Federal Ministry
for the Environment, Nature Conservation
and Nuclear Safety

INTERNATIONAL CLIMATE INITIATIVE (IKI)

IKI Guidelines for International Applicants

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A. General Information about the International Climate Initiative

These guidelines shall give you guidance to implement your project successfully and to give you a briefing about the most necessary procedures. Please read them carefully before and during the project implementation. In case of any further questions, please contact the IKI Secretariat.

Please note that these guidelines are primarily addressed to international grantees. Regulations for international organisations may differ. Please contact the IKI Secretariat for further information.

Please use the following contact details for all matters regarding the IKI:

Zukunft – Umwelt – Gesellschaft (ZUG) gGmbH
IKI Secretariat
Köthener Straße 4
10963 Berlin
iki-secretariat@z-u-g.org

B. Project Outline – First Stage

The IKI Selection is based on a two-stage procedure. In the first stage, coherent project outlines need to be submitted in English through the online platform on the IKI website. Project outlines that are not submitted by the designated means cannot be considered for the subsequent selection procedure. All applicants will be informed in writing of the result of the evaluation.

BMU pre-selects promising outlines in line with the available budgetary resources, considering coherence with foreign and development policy. If project outlines are promising, BMU asks for the submission of a formal project proposal (start of second stage (see section C) or for the submission of a proposal for a preparation phase.

Information on the current IKI call can be found on the IKI website (link).

B.1 Applicants

The IKI supports projects carried out in partner countries by German federal implementing agencies, NGOs, business enterprises, universities and research institutes based in Germany and abroad, by institutions in partner countries (including national implementing entities accredited by international organisations, NDAs) and by international organisations and institutions, e.g. development banks and United Nations bodies and programmes.

It is expected that project proposals will generally specify that the programme will be implemented jointly and in partnership by several of the organisations that specialise in the particular strand of work. The cooperation in principle should be agreed in a cooperation agreement with all the implementing organisations. The cooperation agreement should not be submitted until the second stage of the application procedure. For communication with BMU or its agent, one of the project`s implementing organisations must be nominated as having principal responsibility (joint project coordinator). The joint project coordinator is the sole recipient of the approval notification or the sole contract partner of BMU. As the sole implementing actor, the joint programme coordinator receives direct payments through BMU; no grant funds are paid directly to other partners in the joint programme. The joint programme coordinator is responsible for forwarding the grant to the partners in the joint programme.

The joint programme coordinator and the partners in the joint programme are expected to have comprehensive relevant expertise and experience of the target region. The organisation coordinating the programme must display this expertise and, as a rule, demonstrate that is has continuously implemented international cooperation programmes in the thematic area jointly with partners in the region for at least five years. They must be capable of providing suitable human resources for the implementation of the programme.

The level of the planned, average annual BMU funding volume should not exceed the grant recipient's average annual turnover over the last three business years.

If the grant is forwarded, the joint programme coordinator is responsible for ensuring that the relevant partners in the joint programme also comply with this requirement in respect of their funding share. The average annual funding volume follows from the planned total BMU funding volume and the planned duration of the project as stated in the outline.

B.2 Form

All information regarding the project has to be completed using the online tool provided on the IKI website (link). The project outline needs to be submitted exclusively via the electronic online form provided. Hard copies and project outlines submitted in a different format (excel, jpeg, word, pdf) will not be considered in the selection process. The project electronic outline form is solely available online and in English language.

B.3 Signature

Since the project outline is submitted electronically, it does not require a signature.

B.4 Contact

The IKI Secretariat is available for all questions regarding the preparation of a project outline. For reasons of equal treatment and a fair competition, inquiries about the status of the assessment of project outlines will not be answered while selection is still in progress.

B.5 Project duration

The proposed project duration should enable a successful course of project implementation and needs to be planned realistically. A realistic time planning also considers any foreseeable delays in the implementation of the project, e.g. through the recruitment of project staff or the procurement of goods, services and works. The planning of the project duration also needs to include an appropriate amount of time for pre-assessment and the closure of the project, including the final reporting.

B.6 Project start

A project outline with project activities that has already been started is ineligible for funding.

B.7 Currency

All calculations and amounts must be stated in EUR within the project proposal. However, during the implementation of the project, payments from BMU to the project lead in another currency than EUR are optional. The exchange rate will be calculated according to the daily updated EUR foreign exchange reference rates of the European Central Bank.

B.8 Funding volume

The definite maximum level of funding that can be applied for is published in the Funding Information of the respective Thematic or Country Selection Procedure. However, the efficiency of the expenditures and the economical use of the funds must be demonstrated at all times.

As a rule, the level of the planned, average annual BMU funding volume should not exceed the applicant's average annual turnover of the last three financial years.

B.9 Own funds

The financing of a project is primarily the responsibility of the applicant. Since project are the applicant's own project and not commissioned by the Federal Republic of Germany, the applicant has to do everything in its power to raise the required funds. Thus, it is generally a condition for approval of a grant that the applicant makes an appropriate contribution and that additional funding is mobilized to meet the eligible expenditure.

Grants which cover all eligible expenditures are therefore an exception.

There is no minimum quota for own funds. Whether the extent of the submitter's own funding is appropriate can only be decided case by case and under consideration of the characteristics of the submitter concerned. The appropriate level depends on the submitter's financial power and self-interest in the project, on how it is aligned with the Federal Republic of Germany's goals, and the available funding in relation to the number of project.

For further information regarding own funds please see section C (*C.4.4 Financing and Co-funding*).

C. Project Proposal – Second Stage

C.1 General Information

C.1.1 Possibility to submit a project proposal

Applicants whose project outlines from the first stage of the application process are shortlisted are then invited to submit a full project proposal in the second stage of the process.

Joint project coordinators may also apply for a preparation phase (e.g. for studies, country missions, or planning workshops with partner institutions). The preparation phase lasts up to six months whereas the final project proposal has to be submitted.

A project proposal submitted without a prior request for submission by BMU will not be considered in the selection process.

C.1.2 Submission of project proposal

Applications for project funding must be submitted exclusively electronically from 2020.

C.1.3 Contact

As a rule, the IKI Secretariat is the exclusive contact point for all project -related matters and should be kept informed about all project-related developments over the entire duration of a project. For every project there are two contact persons: One contact responsible for questions related to the project concept and content and one contact for all legal, administrative and financial matters.

Project applicants and grantees will receive official and thus legally binding communication (e.g. funding and approval letters) from BMU, but will at no time have to communicate directly with BMU on any project-related matters.

In all project related correspondence the IKI project number should be indicated. This number can be found in all official communication.

C.1.4 Project start

Projects with activities that started before a project proposal has been submitted and officially approved by BMU are not eligible for support. Project activities are considered started as soon as any funding obligation related to the implementation of the project has been concluded.

