Procedural provisions

(Extract from the
DBU funding guidelines)

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Procedural provisions

I. Principle

In order to fund projects with the purpose of protecting the environment, the independent, non-profit German Federal Environmental Foundation (DBU) must ensure that the funds granted for this purpose are utilised in an economic, appropriate way. By accepting the funding, the funding recipient recognizes the procedural provisions.

II. Purpose of funding

(1) Industrial development is growing around the globe. In recent years, this has resulted in greater risks to the environment and human health, which have become increasingly apparent. Preserving the health of the environment has become one of our primary socio-political responsibilities. For this reason, we must support efforts to research and develop eco-friendly and safe processes and products as much as possible. Subject to the applicable regulations on state funding laid out by the European Commission, the goal is to help small and medium-sized enterprises, in particular, to make a greater impact as a key element of the social market economy to solve environmental challenges. The DBU wants to contribute to the achievement of these goals.

(2) The DBU can fund projects in neighbouring European countries with a focus on Central and Eastern Europe. Additional funding can be provided in individual cases. The funding recipient's offices must be located in the Federal Republic of Germany.

(3) The DBU generally funds projects outside of government programmes; it can also supplement this government funding. Basic research is generally not funded.

III. Object of funding

(1) In accordance with the Act to establish the Federal Foundation »German Federal Environmental Foundation« from 18 July 1990 and the statutes from 10 August 1990 in the version from 8 September 2010, the DBU supports mainly SMEs, focussing in particular on:

- Research, development and innovation in the areas of eco-friendly and safe processes and products, with a particular focus on small and medium-sized enterprises;

- The exchange of knowledge concerning the environment between science, economy and other public or private bodies, as well as project for dissemination of environmental knowledge;

- Conservation and protection of nationally valuable cultural assets from harmful environmental effects (pilot projects);

- Conservation and restoration of the national cultural heritage (projects of outstanding national significance).

To concretely state the purpose of the Foundation, the DBU has defined funding topics.

(2) The law establishing a foundation »Deutsche Bundesstiftung Umwelt«, the statutes as well as the guidelines for funding in the respective applicable version form the basis for the project assessment.

IV. Funding recipients

(1) Natural persons and legal entities under private and public law are eligible to apply for funding, whereby small and medium-sized enterprises are given priority in terms of companies receiving funding (SME priority). The currently valid recommendation of the European Commission serves as the definition of small and medium-sized enterprises.

(2) The funding recipient must fulfil the necessary prerequisites and have the required skills and capabilities to complete the project.

(3) Applicants are not entitled to be granted funding.

(4) If such entitlement arises once approval has been granted, this entitlement is non-transferable and unseizable.

V. Type and scope of funding

1. Type

(1) Funding is generally granted in the form of an earmarked, non-refundable grant.

(2) The grant can be issued as project funding in the form of partial, fixed-sum or match funding.

(3) In justified cases, the funding can be issued as a loan or guarantee.

(4) The funding is generally determined on the basis of the overall project costs by granting a flat-rate overhead surcharge (project-related indirect costs). The funding recipient generally has to provide an own contribution as well.

(5) Expenditure-based funding is possible for universities and public bodies that receive government funding. In this case, the project costs will be determined on the basis of the project-related expenses that are not already covered by the base funding. The funding can cover up to 100 % of the project costs.

2. Scope

(1) The size of the grant is determined based on the project and the applicant. For collaborative projects, each project partner is considered individually in terms of the type of funding and the funding amount. For the amount of funding for companies, the respective applicable regulations on state funding laid out by the European Commission serve as the upper limits.

(2) The type and maximum amount of funding is specified in the letter of approval. As a rule, the funding amount and own contribution of co-financed projects are reduced proportionally if the eligible project costs are reduced over the course of the project.

(3) The final funding is generally limited by the actual financing needs, which must be demonstrated as part of the project accounting. The actual financing needs are determined by subtracting the project-related revenue obtained (e.g. third-party funding, sponsorships, income from conferences) from the costs that were actually incurred over the course of the project and the purchased non-cash services (e.g. volunteer work). The amount of the grant must correspond to the additional net costs (funding gap) required to achieve the objective of the grant, as incurred in comparison with the counterfactual scenario in which no grant is awarded.

(4) For funding in the form of a loan or guarantee, the conditions are determined on a case-by-case basis and laid out in the letter of approval.

