



Federal Ministry
for the Environment, Nature Conservation
and Nuclear Safety

INTERNATIONALE KLIMASCHUTZINITIATIVE (IKI)



IKI Country Specific Selection Procedure 2019 Republic of Indonesia

Information on funding programmes within the International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) for the Republic of Indonesia

20th December 2019

Content

- 1. Key objectives of the IKI1
- 2. Indonesia Country Call – Background.....2
- 3. Thematic funding priorities3
- 4. Requirements for programmes11
- 5. Political partners.....13
- 6. Requirements for implementing organisations13
- 7. Type, scope and duration of funding15
- 8. Regulations on grants17
- 9. Selection process.....18
- Annex I: IKI selection criteria19
- Annex II: Cooperation agreement20

Information on funding programmes within the International Climate Initiative for the Republic of Indonesia

The International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) finances climate and biodiversity programmes in ODA-eligible states.¹ It supports programmes on policy advice, capacity building, technology cooperation and investment as well as the implementation of policies and strategies. The selection procedure consists of two stages: (1) Submission of a programme outline; (2) Submission of the complete programme proposal.

1. Key objectives of the IKI

IKI's main objectives are climate protection and the conservation of biodiversity within the context of the respective international agreements. IKI mainly supports partner countries in the implementation and further development of their Nationally Determined Contributions (NDCs) anchored in the Paris Agreement. The signatory states of the Paris Agreement define their climate protection and adaptation targets in the NDCs, up to and including 2030.

In the field of biodiversity, IKI supports partner countries in their efforts to achieve the goals of the Convention on Biological Diversity (CBD) to address the dramatic global loss of our natural resources. IKI's funding measures aim to contribute to the specific implementation of the Aichi goals of the CBD's 2011-2020 Strategic Plan and the goals of the future global framework for biological diversity for the years after 2020. Activities are derived in particular from the CBD guidelines and the National Biodiversity Strategies and Action Plans (NBSAPs).

The 2030 Agenda for Sustainable Development adopted by the United Nations (UN) in 2015 with its 17 Sustainable Development Goals (SDGs) forms a global framework for climate protection and biodiversity conservation that goes beyond the United Nations Framework Convention on Climate Change (UNFCCC) and the CBD.

¹ ODA (Official Development Assistance) is an internationally-recognised indicator adopted by the OECD Development Committee (DAC) for recording public development services. Funds paid to countries only qualify as ODA if the recipient is listed as a developing country in the relevant DAC list. The list of countries is revised every three years by the DAC.

2. Indonesia Country Call – Background

Climate change presents significant risks for Indonesia's natural resources that will, in turn, impact the availability of food, clean water, energy and economic productivity. Therefore, the strategic approach of Indonesia's NDC is promoting climate resilience in food, water and energy. It further aims to improve its management of natural resources to enhance climate resilience by protecting and restoring key terrestrial, coastal and marine ecosystems unlocking an array of economic, social and environmental benefits.

Indonesia has ambitious plans when it comes to climate change adaptation and mitigation. The Indonesian Low Carbon Development Initiative (LCDI) intends to set ambitious targets for issues vital for a development within the planetary carrying capacity, such as the proportion of renewable energy in the energy mix or the reduction of greenhouse gas (GHG) emissions from the land based sector. Based on the LCDI of 2019, Low Carbon Development will be set as a national priority in the upcoming Medium Term Development Plan (RPJMN) for 2020 – 2024. Environmental protection and climate resilience are also going to be integrated in this plan.

Indonesia confirmed its NDC in 2015, including emission mitigations of 41% (of which 29% are unconditional) compared to the Business-as-Usual (BAU) scenario and adaptation strategies.

With regards to biodiversity, Indonesia is a mega-diverse country, with the second highest total number of endemic species worldwide. Since 2003, Indonesia has deployed considerable efforts to enhance biodiversity conservation through the implementation of the Indonesian Biodiversity Strategy and Action Plan (IBSAP). In order to close the financing gap for the conservation and sustainable use of biological diversity, the strengthening of its national biodiversity financing framework has since then been one of the priority areas of action. With the IBSAP Indonesia also aims at integrating the Aichi targets into the next RPJMN 2020 – 2024 to ensure mainstreaming of biodiversity conservation and economic development in line with the carrying capacity of ecosystems.