In practise the applicant can start with the project implementation after signing of the grant agreement submitted by BMU to the applicant, provided no changes will be made to the grant agreement. However, the project cannot start before the date stated in the project proposal.

In exceptional cases, BMU is able to approve early commencement of a project upon separate request. The request must be submitted electronically with an appropriate explanation.

Without the express permission of BMU, early commencement of a project is not permitted under any circumstances and will render a project proposal ineligible for funding.

C.1.5 Project duration

The project duration should not deviate from the duration mentioned in the project outline (see *B.5 Project duration*). In exceptional cases, BMU might accept a deviating project duration after the applicant has provided a plausible reason for the deviation. In order to allow realistic project planning, the start date may be adjusted to correspond with current developments.

C.1.6 Types of Financing

The Project applicants are expected to provide own funds in an appropriate amount.
IKI-Projects should not be funded entirely by BMU funding but include an adequate proportion of co-funding. Co-funding includes external funding and/ or third-party grant (funds by governmental and public institutions).

The IKI-grant is mostly provided in a fixed-sum financing mode. That means BMU provides a fixed amount (the grant) as part of the total eligible expenditure, according to project budget and regardless of increase or decrease of total eligible expenditure at the end of the project. In case the total expenditure exceeds the grant amount, the difference must be financed by the grantee or other funding sources (see *C.4.4 Financing and Co-funding*). With a fixed-sum financing mode the agreed budget lines are not binding if deviations within the total project budget occur (see *D.3 Budget flexibility*).

If no co-funding is available, the BMU grant will cover all eligible expenditures up to the maximum amount indicated in the project budget (see *C.4.4 Financing and Co-funding*). With a full-financing mode the agreed budget lines are binding and changes of more than 20 per cent of the main budget lines require a formal amendment request and approval by BMU (see *D.3 Budget flexibility*).

C.1.7 Level of funding provided by BMU

The level of funding provided by BMU must not exceed the amount mentioned in the letter of BMU inviting to submit a full project proposal.

C.1.8 Authorised representative

All the grantee's official correspondence concerning the IKI must be covered by a legal representative. The representative must be duly authorised to represent its institution both in and out of court.

Authorised representative(s) can nominate third parties to make legally binding declarations on their behalf.

Proof of the representative's authorisation must be provided for all official IKI correspondence (e.g. through a trade register excerpt).

C.1.9 Text form

Text form means a readable declaration made on a durable medium, in which the person making the declaration is named. A durable medium is any medium that

i. enables the recipient to retain or store a declaration included on the medium that is addressed to him personally such that it is accessible to him for a period of time adequate to its purpose, and

ii. that allows the unchanged reproduction of such declaration.

C.1.10 Pre-assessment of project proposal documents

The IKI Secretariat does not have sufficient capacity to pre-assess project proposal documents prior to official submission, but is available for all questions concerning the preparation of the documents.

C.1.11 Assessment process – time frame

After the submission of the project proposal documents, the minimum time required for the assessment and any necessary revision of the documents is six months. The actual processing time is in this context greatly dependent on the completeness and quality of the submitted project proposal documents. When planning the starting date for a project, the minimum time required should be duly considered.

C.1.12 Grant Agreement

After successful completion of the assessment process, the applicant will receive a funding letter along with a grant agreement from BMU. The grant agreement needs to be signed by readable declaration in text form (see *C.1.8 Authorised representative*) and sent back to BMU immediately. Provided that no changes to the grant agreement will be made by the applicant, the project can be started as soon as the documents are sent back to BMU.

The standard grant agreement can be requested from the IKI Secretariat for pre-assessment.

C.1.13 Constraints in the Grant Agreement - Blocked Funds

In particular cases, the grant agreement may contain specific constraints. One of these constraints might be the *'*blocking*'* of funds. Blocking funds is an option in case the applicant is not able to fulfil certain conditions during the application stage, e.g. to provide political support letters or detailed concepts for particular work packages or to name implementing partners or project countries. BMU might in these very exceptional cases decide to approve the proposed project, but to block the funds linked with the uncertain facts and conditions. BMU will not authorize and disburse these funds until the applicant clarifies and fulfils all conditions needed to lift the block. The conditions which need to be fulfilled in order to unblock the funds will be indicated by BMU in the grant agreement.

C.2 Subcontractor - Implementing Partner - Political Partner

The project proposal requires information about any planned subcontractors or implementing partners for a project in section 1.4 and in Annex 1 of the project proposal. In section 1.3 all political partners have to be listed.

C.2.1 Subcontractor

A subcontractor may be assigned to acquire goods, services or works required for the implementation of the project. Subcontractors are usually for-profit organisations. The subcontractor must be selected following a competitive procurement procedure. Thus, a subcontract is always based on an exchange of service vs. payment. Full remuneration of the subcontractor is only allowed after it has completely fulfilled its contractual obligations. Fulfilment of the contractual obligations must be documented by the grantee. This documentation must be presented on request in the Final Report. If the grantee fails to document the fulfilment or the subcontractor fails to perform its obligations, the expenditures for the contract are not eligible for funding and have to be reclaimed from the grantee.

All estimated expenditures for a subcontract including incidentals, e.g. travel expenditures of the subcontractor, must be budgeted in the project budget's 'External Services' sheet. A template for a service contract (subcontractor) is not available with BMU.

C.2.2 Implementing Partner

The applicant may entrust tasks forming part of the project on a non-profit basis to one or several implementing partners (not political partners, see C 2.3 Political Partner). Implementing partners are selected to secure the necessary local support and cooperation in the implementation of the project. Therefore, no procurement procedure is necessary. Prior to the signing of the mandatory subgrant agreement (former channeling agreement) with an implementing partner, its credit rating has to be verified and documented in an appropriate manner by the grantee.

The grantee shall ensure that the conditions applicable to it under the grant agreement are also applicable to its implementing partner(s). For this matter, the IKI provides a standard subgrant agreement (former channelling agreement) which is to be used to form the contractual relationship between the grantee and the implementing partner.

Signing the subgrant agreement with the implementing partner is essential to clarify the rights and obligations from the outset.

For each implementing partner an individual budget (Annex 3) must be prepared and submitted. The project budget of an implementing partner needs to meet the same requirements as the budget submitted by the applicant (see *C.4 Guidance for Project Budget (Annex 3)*).

In any case, the grantee remains fully responsible towards BMU for all activities implemented by its implementing partners and shall ensure and guarantee an effective management and control of the whole project.

In terms of annual reporting, grantees are responsible for their subgrantee`s reporting which has to be embedded within the annual interim and financial report (see D.6 Reporting during the project implementation) as well as within the final report.

Furthermore, grantees should ensure to have full access to all project -related documents of its implementing partners during and after the project.

To each subgrant agreement the conclusion of a supplementary agreement is possible, but the grantee takes the full responsibility for ensuring that its content is in line with the subgrant agreement. It must be ensured that the rules of the subgrant agreement will prevail over any supplementary agreement. BMU or the IKI Secretariat will not provide any legal advice or even approve any supplementary agreement.

