

Contract for Local Subsidies

Contract number:

Project processing number (12 digits):

Project:

Country:

[Name and address of consulting firm]

represented by

name of the Subsidy Donor's representative], [function]¹
hereinafter referred to as 'the Subsidy Donor'

and

[name and address of the Recipient]
represented by

[name of the Recipient's representative], [function]²
in [Official location of the recipient]
hereinafter referred to as 'the Recipient'

herewith conclude the present agreement concerning a local subsidy.

The provision of this local subsidy to the [Recipient] is based on the consulting contract between [name of the Subsidy Donor] and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH [GIZ] dated (date) for the performance of measures as agreed in the consulting contract [contract number].

1 Please select the appropriate function: Representative of the consulting firm

2 Please select the appropriate function: Director or Head or corresponding function

1. Amount, term and use of the local subsidy

- 1.1 The Subsidy Donor shall grant the Recipient a local subsidy totalling up to
amount in CU³⁴
(in words:)
- 1.2 The local subsidy is provided for the period (date) to (date) (support period).
Expenditures that arise or are effected outside the support period are not eligible
for funding under the subsidy.
- 1.3 The objective of this local subsidy is (project title). To achieve this objective, the
Recipient shall carry out the following measures:
- 1.4 The project description dated (date) (**Annex 4**) and the budget dated (date)
(**Annex 5**) prepared by the Recipient for implementing the project constitute the
binding framework for implementation of the measures set out in Section 1.3.
The local subsidy shall be used exclusively for the implementation of these
measures in accordance with the project description and the budget. Any
remaining amount must be repaid to the Subsidy Donor. Any additional costs
arising shall be borne by the Recipient.
- 1.5 The Recipient shall be advised in implementing the measure specified in 1.3 by
⁵ and shall apply their recommendations.

2. Disbursement of the local subsidy

- 2.1 The Recipient must meet the following conditions before the local subsidy is
disbursed:

3 CU = currency unit in the country of assignment

5 Please enter as appropriate: Representative of the consulting firm, locally appointed experts of the consulting firm

- The Recipient must sign this agreement in a legally binding manner;
- Submission/provision of ⁶.

2.2 *Alternative 1 for 2.2 (advance payment procedure)*

Disbursement of this local subsidy shall take the form of advance payments in instalments (in accordance with Annex 3) in line with monthly *(alternatively: no more than quarterly, if the term of the agreement exceeds 6 months)* funding requirements.

If at least 80% of the previous disbursement has been used for implementing the project, evidence of this has been provided, and settlement has been completed in accordance with Section 3, the next advance payment can be requested. The advance payments must be requested in writing in accordance with Annex 3.

Any residual funds held by the Recipient will be offset against the following disbursement.

2.2 *Alternative 2 for 2.2 (reimbursement procedure)*

Disbursement of this local subsidy will take the form of monthly *(alternatively: quarterly, if the term of the agreement exceeds 6 months)* instalments as reimbursement of the amounts paid and settled by the Recipient with evidence provided of their use for the project implementation.

2.3 *To be inserted in the case of direct payment procedure⁷*

This local subsidy may be disbursed in the form of a direct payment for supplies and services to third parties on receipt of a corresponding written request (letter) from the Recipient with the associated invoice and documentation.

(Adjust numbering as required)

⁶ Please enter details of specific documents, final settlement for previous agreement, etc.

⁷ Direct payments can be agreed for certain invoices (e.g. for larger amounts) either in the advance payment procedure or the reimbursement procedure.

- 2.4 Upon receipt of a disbursement, the Recipient shall provide the Subsidy Donor with a properly signed receipt specifying the purpose for which the subsidy is to be used. For bank transfers, the Recipient shall submit the voucher documenting that the funds have been received (bank statement) with the next settlement.
- 2.5 Individual items pursuant to **Annex 5** of the Agreement may be exceeded by up to 20% provided that the overrun can be offset by savings on other individual items and is necessary for the project's successful implementation.

3. Financial settlement of the local subsidy and reporting

- 3.1 Together with the proper evidence as specified below, the Recipient shall complete, sign, and submit the list of expenditures attached as Annex 1.
- 3.2 The Recipient shall provide evidence of the proper use of funds. As evidence of this, the Recipient shall submit to the Subsidy Donor, as originals in each case, duly receipted commercial invoices, along with proof that services have been performed and payments made and/or receivables record sheets, which the Recipient has checked and signed as factually correct within ⁸ weeks after the end of the respective advance payment period.
- 3.3 For cash disbursements in foreign currency, the Recipient shall submit original currency exchange vouchers.
- 3.4 The Recipient shall submit a written report on the progress of implementation and success of the financed measure together with the final settlement of accounts.⁹

⁸ NB: Two weeks is usually stipulated as an appropriate deadline for submitting this information.

