The main features of programme estimates are:

- A programme estimate is designed to **implement part of a project or programme** covered by a financing agreement.
- A 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.
- A programme estimate is drawn up at **regular intervals, usually yearly**.
- The 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;
 - 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

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

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.

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:
 - 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.

²⁵ See sections 2.5.1. and 2.5.2. of this practical guide for an explanation of their roles.

The creation of “subimprests” is not authorised.

2.5. 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 **EDE**, in the financing agreement, in the practical guide to contract procedures for EU external actions and in this practical guide.

The relevant representative of the beneficiary country(ies) delegates some of his powers for the 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 sign an employment contract, or equivalent²⁷, with the relevant representative of the beneficiary country(ies).

The imprest administrator and the imprest accounting officer are appointed by the National (or Regional) Authorising Officer with the prior approval of the Head of Delegation.²⁸

The imprest administrator and the imprest accounting officer must be able to exercise their tasks and duties independently.

- 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.

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

²⁷ For example an individual service contract covered by the law of the beneficiary country.

²⁸ The approval of these appointments must be done at the latest when the start-up programme estimate (or the first operational programme estimate if no start-up programme estimate is foreseen) is approved and endorsed by the Head of Delegation (see sections 3.3.10. and 3.4.1. of this practical guide).

- 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.

Whatever may be the extent of the powers and responsibilities delegated, 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).

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 provisions²⁹:

- adequate provisions for scrutiny of the use of EDF/European Union funds 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 precise delimitation 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 actions to be financed (grants), the award of contracts or the supervision of works;
- the possibility of *ex post* control and financial penalties where the award of grants or contracts by the body concerned does not comply with the procedures laid down above;
- an effective and efficient internal control system for the management of operations, which includes effective separation of the duties of authorising officer and accounting officer;
- an accounting system that enables the correct use of EDF/European Union funds to be verified and the use of funds to be reflected in the EDF/European Union accounts.

²⁹ For the **EDF**, see Article 102 of the 10th EDF Financial Regulation.

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 financial implementation 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 financial implementation of a decentralised project or programme (**EDF only**).

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 incompatible³⁰. 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 financial implementation duties of imprest administrator shall be carried out by a single person. This also applies to the financial implementation duties of imprest accounting officer.

The financial implementation 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.

As for the part of the work programme of the programme estimate which has to be implemented directly by the relevant representative of the beneficiary country(ies), the imprest administrator and imprest accounting officer may be invited to carry out some or all of the work associated with the preliminary phases of the award of contract or grant: preparation of tender dossiers, preparation of calls for proposals, examination of tenders and proposals, write up the proceedings of contract or grant award proposals, etc. Similarly, the relevant representative of the beneficiary country(ies) may entrust to the imprest administrator and imprest accounting officer the follow-up and supervision of the implementation of the corresponding contracts and grants, which comprises more particularly check on invoices or payment requests. In this case, the technical and administrative implementing arrangements for the

³⁰ See Article 31(1) of the 10th EDF Financial Regulation and Article 64 of the Budget Financial Regulation.

programme estimate, the delegation agreement or the terms of reference annexed to the service contract (**EDF only**) should mention those additional duties entrusted to the imprest administrator and imprest accounting officer or to the body concerned.

The technical and administrative implementing arrangements for the programme estimate should also name the substitute imprest administrator and the substitute imprest accounting officer.

2.5.1. 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.³¹

2.5.2. Imprest accounting officer

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

³¹ So bank transactions and cash disbursements require two signatures, that of the imprest administrator and of the imprest accounting officer.

- prepares and draws up requests for payment of the advance/pre-financing, for replenishment and for closure.

2.5.3. 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 action fiche. 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.

2.6. Internal control

The imprest administrator and the imprest accounting officer, in agreement with the relevant representative of the beneficiary country(ies), must put in place an effective and efficient internal control system for the management of operations for which they are in charge. This internal control system has to complement the rules and procedures set up in this practical guide.

It is advisable that, during the start-up phase of the project or programme, the imprest administrator and the imprest accounting officer set up a simple handbook describing the organisation and procedures put in place in order to ensure this internal control.

Useful information on internal control is included in the “financial management toolkit for recipients of EU funds for external actions”, available at: http://ec.europa.eu/europeaid/work/procedures/financial-management-toolkit_en.htm

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

3.1. Financing agreement

At the end of the identification, formulation and financing phases of the project cycle a financing agreement is drawn up 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, details about the tasks and activities to be carried out and a budget estimate for the project or programme.

The decision to implement projects and programmes to be carried out under decentralised management according to the rules and procedures set out in this practical guide is taken at the formulation stage. Provision made for it must be stated in the corresponding action fiches attached to annual action programmes and properly reflected in the TAP annexed to the corresponding financing agreements.³²

The TAP³³ 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, for 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 financial implementation of the project or programme;
- the frequency of audits/expenditure verifications;
- if applicable, the setting-up of the steering committee and description of its role;
- the setting-up of local or cross-cutting components if any are planned.