C.2.3 Political Partner

Political partners are usually public institutions for political support and promotion of a project in the country of implementation. They can be selected on national, regional or local level. Political partners do not receive any funds from the grant and are not directly involved in the project implementation.

C.3 Eligibility of Expenditures

C.3.1 General conditions for eligibility of expenditures

‘Eligible expenditures’ are expenditures that meet the following criteria:

1) Expenditures must be necessary for the project

The fundamental eligibility requirement is that expenditures are indispensable for the achievement of the project results. The expenditures must be essential for the performance of the project in question.

In case of uncertainty about the eligibility of expenditures, assessing their necessity for the project implementation is the most useful procedure.

2) Expenditures must be incurred during the eligibility period of the project

All expenditures must be incurred within the eligibility period of the project. This is the case when the related goods, equipment, services or works have been used in connection with the project and thus became due during the implementation period of the project. The implementation period is set out in the grant agreement.

The fact that a legal commitment has been made (e.g. signature of a legally binding contract or issuing a purchase order) is not sufficient for the expenditures to be eligible. This means that the expenditures should relate to activities performed during the implementation period of the project.

Grantees should be prepared to demonstrate that expenditures have been actually incurred, for instance, during the final financial audit by an independent auditor. During an audit, auditors will check all the supporting documents related to the project and the relevant dates (i.e. distribution lists, logbook, employment/service contracts, reports on end of works, post-distribution monitoring report, but also payment vouchers, bank statements, tender files including bids not accepted, derogation forms signed at applicable level, etc.). This example list includes the expenditures incurred by implementing partners.

The only exceptions to this rule are expenditures related to the final financial audit which can be incurred after the implementation period of a project but within the eligibility period.

3) Expenditures must be identifiable and verifiable

The expenditures must be:

- recorded in the accounting records of the grantee;
- compliant with the accounting standards of the country of registration of the grantee and its usual accounting practices;
- backed by supporting evidence (e.g. invoices, receipts, contracts, time-sheets, etc.).

The grantee does not have to provide those supporting evidences with the Final Report, but it has to keep them available at BMU's request or in case of audits. Indirect expenditures (administrative overheads) do not need to be backed by supporting evidence during audits if prior approved by BMU.

4) Expenditures must be reasonable, justified and comply with the principle of sound financial management

This principle means that the project funds must be used in accordance with the principles of thrift, efficiency and effectiveness.

- The <u>principle of thrift</u> requires that the resources used in the pursuit of an activity be made available in due time, in appropriate quantity and quality and at the best price.
- The <u>principle of efficiency</u> refers to the best relationship between resources employed and results achieved.
- The <u>principle of effectiveness</u> is concerned with attaining the specific objectives set and achieving the intended results.

Throughout the project, the grantee will have to make sure that these principles are respected. At the end of the project, in cases where these principles could not be respected, the grantee will have to justify the reasons and the impact on the result. If no valid justification can be provided, expenditures may be declared ineligible.

5) Expenditures must comply with the requirements of applicable tax and social legislation

The grantee must comply with the applicable tax and social legislation, e.g. the legislation of the country of registration of the grantee and of the country of project implementation.

Finally, please note that BMU will only pass judgement as to the actual eligibility of expenditures at the liquidation stage. All expenditures that do not meet the eligibility conditions will be declared ineligible and disallowed accordingly. The overpaid amount will need to be reimbursed by the grantee.

The mere fact that certain expenditures are included in the project budget at the proposal stage and thereafter is irrelevant, as this cannot overrule the otherwise applicable eligibility conditions.

C.3.2 Eligible expenditures

Eligible expenditures are distinguished into <u>direct</u> expenditures and <u>indirect</u> expenditures:

C.3.2.1 Direct expenditures

Direct expenditures are directly linked to the implementation of a project. They would not have been incurred if the project had not taken place. In this way, they can be directly attributed to the project. Typical examples are: project staff, consultants, project supplies, publications, travel, investments, items and materials.

Only planned payment transactions qualify for budgeting as eligible direct expenditures.

Shared expenditures

The grantee may share some expenditures - such as expenditures of infrastructure in the field (in particular: field offices) among different uses and project. These shared expenditures may be eligible if calculated according to an expenditures allocation system that takes into account only the portion of the expenditures which corresponds to the rate of actual use of the infrastructure for the purposes of the particular IKI project.

Personnel

a) Expenditures for personnel working under an employment contract with the grantee or an equivalent appointing act, and assigned to the project are eligible. These expenditures may include:

- Actual salaries;
- Social security contributions;
- Staff insurance expenditures;
- Other statutory expenditures included in the remuneration, provided that these expenditures are in line with the grantee's usual policy on remuneration (e.g. sick leave indemnities);
- Additional remunerations, including payments on the basis of supplementary contracts regardless of the nature of those contracts under the condition that they are paid in a consistent manner whenever the same kind of work or expertise is required, independently from the source of funding used (e.g. hardship allowance).

- Severance payments due at the end of employment contracts, provided that such payments arise from a statutory obligation under the applicable labour law (and not contractual arrangements) and are charged to a project only for the portion which corresponds to the share of the total working time spent on the project.

b) Expenditures for natural persons working under a contract with the grantee other than an employment contract. These expenditures are for example, the expenditures for in-house consultant, advisors or volunteers. They may be assimilated to expenditures for personnel, provided that the natural person should work under the instructions of the grantee and, unless otherwise agreed, in its premises; the results of the work belong to the grantee and the expenditures are not significantly different from the expenditures of staff performing similar tasks under an employment contract with the grantee.

If these conditions are not met, then a consultant is considered a service provider under a service contract, thus the procurement rules apply.

c) Headquarter staff (HQ staff) only in the following cases

- If the expenditures relate to the monitoring of the action.
- If the expenditures relate to a specific task necessary for the achievement of the project operational results and have accordingly been identified as an operational activity in the proposal.
- If the expenditures relate to the preparation of the Final Report within the limits mentioned here.

In such cases, HQ salaries or a portion of these may be directly eligible, provided that the assignment of the HQ staff to the project is traceable through monthly timesheets. These timesheets need to document the amount of working hours spent by the HQ staff member for the project.

Please note that expenditures relating to the general grant management support are not eligible as they are considered a part of the capacity of the grantee and covered by indirect expenditures (administrative overheads).

External Services

External Services include eligible expenditures for consultants and subcontractors as well as expenditures for a mandatory final financial external project audit of the project (see *C.4.10 External Services*).

Events

Expenditures associated with the conduction of events (e.g. workshops including venue hire, catering, equipment), directly related to and essential for the effective delivery of the IKI project, are eligible.

