



## **Notes on grants from the Federal Ministry for Economic Cooperation and Development (BMZ) for funding projects under the BMZ budget item ‘crisis management, reconstruction, infrastructure’ (KWI, *in German*) (generally referred to as ‘Transitional Development Assistance’ or ‘TDA’ for short)**

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### **1. Brief description / objective of the budget item**

The aim of TDA is to boost the resilience of people and local structures to the effects and consequences of crises such as violent conflicts, disasters, epidemics, and financial and economic crises. They are empowered to cope with crises on their own and to effect structural changes to overcome recurring stresses in the long term (see also Transitional Development Assistance strategy, <https://www.bmz.de/en/issues/transitional-development-assistance>).

### **2. Submitting an application**

These notes do not form part of the funding guidelines or the auxiliary provisions, but rather are designed to aid and guide grant recipients in drawing up the outline/application and implementing the project.

The application process will be divided into two stages from 2024 onwards. The first stage will see NGOs **submit an outline** before submitting, in the case of positive feedback, the corresponding application in the second stage. The **idea submission stage has been eliminated**.

As a rule, outlines must be prepared **in German**, though English outlines may be considered in individual cases. However, all applications must be submitted in German. They must also contain all the information required for a decision on eligibility under the development cooperation funding regulations and assessment of foreign policy aspects.

### **3. New funding guidelines**

**New funding guidelines on ‘crisis management, reconstruction, infrastructure (KWI, *in German*)’** will enter into effect on 1 January 2024. They contain a number of changes and can be viewed in their entirety in the other annexes. Below is a brief summary of the key changes:

- **Partial financing** (proportional or shortfall financing) **will become the rule**.
- **Full financing will be the exception** in cases where it can be demonstrated that partners have no funding of their own, such financing can be justified in the project outline/application, and the intervention is **very firmly in the interest of the German Government**.
- **Updates to direct project expenditure**. This includes: insurance; cash and voucher assistance; travel expenses; preparation measures; public-relations work; external auditing.
- **A 10-per-cent lump-sum allowance for administrative costs**.
- **We enhance the ability of our partners to take action in fragile contexts**. Gender, resilience, risk and security analyses, monitoring and evaluation are thus funding-eligible expenses.
- We continue to enable **more flexible project management** by employing proven processes for redistributing up to 30 percent of the approved budget.

The funding guidelines supplement and are thus subordinate to the administrative regulations of the BHO. Please feel free to email us at [uebergangshilfe@bmz.bund.de](mailto:uebergangshilfe@bmz.bund.de) if you have any further questions or comments regarding the 2024 funding guidelines.

### **4. Eligible applicants**

Eligible applicants comprise project executing agencies that are already receiving funding via the KWI budget item, that have been successfully audited for receiving KWI budget item funding, or that possess extensive experience in crisis contexts and have been approved as private executing agencies.

The latter must also undergo a KWI executing agency audit, for the purpose of which they should contact [uebergangshilfe@bmz.bund.de](mailto:uebergangshilfe@bmz.bund.de)). The audit must be completed by the time the application is submitted at the latest.

## 5. Funding type and amount

- Minimum funding amount: EUR 3,000,000
- Minimum project term of three years, maximum of five years – funding from 2024-2028 financial years. Project terms beyond 3 years are explicitly desired.
- Funding top-ups are permitted only in justified individual cases.

## 6. Criteria for funding non-governmental executing agencies

Generally speaking, projects related to a single country can be allocated funding only if that country is listed in the KWI NGO Call 2024 (see details and country-specific information in the downloads area). The regulations for regional projects are listed under 7. Regional and consortium projects.

The four fields of action for TDA projects are:

- Food and nutrition security
- Disaster risk management
- Rebuilding basic infrastructure and services
- Peaceful and inclusive communities

In order to improve the livelihoods of people affected by crises as sustainably as possible, TDA projects are usually **multi-sectoral** and cover **several fields of action**. Measures for **sustainable income generation** (including those that go beyond cash and voucher assistance (CVA)) can be used as a cross-cutting theme in all fields of action.

TDA projects are designed to strengthen or create state and/or civil society structures and to boost the resilience of the target groups and local structures. The project outline must therefore clearly describe how the proposed project contributes to **building structures and boosting resilience** at individual, household, community and/or institutional level, It should also make plain which target groups and/or institutions are to be strengthened to overcome the crisis, which risks they are exposed to, and which sectors and capacities are to be promoted to strengthen resilience.

When it comes to implementing resilience-strengthening measures, the **humanitarian-development-peace nexus** is a guiding concept. Specific **NEXUS projects** that include components for BMZ/KWI, the Federal Foreign Office/humanitarian assistance or stabilisation will be clearly marked in the project outline. This also applies to NEXUS projects in planning. It is necessary in this context to submit not only the outline form, but also the nexus chapeau form (either with the outline or, at the latest, with the application).

Innovative approaches are desired when it comes to the proposed instruments and measures. The added value of the innovative approach for the target group should be clearly indicated in the project outline.

