

COMMON FUND FOR COMMODITIES



FINANCIAL PROCEDURES MANUAL

for the management of funds made available for project implementation

Second Edition
Amsterdam, October 2003

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FOREWORD

The Common Fund for Commodities is committed to providing financial assistance to developing countries for poverty alleviation through commodity-focused developments. The assistance of the Common Fund is provided through grants and loans to implement specific projects. Key actor in the implementation of each project is the Project Executing Agency, which is the entity responsible for the overall implementation of the project. This responsibility includes specifically the administrative and financial aspects of the management of the funds made available for projects.

The funding made available by the Common Fund is public money. The management thereof should therefore at all times be transparent and the use of funds fully accounted for. It is the responsibility of the Project Executing Agency, by accepting the funding through its signature of the Project Agreement between the Project Executing Agency, the Common Fund for Commodities and the Supervisory Body, to have in place an appropriate administrative and financial management structure.

The revised version of the Financial Procedures Manual outlines the Common Fund's requirements in respect of administrative and financial management. The Manual contains guidelines on the project account, the procedures to be followed in procuring goods and services, and the requirements for mandatory financial reporting and auditing. The Manual also includes a range of annexes, providing information and examples, to facilitate prudent management and accounting of project funds.

The Common Fund will be pleased to provide additional clarification and further guidance in order to ensure that project funds are used in the most efficient way and in accordance with the Common Fund's requirements.

Rolf W. Boehnke
Managing Director

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GLOSSARY OF TERMS

Appraisal Report:	The Appraisal Report contains the detailed description of the project, including operational and administrative/financial arrangements and the cost tables (with budget item descriptions) which are the basis of project implementation.
Authorized Allocation:	Advance disbursement of project funds by the Common Fund into the Project Account. The Authorized Allocation (AA) serves as “working capital” for the PEA to finance eligible expenditures and will be recovered by the Common Fund towards the end of the project.
AWP/B:	Annual Work Programme and Budget. To be prepared annually by the Project Executing Agency (PEA, see below) and submitted for approval to the Supervisory Body and the Common Fund. After acceptance by the Supervisory Body and the Common Fund, the AWP/B will serve as the main reference document for scheduled project activities and their approved budgets for the year referred to.
Board Approval Date:	The date of approval of the project by the Executive Board of the Common Fund.
Date of Effectiveness:	The date on which the Common Fund declares the Project Agreement effective i.e. after the fulfillment of the conditions for disbursement. This should normally be within three months after the date of signature of the Project Agreement.
Closing Date:	The date after which the Common Fund may, by notice to the PEA, terminate its right to make withdrawals from the Grant Account. This date normally falls six months after the completion date.
Collaborating Institution:	Organization or entity, not part of the PEA, that is an active party in the project, having specific substantive tasks (outlined in the Appraisal Report) with regard to project implementation, financed partially or wholly through the project budget.
Completion Date:	The date indicating when the project will be operationally completed. All contracts and financial commitments, as per the approved work plans and budget of the project, made on or before this date shall be eligible for financing from the Grant Account. The completion date is the date which is the first day of the new calendar month following the “Date of Effectiveness”, to which the envisaged duration of the project is added.
Eligible Expenditures:	Expenditures reasonably incurred after the date of entry into force of the Project Agreement in the purchase of goods and services which are to be financed from the proceeds of the Grant pursuant

to the Project Agreement, the Appraisal Report and the budget tables in the respective work plans approved in accordance with the provisions of the Project Agreement.

- Grant Account:** Administrative account within the Common Fund.
- ICB:** International Commodity Body. International commodity organization, designated as an ICB by the Common Fund, in accordance with Schedule C of the “Agreement Establishing the Common Fund for Commodities”.
- PEA:** The person or legal entity responsible for executing the project in accordance with the Project Agreement.
- Project Account:** Dedicated bank account, in a freely convertible currency, opened and maintained by the PEA, to receive exclusively funds from the Common Fund for the project and from which all eligible expenditures are to be paid.
- Project Agreement:** Legal document signed by the three main parties involved in the project, the Project Executing Agency, the International Commodity Body concerned (in its role of Supervisory Body) and the Common Fund for Commodities.
- Project Implementation Agreement:** Legal document in the Common Fund prescribed format (as contained in the Annex to the Project Manual), outlining the responsibilities and commitments between the PEA and the Collaborating Institution(s) to whom certain activities/tasks have been delegated by the PEA, within the framework of the project.
- Project Subsidiary Account:** Dedicated bank account in local currency opened and maintained by the PEA to manage funds received from the Common Fund in local currency for the purpose of the project.
- Reporting Period:** Time span of normally twelve months covering reporting on budget, work plan or other form of documentation whatsoever that is to be furnished periodically. The first Reporting Period shall commence on the date of entry into force of the Agreement and expire on 31 December of the year. The remaining Reporting Periods shall follow consecutively throughout the duration of the project, to the effect that each Reporting Period shall commence on the date following the date of expiry of the preceding one. Each report covering twelve months or more shall be supplemented by an interim report covering the first six months of the relevant Reporting Period. The last Reporting Period shall expire on the date of completion, or, as the case may be, termination of activities under the project.
- Starting Date:** The date on which all parties have signed the Project Agreement.

Supervisory Body: The body responsible for supervising the execution and implementation of the project in accordance with the Project Agreement;

Further definitions are contained in Regulation I, of the “Regulations and Rules for the Procurement of Goods and Services of the Second Account”, attached as Annex I to this Manual.

I. INTRODUCTION

1. This second, revised edition of the Financial Procedures Manual (FPM) is prepared to provide guidance on the main principles to be adhered to when managing project funds to parties involved in the financial and administrative management of Common Fund financed projects. The Manual has specifically been prepared to enable the Project Executing Agency (PEA) to easily apply the basic principles of financial reporting and ensure adherence to the rules and regulations of the Common Fund. The PEA should fully understand and apply these guidelines pursuant to the Project Agreement signed with the Common Fund and the Supervisory Body with regard to the project for which it assumes responsibility for its technical implementation and its financial and administrative management. In case of any ambiguity in interpretation of the guidelines or instructions as reflected in this Manual, the *“Regulations and Rules for the Procurement of Goods and Services of the Second Account”*, and the Project Agreement, the latter shall prevail. Such interpretation shall rest with the Fund. Should there be any doubt or reservations within the PEA on whether the procedures outlined in this Manual can be adhered to, then the Common Fund should be informed immediately, to ensure that a mutually satisfactory solution can be agreed to.

2. The PEA is responsible for the overall management and implementation of the project, and is accountable for the funds made available to it for use in the project. The accountability of the PEA also extends to the use of funds by the collaborating institutions, where such funds are provided by the project through the PEA, for the performance of specific activities within the framework of the project. The PEA is therefore advised to ensure that the collaborating institutions have a thorough understanding of the contents of this Manual and are capable of reporting to the PEA on the use of funds entrusted to them by the PEA. It is also to be noted that where collaborating institutions are asked to prepare their “own” reporting packages with supporting documentation for seeking reimbursement from the Common Fund for expenditures incurred, these reporting packages should be submitted to the PEA for certification by the PEA. This is to ensure that the PEA (who is ultimately responsible for the use of project funds) is aware and in agreement with the use made of the project funds by the collaborating institution and is fully convinced that the funds have been used following the relevant procedures outlined in this Manual. The Common Fund will not process requests for replenishment and reimbursement to collaborating institutions unless those requests are endorsed by the PEA.

3. Where reasons of efficiency may favor applications of different procedures, consideration may be given to alternative arrangements, still under the overall responsibility of the PEA. The PEA should submit a request along with the proposed procedure to the Common Fund for its consideration and approval.

4. In this Manual formats of several forms are given which are to be used for financial/administrative reporting. The forms can also be made available electronically to the PEA for its use or the PEA may prepare its own electronic versions using the layout given in the Manual. In view of the need for certification of the documents/forms to be submitted it is not possible to submit requests for replenishment of the Project Account electronically. It is recommended to send financial reporting packages by certified mail or by courier service. However, for ease of processing an electronic copy may also be sent.

5. This Financial Procedure Manual consists of three substantive sections, covering operations of the Project Account (including replenishment thereof), procurement issues and

the financial statements and audit procedures. The Manual is intended for operational purposes and its contents is kept as straightforward as possible. Should there be any doubt or uncertainty about the application of the contents of this Manual, then the Common Fund should be contacted. Prior consent from the Common Fund on any action undertaken which is not in consonance with the guidelines given in this Manual is required. Failure to obtain such approval may result in possible non-reimbursement of expenditures or in delayed processing of requests for replenishment.

II . OPERATION OF THE PROJECT ACCOUNT

Introduction

6. As per the Project Agreement (signed by the Common Fund, the Project Executing Agency (PEA) and the Supervisory Body), the PEA is required to operate a dedicated interest bearing project account, separate from its other accounts, at a reputable bank on terms and conditions satisfactory to the Common Fund. This “Project Account” shall only be used for receiving funds from the Common Fund and for making disbursements for eligible project expenditures. It shall be maintained in a convertible currency acceptable to the Common Fund (being, normally, those currencies comprising the SDR basket of currencies, namely: USD, Euro, GBP and JPY). When the PEA delegates financial or administrative responsibilities to a Collaborating Institution, the PEA should ensure that the collaborating institution concerned is aware of the Common Fund's conditions for the operation of a Project Account. Deposits into and payments out of the Project Account shall be made in accordance with the provisions set out in the Project Agreement. When transfer into the Project Account will be effected through the use of a correspondent bank, details of the correspondent bank should be given.

7. If it is the case that the pertinent regulations and rules of the PEA and/or collaborating institution, and/or the law of the country in which the PEA and/or collaborating institution are situated, prohibit the establishment of a dedicated project bank account in convertible currency, the Common Fund may give consideration to requests in writing for the use of a local currency account.

8. In other situations, the PEA would, in addition to the dedicated convertible currency account, be required to maintain a local currency account (as a “Sub-Account”), exclusively for Common Fund originated expenditures. Eligible local expenditure may be estimated periodically and money transferred in a lump sum to the Sub-Account from the Project Account. Such transfers must be effected by the authorized representative(s) of the PEA having signatory powers over the Project Account. Such transfers should be limited to the amounts required to meet expenditures for periods normally not exceeding one month. When a project Sub-Account is to be used, the PEA shall obtain prior authorization from the Common Fund and submit details of the signatory panel.

9. Use of the Project Account is restricted to making payments for eligible expenditures under categories as specified in the budget cost tables of the Appraisal Report and Schedule 2 of the Project Agreement. Funds in the Project Account shall not be used for any other purposes, nor for collateral of any sort, and should remain in a convertible currency until actually used for making payments for eligible expenditures.

10. The exchange rate applied by the handling bank in the transfer of funds from the Project Account in convertible currency to the project’s Sub-Account in local currency shall be documented and evidenced by an advice note or statement from the bank. The United Nations monthly exchange rate shall be used to convert local currency expenditure into the currency of the Project Account when reporting to the Common Fund in support of requests for replenishment of the Project Account. The UN monthly exchange rates can be found on Internet (www.un.org/depts/treasury) or can be requested from the Common Fund (see Annex II for an example). In case the financial reporting practices of the PEA do not allow the application of the above-mentioned requirement for the use of the exchange rate, the PEA must contact the Common Fund before setting up its project financial reporting system, in

order to seek the Fund's concurrence to an alternative use of the exchange rate when reporting on local expenditures.

11. It is the responsibility of the PEA to:

- (a) keep separate records and accounts readily identifying all sources of finance and elements of expenditure incurred under the project;
- (b) ensure that funds made available are used for the purpose outlined in the Appraisal Report and in accordance with the Project Agreement; and
- (c) to provide all supporting documentation as may be required for substantiating the requests for reimbursement from the Common Fund.

12. The PEA shall use the guidelines contained in this Manual to monitor the expenses of the collaborating institutions, and endorse all documents before reporting expenditure incurred by those institutions as part of its own financial reporting to the Common Fund.

Application for the Release of the Authorized Allocation

13. The Authorized Allocation is an advance given in the form of a revolving fund and the unspent balances after meeting the cost of eligible expenditure shall be recovered in full by the Common Fund before the end of the project. The Authorized Allocation is designed to ensure that adequate funds are available at all times for the implementation of the project. It is made available exclusively for payment of eligible expenditures in accordance with the provisions of the budget cost tables of the Appraisal Report. The amount of the Authorized Allocation is given in Schedule 4 of the Project Agreement.

Conditions to be met prior to the Release of the Authorized Allocation

14. Disbursement of the Authorized Allocation can only be made after the receipt by the Common Fund of the Project Agreement signed by all parties and after the PEA having met the disbursement conditions, as specified in the Project Agreement, which *inter alia* include:

- (a) Submission of details of the dedicated project bank account/sub-account as confirmed by a letter from the bank;
- (b) A letter from the PEA (signed by the signatory of the Project Agreement), designating the person or persons with name and title, authorized to sign withdrawal applications, together with the specimen signature(s). This letter shall also confirm the establishment and the composition of a procurement committee in the PEA as referred to in Chapter III, paragraph 36 of this Manual;
- (c) A letter from the bank with the specimen signatures of persons authorized to operate the Project Account;
- (d) Submission of the signed Project Implementation Agreement (PIA) between the PEA and Collaborating Agency(ies) (if any);
- (e) Confirmation of co-financing commitments and counterpart contribution;
- (f) Submission of the draft Annual Work Programme and Budget (AWP/B); and
- (g) Any other specific conditions as stipulated in the Project Agreement.

Any change in the signatory panel shall be communicated in writing by the PEA to the Common Fund without delay, accompanied by a new specimen signature, certified, if applicable, by the bank holding the Project Account.

