



The  
Federal Government



## IKI Country Call Brazil 2024

**[Joint] funding announcement for the selection of projects  
under the International Climate Initiative (IKI)**

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## 1 Abbreviations

<b>AA</b>	German Federal Foreign Office
<b>ANBest-P</b>	General Auxiliary Terms and Conditions for Grants for Project Funding
<b>BHO</b>	Federal Budget Code (Bundeshaushaltsordnung)
<b>BMUV</b>	German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
<b>BMWK</b>	German Federal Ministry for Economics and Climate Action
<b>BRA</b>	Brazil
<b>B2B</b>	Business-to-business
<b>CBAM</b>	EU Carbon Border Adjustment Mechanism
<b>CBD</b>	Convention on Biological Diversity
<b>CCS</b>	Carbon capture and storage
<b>CCSU</b>	Carbon capture, storage and utilisation
<b>CET</b>	Central European Time
<b>CORSIA</b>	Carbon Offsetting and Reduction Scheme for International Aviation
<b>DAC</b>	OECD Development Assistance Committee
<b>DEU</b>	Germany (Deutschland)
<b>DDR</b>	Disaster Risk Reduction
<b>EbA</b>	Ecosystem-based Adaptation
<b>GBF</b>	Kunming-Montreal Global Biodiversity Framework
<b>GHG</b>	Greenhouse gas emissions
<b>IATI</b>	International Aid Transparency Initiative
<b>ICMBio</b>	Chico Mendes Institute for Biodiversity Conservation
<b>IFC</b>	International Finance Corporation
<b>IKI</b>	The International Climate Initiative
<b>IPLCs</b>	Indigenous peoples and local communities
<b>LOI</b>	Letter of Intent
<b>LTS</b>	Long-term strategies
<b>MAPA</b>	Ministry of Agriculture, Livestock and Food Supply of Brazil
<b>MCID</b>	Ministry of Cities of Brazil
<b>MCTI</b>	Ministry of Science, Technology and Innovation of Brazil
<b>MDA</b>	Ministry of Agrarian Development of Brazil
<b>MDIC</b>	Ministry of Industry, Foreign Trade and Services of Brazil
<b>MF</b>	Ministry of Finance of Brazil

<b>MIDR</b>	Ministry of Integration and Regional Development of Brazil
<b>MMA</b>	Ministry of Environment of Brazil
<b>MME</b>	Ministry of Mines and Energy of Brazil
<b>MPI</b>	Ministry of Indigenous Peoples of Brazil
<b>NAPs</b>	National Adaptation Plans
<b>NbS</b>	Nature-based Solutions
<b>NBSAPs</b>	National Biodiversity Strategies and Action Plans
<b>NDCs</b>	Nationally Determined Contributions
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OECMs</b>	Other effective area-base conservation measures
<b>PA</b>	Paris Agreement
<b>PPCDs</b>	Prevention and Control of Deforestation
<b>SDGs</b>	Sustainable Development Goals
<b>SGB</b>	Geological Survey of Brazil (Serviço Geológico do Brasil)
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>VV</b>	Administrative Regulations
<b>VwVfG</b>	Administrative Procedure Act
<b>ZUG</b>	Zukunft – Umwelt – Gesellschaft gGmbH

## 2 Important note

Funding or commissioning within the framework of the International Climate Initiative (IKI) is preceded by an ideas competition. Participation in the ideas competition is open to German and international grant recipients as well as to contractors in the form of implementing organisations of the German Federal Government.

In general, projects implemented by organisations based in Germany and abroad receive funding through grants. German grant recipients receive a grant award document (Zuwendungsbescheid) while grants for international grant recipients are based on a private-law contract. This funding announcement serves as a basis for both kinds of grant recipients.

Information for federal implementing organisations on how to participate in this ideas competition is provided in a [separate document](#).

### 3 Preface

Brazil (BRA) and Germany (DEU) have been working closely together as part of the International Climate Initiative (IKI) since its launch in 2008. Brazil is a priority country of the IKI.

In addition to the so-called interface projects, the IKI also offers the option of bilateral Country Calls in its priority countries for close bilateral cooperation. Country Calls aim to further develop the IKI portfolio in the respective priority country. As part of the Country Call process, the German IKI ministries work closely with a partner government to develop thematic country-specific priorities derived from the Paris Agreement and the Convention on Biological Diversity (CBD). Bilateral projects are jointly selected within this framework.

The planned bilateral Country Call Brazil will contribute to the Partnership for a socially just and ecological transformation between BRA and DEU, which is intended to form an umbrella for future strategic cooperation between the two countries. The Brazil Country Call will contribute to the overarching priority topics of the partnership. On the German side, the IKI has been part of the German Federal Ministry for Economic Affairs and Climate Action (BMWK) since 2022 and is implemented jointly with the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) and the German Federal Foreign Office (AA).

## 4 Funding objective, purpose of funding, legal basis

### 4.1 Funding objective and purpose

With the International Climate Initiative (IKI), Germany fulfils part of its financial commitments under the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement (PA – adopted by the “Act on the Paris Agreement of 12 December 2015” of 28 September 2016) as well as the Convention on Biological Diversity (CBD) with the Kunming-Montreal Global Biodiversity Framework (GBF).

The IKI is a central building block for Germany’s international financing measures for climate action, adaptation to the impacts of climate change and biodiversity conservation in emerging and developing countries. To achieve the goal of limiting global warming to 1.5 °C, all countries in the world must achieve a transformation towards greenhouse-gas-neutral societies. For this, the developing and emerging countries need extensive support from industrialised countries. The IKI therefore provides targeted support for developing and emerging countries to achieve the transformation towards a biodiversity-friendly, greenhouse-gas-neutral economy. The core of the IKI is to contribute to the implementation and further development of the Nationally Determined Contributions (NDCs), the National Adaptation Plans (NAPs) and the National Biodiversity Strategies and Action Plans (NBSAPs).

By systematically integrating a gender dimension into all areas of work, processes and project management, the IKI fulfils both national and international commitments. These include the 2030 Agenda with the Sustainable Development Goals (SDGs) as well as, for example, the gender action plans of the UNFCCC (Enhanced Lima Work Programme on Gender), and the CBD (Gender Plan of Action). In addition, the IKI is guided by the Paris Agreement, which calls on contributing countries to promote gender justice and women’s empowerment in all climate action measures.

Through the Country Calls, the IKI primarily funds large-volume projects to accelerate the transformation towards a sustainable, biodiversity-friendly, and low-emission economic and supply structure. In particular, the following overarching goals are pursued:

- The legal framework at the national and sub-national level in IKI priority countries is designed to strengthen emission reduction, adaptation and biodiversity conservation as well as the implementation of this across sectors.
- The governments of IKI priority countries have appropriately increased the ambition of climate and biodiversity contributions in NDCs, NAPs, NBSAPs, and/or long-term strategies (LTSs).
- The IKI makes medium-term contributions to both direct and indirect emission reductions in IKI priority countries.
- People affected by climate change in IKI priority countries are supported in their adaptation to the impacts of climate change.
- Ecosystems in IKI priority countries, including coasts and marine areas, are subject to improved conservation practices and sustainable use.
- The IKI leverages its invested funds to finance climate and biodiversity measures from the public and private sector.

Considering the aforementioned overarching goals, the projects address specific obstacles in implementing the NDCs, NAPs, and NBSAPs of the priority countries.

## 4.2 Legal basis

The Federal Government of Germany shall award grants in accordance with the provisions of this funding announcement, Sections 23 and 44 of the Federal Budget Code (Bundeshaushaltsordnung, BHO) and the Administrative Regulations (Verwaltungsvorschriften, VV) issued in connection with this. There is no entitlement to a grant. Rather, the granting authority decides based on its dutiful discretion within the framework of the budgetary resources available.

In general, projects implemented by organisations based in Germany and abroad receive funding through grants.