³² For the **EDF**, see Article 101(5) of the 10th EDF Financial Regulation.

³³ See TAP template, Part 3.

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 rules and procedures set out in this practical guide, and the drafting of consecutive programme estimates to implement the corresponding projects and programmes.

The general conditions of financing agreements specify that the procedures for implementing programme estimates must comply with the rules in force, which means the rules set out in this practical guide.³⁴

3.2. “Date + 3 years” rule

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

- For the **Budget**³⁵, contracts, whether or not within programme estimates, that implement financing agreements must be concluded (signed by both parties) within 3 years of the entry into force of the financing agreement, which means within 3 years of the date on which the financing agreement was signed by the last party. This deadline may not be extended. Contracts for audits and evaluations may be concluded later, as well as contracts concluded after termination of an existing contract. Riders to existing contracts may also be concluded after this period. If these riders include an increase in the amount of the contracts, the availability of the funds should be verified.

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

- contracts concluded under contracts;
- ordinary operating costs (excluding equipment) of the structure in charge of the management of the project or programme³⁶;
- expenditure incurred for activities performed directly by public departments of the beneficiary country (direct labour) and that do not therefore require contracts to be awarded or concluded³⁷;
- contingencies of the financing agreement (where used after the deadline to cover riders to existing contracts).

³⁴ See financing agreement template, Article 6.3.

³⁵ See Article 189(2) of the Budget Financial Regulation.

³⁶ See section 7.3.1 of the DEVCO manual to financial and contractual procedures applicable to external actions financed from the general budget of the EU and by the 10th EDF : ordinary operating costs cover only local staff, utilities (water, gas, electricity, etc), rental of premises, consumables, maintenance, short term missions and fuel for vehicles; they do not cover the purchase of vehicles and other equipment or any operational activity.

³⁷ See Article 236(2) of the Implementing Rules of the Budget Financial Regulation. In practise, this concerns mostly the payment of salaries.

Consequently, programme estimates intended to cover ordinary operating costs of the structure in charge of the management of the project or programme and/or expenditure for activities to be performed directly by public departments of the beneficiary country (direct labour) may be concluded after the end of this period of 3 years and financed by the Budget, provided that sufficient funds are available.

- For the **10th EDF**³⁸, contracts and programme estimates that implement financing agreements must as a rule be concluded (signed by parties) within 3 years of the entry into force of the financing agreement, which means within 3 years of the date on which the financing agreement was signed by the last party.

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 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.³⁹

Contracts for audits and evaluations may be concluded later, as well as contracts concluded after termination of an existing contract. Riders to existing contracts may also be concluded after this period of 3 years. If these riders include an increase in the amount of the contracts, the availability of the funds should be verified.

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

- contracts concluded under contracts;
- contracts concluded in the framework of implementation of the imprest component of the budget of programme estimates⁴⁰;
- contingencies of the financing agreement (where used after the deadline to cover riders to existing contracts).

³⁸ See Articles 74(2) and 79 of the 10th EDF Financial Regulation.

³⁹ For further details, please refer to section 7.3.1. of the DEVCO Companion.

⁴⁰ The “date + 3 years” rule applies to the component of the budget of the programme estimates covered by specific individual financial commitments.

3.3. Drawing up the programme estimate

3.3.1. Types of commitments (imprest - specific) to be recorded in the DG DEVCO online accounting system

As mentioned in the previous chapter, the programme estimate may comprise two differently managed forms of expenditure which call for different individual financial/budgetary commitments in the DG DEVCO online accounting system (CRIS):

➤ **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 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 closure⁴¹ via the same bank account(s).⁴²

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.

⁴¹ See section 4.1.5. of this practical guide.

⁴² For example, wages 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.

Provision must be made, in the succeeding 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.⁴³

For the **EDF**, the total sum of the imprest component of the budget of each programme estimate implementing the corresponding financing agreement is the subject of the booking of one individual financial commitment^{44 45} in CRIS, referred to as “imprest commitment”. So a new imprest commitment is adopted in this way for each programme estimate implementing the corresponding financing agreement.

For the **Budget**, the total sum of the imprest component of the budget of the first programme estimate implementing the corresponding financing agreement is the subject of the booking of one individual budgetary commitment⁴⁶ in CRIS, referred to as “imprest commitment”. Afterwards and successively, each of the other programme estimates implementing the corresponding financing agreement is the subject of the booking of a rider to the initial imprest commitment in CRIS, in order to increase the committed amount by the total sum of the imprest component of its budget and to extend the period of execution of this commitment.

➤ **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, which will be awarded and managed by the relevant representative of the beneficiary country(ies) and/or the Head of Delegation, will each as and when awarded be the subject of an individual financial/budgetary commitment in CRIS, afterwards referred to as a “specific commitment”. Payments under these contracts will be made in all cases by the European Commission. Each contract and each grant should be individually referred to in the programme

⁴³ See also the last paragraph on the section dealing with the operational phase in section 3.3.4. of this practical guide.

