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AUSLANDSPROJEKTE

Funding Guidelines for the Civil Society Grant

Federal Ministry for Economic Cooperation and Development (BMZ, "Private Träger", Chapter 2302 Title 687 76)

Revised version, effective as of January 1st, 2025

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Please note that only the German version of the funding guidelines is valid. This translation has been internally developed by Engagement Global/bengo for your convenience.

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I. Funding Guidelines

1. Purpose of Funding and Legal Framework for the Civil Society Grant

1.1 In agreement with the present guidelines and the general administrative regulations (sections 23, 44 of the Federal Budget Code) the Federal Ministry for Economic Cooperation and Development (BMZ) provides funding to German civil society actors for the implementation of projects and programs, which respond to the German Federal Government's[1] objective and interest to foster socioeconomic development.

1.2 There is no legal entitlement to the grant. The decision to award funding is at the discretion of the BMZ and it is based on established criteria. Approval of the grants is subject to the availability of funds as set out by the treasury.

2. Subject of Funding

In conformity with the government's development objectives and policies, as well as in conformity with existing international human rights conventions, funding is as a rule provided for projects and programs in OECD-DAC listed countries (this implies countries listed as ODA recipients on the OECD DAC list), which

- improve the socio-economic or ecologic situation of marginalized populations in OECD-DAC listed countries in a sustainable way and support self-help efforts and ownership by marginalized parts of the population in an effective way or
- foster the achievement of human rights in OECD-DAC listed countries and meet the requirements to qualify as Official Development Assistance (ODA).

Planning and implementation of projects and programs is generally led by local, independent civil society actors (in the respective countries), which are supported in this process - and if need be in their organizational development - by German civil society actors ("private Träger").

3. Funding Recipients

3.1 Funding recipients within the meaning of the present guidelines and the special provisions governing the civil society grant (BNBest-P/Private Träger) are German civil society actors (funding recipient and legally responsible entity) and implementing civil society actors in the respective countries (final recipients of the grant). Generally, the grant passes through intermediary organizations (first recipients) mandated by the ministry and whose non-profit or charitable status is legally recognized. These intermediaries then forward the funding to the funding recipients (German civil society actors). This process is based on federal budget regulations[2] (Bundeshaushaltsordnung, BHO), specifically VV 12.5. and 12.6. of §44 and is regulated in a private law contract. The intermediaries themselves are also recipients of funding. The primary intermediary of the ministry is Engagement Global gGmbH[3] (EG) which is federally owned.

[1] hereafter called government
[2] hereafter referred to as BHO
[3] hereafter referred to as EG

German civil society actors, which apply for funding for the first time or apply for a limited amount of funding, are dealt with under a specific funding line, called "funding for small projects"[4] (Kleinprojekteförderung, KPF), KPF can be managed by intermediaries, other than EG. German civil society actors[5] within the meaning of the present guidelines are legal entities recognized under German private law (privatrechtlich), are headquartered and operating in the Federal Republic of Germany.

3.2 Furthermore, the following criteria apply to funding recipients:

- to have a recognized non-profit or charitable status under fiscal law,
- to assure a due business management,
- to be competent in regards to duly reporting on the use of funding and its orderly administration,
- to have as a rule at least three years of experience in development cooperation with competent civil society actors in OECD-DAC listed countries[6] , who are independent of the German CSO.

3.3 The German CSOs need to:

- be independent of directives and influence of third parties in regards to their conduct of business and programmatic decision-making;
- assure and allow for pluralistic decision-making processes within their organizations;
- be an active, integral part of German civil society.

German CSOs or implementing local CSOs that are entirely or partially under supervision and control by international umbrella organizations based in OECD countries, are generally not eligible for funding.

Furthermore, German CSOs, that directly or indirectly belong to public entities are generally not eligible for funding. This does not apply to EG.

In cases where a German CSO is part of an association comprised of regional sub-groups, funding can only be provided to the headquarter section of that association. The same applies, if a German CSO becomes a statutory member of such an association.

3.4 The administrative fees of the German CSO must be in an appropriate relation to its income. This aspect is an integral part of the general appraisal of each German CSO.

3.5 EG or KPF can transfer funding to eligible German CSO, which in turn can transfer funding to eligible implementing CSO in OECD-DAC listed countries, as long as this is stipulated in the corresponding project contract under private law to EG or the project agreement to other intermediaries.

[4] hereafter referred to as KPF. Please note that „small" refers to the applied grant (less than 50.000€)
[5] hereafter referred to as German CSO
[6] hereafter referred to as implementing CSO

EG or KPF provide appropriate templates for project agreements to German CSOs. Funding recipients on each level[7] have an obligation to assert any contractual claims to immediate reimbursement of the next level down and reimburse reclaimed funds to the next level up[8].

4. Funding Conditions and Criteria

4.1 Funding is provided only to those projects, which have clearly defined aims, which can be achieved without exceeding the intended budget, within a period of generally five years at the most and which can be evaluated. Any extension beyond five years, as well as subsequent projects, are generally possible, but do require the explicit consent of the BMZ. Projects, which predominantly request funding for recurring running costs (staffing and / or operating costs), are not eligible.

4.2 Neither the German CSO nor the implementing CSO in the OECD-DAC listed country may assign complete responsibility for the implementation of the project to a commercial entity (e.g. a consultancy firm).

5. Type, Scope and Level of Funding

5.1 Funding is provided in the form of non-repayable grants for the support of projects. The amount of funding approved is expenditure-based when reporting.

First recipient EG receives a full grant. KPF may receive a full or a partial grant.

