



EC-ASEAN ENERGY FACILITY (EAEF)



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Circular Letter

23 March 2006

To All Beneficiaries of the 1st / 2nd / 3rd / 4th Call for Proposals (2002 & 2003 & 2004 & 2005)

EC-ASEAN Energy Facility – ASI/B7/3010/IB/200/0053

Intermediate and Final Reports, Visibility and other matters

Dear Beneficiary,

Foreword

We issued and sent circular letters on Reporting, Visibility and other matters to 1st CFP beneficiaries 8 April 2004, 2nd CFP 22 February 2005, 3rd CFP 22 April 2005, and 4th CFP 7 December 2005 or once the contract was fully signed. The latest edition of 7 December 2005 is edited to cover important issues to all ongoing projects beneficiaries and their partners, and remains fully valid related to the specific issues included in that letter. This circular letter is a complementary one focusing on some issues, which have proved to cause generic problems. The letters has been sent only to the beneficiaries as we have contracts only signed by them. But we strongly recommend beneficiaries to keep their official partners fully informed about these administrative issues in the spirit and sense of Partnership statements in the contracts.

EAEF is coming to end – strict delivery requirements to Final and Financial Reports

As already informed in the previous letters year 2006 will be the last one for EAEF projects, all projects have to be ended by 12 December 2006. After that there is only maximum one month time to submit the Final report and accounts. This will mean some stricter rules and practices for the clearance of the projects. EAEF management contract ends 28 February 2007. We have all in all 67 projects in the EAEF project inventory under facilities. 31 of them will end in the time range September – 12 December 2006. The 4th CFP projects contracts already include the requirement to submit the Final and Financial Report within one month from the end date of the project. *We will send to other projects falling into this category an Addendum to change the three months final reporting delivery time to one month. This measure is needed to secure possibilities for clearing the final payments to all beneficiaries.*

In the interest of the project we recommend that all these projects in this category will draft the Final report in the last months of the implementation.

We also ask beneficiaries to be careful with reimbursement of flight tickets. As real verifiable proofs of economy class ticket payment only qualify, beneficiaries should make sure the real verifiable paid sums, e.g. by using PTAs when inviting persons not belonging to their partners' organizations, and who have been budgeted to be reimbursed.

Other generic difficulties in the accounts derive from inadequate claims for honoraria, or per diems. Please read the previous instructions carefully.

Comments and requests for clarifications, which we possible send as a result of our assessment, you should strictly answer within max. 30 days from receipt of the request letter (ref. Annex II, articles 2.1 and 15.2). From late 2006 and early 2007 it may happen that there will not be time for even one round of additional information requests, why we recommend to communicate with us already earlier on unclear points requiring clarifications. Therefore we hope you will understand that EAEF will make the decisions on the eligibility of costs on the basis of the documentation

and justifications provided or if not sufficient on the basis of its own considerations, which will be recorded in the Final Payment letter from EAEF.

Beneficiary is expected to understand that EAEF has to secure in a recorded form the basis for the approval of the Final report and accounts so that they still after some years from the project implementation could be reviewed adequately by EC. Beneficiary is obliged to save the accounts for seven years after the project end. Therefore all our comments are placed formally and your explanations should also be formally signed answers as Amendments to Final report and accounts.

Correct address

Please make sure you address your mail to EAEF PMU persons in order to avoid possibilities to delayed handling.

Flexibility rule

Standard grant contract recognises the beneficiary's independence of action and lays down simplified management rules accordingly. In particular, it allows the recipient to adapt or modify the action without the prior consent of the Contracting Authority provided that the modifications are not substantial and do not result in a change of more than 15% (10% in 1st CfP) to any budget heading – **however this change has to be reported to the PMU before it is taking place in accordance with Article 9.2 of Annex II to your contract - including a description of the budget subheadings that are affected and to which extend. Please, note this rule applies between and within headings.**

This rule (10% rule in the 1st CfP contracts) has often been interpreted facilitating the accounts being adapted at the final stage when they are being finalized. **This is not possible. The flexibility rule can only be applied if adequately informed during the implementation in advance before the intended budget modifications.**

Monitoring and clarification meetings – possibilities for dissemination

EAEF PMU will monitor the project implementation. This will take place following as guidance applicable Monitoring Handbook issued for EU funded projects under ALA/MED/ACP and Balkans programmes. These visits take place selectively in the frame of normal scheduled project events, seminars, workshops, study tours etc, for which Beneficiary is to keep PMU well informed. It is possible that representatives of respective EC Delegations will accompany our experts. These events can be used for clarifications on specific issues especially related to the final and financial reporting, but also more and more as opportunities to disseminate the results of other EAEF projects.

Visibility and publicity – Final documentation also to EC Delegations

Visibility of EC as the source of funding is very important to EC. Therefore contract Annex II article 1.4, and articles 6 and 7 set requirements on this issue. Beneficiary is responsible for the visibility issue. EC Delegations in respective countries should be kept well informed about and be invited to the main events related to the project implementation. Overall visibility is an issue, which shall be described in the Final Report as per Article 2.3 of Annex II.

EC Delegation in Jakarta in the capacity of supervising the whole EAEF Programme has asked us to request all projects to communicate with the respective EC Delegations in the countries where the project is active. Further, request is to send a copy of the Final reports to these Delegations. Contractually beneficiary is obliged to provide one full copy to Contracting Authority and EC Delegation in Jakarta. These should be in full hard copies including also essential outputs as per the contract. The formal approvals will be given to hard copies only. But for the requested wider dissemination CD-ROM of Final reports (and thus less voluminous hard copy) and outputs may be more practicable.

For a better communication with the EC Delegations in ASEAN, please observe the contact data annexed to this letter.

Contract Amendments

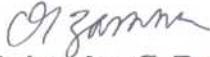
Annex II, Article 9 gives a possibility and outlines the procedures to amend the contract. However, EAEF follows as guidance EC Practical Guide (on the web), and granting amendments in the form of Contract Addenda is by no means automatic. Projects are rather short, and upon closing the final end date for all projects under EAEF – 12 December 2006 – it is reasonable to expect efficient planning and implementation of the projects from the date you signed it.

The usual reason for signed Addenda so far is e.g. extension by some months, changes in project structure/ partners and budget. Please note that *processing Addenda means unscheduled, additional work load to all concerned*. Thus, granting addenda will need very good justification e.g. unforeseen external events/ impacts, and **will become more rare in the last year**.

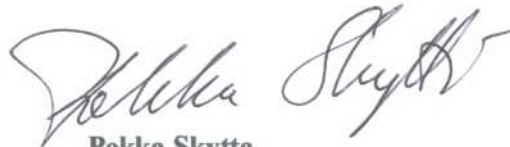
Time extension requests we will not process at all for projects ending after June 2006.

Thank you for your kind cooperation.

Very truly yours,



Christopher G. Zamora
ASEAN Co-Director



Pekka Skytta
EC Co-Director

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