

## FUNDING PRINCIPLES.

As an institution under private law and a non-profit organization, the Volkswagen Foundation must ensure that the funds it spends to promote science are used economically and properly. The funds must therefore be managed in accordance with the following principles and in compliance with the legal regulations applicable to the grant recipient. The grant recipient of the foundation is in principle the scientific institution at which the project/sub-project is carried out and not the natural person of the applicant.

*For grants with a foreign connection, where the grantee administers the granted funds for foreign cooperation partners or does not itself have a registered office in Germany, the rules in italics must additionally and primarily be observed.*

The grantee must ensure that these principles and any additional special conditions communicated are brought to the attention of those involved in the funded project and in the processing of the grant (e.g. employees, contractors, publishers, authors, editors, executing agencies) and that they are observed by them. The grantee agrees to the application of these principles with the first call for funds.

These Funding Principles are organized as follows:

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## **A. Calling of Funds, General Principles of Management**

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### **1. Calling of Funds**

- (1) The funds required shall be applied for as early as possible, in general at least 3 weeks in advance, using the form "Plan for Calling of Funds", which is available on our homepage. The "Appendix for First Calling of Funds" must also be attached to the first call for funds. Any changes in requirements should be communicated without delay.
- (2) The Foundation in principle remits the funds in monthly installments at the time and in the amount needed for the purpose for which they have been granted. Hence, the plan under which funds are called should provide for monthly requests. If monthly installments are below 5,000 €, the requirement of three months may be called in advance. For requests over a longer period, adjustments of the installments due to changes of demand have to be communicated without delay.

*The transfer of funds by the grant recipient to the (foreign) cooperation partners must be done in a timely and cost-efficient manner and in accordance with the actual financial requirements, as long as it can be assumed that the funds will be used economically advantageous, thrifty and strictly in line with the appropriated purpose and will be properly accounted for to the grant recipient.*

The Foundation remits amounts called only to an account of the institution of the recipient of the grant; in universities and other institutions under public law, remittances are made to the responsible cashier's office. The recipient of the grant respectively the responsible administration is bound to ensure within the data they sent that the recipient of the payment corresponds with the bank account holder and that the IBAN as well as the BIC are correct. Any incorrectness within the transmitted bank account details will be at the expense of the recipient of the grant.

- (3) Funds paid out and, for the time being, not used as expected, shall be remitted back immediately and called again when needed. To make up for lost interest, the Foundation shall have the right in such cases to claim interest based on the statutory interest rate for the time between the payment of funds and their return remittance or use for the purpose for which they were granted.
- (4) The funds granted are not confined to budget years and will not expire at the end of a calendar year.

### **2. Efficiency**

- (1) The funds provided may only be used for expenses that are covered by the specific purpose defined in the grant letter. Expenditures made prior to receipt of the grant letter cannot be covered.
- (2) The funds shall be used efficiently. Only in exceptional cases (especially as a result of collective salary and wage increases or price increases which cannot be absorbed by cutbacks elsewhere) can the Foundation increase those funds, and do so upon substantiated request.
- (3) Funds not consumed shall be repaid immediately, at the latest upon submission of the proof of utilisation.

### **3. Forwarding of Funds**

- (1) All or parts of the funds provided may be forwarded by the grant recipient to third parties if the forwarding of funds within the scope of a cooperation was subject of the application and review process and has become part of the approval or if it is subsequently approved by the Foundation.
- (2) For the onward transfer of funds, compliance with these principles on the part of the third party must be ensured. The proof of utilisation of the funds forwarded must be provided by the grant recipient.

### **4. Deviations from Grant**

- (1) As a matter of principle the prior consent of the Foundation will be needed for deviations from the grant. The consent is not needed within the range of the possibilities of reallocation and extension of term mentioned in clauses 2 and 3.
- (2) If the grant letter (or the cost plan on which it is based) provides for several expenditure items, the individual items may be increased by up to 30% if necessary (reallocation). Expenditure or cost plan items are the total

amounts for scientific personnel, further personnel, travel costs, other recurrent costs, non-recurring costs, publication costs and and lump sum for overheads. A reallocation requires that the additional expenditures are necessary to achieve the purpose of the grant and that they are saved in other positions.

Under these conditions, and within the staff complement underlying the grant, personnel funds may be increased by more than 30 % where this is unavoidable due to subsequent collective wage and salary increases or for other reasons.