In the case of grants to non-German implementing organisations, regulations corresponding to the General Auxiliary Terms and Conditions for Grants for Project Funding (Allgemeine Nebenbestimmungen für Zuwendungen zur Projektförderung, ANBest-P) become part of a private-law contract. Where grants are issued to multilateral development banks and international intergovernmental organisations, the model agreements negotiated with the Federal Republic of Germany shall apply.

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



## 5 Object of funding

The IKI finances climate, adaptation and biodiversity projects exclusively in ODA<sup>1</sup>-eligible countries. The aim is to fund projects that pursue holistic approaches across multiple levels and, above all, demonstrate how to practically implement climate action, adaptation and biodiversity conservation on the ground (including policy advice, capacity building, technological cooperation, investment, and local implementation in particular).

This country call addresses the present challenges in climate action, adaptation, and biodiversity conservation in the IKI priority country of Brazil. For these challenges the below-mentioned thematic priorities with the respective objectives are defined. For these, project outlines can be submitted.

### 5.1 Thematic priority 1: Decarbonisation of emission-intensive industrial sectors

**IKI funding volume:** Min. EUR 20 million to max. EUR 25 million

**German federal ministry in charge:** BMWK

#### Initial situation

Brazil has immense industrial potential, and is seeking to set the pace in the decarbonisation of its industry by 2050. The country's NDC, updated in 2023, confirms its commitment to reducing GHG emissions by 48.4% by 2025 and by 53.1% by 2030, achieving climate neutrality by 2050. By harnessing the competitive edge thanks to its highly renewable energy matrix and leveraging existing international trade relationships, Brazil is in a good position for reindustrialisation and for transforming its industries into a carbon-neutral model by mid-century. In 2024-2025, the Ministry of Development, Industry, Commerce and Services (MDIC) intends to develop a Sectoral Climate Change Plan, under the National Climate Change Strategy, setting targets and priorities that will be instrumental for the decarbonisation of its industry. Brazil needs to make effective progress in the decarbonisation of its industry if it is to achieve its international climate commitments. The country's current industrial landscape has significant potential for mitigation and, in sectors such as steel and cement that account for around 14% of global greenhouse gas (GHG) emissions, there is scope for significant emission reductions with the active engagement of industry partners.

#### Intended effects of the envisioned project

**The envisioned project should contribute to the following overarching goal:**

The steel and cement industries in Brazil have decarbonised, advancing in the reduction of greenhouse gas – GHG emissions, in line with the climate priorities and targets established in Brazil's NDC, its Sectoral Climate Change Plan for Industry and the National Climate Change Strategy (under elaboration). Quantifiable private sector investments and reductions of GHG emissions resulting from specific project activities are particularly welcome.

**Furthermore, the envisioned project should work toward the following objectives:**

- Relevant stakeholders have been equipped with **capacities and have awareness** of ambitious climate action and climate finance (e.g. enabling policy frameworks, business models, international markets and standards including the Carbon Border Adjustment Mechanism (CBAM), labelling, certification, available technologies, renewable energies,

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<sup>1</sup> ODA (Official Development Assistance) is an internationally recognised measure of public development performance agreed in 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.

energy efficiency, circular economy, MRV/Transparency and climate-related financial disclosure).

- **Science-based studies**, technology needs assessments, pathways and roadmaps for deep industrial decarbonisation of cement and steel have been developed in a participatory manner.
- Industry champions (e.g. companies, industry associations, technology providers, investors, etc.) have benefitted from **networking and knowledge sharing**, facilitating best practices sharing, exploration of opportunities for collaboration, development of innovative approaches and implementation of decarbonisation pathways.
- **Business models, long-term visions, and innovative approaches** have been developed for the low-emission production of cement and steel including the uptake of renewable energies, energy efficiency, circular economy, etc.
- **Concrete activities and pilots in the cement and steel sector** have been financed and implemented in areas including energy efficiency, fossil fuel substitution, innovative recycling options and disruptive technologies like CCS and CCUS (only applicable for process-related emissions), leveraging existing analyses and high industrial ambition.
- Industrial actors have **access to finance and matchmaking**. Financial frameworks and policies, innovative financial instruments, a pipeline of projects with private sector engagement, subsidies and incentives to leverage private sector investments and market infrastructure are available.
- **Coordination with relevant global initiatives** (e.g. Brazil Industrial Decarbonization Hub, Climate Club, Industrial Deep Decarbonization Initiative, Industrial Transition Accelerator, Mission Possible Partnership, Breakthrough Steel, LeadIT, etc.) is in place, taking advantage of synergies and avoiding overlaps.
- Technical experts have further expanded their expertise through **knowledge sharing and peer learning** on project activities, through south-south cooperation and with experiences from Germany (B2B).

#### Possible target groups/sectors

- National government
- Private sector, in particular emission-intensive companies,
- Industry associations,
- Chambers of commerce
- Finance institutions
- Research institutions, think tanks and universities

#### Project components/content of the project

The envisaged project should address the decarbonisation of the cement and steel industry through several components and implement activities aligned with Brazil's climate change policies and plans aimed at reducing GHG emissions and increasing private sector investments. The piloting of decarbonisation measures should consider all relevant safeguard standards in order to avoid undesirable social and environmental impacts and should actively include women and other disadvantaged groups. One component should focus on enabling the necessary conditions for industrial decarbonisation. This should include activities for policy advocacy and reform, capacity development, and knowledge and learning for relevant stakeholders including on MRV, CBAM, standards and labelling. Another component should focus on the engagement of private sector actors and on strengthening an industrial network that develops and implements decarbonisation roadmaps, including industry roundtables, innovation challenges, and partnerships. Another

component should focus on climate finance including access to finance, and the development of political and financial frameworks, incentives, project pipelines and innovative financial instruments. The project must ensure coordination with existing global initiatives for the decarbonisation of cement and steel, as well as national climate policies, plans and coordination mechanisms.

#### Geographical focus

The envisioned project shall take a bilateral approach and be implemented in Brazil.

## 5.2 Thematic priority 2: Combating deforestation in the Brazilian biomes Cerrado, Caatinga, Pantanal, Atlantic Rainforest and Pampa

**IKI funding volume:** Min. EUR 25 million to max. EUR 30 million

**German federal ministry in charge:** BMUV

#### Initial situation/problem

Brazil is one of the most biodiverse countries worldwide. In addition to the Amazon biome, the Cerrado, Caatinga, Pantanal, Atlantic Forest and Pampas biomes contribute significantly to biodiversity conservation and climate change mitigation by storing CO<sub>2</sub> and holding 65 per cent of the national territory in native vegetation. Furthermore, these biomes are home to indigenous, quilombo, traditional and local communities, whose way of living secures significant ecosystem services. However, since 2017 there has been a significant increase in deforestation in practically all biomes. Faced with this critical situation, and in order to fulfil Brazil's environmental commitments under international conventions such as UNFCCC and CBD, the Brazilian National Environmental Policy, and thus Brazil, is committed to achieving zero deforestation by 2030 throughout all biomes. To achieve this, Brazil will develop Action Plans for the Prevention and Control of Deforestation (PPCDs) for all Brazilian biomes in addition to the existing PPCDs for the Amazon and the Cerrado. Implementing the PPCDs in the huge area of the aforementioned biomes will offer enormous potential for biodiversity conservation and climate protection.

#### Intended effects of the envisioned project

**The planned project should contribute to the following overarching goal:**

- The increasing deforestation in the Brazilian biomes Cerrado, Atlantic Forest, Pantanal, Caatinga and Pampa is reduced or halted, thereby conserving biodiversity, preserving carbon sinks in the respective biomes and contributing to social and economic sustainability.

To achieve this, the objective of the envisioned project is to support the implementation of Brazil's PPCDs in the Brazilian biomes Cerrado, Atlantic Forest, Pantanal, Caatinga and Pampa.