Funding recipients in Germany and final recipients in OECD-DAC listed countries generally receive a partial grant.

In exceptional cases, namely activities that prepare, support, evaluate or follow up projects, a full grant can be awarded. This is only possible if there is a considerable interest on behalf of the BMZ to promote the project's set objectives and if the purpose of the allocation can only be achieved if the BMZ covers all eligible expenditures of the project itself.

5.2 When defining the scope of the allocation to be approved, the following aspects are generally essential: availability of funding within the Civil Society Grant, eligibility of the defined needs and capability of the German CSO. When a German CSO is receiving funding for the first time, funding shall not exceed 50.000 Euros.

There is a separate explanatory note called "BMZ funding options for international development projects by German CSO's", which provides information on the various funding lines and relevant contacts.

5.3 Funding recipients (German CSO) can apply for an allocation of generally 75 percent at the most of the total eligible expenditure. In case of a considerable interest on behalf of the BMZ, the BMZ can consent to an allocation covering up to 90 percent.

[7] (first recipients – EG, KPF, funding recipients in Germany – German CSO, final recipients in country – implementing CSO)
[8] i.e. German CSO reclaims of implementing CSO and then reimburses to EG

This could be the case in countries, where the agency of civil society is limited (categorized as “shrinking spaces”, “oppressed” or worse).

Internal and third party funds cannot be derived from other sources of public funding, for instance from a federal state or a municipality. The implementing local CSO shall make an appropriate contribution to the project.

5.4 In exceptional and justified cases, funding recipients can apply to EG or KPF for an early start of the project (prior to approval by the BMZ) at their own risk. In consent with federal budget and grant law, EG or KPF can agree to the request if all relevant criteria have been met by the project.

6. Eligible Expenditure

Eligible expenditure is considered expenditure that can be directly and indirectly linked to the project and its monitoring.

The following direct project costs (listed under No. 6.1. through to 6.11) are eligible for funding, if they are adequate and necessary for the project’s implementation for the achievement of the project’s set objectives. This also applies to small scale financing systems and micro credit systems. Eligible costs are:

6.1 expenditure for the purchase of land and construction work which is adequate for the set local context,

6.2 expenditure for the procurement and transport of equipment, materials and animals as long as it is adequate for the set local context and reasonable. If capital goods (e.g. production equipment, buildings) are passed on to the target group for their own private use or as a means of generating income, this is eligible if the capital goods are provided on a credit-base or if the target groups contribute in any other adequate form,

6.3 expenditure for local staff, who are directly involved in the implementation of the project. Staff costs must be appropriate within the set local context and be in an appropriate relation to the total project expenditure,

6.4 expenditure for non-local staff, who is directly involved in the project’s implementation, is eligible for funding in very limited, exceptional and explicitly justified cases only. In cases where staff is expatriated to the respective country of implementation, the German CSO needs to provide proof of the following: the expatriated staff / expert has the necessary personal and professional qualifications required for the work they are to perform; the expatriation is necessary in order to achieve the project’s objectives and the costs related to the expatriation are in an appropriate relation to the overall expenditure of the project.

The remuneration shall not be higher than the current remuneration for federal employees in Germany (TVöD). Additional payments exceeding TVöD remuneration cannot be claimed.

6.5 Operating expenditure that can be directly imputed to the project as long as it cannot be covered by the administrative fee (no. 6.12).

6.6 Expenditure for project-specific and / or comprehensive knowledge transfer to the implementing CSO as well as to the local civil society; expenditure for activities, which further develop the capacities of civil society actors as well as training activities. This expenditure is eligible for funding if it can be directly linked to the thematic focus of a currently implemented project of the German CSO, funded by the Civil Society Grant.

6.7 Expenditure for project monitoring visits.

If the project lasts longer than 12 months, one monitoring trip for up to two persons and up to a maximum of three weeks is eligible for funding. If the project covers 12 months or less, funding for a monitoring trip is only eligible if an explicit justification is given. In those cases, the monitoring trip cannot last longer than ten days. In case of multiple projects being visited in the same country, the corresponding monitoring trips must be combined.

Independent of the previous stipulations, expenditure of German CSO for trips related to activities as defined under No. 6.6. are also eligible if these services cannot be procured in country and / or in the region in an adequate or more economical way.

Reporting on project monitoring trips needs to be done according to the relevant legal framework (Federal Travel Expenses Act, Bundesreisekostengesetz, BRKG and regulations on international travel expenses, Auslands-Reisekostenverordnung, ARV). Flight related costs are only reimbursed if they correspond to the lowest available fare.

6.8 Expenditure for project evaluations by independent consultants. Projects can be evaluated in certain selected cases. Evaluations can be mandated by the German CSO (funding recipient) or – specifically, if related to paramount and strategic aspects - by the BMZ or other institutions explicitly mandated for this reason by the BMZ. The evaluation of projects and programs is to be based on OECD DAC criteria (relevance, coherence, impact, efficiency, effectiveness, significance and sustainability). Further details are clarified in the BMZ guidelines for evaluations.

6.9 Expenditure for studies (relevant for the planning of the project) that have been incurred by the German CSO over the 12 months previous to the submission of the project's proposal are generally eligible for funding if the project is approved and realized.

For projects applying for an allocation of 500.000 Euros or more it is mandatory to assess the feasibility of the project (feasibility study). In certain well-founded cases, a feasibility study may also be requested for project's applying for an allocation of less than 500.000 Euros. The study needs to be conducted by an independent consultant. The scope of the study is to be determined by the actual needs for clarification and specifically identified aspects to be evaluated. Expenditure for the study may not exceed 10 percent of the intended project's allocation.