Bilateral cooperation between Indonesia and Germany by means of IKI project funding started in 2008. Indonesia continues to be a priority partner country for BMU's IKI. Both countries intend to continue their fruitful cooperation in a yet deepened dialogue through developing the cooperation portfolio with a strong focus on:

- Post-Paris Agreement priorities and implementation of the NDCs;
- CBD's post-2020 global biodiversity framework and the implementation of the IBSAP;
- SDGs

Germany and Indonesia have been working together constructively in a number of climate and biodiversity policy areas. In the context of the country engagement process of the NDC Partnership (NDC P), Indonesia is in the process of identifying its needs and establishing a partnership plan which

is intended to serve as a framework for international cooperation in supporting its NDC implementation. This process should be considered when establishing programme outlines for the implementation of NDCs.

An overview of ongoing IKI projects, including regional and global projects with activities in Indonesia, can be accessed at <https://www.international-climate-initiative.com/en/projects> (search for Indonesia on the world map).

3. Thematic funding priorities

With this country call for Indonesia, two programmes will be funded with a total funding volume of up to 30 million EUR. One programme per the following thematic priorities will be funded:

- 1) Sustainable land use, biodiversity conservation, enhancing natural carbon sinks and adaptation to climate change in a land and seascape approach;
- 2) Energy Transition: Development of renewable energy and optimization of energy conservation with a focus on increasing the access to non-government funding and strengthening the role of the private sector

The programmes should have a funding volume between 12 million EUR and 15 million EUR each.

IKI seeks to support ambitious programmes for technical advice and/or investments, which support the implementation of mitigation, adaptation and biodiversity actions of the respective NDC and NBSAP (National Biodiversity Strategy and Action Plans, here: IBSAP) as well as related SDGs. This may include:

- Implementation of national and subnational policies and strategies, regulatory and institutional framework conditions;
- Contribution to transformation within and across sectors and within society;
- Further development of Monitoring, Reporting and Verification (MRV) and Monitoring and Evaluation tools and/or systems;
- Capacity development on national and particularly subnational levels, technology cooperation and financial investments/leverage. The latter can include but is not limited to co-financing, blended finance approaches as well as other innovative financing mechanisms. These should be identified, developed and implemented, in particular to leverage financing sources from the private sector and to encourage the development of bankable project pipelines, combining technical and financial assistance;
- Co-financing or in-kind contributions from national, district or provincial government and/or from private actors are a key aspect for the final selection.

The programmes further need to be based on participation in international political and knowledge exchange fora, particularly the international NDC P, National Adaptation Plan (NAP) Global Network and international exchange on NBSAP implementation. Further, the contribution to the implementation of the Indonesian NDC and IBSAP as well as related SDGs and the alignment of the programme goals and activities with these overarching policy frameworks is considered to be indispensable.

The programme should also:

- Ensure strong alignment with Indonesia's GHG emission reduction targets and plans, biodiversity goals and action plans and plans for improved climate resiliency;
- Avoid silos in Indonesia's development by generating impacts for cross-sector development as well as potential development benefits in environmental, economic and social aspects;
- Promote integrated approaches to address sustainability issues from downstream to upstream and vice versa in the framework of low carbon development in Indonesia;
- Unlock enabling conditions for environmentally sustainable infrastructure development for climate mitigation and adaptation;
- Ensure climate proofing of all designed measures

3.1 Sustainable land use, biodiversity conservation, enhancing natural carbon sinks and adaptation to climate change in a land and seascape approach

Due to the geographic position of the Indonesian archipelago, the programme is expected to apply a **combined land and seascape approach**, promoting sustainable land use, biodiversity conservation and adaptation to the impacts of climate change in terrestrial and marine ecosystems.

Regarding terrestrial ecosystems, the programme should combine agricultural and/or agroforestry elements with restoration, conservation and the promotion of connectivity of natural ecosystems in the landscape. Reforestation, peatland restoration and avoided deforestation are key not only for biodiversity conservation, but also for climate change mitigation by increasing carbon stocks and reducing carbon emissions, as well as for adaptation by enhancing the climate resilience of ecosystems and local populations.

Regarding marine and coastal ecosystems, the programme should focus on marine and coastal protection and restoration measures such as mangrove rehabilitation and other nature-based solutions. Additionally, the development of coastal protection measures and an improved access to marine meteorology information are crucial to reduce vulnerabilities to natural disasters. The proposed programme should specifically be in line with the country's aims for the next RPJMN, namely to improve coastal and small island resiliency, increase marine conservation areas and the protection

of marine species and biodiversity.