⁴⁴ For the encoding in CRIS, please refer to the corresponding CRIS manual.

⁴⁵ In the case where more than one bank account is necessary for the implementation of the programme estimate, one individual financial commitment by currency of payment of the planned expenditure has to be booked in CRIS.

⁴⁶ For the encoding in CRIS, please refer to the corresponding CRIS manual.

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 that will take longer to execute 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 audit, of which expenditure verification by an external auditor, and evaluation of the project or programme and contracts calling for the framework contract procedure;
- supply contracts;
- works contracts;
- grants;
- staff costs such as the wages, salaries and allocations of staff recruited⁴⁷ for the project or programme;

Concerning seconded officials of the beneficiary country and in accordance with the conclusions of the Council of the European Union on an Operational Framework on Aid Effectiveness⁴⁸, parallel remuneration systems and topping up should be avoided.⁴⁹

⁴⁷ Eventually including those of the imprest administrator and imprest accounting officer

⁴⁸ See CS/2009/15912, 18 November 2009.

⁴⁹ If allocations are paid to officials of the beneficiary country seconded to the project or programme, they must be reasonable in proportion to their salary and/or to the scales existing on the national employment market. **The amount of these allocations must not exceed 50% of their salary.** However, for projects

- administrative expenditure such as the rent of offices and houses, supplies, vehicle costs, mission and travel expenses, per diems, 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.;
- Bank charges⁵⁰, costs of the financial guarantee necessary to obtain the transfer of the advance/pre-financing (**EDF only**)⁵¹ and exchange differences;
- In the case of private indirect decentralised operations (**EDF only**), indirect taxes (VAT, customs duties or equivalent taxes) on purchases made locally insofar as those taxes are due and can not be recovered.

In the case of public indirect decentralised operations, the staff costs of the body concerned as well its own running costs necessary for the financial implementation of the imprest component of the budget of the successive programme estimates may be financed by the imprest component of the budget of these programme estimates.

In the case of private indirect decentralised operations (**EDF only**), the staff costs of the body concerned as well as its own running costs necessary for the financial implementation of the imprest component of the budget of the successive programme estimates cannot be covered by the imprest component of the budget of programme estimates. Indeed, these costs are covered by the budget of the service contract concluded with the body.

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.

and programmes in progress at the moment of publication of this version of the practical guide and, if allocations exceeding that percentage are paid to officials of the beneficiary country seconded to those projects and programmes, they may continue to be eligible until the end of these projects and programmes.

⁵⁰ 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.

⁵¹ See section 4.1.1. of this practical guide.

3.3.3. Types of programme estimates

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

Those 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.⁵²

➤ Start-up phase

The duration of the start-up programme estimate is specified in section 3.3.10. of this practical guide.

➤ The operational phase

Operational programme estimates are normally annual.

The initial duration of a programme estimate may be longer than 12 months but may never exceed 18 months.⁵³

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.

⁵² Only activities relating to the financial closure of a programme estimate for which the 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).

⁵³ Not included a possible extension of the programme estimate within its implementation (see section 3.5.3. of this practical guide).

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 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, any financial audit or expenditure verification by an external auditor as well as the approval of the closure request by the relevant representative of the beneficiary country(ies) and by the Head of Delegation.

During the closure phase, only expenditure, including staff costs, strictly linked to closure activities can be financed by the imprest component of the budget of the last programme estimate.

For the EDF and 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.

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.

3.3.5. Sources of funding for programme estimates

There are several sources of funding 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 remuneration 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 funds (budget support)⁵⁴**

Counterpart funds are constituted by the beneficiary country from:

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

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

➤ **EU contribution**

The EU contribution is usually the principal source of financing.

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

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

⁵⁴ See section 2.3.3. of the guidelines on the programming design and management of general budget support.

For the EDF, when the amount of the advance/pre-financing is more than the equivalent of EUR 250,000, interest yielded on bank account(s) is the property of the EDF. Therefore, this interest cannot be considered as own resources and must be deducted from the final amount of total expenditure incurred during implementation of the imprest component of the budget of the programme estimate.

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

The funds from these different sources of funding (national funds, EU contribution, own resources⁵⁵) must be paid into separate bank accounts and under no circumstances should they be invested.

3.3.6. Contents of the programme estimate

A model operational programme estimate can be found in Annex 4 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.

⁵⁵ 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 **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**;
- a **cash flow forecast**⁵⁶;
- the **technical and administrative implementing arrangements** over the period concerned.

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 framework⁵⁷, 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 succeeding programme estimate).

⁵⁶ See section 3.3.9. of this practical guide.

⁵⁷ The logical framework of the programme estimate should be coherent with the logical framework set up for the corresponding financing agreement.

