



Federal Ministry  
for the Environment, Nature Conservation  
and Nuclear Safety

INTERNATIONALE KLIMASCHUTZINITIATIVE (IKI)



## **IKI Country Specific Selection Procedure 2020**

### **Republic of South Africa**

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

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## **Information on funding projects within the International Climate Initiative for the Republic of South Africa**

The International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) finances climate and biodiversity projects in ODA-eligible states.<sup>1</sup> It supports projects 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 project outline, (2) Submission of the complete project 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 the 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.

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<sup>1</sup> 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. South Africa Country Call - Background

South Africa is among BMU's partner countries most severely affected by climate change, particularly as a result of increased temperatures and water variability. In addition, poor air quality in some parts of the country poses a great threat for public health and wellbeing. In the recent Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5 °C ([IPCC](#), 2018), the Southern African region is referred to as a "climate change hotspot" with respect to extreme weather events, such as droughts. The water sector is particularly affected by climate change as shown by the recent water crisis in South Africa, which peaked in 2017/2018, with associated crop losses, water restrictions, impacts on food and water security.

At the same time, South Africa is one of the top 20 global emitters and would have to exploit its mitigation potential as it makes its fair contribution to the global emission reduction objective. With approximately 80%, the energy sector is the largest contributor to the country's emissions due to a high dependency on fossil fuels. Coal fuels the bulk of South Africa's current electricity generation supply and also feeds into important downstream industries such as petrochemicals and metals refineries. Employment in the coal value chain exceeds some 120 000 workers that will be directly or indirectly affected by a transition away from coal. While recognising the urgency for an energy transition, South Africa emphasises that climate action needs to follow an integrated approach that takes into account South Africa's overall development context and the triple challenge – namely, inequality, poverty and unemployment. South Africa's climate policy therefore considers both development needs and climate change aspects.

Beside the energy sector, the agricultural sector is a big source of greenhouse gas (GHG) emissions (approximately 9%), that are likely to grow in response to food security. The GHG inventory reports reveal that most GHG emissions in the Agriculture, Forestry and Other Land Use (AFOLU) sector stem from the agricultural sub-sector, while the forest and other land use sub-sector is an important carbon sink. Accordingly, South Africa seeks to strengthen the sink function of the land sub-sector through improved land use and management, such as Ecosystem-based Adaptation (EbA) and restoration strategies. If restoration measures expand on prevailing local ecosystems, they have the potential to contribute to water availability, biodiversity, food security and increase climate resilience.

The strategic approach of South Africa's [NDC](#) (2016) within the area of mitigation focuses therefore on activities in sectors such as energy, AFOLU, industry and waste management. It refers to an inclusive and just transition that requires a well-planned low-carbon and climate resilient development. With the aim of working towards a climate resilient society, adaptation is given high priority in South Africa's NDC. The six adaptation goals are central in reducing risks and vulnerability, and aim at enhancing

capacity for resilience. South Africa intends to further enhance the current NDC by the end of 2020. The implementation of South Africa's NDC has significant co-benefits for biodiversity in support of its Second [NBSAP](#) (2015-2025) under the CBD. Furthermore, South Africa addresses land degradation and biodiversity loss under the United Nations Convention to Combat Desertification ([UNCCD](#)). In spite of national policies there has been an increase in land degradation and biodiversity loss in South Africa. More than 18% of natural habitat has been lost due to conversion to agriculture, unsustainable land management practices, mining, and urban development.

Over many years Germany and South Africa have been working together in a number of climate and biodiversity policy areas. Germany has contributed to the progress of climate and biodiversity policy development in South Africa through a variety of global, regional and bilateral projects. An overview of IKI projects, including regional and global projects with activities in South Africa, can be accessed at the [IKI Website](#) (search for South Africa on the world map). The two countries intend to continue their cooperation in a yet deepened dialogue, developing the cooperation portfolio with a strong focus on the implementation of the NDC, which are at the heart of the Paris Agreement and the UNFCCC, the CBD's post-2020 global biodiversity framework and the implementation of respective NBSAPs as well as SDGs.

Currently, South Africa is working on finalising the Climate Change Bill, which will advance the implementation of the National Climate Change Response Policy ([NCCRP](#), 2011) and constitute a legislative basis for both climate mitigation and adaptation measures, e.g. by defining carbon budgets and sectoral emission targets. South Africa is also developing a National Climate Change Adaptation Strategy ([NCCAS](#)) to be integrated into all relevant sector plans, including water, agriculture, forestry, biodiversity and ecosystems as well as energy, mining, transportation and infrastructure.

