



No: RL/3-PP/2019

Indirect Project Costs (PBE)

Directive

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1. Introduction

There is a basic distinction between direct and indirect project costs in the area of project support¹. The indirect project costs are charged as a lump-sum and covers all costs of the recipient of a grant for the implementation of a project compliant with Project Cycle Management.

2. Area of Application

This rule applies to all areas of grants.

3. Definition

The Indirect Project Cost (in short: PBE²) is a lump-sum payment to cover all indirect costs incurred by a recipient of a grant for the implementation of a project compliant with Project Cycle Management (content, administration and organisation, see number 6).

4. Calculation of the PBE

The PBE must be proportionate to the duration and complexity of the project and amounts to a maximum of 10 percent of the direct project costs.

The basis for the calculation of the share of the PBE to be financed by the ADA is the amount granted by the ADA in support of a project, excluding any additional amount contributed by the recipient of the grant or third parties.

The maximum of ten percent to be paid by ADA applies to the actual direct project costs as invoiced and approved by ADA and not to the originally planned level of project support.

5. Invoicing of the PBE

The PBE is to be invoiced at the time of the contractually agreed presentation of the intermediate and final accounts for a completed reporting and accounting period. The final control and confirmation of the amount of the PBE will take place as part of the final settlement of the total amount of project support.

6. Scope

The PBE covers the following activities:

Project Planning

- The detailed planning and preparation of the project documents with the local partner organisation and coordination work with the ADA.

Content-related, administrative and organisational project management costs

- Drawing up a project contract with partner organisation/s
- Transfer of the project funds to the partner organisation/s and contractually agreed control of these funds

¹ See Project Document, Appendix 3 Project Budget

² Projektbegleitentgelt

- Investments, supplies and services: the entire procurement process – including the obtaining of tenders for goods and services and the costs of transport and insurance, etc.
- External control of invoices in order to meet the contractually-agreed rules for the presentation of accounts³

Project Management

- Ongoing monitoring and backstopping in line with the PCM, including on-site monitoring visits and, where applicable, the implementation of management processes.

External Expert Consultants

- Drawing up of terms of references and job descriptions and carrying out of the choice of the appropriate consultants together with the local partner organisation/s
- Drawing up of contracts for consultants
- Briefing, Debriefing

Preparation of Reports, Communication with the ADA

- Presentation of contractually agreed activity and progress reports
- Presentation of contractually agreed financial reports, e.g. the preparation of intermediate and final accounts
- Applications for project modifications and extensions

Evaluation

- Preparation of and reaction to evaluation procedures (internal or external)

Networking and exchange of experiences related to the project in question

If the recipient of project support carries out these activities in both at headquarter level and through a local organisational structure, then it is considered that the PBE covers all such activities in the form of a lump sum.

7. Final Provision

Entry into force: 24.05.2005/No. RLin/3-PP/2005

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The Department Programme and Projects International is responsible for the further development of this directive.

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³ See the ADA General Terms and Conditions of Contract § 4.6.