

SUPPLEMENTARY INSTRUCTION

No. 2, dated 19.01.2023

"On the implementation of budget of 2023"

ANNEX B

"On the use of the fund for pre-financing, co-financing and payment of value added tax and customs duties for projects with foreign financing approved by law no. 115 dated 25.11.2021 "On the implementation of budget of 2022"

The Head of the General Government Unit analyzes and evaluates the need for financing for:

- Payment of financial commissions in case of participation in projects with foreign financing;
- Reimbursement of fiscal obligations of projects with foreign financing;
- Making of initial payments and/or co-payments in projects with foreign financing with participation and from other institutions;
- The Head of the General Government Unit, in case he finds that there is no possibility of funding for any of the above cases within the approved budget for the institution, prepares and sends the request for evaluation and funding as well as the justifying documentation to the State Agency for Strategic Programming and Aid Coordination (SASPAC).
- Supporting documentation includes:
 - A copy of the signed agreement of the General Government Unit with the donor;
 - The Budget Program where this policy is planned and the connection with the relevant strategic documents;
 - Analysis and argumentation of the inability of financing from the budget allocated by the annual budget law or from own resources.

The Head of SASPAC analyzes the request based on the rules and procedures of the institutions as well as respecting the following conditions:

- Reimbursement of VAT and/or local cost for projects that are financed by loans is made only in cases where the loan agreement with the donor is signed and disbursed within the current budget year.
- For the Local Government Units, in case they benefit from the pre-financing fund, in cases where this fund is returned to their budget after they have met the criteria of the

agreement, it should be used by the Local Government Units only for capital expenditures depending on their needs.

- The application deadline to benefit from the fund for pre-financing, co-financing and payment of value added tax and customs duties for projects with foreign financing, for the General Government Units, is October 15.
- The Head of SASPAC forwards the request of the institution with the justifying documentation as well as his official opinion to the minister responsible for finance.
- The Minister responsible for finance, through the General Directorate of the Budget, examines the request of the Central Government Unit and the opinion of SASPAC and approves or not the use of the fund for pre-financing, co-financing and payment of value added tax and customs duties for foreign financed projects, allocated in the program "Execution of various payments" of the Ministry of Finance and Economy.
- The Minister responsible for finance, through the General Directorate of the Budget, examines the request of the Local Government Unit and the opinion of SASPAC and approves or not the use of the fund for pre-financing, co-financing and payment of value added tax and customs duties for foreign financed projects, allocated in the program "Execution of various payments" of the Ministry of Finance and Economy.
- This fund is allocated as an unconditional transfer specifying the code of the project/product for which the fund is allocated.
- The transfer of funds for pre-financing, co-financing and payment of value added tax and customs duties for projects with foreign financing for the General Government Unit is subject to all the rules and procedures of law no. 9936/2008, amended and its by-laws.
- Beneficiary institutions of this fund report on its use to the Ministry responsible for Finance and to SASPAC, as part of the official reports for the monitoring of the annual budget as well as the monitoring of public investment projects.