The lump sum for overheads is excluded from the possibility of reallocation; it may not be increased from other expenditure items or used to increase other expenditure items.

The Foundation retains the right from the outset to exclude the possibility of reallocating individual expense items in certain cases.

- (3) Deviations from the running term require the previous consent of the Foundation. However, this does not apply to a maximum six-month deviation from the planned funding period on the condition that this does not cause the Volkswagen Foundation to incur additional costs.
- (4) *Deviations from the grant are only possible after agreement between the domestic and foreign project partners.*

## **B. Principles Applying to Specific Types of Costs**

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### **5. Personnel Costs**

- (1) Remuneration is to be adapted to the activity and local (institute) conditions. The recipient of a grant shall be responsible for determining proper remuneration (according to collective agreements).

*Remunerations and, where applicable, allowances for the salary of academic persons at the partner institutions abroad are to be adapted to the activity and to local (institute) conditions. The recipient of a grant shall be responsible for determining proper remuneration (according to collective agreements). During stays at the German partner, in lieu of salary allowances at the native institute, allowances for the costs of residing abroad shall be paid..*

- (2) The following items may be paid out of funds earmarked for personal expenses:
  - Employer's contribution to the statutory social security for terms of employment;
  - Annual special payments according to TVöD;
  - Incentive bonus according to TVöD in the amount of up to 10% of the annual salary;
- (3) To the extent that corresponding funds have been approved,
  - Costs for childcare upon documentation, but only in the funding offers that allow an application as well as within the limits specified therein;
  - Costs for further education which is linked directly to the qualification of the scientist for successful project implementation and further scientific career, e.g. on topics such as leadership skills, personnel management or project management.

can also be deducted from personnel costs.

- (4) The following items cannot be paid:
  - Child benefit payments under the Federal German Child Benefit Act and
  - Civil servant's benefit payments (particularly sickness benefits in accordance with government regulations on benefits) in the case of civil servant relationships.
- (5) Unless a regular employment contract has already been concluded, the Foundation requires that a written employment contract be concluded which should correspond to the funded staff position or the project running term named in the grant letter. In no case will the Foundation become the employer of anybody on grants made available by it.
- (6) Personnel expenses may include scholarships for the education and training of young researchers. Funds

are only provided for fellowships to be awarded in accordance with the rules in place at the grant recipient.

*For fellowships abroad, which are paid out to foreign young academics within the framework of granted projects, the customary local rates shall apply. In the event of longer stays in Germany, the fellowship rates of the grant recipient shall apply.*

## **6. Travel Costs**

- (1) Travel costs shall be accounted for in accordance with the rules of travel cost reimbursement applying to civil service, but not in excess of the rates requested and appropriated.
- (2) The Foundation may fix certain basic rates to finance stays in Germany of foreign scientists.
- (3) *Travel expenses granted to grant recipients abroad or for foreign cooperation partners may be settled in accordance with the travel expense rules applicable to them, but not in excess of the rates requested and appropriated. In principle, cost-efficient economy flights and train tickets are to be accounted for within the scope of the approved amounts.*
- (4) *Subsistence expenses of German academics abroad, who have a permanent employment contract with their native institution, shall be covered in accordance with the German travelling cost guidelines for public service. In the case of stays at a partner institution abroad, the local conditions in the sense of the cost-effective usage of means should be considered.*

