



Federal Ministry  
for the Environment, Nature Conservation  
and Nuclear Safety



INTERNATIONAL  
CLIMATE INITIATIVE (IKI)

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

**Funding information for projects within the  
International Climate Initiative (IKI) of the Federal  
Ministry for the Environment, Nature Conservation  
and Nuclear Safety (BMU)**

*Published:*

*15<sup>th</sup> December 2020, updated 19<sup>th</sup> March 2021 (Annex II, p. 19)*

## Table of contents

1. Key objectives.....	1
2. Peru Country Call – Background.....	2
3. Funding priorities.....	4
4. Basic requirements for projects .....	10
5. Requirements for the cooperation with Peru .....	10
6. Requirements for implementing organisations/consortia .....	11
7. Requirements for project outline/project concept.....	12
8. Funding requirements .....	13
9. Formal requirements and additional information .....	14
10. Funding terms.....	15
11. Selection procedure .....	16
Annex I: IKI-selection criteria.....	17
Annex II: Cooperation agreement .....	19

## **Funding information for projects within the International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)**

This IKI funding information provides a detailed overview about the objectives, general and specific funding requirements, the selection procedure as well as selection criteria. The latter are subdivided into exclusion criteria and evaluation criteria. If exclusion criteria are not met, the outline is automatically excluded. However, the evaluation criteria provide a basis for assessment, including weighted aspects (see Annex 1).

The selection procedure is done in two stages. In the first stage, interested implementing organisations submit a project outline. In the second stage, selected organisations are invited to draft a detailed project proposal.

### **1. Key objectives**

The IKI's central goals are climate change mitigation and biodiversity conservation. The programme is primarily rooted in the Paris Agreement within the United Nations Framework Convention on Climate Change (UNFCCC), which aims to limit global warming to well below two degrees (preferably 1.5 degrees) and the Convention on Biological Diversity (CBD). At the national level, partner countries' nationally determined contributions (NDCs) and national biodiversity strategies and action plans (NBSAPs) play a key role.

The IKI provides support to cooperation countries in developing and implementing their NDCs and in combating the dramatic loss of natural resources worldwide. The IKI funding programmes also aim to contribute to the concrete implementation of the Aichi targets under the Strategic Plan for Biodiversity 2011–2020 and the objectives to be developed under future global frameworks for biodiversity after 2020.

The United Nations' 2030 Agenda for Sustainable Development, including its 17 sustainable development goals (SDGs), goes beyond the two conventions (UNFCCC and CBD) to establish a framework for climate change mitigation and biodiversity conservation worldwide.

The IKI finances climate and biodiversity projects exclusively in ODA1-eligible countries. The aim is to fund projects that pursue holistic approaches across multiple levels and, above all, demonstrate how to implement climate action and biodiversity conservation in practice (including policy advice, capacity building, technology cooperation, investment and local implementation in particular).

---

<sup>1</sup> Official development aid (ODA) is an internationally recognised benchmark for recording public development services and has been agreed by the OECD Development Assistance Committee (DAC). Only services to countries included in the DAC country list are eligible for ODA. The country list is regularly revised by the DAC.

## 2. Peru Country Call – Background

Germany and Peru have been working together on climate change and biodiversity since 2008. Their cooperation includes a variety of bilateral as well as regional and global projects with activities in Peru. All IKI-financed projects with Peru can be accessed on the [IKI website](#) (search for Peru on the world map). The two countries intend to continue and strengthen their bilateral cooperation through this country call with a strong focus on implementing Peru's NDCs and CBD's post-2020 global biodiversity framework, as well as on implementing the relevant NBSAPs and SDGs.

Peru is one of the world's most important biodiversity hotspots. At the same time, the impacts of climate change are particularly severe. Extreme weather events such as droughts, floods and weather phenomena like El Niño have increased in frequency and intensity and acutely affect the agricultural sector and the rural poor population, especially women. Furthermore, Peru's glaciers are retreating at a rapid and escalating rate. This is especially concerning since most of the population live in the coastal desert or in the Andes and are therefore dependent on the glaciers for their water supply.

Peru's NDCs aim at a twenty per cent greenhouse gas (GHG) emissions reduction compared to the business as usual (BAU) scenario by 2030, plus an additional ten per cent reduction conditional on international cooperation. Mitigation efforts primarily concentrate on energy and land use, land-use change and forestry (LULUCF) sectors. One of the NDCs key focuses is adapting to the impacts of climate change across five priority areas: 1) agriculture; 2) forests; 3) fishing and aquaculture; 4) health; and 5) water. In addition, Peru is currently developing its National Adaptation Plan (NAP) as part of a participatory process. The NAP will be closely aligned with the NDCs. The NDCs define the objectives and goals for adaptation, while the NAP establishes the planning, implementation, and monitoring and evaluation (M&E) of specific measures to reach the country's NDC targets.

To develop a roadmap for NDC implementation, Peru established a temporary multi-sectoral working group (*Grupo de Trabajo Multisectorial*, GTM-NDC) in 2017, consisting of 13 ministries and the National Centre of Strategic Planning (*Centro Nacional de Planeamiento Estratégico*, CEPLAN), with the Peruvian Ministry of Environment (*Ministerio del Ambiente*, MINAM) serving as the secretariat.

