ENGAGEMENT GLOBAL

bengo FÖRDERUNG AUSLANDSPROJEKTE

Overview of Expenditures Ineligible for Grant Funding in the Private Executing Agency Funding Programme

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Contents

Introduction 1

List of typical expenditures ineligible for grant funding 3

General 3

Flat rate payments 5

Meals, expenses 6

Special payments 6

Travel-related expenditure 8

Administrative costs 12

Activities 14

Introduction

At the request of many of the funded executing agencies, EG/bengo, in coordination with the German Federal Ministry for Economic Cooperation and Development (BMZ), has now compiled an overview of types of expenditure that are typically not eligible for funding under the guidelines of the Private Executing Agencies funding banner. Its purpose is to serve for your orientation and awareness. **This overview makes no claim to completeness.** It also does not exclude the possibility that in individual cases there may be a justifiable reason for funding an expenditure mentioned here. Expenditure which may possibly require a case-by-case decision should already have been presented in the application. If you are unsure whether an expense is eligible for funding, please contact us as usual.

In principle, only the expenditures provided for in the approved application, which is part of the on-lending agreement, and which can be substantiated with supporting documents upon request, are eligible for funding.

Expenditures that are not included in the application and were not identifiable and do not serve the purpose of the grant or the achievement of the objectives are not considered to be agreed in the on-lending agreement in accordance with the budgetary principles of necessity and economic efficiency (§6 and §7 BHO). They will also not be considered retrospectively as eligible for funding. In order to avoid demands for repayment, you should therefore neither include such expenditures in the application documents, nor use project funds for them during the course of the project, nor account for them in the proof of use.
Please remember that you must, of course, take into account the legal requirements in force in the project country. This means that expenditures that must be incurred in the project country due to legal regulations and are necessary to achieve the objectives of the project applied for are generally eligible for funding, even if they are listed below. However, you must be able to provide evidence of the legal requirement.

List of typical expenditures ineligible for grant funding

Expenditure ineligible for grant funding	(Legal) basis (BHO = Bundeshaushaltsordnung (Federal Budget Code), BNBest-P PT = Special ancillary provisions for project funding for private executing agencies, VV = Verwaltungsvorschrift (Administrative Regulation))	Explanations/remarks
General		
Expenditures not applied for	# 1.2 BNBest-P: The financial plan is binding (with regard to the overall result).	In principle, only expenses that have been applied for and contractually agreed are eligible for funding. The private executing agency is responsible for ensuring correct accounting and settlement of expenditures under the appropriate items of the contractually agreed financial plan.
All expenditures outside the contractually agreed project term	- § 45 BHO: Budgetary principle of factual and temporal commitment - On-lending agreement section 3. Approval period: 'Within this time, appropriate expenditures may be approved.' - VV # 1.3 clause 2 to § 44 BHO, prohibition of funding for projects that have already begun: 'Funding for the support of projects may be approved only for those projects that have not yet begun'	Exceptions that basically require explanation in the proof of use: - Expenses for chartered accountants (if contracted within the project period) - Security retentions for construction expenditures with contractual basis (construction agreement concluded during project period). - Final partial payment for an evaluation carried out within the project period - Expenditures for a pre-application feasibility study if included in the subsequent application and approved with the project. Expenditure incurred before the application is submitted and thus before the start of the project period is generally not eligible for funding.

All expenditures that are reimbursed by a third party at a later point in time will retrospectively reduce the funding requirements and therefore the funding on a pro rata basis.	- # 2.1 BNBest-P - Subsidiarity principle - VV # 3. to § 23 BHO: '...(Funding) may be budgeted only if the Federal Government has a substantial interest in the projects fulfilled by such agencies which cannot be satisfied, or cannot be satisfied to the extent necessary, without the funding.'	For example, value added tax in the case of a VAT refund entitlement or a value added tax refund (if applicable, the notification obligation in this regard must be fulfilled).
The full amount of expenditure for procured items, buildings or land that are not available for the purpose for which they were requested before the expiry of the commitment deadline. In this case, a pro rata reimbursement is made to the funding agency.	Commitment deadlines: # 4.1 BNBest-P	The obligation to notify must be fulfilled. This obligation to notify can only be fulfilled if these deadlines are adhered to. A simple and viable solution for the project partner and the funding recipient would be to monitor this obligation in the inventory register. If the commitment deadlines are not met, the executing agency must generally reimburse the BMZ pro rata via Engagement Global.