6.10 In addition to the aforementioned project expenditure, the German CSO (funding recipient) can apply for a contingency of up to 3.5 percent of the overall eligible expenditure. This may be provided to cover cost increases due to inflation and irrefutable additional expenditure (e.g. change of staff, natural disasters).

6.11 Generally, all expenditure is destined for utilization in the respective countries where the project is implemented. In exceptional and well-grounded cases, expenditure incurred outside the country of project implementation may be eligible, in order to achieve the objectives set under No. 2 above.

6.12 Administrative Fee:

In addition to the above mentioned expenditures an administrative fee of up to 12 percent of the eligible project's expenditure can be applied for as a lump sum, if it can be related to the purpose of the allocation. If the German CSO has used this lump sum entirely to achieve the purpose of the allocation, the German CSO may – in its final financial report - report the actual amount of the administrative fee, as the lump sum initially applied for. No individual proof is needed for this lump sum (administrative fee). Administrative fees higher than 12 percent of the eligible project's expenditure cannot be reported under the project's budget and are considered compensated for within the lump sum of 12 percent.

Administrative fees are defined as general costs - mainly indirect - related to the administration and implementation of the project:

- administrative costs: consumption costs, rental costs, insurances, banking costs, communication costs, costs related to the operation of business, costs related to human resources, etc.;
- costs related to required publicity and marketing, in order to assure the internal financial contribution, public relations and reporting / transparency;
- costs related to the planning and preparation of a project, such as context- and gender analysis, baseline studies, proposal writing, financial planning, participation of target groups in the project's planning as well as development of the project's overall concept and strategy (if not already included under No. 6.8. or 6.9.);
- general project monitoring and related travel expenditure (if not already included under No. 6.7.), final and interim reporting;
- further expenditure (e.g. membership fees for NGO networks).

The adequacy of this lump sum administrative fee will be regularly verified by the BMZ at an interval of five years.

7. Procedure

7.1 EG and KPF submit their applications for funding directly to the BMZ. Applications of funding recipients (German CSO) must be submitted to EG or KPF in written or electronic form in accordance with the E-Government Act. EG or KPF then examine the applicant (funding recipient) as well as the project proposal according to formal and established OECD-DAC criteria. Upon final examination by EG, proposals that include an intended allocation of higher than 50.000 Euros are passed on to the BMZ together with a vote regarding their eligibility.

Proposals including an intended allocation of 50.000 Euros or less shall be directly decided by first recipients (KPF), in line with the established criteria of the Civil Society Grant.

7.2 The BMZ decides whether funding will be granted. Other ministries are involved in the decision-making process as required by the related legal framework, as well as by the joint rules of procedure for German federal ministries and the special agreement with the Federal Ministry of Finance.

8. Legal Framework and Relevant Regulations

8.1 Sections 23, 44 of the Federal Budget Code, the general administrative regulations relating to these sections and sections 48 to 49a of the Administrative Procedure Law (Verwaltungsverfahrensgesetz - VwVfG) shall apply unless exceptions have been permitted in the present guidelines. In accordance with sections 91 and 100 of the Federal Budget Code, the Bundesrechnungshof (Germany's Federal Audit Authority) is entitled to conduct an audit.

8.2 Funding is processed in accordance with the specific regulations governing the Civil Society Grant (BNBest-P/Private Träger). In particular, these specific regulations clarify the following steps and procedures to assure an adequate project implementation and monitoring: request for payment of funds, reporting on the use of the allocation, verification of the financial and narrative reports, as well as the regulations for transferring the allocation to implementing CSOs in the respective countries. The specific regulations are an integral part of the allocation note / funding approval, unless explicitly stated otherwise in the allocation note.

8.3 Funding for the transport of in-kind-donations (e.g. materials) relevant for development initiatives is granted in accordance with the most recent version of “notes and explanations relevant for transport cost subsidies for in-kind-donations to OECD-DAC listed countries” (Annex III).

9. Entry into Force of the Present Guideline

The present revised guideline will come into effect on January 1st, 2025 and will apply to all approvals from that date onwards. For applications that were approved before that date, the previous version of the guidelines, dated October, 1st 2007 or January, 1st 2016 (depending on the valid guideline at the time of their respective approval) will remain effective until the projects have ended and their final reports have been fully verified.

Once the guideline has taken effect, it will be valid for six years, until 31st of December 2030. The guideline will be revised five years after its inception.

II. Specific Regulations Governing Allocations of the Federal Ministry for Economic Cooperation and Development (BMZ) of the Civil Society Grant (BNBest-P/Private Träger)

The following specific regulations include additional provisions as defined by section 36 of the Administrative Procedure Act (Verwaltungsverfahrensgesetz - VwVfG) and further necessary explanatory notes. BNBest-P/Private Träger substitutes and modifies certain contents of ANBest-P (annex 2 to No. 5.1. VV to section 44 BHO) when funding is provided under the Civil Society Grant.

The specific regulations (BNBest-P/Private Träger) are an integral part of the notification of allocation from BMZ to EG / KPF, unless explicitly stated otherwise in the notification. They are also relevant for each project´s private law contract between EG or KPF and the German CSO as well as the project agreement with the local CSO, unless stated otherwise.

1. Request for Payment and Use of Allocation

1.1 The allocation is to be used cost-effectively and efficiently. Furthermore, all spending needs to be adequate as well as appropriate within the specific context of the respective country (national and local level).

