

On behalf of



Federal Ministry
for Economic Cooperation
and Development

Implemented by

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

SASI Sustainable
Agricultural
Supply Chains
Initiative



Sustainable Agricultural Supply Chains Initiative (SASI)

Due Diligence Fund Terms & Conditions

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Preamble

Commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH promotes the implementation of corporate due diligence on human rights and the environment (HREDD) in global agricultural supply chains. Considering recent supply chain legislation, such as the German Supply Chain Due Diligence Act (**LkSG**), the EU Directive on Corporate Sustainability Due Diligence (**CSDDD**) and the EU Regulation on Deforestation-free Products (**EUDR**), GIZ implements the Due Diligence Fund (DDF) as part of the Sustainable Agricultural Supply Chain Initiative (SASI).

The aim of the DDF is to identify innovative approaches for the implementation of corporate HREDD processes. Companies in the agri-food sector, pairing up with public-benefit partners and/or suppliers in producing countries, can apply for funding for their project ideas, focusing on people and the environment upstream their supply chain. The DDF financially supports the best project proposals in their practical adoption on the ground in countries included in the OECD DAC List¹ of ODA recipients and disseminates information on implementation to the public. A particular focus is on fostering engagement with all stakeholders – including the potentially or directly affected rightsholders - and to incentivize modes of “*shared responsibility*” along supply chains. The DDF thus develops solutions to meet the challenges of complying with corporate HREDD obligations in agricultural supply chains, as well as provides actual improvements regarding the living conditions of producers in partner countries.

In two rounds of competition in 2022 and 2023, 13 projects received DDF funding. The following Terms & Conditions set the framework for the implementation of the third call for proposals of the DDF competition.

¹ The list of official development assistance (ODA) recipients is published every two years by the OECD Development Assistance Committee (DAC) (See Annex).

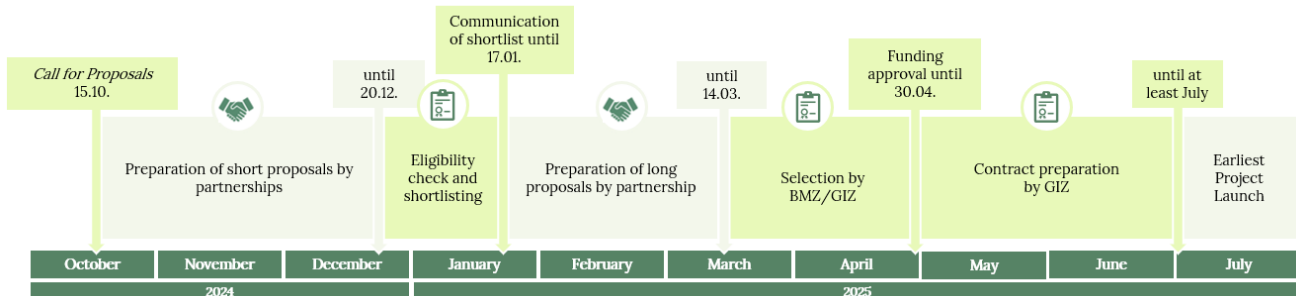
I. Guiding principles

- 1) The Due Diligence Fund (DDF) finances projects that were selected as the most suitable to contribute to its overarching goals among all proposals entered the competition.
- 2) Funding approval is based on an individual case assessment. An application does not constitute a legal entitlement to DDF funding.
- 3) Project proposals shall be submitted within the framework of a “**partnership**” pursuant to section III., between
 - a) one or more private sector companies with registered offices in the EU, EEA, Switzerland or the United Kingdom (hereinafter referred to as “**business partner**”); **and**
 - b) at least one public-benefit organization (hereinafter referred to as “**public-benefit partner**”) **and/or**
 - c) at least one private sector company from an OECD DAC country (hereinafter referred to as “**supply chain partner**”).
- 4) Planned measures of the selected project proposals will be funded with an amount of between **EUR 50,000** and up to **EUR 123,000** over a period of up to **18 months (funding period)**.
- 5) Funded measures must be implemented within this funding period. The total duration of a project may exceed the funding period if significant project milestones can already be achieved within the funding period.
- 6) The business partner matches the public funds provided through the DDF with an **own contribution** to the amount specified under III. 3) g).
- 7) To issue the funding, a grant agreement is concluded between GIZ, and a funding recipient designated by the partnership. The GIZ guidelines for financing apply².
- 8) The partnership formally accepts the terms and conditions of the DDF through a funding agreement (*Memorandum of Understanding, MoU*) signed by all parties.

