# IKI Small Grants

## Application guidelines

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**UPDATE**

As of September 2020

Please note that these guidelines were originally created for completing the application form you have already submitted. To guide you through the ongoing revision process we have highlighted the chapters which may still be relevant for the revision of your project proposal in ==yellow==. Further, we have added the chapter 8 to provide you with background information on the IKI Standard Indicators which you will have to address in this revision process for the first time.

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# Contents

# 1. Introduction

This document serves as a guideline for project applicants under the IKI Small Grants scheme in order to get an overview of how an IKI Small Grants project shall be developed and which are the procedures to be followed and the instruments to be used. The document also provides administrative and legal guidance for projects within the context of the IKI Small Grants scheme.

It is crucial to follow this guideline when developing an IKI Small Grants project for the following reasons: The project concept has to be well structured following the standards of results-based monitoring in order to be easily understandable in the frame of the review process. Furthermore, this structure enables an easy follow-up by the grant donor as well as efficient project steering by the implementing organisation.

The project will be monitored through its life cycle by GIZ's IKI Small Grants team in Berlin, which is the administrative unit of the IKI Small Grants scheme. Monitoring reports will have to be submitted regularly to the IKI Small Grants team, informing about the progress of project activities and indicators.

Results-based monitoring is important since it serves as the basis for a learning process. It helps recognise whether the goals that have been set can be attained using the chosen approach and activities, and which unintended (indirect) effects may be triggered by the project. Monitoring thus allows project steering: it helps to identify strengths and weaknesses of the project and constantly adjusts the course.

The glossary at the end of this guideline defines the most important terms for the IKI Small Grants scheme to clarify their usage and meaning.

# 2. Administrative and legal guidelines for project application

## 2.1 Project application form

This chapter will provide essential information and explanations for the different sections of the project application form.

### 2.1.1 Project duration (application form section 1.1)

The duration of the proposed projects shall be a minimum of six months and a maximum of two years. Longer durations may be acceptable if justified appropriately.

After the call is closed, the submitted proposals will undergo a selection process and the submitting organisations will be informed of the results in due time. Please take into account that this will take several months. For this reason, please plan your project to begin in the fourth quarter of 2020.

### 2.1.2 Legal entity / juridical person status (project proposal section 2.1) (application form section 2.1)

The direct beneficiary of the financing must always be a corporation (legal person), i.e. it must have an independent and verifiable legal personality. This can be presumed to be the case if the recipient is legally independent and has legal competence and capacity to contract. Having rights and obligations means that the recipient has the legal capacity to conclude contracts in his own name. Therefore, natural persons (although these also have their own legal personality) and partnerships or associations that do not have legal capacity cannot be taken into consideration as direct recipients of financing, even if they sometimes act as executing agencies for public-benefit projects.

Register extracts, statutes, or articles of association, but also other proofs are possible according to the respective requirements of the relevant legal regulations of the country and can serve accordingly as proof. For example, laws, foundation deeds, registration information, decrees and tax numbers are possible. In the case of such regulations, which differ from country to country, it may be necessary for the GIZ to obtain an extract from the relevant statutory regulation.

### 2.1.3 Accounting (project proposal section 2.2) (application form section 2.3)

All recipients must keep accounts. Their bookkeeping system must enable an expert third party to gain an overview of the company's business transactions and financial situation within a reasonable amount of time.

Organisations that submit project proposals with a budget of over EUR 50,000 will have to employ a software-based accounting system that meets their national standards. In addition, dedicated accounting staff should be employed by the organisation. If no qualified personnel are employed, a set of risk-minimizing measures will be initiated by GIZ.

Alternatively, the accounting tasks can be outsourced. In this case, the requirements for accounting would have to be met by the contracted company.

It should be possible to assign hours worked by the organisations staff to different projects.

Therefore, an electronic or manual time recording system is required. If no traceable time recording exists, the recipient must sign and submit a self-commitment to create one before the grant agreement can be signed.

## 2.1.4 Internal and external controls (application form section 2.5)

Internal control is a process for assuring achievement of an organisation's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations, and policies. As a broad concept, internal control involves everything that controls risks to an organisation. It serves to avert damage that might be caused by the organisation's own staff or malicious third parties. Measures may be undertaken independently of the process in the form of retrospective controls, for example by an internal auditing unit. Alternatively, they may take the form of preventive rules as an integral part of the process.

The following principles form the basis of what we regard as an internal control system:

a) The principle of transparency: For processes, process-concepts (or process plan) must be established that enable an outsider to assess the extent to which participants work in conformity with these process-concepts. At the same time, process-concepts represents the expectations of higher management.

b) The principle of four-eyes: This principle states that in a well-functioning control system no essential process should remain without counter-check. This means that a certain activity, i.e. a decision, transaction, etc., must be approved by at least two people.

c) The principle of functional separation: This principle states that executive tasks (e.g. processing purchases), booking tasks (e.g. financial accounting, stock records) and administrative tasks (e.g. stock management) that are carried out as part of a corporate process (e.g. purchasing process seen as a process that extends from determining requirements up to outgoing payments) should not be performed by one and the same person.

d) The principle of minimum information: This principle states that staff members should only be provided with the information they need to perform their work (need-to-know principle). This also covers the corresponding security measures for IT systems.

Organisations that submit project proposals with a budget of under EUR 50,000 should as a minimum follow the principles of transparency and four-eyes.

External (third party) control mechanisms are for example external audits.

## 2.1.5 Compliance with the law and anti-corruption (project proposal section 2.3) (application form section 2.6)

Compliance with the law means that the potential recipient has not broken any laws (as far as is known) (for example, by evading tax payments or encouraging undeclared work).

Corruption is the misuse of public or private sector positions of power or influence for private benefit. This may take the form of bribery, dispatch money, embezzlement, nepotism, blackmail, fraud, kickbacks, the exertion of unlawful influence, secret arrangements, and insider dealing. Anti-corruption covers all activities designed to prevent and combat corruption wherever it occurs.