⁹ Additional reporting stipulations may be included (e.g. interim reports, dates). If the contract stipulates that the Recipient is to contribute its own inputs, this clause should be extended to include a corresponding reporting requirement covering those inputs.

- 3.5 After all activities are completed, any residual funds shall be repaid to the Subsidy Donor without a further request to this effect.

4. Contract award procedure¹⁰

When awarding contracts for supplies and services to be financed from this local subsidy, the Recipient shall observe the regulations laid down in [country] and the provisions specified in Annex 2 (Awarding contracts for supplies and services), which constitutes a component of this agreement. The documents specified in Annex 2 are to be submitted with the corresponding vouchers. All contract awards for supplies and services shall be made in close consultation with the Subsidy Donor.

Ownership of all objects procured or produced for the measure must be transferred on or before the completion date of the measure to the designated transferee in accordance with the stipulated objective of the project and at GIZ's discretion. GIZ and the Subsidy Donor will coordinate this transfer of ownership at the appropriate time, but at the latest before submission of the final evidence of use of funds. A report on transfer of ownership must be included in the documentation provided as evidence of the use of the funds, and a record of handover must be submitted.

The procurement of supplies and services must comply with the highest possible sustainability standards.

5. Employment contract

If salaries are financed, the Recipient shall conclude employment contracts with the persons concerned in accordance with local regulations. Copies of the

¹⁰ If materials and equipment are to be procured using the local subsidy, the agreement must stipulate where they are to remain after the agreement ends. To this end, an additional item is to be inserted under 4.

employment contracts must be submitted at the latest together with the request for disbursement of the first advance payment.

6. Project audit

The Recipient shall enable the Subsidy Donor and third parties appointed or designated for the purpose by it to examine the books and documents kept for the financed measures at any time, and to inspect the procured or produced items or results of work, and shall provide all requested information.

7. Rights of use

The Recipient hereby grants the Subsidy Donor an irrevocable, non-exclusive, worldwide, gratuitous, transferable right of use to all work outcomes developed or procured in connection with implementing the project and financed, in full or in part, from the local subsidy, including but not limited to reports, studies and documents prepared in connection with this Agreement as well as computer programs; the Subsidy Donor may exert this right of use without any limitation of time or contents for non-commercial purposes including but not limited to processing and translation and for use in electronic media. On request by the Subsidy Donor, the Recipient shall immediately hand out a copy of the materials to the Subsidy Donor. The Subsidy Donor is entitled to grant third parties simple sub-rights of use.

8. Legal compliance and compliance with environmental and social standards

- 8.1 The Recipient undertakes to use the funds from this local subsidy in compliance with the legal provisions applicable to it and with due regard to the principles of multilateral agreements for the protection of human rights and of the environment and climate. In particular, the Recipient shall observe the ILO core labour

standards. It shall also ensure that measures are in place to protect children, prevent violence, abuse or exploitation of any kind, prevent discrimination (in particular with regard to origin, ethnicity, religion, age, gender identity, sexual orientation or disability) and promote equality of opportunity for all genders.

- 8.2 The Recipient undertakes to use the funds from this local subsidy in such a manner that it endeavours to avoid or reduce unintended negative impacts on the environment and climate, adaptation to climate change, human rights, fragile contexts and contexts affected by conflict and violence, and gender equality by implementing attributable mitigation measures. At the same time, the Recipient undertakes to use any potential for promoting gender equality.
- 8.3 The Recipient shall take appropriate measures to prevent sexual harassment in a work context and shall not incite to violence or hate or any unwarranted discrimination of individuals or groups.

9. Anti money Laundering (AML), countering the Financing of Terrorism (CFT), anti bribery, and compliance with embargoes

- 9.1 The Recipient shall not support activities that contribute to money laundering, terrorism financing or corruption.
- 9.2 The Recipient shall take an impartial and loyal manner at all times and avoid any conflicts of interest. A conflict of interest may arise for reasons involving economic interests, political affinities or national ties, family or friend relationships or any other interests.
- 9.3 The Recipient shall ensure that the persons it has charged with the preparation and implementation of the specified measures, and in particular with the awarding of contracts for the supplies and services being financed, do not demand, accept, provide, grant, pledge or have pledged to them any illegal payments or other advantages in connection with these tasks.

