

Information on project financing under the framework of the European Climate Initiative (EUKI) of the German Federal Ministry for Economic Affairs and Climate Action (BMWK) (February 2024)

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1. Objectives

Addressing climate change is one of the biggest global challenges of the 21st century. The average global temperature on Earth's surface is continuously increasing due to rising greenhouse gas (GHG) concentrations in the atmosphere. The impacts are already evident today and will intensify. If global warming continues unchecked, it is likely to exceed the adaptive capacity of natural and social systems within a short period. Against this background, all signatories of the Paris Agreement are committed to keeping global warming significantly below 2.0° C, ideally limiting it to 1.5° C.

To achieve this goal, the European Union (EU) has raised its ambition level in the past years and set climate neutrality by 2050 at the latest as the binding EU target. Until 2030 GHG emissions shall decrease by at least 55%, compared to 1990. These targets have been enshrined in the European Climate Law and the European Green Deal, which forms the EU's fundamental strategy for this joint effort. The EU must show that climate and environmental protection, a thriving economy and social justice can go hand in hand, only then others will follow on a worldwide scale. With the approval of most files of the "Fit for 55" legislation package and the REPowerEU plan, the foundation for a successful implementation has been laid.

The overarching goal of the European Climate Initiative (EUKI) is to support the path towards climate neutrality not later than 2050 by advancing the green transformation through climate action and collaboration across Europe. Since the EUKI is guided by the

priorities at the EU level, funded projects should relate to the “Fit for 55” package implementation and/ or the framework post 2030 as well as contribute to strengthening civil society’s role in climate action on all levels including local and regional levels as well as trans-border European cooperation. The EUKI funds creative solutions and projects on the ground that are essential to lead the way and shape cleaner, healthier, fair and prosperous economies, societies and policies. Projects must contribute to GHG emissions reductions and to the successful implementation of European climate policies and instruments as well as to deepen the understanding of and participation in EU climate and energy transformation.

2. Target groups, target countries and topics

<p>Target groups</p>	<p>Governments, municipalities, civil society, educational institutions, consumers and – if permissible under EU state aid law – enterprises.</p> <p>Projects are international, however, within project countries, activities can be undertaken at national, regional, or municipal level, or at multiple levels.</p> <p><i>For organisations eligible for funding see formal requirements below.</i></p>
<p>Target countries</p>	<p>Central, Eastern and South-Eastern Europe including six Western Balkan states (POL, CZE, SVK, HUN, ROU, BUL, SVN, HRV, GRC, ALB, BIH, XK, MNE, MKD, SRB) as well as the Baltic states (LVA, LTU, EST).</p> <p>The majority of an EUKI-project funding must be allocated to a target country or target countries (see also distribution of financing in section 6 below).</p> <p><i>For countries eligible for funding see formal requirements below.</i></p>
<p>Topics</p>	<p>Project ideas must cover one of the following topics:</p> <ul style="list-style-type: none"> ▪ Carbon Removals and Sinks ▪ Climate-Neutral Mobility ▪ Climate Policy ▪ Energy Transition and Climate-Neutral Buildings ▪ Just Transition ▪ Sustainable Economy

3. Eligible project ideas

<p>Climate change mitigation</p>	<p>Projects must demonstrate their contribution to GHG reductions (direct or indirect), avoidance or removals, where applicable (henceforth referred to as reductions). Project ideas must thus contain substantiated statements on the GHG reduction potential and estimate it where possible.</p> <p>Project ideas advancing to the second stage of the selection procedure must state justified GHG reduction estimates and provide transparent remarks on applied methods. The project should elaborate on the scalability potential if the project approach were to be applied on a larger scale after the project ends. The explanation of plausible and transparent methods for the calculation of GHG reduction potentials is as important as the amount of potential GHG reductions stated. However, in the selection process, projects are not ranked according to GHG mitigation potential.</p>
<p>Capacity development</p>	<p>Projects can aim at developing capacities at the individual, organisational and systemic level focusing on public, civil society and academic institutions and their needs, and on the political, business and education sectors. They can address enhancing analytical and advisory capacities, e.g., through workshops, training courses, additional qualifications, organisational and/ or methodological development, or temporary cross-border consultation missions.</p>
<p>Creation of networks</p>	<p>Projects can aim at establishing and strengthening sustainable bilateral and multilateral cooperation formats. They can promote networks and climate partnerships, e.g., between government institutions, municipalities, civil society, the academic community, and enterprises.</p>
<p>Implementing policies and measures, developing strategies, and conducting feasibility studies</p>	<p>Projects can aim at designing, implementing, or piloting climate-policy instruments. They can focus on analysing potential GHG emission savings, devising practical solutions for the removal of barriers to the implementation of transformative climate and energy strategies, or developing geographically specific methods (including feasibility studies) for evaluating and analysing concrete mitigation projects.</p>
<p>Awareness raising, education, media,</p>	<p>Projects can aim at initiating and strengthening dialogue, participation, consultation, and stakeholder processes</p>