Travel

Travel expenditures and related subsistence allowances for employees taking part in the IKI project, including headquarters' employees conducting field/monitoring missions, are eligible. These expenditures must, however, be directly linked to the IKI project and in line with the grantee's usual practises on travel.

If the applicant or implementing partner uses internal travel policies, in particular for calculating accommodation and daily allowances, these may be accepted by BMU for budgeting eligible travel expenditures for an IKI project. These travel expenditures need to be in line with the conditions of eligibility mentioned above. Internal travel policies need to exist in written form and should be officially adopted by the grantee organisation.

The relevant documents, in which these internal regulations are laid down, have to be submitted to the IKI Secretariat together with the project proposal if used as basis of calculation (see *C.3.2.1 Direct expenditures*).

Items >= EUR 800

The use of all items and assets during the project duration needs to be earmarked for the specific purpose of the project as outlined and approved in the project proposal. BMU will decide on the further use of items and assets after the completion of the project.

Items and assets with an individual value above EUR 800 need to be inventoried.
Please note: As of 2018, the limit for the individual value changed from 410 EUR to 800 EUR for newly agreed projects.

C.3.2.2 Indirect expenditures

Indirect expenditures of the project are indirectly linked to the implementation of a project, but cannot be directly attributed to the project. Nonetheless, indirect expenditures need to have a central significance for successful project implementation in order to be eligible. These indirect expenditures do not need to be individually supported by accounting documents for the purpose of IKI if prior approved by BMU.

Unless otherwise specified in the grant agreement, eligible indirect expenditures should be included in the administrative overheads which constitute a certain percentage of the total eligible direct expenditures of the project.

All types of expenditures covered by the administrative overheads need to be specified in the project proposal (budget). The eligible amount of this position (i.e. percentage of eligible direct expenditures) may vary depending on the extent of expenditures subsumed under administrative overheads.

C.3.3 Ineligible expenditures

In addition to any other expenditure, which does not fulfil the eligibility conditions, the following expenditures shall not be considered eligible:

- Expenditure unverifiable with the original vouchers,
- Expenditure without proof of payment,
- Expenditures documenting non-frugal and economical use of the grant funds (e.g. unused cashback discounts and deductibles.),
- Expenditure incurred outside the approved eligibility period,
- Expenditure on insurance that is not required by law,
- Expenditure which cannot be clearly assigned to the project,
- Expenditure which will later be refunded (e.g. collateral, security deposits),
- Gratuities,

- Value added tax, if an entitlement to input tax deductions exists
- Expenditures outside of the project budget (e.g. expenditures of political partners for staff, office rent, etc.)

C.3.4 Value-added tax (VAT)

As a rule, the applicant should apply for an entitlement to input tax deduction.

If an entitlement is obtained, VAT will not be considered as an eligible expenditure of the project.

Under certain circumstances, VAT may be considered eligible, if the following conditions are met:

- The grantee must be able to demonstrate that it requested an entitlement from the relevant authority
- The grantee must be able to show the response of the tax authority or the applicable legislation which stipulate that VAT cannot be refunded.

The evidence must not be included in the final report, but must be available for the final financial external project audit.

The requirements regarding VAT are the same for implementing partners as for the grantee. The implementing partner has to request for an entitlement as well and should be able to prove its attempt.

C.3.5 In-kind contributions

In-kind contributions usually refer to goods or services provided free of charge by a *third party. In-kind contributions never involve an actual transfer of financial resources* to the grantee. In-kind contributions do not, therefore, involve any expenditure for the grantee and are not entered in his accounts. Consequently, in-kind contributions from the grantee or political partner must never appear in the budget of the IKI project as an eligible expenditure since it may be difficult to calculate the financial value of such contributions and to assess whether it has effectively been provided.

If in-kind contributions are intended, the BMU shall be informed and the planned contributions need to be displayed and described under 5.4 of the project proposal form.

C.4 Guidance for Project Budget (Annex 3)

C.4.1 Level of detail

All estimated expenditures of a project must be broken down into sufficient detail. Sufficient detail is provided when an independent third party is put into a position to appraise the appropriateness and necessity of the expenditures within reasonable time and without further explanation. Expenditures should in this context be explained and, whenever possible, associated with the corresponding work package and activity of the project in the budget’s description section (see below).

All estimated eligible expenditures must be explained in the same level of detail. It is not sufficient to provide these details only for the BMU-funded expenditures since the total project expenditure needs to be accessed with regard to the eligibility of all positions calculated regardless of their financing.

Num	Year	Correlation	Description (Departure & Destination, purpose of trip, information about the person(s) travelling, correlating Workpackage, information about 'Other' travel expenditure)	Airfare/ train/ local travel per person	Days per person	Accommo-dation per day	Allowance per day	Single trip amount per person =1+(2*(3+4))	Number of persons	Single trip amount =5*6	Number of trips	Other	Total =7*8+9
1				- EUR		- EUR	- EUR	- EUR		- EUR		- EUR	- EUR
2				- EUR		- EUR	- EUR	- EUR		- EUR		- EUR	- EUR

C.4.2 Currency

All calculations and amounts must be stated in Euro. See also information provided in section *B.7 Currency*.

C.4.3 Planning a multi-year project

For a multi-year project, the estimated broken down (itemised) expenditures of the project shall be indicated for each calendar year separately based on planned dates of payment (cash flow). The calculation is to be made in a manner which ensures that the requested annual contribution of funds realistically can be used in full for the project by the end of each year.

Foreseeable delays, e.g. through the recruitment of project staff or the procurement of any goods, services and works, should necessarily be taken into account when determining the annual requirement of funds.

C.4.4 Financing and Co-funding

Co-funding means a direct financial contribution (i.e. cash contribution) to the realisation of a project. There are the three following types of co-funding:

- Own funds
- Third party grants
- External funding

Project applicants are encouraged to provide or attract co-funding for the IKI project. IKI-Project should not be funded entirely by BMU funding but include an adequate proportion of co-funding. An appropriate financial participation of the grantee (“own funds”) and/or the mobilisation of additional co-funding are a condition for approval of a grant.

To prove the commitment of donors contributing to an IKI project, a signed statement (‘letter of intent’) must be provided from each potential donor indicating the exact amount for this particular project.

The budget of the project proposal need to reflect the amounts originally laid out in the project outline. If the amount of co-funding in the project proposal should deviate extensively from the project outline these changes need to be sufficiently substantiated.

1) Own funds

Own funds are a financial contribution which is supplied directly from the grantee’s funds and is not sourced from other donors or third parties. A fixed proportion of own funds for the financing of an IKI project does not exist.

Any revenues expected to be generated in the course of the project (e.g. participation fees, interest) can be included into own funds as part of the project financing. Please note that within the financing section of Annex 3 revenues can be designated as an independent category within the 'Type of financial contribution' section.

Any goods or services provided by the grantee do not count as own funds but in-kind contributions. As there is no project-related cash flow associated with these in-kind contributions, these are not eligible to be calculated (see *C.3.5 In-kind contributions*).

