

IKI Administrative Guidelines

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1 General Information

1.1 About these guidelines

The International Climate Initiative (IKI) is an important part of the German government's international climate finance commitments. Within the Federal Government, the International Climate Initiative (IKI) is anchored in the Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN). In coordination with the BMUKN, however, individual projects are also commissioned and implemented by the Federal Foreign Office. For the sake of simplicity, BMUKN is referred to below simply as the ministry.

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.

The ministry pre-selects promising outlines in line with the available budgetary resources, taking into consideration coherence with foreign and development policy. If project outlines are promising, BMUKN requests submission of a formal project proposal (start of second stage, see section B) or submission of a proposal for a preparation phase.

The purpose of these guidelines is to give you guidance to implement your project successfully and to brief you about the necessary procedures.

Please read these guidelines carefully during the proposal phase (development and submission of the project proposal). If you have any further questions, please contact the IKI Office at the Zukunft – Umwelt – Gesellschaft (ZUG) gGmbH.

Please note that these guidelines primarily address those applicants that represent (international and national) **nongovernmental organisations**. Regulations for international organisations such as United Nations organisations, The World Bank Group, or other intergovernmental organisations may differ. Please contact the IKI Office for further information.

Specific information for German applicants is highlighted in grey boxes.

1.2 Contact - Communication

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

IKI Office
Zukunft – Umwelt – Gesellschaft (ZUG) gGmbH
Stresemannstr. 69-71
10963 Berlin
iki-office@z-u-g.org

As a rule, the IKI Office 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 grant recipients will receive official, and thus legally binding, communication (e.g. funding and approval letters) from the ministry, but will at no time be expected to communicate directly with BMUKN on any project-related matters.

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

2 Project Proposal (Second Stage of Application)

2.1 General Information

2.1.1 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.

A project proposal submitted without a prior request for submission will not be considered in the second stage of the application process.

2.1.2 Preparation phase

Consortium lead und partner organisations may apply for a preparation phase (e.g. for studies, country missions, or planning workshops with partner institutions). The project preparation phase lasts up to nine months. The development of the project implementation proposal is an integral part of the preparation phase.

2.1.3 Application documents

IKI Project proposal including the following annexes:

- Annex 1: Gantt chart on the project schedule
- Annex 2: Project description
- Annex 3: Expenditure and Financing
- Annex 4: Political partner(s)/Implementing partner(s) / contractor(s)
- Annex 5: Organisation chart showing the structural arrangement of the consortium
- Annex 6: Confirmation of the conclusion of a cooperation agreement

- Annex 7: Standard indicator report
- Annex 8: Gender Annex

For a preparation phase

IKI Template for Preparation Phase Proposal including the following annexes:

- Annex 1: Gantt chart on the project schedule
- Annex 2: Project description
- Annex 3: Expenditure and Financing

Binding Information about the necessary application documents will be provided with the invitation to submit a project proposal.

For illustrative purposes, the documents can be viewed and downloaded at the following link:
<https://www.international-climate-initiative.com/en/iki-documents-for-download/>

Further supporting documents should be provided: Annual Financial Statements of the last three years, a declaration about co-financing (including amount) by each co-financing party (if applicable), and detailed explanations and documentation, especially of the “Personnel Expenditures” and “External Services”, upon request.

German applicants must additionally fill in the AZA-form via easy-Online.

Access to the electronic form system (easy-Online) will be provided by the IKI-Office.

The fully completed AZA PDF document must be submitted together with the other application documents.

2.1.4 Language

All application documents must be submitted in English.

German applicants may submit application documents in German. Please note that further reports and amendments must be submitted in the language of the proposal.

2.1.5 Pre-assessment of project proposal documents

The IKI Office 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.

2.1.6 Submission of project proposal

Applications for project funding must be submitted exclusively electronically in text form, e.g. via email (see [2.1.7 Text form](#)).

2.1.7 Text form

Text form means a readable declaration made on a durable file type in which the person making the declaration is named. A durable file type 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. allows the unchanged reproduction of such declaration.

2.1.8 Authorised representative

All 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).

2.1.9 Project start

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

In exceptional cases, the ministry is able to approve project start ahead of schedule upon separate request. The request must be submitted electronically with an appropriate justification.

Without the express permission of the ministry, a project start ahead of schedule is not permitted under any circumstances and will render a project proposal ineligible for funding.

Project activities may start after the date given in the funding letter and Grant Agreement respectively.

German applicants may start after the date given in the Grant Notification (<i>Zuwendungsbescheid</i>)
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2.1.10 Project duration

The proposed project duration should enable a successful course of project implementation and needs to be planned realistically. Realistic time planning also takes into account any foreseeable delays in the implementation of the project, e.g. due to 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.

The project duration should not deviate from the duration mentioned in the project outline. In exceptional cases, the ministry 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.

2.1.11 Level of funding provided by the ministry

The level of funding provided by the ministry must not exceed the amount specified in the letter of request in the application.

2.1.12 Own funds and co-funding

The Project applicants are expected to provide their own funds in an appropriate amount. IKI grants may not finance the entire cost of the action to be subsidised. The applicant must contribute to the implementation of the action either using their own resources or by means of a financial contribution from third parties.

Grants that cover all eligible expenditures are therefore an exception.

There is no minimum quota for own funds. Whether the extent of the applicants' own funding is appropriate can only be decided on a case by case basis and under consideration of the characteristics of the applicant concerned. The amount of own funds depends on the self-interest and financial strength of the grant recipient as well as on the federal interest and the available budget funds.

For further information regarding own funds, please see section [2.4.4 Financing and Co-funding](#)

2.1.13 Types of Financing

The IKI-grant is mostly provided in a fixed-sum financing mode (Festbetragsfinanzierung). This means that the ministry provides a fixed amount (the grant) as part of the total eligible expenditure, according to project budget and regardless of any increase or decrease of total eligible expenditure at the end of the project. In the event that the total expenditure exceeds the grant amount, the difference must be financed by the grant recipient or through other funding sources (see [2.4.4 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 [3.3 Budget flexibility](#)).