dialogue formats, and dissemination measures	promoting knowledge-building and awareness-raising in relation to climate change and climate action.
Promoting gender equality and alleviating vulnerability	Projects need to be aware of potentially sensitive contexts and conflicts and promote gender equality, where applicable. This entails integrating a gender perspective into the project planning process, considering interests and needs of all genders while striving for equitable results. Besides, projects need to avoid activities likely to increase the vulnerability of certain groups.

4. Non-eligible project ideas	
Excluded project ideas	<ul style="list-style-type: none"> ▪ Projects that primarily finance investment measures. ▪ Projects that consider nuclear power to be a form of climate change mitigation. ▪ Projects that focus on adaptation to the impacts of climate change. <p>All materials published by projects must be based on current knowledge and the latest, widely accepted findings of the scientific community. Dialogue formats must follow the usual standards of respectful discourse. The EUKI will not finance activities or publications that are inflammatory or that are not based on facts.</p>

5. Formal requirements	
Eligible countries	The EUKI finances projects in EU Member States and the following EU candidate countries as well as potential candidate countries from the Western Balkans (ALB, BIH, XK, MNE, MKD, SRB).
Number of countries	Each project must be conducted in at least two eligible countries. Only in exceptional cases, a project in only one country is permitted.
Non-eligible countries	Ukraine, Georgia, Turkey and Moldova are not eligible. Please consider other funding schemes, e.g., International Climate Initiative (IKI).

<p>Office of implementers and implementing partners</p>	<p>Implementers must have their official office in an EU Member State, EU candidate country or potential candidate country or be registered there. Bilateral and multilateral consortia are equally sought; however, next to one implementer, the maximum number of implementing partners is four. In highly exceptional cases this limit might be lifted for large projects. The number of implementing partners should be proportionate to the project's goals and funding and to the distribution and weighting of each set of tasks.</p>
<p>Legal capacity</p>	<p>Only projects implemented by legal persons with their own legal capacity are eligible for financing. Suitable evidence must be provided. This equally applies to German institutions and implementers from other countries. Projects being implemented by individuals are excluded from financing in this call for project ideas.</p>
<p>Non-profit status</p>	<p>Implementers and implementing partners must be non-profit entities according to their articles of association and actual management. Furthermore, the activity/the project must promote public-benefit purposes in accordance with the German (tax) code for non-profit organisations, e.g., protecting the environment. If within one and the same institution there is a commercial operation alongside a non-profit business, the former is excluded from financing. In such cases, implementers must prove that the project is being implemented exclusively in the non-profit area of the business and that project activities explicitly do not include any commercial activities within the meaning of European legislation on state aid. German implementers and implementing partners must prove their non-profit status by submitting a (provisional) certificate of tax exemption together with their completed project proposal. Moreover, national legal persons under public law can be eligible for financing.</p> <p>Foreign implementers must, where possible, refer to corresponding national regulations equivalent to German legislation governing the non-profit sector and evidence of compliance with the corresponding criteria on the part of their organisation.</p>
<p>Types of organisations (implementer and implementing partners)</p>	<p>Implementers and implementing partners must belong to one of the following categories:</p> <ul style="list-style-type: none"> ▪ Non-governmental organisations