Corruption is a major risk for development and so it is for cooperation projects in achieving their objectives and generating sustainable results. Preventing and combating corruption is therefore a major concern of German development cooperation.

The IKI Small Grants scheme therefore provides measures to reduce the risk of corruption. As part of the application process, we will examine if your organisation, members of its executive bodies or executive managers have been subject of allegations or investigations concerning breaches of the law, corruption or other offences (e.g. fraud, embezzlement, breach of trust) in the last 5 years. If such allegations have been made, we will want information on what measures the organisation has taken

as a consequence. We will want to see evidence that an effective system for preventing and combating corruption has been established and that it is being implemented consistently.

Another essential part of this is the intensive examination of the applicant with regard to his administrative practice and skills. Once the grant agreement has been concluded, GIZ reserves the right to audit or evaluate a project at any time (at its own expenses). Regular financial and technical reporting during project implementation is mandatory. The IKI Small Grants schemes promotes the transparent handling of funding: relevant project information, including financial information, will be published on the IKI Small Grants' website.

GIZ – as the commissioned organisation to implement the IKI Small Grants scheme – operates a multilingual whistleblowing portal, which can be used anonymously by project stakeholders to submit information on corruption and bribery: www.giz.de/tell-us.

Furthermore, corruption prevention measures can also be identified in the application form (section 5.5) within the framework of capacity building if the applicants sees a need to strengthen relevant capacities.

## 2.1.6 Contract award procedure for supplies and services (application form section 2.7)

When the recipient of financing awards contracts for supplies and services (including advisory services) that are to be wholly or partly funded by the grant arrangement, they must observe the regulations relating to the award of public contracts that are in force in their country or in the country of assignment. Moreover, they must also comply in each case with the GIZ's minimum standards for contract award standards for procurement in order to ensure a minimum level of competition.

GIZ's minimum standards do not contradict the national procurement laws and/or regulations governing the award of public contracts that are in force in the country where the executing agencies are located. The regulations that apply in the recipient's country must always be observed. The contract award procedures stated in GIZ's minimum standards are binding minimum requirements that must be applied, unless nationally applicable law is even more stringent (see 3.2 and 3.6 for details).

# 3. Attachment G - Budget IKI Small Grants / schedule of estimated expenditures

All calculations and amounts must be stated in euros. The overall GIZ financed part of the project budget must lie between EUR 20,000 and EUR 100,000. The funding volume may not exceed one third of the applicant's average annual turnover of the last three years.

## 3.1 Staff

Please list only expenditures for internal staff that have a regular employment contract and are assigned to the project/are working for the project. These expenditures include:

- Gross salary incl. employer's contribution (salaries must be in line with local profession standards)
- Other regular salary components defined contractually
- Severance payments upon termination of a contract provided they are a requirement under employment law (and not part of a contractual agreement) and provided they are only listed as the proportion that corresponds to the actual working hours spent on the project. Severance payments that are not based on applicable employment law are not eligible.

Please state function and role in the project of each employee in the first column (description/category of expenditure) and factor the estimated working time in the project.

Evidence must be provided for personnel expenditures in the form of monthly or annual payslips/payroll journal. In case payslips do not allow an adequate traceability, contracts of employment should be handed in as well. For example, traceability is not ensured in the case where information on payslips is not comprehensible or personnel expenditure for project staff exceeds amounts paid to other employees disproportionately. In order to ensure a complete documentation the records and originals of supporting documents (e.g. payslips, timesheets) need to be kept at the recipient's premises. Please carefully read annex 3a (Grant Agreement) www.giz.de/financing.

## 3.2 External experts / consultants

Please list only external staff that are not employed by your organisation, but whose services are commissioned via a subcontract (e.g. advisors/consultants on technical matters, etc.).

Requirements for the award of contracts for goods and services:

When awarding contracts for supplies and services to be financed in full or in part from the grant, the recipient shall observe the regulations for public procurement which apply in the recipient's country, but shall in any case comply with the provisions in Annex 4a (Grant Agreement - Award Procedure), which form a constituent part of the grant agreement. The contract award procedure, including but not limited to all decisions, shall be documented in accordance with the template provided as Annex 4b (Grant Agreement - Documentation of Contract Awards), which forms an integral part of this grant agreement. Both documents can be retrieved via www.giz.de/financing.

All estimated expenditures for a subcontract including incidentals, e.g. travel expenditures of the subcontractor, must be budgeted in the project budget's 'External experts / consultants' column.

## 3.3 Transportation / travel costs

Travel expenses and per diems are eligible for financing but they must be directly attributable to the project and comply with the internal travel regulations of the applicant or Germany's Foreign Travel Expenses Ordinance (ARVVwV). Please list only the travel expenditure of your own staff/employees in this budget category.

The document, **IKI Small Grants – Travel Allowances**, lists the current ARVVwV per diems and overnight allowances valid for travel for the ODA countries.

Budgeting of travel expenditures:

Please budget travel expenditures by taking into account an average amount per trip and the number of trips. A disaggregated depiction, broken down into flights, accommodation, additional expenses of subsistence and other expenses is not required at that time.

## 3.4 Training costs

Please list trainings planned within the framework of the project. Please base your figures on experience or use estimated figures. Include expenditure for catering, room rental, materials, event equipment, etc. If travel for external guests is planned, expenditure can also be included in this budget category as an individual item.

## 3.5 Events costs

Please list events planned within the framework of the project (workshops, meetings, etc.). Please base your figures on experience or estimated figures. Include expenditure for catering, room rental, materials, event equipment, etc. If travel for external guests is planned, expenditure can also be included in this budget category as an individual item.

## 3.6 Procurement of goods

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. GIZ will decide on the further use of items and assets after the completion of the project.