The IKI grant can also be provided in the following financing modes:

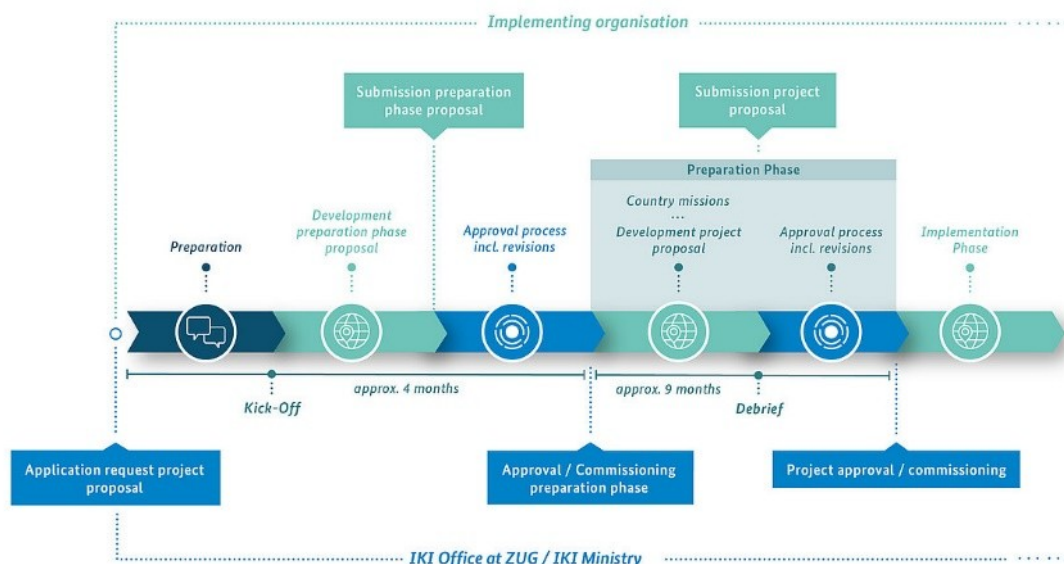
Deficit-financing mode (Fehlbedarfsfinanzierung) means that the Donor provides funding only to the extent that the total eligible expenditures exceed the recipient's own funds/third party grants/external funding. In the event that there is a decrease in total expenditures, the grant decreases accordingly. Additional funding or income generated may further reduce the IKI grant. It depends on the provisions made in the Grant Agreement.

Pro-rata funding (Anteilfinanzierung) means that the Donor contributes a predetermined percentage of the expenditure up to a certain maximum amount. A decrease in total expenditure therefore reduces the grant by the percentage share. Additional funding or income generated may further reduce the IKI grant. It depends on the provisions made in the Grant Agreement.

In exceptional cases if no co-funding is available, the IKI grant will cover all eligible expenditures up to the maximum amount indicated in the project budget (full-financing - Vollfinanzierung). A decrease in total expenditure therefore reduces the grant by the percentage share. Additional funding or income generated may further reduce the IKI grant. It depends on the provisions made in the Grant Agreement.

In the case of the full-financing, deficit financing and pro rata financing modes, the agreed budget lines are binding and a transgression of more than 20 per cent of the main budget lines requires a formal amendment request and approval by the ministry (see [3.3 Budget flexibility](#)).

2.1.14 Assessment process – time frame

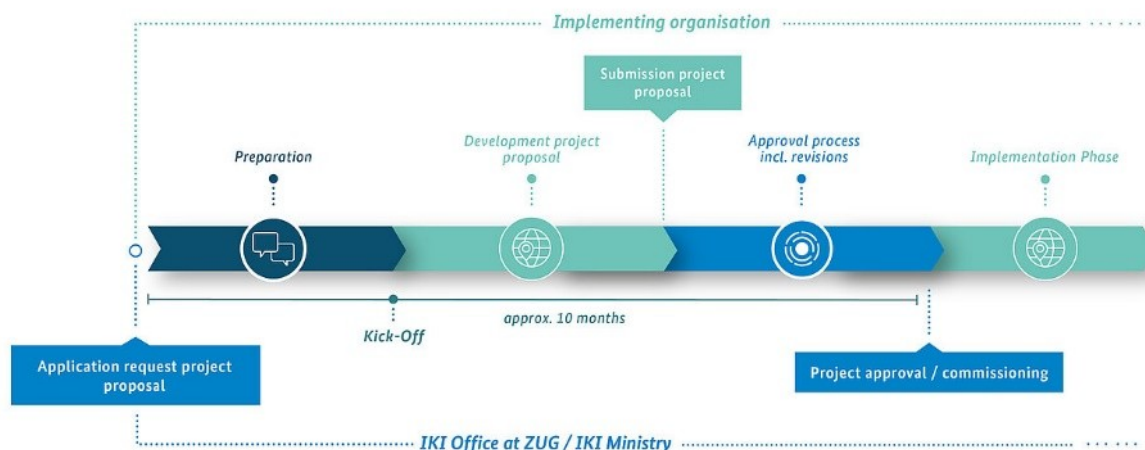


If a preparation phase is planned, the IKI Office at ZUG must receive a corresponding proposal electronically within five weeks of the kick-off meeting. Following submission, the IKI Office at ZUG and the lead ministry will review the proposal for the preparation phase. The time frame from the request to prepare the project application to the completion of the examination process is approximately four months. The applicant will be informed in writing about the result and can then start the preparation phase.

The preparation phase consists primarily of two steps:

- Development of a high-quality project proposal by the consortium (including implementation of country mission(s) and a debrief)
- Review of the submitted proposal by the lead ministry and the IKI Office at ZUG. The applicant will be informed in writing about the result of the review.

During the preparation phase, the IKI Office at ZUG and the lead ministry provide support to the implementing organisation and inform the political partners in the respective partner countries (including the UNFCCC and CBD Focal Points) officially about the current project concept as well as the planned preparatory phase.



If no preparation phase is planned, the IKI Office at ZUG must receive the proposal for implementing the project electronically in the form of a detailed project proposal within five months of the kick-off meeting.

The IKI Office at ZUG and the ministry in charge review the proposal. The time frame from the request to prepare the project application to the completion of the examination process is approximately ten months. The applicant (submitting organisations) will be informed in writing about the result.