15. The request for the transfer of the Authorized Allocation to the Project Account should be made using Form 100 (see Annex III).

16. The project funds can thus be made available upon signature of the Project Agreement by the Common Fund, the Supervisory Body and the Project Executing Agency and after the Project Agreement has become effective, meaning that the conditions for disbursement as reflected in the Project Agreement have been met. Upon acknowledgement of the Common Fund that the conditions for disbursement have been met, the PEA can request the transfer of the Authorized Allocation to the Project Account. The Fund will only release the Authorized Allocation on fulfillment of conditions for release of the Authorized Allocation as given in para 14.

Recovery of the Authorized Allocation

17. It should be duly noted that the Authorized Allocation is an advance provision. Recovery of the advance is effected through a staged recovery towards the end of the project taking into consideration the cash requirement of the project in the final stage by means of offset against reimbursement applications. The recovery is normally done in tranches of 25% of the Authorized Allocation and will be effected by reimbursing less-than-applied for in the reimbursement application (Annex IV provides an illustration of this recovery process).

18. The Common Fund will advise the PEA when the recovery of the Authorized Allocation will commence.

Replenishment of the Project Account

19. The Common Fund requires that all items to be financed through the Project Account be properly identified. For this purpose, all expenditures financed by the Common Fund shall be fully documented. All the documentation and accounting records should be maintained at the project implementation site(s) in accordance with International Accounting Standards. It should be noted that documentation for expenditures related to staff, allocated overhead costs, etc. should also be maintained at the same location.

20. The Common Fund will not reimburse expenditures exceeding the amount of the Authorized Allocation. Applications for reimbursement of incurred expenditures shall be submitted two times per year, together with sufficiently detailed evidence (certified Statements of Expenditure (SoE), invoices, bank balances, etc.). Requests for replenishment of the Project Account shall also be submitted latest if 75% of the Authorized Allocation has been spent. **It is to be noted that the Common Fund replenishes only against documentation for expenditures incurred thus not against obligations or commitments.**

21. Each application for reimbursement shall be supported by the following documentation (see Annex V-VIII for the forms to be used):

- (a) Form 200 duly completed;
- (b) Statement of Expenditure (Form SoE) reflecting all expenditures incurred in the reporting period for which the Common Fund is the source of funding. Separate Statements of Expenditure have to be prepared for expenditures from each bank account (Project/Sub-Account);
- (c) Cash Flow Statement (Form 201);
- (d) Bank Statement containing opening and closing balance for the reporting period;
- (e) Bank Reconciliation Statement (Form 202) and;
- (f) Copy invoices in respect of individual expense items greater than or equal to USD 500 and other supporting documentation in English, French or Spanish, necessary to support the Statement of Expenditure.

22. All Statements of Expenditure (Form SoE) shall be dated and the month shall be named, not numbered.

23. For all bank accounts in operation for the project, it will be necessary to submit documentation items (b) to (f) above and each document submitted in support of a specific request for replenishment of the Project Account shall cover the **same reporting period**.

24. Statement of Expenditure forms shall be supported by copy documentation (such as bills, invoices, receipts, evidence of payment or evidence of shipment, etc.) in respect of individual expense items greater than or equal to USD 500. Such documentation shall be certified by the Project Accountant or a similar officer as true copy of the original document, thus representing evidence as to the nature and propriety of the reported transactions. Supporting documentation in other languages than English, French or Spanish should contain an annotation, in any of the three languages mentioned, clearly identifying the nature and type of items purchased and their cost. Charges allocated to the project for staff expenses, allocated overheads, etc. should be supported by similar certified evidence. This should be done in the form of an internal charge document, containing the basis information for the charge to the project, in a format which enables reconciliation of the charge/expenditure with the budgetary provision in the detailed cost tables in the Appraisal Report an/or the subsequent AWP/B. **Original supporting documentation should not be submitted to the Common Fund, but should be retained by the PEA or the collaborating institution**, and made available for review by the representatives of the Common Fund, the Supervisory Body and/or the auditors upon request. Such documentation should be retained for two years after the date on which the accounts of the project are closed.

25. The Form SoE - Statement of Expenditure, and the Form 200 - Request for Replenishment, shall be duly completed, checked, and signed by the Project Co-ordinator together with the Project Accountant or Internal Auditor (preferably both).

Processing Period

26. The PEA may take note of the indicative time requirements for processing requests for replenishment of the Project Account. Under normal circumstances, the Common Fund would require about four weeks for making payments into the Project Account. **In case of submission of incomplete documentation, this period will be longer. Processing time will then depend on the speed and accuracy with which the PEA will provide the missing documentation required to finalize the processing of the payment request.**

Reporting Period

27. The PEA is required to submit its financial reports every six months (even if the amount of actual expenditures is still relatively low) or earlier if the reporting period is shorter.

III. PROCUREMENT PROCEDURES

“Regulations and Rules for the Procurement of Goods and Services of the Second Account”

28. Procurement of all goods and services from funds originating from the Common Fund for Commodities (project funds) should be done on the basis of the *“Regulations and Rules for the Procurement of Goods and Services of the Second Account”*. A complete text of these regulations and rules is attached as Annex I to this Manual. It should be noted that with regard to the use of project funds, no distinction is made with regard to the source of Common Fund financing, be it from the “First Account Net Earnings Programme” or the “Second Account”. The procedures outlined for the Second Account financed project expenditures also apply equally to the use of funds for the projects financed under the First Account Net Earnings Programme. “Goods and services” is to be interpreted in its widest sense including, but not limited to, equipment, supplies, services, sub-contracts, consultancy services or contracts, travel costs, operational costs, etc.

29. The rules and regulations contained in the *“Regulations and Rules for the Procurement of Goods and Services of the Second Account”* provide detailed procedures for International Competitive Bidding. Procedures for other procurement modalities are not fully specified, thus reflecting the need for tailoring procedures to meet the varying conditions in each of individual project. Specific instructions or considerations with regard to procurement-related issues for individual projects are normally specified in Schedule 3 of the Project Agreement.

Basic Principles

30. The basic requirement for each transaction or intention thereto is the transparency of procedure. Due consideration shall be given by the PEA to ensure that best value for money is obtained while minimizing costs for the project. For that purpose, it is important that all preparatory actions, information obtained from possible suppliers, decision making procedures and actions, and actual transactions are adequately documented and recorded. This is required in order to enable auditors (or Common Fund or Supervisory Body staff when on mission to the project) to assess and verify the procurement procedures followed.

31. It is important to note that project expenditures shall only be incurred for procurement of goods and services from the Member States of the Common Fund. The list of Member States is given in Annex XIII of this Manual. In those cases where there are compelling reasons for procurement from a Non-member State, a request thereto, with full justification, shall be made by the PEA to the Fund prior to making any commitment with regard to such an intended procurement. The Common Fund may, at its discretion, grant or refuse such a permission.

32. The detailed cost tables in the Appraisal Report of each project provide the basis for the expenditures that may be incurred by the PEA for the implementation of the project. Updates and revisions of these tables as applicable will be proposed by the PEA, normally on an annual basis, when submitting the pertinent draft Annual Work Programme and Budget to the Common Fund and the Supervisory Body. Once endorsed by the Supervisory Body and approved by the Common Fund, the revised budget tables may be used as the new basis for that year’s expenditures.

Tax Exemption

33. The Common Fund (and its project activities) are exempt from all direct taxation and from all customs duties on goods imported or exported for its official use. Article 48 of the Agreement Establishing the Fund relates to immunities from taxation. All Member Countries of the Fund are signatory to the “*Agreement Establishing the Common Fund for Commodities*” (the Agreement). Annex XIV contains the list of Member Countries with their date of signature of the Agreement and the dates of ratification (or accession, acceptance or approval as applicable). The Member Countries have thus confirmed their acceptance of Article 48 of the Agreement which is reproduced in Annex IX. The immunities from taxation do not apply to taxes which are to be considered charges for services rendered. The tax exemption status of the Common Fund projects implies that all expenditures for goods and services procured should be net of direct taxes and customs duties. The invoices from the suppliers should specifically state such “net” status. It is the responsibility of the PEA to obtain the necessary clearances from the competent authorities. For reasons of convenience the Fund has adopted the policy that these direct taxes should only be recovered when relating to purchases from one supplier when the total amount of those purchases in a three month period exceeds USD 500.

34. Several countries have opted for a construction whereby the direct taxes to be levied on goods and services are paid for through counterpart contributions to the project. The PEA (and/or the national collaborating institution) is advised to enter into early negotiation with the pertinent authorities to obtain necessary tax exemption status as soon as possible. While this matter is primarily the responsibility of the submitting ICB, the PEA and the collaborating institution, the Common Fund may be in a position to assist, should initial consultations not have led to satisfactory results.

Basis of Expenditures

35. The Appraisal Report of each project (and at a later stage the approved Annual Work Programme and Budget) contains detailed costs tables including costings for the main individual expenditure items/groupings. These costings are estimates based upon indicative prices obtained and used in the preparation of the budget or upon *pro forma* costs. These amounts are not to be seen as amounts that can be spent on these specific items irrespective of the availability of cheaper options. The PEA is required to act as a prudent manager of the funds, ensuring that, wherever possible, the lowest cost options are exercised without compromising quality and efficiency. The **base cost budget provisions** (thus excluding contingency provisions, see later in this section) are, however, ceilings which should not be exceeded by the PEA at any moment for the procurement of items. The ceilings can only be exceeded, in exceptional circumstances, with the prior written approval of the Fund.

Procurement Committee

36. Each PEA is required to establish a “procurement committee” that will be responsible for ensuring that project expenditures are being incurred in line with the Common Fund’s guidelines and procedures. This committee may be an existing, internal committee (sometimes also called “contracts committee”) or it could be an *ad-hoc* committee established for the purpose of managing the use of funds for relevant project expenditures. The committee should normally be chaired by the Head or a senior officer of the PEAs Administration or Finance Department, while the responsible technical officer managing the project, an administrative officer and an accountant (and preferably the internal auditor as an

observer) should be members of the committee. This committee should review all planned purchases and contracts, etc and, if the appropriate procedures have been followed and adequate amounts are available under the relevant budget provisions of the Annual Work Plan and Budget, authorize the use of funds accordingly. Proceedings of the meetings of the committee should be documented and records kept on file. The establishment of the committee and the notification thereof (including its composition) to the Common Fund is a requirement and a condition for disbursement of funds.

Methods of Procurement

37. Unless specified otherwise in the Project Agreement (in particular in its Schedule 3), purchases and procurement of goods and services with a value of less than USD 500 may be purchased directly from reputable local suppliers. Care should be taken to obtain a reasonable, documented, insight in the range of prices offered by different suppliers considered and to document the reason for procurement from the selected supplier.

38. Goods and services with an item value or a contract value of between USD 500 and less than USD 5,000 may be procured from local suppliers, provided the selected supplier is stated to be the lowest-cost supplier, such based on the submission of *pro forma* invoices for the requested order from at least three reputable suppliers. In case the preferred supplier is not the cheapest or if the preferred brand/type is not the cheapest, but the cost is still within the base cost provision of the project budget, then the purchase may be authorized provided a written justification is added to the procurement documentation on file by the chairperson of the procurement committee. In case the cost of the item (whether or not with the cheapest *pro forma* cost) exceeds the base cost provision in the project budget, then prior approval should be obtained from the Fund. The Form SPP (“Summary of Procurement Proposals”) provided in Annex X is to be used for such purpose. An adequate justification enabling the Common Fund to assess the appropriateness of the proposed higher-than-base-cost selection should be submitted. To make its assessment, the Common Fund may seek the advice of the Supervisory Body .

39. For procurement of items/contracts with a cost between USD 5,000 and USD 50,000 at least three quotations should be obtained of which at least two should be from reputable international suppliers. The same considerations as above apply with regard to the selection of the preferred supplier and possible consultation with the Common Fund.

40. For procurement of items/contracts with a cost between USD 50,000 and USD 100,000 regional competitive bidding shall be the rule. This implies advertising in the regional press (at least one reputable publication with wide spread circulation in the region), inviting offers from suppliers based in the country and/or abroad. The PEA is required to make a timely proposal on the steps it is intending to take when preparing for procurement of this level to the Common Fund and the Supervisory Body. The procedures to be followed for such bidding process, including the text of the advertisements, the submission, opening and evaluation of bids, possible further negotiations and awarding procedures are to be described in acceptable detail, reflecting the appropriate level of precision and detail, required for contracts of the intended amounts. The pertinent regulations for international competitive bidding as given in the “*Regulations and Rules for the Procurement of Goods and Services of the Second Account*” may serve as an example therefore. The proposed procedure including details of the proposed advertisement including name of publications shall be submitted to the Common Fund and the Supervisory Body for their approval prior to the start of the bidding procedure. It is expected that of the offers received at least two will be from reputable international suppliers.

41. For procurement for items/contracts with a cost of USD 100,000 or more, international competitive bidding shall apply, whereby the contract to be awarded shall be advertised in relevant international papers/magazines. The procedure to be followed for international competitive bidding is described in detail in the Annex mentioned before. Like in the case of local competitive bidding, the outline of the procedures to be followed and steps that will be taken in the full process need to be documented for review and comments/clearance by the Common Fund and the Supervisory Body prior to the start of the process.

Special Considerations

42. In case of specific circumstances related to procedures/conditions prevalent in countries, or imposed by authorities in the countries where the project is located or by relevant procedures applicable in the organization which is the PEA, that prevent a full adherence to the procurement guidelines given by the Common Fund, the PEA should inform the Common Fund and the Supervisory Body, and make a recommendation for a proposed way forward. After consultation on the matter, the Common Fund will determine and approve the procedures to be followed.

