## Initiative For Climate Smart Supply Chains

### Call for Proposals

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1. Background

Agriculture is one of the sectors most exposed to climate change. Challenges arise in the short-term from an increase in the frequency and severity of extreme weather events and in the long-term due to general climatic changes, e.g. in temperature and precipitation. Climate change affects distribution ranges, growth rates, yields, pests, diseases, and pollination performance in agricultural systems. Without adaptation, climate change could reduce the growth of global agriculture yields by up to 30% by 2050. As a result, climate change affects both, farmers whose livelihoods depend on crop yields, and businesses sourcing agricultural products. Hence, global companies are increasingly engaging in climate risk management measures to enable secure sourcing.

At the same time, agricultural supply chains, especially the agricultural production of commodities, are a major cause of climate change. Unsustainable farming practices and the current structures of our global supply chains play a central role. The most important factors are deforestation and animal husbandry. Although most emissions are generated in agricultural production, greenhouse gas emissions in upstream and downstream processes along food supply chains are not negligible. About a quarter of global greenhouse gas emissions result from food systems and agriculture.

The GIZ Global Programme ‘Sustainability and Value Added in Agricultural Supply Chains’ (GP AgriChains) is part of the BMZ Core area strategy ‘Sustainable Agri-Food Systems’. On behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) the programme promotes the sustainability of agricultural supply chains such as banana, cocoa, coffee, cotton, natural rubber, palm oil, soy, spices, and tea.

Agricultural supply chains are the basis for the livelihoods of many hundreds of millions of smallholder farmers. Cooperation with and among market-determining actors from shelf to field is therefore key to achieving international development goals. The door for such future international cooperation in implementing climate action plans was opened by the Paris Agreement reached at COP26 on cooperation mechanisms (Article 6 of the Paris Agreement rules). Mitigation and adaptation strategies in the agricultural sector are crucial to achieving the agreement’s objectives.

The Initiative For Climate Smart Supply Chains (I4C), organised by GP AgriChains, is a Call for Proposals for business-led Consortia aiming to make global agricultural supply chains climate smart. It is particularly aimed at companies from the fast-moving consumer goods (FMCG) sector. This includes the sectors (i) food and nutrition (ii) clothing and textiles (cotton products) and footwear (iii) cosmetics and personal care (iv) detergents and cleaning products.

Global crises such as the COVID-19 pandemic have proven once more the need for more resilient supply chains. For brands and retailers, engaging in new sourcing markets and promoting innovative and long-term solutions helps to secure the supply of sustainable agricultural products, and to build reliable networks and functioning supply chains. This also helps to build greater transparency for risk management and marketing.

I4C supports innovative approaches that contribute to the transformation of global food and land use systems against the backdrop of advancing climate change. Funding is available for projects focusing on climate protection and/or climate adaptation that contribute to socio-ecologic sustainability and improve the living conditions of smallholder families as well as actors in further processing.
2. Objectives

The aim of this initiative is to make agricultural supply chains climate smart. I4C considers three aspects of climate smart agricultural supply chains: (i) Increasing agricultural productivity and incomes sustainably, (ii) adapting smallholder farming systems and livelihoods to climate change and (iii) reducing and/or removing greenhouse gas (GHG) emissions.

We invite Consortia to apply with their project concepts to promote this goal. Project proposals must address at least two of the above three action areas along the supply chain. Focus of the activities needs to be in one or more Partner Countries and can target the following areas of agricultural supply chains: smallholder production, post-harvest treatment and handling, further processing, transport, and consumer awareness raising.

Consortia are encouraged to develop holistic project approaches in cooperation with various actors along the supply chain from shelf to field. Challenges at the beginning and end of supply chains are linked and need to be addressed jointly. Project proposals must have a plausible link to existing Nationally Determined Contributions (NDCs) of the Partner Countries. Contributions to climate protection must be based on common scenarios and need to be quantified. Climate adaptation measures need to be identified based on a climate risk analysis. Here, a reference to National Adaptation Plans (NAPs) is desirable.

At the time of application, a fully elaborated project proposal is not yet required. The pre-selected Consortia will further develop their concepts with the support of GIZ. Several winning Consortia may be selected. The winning Consortia will be responsible for the implementation of the project proposal, which has been fully developed by then.

Action areas

All projects must contribute to at least two of the following action areas:

1. Increasing agricultural productivity and incomes sustainably

This action area is about measures to sustainably increase agricultural productivity and incomes, without having a negative impact on the environment. Such approaches are expected to increase food and nutritional security. A key concept related to boost productivity is sustainable intensification, whereby crop yields per unit of land, water, energy, nutrients, and labour are improved through conventional, high-tech, agro-ecological, or organic technologies.