The actual processing time of the approval process depends greatly on the completeness and quality of the submitted project proposal documents. When planning the start date for a project, the minimum time required should be duly considered. If a political endorsement is necessary, it may take longer to process your request.

2.1.15 Grant Agreement

After successful completion of the assessment process, the applicant will receive a funding letter along with a Grant Agreement from the relevant ministry. The Grant Agreement must be signed by readable declaration in text form (see [2.1.7 Text form](#)) and sent back to the ministry immediately. Project activities may start after the date given in the funding letter and Grant Agreement.

The standard Grant Agreement can be requested from the IKI Office for pre-assessment and can also be found in the funding announcement on the IKI website under the following link: <https://www.international-climate-initiative.com/en/iki-documents-for-download/>

The Grant Agreement is not subject to negotiation and must be accepted as provided by the ministry.

Instead of a funding letter and Grant Agreement, German grant recipients will receive the Grant Notification (*Zuwendungsbescheid*) containing the overall financing plan and the general ancillary provisions for grants for project funding (*Allgemeine Nebenbestimmungen für Zuwendungen zur Projektförderung (ANBest-P)*). A signature is not necessary. However, German grant recipients are requested to sign a document to declare consent (*Rechtsbehelfsverzicht*) to the Grant Notification (*Zuwendungsbescheid*) in text form.

2.1.16 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 the event that 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. In these very exceptional cases, the ministry might decide to approve the proposed project, but to block the funds linked with the uncertain facts and conditions. The ministry will not authorise and disburse these funds until the applicant clarifies and fulfils all conditions needed to lift the block. The ministry will indicate the conditions that need to be fulfilled in order to unblock the funds in the Grant Agreement or the Grant Notification.

2.2 Contractor - Implementing Partner - Political Partner

Section 1.3 and Annex 4 of the project proposal require information about any planned contractors or implementing partners for a proposed project. In addition, all political partners must be listed in section 1.6 and Annex 4. Furthermore, the organisational structure and governance of the consortium has to be described in section 1.5 of the project proposal. Section 1.4 of the project proposal does not apply when applying for a preparation phase.

2.2.1 Contractor

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

All estimated expenditures for a contract including incidentals, e.g. travel expenditures of the contractor, must be budgeted in the project budget's 'External Services' sheet. The ministry cannot provide a template for a service contract.

2.2.2 Implementing Partners

The grant recipient may entrust one or several implementing partners (not political partners, see [2.2.3 Political Partner](#)) with tasks forming part of the project on a non-profit basis. Implementing partners are selected to secure the necessary local support and cooperation for the implementation of the project. Therefore, no procurement procedure is necessary. The cooperation of the grant recipient with the implementation partner(s) requires a contractual agreement (Subgrant Agreement). The ministry will supply the template for a Subgrant Agreement. This Agreement stipulates the minimum requirements for the contractual relationship between the grant recipient and Subgrantees and is to be respected if the grant recipient uses its own contract templates. Prior to the signing of a mandatory Subgrant Agreement with an implementing partner, the grant recipient must verify the implementing partner's credit rating and document it in an appropriate manner.

Signing the Subgrant Agreement with the implementing partner is essential to clarify the rights and obligations from the outset. The Subgrant Agreement must not be signed before the grant recipient has received the Grant Agreement from the ministry.

It is possible to conclude a supplementary agreement to each Subgrant Agreement, but the grant recipient must take full responsibility for ensuring that the content of the supplementary agreement is in line with the provided Subgrant Agreement. It must be ensured that the rules of the Subgrant Agreement will prevail over any supplementary agreement. Neither the ministry nor the IKI Office will provide any legal advice or even approve any supplementary agreement. A signed copy of the Subgrant Agreements must be forwarded to the Donor for informational purposes.

An individual budget (Annex 3) must be prepared and submitted for each implementing partner. The project budget of an implementing partner must meet the same requirements as the budget submitted by the applicant (see [2.4 Guidance for Project Budget \(Annex 3\)](#)).

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

In terms of annual reporting, the grant recipient is responsible for its Subgrantees' reporting, which has to be embedded within the annual interim and financial report (see [3.7 Reporting during the project implementation](#)) as well as within the final report.

Furthermore, the grant recipient should ensure that it has full access to all project-related documents of its implementing partners both during and after the project.

It is mandatory to conclude a cooperation agreement with the implementing partners and present confirmation of this together with the application documents (Annex 6).

2.2.3 Political Partners

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. In general, political partners (government bodies, such as Ministries, the Presidential office of a country, and similar) do not receive any funds from the grant and are not directly involved in the project implementation.

There may be the possibility that specified expenditures for members of political partners are eligible. Please see [2.3.2.1 Direct expenditures Travel](#).

2.3 Eligibility of Expenditures

2.3.1 General conditions for the eligibility of expenditures

Eligible expenditures are expenditures that meet the following criteria:

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.

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/Grant Notification.

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

Grant recipients should be prepared to demonstrate that expenditures have actually been 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.

Generally, a financial audit for German grant recipients is not eligible for funding. An exception is the final external financial audit of foreign implementing partners.

Expenditures must be identifiable and verifiable

The expenditures must be:

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

The grant recipient does not have to provide this supporting evidence with the Final Report, but it must make them available at the ministries' request or in the case of audits. Indirect expenditures (included in the flat rate for administrative expenditures) do not need to be backed by supporting evidence during audits provided they have been prior approved by the ministry.

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 principle of thrift 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 principle of efficiency refers to the best relationship between resources employed and results achieved.
- The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

Throughout the project, the grant recipient 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 grant recipient will have to justify the reasons and the impact on the result. If no valid justification can be provided, expenditures may be declared ineligible.

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

The grant recipient must comply with the applicable tax and social legislation, e.g. the legislation of the grant recipient's country of registration and of the country of project implementation.

Finally, please note that the ministry 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 grant recipient will then be required to reimburse the overpaid amount.

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.

2.3.2 Eligible expenditures

For eligible expenditures, a distinction is made between direct expenditures and indirect expenditures:

2.3.2.1 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. As such, they can be directly attributed to the project. Typical examples are: project staff, consultants, project supplies, publications, travel, investments, items and materials. Expenditures for permanent staff are not eligible. A business definition of the expenditures, in which all the expenditures that are clearly attributable to the project (including those for permanent staff employed in the project) are recorded, is only possible in exceptional cases.