2) Third party grants

A third party grant refers exclusively to sums made available for the project from other public donors. A written confirmation for this financial contribution is mandatory.
A proofed confirmation of the respective donor must be submitted.

3) External funding

External funding is funding provided by non-public third parties with an interest in the project to finance the total expenditures of the project that are eligible for support. A written confirmation for this financial contribution is mandatory.

Own funds of a subgrantee need to be calculated as external funding in the project proposal (page 2, No.1.1) and in Annex 3b (total budget). A proofed confirmation for this financial contribution is not necessary.

C.4.5 Personnel

Since only project related activities are eligible, staff hired exclusively for the work on the project generally complies with the eligibility criteria (see *C.3.2.1 Direct expenditures*).

Annex 3 — Personnel

Instructions

Note: Table "Overview Personnel" must be completed before data can be entered here.

Total - EUR

Num	Year	Staff	Position	1 Percentage of employment in relation to full-time employment	2 Basic salary per month (full-time)	3 Percentage of project-related work per month	4 Number of working months per year	5 Total =1*2*3*4
1				0	- EUR	0,0%		- EUR

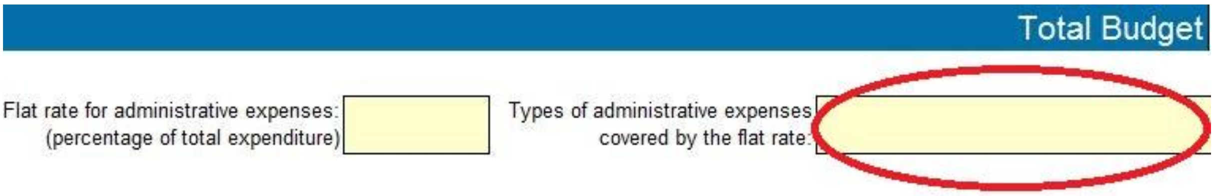
In order to prevent double funding, please note that expenditures such as daily subsistence allowances are part of travel expenditures.

C.4.6 Administrative Overheads

The administrative overheads (flat rate for administrative expenditures) can be used to cover project-related direct administrative expenditures like consumables, office supplies, communication etc. as well as indirect expenditures and implicit costs of the applicant / grantee which can be directly linked to the project (see *C.3.2.2 Indirect expenditures*).

A conclusive list of all direct and indirect administrative expenditures and implicit costs which can be covered by the administrative overheads does not exist.

The composition of the administrative overheads has to be specified in detail in the budget's 'Total Budget' sheet:



If the provided space is not sufficient, an extra sheet has to be prepared as an attachment to the budget to further specify the types of administrative expenditures or implicit costs covered by the administrative overheads.

C.4.7 Items <= EUR 800

Items which fall into this category can be pooled and subsumed under the administration overheads to simplify project accounting. However, if the layout of the project so requires (e.g. a great number of items with an individual value of less than EUR 800 are essential investments or of considerable amount), this section is used to display relevant items in particular.
Please note: As of 2018, the limit for the individual value changed from 410 EUR to 800 EUR for newly agreed projects.

C.4.8 Rents

Rents for business premises where project staff is working can be listed and will be considered according to the percentage of project staff using the premises and time these premises are allocated to the project. The total amount of the eligible proportion of rent will be automatically calculated in Annex 3.

If utilities are already included in the administrative overheads position, only the basic rent is eligible under this section.

C.4.9 Literature & Printing

If necessary literature and printing material constitute a significant position within the budget it might not be possible to subsume them under the administrative overheads. In this case, these need to be included in this section.

C.4.10 External Services

External services should not be calculated as fixed price positions but with one of the other offered 'modes of calculation' (e.g. daily rates). The remuneration in service contracts within IKI project should always be based on the actual working hours spent for the service.

In any case a detailed description of the service and the corresponding work package and activity is necessary.

Num	Year	Contractor/Subcontractor (if already known, otherwise please enter "TBA"	Type of service	Mode of calculation (unit)	Rate	Quantity (hours/days/ weeks/month)	Total =2*3
1					- EUR		- EUR
2					- EUR		- EUR

Expenditures for the mandatory final financial external project audit also have to be calculated in the 'external services' sheet of the grantee's budget – usually calculated in the last year of the project. The external auditor's report must be in accordance with the "Binding Terms of Reference for engaging a public auditor" (ToR).

The external auditor / auditing firm must be selected according to the legal framework for procurement applicable to your organisation. In the case there is no legal framework, the procurement rules in *C.5 Procurement* apply.

Any additional external financial audits (e.g. yearly financial project audits, audits of the organization) are possible, but not eligible for support by the IKI and therefore must never be part of the grantee's budget.

C.4.11 Events

For the calculation of all events, the venue and the corresponding work package and activity need to be mentioned. All expenditures should be broken down as detailed as possible. This includes e.g. a calculation based on prices per unit and a separate indication of venue and catering expenditures (see below).

Num	Year	Event	Type of Event	Description of Event (Title, Location, Target Group, Reference to Workpackage)	Number of participants	Type of expenditure	Price per day	Number of days	Total =1*2
1		EV1			25	Venue Rent	- EUR	2	- EUR
2		EV1			25	Catering	- EUR	2	- EUR
3		EV1			25	Material	- EUR	2	- EUR

If catering is provided for employees, the daily subsistence allowance must be reduced or catering should not be calculated for own personnel in order to prevent double funding. Please note that daily subsistence allowances are part of travel expenditures and need to be budgeted under 'travel'.

C.4.12 Travel

In case no acceptable internal travel policy can be provided, the calculation of the accommodation and daily allowance rates of the German administrative provision should be used as guidance (ARVVwV); column 2 = daily allowance; column 3 = accommodation per night). Should a destination still be uncertain, the daily rates for Luxembourg must be used. For travel to/within Germany the daily allowance rate should be no higher than EUR 28 (EUR 28 whole day, EUR 14 each for the arrival and departure day) and EUR 70 for accommodation per night.

If any travel expenditures are calculated in the column ‘Other’, please make sure to include an adequate explanation in the description section of the form (see below). All travel expenditures need to be described as detailed as possible in the description section (in particular person travelling; reason for travelling; point of departure - destination). An exemplary description could be: *Kick-Off workshop work package I, activity I.2 in Lima, (Peru); roundtrip flight Washington D.C.-Lima; Travel of Project Manager; Other Expenditures: Visa expenditures (EUR 30).*

Num	Year	Correlation	Description (Departure & Destination, purpose of trip, information about the person(s) travelling, correlating Workpackage, information about 'Other' travel expenditure)	Airfare/ train/ local travel per person	Days per person	Accommo-dation per day	Allowance per day	Single trip amount per person =1+(2*(3+4))	Number of persons	Single trip amount =5*6	Number of trips	Other	Total =7*8+9
1				- EUR		- EUR	- EUR	- EUR		- EUR		- EUR	- EUR
2				- EUR		- EUR	- EUR	- EUR		- EUR		- EUR	- EUR

If travel expenditures for others than employees are calculated in the budget, they have to be justified and explained. The above mentioned eligibility rules apply (for more information see *C.3 Eligibility of Expenditures*).