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 presentation should respect that of the budget included in the TAP annexed to the corresponding financing agreement. So, 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 subactivities⁵⁸, and of project or programme operating costs⁵⁹ over the period concerned.⁶⁰

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 separately⁶¹. 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 easily monitored by the imprest administrator and the imprest accounting officer. The rules governing the currency of a programme estimate are set out in Annex 6 to this practical guide.

⁵⁸ Notably investments and audit or expenditure verification by an external auditor and evaluation expenses.

⁵⁹ Notably rent, permanent staff costs, vehicles running costs, various supplies, and the like.

⁶⁰ See also the corresponding paragraphs dealing with the imprest commitment in section 3.3.1. of this practical guide.

⁶¹ When the own resources are only limited to bank interests or are insignificant, this obligation does not apply.

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

The model 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, EU 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;
- the period covered by the programme estimate;
- the amount of the imprest component of the budget of the programme estimate;
- the references of the bank account(s);
- calculation of the amount of the advance/pre-financing to be paid into the bank account(s);
- provisions on submission and keeping of the supporting documents related to expenditure incurred;
- procedures and thresholds for the award of contracts and grants and for their control by the Head of Delegation;
- cash disbursement procedures and rules on the currency of payments;
- staff management rules;
- provisions on changes to the programme estimate;
- the content and timing of implementation reports;

- provisions on closure of the imprest component of the budget of the programme estimate;
- provisions on external control, such as the frequency of expenditure verification/financial audits;
- tax and customs arrangements.

3.3.7. Bank account(s)

The choice is the following:

- Either to have a different bank account for the financial implementation of the imprest component of the budget of each programme estimate, called hereafter “programme estimate” bank account;
- Or to have a single bank account for the financial implementation of the imprest component of the budget of all the programme estimates, called hereafter “project” bank account.

➤ “Programme estimate” bank account(s)

In principle, the imprest administrator and the imprest accounting officer open a “programme estimate” account⁶² at a bank of the beneficiary country concerned⁶³ and this for each new programme estimate. This bank account will be reserved for payment transactions relating to the financial implementation of activities provided for in the imprest component of the budget of the corresponding programme estimate. It will be credited from the corresponding imprest commitment with the advance/pre-financing and replenished in accordance with cash flow requirements.⁶⁴

One or more bank accounts per programme estimate will be opened in national currency and/or euro and/or another currency according to the currency of payment of the planned expenditure.

⁶² 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.

⁶³ In the case of private indirect decentralised operations (**EDF only**), the account may exceptionally be opened at a bank in the country of the body responsible for the financial implementation of the imprest component of the budget of the programme estimate. This possibility should be duly justified and after approved by the Head of Delegation.

⁶⁴ See section 4.1.2. of this practical guide.

Nevertheless, in order to avoid financial losses due to depreciation of the national currency in comparison with the euro and if the accounting system allows to monitor easily in euro the expenditure incurred in national currency, a bank account in euro may be opened. Consequently and depending on the rules of the beneficiary country concerned, the payments of expenditure incurred in national currency will be made either directly from this bank account in euro, either from a bank account in national currency. The latter will be credited progressively depending on cash flow requirements by transfers from the bank account in euro.

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 6 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.

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. In this case, refer to the part detailed hereafter.

➤ **“Project” bank account(s)**

This alternative is authorised only when the Head of Delegation is satisfied with the accounting system that will allow making sure of the sound treasury management.

In this case, the procedure will be as follows:

- The imprest administrator and the imprest accounting officer open at a bank of the beneficiary country concerned⁶⁵ one or more “project” accounts according to the currency of payment of the planned expenditure. Nevertheless, in order to avoid financial losses due to depreciation of the national currency in comparison with the euro, a bank account in euro may be opened. Consequently and depending on the rules of the beneficiary country concerned, the payments of expenditure incurred in national currency will be made either directly from this bank account in euro, either from a bank account in national currency. The latter will be credited progressively depending on cash flow requirements by transfers from the bank account in euro.
- Such bank account(s) will be reserved for payment transactions relating to the financial 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 advance/pre-financing and replenishments necessary for the implementation of each programme estimate.
- Such bank account(s) will require two signatures, that of the imprest administrator and that of the imprest accounting officer; these accounts, separated by currency, will be used for all financial transactions.
- Payments from such bank account(s) will be made for and on behalf of the relevant representative of the beneficiary country(ies) and normally will 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 should be reflected in the technical and administrative

⁶⁵ In the case of private indirect decentralised operations (**EDF only**), the account may exceptionally be opened at a bank in the country of the body responsible for the financial implementation of the imprest component of the budget of the programme estimate. This possibility should be duly justified and after approved by the Head of Delegation.

implementing arrangements for the corresponding programme estimates.

3.3.8. Petty cash

Payments to cover expenditure under the imprest component of the budget of a programme estimate are usually made by bank transfers or cheques. 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.