When awarding contracts for supplies and services to be financed in full or in part from the grant, the recipient shall observe the regulations for public procurement which apply in the recipient's country, but shall in any case comply with the provisions in Annex 4a (Grant Agreement - Award Procedure), which form a constituent part of the grant agreement. The contract award procedure, including but not limited to all decisions, shall be documented in accordance with the template provided as Annex 4b (Grant Agreement - Documentation of Contract Awards), which forms an integral part of this grant agreement. Both documents can be retrieved via www.giz.de/financing.

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

## 3.7 Other costs / consumables

Other costs for materials and equipment, such as publications, translations, IT services or miscellaneous purchases can be listed in this category. Please name budgeted expenditures precisely and show clearly how they have been calculated.

When awarding contracts for supplies and services to be financed in full or in part from the grant, the recipient shall observe the regulations for public procurement which apply in the recipient's country, but shall in any case comply with the provisions in Annex 4a (Grant Agreement - Award Procedure), which form a constituent part of the grant agreement. The contract award procedure, including but not limited to all decisions, shall be documented in accordance with the template provided as Annex 4b (Grant Agreement - Documentation of Contract Awards), which forms an integral part of this grant agreement. Both documents can be retrieved via www.giz.de/financing.

## 3.8 Internal capacity building

A clear justification for the capacity building measures and a description of the capacity building needs of the organisation in general but also in the thematic context of the project activities is important. These need to be addressed in section *5.4 Capacity needs of applicant and capacity building* and *5.5 Capacity building measures* in the application form *(project proposal section 5.2, 5.3 and 5.4)*. A defined share of up to 10 % of the overall GIZ financed budget of a project may be allocated for internal capacity building of the recipient. These are not additional funds, for example, if a recipient receives EUR 90,000 in GIZ financing, up to EUR 9,000 of this sum can be used for internal capacity building.

Capacity building measures must not be a prerequisite for project implementation (such as basic accounting courses).

No tangible assets such as vehicles or office supplies will be funded as part of capacity building.

Software can be approved with training in exceptional cases.

Examples of "self-organised training" / "advanced training":

- public procurement law
- national budget and grant law
- internal control system
- accounting department
- anti-corruption sensitization
- fundraising and proposal writing
- presentation and negotiation techniques
- possibly language course

## 3.9 Administrative overhead costs

Indirect project expenditures incurred through use of existing infrastructure (such as office rent, telephone, internet, etc.) but which cannot be directly attributed to the project can be claimed as administrative expenses. Administrative overhead costs must be reasonable and plausible and shall under no circumstances exceed 12% of the direct expenditures (budget category 1-8). Please note that in a case of an audit the administrative overheads must be explained comprehensibly.

| Subtotal - direct costs | |
|---|---|
| 9. Supporting cost / Administration costs | *Admin costs must be plausible and reasonable.* *It must not include expenditures claimed as direct expenditures in sections 1-8.* *Maximum rate for calculation of administration: 12 %* |
| | Administration costs [ ] % |
| 10. Own funds / third party financing | |

The percentage of the administrational costs needs to be entered in the highlighted field in the budget.

## 3.10 Own funds / third party financing

Own or third party funds are not a requirement but are greatly appreciated and encouraged. Please note, that GIZ will be unable to finance partial costs within one budget line (with the exception of staff costs - position 1. Staff -, which can be financed partially).

The own funds / third party financing will have to be used for different budget lines (1-8), which are not already financed by GIZ. Signed evidence of third party financing has to be provided as part of the application.

## 3.11 Fill in guide for the budget

Please be aware, that the information provided below is just an example and that we would require more extensive details in the description fields.

# 4. Eligibility of expenditures

## 4.1 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. Please always ask yourself if the foreseen expenditures are really necessary for the implementation of the project.

## 4.2 Expenditures must be incurred during the eligibility period of the project

All expenditures must be incurred within the eligibility period (defined in the grant agreement) 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.

Recipients should be prepared to demonstrate that expenditures have been actually incurred, for instance, in the case of a financial audit. 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.).

GIZ may have the projects audited at its own expense at any time by an independent chartered accountant commissioned by GIZ, by its own experts or by its own audit authority.

## 4.3 Expenditures must be identifiable and verifiable

The expenditures must be:

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

The recipient does not have to provide those supporting evidences with the final report, but it has to keep them available at GIZ'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 GIZ.

## 4.4 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 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 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 recipient will have to justify the reasons and the impact on the results. If no valid justification can be provided, expenditures may be declared ineligible.

## 4.5 Reimbursement of non-eligible expenditures

Finally, please note that GIZ will only pass judgement as to the actual eligibility of expenditures at the liquidation (winding-down phase) 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 recipient.

The mere fact that certain expenditures are included in the project budget does not automatically make it eligible, as this cannot overrule the otherwise applicable eligibility conditions.

The following examples of expenditures are not eligible:

- Expenditures, which cannot be supported by original supporting evidence (examples mentioned under 3.3),
- Expenses without proof of payment,
- Unused discounts and rebates,
- Expenditures incurred outside the period covered by the grant,
- Insurance not required by law,
- Expenditures that cannot be clearly attributed to the project,
- Expenses that result in later refunds (e.g. rent deposit),
- Expenses for first-class flights.

This list is not exhaustive.

# 5. Technical guidelines for project applications and fundamentals of project planning

## 5.1 Goals of IKI Small Grants projects

**The IKI Small Grants scheme supports projects that pursue the four primary goals of mitigating greenhouse gas emissions, adapting to the impacts of climate change, conserving natural carbon sinks, and conserving biological diversity**.

In order to help attain these four goals, the IKI Small Grants scheme funds projects, aimed directly at these goals, as well as **measures to increase respective capacities of implementing organisations**, as these serve as an essential basis for long-term goal attainment.

