

Requirements for Financing Recipients
regarding the budget and the Financial Processing of Financing
Agreements from 08/2024 – Annex 3a

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Introduction

The following provisions apply unless any other arrangements have been contractually agreed between the Financing provider (GIZ) and the Financing Recipient.

These requirements explain in individual steps the key contractual provisions for settlement of Financing Agreements.

The **project processing number** and **agreement number** are indicated on the cover sheet of the Agreement and at least the agreement number is to be stated on all correspondence and/or in reports relating to the Financing Agreement.

The names of GIZ staff members responsible for financial processing shall also appear on the agreement cover sheet.

All forms for the financial processing of Financing Agreements referred to GIZ in Annexes 3b ff to the Agreement are available in electronic form on the [GIZ website](#) under 'Financing Agreements (for agreements signed from xx/2024)'.

Disbursement Request:

The completed digital **form of the disbursement request (Annex 3c)** is to be sent in one email to invoice@giz.de as **one pdf file, including** the needed documents, see Special Agreement, Article 3 ff

The email is to be sent with the following subject line:

Reference: 81xxxxxx / Request for Disbursement for period: xx/xx/xx – xx/xx/xx

Financial Report:

The completed digital **forms of the Financial Report** (Annex 3d-f) for each six months periods are to be sent in one email: **one pdf file plus** the excel file of the financial report to invoice@giz.de. Please do not attach any other documents.

The email is to be sent with the following subject line:

Reference: 81xxxxxx / Financial Report for period: xx/xx/xx – xx/xx/xx

All annexes mentioned above refers to the Special Agreement which is part of the Financing Agreement.

I. Definitions of the Budget lines

When preparing the budget, the Recipient has to allocate the expected costs to the correct budget lines. This section contains instructions on the allocation of costs to the budget lines.

1 Budget line “Staff”

The budget line staff includes costs for employees of the Recipient and for integrated consultants.

Employees of the Recipient are individuals with an employment contract with the Recipient, who are in an employment relationship subject to labour law, e.g. for whom the Recipient pays applicable social security contributions.

Integrated Consultants are individuals who are self-employed or employed by a third party and seconded to the Recipient and therefore not working on the basis of an employment contract with the Recipient, but who still work under the instructions/supervision of the Recipient under conditions similar to employees (in particular regarding the way the work is organised and the tasks are performed, e.g. under conditions of de facto subordination and as team members, and regarding the remuneration), provided that this is legally permissible under the law applicable to the contract of the Integrated Consultant. The costs for these Integrated Consultants (including costs for its recruitment) must be reasonable and in line with the normal practice of the recipient, e.g. not significantly different from costs for employees of the Recipient performing similar tasks. Temporary workers therefore can also be Integrated Consultants if they are working under conditions similar to employees and the costs are reasonable and in line with the normal practice of the Recipient.

In general, the budget line does not refer to individual persons but to job functions (e.g. the function “Financial Manager”)

2 Budget line “External Services”

External services are services provided by third parties contracted under service contracts. For example, the services can be provided by companies or external experts. The procurement guidelines (Annex 4a) apply.

In contrast to staff, external experts do not have an employment relationship with the Recipient and do not work under the instructions/supervision of the Recipient under conditions similar to employees.

Services by temporary employment agencies (e.g. agency fees) are considered external services. In contrast, costs for temporary workers can fall under the budget line “Staff” if the temporary workers are working under conditions similar to employees and the costs are reasonable and in line with the normal practice of the Recipient.

3 Budget line “Transportation / travel costs”

Travel costs usually include all types of transportation (e.g. fuel, vehicle hire, flight costs, bus transfer, mileage lumpsums if budgeted), accommodation, per-diem allowances and visa charges. The Recipient’s travel expense guidelines and/or statutory provisions describe the frame for the acceptance of these costs. In general, the principles of appropriateness and economic viability apply. These are settled based on invoices and/or appropriate evidence for per-diems (e.g. allowances sheets signed by the participants).

4 Budget line “CO2-Compensation for flights”

CO2 emissions caused by flights - if avoidance is not possible - can be compensated, if costs for flights are compensated. Evidence of the flight compensation costs are vouchers from the compensation provider. If this information is not stated on the compensation provider's vouchers, the information on the flight route (start, destination date, booking class) and the calculated amount of CO2 must be added by the recipient.

5 Budget line “Procurement of materials and equipment”

Materials and equipment include items used over a longer period of the Project (e. g. laptop, printer). They are subject to the requirements on procurement as per Annex 4a. Evidence of these costs are invoices. The delivery of the goods has to take place within the contract period. The handing over of equipment and materials is regulated under Section II, Article 4 (Annex 3g2).

6 Budget lines “Other costs / consumable”

Other costs / consumable include various direct costs not assignable to other budget lines and are freely negotiable as per contract (e.g. rental costs directly assignable to the project, exclusive of ancillary costs). Unlike procured goods, which are used over a long period of time, consumables are commodities that are used up (e.g. ink cartridges or printer paper). These costs are also subject to the requirements on procurement as per Annex 4a. Evidence of these costs are invoices.

