

ANNEX 2: COST ITEMS ELIGIBLE FOR GRANT-BASED CO-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, etc.
Project management	Staff coordinating, managing and implementing 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, development of insurance policies, etc.
Product distribution & implementation	Development of distribution channels, enrolment and registration of end-beneficiaries, trainings for local support agencies / partners, marketing material, awareness campaigns, workshops, peer reviews, premium financing, ² etc.
Reporting, auditing, monitoring and evaluation	Costs for sound reporting, monitoring and verification, financial auditing, surveys to track results
Professional services – Legal and consultancy services³	Assessment of regulatory framework, legal advisory as well as required consultancy services (e.g. for the development of insurance policy framework), financial auditing by third party

[1] Installations may not exceed five square meters.

[2] 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 and should not exceed 30% of the funding requested from ISF.

[3] Third party assignments must be in accordance with the Procurement Guidelines provided by the Frankfurt School of Finance & 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, planting trees, implementation of livelihood activities, general agricultural extension services);
- Funding requests where insurance product related activities represent only a minor fraction of the overall budget, e.g. financing of premiums (stand-alone);
- Measures not having a direct linkage with the establishment, surveillance, monitoring or sustainability of the Climate Risk Insurance product in question;
- Education and acquisition of formal qualification in general disaster / climate risk management;
- Staff costs for government officials;
- Indirect (not output related) costs of more than 25% of total ISF project costs;
- 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 effective date of the Grant Agreement (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, specifically the Federal Ministry for Economic Cooperation and Development) do not qualify as own contribution.

ISF funding can only be provided in the form of reimbursements. Any type of advance payment of ISF funding is not possible. Project-related costs occurred during the implementation of the ISF project, i.e. starting with the effective date and ending with the expiration date of the Grant Agreement, can be reimbursed up to four (4) times per calendar year based on the reporting of the project's progress.

[5] Principally, project costs shall not include any taxes to be paid by the Project Partners. The only exception is the nonrefundable 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	300,000 - 600,000	500,000 - 900,000
Meso level	400,000 - 900,000	500,000 - 1,200,000
Macro level or mixed approach	700,000 - 1,200,000	1,000,000 - 2,500,000