**Emission reductions** can be achieved by the project through both direct reductions of greenhouse gas emissions (GHG mitigation for short), as well as indirect through developing mitigation capacities. Direct reductions arise, for example, in projects piloting the introduction of renewable energies or the implementation of energy efficiency measures. Mitigation also includes the expansion, **protection and sustainable management of natural carbon sinks and carbon stocks** such as forests, peat swamps and forest landscapes.

Increasing mitigation capacity encompasses, for example, the development and adoption of renewable energy plans that drive the expansion and usage of renewable energy.

**Adaptation to the impacts of climate change** can, firstly, be carried out by implementing measures for a direct reduction of vulnerability that lead to a greater degree of adaptation in certain sectors (for example for the agricultural sector by expanding water storage capacities in regions affected by drought). Secondly, adaptation can be achieved by increasing the adaptive capacity of the population or of certain groups, i.e. increase their ability to develop and implement adaptation strategies themselves. Examples include the provision and systematisation of information about impacts of climate change or the use of such information to build risk management capacities.

**Conservation of biological diversity** encompasses both projects designed to conserve biodiversity directly, for example by effectively expanding protection areas, and projects designed to build capacity for biodiversity conservation such as improving the management system (and staff skills) of a protection area. In general, the IKI Small Grants funding area 'conservation of biological diversity' puts emphasis on addressing the global loss of biodiversity (CBD Aichi Targets and the goals of the future post 2020 Global Biodiversity Framework).

## 5.2 Results-oriented project planning (project proposal/application form sections 4.1 and 4.2)

The **planning of IKI Small Grants projects should be based on the results chain as defined by the OECD**. This assumes that the activities carried out by a project create products, goods, services or sets of regulations or standards and potentially resulting changes[1] that are termed **outputs** (i.e.

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[1] Outputs - The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes". (OECD definition as of 2009).

"specific project goals"). These, in turn, are the prerequisite for achieving the **outcome** (i.e. "overarching project goal").

The **outcome describes a change at the level of the target groups** that has been made possible by the project and can verifiably be attributed to the project. The **impact** (i.e. "long-term result") of a project is the contribution made on a higher level, which can – due to multiple influences – usually not be attributed to the IKI Small Grants project. Therefore, it is not to be discussed in your proposal. **IKI standard indicators** will also be applied at a later stage, once your project proposal has been (pre-) selected.

The following diagram depicts the **results chain**, drawing on OECD terminology. The grey arrows represent the hypotheses that link the various levels. These hypotheses are assumptions as to how and under what conditions activities contribute to the outputs and these, in turn, to the outcome, which then, respectively, unfolds its long-term impact. The hypotheses made in course of the results chain should be realistic from the beginning and should be checked at regular intervals during the implementation of the IKI Small Grants project to ensure that they are (still) correct.
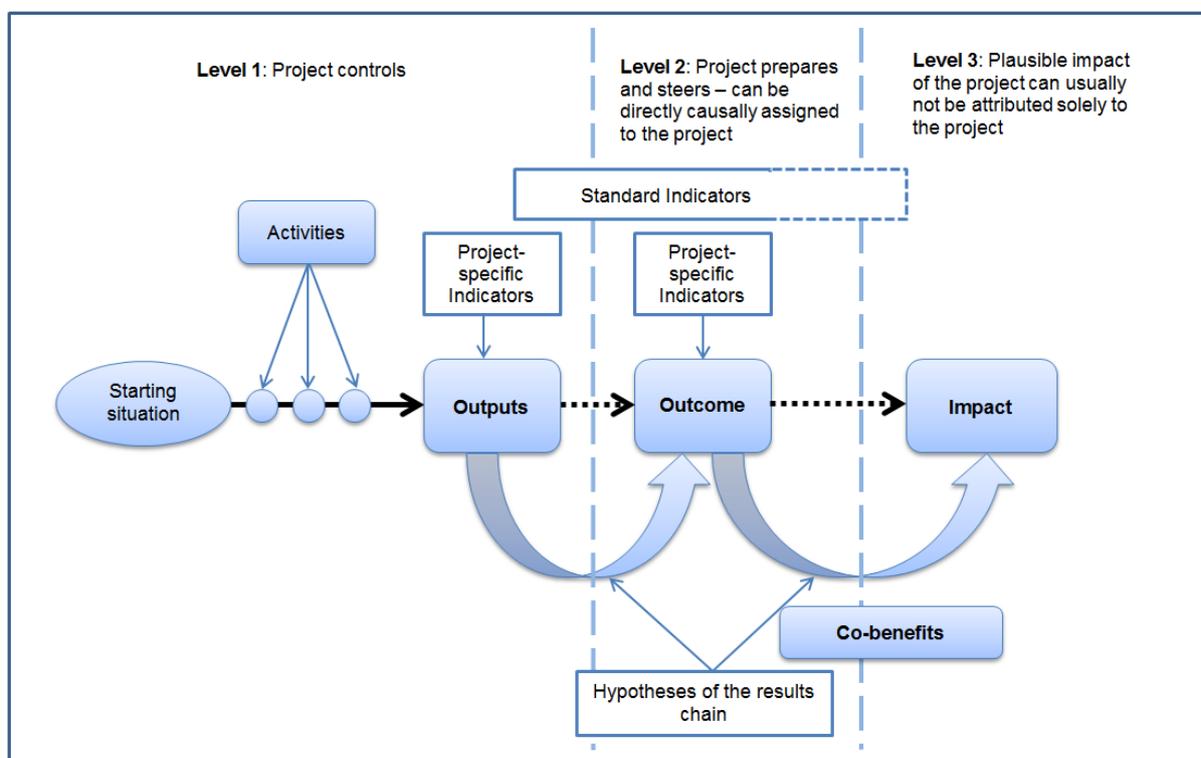


**Fig. 1: Graphical representation of OECD results chain – from starting situation to impact**

The project can thus be divided into **three levels**:

**Level 1** of the flowchart above is the project's **direct intervention level, where the activities and outputs are located**. These are implemented and achieved directly by the project, and, therefore, their attainment can to a large extent be managed and controlled by the project. Importantly, a project is always a joint effort between partners and target groups. Therefore, the IKI Small Grants scheme uses a definition of outputs that does not end solely with the creation of products, goods, services or regulations, but rather **incorporates their use** by partners or target groups.

