



Department
for Environment
Food & Rural Affairs



Darwin Initiative, Darwin Plus and Illegal Wildlife Trade (IWT) Challenge Fund

Financial Information: Applying for funding and running your project

April 2019

This document should be read alongside the Guidance for applicants.

This document covers all applications and projects under the [Darwin Initiative](#), [Darwin Plus](#) and the [Illegal Wildlife Trade Challenge Fund](#) including:

- Darwin Initiative (main and partnership projects)
- Fellowships (Darwin and Darwin Plus)
- Darwin Plus projects
- IWT Challenge Fund projects

This document explains:

- What budget information you need to provide in your application
- How payments will be made and how you will need to manage your budget if your application is successful. Please make sure that the process described here is compatible with how your organisation works before you apply.

Applicants should read and follow this guidance carefully when filling in the budget sheet and application form. If you do not comply with this guidance, your application may be ineligible.

Any further queries should be directed to the relevant contact (below).

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This publication is available at <https://www.gov.uk/government/collections/darwin-initiative-funding-schemes-and-how-to-apply>

Any enquiries regarding this publication should be sent to us at darwin@defra.gov.uk

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Acronyms

Darwin	Darwin Initiative and all associated funds, including Darwin Plus, unless otherwise stated
IWT	Illegal Wildlife Trade Challenge Fund, unless otherwise stated

1 Preparing Your Budget at Application stage

You only need to complete a separate Budget Form if you have been invited to submit a [Darwin/Darwin Plus/IWT](#) Stage Two application or a Fellowship application. For Partnership Projects, the budget is part of the application form.

However, you should read and understand these requirements before applying to make sure that your organisation would be able to meet them should you be successful.

You must use the budget template provided or your application will not be accepted. Do not recreate the form.

For Darwin and IWT you will need to complete all the relevant white sections of the budget form. The Stage 2 form is in Excel, and has 5 tabs.

Darwin Plus has different forms for requests under £100,000 and for over £100,000.

The Fellowship form is one page and the same form can be used for Darwin Plus Fellowships.

The non-white sections of the forms will be automatically completed with data provided, so please do not try to amend any of the formulae or links.

You may be asked for further information on your budgeted costs during the application process.

The details in the budget form should match the figures provided in the application. If there are any discrepancies, the budget form figures will be used. However, discrepancies like this will undermine confidence in the quality of your application.

Key points to note:

- A fully-costed budget must be prepared in GBP and submitted on the correct budget form.
- All projects must use a 1 April to 31 March financial year.
- The budget must cover the full duration of the project, split between financial years. The only exception is for Partnership Projects where the budget table forms part of the application.
- For applications from organisations outside the UK, the exchange rate used for budgeting and its source must be identified.
- Clearly state your project start and end dates and ensure they fit with your proposed budget. The dates for each fund are set out in the Guidance.
- You must be sure you can spend funds in the financial year you budget for them. **Changes to the budget between financial years will only be considered in exceptional circumstances, following formal agreement with Defra – further information on this is provided below.**

There should be enough space to provide the level of financial information we require. However, if you require additional lines in the form, please contact Darwin or IWT Applications identifying what changes you need. Please ensure you do this in advance of the closing date.

1.1 Staff costs

This budget line should capture all costs and payments for services relating to individuals working on the project (excluding the cost of external Consultancy inputs – see 1.2 below). Normally these will be payments made to team members for their time spent working on the project.

This budget line should capture all costs and payments for services relating to individuals working on the project. This would include:

- salary payments made to team members for their time spent working on the project. This is not restricted to those employed by the lead organisation – staff costs include **all** team members employed by the lead organisation or partner organisation(s), whose employment costs are covered in full or part by Darwin/IWT funds;
- national insurance, or other social security costs and contractual pension contributions, and other reasonable contractual employment benefits. Please do not use the term ‘fringe benefits’ – rather explain what they are.

This budget line should **NOT** include:

- external Consultancy inputs – see 1.2 below;
- provision for non-contractual bonus or any other non-contractual payment or benefit;
- the costs of local individuals making a short, very local input such as cooking for a field team or administering a workshop. These costs should be covered in the appropriate budget line, e.g. Travel and Subsistence or Operating Costs);
- any time or mark-up for the organisation’s (or partner organisation’s) general management, administration or finance function, or any other overheads.

Staff costs included in the budget should match the details you are required to provide on staff costs in Section 5 of the Actual and Final claim forms. These are available for review [here](#).

In the budget form, there is a tab called “Staff costs”, which is where the detailed information on Staff Costs should be entered. The information provided **must** include the individual’s **name** and **role** in the project; their main **location**, the period they will work on the project; the **percentage** of their time given to the project during that period and the actual cost to Darwin or IWT for their time and any costs being met from other funds.