43. In case procurement of higher value, specialized items or contracts is foreseen which would normally require a competitive bidding process, but for which there are only a limited number of reputable suppliers known, a limited competitive bidding procedure may be followed, whereby the advertisement steps may be waived and suppliers may be directly invited to make a proposal. Other elements of competitive bidding would remain in force. Should such limited competitive bidding be considered than a proposal thereto should be submitted to the Common Fund and the Supervisory Body for approval prior to the initiation of the process.

44. The PEA is required to apply the procedures taking into account the reasoning for each procedure. This implies that where deemed technically or operationally feasible purchase of individual items may sometimes be usefully packaged into one larger contract, for which different procurement procedures would apply than for individual items. This could be the case for e.g. procurement of a number of computers, with supporting equipment, software, maintenance contracts, etc. Similarly, office equipment and furniture could sometimes be combined into one higher cost contract. Likewise, items with a relatively low item cost (e.g. for stationary or materials/supplies) but which are needed frequently or in larger quantities should preferably be purchased “in bulk”, thus possibly requiring a different procurement procedure.

45. In line with the general principle that higher value contracts should be awarded to the most competitive supplier, whereby the additional effort required to obtain the best offers is off-set against lower total purchase cost, it is to be noted that splitting-up of items in order to be able to apply a simpler and less rigorous procurement procedure is not permitted. This could be the case e.g. when the procurement of sophisticated machinery is envisaged which would consist of a set of items that are to be operated as one integrated unit. For the unit as a whole, competitive bidding may be warranted while the individual items would have costs below the competitive bidding range. In such a case the competitive bidding procedure for the whole unit should be applied.

46. All duty travel (by air) for project staff and/or persons engaged under services procured under the project, shall be economy class, using the most direct and economic routing. The PEA shall undertake all due efforts to obtain the lowest cost fares. Allowances for project

staff travelling abroad or in-country shall follow the applicable United Nations rules to cover reasonable travel expenses. The required rates and other information therefore may be obtained from the offices of the United Nations Development Programme in the pertinent countries or from the Common Fund. Wherever the institution or organization that is the PEA for a Common Fund project may have for its staff different arrangements for local/international travel, it may apply those rules, provided the Fund is duly informed about those arrangements and their administration, and provided the costs thereof do not exceed the costs that may be incurred when applying the Common Fund procedures. The Common Fund should be informed about the applicable procedures for their acceptance prior to the start of the project activities (in as far as this has not been done when preparing the detailed cost tables in the Appraisal Report). Project-related staff staying abroad for a longer period of time (e.g. in the case of overseas training) may be compensated for cost of living expenses on the basis of an *ad-hoc* arrangement, depending on reasonable expenditures envisaged. This should be agreed upon by the parties involved in consultation with the Fund, prior to departure of the staff concerned.

Contingency Funds

47. As mentioned in the section “Basis for Expenditures”, the cost tables in the Appraisal Report contain the base cost estimates for identified budget items. Contingency provisions are available to cover higher than foreseen costs for those items (e.g. resulting from inflation or, in the case of supplies, possibly different physical quantities required). It is to be noted that the use of funds in the contingency provision can only be made after obtaining specific clearance from the Common Fund to do so. In that regard a written request (explaining the reason for the intended higher-than-base cost expenditure) should be submitted to the Common Fund, prior to authorizing the expenditure concerned. The use of the contingency funds should be adequately recorded in the PEA’s procurement and financial administration.

Inventory Record of Items

48. The PEA will maintain a record of all non-expendable items with an item value of USD 500 or more. This record shall document the month and year of delivery, description, type/model, reference/identification number, cost (net of taxes and net of applicable Cost, Insurance & Freight charges) and location of use. Likewise, the PEA shall also document and monitor the use of consumables, materials and supplies which are being used in the course of project implementation.

IV. FINANCIAL REPORTING AND AUDIT PROCEDURES

Introduction

49. The Common Fund for Commodities requires that projects in progress are properly financially controlled by the appointed PEA, such in accordance with pertinent stipulations in the Regulations and Rules for Second Account Operations, the Project Agreement, and the Financial Procedures Manual. A key element of such financial control system is the requirement for the Financial Statements of the project to be audited by an independent and appropriately qualified external auditor. The financial statements (in as far as related to financing obtained from the Common Fund) cover balance sheet, income and expenditure statement, statement of changes in financial position, notes and other statements, and explanatory material which are identified as being part of the financial statements. The responsibility for the preparation of financial statements and for adequate disclosure is that of the PEA. The auditor's responsibility is to form his opinion and to report on the financial statements. The financial statements should cover a 12 month period, preferably on calendar basis and in English and should be audited within six month after the closure of the PEA's financial year. The receipt of financial statements bearing a reliable audit opinion is of key importance in the control of all projects.

50. The PEA must maintain separate accounting records for the project. Such records must be maintained in accordance with International Accounting Standards and must be separate from the accounting records of the PEA itself. The transactions relating to project funding provided by the Common Fund and funding from other financiers shall be clearly distinguishable in the accounting ledgers.

51. The following documents shall be prepared by the auditor and submitted annually to the Common Fund and the Supervisory Body:

- auditors report on the Financial Statements;
- a separate opinion on the Statements of Expenditures and Utilization of Project Account funds; and
- a separate opinion on procurement procedures followed.

A Management Letter from the external auditors addressed to the PEA shall accompany the auditors opinions where applicable. A copy of this Management Letter shall be part of the reporting package to the Common Fund and the Supervisory Body.

52. Irrespective of the above reports and opinions, the Common Fund reserves the right to request a summary memorandum on audit, in which all findings considering the audit are being reflected.

53. Whereas the audited financial statements are normally due to be received by the Common Fund and the Supervisory six months after the closing of the financial year, consideration may be given by the Common Fund to a different submission timing for the first package containing the audited statements, such depending on the timing of the start of project activities. A proposal to that effect may be made by the PEA for consideration by the Common Fund. It should be noted that failure to submit audited financial statements as scheduled may result in suspension of disbursement, a situation that may disrupt project implementation.

54. Normally, within a month of receipt, the Common Fund will provide its comments on the audited financial statements to the PEA and will invite the Supervisory Body to do the same.

55. It should be noted that the Common Fund or the Supervisory Body (the latter in consultation with the Common Fund) reserves the right to call for a special audit which may cover part of the project financing or the whole project for a specified period. The Common Fund also reserves the right to require an examination to be performed by external auditors, representatives of the Common Fund and/or Supervisory Body at all facilities and sites included in project implementation to examine accounting records, assets and activities financed under the project.

Appointment of External Auditor

56. The PEA must identify three months prior to the end of the financial reporting period (normally the calendar year), independent and technically competent external auditors. The PEA will identify the external auditor since it will have information and personal knowledge of local audit firms who will be suitably positioned to provide an efficient, reliable and cost effective audit. The appointment of the external auditor is to be made by the Supervisory Body with the **approval of the Common Fund**. The assent, or otherwise, on the part of the Common Fund to the nomination made by the Supervisory Body will be based upon a consideration of the likely independence and technical competence of the proposed auditor.

57. In considering candidates for the nomination for the audit assignment the PEA shall obtain three quotations from suitable parties for the provision of audit services. Where the fees quoted exceed the threshold values for procurement defined in the Project Agreement, the applicable procurement procedures shall be adhered to. The Procurement Committee should clear the proposed auditors. The Auditor Evaluation Questionnaire (see Annex XII) shall be completed by the PEA for the preferred candidate and submitted together with the three quotations to the Common Fund and the Supervisory Body. The Common Fund will inform the Supervisory Body of its agreement or disagreement with the choice of the external auditors. The Supervisory Body will inform the PEA accordingly.

58. The essential pre-requisite of a reliable audit report is objectivity on the part of the external auditor. Such objectivity can only be assured if the auditor is wholly independent of the entity to which the financial statements relate. Independence and objectivity may be compromised (*inter alia*) by the existence of factors such as those outlined below:

(a) Existing relationship between external auditor and PEA

It is possible that the external auditor proposed by the PEA to the Supervisory Body will be the PEA's own external auditor since such an appointment may well result in a cost-saving on the audit fee due to the external auditor's degree of familiarity with the PEA and the fact that such an external auditor may have examined transactions relating to the project as part of the audit of the PEA itself. In such cases it will be necessary to consider whether the independence of the proposed external auditor could be compromised and whether that auditor can be relied on to provide an unbiased and reliable audit opinion;

(b) Overdependence of external auditor on fees resulting from audit and/or other services provided to PEA

If the external auditor receives a large percentage of his or her fee income from work performed for the PEA or for a larger organisation of which the PEA is a member

then the independence of the external auditor may be compromised due to the commercial pressure that the PEA is able to exert;

(c) Existence of family or other personal relationships between the external auditor and the PEA

The existence of such factors compromise the integrity of the external auditor and reduce the extent to which credence can be placed in the auditor's opinion on the project's financial statements.

59. The above paragraphs are not intended to represent an exhaustive list of the factors which may compromise the independence and objectivity of a proposed project auditor, but are intended to serve as examples of the factors that should be kept in view when making an assessment of a proposed firm or individual.

60. In order to ascertain the likely technical competence of the nominee, the Common Fund requires that the nominee be a member of a national professional body, which is itself a member of and regulated by the International Federation of Accountants.

61. The Terms of Reference for the external auditor shall be prepared by the PEA and communicated to the external auditor and should at least include the preparation of the following:

- (a) Audit Opinion on the project Financial Statements;
- (b) Audit Opinion on propriety of expenses;
- (c) Audit Opinion on followed Procurement Procedures;
- (d) Management Letter containing Internal Control Recommendations.

The external auditor shall be provided (by the PEA) with a copy of the Financial Procedures Manual. The external auditor should specifically comment on:

- Tax compliance, where applicable;
- Availability and use of funding from other sources, co-financing and contribution in kind;
- SoE on file with invoices;
- Use of bank account;
- Use of Authorized Allocation;
- Equipment and Inventory.

62. Following appointment, the PEA shall receive a Letter of Representation from the external auditor, in which the relative obligations of the parties are specified. A copy of this Letter shall be sent to the Common Fund and Supervisory Body.

63. The PEA shall implement any Internal Control Recommendations made by the external auditor on a timely basis after receipt of the Management Letter and consultation with the Common Fund. The external auditor shall ascertain subsequently that the recommendations have been satisfactorily implemented.

Required Contents of Financial Statements and Audit Reports

64. Pursuant to the relevant provisions in the Project Agreement, annual financial statements shall be prepared by the PEA, and shall be audited by an external auditor appointed by the Supervisory Body, after endorsement by the Common Fund. Such statements shall be submitted to the Supervisory Body and the Common Fund within six months after the end of

each accounting year (or period). In the event of the report not being received, the Fund reserves the right not to reimburse any further disbursement requests.

General Reporting Requirements

65. The annual financial statements shall be prepared in accordance with International Accounting Standards. The information presented in the financial statements should be at least that information which is necessary for the statements to present a true and fair view of the activities of the project in the reporting period and should allow the user to make an informed assessment of all salient financial aspects of the project.

66. The accounting policies adopted for the preparation of the financial statements shall be disclosed in full. The financial statements shall be prepared in the currency of disbursement per the Project Account, and the basis of translation of transactions and balances denominated in currencies other than the disbursement currency, and treatment of exchange results arising from such translations, shall be disclosed as part of the accounting policies disclosure. The financial statements shall incorporate and present the transactions and balances arising from Common Fund-financing made available.

67. The financial statements should consist of the following (see Annex XI):

- Balance Sheet;
- Income and Expenditure Statement;
- Cash Flow Statement;
- Notes to the Accounts: to include a summary of accounting policies and all information necessary for the accounts to present a true and fair view and for a full understanding to be gained by the user of the above statements and of the accounts as a whole.

68. The stated value of in-kind and co-financing contributions shall be examined separately by the external auditor as part of the audit.

Balance Sheet

69. The Balance Sheet shall present the financial position of the Common Fund financing made available for the project as at the reporting date (the reporting date being the last day of the accounting period, normally 31 December). It shall present the assets and liabilities of the project and shall be categorised as follows:

Assets	-	Current assets
Liabilities	-	Long-term liabilities (i.e. those due after more than one year)
	-	Short-term liabilities (i.e. those due within one year)
	-	Project Capital Account (if unutilized advances not disclosed as Deferred Grants under long-term liabilities category)

70. For each of the above categories, aggregate totals for significant sub-categories shall be presented on the face of the Balance Sheet, e.g. Current Assets might consist of Reclaimable Taxes, Prepaid Expenses and Cash and Bank Balances. These would be disclosed in the Balance Sheet as follows:

		<u>USD</u>
Current Assets:	Reclaimable Taxes (if any)	XXX
	Prepaid Expenses	XX
	Cash at Bank	XXX
	Cash in Hand	X
Total Current Assets		XXXX

71. Analyses of the above aggregated sub-categories (e.g. Reclaimable Taxes), together with all necessary supplementary information, shall be presented as notes to the accounts where these are necessary in order for the accounts to present a true and fair view and for the user of the financial statements to gain a full understanding.

72. The balance sheet shall also bear the name and signature of an authorized representative of the PEA as evidence of formal approval of the financial statements for and on behalf of the PEA. The approval section shall be situated at the foot of the balance sheet and shall be dated (see example in Annex XI).