**In doing so, this project should contribute to the following three objectives in the respective biomes:**

1. financial incentives for biodiversity conservation and climate protection have been developed and the implementation of existing financing instruments is supported;
2. socio-biodiversity product chains are strengthened and promoted;
3. protected areas have been consolidated and expanded, and are managed better.

#### Possible target groups/sectors of the project

- Small and medium-sized producers in the respective biomes (balanced by gender)
- Financial institutions
- Collective territories such as rural settlements (assentamentos), indigenous lands, sustainable use conservation units and quilombola lands
- National and subnational governments

- Protected area authorities
- Research institutions, academia

#### Project components/content of the project

##### **Component 1. Financial incentives for conservation**

The State financing programme for sustainable agricultural development projects (*Plano Safra*) is the main action of the Brazilian federal government that brings together different lines of credit for the agricultural sector. In order to broaden the recently started process of direct incentives for producers to seek environmental regularisation and conservation through the *Plano Safra*, the project should:

- develop *blended finance* solutions to encourage environment and biodiversity conservation in rural properties, especially in properties with a surplus of legal reserves (*reserva legal*);
- create better conditions for access to credit and assure lower costs for the producers, in particular small and medium producers, as well as ensuring equal access for all genders.

##### **Component 2: Promoting socio-biodiversity product chains**

One of the challenges for the conservation of Brazilian biomes is the invisibility of the economy associated with native species and sociobiodiversity products. The state and society have little awareness of the economic and social arrangements that exist in the biomes that are not linked to global trade chains, and these arrangements thus lack robust institutional incentives and production and price dynamics that ensure their insertion and survival in the market.

Therefore, the project should:

- help to identify native species and sociobiodiversity products whose economic use supports the conservation of biodiversity even if integrated into markets ensuring environmental and social sustainability
- analyse and create awareness about local and traditional knowledge as well as collective and community forms of production in order to create recognition;
- diversify and strengthen sustainable family farming's extractive production;
- stimulate the organisation of cooperatives; and
- develop minimum price policies for key socio-economic products.

##### **Component 3: Consolidation and expansion of protected areas**

In contrast to Amazonia, where protected areas cover 51% of the area, the coverage in the other Brazilian biomes is significantly lower at 3-13%. Despite the expansion of protected areas – mainly in the Cerrado biome – in recent decades, there are still major gaps, considering the commitments agreed in the Kunming-Montreal Global Biodiversity Framework (GBF) and especially GBF action target 3. The greatest difficulty in increasing protected areas beyond the Amazon biome is the prevalence of private land and limited resources for acquiring new land to create protected areas.

In this context, the project should:

- encourage the consolidation and better management of existing and the creation of new protected areas and OECMs;
- create new conservation categories and establish partnerships with rural producers as well as state and municipal authorities, ensuring equal participation of all genders.

For a successful implementation, close collaboration with MMA as well as with MF, MDA, MAPA and the Central Bank for component 1, with MDA, MPI and MCTI for component 2 and with ICMBio for component 3 is essential.

#### Geographical focus

The envisioned project shall take a bilateral approach and be implemented in the following Brazilian biomes: Cerrado, Caatinga, Pantanal, Atlantic Rainforest and Pampa.

### 5.3 Thematic priority 3: Climate change adaptation in vulnerable urban territories: Cooperating with communities and strengthening local governments

**IKI funding volume:** Min. EUR 8 million to max. EUR 10 million

**German federal ministry in charge:** BMUV

#### Initial situation/problem

In Brazil, 88 per cent of the population live in urban areas<sup>2</sup>. Cities are facing significant climate-induced challenges such as flooding, droughts, and other extreme weather events. This trend will exacerbate due to intensifying climate change and the precariousness of urban settlements, particularly in underserved urban areas inhabited by the poorest population. These environmentally vulnerable areas face heightened susceptibility to natural disasters and a lack of essential urban services. Urban peripheries and underserved urban areas are often especially vulnerable to flooding, flash floods, landslides and other climate change impacts. Women, due to higher poverty rates, irregular land tenure, and inadequate housing infrastructure, emerge as particularly vulnerable in this context. In addition to peripheral territories, urban infrastructure and services are severely affected by natural disasters, which can paralyse vital urban functions, such as healthcare, education and employment. This not only affects the entire urban dynamic, but disproportionately impacts vulnerable populations with limited adaptive capacities. Addressing these challenges requires adaptation measures that tackle these inequalities and reduce exposure for vulnerable populations, while protecting urban systems.

Despite considerable past achievements, Brazil's rapidly growing cities and municipalities face disparities in technical, financial and institutional capacities for climate adaptation. Inadequate data on urban peripheries and underserved urban areas and specific climate risks, coupled with insufficient consideration in climate adaptation and risk management plans, exacerbate these challenges. Unsatisfying institutional structures and inter-sectoral/inter-governmental coordination as well as limited resources hinder effective local adaptation planning. In the context of the G20, Brazil prioritises the fight against inequality, guidance for disaster risk reduction (DRR) and climate change adaptation. Leading the DRR discourse, Brazil focuses on the need to correct socio-territorial inequalities, prioritising adaptive measures in the face of climate change, and placing emphasis on urban territories for DRR and climate adaptation actions.

#### Intended effects of the envisioned project

**The project to be selected in this country call should contribute to the following overarching goal:**

Local community-oriented adaptation actions and measures to strengthen local governments in the face of climate change have improved the living conditions and resilience of local communities living in areas of high socioeconomic and environmental vulnerability, including marginalised groups. They also increase the resilience of urban infrastructure and service systems, leading to greater climate justice.

**To achieve this, the objectives of the envisioned project are:**

- The adaptation capacities to face negative climate change effects of the urban population are strengthened, especially in underserved vulnerable urban areas.
- The resilience of strategic urban systems and the network of intelligent urban infrastructure and services is strengthened to ensure full functionality in the event of extreme weather events and natural disasters in pilot municipalities.

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<sup>2</sup> 2022, United Nations Population Division. World Urbanization Prospects: 2018 Revision.

- Community-oriented climate adaptation practices are promoted through social mobilisation and integrated into urban planning instruments and urban adaptation processes.
- Public management at municipal, state, and federal level is strengthened through institutional development initiatives to increase the capacity for planning and implementation of resilient urban development projects.

#### Possible target groups/sectors of the project

- Most critical municipalities in terms of climate risk and occurrence of natural disasters.
- Local communities, inhabitants, such as homeowners, tenants, business owners, start-ups and civil society groups (including women's organisations).
- National and sub-national governments, relevant sector agencies in the field of urban development and fields related to urban resilience.
- Research institutions, think tanks and academia.

#### Project components/content of the project

The project should include the following components:

**Component I: Co-creation and piloting of solutions for urban adaptation at municipal level.** The solutions shall focus on Ecosystem-based Adaptation (EbA) and Eco-DRR practices to address climate risks. Pilot projects shall be developed together with local communities, municipal authorities and other relevant stakeholders, under consideration of gender-responsive approaches, and be in line with the municipal urban development planning, for example in the following sectors:

- **Human settlements:** This may include approaches for multi-functional green and open space planning and management in vulnerable urban neighbourhoods
- **Sustainable urban infrastructure:** This may include developing and investing in Blue-Green infrastructure (BGI), analysing and mapping climate and disaster risk for urban infrastructure and services, and developing architectural and urban strategies to ensure the functioning of urban infrastructure and services in the event of disasters and extreme events.
- **Green Area Systems:** This may include comprehensive mapping and creating of a database of green area systems. This system will prioritise the development and connectivity of urban green areas, unlocking a cascade of benefits: enhanced biodiversity, conserved urban ecosystems, and increased climate resilience for our cities, and shall be linked to component II. Data-driven identification and piloting of EbA measures will further amplify these positive impacts.