You should be able to provide evidence of the employment costs (i.e. employment contract and payslips) and proof of actual time worked on the project (i.e. from timesheets) if requested.

Costs declared for salaries at application stage should include expected salary increments along with a projection of likely annual inflation during the course of the project, up to a maximum of 3% per annum (for all salaries, UK or elsewhere).

Defra may ask for salary charges to be reduced if levels are considered too high.

You can include PhD students on your project as staff as long as you can demonstrate they have the appropriate expertise and experience to undertake the proposed role. You should include any stipend costs on the Staff salary page and the student is free to use any income as they see fit. You cannot claim tuition fees for a PhD student direct from Darwin/IWT: it is unlikely that the project would be long enough to see a PhD through to completion.

1.2 Consultancy costs

This budget line identifies any justified 'bought-in expertise'. Defra's definition of Consultancy is: *"The provision to management of objective advice relating to strategy, structure, management or operation of an organisation in pursuit of its purposes and objectives. Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time limited. Consultancy may include the identification, or assistance with (but not delivery of) the implementation of solutions"*.

For Darwin and IWT projects this can include the contracting of anyone to provide expertise required for the success of the project, and which cannot be captured under Staff costs.

Please clearly identify who will provide the expertise or what it will achieve e.g. 'John Smith, turtle expert' or 'ABC Company, stakeholder training'.

1.3 Overheads

Under Darwin and IWT, Defra will fund actual direct project costs plus reasonable and justifiable overheads related to the project. Defra will not subsidise other activities of the organisation (or partner organisation) through over-absorption of overheads.

To be considered reasonable and justifiable, the overheads claimed must be less than or equal to the organisation's (or partner organisation's) actual overheads for the project and appropriately apportioned between all activities or projects operated by the organisation.

Defra will decide whether the level of overheads charged to Darwin/IWT is reasonable. In making their decision, Defra will consider the following:

- the proportion of overheads claimed is not greater than 20% of the project's total budget (i.e. Darwin/IWT funds plus matched funds) OR
- in the funds claimed from Darwin/IWT, the proportion of overheads claimed in any year should not be greater than 40% of the 'staff costs' budget for that year.

All other budget lines must contain only direct project costs, with no mark-up for the organisation's (or partner organisation's) overheads. For example, the 'staff costs' budget line covers employment costs (salary, employer's National Insurance Contributions and pension contributions) for the people working on the project, limited

to the time they spend working on the project. The costs of any general management, administration, or finance functions must not be covered, unless included as such.

If requested, the organisation must be able to justify that the amount claimed under the overhead budget line is appropriate and reasonable, as supported by audited financial statements and/or internal policies.

If your organisation (or partner organisation) uses full economic costing (FEC) as standard practice, Defra will accept this method to account for overheads. However, the FEC % applied cannot be more than 40% of the salary costs in the Darwin/IWT budget. Effectively, if justified by your standard internal FEC policy, up to a maximum of 140% of salary costs can be funded, 100% under the salary budget line and 40% under the overhead budget line. A copy of the formal internal FEC policy must be available if requested and the organisation must be able to demonstrate that this policy is used as standard practice by the organisation, not just applied for this project.

Defra will only accept overheads (including FEC element, overhead and/or other indirect costs) up to a maximum of 20% of the total budget.

1.4 Audit Costs

At the end of the project, for any total award over £100,000, you are required to provide an independent examination/audit of the total Darwin/IWT grant paid to the lead organisation. This is not a full scale audit of all project funds – i.e. any matched-funding will not be audited.

The independent examiner/auditor should be a full member in good standing of a professional accounting body affiliated to the International Federation of Accountants. A current audit practising certificate is not required.

A total of £2000 (maximum) can be allocated in the Darwin/IWT project budget for these costs. The amount is ring-fenced and any underspend may not be reallocated elsewhere in your budget. It is expected that most organisations should be able to organise an audit/independent examination of funds for a figure that does not exceed this amount.

The independent examiner/auditor should be provided with information accounting for the full Darwin/IWT grant. They should ensure they are satisfied that the figures are accurate and provide appropriate explanations for all costs applied, including staff costs, foreign exchange, overheads, direct costs etc. Auditors should sample back up evidence across the award, but there is no requirement to check all receipts.

The audit is of how the grantee – the lead organisation – has spent the funds. Information about how project partners have spent the funds provided to them should be in the lead partner's records. Separate audits of each partners spend are not required, though the auditor may wish to sample receipts as part of their work.

The final project spend should, as far as possible, match the budgeted spend in the high level budget lines as agreed on award and any subsequent change requests

agreed. It should also match the funds claimed by budget line in the Darwin/IWT claim forms.