Further to its commitments under the Paris Agreement, in April 2018 Peru passed the [Framework Law on Climate Change](#), which establishes public policies for a holistic approach to climate change management and defines the roles and responsibilities involved across the three levels of government (national, regional, and local). This was followed in December 2019 by the adoption of the [Regulation on the Framework Law on Climate Change](#), the drafting of which drew on the involvement of stakeholders from the public and private sectors, academia, civil society and with a special focus on indigenous communities and women. As provided in Peruvian law and the 169th Convention of the International Labour Organization (ILO), the regulation text has been affirmed by Peru's indigenous communities through a prior consultation (*consulta previa*) process.

In 2020, the Peruvian government created the High-Level Commission on Climate Change

(*Comisión de Alto Nivel de Cambio Climático, CANCC*), a permanent commission led by the Prime Minister and heads of other ministries, to propose and recommend actions to achieve carbon neutrality by 2050 as well as to propose a progressive ramp up of Peru's NDCs, taking into account regional and local government proposals.

The implementation of Peru's legal framework on climate change focuses on decentralisation. With the support of the central government, regional governments are formulating their own regional climate change strategies. This process aims to identify, develop and implement adaptation and mitigation measures across these three levels of government and tailor them to regional priorities. Peru's efforts to decentralise and implement mitigation and adaptation measures regionally and locally will be supported under the first funding priority for this country call.

Biodiversity forms the second policy priority under this country call. Peru adopted its [National Biodiversity Strategy 2021 and Action Plan 2014 to 2018](#) in 2014 after an extensive participatory process, including consultations with indigenous peoples, the private sector, and civil society. The strategy contains the following six strategic objectives through 2021: (i) the status of biodiversity and ecosystem services; (ii) national development; (iii) reducing pressures on biodiversity; (iv) strengthening capacity across the three levels of government; (v) improving knowledge and technology and re-valuing traditional knowledge associated with the biodiversity of indigenous peoples and (vi) strengthening cooperation and participation by all stakeholders involved in biodiversity governance. While regional governments have advanced their biodiversity management and enhanced their management tools, there has thus far been limited progress in updating and implementing regional biodiversity strategies. Peru is also following an integrated approach in implementing the three Rio Conventions – the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Convention to Combat Desertification (UNCCD) – in order to expand synergies, improve coordination and avoid duplication of efforts. The second project under this country call should focus on supporting the integrated implementation of these three Rio Conventions with nature-based solutions (see thematic funding priority two).

### 3. Funding priorities

With the country call for Peru, two projects addressing the funding priorities listed below will be funded with a total volume of up to 30 million euros. The budget per project should range between 12 and 15 million euros. One project will be selected for each of the following funding priorities:

- 1) Integrated NDC project: institutionalisation and implementation of joint adaptation and mitigation measures at the regional and local level in the water and transport/energy sector**
- 2) Strengthening biodiversity management by promoting the integrated implementation of the Rio Conventions through nature-based solutions**

Both projects should strongly emphasise intersectoral implementation. In addition to MINAM, the active involvement and engagement of relevant sector ministries and institutions (such as MINAGRI, MEF, MVCS, PRODUCE, MINEM, ANA, SERNANP, SERFOR)<sup>2</sup> in project implementation will be essential.

#### Contribution to green recovery

Governments around the world are currently mobilising funds for stimulus packages to limit the negative impacts of the COVID-19 pandemic on societies and the economy. The context of COVID-19 and the need to implement measures to contain its effects and build more sustainable economies and societies in future presents new challenges for the formulation and implementation of action plans to foster sustainable development and adapting to climate change. At the same time, the current challenges provide opportunities to create recovery and structural reform packages aligned with the goals set out in the 2030 Agenda for Sustainable Development and the Paris Agreement, as demanded by the Secretary-General of the United Nations.

The pandemic highlights the need to develop a strategic approach, prioritising key measures and actions that allow for reconstruction measures to be thought together with the opportunities seized by climate action, biodiversity conservation and sustainable development. Most notably, this means avoiding stranded assets, securing green investment, making progress in transformation that allows for an inclusive, green economy and providing opportunities for businesses and green jobs.

This country call aims to offer support in managing the social and economic impacts of the coronavirus pandemic while also demonstrating how climate change mitigation, adaptation and

---

<sup>2</sup> MINAGRI (*Ministerio de Agricultura y Riego/Ministry of Agriculture and Irrigation of Peru*), MEF (*Ministerio de Economía y Finanzas/Ministry of Economy and Finance*), MVCS (*Ministerio de Vivienda, Construcción y Saneamiento/Ministry of Housing, Construction and Sanitation*), PRODUCE (*Ministerio de la Producción/Ministry of Production*), MINEM (*Ministerio de Energía y Minas/Ministry of Energy and Mines*), ANA (*Autoridad Nacional del Agua/National Water Authority*), SERNANP (*Servicio Nacional de Áreas Naturales Protegidas/National Service of Natural Areas Protected*), SERFOR (*Autoridad Nacional Forestal y de Fauna Silvestre/National Forest and Wild Fauna Service*).

biodiversity conservation can contribute to sustainable economic reconstruction. Project outlines should therefore incorporate components addressing green recovery. Projects should be able to adequately respond to the changes that may arise in the context of COVID-19.