7 Budget line “Funds for direct support of Third Party beneficiaries”

Third-Party beneficiaries are third parties who receive payments from the Recipient. The proof of evidence needed is agreed in the sub-budget line. Third-Party beneficiaries refer solely to individuals / entities that benefit from the Recipient’s project.

8 Budget line “Administration costs”

Administration costs, if contractually agreed, may be calculated pro rata on the reported direct costs in each financial report. As a rule, this is the only budget line for which no vouchers are required and no breakdown of actual costs must be submitted in the Financial Report.

9 Budget line “Forwarding of funds to Third-Party recipients”

Third-Party recipients are third parties to which the Recipient forwards part of the Financing for partial implementation of the Project. The Recipient has to forward the funds in form of a Grant and not on the basis of a service contract. In contrast to a service contract, a Grant does not entitle the Recipient to demand performance by the Third-Party recipient. Prior to forwarding funds for the first time, the Recipient must conduct an appropriate due diligence assessment of Third-Party recipients.

10 Budget line “Own Contributions/third-party financing”

The project can be partially financed by the Recipient’s own contributions and/or by third as per contract description. If the own contributions/third-party financing at the end of the contract duration (stated in the financial report) are less than stated in the Budget, GIZ shall be entitled to reduce its funding in the same proportion.

II Requirements regarding the Financial Processing

1 Schedule of funding requirements – Annex 3b

The 'Schedule of funding requirements' must be drawn up using Annex 3b and submitted digitally with the first request for disbursement at the latest. A disbursement period usually lasts for three months; the number of months is specified in the Agreement.

The schedule of funding requirements must indicate the estimated costs for each disbursement period.

Unless otherwise agreed, the schedule of funding requirements must be completed and sent to GIZ continuously for 12 months from the start of the Agreement in accordance with the budget lines agreed in the Financing Agreement, Article 1ff.

The maximum amount of the first disbursement may not increase more than 50% of the total contract value. Additionally, the disbursements are limited up to 150.000 EUR. The disbursement periods are to be entered in the columns of the schedule of funding requirements.

The first disbursement period begins on the first day of the term of the Agreement.

As soon as the schedule of funding requirements for the first 12 months has expired, a further schedule of funding requirements must be issued for the following 12 months or for the remaining months if there are fewer than 12 months left.

Planned costs expected to be incurred in each period of the relevant term must be entered.

If, during the funding period, the figures submitted as part of the schedule of funding requirements change, the Recipient must submit to GIZ a revised schedule of funding requirements. For past periods, the incurred costs, which are now known, are to be entered; for future periods, planned costs are to be entered in the **revised** schedule of funding requirements.

To enter either planned costs for future periods or incurred costs for past periods in revised schedules of funding requirements, please select the appropriate term from the drop-down menu.

Schedule of funding requirements for 12 month

Project Processing No.: Agreement No.:
 Grant period from: to:

Please enter the funding requirements as agreed in article 3 of the agreement (for example three-month period):

I	II	III	IV	V
Budgetline (according to article 1.2 of the contract)	Incurring costs	Funding Requirements	Funding Requirements	Funding Requirements
	from <input type="text"/> to <input type="text"/>	from <input type="text"/> to <input type="text"/>	from <input type="text"/> to <input type="text"/>	from <input type="text"/> to <input type="text"/>
	€	€	€	€
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

2 Request for disbursement – Annex 3c

2.1 Preparing a Request for Disbursement

Disbursements must be requested separately for each individual disbursement period using the template in Annex 3c 'Request for disbursement', in each case corresponding to the amounts indicated in the schedule of funding requirements. A disbursement must be requested promptly at the beginning of the respective disbursement period, provided that the corresponding funding requirement exists.

It is important to open the form via Adobe Reader and to activate Java script and not via the Internet browser.

For the Request of the first and second Disbursement, unless contractually agreed otherwise, only the field "Requirements for the current period" in the financial overview must be completed. (more information at point 2.4)

The maximum amount of the first disbursement may not increase more than 50% of the total contract value. Additionally the disbursements are limited up to 150.000 EUR .

(Part of form Annex 3c)

Financial Overview	Reserved for GIZ	
Total actual costs incl. advance payments to third parties* up to the period before the previous one	<input type="text"/>	<input type="text"/>
Sum of all previously received payments, in total	<input type="text"/>	<input type="text"/>
Requirements for the foregoing period	<input type="text"/>	<input type="text"/>
Requirements for the current period	<input type="text"/>	<input type="text"/>
Request for a disbursement for the current period in the amount of	€ 0,00	€ 0,00

Once all the required information (see red frames) in the document has been completed, enclose attachments by pressing the respective button. A separate window opens with the information to upload the bank confirmation (Annex 3h) and the schedule of funding requirements (Annex 3b). Now, both attachments can be uploaded. Then, press the button “send to GIZ” and follow the next steps. Finally, a new e-mail to invoice@giz.de opens, please do not change the reference line nor the attachments and press send.