	<ul style="list-style-type: none"> ▪ Universities, academic and educational institutions ▪ National, regional and local authorities ▪ Non-profit enterprises <p>Please note that political foundations cannot be financed.</p>
Capacities	<p>Implementers must have the following organisational and human resources:</p> <ul style="list-style-type: none"> ▪ Suitable software-supported accounting system (also for separating non-commercial and commercial activities), qualified bookkeeping /staff. ▪ Competitive, transparent and non-discriminatory tendering procedures for awarding contracts, written down in form of internal rules or guidelines, in compliance with national provisions and international standards. These rules must have been verifiably used for procurements to date; former procurement processes and decisions have been documented and can be presented to GIZ. Further information on GIZ's procurement guidelines can be found here. ▪ Suitable internal control mechanisms which are based on the principles of transparency, cross-checking, functional separation and minimum information. ▪ Own staff (criteria can be found here on page 13) with the technical, commercial and legal expertise needed to plan international projects in a professional manner, to implement those projects cost-efficiently, and to monitor and account for them. This includes project-related expertise and experience in the project countries.
Financial strength	<p>The amount of planned average annual project financing should not exceed the implementer's average annual revenue in the past three financial years.</p>
Criteria for exclusion	<p>Organisations will be excluded from financing if:</p> <ul style="list-style-type: none"> ▪ They have suspended business activities or are undergoing insolvency proceedings, compulsory liquidation or are involved in similar proceedings under the legislation of the individual state, or similar proceedings have been instituted against them. ▪ They have failed to meet their obligation to pay the social security contributions, taxes or other levies

	<p>required under the regulations of the country in which they are based or of the country where the contract is to be fulfilled.</p> <ul style="list-style-type: none"> ▪ An individual authorised to represent the organisation has committed a proven act of serious misconduct in his/her professional capacity, has been sanctioned under an enforceable court ruling on grounds that call into question his/her professional reliability, or has been convicted under an enforceable court ruling of a property offence, corruption, forming a criminal association, money-laundering, forgery or an insolvency offence; or they have already begun to implement the project.
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6. Nature, scope, amount and special conditions of project financing	
Legal framework	All funds are administered in accordance with GIZ procedures. Implementers must not benefit economically. There is no entitlement to project financing. Implementers must draw attention to their EUKI project financing, for example by using the special BMWK and EUKI logo (e.g., in print materials, publications and on websites). Implementers and any implementing partners must allow GIZ or BMWK, including the latter's designated representatives, and, where applicable, the Bundesrechnungshof (Federal Audit Office, Germany's supreme audit institution), to examine documents and contact details during the application process and, if necessary, to forward them to auditors to carry out an audit to ensure that project financing is used cost-efficiently and for the intended purpose.
Type of financing	Financing is provided solely for projects, not for institutions.
Legal basis	German implementers will receive a grant agreement for German recipients (Zuschussvertrag). Implementers from other EU Member States, EU candidate or potential candidate countries will receive a grant agreement for non-German recipients. Contracts are concluded exclusively between GIZ, which has been commissioned to hold the call for project ideas, and the project implementer. The implementer will have sole responsibility for the nature of its own contractual

	relationship with its implementing partners. Further information on contract management can be found on the GIZ website .
Basis for calculating project financing	Project financing is calculated based on expenditures necessary to carry out the project. Only in exceptional cases (for implementers and implementing partners based in Germany) can project financing be calculated on a cost basis. Please note that in this exceptional case, a separate contract for the organisation will be required. The minimum amount for this form of contract is EUR 50,000. Please contact the EUKI Secretariat at an early stage for more detailed information.
Amount of financing	Financing of between EUR 120,000 and EUR 1,000,000 may be provided for each project. A mark-up for administrative overheads is in principle eligible for financing, although these costs must not exceed 11% of direct expenditure. The estimated percentage must be appropriate and plausibly substantiated.
Distribution of financing	Most of the project financing (>50%) must be allocated to implementers and implementing partners in the target countries (see section 2 above).
Expenditures eligible for financing	All project expenditures that are necessary for implementing the project within the specified period are eligible for financing, provided they are budgeted in a cost- and resource-efficient way. Investment projects are generally excluded from financing. Materials and equipment that are to be used to apply and disseminate technical solutions for climate action can be financed in exceptional cases for relatively small applications (maximum 5% of financing). Project financing must be used in ways that support sustainable development in the partner countries. This includes the implementation of significant parts of the project by implementers or implementing partners in the project countries. The implementer and implementing partners must be able to carry out the project in its main tasks both in terms of content and administration (see Capacities in section 5 above). However, the engagement of external expertise regarding the technical project implementation is permissible, but the commissioning should be confined to single activities and not