C.4.13 Items > EUR 800

All project related items and assets with an individual value above EUR 800 which are inventoried and earmarked need to be listed in this section (*C.3.2.1 Direct expenditures*).
Please note: As of 2018, the limit for the individual value changed from 410 EUR to 800 EUR for newly agreed projects.

C.5 Procurement

Any procurement required for the project must be acquired through public tender pursuant to the general regulations, rules and directives of the grantee. These general regulations, rules and directives must be made available to the donor together with the project proposal.

In case there is no applicable legal framework for procurement, the following rules apply (as found in the IKI standard grant agreement):

For procurements with an estimated value not exceeding EUR 1,000 (net), no comparative offer is needed, provided the economic efficiency of the commercial goods or services can be assessed without any difficulties;

For procurements with an estimated value not exceeding EUR 5,000 (net), the Recipient must collect at least three offers for comparison. In general, the contract should be awarded to the most economical tender; the Recipient must document that the correct procedure has been followed;

For procurements with an estimated value exceeding EUR 5,000 (net), at least three comparative offers in writing must be collected. In general, the contract should be awarded to the most economical tender; the Recipient must document that the correct procedure has been followed.

It is not necessary to include this evidence in the final report, but it must be kept available for the final financial external project audit.

D. Project Implementation

D.1 Project start

See information provided in section B (*B.6 Project start*)

D.2 Exchange rate fluctuations

As a rule, the grantee bears the full risk of any fluctuations in exchange rates. Please note that during the project implementation, applied currency exchange rates must be documented in a provable manner by the grant recipient. Revenue generated from a positive development of exchange rates must be used for the project and will decrease the Grant accordingly.

D.3 Budget flexibility

If the Grant covers all eligible expenditures up to the maximum amount indicated in the project budget (full-financing mode), see *C.1.6 Types of Financing*, the budget is binding. Grantees are allowed to exceed the budget lines A (personnel), B1 to B6 (items, rents, external services, literature & printing, events, travel), and C (items > EUR 800) by up to 20% without prior approval by BMU as long as the adjustment does not lead to a transgression of the approved total budget volume and does not go along with any other consequences for the project which require prior approval by BMU. In contrary any adjustment of more than 20% necessarily requires a formal amendment request and prior approval by BMU.

For Grantees with a fixed-sum financing mode (i.e. with own and/or external funds), see *C.1.6 Types of Financing*, the agreed budget lines are not binding if deviations within the total project budget occur.

Further information regarding any amendments during the implementation of a project is provided below (*D.5 Amendments during the project implementation*).

D.4 Request of Funds

In order to receive required funds for a project, the grantee has to complete the form 'Request of Funds', which will be provided together with the funding letter, and submit it either by post or fax directly to BMU. The according postal address or fax number can be found in the document. A request can be submitted at any time during the implementation of a project.

If an audited bank statement with proof that the account has been registered to the implementing organization is submitted, an electronic transmission is possible. For the disbursement and administration of IKI funds, the grantee can choose a preferred currency. A separate bank account must be set up exclusively for the project to enable attributing any cash flow to and from the project.

Please note that received IKI funds from BMU need to be spent (spending refers to the value date of the payment) within a period of six weeks after disbursal by BMU and receipt of the funds at the grantee's bank account. If disbursed IKI funds will not be spent within six weeks, a payment of interest of five percentage points above the base rate of the European Central Bank will be required. The IKI Secretariat needs to be informed without any delay.

D.5 Amendments during the project implementation

During the implementation of a project, amendments of the concept and content of a project may become necessary. In general, BMU has to approve the amendment explicitly before the modifications can enter into effect. This requires a formal amendment request by the grantee, which should be filed using the amendment templates provided by BMU (link). However, some changes do not require a formal amendment request due to minor consequences for the project.

The following amendments are subject to prior formal approval by the BMU:

- Conceptual amendment(s): Amendments related to outcome and output level and corresponding indicators. Amendments at activity level do not need an official approval of BMU, as long as they do not affect the overarching nor specific project goals and/or have been declared as significant activities in the grant agreement and/or do not cause any additional funding. However, amendments at activity level shall to be reported in writing for information purposes before implementation. Please contact the IKI Secretariat for further details regarding the submission of additional documents.
- Extension of project duration (without impact on funding): If unexpected circumstances delay the implementation of the project, an extension of the duration can be requested. The reasons for the delay must be justified to the IKI Secretariat. An exception an extension of the project duration of less than six months within the same calendar year can be requested via email informally if no other amendments are necessary.
- Reallocation of funds within the main budget lines: Exceeding of more than 20 per cent of the main budget lines related to the approved budget (applies only to project in the full-financing mode).
- Shift of funds: Funds that were not requested within a certain fiscal year shall be reallocated to the following fiscal year. The shift of funds can be requested via email informally if no other amendments are necessary.
- Unblocking of funds: An unblocking of funds is only necessary, if specifically stipulated in the Grant Agreement. To request an unblocking of funds, the individually agreed requirements of the Grant Agreement shall be fulfilled by the beneficiary. Please add the agreed documents for unblocking the funds to the amendment request (see *C.1.13 Constraints in the Grant Agreement - Blocked Funds*).
- Increase of project funding: The amount stated in your contract/grant agreement is the maximum funding volume. However, in very limited cases an increase of the funding volume is possible. These cases will be selected by BMU. Please contact the IKI Secretariat for more information.

Before submission of the amendment request it is advisable to contact the IKI Secretariat to clarify the necessary details.

The amendment request must be submitted exclusively electronically from 2020.

If several of the amendments stated above are necessary, they shall be combined into one amendment request.

The following amendments are not subject to formal approval by BMU:

- Delays in the implementation that do not trigger an extension of the project duration (BMU / IKI Secretariat need to be informed within interim reporting);

- Amendments on the level of activities not affecting the level of outcomes or outputs including the respective indicators (BMU / IKI Secretariat need to be informed by e-mail);
- Staff turnover/changes of personnel (BMU / IKI Secretariat need to be informed by e-mail).

Nevertheless, the BMU has to be informed about any changes in due advance via the IKI Secretariat.

D.6 Reporting during the project implementation

During the project implementation the grantee is expected to submit

- project information relevant for IKI knowledge management and
- interim reports

The project information includes voluntary information particularly important for knowledge management as well as political and public presentation of the current achievements in the project implementation. For further information on the project information, see the "Guidelines on knowledge management in projects of the International Climate Initiative" (link).