The independent examiner's/auditor's letter should include the following wording. The figure quoted should match the actual total amount claimed, or provide a clear explanation if it differs significantly. Overall, the examiner/auditor needs to see sufficient detail to enable them to sign off the statement below.

Name of Organisation:

Project Title:

Project Ref No:

I have examined the accounts, records and claims relating to this grant for the period [start date] to [end date]. I confirm that the total grant monies of [£total claimed] were fully and solely expended for the purposes set out in the original application (or as subsequently agreed with Defra) and in accordance with the terms and conditions for the grant.

This audit/statement should be provided within 6 months of project end and should cover all funds provided by Darwin/IWT, **including the final claim and the audit cost**. The project's final claim should be submitted with the final report (due three months after project end) as the final financial spend is required for the final report. This allows the audit to be undertaken in parallel with the final report review so the final claim can be paid as quickly as possible.

Defra retains the right to recover or withhold funds where issues of probity, governance or control are discovered.

1.5 Travel and subsistence (T&S)

T&S costs should be clearly justified and offer the best value available. Defra may ask you to justify or reduce your T&S request if they believe it is excessive.

Your approach to T&S costs should, as far as practical, follow your own organisation's policy on the payment of T&S. Defra reserves the right to request a copy of this policy.

Your budget should identify international travel separate from local travel. Local travel may be within the country or region the project is operating in and may include necessary travel within that area. Field travel relates to costs relevant to specific, identified field trips where additional resources are required such as the hire of transport specific to the trip.

1.6 Operating costs

Operating costs are those specific to the project. For example, if you need to set up a local office for this project alone, you would show your costs here. If you have a local office that supports more than this project, we would expect to see any related project costs under Overheads.

This is also where you can budget for other project specific costs such as workshops or the hire of tents for fieldwork.

Within the space available, please ensure that any significant costs are clearly identified.

1.7 Capital costs

Capital costs are long life/high value items which may include vehicles, large pieces of equipment, and other assets, **but not the purchase of land or the erection of permanent buildings.**

Capital costs should include only expenditure on items with an expected life span of longer than the period of funding (e.g. vehicles, high value equipment, IT equipment, machinery etc.) and should never include revenue items (e.g. consumables such as printer suppliers, protective clothing, low value pieces of equipment such as flash drives etc.). We would expect that tags (used to monitor the location of fauna) to appear under 'Other costs' as they do not normally last longer than the project period, although any associated software/hardware may be capital costs. Any capital costs should represent the best value for money for delivering the project, as opposed to other approaches such as hiring or leasing.

Capital costs will typically occur early in the budget. Please consider carefully the inclusion of capital costs and their timing to provide best value for money.

Any capital items bought from Darwin/IWT funds should be used for the benefit of Darwin/IWT projects and should remain in the project host country once the project has ceased (see box below).

Capital costs paid from Darwin/IWT funds should be no more than 10% of the total grant, except in specific cases where higher capital expenditure is essential for the project and justified/explained in the application.

If your request for Darwin/IWT funds for capital costs is higher than 10%, you must provide a justification which will be considered on a case by case basis.

If you procure any items over £1,000 with Darwin/IWT funds you must obtain 3 quotes (in so far as there are enough suppliers) and be able to produce evidence of this on request. You should be able to justify your choice on the basis of cost, availability (if an item is required urgently) and suitability.

Purchases of capital equipment should be in line with the original agreed budget and any subsequent approved amendments. You will be asked to confirm the location of all capital items in your annual and final claim forms and your final report will identify what will happen to the items following project end.

If any capital item is sold, a share of the proceeds in the same ratio as the grant contribution to the total set cost should be refunded to Darwin/IWT or offset against any further approved expenditure.

Capital items after the project has finished

It is expected that capital equipment will remain with the host country partners after the project has ceased. Any capital items bought from Darwin/IWT funds should be used **for the benefit** of Darwin/IWT projects. Any items that have a longer life than the project, and which are directly relevant to the sustainability of the project, **are expected to remain available to the local partners, communities and/or stakeholders**, to ensure that ongoing work is possible. For example, this might be equipment which had been used throughout the project, for recording or monitoring purposes.

It is particularly important to consider items that had been part of training initiatives or capacity building and which can be used to allow local people **to continue the work** they had been trained in.

1.8 Depreciation

Depreciation, calculated using acceptable accounting standards, for the use of assets not specifically purchased for exclusive use on the project, may be included within claimed overheads. Depreciation should not be claimed in respect of assets which were purchased specifically and exclusively for use on the project with Darwin/IWT funds: instead, their purchase cost should be claimed as a capital cost in the year in which the asset is bought.