**Component II: Co-creation and piloting of open-access digital climate service products** (such as vulnerability assessments or mapping of urban green spaces) to support selected municipalities and their citizens in better adapting to the effects of climate change. The products shall support risk-informed decision-making in the context of resilient urban planning, infrastructure development, proactive biodiversity and ecosystem conservation and support cross-sector collaboration on integrated urban development planning and urban resilience. The collection of climate risk data is necessary, and the project should promote the use of apps and engagement of civil society in collecting this data. The conceptualisation must consider relevant mandates to collect climate risk data, ensure target-group-oriented anchoring and replicability to other municipalities and support a monitoring system for urban occupation in risk areas that enables effective and proactive municipal management.

**Component III: Capacity building and mobilisation of finance:** This may include support for cross-sectoral cooperation on integrated urban development planning and consolidation of climate adaptation planning with urban planning instruments; integration of Nature based Solutions (NbS),

EbA and Eco-DRR into decision-making processes; training for local technical experts, public officers, public decision-makers and further relevant stakeholders to improve technical expertise regarding the application of the abovementioned approaches and instruments as well as the utilisation of climate-risk information in planning and implementation processes; awareness raising and mobilisation of local communities for (small-scale) adaptation actions for climate adaptation solutions; integrating community-oriented perspectives, knowledge and needs into urban planning and municipal adaptation strategies; development of local finance strategies e.g. cost-benefit analysis for urban adaptation measures; advice on the enhancement of federal investment in resilient urban development, for example, enhancement of urban projects submitted by municipalities or of areas affected by disasters that are being rebuilt; integration and mainstreaming of adaptation measures into the municipal financial system (municipal budgeting).

Close collaboration with the Ministry of Cities, the Ministry of Integration and Regional Development, the Ministry of Science, Technology and Innovation, the Geological Survey of Brazil (Serviço Geológico do Brasil SGB, under Ministry of Mines and Energy of Brazil/MME) and relevant municipal institutions is essential for the successful implementation of this project. It is important to ensure linkage with and strengthening of ongoing policies, plans and projects including the Living Periphery Programme (*Programa Periferia Viva*), Municipal Risk Reduction Plans, Community Risk Reduction Plans, Climate Plan (*Plano Clima*), the Green and Resilient Cities Programme (*Programa Cidades Verdes e Resilientes*), the Better Cities Program (*Programa Cidades Melhores*) and urban rehabilitation and nature-based solutions programmes.

The project should work mainly with underserved urban communities and use a strong participatory approach (e.g. urban labs), with the early involvement and empowerment of relevant groups (such as women, girls, indigenous groups, and people of colour) in decision-making processes and the co-development of integrated solutions. The project should pay special attention to urban systems that are particularly vulnerable to natural disasters and climate change. When implementing adaptation measures, positive economic, social and ecological co-benefits for the communities must be considered. Cooperation with the private sector is optional.

#### Geographic focus

Municipality selection shall be based on the following criteria:

- Municipalities most susceptible to the occurrence of landslides, flash floods and floods, according to the list of the Special Secretariat for Articulation and Monitoring of the Presidency of the Republic (Casa Civil), available at:  
[https://www.gov.br/cidades/pt-br/aceso-a-informacao/acoes-e-programas/saneamento/arquivos/Lista\\_Criticos\\_2023.pdf](https://www.gov.br/cidades/pt-br/aceso-a-informacao/acoes-e-programas/saneamento/arquivos/Lista_Criticos_2023.pdf)
- Municipalities with the highest percentage of population in risk areas.
- The project outlines should prioritise municipalities with a population between 100,000 and 500,000 inhabitants.

## 6 Implementing organisations

### 6.1 Requirements for consortia

Applicants for funding 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 considerably with the number of consortium members. For this reason, bilateral projects may be carried out by a maximum of four consortium partners. The consortia must designate a lead organisation. IKI projects are expected to implement at least 50% of the funding through local actors in the partner countries / regions. Therefore, wherever possible, organisations from the partner country or from other ODA-eligible countries should be involved in the project as part of the consortium or as contractors (please refer to the [Local Content Criterion](#)).

The **lead organisation** becomes the sole contracting or agreement partner of the IKI. It is the sole recipient of direct payments from the IKI and is responsible for the budgetary implementation of the project as well as its reporting system. The forwarding of grants to consortium partners is based on sub-grant agreements, which the lead organisation concludes with each consortium partner individually (for more information and templates refer to the [IKI Website](#)). A cooperation agreement should also be concluded with all consortium partners (please refer to [Annex 2](#)). As far as possible, the main features of the cooperation agreement should already be agreed upon between the implementing organisations when drafting the project outline.

As a rule, the lead organisation is obliged to review the project progress of its consortium partners (organisations receiving sub-grants) over the entire project duration. The type and scope of this inspection as well as a possible obligation to submit inspection notes are regulated in the contracts or grant award documents depending on the underlying legal relationship between the funding agency and the recipient.

The lead organisation must prove its **access to the stakeholders relevant to the project** in Brazil directly or via the consortium partners. Projects should strive for appropriate diversity in the consortium and among the contractors to better involve target groups and other actors, especially at the local level (e.g. indigenous peoples and local communities, IPLCs), and to increase the sustainability of the project. In line with the [IKI Gender Strategy](#), local organisations working for social and gender justice in the context of climate and biodiversity should ideally be involved. The involvement of these organisations should contribute to a gender-responsive and inclusive as well as, where possible, gender-transformative project planning and implementation.

The **roles and responsibilities within the consortium** must be clearly presented and reflect the strengths of the individual consortium partners. The distribution of roles and responsibilities should also contribute to sustainable anchoring of the project in the partner country/region. Accordingly, roles in the implementation should be assigned to local organisations wherever possible. The total budget must be divided clearly and appropriately between the implementing organisations and contractors. Subcontracting is permitted if it is proven to be economically viable. The locally applicable public procurement laws must be applied.



## 6.2 Requirements for all implementing organisations

### Eligible organisations

The following organisations are welcome to apply:

- Non-governmental organisations,
- Universities and research institutions,
- International intergovernmental organisations and institutions (such as development banks),
- Organisations and programmes of the United Nations
- Private sector companies.

Governments of the partner countries are not eligible to apply for IKI funding.

Organisations against which the EU has imposed sanctions are excluded from IKI-funding. In particular, the following are excluded from funding:

- a) persons, organisations, or bodies specifically mentioned in the legal acts imposing these sanctions
- b) companies owned or controlled by persons, organisations, or bodies subject to EU sanctions
- c) companies operating in sectors subject to EU sanctions insofar as the aid would undermine the objectives of the sanctions in question

As an applicant or a recipient of funding, the implementing organisation undertakes to comply with all applicable EU and UN sanctions regimes. If the applicable sanction regulations are violated, the full grant can be reclaimed.

Information for German federal implementing organisations on how to participate in this ideas competition is provided in a [separate document](#).

### Expertise and experience

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

## 6.3 Requirements for the lead organisation

### Turnover criterion

The average annual IKI project funding volume shall not exceed the average annual turnover of the lead organisation measured over the last three financial years; this shall be substantiated by certified annual accounts.

### Professional experience and regional expertise

The lead organisation must have been implementing international cooperation projects in the respective thematic area in ODA countries for at least five years. The lead implementing organisation should also have experience in Brazil. The lead organisation must demonstrate this professional experience and regional expertise via references in the project outline.

## 7 Type, scope and amount of the grant

### 7.1 Type of the grant

For the implementation of the projects, grants may be awarded as non-repayable subsidies on an expenditure basis within the framework of project funding. **Cost-based grants to the lead organisation are excluded** because a transfer here is not permissible under subsidy law. However, implementing organisations that are the final recipients of grants can receive funding on a cost basis within the framework of a referral (applicable only for organisations with headquarters in Germany).

### 7.2 Amount and duration of the grant

#### Duration of the grant

The maximum duration of funding is eight years. A minimum duration is not specified.

#### Amount of the grant

The funding volume provided by the IKI is a **minimum of 8 million to a maximum of 30 million EUR** per project. The specifications on the funding volumes as defined in the thematic priorities apply. Exceeding or falling short of the permissible funding volume will lead to the exclusion of the project outline.