(5) If loans are granted, the DBU can waive restitution for cause (e.g. if one of the goals of the project is not met).

3. Earlier start date

As a rule, the DBU will not provide funding to projects that are already underway. An earlier start date may be approved upon request in exceptional cases. The request must be justified.

4. Institutional funding or funding from multiple sources

(1) The DBU does not offer institutional funding.

(2) Projects that are subsidised with public funding will generally not receive DBU funding. In justified cases, cumulative funding may be approved.

VI. German Environmental Award

(1) Every year, the DBU awards an environmental prize. It can be distributed among multiple recipients.

(2) The DBU Board of Trustees decides who will receive the German Environmental Award.

VII. Application procedure

1. Project outline

(1) Applicants have the opportunity to submit a short description of the project (project outline) to the DBU Branch Office before submitting their application.

(2) If the project outline receives a favourable review, the DBU Branch Office will ask the applicant to submit a concrete proposal.

2. Project application

(1) Applications for funding must be addressed to the DBU Branch Office.

At a minimum, they must include information about:

- funding recipient;
- subject matter and objective of the project;
- the status of the related knowledge/ technology;
- estimated cost of the project;
- budget broken down by cost type;
- type of financing;
- finance plan;
- type and scope of measures;
- start and duration of the project;
- continuation of the project;
- financial aid from other funding programmes.

(2) The DBU can also hire external reviewers to evaluate project proposals. The reviewers are obliged to keep the project proposals confidential. Applicants who do not wish for certain reviewers to be used must inform the DBU accordingly. Project proposals and all additional required information can also be transferred to the reviewers electronically.

(3) Project proposals and outlines along with all information subject to data protection laws will be kept confidential by the DBU.

(4) You can find more detailed information about the application process on the DBU website at **www.dbu.de/en**.

VIII. Decision on the awarding of funding

The DBU Board of Trustees decides who will receive funding. It can also delegate decisions to the Secretary General.

IX. Funding withdrawal, general information on management

1. Funding withdrawal

(1) The approved total funding amount is generally disbursed in instalments, whereby the payment date and amount depend on the project progression. To avoid interest losses, the DBU generally only transfers funds at the point when they are required for the purpose of the grant.

(2) Funding may only be used in accordance with the current stage of the project. Failure to observe this rule will result in the recipient having to reimburse the DBU for funds lost due to interest losses resulting from premature utilisation. The DBU may demand that recipients return any funds utilised prematurely.

(3) As a rule, once the first instalment payment has been disbursed, every additional funding instalment will only be made available when the utilisation of the funds that have already been disbursed as well as the corresponding proportional own contribution has been demonstrated.

(4) The funding recipient shall inform the DBU Branch Office in writing as to the desired amount of the respective funding instalment as well as the desired payment date in advance.

(5) In general, funds will only be disbursed to the funding recipient. For collaborative projects, the grant recipient shall receive the funding intended for their project partners and is responsible for transferring the funds accordingly.

(6) As a rule, the DBU will only transfer requested amounts to a German bank account specified by the funding recipient.

(7) The funding recipient is responsible for ensuring that the funds are used for the stated purposes.

(8) The approved funding is not tied to a financial year and does not expire at the end of the calendar year.

2. Efficiency and economy

(1) The funding recipient is obligated to complete the project on schedule.

(2) The funds may only be used to achieve the objectives laid out in the letter of approval. The funds must be used efficiently and economically.

(3) In cases of unforeseeable or overlooked increases in the cost of the project, the DBU can, in exceptional cases, increase the available funding upon request (supplementary funds). The request must be justified.

(4) Any funding that is not required to complete the project or that is not utilised over the course of the project must be returned no later than with the final proof of use.

3. Duty of disclosure

(1) The funding recipient is obligated to disclose the current status of the project to the DBU at any time upon request.

(2) The funding recipient is obligated to allow the DBU or its representatives to inspect the project.

X. Project costs

1. Cost plan for approval

The project must be carried out in accordance with the framework of the approved cost plan (appendix to the letter of approval). For collaborative projects, each project partner is generally assigned an own cost plan in the letter of approval.

2. Cost types

(1) In general, the cost plan is divided into the following cost types:

a) Cost-based funding:

- Personnel costs (gross salary)
- Overhead costs (project-related indirect costs)
- Material costs
- Third-party services
- Travel expenses

b) Expenditure-based funding:

- Personnel costs
- Material costs
- Third-party services
- Travel expenses

Additional project-specific cost types are also possible.

