

Guidelines for Grant Recipients
on the Financial Processing of Grant Agreements with non-German
Recipients from October 2022 – Annex 3a

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Introduction

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

These guidelines explain in individual steps the key contractual provisions for settlement of grant agreements with non-German recipients.

The **project processing number** and **agreement number** are to be 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 grant.

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 grant agreements with non-German recipients referred to by GIZ in Annexes 3b–3j to the Agreement are available in electronic form on the [GIZ website](#) under 'Grant Agreements with non-German recipients (for agreements signed from October 2022)'.

The completed **forms** are to be sent in **digital** format in **one pdf file** to the GIZ email address invoice@giz.de **only**, without any attachments, including the following subject line:

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

or

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

1 Schedule of funding requirements – Annex 3b

The ‘Schedule of funding requirements’ must be drawn up using Annex 3b and submitted 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 Section 1.2. 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 to	from to	from to	from to
	€	€	€	€

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 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.

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

Once all the required information in the document has been completed, the Request for Disbursement is sent electronically to GIZ. It is important to attach the current bank confirmation (see 2.2) and the current schedule of funding requirements (see 1). This is done via the button "Enclose attachments"

By using the "Send to GIZ" button, the document is saved, and your entries are blocked. An e-mail to invoice@giz.de with the correct reference will automatically open.

If a financial report due under the Agreement is outstanding on the current calendar date, no further funds can be disbursed until the financial report has been received.

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.

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.

This confirmation from the bank can be used for all further grant agreements between GIZ and the same Recipient over the next 12 months, provided the account remains open. If the bank details change, new confirmation is required. 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 grant separate from other funds, the Recipient's financial transactions for this grant 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

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 factored 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:

Contact person:
E-Mail:
Tax number:

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

Date: 27/6/22
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 01-Jul-2022 to 30-Sep-2022

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.:
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

Extract 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 the schedule of funding requirements for the period from 01.07.2022 to 30.09.2022	
Financial Overview	
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 this current period	80.000,00 €
6. Request for a disbursement for this current period in the amount of	65.000,00 €

1. In our example, the actual calendar date is the end of June 2022 and the disbursement for the next period, July to September 2022, 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 January to March 2022) 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 April to June 2022 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 July to September 2022, 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.

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

Figure showing due dates for financial overviews and financial reports

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

*the first month of the contract is month 1

Example shown in the figure: No disbursement can be made or processed for period IV if the financial reports for periods I and II have not been submitted.

2.5 Retained amount

GIZ will deduct from the total payments the agreed security retention amount and, after the Recipient has fulfilled all obligations, the final amount will be paid in accordance with the total actual costs up to the amount retained from the grant.

After the Recipient has fulfilled all obligations and if an external audit is agreed, GIZ reserves the right to retain 20% of the security retention amount until the external audit report has been handed over to GIZ.

The final amount will be paid in accordance with the total confirmed costs up to the amount retained.

3 Financial report – Annex 3d-f

Every 'Financial report' must be prepared and submitted using annexes 3d–f.

Once a financial report has been submitted to GIZ, 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 this later financial report. Once an audit has been carried out, this is only possible after confirmation of GIZ (Financial Management – Contracts).

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 charged once and may not be duplicated as direct costs on submission of proof of payment, in administration costs or in the budget line for pro rata local project costs.

Every financial report submitted to GIZ that is or becomes part of an audit must be submitted in identical form to GIZ and the auditors.

The financial findings of GIZ and audit findings by the auditors will be taken into account **by GIZ** in subsequent financial reports or at the latest in the last financial report. The Recipient will be informed of the results. In order to avoid reductions being made once by GIZ and again by the Recipient, i.e. duplication, the Recipient may not make any additional deduction.

Amounts from financial findings that are not recognised as costs will **not be available again** for subsequent activities for the remainder of the 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 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 templates. All fields should be filled in – with the exception of the cost amount, which will appear automatically once the Total per category template (Annex 3f) has been completed.

3.1.1 Partial financing

If the project is cofinanced by the Recipient's own contributions and/or by third parties, this is agreed accordingly in the Agreement. In this case, confirmation of the sum of the Recipient's own contributions or third-party funding to date must be entered in each financial report. The 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 cofinanced 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 the financial report for the last period.