### **3.1 Integrated NDC project: institutionalisation and implementation of joint adaptation and mitigation measures at the regional and local levels in the water and the transport/energy sector**

The objective of the project selected under this funding priority is to support Peru in achieving its NDCs following the Peruvian climate change management approach, which is characterised by its integrated, intersectoral, multi-level approach with broad stakeholder participation and strong links to the SDGs. In particular, the project should contribute to the vertical integration of Peru's NDCs by effectively institutionalizing and implementing integrated adaptation and mitigation measures at the regional and local levels. As part of the roadmap for achieving its NDCs, Peru identified 62 mitigation and 91 adaptation measures in 2018. Building on this work, the project should assist Peru in reviewing and further developing of these measures. The project should consist of two components. The first component of the project should combine measures into packages of ambitious adaptation and mitigation measures and should be directed at specific regions or localities. The measures should also promote social and economic co-benefits and links to local and regional development plans as well as sectoral targets, promoting private investment. Participation by civil society and the private sector is key and should be accompanied by a gender-sensitive approach. The second component of the project should develop and implement specific integrated packages of adaptation and mitigation measures in the water and transport/energy sectors. The project's primary focus should be the implementation of selected measures within the second component (see below).

#### **Component I:**

- provides support to MINAM and other sectoral ministries (MINAGRI, MEF, MVCS, MINEM, MTC, etc.) as well as regional/local governments in the effective multi-level institutionalisation of the NDCs and integrated climate change management, including public planning, public budgeting processes and decision-making instruments for private investment.
- strengthens the capacities of these institutions and the private sector for the review and development of integrated packages of adaptation and mitigation measures and the deployment of these packages to suitable regions. The design of these integrated packages should align with regional and local development plans, ensure the participation of all relevant stakeholders, including women's organisations, and aim to promote co-benefits.
- contributes to the enhancement of the Peruvian NDCs by developing ambitious packages of mitigation and adaptation measures.
- provides support to establish effective coordination formats across the three levels of government (national, regional and local) to promote vertical integration in NDCs and NAP development and implementation.
- provides technical advice for the development and set-up of a measurement, reporting and verification (MRV) system as a basis for NDC implementation at the regional/local level in line with the national framework for NDC monitoring.

## **Component II:**

- provides support to MINAM, various sectoral ministries (MINAGRI, MEF, MVCS, MINEM, MTC, etc.) and relevant subordinated authorities to consolidate, develop and implement packages of adaptation and mitigation measures in water and wastewater management (including faecal sludge management), water supply and sanitation, and energy and transport at the regional/local levels (as outlined below).
- provides technical support for innovative and sustainable financing mechanisms to mobilise private and public funding for these integrated packages of measures. This requires the analysis of finance needs, the development of innovative financing strategies and investment plans as well as the design of project pipelines. Early on in the project, relevant stakeholders from the private and finance sectors should be actively involved and incentivised.
- supports knowledge management and the exchange of best practices for integrated climate change management between regions, provinces and cities, feeding these best practices into regional and global networks.

Packages of mitigation and adaptation measures are to be implemented in the following sectors:

### **1) Water management, supply and sanitation:**

Water resources in Peru's more densely populated areas are scarce and often contaminated. The negative effects of climate change aggravate the situation. In addition, Peru is increasingly suffering from the effect of the weather phenomenon known as El Niño with extreme weather events, floods and massive erosion of soil and arable land. To adapt to the changing climate conditions, reduce emissions from the water sector and support water security, an integrated approach should combine adaptation and mitigation measures. Interdependencies between the water, energy and food sectors should be taken into account.

*Possible integrated packages in this sector could include:*

- climate-informed integrated water resource management (IWRM), water resource management plans, participatory water resource monitoring, support for institutional and legal reforms to water basin management (water basin councils), integration of finance mechanisms in WRM plans.
- promoting climate-proof infrastructure to reduce GHG emissions, especially those associated with wastewater, providing support to service providers in sustainable sanitation, faecal sludge management, power generation and water reuse to ensure current and future water availability for the population.
- water harvesting, with reforestation, ecological restoration and associated agricultural products.
- strengthening hydrologic disaster risk reduction systems, where possible in combination with ecosystem-based adaptation (EbA) components and climate-proof, resilient reconstruction (building back better; green recovery) as cost-efficient measures with multiple co-benefits (sustainable livelihoods, biodiversity, etc.).
- transforming the value chain for rice: e.g. using innovative technologies and efficient water management; co-benefit: combating vector-borne diseases.