The National Development Plan 2030 ([NDP](#), 2012), which is currently being updated, includes a vision and specific steps to be undertaken for achieving environmental sustainability and an equitable transition towards a low-carbon economy. In order to further strengthen and provide guidance on the implementation of Chapter 5, the National Planning Commission of South Africa ([NPC](#)) has embarked on a multi-stakeholder dialogue process to develop a national vision and different pathways for a just transition for 2050, which will culminate into a "Just Transition Plan" for South Africa. Another important document with respect to South Africa's energy policy is the Integrated Resource Plan ([IRP](#), 2019) that defines the energy planning policy of South Africa until 2030 and includes detailed planning measures on renewable energy development.

The working document of the NPC has identified the land use and the water sector as key sectors alongside energy needed to achieve a just transition. Policy instruments that provide a legislative

framework for sustainable land and water management are the National Strategy for Sustainable Development and Action Plan ([NSSD](#), 2011-2014), which sets out targets to restore hectares of land affected by degradation, and the White Paper on National Water Policy ([DWAF](#), 1997), which outlines the sustainable, efficient and effective use of water resources. The latest National Biodiversity Assessment ([NBA](#), 2018) provides information on causes of biodiversity loss through unsustainable land use practices. Furthermore South Africa strives to adopt the concept of Land Degradation Neutrality ([LDN country report](#), 2018) to prevent further degradation of the environment and biodiversity loss. Those policies and processes provide an overall orientation and should be taken into account when drafting the outlines for the envisaged projects.

### 3. Thematic funding priorities

With the country call for South Africa, two projects with the following thematic funding priorities will be funded with a total funding volume of up to 30 million EUR. One project per thematic funding priority will be selected:

- 1) Just Transition to a Decarbonised Economy for South Africa**
- 2) Land Use and Climate Change Mitigation – Taking Action**

The projects should have a funding volume between 12 million EUR and 15 million EUR each. Please take note that continuous stakeholder consultations should underpin the implementation of the projects.

#### 3.1 Just Transition to a Decarbonised Economy for South Africa

For South Africa to achieve the ambitious goals of the Paris Agreement, the substantial reduction of coal-based energy production is the most substantial and effective possible contribution, both in terms of costs and in terms of emissions. Given the high volume of coal production and consumption to date, this constitutes a paradigm shift that involves numerous socio-economic challenges. The project to be funded within the German-South African cooperation should assist the South African Government in creating the conditions to achieve a just transition to a decarbonised economy that ensures decent work and quality jobs, equitable access to sustainable development and eradication of poverty, in line with the SDGs. The project should build on the abovementioned existing and potential future plans, goals, instruments and ongoing processes of the South African Government in the areas of environmental, macroeconomic, industrial, sectoral, social and labour policies in accordance with the government's needs and strategies. It should be based on the principles laid out in the "Guidelines for a just transition towards environmentally sustainable economies and societies for all" of the International Labour Organisation ([ILO](#), 2015) and the "Solidarity and Just Transition Silesia

Declaration” adopted by the [UNFCCC](#) (2018). The project should cooperate closely with the proposed Presidential Climate Change Coordinating Commission (PCCCC) as well as with the National Planning Commission of South Africa ([NPC](#)) and should generally give priority to continuous substantial inclusion and participation of relevant stakeholders. The project should also tap the potentials of research, lessons learned and best practice from international experiences of just transitions, in particular from countries that have already advanced their coal phase-out.

The project should address both work streams described below and include all of the depicted measures.

#### **Work stream 1: Supporting the national just transition agenda**

- Supporting national processes on just transition in collaboration with key actors, in particular, the design of policy and financing instruments and the coordination between national, provincial and municipal level and stakeholders in the coal value chain; key actors should include the proposed PCCCC and the NPC
- Developing and implementing capacity building programmes for national and local actors on planning and policy-making for a just transition
- Developing approaches for the recultivation/repurposing of mining and post-mining landscapes, including sustainable water management
- Developing strategies to address fears and risks concerning transition and stress environmental and social benefits of a decarbonised economy; strategies should include forming multi-stakeholder-coalitions and communication concepts to build a positive narrative on just transition, generate trust and mobilise support for ambitious mitigation