## **7. Non-recurring costs – Equipment**

- (1) Unless the Foundation indicates differently, the procurement of equipment authorized is left to the recipient of a grant. The recipient shall bear in mind the following aspects in such procurements:
  - a) All possibilities of obtaining price reductions, especially research commissions or discounts, shall be exploited, if necessary by working through central purchasing agencies.
  - b) Several competing bids shall be sought for larger items; the reasons for the choice made shall be documented.
  - c) If, in the light of more recent findings, other equipment shall be bought the prior consent of the Foundation is needed. The consent is not needed if only another specification shall be purchased. In all cases the limits of section 4 above have to be observed.
  - d) The prior consent of the Foundation is required when it is intended to buy equipment or extensive literature during the last three months of the project duration.
  - e) The decisions made on the items above shall be described in the documentation of the use of funds and in the final report, respectively.
  - f) *Granted equipment may – according to its cost-efficiency and usefulness for the intended purpose – be procured in Germany or abroad. Thereby, all opportunities for a price discount should be used. In terms of the selection of equipment, in particular the local given conditions and possible service offers of the manufacturer company at the installation site are to be taken into consideration.*
  - g) *Within the framework of the funding along with the pure acquisition costs, the costs for freight, insurance and other similar unavoidable ancillary costs can be covered; carriage paid to destination. Special reference is given to the necessity of insurance.*
  - h) *If funds for equipment and other movable items (books, motor vehicles, etc.) are appropriated then these immediately become the property of the foreign partner institutions, in order to avoid legal problems in relation to sales tax laws, upon their procurement in Germany, the order shall explicitly provide for delivery directly to the foreign academic institution..*
  - i) *In the event that sales tax is accrued due to the temporary delivery of movable items in Germany, then they shall be covered in the meantime by the funding from other grant items. Subsequent to the timely export to the foreign partner institution, the reimbursement for the sales tax should be obtained from the supplier (upon presentation of the certificate of export) and the reimbursement amount should be credited to the project account.*

- j) *The German grant recipient should enclose the document “Certificate of donation with obligations” in the delivery to his foreign partner, which can also be used for duty-free imports. Notice of the arrival of the movable items at the overseas destination should be provided by the foreign partner facility with the “Confirmation of receipt”. The “Certificate of donation with obligation” as well as the “Confirmation of receipt” can be requested from the Volkswagen Foundation.*
  - kj) *The foreign recipient of a grant shall be responsible for ensuring proper utilization, storage and maintenance of the equipment. The equipment should be furnished with an easily legible note that it was procured by funding of the Volkswagen Foundation. The Foundation shall not be responsible for paying any running costs (e.g., for power consumption, maintenance or repair).*
  - l) *Verification of the usage of the procured equipment by the foreign institution is to be provided to the German partner upon request. The Foundation retains the right to examine or to have examined the verification.*
- (2) The recipient of a grant shall be responsible for ensuring proper utilization, storage and maintenance of the equipment along with taking out insurance for the equipment. The Foundation shall not be responsible for paying any running costs (e.g., for power consumption, insurance, maintenance, repair, and spare parts).
  - (3) The equipment shall also be available to other scientific institutions inasmuch as this does not interfere with the purpose of the grant.

#### **8. Non-recurring costs – Title to Movable Chattels**

- (1) Movable chattels (equipment, books, motor vehicles, etc.) purchased out of the funds granted shall become the property of the recipient institution of the grant. If a person collaborating in a project in a responsible position changes to another institution, then the Foundation expects that the equipment can be taken to the new institution. The Foundation reserves the right, in these cases, or for another important reason, to request a transfer of title to a third party it names or to itself.
- (2) These items shall be recorded in inventory lists, unless they belong in the category of supplies or very small items. Larger objects are to be furnished with a clearly visible reference (legend, plate, stamp) indicating that they were purchased from funds made available by the Volkswagen Foundation.
- (3) The recipient of a grant has the right to sell the items if they are no longer used for their intended purpose or can no longer be used. The proceeds from such sales shall be remitted to the Foundation, unless they are needed within the purpose of the grant or, if this purpose has been met, for other scientific purposes. The above provisions shall apply analogously to items acquired from the proceeds of the sale.
- (4) The above rules shall apply accordingly to items purchased from the proceeds of such sale.
- (5) If movable chattels are acquired which are durably attached to the ground (thus becoming integral parts), the conditions listed under section 9 below shall apply.

#### **9. Non-recurring costs – Title to Land and Buildings**

- (1) The recipient institution of a grant becomes the owner of land and buildings purchased or erected with the funds granted. In case of use for different purposes (deviation from the purpose outlined in the grant letter with reference to the basis for the grant) it shall repay to the Foundation that part of the current value that corresponds to the grant paid by the Foundation in proportion to the total production costs. If the property is sold at a price higher than the current value, the proceeds of such a sale shall replace the current value.
- (2) Except in the case of institutions of higher education and other institutions under public law, the claim for compensation under (1) above shall be secured by entering in the Land Register an encumbrance in the amount of the grant appropriated or a comparable real security.
- (3) Land and buildings should be marked by a clearly visible reference (legend, plate) in an appropriate place indicating that they were acquired or built with funds made available by the Volkswagen Foundation.
- (4) This condition shall apply accordingly to acquisitions of titles equivalent to real properties.