- 9.4 The Recipient shall not make available, either directly or indirectly, any funds or other economic resources from the Subsidy Donor's local subsidy to third parties that are on a sanctions list of the United Nations and/or the EU. In the framework of this subsidised project, the Recipient may enter into contractual or business relations and maintain such relations only with third parties that are reliable and to whom no statutory ban on doing business or entering into contracts applies. Furthermore, the Recipient shall comply with any embargoes or any other trade restrictions issued by the United Nations, the EU or the Federal Republic of Germany in the framework of implementation of this subsidised project.

10. Data protection

- 10.1 The Subsidy Donor shall process personal data in connection with this Agreement exclusively in accordance with the General Data Protection Regulation of the European Union (GDPR). Such data shall be processed solely for the purpose of implementing, managing and monitoring this Agreement. The Recipient has the right to view, erase or correct its personal data and can contact the Subsidy Donor or the government bodies responsible for such matters in order to assert its rights.
- 10.2 When processing personal data in connection with this Agreement, the Recipient shall comply with the applicable data protection regulations of the EU and of national legislation (including approval and reporting obligations). The Recipient shall give its employees access to the data only to the extent absolutely necessary for implementing, managing or monitoring the Agreement and shall require its employees to maintain data confidentiality. Personal data must be treated confidentially by the Recipient in all circumstances. The Recipient shall implement technical and organisational security precautions appropriate to the risks arising from data processing and to the type of personal data concerned. The Recipient shall inform its employees that their personal data will be collected

and processed by the Subsidy Donor. For this purpose, the Recipient must make corresponding data protection statements available to them.

11. Force majeure

Force majeure is an unavoidable event (e.g. natural disaster, outbreak of a disease or epidemic, serious unrest, war or terrorism) that no human foresight or experience could anticipate, that cannot be evaded or overcome applying reasonable efforts and utmost care and that constitutes an impediment to the Subsidy Donor and/or the Recipient fulfilling their contractual obligations. Neither the Subsidy Donor nor the Recipient shall be liable for failing to perform their obligations arising from this Agreement if they are impeded by force majeure in the fulfilment of such obligations, provided that the party affected by such an event has taken all appropriate precautionary measures, due care and appropriate alternative measures with the aim of fulfilling its obligations under this contract to the extent possible. Any party affected by an event as defined in this section must give notice to the other party of the impediment and its effect on its ability to perform as soon as possible.

12. Withholding and cancellation of disbursement, repayment of the local subsidy

12.1 The Subsidy Donor is entitled to suspend or cancel disbursement of the local subsidy in part or in full if an event occurs that is detrimental to the Agreement. In particular, such an event occurs when:

- a) the Recipient is unable to provide evidence of the use of the local subsidy for the objective laid down in this agreement;
- b) the Recipient fails to use or no longer uses items purchased for the project and financed from the local subsidy for the objectives of this agreement;

- c) the Recipient has made incorrect disclosures or fraudulently withheld information related to the subsidy before entering into this agreement or during its implementation;
- d) the Recipient has breached other significant terms of this agreement;
- e) exceptional circumstances arise that seriously jeopardise or entirely prevent achievement of the objective of the local subsidy, the implementation of the project or the fulfilment of the obligations entered into in this agreement by the Recipient; or
- f) GIZ terminates, suspends or modifies the corresponding contract with the Subsidy Donor that forms the basis for this local subsidy.

12.2 The Subsidy Donor is furthermore entitled to terminate this agreement in part or in full with immediate effect if any of the events set out in Section 12.1 a) to f) occur. If any of the events set out in Section 12.1 a) to d) occur, the Subsidy Donor is entitled to terminate the agreement with immediate effect if the situation is not corrected within a period to be defined by GIZ; this period may not be less than 30 days. If the events set out in Section 12.1 e) or 12.1 f) occur, there is no requirement for such a period to be set by the Subsidy Donor.

12.3 After termination of this agreement and upon demand from the Subsidy Donor, the Recipient must immediately repay to the Subsidy Donor the unused funds from the local subsidy for which there are no further liabilities of the Recipient within the meaning of this agreement. This also includes all proceeds and returned funds.