### 7.3 Type of financing

Financing is usually provided as partial financing.

The grant recipients shall contribute appropriately to the financing of the purpose to be promoted, taking into account their financial strength. Which amount of own funds is appropriate can be decided only on a case-by-case basis. Overall, it must be demonstrated that the project financing can be secured based on the planned funding, own funds, and, if applicable, further third-party grants. Furthermore, cooperation with projects financed by donors is conceivable.

Projects should **contribute to mobilising private finance** – either by directly mobilising private sector capital or by supporting conditions for private sector investments in the climate and biodiversity sectors.

### 7.4 Eligible expenses

According to the BHO, grant recipients must first exhaust all other funding possibilities before claiming federal funds. Therefore, the IKI only provides supplementary funding, in accordance with the **principle of subsidiarity**. Furthermore, projects can be funded only if the project has not yet started at the time of application.

All expenses required to meet the objectives of the project through sound, cost-effective financial management are eligible for funding. **Efficient expenditure** and the **economical use of funds** must be demonstrated during implementation.

With the **IKI exclusion criteria**, certain activities that are considered too risky for the environment and people are excluded from funding without exception (please refer to [IKI exclusion criteria](#)).

## 8 Other grant or funding regulations

Any grant award document for IKI funding on an expenditure basis includes the current version of the ANBest-P.

In the proposal for funding, implementing organisations must agree that

- all documents submitted with the proposal or in the subsequent procedure are submitted to the federal ministry responsible or the project management agency, the Federal Audit Office, and the auditing bodies of the European Union upon request, the necessary information is provided, access to books and documents relating to the project and audits are permitted, and the relevant documents are made available;
- the federal ministry responsible or its authorised representatives may disclose the name of the funded applicant as well as the funding purpose as part of its public relations work;
- the funding is recorded in a centralised federal system (funding database, Zuwendungsdatenbank) on the basis of Section 44 BHO in conjunction with VV No. 9.1 and 9.2 on Section 44 BHO;
- all data and evidence disclosed in connection with the funding
  - may be stored on data carriers owned by the project management agency, the federal ministry in charge, or an agency commissioned by one of the two;
  - may be further processed for the purpose of performance monitoring in accordance with the Administrative Regulation on Section 7 BHO;
  - may be passed on to and processed by third parties, which have been commissioned by the federal ministry in charge with the evaluation of the project and which are bound to confidentiality;
  - may be used and evaluated for the purposes of processing and checking funding proposals, statistics, monitoring, scientific issues, linking with official data, evaluation, and performance monitoring of the funding instrument;
- anonymised or aggregated evaluation results may be published and forwarded to the Bundestag as well as to federal and European Union institutions.

To enable electronic processing, it must be ensured in advance that there is a possibility of legally secure electronic drawing and delivery of funding documents.

### Evaluation and transparency

The implementing organisations are obliged to provide all data required for the performance monitoring and specified by the funding agency or a body commissioned by it. All projects selected as part of this procedure will be subjected to an external interim and final evaluation as a key contribution to monitoring their success. Selected projects will also be reviewed as part of an impact assessment or strategic evaluation across projects. The implementing organisations are obliged to make the necessary data and information available to the federal ministry in charge, the project management agency, and the bodies responsible for the evaluations and to participate in surveys, interviews, and other data collections intended for this purpose. The evaluation results will be published on the IKI website, among other places, in compliance with all data protection regulations (please refer [to IKI website](#)).

The federal ministry responsible publishes comprehensive project information on ongoing and newly committed IKI projects from climate and biodiversity conservation on a quarterly basis in accordance with the **IATI standard** (please refer to [IATI Data](#)). The implementing organisations must agree that the federal ministry responsible or its agents may submit project-specific information to the IATI platform as part of their reporting.

### Handling of mitigation credits in the IKI

IKI funds should be used to promote quality and transparency in the carbon market and to attract private capital to scale IKI projects. The basis for this are the accounting rules for the emission reductions in the national energy balances of the respective partner countries as well as the contribution to ambition raising in the partner countries. The German government promotes the use and implementation of the UNFCCC Article 6 framework and the alignment of all market segments of the international carbon market with the goals and requirements of the Paris Agreement<sup>3</sup>. A Paris-aligned carbon market thus includes both the compliance markets (UNFCCC and CORSIA) and the voluntary carbon market. Possible funding of projects under the IKI should therefore include capacity building for the application of Article 6; this also applies to the possible use of certificates in the voluntary carbon market.

Furthermore, the German government welcomes the use of the carbon market to scale sustainable measures and secure funding for emission reduction measures beyond the end of the project, especially with the aim of integrating them into the future NDCs of the partner countries.

However, the use of the carbon market as a source of funding in IKI projects must be done within certain limits and guidelines: in principle, ODA funds must not be used to generate mitigation credits that could be traded on the compliance market to meet international reduction targets (outside the project country). It must be insured that all IKI-funds are ODA-eligible and contribute to **additional greenhouse gas mitigation**. Thus, emission reductions financed by IKI funds may **not generate internationally transferable and tradable mitigation credits that are used to reach the mitigation targets of states or companies (compliance)**. Nevertheless, the additional emission reductions achieved in a partner country can be used to increase its ambition compared with the respective current NDC target. This requires corresponding agreements with the partner country.

A clear **separation between ODA-eligible climate finance and the compliance market** must be ensured. The requirements set out in [Annex 4](#) as well as the rules on climate protection projects in the voluntary carbon market as well as in the area of technical and natural carbon sinks must be complied with.

### IKI complaints mechanism

[The independent complaints mechanism](#) of the IKI is designed to enable people who suffer (potentially) negative social and/or environmental consequences from IKI projects or who wish to report the improper use of funds, to voice their complaints, and seek redress. The IKI implementing organisations are obliged to publicise this complaint option appropriately among their target groups as well as affected target groups in the project area as part of their project implementation and to cooperate in the event of possible investigations.

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<sup>3</sup> See also [G7 CQM 2023 Annex "Principles of High Integrity Carbon Markets"](#). These principles contain a clear market orientation towards the objectives of the Paris Agreement. This includes principles for the market infrastructure and supply and demand side that cover the mandatory and voluntary carbon markets.

## 9 Procedure

The procedure for selecting projects takes place in two phases: the outline phase and the proposal phase. Participation in the ideas competition as part of the outline phase is open to German and international grant recipients as well as to contractors in the form of implementing organisations of the German Federal Government. However, the latter cannot apply for funding in the form of grants. Information for federal implementing organisations on how to participate in this ideas competition is provided in a [separate document](#).

### 9.1 Submission of project outlines and online seminar

#### Deadline and documents

The project outline must be submitted **in due time** in English based on the IKI outline form exclusively via the [IKI online platform](#). The following deadline shall apply: **28 May 2024**. For this Country Call, only project outlines received in due time via the online platform by **04:00 p.m. (CET)** on the last day of submissions will be considered.

The project outline consists of the following documents, which must be submitted together on the online platform:

1. Outline form to fill in on the [IKI online platform](#)
2. Project concept (max. five pages) as a .pdf document of the completed template (for more information please refer to [10.2 Project concept](#))
3. Organisational chart explaining the consortium structure.

Additional documents submitted (e.g. draft cooperation agreement) are not decisive for the selection process and will not be considered in the assessment of the outlines.

#### Online seminar

An **online seminar** in English and Portuguese is planned for **18 April 2024** to give interested organisations an idea of what makes a good outline. In addition, in-depth information about the selection process and the further procedure will be provided (please refer to [IKI website](#)).

### 9.2 Outline phase

The outlines are selected within the framework of a selection process based on selection criteria. These selection criteria are subdivided into minimum requirements and assessment criteria. If any of the minimum requirements are not fulfilled, the outline is automatically excluded. The assessment criteria serve as the basis for the assessment of eligible project outlines in different weightings (please refer to [Annex 1](#)).

