

On behalf of:



Federal Ministry
for the Environment, Nature Conservation
and Nuclear Safety



European
Climate Initiative
EUKI

of the Federal Republic of Germany

Information on project financing under the framework of the European Climate Initiative (EUKI) of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) (November 2021)

1. Background and objectives of EUKI

Background

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 concentrations in the atmosphere. The impacts are already evident today. If global warming continues unchecked, it is likely to exceed the adaptive capacity of natural, managed and social systems. Against this background, all signatories of the Paris Agreement are committed to keeping global warming significantly below 2 degrees Celsius, 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 now envisages climate neutrality by 2050 and an emission reduction of at least -55% by 2030, 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 and shows that environmental protection, a thriving economy and social justice can go hand in hand.

The Commission's 'Fit for 55' package of various legislative proposals is intended to translate the new climate targets into actual emission reductions. At the same time, creative solutions and projects on the ground are essential in order to lead the way and shape a cleaner, healthier, fair and prosperous economy, society and industry.

Objectives of EUKI

EUKI finances projects designed to enhance the development and implementation of the EU climate and energy framework. It aims to support the **transition towards climate-neutral economies and societies** in Europe and to enable transnational learning, fostering a better understanding of national and local approaches to stepping up climate action.

The transition towards climate neutrality will bring new opportunities for all EU Member States, but also challenges that partly originate from the differing starting situations within Member States. These differences need to be addressed. Dialogue, mutual learning from good examples, awareness-raising, **strengthening climate policy capacity in EU Member States** and a dense web of cooperation in the form of networks between state, municipal, civil society, economic and educational actors within the EU are all crucial if the Union is to act jointly and to move closer to the long-term goal of climate neutrality. It is important that the structures and knowledge fostered in EUKI projects can also persist after the end of the project, i.e. by integrating results into existing permanent structures.

The German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) has commissioned the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH to implement the EUKI financing programme. EUKI usually launches a call for project ideas once a year.



EUKI is focusing on three approaches designed to support actors working to protect the climate in Europe.

a. Creating awareness and pooling knowledge

Awareness of and knowledge about drivers of climate change and potential solutions are key pre-conditions for involving citizens and businesses in the transition. EUKI will support education and training projects to turn local actors into multipliers for climate policy know-how. To this end, one asset is the integration of project results and activities into longer-lasting structures (e.g. curricula of training bodies that work independently from EUKI funding).

b. Establishing networks and exchanging successful practices

Understanding the viewpoints of other countries and local contexts is a prerequisite for joint and decisive action in Europe. Since dialogue and information-sharing constitutes the basis for concerted strategies, EUKI supports the networking of climate stakeholders across Europe. This helps and allows both public and non-governmental organisations to exchange knowledge, experience and good practices. In the best case, this leads to developing tailored local and regional approaches to climate action and pilot projects and rolling out successful approaches in other European countries involved.

c. Capacity development

Effective climate action across Europe is not possible without adequate human and organisational capacities. With this in mind, EUKI supports measures designed to build the expertise of key state, civil society, business and education-policy actors in terms of technical knowledge, methods and management. It also supports measures to set up and develop organisations and to adapt existing strategies and regulations. At the same time, EUKI acts as a bridge to EU support programmes. By building capacities, networking and developing promising approaches to reducing greenhouse gases at pilot level, it can pave the way for larger-scale projects using European funding in the long term.

Target groups and thematic areas

(for organisations eligible for funding see formal requirements below)

The **target groups** of EUKI projects are governments, municipalities, civil society, consumers and – if permissible under EU state aid law – businesses.

The **geographical focus** is primarily on collaborations with Central, Eastern and Southern European countries as well as the Baltic states.

Possible **thematic areas** for bilateral and multilateral EUKI projects include the development and implementation of climate strategies at various levels of government and exchanges on climate policy instruments, measures, and technical solutions. The following areas are relevant:

- Energy
- Buildings
- Mobility
- Agriculture, soils and forests
- Industry



- Private households
- Commerce, trade and services
- Waste

Project implementers are encouraged to implement concrete measures and preparatory steps enabling future investments in climate action. Individual themes can also be combined or addressed together in a broader context, e.g. climate-friendly municipal development, effective climate policy and climate financing. EUKI's funding remit also covers educational, awareness-raising and media activities linked to climate change and climate action.