1.2 All income associated with the intended purpose of the allocation (in particular, funding allocation, third-party funds) and the funding recipient's own financial contribution are to be used to cover any expenditure associated with the intended purpose of the funding. The financial plan, i.e. the project's budget is binding with regard to the overall outcome. Sub-totals within the budget[9] may be exceeded by up to 30 percent, provided that the excess can be balanced by corresponding savings in other sub-totals and provided that there are no substantial changes in the project's overall concept / strategy. These changes need to be justified in subsequent interim and final reports. If a sub-total is exceeded due to conditions imposed by authorities or due to specific obligations stipulated in the project agreement (often the case in regards to construction work being part of a project), further deviations are admissible as long as they remain within the approved financial plan of the project.

1.3 If funding may be used to cover expenditure for staff or expenditure for administrative goods or services and if the overall expenditure of the funding recipient is predominantly covered by public allocations, the funding recipient may not accord staff better terms and conditions than comparable federal employees. The remuneration shall not be higher than the current rate for federal employees in Germany (TVöD). Additional payments exceeding TVöD renumeration cannot be claimed.

1.4 The request for payment of funds is subject to the specific regulations governing the disbursement of funds. The disbursement of allocation proceeds as follows: requests for payment of the allocation can only be put forward, if the funds will be used for payments due within six weeks after disbursement (SEPA zone) and may not be made earlier.

[9] sub-total investment, sub-total operating costs, sub-total staff, etc.

The delay for final expenditure of the allocation in respective countries is four months. In exceptional cases, the institution administrating the funding can allow for a longer delay of expenditure of up to a maximum of six months (see also special provision 1 to No. 8.5.).

The request for each partial payment of funds must include all relevant information needed to assess the request.

The funds may be used as follows:

1.4.1 The funding always needs to be claimed according to the fixed proportions of all stakeholders´ contributions as stipulated in the approved proposal. This implies the BMZ allocation, as well as possible allocations of other donors, internal funds and other possible financial resources of the funding recipient.

1.5 Payments in advance may only be effected, if that is standard procedure or it is justified by special circumstances.

1.6 The donor has the right to revoke the approval of the funding with future effect, if it transpires that the intended purpose of the funding cannot be realized.

2. Reduction of Overall Expenditure or Adjustments in the Financial Planning after Approval

2.1 If there is a reduction of the estimated overall expenditure for the intended purpose after the financial plan has been approved, or if there is an increase in incoming financial resources or if additional funds become available (e.g. investment grants), the initially approved allocation shall be reduced as follows:

2.1.1 in the case of proportionate funding, funds are reduced in agreement with the initially approved proportionate funding rate for allocations by all involved donors, as well as with the internal financial contribution and other financial resources of the funding recipient,

2.2 No. 2.1 applies only if overall expenditure or the resources available vary by more than 500 Euros.

3. Awarding of Contracts

3.1 If the awarded allocation or - in cases where financing is provided by several institutions - the total sum of awarded allocations, amounts to more than 100.000 Euros, the following provisions shall apply when awarding contracts:

- for the delivery of supplies and service delivery: code of procedure for awarding public delivery of supplies and service delivery orders beneath the thresholds established by the EU (UVgO[10]). The obligation to apply this code of procedure is not valid in the following cases:
  - section 22 concerning breakdown according to lots,
  - section 28, paragraph 1, phrase 3 concerning publication of call for tenders,

[10] Unterschwellenvergabeordnung

- section 30 concerning publication of awarding of contract,
- section 38, paragraph two to four concerning due form and transmission of expression of interest and offers,
- section 44 concerning uncommonly low-rated offer,
- section 46 concerning briefing and informing of applicants and tenderers;

- for construction work contracts, paragraph 1 of part A of the Award and Contract Procedure for Construction Services (VOB/A).

Procurement of supplies is only admissible, if there is an established need and if it is certain that the material procured will be employed and used immediately. The funding recipient is responsible to take adequate precautions in order to prevent corruption and assure that such precautions are in line with the guideline of the Federal Government for the Prevention of Corruption, dated July, 30th 2004 (https://www.verwaltungsvorschriften-im-internet.de/bsvwvbund_30072004_O4634140151.htm).

All regulations of the BMZ concerning the awarding of contracts must be observed and adhered to.

3.2 Obligations of a funding recipient acting as a public awarding entity, according to part 4 of the Federal of the Act Against Restraints on Competition (GWB) remain unaffected.

4. Items Procured for the Achievement of the Intended Purpose of the Allocation

4.1 Items procured or manufactured in order to realize the intended purpose of the funding are to be used for the intended purpose of the funding only and are to be treated with care. The recipient may not use these items for any other purpose prior to the end of the period of commitment specified in the funding approval.

Procured items and buildings may only be used for purposes other than the intended purpose of the funding if agreed by the BMZ. The obligation to involve the BMZ

- is effective for 30 years in the case of plots of land or buildings with an acquisition or production value of more than 50.000 Euros;
- is effective for 15 years in the case of plots of land and buildings with an acquisition or production value of up to 50.000 Euros;
- is effective for items, such as (technical) equipment and other items with an acquisition or production value of 800 up to 10.000 Euros (excluding VAT) for four years, with an acquisition or production value from 10.000 Euros upwards for seven years and with an acquisition or production value of 50.000 Euros and more ten years.

If the donor does not approve the change of purpose, the German CSO shall ensure that a pro rata compensation payment corresponding to the market value of the items is made by the implementing CSO and transferred to the BMZ.

4.2 If, within the period stated under 4.1, items are involuntarily used for a different purpose, e.g. in the case of expropriation, or other divestments of ownership or use, then – if compensation is paid – a pro rata share of the compensation corresponding to the proportionate funding as approved in the budget of the project, is to be transferred to the BMZ.