All outlines submitted will first be checked against the minimum requirements. Only those outlines that are eligible for funding will be assessed on the basis of the formal and technical assessment criteria described in this funding announcement. From this, the responsible German Federal Ministry draws up a shortlist of the most promising outlines and then selects three project outlines (one for each thematic priority) in close consultation with the responsible partner ministry in Brazil. This decision is based on the results of the evaluation and the budgetary resources available. One outline per thematic priority will be invited to develop a project proposal in the second phase of the procedure.

### 9.3 Proposal phase

The procedure for the proposal phase described below is aimed at lead organisations that apply for

funding in the form of a grant via a project proposal after successful completion of the outline phase. Implementing organisations of the Federal Republic of Germany that have participated in the ideas competition may be commissioned after submitting a bid, provided that the Federal Republic of Germany has a corresponding interest.

#### Submission of formal funding applications and decision-making procedures

At the beginning of the proposal phase, all lead organisations of the selected outlines will be informed in writing about the outcome of the assessment and, in the case of success, invited to submit a detailed project proposal. The relevant provisions and sample templates are provided and can be found on the [IKI website](#).

#### Preparation phase

Depending on the necessity, a preparation phase is recommended for the preparation of the full project proposal to optimally align the project with the local needs together with relevant actors. The preparation phase and the results obtained are intended, in particular, to improve the quality of the project proposal, to ensure local anchoring and the political backing of the partner government(s), and to minimise enquiries during the initiation process. A preparation phase is particularly recommended if:

- the implementing organisation has no direct experience in implementing IKI projects;
- project regions for local measures must be defined together with the partner ministries;
- long-term project cooperation in the proposed consortium with the selected local partners has not yet taken place;
- the success of the project is particularly dependent on a cross-sectoral connection in the partner country and the participation of local actors.

In the project outline, implementing organisations must explain why a preparation phase is necessary or not necessary for the preparation of the project proposal. The expenses involved in the preparation phase are eligible as part of the overall project and reduce the budget of the implementation phase accordingly. The duration of the preparation phase does not reduce the maximum duration of funding for the actual project. This means that the duration of the preparation phase is estimated in addition to the maximum duration of funding of eight years (please refer to [7.2 “Duration of the grant”](#)). The period and activities of the preparation phase must be clearly distinguished from the period and activities of the actual project (implementation phase). During the preparation phase, only measures of a preparatory nature are funded; measures to implement project objectives of the implementation phase are not yet funded during this period.

For the implementation of a preparation phase, the lead organisation must submit a corresponding project proposal at the beginning of the application phase. The relevant provisions and model templates are provided on the [IKI website](#).

The preparation phase can take up to nine months. Once the detailed project proposal has been received, it is finally reviewed by the IKI Office of ZUG and the federal ministry responsible, and funding is granted if the review result is positive.

#### Carrying out a gender analysis

In the application phase, a gender analysis carried out according to the minimum standards of the IKI must be submitted for all projects (please refer to [IKI Gender Guidelines](#)). For projects with a preparation phase, the gender analysis should be carried out during this phase; for all other projects, this should be carried out within the first six months of the start of the project.

#### Regulations to be observed

Sections 48 to 49a of the Administrative Procedure Act (VwVfG), Sections 23 and 44 of the BHO, and the general administrative regulations issued in this regard shall apply to the approval,

disbursement, and accounting of the grant as well as to the proof and examination of its use and, if necessary, the revocation of the grant award document and the reclaiming of the grant awarded. The Federal Audit Office of Germany is entitled to audit in accordance with Section 91 BHO (Bundeshaushaltsordnung).

#### 9.4 Involving a project management agency

The IKI Office of Zukunft-Umwelt-Gesellschaft (ZUG) gGmbH is responsible for supervising the funding project and handling the initiation formalities (please refer to [10.3 Contact of project management agency](#)).

## 10 Formal and technical requirements for project outlines

### 10.1 Requirements for the cooperation with Brazil

#### Interest and political support from the partner country

The selection process is closely coordinated between both governments. Projects must therefore ensure **close co-operation with the Brazilian government** during project implementation. Successful project implementation requires that the Brazilian government has an explicit interest in the planned project activities. During the outline phase, an initial assessment of political support is carried out in collaboration with the Brazilian government.

As the Brazilian government is directly involved in the selection process, no letters of intent (LOI) from the Brazilian government need to be submitted. However, the project outline must clearly demonstrate that the planned project activities are in line with Brazil's priorities.

#### Embedding in national framework conditions

Planned project activities must take into account the respective **political, economic, cultural, and legal framework conditions** in the partner countries/regions and must align with national/regional policies (including those beyond NDCs/NBSAPs/NAPs). This also applies to national gender justice strategies, especially if the main or important secondary objective of the project is to promote gender justice.

Existing global, regional and national partnerships and cooperation mechanisms should also be utilised or contributions made to them (such as the [NDC Partnership](#) or, in future, the NBSAP Accelerator Partnership). Their content, structures, processes and networks can be utilised in the country context, e.g. through the publicly accessible information services and in coordination with the contact persons in the secretariats or locally.

#### Connectivity/avoidance of double funding

To take advantage of synergies and avoid double 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 and the European Union as well as 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.

### 10.2 Technical requirements for project outlines

#### Project concept

To present the project idea, a project concept must be submitted together with the completed outline form (please refer to [9.1 Deadline and Documents](#)). The project concept addresses the classification of the project idea with reference to the overarching objective of the Country Call and the selected thematic priority. The project concept provides a detailed assessment of the initial situation on site, the envisaged project planning and impact logic, and formulates the target groups. In addition, explanations on the implementation of at least a gender-responsive approach as well as on local content, innovation, and transformation are part of the project concept.

The project concept may not exceed five pages and must be written in 11 pt Arial font. The template to be used for the project concept is available on the [IKI online platform](#).

The requirements for the project outline and the project concept are listed below:



### Thematic fit

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

### Climate and biodiversity relevance

Depending on the orientation of the thematic priority, the projects should support the Brazil in achieving the objectives of the Paris Agreement or the CBD and thus the GBF. The project outline should clearly demonstrate how the planned project activities contribute to the implementation or further development of the NDCs, the NAP process, or the NBSAPs.

### SDGs

Projects should pursue a holistic approach in line with the 2030 Agenda and should take into account all relevant SDGs of the UN as well as possible conflicting goals. In particular, consistent consideration should be given to life cycle assessment methodology (i.e. the holistic management of resources, chemicals, and waste) in order to satisfy the transformative approach of the 2030 Agenda to achieving greater sustainability.

### Target groups

The project concept should clearly list all target groups relevant to the project and clearly explain how the planned project activities can make a specific and visible contribution to solving current challenges for the target groups. The list of relevant target groups is gender-disaggregated and, if necessary, broken down according to other factors relevant to the project context (e.g. age, socio-economic position, and indigenous status). It must be shown how these stakeholders and their concerns, in particular vulnerable groups (e.g. IPLCs), have been and will be involved in the previous and future project design and implementation (see also Chapter 9. *Stakeholder engagement* of the [IKI Safeguards Policy](#)). It must also be outlined how knowledge transfer to these actors is to take place.

### Local Content Criterion

IKI projects are expected to implement at least 50% of the funding through local actors. Local actors are implementing organisations of the consortium as well as contractors that have their own legal personality according to the applicable national law of the partner country or, in the case of regional organisations, focus their activities on the respective project region (please refer to [Annex 3 Classification as “local” organisations](#)).

Beyond the implementation of funding, the project aims to use and/or further develop the professional and administrative expertise of local organisations. Close cooperation with local organisations is intended to contribute to the local anchoring of capacity development on-site and the sustainability of projects. For more information please refer to [How the International Climate Initiative \(IKI\) strengthens the local embedding of projects](#).