3.3.9. Calculation of the amount of the advance/pre-financing

The amount of the advance/pre-financing has to be determined on the basis of the cash flow needs for 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 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 should 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 the risk of financial losses due to depreciation of the national currency in comparison with the euro when expenditure is paid in national currency.

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

3.3.10. Start-up programme estimate (optional)

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 officer⁶⁶ before its approval by the relevant representative of the beneficiary country(ies) and by 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 advance/pre-financing may equal that of the imprest component of the budget of the programme estimate.

A model start-up programme estimate can be found in Annex 5 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;

⁶⁶ 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 advance/pre-financing may be paid at that moment.

- 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 the financing of the imprest component of its budget with EDF resources/by the Budget 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 not become eligible for EDF/European Union financing.

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.

Remarks:

➤ **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” or “project” bank account(s) and deposit of signatures**

In order to speed up implementation of the programme estimate and payment of the advance/pre-financing, the following formalities - opening the “programme estimate” bank account(s) 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 advance/pre-financing**

On the same lines and for the same reasons, the request for transfer of the 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 for 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 usually 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 can be considered eligible for financing by the EDF/Budget only from the date on which the programme estimate is endorsed by the Head of Delegation.⁶⁷

Expenditure linked to activities and ordinary operating costs taking place in a period not covered by two successive programme estimates are not eligible for financing by the EDF/Budget.⁶⁸

If the approval of an operational programme estimate could be delayed after the end of the implementation period of the previous programme estimate, to avoid ineligible expenditures (as indicated above), it could be envisaged to extend the implementation period of the previous programme estimate, as long as:

- **The implementation period of this programme estimate is not passed;**
- **An extension is still possible⁶⁹.**

Lastly, it is advisable to take account of the time needed for payment of the advance/pre-financing 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.

⁶⁷ 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).

⁶⁸ These costs could be financed by other means, like national funds, foreseen in the Programme estimate or in the corresponding financing Agreement.

⁶⁹ See section 3.5.3 of this 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 estimate is not or no longer 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 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.

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 make 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 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 reallocations⁷⁰, 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 in writing 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.

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

An addendum cannot cover retroactively activities not foreseen initially in the programme estimate and undertaken before its approval and signature for endorsement by the Head of Delegation.

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

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.⁷¹

⁷⁰ Under the conditions detailed in sections 3.5.1. and 3.5.2. of this practical guide.

⁷¹ In which case it is advisable to draw up an addendum to the succeeding programme estimate to cover the activities which have to be extended or deferred and the additional amounts needed to carry them out.

The increase of the amount of the advance/pre-financing must be exceptional. In all cases, it cannot pass the fixed ceiling⁷² 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.

⁷² See section 3.3.9. 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 the payments will be executed by the imprest administrator and the imprest accounting officer;
- 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 and for which the 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 advance/pre-financing

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

- Opening of the bank account(s)⁷³ 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.⁷⁴
- In the case of direct decentralised operations or public indirect decentralised operations, it is not necessary to lodge a financial guarantee before payment of the advance/pre-financing.
- In the case of private indirect decentralised operations (**EDF only**), the relevant representative of the beneficiary country(ies) has received from the body governed by private law responsible for the financial implementation of the programme estimate a **financial**

⁷³ In case of “project” bank account(s), this condition will have to be met only once before the payment of the advance/pre-financing for the implementation of the start-up programme estimate (or the first operational programme estimate if no start-up programme estimate is foreseen).

⁷⁴ In the case of a “project” bank account, this condition will have to be met only once before the payment of the advance/pre-financing for the implementation of the start-up programme estimate (or the first operational programme estimate if no start-up programme estimate is foreseen).

guarantee in the same currency⁷⁵ and of an amount equal to that of the requested advance/pre-financing.⁷⁶

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. 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.

The model to be used for financial guarantee is provided in Annex 7 to this practical guide.

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 programme estimate.

The financial guarantee must be called upon only when the body governed by private law fails to respect the rules and procedures set out in this practical guide.

⁷⁵ 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.

⁷⁶ This also includes NGOs, private bodies, which implement the programme estimate. NGOs' exemption from having to lodge a bank guarantee for pre-financing of less than EUR 1 million or 90% of the contract applies only to grant contracts.

- The relevant representative of the beneficiary country(ies) has received a **request for payment of the 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 advance/pre-financing and of the corresponding payment is as follows:

- Verification by the relevant representative of the beneficiary country(ies) that the prior conditions for payment of the advance/pre-financing are met and approval of the request;
- Where appropriate, drawing up and signature by the relevant representative of the beneficiary country(ies) of a payment order corresponding to the amount accepted;
- Sending by the relevant representative of the beneficiary country(ies) of the signed payment order or the approved request for payment and the supporting documents to the Head of Delegation;
- Verification by the Delegation of the payment order or the approved request for payment and the supporting documents;
- For the **EDF**, in the case of a payment request in national currency and if there is a national paying agent, 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 all other cases, 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 “programme estimate” bank account or, where appropriate, to “project” bank account.