For the sake of clarity, the possible measures are divided into two thematic streams (A and B), nevertheless programmes are expected to include **both** of them. In addition to that, capacity building especially on the subnational level, should be included as a cross cutting issue.

A) Nature-based solutions, ecosystem-based Adaptation (EbA), with a focus on coastal management

- Providing technical support for the use of nature-based solutions, e.g. planning for EbA approaches including the restoration of mangrove or reef ecosystems;
- Supporting biodiversity protection and ecosystem restoration which contribute to the implementation of the 2011 - 2020 Strategic Plan of the Convention on Biological Diversity (Aichi Target);
- Promoting sustainable mangrove management, including mangrove restoration and conservation, as an approach to EbA to increase climate resiliency, particularly for coastal areas;
- Developing and implementing community-based adaptation and nature-based solutions in coastal areas;
- Promoting integrated water resource management in coastal areas and in the landscape with a high level of community involvement;
- Policy advise on reducing conflicts of interest between reducing emission targets, biodiversity protection, economic development and livelihood of local communities;
- Establishing of innovative participative concepts for spatial planning to elaborate community-based solutions for a sustainable management of natural resources, land use management, and nature conservation embedded in a landscape approach;
- Supporting the mainstreaming of climate adaptation and mitigation as well as biodiversity conservation into development and spatial planning and the budgeting process, and provide technical support for climate-proofing public investments, especially in infrastructure.

B) Agroforestry, Forest Landscape Restoration and climate-smart agriculture

- Promoting multi-layered agroforestry systems, climate-smart agricultural practices and sustainable plantation management, including measures for improved productivity and specific support for smallholder farmers in order to improve livelihoods depending on forest resources;
- Supporting and upscaling peatland restoration efforts (use synergies between NDC

implementation and biodiversity conservation), including approaches of sustainable management such as fire prevention and suppression efforts or alternative livelihoods for the rural population;

- Supporting Forest Landscape Restoration activities in communities and provide access to result-based payments with emphasis on biodiversity conservation/rehabilitation;
- Leveraging biodiversity and restoration investments, especially from the private sector;
- Supporting land-use related data collection and mapping of degraded landscapes; as well as monitoring within the NDC framework;
- Supporting biodiversity protection and ecosystem restoration, which contribute to the implementation of the 2011 - 2020 Strategic Plan of the Convention on Biological Diversity (Aichi Target);
- Enhancing fire management, in particular at subnational and local level, for the prevention, control and monitoring of forest fires in Indonesia.

The programme should be implemented in one or several of the following priority areas:

1. Areas with high potential for reducing emissions from deforestation and enhancing carbon stocks;
2. Critical watersheds;
3. Areas that have potential for local economic development on agroforestry;
4. Areas that have potential for energy development through the utilization of by-products from agroforestry activities;
5. Remote areas where society's socio-economic development depends on surrounding forests.
6. Coastal areas and populations that depend their livelihood on mangrove ecosystem and are vulnerable to climate change/have low adaptive capacity.

3.2 Energy Transition: Development of renewable energy and optimization of energy conservation with a focus on increasing the access to non-Government funding and strengthening the role of the private sector

Indonesia plays a crucial role in the global climate and energy transition and Indonesia's energy sector is the backbone to sustainable low-carbon development in the archipelago. Currently, the energy sector is the second largest contributor of GHG emissions in Indonesia after the land-based sector. In 2016, the energy sector, dominated by fuel combustion activities in energy industries, transportation, and manufacturing industries and construction, was accountable for 536 Mton CO₂e emissions. Based on the second Biennial Update Report, emissions from the energy sector are expected to reach 1.67 Gton CO₂e by the end of 2030. The sources of GHG emissions in 2030 will be dominated by power

generation (48.6%) and manufacturing (31.4%), followed by transportation (14.5%) and households (3.12%). In order to achieve Indonesia's NDC target in 2030, the energy sector needs to reduce 314 to 398 Mton CO₂e, which equals to an 11 to 14% GHG emission reduction compared to the baseline emissions by 2030. The targets set by the government include: (1) an increase of new and renewable energy (RE) to a share of 23% in 2025 and 31% in 2050 of the final primary energy mix; and (2) an increase of energy efficiency (EE) by 17% in 2025 compared to the baseline. In 2018, the policy implementation already resulted in a 12.32% share of RE generation and around 8 to 9% of RE in the final energy mix. Hence, the coming years will be essential for reaching the governmental goals in the energy sector, e.g. moving from 9% to 23% RE in the final energy mix as well as reaching the energy conservation target, and contributing to global efforts on implementing the Paris Agreement.