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

Shared expenditures

The grant recipient may share some expenditures - such as expenditures relating to infrastructure in the field (in particular: field offices) among different uses and projects. These shared expenditures may be eligible if calculated according to an expenditures allocation system that takes into account only the portion of the expenditures that 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 grant recipient (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 grant recipient'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, regardless of 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 from contractual arrangements) and are charged to a project only for the portion which corresponds to the share of the total working time spent on that project.

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

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

c) Permanent 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's 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, salaries of permanent staff or a portion of these may be directly eligible, provided that the assignment of the permanent staff to the project is traceable through monthly timesheets. These timesheets need to document the amount of working hours the permanent staff member spent on the project.

Please note that expenditures relating to general grant management support are not eligible as they are considered part of the grant recipient's capacity and covered by indirect expenditures (flat rate for administrative expenditures).

For German grant recipients subject to the *Besserstellungsverbot*, personnel expenditures must not exceed the salaries according to the *Tarifvertrag für den öffentlichen Dienst (TVöD)*. The *Besserstellungsverbot* applies to organisations that are predominantly financed by public grants. The classification according to *TVöD* (remuneration grade and experience level) must be included in the application for each employee.

External Services

External Services include eligible expenditures for consultants and contractors as well as expenditures for a mandatory final financial external project audit (international grant recipients only) of the project (see [2.4.11 External Services](#)).

Contractors must be selected following a competitive procurement procedure (see [2.5 Procurement](#)).

Please note that expenditures for a project evaluation are not eligible as they are part of the IKI evaluation system (see [2.4.11 External Services](#)).

For German grant recipients, the expenditure for a final financial audit is not eligible for funding.

Events

Expenditures associated with the holding of events (e.g. workshops including venue hire, catering, equipment) that are 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-based employees conducting field/monitoring missions, are eligible. These expenditures must, however, be directly linked to the IKI project and in line with the grant recipient's usual practices 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 the ministry for budgeting eligible travel expenditures for an IKI project. These travel expenditures need to be in line with the eligibility conditions mentioned above. Internal travel policies must exist in written form and should be officially adopted by the grant recipient organisation.

The relevant documents in which these internal regulations are laid down must be submitted to the IKI Office together with the project proposal if used as a basis for calculation (see [2.3.2.1 Direct expenditures](#)).

Travel expenditures and related subsistence allowances for representatives of political partners are not eligible. If representatives of political partners from Least Developed Countries will not be funded by their own institutions, the travel expenditures and related subsistence allowances may be covered if the participation in the IKI project is considered as crucial.

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. The ministry will decide on the further use of items and assets after the completion of the project. Items that will not be used for the project exclusively must be calculated on a pro rata basis according to the amount used for the project.

Items and assets with an individual value above EUR 800 need to be inventoried.

2.3.2.2 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 provided they are approved by the ministry in advance.

Unless otherwise specified in the Grant Agreement, eligible indirect expenditures should be included in the flat rate for administrative expenditures which constitute a certain percentage of the total eligible direct expenditures of the project (excluding any subgrant amounts).

All types of expenditures covered by the flat rate for administrative expenditures need to be specified in the project proposal (Annex 3: Expenditure and Financing). The eligible amount of this position (i.e. percentage of eligible direct expenditures minus subgrants) may vary depending on the extent of expenditures subsumed under indirect expenditures.

2.3.3 Ineligible expenditures

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

- Expenditure that cannot be verified with the original vouchers,
- Expenditure without proof of payment,
- Expenditures documenting non-frugal and non-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 that cannot be clearly assigned to the project,
- Expenditure that 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.).

2.3.4 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 grant recipient. In-kind contributions do not, therefore, involve any expenditure for the grant recipient and are not entered in their accounts. Consequently, in-kind contributions from the grant recipient 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 they have effectively been provided.

If in-kind contributions are intended, the ministry shall be informed and the planned contributions need to be displayed and described under 4.2 of the project proposal form (not relevant for applying for the preparation phase).

2.4 Guidance for Project Budget (Annex 3)

German grant recipients must additionally hand in the AZA-form via easy-Online (see [2.1.3 Application documents](#)).

2.4.1 Level of detail

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

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

The allocation of the IKI grant volume to the budgetary years shall be planned precisely. Adjustments within the project implementation period are generally not possible.

2.4.2 Currency

All calculations and amounts must be stated in EUR. However, during the implementation of the project, there is the option for payments from the ministry to the project lead to be made in

another currency than EUR. The exchange rate will be calculated according to the daily updated EUR foreign exchange reference rates of the European Central Bank.

2.4.3 Flat rate for administrative expenditures

The 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 of the grant recipient that can be directly linked to the project (see [2.3.2.2 Indirect expenditures](#)).

A conclusive list of all direct and indirect administrative expenditures that can be covered by the flat rate for administrative expenditures does not exist.

The composition of the flat rate for administrative expenditures must be specified in detail in the budget's 'Total Budget' sheet.

If the provided space is not sufficient, an extra sheet must be prepared as an attachment to the budget to further specify the types of administrative expenditures covered by the flat rate for administrative expenditures.

The amount is calculated as a certain percentage of the approved total direct expenditures (excluding the budget of the implementing partners).

This amount is a maximum amount. Be aware that during project implementation, the amount of administrative expenditures in your annual/ final financial report(s) must be calculated with the percentage for administrative expenditures provided/ approved during proposal stage and the annual/ total actual direct expenditures (excluding the actual expenditures of the implementing partners). Administrative expenditures exceeding this maximum amount are not eligible.

2.4.4 Financing and Co-funding – Overview of Financing

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

- Own funds (*Eigenmittel*)
- Third party grants (*Zuwendungen Dritter*)
- External funding (*Drittmittel*)

Project applicants are encouraged to provide or attract co-funding for the IKI project. IKI projects should not be funded entirely by the IKI grant, but should include an adequate proportion of co-funding. An appropriate financial participation of the grant recipient ("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.

Please note that own funds and co-funding must be available to finance any project expenditures and may not be used to finance predetermined expenditure items.

