

## Call for Projects 2023 – Clarification Notes II

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### 1 General issues

#### **CN II-01 How does the channelling of funds work at the Implementation Phase, e.g. in case of two Implementation Organisations? Is it possible to have sub-contractors and forward some portion of funding?**

If the project is approved for implementation and has two Implementation Organisations, both organisations will receive their respective shares of funding through the Facility Grant Agent (FGA). Their legal obligations will follow the contract concluded with FGA. The Implementation Organisations will then be able to forward some portions of funding to the Project Partners.

In case a consortium is formed (the Mitigation Action Facility does not set an upper limit to the number of organisations in a consortium but recommends keeping the number as small as possible), the roles of all partners must be well defined, and a lead consortium member should be identified to become the contractual partner for FGA. This partner serves as the funding recipient and can forward funds to other consortium partners.

Good to know: All consortium partners will be subject to an eligibility check before the grant contract is concluded. A formalised consortium is not a prerequisite for two eligible entities to co-operate under one project. Details of the project's institutional set up can be finetuned and revised during the Detailed Preparation Phase (DPP).

#### **CN II-02 If two ministries are equally responsible for the sector that the project targets, could both ministries be indicated as "line ministries"?**

In the Project Concept, Applicants are required to indicate a line ministry based on the relevant responsibilities and mandate of the ministry in application to the envisioned project activities. If the Project Concept is selected for the Project Outline Phase, endorsement letters should be provided by the line ministry and the ministry responsible for issues of climate change and environment at the minimum. If there are other ministries and/or governmental agencies whose decisions are essential for the project success, these ministries can be indicated in the Project Concept in section 1.6 (for

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<sup>1</sup> For Glossary, please check the [General Information Document \(GID\)](#), Annex 2 or the [website of the Mitigation action Facility](#)

technical details, see CN II-15). With the submission of a Project Outline, the ministries in charge will have to provide endorsement letters.

### **CN II-03 Can the Mitigation Action Facility provide funding to a project that have a shorter timeframe than 36 months?**

No, in order to be eligible for the funding of the Mitigation Action Facility, projects shall have a duration between 36 and 66 months. For more details on eligibility criteria and project characteristics, refer to chapter 4 of the [General Information Document](#).

### **CN II-04 At which point in time, should the Implementation Organisation and/or Project Partners be defined? Can these be changed later?**

A suitable Implementation Organization shall be nominated within the first three months into the DPP at the latest. Key Project Partners shall be indicated already at the Project Concept Phase (even if tentatively). A firmer commitment and higher level of certainty regarding the envisioned Project Partners is expected in the Project Outline. If the project is selected for DPP and further project elaboration showcases the need in changing Project Partners and/or adding new ones - it can be done upon justification.

### **CN II-05 What does financial leverage mean?**

Financial leverage means funds that would not be invested with the same purpose in the absence of the project in question. Thus, the envisioned financial ambition of a project shall indicate funding leveraged from the public, private sector and/or other donors assuming that the project receives the requested funding support from the Mitigation Action Facility.

## **2 Eligibility of Applicants, Applicant Support Partners (ASP)<sup>2</sup> and Implementation Organisations**

**CN II-06** **GID defines several capacity requirements that (non-governmental) Applicants, ASPs and Implementation Organisations need to comply with for being eligible to receive funding from the Mitigation Action Facility. How strict is the Facility on the compliance with those requirements, especially the one on implementation experience with a certain number of projects of a similar funding size?**

Applicants, ASPs and Implementation Organisations need to meet all of the capacity criteria included in the respective sections of [GID](#) for being eligible to receive Mitigation Action Facility funding (GID, section 3.4, 5.1.1, 5.2.2 and Annex 3).

Please note that the capacity requirements for Implementation Organisations are higher than those for Applicants / Applicant Support Partners. The distinction between the two roles was introduced to extend the possibility of participating in the Calls of the Mitigation Action Facility to entities that have the experience and capacity to design projects without necessarily having the mandate, experience or capacity to implement them.

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<sup>2</sup> For Glossary, please check the [General Information Document \(GID\)](#), Annex 2 or the [website of the Mitigation action Facility](#)

Good to know: Several legal entities can form a consortium of ASPs or Implementation Organisations to combine their expertise and experience to comply with the capacity criteria and to provide the necessary sector expertise for implementation.

### **CN II-07 Is there a specific limit on administration (overhead) costs and if not, how will it be assessed whether the costs proposed by the project are reasonable?**

If an Applicant / ASP requests administration costs that go beyond a certain percentage, the Facility Grant Agent (FGA) uses its internal guidelines to assess the appropriateness of these costs. This is done on a case-by-case basis. As part of the finalisation of the DPP concept that takes place before the conclusion of a funding agreement before the start of DPP, amendments to the budget might be necessary and will be negotiated with the Applicant / ASP.

### **CN II-08 Can a commercial organisation be part of a consortium for a project implementation?**

A commercial organisation (national or international) is a legal entity and can therefore serve as an Applicant, Applicant Support Partner and an Implementation Organisation, or equally be part of a consortium. It holds true even if the commercial organisation is located in the EU / other non-ODA country as long as a proposed project is to be implemented in an ODA-eligible country.

For more details, please see chapter 4 of [FAQs from webinars I-II](#).

### **CN II-09 Can a commercial organisation serve as a sub-contractor?**

Yes, if a commercial organisation is a designated Project Partner, it can receive a sub-grant which means that some share of funding provided by the Mitigation Action Facility to the Implementation Organisation will be further forwarded to a commercial organisation as a Project Partner. If the commercial organisation is not a Project Partner and is expected to provide services to an Implementation Organisation, a service contract based on public procurement procedures comparable to those applicable to the Facility Grant Agent, should be signed.