Income and Expenditure Statement

73. The Income and Expenditure Statement shall report the result of operations for the period covered by the financial statements. The statement shall summarise the major income and expense categories for the period. It shall normally include (without limitation) the following:

- Grants received from the Common Fund
- Operating revenue (e.g. revenue gained through the sale of project by-products, interest earned etc., if applicable)
- Project expenditures, summarized by category as mentioned in the Appraisal Report. The categories to be used are:

Category I	Vehicles, Machinery and Equipment
Category II	Civil Works
Category III	Materials and Supplies
Category IV	Personnel
Category VI	Technical Assistance and Consultancy
Category VI	Duty Travel
Category VII	Dissemination and Training
Category VIII	Operational Costs
- Net surplus or deficit on operations

74. The allocation of the net surplus or deficit shall be disclosed either on the face of the statement or in a note to the accounts.

Cash Flow Statement

75. The Cash Flow Statement shall summarise the sources of project funds for the accounting period and the application of funds in the execution of the project. The suggested format for the statement is as follows:

<i>Cash flows from operating activities</i>	
Net excess (shortfall) of income over expenditure	X
(Increase) decrease in receivable	X
Increase (decrease) in payable	X +
Net Cash from operating activities	X (1)
<i>Cash flows from investing and financing activities</i>	
(Increase) decrease in investments	X
Increase (decrease) in borrowings	X +
Net cash from investing and financing activities	X (2)
<i>Cash flows from other sources</i>	
Transfers (to)/ from other funds	X
Other adjustments	X +
Net cash from other sources	X (3)
<i>Net increase (decrease) in cash and term deposits</i>	X 1 + X 2 + X3

76. Formats other than the above may be adopted for the Cash Flow Statement if it is considered that this will provide a clearer presentation of the information. The PEA shall submit timely a proposal to the Common Fund to obtain clearance to do so prior to preparation of the Cash Flow Statement in this alternative manner.

Notes to the Accounts

77. The notes to the above annual financial statements shall include all information necessary for the accounts as a whole to present a true and fair picture of the activities of the project to the reporting date. Specific requirements are as follows:

- (a) Summary of significant accounting policies, including:
 - Cost convention adhered to (e.g. accounts prepared under historical cost convention);
 - Treatment of furniture, equipment and other non-expendable property;
 - Treatment of exchange rate differences;
 - Reporting on cash (not accrual) basis.
- (b) List of inventory movements during the period with totals by category (e.g. plant and machinery, furniture and equipment) as follows:
 - cost at beginning of period;
 - additions at cost;
 - cost value of disposals;
 - cost at end of period;
 - opening net book value;
 - closing net book value.
- (c) Events occurring subsequent to the reporting date which have an impact on, or provide additional information regarding, the information contained in the Balance Sheet as at the reporting date or the notes thereto.

- (d) Capital commitments and contingent liabilities (including any litigation or claims against the PEA which may draw into doubt either the continued existence of the PEA or the ability of the PEA to continue to discharge its obligations under the terms of the Project Agreement) existing at the reporting date.
- (e) Extent of insurance coverage for tangible fixed and other assets of the project.
- (f) Supplementary analyses of aggregate figures presented in the Income and Expenditure Statement.
- (g) Other information and analyses necessary for the accounts to present a true and fair view and for a full understanding to be gained by the user of the accounts.

Audit Opinion on the Financial Statements

78. Having completed the audit examination the auditor shall provide an audit opinion on the financial statements. This report shall be appended to the financial statements prior to submission of the statements to the Supervisory Body and the Common Fund. The sample of wording for an unqualified audit opinion on the financial statements is given in Annex XI.

79. The sample may be modified to provide the necessary breadth and depth of opinion that the external auditor seeks to deliver.

80. In the event that the external auditor wishes to deliver a **qualified opinion** on the financial statements, the above example shall be modified so as to make clear the exact nature of, and reasons for, the qualification. In such a case the penultimate paragraph of the audit report shall refer specifically to the subject of the qualification and shall detail its effect on the financial position and result of operations, if these are quantifiable. The opinion (final) paragraph shall then make reference to the qualification noted above.

81. The external auditors should feel free to contact the Common Fund as they deem necessary.

Audit Opinion on Propriety of Expenses

82. In addition to the above, the external auditor shall also submit an audit opinion to the PEA, with copy to the Common Fund and the Supervisory Body, concerning the propriety of expenses met from the funds advanced for the purposes of the project.

83. The external auditor may wish to perform additional examination procedures for the purpose of providing this opinion. This will possibly be the case if the approach of the auditor to the financial statements audit has been to rely on key controls, having tested (with satisfactory result) their operation, together with the performance of a limited amount of detailed transactions testing. If, on the other hand, the auditor has adopted a substantive approach for the performance of the financial statements audit (i.e. reliance has not been placed on controls but detailed transactions have been examined instead) then it may be felt that audit evidence gathered regarding the propriety of individual expense transactions is already sufficient.

84. The suggested format for the Propriety of Expenses is given in Annex XI.

Audit Opinion on followed Procurement Procedures

85. The external auditor shall submit an audit opinion to the PEA with copy to the Common Fund and the Supervisory Body concerning the guidelines followed for procurement of goods and services (see Chapter III Procurement Procedures).

86. The external auditor may wish to perform additional examination procedures for the purpose of providing this opinion. This will possibly be the case if the approach of the auditor to the financial statements audit has been to rely on key controls, having tested (with satisfactory result) their operation, together with the performance of a limited amount of detailed transactions testing. If, on the other hand, the auditor has adopted a substantive approach for the performance of the financial statements audit (i.e. reliance has not been placed on controls but detailed transactions have been examined instead) then it may be felt that audit evidence gathered regarding the procurement of goods and services is already sufficient.

87. The suggested format for the Audit Opinion on followed Procurement Procedures is given in Annex XI.

Management Letter

88. The auditor shall advise the PEA by means of a separate Management Letter of any material deficiencies or weaknesses in the accounting system or system of internal control procedures and shall make recommendations as to improvements that should be made to such systems. A copy of this report shall be sent to the Common Fund and to the Supervisory Body.

ANNEX I

Regulations and Rules for the Procurement of Goods and Services of the Second Account

*Adopted by the Executive Board at its fourth Meeting in October 1990,
Pursuant to Governing Council decision 4 (III) of 26 July 1990)*

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**REGULATIONS AND RULES FOR THE PROCUREMENT
OF GOODS AND SERVICES OF THE SECOND ACCOUNT**

PART I

GENERAL

1.01 The Regulations and Rules for the Procurement of Goods and Services of the Second Account of the Common Fund prescribe the conditions under which goods and services of projects financed by the Fund through the Second Account are procured. They are adopted pursuant to Article 16.10 and under the authority of the Agreement Establishing the Common Fund. The provisions of the Agreement shall have primacy over these Regulations and Rules.

REGULATION I. DEFINITIONS

1.02 For the purpose of the present Regulations and Rules:

- (a) “Award” means the decision to grant a contract to the winning bidder after a competitive bidding.
- (b) “Bid Evaluation” means the determination of the lowest evaluated cost based on price offers, standards of capability and financial resources and other factors.
- (c) “Bid Price” means the sum of all payments in various currencies required to be made to the bidder.
- (d) “Bid Validity” means the period in which bids submitted remain valid for comparison, evaluation, approval and subsequently for contract award.
- (e) “Contract Price” means the sum payable to the contractor in a currency or currencies in which the bid price of the successful bidder is stated.
- (f) “Prequalification” means a process of selecting bidders in advance of bids for particular contracts requiring specially designed equipment or specialized services.
- (g) “Procurement” means the acquisition of both goods and services for the purpose of implementing projects.

1.03 The definitions contained in the Agreement Establishing the Common Fund and in the Rules and Regulations of the Second Account Operations shall also be applicable to these Rules and Regulations.

REGULATION II. THE PURPOSE

1.04 The purpose of the present Regulations and Rules is to provide equal opportunity to prospective bidders from all Member States of the Fund, subject to appropriate preferences for goods and services from developing Member countries as provided for in Article 16.10 of the Agreement, and to ensure economy and efficiency and to encourage the development of local manufacturers and contractors in the developing countries in the execution of projects financed by the Fund.

REGULATION III. APPLICABILITY

1.05 The Rules and Regulations prescribed hereinafter apply to all procurement of goods and services financed wholly or in part by the Fund through its Second Account operations. If the Fund finances only part of a project, the procurement of those goods and services not financed by the Fund may be acquired under procedures specified in the Project Agreement. In such cases the Fund should be satisfied that the goods and services:

- (a) Are of satisfactory quality and are compatible with the standards required by the Project Agreement;
- (b) Will be delivered or completed in timely fashion; and
- (c) Are priced so as not to affect adversely the overall economic and financial viability of the project.

REGULATION IV. METHODS OF PROCUREMENT

1.06 Depending upon the size, nature and circumstances under which a project is implemented, methods of procurement shall be one of the following:

- (a) International Competitive Bidding (ICB).
- (b) Other Methods of Procurement, including:
 - (i) Limited International Bidding (LIB);
 - (ii) Local Competitive Bidding (LCB);
 - (iii) International and Local Shopping (ILS);
 - (iv) Direct Contracting or Direct Selection of Supplier (DSS);
 - (v) Force Account;
 - (vi) Use of Procurement Agents.

1.07 The particular methods to be followed for the procurement of goods and services for a project shall be specified in the Loan/Grant and/or Project Agreement.

PART II

REGULATION V. INTERNATIONAL COMPETITIVE BIDDING (ICB)

2.01 International Competitive Bidding should be the normal method of procurement and should always be used for procurement of goods and services exceeding the value of USD 100,000. International Competitive Bidding should provide prospective bidders adequate notification of a project's requirements and providing all such bidders an equal opportunity to bid on the necessary goods and services. The bidding document should clearly state the type of contract to be entered into and contain provisions including the basis of payment, either lump sum, unit prices, cost plus fees or combinations thereof.

REGULATION VI. NOTIFICATION AND ADVERTISING FOR ICE

2.02 Timely notification of bidding is essential in competitive bidding. In this regard:

- (a) The Project Executing Agency shall prepare and forward to the Fund and/or to the Supervisory Body a General Procurement Notice as soon as possible, and in any event not later than 60 days prior to the date of availability to the public of the tender documents. The Notice shall contain information concerning, among others, the amount and purpose of the loan/grant, the goods and services to be procured, the schedule date for availability of the bidding or pre-qualification documents and the agency, if any, responsible for procurement of the goods and services for the Project Executing Agency. The Notice shall also state the preference to be given to goods and services from developing countries in accordance with Regulation XX of the present Rules and Regulations. The Fund shall arrange for the publication of such Notice in the United Nations Development Forum Business Edition.
- (b) The international community shall also be notified of the opportunities to bid for specific contracts through invitations to prequalify or to bid in at least one newspaper of general circulation in the country where the goods and services shall be utilized for the project and in the official gazette, if any. Copies of such invitations may also be sent to local representatives of potential suppliers of the goods and services and to those who have expressed interest in response to the General Notice. For large and specialized contracts, the Fund may require that the Project Executing Agency advertise the invitations to prequalify or to bid in well-known technical magazines, newspapers and trade publications of wide international circulation.

REGULATION VII. PREQUALIFICATION OF BIDDERS

2.03 In the case of large and/or complex services requiring custom-designed equipment and specialized services where it is essential to ensure in advance of bidding that invitations to bid are extended only to those who are capable, prequalification may be required for particular contracts. Prequalification shall be based upon the capability of the prospective bidders to perform the particular contract satisfactorily, taking into account, *inter alia*,

- (a) experience and past performance on similar contracts;
- (b) capabilities with respect to personnel, equipment and plant; and

(c) financial position.

2.04 On the completion of the prequalification selection, the bidding documents shall be issued to the qualified bidders.

REGULATION VIII. BIDDING DOCUMENTS

2.05 Prospective bidders shall be furnished with a bidding document providing all necessary documents and information, including invitation to bid, instructions to bidders, form of bid, form of contract, conditions of contract, technical specifications, list of goods or bill of quantities and drawings, as well as necessary appendices, such as formats for various securities. Such documents shall be available at reasonable charges, if any, reflecting the cost of their production and shall not be so high as to discourage qualified bidders. The Project Agreement shall specify whether the bidding documents shall be submitted to the Fund for review before they are issued to prospective bidders.

2.06 Bidding documents should set clearly and precisely the work to be carried out, the location of the work, the goods to be supplied, the place of delivery or installation, the schedule of delivery or completion, and the warranty and maintenance requirements as well as any other pertinent terms and conditions. Where appropriate, bidding documents should define the tests, standards and methods that will be employed to judge the conformity of equipment as delivered, or services as performed, with the specifications. If bids based on alternative designs, materials, completion schedules, payment terms etc. are permitted, conditions for their acceptability and the methods of their evaluation should be expressly stated. Any additional information, clarification or correction of errors should be sent to each recipient of the original bidding documents in sufficient time.

2.07 If particular national or other standards are cited, bidding documents shall state that equipment, materials or workmanship meeting other standards which ensure equivalent or higher quality than the standard specified will also be accepted.

2.08 Specifications shall be based on relevant characteristics and/or performance requirements and references to brand names, catalog numbers or similar classifications shall be avoided. When it is unavoidable to quote a brand name or catalog number of a particular manufacturer to clarify an otherwise incomplete specification, the words “or equivalent” should be added after such a reference.

2.09 If reference has to be made to the Fund in the bidding document, the following language shall be used:

“...(name of the Project Executing Agency) has received loan/grant from the Common Fund for Commodities in currency (ies) equivalent to ...(Units of Account) towards the cost of (name of project), and intends to apply the proceeds of this loan/grant to eligible payments under the contract (contracts) for which this invitation to bid is issued. Payment by the Fund will be made only at the request of (Project Executing Agency) and upon approval by the Fund in accordance with the terms and the conditions of the Project Agreement, and will be subject in all respects, to the terms and conditions of that Agreement. Except as the Fund may specifically otherwise agree, no party other than the Project Executing Agency shall derive any rights from the Loan/Grant Agreement or have any claim to loan/grant proceeds.