If a financial report due under the Agreement is outstanding, no further funds can be disbursed until the financial report has been received. (see picture under 2.4, figure showing due dates for financial overviews and Financial Reports)

2.2 Confirmation of bank details – Annex 3 h

Confirmation of the relevant bank account details must be submitted with the first request for disbursement at the latest. In this document, **the Recipient’s bank must confirm** that the specified bank account is held under the name of the Recipient (exact name see contract page 1 of the Financing Agreement).

This confirmation may take the form of digital confirmation by the bank or confirmation sent by the bank to the Recipient in text form, and may be transmitted as a scanned copy. The confirmation must be submitted in English, French, German or Spanish. If the bank does not provide its own format for this confirmation, the template provided in Annex 3h must be used and must be signed by both, the bank and the Recipient. Important is that on this form **name of the Recipient must be the** same as on the contract, page 1.

This confirmation from the bank can be used for all further Financing Agreements between GIZ and the same Recipient over the next 12 months, provided the account remains open. If the bank details change, a new confirmation is required. The confirmation from the bank may not be older than one year at the start of the Agreement.

2.3 Separate sub-account or separate cost unit

In the first request for disbursement, the relevant box must be ticked on the ‘Request for disbursement’ template to confirm that, in order to keep the financing separate from other funds, the Recipient’s financial transactions for this Financing Agreement will be recorded using either

- a) a separate sub-account at the bank
- or
- b) a separate cost unit/cost centre in its accounts.

2.4 Further requests for disbursement

The maximum amount of the first disbursement may not increase more than 50% of the total contract value. Additionally the disbursements are limited up to 150.000 EUR .

A ‘**Financial overview**’ – to be completed **for each disbursement period** – is included in the request for disbursement form. From the third disbursement period on, available remaining funds from previous periods are automatically considered into the calculation. The amount determined in the field ‘Request for current period’ is therefore the amount of the requested disbursement for this period less any remaining funds.

If the available remaining funds exceed the estimated requirement for the disbursement period about to start, disbursement should not be requested until the next disbursement period.

Example:

Request for Disbursement

Name and address of the grant recipient:

Name and Address equal to Contract page 1

Contact person:

E-Mail:

Tax number:

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH
Friedrich-Ebert-Allee 36
53113 Bonn

Date: Sep-15-2024

Invoice no.:

Reference no.:

Project processing no.:

Agreement no.:

Request for a disbursement in line with the contract and schedule of
funding requirements for the period from Oct-1-2024 to Dec-31-2024

Financial Overview

Reserved for GIZ

Total actual costs incl. advance payments to third parties* up to the period before the previous one	€ 130,000.00	
Sum of all previously received payments, in total	€ 220,000.00	
Requirements for the foregoing period	€ 75,000.00	
Requirements for the current period	€ 80,000.00	
Request for a disbursement for the current period in the amount of	€ 65,000.00	€ 0.00

Account holder:

IBAN / Acc. No.: according to bank confirmation

SWIFT / BIC:

Bank:

As per the agreement, we confirm the opening of a

(Please place checkmark in the relevant fields)

sub-account

separate cost unit

von GIZ auszufüllen / only for GIZ	
KR	
Belegnr.	
<input type="checkbox"/> Batch Input	<input type="checkbox"/> manuelle Zahlung
Eingang FIVa	
Basisdatum	<input type="checkbox"/> Sofort

* We confirm the amount of the total costs entered above incl. expenditures to third parties

Note: The recipient shall establish the formal requirements for an input VAT deduction, as far as legally possible

Enclose attachments

Show/ hide attachments

Send to GIZ

Example of the 'Request for disbursement' form shown above with explanations of the data and amounts to be entered in nos. 1–6:

1. Request for a disbursement in line with the contract and schedule of funding requirements for the period from Oct-1-2024 to Dec-31-2024

Financial Overview

Reserved for GIZ

2.	Total actual costs incl. advance payments to third parties* up to the period before the previous one	€ 130,000.00	
3.	Sum of all previously received payments, in total	€ 220,000.00	
4.	Requirements for the foregoing period	€ 75,000.00	
5.	Requirements for the current period	€ 80,000.00	
6.	Request for a disbursement for the current period in the amount of	€ 65,000.00	€ 0.00

1. In our example, the actual calendar date is the 15th September 2024 and the disbursement for the next period, October to December 2024, can be accessed.
2. Total costs incl. expenses for disbursements to third parties up to the period before the previous one (i.e. from the start of the Agreement up to and including April - June 2024) amount to EUR 130,000.00.
3. Total disbursements received to date since the start of the Agreement in this case amount 'in total' to EUR 220,000.00; this means that all disbursements made by GIZ to date are entered here.
4. The amount of the funding requirement for the previous period is to be carried forward from the schedule of funding requirements. In this example, the requirement for the period July to September 2024 is EUR 75,000.00.
5. The figure to be entered here is the total funding requirement for the current period mentioned above; this is identical with the schedule of funding requirements. In this example, for the period October to December 2024, the figure is EUR 80,000.00.
6. Remaining funds are automatically subtracted in the calculation. In this example, a disbursement of EUR 65,000.00 is made.