## **10. Publication Costs**

- (1) Along with the customary publication of books or in magazines, the Foundation also subsidizes digital publications (e.g. CD-ROM, DVD, open access). To this end, the Foundation may make an appropriate lump sum funding amount available after a grant request and estimation of the preliminary costs by the grant recipient. The Foundation is to be presented with a voucher copy after publication and the final bill within the framework of the audit of allocated funds.
- (2) The Foundation subsidizes other formats of the communication of science and research, which are preferentially tailored towards a broad public only in compliance with the types of costs specified in the grant letter. The recipient of the grant may apply separately for these costs if they were unstated and therefore not considered within the first grant letter.

## **11. Lump sum for overheads**

- (1) Insofar as the respective funding offer provides for it, the Foundation approves a lump sum for overheads amounting to 10% of the direct project expenses to domestic state or state-recognized universities and universities of applied sciences. For scientific institutions abroad, a lump sum for overhead costs can only be approved in cases where the funding offer explicitly provides for this for foreign partners. The amount of the lump sum for overheads is specified in the funding letter and is approved as a proportion of the direct project costs. It is a lump sum supplement exclusively to cover indirect project expenses associated with the funding.
- (2) The grant recipient decides on the use of the lump sum for overheads in compliance with the legal requirements applicable to it. Any use of the lump sum for overheads must comply with the principles of proper accounting as well as economic efficiency and economy.
- (3) The funds of the lump sum for overheads are to be collected in the general budget in proportion to the direct project costs in each case. By way of exception, they may be carried over to future financial years. If the funds are not used within the first three months of the following financial year in accordance with these funding principles, they must be repaid immediately.
- (4) The lump sum for overheads may not be used to augment direct project costs and vice versa.
- (5) The lump sum for overheads may not be used to generate income subject to corporate income tax. Participation in losses is excluded. Furthermore, it may not be used for purposes that predominantly benefit health care. This is generally the case if the corresponding expenditure would also be made without reference to research.
- (6) The volume of the lump sum for overheads is based on the direct project costs actually required and recognized. If project costs are not recognized during the review of the statement of accounts and proof of utilisation or if additional funds are made available and spent as a result of subsequent funding, the volume of the lump sum for overheads changes accordingly. This also applies to changes in the recognized project costs if the direct project costs have decreased or reclaims in the course of the review of the last statement of accounts and proof of utilisation. Overpayments or calls for funds for the lump sum for overheads must be repaid to the Foundation.
- (7) The lump sum for overheads is to be drawn on a pro rata basis with each call for funds.

## **C. Statement of Accounts, Reports, Publications**

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### **12. Statement of Account**

- (1) The statement of account shall be submitted in principle promptly after the funding measures have been completed; partial accounts shall be rendered on request. The template for the statement of account can be found on our website.
- (2) If funds have been made available to the grant recipient for other project partners, the grant recipient is responsible for the administration of these funds as well and must ensure the provision of itemized statements for them.

- (3) In projects only partly funded by the Foundation the documentation shall include a statement of the total expenditures and the funds available for the whole project.
- (4) Income and expenditures accounted for shall be covered by documents capable of auditing. This also applies for the funds that have been made available to and are administered by the grant recipient for other project partners. Vouchers or copies of vouchers shall be kept ready for an audit, but shall be sent to the Foundation only on special request.
- (5) The Foundation reserves the right to audit the statement of account, or have it audited, on the spot.

### **13. Reports**

- (1) *The reports to be presented to the Foundation via the reporting portal are to be principally written together with the international cooperation partners.*
- (2) If the project extends two years or more, the Foundation expects annual interim reports.
- (3) The Foundation is to be presented with the final report within three months after completion of the project.
- (4) The notes pertaining to the writing of interim or final reports are to be observed.
- (5) Above and beyond these reporting duties the recipient of the grant is required to inform the Foundation, without being asked, of all events strongly influencing the project. This applies in particular, if conditions for the implementation of the project or its objectives appear to be jeopardized.

### **14. Publications**

- (1) In principle, all publications are to be furnished with the annotation "Funded by Volkswagen Foundation". Indications to this effect should also be made in invitations, programs (of scientific events sponsored), or press releases.
- (2) The Foundation expects the research results funded by it not only to be published in the traditional print media but also to be made available on the internet via open access.

