



Guidelines on costs eligible for reimbursement in contracts within the CARI Matching Fund

General principles of costs eligible for reimbursement

Only the **actual direct costs** immediately caused by the project can be reimbursed by CARI. Strictly project related costs based on prime costs are eligible for reimbursement in accordance with the percentage agreed in the contract. Costs that exceed the percentage of total costs or the upper limit set by the contract **will not be reimbursed**. The percentage rate applies uniformly to all cost items.

Any overhead costs or lump-sum amounts are not eligible for reimbursement. Other costs **ineligible** for reimbursement are:

- sales and distribution costs, including advertising costs
- costs of independent research and development (not project related) costs of specific risks
- debts and provisions for losses
- the interest portion of allocations to pension reserves.
- purchase of land
- taxes, including VAT
- any items or activities previously financed by the rice matching fund or another funding agency

The composition of your price offer will be part of the assessment/part of the discussions held with you after submitting your proposal. Therefore please make sure that the ratio between personnel and other (particularly training) costs is reasonable and strictly project related. Make sure that only costs are part of the budget that would not occur anyway in the course of your daily business (core business); only those offers can be accepted that offer strictly additional project related costs. This refers particularly (but not exclusively) to costs related to personnel and equipment. Funding of equipment requests should stick to the absolute minimum, necessary for demonstration purposes only. Equipment will only be reimbursed for the time slot of demonstrating/training. Ideally though demonstration/training should be implemented with the means that the business is using in its day-to-day business.

Expenditure categories that arise in the course of the project but are not provided for in the originally contracted budget are only permissible with written approval by GIZ and are then included as a supplement to the contract.

Variances in contractually agreed costs can be offset against each other for up to 10% of the item in question, if the total contract value is not exceeded (upper limit). Deviances above 10 % are subject to prior written consultation with GIZ and may entail a contract addendum.

Details on eligible costs

The following cost categories **must** be listed in the budget:

- Personnel (PRIVATE PARTNER's own employees)
- project related travel costs
- fees for external service-providers
- costs of project-related materials and equipment
- other costs including training costs

These cost categories are explained in more detail below:



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Personnel costs

These include direct costs of personnel directly assigned for the financed project. The daily rates for the PRIVATE PARTNER's own employees must be shown here. Estimated daily rates must be based on direct costs.

When settling the costs, the actual values that are confirmed by the public auditor are used.

Travel costs

All travel expenses and transportation costs must be directly related to the project and must be stated at real costs.

Per diem and overnight accommodation allowances must not be higher than the maximum lump-sum GIZ standard rates in the respective country (can be provided by CARI value chain advisor upon request)

Costs posted for air tickets should be for economy class.

External service-providers

This includes all contracts with sub-contractors or external firms, e.g.

- costs of external workshops, seminars and training events
- production and printing of teaching and information material
- preparation of studies (baseline, endline, other)

Costs for equipment/capital goods

For the purchase of machinery and other capital goods **needed to demonstrate a skill** for example on a demonstration plot, only depreciation during the term of the contract is eligible for reimbursement. For depreciation, an average useful life of five years or more is assumed (e.g. max. 20% p.a.). PCs or computer hardware are an exception and are depreciated over three years (i.e. at 33% p.a.).

For self-manufactured equipment, the purchase prices or manufacturing costs or marginal costs without costing mark-ups are decisive, rather than list prices or sales prices.

All other procured equipment directly related to the implementation of the project and with a direct benefit to farmers, whether new or used or self-manufactured, shall be handed over to a farmers group, NGO or other Civil Society Organizations after the end of the project. For this purpose the private partner lists the equipment and materials in an inventory.

NB: Consumables and project-relevant operating costs are not part of equipment and materials, but must be shown under section Other costs.

Other costs including training costs

Other items could be:

- all costs related to trainings of smallholder farmers;
- expenses related to pilot testing of improved planting material or inputs on a demonstration plot;
- Project-related operating costs:
 - only the prorated project-related operating costs are recognised (prorated office rent, communications, office equipment and similar) and must be shown together with the basis for calculation in order to be able to determine the amount of rent or depreciation



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- the following project-related operating costs are not eligible for reimbursement:
 - transfer fees for foreign transfers
 - internal entertainment;
- costs of the audit of the Matching Fund measure by a public auditor: the upper limit here is EUR 1,500 per audit.