4.3 The funding recipient shall provide an inventory of any objects acquired for the realization of the intended purpose of the funding with an acquisition or production value exceeding 800 Euros (excluding VAT). If, for special reasons, the federal government is or becomes the owner of any of the above mentioned objects, this must be clearly indicated in the inventory.

Objects that are intended for use in OECD-DAC listed countries and have been fully or partially financed by the BMZ Civil Society Grant will become the property of those to whom ownership is to be transferred according to what is laid down in the project proposal. Any transfer of ownership is to be documented in the final report. The funding recipient will assure the transfer and any responsibilities entailed as per No. 9 of the present provisions.

5. Reporting Obligations of the Funding Recipient

The recipient of funding has an obligation to inform the donor immediately in the event of the following:

5.1 if, after submitting the financial plan – and even after submission of the final report – the recipient applies to other public institutions for funding for the same purpose or receives funding from them or receives additional funding– from third parties,

5.2 if the intended purpose of the funding or any other conditions of major significance for the approval of the funding either change or cease,

5.3 if it transpires that the intended purpose of the funding cannot be achieved or cannot be achieved with the approved funding,

5.4 if the funds requested or disbursed cannot be used to cover payments within the required delay (see 1.4).,

5.5 if, within the set period of commitment , items of equipment that form part of the project inventory are no longer used in accordance with the intended purpose of the funding or are no longer needed,

5.6 if the funding recipient has filed for bankruptcy or bankruptcy proceedings have been initiated against the recipient,

5.7 if the funding recipients discovers or is informed that equipment, items or parts of the allocation are stolen, misused or in any other form not used according to the approved purpose of the funding.

6. Reporting

Funding recipients and final recipients are obliged to report on the use of funding to Engagement Global or KPF according to the below mentioned specification under No. 6.1. to 6.6., as well as respective specific regulations.

Engagement Global or KPF report to the BMZ, according to No. 6.7.

6.1 Reporting on the received funding has to be finalized and submitted within six months after the achievement of the intended funding purpose, in any case no later than the sixth months after the end of the project's approved duration (final report).

If the intended purpose has not been accomplished by the end of the budget year, then an interim report shall be submitted within four months after the end of the budget year covering the amounts received in that previous budget year.

Narrative reports submitted as part of an interim report as per No. 6.3 may be submitted together with the next narrative report that is due, if the reporting period for a budget year does not exceed three months.

In specific cases, the delay for submission for interim reports can be extended by the BMZ for up to three months.

Projects that do not last longer than 14 months do not have to submit an interim report.

6.2 Final reporting consists of a final narrative and final financial report.

6.2.1 The narrative report shall give a detailed account of the use of the funding and the outcome achieved; it shall also list the planned objectives for comparison. In the final narrative report, reference shall be made to the most important items in the final financial report. Furthermore, the final narrative report should describe the need for and the appropriateness of the activities implemented.

6.2.2 The final report shall list revenue and expenditure chronologically and separately following the same structure as in the project's budget. The report shall contain all revenues (funding allocation, third-party contributions, recipient's internal funds) and all expenditure associated with the intended purpose. An attached list of receipts provides an overview on all expenditure, with each expenditure listed separately according to type and date of expenditure. The list of receipts shall show the day, recipient/depositor, purpose and individual amount for each transaction. Where the recipient of the funding has the possibility to deduct pre-tax allowance in accordance with section 15 of the VAT Act, only the payments (prices without VAT) may be reported. The final financial report shall include the following information: confirmation that the expenditures were necessary, that the principles of economy and efficiency were applied, and that all entries in the reports confirm with the books and the receipts.

6.2.3 If approved independent chartered accountants are commissioned to support the final reporting, the German CSO shall assure that it is involved in the selection

process and can influence the selection of an accountant that qualifies according to set criteria. All auditors need to prove their qualification as an approved, independent auditor by providing confirmation of a state-recognized institution (e.g. state accreditation body, chamber, association of auditors). Audits issued by independent chartered accountants must correspond to the sample provided in Annex IV. They may not be limited to a simple record of financial transactions; they must provide comprehensive proof that the funds have been used for the intended purpose. The recipient of the funding must ensure that the independent accountant has all the documents needed for this. Costs incurred for the audit by the accountant may be applied for in the initial project proposal.

6.2.4 If foreign currency is needed in order to realize the intended purpose of the project, then the applicable conditions for the purchase of foreign currency must be observed during the transaction and receipts for the currency exchange must be presented.

6.2.5 Individual items of expenditure of less than 50 Euros can be listed after due examination by the recipient of the funding without submitting receipts, provided that the list of receipts contains the information required as per No. 6.4.

6.2.6 List of receipts can be submitted in German and English. Provided the German CSO is able to submit a translation into German or English within 14 days, if requested – you can also submit a list of receipts in French and Spanish. The same applies in regards to the translation of receipts reported in the list of receipts.

6.3 The interim report (No. 6.1 sentence 2) shall consist of a narrative report and a financial report (without list of receipts as per No. 6.2.2 sentence 3), in which revenue and expenditure are to be listed in summary, following the same structure as in the financial plan.

6.4 Receipts must provide all information and attachments, which are customary when doing business in the specific country. As for receipts for expenses, this includes noting the recipient of the payment, purpose and date of the payment, proof of payment and in case of acquired items their designated use. Furthermore, each receipt must have a unique identifier attributing it explicitly to the project (i.e. project number).

6.5 In order to assure the right of inspection of the German Supreme Audit Authority BRH funding, recipients need to assure that receipts and contracts in regards to procurement, as well as all other documents related to the funding, are available up until five years after the approval by Engagement Global or KPF of their final report, unless there is no other legally binding regulation specifying a longer period of storage and safe-keeping.