The Recipient undertakes to demand repayment of funds that were paid or committed on a legally binding basis to third parties in good faith and within the meaning of this agreement prior to termination and to repay these to the Subsidy Donor. Repayment is limited to the amount that the Recipient receives from the third party in question after carrying out all reasonable measures including legal action. The Recipient must give immediate notice to terminate existing obligations to third parties (e.g. employment contracts, rental contracts, loans).

If the event set out in 12.1 a) occurs, the Recipient must repay not only the unused funds from the local subsidy but also such funds as have not demonstrably been used correctly by it for the objective set out in the agreement.

If the event set out in 12.1 b) occurs, the Recipient must repay not only the unused funds from the local subsidy but also those funds that have been used for the items in question.

13. Final provisions

- 13.1 The annexes to the agreement shall constitute components of this agreement .
- 13.2 Should individual provisions of this agreement be or become invalid, this shall not affect the validity of all other provisions under the agreement. In this event, the Subsidy Donor and the Recipient shall replace any such invalid provision with a valid provision that best reflects the meaning and purpose of the invalid provision and that can be assumed to be what the Subsidy Donor and the Recipient would have agreed upon when the agreement was signed had they been aware of or foreseen that the provision could be or become ineffective or null and void. The same applies to any omissions in this agreement.
- 13.3 Supplements and amendments to this agreement are valid only when made in writing.

14. Applicable law

- 14.1 This agreement shall be governed by the law applicable at the official location of the Recipient.
- 14.2 The place of jurisdiction shall be [location of the Subsidy Donor](#)

, (date)	[Name]
.....
Place, date	Signature of the Recipient

, (date)	[Name]	[Name]
.....
Place, date	Signature of the Subsidy Donor	Signature of the Subsidy Donor

Annexes

- Annex 1. List of expenditures
- Annex 2. Awarding contracts for supplies and services
- Annex 3. Request for advance payment
- Annex 4. Project description dated (date)
- Annex 5. Budget dated (date)

Annex 1

Template – Local subsidies – List of expenditures

Country:	Project processing no.:
Project:	
Contract no.:	Contract amount:
Recipient:	Duration:
Currency:	Sheet no.:

Serial no.	Date	Supplier	Text	Incoming	Outgoing	Balance

The amounts shown in the list of expenditures and evidenced by vouchers (attached) are factually correct.

.....
Place, date

.....
Signature of the Recipient

.....
Place, date

.....
Signature of the Subsidy Donor

Annex 2

Awarding contracts for supplies and services

The regulations of the recipient country must always be observed as the award is for the local procurement of supplies and services. The procedures described below constitute minimum standards. Section 4 'Contract award procedure' applies to the procurement of supplies. The procurement of supplies and services must comply with the highest possible sustainability standards.

Contract value	Procedure	Contract award documentation
SUPPLIES and SERVICES		
up to EUR 1,000.00	<ul style="list-style-type: none">Contract award without competitive tender (direct award) or call under framework contract (if applicable) permissible	<ul style="list-style-type: none">Justification of contract award: written documentation of contract award decision and competitive tender if applicable
from EUR 1,000.01 to EUR 20,000.00	<ul style="list-style-type: none">Solicit at least three written tenders for comparisonPublic or restricted tender pursuant to own criteria	<ul style="list-style-type: none">Justification of contract award: written documentation of competitive tender and contract award decisionAny formal invitation to tender must be documented.
from EUR 20,000.01	<ul style="list-style-type: none">Public or restricted tender	<ul style="list-style-type: none">Justification of contract award: written documentation of competitive tender and contract award decision

The discretionary award of a contract to a specific contractor without competitive tendering is possible only in justified exceptional cases, for example if the service can be carried out or provided only by one specific company (unique selling point) or if three local tenderers do not exist. This must be documented in the justification of contract award.

Annex 3

Request for advance payment

Recipient

Name:

Address:

Email:

To

Name + address of the Subsidy Donor

Contract number:

Project processing number:

Request for advance payment

for the period from to

In accordance with Section 2.2 of the Contract for Local Subsidies

we hereby request the following advance payment

(currency) (amount))

Preferred method of payment (please mark with an x)

☐

cheque

☐

transfer to the following bank account:

Account holder:

Bank details:

.....
Place, date

.....
Signature of the Recipient

.....
Place, date

.....
Signature of the Subsidy Donor