(2) More detailed information and notes on the individual cost types are available on the DBU website at **www.dbu.de/en**.

3. Cost budgets

In the cost plan, every cost type is assigned to a budget (target costs). The budgets represent upper limits. In total, they represent the approved overall costs.

4. Deviations from the approved budget

(1) If the cost plan contains budgets for multiple cost types, the individual cost budgets can be increased by up to 20% as needed in order to achieve the approved project aims. The increased costs must be balanced out by reducing other costs, or must be covered by the funding recipient as an additional own contribution. The DBU Branch Office may approve additional changes upon substantiated request (reallocation).

(2) Reallocation of costs and funding between project partners is only possible in exceptional cases. Requests must be submitted with justification and must be approved by the DBU. The framework of state aid law must be observed.

XI. Rules regarding ownership

1. Rules regarding ownership for movable objects

(1) Movable objects that are purchased with the approved funds shall become the property of the funding recipient. With good reason (e.g. transfer to a different project), the DBU reserves the right to request a transfer of ownership to a body specified by the DBU or to the DBU itself.

(2) The objects are to be recorded in inventory lists as long as they are not consumables or mobile devices that are classified as low-value assets under the corresponding tax guidelines.

(3) Pending prior approval from the DBU, the funding recipient may sell off the objects once they are no longer required for the project.

(4) The share of sales proceeds commensurate with the funding amount must be repaid to the DBU, or otherwise used to benefit the Foundation in agreement with the DBU.

2. Rules regarding ownership for land parcels and buildings

(1) The funding recipient becomes the owner of parcels of land and buildings that he or she purchases or has built using the approved funds. In the event of misappropriation (deviation from the purpose(s) specified in the letter of approval), the funding recipient must reimburse the DBU for the full amount of the grant plus appropriate interest.

(2) In the event that the land and buildings are sold by the funding recipient, the rules implemented for movable objects [Section XI, 1, (3), (4)] apply accordingly.

(3) Upon request by the DBU, the aforementioned claim must be secured by means of entry of an encumbrance at the highest available position in the land registry.

XII. Proof of use, reports, publications

1. Proof of use

(1) The utilisation of disbursed funds and the provision of the recipient's corresponding own contribution must generally be substantiated in the form of cost statements (expenditure of use) before further funds can be made available (intermediate reports). Proof must be provided separately for each cost type by submitting verifiable documentation (generally copies of documents). The DBU Branch Office determines the preliminary state of evidence on the basis of the documents submitted.

(2) The final report must be submitted to the DBU Branch Office as soon as possible, at the latest three months after finishing the funding project. The final documentation must contain proof of all project costs that were not yet approved in the intermediate reports.

(3) All project-related revenues must also be included in the proof of use.

(4) The DBU reserves the right to inspect the proof of use in situ or to have them inspected by an auditor. The inspection can include the technical status and the economic/financial state of the project as well as of the funding recipient.

(5) The funding recipient must keep original copies for the proof of use for review by the DBU for a period of five years after completion of the project.

(6) The project is technically and financially completed upon payment of the final instalment. In the event of divergent circumstances discovered during on-location inspections, changes may still be made.

(7) The funding recipient will receive detailed information on the proof of use together with the letter of approval. This information is also available on the DBU website at **www.dbu.de/en**.

2. Documentation, reports

(1) The DBU can request that the funding recipient documents the progress of the project in accordance with the specifications of the DBU Branch Office. Costs incurred in this context are to be included in the cost plan submitted with the project proposal.

(2) A final report must be submitted to the DBU Branch Office at the latest 3 months after completion of the project. The DBU retains the right to withhold funding in the amount of up to 10% of the approved project costs that are eligible for funding until it has completed its inspection of the final report.

(3) The DBU determines the format of the report. The funding recipient must request an information sheet with more information on this topic from the DBU Branch Office in good time before the end of the project.

(4) Depending on the nature of the project, the report must

- present the project's progression as well as any particularly challenging or difficult circumstances;
- describe and evaluate the results – also in comparison with the original objectives and, if necessary, with references to follow-on questions and possibilities for implementation or application;
- inform the reader of any other circumstances that are important for assessment of the funding measures.

(5) As a rule, the report must be submitted in bound form. Moreover, the funding recipient must submit the report and the project data sheet to the DBU Branch Office as separate files in editable electronic form.