REGULATION IX. VALIDITY OF BIDS AND BID SECURITY

2.10 Bidders shall submit bids valid for the period specified in the invitation to bid and sufficient for the Project Executing Agency to complete the comparison and evaluation of bids, to review the recommendation of award with the Fund and obtain all the necessary approvals, when required by the Project Agreement so that the award shall be notified in time.

2.11 Bid Bonds or guarantees may be required to provide reasonable security for the Project Executing Agency and may be specified in the contract. Special conditions, if any, shall also be included. Bid bonds shall be released to unsuccessful bidders immediately after bid award.

REGULATION X. CURRENCY PROVISIONS

2.12 Bidding documents shall state the currency or currencies in which bidders are to state their prices, the procedure for conversion of prices expressed in different currencies into a single currency for the purpose of comparing bids, and the currencies in which the contract prices will be paid.

2.13 Bidders shall express their bid prices in a usable currency or in a currency widely used in international trade. Such currency shall be specified in the bidding documents. Bidders who expect to incur expenditures in more than one currency may state the respective portions of their prices in each such currency. Alternatively, the bidder may express the entire bid price in one currency and indicate the percentages of the bid price required to be paid in other currencies and the exchange rates used in the calculations. Bidders may be required to state the local cost portion of the bid price in the currency of the country in which the project is implemented.

2.14 In bids concerning works, bidders may be required to state all their bid prices in the currency of the country in which the project will be implemented, along with the requirements for foreign currency payments expressed as a percentage of the bid price and specifying the exchange rate used in such calculations.

2.15 All bid prices shall be converted to a single currency selected by the Project Executing Agency and stated in the bidding documents. The conversion shall be done by using the selling (exchange) rates for those currencies quoted by an official source (such as the Central Bank) for similar transactions either:

- (a) On a date selected in advance and specified in the bidding documents, provided that such date should not be earlier than thirty days prior to the date specified for the opening of bids nor later than the original date prescribed in the bidding documents for the expiry of the period of bid validity; or
- (b) On the date of decision to award the contract or on the original date prescribed in the bidding documents for the expiry of the period of bid validity, whichever is earlier.

2.16 Contract price shall be paid in the currency or currencies in which the bid price of the successful bidder is stated. When a bidder expressed his payment requirements in other

currencies as a percentage of the bid price, and if requests payment in other currencies the exchange rates to be used for the purpose of payment shall be those used by the bidder in his bid.

REGULATION XI. TERMS AND METHODS OF PAYMENT

2.17 Bidding documents shall specify payment terms and methods. Payment terms shall be in accordance with international commercial practices applicable to the goods and works and the market in question.

2.18 For work contracts extending over several years, bidding documents should state whether upward or downward adjustments of bid prices will be made in the event changes occur in major cost components. Such adjustments may be effected either by the use of a prescribed formula (or formulae) which breaks down the total contract cost into components that are adjusted by price indices specified for each component or use documentary evidence presented by the supplier or contractor, as may be agreed in advance.

2.19 If there shall be any advance payments for mobilization or any other expenses, the amounts and timing of such advance payment(s) shall be stated in the bidding documents and the purposes for which they are intended shall be described.

REGULATION XII. PERFORMANCE SECURITY

2.20 Bidders shall be required to provide security against breach of contract with a performance bond or a bank guarantee, at the contractor's option, in an appropriate form and amount as shall be specified in the bidding documents. Work contracts may provide for a percentage of the total payment to be held as retention money to secure full performance by the contractor. Security shall extend beyond the estimated date for completion of the works to cover the warranty or maintenance period which may be specified in the contract. Suppliers or manufacturers of goods may be required to provide a bank guarantee to protect against non-performance of the contract. A percentage of the payments may be held as retention money to cover warranty obligations.

REGULATION XIII. TRANSPORTATION AND INSURANCE

2.21 Bids shall be invited on cost, insurance and freight (c.i.f.) port of entry border point terms and the evaluation and selection of the lowest evaluated bid shall be on the basis of these c.i.f. prices. The Project Executing Agency may sign the contract on f.o.b. terms and make its own arrangements for transportation and insurance, but payments under the Fund loan/grant shall be limited to the c.i.f. price quoted by the bidder. Indemnity under insurance must be readily available in convertible currencies to enable prompt replacements of lost or damaged goods. In the case of large projects with several contractors on a site, a "wrap-up" or total project insurance arrangement may be provided and the Project Executing Agency shall seek competition for such insurance.

REGULATION XIV. FORCE MAJEURE

2.22 The conditions of contract, shall contain clauses, if necessary, when failure to perform the obligations of the parties under the contract shall not be considered a default but a result of an event of force majeure.

REGULATION XV. LANGUAGE

2.23 Bidding documents shall be prepared in one of the languages customarily used in international commercial transactions and should specify that the text of the documents in that language shall be the authentic one.

REGULATION XVI. SETTLEMENT OF DISPUTES

2.24 The conditions of contract shall include provisions dealing with the applicable law and the forum for the settlement of disputes. International commercial arbitration shall normally have preference over other methods for the settlement of disputes.

REGULATION XVII. PREPARATION AND SUBMISSION OF BIDS

2.25 The time allowed for the preparation and submission of bids shall be determined with due consideration of the particular circumstances of the project and the magnitude and complexity of the contract. Generally, not less than 45 days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later shall be allowed for international bidding. Where large works or complex items of equipment are involved, this period shall generally be not less than 90 days to enable prospective bidders to conduct investigations before submitting their bids. The date, hour and place for latest delivery of bids should be specified in the invitation to bid.

REGULATION XVIII. BID OPENING PROCEDURES

2.26 The time of bid opening shall be the same as for the latest delivery of bids or soon thereafter, and should be announced, together with the place for bid opening, in the invitation to bid. The opening of bid shall be as follows:

- (a) The Project Executing Agent shall open in public all bids at the stipulated time. Bidders or their representatives shall be allowed to be present.
- (b) The name of the bidder and total amount of each bid, and of any alternative bids if they have been requested or permitted, should be read out aloud and recorded.

2.27 A copy of the record shall be sent to the Fund if requested by the Fund and/or by Supervisory Body.

2.28 Bidders shall not be requested or permitted to alter their bids after the first bid has been opened. Clarifications could be asked if needed to evaluate bids, but no change of the substance or price of bids are permitted after the bid opening.

REGULATION XIX. EXAMINATION, EVALUATION AND COMPARISON OF BIDS

2.29 The Project Executing Agency shall ascertain whether the bids are generally in order and conform to the requirements of the bidding documents. If a bid is not substantially responsive and contains material deviations from or reservations to the terms, conditions and

specifications in the bidding documents, it shall not be considered further.

2.30 The bid with the most favourable offer should be selected for award, exception being made to bidders from developing countries, a margin of preference of 10% given to them on the bid price. Additional factors to be considered in bid evaluation and the manner in which they will be applied for the purpose of determining the most favourable evaluated bid shall be specified in the bidding documents. These factors may include, the cost of inland transport to the project site, the payment schedule, the time of completion of construction or delivery, the operating costs, the efficiency and compatibility of the equipment, the availability and guarantee of services and spare parts, the reliability of proposed methods, and minor deviations, if any.

2.31 The evaluation and comparison of bids shall be on the basis that goods or services acquired under financing from the Fund are free from taxes and levies in the territory in which the project concerned is implemented in connection with the execution, delivery or registration thereof.

2.32 The Project Executing Agency shall prepare a detailed report on the evaluation and comparison of bids indicating the rationale on which the recommendation is based for the award of the contract. This report shall be made available to the Fund. It shall be stated in the Project Agreement if the report will be reviewed by the Fund before the award. This shall always be the case when procurements exceed the equivalent of USD 200,000.

2.33 The Project Executing Agency shall award the contract within the period of the validity of a bid to the bidder whose bid has been evaluated as the most favourable, exception being made from developing countries in accordance with Regulation XIX, paragraph 2.30 above, and which meets the appropriate standards of capability and financial resources. In exceptional circumstances, whereby the Project Executing Agency is unable to evaluate and award bids within the initial period of bid validity, extension of bid validity shall be requested in writing from all bidders before the expiry date. Bidders shall have the right to refuse extension of bid validity. The Fund shall be informed of such extension of bid validity.

2.34 If bidders have not been prequalified, and if the bidder whose bid has been evaluated as the most favourable has been found by the Project Executing Agency to lack the capability and resources to carry out the contract concerned, his bid shall be rejected and the offer of the next most favourable bidder shall be considered, exception being made to bidders from developing countries in accordance with Regulation XIX, paragraph 2.30.

REGULATION XX. PREFERENCES

2.35 The Project Agreement shall state the extent to which International Competitive Bidding shall state the appropriate preference to be given to experts, technicians, suppliers and contractors from developing countries Members of the Fund as provided for in Article 16 (10) of the Agreement. In this regard, appropriate preference should be the equivalent of 10% of bidding price.

REGULATION XXI. REJECTION OF ALL BIDS

2.36 All requests to bid from the Executing Agency should make the following provisions: Only bids conforming to all terms and conditions will be considered. Bids may be rejected in whole or in part. Bids may be accepted without negotiation. All bids may be rejected in cases

where the bidder with the most favourable bid exceeds the cost estimates by a substantial amount or when bids are not responsive or there is lack of effective competition. If all bids are rejected, the Supervisory Body shall review the causes justifying the rejection and consider making either revisions in the specifications or modifications in the project or both before inviting new bids. If any modifications or revisions have been made as an alternative to rebidding, the Project Executing Agency shall negotiate with the bidder offering the most favourable bid to try to obtain a satisfactory contract. The Fund shall be consulted in the process.

PART III

REGULATION XXII. OTHER METHODS OF PROCUREMENT

3.01 Where international competitive bidding would not be the most economical and efficient method of procurement, one of the commonly used procurement methods set forth below may be employed for the procurement of goods and services exceeding the value of USD 10,000. The particular methods and the categories of goods and services to which they apply shall be specified in the Project Agreement.

3.02 Limited International Bidding (LIB) is essentially international competitive bidding by direct invitation without open advertisement used in cases where:

- (a) the amounts are small;
- (b) there are a limited number of suppliers;
- (c) other exceptional reasons justifying departure from full ICB procedure.

3.03 In all respects, ICB procedures other than advertisement shall apply.

3.04 Local Competitive Bidding (LCB) is a competitive bidding advertised locally and in accordance with local procedures when goods or services are unlikely to attract foreign bidders. Bidding documents may be issued in a local language and local currency are generally used for the purpose of bids and payment. Advertisement may be limited to the local press or official gazette. Local methods and procedures to be employed shall provide for adequate competition and must be acceptable to the Fund.

3.05 International and Local Shopping is a method based on price quotations obtained from, at least three, foreign or local suppliers. It is an appropriate method used for procuring readily available and standard off-the-shelf goods that are small in value. No formal bidding documents are required.

3.06 Direct Contracting or Direct Selection of Suppliers (DSS) is direct contracting without competition under the following circumstances:

- (a) An existing contract for services or goods may be extended for the construction or provision of additional services or goods of a similar nature and when no advantage could be obtained by further competition.

- (b) Standardization and compatibility of equipment, quality and price may justify additional purchases from original supplier.
- (c) When equipment is obtainable from only one source.
- (d) When the contractor responsible for a process design requires the purchase of critical items from a particular supplier as a condition of his guarantee of performance.
- (e) When the need for early delivery justify direct contracting to avoid costly delays.
- (f) A directly negotiated contract may be acceptable when competitive bidding including rebidding fails to produce a contractor capable of carrying out the required services at a reasonable price.

3.07 Force Account is construction by the use of the Project Executing Agency's own personnel and equipment. Such procurement may be justified where:

- (a) Quantities of work cannot be defined in advance.
- (b) Small and scattered services or remoteness of location would make mobilization costs high.
- (c) Work must be carried out to avoid disruption of ongoing operations when the contractor is unable to complete the work due to reasons beyond his control.
- (d) No contractor is interested in carrying out the work.

3.08 Where procurement is particularly complex, or the Project Executing Agency lacks the necessary organization and experience, the services of firms which specialize in handling international procurement may be employed. Procurements of goods and equipment may be made through the United Nations Specialized Agencies whenever such opportunities are available.

3.09 In situations where other methods of procurement are used, the Executing Agency shall record on file the justification for adopting the alternative method and secure the agreement of the Supervisory Body.

ANNEX II

Example of the conversion of expenditure incurred in local currency into the currency of the Project Account for reporting purposes

In order to make a request for replenishment of the Project Account, eligible expenditure incurred and paid for in local currency (EUR) needs to be converted into the currency of the Project Account. The United Nations monthly exchange rate shall be used to do so.

Example

UN monthly rates:	April	1.143 USD/EUR
	May	1.108 USD/EUR
	June	1.064 USD/EUR
	July	1.019 USD/EUR

Project Account in USD, Sub-Account in EUR.