The interim report consists of two parts: a narrative report and a financial report (proof of use of funds). The report must be submitted annually to the IKI Secretariat by April 30. The submission date is binding. The narrative report must be submitted as a PDF and word file, the financial report as a PDF and excel file. The submission exclusively electronically is sufficient.

The use of the IKI templates (link) for the preparation of the interim report is mandatory.

Since 2019, for joint project coordinators, it is mandatory to analyse the financial reports (proof of use of funds) of each of its implementing partners. The analysis and the result need to be documented within a separate template (inspection note) for financial reports of implementing partners. The grantee has to submit to the donor with every reporting an inspection note for the proof of the interim financial report (and the final report) of the subgrantee. The grantee must obtain and review the interim financial reports (and the final report) submitted by the subgrantees If requested by the donor, the interim financial (and the final report) of the subgrantees must be provided.

E. Project Closure

E.1 General

Six months after the completion of the project, the grantee has to submit a final report.

The report must be submitted electronically not later than six months after the end of the implementation period of a project. The narrative report must be submitted as a PDF and word file, the financial report as a PDF and excel file.

The exact submission date for the final report is stipulated in the binding grant agreement or contractual amendments.

The final report covers the entire duration of the Project and includes all information about the results achieved by the funded project and the funds spent to finance the activities. In addition, it provides a comparison of the outcomes and goals realized during the project period and the goals and objectives defined in the project proposal.

The final report consists of

- a final status report and

- a final financial report (including overview financing plan, voucher list, inventory list and if necessary an audit certificate).

For the final report, the use of the IKI templates (link) is mandatory.

Final Status Report

The final status report elaborates on

- the project achievements,
- the performance at the indicators level (Outcome and Output Level) and
- contains the results of the main work packages.

The main positions of the final financial report should be addressed in the final status report, as well. The report should contain an explanation of the deviations between the project proposal and the project implementation, based on the figures in the financial report and of the necessity and appropriateness of the work carried out.
Further information is available in the template of the final status report (link).

Final Financial Report (incl. Voucher List and Inventory List)

The final financial report:

- sums up the entire project funding, including all project-related income (own funds, third party grants, external funding) and expenditures.
- Presents all vouchers associated with the project (attached voucher list)
- Presents all project inventory (attached inventory list)

Financial report, voucher list and inventory list should be prepared continuously throughout the project implementation. The grantee always has to make sure to assign the expenditure to the financial position determined in the approved budget. *(see Final financial report, page 24)*

Final Report of Implementing Partner

If implementing partners are involved in the project, each implementing partner has to prepare an individual financial report, which has to be submitted to the grantee. The grantee adds the information of all implementing partners' final financial reports to one overall final financial report, which will be submitted to the IKI Secretariat.

The final financial report of an implementing partner is subject to the same requirements as the report submitted to IKI Secretariat by the grantee. In order to enable the grantee to respond immediately to queries of the granting authority, the implementing partner is obliged to provide the grantee with all supporting documents when submitting the final report.

E.2 Project Audit

In principle, the grant agreements contain a mandate to conduct a final financial project audit. The 'Terms of Reference for engaging a public auditor' (TOR) are an integral part of the grant agreement and they are legally binding. If you notice that the TORs are not part of your grant agreement, please contact the IKI Secretariat in time.

The audit will be coordinated and contracted by the grantee and paid with IKI funds.

The external final financial audit by a certified public auditor refers to the total project expenditure. The grantee has to ensure to be able to provide the auditor / auditing firm with all required documents (e.g. invoices, transaction slips or service contracts) to prove the use of received funding and to reveal own or third party contributions to the IKI project as approved by BMU.

Expenditures for the external final financial audit are eligible and should be budgeted in the 'External Services' sheet of the project budget (*C.4.10 External Services*). Procurement regulations of the grant agreement must be considered. Expenditures for the external project audit need to align with the local market rates for audit services.

After disbursement of the auditor's invoice, the grantee has to include the payment in the final financial report. Please note that the only difference between the audited final financial report and the final financial report submitted to BMU via IKI Secretariat should be the auditor's invoice.

Any additional external financial audits (e.g. yearly project audits, audits of the organization) may be executed at the grantee's own cost, but are not directly eligible for funding through the IKI.

E.3 Final Financial Report

The following section gives an overview on the different sections of the final financial report and serves to give guidance on the templates.

For electronic submission, the documents of the final financial report are required in Excel format. Any questions regarding the form and content of the final report should be clarified with the IKI Secretariat before official submission of the report.

E.3.1 Cover Sheet and Confirmation of Grant Recipient

The cover sheet gives an overview on expenditures and incomes of a project and compares target and actual expenditures. The line "Target" states the latest approved budget. In case the budget has been amended through amendment notice, the latter budget applies.

The final financial report has to be validated through an original signature under section "confirmation grant recipient". In case a cash balance accrues, the IKI Secretariat has to be informed immediately. After reporting a cash balance the IKI Secretariat will instruct about the further reimbursement proceeding.

E.3.2 Overview Financing Plan

The excel-sheet "overview financing plan" must be filled out by the grantee for documenting incomes and expenditures of a project.

The "Voucher no." refers to the grantee's own labelling system regarding vouchers. This number eases allocating respective vouchers to an expenditure listed in the financial report. The "Date of payment" refers to the value date according to the statement of the bank account, not the posting date of the payment.

"Recipient/payer and reason and individual amount of each payment" indicates the recipient of the individual amount and the reason of payment.

"Income" refers to line E (Finance) of the agreed total budget. All financial funding received for the project must be reported in chronological order by date: BMU funds, external funding, revenue, third party grants, other earnings or refunds.

Project related income *(C.4.4 Financing and Co-funding)* may include:

- various reimbursements e.g. social insurances operating costs, participant fees
- revenues generated from a positive development of exchange rates,
- interest rates.

"Position within financing plan" refers to the preassigned expenditure types, e.g. A. Personnel; B. Rents; B. External Services; etc. (as a reference, see also the various sheets of the financing plan submitted with the project proposal).

The column "Comments" is optional and can be used to give extra information, e.g. reasons for inconsistencies and discrepancies between actual and planned bookings.

In the column *"Distribution of expenditure to…"* all payments have to be allocated in correspondence with their distribution to the positions of the financing plan A, B or C. Completion is mandatory.

E.3.3 List of Vouchers

The list of vouchers – assorted by various different expenditure types – itemizes all payments chronologically by voucher number and includes information about date of payment, recipient, reason for payment and individual amount in EUR.