Requirements that should be met in the further design process:

- The problem and the contribution of the project to **building structures and strengthening resilience** must be described, along with the intended impacts, including in particular
  - the reason and need for the funding measure and the justification for the scope and combination of interventions and the group of beneficiaries. Explicit reference must be made to relevant sources of information (FAO early warning system, WFP market and price monitoring, reports by the EU, UNHCR, German missions abroad, appeals for assistance by international organisations, requests for assistance by the partner country);
  - whether and, if so, how the project fits into an overall concept coordinated at national and international level;
  - how coordination is ensured with corresponding assistance measures of the relevant local institutions of other donors;

- **Cooperation with local partners** and non-governmental organisations is expressly desired in order to develop their capacity and ensure sustainability. Implementation without these local partners should be carried out only in justified exceptional cases. The partner/executing agency structure is shown in the outline/application.
- The special requirements and capacities of **persons with disabilities** are taken into account and addressed on a differentiated basis; positive impacts of the projects on **gender equality** and the inclusion of particularly **vulnerable population groups** (e.g. elderly persons, ethnic and religious minorities) are identified and corresponding components are promoted. Aspects of gender and inclusion are taken into account in the description of the context and the needs and potential of the target group, in the selection of target groups, and in the presentation of the measures. Against the backdrop of the BMZ feminist development policy ([www.bmz.de/en/issues/feminist-development-policy](http://www.bmz.de/en/issues/feminist-development-policy)), the gender portfolio in particular is to be strengthened in qualitative and quantitative terms. Projects meeting the qualitative requirements for a GG 2 designation are expressly desired.
- Preparatory analyses:
  - In line with the Strategy on Transitional Development Assistance (2020), projects are designed on the basis of a resilience analysis, a gender analysis and, in countries with increased or acute potential for escalation, a peace and conflict analysis (PCA). All three analyses can be interlinked, though account should be taken in the process of their **different objectives**.
  - More information on the gender analysis can be found in the annex on gender equality (Annex 5).
  - From 2024 onwards, it will be mandatory to conduct a **Resilience analysis to inform the portfolio design**. This provides the foundation for deriving clear goals and potential impacts on efforts to boost resilience. On this basis, the resilience strategy should constitute the common thread running through the entire project cycle. This also includes the development of a theory of change and corresponding indicators, drawing on the needs and opportunities identified by the resilience analysis, pinpointing the target groups to be addressed and outlining the scope of activities for boosting their resilience.
  - In addition, in countries with an increased or acute potential for escalation, a **peace and conflict analysis** (PCA) must be carried out for each project. The grant recipients are free to choose the tool of their preference for the PCA. Full account must be taken of the do-no-harm approach, i.e. there must be a comprehensible, well-substantiated description of how potential negative impacts of the project can be identified at an early stage and which strategies would be effective for minimising these impacts.
- A description is provided of how the **impacts** of the planned project will be measured. (External) evaluations – in particular final evaluations – and other assessments of impact are expressly desired. In addition to conducting evaluations in the TDA portfolio, it is important to consult existing evidence, including that from external scientific studies, when planning projects. This means that evidence should be consulted from the analysis phase onwards and presented as a basis for selecting activities. It is important to note in this context that evidence should not be considered as a blanket recommendation for specific interventions, as the right interventions for a specific country or region depend heavily on the particular context. To enable the continued use of monitoring and evaluation findings after the project has ended, BMZ encourages its implementation partners to not only publish evaluation reports, but also to write up results, lessons learned and examples of good practice. Evidence gap maps, overviews of existing and ongoing studies, systematic reviews, and meta-analyses summarising the evidence available for a particular approach are all useful sources for providing an overview of evidence in specific topic areas.
- There must be a **handover strategy** in place to safeguard the sustainability of the project results achieved.

## 7. Regional and consortium projects

In the coming cycle, BMZ is especially interested in supporting alternative types of application. These include **regional projects** that strengthen operational flexibility and effectiveness for addressing cross-border crises.

Regional projects also comprise cross-border initiatives with links to a country on the current list of countries, provided that such projects include a regional and substantive link to the components and target groups in the focus country (e.g., implementation in bordering regions of different countries). Variation in content between the components is possible in exceptional cases and should be well justified.

Additionally, support will be provided to projects for several countries within a single region that do not involve cross-border implementation if this adds value in terms of building structures and strengthening resilience in a regional context. As a rule, such regional contexts should involve countries on the country list. Exceptions can be considered where there are substantive benefits.

**Consortium projects** can also help to achieve better results in fragile contexts. These initiatives entail several eligible applicant NGOs submitting a joint outline or application. A consortium project can pertain either to a country or a region. One of these applicant NGOs must bear responsibility for coordinating the project and is accountable to BMZ. The project is implemented jointly by the different executing agencies. Tasks can be allocated flexibly among the consortium partners, for instance, by sector or region/country. The allocation of tasks should be clearly stipulated in the outline or application.