Calculation: EUR 130,000.00 – EUR 220,000.00 + EUR 75,000.00 + EUR 80,000.00= EUR 65,000.00

Every request for disbursement must be prepared and submitted in full using Annex 3c.

Figure showing due dates for financial overviews and financial reports

Period	I	II	III	IV	V	VI
Month	1* - 3	4 - 6	7 - 9	10 - 12	13 - 15	16 - 18
Request for Disbursement	1. Request	2. Request	3. Request + Financial Overview I	4. Request + Financial Overview II	5. Request + Financial Overview III	6. Request + Financial Overview IV
Financial Report			Financial Report for month 1 – 6 has to be submitted at the end of month 8 and is necessary for the next disbursement		Financial Report for month 7 - 12 has to be submitted at the end of month 14 and is necessary for the next disbursement	

The maximum amount of each disbursement may not increase more than 50% of the total contract value. Additionally every disbursement request is limited up to 150.000 EUR

*the first month of the contract is month 1

Example shown in the figure: A disbursement cannot be made or processed for period IV if the financial report for periods I - II (month 1-6) have not been submitted.

2.5 Direct Payment Procedure

The Recipient can request payments be made via the direct payment procedure, if contractual agreed.

- **Annex 3k: Request for disbursement / advance payments**
 Required attachments: Scan of the invoice (**before** delivery) of Supplies and Services or request from Recipient, confirmation of bank details (supplier and/or direct payment recipient (Annex 3h), plus additional documents as agreed in the Financing Agreement.
 The Recipient confirms the accuracy of the given data and the accordance with the contractual conditions.
- **Annex 3m: Payment according to supplier invoice**
 Required attachments: Request from Recipient and scan of the invoice (**after** delivery) of Supplies and Services, copies of the shipping documents (e.g. bill of lading, waybill) , confirmation of bank details (supplier and/or direct payment recipient (Annex 3h), plus additional documents as agreed in the Financing Agreement.
 The Recipient confirms the accuracy of the given data and the accordance with the contractual conditions and the delivery.

All requests of the direct payment procedure shall be numbered consecutively, dated, signed by the Recipient and be submitted as one pdf to invoice@giz.de; in the reference line please indicate either “payment according to supplier invoice” or “request for disbursement / advance payment” plus the contract number.

In the case of shipments from abroad with a value exceeding the equivalent of Euro 2,500, copies of the shipping documents (e.g. bill of lading, waybill), indicating the type and nationality of the means of transport employed, type and quantity of goods transported, together with time and place of loading.

The key elements of the vouchers relevant to the financial report must be available in or translated into one of the contractually agreed languages.

Documents which do not comply with the conditions of this article cannot be accepted by the GIZ.

3 Financial Report – Annex 3d-f

Every ‘Financial Report’ must be prepared and submitted using Annexes 3d–f. The foreseen reporting periods are 6-monthly. Financial reports that do not correspond to the foreseen periods cannot be processed.

The reporting of the actual costs must be done in EUR.

Once a Financial Report has been submitted digitally to GIZ (see Introduction), it can no longer be amended or supplemented. The only exception is if GIZ explicitly requests a revision of the Financial Report.

Should a part of the calculated costs require correction or cancellation, this can be done in a later Financial Report for a future period by posting a minus entry for this voucher. In addition, in the case of a correction, the voucher can be entered with the corrected amount or in the corrected budget line on the breakdown sheet of any later Financial Report.

If costs from previous periods have not yet been submitted, they can be added to one of the later Financial Reports.

Costs may only be reported once and may not be duplicated as direct costs on submission of proof of payment, in administration costs or in the budget line local project costs.

The same Financial Report that is or becomes part of an audit must be sent to GIZ and handed over (as copy) to the Auditor.

The Financial Findings of GIZ and Audit Findings by the auditors will be taken into account **by GIZ** only in subsequent financial reports or at the latest in the final financial report. The Recipient will be informed of the results. In order to avoid double deductions Financial Findings will be deducted from GIZ only..

Amounts from Financial Findings that are not recognised as costs will **not be available again** for subsequent activities for the remaining Agreement period.

Example: An interim Audit results in an unrecognised amount of EUR 500.00. As a result, the remaining available budget will be reduced of EUR 500.00 accordingly.

The cumulative total costs stated in the Financial Reports may not exceed the total amount of the Agreement. The total calculated costs up to the maximum Agreement value are always checked based on the sum of all costs originally calculated in the Financial Reports.