The programme that is envisaged to be funded within the German-Indonesian cooperation should promote an ambitious reform and transformation process in Indonesia supporting the paradigm shift to a low-carbon energy sector. The programme concept should pursue the following approaches mentioned below in accordance with the needs and strategies of the Indonesian government, keeping in mind the GHG mitigation perspective and the various above mentioned targets and aspects.

A four-thronged structure of the programme is envisaged to address issues of:

- a) overarching relevance to the energy transition, the alignment between climate and energy policy;
- b) improving the economic and financial environment to allow for effective investment of public and private sources to realize the transition;
- c) support to significantly increasing the share of on-grid RE in the coming years;
- d) support to realizing energy conservation potentials to contribute to the reduction of energy intensity.

It is expected that activities, especially in areas (b), (c) and (d) focus on a limited number of application areas of engagement to maximize impact of project resources, allow for significant progress during the implementation phase and measurable outcomes. It is also encouraged that activities cross-reference each other and link the various areas.

Various public and private actors, not only from the energy sector per se but also i.a. from the financial, business, environmental, academic sector as well as the general public and its representatives in government can play a crucial role in contributing to a successful and just energy and climate transition and should thus to be kept in mind when designing the programme.

A) Transition towards a climate-friendly energy system (making up approx. 15% of the project):

- Supporting analysis and processes on major topics of interlinkages of climate and energy policy and the relevant transformation process, including for example:
 - Policy alignment, avoiding silos in development, modelling of medium- and long-term

scenarios, development of roadmaps, increasing academic knowledge as well as capacities at key organisations, etc.;

- Supporting both analysis and political processes relating to the role of fossil fuels and the increasing share of renewable alternatives as well as to domestic and international economic and institutional aspects of the transformation of the energy sector;
- Policy advice on the alignment of the existing energy plans, policies and strategies, and public incentive structures with short-, medium- and long-term mitigation targets, aiming for a stringent implementation of the NDC by 2025 and the 2030-targets as well as for an ambitious update for the coming decades, e.g. in the NDC update 2025;
- Quantifying and making use of co-benefits, sustainability, socio-economic impacts, etc. and developing instruments to raise awareness on these and use them, e.g. in incentive programmes and communication, in favour of energy transition.
- Strengthening capacities of relevant actors on the energy transition from public and private sector, both on national and where relevant subnational level, including for example:
 - Supporting multi-stakeholder processes with various actors such as relevant government bodies, utilities, actors from the private sector including energy-intensive industries and businesses, the financial sector, associations, civil society, academia, think tanks and other non-state organisations supporting especially young professionals, strengthening university courses/degrees and networks of professionals relevant to a climate-friendly energy transition;
 - Working with governments/stakeholders of major cities or tourism spots on energy saving potentials in public buildings and/or spatial planning.
- Linking the programme to international climate and energy forums; contributing to the exchange on the global energy transition and the role of the energy sector in climate change efforts.

B) Addressing the economic and financial environment (“aligning financial flows of public and private sources”) (making up approx. 10-15% of the project):

Improving the economic and financial environment and respective instruments to increase the effective use of public and private resources (“aligning financial flows of public and private sources”) to move the energy transition effectively towards reaching the set goals; including for example:

- Supporting analysis, policy advice, and implementation of adequate instruments to shape the financial environment in favour of investments into renewables and increased EE and

decrease barriers such as counterproductive subsidies, pricing structures, etc. Calculate real costs and financial aspects over time, such as risks of stranding assets, lock-in situations, etc. Potential key actors to be involved here might be from the “finance community” such as the respective ministries, public financial institutions, private banks/investors, etc.;

- Supporting analysis, policy advice, and implementation of industrial policy and other economic instruments enabling the energy transition, especially domestic manufacturing and technical capacities needed, research, education and innovation for the expansion of RE and EE, supporting the utilization of potential co-benefits to the Indonesian economic development. Potential key actors to be involved here might be from the business and industrial policy community including the responsible ministries as well as business associations, energy-intensive industry, housing and infrastructure corporations, universities, start-ups, etc.;
- Development and implementation of financing mechanisms making use of non-governmental budgets (national and international) and allowing for the swift replication of existing RE and EE demonstration projects.