#### **Work stream 2: Developing and implementing pilot approaches to a just transition**

- Developing pilot projects in at least two to three municipalities that are most affected by a coal phase-out because of their position in the coal value chain (e.g. coal mining, power plants, coal-to-liquid, energy-intensive industries), assessing feasibilities and identifying investment targets to absorb risks and stimulate benefits of transition; please take note that Emalahleni, Steve Tshwete, Msukaligwa and Govan Mbeki are the four mostly affected municipalities in Mpumalanga Province, however, the pilot approaches can also be planned with different municipalities or with another provinces if it addresses all relevant aspects of this call; duplications with ongoing programmes must be avoided
- Pilot projects should develop and implement best practice approaches to a just transition at provincial/local level that involve i.e. developing policies and measures to mitigate social and labour impacts and diversify local economies, communities and livelihoods; this should include

the development or identification of ready to finance sustainable infrastructure investment projects, attracting foreign or domestic companies, new business models, founding of companies and new sustainable job opportunities in the affected regions (e.g. farming, renewable energy, post-mining rehabilitation, ecological rehabilitation, circular economy around coal waste, hydrogen, tourism, building sector) and the development of roadmaps for retraining measures as well as recultivation measures (including sustainable water management)

- Establishing strategic relationships among key local stakeholders in government, labour, and finance industry and providing technical support for setting up innovative financing mechanisms to mobilise private funding for just transition on provincial or local level, complementing or expanding existing national, regional and international cooperation and funding instruments available in/for South Africa
- For the financing mechanisms, particular attention should be paid to ensure that investments make significant contributions to environmental protection and reducing emissions, while at the same time addressing the socio-economic effects of the transition and wider developmental challenges, in particular poverty, inequality and unemployment

### 3.2 Land Use and Climate Change Mitigation - Taking Action

Terrestrial land use systems provide a range of mitigation opportunities such as sustainable management of croplands, forests, grassland and forest plantations on a silvicultural-ecological basis, avoided conversions between land uses, better management of agricultural soils, and agroforestry options. The land sub-sector in South Africa is closely linked to the country's water source areas, which take up only 8% of the land, yet provide 50% of surface run-off (water in wetlands, streams and rivers). The importance of both, the land use and the water sector has been identified by the National Planning Commission of South Africa ([NPC](#)) as two of the key sectors alongside energy needed to achieve just transition. As it has been stated by the [South African National Terrestrial Carbon Sink Assessment](#) (2015), the restoration of grassland, subtropical thicket and indigenous forest ecosystems will not only lead to the sequestration of atmospheric carbon but to the long-term sustainable management of water services as well. The assessment report has identified also the restoration and management of grassland and savannah systems as one of the principle Ecosystem-based Adaptation (EbA) opportunities in South Africa to contribute to an ecological infrastructure for water services. Furthermore, sustainable agricultural practices are likely to have substantial water, soil erosion and associated climate change adaptation benefits.

Within this project the intention is to support South Africa's contribution towards reducing GHG within the Agriculture, Forestry and other Land Use (AFOLU) sector. As part of the AFOLU sector, the project must address specifically the land sub-sector with a strong focus on implementation of measures to reduce GHG emissions and enhance the land-based mitigation potential. It should include measures with a special emphasis on the improvement of prioritised water sources and addressing linkages between the water sector and the land sector, while promoting social and economic co-benefits. Furthermore, the project should propose effective measures for climate change mitigation and adaptation in the context of South Africa's NDC and above-mentioned policies. With the purpose of creating synergies between mitigation and adaptation, the project should also include EbA strategies within the land use and the water sector. International exchange and outreach activities at a regional level (e.g. SADC) should also be considered.

The project should address both work streams described below and include all of the depicted measures.

**Work stream 1 – Supporting South Africa's efforts in the development of a climate-sound landscape restoration approach and creating synergies between mitigation and adaptation measures in the AFOLU sector**