	<p>exceed a designated portion of the total budget (maximum of 20% of financing).</p> <p>Measures should be taken during project implementation to avoid travel (e.g., video or phone conferences) or to make any travel climate neutral. Payments to offset greenhouse gas emissions arising from project-related travel must be considered when drafting travel budgets. Project costs should also include adequate resources for participation in EUKI Academy events (including international and national networking meetings, optional training events) and for cooperation with other EUKI projects (e.g., project visits, joint events, peer reviews of publications by other implementers). Therefore, please calculate at least two trips per year for the implementer and one trip per year per implementing partner.</p> <p>Expenditures generally not eligible for financing include:</p> <ul style="list-style-type: none"> ▪ expenditures arising outside the approved period; ▪ expenditures for producing project outlines or proposals.
<p>Implications of state aid regulations for financing</p>	<p>Judgements on whether project financing constitutes state aid are based on Article 107 (1) of the Treaty on the Functioning of the European Union and the explanatory information set out in the Commission Notice on the notion of state aid as referred to in Article 107 (1) of the Treaty on the Functioning of the European Union (EU official journal 2016, C 262/01).</p> <p>Generally, through the call for project ideas, financing is to be provided for activities in non-profit sectors, thus avoiding any distortion of competition through financing. If invited to submit a project proposal, implementers must include a declaration, together with the project proposal, detailing the market context in which the project activities are to be performed.</p> <p>Implementers must specify whether the intended activities are already being offered in an existing market. Information is also to be provided on the demand situation in the market, i.e., target groups for the project activities are to be identified and an outline presented on the level of demand from the target groups for these activities to date. Any incentives and pilot functions of the projects are also to be indicated.</p> <p>If the project proposal includes a feasibility study, the implementing organisations are required to describe the aim and purpose of the project on which the study is based. Information is to be provided on whether the project falls into the category of non-economic activities or economic activities.</p>

	<p>It must also be indicated if the involvement of stakeholders has already been established for the project under evaluation. The implementer must also specify who will conduct the feasibility study (for example, an implementing partner or a third party appointed by means of a contract award procedure).</p> <p>Please note that funding for feasibility studies may be granted subject to the stipulations laid down in the De Minimis Regulation (Commission Regulation (EU) 1407/2013). This can result in the subsidy amount being limited to the maximum amount set out in the regulation mentioned above.</p> <p>No financing can be provided for projects intending to establish institutions or agencies that are foreseen to receive a state aid grant from the project under the De Minimis Regulation.</p>
<p>Project duration</p>	<p>Projects are expected to start 01/12/2024 or 01/02/2025 and must not exceed 29 months. The time span for projects is between 18 and 29 months. Project outcome and outputs need to be achieved in the proposed timeframe.</p>
<p>Own/third-party contribution and own interest in the project</p>	<p>It is expected that implementers and implementing partners will make an appropriate contribution to the costs of the project out of their own funds and/or in the form of third-party funds obtained from other donors to co-finance the overall project or individual project activities (minimum of 5% can be considered appropriate). Please note that these must be monetarily classified and verifiable with evidence.</p> <p>Funds contributed by implementers and implementing partners, whether out of their own resources and/or from a third party, serve to underline their own interest in the project. Additionally, project ideas must explain the implementer's own interest and its motives for implementing the project in sufficient detail.</p> <p>Proof of already raised third-party funds needs to be presented to GIZ in the second stage of the application process, with either a funding approval or with a Letter of Intent (LOI) from a third-party funding source.</p>
<p>Project partnerships</p>	<p>The implementer and all relevant implementing partners must be named in the project outline.</p> <p>The implementer may pass on some of the GIZ funds it receives to the implementing partners subject to compliance with EU state aid rules (Article 107 ff. TFEU). Responsibility for the conclusion of a contract concerning the transfer of project</p>

	<p>financing between the implementer and its implementing partners lies with the implementer. The implementer is also responsible to the financing provider for ensuring compliance with the provisions set out in the grant agreement.</p> <p>The implementer should choose their implementing partners carefully and shall conduct an appropriate due diligence assessment of the integrity and suitability of each implementing partner and document the assessment in a transparent manner. The documentation shall be made available to GIZ upon request.</p>
Third-party beneficiaries	<p>Direct support of third-party beneficiaries can be budgeted on a small scale. The term third-party beneficiary refers solely to individuals/entities benefiting directly from the project (third-party beneficiary is neither an implementing partner nor service provider). This could include for example funding of initiatives or competitions. The selection criteria of the third-party beneficiary must be stated in the project application.</p>
Letters of Support	<p>Projects should aim at submitting letters of support from governmental institutions or other target groups (depending on the nature of the project). The supporting institutions should display how they will support and/ or make use of the project activities and the respective goals of the project.</p>
Subcontracts	<p>For the award of contracts under the project receiving financing, implementers and implementing partners shall only award subcontracts to skilled and capable providers at market prices following a competitive procedure. Further details and information concerning subcontracting are set out in the grant agreement and in GIZ's procurement guidelines.</p>