## 2) Energy and transport:

The energy and transportation sectors are the foundation on which a low-carbon transformation is based, which is why they form one of the central pillars of Peru's National Strategy for Climate Change, with a vision for 2050 (currently under development). In addition, as part of economic recovery efforts, various actions and projects related to energy efficiency and sustainable transport are being promoted in the hopes of achieving affordable, non-polluting energy sources, sustainable cities and communities, a low carbon footprint, and increasing competitiveness as well as the profitability of products, processes and services.

*Possible integrated packages in this sector could include:*

- promoting electric mobility and renewable energy that promotes the creation of sustainable cities and reduces local pollution, generating positive impacts on health.
- Promoting sustainable construction in cities and buildings through water and energy efficiency, urban quality, waste reuse, sustainable mobility, etc.
- Promoting renewable power plants (solar and wind) to complement energy generation using water sources and reducing GHG emissions from the use of fossil fuel.

### 3.2 Strengthening biodiversity management by promoting the integrated implementation of the Rio Conventions through nature-based solutions

The objective of the second project to be selected in this country call is to support Peru's integrated implementation of the three Rio Conventions (mentioned above) through nature-based solutions (NBS). The project must be implemented in close cooperation with MINAM, MINAGRI and relevant subordinated authorities. As defined by the International Union for Conservation of Nature (IUCN), NBSs are *"actions to protect, sustainably manage and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits"*.

By combining a landscape approach with the promotion of profitable eco-friendly businesses based on biodiversity value chains, the project should contribute to the conservation and restoration of ecosystems and biodiversity, while at the same time strengthening the resilience of local communities in Peru and reducing emissions. Sustainable, long-term alternative income sources for the rural population should be supported in order to incentivise the sustainable use of biodiversity and a low-carbon economy and replace harmful, illegal activities such as gold mining, logging, hunting and the unsustainable extraction of resources.

Overall, focusing on a highly participatory and holistic approach by involving various groups of stakeholders such as local communities and indigenous peoples, women, civil society as well as the private sector will be consistent with the [Escazú Agreement's goals](#). To ensure lasting impacts and sustainability after the project ends, projects should identify and ensure access to suitable and sustainable sources of financing and the mobilisation of public and private investments, as well as the replication of best practices in other regions/landscapes should be ensured. In addition, the project should seek to strengthen the capacities of relevant stakeholders using a gender-balanced approach and to support the (political) institutionalisation of relevant measures and their integration into policy and strategic planning/decision-making.

The project should address the following four components and the measures outlined.

**Component I:**

**Sustainable biodiversity and land management with local stakeholders through a comprehensive landscape approach**

*This component focuses on the implementation of recovery and conservation measures for priority species and ecosystems, as well as the reassessment of traditional, resilient and healthy agrobiodiversity management practices that benefit local communities and the country as a whole.*

- Use assessments and analyses of the current state of ecosystems, species, ecosystem services and economic activities to identify suitable recovery and conservation measures for high-priority ecosystems.
- Promote and scale up successful pilot projects for the conservation, restoration and sustainable management of biodiversity (species and ecosystems) and ecosystem services.
- Support the development of sustainable, low-carbon land management practices with an integrated landscape approach and increase related stakeholder knowledge and capacities (local communities, women, relevant levels of government, private sector).
- Identify and promote the valuation and, where appropriate, the enhancement of agricultural biodiversity and resilient traditional agricultural practices, including the conservation of native seeds in communal seed banks.

**Component II:**

**Development of sustainable business models based on best practices and successful management practices**

*The objective of this component is to strengthen biodiversity resources, the value chains of biodiversity products and services as well as to promote traceability and transparency in order to tackle the equitable distribution of benefits and food security and poverty reduction efforts.*

- Empower local communities and entrepreneurs, including women, to develop and implement livelihood strategies and business cases, engaging with the private sector to identify opportunities for improved market access and the commercialisation of biodiversity-based products.
- Support local eco-friendly entrepreneurs with respect to certification, forming producers' associations, formalising cooperatives, creating micro-businesses and small enterprises and promoting strategic alliances with sustainable companies and investors.
- Promote measures to control deforestation and forest and land degradation, including community monitoring and surveillance and conservation agreements in line with the trilateral Declaration of Intent on REDD+ between Norway, Germany and Peru, using tools such as results-based payments.
- Identify suitable financial mechanisms in the public and private sector and scale up existing mechanisms, e.g. as results-based payments, mainstreaming biodiversity in public investment projects, leveraging financing for eco-friendly businesses and biodiversity-based products from multi-sectoral competitive funds, etc.
- Promote the production, distribution and consumption of biodiversity products, particularly in the context of preserving native species through government social programmes.