C) Support to significantly increasing the share of on-grid RE (making up approx. 40-50% of the project):

Support measures that aim to make a significant contribution to reaching the RE targets, with a focus on on-grid RE installations in growth centers, including for example:

- Supporting policy advice on the enabling policy environment for the substantial increase of on-grid RE installation, including support for improving regulatory conditions related to grid connectivity, pricing, contracts as well as on auctions or tenders of RE capacities both in regions of low electrification ratios and high-energy-demand-increases in Java and Sumatera;
- Support to developing and upscaling/multiplying business cases and existing pilot RE installations (e.g. solar, hydro and biomass/biogas), especially in the urban/industrial setting and scale;
- Raising awareness and knowledge and support organisations, industry, businesses with high energy demand and/or interest on greening energy consumption to become self-users or customers of renewable energy; developing an adequate sustainable incentive scheme/programme to increase the impact of these user groups in the energy transition;
- Awareness raising and development of sustainable support mechanisms for designing,

financing, installing and operating RE capacities, for example in industrial processes, on buildings, for transport infrastructure, in industrial estates, etc.

- Capacity development, training, awareness raising, etc. on relevant issues that are key to substantially increase the RE-share in IDN, including assessing and reaping potential co-benefits of RE and adaptations in the energy system, especially expansion planning tailored to the NDCs and long-term low-GHG strategies, the lay-out, management and expansion of the power grids as well as energy storage.

D) Support to significantly increase energy conservation in high-energy-users in order to reach the NDC goal in 2025 (making up approx. 20-30% of the project):

Realizing energy conservation potential and support to the demand-side, especially in high-energy industries, urban and community infrastructure, buildings and the tourism sector; including for example:

- Supporting policy advice on the enabling policy environment for substantial uptake of energy efficiency technologies;
- Supporting the development of support schemes that allow for testing and upscaling/multiplying of business cases and technology options, especially with energy intensive industry/businesses and building/structures with high energy consumption such as for example 4 or 5-star hotels, malls, supermarkets, public transport infrastructure, manufacturing;
- Upscaling experiences and results in the area of energy efficiency in the cooling sector and energy efficient buildings, support to locations/businesses where integrated energy systems are useful, developing and upscaling installations of RE and EE technologies, especially in the use of thermal energy (heating/cooling);
- Development of sector coupling concepts, load management and flexibility options and supporting incentive schemes that allow for the implementation and multiplication of demonstration projects.

This bilateral energy programme for which programme outlines are sought will work closely with the South East Asia Energy Transition Partnership (ETP), a joint initiative among international governmental and philanthropic donors and partner countries in Southeast Asia to provide assistance to the energy transition in the region in order to achieve the targets of the Paris Agreement. It is expected that the programme builds on the results and products from previous projects funded by the IKI and others. As to relevant IKI projects please refer to <https://www.international-climate-initiative.com/en/projects/>.

4. Requirements for programmes

This chapter sets out general technical criteria according to which programmes are selected and/or which are relevant for the programme implementation:

Transformation

The transformative nature of the programme concept should be reflected in several or all of the following aspects:

- The programme achieves a substantial and measurable improvement compared to a business-as-usual scenario (programme ambition).
- The programme brings about system changes and/or behavioural changes of decision makers or a significant number of individuals or institutions.
- The programme initiates steps towards climate-friendly development that are either irreversible or very difficult to reverse (creation of “positive path dependencies”, e.g. by building climate-friendly infrastructure at scale).
- The programme concept can be replicated in other countries/regions and/or other sectors, enabling successful effects to be achieved beyond the framework of the programme.

Innovation

The IKI funds innovative approaches that offer new or partially-new solutions for the challenges of climate and biodiversity protection.

Synergies with other programmes and activities

In order to make full use of synergies and avoid double funding links to other funding instruments and sections, to current and previous funding measures of the German Federal Government, the European Union and further national and international donors should be reviewed. The more a planned programme resembles an ongoing or completed programme in its goals, target groups, measures and specific products, the more precise the delimitation or link to this programme should be set out. In particular, past or current activities of other IKI-funded projects and programmes have to be taken into account.