3.1 Cover sheet of the Financial Report – Annex 3d

We recommend filling out Annex 3d first, as the general details such as the Agreement number etc. will then be transferred automatically to the other Annexes (e-f). All fields should be filled in – with the exception of the cost amount in Euro (column II), which will appear automatically once the Total per category template (Annex 3f) has been completed.

3.1.1 Partial financing

If the project is partially financed by the Recipient's own contributions and/or by third parties, this is agreed accordingly in the Agreement. In this case, confirmation of the Euro-sum of the Recipient's own contributions or third-party funding to date must be entered in each Financial Report. The Euro-amount paid in each case is to be listed in the relevant field on the cover sheet as a separate total for each party, stating the name.

If the actual partial contributions made are lower than the amounts estimated at the time the Agreement was concluded, the Recipient must inform GIZ accordingly in writing at the latest before submitting digitally the Financial Report for the last period.

In this case, after reviewing the last Financial Report, GIZ will inform the Recipient whether the financing to the Recipient is to be reduced by the same proportion as the reduction in actual contributions relative to the estimated partial financing contributions.

3.2 Totals per category – Annex 3f

At first the budget lines in Annex 3f must be filled in. These can then be chosen automatically in the drop-down-menu of the breakdown sheet, Annex 3e.

3.2.1 Breakdown of actual costs financed by GIZ – Annex 3e

Only costs actually incurred and evidenced by vouchers are eligible for reporting, with the exception of administration costs, provided these are agreed as pro rata cost. **Only one** breakdown list (Annex 3e) must be used for the entire report.

3.2.2 Budget lines/budget example

	Description	C
	<p>Staff <i>(Note: Only direct costs for staff (monthly gross costs for the employer) may be settled. Add-ons such as staff overheads that are calculated pro-rata for staff are not eligible for support. Please indicate job functions, no names of individual staff members.)</i></p> <p><i>a) Costs for staff employed by your organization. The costs for this budget line must be provided in the form of payslips or, in the case of pro rata working time for the financed project, in the form of payslips and time sheets.</i></p> <p><i>b) Costs for integrated consultants (self-employed or employed by a third party and seconded to the Recipient) working under conditions similar, as well as the economic efficiency, to staff employed by the Recipient, provided that this is legally permissible under the law applicable to the contract of the integrated consultant.</i></p> <p><i>Further requirements: Financing: Contract management and contract processing-giz.de (see Annex 3a.)</i></p>	

Numbering and naming of the main budget lines

Naming of the sub-budget lines to be entered here

The main Budget lines refer to the types of costs specified in the Agreement under Article 1. All actual costs have to be entered **in one** single breakdown sheet, Annex 3e, and all lines and columns must be completed. Sorting into budget lines is done when making a selection from the drop-down menu.

Sub-budget lines are sub-categories of the individual budget lines and define in detail the costs for which the financing may be used, e.g. for the respective function designations for staff employed by the Recipient.

The 'up to' amounts of the respective budget lines in the budget sheet, agreed under Article 1 of the Agreement, are divided into various sub-budget lines (see figure above).

All costs actually incurred and recorded in the breakdown of actual costs must match these sub-budget lines, and the text entered there under 'Reason for payment' must describe the actual content and cost type. The voucher content must correspond with the agreed sub-budget lines.

3.3 Exceeding of Budget lines

In principle, up to 20% more than the agreed costs can be charged for budget lines by way of offsetting. Any overrun of a budget line must be offset by correspondingly lower costs in one or more of the other budget lines.

The option of reallocation does not apply to administration costs or the budget line 'Forwarding of funds to Third-Party Recipient', when these are contractually agreed.

The Recipient may also agree a comparable reallocation arrangement in agreements with Third-Party Recipients in their budgets, but the 20% limit can not be exceeded in this case.

The sub-budget lines within a budget line can be offset against each other as long as the purpose of the financing is maintained. Only agreed cost types can be reported.

Example: Under the budget line 'Travel expenses', two sub-budget lines for 'International flights' and 'National flights' are agreed. The costs for the two sub-budget lines can be offset against one another within the scope of the purpose of the financing and without a value limit. The 20% offset limit applies in this example only to the budget line 'Travel expenses'.

The agreed total budget is the maximum amount of the Financing Agreement.

When submitting the financial report, the Recipient must inform GIZ of the budget lines between which actual costs are to be reallocated by way of offsetting.

3.4 Breakdown of actual costs per budget line – Annex 3e

Only one breakdown list must be used for the entire Financial Report. All costs actually incurred must be allocated to the correct budget lines, and **each voucher must be listed individually** in chronological order. In addition, all types of income must be recorded.

Each voucher must be given a unique internal voucher number in the Recipient's accounts and may only be entered once in the 'Breakdown of actual costs'.

Additionally, the following basic principles must be followed:

- All columns in the breakdown of actual costs must be filled in for each voucher.
- The column 'Voucher date' refers to the actual date of the voucher in question, not to the booking date.
- In the column 'Reason for payment', a plausible, understandable and assignable (Budget) description must be entered,
- For staff costs each a. (own employees) or b. (integrated consultants) plus job title and month must be entered.
- For external services the type/content of service must be entered.
- And for all other budget lines a plausible and understandable description in line with the contractually agreed budget must be entered.