6 April:	Eligible Exp.	EUR 500:	EUR 500 / 1.143 =	USD 437
25 April:	Eligible Exp.	EUR 20,000:	EUR 20,000 / 1.143 =	USD 17,498
10 May:	Eligible Exp.	EUR 3,000:	EUR 3,000 / 1.108 =	USD 2,708
1 June:	Eligible Exp.	EUR 8,500:	EUR 8,500 / 1.064 =	USD 7,989
Total	Eligible Exp.	EUR 32,000		USD 28,632

Request for replenishment is USD 28,632

ANNEX III

Application for the Release of the Authorized Allocation

Common Fund for Commodities
Form 100

To: Common Fund for Commodities
Stadhouderskade 55
1072 AB Amsterdam
The Netherlands
Attention: Chief Operations Officer
1. Project Code : _____

We hereby apply for the release of the Authorized Allocation into the Project Account opened under the CFC Project Agreement and hereby certify as follows:

- A. The use of the funds shall be in accordance with the stipulations of the Project Agreement and for eligible expenditures as determined in the Appraisal Report.
B. The procurement of goods and services shall be in accordance with the guidelines given in the Financial Procedures Manual and the Project Agreement.
C. The expenditures shall be incurred only for goods and/or services from Member States of the Fund.

Payment Instruction

2. Please pay _____
(Currency Name) (Amount in figures) (Amount in words)

3(a) to
Correspondent Bank name (if applicable): _____

Correspondent Bank Address (if applicable) : _____
for

Account number of Payee's Bank with the Correspondent Bank (if applicable): _____

3(b) Payee's Bank name: _____

Payee's Bank Address: _____

In favour of

Payee name : _____

Payee account : _____

Swift code: _____

ABA-routing (for US, if applicable) _____

Sort code (if applicable): _____

Iban (for Europe/UK, if applicable): _____

Reference details: _____

4. _____
(Name of PEA)

5. _____
(Signature(s) of Authorized Representative(s))

6. _____
(Date)

7. _____
(Name(s) and Title(s))

**Instructions for the Completion of the Application for the Release of the
Authorized Allocation (Form 100)**

Notes:

- (a) Separate applications must be prepared for each payee.
- (b) All numbered lines of paragraphs 1 to 7 inclusive shall be completed.
- (c) When completed, this application should be checked to ensure that the references, amounts, and other details are correct before passing to the authorized representative for signature. Mistakes and omissions may lead to delays in the processing of the transfer of funds.

Instructions:

1. **Common Fund Project Code:**
To be inserted (CFC/ICB acronym/sequence number).
2. **Please Pay:**
Enter currency and amount to be paid (in figures and words).
For example: USD 50,000; fifty thousand USD
3. **Bank Details:**
 - (a) Enter correspondent bank name and address (if applicable), account number of the bank of the payee with the correspondent bank (if applicable).

 - (b) Payee bank name and address, name and account number of payee, together with bank transfer details and reference details (if and as applicable).
4. **Name of PEA:**
Enter name as it appears in the Project Agreement.
5. **Signature of Representative(s):**
Signature of the authorized representative(s).
6. **Date:**
The date on which the authorized representative(s) signs the applications.
7. **Name and Title:**
Both the name and title of the signatory(ies) to be inserted.

ANNEX IV

Explanatory Notes for the Use of, and the Accounting for, the Funds made available through the Authorized Allocation

The basis for the financing of project activities is reimbursement of eligible expenditures incurred. As the PEA normally does not have the financial means to pre-finance expenditures for reimbursement by the Common Fund at a later stage, the PEA is provided with a so-called Authorized Allocation. This basically is an advance provided to the PEA to enable financing of eligible project expenditures in the first few months of project operation. The level of funding made available depends on the scale of activities and the expected expenditure level in the first half year of project implementation. The amount of the Authorized Allocation is specified in Schedule 4 of the Project Agreement.

The PEA is expected to be, at all times, in a position to account for the use of funds made available through the Authorized Allocation. The funds should be either kept in the Project Account or being used for project activities, in which case the use should be accounted for by adequate supporting documentation.

Towards the end of the project, the amount of the Authorized Allocation will need to be either fully accounted for by expenditures incurred and/or by the cash balance in the Project Account. Normally it will be a mix of both. As it is generally the case that the level of project expenditures in the final year(s) of the project is significantly lower than in the early and middle stages, the full amount of the Authorized Allocation is then no longer required for project implementation. It is therefore standing practice of the Common Fund to gradually decrease the amount made available for project implementation towards the end of the project. This is done through a **reduced level of reimbursement** of expenditures than accounted for, when requesting reimbursement of expenditures, through the submission of the form for replenishment of the Project Account.

After each period of six months, a Request for Replenishment of the Project Account is to be submitted to the Fund, after which (if all expenditures are considered eligible for reimbursement) the requested reimbursement will lead to the replenishment of the Project Account up to the level of the original Authorized Allocation.

The following example illustrates the principle of the recovery process, whereby it is to be noted that different, "tailor-made" arrangements can be agreed upon, provided project-specific conditions would make such recommendable (this would, however, require prior approval by the Common Fund based upon a pertinent request from the PEA).

Example

A project with a Common Fund budget of USD 1,250,000 has a duration of four years. The Authorized Allocation has been set at USD 200,000.

Step 1:

The recovery of the Authorized Allocation will start in the third year. When submitting a request for replenishment for USD 160,000, only USD 110,000 will be reimbursed while an amount of USD 50,000 (i.e. 25% of USD 200,000) will be retained as a first recovery of the Authorized Allocation. This implies that the Project Account, instead of containing an amount of USD 200,000 (the original Authorized Allocation) now contains USD 150,000. The Common Fund will inform the PEA that the outstanding Authorized Allocation is revised to be USD 150,000.

Step 2:

The next request for replenishment of, say, USD 115,000 will lead to a transfer by the Common Fund into the Project Account of USD 65,000 (again a withholding of USD 50,000). Now the remaining amount of the Authorized Allocation still to be accounted for is USD 100,000.

Step 3:

During the last project year a request for replenishment for USD 75,000 reaches the Fund. Again USD 50,000 will be withheld, resulting in a transfer of USD 25,000 into the Project Account. This last transaction will result in a balance Authorized Allocation of USD 50,000 which is now the remaining balance in the Project Account for project activities in the last period of project completion.

Step 4:

Upon completion of all project activities (including reporting and final project publications, etc) a now “pro forma” request for replenishment may be made providing evidence of the expenditures incurred in the last project period. If this last request covers expenditures of say, USD 35,000 then this amount will not be reimbursed, but (provided that also these expenditures are all considered eligible) be deducted from the Authorized Allocation still to be accounted for, thus resulting in an outstanding balance of USD 15,000. This amount (which should be the closing balance of the Project Account) is then to be transferred by the PEA from the Project Account to the account of the Common Fund, after which the Project Account is to be closed.

Schematically:

Step 1	USD
Authorized Allocation:	200,000
Request for Replenishment	160,000
1 st Recovery	50,000
Transfer	110,000
Outstanding Authorized Allocation:	150,000

Step 2	USD
Outstanding Authorized Allocation:	150,000
Request for Replenishment	115,000
2 nd Recovery	50,000
Transfer	65,000
Outstanding Authorized Allocation:	100,000

Step 3	USD
Outstanding Authorized Allocation:	100,000
Request for Replenishment	75,000
3 rd Recovery	50,000
Transfer	25,000
Outstanding Authorized Allocation:	50,000

Step 4	USD
Outstanding Authorized Allocation:	50,000
Request for Replenishment	35,000
4 th Recovery	35,000
Transfer	--
Transfer by PEA to the Common Fund	15,000
Outstanding Authorized Allocation	0

ANNEX V

Request for Replenishment of the Project Account

Common Fund for Commodities
Form 200

1. Project Code:
2. Application No.:

To: Common Fund for Commodities
Stadhouderskade 55
1072 AB Amsterdam
The Netherlands
Attention: Chief Operations Officer

We hereby apply for replenishment of the Project Account opened under the CFC Project Agreement and hereby certify as follows:

- A. We have not previously requested for replenishment of the Project Account to meet these expenditures and have not and do not intend to obtain funds for this purpose from any other source.
B. The goods and services covered by this application have been purchased in accordance with the terms of the Financial Procedures Manual and the Project Agreement.
C. The expenditures have been incurred only for goods and/or services from Member States of the Fund.

Details of Expenditure

Use Statement of Expenditure (Form SoE). To be attached with supporting documentation as required.

Payment Instruction

3. Please pay (Currency Name) (Amount in figures) (Amount in words)

4(a). to Correspondent Bank name (if applicable):

Correspondent Bank Address (if applicable):

for

Payee's Bank account number (if applicable):

4(b)

Payee's Bank name:

Payee's Bank Address:

In favour of

Payee name :

Payee account number:

Swift code:

ABA-routing (for US, if applicable)

Sort code (if applicable):

Iban (for Europe/UK, if applicable):

Reference details:

5. (Name of PEA)

6. (Signature(s) of Authorized Representative(s))

7. (Date)

8. (Name(s) and Title(s))

Instructions for the Completion of the Request for Replenishment of the Project Account (Form 200)

Notes:

- (a) Separate applications must be prepared for each payee.
- (b) All numbered lines of paragraphs 1 to 8 inclusive shall be completed.
- (c) When completed, this application should be checked to ensure that the references, amounts, and other details are correct before passing to the authorized representative for signature. Mistakes and omissions may lead to delays in the processing of the transfer of funds.

Instructions:

1. **Common Fund Project Code:**
To be inserted (CFC/ICB acronym/sequence number)

2. **Application Number:**
To be numbered consecutively beginning with number one for the first replenishment. Where there is more than one implementing agency, a prefix should be used to identify applications from each collaborating institution, so as to differentiate from requests submitted by the PEA for its “own” project expenditures.

For example: application 2 for two collaborating institutions A and B will read: 'A - 2' and 'B - 2' respectively.

3. **Please Pay:**
Enter currency and amount to be paid (in figures and words).
For example: USD 50,000; fifty thousand USD

4. **Bank Details:**
 - (a) Enter correspondent bank name and address (if applicable), account number of the bank of the payee with the correspondent bank (if applicable),
 - (b) Payee bank name and address, name and account number of payee, together with bank transfer and reference details, and as applicable).

5. **Name of PEA:**
Enter name as it appears in the Project Agreement.

6. **Signature of Representative(s):**
Signature of the authorized representative(s).

7. **Date:**
The date on which the authorized representative(s) signs the applications.

8. **Name and Title:**
Both the name and title of the signatory(ies) to be inserted.

ANNEX VI

Cash Flow Statement

Common Fund for Commodities
Form 201

- 1. Date : _____
- 2. Project Code : _____
- 3. Application No. : _____
- 4. Name PEA : _____

To: The Common Fund for Commodities
Stadhouderskade 55
1072 AB Amsterdam
The Netherlands
Attn.: Chief Operations Officer

CASH FLOW STATEMENT

- 5. Period covered : from _____ to _____
- 6. Currency : _____
- 7. Funds available at the beginning of period : _____ +
- 8. Funds received from the Common Fund : _____ +
- 9. Funds received from other sources : * _____ +
- 10. Transfers from other bank accounts : * _____ +
- 11. Expenditures incurred from CFC funds : _____ -
- 12. Transfers to other bank accounts : * _____ -
- 13. **RESULTING BALANCE:** : _____

Certified by: _____
(Project Accountant)

Certified by: _____
(Project Coordinator)

Certified by: _____
(Internal Auditor)

* Where entries are made in 9, 10, & 12 details are to be provided

Instructions for the Completion of the Cash Flow Statement (Form 201)

Notes:

- (a) Instructions apply to Project Executing Agencies who, in accordance with the Project Agreement shall furnish the Common Fund with certified Cash Flow statements together with a request for replenishment
- (b) A Cash Flow Statement shall be prepared for the Project Account (and for each Sub-Account as applicable).
- (c) If differences occur between the resulting balances of the Cash Flow Statements and the balances in the Project Account (Sub-Account), as evidenced in the closing balance of the Bank Statement, a proper justification for these differences must be provided with the bank reconciliation statement (Form 202).

Instructions:

- 1. **Date:**
As on Form 202.
- 2. **Common Fund Project Code:**
To be inserted (CFC/ICB acronym/sequence number)
- 3. **Application No.:**
As on Form 200.
- 4. **Name of PEA:**
Name of the Project Executing Agency (abbreviated).
- 5. **Period covered:**
Period starting since the last application for withdrawal was made until the date of the present application for withdrawal.
- 6. **Currency:**
Must be the currency of the Project Account or the Project Sub-Account (as applicable).
- 7. **Funds available at beginning period:**
Indicate the funds available at the beginning of the period, this must be the same as the resulting balance of the preceding Cash Flow Statement.
- 8. **Funds received from the CFC:**
Covering the amounts received from the Common Fund, only during the reporting period covered.
- 9. **Funds received from other sources:**
Covering the amounts received from other sources (e.g. in case of refund of taxes and duties paid or interest received) during the period covered.
- 10. **Transfers from other project bank accounts:**
Insert total value of transfers received from other project bank accounts (if any).

11. **Expenditures incurred from CFC funds:**
The total amount of eligible expenditures (as per the submitted Statement of Expenditure) spent since the submission of the previous Cash Flow Statement Enter on a cash/actual basis only.
12. **Transfers to other project bank accounts:**
Insert total value of transfers made to other project bank account(specify bank account)
13. **Resulting balance:**
Calculate the following formula: $7+8+9+10-11-12$

Signatures required:

Project Co-ordinator (mandatory), plus (one or both) Accountant and Internal Auditor (as per the signatory panel).

Note: where entries are being made on the form in items 9, 10 and/or 12, an explanatory note must accompany the statement clarifying the origin and purpose of payments received or made.