Any allowable depreciation, i.e. as agreed in the original budget and any subsequent approved amendments, in relation to capital items owned by the organisation which were not purchased specifically and exclusively for the project, and not covered by overhead, should be claimed under the capital costs budget line.

1.9 Monitoring and Evaluation (M&E)

M&E costs should be considered as part of your budget. In the budget form you should include the costs according to the appropriate budget line (e.g. staff costs, T&S etc.). In the application form you should demonstrate you have considered this cost and allocated adequate funds for M&E of your project. As a guide, we would normally expect to see M&E costs of between 5 and 10% of your total budget cost.

1.10 Other costs

Any project costs that do not fall under the headings above will fall under Other costs. These may include translations, publications relevant to the project objective, Open Access costs and bank charges related to transferring funds to partners.

Within the space available, please ensure that any significant costs are clearly identified.

1.11 Balance of funding between partners

Applicants should ensure that there is an appropriate balance of funding between project staff from developed and developing countries. We expect a significant amount of Darwin/IWT funding to be directly benefiting project partners and employees

from developing countries, rather than salaries and travel for project team members from developed countries.

Applicants are strongly advised to seek clear agreements with all partners (included in a Memorandum of Understanding (MoU) as appropriate) on levels of funding required by respective partners and how funding will be routed and spent.

At a local partner's request, it is acceptable for the lead applicant to include funds within 'their' part of the budget to cover local partner costs. This is particularly to help local organisations who may struggle with managing their finances and have specifically asked for help. This should be clearly flagged in the application if appropriate.

1.12 Co-Financing / Matched funding

Co-financing or matched funding is not obligatory, but is highly desirable. Where there is co-financing/matched funding, there are no requirements for it to be at a particular level.

For projects with co-financing it is important to ensure the elements of the project funded by Darwin/IWT are specific, clearly identified, and accounted for. It should be clear which activities will be funded by Darwin/IWT and which activities will be co-financed.

The lead organisation should manage the whole budget for the project, and not just the funds from Darwin/IWT, to ensure the financial security of the project.

Where co-financing is not identified, applicants must clearly explain why it is not available or necessary for their project.

1.13 Open Access costs

Please consider the project outputs you expect and how this information can be shared with others. You may include appropriate costs in your budget for open access publishing, but be realistic about when articles will be published. It is likely that these costs will fall in the last financial year of the project. It is also possible that dates will fall outside the formal project so it is worth considering matched funding for these costs.

1.14 Contingency

Your budget should **not** include a 'Contingency' line. You should ensure your budget is adequate and appropriate for the project, but you cannot request contingency funds.

1.15 'Sitting' payments

Defra will not pay 'sitting' cost to supplement salaries for individuals to attend workshops. However, Darwin/IWT will pay per diem costs and other reasonable costs for partners to participate in the project to cover meals, travel and accommodation as necessary. You can also include salary costs as appropriate, but you should not include any costs that provide additional, direct payments for attendance at meetings which are supplementary to salaries already being paid.

1.16 Bank charges

You can include bank charges in your Darwin/IWT budget where they are specifically relevant to your project, such as the transfer of funds to partners. However, you should not include bank charges that are not specific to your project such as fees or charges relating to your bank account in general or which would be covered under 'overheads'

1.17 Assessment of costs

Costs are rigorously examined during the assessment process and decisions are based on realistic and justifiable budgets to deliver the work plan as well as the value for money justification in the application. Final awards may be subject to negotiation with Defra and you may be asked to revise your budget.

1.18 Budget spread

You should consider the spread of Darwin/IWT funds throughout your project. It is preferable that Darwin/IWT funds are spread relatively evenly over the project lifetime, but this does not mean that applications with a clearly justified uneven budget will not be funded.

While it is recognised that a project may incur more costs in its first year, please try to avoid a frontloaded budget as this can restrict the number of new projects that can be funded that year.

When considering your activities and how to budget for them, please think carefully about any activities planned for Q4 (January-March). Is there any **risk** that the timetable may need to change with activities moving into the next financial year? What would that mean for the budget? Would be better to schedule them for Q1 (April-June)? Moving funds between financial years is restricted – and unlikely to be possible unless there are exceptional circumstances – so you should consider the implications for work planned for Q4.

2 Budget requirements for different schemes

2.1 Stage 1 and Stage 2 for Darwin and IWT

The Stage 1 application does not require detailed information, only *indicative* budget totals per financial year. Stage 1 costs should be based on realistic figures, but these can be presented as rounded figures at this stage.

The requested budget may vary between Stage 1 and Stage 2, although you must provide information about any substantial change within the text of the Stage 2 application or your cover letter. The Stage 2 application should be based on actual expected costs and these figures should usually not be rounded. If rounded figures are provided at Stage 2, a brief explanation should be provided.