The Recipient may only enter **costs actually incurred** (not cumulated) in the breakdown of actual costs. Lumpsums and advance payments to third parties may not be posted or reported

Exceptions to this are explicitly contractually agreed percentage cost allocations or fixed amounts.

3.5 Required evidence for the acceptance of costs

The Definitions can be found in Section I, Financial Requirements - Definitions, for the respective budget lines. When submitting evidence for costs, the Recipient has to observe certain requirements as described in this below.

3.5.1 Eligible Costs for Staff “Employees of the Recipient” and required evidence

GIZ recognises only direct costs for employees actually incurred, consisting of gross salary and, if applicable, social costs.

Social costs are statutory social expenses such as employer contributions to social insurance (pension, unemployment, health, long-term care and accident insurance) or collectively agreed social expenses.

Additional social expenses are to be defined and budgeted in the form of a sub-budget line for Staff and will only be accepted by GIZ if they are customary within the industry in terms of type and amount, if they comply with the principle of cost-effective business management and if they can be assigned to the project, which must be proven by the Recipient.

The sum of individual costs for employees shall be shown in the budget line “Staff” in single amounts, per person and per month, for each individual budgeted position (job function).

In order to verify the costs, GIZ can request copies of the following documents:

- Payslips generated from an IT system as evidence of gross salaries for each month and each person; the Recipient is entitled to anonymise copies of the payslips; it is important that all amounts, the current month and the function/position of an employee (handwritten, if applicable) are legible.
- Time sheets for pro rata working time. Timesheets must be prepared when the respective employees do not work for the financed project during their full working hours, but on a pro rata basis.
Time sheets are to be entered on the form ‘Calculation of salary costs and timesheet’, Annexes 3i–j. These timesheets are required as proof of all hours that have been worked and settled pro rata and are to be prepared with exact hourly entries per day (it is possible to enter two decimal places) for each individual month and each individual person.
These timesheets are required on an ongoing basis for all months and all individuals during the term of the Agreement during which employees work pro rata on the financed project – and at certain times all of their working hours - and for which this work is invoiced.

- Explanations of the calculation methods for pro rata working time: The Recipient must explain the costs for Staff who work on a pro rata basis based on the monthly gross salary or the respective Staff (Annex 3i). The reference value for the net annual working time is 222 days. If the Recipient uses a different reference value, they must explain how they calculate reference value for net annual working time.
- If the Recipient prepares and submits its own time records and/or overviews of Staff accounting, all the details given therein must correspond to the form 'calculation of salary costs and timesheet' (Annexes 3i–j).

3.5.2 Eligible Costs for Staff “Integrated Consultants” and required evidence

GIZ recognises direct costs for Integrated Consultants actually incurred.

Upon request the Recipient must prove that the costs for the Integrated Consultant are reasonable and in line with the normal practice of the Recipient and that the Integrated Consultant works under conditions similar to those of an employee (for example by providing the contract or other agreements between the Recipient and the Integrated Consultant / the third party employing the consultant detailing the circumstances of the work.)

The sum of costs of these Integrated Consultants, which are working under conditions similar to staff, shall be shown in budget line “staff” in single amounts, per person and per month, for each individual budgeted job title, booked in one voucher line and substantiated with the following evidence, a copy of which may be requested by GIZ if required:

- **Proofs of direct, actual costs** on the basis of invoices and timesheets

In general, the budget does not refer to individual persons but to job functions (e.g. the function “financial manager”).

3.5.3 Eligible Costs for “External Services” and required evidence

GIZ recognizes the direct costs for external services actually incurred. If the Recipient violates the procurement guidelines or the provisions regarding the documentation of the procurement, only lower costs may be recognized according to Article 6ff. of the Financing Agreement.

Upon request, the Recipient has to submit the following vouchers:

- Invoices issued to the Recipient in accordance with the respective service contract;
- If disbursement without invoicing is agreed in the service contracts for External Services, copies of the contract and payment documentation must be submitted as evidence

3.5.4 Requirements regarding vouchers and receipts

If vouchers were originally received by the Recipient in paper form, they must be made available for verification as originals in paper form. The Recipient must keep original vouchers for each amount reported, with the exception of administration costs.

With the exception of payslips, social security contributions and timesheets, all vouchers must be addressed to the Recipient and not to individuals employed by the Recipient or to third parties. If funds are forwarded to Third Party Recipients, the vouchers must be addressed to the Third-Party Recipients.

The key elements of the vouchers relevant to the financial report must be available in or translated into one of the contractually agreed languages.

The reported amount must be equal to the submitted evidence.

The Recipient must keep all original vouchers, documentation and records for the period agreed under the Agreement. The same applies to all vouchers and documents for Third Party Recipients.