### **Component III:**

#### **Enhanced capacities and improved governance at all levels**

*This component aims to enhance capacities and governance to reduce pressure on ecosystems and vulnerable species.*

- Support the systematic, long-term institutionalisation of the landscape approach across all political levels, in particular local governance. Establishing multi-sectoral and multi-level partnerships is essential.
- Boost capacities across all institutional, administrative and decision-making levels and establish dialogues for planning and decision-making, ensuring the involvement of local and regional authorities.
- Enhance the capacities of public officials regarding the effective development and management of public spending and financial instruments and mechanisms (e.g. fiscal, market, regulatory and/or risk management instruments, grants, etc.) to leverage additional financial resources for biodiversity and natural infrastructure conservation and management.
- Promote the formalisation of property rights in local communities, including women, through concessions, land tenure and other titles, and promote organisation for participatory co-management or governance.
- Develop and implement community life plans with a basin and landscape approach, linked to planning instruments, including concerted development plans.
- Facilitate the formalisation of rights and access to forest and wildlife resources, and support management and community negotiations with the private sector.

### **Component IV**

#### **Knowledge management, dissemination of results and lessons learned for replication and up-scaling**

*The fourth component prioritises the documentation and dissemination of best practices and lessons learned in the management of biological diversity across all levels through knowledge sharing and networking platforms adapted to local realities for the replication or up-scaling of activities at different levels. The integration of traditional local knowledge is of particular importance.*

- Systematisation and dissemination of lessons learned and best practices, in particular regarding: 1) conservation, restoration and sustainable use of biodiversity and ecosystems; 2) institutionalisation of landscapes; 3) development and implementation of sustainable business models; 4) financial instruments and mechanisms.
- Dissemination of best practices and lessons learned through knowledge sharing platforms for their replication or up-scaling at different levels.
- Promote research and development using a participatory, practice-oriented approach to be applied by communities.
- Design and implement a communications strategy with an intercultural approach that takes into account the media tools available to communities.

## 4. Basic requirements for projects

The funding amount provided by the BMU per project ranges from 12 to a maximum of 15 million euros. The total funding amount provided by the BMU for both bilateral projects is 30 million euros.

The project duration is between five and seven years.

Projects should help Peru in meeting the Paris Agreement and CBD targets. The project outline should clearly indicate how planned project activities will make a relevant contribution to implementing or further developing NDCs or NBSAPs.

Projects should pursue a holistic approach in line with the Agenda 2030, and should take into account all relevant UN SDGs and possible trade-offs. In particular, consistent consideration should be given to life cycle assessment methodology, i.e. holistic management of resources, chemicals and waste, to satisfy the Agenda 2030's transformative approach to achieving greater sustainability.

## 5. Requirements for the cooperation with Peru

The selection procedure is closely coordinated between both governments. Therefore, the close involvement of the Peruvian government must be ensured during project implementation.

Successful project implementation requires **the Peruvian government to have an expressed interest** in the planned project activities. During the first stage of the selection procedure, an initial assessment is undertaken in cooperation with the Peruvian government. This must be taken into consideration when drafting the project outline.

As the Peruvian government is directly involved in the selection procedure, no letters of intent (LoIs) from the Peruvian government need to be submitted.

Planned project activities must take into account the **respective political, economic, cultural and legal conditions** in Peru and must align with national/regional policies (including beyond NDCs/NBSAPs).

To take advantage of synergies and avoid duplicate funding, **references to other funding instruments and priorities** must be taken into account with respect to planned, ongoing and previous funding measures offered by the German government, the European Union, and national and international funding organisations. The more similar a planned project is to an ongoing/completed project in terms of its objectives, target groups, measures and specific products, the more precise this distinction or affiliation should be.

## 6. Requirements for implementing organisations/consortia

Interested implementing organisations must **apply as a consortium**, i.e. as an association comprised of at least two organisations. When establishing a consortium, it should be taken into account that the coordination effort increases significantly with the number of consortium members. Consortia must each designate a lead implementing organisation. The lead implementing organisation becomes the BMU's sole contractual or agreement partner. It is the sole recipient of direct payments from the BMU and is responsible for the budgetary implementation of the project and its reporting system. Subcontracting is permitted if proven to be economically viable. A cooperation agreement must be agreed with all other implementing organisations (see information sheet in Annex II). As far as possible, this should form part of the project outline during the selection procedure.

**The following institutions are welcome to apply:** non-governmental organisations, commercial enterprises, universities and research institutions from Germany and abroad, implementing organisations in the Federal Republic of Germany, institutions in cooperation countries (including national implementing organisations accredited at international or multilateral organisations) as well as international intergovernmental organisations and institutions, such as development banks or United Nations organisations and programmes. Peruvian government institutions or government institutions from other cooperation countries are not eligible to apply for IKI funding.

The average annual BMU project funding volume may not exceed the average annual turnover of the lead implementing organisation measured over the last three verifiable financial years (**turnover criteria**).

The lead implementing organisation and consortium partners must have the **technical competence, administrative capacity and management skills necessary** to plan and implement the project.

Furthermore, the lead implementing organisation should have at **least five years of experience in thematically relevant project implementation** in ODA-eligible countries. Additionally, the lead implementing organisation should have experience in Peru. Projects may also specify countries that have lost their ODA eligibility at the time of the current selection procedure, but had the required ODA eligibility in past cooperations.

The lead implementing organisation must demonstrate its **access to the relevant stakeholders** in Peru, either directly or via consortium partners (through appropriate project references, letter of intent (LoI) or the like).