(6) In addition to these reporting duties, the funding recipient is obligated to inform the DBU Branch Office unsolicitedly of any events that could seriously impact the project. This applies, in particular, in the event that the prerequisites for completion of the project or achievement of its goals appear to be in jeopardy.

(7) Plots of land and buildings as well as larger objects [see Section XI. 1. (2)] must be labelled at a suitable location with the DBU logo (word/picture mark) and the words »Funded by the German Federal Environmental Foundation« clearly visible.

3. Publications

(1) The results of the DBU-funded project must be made available to the public, preferably in the form of publication in standard professional journals, through suitable events, or by means of inclusion in databases.

(2) Within the context of its stated aims, the DBU is entitled to utilise (also in the form of journalistic reporting) the respective project and project results (in whole or in part), including photos and any filmed footage (non-exclusive right of use). The project results can be processed electronically and sent to any bodies or organisations determined to be necessary by the DBU (also in electronic form).

The funding recipient is responsible for ensuring that the project documentation provided to the DBU (e.g. photos and film footage) are not subject to third-party rights. Should this not be the case, the funding recipient must inform the DBU Branch Office regarding the pre-existing rights.

(3) In the case of publications that are the direct result of the funded project, the following statement must be included in the imprint: »Funded by the German Federal Environmental Foundation«. The DBU logo (word/image mark) must also be used in the publication. A corresponding reference must be included in any invitations, programmes or press releases. Company or product marketing that uses the funding notice and/or the DBU logo is prohibited without the express approval of the DBU.

(4) A copy of every publication must be submitted to the DBU Branch Office, preferably in editable electronic form.

(5) Costs incurred within the context of paragraphs 1–4 are to be included in the cost plan submitted with the project proposal.

XIII. Revocation of the grant

(1) The DBU can revoke the grant if it is not utilised at least in part within one year after receiving the approval letter.

(2) The DBU reserves the right to revoke the grant and to demand repayment of funds disbursed if the funding guidelines or additionally communicated special conditions are not observed, in particular if funds are not used in accordance with the letter of approval or if the use of the funds is not substantiated.

(3) The DBU reserves the right to cease the funding of a project for a justified reason for which the funding recipient is responsible. One justified reason, for example, is insolvency. The same applies if essential preconditions for the implementation of the project no longer exist or if the objectives of the project can no longer be achieved. The reversal of the obligations entered into by the funding recipient shall be regulated by special agreement between the funding recipient and the DBU.

(4) In the event of the opening of insolvency proceedings, the liquidation or the discontinuation of the project for which the funding recipient is responsible, the DBU can demand repayment of the disbursed funding.

XIV. Participation in economic success

(1) Should the funded project generate direct economic profits, this must be reported immediately to the DBU Branch Office.

(2) In the case of project funding in the form of a grant, the DBU can demand repayment of the funding amount, either in whole or in part, from such profits. Profits of up to EUR 50,000 shall be excluded.

(3) Upon request, the funding recipient must grant third parties non-exclusive and non-transferable rights of use or enjoyment of the rights to the result and to parts of the result protected by copyright on terms customary in the industry. The extent to which the project was funded with DBU funds must be taken into account when calculating the usage fee.

(4) The project approval may contain further specifications concerning the economic rights of use.

XV. Specific obligations for the funding recipient in cooperative projects

(1) In the case of cooperative projects, the funding recipient is responsible for coordinating all project activities. He or she is accountable to the DBU in particular for the technical implementation and financial management of the project.

(2) The funding recipient must ensure that the cooperating partners are aware of and comply with these procedural provisions, the necessary components of the approval (e.g. the cost plan), and all important information for the implementation and execution of the project.

XVI. Safeguard provisions

(1) The funding recipient is solely responsible for completing the project. They are responsible for ensuring compliance with statutory provisions, official directives, and the safety and accident prevention regulations.

(2) The DBU is not liable for damage incurred during the process of completing the funded project.

(3) If the DBU incurs damage in the course of funding a project, the funding recipient shall indemnify the DBU.

(4) The DBU is in no way the employer of any employees paid from the funding. This does not apply if the DBU is the owner of the project.

(5) Should the letter of approval contain any rules that diverge from these procedural provisions, the rules in the letter of approval take precedence.

(6) The place of jurisdiction for any disputes arising from the funding contract is Osnabrück, Germany. The contract is subject to German law.