When entering into publishing contracts, scientists participating in Volkswagen Foundation-funded projects should reserve a none-exclusive right of exploitation for electronic publication of their research results for the purpose of open access. Here, discipline-specific delay periods of generally 6-12 month can be agreed upon, before which publication of previously published research results in discipline-specific or institutional electronic archives may be prohibited.

- (3) The Foundation assumes that any questions concerning publication along with exploitation and utilization rights with respect to the copyright protected publication, exploitation, and use of research results will be settled by the partners involved before the project starts in accordance with the Guidelines for Safeguarding Good Research Practice.
- (4) The Foundation requests that one voucher copy of each publication be mailed to it as soon as possible.
- (5) The Foundation moreover asks that one copy each of research reports and similar publications not distributed through booksellers, which are the result of a project funded, be sent to
  - the supraregional technical information system / library that holds the appropriate special subject collection
  - the collection of research reports. at Technischen Informationsbibliothek (TIB), Welfengarten 1 B, 30167 Hannover ([www.tib.eu](http://www.tib.eu)),  
the respective university library.

### **15. Public Relation Activities**

- (1) The Volkswagen Foundation places value on project-related press and public relations activities by the grant recipient. All public relations activities affecting the project must contain an indication of the support by the Volkswagen Foundation – where possible with incorporation of the Foundation logo.

- (2) The Communication Team of the Foundation has to be informed in time about all kinds of planned publicity activities (i.e. press releases, press conferences, also other conferences or exhibitions) related to the funded project. As far as possible support for such activities will be provided.
- (3) As part of its own press and public relations work, the Volkswagen Foundation publishes information about its funding decisions and approved projects at its own discretion. The Foundation should be informed immediately about important progresses or scientific results of the project that might be relevant for public relation activities but cannot be included within the annual interim report timely. A close and supportive cooperation of the recipient of the grant as well as the involved scholars with the Communication Team of the Foundation is expected. This includes in particular the obligation to provide the Communication Team of the Foundation with text and photographic material upon request.

## **D. Miscellaneous**

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### **16. Withdrawal, Recall, Cancellation**

- (1) The Foundation may withdraw a grant if it has not been claimed at least in part within two years (from the date of the grant letter).
- (2) The Foundation reserves the right to recall a grant and reclaim funds paid out especially in cases where
  - funding principles or additionally notified special conditions are not observed,
  - the funding decision is based on incorrect statements in relevant points,
  - funds are not used in accordance with the intended purpose,
  - the use of funds is not documented.
- (3) Moreover, the Foundation reserves the right to cancel the funding of a project for important reasons. This applies also if important conditions for the implementation of the project have ceased to exist, or the objectives of the project no longer appear to be attainable. Handling of the obligations incurred by the recipient of a grant is to be arranged at the given time between said recipient and the Foundation by special agreement.
- (4) In order to make up for a loss of interest, the Foundation may demand interest based on the statutory interest rate for the period from the time of the disbursement of the funding until the re-transfer of the funding.

### **17. Protective Clauses, Exclusion of Liability**

- (1) The recipient of a grant shall be responsible for observing the pertinent legal rules and regulations, official instructions and safety regulations (also in equipment operating instructions). He undertakes to observe all rules and conventions applying in specific research areas as well as the Guidelines of Safeguarding Good Research Practices of the German Research Foundation or, in the case of funding abroad, comparable regulations applicable there.
- (2) The Foundation shall not be liable for any damage arising from the implementation of the project funded. In case it were to be made liable for such damage, it shall be held harmless by the recipient of the grant.

### **18. Patents, Intellectual Property Rights and resulting Economic Profits**

- (1) The Foundation expects that – in accordance with the respective intellectual property regulations – the exploitation of any potential invention that may result from the research project will be agreed upon between the partners before the beginning of the project.
- (2) If economic profits, cost reimbursement or other income (including those from patents) arise directly from the project funded without, however, any expenses being set off, the Foundation shall be informed as soon as possible.
- (3) The Foundation expects that according to the regulations of the recipient of the grant such income will be used for scientific or research purposes.



(4) The Foundation principally assumes no costs for the process of patent application or patent protection.

**19. Applicable law and place of jurisdiction**

- (1) German law shall apply exclusively to the grant including these funding principles.
- (2) Unless otherwise stipulated by law, the place of jurisdiction for all disputes in connection with the grant and these funding principles shall be Hanover, Germany.