Co-funding and own funds of the project proposal need to reflect the amounts originally laid out in the project outline. In the event that the amount of co-funding in the project proposal deviates extensively from the project outline, these changes need to be sufficiently substantiated.

Own funds

Own funds are a financial contribution that is supplied directly from the grant recipient'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) can be included in 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 grant recipient 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 for calculation (see [2.3.4 In-kind contributions](#)).

Third party grants

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

External funding

External funding is provided by non-public third parties with an interest in the project and is used to co-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 must be calculated as external funding in the project proposal (No.1.1) and as Implementing Partner's own funds in Annex 3 (see spreadsheet "Overview Financing"). A separate confirmation for this financial contribution is not necessary.

2.4.5 Grant allocation to fiscal years

The annual funding requirement should be calculated in such a way that the full amount of the funds provided can be used at the end of each year. Foreseeable delays, e.g. due to 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.

2.4.6 Local action

Generally, IKI projects should implement at least 50 percent of the project budget in the partner countries/regions through local members of the consortium, contractors/subcontractors, and/or funding recipients.

Project funds are counted as local action if they are received and implemented by “local” organisations as part of the consortium or as contractors/subcontractors. Local organisations are those that have their own entity under the applicable national law in the partner country or, in the case of regional organisations, focus their activities on the respective project region.

More details can be found on the IKI website at <https://www.international-climate-initiative.com/en/about-iki/values-responsibility/local-action/>.

Local action needs to be indicated in the project proposal (No.1.4) and in Annex 3 (see spreadsheets “Basic Data”, “Local Action” and “External Services”).

2.4.7 Expenditures per output

To enable an overview of the expenditures per output in the project, expenditures should be related to outputs in Annex 3. If expenditures cannot be related to a specific output, please indicate this. The overview of the expenditures per output is generated automatically (Annex 3, spreadsheet “Expenditures per Output”).

2.4.8 Personnel

Since only project-related activities are eligible, staff hired exclusively to work on the project generally complies with the eligibility criteria (see [2.3.2.1 Direct expenditures](#)).

Only the applicant's own project-related personnel should be listed. A description of the planned scope of work for each position has to be indicated.

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

2.4.9 Rents

Rents for business premises where project staff work 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. Full-time equivalents of project-related employees using the office must not exceed full time equivalents in staff. The total amount of the eligible proportion of rent will be automatically calculated in Annex 3.

If utilities are already included in the flat rate for administrative expenditures, only the basic rent is eligible under this section.

2.4.10 Items <= EUR 800

Items (e.g. postal and telephone charges) that fall into this category can be pooled and subsumed under the flat rate for administrative expenditures to simplify project accounting. However, if the layout of the project so requires (e.g. a great number of low-value assets are essential items or of considerable amount), this section is used to specifically display relevant items.

Basic facilities and equipment that are already present are not eligible for funding.

2.4.11 External Services

External services should not be calculated as fixed price (“service contract”) positions but using 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 on the service. If “service contract” is chosen, a detailed calculation of the amount given for the service contract must be added.

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

For each external service, the applicant should indicate whether the contractor is expected to be a local provider according to the IKI Regulation or not. (See [2.1.3 Application documents](#)

)

Each service should be verifiable on demand by means of a quotation or other documentation.

Expenditures for the mandatory final financial external project audit must also be calculated in the ‘external services’ sheet of the grant recipient’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. If there is no legal framework, the procurement rules in [2.5 Procurement](#) apply.

Any additional external financial audits (e.g. yearly financial project audits, audits of the organisation) are possible, but are not eligible for support from the IKI and must therefore never be part of the grant recipient’s budget.

Please note that expenditures for an evaluation are not eligible as they are part of the IKI evaluation system. For IKI joint projects, regular monitoring is complemented by and feeds into evaluations conducted and commissioned centrally by ZUG gGmbH. IKI joint projects and other IKI projects might be included in strategic evaluations that address overarching strategic questions that cut across the IKI portfolio. No individual project evaluations are foreseen. Anything that is not part of the IKI evaluation system (as described above) is not financed by

IKI funds. For example, a comprehensive evaluation of a consortium's cooperation would have to be financed from other sources.

For more information on the evaluation process, please refer to the “Guidelines on Project Planning and Monitoring in the International Climate Initiative”.

For German grant recipients, the external audit paragraphs are restricted. A final external audit can only be calculated for foreign implementing partners, but not for the German grant recipient itself.

2.4.12 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. This includes, for instance, a calculation based on prices per unit and a separate indication of venue and catering expenditures. Catering shall not exceed EUR 40/person per day. Event packages that do not provide further information on the categories specified in Annex 3 should be avoided. Similar events that take place repeatedly throughout the project can be summarised in clusters and classified as small, medium or large events. The grant recipient decides on the classification into small, medium or large events.

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'.

Travel expenditures are not part of the 'Events' and need to be calculated under 'Travel'.

2.4.13 Travel

Travel generally includes transportation, accommodation and a daily allowance. All travel expenditures need to be described. Similar trips that take place repeatedly throughout the project duration can be summarised in clusters and categorised as trips on national, regional, continental or intercontinental level. The grant recipient decides on the classification into small, medium or large events.

The “comments” column is foreseen for additional explanations.

The rates of the German administrative provision should be used as guidance for the calculation of the accommodation and daily allowance ([Link to the General Administrative Regulations on the reassessment of per diems and overnight allowances abroad - document only available in German](#)). 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 for a whole day, EUR 14 each for the arrival and departure day) and EUR 70 for accommodation per night. For trips beyond national level, averages for accommodation and daily allowances may be used.

Internal travel policy may be used with prior approval by the ministry.

For German grant recipients subject to the *Besserstellungsverbot*, rates of the Bundesreisekostengesetz (BRKG) and the Allgemeine Verwaltungsvorschrift über die Neufestsetzung der Auslandstage- und Auslandsübernachtungsgelder (ARVVwV) are binding.

If travel expenditures are calculated in the 'Other' column, please specify and use the comments column for further explanation if necessary.

If travel expenditures for others than employees are calculated in the budget, they must be justified and explained. The abovementioned eligibility rules apply (for more information see [2.3 Eligibility of Expenditures](#)).