Working together in a consortium enables implementation partners to leverage their respective expertise and involve smaller NGOs, which for example, would not meet the requirements for the minimum funding amount on their own. This serves to diversify the stakeholder landscape for implementing TDA. Cooperation within a consortium also makes it possible to implement larger, more innovative projects, in many cases across a broader range of sectors.

**Consortium projects** and **regional projects** should be flexible in design to allow them to adapt to fragile contexts. This requires that they meet the financial flexibility criterion (30-per-cent margin within the individual items in the project budget) and observe the four-month expenditure deadline.

#### **8. Appropriateness and conformity with local standards**

All measures must be appropriate and in conformity with local standards. They should focus on prevention, serve to restore livelihoods and specifically target conflict and disaster.

#### **9. Choice of instruments**

The instruments deployed in TDA must be adapted to the **specific crisis situation** and can be used either separately or in combination so as to maximise effectiveness in each individual case. If relevant, measures should be integrated within an overall concept agreed to at national and international level and there should be ongoing coordination with relevant assistance measures implemented by the authorities in the crisis country and by other donors. In general, use should be made of resources available locally or regionally.

#### **10. Deployment of consultancy firms**

The grant recipient must meet certain criteria in accordance with 4.1.2 of the funding guidelines. These specify that the implementation and management of the measures are, naturally, amongst the primary tasks of the grant recipient and their local partners, i.e. cannot be outsourced to consultancy firms.

#### **11. Recurring costs/ lump-sum allowance for administrative costs**

Recurring costs must be in appropriate proportion to the operational costs of the project, and it must be possible to prove that they are related to the project. The 10-per-cent lump-sum allowance for administrative costs does not absolve the grant recipient of their duty to document evidence. An auditor from the NGO usually confirms the appropriateness of the lump-sum allowance (see. paragraph 54 of the FR)

#### **12. Grant eligibility of staffing costs**

The application must outline in detail why there is a need to deploy staff. Expenditure on staff must be in reasonable relation to total project expenditure. Pay for local staff must be appropriate and in conformity with local standards. This is to be confirmed by the German mission abroad or another recognised body (e.g. chamber of commerce).

The safety of deployed staff must be guaranteed as far as possible. The application should provide details of the costs of necessary and appropriate safety measures; these costs can be covered. Expenditure for seconded staff or locally based foreign staff is eligible for grant funding only in exceptional, duly substantiated cases. The applicant must, in particular, provide proof that

- either no competent project executing agency is available in the partner country, or its deployment would entail even higher costs
- or
- it would not be ensured that the funds would be used in the way intended by the grant;
  - the experts have the personal and professional skills required for the work they are to perform and have been properly prepared for their deployment abroad.

The remuneration must not be higher than that paid to government employees in Germany under the Collective Agreement for the Public Service (Tarifvertrag für den öffentlichen Dienst – TVöD). No other payments above or beyond what is covered by the wage agreement are to be paid.

### **13. Reporting obligations for grant recipients**

Under the General Administration Regulations on Section 44 of the BHO and the funding guidelines, the grant recipient is required to notify BMZ immediately should certain events transpire. Furthermore, it must report any changes in the current situation in the project region and changes in the political situation in the project country that have a direct impact on implementation of the project. Wherever this involves an increase or decrease in funding requirements or significant project changes are envisaged, an appropriate application must be submitted. **From 2024 onwards, top-ups applications will only be approved in justified exceptional cases.**

### **14. Principle of economy**

Notwithstanding the funding ceilings and options provided in the funding guidelines, approval can be given only to recipients of the sums absolutely necessary for a specific project. Grant recipients may avail themselves of funds only to the extent absolutely necessary to achieve the goals of the project in question. Particular care should be taken to make use of all available tax benefits (e.g. exemption from value-added tax in Germany and abroad).

### **15. Appraisal of need and appropriateness**

By submitting an application, the applicant warrants that they have reviewed the staffing, financial, and material resources required to implement the project in question – taking account of the services provided by themselves, the partners and/or third parties. It also warrants that expenditures are appropriate, that the project is feasible technically, and that, where relevant, the funding of the entire project is assured.

### **16. Accounts**

All revenues and expenditures associated with the project must be recorded by the grant recipient in a separate set of accounts kept in accordance with the basic rules of proper accounting. If necessary, a separate bank account is to be opened. Any deviations must be reported.

### **17. Repayment to the Federal Cash Office**

Where repayments are made to the Federal Cash Office (Bundeskasse) in Halle (e.g., unused funds, debit interest), the cash reference code assigned to the grant recipient must always be entered on the bank transfer form.

### **18. Agreement with in-country project executing agencies**

The applicant/grant recipient is responsible for the proper implementation of TDA measures in accordance with legislation on grants. It may therefore be advisable for an agreement to be concluded with the in-country project executing agency. Using its judgement in a responsible way, the grant recipient must appraise in each individual case whether it is possible to dispense with such an agreement and how it can be ensured that measures are properly implemented.