- Supporting the South African Government and other key stakeholders in developing strategies for climate-sound landscape restoration approaches
- Assessing the state of degradation of the selected savannah (woodland), subtropical thicket and forest ecosystems and measure the impact of restoration on soil organic carbon (SOC) stocks and GHG emissions (scenarios without measures (WOM), with existing measures (WEM) and with additional measures (WAM))
- Contributing to South Africa's Monitoring, Reporting, Verification (MRV) system by generating data of grassland, savannah, sub-tropical thicket, forest ecosystems, croplands as well as water source areas with the purpose to identify opportunities to restore and enhance SOC stocks and to halt forest degradation as well as by evaluating the current forest use as well as predicted changes of degradation (e.g. mapping of degraded areas, calibration of methodologies, monitoring framework, modelling and scenario development, assessing the impact of timber, fuelwood, medicinal plant and bark harvesting on woody biomass carbon stocks; existing studies should be considered)
- Supporting the implementation and the promotion of sustainable agricultural practices suitable for GHG emission mitigation and adaptation to the negative impacts of climate change on cultivated land that particularly restore SOC stocks, enhance water use efficiency and promote biodiversity conservation (e.g. water-wise and efficient irrigation, choice of crops)

- At a national level, identifying opportunities to reduce GHG emissions within the AFOLU sector with a focus on GHG emissions through enteric fermentation and dung deposits by the assessment of current extent of GHG emissions generated in intensive and extensive livestock farming systems
- Creating business cases by promoting the variety of co-benefits besides mitigation from ecosystem conservation and the productivity and services of landscapes (e.g. water regulation, biodiversity enhancement, soil quality, better livelihoods) and identify potential financing instruments
- Support the sustainable use of biological resource in the context of climate change adaptation; land restoration and sustainable agricultural practices; implementation of EbA measures that promote biodiversity conservation including resource trade-offs

### **Work stream 2 – Implementing restoration activities and sustainable land use options**

- Selecting suitable sites to implement restoration measures (suggest options in your project outline) based on the approach developed in work stream 1
- Supporting South African stakeholders in the restoration of selected savannah, subtropical thicket and forest ecosystems which are degraded by unsustainable pastoralism and applying participatory approaches that include local groups to foster equity in access to ecosystem goods and services and sustainable livelihoods
- Support key stakeholders in restoring and improving management of selected grassland systems (including fire management) on degraded communal or private rangelands (e.g. due to overgrazing) by participatory replanting/rehabilitation and capacity building programmes to reduce grazing pressure and soil erosion
- Implementing specific landscape restoration approaches for forests, subtropical thicket and mesic grassland vegetation promoting conservation of biodiversity and ecosystem functions including measures to halt the spread of alien invasive vegetation along water source or other prioritized areas
- Implementing EbA measures that promote biodiversity conservation in areas that are vulnerable to climate change and disaster challenges or in previously prioritized local municipalities by promoting an inclusive participatory approach and maximising ecological and social co-benefits (e.g. productivity of landscapes, water regulation, biodiversity enhancement, improved livelihoods)
- Establishing strategic relationships among key local stakeholders in politics and finance industry and providing technical support for setting up innovative financing mechanisms to mobilise private funding for sustainable land use activities at local/national level,

complementing or expanding existing national, regional and international cooperation and funding instruments available in/for South Africa

#### 4. Requirements for projects

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

##### Transformation

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

- The project achieves a substantial and measurable improvement compared to a business-as-usual scenario (project ambition).
- The project brings about system changes and/or behavioural changes of decision makers or a significant number of individuals or institutions.
- The project 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 project concept can be replicated in other countries/regions and/or other sectors, enabling successful effects to be achieved beyond the framework of the project.

##### Innovation

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

##### Synergies with other projects 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 project resembles an ongoing or completed project in its goals, target groups, measures and specific products, the more precise the delimitation or link to this project 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 project must take into account the IKI Safeguards developed along the lines of the International Finance Corporation (IFC) Performance Standards. 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 projects 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 project outline.

### Impact-based monitoring

Results output/outcome/impact and effectiveness of the projects 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 projects, 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 projects in the field of climate and biodiversity protection has to be published in accordance with the International Aid Transparency Initiative (IATI) standard (see [IATI Data](#)). Project-related knowledge must be comprehensibly documented and made available.

### Sustainability of the project results

The project concept must demonstrate how the project 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 project's term, activities must focus on ensuring the sustainability of the project ("exit strategy"). Any increase or extension of funding during or after the end of the project is not envisaged.

### Contribution to Green Recovery

Governments all over the world are currently mobilizing funds for stimulus packages to limit the negative impact of the COVID-19 pandemic on societies and the economy. While this pandemic is causing significant challenges and uncertainty worldwide, the recovery from the economic recession

provides opportunity to create recovery and structural reform packages aligned with the goals set out in the Paris Agreement.

This means e.g. securing green investments and making progress in transformation that would allow for a social and green economy, providing opportunities for businesses and green jobs.