2.4.14 Total Expenditures of Implementing Partner (IP)

This section lists the Subgrantees with their total expenditure and planned activities. The reference to the corresponding work package and activity (e.g. AP 2, A 2.3) must be specified. In the event that a Subgrantee brings in its own or third-party funds to cover related expenditures, please indicate these funds in the "Overview Financing" tab.

Additionally, a separate Annex 3 must be submitted for each Subgrantee.

2.4.15 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 ([2.3.2.1 Direct expenditures](#)). Basic facilities and equipment that are already present are not eligible for funding.

2.5 Procurement

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

If 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), the Recipient must collect at least three comparative offers in writing. 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.

German grant recipients must follow the procurement rules according to *ANBestP*.

3 Project Implementation

3.1 Project start

See information provided in section 2 (*2 Project Proposal (Second Stage of Application)*).

3.2 Exchange rate fluctuations

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

3.3 Budget flexibility

If the Grant is made available in full-financing mode, deficit financing mode or pro-rata financing mode, see *2.1.13 Types of Financing*, the budget is binding. Grant recipients are allowed to exceed the budget lines A (Personnel), B (Administrative), and C (Items > EUR 800) by up to 20% without prior approval by the ministry 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 the ministry. By contrast, any adjustment of more than 20% necessarily requires a formal amendment request and prior approval by the ministry.

For grant recipients with a fixed-sum financing mode (i.e. with own and/or external funds), see *2.1.13 Types of Financing*, the agreed budget lines are not binding if deviations within the total project budget occur.

The Grant may be transferred to the implementing partners named in the Grant Agreement up to the amount given in the Grant Agreement. Exceeding this amount requires the ministry's approval.

Further information regarding any amendments during the implementation of a project is provided below (*3.6 Amendments during the project implementation*).

3.4 Request for Funds

In order to receive required funds for a project, the grant recipient has to complete the form 'Request for Funds', which will be provided together with the funding letter (or, for German grant recipients, together with the Grant Notification (*Zuwendungsbescheid*)), and submit it via email directly to the ministry. The relevant contact details can be found in the document. A request can be submitted at any time during the implementation of a project.

The grant recipient can choose a preferred currency for the disbursement and administration of IKI funds.

It is not necessary to open a project-specific bank account. However, the Grantee must keep a project-specific account so that all project-related income and expenditure flows are identifiable and attributable.

Please note that IKI funds received from the ministry must be spent (spending refers to the value date of the payment) within a period of six weeks after disbursement by the ministry and receipt of the funds into the grant recipient'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 Office must be informed without any delay. Grant recipients always have the possibility to pay back funds that will not be spent within six weeks. Please contact the IKI Office for further information.

3.5 Interest and other income

Any interest generated within the Project implementation Phase, must be registered as revenue in the voucher list as well as in the annual and final financial report(s). Further, interest generated on the project account has the following implications depending on the type of financing (see [2.1.13 Types of Financing](#)):

Deficit-financing mode (Fehlbedarfsfinanzierung) and full-financing mode (*Vollfinanzierung*).

- Any interest that is generated will reduce the IKI funds by the corresponding amount.

Pro-rata funding (Anteilfinanzierung):

- Any interest that is generated will reduce the grant by the percentage share.

Any other income generated, such as from earmarked donations or entrance fees, may further reduce the IKI funds. It depends on the provisions made in the Grant Agreement.

3.6 Amendments during the project implementation

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

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

- Conceptual amendment(s): Amendments related to outcome and output level and corresponding indicators. Amendments at activity level do not need official approval of the ministry, as long as they do not affect either the overarching or 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 must be reported in writing for information purposes before implementation. Please contact the IKI Office 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 Office. As an exception, an extension of the project duration can be requested via email informally. Please take into account that extensions into the following calendar year also require a shift of funds.
- 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 (This does not apply to grants provided in a fixed-sum financing mode).
- Unblocking of funds: An unblocking of funds is only necessary if this is specifically stipulated in the Grant Agreement. To request an unblocking of funds, the beneficiary must fulfil the individually agreed requirements of the Grant Agreement. Please add the agreed documents for unblocking the funds to the amendment request (see [2.1.16 Constraints in the Grant Agreement - Blocked Funds](#)).
- Amendment of indicators: An amendment of an indicator is necessary if it affects the achievement of the project's objectives and impact structure, i.e. the project's outcomes and/or outputs cannot be achieved as planned and have to be changed.
- Amendment of implementing partners and increase of the amount transferred to implementing partners
- 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 the ministry. Please contact the IKI Office for more information.
- Shift of funds: The shift of funds can be relevant in combination with other amendment requests. If the shift of funds is the only amendment request, please send the IKI Office an e-mail. The IKI Office will inform you about the next steps. Please be aware that the contractual fixed amounts in the annual allocations may become forfeited if they are not fully spent. This can occur due to budgetary regulations and the necessary availability of funds.

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

The amendment request must be submitted exclusively electronically.

If several of the amendments stated above are necessary, the grant recipient should combine them into one amendment request.

The following amendments are not subject to formal approval by the ministry:

- Delays in the implementation that do not trigger an extension of the project duration (the ministry / IKI Office need to be informed as part of interim reporting).
- Amendments at the level of activities that do not affect the outcome or output level including the respective indicators (the ministry / IKI Office need to be informed by email).
- Staff turnover/changes of personnel (the ministry / IKI Office need to be informed by email).
- Changes to indicators, provided that the outcomes/outputs of the project do not change and these changes are not related to other changes that require an amendment request.
- In principle, no change in the target values and the associated level of ambition should take place. If agreed target values of indicators are not achieved or are overachieved, the grant recipient explains this in the context of reporting and it is part of the report review.
- Safeguards indicators added during the course of the project that have no budget implications.

Nevertheless, the ministry must be informed about any changes in good time in advance via the IKI Office.

Submission periods for amendment requests

If you are planning to make an amendment request, please note the following submission periods for processing your request.