**Outputs** should be equipped in the project proposal with **activities**, which clearly demonstrate how activities link to the achievement of outputs, as implied in the results chain. Several activities usually correspond to one distinctive output.

The outcome is located on **level 2** in the above flowchart. This level describes the **intended effects** of the project on its environment, in other words especially on the target group. The **outcome** is considerably achieved through the participation of target groups and intermediaries. The project is not able to exercise complete control over the behaviour of intermediaries and target groups, and, consequently, cannot fully control the achievement of the outcome. It can, however, prepare for the outcome and steer towards it. Further, it should be plausibly demonstrated that the activities and outputs – meaning the products, goods or services produced by the project – contribute to the attainment of the outcome.

The third level – **level 3** – is considered outside of the projects results chain in IKI Small Grants projects and has therefore <u>not to be described</u> in the project proposal. It reflects the plausible impact of the project on a higher aggregated level and can therefore not be attributed solely to the project.

When applying the OECD logic to project planning, it should be kept in mind that although the outputs are placed hierarchically below the outcome and are more firmly within the project's control, they should, nevertheless, not ignore interactions with a potential target group. A formulation of outputs should go beyond the simple provisioning of services (e.g. studies, databases, mapping, management plans) and also incorporate the use of these services in the project activities. The planned activities should describe with an appropriate level of detail, how the outputs are to be achieved. The underlying logical results chain should be made very clear.

## 5.3 Project-specific indicators (project proposal/application form sections 4.1 and 4.2)

At least **two indicators have to be developed for the project outcome** (overarching project goal) and at least **one for each output**. They all must fulfil the SMART criteria listed below.

The project-specific indicators need to be described in the project proposal. In order to evaluate the project's success, the project goals, i.e. the outputs and the outcome, need to be compared with the starting conditions. For this purpose, a baseline (starting situation at project start) needs to be established for all of the indicators. The baseline can be constituted by either the state of the indicators at the outset of the project, the expected conditions that would prevail in the absence of the project ('business-as-usual').

In the course of project implementation, developments related to the project-specific indicators will have to be regularly reported in monitoring reports.

## 5.4 Smart formulation of goals and indicators (project proposal/application form sections 4.1 and 4.2)

Project outcome and outputs of an IKI Small Grants project must be formulated in such a way that they are ambitious, yet achievable and verifiable. For this reason, IKI Small Grants projects should formulate indicators for the outcome and the outputs in accordance with the SMART criteria (see box below).

In order to formulate indicators which allow measuring a project's progress towards achieving the outputs and outcome, the SMART criteria provide an important guideline for distinguishing between more and less useful indicators. In order for an indicator to fulfil its function as a monitoring instrument, it must be *s*pecific (unambiguously formulated), *m*easurable, *a*chievable and *r*elevant, as well as *t*ime-bound. Examples of the formulation of SMART indicators can be found below.

**Criteria for SMART indicators**

Indicators for the outcome and outputs must meet the following criteria:

- *specific*, i.e. defined unambiguously and precisely.
- *measureable,* i.e. provide measurement constructs (quantitative measures or descriptions of qualitative conditions) and methods of data collection/sources of verification.
- *achievable,* i.e. it should be possible to reach the target value of the indicator with the available resources and under the prevailing conditions.
- *relevant*, i.e. the information provided by the indicator should be of relevance to describing the outcome and outputs.
- *time-bound*, i.e. equipped with a timeframe and achieved no later than by the end of the project.

In order to ensure meaningful reporting on the selected indicators and, thus, on project success, the target values must be clearly described in terms of a timeframe.

**Note**: Changes to defined goals (outcome and outputs) and project-specific indicators after the grant agreement has been signed require prior approval by the GIZ's IKI Small Grants team.

The following example of SMART indicators illustrate which pitfalls exist when formulating indicators based on these criteria comparing non-SMART and SMART formulations of an indicator.

# Example: SMART output indicator

| | |
|---|---|
| **Output example**:<br>The value and services provided by ecosystems are considered by ministries in national policies and planning processes. | |

| **NON-**SMART indicator formulation: | SMART indicator formulation |
|---|---|
| 'Specific' criterion: **not met**<br>*Percentage of political actors that include information on biodiversity conservation in their planning processes.*<br><br>Without clearly defining the target group of political actors in advance, this indicator remains non-specific. (It remains unclear: Percentage of which target group?) In this case, a percentage is difficult to match to a baseline or target value, since the decision of which actors to count is unclear and/or arbitrary. | ***Number** of national governmental and non-governmental organisations that, **by 10/2021**, include biodiversity information generated by the project in their **strategy papers or reports**.*<br><br>**Baseline:** 0 organisations<br><br>**Target value**: 5 organisations, including at least 2 governmental organisations<br><br>**Source of verification**: Reports and strategy papers from: environment ministry, agriculture ministry, finance ministry, Global Forest Alliance (…) that explicitly refer to the project database. |
| 'Measurable' criterion: **not met**<br>*Number of governmental and non-governmental organisations (NGOs) that include relevant information on biodiversity conservation in their planning processes.*<br><br>Due to the evaluative formulation of this indicator ('relevant information on biodiversity conservation'), this indicator is not measurable since <u>it is not clear what it meant by "relevant"</u>. Even using expert interviews, this indicator would remain highly subjective. | |
| 'Achievable' criterion: **not met**<br>***Number** of national governmental and non-governmental organisations that include biodiversity information generated by the project in their strategy papers or reports.*<br>Baseline: 0 organisations<br>Target value: 10 organisations, including 5 governmental organisations<br><br>The determination of the target values at the beginning of the project should be estimated based on the framework conditions on site and on the number of target values that could realistically be achieved with the available resources.<br>Although ambitious project objectives are basically assessed positively, demanding targets should be set in proportion to the project's performance capabilities and to the framework conditions on site. <u>Indicators should not be too ambitious!</u> | |
| 'Relevance' criterion: **not met**<br>*There has been an increase of at least a 5% in the populations of three threatened flagship species in the region.*<br><br>This indicator is not directly relevant for the output described here, since the goal formulation is primarily focused on the political process and an increase of threatened species <u>is not directly linked to this output.</u> | |
| 'Time-bound' criterion: **not met**<br>*Number of national governmental and non-governmental organisations that include biodiversity information generated by the project in their strategy papers or reports*<br><br>The achievement of the targeted output can only be monitored <u>if an end date is set.</u> | |