If digital bookkeeping-accounts that meet statutory requirements already existed at the start of the Agreement and there are therefore no paper receipts, then these digital receipts shall be deemed to be originals.

Digital accounting includes, among other things:

- a traceable and verifiable accounting procedure with a corresponding electronically secured inbox portal and a secure,
- digital voucher storage system that ensures that entries and any changes and deletions or cancellations can be traced.

GIZ and/or third party commissioned by GIZ, and/or commissioning parties of GIZ such as the Bundesrechnungshof (Federal Court of Auditors) must be given the possibility at any time to:

- request copies of all books, records and documents relevant to implementation of the project and the Audit of the proper use of funds;
- inspect originals of all documents;
- obtain access to the digital systems required for this purpose via the Recipient's devices;
- gain access to the Recipient's offices.

In each case, suitable premises must be made available to inspect these items.

No copies of vouchers are to be attached to the Financial Report; however, GIZ **may**, as entitled under the Agreement, **request** scanned vouchers when checking the Financial Report/breakdown list.

Only the scan of the requested voucher must be submitted without other accompanying documents. The Recipient must ensure that all the scans of the vouchers are verifiable, numbered and sorted according to the relevant budget line. GIZ will send further information to the Recipient with instructions on how to submit the vouchers in digital form.

Upon request by GIZ, the scans of the vouchers must be submitted digitally only to GIZ within two weeks.

As a rule, GIZ will only accept external documents as vouchers, in particular:

- invoices issued to the Recipient by suppliers and service providers;
- vouchers and receipts from third parties.

The following documents will **not** be recognised **as vouchers** unless the Agreement explicitly provides otherwise:

- bank transfer receipts (e.g. for fee-based contracts with external experts);
- internal accounting documents without direct proof of actual costs incurred (e.g. when allocating internal room costs).

3.5.5. Requirements regarding Direct Payments from GIZ relating to supplies and services

If **direct payments** have been contractually agreed and are made by GIZ to third parties who provide contractually agreed supplies or services for the Recipient, the documents relating to these costs must also be kept by the Recipient.

Each single voucher of actual costs for which a direct payment was already done by GIZ, must be listed in the **breakdown list** and declared as “costs /direct payment”. In the following line of the breakdown list the direct payment amount must be entered with a minus.

3.6 Exchange rate

Each voucher must be recorded in the original voucher currency **and converted into EUR** in the breakdown of actual costs.

If the Financing Agreement is transferred to an account in a foreign currency, proof of receipt into the account in the local currency must be submitted with the next financial report. The exchange rate in each case is calculated from the underlying amount in EUR and the local currency received.

Other exchange rates may therefore apply to subsequent transfers of disbursements by GIZ. The Recipient shall apply the same exchange rate until a transfer to a foreign bank account has been fully issued.

If it is not possible to determine the exchange rate via the bank voucher, the Recipient may, after having received the consent of GIZ “Financial Contract Management Unit”, convert **the amounts of the actual costs to the respective monthly exchange rate of the** national currency on the basis of the EU currency converter [InforEuro](#) or, alternatively, use its own conversion system, provided that the latter is auditable and meets standards comparable to those of [InforEuro](#).

A plausible explanation of the circumstances is required for GIZ’s approval, as well as an indication of which option is used throughout the Agreement. This information must be submitted in writing with the first financial report at the latest.

3.7 Forwarding of funds to Third-Party Recipients

Funds may be forwarded to Third-Party Recipients only if this is contractually agreed and the funds are budgeted in the budget line ‘Forwarding of funds to Third-Party Recipients’. A separate budget must be agreed in each case for the individual forwarding of funds to Third Party Recipient organisations, which may not exceed the forwarding amount per Third-Party Recipient provided for in the Agreement.

The Recipient must ensure that, in accordance with the Agreement, the essential terms of the Agreement between the Recipient and GIZ are similarly applied to the contractual agreement between the Recipient and Third-Party Recipient and that Third-Party Recipient are informed accordingly of the relevant requirements.

In cases where, in the context of funds being forwarded to Third-Party Recipients, the latter procure materials and equipment, construction services and other services using financing funds, all regulations on the purchase of materials and equipment, construction services and other services must be observed.

Disbursements made to Third-Party Recipients by the Recipient are **not yet** considered to be actual costs incurred at the time of disbursement and therefore cannot be entered and accounted for as such in the voucher list in the Financial Report submitted to GIZ.

Disbursements made to Third-Party Recipients for pre-financing must be entered in the Financial Report (Annexes 3 f) only under the tab ‘Total per category for the Financial Report’ in the **separate field** provided for this purpose, in order to be taken into account when checking funding requirements.

Only when Third-Party Recipients have submitted their Financial Reports to the Recipient and the Recipient has checked the documents and vouchers for costs incurred can these costs be entered by the Recipient as costs in the Recipient’s Financial Report to GIZ under the budget line ‘Forwarding of funds to Third Party Recipients’.