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Flat rate payments		
Flat rate travel payments	§ 75 BHO: 'All bookings must be documented'	Every travel-related expenditure (transport, accommodation, meals) must be evidenced with receipts. **Exception:** Travel expense law allows for a flat rate. (In accordance with § 3 of the Federal Travel Expenses Act (BRKG) in conjunction with # 3.2.2 p. 2 of the General Administrative Regulations on the BRKG, expenses of up to 10.00 euros per day, for example, do not have to be evidenced with receipts). Recurring expenses, such as 'cents per kilometre driven', 'travel costs per seminar participant' and others must be documented once with a calculation basis. **Exceptions:** Accommodation allowance and daily allowance (if applicable, less amounts for meals provided) for one person from the private executing agency during the project support trip per project year and in accordance with the Foreign Travel Expenses Ordinance (ARV) and the associated General Administrative Regulations on the Foreign Travel Expenses Ordinance (ARVVwV) to the BRKG.
Multiple flat rates for administrative costs		A 'flat rate administrative allowance' (VWKP) may only be budgeted once in the financial plan and in the item line provided for this purpose in the form.

Meals, expenses		
Alcoholic drinks		
Hospitality expenses		Exception: Hospitality costs are eligible if the purpose of the hospitality (e.g. meeting with external parties) is directly related to the purpose of the project. For this purpose, an attendance list must be kept, listing in particular the participants, and in what capacity they attended. No specific person limit applies.

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Special payments		

Insurance in connection with labour agreements **Property / risk insurance**	**§ 23 BHO:** The expenditure must be necessary for the fulfilment of the purpose. Prohibition of betterment under § 8 paragraph 2 clause 2 of the Budget Act / # 1.3 BNBest-P if an executing agency finances more than 50% of its expenditure from government funding.	Compulsory insurance in connection with labour agreements is generally eligible for funding. Health insurance is normally part of the remuneration and usually part of salary. If they are not, then what is eligible for funding is what is customary in the respective partner country as health insurance. If there is no statutory or local health insurance for employees at all, provision for adequate health insurance may be agreed in the labour agreement. Voluntary insurances are generally not necessary for the fulfilment of the purpose. If these are necessary to ensure international minimum social security standards in accordance with the ILO or to protect employees against existential risks, this must be justified accordingly.
'13th month payment' and other special payments relating to the employment relationship	Prohibition of betterment under § 8 paragraph 2 clause 2 of the Budget Act / # 1.3 BNBest-P if an executing agency finances more than 50% of its expenditure from government funding.	If a 13th month salary is required by law, it is eligible and can be accounted for in the application portal. Bonuses are in general not salary components.
Subsidy for housing/ accommodation		Exception: They constitute part of the customary salary in the region
Death benefits for the surviving dependents of project staff, funeral presents, flowers for the memorial service or relatives	**§ 23 BHO:** The expenditure must be necessary for the fulfilment of the purpose. This expenditure does not correspond to the purpose of the funding, or is not relevant to the achievement of the objective.	Exception: If there is a corresponding law in the project country.

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Travel-related expenditure		
Travel-related insurance	**Travel insurance:** **BRKGVwV 10.1.3** The prohibition of betterment must be observed.	In particular, travel cancellation and foreign travel insurance are not eligible for funding. Exception: - Within the framework of the duty of care of the funding provider, BMZ/EG place travellers from the German executing agency on an equal footing with those of EG or BMZ in that they are covered in the event of illness or accident. Travel accident and travel health insurance. - Luggage insurance for project-relevant equipment that is taken on project support trips, for example; foreign insurance that is mandatory for entry into the partner country.