4.1.2. Replenishment of the 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 advance/pre-financing paid.⁷⁷

For replenishment of each “programme estimate” bank account or, where appropriate, of each “project” bank account, 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 advance/pre-financing**.
- Where relevant, a detailed and verifiable **estimate of cash flow requirements** until the next replenishment.
- 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.⁷⁸
- Where relevant and for information, the financial situation of the other contributions provided for in the financing plan of the programme estimate.

All these documents⁷⁹ 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 8 and 9 to this practical guide.

⁷⁷ 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.

⁷⁸ See section 4.1.3. of this practical guide dealing with supporting documents.

⁷⁹ As must each payment file (see section 4.1.3. of this practical guide).

The approval circuit for replenishment requests and the corresponding payments is identical to that of payment requests for the 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.

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**.

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 9 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 record⁸⁰;
- the period covered by the record;
- the total amount of justified expenditure in the period covered by the record.

⁸⁰ Records must be numbered in sequence.

➤ **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:

- 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 file⁸¹, 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 account, 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.

⁸¹ See this section dealing with supporting documents.

- 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 contracts⁸² 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, if necessary, discharge them only at the request of the contractor or the grant beneficiary and after agreement of the relevant representative of the beneficiary country(ies).

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

➤ **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.⁸³

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

Only 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.⁸⁴

⁸² See sections 4.2.2. and 4.2.4. of this practical guide.

⁸³ See section 4.1.8. of this practical guide.

⁸⁴ Concerning conservation of supporting documents please refer to section 4.1.8. of this practical guide.

Verification of expenditure does not necessarily mean a complete verification of all the supporting documents. However, the amounts verified should cover at least 65% of expenditure incurred or at least 85% of them when the exception rate is higher than 10% of expenditure verified (i.e. 6.5% of expenditure incurred).

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.⁸⁵

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:

- 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.

⁸⁵ 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 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.⁸⁶

The advances/pre-financing paid cannot be considered as expenditure incurred and eligible to financing by the EDF/Budget⁸⁷, 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 EU 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 10 to this practical guide.

4.1.4. Amount to be paid - 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 advance/pre-financing.

The 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.

⁸⁶ 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” bank account or, if any, of the “project” bank account.

⁸⁷ 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.

It is the responsibility of the Head of Delegation to make sure that advances/pre-financing 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. If the time limits laid down in the programme estimate are not met, 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 3 months after the end of the period covered by the programme estimate in question.⁸⁸

Would the imprest administrator and the imprest accounting officer not respect the deadline for submission of the closure request of the last programme estimate, their salaries and/or allocations related to the entire implementation period of that last programme estimate could be considered ineligible to financing by the EDF/Budget.

In the case of private indirect decentralised operations (**EDF only**), similar measures shall be taken.

Moreover, the relevant representative of the beneficiary country(ies) shall insure that the final statement is transmitted to the Head of Delegation in order to allow the financial closure of the last programme estimate. Failing this, a recovery order may be issued in order to recover the balance of the advance/pre-financing not justified of that last programme estimate.

⁸⁸ For the last programme estimate implementing the corresponding financing agreement, not later than 3 months after the start-up of the closure phase of this programme estimate (see section 3.3.4. of this practical guide).

Programme estimates must be closed not later than 6 months after the end of the period they cover.⁸⁹

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.

➤ **Closure**

In case a “programme estimate” bank account has been used, credit balance, if any, has to be transferred to the succeeding programme estimate bank account by the imprest administrator and the imprest accounting officer.

At the end of the implementation of the last programme estimate, the bank account credit balance has to be transferred to the EC bank account by the imprest administrator and the imprest accounting officer.

Having verified the closure request, the Delegation may issue:

- a recovery order (RO) for the repayment of the sum corresponding to ineligible expenditure, if any⁹⁰;
- exceptionally, a payment order (PO) when the accepted amount of total expenditure incurred is higher than the total amount of funds deposited on the “programme estimate” or “project” bank account and, for the EDF, of yielded interest, when the amount of the advance/pre-financing is more than the equivalent of EUR 250,000.

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

Failing repayment by the deadline specified in the request of the Head of Delegation, default interest will be applied to the debt.

⁸⁹ For the last programme estimate implementing the corresponding financing agreement, not later than 6 months after the start-up of the closure phase of this programme estimate (see section 3.3.4. of this practical guide).

⁹⁰ This recovery order must be registered against the Beneficiary country(ies).

In case a “programme estimate” bank account has been used and following transfer of its credit balance to the succeeding programme estimate bank account or following, where appropriate, execution of the payment order (PO), the bank account balance will be zero, which will allow its closure and the financial closure of the imprest component of the budget of the programme estimate.

The imprest administrator and the imprest accounting officer have to provide the relevant representative of the beneficiary country(ies) with the 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.