2. Object of financing

Implementers must show how their project contributes directly or indirectly to strengthening climate action in the respective target regions. Suitable projects include both those supporting the achievement of potential greenhouse gas emission savings and those aiming at the development of good climate-policy conditions. The following approaches can be pursued individually or in combination:

Capacity development	Capacity development at the individual, organisational and systemic level focusing on public, civil society and academic institutions and their needs, and on the business and education sectors. Enhancing analytical and advisory capacities, e.g. through workshops, training courses, additional qualifications, organisational development, temporary cross-border consultation missions, etc.
Creation of networks	Establishing and strengthening sustainable bilateral and multilateral cooperation formats. Promoting networking and climate partnerships, e.g. between government institutions, municipalities, civil society, the academic community and industry.
Implementing policies and measures, developing strategies and conducting feasibility studies	Measures that aim to design, implement or pilot climate-policy instruments (e.g. bilateral and multilateral exchanges on effective regulatory conditions, support mechanisms and models), analyse potential greenhouse gas emission savings, devise practical solutions for the removal of barriers to the implementation of climate and energy strategies, or develop geographically specific methods (including feasibility studies) for evaluating and analysing concrete mitigation projects. EUKI financing is available to support projects that tackle these issues at national, regional or municipal level, or at more than one level.
Dialogue formats, dissemination measures and education	Projects designed to initiate and strengthen dialogue, participation, consultation and stakeholder processes and to promote knowledge-building and awareness-raising in relation to climate change and climate action.

Project designs should anticipate the possible impacts of a continued COVID-19 crisis and include adequate contingency plans. Implementers are also encouraged to consider the lessons learned from international collaboration projects under COVID-19 conditions for a 'post-COVID' era.



Non-eligible project ideas

- EUKI does not finance investment projects.
- Projects that consider nuclear power to be a form of climate change mitigation are not eligible.
- Projects that focus on adaptation to the impacts of climate change are not eligible.
- Measures that focus primarily on Germany cannot be financed.
- Measures that could also be implemented by commercial providers are not eligible for financing.
- Financing projects whose primary component is developing printed materials or internet-based information and advisory services (websites and web applications) can only be approved in exceptional cases.
- All materials published by projects must be based on current knowledge and the latest scientific findings. Dialogue formats must follow the usual standards of respectful discourse. EUKI will not finance activities or publications that are inflammatory or that are not based on facts.

3. Quality of project proposals/Selection criteria

Project outlines and proposals are evaluated based on the following criteria. The decision on financing will be taken after careful consideration and with due regard for the existing EUKI portfolio and the available budget. Project partnerships must demonstrate that they have the necessary technical competencies for implementation. Organisations intending to expand into new areas of work in which they have no previous track record should demonstrate how the necessary expertise will be mobilised.

Relevance

- Planned measures must be in line with one or more of the objectives of EUKI.
- Planned measures must be compatible with the climate- and energy-policy objectives and strategies of the target countries and should aim at making an impact in their respective field of work.
- In this context, the involvement and support of the project's target groups is essential.
- Project outlines that include a letter of support from governmental institutions or other target groups (depending on the nature of the project) will therefore be regarded more favourably.

Quality of project concept

- Appropriateness, rigorous presentation and plausibility of the results system (outputs – outcome – impact) must be ensured.
- The quality of indicators and nature of data collection for measuring project success must be in line with EUKI guidelines on project planning and monitoring.
- The effectiveness of implementation methods (nature and interaction of planned project activities) must be clear.
- The suitability of possible capacity-development strategies, especially the interaction between capacity-development



	<p>measures at individual, organisational and systemic levels, must be elaborated.</p> <ul style="list-style-type: none"> ▪ Completeness and realistic assessment of risks is expected. ▪ A comprehensible and balanced division of tasks as well as an appropriate steering structure and suitable instruments must be indicated.
Networking and synergies	<ul style="list-style-type: none"> ▪ Projects should establish links to and cooperate with projects financed by the German Federal Government, Germany's federal states, the European Union and national as well as other donors. ▪ Proposals should highlight opportunities for cooperation, e.g. sharing of and capitalising on results, peer reviews of publications and possible joint events. ▪ Active collaboration within the EUKI community (e.g. attending networking meetings, peer dialogue on key EUKI thematic areas, presentation of project outcomes, and if appropriate methods, within the scope of webinars or at special events, etc.) is expected. ▪ Duplicate financing of activities is not permitted.
Sustainability	<ul style="list-style-type: none"> ▪ It is of <u>key importance</u> that projects deliver results which generate an impact beyond the term of the project. Projects will only be considered if they are sustainable. ▪ This applies to 1) the integration of the project results into the policies of the partner country/target region, 2) replicability/upscaling potential, and 3) the financial sustainability of the instruments/structures/products developed, e.g. securing follow-up financing. ▪ Project results should be integrated into structures that will continue to exist also after the end of the EUKI project (e.g. integration of developed training material into existing university (or other educational entity's) curricula). ▪ 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"> ▪ The envisaged use of funding should be proportionate to the desired outcomes.