IKI Safeguards

During implementation, the programme must take into account the IKI Safeguards developed along the

lines of the International Finance Corporation (IFC) Performance Standards (available under [Safeguards for IKI](#)). The IKI Safeguard approach ensures that risks are foreseen well in advance and efficiently managed. The approach is subject to universal guiding principles, such as compliance with human rights. The design of the programmes requires a comprehensive risk assessment and the development of strategies to deal with potential risks. The relevant risks and strategies must be described as precisely as possible in the programme outline.

Impact-based monitoring

Results output/ outcome/ impact and effectiveness of the programmes must be verifiable and must be oriented on the results logic of the Organisation for Economic Cooperation and Development (OECD) (see [Guidelines on results-based project/programme planning and monitoring](#)). Indicators must be specific, measurable, achievable, relevant and time-bound (SMART).

Gender mainstreaming and participation

Within IKI the promotion of equal opportunities for women and men applies. Where useful and possible, a gender-specific perspective is a desirable component of programmes, as well as empowerment measures to compensate for existing discrimination of women, but also other disadvantaged population groups (e.g. youth, indigenous groups).

Transparency

Information on current and newly-approved programmes in the field of climate and biodiversity protection has to be published in accordance with the International Aid Transparency Initiative (IATI) standard (cf. [IATI Data](#)). Programme-related knowledge must be comprehensibly documented and made available.

Sustainability of the programme results

The programme concept must demonstrate how the programme activities contribute to ensuring that funded activities and results are continued or maintained beyond the end of the IKI funding period. In the last two years of the programme's term, activities must focus on ensuring the sustainability of the programme ("exit strategy"). Any increase or extension of funding during or after the end of the programme is not envisaged.

Evaluation

The effectiveness of the programmes is evaluated externally. Implementing organisations are obliged to provide the necessary data for this purpose.

5. Political partners

In order to implement the programmes, the government of the partner country must have an explicit interest in cooperating with the Federal Republic of Germany on climate protection or biodiversity preservation. In the first selection stage, an initial assessment of the political support of the programme must be made and a contact/reference person in the government of the partner country (political partner) must be indicated. In the second selection stage, the implementing organisation with the support of BMU will develop a joint agreement with the partner country.

6. Requirements for implementing organisations

The following institutions may apply: Non-governmental organisations, business enterprises, universities and research institutions from Germany and abroad, implementing organisations of the Federal Republic of Germany, institutions in the partner countries (including accredited national implementation organisations in international or multilateral organisations), as well as multilateral organisations and institutions such as development banks and United Nations organisations and programmes.

One prerequisite for funding is the application as a consortium, i.e. an association of at least two organisations. Consortia must each designate a joint programme coordinator that has primary responsibility. The joint programme coordinator is designated as the sole contractual or agreement partner of BMU. It is the exclusive recipient of direct payments from BMU/IKI and is responsible for the budgetary implementation of the programme. Subcontracting is permitted in case of proven economic viability of the sub-contractor. A cooperation agreement with all other implementing organisations must be concluded (see information sheet in Annex II); this cooperation agreement should – as far as possible - already be part of the application. Implementing institutions may submit more than one programme outline in different consortia constellations.

The joint programme coordinator must meet the following criteria:

- Together with local partners, it must have implemented programmes in the field of international cooperation and in the relevant thematic field for at least five years.
- The annual BMU programme funding volume may not exceed the annual turnover of the joint programme coordinator, measured against the last three financial years (to be shown).

- The joint programme coordinator must present its access to the relevant stakeholders in the partner country
- Comprehensive relevant expertise and experience in Indonesia
- Expertise in the thematic funding priorities

The consortium will also be assessed according to the following criteria:

- Suitability of the joint programme coordinator (technical, administrative and management competences)
- Suitability of the other implementing organisations (technical and administrative competences)
- Consistency of distribution of roles, responsibilities and funding within the consortium

7. Type, scope and duration of funding

Funding necessity

IKI funding can only be granted if the implementation of the programme is not possible without the use of public funds.

Amount of funding

The total funding volume provided by the BMU amounts to 30 million EUR. IKI seeks two bilateral programmes with a funding volume between 12 million EUR and 15 million EUR. Any shortfall in funding volume results in exclusion.