Storage of the necessary documentation can be done by using picture or data carrier, or as a hard copy. In case documents are saved as a scan version, it shall be assured that scans are coherent with the originals. Obligations resulting from other regulations remain untouched by the above mentioned specifications (cf. special provision No. 9.4.3.).

Recording and reproduction from these carriers needs to be in line with the principles of accounting or existing provisions within the public administration.

6.6 Interim and final reports submitted by funding recipients are verified by Engagement Global or KPF according to VV No. 11 of section 44 BHO. EG or KPF provide a record to the BMZ after having verified[11] reports submitted by funding recipients.

If requested by the BMZ, interim and final reports of the funding recipients need to be forwarded to the BMZ.

6.7 Engagement Global needs to report on the use of funds to the BMZ in agreement with the following specifications:

Engagement Global provides a yearly, continuous, comprehensive report on all funding received by the BMZ for the Civil Society Grant and the use of this funding received. The report needs to be submitted to the BMZ at the latest six months after the end of a budget year. The report includes all funded projects of the relevant year, including information on their implementation and financial status by December, 31st of the previous year. Projects are integrated into this yearly report once the respective project contract (under private law) has been set up. The report retains all projects and continues to specify their status until their final verification, which can also be an in-depth verification, has been finalized. This overall report also needs to comprise the respective results of the interim and final reports (cf. special provision No. 6.6.).

Once reporting by Engagement Global will be done in the above described yearly manner, EG will no longer need to provide an interim report for the funding received by the BMZ.

KPF may adhere to a similar procedure as described in this special provision or report in line with No. 6.1. through to No. 6.6.

7. Verification of the Use of Funds

7.1 The donor is entitled to request funding-related books, receipts and other related documents. It is similarly entitled to check the use of the funding by mandating in-country inquiries or by commissioning auditors. If relevant documentation has been elaborated by using specific accounting / data systems, the donor has the right to gain insight into the relevant accounting system used, as well as use the accounting system to carry out further checks of the relevant documents. Otherwise, the donor can also request that relevant data is made available on an electronic data carrier. The donor considers an accounting / data system to have been used, if all documents (receipts, etc.) have been generated electronically in its original version or have subsequently been scanned and thereby registered electronically. The funding recipient shall keep the necessary documents available and provide the necessary information, if requested. In the cases mentioned under No. 6.6 the rights of the donor are to be maintained even if third parties are involved.

[11] a cursory and a more in-depth „detailed“ verification are possible

7.2 If the funding recipient has its own auditing unit, then that unit shall check the yearly funding report beforehand, present its findings and certify that the check has been performed.

7.3 Germany's Supreme Audit Authority BRH is entitled to audit the funding recipient (Federal Budget Code, BHO, sections 91 and 100).

Additionally, the right to audit by the BMZ, by EG / KPF and by the BRH must be contractually regulated with the funding recipients.

7.4 Verifications (cursory and detailed) of the use of funding by funding recipients need to generally respect the set delays, according to VV No. 11.1. for any cursory verification and VV No. 11.4. for any detailed verification.

8. Reimbursement of Funding, Payment of Interest

8.1 Funding is to be reimbursed, if a notification of funding is retracted or revoked or otherwise rendered invalid with retrospective effect under administrative procedural legislation (in particular Sections 48 and 49 of the Administrative Procedure Law - VwVfG) or other legal regulations.

8.2 No. 8.1 applies in particular, if

8.2.1 the funding has been obtained using incorrect or incomplete information,

8.2.2 the funding is not or is no longer being used for the intended purpose,

8.3 Revocation of funding with retrospective effect can be considered if the recipient of the funding

8.3.1 does not make use of the funding to achieve the intended purpose as soon as it is disbursed or

8.3.2 does not meet conditions that have been imposed or does not meet them within a fixed period of time, in particular does not submit the required interim / final report on time and does not fulfil its obligations of notification (No. 5) on time.

8.4 In accordance with Section 49a paragraph 3 VwVfG, annual interest is to be paid on the refund at a rate of interest that is five percentage points above the base rate as defined in Section 247 of the German Civil Code (BGB).

8.5 Reimbursement, Interests

8.5.1 If the disbursed funding is not used for the realization of the intended purpose within the delay specified under special provision No. 1.4. and if the notification of funding is not retracted or revoked, then payment of annual interest at a rate that is five percentage points above the base rate as defined in section 247 BGB can likewise be demanded for the period from the disbursement until the funding is used for the intended purpose. The same shall apply when funds are used although other funds are to be deployed either partially or priorly (Section 49a Paragraph 4 VwVfG).

8.5.2 The German CSO has the responsibility of carefully selecting the implementing CSO in OECD-DAC listed country, relaying to them the conditions as per No. 9, ensuring that the rights granted under the agreements are observed and claiming refunds due under the agreements with the implementing CSO as well as holding them accountable.

If necessary, negotiations shall be conducted with a view to modifying, supplementing or discontinuing the support and measures shall be taken to protect the funding.

8.5.3 Interests on funding or reimbursements of funding by the implementing CSO to the German CSO are directly transferred back to the BMZ via Engagement Global or KPF.

8.5.4 Individual waivers according to section 59 of BHO (such as forbearance, abatement and acquittal) will be decided by Engagement Global or KPF and are taken in line with specific regulations of section 59 BHO, as well as other relevant administrative regulations, as long as the financial scope of the above mentioned measures do not exceed 5 percent of the respective funding approved, in any case no more than 10.000 Euros. Requests exceeding this amount will be decided in coordination with the BMZ in line with the above mentioned legal framework.

9. Complementary Special Provisions: Agreements with the Implementing CSO ("Catalogue of Obligations" / Project Agreement)

Contractual agreements shall be concluded between the German CSO and the implementing CSO (in OECD-DAC listed country) to ensure compliance with the responsibilities listed in the funding guidelines and in the present special provisions and, if applicable, with the terms and conditions stated in the funding approval. Determining the details of such agreement shall be the responsibility of the German CSO. Rules shall be established among other things for:

9.1 The implementation of the measure, in particular the examination of the use of funds in accordance with No. 1, 2, 4 and 5 of these special provisions.

9.2 Commissions by the implementing CSO, contracts for supplies and services shall be awarded on a competitive basis, unless the type of business transaction or special circumstances justify an exemption.

9.3 Goods Obtained for the Granted Purposes:

9.3.1 The implementing CSO shall be required to treat with care and precaution all items that have been financed by the BMZ grant and of which it has assumed ownership.

9.3.2 The implementing CSO must provide an inventory (in accordance with local standards) of any objects acquired for the realization of the intended purpose of the funding with an acquisition or production value of more than 800 Euros. Serial numbers of technical instruments / equipment also need to be inventoried. An updated inventory shall be presented together with the annual reports.

9.4 Accounting and Reporting

9.4.1 The accounting by the implementing CSO and the information contained in receipts must comply with the principles of correct bookkeeping.

9.4.2 The implementing CSO shall be required to observe the applicable conditions when purchasing foreign currency and to present receipts for the currency exchange.

9.4.3 The funding recipient (German CSO) shall assure that the final recipient (implementing CSO): provides all necessary documents, so that the German CSO can fulfill its obligations on financial and narrative reporting to Engagement Global or KPF, as well as comply to regulations on liability, in regards to the funding received.

Receipts, contracts and all other relevant documents related to the funding shall be retained within the fixed delay mentioned under special provision No. 6.5. and need to be submitted, if requested. Other than originals, secured scans can be submitted. The verification of original receipts can be audited or supported by a chartered accountant (cf. special provision No. 1 to 6.2.).

If independent chartered accountants are tasked with the auditing, they shall be required to issue an audit certificate that corresponds with the sample given in the annex.

9.5 Verification of the Use of Funds

9.5.1 The German CSO shall be entitled – after consulting with the implementing CSO – to visit the project, to access any necessary information and to demand sight of the books and receipts at any time.

9.5.2 A contract with the implementing CSO shall ensure that the BMZ, the first recipient (Engagement Global or KPF) and the BRH have a right of scrutiny. This shall also apply in cases where independent chartered accountants have been mandated for the audit. If the right of scrutiny cannot be exercised, the implementing CSO will be excluded from any further funding.

9.6 Claims for Repayment and Payment of Interest

The German CSO shall in particular be obliged to stop further disbursements of funds and to demand the repayment of disbursed funds, if

- the conditions on the basis of which the agreements were initially concluded have ceased to apply,
- overpayments have occurred,
- if the information on which the approval was based was incomplete or false, or if funds were used for purposes other than the intended purpose,
- if the disbursed funds are not used within the specified period for payments due,

- if specific obligations that have been imposed are not met or not met within a fixed period of time, in particular if specific obligations in terms of accounting and reporting are not fulfilled on time. Furthermore, payment of interest shall be demanded starting from the time a claim for repayment has been communicated. The annual interest rate shall be 5 percent above the base rate as defined in section 247 BGB. The interest claim can be waived, in particular, if responsibility for the circumstances that request a repayment do not lie within the responsibilities of the implementing CSO and if it repays the amount due within the period set by the German CSO.

III. Transport Cost Subsidies

1. Objective of the Funding

Subsidies covering the transport costs of in-kind-donations to OECD-DAC listed countries that are considered eligible for funding in terms of developmental policy aim to improve the living conditions of particularly poor and disadvantaged population groups.

2. Funding Criteria

2.1 A transport of in-kind-donations is deemed eligible for funding from a development policy perspective if the items effectively and sustainably support the efforts of particularly poor and disadvantaged population groups to improve their material and social living conditions. This includes, in particular, in-kind-donations that contribute to:

- generating additional income;
- improving school education with regard to the labor market;
- improving the quality of practical vocational training;
- increasing the productivity of small crafts and agricultural enterprises;
- permanently improving the facilities of health institutions.

2.2 Transports of in-kind-donations as mentioned in section 2.1 are only deemed eligible for funding if they meet the following criteria:

- the goods may generally not be items that are locally manufactured and sold. This is to avoid that small businesses and their employees lose income or sales opportunities.
- The in-kind-donations must correspond to the economic, technical, and infrastructural conditions in the OECD-DAC listed country.
- Sufficient maintenance and repair options must exist for technical equipment in the OECD-DAC listed country and the supply of spare parts must be secured in the long term.
- The in-kind-donations must be environmentally friendly.
- The in-kind-donations should be made available free of in the OECD-DAC listed country and must not be used to generate profit-oriented income for the recipient organization.
- The in-kind-donations must be intended for areas where safe transport is guaranteed.
- The purpose of the in-kind-donations must not overlap with the purpose of another development project funded by BMZ.

2.3 Transport costs for the following in-kind-donations are generally not eligible for funding:

- military equipment
- luxury goods
- chemical and other sensitive substances that present a particular safety risk or require special handling regarding quality, licensing, transport, storage, and use
- household furnishings and household items
- daily consumables
- clothing and linens
- IT equipment that is older than 5 years
- animals and plants
- equipment for scientific purposes
- donations in kind for purely humanitarian purposes (e.g., relief supplies in disaster situations)
- vehicles for which the next main inspection is due in less than a year.

Special conditions apply to the following in-kind-donations:

- clothing as well as play and sports articles may only be included in small quantities.
- Donations of medicines can only be funded in exceptional cases that need to be examined individually. They must, however, comply with the guidelines of the World Health Organization (WHO).

3. Funding Conditions

3.1 Reimbursement of costs for already conducted transports of in-kind-donations is not possible.

3.2 Transport costs of developmentally eligible in-kind-donations for OECD-DAC listed countries can only be subsidized upon written application. Eligible applicants are generally only private German organizations, associations, and initiatives whose activities are recognized as non-profit and not profit-oriented. Transport costs are only subsidized if the applicant does not have sufficient own funds, and external funds (e.g., donations from third parties, allocations from a central office or an umbrella organization of the applicant) are not accessible. The subsidy is generally 75 percent of the costs mentioned in section 5.1.

3.3 Recipients of in-kind-donations in the OECD-DAC listed country must be local private or public organizations whose activities are non-profit. Transport costs cannot be subsidized for donations in kind for private individuals in OECD-DAC listed countries. The recipient in OECD-DAC listed countries must guarantee that the in-kind-donations are used as intended, in appropriate manner, and promptly after receipt.

3.4 Transport costs for in-kind-donations can be subsidized to the extent specified in section 5.1. Follow-up costs of any kind that arise in connection with the transport of in-kind-donations are not covered.

3.5 To support as many applicants as possible:

- only one application per year and applicant can be funded;
- only the costs for the most cost-effective transport, i.e., as a rule no air transport, can be subsidized;
- the applicant must contribute an appropriate share of at least 25 percent of the transport costs. The applicant's own contributions can reduce the applicant's own share.

3.6 Funding of one application does not create any entitlement to funding of further applications in the subsequent years.

3.7 The recipient of the donation must generally apply for a customs exemption with the local authority before the transport. If no customs exemption declaration can be provided, the applying organization must guarantee in the application that the financing of the customs clearance of the goods is secured.

4. Funding Procedure

4.1 Applications for transport cost subsidies for in-kind-donations should be addressed to Engagement Global gGmbH. Engagement Global gGmbH examines all applications in terms of technical and factual aspects. The BMZ generally decides on the eligibility for the support.

4.2 Applications for transport cost subsidies must include at least the following points:

- information about the German applicant (mission, activities, legal status),
- information about the recipient of the donated materials in the OECD-DAC listed country (mission, activities, legal status),
- complete list of the donated materials to be transported,
- information on the use of the donated materials in the OECD-DAC listed country.

The recipient in the OECD-DAC listed country must confirm the receipt and appropriate use of the donations in kind in writing to the applicant. The written confirmation must be forwarded by the applicant to Engagement Global.

5. Scope of Funding

5.1 The subsidy for transport costs of in-kind-donations covers the following costs:

- packaging and loading of the donated materials;

- transport of the donated material from the storage location in the Federal Republic of Germany to an agreed destination in the OECD-DAC listed country, as well as
- transport insurance of the donated material (maximum reimbursement is the declared time value, but not exceeding 50.000 Euros; any additional transport insurance must be covered by the applicant).

5.2 All other costs are not subsidized, e.g.:

- costs for obtaining the in-kind-donations;
- generally, costs for shipper's own containers;
- storage costs in the Federal Republic of Germany and in the OECD-DAC listed country, e.g. detention an demurrage charges etc.;
- customs clearance costs for the donations in kind;
- travel costs.

IV. Audit by Chartered Accountant

1. Audits by recognized, independent chartered accountants shall follow the structure used for the record of accounts provided for the final financial and narrative report. The auditors shall explain the auditing mandate they were given and shall give an account of the documents used for the audit of the proper use of funds and of the compliance with the terms of funding. The key statements (in particular the audit findings) and the final audit certificate (cf. 3) must be translated into German (uncertified translation). This translation may be included in the narrative section of the final report (6.) together with the analysis of the audit by the German CSO.

2. If the difference between budgeted figures and actual figures is more than 30 percent, this must be justified separately, unless prior authorization was obtained from the BMZ.

3. The final audit shall state the following (minimum requirement):

   "We hereby certify that we have conducted an audit relating to the statement of accounts of (name of implementing CSO) regarding the financing of the (name) project. Our audit was based on the following requirements pertaining to the use of funding: (list of relevant contracts and documents). We have looked at all the books and receipts. Based on our audit, we confirm that:

   3.1 All income and expenditure has been properly documented by means of receipts.

   3.2 The expenditures documented have been made in accordance with the approved project proposal, the set conditions of the grant and are in accordance with the purpose outlined in the application and in the financial plan. Any deviations from the financial plan are explicitly explained.

   3.3 The documented income (internal financial contribution) of the German CSO, of the target group and/or of any other entities in the country of implementation, is accounted for with correct numbers and volume and its origin is being explained as required.

4. Specific obligations as set out by the donor in its funding approval and as specified in the project agreement have (not) been met (with regard to the following aspects).

5. Particularities.

V. Legal Notice

Author

Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)
Stresemannstraße 94
D-10963 Berlin
Telefon: +49 30 18 535 0
poststelle@bmz.bund.de
www.bmz.de/de

Editor

ENGAGEMENT GLOBAL gGmbH
Service für Entwicklungsinitiativen
Friedrich-Ebert-Allee 40
53113 Bonn
Telefon: +49 228 20 717-0
info@engagement-global.de
www.engagement-global.de

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