

GUIDELINES ON COSTS ELIGIBLE FOR REIMBURSEMENT IN IMPLEMENTATION AGREEMENTS

Matching Fund under GIZ's MOVE-CARI

Eligible costs for reimbursement

Only the actual direct **costs** immediately caused by the project 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. Only costs of activities that have taken place within the contract term can be reimbursed.

Other costs ineligible for reimbursement are:

- sales and distribution costs, including advertising costs
- municipal trade tax
- costs of independent research and development (not project related)
- costs of specific risks
- imputed profit
- the interest portion of allocations to pension reserves.
- purchase of land
- debt and provisions for loss
- any item or activity previously financed by the rice matching fund or another funding agency/donor.

Determining costs eligible for reimbursement

Only the actual direct costs (with no mark-ups) immediately incurred by the project are recognized as eligible for reimbursement. Overhead costs and other lump-sum amounts, imputed costs, amortization and depreciation, allocations to provisions and profit mark-up or other costing mark-ups are not eligible for reimbursement.

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

- Remuneration for the PRIVATE COMPANY's own employees
- Fees for external experts
- Travel costs, air tickets
- Costs of materials and equipment
- Costs of capital goods
- Other costs

Specific features of the cost categories are explained in more detail below.

Personnel costs

These include direct costs of personnel directly assigned for the financed project, including the statutory personnel ancillary costs. The daily rates for the PRIVATE PARTNER's own employees must be shown here. Estimated daily rates must be charged and correspond to the pure direct costs.

Please calculate and include any salary/collective bargaining increase when preparing the project budget. The budget cannot be changed later due to a salary increase.

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

Travel costs, air tickets

When indicating per diem and overnight accommodation allowances, lump-sum subsistence allowances and overnight accommodation costs are eligible for reimbursement at the maximum rates. This must not exceed the lump-sum GIZ standard rates in the respective country as applicable at the date of signing the agreement (this can be provided by the MOVE team on request).

Travel and transport costs should be costed at maximum value (evidence-based 'up to EUR amounts') for the term.

Costs posted for air tickets must be economy class only (no premium economy).

External Service providers

This includes all contracts with subcontractors or external firms, e.g.

- costs of external workshops (incl. all services relevant for the workshops), seminars and training events
- production and printing of teaching and information material
- preparation of studies
- transportation and logistics costs

Costs for equipment/capital goods

For the purchase of machinery and other capital goods purchased for Matching Fund activities (e.g., demo plot), only depreciation during the contract term is eligible for reimbursement. The cost of equipment and capital goods should be in reasonable proportion to the project's total budget. These costs should not exceed 30% of total costs (as a guideline value). 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 uniformly over three years in all development partnerships with the private sector (i.e., at 33% p.a.).

For self-manufactured materials and equipment, only the actual costs (not including mark-up or development costs) can be reimbursed

GIZ may assume a share of the purchase prices or depreciation costs for equipment or capital goods if it makes sense in the project context. Please note the following:

- **Eligible purchase prices**

Purchase prices for materials and equipment or capital goods are refundable if they are handed over to a public-benefit or public-sector organization at the end of the project (Item: Equipment and materials).

- **Amortizations and depreciation**

As a rule, the amortization period for standard software must be based on the depreciation period for hardware, i.e., it must be amortized over a customary useful life of three years. When calculating amortization and depreciation, the standards applicable in the country of assignment as reflected in the PRIVATE COMPANY's accounting are decisive (Item: Other costs).

- **Procurement of Pesticides**

Please note that special rules apply to the procurement of pesticides and pharmaceutical products.

- Concerning the procurement of pesticides and biocides as well as other agrochemicals, the private partner should present all details on the use of these agrochemicals to the GIZ project manager, prior to the signing of the contract.
- The private company must also present details to the GIZ project manager when procuring pharmaceutical products.

Other costs including training costs

Other items are:

- all costs related to training for 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 recognized (prorated office rent, communications, office equipment and similar) and must be shown together with the basis for calculation to determine the amount of rent or depreciation
 - costs of internal workshops, seminars, training events, e.g., rent, materials etc.
 - the following project-related operating costs are not eligible for reimbursement:
 - transfer fees for foreign transfers
 - internal entertainment.

These costs must be assumed by the Private Partner

- Costs of the audit of the Matching Fund with the private sector measure by a public auditor: the upper limit here is EUR 3,500 per audit.

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

Offsetting of up to EUR 2,500 or up to 10% of the respective budget line is permitted in the contractually agreed project budget. For amounts exceeding this, the agreement of GIZ is needed in advance.