2.2 Darwin Plus

The budget requirement for Darwin Plus is similar to Darwin and IWT above. However, Darwin Plus projects with a total budget of under £100,000 applicants may use the shorter Excel form requiring just a summary table and an explanation of the capital and other costs.

2.3 Darwin Partnership Projects

Eligible costs are set out in the guidance and include international travel for up to two travellers, subsistence costs, plus other costs to support the Partnership Project activities.

2.4 Darwin Fellowships (Main and Darwin Plus)

Eligible costs (depending on the nature of the Fellowship) include a monthly subsistence, UK lead organisation expenses, travel costs and fees for academic qualifications. Defra is also willing to consider contributing towards the cost of English language training at the start of the award and this should be included in the budget.

The contribution from the UK lead organisation to help the Fellow's costs can be treated as a flat rate amount and does not require receipts for actual costs. The UK lead organisation expenses can be a flat rate per month, but you must be able to justify the rate if requested to do so.

3 Financial eligibility of the lead organisation

3.1 Stage 2 Darwin and IWT and Darwin Plus

As part of your Stage 2 application you must provide evidence of the lead organisation's current financial situation through audited or independently examined accounts for the last two years. The review of your financial eligibility will be based on the following questions:

- have you submitted the requested financial statements, examined and signed as required?
- if the accounts are not in GBP, have you identified the currency and provided them in English?
- are there comments from the auditor/independent examiner that raise concern?
- is there sufficient evidence to show you have successfully managed grant funds in the past?
- does your profit/loss level show that the organisation is sustainable?
- do you provide evidence of sufficient reserves?
- is your level of income in the last two years sufficient to demonstrate you could manage the level of funding you are applying for?

If there are reservations on any of these areas, you will not automatically be rejected, but additional checks may be required. There may also be additional requirements on how we would handle your payments if you are successful. For example, you may be asked to apply for advance funds based on actual expenditure each quarter rather than the straight 25% split normally used – see Section 4 below for further information.

The maximum annual value of funds requested should not exceed 25% of the lead organisation's average annual turnover/income for the previous 3 years. For example, if your project request is for £250,000 (£75,000 in year 1, £125,000 in year 2 and £50,000 in year 3), you would be assessed based on the largest annual value of £125,000 and would therefore need to demonstrate a turnover of at least £500,000 per annum. **Applicants that are unable to demonstrate this will only be considered in exceptional circumstances.**

Should an applicant not meet this requirement, applicants should provide a statement and, if appropriate, supporting evidence (e.g. a letter of support from a parent organisation, recent funding awards if current turnover/income is significantly more than prior years) to justify financial capacity by some other means.

Government departments and agencies are not required to provide audited accounts, but are still expected to demonstrate technical capacity on similar sized projects.

3.2 Stage 1, Fellowships and Partnership Projects

Audited accounts are not required for Stage 1, Fellowships and Partnership Projects, but you should be able to demonstrate, on request, your financial capacity to manage the award if successful.

3.3 Submitting your organisation's accounts

Accounts must be submitted in English (certified translations of the financial statements and any relevant notes or comments from the auditor will be accepted) and include the following:

- the last two **separate** sets of full formally audited/independently examined and signed accounts with comparative figures provided for two financial years (effectively providing the last 3 years financial information);
- the most recent set of accounts should be no older than 1 year, unless adequate explanation can be provided. If this is the case, a copy of unaudited management accounts can be provided as well as the prior 2 years (+ comparatives) audited/independently examined financial statements.
- please be clear in which currency figures are presented;
- the accounts should demonstrate you have the turnover appropriate to the annual award requested from Darwin (see above). Applicants that are unable to demonstrate this will only be considered in exceptional circumstances.

Accounts must be uploaded to Flexi-Grant as pdfs no larger than 5MB. Flexi-Grant cannot accept zipped files so if you cannot reduce the size, please upload a pdf explanation to Flexi-Grant and email the zipped format to the Darwin Applications or IWT mailbox).

Please do not send hard copies or links to websites.

4 Payment Procedures

This section explains how the payments will be made if your application is successful. **Please make sure that the process described here is compatible with how your organisation works before you apply.**

For most schemes you will make **quarterly advance claims for payments, with the Q4 payment in arrears (see below)**. Fellowships and Partnership Projects follow a different approach (see below).

Claim forms are available [here](#). These forms are updated periodically, and it is your responsibility to ensure the most current form is used. We cannot accept invoices from your organisation.

Claims which are not on the correct and current template will be returned. Other errors or omissions may also result in the claim being returned.

For each new financial year, you will receive confirmation of the award offered for that year. You must accept this award for payments to continue.