Amendment request	Submission period prior to envisaged start of implementation
<ul style="list-style-type: none"> • Amendment request (with or without extension of project duration) in the event of <ul style="list-style-type: none"> a) conceptual amendments and/or b) increase of project funding volume 	6 months
<ul style="list-style-type: none"> • Extension of project duration without impact on funding and reallocation of funds without conceptual amendments 	3 months
<ul style="list-style-type: none"> • Unblocking of funds due to technical reasons (e.g. selection of model regions) 	3 months
<ul style="list-style-type: none"> • Unblocking of funds due to administrative reasons 	2 months

The submission period is indicative and not a guaranteed processing time. Depending on the quality of the submitted documents and the project's complexity, processing times may vary. If a political endorsement is necessary, it may take longer to process your request.

We therefore kindly ask you to submit your amendment as early as possible.

3.7 Reporting during the project implementation

The grant recipient is required to report on the progress of its project. This is done in the form of interim reports and the semi-annual updates, which additionally serve to summarise interesting project results for the ministry and the general public.

Interim Report

The interim report informs on the actual progress of the project and consists of two parts:

- Cover sheet and narrative report, and
- Financial report (proof of use of funds).

The interim report must be submitted annually to the IKI Office by 30 April. The submission date is binding. The documents have to be submitted electronically (Word- or Excel-compatible files and scanned PDF documents) to the IKI Office at Zukunft – Umwelt – Gesellschaft (ZUG) gGmbH (the project executing agency for the funding programme IKI) using the email address iki-office@z-u-g.org and quoting the IKI project number in the subject line. Exclusively electronic submission is sufficient.

The use of the IKI templates ([link](#)) for the preparation of the interim report is mandatory. Deviating regulations exist for international organisations (intergovernmental organisations) and are regulated in the administrative or Grant Agreements.

Since 2019, it has been mandatory for the grant recipient to analyse the interim reports of each of its Subgrantees. The grant recipient must obtain and review the interim narrative report and interim financial report submitted by the Subgrantees. For every reporting period the analysis and result of the review is documented and confirmed by the grant recipient on the cover sheet of the IKI technical interim report by completing the "Subgrantee" field. Form, scope and type of the review of the interim report are at the discretion of the grant recipient. In case of objections, the Grantee has to submit an extensive inspection note together with the interim report. The "IKI Guideline Review of Reporting by the Subgrantee" ([link](#)) provides a non-binding overview that can be used to assist in reviewing the interim report of the Subgrantee.

Semi-Annual Updates

Semi-annual updates are to be submitted by email to the IKI Office at ZUG by 15 March and 15 September of each year. The project results contained therein are published in the IKI project database IKI project database and thus inform the general public.

An overview of templates, guidelines and further information required for reporting can be found on the IKI homepage.

4 Project Closure

4.1 General

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

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 realised during the project period and the goals and objectives defined in the project proposal.

The final report consists of

- a final technical report and
- a final financial report (including voucher list)
- if applicable: an audit certificate
- if applicable: an inventory list (as part of the financial report)
- if applicable: further annexes as requested in the template of the technical report.

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

The report must be submitted electronically to iki-final-report@z-u-g.org no 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.

Any questions regarding the form and content of the final report should be clarified with the IKI Office at ZUG before official submission of the report.

4.2 Final Technical Report

The final technical report elaborates on

- the project achievements,
- the contribution of the project to the IKI Strategy,
- the performance at indicator level (Outcome and Output Level), and
- contains the results of the main work packages.

The final technical report should address in the section *Total cost and funding* any major deviations in the main budget lines of the final financial report in comparison to the approved budget and elaborate on the necessity and appropriateness of said deviations.

Further information is available in the template for the final technical report ([link](#)).

4.3 Final Financial Report

The final financial report

- sums up all project-related income (IKI grant, own funds, third party grants, external funding, revenues) and expenditures (see [4.3.1 IKI Template for the Final Financial Report](#)) comparing the approved budget with the actual figures at the end of the project
- presents all payments associated with the project in a voucher list (see [4.3.1.2 Voucher List](#))

The financial report, especially the voucher list, should be prepared continuously throughout the project implementation.

4.3.1 IKI Template for the Final Financial Report

The following section gives an overview of the different sections of the IKI Template for the Final Financial Report and provides guidance on the different sheets of the template and the information required.

4.3.1.1 Cover Sheet

The cover sheet gives an overview of the expenditures and incomes of the project and compares target and actual income and expenditures. The “Target” column should state the latest approved budget. If the budget has been amended through amendment notice, the latter budget applies.

4.3.1.2 Voucher List

The list of vouchers itemises all payments (income and expenditure) chronologically and requests the following information:

- “Cons. no.”: consecutive numbering of the payments
- “Voucher no.” refers to the grant recipient’s own labelling system regarding vouchers. This number makes it easier to allocate individual vouchers to an expenditure listed in the financial report.
- “Date of payment” refers to the value date of the payment (not the posting date).
- “Recipient/payer” indicates the recipient (in the case of expenditures) or payer (in the case of income) of the payment.
- “Reason for payment” indicates the reason for the payment as specifically as possible, i.e. “John Meyer, flight ticket, BER to BUE on 14.11.2021, conference XXX”.
- “Income”: in the case of income, type in the respective amount of the payment here. Income refers to line FI (Financing) of the agreed total budget. All financial funding received for the project must be reported in chronological order by date in the voucher list. Project-related income (see [2.4.4 Financing and Co-funding – Overview of Financing](#)) includes own funds, external funding, revenues (i.e. participant fees, revenues generated from a positive development of exchange rates, interest rates), third party grants and the IKI grant.
- “Expenditure”: here, type in the respective amount of the payment if it is an expenditure.

- “Position of financing plan” refers to the budget line that the income or expenditure belongs to, e.g. B3 (External Services)
- “Distribution of expenditure to” – applies only for expenditures: type in the amount of the payment depending on the budget type it belongs to (A-Personnel, B-Administrative or C-Items and Investments)
- The “Comments” column is optional and can be used to provide extra information, e.g. reasons for inconsistencies and discrepancies between actual and planned bookings.

Each payment stated in the list of vouchers must be documented by

- invoices or other supporting documents (e.g. employee contracts, rental agreements, leasing contracts, agreements on fees, as well as proof of services provided)
- a proof of transfer, such as account statements and receipts of cash transactions (see also .
- [4.7 Requirements for Vouchers](#)).