### Ambition, transformation and innovation

The project must pursue **ambitious goals** in the respective country and sector context and be designed to achieve **measurable results**. IKI-funded projects should contribute to the social and economic transformation towards a greenhouse gas-neutral, biodiversity-friendly, and gender-balanced society as well as a way of life that respects the physical limits of our planet. **Transformative change** is far-reaching and brings about profound changes across all levels of society (i.e. environmental, economic, and social).

The **transformative character** of the project concept must be demonstrated by one or more of the following aspects:

- **Ambition:** The project will achieve and document a substantial and measurable improvement compared with a business-as-usual trajectory.

The outline must demonstrate how the project is embedded in and supports existing carbon neutral and/or biodiversity conservation development initiatives in the partner country from a regional and/or global perspective.

- **Change:** The project should bring about systemic and/or behavioural changes in decision-makers or a considerable number of individuals or institutions. The steps required to achieve this should be as irreversible as possible (creating “positive path dependencies” – for example, through the large-scale development of climate-friendly infrastructure or entry into force of new legal frameworks).
- **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 biodiversity conservation. A high level of innovation is characterised by a clear distinction from the previous state of knowledge or the state of technological solutions. In this context, “innovative” means any technological, methodological, or social measure that has not been applied in the project region before or not in the same form.

#### Project planning

Projects must demonstrate the quality of their solutions by applying a results chain that contributes to the overarching goals of the IKI and follows the methodological guidelines of the Organisation for Economic Co-operation and Development (OECD) (please refer to [Guidelines on Project Planning and Monitoring](#) in the International Climate Initiative). The results chain of these should be plausibly presented in the relevant context and should provide sufficiently ambitious **yet realistic and detailed solutions to the problems** involved in the project. The proposed project activities should be realistically feasible within the available budget and time frame.

#### Sustainable project results after the end of the funding (exit strategy)

The project outline must show how the project activities contribute to the **continuation or maintenance of funded activities and results by local actors after the end of the IKI funding**. Reference can also be made to the chosen consortium structure. During the last two years of the project duration, activities must focus on ensuring this (“**exit strategy**”). An increase in funding at or after the end of the project is generally not envisaged.

#### Climate neutrality

The IKI 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 offset projects, emphasis should be placed on high-quality certificates (please refer to [Voluntary CO<sub>2</sub> compensation through climate protection projects](#)).

#### Environmental and social standards

Systematically taking into account environmental and social standards within the IKI aims to prevent IKI projects from negatively impacting people and the environment. The IKI implementing organisations are expected to comply with the [IKI Safeguards Policy](#) and the Safeguards Standards of the Green Climate Fund (currently [IFC Performance Standards](#)). Possible environmental and social risks and planned safeguards measures must be outlined in the project outline. The risk category does not affect the project selection process as long as the safeguards measures are in line with the risk.

#### Gender strategy and the overcoming of discrimination

In order to address the interactions between climate change, biodiversity loss, and gender, achieving gender justice is central to the IKI ([Gender in the IKI / IKI Gender Strategy](#)). To this end, IKI projects are to be aligned with concrete measures in such a way that gender-based disadvantages and discrimination are reduced. A targeted consideration of existing gender relations should result in a better contribution to climate protection and adaptation to the impacts of climate change as well as the conservation of biodiversity. Based on this, the IKI supports projects with at least gender-responsive project planning and implementation (please refer to [Information on carrying out a gender analysis](#)). The IKI supports projects with a gender-transformative approach and/or projects with the promotion of gender justice as a main objective.

Similarly, IKI projects should contribute to overcoming social, cultural, geographical, political, legal, religious, racial, ableist, and/or economic discrimination and disadvantage in their project activities.

### 10.3 Contact of project management agency

IKI Office of Zukunft – Umwelt – Gesellschaft (ZUG) gGmbH  
Stresemannstraße 69–71  
10963 Berlin

Email: [IKI-Office@z-u-g.org](mailto:IKI-Office@z-u-g.org)  
Tel.: +49 30 72618 – 0222

For telephone consultation hours, see the [IKI website](#).

Berlin, 7 March 2024

For the German Federal Government  
represented by the Federal Ministry for Economic Affairs and Climate Action

On behalf of  
Dr Philipp Behrens

## Annex 1: IKI selection criteria

The projects are assessed and selected by the respective ministries according to the following selection criteria:

Criteria		Explanations
<b>! - Minimum requirements</b>		
Both the minimum requirements and the assessment criteria are used to assess the outlines submitted. All minimum requirements which, if not met, will lead to the exclusion of the project outline from the selection process are marked with a “!”.		
<b>Formal eligibility of the project concept</b>		
<b>Funding requirements</b>		
1	!	Submission in due time via online platform
		The project outline was submitted in due time and via the IKI online platform.
2	!	Completeness of the documents
		The documents were submitted completely and in accordance with the specifications.
3	!	Need for funding
		There is a need for funding.
4	!	No early start of measures
		The project implementation has not yet started before the submission of the outline.
5	!	Exclusion criteria
		The project does not provide for any activities that are excluded from funding in accordance with the <a href="#">IKI exclusion criteria</a> .
<b>Duration and amount of funding</b>		
6	!	Funding volume
		The IKI funding volume proposed in the project outline is in line with the specifications of the respective thematic priority. Exceeding or falling short of the permissible funding volume will lead to the exclusion of the project outline.
7	!	Project duration
		The maximum duration of funding is eight years.
<b>Project funding</b>		
8		Own funds
		The financial contributions of the lead organisation as well as the amount of additional funding resources (co-financing) are clear and appropriate.
9		Private sector mobilisation
		The project should contribute to mobilising private finance.

Choice of partner country / countries			
10	!	Partner country Brazil	The outline envisages the implementation of the project activities exclusively in Brazil.
<b>Technical eligibility of the project concept</b>			
11	!	Objective of the thematic priority	The planned project is technically suitable for achieving the specific objectives of the respective thematic priority.
Implementation context			
12		Relevance for the implementation of the NDCs/NBSAPs/NAPs	The planned project makes a relevant contribution to the implementation of NDCs/NAPs/NBSAPs.
13		Connectivity with national/regional policies	The planned project ties in with specific underlying political and legal frameworks as well as policies and priorities in the country and leverages existing partnerships.
14		Relevance for implementing the Sustainable Development Goals (SDG) of the UN	The planned project follows the comprehensive approach of the 2030 Agenda and takes into account all applicable SDGs. Possible conflicting goals are taken into consideration.
15		Political backing/ Letter of endorsement	The project outline indicates that the government of the partner country generally supports the planned project activities.
16		Linking to the project/funding landscape	The planned project ties in with the existing local project landscape/funding landscape. Double funding is avoided

<b>Project planning</b>			
17		Theory of change/results chain	The project outline demonstrates the quality of its problem-solving approach by applying the OECD results chain (please refer to <a href="#">Guidelines on Project Planning and Monitoring</a> in the International Climate Initiative). The proposed solution approach is ambitious and can be realistically implemented within the selected time frame with the available budget.
18		Ambition and measurability	The planned project has ambitious goals for the respective project context and is designed for measurable results. Considering gender justice during project planning is positively assessed.
19		Transformation	The project aims to bring about systemic and/or behavioural changes in decision-makers or a considerable number of individuals or institutions.
20		Innovation	The planned project offers an innovative solution for a specific region.
21		Environmental and social risks, possible safeguard measures	Possible environmental and social risks as well as possible safeguards measures are presented in a comprehensible and appropriate manner. The commitment to comply with the Safeguards Standards is a funding requirement.
22		Prevention of discrimination (including implementation of the <a href="#">IKI gender strategy</a> )	The project concept provides for the implementation of specific measures to promote gender justice and prevent discrimination. These measures serve to implement the project objectives and are clearly recognisable in the results chain.
<b>Target groups</b>			
23		Participation and knowledge transfer to target groups	The project outline clearly shows how relevant target groups and their concerns have been or will be included in the previous and future project design and implementation. It also clearly shows how knowledge transfer to relevant target groups is to take place.
<b>Sustainable and replicability of the project results</b>			
24		Exit strategy	The project outline indicates how project activities contribute to ensuring that funded activities and results continue or are maintained once the IKI funding ends (exit strategy).
25		Replicability	The planned project can be replicated in other countries/regions and/or in other sectors.
<b>Eligibility of implementing organisations</b>			
<b>Eligibility of the consortium</b>			
26	!	Application as consortium Number of consortium partners	The project outline provides for an application as a consortium, i.e. an association of at least two and a maximum of four consortium partners. Exceeding the maximum permissible number of consortium partners will lead to the exclusion of the outline.
27		Local content (50% rule)	As far as possible, 50% of the funding will be implemented by actors classified as local organisations (please refer to <a href="#">Annex 3: Classification as “local” organisations</a> )