**Roles and responsibilities within the consortium** must be clearly presented and reflect the strengths of the individual consortium partners. The overall budget must be divided clearly and appropriately between the implementing organisations and subcontractors.

## 7. Requirements for project outline/project concept

The project outline must **align** with the chosen **funding priority**.

Projects must demonstrate the quality of their approaches by applying the **principles of Results-based project planning (Impact Logic)** as set by the Organisation for Economic Cooperation and Development (OECD) (see [Guidelines on project/programme planning](#)). Their impact should be plausibly presented in the relevant context, and should provide a sufficiently ambitious yet **realistic and detailed solutions to the problems involved** in the project.

The project must pursue **ambitious goals** designed to produce **quantifiable results**.

Projects in receipt of IKI funding should contribute to our social and economic transformation towards an emissions-neutral society and a way of life that considers the physical limits of our planet. **Transformative change** is far-reaching and brings about profound changes across all levels of society – environmental, economic and social. The project's **transformative character** must be demonstrated by one or more of the following aspects:

- **Ambition:** The project will achieve and document a substantial, quantifiable improvement compared to continuing with a business as usual approach. The outline must indicate how the project will be embedded in and will support existing initiatives for developing carbon neutrality or biodiversity conservation in Peru.
- **Change:** The project should bring about systemic and/or behavioural changes by decision-makers or a significant number of individuals or institutions. The steps required to achieve this should be as irreversible as possible (creating positive path dependencies, for example by building climate-conscious infrastructure at scale or implementing new legal frameworks, etc.).
- **Model potential:** The project works transparently, is replicable through suitable public documentation and evolves to have a scalable impact in other countries/regions and/or similar sectors.

The IKI promotes **innovative** approaches that offer new or partially new solutions to the challenges of mitigating climate change and conserving biodiversity.

The project concept must indicate how project activities contribute to ensuring that funded **activities and outcomes continue or are maintained once IKI funding ends**. During the project's last two years, activities must focus on ensuring this (**exit strategy**). An increase of the BMU funding volume at or after the project end is not intended.

Systematically **taking into account environmental and social standards** within the IKI aims to prevent IKI projects from negatively impacting people and the environment. IKI implementing organisations are expected to comply with the Green Climate Fund safeguards. These safeguards help improve the quality of project planning and implementation. The project outline must present possible risks, safeguarding measures and internal organisational safeguard mechanisms. The category of risk has no impact on the project selection procedure (see also [Safeguards: environmental and social standards for IKI projects](#)).

Within the IKI, an integral, transformative approach is taken to promoting **equal opportunities for all genders and the empowerment of disadvantaged groups**:

IKI projects are committed to gender equality. They should actively contribute to reduce inequalities between men and women, girls and boys and other groups based on their social/biological gender and/or their gender or sexual identity. This includes investing in and ensuring gender literacy among project staff, as well as promoting gender literacy and inclusion skills among partners. IKI projects should reflect this by actively promoting efforts to overcome discrimination against socially, culturally, geographically, politically, legally, religiously or economically disadvantaged groups as part of their project activities.

**Knowledge gleaned in the project should be made available for use beyond the project.** Project findings and results must, therefore, be made accessible to other implementing organisations, research institutions, civil society and other stakeholders freely and in a – for each target group – appropriate manner.

## 8. Funding requirements

IKI funding is only permitted if the implementation of the project that forms the subject of the funding application would not be possible without public funding (**subsidiarity principle**).

Luxury goods, environmentally harmful goods and military goods (including firearms), technology and equipment or services intended for these kinds of uses are excluded from funding without exception.

All expenditure required to meet the project's objectives through sound, cost-effective financial management is eligible for funding. **Effective spending and the economical use of funds** must be demonstrated during implementation. **Funding (the lead implementing organisation) on a cost basis is prohibited**, since these grants are forbidden to be forwarded under grant law. However, implementing organisations that receive funding last have the option to get funded on a cost basis.

**Adequate own funds** and own contributions from implementing organisations are generally a prerequisite for funding. The mobilisation of additional financial resources to fund eligible expenditure is welcomed. Cooperation with projects financed by other donors is conceivable. There is no set minimum contribution amount. The adequacy of own and external funding will be assessed on a case-by-case basis, taking into account the financial strength of the consortium. The mobilisation of additional private funds is welcome.

It is expected that, if possible, **50 percent of funding is implemented through local actors in Peru**. Local actors in this respect include implementing organisations and subcontractors that hold an official legal status under the respective national law of Peru. Political partners are excluded, since this could involve budgetary support. Local partners' technical and administrative skills should be leveraged and/or developed as part of the project.

Projects should **contribute to mobilising private sector funding**, either by directly mobilising private sector capital or by fostering conditions for private sector involvement in the climate and biodiversity sectors.

## 9. Formal requirements and additional information

Project outlines must be submitted **by the deadline** on 7<sup>th</sup> April 2021, 23:59 CEST complete with all documentation in English. Outlines have to be submitted exclusively via the IKI online platform.

Projects must **not have begun** implementing their activities before the grant is awarded. Planned or promised third-party funding for the proposed project must be verified with the funding provider(s) in question. Specific funding amounts must also be verified.

