



Business Support Facility for Resilient Agricultural Value Chains

Agri-Business Facility

Matching Grant Fund for Climate-Resilient Value Chains

Call for Application

Guidelines on Costs Eligible for Reimbursement in Implementation Agreements

September 2023

When preparing your final project proposal, a detailed budget will be necessary. Please find the budget template [here](#). You will also find a working aid on how to fill the budget template in the readiness program.

As we are agreeing on implementation agreements, each budget line will be paid in the agreed percentage by you and by GIZ (e.g., 50% your company, 50% GIZ). This implies that we cannot agree to, e.g., fully pay for training cost whereas you will pay for staff, but that each of these budget lines will be equally shared. The percentage rate agreed upon in the contract applies uniformly to all cost items.

This guideline will help you determine eligible cost to include in the budget.

As a general rule, please be aware that only your **direct costs** are eligible in the agreed budget. They will be reimbursed in accordance with the percentage agreed in the contract. Additionally, only costs of activities that have taken place **within the contract term** are eligible.

Determining eligible cost for reimbursement

Only costs that were caused directly and exclusively by the project (with no mark-ups) are 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 **are eligible** and must be listed in the project budget:

- 1) Remuneration for your company's own employees
- 2) Fees for external experts
- 3) Travel expenses, air tickets
- 4) Costs of materials and equipment
- 5) Costs of capital goods
- 6) Other costs

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

Generally, the following costs **are not eligible** for reimbursement:

Sales and distribution costs, including advertising costs

Municipal trade tax

Costs of independent research and development

Costs of specific risks

Imputed profit / profit mark-ups

The interest portion of allocations to pension reserves

Cost-plus pricings, overhead mark-ups and other lump sum payments, imputed costs, allocation to reserves

Depreciation cost (exception: for equipment and materials made available to the project)

Purchase of land

Debts and provisions for loss

Transfer fees for foreign transfers

Any item or activity previously financed by the cashew matching fund or another funding agency / donor

1) Remuneration for your company's own employees / Personnel costs

These include the direct costs of the personnel directly assigned to the project including the statutory ancillary personnel costs.

The daily rates for your own employees must be shown here. **Estimated daily rates** must be costed which correspond to the pure direct costs. As a rule, please take the following formula for this:

$$\frac{((\text{employer gross} + \text{social security contributions}) * (\text{number of months' salary p. a.} + \text{any seasonal bonuses}))}{220 \text{ working days}}$$

- Please calculate and include any salary/collective bargaining increase in the “employer gross”. The budget cannot be changed later due to a salary increase.
- “Social security contributions” include employer’s social security and company pension scheme contributions.
- When settling the costs, the actual values that are confirmed by the public auditor are used.

2) External Service providers

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

- costs of external workshops, seminars, and training events (incl. all services relevant for the workshops e.g., facilitation). The experts can either be listed individually or consolidated in a pool. The technical requirements profile of the experts must be described. The award procedures must be documented.
- production and printing of teaching and information material
- preparation of studies
- provision of consultancy services
- transportation and logistics costs

The external service providers need to be agreed with the **Business Support Facility for Resilient Agricultural Value Chains** team.

3) Travel expenses and air tickets

When indicating **per diem and overnight accommodation allowances**, lump-sum subsistence allowances and overnight accommodation costs are eligible at the maximum rates for tax purposes. 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 **Business Support Facility for Resilient Agricultural Value Chains** team upon request).

Only **Economy Class air tickets** are eligible (no premium economy, no business class).

4) Costs of materials and equipment and of capital goods

For the purchase of equipment and other capital goods purchased for Matching Grant Fund activities, **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.).

If the sum for equipment and consumables **exceeds EUR 50,000**, approval must be obtained from GIZ.

If **agro-chemicals (e.g., pesticides) or medicine** are to be purchased, approval is necessary for any amount.

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.

Purchase prices for materials and equipment or capital goods are eligible if they are handed over to a public-benefit or public-sector organization at the end of the project.

In the case of **capital goods still available to the private company for commercial use after the contract term**, only depreciation occurring during the contract term is eligible for reimbursement.

The share of capital goods and/or the pro-rated useful lives of amortised items continue to be eligible for reimbursement only if they are directly related to project implementation. As a rule, the amortisation period for standard software must be based on the depreciation period for hardware, i.e., it must be amortised over a customary useful life of three years. When calculating amortisation and depreciation, the standards applicable in the country of assignment as reflected in the private company's accounting are decisive.

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

Please note: In this contract, the Business Support Facility for Resilient Agricultural Value Chains will not contribute to any huge, fixed assets such as vehicle, land, furniture and fixtures etc.

5) Other cost (including training cost)

Other reimbursable costs include:

- all costs related to **training for smallholder farmers**
- expenses related to **pilot tests**
- 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**.
- Project-related operating costs:
 - only the prorated project-related operating costs are recognized (prorated office rent, communications 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.

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.

Reporting cost and changes

All costs incurred by the private company will be reported to GIZ as part of the contractually agreed reporting every six months (in accordance with the budget items).

Expenses incurred in the course of the project but not envisaged in the initial budget are eligible only with the prior written consent of GIZ and will be included by way of a contract supplement or as part of the reporting (depending on the extent of the budget change).

If questions occur, please feel free to contact abf-fund@giz.de!