Travel first-aid kit that goes beyond the medications and medical care specified in the BRKG and funding requirements	Funding requirement 6.7: 'Expenses may be claimed [...] for vaccinations, medications and visas. 'BRKGVvW 10.1.2; 'Reimbursable incidental expenses include, in general, [...] costs for required examinations (e.g. tropical fitness examination), medical certificates, border crossing and customs documents, visas, required vaccinations, including vaccines in connection with foreign service travel.' In all other respects, BRKGVwV 10.1.3 applies: 'Among other things, [...] expenses for doctors and medications [which go beyond this] will not be reimbursed'.	Travel-related medications, vaccinations and malaria prophylaxis as well as the expenses specified in the BRKG are eligible for funding and must be evidenced by appropriate receipts. Other medications are not eligible for funding.
Excess baggage	BNBest-P 6.7. The list of expenditure eligible for grant funding is exhaustive and generally does not include special payments for excess baggage.	
Suitcases, other travel accessories and personal equipment, tips and presents	10.1.3 BRKGVwV[1]	

[1] http://www.verwaltungsvorschriften-im-internet.de/bsvwvbund_01062005_D630201171.htm

Taxi costs	BRKG §4: (1) Expenses incurred for travel by land or water using regularly scheduled means of transportation shall be reimbursed up to the amount of the lowest class of transportation. (4) If a rental car or cab was used for a valid reason, the necessary costs incurred shall be reimbursed.	In justified and provable exceptional cases only, if public transport is not available or uneconomical, if there are urgent official or compelling personal reasons (for example health condition) or if journeys between 10 p.m. and 6 a.m. are necessary. Note: This may, of course, be evaluated differently in the context of the partner country than, for example, in Germany. Valid reasons must be evidenced, in accordance with Section 4 (4) BRKG in conjunction with # 4.4.3 and 4.4.4 BRKGVwV 4.4.3. Against the background of the funding agency's duty of care for the persons travelling, safety aspects may also be counted among the valid reasons. In addition, the use of public transport must be reasonable insofar as its use can actually be planned and carried out according to timetable. Lack of local knowledge and adverse weather conditions are not valid reasons.
Individually paid driver(s) for the traveller(s) from Germany for the duration of the project support trip or project inspection	See above under taxi costs	If the project has vehicles and drivers, no good cause is apparent and the project's drivers should be used. If this option is not available, the individual trips must be accounted for individually and documented by keeping logbooks.
Airline tickets for business trips in connection with holiday travel	BRKG	If business trips are combined with a holiday of more than five working days, only the additional costs incurred for the completion of the official business shall be reimbursed as travel expenses in accordance with §§ 4 and 5 (§ 13 BRKG). In the case of combined trips such as this, consultation with EG/bengo is recommended.

Travel cancellation costs (flight, hotel etc)	BRKGVwV 10.1.3	Exception: In the event of externally caused, compelling and unavoidable reasons. Note: Travel cancellation insurance is not eligible (see also above under 'Travel').
Compensation payments for CO2 emissions	**§ 23 BHO:** The expenditure must be necessary for the fulfilment of the purpose.	According to current interpretation, this is not required for achievement of the objectives.
Interpreter costs for project support trip	BNBest-P 6.7. List of expenditures eligible for funding is exhaustive here and does not include special payments for translation.	It is assumed that regular communication between the private executing agency and the project partner as well as between the project partner and the target group is already secured. These resources should therefore be used. The project partner is responsible for ensuring communication between the private executing agency and the target group.
Travel expenses of a higher class than specified by the requirements	Funding requirements and federal travel expense laws should set the framework.	
Air travel seat reservations	§ 3 BRKG	In accordance with § 3 BRKG, only the costs necessary for official purposes can be reimbursed. Expenses incurred as a result of booking preferred seats do not constitute necessary business expenses, so that reimbursement of aircraft seat reservations for which a charge is made is excluded, apart from in exceptional cases (e.g. particular seat required on grounds of disability).
Locker rental	**§ 23 BHO:** The expenditure must be necessary for the fulfilment of the purpose.	In general, it is assumed that this is not necessary for fulfilment of the project's purposes.