The Quarter 1 advance claim will only be paid once your signed Award or Annual Grant Acceptance Form has been received. The first payment for new awards may take longer than subsequent payments as it cannot be activated until the Award Acceptance paperwork is received and processed in full within Defra.

All claims are checked by Darwin/IWT Finance before being submitted to Defra for approval. Following Defra's approval, the intention is to pay within 10 working days of receipt and validation of a claim by Defra's accounting department. This is in line with the Government's Prompt Payment Initiative. You will receive confirmation when the claim has been sent for payment. There may be periods when payment of claims takes a little longer due to operational reasons and we will keep you informed of any specific issues.

All claims should be submitted by email, with a clear signature that matches one of those on the signature panel on the Grant Acceptance Form.

4.1 Payment Schedules - Main, Partnership, Darwin Plus

Darwin/IWT awards are payable in quarterly instalments: the first three quarters are paid in advance at 25% of the award figure for that financial year. We recommend claiming **up to 25%** in Q3, particularly if you are not sure you will spend your full budget allocation for the year. Quarterly advance claims should be submitted as follows:

Claim	Amount	Covering the period	Submission date
Quarter 1 advance	– 25% of annual grant award	1 April to 30 June	Between 1 April and 30 April
Quarter 2 advance	– 25% of annual grant award	1 July to 30 September	Between 15 June and 31 July
Quarter 3 advance	– Up to 25% of annual grant award	1 October to 31 December	Between 15 September and 31 October

If your project does not start on 1 April, you will be advised when you can make your first claim and how much you can claim. It will be proportionate to the award for the year.

It is important that you make advance claims as this confirms to government that Darwin and IWT spend is on track to meet budgets and demonstrates good financial management and adherence to the Terms and Conditions. Expenditure for each project year must be accounted for on an actuals basis. The fourth claim in each year will be based on the actual expenditure for the year less the three advance claims. This is referred to as the Actual claim. You must submit an Actual claim, even if you have no more funds to claim due to agreed budget changes. Failure to submit the Actual claim by the deadline may delay payment of the subsequent year's advance claims.

Claim	Amount	Covering the period	Deadline
Actual	Expenditure for the year, less the advanced funds	1 April to 31 March	31 May

Ongoing projects must submit their Actual claim by 31 May. Claims submitted more than 3 months after the financial year end (i.e. after 30 June) may not be paid and this may result in the suspension or termination of funding. Poor financial management is not acceptable and may affect decisions for future applications.

The Actual claim is paid in arrears and so you should ensure that your budget is planned with this in mind.

4.2 Partnership Projects

Two payments may be made on Partnership Project awards.

Claim	Amount	Submission date
Claim 1	50% of total award	May be submitted on acceptance of the award
Claim 2	Balance of award, based on actual costs	By 31 May of the following financial year

4.3 Fellowships

Two payments are made per year on Fellowship awards **to the lead organisation**, part in advance and part based on actuals. The lead organisation is responsible for making payments to the Darwin Fellow.

Claim	Amount	Covering the period	Submission date
Year 1 advance	50% of annual grant award	Start date to 31 March	From 10 days before start date
Year 1 actual	Balance of annual grant award	Start date to 31 March	By 31 May
Year 2 advance	50% of annual grant award minus £5k retention if relevant	1 April to end date	From 20 March

Claim	Amount	Covering the period	Submission date
Final claim	Balance of Year 2, including retention	1 April to end date	Within one month of end date

4.4 Claims from and payments to non-UK bank accounts

All projects should follow the processes outlined above.

Organisations with non-UK bank accounts should be aware that the first payment in particular may take some time to arrive and you should plan accordingly.

New grant recipients should complete 'Part C. Payment Details' on the Grant Acceptance Form as completely as possible. Failure to do so may result in a delay in receipt of payment. Please pay particular attention to routing details i.e. if funding needs to be paid via an intermediary bank. If your bank has produced guidance for transferring funds from overseas, please provide a copy with your completed Grant Acceptance Form (GAF).

When completing a claim form, section 5 requires confirmation of bank details. Please make sure this is fully completed and includes clear routing instructions. **This needs to be completed in full for every claim submitted.** If payment is to be made via an intermediary bank, please include both intermediary and beneficiary details. If your bank has produced guidance for transferring funds from overseas, please provide a copy with your completed claims form. Please also **confirm which currency** you wish the payment to be in, for every claim. Defra will normally pay in GBP, but can instruct the bank to pay in a different currency to suit your account if necessary.

4.5 Final year of Project

In the final year of a project, the 25% advance process continues, but an advance may not be claimed for the quarter in which the project is due to end, whichever quarter that is. You should consider any implications this may have for receiving the final funds.