For each expenditure type, a separate Excel-sheet must be completed by the grantee, according to the approved budget. The expenditure type has to be named in each excel sheet (line 6, see example for Personnel)

List of vouchers as annex to financial report for project [title, number]

Breakdown into expenditure type (as in the financing plan and in chronological order. Use a **separate sheet** for **each** expenditure type)

Expenditure type: Personnel

Cons. no vouchers	Date of payment	Recipient	Reason for payment	Amount (EUR)
6	30.11.2016	xxxxxxxxxxxxxxxxxxx	Salary 11/2016	6.432
22	22.12.2016	xxxxxxxxxxxxxxxxxxx	Salary 12/2016	3.681

Consecutive numbers of vouchers need to match the numbers shown in the sheet "Overview financing plan". Consecutive numbers serve to identify vouchers and therefore should not be used repeatedly.

Each payment amount stated in the list of vouchers must be verified by invoices or other supporting documents (e.g. employee contracts, rental agreements, leasing contracts, agreements on fees, as well as proof of provided services). **Do not submit** any vouchers/invoices with the final financial report. Only submit vouchers if you are explicitly requested to do so.

A proof of transfer is needed, such as account statements and receipts of cash transactions. Batch files, which only contain the total of the amount transferred, are not sufficient. In case of internal transfers, additional accounting documents need to be made available. All project-related transfers must be contain a project reference.

Only payments verified by supporting documents qualify as eligible. Therefore, the grantee has to ensure to obtain all necessary project receipts in order to document each transaction. The grantee also has to confirm to comply with the principle prohibiting double funding.

Some receipts are printed on thermal paper and should be copied, stamped and signed in order to avoid fading.

E 3.4 Vouchers

By signing the grant agreement, the grantee agrees, to keep original vouchers (receipts for income and expenditure) for five years after submission of the final report, unless a longer compulsory period of record-keeping is stipulated by tax law or other legal provisions applicable to the grantee. This also applies to agreements concerning the awarding of contracts as well as to all other documents related to the grant.

Vouchers must provide all information and attachments common in general business transactions. This includes information about

- payment recipients,
- reasons for payment,
- proof of payment (extract of an accounting system, account statements, receipts) and
- project related characteristics (e.g. project number, project title). In case of purchased items, the purpose must be transparent.

On demand, BMU, their agencies, other audit institutions (Federal Audit Office) or auditing firms are entitled to review vouchers and contracts (e.g. employment agreements / service contracts) and ask for submission of documents.

Upon request, the grantee provides vouchers in their original form. Online invoices and payments will be accepted, if the printed document contains date, signature and stamp of the bank. Storage of vouchers in an electronic record keeping system will be accepted, if the software complies with the accepted principles of computer-based accounting systems, if possible confirmed by a tax authority.

In case of an on-site audit, all documents must be accessible. Generally, the audit will take place at the headquarters of the grantee. There is no need to audit all implementing partners locally. The auditor will base his opinion on a sample check conducted at the grantee's headquarters. If expenditures of implementing partners are part of the sample check, their vouchers and relevant documents too must be provided for assessment at the grantees headquarters.

E 3.4.1 Requirements for vouchers - Travel Costs

Reimbursements of travel expenditure, such as transportation, accommodation and subsistence allowances, have to follow either the German administrative regulations (ARVVwV "Auslandstagegeld", *C.4.12 Travel*) or the grantee's own travel policy.

Travel expenditures should be documented with a signed expense voucher or in other appropriate ways. The traveler is asked to keep adequate records to verify travel expenses.

Original flight tickets and all other original documentary evidence for the travel (i.e. boarding pass, invoices/ other equivalent documents for accommodation), must be available. In case of e-tickets without a standard flight ticket, an e-mail with booking number and bar code in printed form serves as proof.

Hotel invoices or invoices of other accommodation facilities must be addressed to the business traveler or his organization and a proof of payment by the traveler or organization is required.

Please take into account, that events and workshops organized through the project, are to be documented by means of participant's lists which have to be signed by all attendees.

E 3.4.2 Requirements for vouchers - Personnel Expenditure

Personnel expenditure must be verified by employee contracts and pay slips. In case staff only works part time on the project, timesheets must be provided. These have to include project related working hours, as well as working hours that are not project related and times of leave ("other activities). The documentation must be standardized and transparent.

Additional salary payments (e.g. Christmas bonus or holiday pay) must be documented in the employee contract or collective agreement.

E 3.4.3 Requirements for vouchers - Services and Suppliers

Services and supplies provided by subcontractors must be verified by award documents, contracts, original invoices and proof of payments, together with supporting documents. The accordance about the service must be documented.

<u>Invoices by contractors up to EUR 250 (gross)</u> must include the following information:

- Name and address of supplier,
- Date of invoice,
- Quantity and name of provided services and supplies,
- Gross amount,
- Value-added tax.

<u>Invoices by contractors with an amount exceeding EUR 250 (gross)</u> must include the following information:

- Name and address of supplier,
- Name and address of grantee,
- Quantity and name of provided services and supplies,
- Net-amounts,
- Value-added tax,
- Date of invoice,
- Invoice number,
- Tax number of the supplier.

Information about places of delivery or performance must correspond to the locations of implementation mentioned in the project proposal.

In case an invoice concerns several projects, it is advisable to split expenditure and document the transaction in a comprehensible and traceable way.

Additional regulations in the agreement between grantee and subcontractor (e.g. reimbursement of travel expenditures) will be eligible if detailed information (e.g. copy of travel expenses claim) is available. A lump sum refund will not be accepted.

Additional payments or reimbursements without contractual agreement are ineligible expenditures.

E 3.4.4 Requirements for vouchers - Rents

In case rent is part of the administrative overheads no vouchers have to be submitted (*E 3.4.5 Requirements for vouchers - Administrative Overheads*).

If rent was calculated in the budget, the list of vouchers should contain a monthly amount for project-related rent in chronological order. In case rent is related to more than one project, the grantee should be prepared to submit an auxiliary calculation clarifying the allocation of renting costs, to make the process transparent to third parties.

Cost reimbursements (i.e. refunded operating expenses) must be distinguished as project related income, even after the end of the project.

E 3.4.5 Requirements for vouchers - Administrative Overheads

The administrative overhead costs are a lump sum for administrative expenditures. These indirect costs are calculated as a certain percentage of the approved total budget (lines A-D). In Annex 3, the grantee is obliged to define what type of administrative expenses are included.

The administration fee serves to simplify the administration of often small and miscellaneous project related expenses. Therefore, for expenditures that are part of the administrative overheads, no vouchers have to be submitted. Such expenditures cannot be part of direct costs - this would be classified as double funding. In the voucher list, administrative overheads should be indicated as monthly or yearly amount.

E.3.5 Inventory List

The inventory list depicts purchased items and assets with an individual value of more than EUR 410/800 (net). Proposals about the further use of the purchased items exceeding EUR 410/800 (net), including inventory items purchased by subgrantees, have to be addressed in section 4.3 “Overall cost and financing” of the final status report. The donor decides ultimately on the future use of the inventoried items.

Please note: As of 2018, the limit for the individual value changed from 410 EUR to 800 EUR for newly agreed projects.