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Administrative costs		
Costs of translating reports from the local partner into German (e.g. application, proofs, evaluation, feasibility study and others)		In order to comply with funding legislation, these expenses are generally the responsibility of the applicant. A flat rate administrative allowance is granted to compensate for this.
Financing of institutional expenditure	Derives from Administrative Regulation # 2 to § 23 BHO: temporal and content limits on funding for projects and the attempt to exclude 'quasi-institutional' funding.	For example, expenditures for the local project partner that are not related to the project. Note: Institutional funding is subject to other regulations under German funding law and is therefore not permitted within the framework of program funding.

Membership fees paid by the local executing agency for existing memberships in bodies such as chambers of commerce and industry etc.	VV # 3 to § 44 BHO: 'Grants for project funding may only be approved for projects that have not yet begun.' Also derives from VV # 2 to § 23 BHO: temporal and content limits on funding for projects and the attempt to exclude 'quasi-institutional' funding.	Part of the institutional management of an executing agency, not part of the grant-funded project
Rent for meeting rooms owned by the local project partner	Subsidiarity principle VV # 3 to § 23 BHO: '...(funding) may be budgeted only if the Federal Government has a substantial interest in the projects fulfilled by such agencies **which cannot be satisfied, or cannot be satisfied to the extent necessary**, without the funding'.	Either suitable meeting rooms owned by the project partner can be used – in which case there are no costs for rent – or external rooms must be rented because no own rooms are available.
Capital expenditure for equipping the private executing agency's office in Germany	Does not come within the 'purpose of funding', in accordance with funding requirement #2. This would also, incidentally, be quasi-'institutional funding'.	
Difference in personnel costs when these were budgeted as degressive in the application	Derives from the contractual obligation to the on-lending agreement	If degressive budgeting has been agreed upon, it is not possible to account for the full costs over the entire project duration in the proof of use.
Subscriptions to newspapers and magazines	In general, this is not assumed necessary for the achievement of the project objective	Exceptions are, for example, legal guidance information or subscriptions in the context of further education and training.

Postage and courier costs in the interactions between the German executing agency and the local partner		Part of the administrative costs for which a flat rate administrative allowance is granted. This will be different in the field if they are incurred as part of project implementation (e.g. sending training materials to target groups). Then, in principle, they could be accounted for as operating expenses.

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Activities		
Cash for work / food for work / Cash-Transfer / Voucher	Not covered by # 2 of the funding requirements 'purpose of funding'	This refers to employment programs that are used after a disaster or in a crisis situation to stabilise the income situation of the affected people for a transitional period. Expenditures for the employment of day labourers are eligible for funding if documented. In this respect, private executing agency funding is distinct from emergency and transitional aid provided by the federal government.
Expenditures for the purely distribution components of emergency measures	Not covered by # 2 of the funding requirements 'purpose of funding'	Distribution of food and relief supplies (again: distinction from emergency and transitional aid provided by the federal government).

School fees or school uniforms	Derives from #2 of the funding requirements 'purpose of funding'. Individual funding is not provided. Since clothing, for example, remains in private ownership, it is not eligible for funding.	
Non-remunerated fees for decision-makers, government employees, for example for conference participation (sitting fee, allocation), daily allowance	In these cases, there is no justification for the expenditure.	In general, only the genuine expenses of participants can be reimbursed; fees are only possible on the basis of a service (e.g. presentation of a study at a conference). Also, no fees can be financed for personnel working on the project if they have already applied and been approved as full-time equivalent project personnel.