As soon as your project ends, you should prepare your last Actual claim, detailing the actual expenditure in the final year. Once the relevant receipts have been received and accounted for you can submit your claim. This should accompany the final report which is due within 3 months of the project end date (one month for Fellowships). We do not require consolidated project accounts in either the final report or the last claim.

Any claims submitted more than a year after a project has ended will not be paid.

Your final payment depends on the submission of a satisfactory final report (and audit statement where appropriate). Due to the time needed to review your final report, your final balance may not be paid for several months after your project ends.

Retention – Total Darwin/IWT budget over £100k

This applies to **all** projects with a total Darwin/IWT budget over £100,000.

Some funds will be withheld from the final claim: either 25% of the total award for the final year or £20,000, whichever is the higher amount. This retention will be paid once

the final report has been accepted and any audit requirement has been met (see below). Where the final year's award is less than £20,000, Defra reserves the right to withhold funds from the penultimate claim(s).

Retention – Total Darwin/IWT budget under £100k

This applies to all projects with a total Darwin/IWT budget under £100,000, excluding Partnership Projects.

Some funds will be withheld from the final claim: either 25% of the total award for the final year or £5,000, whichever is the higher amount. This retention will be paid once the final report has been. Where the final year's award is less than £5,000, Defra reserves the right to withhold funds from the penultimate claim(s).

5 Conditions for Payment

The payment cycle is linked to the technical reporting schedule and financial requirements. Failure to supply the technical reports or financial documents required at the right time will have an impact on your payments. The conditions for payment can be summarised as follows:

Claim	Reporting requirement	Financial requirement	Other requirement
Quarter 1 – advance	n/a	n/a	Year 1 – signed Grant Acceptance Form received From Year 2, signed Annual Grant Acceptance Form received
Quarter 2 – advance	From Year 2, prior year annual report received (due 30 April)	From Year 2, prior year Actual claim received and verified (due by 31 May)	n/a
Quarter 3 – advance	From Year 2, prior year annual report accepted (normally by end June)	n/a	n/a
Actual	Annual report received (due 30 April)	Actual claim received and verified (due by 31 May)	n/a
Final claim, less retention	Final report (due 3 months from project end)	Final Actual claim form (due 3 months from project end)	n/a
Retention	Final report accepted	Audit statement where required (due 6 months from project end)	n/a

6 Managing your budget

This section explains how we expect you to manage your budget if your application is successful.

6.1 Spend relating to Financial Year

Defra allocates annual budgets based on the expected project expenditure set out in applications. **Underspends cannot be carried forward and overspends are not allowed.** This means that projects must provide accurate and realistic budgets at the outset of the project and manage their funds closely throughout.

You should claim funding as set out in your original budget and cannot apply any informal/internal transfers between different financial years within your own project budget.

You can operate with some flexibility between budget lines within a financial year (of up to 10% in any one budget line), but cannot change the total annual budget. If you overspend on one line, you must ensure you cover that from another line or meet the additional costs from other matched funding or from within your own organisation.

If there is more than 10% change to any budget line within a specific financial year, you need agreement from Defra through the Change Request process. Approval is not guaranteed.

In exceptional circumstances, for example where conflict or natural disasters have an impact on your ability to deliver, **Defra may be able to offer some flexibility** over budget changes between financial years. However, any such changes **must be justified** and due to unforeseen circumstances beyond the control of the project, rather than poor planning or budgeting, and there are restrictions to what is possible, particularly when changing budgets across the project lifetime – i.e. moving funds between financial years. You must take this into account when planning activities, considering carefully the risk of delay with any activities planned for the fourth quarter of the financial year.

Any changes must receive approval before being applied. **You must contact LTS as soon as you become aware of an issue which may result in an underspend or overspend in your annual budget.**

If you want to make a change to your budget and you believe you meet the criteria above, you should do this via a Change Request and use the template provided. See 6.3 below.

6.2 Foreign exchange

Projects will incur some costs in currency other than GBP. You should apply your own organisation's approach to exchange rates and frequency, although it is expected that this would be recorded and applied at least monthly. You should use a reputable source, such as the Financial Times rates. You will have to provide the exchange rate

relevant to any queried transactions, such as during a Spot Audit (see below), so please ensure that records on the exchange rate used are maintained throughout the project.

6.3 Project Change Requests

All grants are payable on the basis of the details and work programme set out in the project application. Any changes must receive approval before being applied. This is particularly important for proposed budget changes between financial years and significant technical change, but also includes changes to the project principals/key project personnel for which CVs or job descriptions were submitted with your application and other significant project changes (e.g. to the logframe).