To ensure the additionally of greenhouse gas reduction and the German contribution to climate funding, emissions certificates or other emissions credits generated by IKI projects may not be traded, neither during nor after the project duration. The overall **financing of projects supported by the IKI must, therefore, not include financing contributions from the sale of these kinds of emissions certificates or other emissions credits**. This does not apply to emissions credits on the non-compliance market provided they comply with the respective IKI guidelines and provided they are clearly used to sustainably finance climate change mitigation projects in agriculture, forestry or land use.

The BMU supports measures to reduce emissions from business trips (e.g. by using video conferencing). Implementing organisations are required to **conduct project activities and investments using project funds in a manner that is as climate-neutral, resource efficient and environmentally friendly as possible**. If business trips are unavoidable, they may be eligible for compensation. When selecting projects subject to compensation, value should be placed on high-quality certificates (see here: [CO2 offsetting](#)).

All projects selected through this procedure will be subject to an external interim evaluation and a final review. Selected projects are also reviewed as part of an impact assessment or cross-project strategic evaluation. Implementing organisations are required to provide the necessary data and information for this purpose. The findings of these evaluations will be published on the IKI website, taking into account all data protection concerns.

The BMU publishes extensive project information on current and newly approved IKI projects in the field of climate change mitigation and biodiversity conservation on a quarterly basis in line with **IATI standards** (see also: [IATI data](#)).



## 10. Funding terms

In general, projects organised by actors from Germany and abroad receive funding through grants. The provision of funding under the IKI is subject to Sections 48 to 49a of the German Administrative Procedures Act (Verwaltungsverfahrensgesetz [VwVfG]) and the General Ancillary Provisions for Grants Allocated for Project Support (Allgemeine Nebenbestimmungen für Zuwendungen zur Projektförderung [ANBest-P]).

Where grants are issued to foreign implementing organisations, provisions that mirror the ANBest-P must be included in a contract concluded under private law. Where grants are issued to multilateral development banks and international intergovernmental organisations, the model agreements negotiated with the Federal Republic of Germany apply.

Where projects involve implementing organisations registered in the Federal Republic of Germany, the terms and conditions agreed for those organisations apply. The German Federal Court of Auditors' right to conduct audits stem from Sections 91 and 100 of the German Federal Budget Code (Bundeshaushaltsordnung [BHO]).

Upon request, the BMU or its authorised representatives must be provided with the necessary information and be permitted to inspect and audit the records, data and documents relating to the project. Implementing organisations must agree that the BMU or its authorised representatives may disclose the name of the funded organisation and the purpose of funding as part of its public relations work.

If evidence is provided that eligibility requirements have not been met, the grant decision made in line with the statutory provisions or the other funding document provided pursuant the provisions agreed in the funding document may be cancelled and the funding may be reclaimed.

There is no entitlement to funding in general, nor to the specific funding amount requested. Instead, the BMU takes the decision to award funding on the basis of the discretion to which it is duty bound and depending on the budgetary funds available to it. To facilitate electronic processing, the formal requirements for each implementing organisation must be guaranteed in advance. This also includes the option to legally sign and deliver grant documents electronically.

## 11. Selection procedure

The BMU has commissioned Zukunft-Umwelt-Gesellschaft (ZUG) gGmbH to manage the funding project and handle the formalities involved in initiating funding agreements.

The IKI selection procedure has two stages. In the first stage, project outlines/concepts are submitted in English language using the IKI outline forms for the respective funding priorities.

Outlines can be submitted exclusively via the IKI Online platform. Application documents must be submitted by 7th April 2021. Only project outlines received through the online platform by 23:59 (CEST) on the last day of submissions will be considered.

The BMU pre-selects promising project outlines from those submissions that meet the mandatory requirements. These outlines are evaluated in detail on the basis of the formal and technical criteria specified in the funding information. Based on the outcome of this detailed assessment, its own technical analysis and the budgetary funds available, the BMU in close cooperation with the Peruvian government then decides which project outlines to pursue in the second stage of the selection procedure.

The second stage of the selection procedure begins by notifying all lead implementing organisations about the outcome of the initial evaluation. The lead implementing organisations involved in successful project outlines are then invited to submit a detailed project proposal.

We recommend a preparation phase be planned in advance to ensure the project can be optimally aligned with local needs in cooperation with all project partners. The findings from this preparation phase should then serve to improve the quality of the project proposal to be submitted and reduce follow-up questions during the subsequent process. A preparation phase is particularly recommended if: the lead implementing organisation has no direct experience in implementing IKI projects; project regions for local action must be identified in consultation with the Peruvian government; the proposed consortium has no experience in long-term project cooperation with the local partners selected; the project's success depends in particular on cross-sector links in Peru and the participation of local actors. Implementing organisations must state why a preparatory phase is or is not necessary to draft the project proposal.

The relevant provisions and templates will be provided electronically once the first stage of the selection procedure is completed. The costs involved in the preparation phase are eligible for funding as part of the overall project and will be deducted from the main project's budget accordingly.