Exemplary actions include:

- Land and soil management
- Certification and implementation of sustainability standards

2. Adapting smallholder farming systems and livelihoods to climate change

This action area aims to enable farmers and other actors along the supply chains to better cope with changing climatic conditions and extreme weather events. This means, reducing exposure to short-term risks while strengthening their resilience by building their capacity to adapt and thrive in the face of shocks and long-term stresses. Particular attention is given to protecting the ecosystem services that ecosystems provide to farmers and others. These services are critical to maintaining productivity and ability to adapt to climate changes. Where possible, interventions should contribute to the NAPs.

Exemplary actions include:

- Climate change risk management
- Irrigation and water management
- Introduction of adapted varieties and agricultural as well as income diversification
- Introduction of digitalization and traceability systems

3. Reducing and/or removing greenhouse gas emissions

The Paris Agreement commits us to limit global warming to well below 2 degrees Celsius and ideally below 1.5 degrees Celsius to combat climate change. This action area includes measures that contribute to the reduction and/or elimination GHG emissions. This means reducing emissions for every calorie or kilo of food, fibre, and fuel produced and avoiding deforestation from agriculture. In addition, soils and trees must be managed to maximise their potential to act as carbon sinks and absorb CO2 from the atmosphere. Approaches to support monitoring, reporting and verification (MRV) are also welcome under this action area. Where possible, measures should contribute to the NDCs.

Exemplary actions include:

- Forest protection, monitoring of forest cover, agroforestry
- Introduction of renewable energy and energy efficiency

To achieve the sustainable development goals (SDGs) agreed as part of Agenda 2030, the wide range of synergies between greenhouse gas mitigation and climate adaptation measures must be considered in the project proposals where possible. For example, agroforestry and forest protection offers adaptation as well as mitigation benefits.
Targeted agricultural supply chains

Multiple-commodity projects are welcome. All projects must focus on at least one of the following agricultural supply chains:

- Banana
- Cocoa
- Coffee
- Cotton
- Natural rubber
- Palm Oil
- Soy
- Spices
- Tea

Geographic focus

Project concepts must indicate in which Partner Country/ies the activities shall be implemented. The target country/ies must be among the BMZ Partner Countries listed under Bilateral Partners, Reform Partners and Global Partners. If several Partner Countries are addressed or a regional approach stretching across several Partner Countries is proposed, the time and financial resources must be planned appropriately. After final selection of the winning projects, close coordination takes place with the relevant regional units and external structure of GIZ.
Achieving impact

All projects must contribute to the overall objective of promoting climate protection and climate change adaptation, i.e., they must contribute to

- indicator 3 ‘Capacity building’ and
- at least two further indicators from the list below.

Applicants must indicate to which indicators the project will contribute.

Please note that climate protection contributions must be based on common scenarios, be quantified and linked to existing NDCs. Climate adaptation measures must respond to identified climate risks. Hence, please list in the project proposals the identified climate risks, the Consortium’s theory of change, the assumptions, and the link to the NDCs/NAPs.

1 Farm income
Number of supported agricultural enterprises (e.g., farms, farmer associations etc. as well as up- and downstream enterprises in the Partner Country/ies), whose average income has increased.

Please indicate targeted number of agricultural enterprises and expected average income increase (in %). For farms and farmer associations only agricultural income is counted as well as the % of focus crop is to be reported.

2 Increase in crop yield
Number of producers who have increased their yields per unit of land (kg/ha), of water, of energy or of nutrients.

Please indicate targeted number of producers and estimated increase in yields (in %) per unit of land (kg/ha), as well as, if applicable, unit of water, energy, or nutrients. For example, for yield per water unit: (i) reduction of water units used (in %) while maintaining yields and/or (ii) targeted yield increase (in %) while maintaining water units.

3 Capacity building (compulsory to address)
Number of people (farmers, workers, entrepreneurs, extensionists etc. disaggregated by young adults and women) involved in climate-smart supply chains who confirm their increased capacities to better adapt to climate shocks and long-term stresses (increased resilience to climate change).

Please indicate number of people trained (total) and proportion (%) that confirms increased competencies to better deal with climate shocks and long-term climate stresses, disaggregated by % of young adults and women. To be assessed using a 5-point likert scale (1 = "strongly disagree" to 5 = "strongly agree"). If the focus is on training extensionists or organisations (e.g., farmer associations or cooperatives or public extension services), the number of trained persons per organisation reporting a competence increase in climate adaptation and/or mitigation as well as the multiplier effect for the reporting period should be estimated (i.e., number of persons trained by trainers and elaboration of assumption of percentage that has been considered to report increased competences to better deal with climate shocks).

4 Climate-smart innovations
Number of climate-smart innovations (e.g., climate relevant insurances or technologies) introduced.