² [Financing: Contract management and contract processing \(giz.de\)](https://www.giz.de/Financing/Contract%20management%20and%20contract%20processing)

II. Application and selection process

The DDF competition is conducted in a multi-stage process:



1) Submission of a Short Proposal

- The partnership submits a **short proposal**, containing a brief **concept note** and information on the **applicant partnership** containing information on the partnership (see [Website](#)).
- The deadline for submitting the short proposal is **December 20th, 2024**. A prior submission and processing of the short proposal is possible.
- GIZ strongly encourages interested actors to contact DDF (ddf@giz.de) to discuss their project outline beforehand.
- Only complete applications (including all required signatures and supporting documents) submitted within the deadline will be accepted.
- GIZ reviews the submitted short proposals based on their consistency with the **Conditions of Participation** (section III.) to determine eligibility.
- Among all eligible proposals, GIZ will shortlist those that are deemed most suitable to contribute to DDF's overarching goals (see section III. 5)). The respective partnerships are then invited to submit a **long proposal**.
- The results will be communicated until **January 17th, 2025**.

2) Submission of a Long Proposal

- The partnership submits a long proposal, including an updated application form and a project proposal (III. 4) h)).
- All activities planned in the project proposal are relevant for its evaluation against the assessment criteria (section IV); including those that are not financed by the DDF.
- The deadline for submitting the long proposal is **March 14th, 2025**.
- A prerequisite for the selection of the project is a successful commercial and legal eligibility check (KEP) of the funding recipient. For this, the designated funding recipient is obliged to submit a filled-out questionnaire with supporting documents attached, by **February 16th, 2025**. The questionnaire will be provided by GIZ.

3) Selection

- Final funding approvals** will be issued by BMZ based on recommendations from the selection committee. The selection committee consists of GIZ experts with relevant technical and/or regional backgrounds.
- All project proposals are evaluated based on the **assessment criteria** in section IV.

- c) The **final decision** will be announced by GIZ until **April 30th, 2025**.
- d) The partnership formally accepts the DDF funding by signing a **Memorandum of Understanding (MoU)** with GIZ. Funding will be issued based on a successfully concluded grant agreement.

4) Project implementation

- a) The partnership assumes joint responsibility for project implementation and reporting.
- b) The partnership agrees to regular progress updates. Projects funded by DDF submit a detailed (technical) progress report every six months and a final report including photos. Guidelines on reporting and communication are agreed on via the MoU.
- c) The lessons learned from the project will be publicly disseminated. This includes that the partnership commits to publicly presenting the project and its lessons learned.
- d) GIZ offers to provide technical backstopping during project development and implementation.
- e) The earliest project start date is **July 1st, 2025**, the latest end date is **March 31st, 2027**.

III. Conditions of participation

1) Applicant Partnership

- a) The application must be submitted as a joint effort by a partnership that consists of:
 - i. At least one Business partner with legal personality and registered office based in the EU, the European Economic Area (EEA), Switzerland or the United Kingdom (UK),
 - and**
 - ii. At least one Supply chain partner with legal personality and registered office based in a country listed by the OECD DAC country (see annex),
 - and / or**
 - iii. At least one public-benefit partner that has previous experience in the project country or other relevant experience with regards to the project proposal. No geographic restrictions apply.
- b) Corresponding proof of legal personality must be submitted with the short proposal (for business partners, entry in the commercial register or alternative proof customary in the country) and additionally, in case of public-benefit partners, proof of their public-benefit status.
- c) The partnership is formalized by joint signature of the application documents.
- d) Only one application per partnership is possible.
- e) The applicant partners are jointly responsible for implementation and reporting.
- f) The partnership has the required resources, and their staff must have the relevant professional skills to manage the project.
- g) At least two annual financial statements/balance sheets of each business partner must be available.

- h) The business partner(s) and supply chain partner(s) are operationally active in an agricultural supply chain through the production, processing and/or distribution of agricultural products.
- i) The business partner(s) match(es) the public funds provided through the DDF with an own contribution based on their size and turnover (see section III. 3) j)).
- j) The business partner(s) must have at least eight employees and an annual turnover of at least EUR 800,000.
- k) There are no allegations or investigations of corruption against senior staff or the management of any of the partners.
- l) None of the partners are included on the sanctions lists of the Federal Republic of Germany, the European Union, or the United Nations.