7. Selection procedure	
Type of selection procedure	A two-stage procedure will be used to select projects.
Stage one – project ideas	<p>For the first stage in the procedure, project ideas must be prepared in English and must follow the provided structure. Project ideas must be submitted by the deadline using only the online platform on the EUKI website.</p>

<p>Evaluation</p>	<p>All project ideas received in full by the deadline will be evaluated. A shortlist of promising project ideas will then be drawn up based on the selection criteria and limited by the available budget. Each project idea is evaluated by two evaluators according to the selection criteria stated below.</p>
<p>Rejected project ideas</p>	<p>Project ideas not selected for financing will be notified by email approximately in July 2024. All organisations will be offered an opportunity for a feedback call.</p>
<p>Stage two – detailed project proposal</p>	<p>Organisations on the shortlist will then be invited to submit a full project proposal. The invitation is sent by email to the main implementer. The deadline for the submission of the full project proposal will be stated in the email. The usual time for completion ranges from four to eight weeks. A support session on proposal development will be offered to the implementers selected. The session is provisionally scheduled for July 2024.</p>
<p>Application documents</p>	<p>Incomplete project applications (including applications without English translations) can result in exclusion from the selection procedure and thus from any project funding.</p>
<p>Time schedule</p>	<p>For the 2024 selection procedure, project ideas must be received by 15:00 CET (Central European Time) on 12 March 2024 using the online platform on the EUKI website.</p> <p>The projects provisionally selected will be asked to submit a full project proposal, probably in June 2024. The first projects are scheduled to start in December 2024.</p>
<p>Data processing</p>	<p>When submitting your project idea to the EUKI, data-based tools administered by third parties may be used to support the selection process. In addition, data can be shared with third parties, such as the German Federal Ministry for Economic Affairs and Climate Action, for the purposes of evaluation and accountability. No personal data protected under the EU's General Data Protection Regulation will be shared.</p>

8. Selection criteria

Relevance	<ul style="list-style-type: none">▪ Projects must be in line with one or more of the objectives of the EUKI and the topics stated above.▪ Projects must be compatible with the climate- and energy-policy objectives and strategies of the project countries as well as the European Green Deal and European Climate Law.▪ Projects must demonstrate their effects on the mitigation of climate change and the respective potential for GHG emission reductions (see section 3 above).▪ Projects should relate to the “Fit for 55” package implementation and/ or the framework post 2030.▪ Projects should encourage the involvement and support of the project’s target groups (see section 6 Letters of Support above).
Quality of project concept	<ul style="list-style-type: none">▪ Projects must ensure the appropriateness, rigorous presentation, and plausibility of the results system (Impact – Outcome – Outputs) (see EUKI website).▪ Projects should aim at the effectiveness of implementation methods (nature and interaction of planned project activities).▪ Projects should elaborate on the suitability of possible capacity-development strategies.▪ Projects should display a comprehensible and balanced division of tasks as well as an appropriate steering structure.▪ Projects should use an appropriate monitoring system and, if possible, quantify results (e.g., GHG emissions reductions).
Networking and synergies	<ul style="list-style-type: none">▪ Projects should be aware of other projects financed by the German Federal Government, Germany’s federal states, the European Union and national as well as other donors.▪ Projects should highlight opportunities for cooperation, e.g., sharing of and capitalising on results, peer reviews of publications and possible joint events.

	<ul style="list-style-type: none"> Projects should aim at actively collaborating with other EUKI financed projects (e.g., attending networking meetings, peer dialogue on key EUKI topics, presentation of project results).
Sustainability	<ul style="list-style-type: none"> Projects should aim at achieving results which generate an impact beyond the term of the project. Projects should consider the replicability/upscaling potential, and the financial sustainability of the instruments and products developed, e.g., by securing follow-up financing. Projects should integrate results into structures/institutions that will continue to exist also after the end of the project (e.g., integration of developed training material into existing university). If such lasting structures are not part of the project consortium yet, finding a lasting partner can also be part of the project itself.
Efficiency	<ul style="list-style-type: none"> Projects should ensure that the envisaged use of funding is proportionate to the desired outcome.

9. Responsibility

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has been commissioned by the German Federal Ministry for Economic Affairs and Climate Action (BMWK) to hold this call for project ideas as part of the European Climate Initiative (EUKI).