Please indicate number of climate-smart innovations introduced and direct (during project implementation) and potential number of beneficiaries of the specific innovation in the target region. Innovations need to be climate relevant (i.e., support adaptation and/or mitigation) and can e.g., include climate-smart post-harvest and processing technologies, insurances, certification, sustainability standards and climate strategies/actions, adapted varieties and agricultural practices, digitalised or traceable systems, climate change risk management, irrigation and water management, monitoring, reporting and verification (MRV) tools like forest cover monitoring, renewable energy and energy efficiency. Common good agricultural practices (GAP) are excluded.

5 GHG emissions reduction or avoidance
Reduced/avoided tons of carbon dioxide equivalents (tCO₂e) directly achieved by the project until project end.

Please indicate targeted reduction/avoidance in tCO₂e for each calorie or kilo of food, fibre, and fuel produced.

6 GHG removal
Removed tons of carbon dioxide equivalents (tCO₂e) directly achieved by the project until project end.

Please indicate targeted removal of tCO₂e for each calorie or kilo of food, fibre, and fuel produced.
3. Criteria for project concept

What is the scope of each project?

In line with the described objectives of this Call for Proposals, project concepts are expected to meet the following requirements:

- The beneficiaries of the project are smallholder farmers, workers and/or other stakeholders in one or more of the specified Partner Countries working at least along one of the specified agricultural supply chains.

- The project serves at least two of the specified action areas.

- The project is clearly linked to national climate targets in the agricultural sector (NAPs/ NDCs), where these exist.

- The project contributes to at least three (indicator 3 compulsory) of the specified indicators.

- The project has a duration of 18 months to three years.

- The project is ready to start implementation in December 2022.

- The total volume of the project is between two and three million euros (including the below mentioned own contribution).

- The Consortium makes an own contribution of at least and preferably more than 50% of the total volume. The own contribution of the International Company/ies to the Consortium’s share shall be at least 40%. Own contributions can be made financially or in-kind (e.g., by assigning own personnel) and shall be quantified.

Additional guidance for consideration

- Each Consortium is only allowed to submit one project concept in the same constellation. A Consortium member may participate in different Consortia, though.

- The proposed activities would not take place without the requested GIZ funding. The content of the project must serve as a purpose other than the mere compliance with legal requirement of the Consortium partner/s.

- Activities which are already financed or supported by GIZ, or other donors are not eligible for funding. Consortia may apply with a component of an existing project, provided that the activities proposed are not yet financed or supported by GIZ or any other party, and that the project component meets the qualification criteria listed herein.

- Costs for materials and equipment can be foreseen within the project but should not exceed 30% of the total volume. If materials and equipment are purchased, these items need to be handed over to a non-profit or public organisation at the end of the project. If materials and equipment continue to be available to a private enterprise for economic use after the end of the project, only the depreciation during the contract period is eligible for reimbursement.

Technical guidance for an estimation of the project costs

- Personnel costs can be calculated as in-kind contribution by estimating daily rates of the employees involved. The estimated daily rates should correspond to pure direct costs. The following formula may serve as orientation: (monthly gross salary + social security dues such as employer’s social security and company pension scheme contributions) * (number of months’ salary p.a. + any summer/Christmas bonuses) / 220 working days

- Purchase prices for materials and equipment or capital goods are eligible as own contribution if they are handed over to a public-benefit or public-sector organisation at the end of the project. In the case of capital goods that are not handed over to a public-benefit or public-sector organisation after the end of the project, only depreciation occurring during the contract term is eligible. For depreciation, an average utilisation of five years or more is assumed (i.e., max. 20% p.a.). PCs/computer hardware and software are an exception and are depreciated over three years (i.e., at 33% p.a.).

- For self-manufactured materials and equipment, only the prime costs (not including mark-up or development costs), or the depreciation on the direct costs, can be considered.

- If used machinery is acquired, only the amounts invoiced to and paid by the company or organisation are relevant. If a used machine is brought in from the company’s or organisation’s existing inventory, only the evidenced book value can be considered.

- Technology already developed and invested in can be counted as in-kind contribution based on the rules for materials and equipment or capital goods described above.
4. Criteria for Consortia

Who can apply?

I4C is a Call for Proposals for Consortia of different Consortium partners to implement the proposed project. Consortia meeting the following criteria are eligible for participating in the Call for Proposals:

Criteria to qualify as ‘International Company’
- Any commercial company, partnership or other entity established in the EU, or any other country not listed in the OECD DAC List of ODA Recipients,
- active in the trade, processing and/or procurement of the specified agricultural supply chains,
- at least EUR 1,000,000 annual turnover,
- at least eight employees, and
- sufficient financial stability and liquidity to provide the necessary own contribution.

Criteria to qualify as ‘Local Entity’
- Any company, partnership, association, cooperative, foundation, organisation, research institution or NGO with
  - head office or major part of activities in one or more Partner Countries.