## Annex I: IKI-selection criteria

Projects are evaluated and selected by the BMU according to the following requirements:

### **Exclusion criteria:**

1. The project outline was not submitted by the deadline and/or not submitted via the IKI online platform.
2. The documentation submitted was incomplete.
3. The funding period is less than five years or exceeds seven years.
4. The funding volume is too high or low.
5. The project implementation has already begun before submitting the outline.
6. The project is to be implemented in a country other than Peru.
7. The project content is not consistent with the selected funding priority.
8. The project includes funding for excluded services.
9. There is no need for funding.
10. The lead implementing organisation does not hold the appropriate legal status.
11. The lead implementing organisation does not meet the turnover criteria.
12. The lead implementing organisation cannot be funded on an expenditure basis.
13. The project outline does not include plans to apply as a consortium, i.e. at least two organisations

### **Assessment criteria:**

1. The planned project makes a relevant contribution to the implementation of NDCs/NBSAPs
2. The planned project ties in with specific underlying political and legal conditions and policies in Peru.
3. The planned project follows the Agenda 2030's comprehensive approach and takes into account all applicable SDGs. Possible conflicts of objectives are taken into consideration.
4. The project outline indicates that the government of Peru generally supports the planned project activities. Political letters of intent are not required to the selection procedure at the outline submission stage. However, final project approval/commissioning is only possible with successful political validation.
5. The planned project ties in with the existing local project/donor landscape
6. The lead implementing organisation and consortium partners have the necessary technical, administrative and management skills to implement and coordinate the planned project activities.
7. The lead implementing organisation has at least five years of thematic relevant experience in implementing projects in ODA countries.
8. The lead implementing organisation should have experience in Peru.
9. The lead implementing organisation clearly demonstrates its access to the relevant stakeholders in Peru directly or via consortium partners.
10. Roles and tasks within the consortium are clearly and appropriately assigned.
11. The overall budget allocation between the implementing organisations is documented and appropriate.

12. The project outline demonstrates the quality of its problem-solving approach by applying OECD impact logic ([see Guidelines on results-based project/programme planning and monitoring](#)).
13. The planned project has ambitious goals and is designed to produce measurable results.
14. The project aims to bring about systemic and/or behavioural changes by decision-makers or a significant number of individuals or institutions (transformation).
15. The planned project offers a new, innovative solution for a specific region.
16. The project outline indicates how project activities contribute to ensuring that funded activities and outcomes continue or are maintained once IKI funding ends (exit strategy).
17. The project outline clearly and appropriately presents possible risks, safeguarding measures and internal organisational safeguard mechanisms.
18. The project design expresses awareness of the dynamics of disadvantage at play and articulates this accordingly in its planning.
19. The planned project can be replicated in other countries/regions and/or in other sectors.
20. The project outline clearly describes how knowledge will be transferred to relevant target groups.
21. The financial contributions of the implementing organisations themselves as well as the amount of additional funding resources (co-financing) are clear and appropriate.
22. If possible, 50 percent of funding should be implemented by local actors in Peru.
23. Projects should contribute to mobilising private sector funding.

## Annex II: Cooperation agreement

For the purposes of this funding Information, a consortium is an association of several legally and financially independent institutions/organisations formed for an agreed business purpose for a limited period of time. At least two institutions/organisations (non-governmental organisations, commercial enterprises, universities, research institutions, development banks, intergovernmental organisations and institutions) work together to form a consortium for the purpose of implementing an IKI project. This does not include any exchange of services with contracted third parties (subcontracting).

Successful project implementation depends on relationships built on trust and fair treatment of all project partners involved. The project partners stipulate the conditions underlying the cooperation, i.e. rights and obligations, in an internal agreement (cooperation agreement). The project partners also designate an implementing organisation to take primary responsibility, including for the project's internal organisation and to represent the consortium to third parties in consensus with all the other implementing organisations.

The implementing organisations' cooperation agreement governing the nature and division of roles and responsibilities must be submitted with the project proposal by stage 2 of the selection procedure at the latest. It serves to supplement the regulations agreed between the project partners on which the funding is based and may not contain any contradictory agreements or regulations.

The project partners maintain full responsibility for the cooperation agreement and should seek legal advice if necessary. Neither BMU nor ZUG provide legal advice, accept liability, and/or review any content.

Prior to the funding decision, evidence of a basic agreement between the implementing organisations on at least the following points must be provided:

- Lead implementing organisation
- Other implementing organisations (legal status, headquarters, representative authority)
- Duration, work schedule and clear division of responsibilities in other implementing organisations

IN addition, implementing organisations should manage the following points among themselves:

- Reporting duties and duties to inform within the consortium
- Liability of project partners
- Rights of use and copyrights
- Dealing with changes during the project duration
- Visibility of project partners
- Procedures for settling internal disputes, e.g. the use of mediation

Where possible, a cooperation agreement between consortium partners is included as part of the application during the outline stage. However, this is not mandatory. However, submitting this agreement with the project outline could be favourable in terms of the timing of submission of the project proposal.