When the balance transferred from the bank account of the programme estimate to be closed can not be completely cleared by expenses already incurred during the succeeding programme estimate, an addendum to the succeeding programme estimate has to be drawn up by the imprest administrator and the imprest accounting officer and approved by the relevant representative of the beneficiary country(ies) and the Head of Delegation in order to increase the authorised amount of its advance/pre-financing by that balance.

In the event of failure to reimburse ineligible expenditure or failure to close financially the imprest component of the budget of 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 succeeding programme estimate (N+2) until the accounts are in order.

Where claims that the EDF/European Union 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.⁹¹

4.1.6. 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.

⁹¹ See Article 65(3) of the 10th EDF Financial Regulation.

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 regularly.

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.⁹²

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

4.1.7. Records and accounts

The records and accounts must cover all activities financed by all sources of funding, 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 6 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

⁹² 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).

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.

4.1.8. Expenditure verification by an external auditor

Expenditure verification by an external auditor must be carried out by an approved auditor who is a member of an internationally recognised supervisory body for statutory auditing⁹³. 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 rules and procedures set out in this practical guide.

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

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 verified by an external auditor from the submission of the closure request by the imprest administrator and the imprest accounting officer.⁹⁴

Where appropriate, a financial audit can also be performed at the request of the Head of Delegation.

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.

⁹³ Where this is not possible, by an appropriately qualified auditor.

⁹⁴ This verification has to take into account of, if any, the results of previous verification of part of the expenditure incurred by the imprest component of the budget of the programme estimate (for example, in case of expenditure verification for each replenishment request).

For obvious reasons of external auditors independence, contracts for audits, especially those on the financial implementation of the imprest component of the budget of programme estimates (expenditure verification), 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.

The Delegation departments must make sure that the external auditor does his mission of expenditure verification as soon as the closure request is submitted by the imprest administrator and the imprest accounting officer.

The model to be used for the terms of reference for expenditure verification by an external auditor is available on DG DEVCO's intranet site on the "Methodology" page under "Audit" in "Our Activities".

4.1.9. Conservation of supporting documents

The original bookkeeping documents relating to the implementation of a global financial/budgetary commitment should be kept for 5 years from the date of granting the discharge⁹⁵ in respect of the financial implementation of the EDF resources/of the implementation of the Budget 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.⁹⁶

For decentralised operations and in order to guarantee conservation and actual availability of the supporting documents when needed, their archiving as well as their conservation must be organised by the representative of the beneficiary country(ies), under his supervision. He will inform the Head of Delegation.

⁹⁵ 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 implementation of the Budget.

⁹⁶ If need be, of the corresponding global financial/budgetary commitments.

4.1.10. 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.⁹⁷

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.

⁹⁷ In particular, when they approve the first operational programme estimate.

4.1.11. 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 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.

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.

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 with the practical guide to contract procedures for EU 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.

For instance, the equivalent to EUR 20,000, 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.

For contracts financed by the imprest component of the budget of programme estimates, the contract notices must not be published on the EuropeAid website.

The following public contracts have to be financed with specific commitments⁹⁸. Indeed, these contracts will have to be concluded and managed directly by the relevant representative of the beneficiary country(ies) (partially decentralised management) or by the European Commission (centralised management) and the related payments will be executed by the European Commission:

For financing decisions taken after the 1st January 2013⁹⁹:

- **service contracts worth the equivalent of EUR 300,000 or more,**
- **supply contracts worth the equivalent of EUR 300,000 or more, and**
- **works contracts worth the equivalent of EUR 300,000 or more**

For financing decisions taken before the 1st January 2013:

- **service contracts worth the equivalent of EUR 200,000 or more,**

⁹⁸ In case the programme estimate is in national currency, these ceilings are fixed in national currency when drawing up the programme estimate and may not be modified during the implementation of the imprest component of its budget.

⁹⁹ Directors can decide to modify financing decisions taken before the 1st January 2013 to allow the new ceilings for decentralisation of payments.

- **supply contracts worth the equivalent of EUR 150,000 or more, and**
- **works contracts worth the equivalent of EUR 300,000 or more**

Service contracts concluded through framework contracts and audit¹⁰⁰ 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.

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 ceilings 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.

¹⁰⁰ Including contracts related to expenditure verification of the imprest component of the budget of programme estimates by an external auditor.

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 an exclusion situation from the award of a contract financed by the EDF/Budget in the Early Warning System (EWS) of the European Commission.

Any derogation or exception to the contract rules and procedures has to be referred to the Head of Delegation for approval.

Only proposals for the 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.

Nevertheless and according to his risk analysis, the Head of delegation may decide to strengthen the ex ante control by applying totally or partly the controls mentioned in the practical guide to contract procedures for EU external actions, such as the approval of tenders dossiers.

In this respect, the checklists related to the approval of tender dossiers and to the approval of contract award proposals have to be completed by the concerned sections of the Delegation, submitted to the Head of Delegation and kept for a possible control by Headquarters.