ANNEX VII

Bank Reconciliation Statement

Common Fund for Commodities
Form 202

1. Date : _____
2. Project Code : _____
3. Application No. : _____
4. Name PEA : _____

To: The Common Fund for Commodities
Stadhouderskade 55
1072 AB Amsterdam
The Netherlands
Attn.: Chief Operations Officer

BANK RECONCILIATION STATEMENT

5. Statement date : _____
6. Currency : _____
7. Balance as per bank statement : _____ +
8. Outstanding payments/transfers : _____ -
9. Outstanding deposits : _____ +
10. Other adjusting entries : _____ +/-

11. **Balance as per Cash Flow Statement:** : _____

Certified by: _____
(Project Accountant)

Certified by: _____
(Project Coordinator)

Certified by: _____
(Internal Auditor)

Instructions for the Completion of the Bank Reconciliation Statement (Form 202)

Note:

The purpose of the Bank Reconciliation Statement is to verify the closing balance on the Cash Flow Statement by referencing to the closing balance per the bank statement. The closing balance per the bank statement represents independent third party evidence and should differ only from the closing balance per the Cash Flow Statement due to timing differences. A separate Form should be prepared for each bank account maintained by the project.

Instructions:

- 1. Date:**
As on the Statement of Expenditure form
- 2. Common Fund Project Code:**
To be inserted (CFC/ICB acronym/sequence number)
- 3. Application No.:**
As on the Statement of Expenditure form.
- 4. Name of PEA:**
Name of the Project Executing Agency (abbreviation)
- 5. Statement date:**
The last day of the period covered by the Cash Flow Statement
- 6. Currency:**
Must be the currency of the bank account.
- 7. Balance as per Bank**
Report the closing balance as at the statement date given in 5 above as per the bank statement. A copy of the pertinent bank statement must be attached to the Bank Reconciliation Statement.
- 8. Outstanding payments/transfers:**
Insert the total value of outstanding cheques, payments and other transfers. Submit detailed summary statement if an entry has been made here.
- 9. Outstanding deposits:**
Insert the total value of outstanding deposits. Submit detailed summary statement if an entry has been made here.
- 10. Other adjusting entries:**
Insert the total value of other adjusting entries (e.g. bank errors awaiting correction). Submit details if an entry has been made here.
- 11. Balance per Cash Flow Statement:**
Calculate $7-8+9+/-10$.
Ensure that the resulting balance is equal to the balance as per the Cash Flow Statement (Form 201).

Signatures required:

Project Co-ordinator (mandatory), plus (one or both) Accountant and Internal Auditor.

Statement of Expenditure

(NOTE: Use one form for each budget category)

Reporting Period - From _____ To: _____
 (Day-Month-Year) (Day-Month-Year)

Local Currency : _____
 Currency of PA : _____

Project Code : _____
 Application No. : _____
 Application Date : _____
 Page : __ of __

(Documentation required for expenditure >= USD 500)

1	2	3	4	5	6	7	8	9
Cate gory Code	Description	Date of Payment	Unit	QTY	Amount Due from CFC in Local Currency	Exchange Rate	Amount Due from CFC in Currency of PA (6 x 7)	Document No.
		Totals/ transport						

Form SoE

STATEMENT OF EXPENDITURE

(NOTE: Use as last page)

Reporting Period - From _____ To: _____
(Day-Month-Year) (Day-Month-Year)

Local Currency : _____
 Currency of PA : _____

Project Code : _____
 Application No. : _____
 Application Date : _____
 Page : __ of __

(Documentation required for expenditure >= USD 500)

1	2	3	4	5	6	7	8	9
Category Code	Description	Date of Payment	Unit	QTY	Amount Due from CFC in Local Currency	Exchange Rate	Amount Due from CFC in Currency of PA (6 x 7)	Document No.
	b/forward							
		Totals						

Carry totals of columns 6 and 8 of the previous page(s) to this last page of the form SoE.

We hereby certify that the expenditure shown on Pages ___ to ___ of the attached Statement of Expenditure, for which reimbursement is claimed, has been incurred in accordance with the pertinent stipulations of the Project Agreement and the Financial procedure Manual. We certify that the requirements for maintaining records and documentation for the expenditure disbursed as outlined in the Project Agreement and the Financial Procedures Manual will be complied with. This includes, *inter alia*, that an annual audit will be carried out and that the documentation (including purchase orders, invoices, evidence of payment and delivery and any other relevant documentation evidencing the expenditure), will be retained until two years after the Closing Date of the Project Account and that such records and documentation will be made available to the project auditors, and CFC and/or SB representatives for review upon request.

(Name of PEA)

Certified by: _____
(Project Coordinator)

Certified by: _____
(Internal Auditor)

Certified by: _____
(Project Accountant)

Instructions for the Completion of the Statement of Expenditure (Form SoE)

Notes:

- (a) Use a separate form SoE for each budget category as provided in the Appraisal Report cost tables.
- (b) A separate Statement of Expenditure must be completed for each currency of expenditure by categories.

Instructions:

Reporting Period:

The first Reporting Period will start on the date of signature of the Project Agreement. The period normally covers a six-month period commencing from the first day following the end of the previous reporting period and ending on the date of the last reported transaction entered on the Statement of Expenditure.

Local Currency:

Insert the description of the local currency (e.g. CFA for Franco-phone West/Central Africa)

Currency of PA:

Insert the description of the currency of the Project Account (e.g. USD for United States Dollar)

Common Fund Project Code:

To be inserted (CFC/ICB acronym/sequence number)

Application Number:

As per Form 200.

Application Date:

Enter the date on which the application is made.

1. Category Code:

Insert Category Code as provided in the Appraisal Report

2. Description of Items:

Should be in line with the descriptions used in the itemized cost tables of the Appraisal Report.

3. Date of Payment:

Enter the date on which payment was made.

4. Unit:

Indicate the unit of measurement as per coding in the Appraisal Report cost tables (e.g. Man Months/Weeks, missions, kilometers etc)

5. Quantity:

Indicate the quantity purchased

6. Amount Due from CFC in Local Currency:

Enter total expenditure reimbursable under the project net of all direct taxes (ref para 11 of Chapter II Procurement Procedures), as to be reflected on the sales invoice, contract or expenditure reimbursement claim in local currency.

7. Rate of Exchange:

Use the United Nations rate of exchange applicable at the time of actual payment (ref para 31 in Chapter III).

8. Amount due from CFC in Currency of Project Account:

Multiply the amount shown in column 6 by the exchange rate quoted in column 7.

9. Supporting Document Number:

All supporting documentation submitted in support of expenditure equal to or over USD 500 must be numbered in sequential order to facilitate easy identification.

Signatures required: Project Co-ordinator (mandatory), plus (one or both) Accountant and Internal Auditor as per the signatory panel.

Note: All statements must cover the same reporting period

ANNEX IX

Excerpt from Article 48: “Agreement Establishing the Common Fund for Commodities” - Immunities from Taxation

“1. Within the scope of its official activities, the Fund, its assets, property, income and its operations and transactions authorized by this Agreement shall be exempt from all direct taxation and from all customs duties on goods imported or exported for its official use, provided that this shall not prevent any Member from imposing its normal taxes and customs duties on commodities which originate from the territory of such Member and which are forfeited to the Fund through any circumstance. The Fund shall not claim exemption from taxes which are no more than charges for services rendered.

2. When purchases of goods or services of substantial value necessary for the official activities of the Fund are made by or on behalf of the Fund, and when the price of such purchases includes taxes or duties, appropriate measures shall, to the extent possible and subject to the law of the Member concerned, be taken by such Member to grant exemption from such taxes or duties or provide for their reimbursement. Goods imported or purchased under an exemption provided for in this article shall not be sold or otherwise disposed of in the territory of the Member which granted the exemption, except under conditions agreed with that Member.

3. No tax shall be levied by Members on or in respect of salaries and emoluments paid or any other form of payment made by the Fund to Governors, Executive Directors, their alternates, members of the Consultative Committee, the Managing Director and staff, as well as experts performing missions for the Fund, who are not their citizens, nationals or subjects.

4. No taxation of any kind shall be levied on any obligation or security issued or guaranteed by the Fund, including any dividend or interest thereon, by whomsoever held:

- (a) Which discriminates against such obligation or security solely because it is issued or guaranteed by the Fund; or
- (b) If the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Fund.”

Summary of Procurement Proposals

- 1. Project Code.....
- 2. Date.....
- 3. Name of PEA.....

Category Code	Description of Items	PROFORMA I		PROFORMA II		PROFORMA III		Recommended Supplier
		Supplier	Amount in currency of the PA	Supplier	Amount in currency of the PA	Supplier	Amount in currency of the PA	

Certified by:

(Head of Procurement Committee)

Certified by:

(Project Coordinator)

Certified by:

(Project Accountant)

**Instructions for the Completion of Summary of Procurement Proposals
(Form SPP)**

Notes:

- (a) This Form shall be completed for all items/contracts intended to be procured but for which it appears that the cost will exceed the budgetary (base cost) provision, hence requiring prior approval/clearance of the Common Fund to proceed.
- (b) If the supplier proposed to be selected is not the cheapest, a full justification, is required.
- (c) After approval from the Common Fund, the purchase may be effected
- (d) Upon submission of the Statement of Expenditure (Form SoE) requesting for reimbursement, due care should be taken to attach a copy of the Form SPP plus copy invoice and copy documentation for the bid selected, as well as reference to the clearance obtained from the Common Fund

Instructions:

Common Fund

- Project Code:** To be inserted (CFC/ICB acronym/sequence number)
- Date:** Date of completing the form.
- Name of PEA:** Name of the Project Executing Agency
- Category Code:** Insert Category Code as per the budget provision in the Appraisal Report
- Description of Items:** Use only those descriptions which are used in the budget tables of the Appraisal Report.
- Supplier:** State the name of the supplier and location.
- Amount in currency of PA:** Calculate the amount of the proposed contract (net of taxes) in the currency of the Project Account, using the exchange rate effective at the date of the pro-forma invoice.
- Recommended:** Indicate the supplier recommended.

ANNEX XI

Specimen Format for Audited Project Financial Statements

Cover Page

[Name of PEA]

[Project Title]

Financial Statements

[year/ # month period] ended [reporting date]

Note: It is assumed below that the financial statements are for the 12 month accounting period ended 31 December 200X.

Figures provided are for example purposes only, they are not true figures.

[[Name of PEA]
[Project Title]

REPORT OF THE EXTERNAL AUDITOR TO THE PEA [name of PEA]

We have audited the accompanying financial statements of the [title] project for the 12 month period ended 31 December 200X. These statements consist of the Balance Sheet, the Income and Expenditure Account, the Cash Flow Statement and the Notes to the Accounts, and are set forth on pages 2 to 6. The financial statements are the responsibility of [name of PEA], Project Executing Agency. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted international auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion these financial statements give a true and fair view of the state of affairs of the [title] project as at 31 December 200X, and of the results and source and application of funds for the 12 month period then ended, and have been properly prepared in accordance with accounting standards recommended by the International Accounting Standards Committee, on a basis consistent in all material respects with that of the previous [year/period]."

Registered Auditor
Date

Address

[Name of PEA]
[Project Title]

BALANCE SHEET AS AT 31 DECEMBER 200X

	USD
CURRENT ASSETS	
Value Added Tax	36,222
Cash at Bank	<u>57,403</u>
	93,625
CURRENT LIABILITIES	<u>93,625</u>
Creditors	21,019
SURPLUS (DEFICIT)	72,606
	<u>93,625</u>

Approved for and on behalf of [Name of PEA]:

[Title and Position]:

Date:

[Name of PEA]
[Project Title]

INCOME AND EXPENDITURE STATEMENT

12 Month period ended 31 December 200X

	USD
Funds received from CFC	397,709
Expenditure (Note 3)	325,103
Result before taxation	72,606
Taxation	0
Surplus/(Deficit) after taxation	72,606

Approved for and on behalf of [Name of PEA]:

[Title and Position]:

Date:

Name of PEA]
[Project Title]

CASH FLOW STATEMENT

12 Month period ended 31 December 200X

	USD
Surplus/(Deficit)	72,606
Decrease/(Increase) in Value Added Tax (receivable)	(36,222)
Increase/(Decrease) in Creditors	21,019
Net Increase/(Decrease)	57,403

Approved for and on behalf of [Name of PEA]:

[Title and Position]:

Date

[Name of PEA]
[Project Title]

NOTES TO THE ACCOUNTS

12 Month period ended 31 December 200X

1. Accounting Policies

1.1 Basis of Preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable International Accounting Standards.

1.2 Depreciation

Furniture, equipment and other non-expendable property are charged to expenditure against budgetary accounts in the year of purchase.

2. Inventory List

	USD
Cost:	
at 1 January 200X	0
<u>Additions</u>	
Cars	60,000
Computers	10,000
Laboratory instruments	50,000
Furniture	30,000
Machinery	92,790
Disposals	<u>0</u>
Total as at 31 December 200X	242,790

3. Statement of Expenditure

	Actual USD	Budget USD	Variance USD
Civil Works	4,535	60,000	55,465
Materials and Supplies	15,200	100,000	84,800
Personnel	1,000	5,000	4,000
TA & Consultancy	13,500	23,500	10,000
Duty Travel	20,000	60,000	40,000
Dissem. & Training	20,500	30,000	9,500
Operational Costs	1,500	5,000	3,500
Supervision and Monitoring	6,078	15,000	8,922
Vehicle, Machinery, Equipment	<u>242,790</u>	<u>500,000</u>	<u>257,210</u>
TOTAL	325,103	808,500	483,397

[Name of Beneficiary]
[Project Title]

AUDIT OPINION ON THE PROPRIETY OF EXPENSES

REPORT OF THE EXTERNAL AUDITOR TO THE PEA

We have examined the Statements of Expenditure submitted by [name of PEA], to the Common Fund for Commodities in support of the funds requested pursuant to the terms of the [title] project. The Statements examined comprise a full account of the expenditures made in the [year/ # month period] ended [reporting date] from the funds advanced by the Common Fund and [only if applicable] co-financing institutions for the purposes of the project.

