



Project Modifications Budget Reallocations and Extensions of Project Duration

Instructions for Contractual Partners

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1. Preamble

The projects of the Austrian Development Corporation (ADC) are based on both funding agreements and service contracts (hereafter referred to as contracts) concluded between the Austrian Development Agency (ADA) and non-governmental organisations, implementing agencies and/or other organisations in the partner country (hereafter referred to as the contractual partner).

Modifications in contractual content, budget reallocations and extensions of project duration are contractual changes and require the prior written approval of the ADA¹ and must on no account result in an increase in the contractually agreed budget.

2. Area of Application

The rules set out here apply to all funding agreements covering bilateral development cooperation, the co-financing of NGOs (with the exception of EU co-financing), humanitarian aid and business partnerships.

They are not applicable to remunerations in connection with service contracts. In such cases procurement regulations shall apply.

3. Definition

3.1. Modifications in Contractual Content

The project document, which is an integral part of the contract, determines the design, the intervention logic and the method of implementing the project in question.

Modifications in Contractual Content are changes in a project which are both necessary and justified as a result of changes in the basic project conditions – provided that the project purpose remains unchanged. Taking the logframe matrix as a starting point, this could mean, for example:

- **Adaptation of Activities** in line with changes in the basic project conditions in order to achieve the expected results and the defined indicators (elimination of activities, planning of additional activities, adaptation of the intensity of activities, etc.);
- **Adaptation of Indicators** (and of the corresponding source of verification of these indicators) in line with changes in the basic project conditions in order to be able to measure the extent to which the expected results have been achieved.

Modifications in contractual content **may not include** fundamental changes in the design or intervention logic of a planned project. Such changes could include:

- Changes in the overall objective
- Changes in the specific programme and project purpose
- Changes in the target groups
- Changes in the local project partners

In the event of such **fundamental changes** in the design and intervention logic of a project, a new project is to be negotiated in line with the relevant guidelines of the chosen financing instrument. This requires a **reauthorisation of the contract**.

¹ cf, for example, §8 paragraph 1 of the Development Cooperation Funding Agreement.

3.2. Budget Reallocations

Financial Changes which arise during the implementation of a project and which impact upon the contractually defined summary project **budget** (and not just upon detailed cost calculations) must firstly receive the approval of the ADA in the form of a **budget reallocation**. No such approval is required if the budget items in question are exceeded by no more than:

- a maximum of 10%, (up to a limit of € 3,600 in the case of project volumes of up to and including € 200,000)
- a maximum of 10%, (up to a limit of € 10,000 in the case of project volumes of over € 200,000 and business partnerships).

and the overspendings in single budget items are covered by savings in other items.

The following are **not permitted** as part of a budget reallocation:

- Reallocation at the expense of the budgeted costs for evaluation, documentation and public relations work or at the expense of general measures of organisational development². This exclusion does not, however, apply to EU co-financing and business partnerships.
- Reallocation between direct and indirect project costs³
- An increase in the project administration cost (*Projektbegleitentgelt*) / indirect project costs.

Budgetary changes **are not permitted to result in an increase in the contractually agreed budget**. If additional financing and/or a budget increase is required, a new project is to be negotiated in line with the relevant guidelines of the chosen financing instrument. This requires a **reauthorisation of the contract**.

3.3. Release of the Contingency Reserve

The **contingency reserve** can only be released if such a release is requested from and then approved by ADA and may only be used to cover direct project costs.

3.4. Extensions of Project Duration

Any extension of the duration of a project as determined in the contract, the project sheet (Kurzinformation) or the project document is also to be approved in advance by the ADA. A justification for any such extension is required, based on issues arising from the progress of the project.

Projects may be extended **a maximum of once** and **for a maximum of one third of the original project duration**. In circumstances which can be shown to be extraordinary, additional extensions or longer extensions can be approved.

² cf. applicable guidelines for the PCM Template, Instructions for Activities, Quality Frame: Appendix 3 Project Budget, (note g)

³ cf. applicable guidelines for Project Administration Costs (*Projektbegleitentgelt*), (PBE)



3.5. Requests and Deadlines

Requests by contractual partners for modifications in contractual content, budget reallocations and extensions of project duration (hereafter referred to as requests) are to be made **in writing** and **in advance** and **at least one month before the end of the contract period**. This request is to be justified either by circumstances specifically related to the implementation of the project or by changes of external circumstances. A request for budget reallocation is also to be accompanied by a separate justification for each altered budget item.

This written request, signed by the approved signatory of the contractual partner, is to be delivered to

- the **coordination office in charge**
- or - in all other cases - to the **responsible** member of staff in the ADA head office.

4. Appendices

- 1) Example of a letter of request for an extension of project duration and budget reallocation.
- 2) Example of a table for budget reallocation



Appendix 1: Example of a letter of request for an extension of project duration and budget reallocation.

Request for Extension of Project Duration until [___] and Budget Reallocation Project Number [___]

Dear [___]!

We would like to request an extension of the project mentioned above until [___], due to [___].

Furthermore, we would like to request a reallocation of the budgetary means earmarked for this project in line with the reasons and quantities set out in the accompanying table. We intend to use [the contingency reserve and] a part of the budget item(s) [___] for the following [existing/new] budget items:

- Budget item [___]: [justification] – [reallocated means]
- Budget item [___]: [justification] – [reallocated means]
- Budget item [___]: [justification] – [reallocated means]

Yours sincerely,

[___]

Appendix⁴: Table for budget reallocation on the basis of the contractually agreed budget

⁴ For a certain scale of budget reallocation it may also be necessary to update the logframe.

Appendix 2: Example of Table for Budget Reallocation

REALLOCATION				
Development Cooperation Project Number [____]				
[Project Title]				
Project Duration: [from] – [to]				
No.	Budget Item	Approved Budget in Euro	Difference (=Reallocation) in Euro	Reallocated Budget [Date] in Euro
1.	Personnel Costs			
1.1.	Component W	31.050,00	0,00	31.050,00
1.2.	Component X	3.600,00	0,00	3.600,00
1.3.	Component Y	54.020,00	0,00	54.020,00
1.4.	Component Z	68.030,00	0,00	68.030,00
	Subtotal Personnel Costs	156.700,00	0,00	156.700,00
2.	Materials and Equipment	60.700,00	0,00	60.700,00
3.	Training	158.300,00	0,00	158.300,00
4.	Miscellaneous	103.700,00	-5.430,00	98.270,00
New	Symposium	0,00	8.400,00	8.400,00
New	Activity UUU	0,00	16.800,00	16.800,00
New	Activities VVV	0,00	4.200,00	4.200,00
	Contingency Reserve	23.970,00	-23.970,00	0,00
	Direct Project Costs	503.370,00	23.970,00	503.370,00
	Project Administration Costs (PBE)/ Indirect Project Costs	15.849,00	0,00	15.849,00
	Total Costs	524.219,00	0,00	524.219,00