## 5.5 Risks analyses (project proposal/application form section 4.5)

IKI Small Grants project planning requires analysing potential risks for the successful implementation of the project. → See section 4.5 *Technical, political, economic, and nature-related (project proposal also: social) risks* of the application form. Any project operates in a political, societal, ecological and economic sphere (types of risks).

Please ask yourself the question: Which of these types of risk may hinder a successful implementation of the project and what is the exact source of those risks?

After identification of risks, you are requested to briefly describe the risks and to attribute it to one of the four (project proposal: five) types of risk.

Then, assess the amplitude (high, medium, or low) of the potential risks on the project success and to which extent it can be influenced by your organisation or the project. Is your potential influence on the risk high, medium or low?

Finally, present your strategy to minimise the chosen risk.

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**Example: Solar energy installation and maintenance**

Your project plans to replace fossil fuels (which run a generator) through solar panels. However, your project is located in a region with few service providers for regular servicing of the installation. You consider this as a risk for a sustainable use of the solar energy installations (*Technical risk*).

Your assessments concludes that this risk for the successful implementation of this part of project is (*medium*) and that your level of influence is (*high*). Your (*strategy*) is to acquire robust and low-maintenance types of solar panels. Furthermore, you coordinate with other users of solar energy in the area, so that you can synchronise interventions by technicians. This should lead to an acceptable level of maintenance by the service provider and maintenance costs.

Project implementation has the objective to create positive impacts, expressed by the outcome of the project. However, potentially negative social or environmental impacts may be generated unintended by the project (activities) as well. Negative impacts on individuals, groups or the environment must be avoided. IKI Small Grants recipients are therefore obliged to adhere to the IKI Small grants safeguards system.

During the planning process of the project's seven "dimensions" have to be assessed, whether the project may do harm to any of these dimensions and how harm can be avoided or mitigated. The assessment results are to be documented in the project application form (section 4.6). If necessary, appropriate monitoring and management instruments to mitigate risks have to be included in the project concept (e.g. indicators or activities such as mitigation a desk study elaborating on potential risk or a safeguards planning workshop).

By adhering to the different standards, the project is obliged:

- To promote non-discrimination, equal opportunities and safe working conditions for all workers as well as to avoid forced labour. This applies to direct workers, contracted workers and supply chain workers. (**Dimension "Labour and <u>Working</u> <u>Conditions</u>"**)
- To avoid or as far as possible minimise negative impacts for human health and the environment. In particular, this includes air, soil and water pollution, the emission of greenhouse gases and the use of non-renewable resources. The sustainable use of resources will be supported. (**Dimension "Resource Efficiency and Pollution Prevention"**)
- To avoid or at least reduce possible health risks as well as safety/ security risks for the local/affected population, which could result from project-related activities, project equipment and project-related infrastructure. Compliance with relevant international and regional human rights accords is required. This is particularly relevant in conflict and post-conflict settings. (**Dimension "Community health, Safety, and Security"**)
- To minimise negative social and economic impacts resulting from land acquisition or restriction of land use as well as to prevent involuntary resettlements as part of the project. If voluntary resettlement cannot be avoided, relevant project activities have to be implemented which ensure that living conditions at least do not deteriorate and ideally improve due to the resettlement. (**Dimension "Land Acquisition and Involuntary Resettlement"**)
- To protect biodiversity, to use ecosystems sustainably, to support the sustainable management of biological resources and to promote the integration of nature conservation and development priorities. Avoiding negative impacts for biodiversity and ecosystem services are a priority. If negative impacts cannot be completely avoided, they have to be minimised or ecosystems have to be restored as far as possible. Project activities with a significant negative impact for biodiversity and ecosystem services requiring biodiversity offsets, are not permitted by the IKI Small Grants. (**Dimension "Biodiversity Conservation and Natural Resources"**)
- To minimise potentially negative impacts for indigenous people and other marginalised local groups in their respective territories with regard to their rights, their cultural identity as well as access to and use of land and resources. Project activities, which have the potential to have a direct negative impact on the rights and/or the access to and use of traditional land require free, prior and informed consent by the affected groups before the project can start. During the

project duration, a continuous participation of and consultation with these groups should be guaranteed. (**Dimension "Indigenous People"**)

- To protect and conserve cultural heritage and to promote equitable sharing of cultural heritage benefits. (**Dimension "Cultural Heritage"**)

Note: Any changes to the significance of risk for any safeguard dimension during the project implementation have to be communicated immediately to the GIZ's IKI Small Grants team.

# 7. Practical notes on completing the project application form

This section gives illustrative examples that can be helpful for formulating project proposals, and in particular for understanding the results chain, describing activities and milestones as well as identifying and defining goals and indicators.

## 7.1 Results chain

The following example illustrates how the OECD results chain can be applied in project planning. When designing a project proposal it is crucially important to incorporate the causal relationships between the activities, outputs and outcome.

**Example for a results chain**: **Conservation of biodiversity in the gulf of country X**

In order to achieve long-term protection of biodiversity in the gulf, protected area authorities, ministries of tourism and fisheries have to coordinate and implement effective marine and coastal area protection measures (outcome).