Funding period

The programme duration is envisaged to be between five and seven years.

Contribution and partner services

Adequate own contribution and contributions from implementing organisations as well as the mobilisation of additional financial resources to finance eligible expenditure are generally prerequisites for funding. Cooperation with programmes financed by other donors is also possible. Co-financing or in-kind contributions from national, provincial, or district government and/or from private actors are an important aspect for the final selection. Intended or already secured third-party funding for the proposed programme must be proven with the other funding provider(s) and the respective concrete funding amount.

Start of programme implementation

Programmes may not have already started implementing their activities at the time of application.

Involvement of local actors

Consortia are expected to implement ideally 50% of their funding through national stakeholders in the partner countries. In this respect, national stakeholders are implementing organisations and subcontractors which have an official legal status under the applicable national law. In this regard, political partners are excluded as this would result in budget support.

Economic efficiency

All expenditures necessary to achieve the programme objectives in the context of sound financial management and budgetary discipline may be supported. Expenditure efficiency and the economic use of funds must be demonstrated. For the joint programme coordinator grants on a cost basis are not possible. Grants to the joint programme coordinator on a cost basis are not envisaged, as forwarding is not permitted in this respect.

Climate neutrality of programme activities

BMU advocates measures to reduce emissions from business travel (e.g. through video conferencing). The implementing organisations are obliged to carry out programme activities and investments from programme funds in a as climate-neutral, resource-efficient and environmentally-friendly manner as possible. If business travel cannot be avoided its compensation is eligible for funding. When selecting compensation projects, value should be placed on high-quality certificates (for further information see [here](#) and the guidebook [Voluntary CO₂ compensation through climate protection projects](#)).

Emission certificates

In order to ensure an additional greenhouse gas reduction and the German contribution to climate financing, emission certificates or other emission credits generated by IKI programmes may not be traded either during or after the programme period. Therefore, financing contributions from the sale of such emission certificates or other emission credits may not be included in the overall financing of programmes funded by the IKI. Exceptions to this rule are emission credits on the non-compliance market, if these comply with the [guidelines of the IKI](#) provided for this purpose and if it can be shown that they are demonstrably used for the sustainable financing of climate protection programmes in the agriculture, forestry and/or land use sectors.

Exclusion from funding

Luxury goods, environmentally harmful and military goods (incl. firearms), technologies and installations or services oriented on such purposes are excluded from any funding without exception.

8. Regulations on grants

Programmes by stakeholders from Germany and abroad are supported by grants. Sections 48 to 49a of the Administrative Procedure Act (Verwaltungsverfahrensgesetz (VwVfG)) and the General Auxiliary Provisions for Grants for Project Support (Allgemeine Nebenbestimmungen für Zuwendungen zur Programmförderung (ANBest-P)) apply to the implementation of the IKI funding measures.

In the case of grants to foreign implementing organisations, regulations that are equivalent to the ANBest-P shall become part of the funding agreement.

The model agreements negotiated in each case with the Federal Republic of Germany shall apply to grants to multilateral development banks and United Nations agencies and programmes.

Programmes of implementing organisations of the Federal Republic of Germany shall be funded in accordance with the terms and conditions applicable to such organisations.

The auditing rights of the Federal Court of Audit result from sections 91 and 100 of the German Federal Budget Code (Bundeshaushaltsordnung (BHO)).

On request, the BMU or its representatives shall be provided with all necessary information and shall be allowed to inspect books, documents and audits relating to the programme. In its funding application, the applicant must agree that the BMU or its representatives may disclose the name of the funded organisation and the purpose of the grant as part of its public relations work.

In case of concrete evidence of non-compliance with the funding eligibility requirements the grant notification can be cancelled in accordance with the statutory provisions and the funds can be reclaimed.

There is no entitlement to a grant or the amount of funding applied for in each case. Rather, the BMU makes a decision on the basis of dutiful judgement within the framework of the budget funds available to it.

9. Selection process

The IKI-Secretariat managed by the Zukunft-Umwelt-Gesellschaft (ZUG) gGmbH has been commissioned by BMU to manage the funding programme and process the application formalities.

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The IKI selection procedure consists of two stages: (1) submission of a programme outline; (2) submission of the complete programme proposal following the call for programme outlines.