Our examination was conducted in accordance with generally accepted international auditing standards and, accordingly, included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion:

- (1) the above Statements of Expenditure present fairly the expense transactions that have occurred during the [year/ # month period] ended [reporting date],
- (2) all expenses presented are bona fide expenses incurred in accordance with the terms of the Project Agreement and the Financial Procedures Manual,
- (3) all expenses presented are in agreement with the necessary supporting documentation, and
- (4) all such expense transactions have been correctly incorporated in the audited project financial statements for the [year/ # month period] ended [reporting date].

Registered Auditor
Date

Address

[Name of Beneficiary]
[Project Title]

AUDIT OPINION ON FOLLOWED PROCUREMENT PROCEDURES

REPORT OF THE EXTERNAL AUDITOR TO THE PEA AND TO [name of Supervisory Body]

We have examined the procurement procedures followed by [name of PEA], to the Common Fund for Commodities in support of the funds requested pursuant to the terms of the [title] project.

Our examination was conducted in accordance with generally accepted international auditing standards and, accordingly, included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the procurement procedure followed during the year [200x] is in accordance with Chapter III of the Financial Procedures Manual.

Registered Auditor
Date

Address

ANNEX XII

Auditor's Questionnaire: Appraisal of Proposed External Auditors for Audit of Project Financial Statements

Auditor Evaluation Questionnaire

Project Title:

Project Code:

Name of Supervisory Body:

Name of Project Executing Authority:

Name of Proposed External Auditor:

Note:

The questions below shall be completed by the PEA and the proposed external auditor. For all matters addressed please provide any other information which is considered relevant for the purposes of our assessment.

Please indicate your answer to each of the questions by circling the appropriate response.

Independence

- (1) Does the external auditor currently provide audit and/or other services to the Project Executing Agency.

YES/ NO

- (2) Does the fee income derived from the provision of any such services represent more 5% of the annual gross recurring fee income of the external auditor's practice.

YES/ NO

- (3) Are the PEA and external auditor (or members of the auditor's staff) connected by the existence of any family or other personal relationships.

YES/ NO

Professional qualification and technical competence

- (1) Is the external auditor a member of a recognised professional body that is in turn a member of the International Federation of Accountants.

YES/ NO

If YES please provide the name of the relevant body below and attach certified copy of membership:

If NO go to question 4.

- (2) Is the external auditor entitled by the above professional body to express an audit opinion for a national organisation and/or a corporation having liability limited by share capital.

YES/ NO

If YES for how long has the external auditor been so entitled:

- (3) Has the external auditor ever been the subject of disciplinary proceedings by the above professional body.

YES/ NO

- (4) Is the external auditor currently involved in litigation with clients, former clients or other parties? Or has the external auditor been the subject of any such litigation in the last 5 years.

YES/ NO

- (5) Has the external auditor any prior experience of grant or loan-financed development project Audits.

YES/ NO

If YES please attach brief details.

Certification:

The undersigned parties hereby certify as follows:

We confirm that to the best of our knowledge and belief the above information is correct, constituting a complete and proper presentation of the relationships (if any) existing between the candidate and the Project Executing Agency and of the relevant factors and attributes of the candidate for the purposes of consideration for the appointment.

For and on behalf of

PEA

For and on behalf of:

Candidate

ANNEX XIII
Member Countries of the Common Fund for Commodities
(as at 1 September 2003)

1.	Afghanistan	56.	Luxembourg
2.	Algeria	57.	Madagascar
3.	Angola	59.	Malawi
4.	Argentina	60.	Malaysia
5.	Austria	61.	Maldives
6.	Bangladesh	62.	Mali
7.	Belgium	63.	Mauritania
8.	Benin	64.	Mexico
9.	Bhutan	65.	Morocco
10.	Botswana	66.	Mozambique
11.	Brazil	67.	Myanmar
12.	Bulgaria	68.	Nepal
13.	Burkina Faso	69.	Netherlands
14.	Burundi	70.	Nicaragua
15.	Cameroon	71.	Niger
16.	Cape Verde	72.	Nigeria
17.	Central African Republic	73.	Norway
18.	Chad	74.	Pakistan
19.	China	75.	Papua New Guinea
20.	Colombia	76.	Peru
21.	Comoros	77.	Philippines
22.	Congo (Brazzaville)	78.	Portugal
23.	Congo, Democratic Republic of	79.	Russian Federation
24.	Costa Rica	80.	Rwanda
25.	Côte d'Ivoire	81.	Samoa
26.	Cuba	82.	Sao Tome and Principe
27.	Denmark	83.	Saudi Arabia
28.	Djibouti	84.	Senegal
29.	Ecuador	85.	Sierra Leone
30.	Egypt	86.	Singapore
31.	Equatorial Guinea	87.	Somalia
32.	Ethiopia	88.	Spain
33.	Finland	89.	Sri Lanka
34.	Gabon	89.	Sudan
35.	Gambia	90.	Swaziland
36.	Germany	91.	Sweden
37.	Ghana	92.	Syrian Arab Republic
38.	Greece	94.	Tanzania, United Republic of
39.	Guatemala	95.	Thailand
40.	Guinea	96.	Togo
41.	Guinea-Bissau	97.	Trinidad and Tobago
42.	Haiti	98.	Tunisia
43.	Honduras	99.	Uganda
44.	India	100.	United Arab Emirates
45.	Indonesia	101.	United Kingdom of Great Britain and Northern Ireland
46.	Iraq	102.	Venezuela
47.	Ireland	103.	Yemen
48.	Italy	104.	Yugoslavia
49.	Jamaica	105.	Zambia
50.	Japan	106.	Zimbabwe
51.	Kenya	107.	European Community
52.	Korea, Democratic People's Republic of	108.	African Union
53.	Korea, Republic of	109.	Common Market for Eastern and Southern Africa (COMESA)
54.	Kuwait		
55.	Laos		
56.	Lesotho		

ANNEX XIV

Dates of signature, ratification, etc. of the “Agreement Establishing the Common Fund for Commodities” by Member Countries

MEMBER COUNTRIES

<u>Participant</u>	<u>Signature</u>	<u>Ratification, Accession (a), Acceptance (A), Approval (AA)</u>
Afghanistan	11 Sep 1981	28 Mar 1984
Algeria	15 Mar 1982	31 Mar 1982
Angola	29 Jun 1983	28 Jan 1986
Argentina	22 Sep 1982	1 Jul 1983
Austria	8 Jul 1981	4 May 1983
Bangladesh	23 Dec 1980	1 Jun 1981
Barbados	2 Jan 1985	
Belgium	31 Mar 1981	6 Jun 1985
Benin	10 Sep 1981	25 Oct 1982
Bhutan	22 Sep 1983	18 Sep 1984
Botswana	18 Nov 1981	22 Apr 1982
Brazil	16 Apr 1981	28 Jun 1984
Bulgaria	29 Jul 1987	24 Sep 1987 (AA)
Burkina Faso	20 Aug 1981	8 Jul 1983
Burundi	3 Apr 1981	1 Jun 1982
Cameroon	30 Jun 1981	1 Feb 1983
Cape Verde	9 Oct 1981	30 Jul 1984
Central African Republic	28 Jan 1982	2 Aug 1983
Chad	16 Dec 1981	6 Jun 1984
China	5 Nov 1980	2 Sep 1981 (AA)
Colombia	14 Jun 1983	8 Apr 1986
Comoros	10 Sep 1981	27 Jan 1984
Congo	22 Oct 1981	4 Nov 1987
Congo, Democratic Republic of	17 Mar 1981	27 Oct 1983
Costa Rica	29 Jul 1981	21 Nov 2002 (a)
Cote d' Ivoire	15 Jul 1987	29 Oct 1996
Cuba	22 Jun 1983	21 Jul 1988
Denmark	27 Oct 1980	13 May 1981
Djibouti	9 Oct 1984	25 Nov 1985
Dominican Republic	15 Jun 1983	

MEMBER COUNTRIES

<u>Participant</u>	<u>Signature</u>	<u>Ratification, Accession (a), Acceptance (A), Approval (AA)</u>
Ecuador	3 Oct 1980	4 May 1982
Egypt	19 Oct 1981	11 Jun 1982
El Salvador	28 Jun 1983	
Equatorial Guinea	22 Jul 1983	22 Jul 1983
Ethiopia	30 Sep 1981	19 Nov 1981
Finland	27 Oct 1980	30 Dec 1981
France	4 Nov 1980	17 Sep 1982 (AA)
Gabon	10 Sep 1981	30 Nov 1981
Gambia	23 Oct 1981	14 Apr 1983
Germany	10 Mar 1981	15 Aug 1985
Ghana	1 Dec 1982	19 Jan 1983
Greece	21 Jul 1981	10 Aug 1984
Grenada	28 Jun 1983	
Guatemala	1 Jun 1983	22 Mar 1985
Guyana	8 Jun 1983	
Guinea	6 Oct 1981	9 Dec 1982
Guinea-Bissau	11 Sep 1981	7 Jun 1983
Haiti	19 Jan 1981	20 Jul 1981
Honduras	28 Jun 1983	26 May 1988
India	18 Sep 1981	22 Dec 1981 (A)
Indonesia	1 Oct 1980	24 Feb 1981
Iraq	7 Apr 1981	10 Sep 1981
Ireland	24 Feb 1981	11 Aug 1982
Italy	17 Dec 1980	20 Nov 1984
Jamaica	6 Jan 1983	7 Jan 1985
Japan	28 Nov 1980	15 Jun 1981 (A)
Kenya	10 Mar 1982	6 Apr 1982
Korea, Democratic People's Republic of	29 Jun 1983	5 Jun 1987
Korea, Republic of	27 Nov 1981	30 Mar 1982
Kuwait	1 Dec 1981	26 Apr 1983
Laos		17 Dec 2002 (a)
Lesotho	7 Sep 1981	6 Dec 1983
Liberia	21 Oct 1981	

MEMBER COUNTRIES

<u>Participant</u>	<u>Signature</u>	<u>Ratification, Accession (a), Acceptance (A), Approval (AA)</u>
Luxembourg	29 Dec 1980	4 Oct 1985
Madagascar	8 Jun 1983	21 Oct 1987
Malawi	17 Mar 1981	15 Dec 1981
Malaysia	30 Dec 1980	22 Sep 1983
Maldives	19 May 1988	11 Jul 1988
Mali	17 Jun 1981	11 Jan 1982
Mauritania	18 Oct 1988	28 Aug 1980
Mexico	19 Dec 1980	11 Feb 1982
Morocco	22 Jan 1981	29 May 1987
Mozambique	21 Dec 1982	30 Sep 1993 (a)
Myanmar		21 Nov 1996 (a)
Nepal	7 Sep 1981	3 Apr 1984
Netherlands	1 Oct 1980	9 Jun 1983 (A)
Nicaragua	7 Sep 1981	5 Mar 1984
Niger	19 Oct 1981	19 Oct 1981 (AA)
Nigeria	20 Jul 1981	30 Sep 1983
Norway	27 Oct 1980	15 Jul 1981
Pakistan	4 May 1982	9 Jun 1983
Papua New Guinea	27 Oct 1981	27 Jan 1982
Peru	25 Sep 1981	29 Jul 1987
Philippines	24 Feb 1981	13 May 1981
Portugal	30 Jan 1981	3 Jul 1989
Russian Federation	14 Jul 1987	8 Dec 1987 (AA)
Rwanda	6 Oct 1981	23 Mar 1983
Saint Lucia	20 Dec 1984	
Samoa	2 Apr 1982	6 Mar 1984
Sao Tome and Principe	20 Jun 1983	6 Dec 1983
Saudi Arabia	11 Jan 1983	16 Mar 1983
Senegal	11 Nov 1981	20 Jun 1983
Sierra Leone	24 Sep 1981	7 Oct 1982
Singapore	17 Dec 1982	16 Dec 1983
Somalia	27 Oct 1981	27 Aug 1984
Spain	27 May 1981	5 Jan 1984

MEMBER COUNTRIES

<u>Participant</u>	<u>Signature</u>	<u>Ratification, Accession (a), Acceptance (A), Approval (AA)</u>
Sri Lanka	21 Jan 1981	4 Sep 1981
Sudan	13 May 1981	30 Sep 1983
Suriname	20 Jun 1983	
Swaziland	18 Nov 1987	29 Jun 1988
Sweden	27 Oct 1980	6 Jul 1981
Switzerland	30 Mar 1981	27 Aug 1982
Syrian Arab Republic	26 Mar 1982	8 Sep 1983
Tanzania	7 Sep 1981	11 Jun 1982
Thailand	8 Jun 1983	6 Aug 1992 (a)
Togo	29 Jun 1983	10 Apr 1984
Trinidad and Tobago		22 Jan 1998 (a)
Tunisia	2 Mar 1982	15 Dec 1982
Uganda	19 Mar 1982	19 Mar 1982
United Arab Emirates	8 Jun 1982	26 Apr 1983
United Kingdom	16 Dec 1980	31 Dec 1981
United States of America	5 Nov 1980	
Uruguay	13 Feb 1986	
Venezuela, Bolivian Republic of	5 Dec 1980	31 Mar 1982
Yemen	16 Dec 1981	8 Jan 1986
Yugoslavia	7 Jan 1982	14 Feb 1983
Zambia	3 Feb 1981	16 Mar 1983
Zimbabwe	8 Jun 1983	28 Sep 1983
European Community	21 Oct 1981	6 Jul 1990 (AA)
COMESA		3 Feb 1998 (a)
African Union		16 Mar 1998 (a)