Project change requests must be submitted on the Change Request form, available [here](#). Please ensure that you have discussed any proposed financial changes with your organisation's finance team.

Any rebudget changes between financial years must be submitted before the end of December. Changes can only be made to current and future years. We cannot accept rebudget requests for past financial years.

Requests submitted after this date are unlikely to be agreed unless the justification is exceptional and clearly justified.

Exceptional circumstances would include, for example:

- Conflict
- Natural disasters

In planning your budget you should think about issues which may disrupt activities – it may help to refer to the assumptions in the logframe:

- Recruitment: your original project plan should allow sufficient time for recruitment, taking into account relevant challenges (such as the job being in a remote location);
- Timing of events which may be subject to minor disruption – if a workshop is planned for March, is there any risk of slippage? If so, would it be better to plan and budget for April to avoid any need to request to move funds?
- Changes in government: if forthcoming elections which may affect your project are known at the start of the project, build in sufficient time to manage this change and plan your budget accordingly.

6.4 Forecasting Exercise

Defra requires projects to undertake a forecasting exercise each project year and will be in touch with details of what is required. This will happen in November/ December and will coincide with the deadline for Change Requests. You must provide an estimate of the projected amount of your total Darwin/IWT spend for the financial year.

6.5 Spot Checks on expenditure

Every year, a proportion of projects will be identified for a spot check to ensure the grant has been spent in accordance with the agreement with Defra. You should be able to provide electronic information about all the transactions accounted for in your Actual claim and to produce copies of original receipts and invoices backing up your claims if requested. You should also ensure that they are retained for at least seven years after the end of the project.

Spot checks on expenditure will be considered alongside the annual report and review which accounts for the work achieved in the year.

Annex 1 – Items ineligible for funding

Under Government policy, there are a variety of items that are not normally acceptable for government funding and these are set out in the Terms and Conditions of Award.

For Darwin/IWT projects, there are additional items that would not be considered eligible. These are summarised below and split into two lists. The first list covers items that **are not and cannot** be eligible. The second covers items not generally acceptable, but which could be considered acceptable in particular circumstances, as summarised below.

Not eligible

- gifts (except for gifts below £10 in value, typically educational or promotional materials which disseminate awareness of the project and further its aims)
- arms and ammunition
- any items whose trade is prohibited under, or is otherwise not in compliance with, the Convention on International Trade in Endangered Species
- any other items which are sourced or used otherwise than legally and in accordance with all applicable national and international laws and treaties
- bribes, facilitation payments and any other inducements to obtain favourable treatment from officials
- fines and damages
- interest on capital and any other costs of obtaining finance
- fruitless payments (costs whose expenditure obtained no benefit for the project)
- impairments to fixed assets
- any costs which do not demonstrably further the aims of the project, or the expenditure of which is not reasonably attributable to activities performed in the furtherance of those aims
- any costs which are not necessarily incurred in the course of the performance of the activities of the project as submitted in the project proposal and approved by Defra or agreed subsequently through the formal Change request process
- any costs which are morally the private responsibility of the individuals who benefited from their expenditure (for example, travel costs to/from home and other expenses claimed by individuals which did not arise from their employment; other examples might include clothing other than uniforms/PPE, consumer electronics which confer substantial private benefit, travel and hotel accommodation for partners/family)
- any other expenses reimbursed to individuals which would be taxable in the UK as benefits in kind
- any costs which a reasonable person would consider excessive, extravagant or wasteful

Not normally acceptable

- hospitality is potentially relevant to a lot of projects, particularly where they involve workshops. We recognise that for many projects workshops can be a large part of project activities and often run for several days. We do not expect people to attend workshops, often travelling long distances, without being provided hospitality. It may also be seen to be relevant to the local accommodation of travelling project team members or others required to travel to undertake fieldwork. However, excessive hospitality which doesn't clearly advance the outcomes of the project, is not permitted
- tips and gratuities (these are not normally accepted and you are strongly encouraged to meet these costs from other funds, but small tips and gratuities under £5 may be accepted)
- extra-contractual payments and bonuses (some project may have factored in pay increases or bonuses as part of their staff retention plans – these will be accepted as part of the agreed application. Any other time where the Project Leader wants to make a bonus payment for outstanding performance should be referred through a Change Request if they want to use Darwin funds for this)
- alcohol
- bank charges (while not normally acceptable, for the purposes of this fund bank charges related to international transactions relevant to project work are acceptable)
- insurance (except by prior Defra approval of a business case and where such costs are unavoidable and arise in the course of the project's business. For the purposes of this fund, this would include insurance for vehicles bought by the project, and contributions towards the insurance of office premises specifically set up for the project. It would also be acceptable to include travel and medical insurance for any project staff required to travel outside their own country of residence)