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

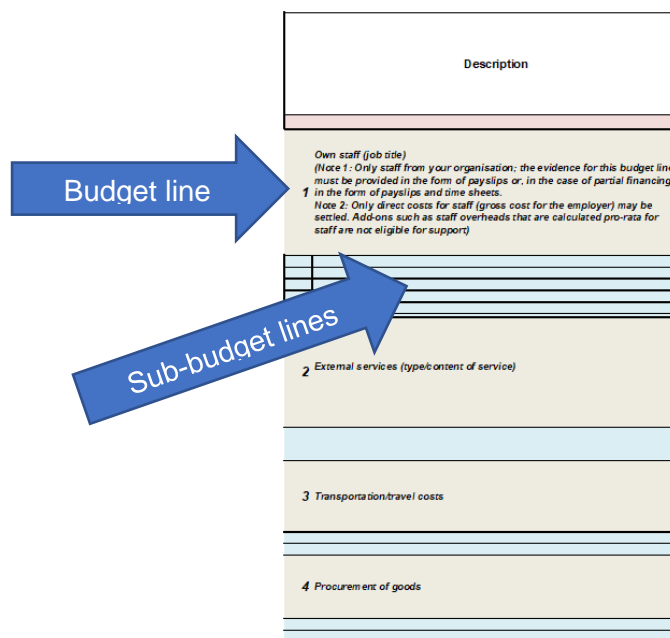
3.1.2 VAT Information of the recipient

In the 'Financial Report-Covering note' (Annex 3d) must be ticked **whether or not invoiced VAT** amounts resulting from the purchase of goods and services in connection with the use of the Grant, are generally deductible for the Recipient.

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

Only costs actually incurred and evidenced by vouchers are eligible for settlement, with the exception of administration costs and pro rata local project costs, provided these are agreed as a percentage cost allocation or monthly flat rate.

3.2.1 Budget lines/budget example



Budget line refers to the types of costs specified in the Agreement under Section 1. For each of these budget lines, a separate breakdown of incurred costs (Annex 3e) must be prepared when settling costs, with the exception of administration costs and pro rata local project costs, if contractually agreed.

Sub-budget lines are sub-categories of the individual budget lines and define in detail the costs for which the grant 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 Section 1 of the Agreement, are divided into various sub-budget lines (see figure above).

All costs actually incurred and recorded in the breakdown sheet of incurred costs must match these sub-budget lines, and the text entered there under 'Reason for payment' must describe the actual content and cost type. This 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, but 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, pro rata local project costs or the budget line 'Funds for direct support to third party recipient', where these are contractually agreed.

The Recipient may also agree a comparable reallocation arrangement in agreements with third-party recipients, but the 20% limit must 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 grant is maintained. Only agreed cost types can be invoiced.

Example: Under the 'Travel expenses' budget line, 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 grant and without a value limit. The 20% offset limit applies only to the 'Travel expenses' budget line.

The agreed total budget must not be exceeded. Similarly, the total budget agreed with a third-party beneficiary must not be exceeded by the third party.

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

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'.

All fields in the breakdown of actual costs must be filled in for each voucher.

- The 'Voucher date' field refers to the actual date of the voucher in question.
- In the 'Reason for payment' field, the correct function designation must be entered for staff costs and external services, e.g. provided by external experts, and must be in line with the contractually agreed budget.

Costs incurred to date may not be accumulated in the financial report.

The Recipient may only enter **costs actually incurred** in the breakdown of actual costs; lump sums and advance payments to third parties may not be posted or recorded.

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

The latter include pro rata local project costs, for example. The Recipient must be able to provide the supporting vouchers on which the calculation is based at any time upon request by GIZ.

Administration costs, if contractually agreed, may be calculated in each financial report at the agreed percentage rate of incurred direct costs. As a rule, this is the only budget item for which no vouchers are required and no breakdown of actual costs must be submitted.

3.5 Vouchers/documents to be submitted – incl. Annexes 3i–j

The Recipient must keep original vouchers for each amount invoiced, with the exception of administration costs.

Definition of ‘original’:

Where vouchers were originally received by the Recipient in paper form, they must be made available for verification as originals in paper form.

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 deletion or cancellations can be traced.

GIZ, a third party commissioned by GIZ, commissioning parties of GIZ or the Bundesrechnungshof (Germany’s supreme audit office) 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 the 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** copies of vouchers when checking the voucher lists.

Only the copy of the original voucher must be submitted without other accompanying documents. The Recipient must ensure that all the voucher copies it submits 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 voucher copies with the relevant request.

Upon request by GIZ, copies of vouchers must be submitted 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 individually 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).

The Recipient must take care to **distinguish** between costs for its **own staff** (generally budget line 1) and costs for commissioning **externals** (external experts/ generally budget line 2 external services). Here, the following applies:

Staff (prime costs for employees of the Recipient (own staff))

Only employees of the Recipient/i.e. individuals with an employment contract with the Recipient who are in an employment relationship subject to social security contributions and receive a salary on which the Recipient pays social security contributions.