Criteria to qualify as ‘International Association’
- Any association, organisation, partnership, cooperative, foundation, research institution NGO or companies not falling under ‘International Company’, active in the field of international development cooperation or having an international focus with
  - head office in the EU or any other country not listed in the OECD DAC List of ODA Recipients.

Please note: Internationally operating companies that are not active in the trade, processing and/or procurement of the specified agricultural supply chains do not count as International Company as defined in this Call for Proposals. However, this company may participate as International Association in a Consortium together with at least one International Company and at least one Local Entity.

I4C will fund up to 50% of the total project volume and provide project support for the winner Consortia.

A cooperation agreement is an agreement between GIZ and the Consortium. In this agreement, the different roles and contributions of the different Consortium partners as well as GIZ will be defined. No Consortium member assumes any contractual responsibility for the other Consortium members. Each Consortium member will be responsible for their own activities and contributions within the project. The winning Consortium will be responsible for the implementation of the proposed project.

The contracting party of such grant agreement will be either a Local Entity or an International Association. Additional Consortium members (Local Entity/ies and/or International Association/s) who should also receive financial contributions may be integrated in the grant agreement as sub-recipients.

The International Company shall not receive any financial support or other benefit from GIZ, nor will GIZ place any order with the International Company in the context of the selected project.
6. Criteria for selection

The following criteria will be used for the pre-selection:

30%
Quality of the Consortium

- Experience working on climate change challenges in agricultural supply chains in the Partner Country/ies
- Composition of the Consortium (diversity of Consortium members)
- For International Companies: Quality of sustainability strategy and goals focusing on climate action, quality of reference projects

20%
Financial contribution by the Consortium

A higher share of the Consortium in the total volume is evaluated positively

50%
Quality of the project concept

- Level of intended impact as well as probability of the impact to be achieved
- Level of novelty and innovation
- Holistic supply chain approach and strong theory of change
- Plausible climate narrative and coherence with climate targets in Partner Country/ies (NAPs/NDCs)
- Extent to which action areas are addressed
- Identification and inclusion of relevant stakeholders
- Sustainability of project results beyond the project duration
- Potential for scaling up/replicating project activities
- Feasibility of the project concept
- Description of risks impacting project performance and mitigation strategy

7. Selection process and timeline

The Call for Proposals will be open from May 16th 2022 for five weeks. It is a two-step procedure. Pre-selected projects will finalise their concepts into a full project proposal in July 2022. Final selection will be announced by end-August 2022.

A virtual Q&A session organised by the GP AgriChains will be offered on Tuesday, May 24th 2022 at 14:00 CEST to clarify any open questions. To register for the Q&A session, please send an e-mail to i4c@giz.de.

Pre-selection: A selection committee consisting of members of BMZ, GIZ, and climate change/agriculture experts experts from academia and practice, will shortlist up to eight Consortia based on the pre-selection criteria.

Project development: The pre-selected Consortia will then have five weeks to elaborate their concepts into a full project proposal. The GP AgriChains will offer an equal amount of support e.g., on administrative requirements, to all Consortia.

Final selection: The Consortia will submit the full project proposal and present their projects to the selection committee. The final decision will be taken by the selection committee based on pre-announced final selection criteria. Awardees shall be informed by e-mail about ten days after the presentation.

Conclusion of contract: The aim is to finally select up to five Consortia. GIZ will conclude a cooperation agreement with each of such five Consortia and a grant agreement with the respective Local Entity or International Association participating in the respective Consortium.
How to apply?

Applicants who are interested in submitting their project concept must complete the specific form on the website www.initiative4climate.de and submit it before the deadline on Monday, June 20th 2022 at 23:59 CEST. All applications must be submitted in English.

Go to the website, click on 'Apply here', and fill in the required information. Download the two documents ‘Consortium Members’ and ‘Project Concept’, fill them out and upload them. Press ‘Send’. Other formats or documents will not be accepted.

8. Additional terms and conditions

• The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH with headquarters in Eschborn and Bonn, Germany, (‘GIZ’) is the organiser of I4C.

• Participation in this Call for Proposals does not constitute an entitlement to conclude a contract with GIZ nor to receive any financial contribution from GIZ.

• GIZ reserves the right to exclude participants who provide false or incomplete information. In such a case, it is also possible that financial contribution by GIZ may be subsequently withdrawn. GIZ will ask for a statement in case of suspicion. If this remains unanswered, GIZ reserves the right to exclude the participant from the Call for Proposals.

• If a selected Consortium does not take advantage of the financial contribution, GIZ reserves the right to decide at its own discretion what to do with the financial contribution.

• Should any clause of these terms and conditions be invalid, the validity of the remaining terms and conditions shall remain unaffected.

• Recourse to the courts is not permitted.
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