This process will be facilitated through the establishment of a protected area alliance that exchanges, develops and shares successful models (best practices) associated with the protection of ecosystems (outputs I and II). In addition, it requires a shared vision by the key actors (among others, the protected area, and tourism and fisheries authorities) on how to secure ecosystems and their services in the region (output III).

**Context**:
The high levels of biodiversity in the gulf of country X are being increasingly damaged by major tourism projects, and overfishing of marine resources. There is insufficient coordination among protection measures, and they tend to be unsustainable.

| Outcome |
|---|
| Effective protection measures for marine and coastal ecosystems in the gulf of country X are coordinated and implemented by key actors. |

↑

| Outputs | | |
|---|---|---|
| Output I: Competent protected area authorities cooperate and form strategic alliances in the project region. | Output II: Models of biodiversity conservation and of sustainable use of marine resources are developed, disseminated and successfully applied by the target groups across the protected areas and in the surrounding zones. | Output III: Key actors in the region agree on a shared vision and activities required for effective conservation and sustainable use of ecosystems and put them into practice. |

| Activities | | |
|---|---|---|
| A I.1 Training of staff on protected area management and the use of associated tools<br>A I.2 Offering workshops for exchange of experiences | A II.1 Conducting analyses and systematisations on issues of restoration, tourism, sustainable fisheries and alternative sources of income | A III.1 Training of protected area authorities on advisory and negotiation processes in 6 workshops<br>A III.2 Development and implementation of participatory and |

| A I.3. Conducting impact analyses and standardisation of the biodiversity monitoring systems | A II.2 Identification of success factors, assessing transferability | consultative processes at the municipal level |
| A I.4 Establishing conditions for the formation of an alliance of protected area authorities, i.e. equipment is made available, the administrative centre is expanded into a training institute, an operational plan is adopted and implemented | A II.3 Creation of specialised units within administrative offices and integration into development strategies | A III.3 Preparation of zonation plans for marine areas in coordination with fisheries authorities |
| | | A III.4 Facilitation of the development of a shared vision by the protected area, fisheries and tourism authorities |

## 7.2 Activities and Milestones

In addition to the formulation of suitable indicators, project proposals also describe the activities that are planned to achieve the indicators. These planned activities describe how the outputs can be achieved by the recipients or other stakeholders.

The duration (including starting and end dates) for all planned activities must be graphically illustrated in a so-called "Gantt chart" (also called logical framework - see next section for further information). Therefore, consistent numbering of activities is crucial to connect the project proposal with the Gantt chart and to understand the logical sequence of the project result chain.

**Example for activities of the project output:**

**Output I:** **The value and services provided by ecosystems are taken into account in national policies and planning processes in relevant ministries.**

The activities in this example are roughly sketched as they would appear in their abbreviated form the Gantt chart. The level of detail in project proposals should go beyond this in order to adequately represent the project.

**Activity I.1**: Data collection/supplementation on biodiversity in the region
**Activity I.2**: Creation of the biodiversity database and test phase
**Activity I.3**: Publicity work and networking: presentations and discussions about the database with political and civil society actors
**Activity I.4**: Training on the use and maintenance of the database
**Activity I.5**: Development and dissemination of the biodiversity database

For each set of activities, we recommend to formulate comprehensive milestones in addition to the activities. Milestones establish a connection between activities and outputs by indicating key successes, thereby giving an early feedback as to whether the implementation is on the right track. Milestones, therefore, have similarities to indicators. At the same time, milestones provide a structure for reporting on activities.

**Example for Milestone I.1**: Launch event (round table) to present the biodiversity database generated by the project in 05/2016.

It is a matter of preference whether it makes more sense to set up a separate indicator for an important interim goal, or whether a milestone is used for this purpose. It should be ensured that the success of the project can be continually monitored. Milestones are very useful to supplement indicators.

## 7.3 Practical notes on completing the Gantt chart (application form attachment G)

The form contained in the Gantt chart on the project schedule serves as an instrument for developing a timeline for implementation of activities as well as progress towards milestones, outputs and outcomes. Outputs, indicators, activities as well as milestones formulated within the project proposal must be inserted in the chart and their duration and/or date of achievement must be included. The outcome does not need to be equipped with a timeline.

An example of a project Gantt chart is displayed below:

# 8. Standard indicators (project proposal section 7)

> **Important note**: Standard indicators were not part of the project application form. Only preselected project proposals will have to address the IKI standard indicators in the revision process. Thus, this paragraph has been added to provide information only to the applicants of the preselected project proposals.

Introduction: In addition to the project-specific indicators, the International Climate Initiative (IKI) has developed so-called 'standard indicators'. Standard indicators have to be reported for any IKI funded project. By definition, the standard indicators are very generic. They aim to report on identical types of impacts across all projects. Additionally, they allow the reporting both on selected impacts of a given IKI Small Grants project and on the IKI Small Grants scheme as a whole or even the overall IKI programme.

The standard indicators make no claim to fully cover all effects of a project or its success in goal attainment. The project-specific indicators primarily ensure this. Instead, the standard indicators are meant to allow a summary of selected impacts that a considerable portion of IKI projects are aiming to achieve.

There are two types of standard indicators: → action indicators and → capacity indicators. Both types contain three different standard indicators each:

The three **action indicators** for IKI Small Grants projects are:

**(1) Action Mitigation**: **Greenhouse gas (GHG) emission reduced or carbon stocks enhanced in project area**
This indicator aims to capture the absolute volume of greenhouse gas emissions reduced / carbon stocks enhanced compared to a baseline directly attributable to mitigation or forest activities; expressed in tonnes of carbon dioxide equivalent (t $CO_2$eq)

**(2) Action People**: **Number of people directly supported by the project to adapt to climate change or to conserve ecosystems**
This indicator aims to capture the number of people who were directly supported by measures of the project. 'Directly supported' is defined here as participating in measures or receiving assistance by the project. This indicator captures e.g. the participation in trainings/workshops, the use of new methods (like improved agricultural practices), the beneficiaries from benefit sharing or income generating schemes in the context of land use management (forestry, agriculture etc.), inclusion into early warning systems and others. The indicator covers the people directly supported in the sense that they are targeted directly by the project (i.e. with resources of the project; including financial/in-kind-contributions and co-financing by project partners). The attribution to the project should be obvious

**(3) Action Ecosystems**: **Area of ecosystems improved or protected by project measures**
This standard indicator aims to capture the spatial scope of direct project benefits for marine, coastal and terrestrial ecosystems.
While it does not measure the quality of benefits, it includes only the area, for which project measures have resulted in one of the predefined improvements (see project proposal section 7). Hence, the reported area for the indicator does not simply equal the accounting area of the project. Measuring unit is either hectares (ha) or for coastal projects: km of coastline protected / managed.

The three **capacity indicators** for IKI Small Grants projects are:

**(1) <u>Capacity Policies</u>**: **Number of new or improved policy frameworks developed to address climate change and/or conserve biodiversity.**
This indicator aims to capture the contribution of your project to the development of new public policy and legal frameworks and/or to the improvement of existing policy frameworks to address climate change and/or to conserve biodiversity.

Typical project activities are for example: sector specific management plans, new directives, bills, draft-laws and laws addressing climate change/biodiversity, or risk reduction strategies. However, this indicator does not include for example: early immature drafts of policy frameworks, mere preparative activities such as workshops or best practice analyses.

**(2) <u>Capacity Institutions</u>**: **Number of new or improved institutionalised structures or processes to address climate change and conserve**

This indicator measures the contribution of your project to the development of new institutionalised structures and processes and/or to the improvement of existing structures and processes to address climate change and conserve biodiversity. This may also include the integration of climate change issues into structures which have not addressed climate change. Institutionalised structures and processes are public or private networks, coordination and management structures, knowledge exchange platforms and processes within institutions.

**(3) <u>Capacity Methods</u>**: **Number of new or improved methodological tools developed to address climate change and conserve biodiversity**
This indicator measures the contribution of your project activities to the development of a new or improvement of an existing tool to address climate change and conserve biodiversity. A methodological tool is defined as a widely applicable instrument which is used for the specific purpose to generate and improve knowledge about climate mitigation, adaptation, forestry/land-use or biodiversity, by making relevant information accessible. Typical activities include those related to the development of the collection and harnessing of data - e.g. in the form of databases for GHG emissions, $CO_2$ sequestration potential, emission inventories, the development of structured procedures and systems as well as early warning systems, MRV systems, or multi-applicable teaching methods in the form of new curricula and teaching material or webinars on climate change and biodiversity protection themes.

# 9. Glossary

**Action indicators**  Generic term for those IKI → standard indicators, which capture direct project results regarding the mitigation of GHG-emissions, adaptation to the effects of climate change or the conservation of biological diversity.

**Baseline**  A baseline serves as a reference value for an indicator. Comparing a current value of the indicator with the baseline reveals the changes achieved by the project.

**Capacity indicators**  Generic term for those IKI → standard indicators, which capture project results regarding the improvement of capacities to reduce GHG emissions, to adapt to climate change or to conserve biological diversity.

**Gantt chart**  Project planning instrument for scheduling the implementation of activities as well as the attainment of milestones, outputs and outcome.

**Means of verification (of sources for indicators)**  An appropriate source for an indicator including a concrete means of verification is determined in the project planning phase and provides the basis for the data that is to be reported for the indicator and for its verification.

**Milestone**  A defined interim result on the basis of which it can be traced whether a defined result, product, service or output will be achieved on schedule and/or in adequate quality.

**Outcome**  The actual goal of the project, i.e. the intended changes related to mitigation of climate change, adaptation to the effects of climate change or the conservation of biological diversity that can be directly causally attributed to the project. In any case, this also comprises the process of change that intermediaries and target groups go through when they make use of the projects → outputs.

**Outputs**  Products, goods, services, regulations or standards, as well as their use by project stakeholders, which have been produced or provided as a result of the implementation of project activities. The combined use of the project's outputs contribute to the attainment of the project outcome.

**Project-specific indicators**  Project-specific indicators serve as contractually binding benchmarks for measuring goal attainment and, hence project success. They specify the outcome and outputs of IKI Small Grants projects.

**Result**  Denotes a change that is brought about by the IKI Small Grants project. Results may be intended or unintended, expected or unexpected, positive or negative. The outcome is an intended, positive result.

**Results-based monitoring**  Regular and systematic observation and documentation of project progress and effects based on the → project-specific indicators and the → standard indicators. The project's success can therefore be measured based on (1) what has been done (monitoring of activities and outputs) and (2) what changes have been caused by what has been done (outcome and impact).

**Safeguards (system)**  Ecological and social principles, (minimum) standards and criteria for project planning and implementation.
The IKI Small Grants Safeguard system is a tool to avoid and mitigate harm to people and the environment during the implementation of a project. Therefore, applicants have to assess during the planning and execution phase, whether the implementation of the project has the potential to cause harm respectively negative impacts.

**SMARTness**  The acronym SMART includes five criteria, which a solid indicator has to fulfil in order to ensure its function as a monitoring-instrument: It has to be **S**pecifically (unambiguously) formulated, **M**easurable, **A**chievable, **R**elevant as well as **T**ime-bound.

**Standard indicator**  Standard indicator is the term for a rather generic indicator, which apply to all IKI funded projects. Standard indicators aim to report on identical types of impacts across all projects. There are two types of standard indicators: → <u>action indicators</u> and → <u>capacity indicators</u>. Both types contain three different standard indicators each.

**Target group**  Individuals, social and institutional stakeholders that the project intends to reach, or which comprise the focus of the outputs and outcome.