In case of establishment of non compliance with the contract procedures or of non relevance of the contract, the Head of Delegation may not approve the award proposal and the corresponding contract may under no circumstances be financed by the EDF/Budget.

The Head of Delegation's approval of the contract award proposals by the Head of Delegation 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 an exclusion situation from the award of a contract financed by the EDF/Budget in the Early Warning System (EWS) of the European Commission;
- reasonableness of the contract amount;
- relevance of the negotiation report in case of a single tender procedure.

In case of ex-post control, no prior approval by the Head of Delegation is required to use the negotiated procedure¹⁰¹.

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.

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.

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.

¹⁰¹ However, if the country is covered by a declaration of crisis situation recognised by the Authorizing Officer by Delegation and flexible procedures are proposed on the basis of emergency assistance or crisis situation, these shall be foreseen in the Programme Estimate. By endorsing the Programme Estimate, the Head of Delegation will approve the use of the flexible procedures and will verify their correct implementation during the ex-post control.

For contracts worth up to the equivalent to EUR 20,000, use of standard contract templates included in the practical guide to contract procedures for EU external actions is not compulsory.

Contracts financed by the imprest component of the budget of the programme estimates are dated and signed by the imprest administrator¹⁰² for and on behalf of the relevant representative of the beneficiary country(ies)¹⁰³, and by the contractors.

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

Summary tables are given in Annexes 12 and 13 to this practical guide.

4.2.2. Performance of procurement contracts

- The performance of procurement contracts, whether financed by the imprest component of the budget of the programme estimates (imprest commitment) or by specific commitments, is governed by the practical guide to contract procedures for EU 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 with the practical guide to contract procedures for EU external actions.

For grants financed by the imprest component of the budget of programme estimates, the guidelines for applicants must not be published on the EuropeAid website.

¹⁰² He must also initial all the special conditions

¹⁰³ In case of direct decentralised operations, the contracting authority to be mentioned as party to the contract is the relevant representative of the beneficiary country(ies), represented by the imprest administrator, acting for and on behalf of the relevant representative of the beneficiary country(ies). In case of indirect decentralised operations, the contracting authority to be mentioned as party to the contract is the body or entity responsible for the financial execution of the programme estimate, acting for and on behalf of the relevant representative of the beneficiary country(ies), and represented by the imprest administrator.

Grants over the equivalent of EUR 100,000¹⁰⁴ 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) (partially 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 ceiling 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 grants is delegated to the imprest administrator, the relevant representative of the beneficiary country(ies) must approve all proposals for award of grants financed by the imprest component of the budget of the programme estimates. Concerning the approval by the relevant representative of the beneficiary country(ies) as regards precontractual matters (approval of guidelines for applicants, participation to the evaluation committee...), his role must 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.

Before notifying the award of a grant financed by the imprest component of the budget of a programme estimate, the imprest administrator has to be sure that the successful applicant is not subject to an exclusion situation from the award of a grant financed by the EDF/Budget in the Early Warning System (EWS) of the European Commission.

Any derogation or exception to the contract rules and procedures has to be referred to the Head of Delegation for approval.

Only proposals for the award of grants financed by the imprest component of the budget of the programme estimates have to be referred for approval to the Head of Delegation.

¹⁰⁴ In case the programme estimate is in national currency, this ceiling is fixed in national currency when drawing up the programme estimate and may not be modified during the implementation of the imprest component of its budget.

Nevertheless and according to his risk analysis, the Head of delegation may decide to strengthen the ex ante control by applying totally or partly the controls mentioned in the practical guide to contract procedures for EU external actions, such as the approval of guidelines for grant applicants.

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

In this respect, the checklists related to the approval of guidelines for grant applicants and to the approval of grant award proposals have to be completed by the concerned sections of the Delegation, submitted to the Head of Delegation and kept for a possible control by Headquarters.

In case of establishment of non compliance with the contract procedures or of non relevance of the grant, the Head of Delegation may not approve the award proposal and the corresponding contract may under no circumstances be financed by the EDF/Budget.

Contracts financed by the imprest component of the budget of the programme estimates are signed and dated by the imprest administrator¹⁰⁵ for and on behalf of the relevant representative of the beneficiary country(ies)¹⁰⁶, 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 12 and 13 to this practical guide.

¹⁰⁵ He must also initial all the special conditions.

¹⁰⁶ In case of direct decentralised operations, the contracting authority to be mentioned as party to the contract is the relevant representative of the beneficiary country(ies), represented by the imprest administrator, acting for and on behalf of the relevant representative of the beneficiary country(ies). In case of indirect decentralised operations, the contracting authority to be mentioned as party to the contract is the body or entity responsible of the financial execution of the programme estimate, acting for and on behalf of the relevant representative of the beneficiary country(ies), and represented by the imprest administrator.

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 by the practical guide to contract procedures for EU external actions.

4.2.5. End of the time-limit for performing contracts

The implementation period of tasks and/or actions 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.