- 1) In the first stage of the procedure, English-language programme outlines based on the IKI outline form are submitted exclusively on the online platform. The following deadline shall apply: **30 April 2020**.

For this selection procedure (scheduled programme start 2021 at the earliest) only programme outlines received by midnight (Central European Summer Time (CEST)) on the online platform will be considered. A pre-selection of promising programme outlines from all the programme outlines that fulfil the mandatory requirements is carried out by BMU. They are assessed on the base of the formal and technical criteria described in this funding information. Based on the results of the assessment, its own technical evaluation and the available budget funds, a decision is made by BMU as to which outlines will be further pursued in the second stage of the procedure.

- 2) During the second stage, the joint programme coordinator will be informed of the outcome of the evaluation in writing and will be invited to submit a detailed programme proposal. During the preparation phase, the joint programme coordinator will then have up to eight months to complete a thorough programme proposal. Subsequently, the joint programme coordinator can submit a formal request for funding for a preparation phase. This enables the programme to be optimally tailored to local needs together with the partners. The results obtained should improve the quality of the programme proposal to be submitted and should minimise enquiries during the application and approval processes. The documentation pertaining to the preparation phase must also be provided. The relevant provisions and templates shall be made available in writing at the end of the first stage of the procedure.

Annex I: IKI selection criteria

The programmes are evaluated and selected by BMU pursuant to the following requirements:

Exclusion criteria:

- No timely submission on the online platform
- No need for funding
- Not classified as an ODA-eligible country
- No conformity with the thematic funding priorities
- Amount of funding too high or too low
- Funding period exceeds 7 years
- Programme implementation already started before programme outline submission
- No links to national/regional policies
- Lack of official political support from the partner country
- No results-based monitoring applied (output, outcome, impact)
- Violation of the requirements for emission certificates
- Funding requests for excluded programme activities, goods or services
- Non-consideration of IKI safeguards

Criteria for a coherent and convincing programme:

- The programme has ambitious goals and is designed to deliver measurable results.
- The programme offers a new approach or a completely new solution for a region.
- The programme is linked to the local implementation landscape.
- The programme strengthens disadvantaged population groups and promotes equal opportunities for women and men.
- The programme responds to the question of how the programme's results are to be maintained and developed after the end of the funding period.
- Among the implementing organisations, the distribution of tasks and roles and the allocation of the overall budget are consistent.
- The implementing organisations' own financial participation and own contributions, as well as the sum of additional financial resources (co-financing) are appropriate.
- The role of national organisations and the amount of funding allocated to them is appropriate.

Annex II: Cooperation agreement

A consortium within the meaning of this funding information is an association of several, legally and economically-independent institutions/organisations formed for the time-limited execution of an agreed business purpose. At least two institutions/organisations from Germany and abroad (non-governmental organisations, business enterprises, universities, research institutions, implementing organisations, development banks, organisations/programmes of the UN) work together in a consortium with the purpose of implementing a joint IKI programme. Excluded from this is an exchange of services with third parties in a contractual relationship (subcontract).

The successful implementation of a programme requires trusting cooperation and fair treatment between the programme partners. The framework conditions for cooperation (i.e. the rights and obligations) are regulated by the programme partners in an internal agreement (“cooperation agreement”). At the same time, the programme partners shall designate a joint programme coordinator for the internal organisation and external representation of the consortium with an unanimous agreement of all the other implementing organisations.

The implementing organisations’ cooperation agreement on the nature and distribution of tasks in the joint programme must be submitted with the programme proposal in stage 2. The agreement supplements the programme partners’ regulations on which the funding is based and may not contain any agreements or regulations to the contrary. The programme partners remain fully responsible for the cooperation agreement and should seek legal advice where necessary. Legal advice, liability and/or examination of content by BMU or the ZUG will not be provided.

Before a funding decision is taken, the programme partners must prove that they have reached agreement in principle on at least the following points:

- Naming of joint programme coordinator
- Naming of other implementing organisations (legal form, place of business, right of representation)
- Duration, work plan and clear distribution of tasks between the other implementing organisations

In addition, the implementing organisations should reach an agreement on the following points:

- Reporting and information obligations in the consortium
- Liability of the programme partners
- Rights of use and copyrights
- Dealing with changes during the programme period
- Visibility of the programme partners
- Procedures for the settlement of internal disputes, e.g. employing a mediator