28		Appropriate distribution of roles and tasks	The roles and tasks within the consortium are clearly and appropriately assigned.
29		Appropriate budget allocation	The total budget allocation between the implementing organisations is documented and appropriate.
Eligibility of implementing organisations			
30		Technical eligibility and qualification of all implementing organisations	The lead organisation and consortium partners have the necessary technical and administrative eligibility as well as management competence to implement and coordinate the planned project activities.
31		Access to relevant stakeholders	The lead organisation presents its access to the stakeholders in the partner country relevant to the project in a comprehensible way – either directly or via the consortium partners.
32	!	Legal structure	The lead organisation and consortium partners have a suitable legal form and are therefore eligible for funding.
Formal eligibility of the lead organisation			
33	!	Turnover criterion	The lead organisation meets the turnover criterion.
34	!	Expenditure based accounting	The accounting of the lead organisation is done on an expenditure basis (applicable for organisations with headquarters in Germany).
Technical eligibility of the lead organisation			
35	!	Experience in international cooperation	The lead organisation has at least five years of experience in thematically relevant project implementation in ODA countries.
36		Country expertise	The lead organisation should have experience in Brazil.



## Annex 2: Cooperation agreement

Applicants for funding must apply as a consortium (i.e. as an association comprised of at least two organisations). The consortia must designate a lead organisation.

The lead organisation becomes the sole contracting or agreement partner of the IKI. It is the sole recipient of direct payments from the IKI and is responsible for the budgetary implementation of the project as well as its reporting system. A cooperation agreement should be concluded with all consortium partners and attached to the full proposal. As far as possible, the main features of the cooperation agreement should be agreed between the implementing organisations when the project outline is prepared. The agreement supplements the underlying arrangements for the funding between the consortium partners and may not contain any agreements or arrangements to the contrary.

The consortium partners maintain full responsibility for the cooperation agreement and should seek legal advice if necessary. No legal advice, liability, and/or review of content is provided by the federal ministry responsible or the IKI Office of ZUG.

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

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

In addition, the following aspects should be coordinated within the framework of the cooperation agreement:

- Reporting and information obligations in the consortium
- Liability of the consortium partners
- Rights of use and copyrights
- Dealing with changes along the project duration
- Visibility of the consortium partners
- Procedures for settling internal disputes (e.g. the use of mediation)

## Annex 3: Classification as “local” organisations

### For local organisations in the consortium or as contractors:

- (1) Local organisations must have their own legal personality according to the respective national law in force in the partner country.
- (2) Partner ministries are generally excluded from funding.

### The following applies to national and regional offices of international organisations:

- (1) Offices must be registered in a partner country and pay taxes there.
- (2) The national or regional office can make independent decisions and is largely independent of instructions from the “umbrella organisation” in the operational design and implementation of project funds.

International organisations that do not meet these criteria cannot count their project budget share as local content – even if national personnel are employed in the project. National offices of international multilateral organisations (e.g. UN agencies, the GIZ, or the KfW), embassies of other countries, or the national offices of other bilateral donor countries therefore do not count as local content.

### The following applies to regional organisations such as regional development banks, regional associations of states / economic communities:

- (1) The organisation is based in a country of the region in which the IKI project is implemented and focuses activities on the partner countries.
- (2) At least one of the partner countries is part of this region.
- (3) National partner institutions are involved in the implementation at the country level.
- (4) For banks and networks: Partner countries are members of the regional bank or network.

### **In justified exceptions, IKI projects may deviate from the target of 50%:**

- (1) In the spirit of promoting South-South exchange, there may be an exception to the 50% rule if a substantial part of the project budget is implemented by organisations from the Global South that are not registered in the partner country or region.
- (2) Projects may deviate from the 50% rule if they can plausibly justify that the local content requirement is not possible because of specific country or subject contexts and/or represents a high obstacle to the effectiveness and implementation of the project or there are other reasons inherent in the specific project constellation.

It shall be decided on a case-by-case basis whether exceptions are permissible. Even in the case of exceptions, the local content should be as high as possible.

For more information, please refer to [IKI website](#).

## Annex 4: Handling of mitigation credits<sup>4</sup> in the IKI

To ensure a clear **separation between ODA-eligible climate finance funds and the compliance market**, the following requirements must be met:

- IKI-funded projects may aim to develop **conceptual preparations for mitigation activities under Article 6 of the Paris Agreement** (methodology development, project design, and feasibility studies). However, the technical implementation (i.e. after financial close) must be implemented through other funding sources and not through IKI funds. With this clear demarcation from IKI funding, it is possible to generate internationally transferable and tradable mitigation credits.
- **Start-up financing** for Article 6 project activities is possible under the condition that emission credits generated by IKI funds must either be set aside (proof required) or remain in the partner country and be credited to the host-country NDC (“non-authorised Article 6.4” mitigation units) and thus contribute to the NDC implementation of the country. However, this requires activity-based agreements with the partner country.

**Climate protection projects in the voluntary carbon market sector:** Emission reductions achieved through IKI funds are, **in principle, not allowed to generate mitigation credits that are internationally transferable and tradable on the voluntary carbon market**, and which have been authorised by the implementing states for compliance purposes. Promotion of mitigation credits for a national voluntary certification system (not internationally transferable and tradable) of the country of implementation in which the emission reductions occur is possible and desirable to increase ambition compared with the NDC. After finalising the UNFCCC rules on Article 6.4 for the Contribution Claims segment<sup>5</sup>, the German Federal Government will decide whether and in what way internationally transferable and tradable certificates can be used outside the various compliance markets to mobilise private capital in order to supplement financing through IKI funds.

**Climate protection projects in the area of technical and natural carbon sinks:** Since the rules for mitigation credits from technical and natural carbon sinks under Article 6 of the Paris Agreement have not yet been developed and adopted, currently only methodology development, especially in the area of MRV (measurement, reporting, and verification), and benefit-sharing concepts in this area/these sectors can be supported with IKI funds. As soon as new developments in the international negotiations make it possible to assess the eligibility of projects dealing with technical and natural carbon sinks in the same way as other projects, a notice will be published on the IKI website. For the financing of climate protection projects in agriculture, forestry, and land use, it is also necessary to fulfil the sustainability, including social (benefit sharing), requirements of the IKI and the relevant international standards.

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<sup>4</sup> This certifies an emission reduction (converted into the unit CO<sub>2</sub> equivalent) that results either from an additional mitigation or integration of greenhouse gases (compared with the baseline). These certificates should not be confused with emission allowances, which are traded in an emissions trading system and are subject to a “cap”. For the sake of clarity, we use the term (emission) mitigation credits here.

<sup>5</sup> Article 6.4 certificates that represent a contribution to the fulfilling the targets host country and which are also referred to as “mitigation contributions” are certificates that the host country does not release for target fulfilment. These certificates are not eligible for the target fulfilment of NDCs, CORSIA, and other offsets, in particular as a contribution to climate neutrality. However, these certificates can, in principle, serve other business purposes that do not conflict with the crediting in the host country and would lead to double counting of certificates. A more detailed formulation of the basically conceivable use option is to be made after the conclusion of the UNFCCC negotiations on Article 6.4 of the Paris Agreement as well as the technical work of the Supervisory Body of Article 6.4.