When preparing Financial Reports for the Recipient, all Third-Party Recipients must use in excel-document Annex 3d-3f the included **separate tab for Third-Party Recipients**: tab “3ef totals&break Third-Party”

The Recipient is responsible for reviewing and approving these costs, associated vouchers, the correct allocation of costs to budget lines, compliance with offsetting requirements and verification of compliance with award procedures for all Third-Party Recipients and shall make any necessary reductions before the Recipient report these EUR costs to GIZ. The subtotal EUR sum of each Third-Party Recipient for a period must be entered by the Recipient in sheet Annex 3e (Breakdown list of actual costs).

Invoices and other vouchers evidencing costs invoiced by Third-Party Recipients must generally be addressed to the respective Third-Party Recipients. In this regard, the same requirements apply as outlined above

Financial Reports from Third-Party Recipient must be requested from these parties by the Recipient at the same intervals as set out in the Agreement between the Recipient and GIZ.

The Recipient is obliged to submit all copies of Financial Reports from all Third-Party Recipients, as well as copies of vouchers from Third-Party Recipient requested by GIZ.

3.7.1 Third-Party Beneficiaries

Third-Party Beneficiaries are third parties who receive payments from the Recipient as direct and final beneficiaries of the project, i.e. Cash for Work, start-up funding.

The payment from the Recipient to the Third-Party Beneficiary must be documented in written form. The needed proof of evidence is agreed upon in the sub-budget line.

3.8 Total per category – Annex 3f

Actual costs incurred during the current accounting period per budget line are automatically transferred to the form 'Total per category' (Annex 3f) and all other details must be supplied. The total per category therefore provides an overview of actual current and previous costs incurred as well as the Recipient's remaining budget in EUR and as a percentage for each budget line. This serves as an overview and as a check on the 20% limit for possible offsetting.

Costs cannot be recognised if they have not been budgeted for, have not been incurred within the funding period, have not been properly accounted for or if they exceed the budget.

3.9 Amendments to the Agreement

Supplements to the Agreement are necessary to agree on material changes or supplements to existing agreements between the Recipient and GIZ. These amendments may only be made **during** the term of the funding period and must be made in the form of a **written supplement** to the Agreement. If required, the Recipient shall submit a **request** to GIZ for a supplement to the Agreement.

3.10. Repayments to GIZ

After the end of the funding period, unused funds must be repaid to GIZ without delay and without being requested to do so, quoting Agreement number 81xxxxxx as the payment reference, to the account specified below.

GIZ reserves the right to reclaim further non-eligible amounts following review of the final Financial Report.

Bank account:

DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GmbH
Commerzbank Frankfurt/M., IBAN DE45 5004 0000 0588 9555 00

4 Inventory and handing over of equipment– Annex 3g1 / 3g2

The Recipient must create an inventory of all items financed using the GIZ Financing Agreement which cost more than EUR 800 to procure or produce on the form ‘financial report inventory list’ (Annex 3g1).

An up-to-date, continuously maintained inventory list must be submitted with each Financial Report.

In respect of inventoried items, the Recipient shall decide in coordination with GIZ, latest after completion of the project or after termination of this Agreement, what steps are to be taken in respect of such items in the interest of the projects purpose.

Any transfer of ownership resulting from such a decision shall be recorded on the corresponding handover record in accordance with the template contained in Annex 3g2, which shall be submitted together with the final financial report.

5 Procurement of materials and equipment, construction services and other services

For the procurement of materials and equipment, construction services and other services, the relevant Article, see Special Agreement, applies.

It is imperative that the Procurement Guidelines (Annex 4 of the Agreement) are observed, and compliance with these guidelines must be documented.

Where award processes have not been carried out in accordance with the contractual provisions, the following contractual rule applies:

If the Recipient has violated any of the provisions referred to in Article 6 ff of the contract, only the actual costs of the services and supplies for the Project (including VAT) reduced by 20% of these costs are eligible. If GIZ proves that the actual costs reduced by 20% are higher than the market price or if the Recipient proves that the actual costs reduced by 20% are lower than the market price, the costs are eligible in the amount of the proven market price, but limited to the actual costs.

6 Information on external auditing

If an Audit by external auditors is contractually agreed, GIZ will inform the Recipient when the Audit will take place. The Recipient will be contacted by the external auditors on time and will receive further information from them about the Audit procedure and required documentation.

With regards to the contractually agreed Audits, the Recipient must be in a position to submit relevant documents in a form appropriately prepared for the Audit not later than two months after each of the agreed Audit periods. Notwithstanding this, the Recipient must be prepared anytime for GIZ or third parties appointed by GIZ to request access to the books and all other records and documents relevant to implementation of the project.

If recommendations are made by the auditors in the Audit report, these must be taken into account and the Recipient's internal processes for mitigating detection risks must be adjusted accordingly without delay.

7 Contact

If you have any further questions, please contact the responsible officer at Financial Management of Contracts, named on page 1 of the contract.