4. Formal requirements

Eligible target countries	EUKI supports climate projects in EU Member States, with a regional focus on Central, Eastern and Southern Europe as well as the Baltic states. On a case-by-case basis, implementers from EU candidate countries may participate or measures may be financed in these states, if the lead implementer is from an EU Member State.
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<p>Office of implementers and implementing partners</p>	<p>Implementers must have their official office in an EU Member State or be registered there. Institutions from accession countries are only eligible as implementing partners. In accordance with the regional focus of EUKI, implementers from Central, Eastern, and Southern Europe as well as the Baltic states are encouraged to submit project proposals. Bilateral and multilateral consortia are equally sought; however, the maximum number of implementing partners (in addition to the implementer) 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. Corresponding evidence must be submitted in either German or English, or a written translation must be provided in one of these languages. Foreign implementers must submit a completed project proposal which proves 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.</p>
<p>Types of organisation (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 ▪ Regional and local authorities ▪ Non-profit enterprises <p>Please note that political foundations cannot be financed.</p>
<p>Capacities</p>	<p>Implementers must have the following organisational and human resources:</p> <ul style="list-style-type: none"> ▪ Suitable accounting system (also for separating non-commercial and commercial activities), qualified bookkeeping /staff. ▪ Competitive, transparent and non-discriminatory tendering procedures for awarding contracts in compliance with national provisions and international standards. ▪ Suitable internal control mechanisms which are based on the principles of transparency, cross-checking, functional separation and minimum information. ▪ Staff 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 target region.
<p>Financial strength</p>	<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>
<p>Criteria for exclusion</p>	<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 required under the regulations of the country in which they are based or of the country where the contract is to be fulfilled. ▪ 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.



5. Nature, scope, amount and special conditions of project financing	
Legal framework	The call for project ideas is financed by BMU and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of BMU. 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 BMU and EUKI logo and the GIZ word mark (e.g. in print materials, publications and on websites). Implementers and any implementing partners must allow GIZ or BMU, including the latter's designated representatives, and, where applicable, the <i>Bundesrechnungshof</i> (Federal Audit Office, Germany's supreme audit institution), to examine documents and contact details during the application process and, if necessary, to forward them as well as 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	<p>German implementers: subsidy agreement (<i>Zuschussvertrag</i>, contract language: German)</p> <p>Implementers from other EU Member States: grant agreement (contract language: English)</p> <p>Sample contracts are available on the EUKI website: https://www.euki.de/en/selection-procedure/.</p> <p>Further information on contracts can be found on the GIZ website at http://www.giz.de/financing.</p> <p>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.</p>
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 (please note the minimum funding amount for the partner of 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.

	<p>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. The vast majority share of the project budget should go to implementing organisations outside Germany.</p>
<p>Expenditures eligible for financing</p>	<p>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. 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 target countries.</p> <p>Subcontracting is possible but should be confined to single activities and a limited proportion of the overall budget.</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 costing travel budgets. Project costings should also include adequate resources for participation in EUKI Academy events (including annual networking meetings in Berlin, 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).</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. 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</p>



	<p>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. 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>
Project duration	<p>Projects are expected to start in 2022 (from September, October, or November onwards) and must be concluded in March 2025 at the latest. The usual time span for projects is between 18 and 30 months. Please make sure that the project objectives can be achieved in the proposed timeframe.</p>
Own/third-party contribution and own interest in the project	<p>It is expected that implementers 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.</p> <p>Funds contributed by implementers, whether out of their own resources and/or from a third party, serve to underline their own interest in the project. Additionally, project outlines must explain the implementer's own interest and its motives for implementing the project in sufficient detail.</p>
Project partnerships	<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 EUKI 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</p>

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	concerning the transfer of project 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 subsidy/grant agreement.
Subcontracts	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 subsidy/grant agreement.

6. Type of selection procedure	
Type of selection procedure	A two-stage procedure will be used to select projects.
Stage one – call for project ideas	For the first stage in the procedure, project outlines must be prepared in English and must follow the provided structure. Project outlines must be submitted by the deadline using <u>only</u> the online application tool on the website https://www.euki.de/en/ . All project outlines received in full by the deadline will be collected and evaluated. A shortlist of promising project outlines will then be drawn up based on the selection criteria mentioned above and limited by the available budget.
Stage two – detailed project proposal	Implementers on the shortlist will then be invited to submit a full project proposal. The deadline for this proposal will be stated in the invitation letter or email, ranging from approximately four to six weeks (see also timeline below). A support session on proposal development will be offered to the implementers selected. It is provisionally scheduled for June 2022. Incomplete project applications (including applications without English translations) can result in exclusion from the selection procedure and thus from any project funding. Projects which are not selected for financing will be notified in writing in or around June 2022.
Time schedule	For the 2022 selection procedure, project outlines must be received by 15:00 CET (Central European Time) on 12 January 2022 using the online application tool on the EUKI website. The projects provisionally selected will be asked to submit a full project proposal, probably in late May/early June 2022. The first projects are scheduled for launch in September 2022.

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7. Responsibility

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has been commissioned by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) to hold this call for project ideas as part of the European Climate Initiative.

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH