

Annex 2: Cost items eligible for grant-based funding under Pillar III

A. Eligible cost categories

The following table presents cost categories and examples of specific items that are eligible for funding from the ISF grant provided under Pillar III. The list serves as an indicative framework; it is not exhaustive and will be subject to revision throughout the lifespan of the ISF. Questions as to the eligibility of individual cost items should be raised with the Fund during the development of the Concept Note or at latest during the development of the Full Proposal (for inquiries, please contact info@insuresilience-solutions-fund.org).

| Eligible cost categories | Examples |
|---|---|
| Investments in infrastructure¹ | Establishment of light weather stations, development of sound database and establishment of technological infrastructure (i.e. underwriting platform), mobile payment devices, mobile phone applications, tracking tools, acquisition of project specific hard- and software |
| Project management | Staff implementing the project (i.e. implementing staff based in the country(ies) and devoting ≥25% of their time to the project) ² , staff coordinating the project, travel costs, office supplies, etc. |
| Product development | Development of new risk models (hazard, vulnerability, exposure), technical product design incl. actuarial services, development of risk / hazard maps, pricings, aggregation of risk data, data collection, feasibility assessments, demand surveys, development of insurance policies, etc. |
| Product distribution & implementation | Development of distribution channels, trainings for local support agencies/ partners, awareness campaigns, multi-stakeholder coordination, workshops, peer reviews, premium financing ³ |
| Reporting, auditing, monitoring and evaluation | Costs for sound reporting, monitoring and verification, financial auditing, surveys to track results |
| Professional services – Legal and consultancy services⁴ | Assessment of regulatory framework, legal advisory as well as required consultancy services (e.g. for the development of insurance policy framework), financial auditing by 3 rd party |

¹ Installations should not exceed **five square** metres.

² If technical expertise can be demonstrated, implementation staff can be budgeted to deliver specific work packages that would otherwise be outsourced to consulting companies / third parties. Relevant information on staff, expertise and experience with similar projects has to be provided in Annex D of the Full Proposal.

³ Funding requested for premium financing should be limited to the short/ medium-term geared to facilitate the market introduction and product establishment phase. Furthermore, a convincing phase-out strategy or a credible concept for long-term subsidisation from other sources than ISF is presented. Financing for premiums can only be requested for a minor share to the total ISF project costs.

⁴ Third party assignments must be in accordance with the Procurement Guidelines provided by the Frankfurt School of Finance and Management.

The following will NOT be considered appropriate for funding through the InsuResilience Solutions Fund:

- Extended infrastructure investments (e.g. physical installations exceeding five square meters);
- Measures having a direct ecological or socio-economic impact (e.g. purchase of fertilisers, implementation of livelihood activities, agricultural extension services);
- Funding requests where insurance development activities are representing only a minor fraction of the overall budget, e.g. financing of premiums (stand-alone);
- Measures not having a direct linkage with establishment, surveillance, monitoring or sustainability of an insurance product;
- Education and acquisition of formal qualification in general disaster / climate risk management;
- Taxes and levies of all kind⁵;
- Basic research work (without a strong practical orientation or reference to the application with respect to the project)

B. Coverable time period of eligible costs & own contribution

All costs occurring within the implementation of the ISF project are eligible for ISF co-funding, if and only if these cost items are approved as eligible costs by ISF committees. Expenses and in-kind contributions occurring before the starting date of the ISF project are considered as ineligible.

Own contributions may include own resources (in-kind), own funds (financially) or co-financing from other donor(s) to cover eligible cost items (see table, page 1).

In-kind contributions in form of goods / products, whose ownership and property rights will be transferred to the project / Project Partners might only be accounted for in special cases. However, if approved, costs associated with these goods / products can only be reflected in terms of license or rental fees (based on comparable market rates) which would occur over the relevant implementation period of the ISF project.

In case of co-financing from other donors, please indicate if this has already been secured. Funds which have already been used or sunk costs cannot be accounted for as own contribution. Resources received from donors to the ISF (currently the Federal Republic of Germany only) do not qualify as own contribution.

⁵ Principally, project costs shall not include any taxes to be paid by the Project Partners. The only exception is the non-refundable VAT paid by the Project Partners or a Project Partner to sub-contractors/third parties for services provided within the context of the project.

C. Indicative daily rates

| Years of professional expertise | Local expert | International expert |
|---------------------------------|--------------|----------------------|
| < 5 years | 100-200 EUR | 350-450 EUR |
| 5 years <> 15 years | 200-350 EUR | 450-600 EUR |
| >15 years | 350-500 EUR | 600-950 EUR |

Daily rates should reflect expertise and position of the respective personnel as well as regional/ local market rates.

Daily rates above EUR 950 EUR per day for international experts and EUR 500 EUR per day for national experts will only be accounted for in case these rates can be substantiated based on additional documentation and validation of expertise.

D. Indicative funding request rates

| Insurance approach (beneficiaries benefit directly or indirectly) | Indicative ISF funding request rates (in EUR) | |
|---|---|---|
| | Insurance product new / not yet piloted | Insurance product already piloted / existing |
| Micro level | 600,000 | 900,000 |
| Meso level | 900,000 | 1,500,000 |
| Macro level or mixed approach | 1,250,000 | 2,500,000 |