It is one goal of the IKI to contribute through our projects to making climate and biodiversity protection a key part of the post-COVID geopolitical and global governance. Therefore, we ask you to integrate components addressing green recovery.

### Evaluation

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

## 5. Political partners

The entire selection process is closely coordinated with the government of the partner country; this ensures the necessary political support. It must also be ensured in the further procedure and during project implementation that the government of the partner country is involved in important decisions. In the first selection stage, an initial assessment of the political support of the project 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 project coordinator that has primary responsibility. The joint project 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 project. 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 Annex II). This cooperation agreement should – as far as possible - already be part of the application. Implementing institutions may submit more than one project outline in different consortia constellations.

The joint project coordinator must meet the following criteria:

- Together with local partners, it must have implemented projects in the field of international cooperation and in the relevant thematic field for at least five years.
- The annual BMU project funding volume may not exceed the annual turnover of the joint project coordinator, measured against the last three financial years (to be proven).
- The joint project coordinator must present its access to the relevant stakeholders in the partner country.
- Comprehensive relevant expertise and experience in South Africa.
- Expertise in the thematic funding priorities.

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

- Suitability of the joint project 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 project 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 to fund two bilateral projects with a funding volume between 12 million EUR and 15 million EUR. Any shortfall in funding volume results in exclusion.

### Funding period

The project 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 projects 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 project must be proven with the other funding provider(s) and the respective concrete funding amount.

### Start of project implementation

Projects 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 project 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. Grants to the joint project coordinator on a cost basis are not envisaged, as forwarding is not permitted in this respect.

### Climate neutrality of project activities

BMU advocates measures to reduce emissions from business travel (e.g. through video conferencing). The implementing organisations are obliged to carry out project activities and investments from project funds in an 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 (see [Carbon Offsetting](#) and [Voluntary CO<sub>2</sub> 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 projects may not be traded either during or after the project period. Therefore, financing contributions from the sale of such emission certificates or other emission credits may not be included in the overall financing of projects 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 projects 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

Projects 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.

Projects 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 project. 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 projects and process the application formalities.

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The IKI selection procedure consists of two stages: (1) Submission of a project outline, (2) Submission of the complete project proposal following the call for project outlines.

- 1) In the first stage of the procedure, English-language project outlines based on the IKI outline form are submitted exclusively on the online platform. The following deadline shall apply: **31 August 2020**.

For this selection procedure (scheduled project start 2021 at the earliest) only project outlines received by midnight (Central European Summer Time (CEST)) on the online platform will be considered. A pre-selection of promising project outlines from all the project 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 assessments, its own technical evaluation, the available budget funds and after consultation with the South African Government, 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 project coordinator will be informed of the outcome of the evaluation in writing and will be invited to submit a detailed project proposal. During the preparation phase, the joint project coordinator will then have up to eight months to complete a thorough project proposal. Subsequently, the joint project coordinator can submit a formal request for funding for a preparation phase. This enables the project to be optimally tailored to local needs together with the partners. The results obtained should improve the quality of the project 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 projects are evaluated and selected by BMU pursuant to the following requirements:

### Exclusion criteria:

- No timely submission on the online platform
- No need for funding
- No conformity with the thematic funding priorities
- Amount of funding too high or too low
- Funding period exceeds 7 years
- Project implementation already started before project 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 project activities, goods or services
- Non-consideration of IKI safeguards
- No application as a consortium

### Criteria for a coherent and convincing project:

- The project has ambitious goals and is designed to deliver measurable results.
- The project offers a new approach or a completely new solution for a region.
- The project is linked to the local implementation landscape.
- The project strengthens disadvantaged population groups and promotes equal opportunities for women and men.
- The project responds to the question of how the project'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 and organisations/programmes of the UN) work together in a consortium with the purpose of implementing a joint IKI project. Excluded from this is an exchange of services with third parties in a contractual relationship (subcontract).

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

The implementing organisations’ cooperation agreement on the nature and distribution of tasks in the joint project must be submitted with the project proposal in stage 2. The agreement supplements the project partners’ regulations on which the funding is based and may not contain any agreements or regulations to the contrary. The project 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 project partners must prove that they have reached agreement in principle on at least the following points:

- Naming of joint project coordinator
- 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 project partners
- Rights of use and copyrights
- Dealing with changes during the project period
- Visibility of the project partners
- Procedures for the settlement of internal disputes, e.g. employing a mediator