The grant recipient must obtain all necessary project receipts in order to document each transaction. Only payments verified by supporting documents qualify as eligible. Batch files, which only contain the total of the amount transferred, are not sufficient. In the case of internal transfers, additional accounting documents need to be made available.

Do not submit any vouchers/invoices with the final financial report, only if you are explicitly requested to do so.

4.3.1.3 Confirmation by the grant recipient

The final financial report has to be signed by an authorised signatory on the “confirmation grant recipient” sheet. In the event that a cash balance accrues, the IKI Office at ZUG must be informed immediately. After receiving a report regarding a cash balance, the IKI Office at ZUG will provide instructions on the further procedure for reimbursement.

4.4 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 are legally binding. If you notice that the TORs are not part of your Grant Agreement, please contact the IKI Office at ZUG in good time.

The audit will be coordinated and contracted by the grant recipient and paid for using IKI funds.

The external final financial audit by a certified public auditor refers to the total project expenditure.

The grant recipient must ensure that the auditor / auditing firm can be provided 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 the

ministry. Expenditures for the external final financial audit are eligible and should be budgeted on the 'External Services' sheet of the project budget (see [2.4.11 External Services](#)). Procurement regulations of the Grant Agreement must be considered. Expenditures for the external project audit must align with the local market rates for audit services.

After disbursement of the auditor's invoice, the grant recipient must 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 the ministry via the IKI Office at ZUG should be the auditor's invoice.

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

For German grant recipients, only final audits for foreign implementing partners are eligible for funding.

4.5 Inventory List

The inventory list depicts purchased items and assets with an individual value of more than EUR 800 (net) - including inventory items purchased by Subgrantees. These items, as well as proposals regarding the future use of the purchased items exceeding EUR 800 (net), must be addressed in the respective sheet of the final financial report.

Please provide the following information:

- Date of purchase
- Description of the asset
- Serial number
- Purchase price
- Buying organisation (grant recipient or Subgrantee)
- Proposal for future use of the item

The donor ultimately decides on the future use of the inventoried items.

4.6 Final Report of Implementing Partner

If implementing partners are involved in the project, each implementing partner has to prepare an individual final technical and financial report, which has to be submitted to the grant recipient. The grant recipient adds the information from all implementing partners' final technical and financial reports to its own in order to submit one overall final report to the IKI Office. Regarding the overall final financial report, this means that the grant recipient lists every cash transfer to a Subgrantee as a separate item in the voucher list.

It is the grant recipient's responsibility to review the final reports of its Subgrantees. The analysis and result of the review is documented and confirmed by the grant recipient on the

cover sheet of the IKI final technical report by completing the “Subgrantee” field. Form, scope and type of the review of the final reports are at the discretion of the grant recipient. In case of objections from the review of the final report of the Subgrantee, the Grantee has to submit an extensive inspection note together with the final report. The "IKI Guideline Review of Reporting by the Subgrantee" ([link](#)) provides a non-binding overview that can be used to assist in reviewing the final report of the Subgrantee.

To enable the grant recipient to comply with its obligation to review the final reports of its Subgrantees, the Subgrantees are obliged to provide supporting documents on demand.

4.7 Requirements for Vouchers

By signing the Grant Agreement, the grant recipient 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 grant recipient. 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 and date of payment,
- 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 the case of purchased items, the purpose must be transparent.

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

On demand, the ministry, 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 grant recipient shall provide vouchers in their original form. 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 the event of an on-site audit, all documents must be accessible. Generally, the audit will take place at the headquarters of the grant recipient. There is no need to audit all implementing partners locally. The auditor will base his opinion on a sample check conducted at the grant recipient's headquarters. If expenditures of implementing partners are part of the sample check, their vouchers and relevant documents must also be made available for assessment at the grant recipient's headquarters.

4.7.1 Travel Costs

Reimbursements of travel expenditure, such as transportation, accommodation and subsistence allowances, have to follow either the German administrative regulations (ARVVwV “*Auslandstagegeld*”, see [2.4.13 Travel](#)) or the grant recipient’s own travel policy.

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

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 the case of e-tickets without a standard flight ticket, an email 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 traveller or his organisation and proof of payment by the traveller or organisation is required.

Please take into account that events and workshops organised through the project are to be documented by means of participants lists which have to be signed by all attendees.

4.7.2 Personnel Expenditure

Personnel expenditure must be verified by means of employee contracts and pay slips. If staff only works part time on the project, timesheets must be provided. These must 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 standardised and transparent.

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

4.7.3 Services and Suppliers

Services and supplies provided by subcontractors must be verified by means of award documents, contracts, original invoices and proof of payments, together with supporting documents. The results of the procurement procedure must be documented in an award notice.

Invoices by contractors up to EUR 250 (gross) 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.

Invoices by contractors in an amount exceeding EUR 250 (gross) must include the following information:

- Name and address of supplier,
- Name and address of grant recipient,
- 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.

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

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

Additional payments or reimbursements without contractual agreement are ineligible expenditures.

4.7.4 Rents

If rent is part of the flat rate for administrative expenditures, no vouchers have to be submitted (see [4.7.5 Flat rate for administrative expenditures](#)). If rent was calculated in the budget, the list of vouchers should contain a monthly amount for project-related rent in chronological order. If the rent is related to more than one project, the grant recipient should be prepared to submit an auxiliary calculation clarifying the allocation of rental costs to make the process transparent to third parties.

Reimbursements (i.e. refunded operating expenditures) have to be registered as a negative expenditure, even after the end of the project.

4.7.5 Flat rate for administrative expenditures

The flat rate for administrative expenditures is a lump sum for administrative expenditures that serves to simplify the administration of often small and miscellaneous project-related expenditures (see [2.4.3 Flat rate for administrative expenditures](#)). In Annex 3, the grant recipient is obliged to define which expenditures are covered by the flat rate for administrative expenditures. These expenditures cannot be claimed separately as direct costs, as this would result in double funding. No vouchers have to be submitted for expenditures that are part of the flat rate for administrative expenditures. In the voucher list, indirect expenditures should be recorded as a monthly or yearly amount.