### **CN II-10 What is the difference between the Applicant and Implementation Organisation and who is doing what during which phase?**

The Applicant is the institution submitting a Project Concept and, upon selection, a Project Outline to the Mitigation Action Facility. The Applicant (or ASP) will become the contracting partner for DPP and develop the Project Proposal (jointly with the Implementation Organisation) during DPP. The Implementation Organisation will then submit the Project Proposal to the Mitigation Action Facility.

The Implementation Organisation needs to be identified during the first three months of DPP at the latest. The Implementation Organisation will become the contractual partner for the potential Implementation Phase of the project, and it will be responsible for executing the project.

The distinction between the roles of an Applicant / ASP and an Implementation Organisation was introduced to extend the possibility of participating in the Calls of the Mitigation Action Facility to entities that have the experience and capacity to design projects without necessarily having the mandate, experience or capacity to implement them. If the project is approved for implementation, an entity serving as an Applicant / ASP can become a Project Partner, e.g. if it does not have sufficient capacities yet to serve as an Implementation Organisation itself.

### **CN II-11 Can entities based in the European Union serve as Project Partners?**

Yes, entities based in the EU can be Project Partners. For more details with regard to commercial entities based in the EU, see [FAQ from webinars I-II, chapter 4](#).

## **3 Eligible support instruments in projects**

### **CN II-12 Can an organisation apply for the Mitigation Action Facility funding in order to cover organisation's running expenses?**

No, the funding provided by the Mitigation Action Facility is project-based, so can only be allocated to specific projects that meet eligibility criteria and project characteristics of the Facility. For more details, refer to chapter 4 of [GID](#).

### **CN II-13 Can an energy efficiency project have a component that addresses issues up and/or down the value chain?**

Projects are expected to cover the range of activities that, based on the project's Theory of Change, will ultimately lead to the achievement of the project Outcome triggering transformational change in the targeted sector. If activities along the value chain are essential to achieving the project Outcome and facilitating the sector-wide transformation towards carbon-neutrality, then these activities can and shall be part of the project. The interconnections and cumulative effect of various project components is to be elaborated in the project rationale.

Please note that it is expected that the project also presents a thorough analysis of other initiatives in the sector to identify synergies and avoid overlapping activities.

### **CN II-14 Is the Mitigation Action Facility able to cover already incurred project development costs if a project development is in process in order to mitigate investment risks as economic and political circumstances challenge the business case.**

Costs can only be covered for activities that occur after a funding agreement with FGA has been concluded.

## **4 Submission of Project Concepts**

### **CN II-15 In case of a cross-border project, how can we add the line and/or environment and climate change ministries from all participating countries to the relevant section in OAP? Also, in case there are two line ministries for a single-country project, how to reflect it in the OAP submission? It seems that section 1.4 only foresees two entries.**

In case of cross-border / regional projects, or in case of two ministries sharing responsibility for the sector the project targets, Applicants are expected to add one line ministry and one ministry responsible for issues of climate change and environment to the respective section 1.4 in OAP. Section 1.6 can be used for indicating additional ministries.

Please note that a maximum of five institutions / organisations can be added in section 1.6.

### **CN II-16 Can a Project Concept be submitted in other language than English (e.g. French or Spanish)?**

No, all Project Concepts must be submitted in English. For more information, refer to the chapter 5 of the [General Information Document](#).

### **CN II-17 Does the limit of 10 Project Concepts per organisation only applies when an organisation serves as an Applicant?**

Yes, it is correct. If an organisation submits 10 Project Concepts as an Applicant and also serves as, e.g. a Project Partner in a number of other Project Concepts submitted by other Applicants, these Project Concepts will be considered outside the organisation's allocated cap.

## **5 Detailed Preparation Phase**

### **CN II-18 The Mitigation Action Facility can cover the cost of the Detailed Preparation Phase (DPP). Should Applicants indicate the envisioned DPP cost in the Project Concept? What were the average funding levels for DPPs in previous Calls?**

Applicants will be required to provide the DPP budget and DPP concept upon selection for the Project Outline Phase. In the Project Concept, there is no need to include the envisioned DPP costs.

Please note that there is no budget limit for DPP. Nevertheless, it should be kept in mind that large budgets requested for the detailed preparation could be an indicator that the project is actually not ready for implementation. The appropriateness of the requested funding will be assessed on a case-by-case basis. As part of the finalisation of the DPP concept before a funding agreement is concluded, amendments to the budget might be necessary and will be negotiated with the Applicant or Applicant Support Partner. The budget as part of the DPP concept is subject to approval by the Board. During the DPP itself, increases to budgets are not foreseen.

The average funding support requested by projects in previous Calls for their DPP was approximately EUR 250,000. Please note that the requested funding volume and timeframe for the DPP is an indication of the project's level of readiness.

### **Last but not least...**

Couldn't find an answer to your question?

In line with our clarification policy for the Call for Projects 2023, please submit your question in writing to [contact@mitigation-action.org](mailto:contact@mitigation-action.org).

We will publish the clarification on the Mitigation Action Facility's website as part of the Clarification Note publication on the [Current Call webpage](#) and respond to your query directly.

The next and last Clarification Note will be published on 26 July 2023 – be sure to submit your question to the Mitigation Action Facility by 19 July, 23:59 CEST to ensure that your clarification is included.