In line with the guiding principles for determining prices based on prime costs, only direct personnel costs actually incurred (direct personnel costs), consisting of gross salary and social costs, are recognised.

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 personnel and will only be reimbursed 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.

An exception to the criterion of compulsory social insurance applies to student assistants. These can be assigned to the 'Personnel' budget line, provided that these job functions have been agreed.

The sum of individual staff costs shall be shown separately in a single amount, per person and per month, for each individual budgeted personnel position, booked in one voucher line and substantiated with the following vouchers, a copy of which may be requested by GIZ if required:

- copies of **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 proportionately working time.** Costs will only be reimbursed by GIZ if - part-time evidence is provided for the corresponding actual daily working time of the respective staff position.

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 calculated 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, and signed off by the Recipient.

These timesheets are required on an ongoing basis for all months and all individuals during the term of the Agreement during which staff work on the GIZ project for part or –at certain times all of their working hours - and for which this work is invoiced.

- **Explanations of the calculation methods** for the monthly gross salary or the daily or hourly amounts (Annex 3i). Calculation of the Recipient's net annual working time in days is to be communicated and explained to GIZ. The guideline for the net annual working time is 222 days.
- 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).

External experts (External services)

Individuals who **do not have** an employment relationship with the Recipient that is subject to social security contributions.

These individuals:

- are **self-employed** or employed by a service provider who is not the Recipient;
- do not receive a salary from the Recipient, nor does the Recipient pay social security contributions for the experts;
- may only be commissioned in compliance with the **procurement rules** of the Agreement.

Vouchers to be submitted for external experts:

- invoices issued to the Recipient in accordance with the respective service contract;
- if disbursement without invoicing is agreed in the service contracts for external experts, copies of the contract and payment documentation must be submitted as evidence.

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 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 **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, listed in a **separate voucher list** and marked accordingly. This voucher list is to be attached separately to the corresponding financial report for information purposes, but these costs may not be included in the sum of costs accounted for in the financial report.

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 grant 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.

ABC Bank - Registered Bank PO Box 111 Johannesburg 2000				
Date of Statement: 1 April 2018 Page 1 of 1				
e period 1 March 2018 to 31 March 2018				
Account	Reference	Debit	Credit	Balance
0000				3 193.00
D5000			5 000.00	8 193.00
D5001			3 000.00	11 193.00
106		342.00		10 851.00
107		570.00		11 281.00
108		750.00		9 531.00
109		150.00		9 381.00
110		285.00		9 096.00
111		100.00		8 996.00
SF		45.00		8 951.00

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 using the bank voucher or a corresponding exchange voucher issued by a bank, the Recipient may, after GIZ's approval has been obtained through the Financial Management of Contracts unit, convert the national currency on the basis of the [EU currency converter InforEuro](#) or alternatively may use its own auditable exchange system, provided the latter meets standards comparable to 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 'Funds for direct support 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 grant funds, all regulations on the purchase of materials and equipment, construction services and other services must be observed.

Pre-financing 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 'Funds for direct support to third party recipients'.

When preparing financial reports for the Recipient, all third-party recipients must use Annex 3e 'Breakdown of actual costs' and Annex 3f 'Total per category' from GIZ's set of forms for financial reports (Annexes 3d–f).

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 settles these costs with GIZ.

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 in Section 3.5.

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 recipient, as well as copies of vouchers from third-party recipient requested by GIZ.

3.8 Total per category – Annex 3f

Actual costs incurred during the current accounting period per budget line must be 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.

3.8.1 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.

3.8.2 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 000 0588 9555 00

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

The Recipient must create an inventory of all items financed using the GIZ grant 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.

Upon completion of the measures, any handing over of ownership of these items that may have taken place as a result of a decision by GIZ must be noted on the corresponding handover record (see Annex 3g2, Record of surrender), which must be submitted together with the final financial report.

The handover record must be signed by the Recipient, GIZ’s officer responsible for the commission and the final beneficiary.

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 section of the 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 Section 6.1, GIZ shall be entitled to deduct from the Grant an amount equal to 20% of the respective remuneration, including VAT.

Unless the Recipient can prove that the actual additional costs are less than 20% above the market price, only these **costs** are to be deducted from the grant.

Insofar as GIZ can prove that the actual additional costs are higher, GIZ may **deduct all additional** costs from the grant.

The evidence required to determine the value must be submitted to GIZ promptly by the Recipient.

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 no 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 person responsible at Financial Management of Contracts named on page 1 of the Agreement.