2) Cooperation partner

- a) Additional cooperation partners may participate in the implementation of the project. This applies worldwide both to private-sector companies and to further public-benefit organizations, as well as to other actors (e.g. associations, multi-actor partnerships, universities, state actors).
- b) Cooperation partners can be an integral part of a project to ensure adequate stakeholder engagement and representation.

3) Funding

- a) Funding will not be provided for the core operations of the business partner. The project must be worthwhile from a business point of view but may not be directly relevant for the income account of the business partner.
- b) DDF funding can only be provided for activities planned under the project proposal if they are carried out within an 18-month funding period. The funding period cannot extend past March 31st, 2027.
- c) The total duration of a project may exceed 18 months.
- d) GIZ provides funding for final selected project proposals with a funding sum of between EUR 50,000 and EUR 123,000.
- e) Funding is issued via a grant agreement between GIZ and a funding recipient designated by the partnership. GIZ's guidelines for awarding financing apply (see also II. 2) d).
- f) The public funds provided through the DDF are matched by an own contribution from the business partner(s) in the amount specified in Table 1) below. The own contribution can be provided through cash payments or *in-kind* services (e.g. provision of staff, real estate, etc.).
- g) Alternatively, own contributions can also be made proportionally or in full by a cooperation partner, provided it is a foundation or an organization of which the business partner is a member.
- h) The minimum size of the own contribution depends on the size of the company (see Table 1 below). The thresholds apply to individual companies. If a business partner is part of a group, the number of employees and the group's sales or balance sheet total are considered. If there is more than one business partner, the largest individual business partner determines the required own contribution to the partnership.

- i) The application submitted to the DDF must indicate the amount and form in which the partner(s) intend to make the required own contribution.

Table 1: Thresholds to determine the amount of the own contribution. If a company falls into two different categories, the smaller category applies.

Category	Number of employees	Net turnover ³ in EUR per year	Level of own contribution
1 (SME)	up to 249	up to 50 million	at least 25% of DDF funding
2 (non-SME)	up to 1000	up to 450 million	at least 50% of DDF funding
3 (within scope of CSDDD)	above 1000	above 450 million	at least 100% of DDF funding

4) Project-related terms

- a) The project contributes to better fulfillment of corporate HREDD obligations, with a special regard to one or several central due diligence processes (e.g. risk analyses, prevention or mitigation measures, purchasing practices, grievance mechanisms).
- b) The project objectives are based on an adequate⁴ risk analysis of the affected sector and/or region. The risk analysis includes the consultation of potentially or actually affected individual rights holders or groups and takes relevant gender aspects into account.
- c) Products produced in the selected supply chain(s) are traded in the EU Single Market.
- d) The project provides for on-site measures in one or more of the OECD DAC-listed countries during the funding period (see Annex).
- e) Directly affected rights holders or their legitimate representatives (e.g. trade unions, local civil society or governmental organizations) in the partner countries are meaningfully engaged in the planning and implementation of the project, e.g. as cooperation partners.
- f) The nature and extent of the intended changes are measurable during the project period.
- g) Significant project milestones that can be evaluated to disseminate learnings can plausibly be reached within the funding period.
- h) The project proposal contains a tangible M&E concept as well as a concept for the follow-up of the implemented measures beyond the funding period.

³ For EU-companies this means the worldwide turnover. For non-EU companies this applies to the net turnover generated within the European Union. The SME category is based on the EU thresholds.

⁴ A risk analysis may be prepared as part of a regular due diligence process or on the occasion of obtaining substantiated knowledge. In exceptional cases, a risk analysis prepared by an independent third party may be the starting point.

- i) If the project is to be implemented in a country or region with severe security concerns, the proposal contains a comprehensive security concept that shows that existing security risks can be mitigated adequately.

5) Shortlisting Criteria

According to section II. 1) f), projects are shortlisted and invited to work on a project proposal based on the degree to which a contribution to the overarching goals of the DDF can be expected. This is determined by the following aspects:

- a) Degree to which the project promotes innovative due diligence instruments or establishes best practices that have the potential to be scaled or adapted.
- b) Degree to which the proposal aligns with the vision of GIZ's Sustainable Agricultural Supply Chains Initiative (SASI) and contributes to its fulfillment in conjunction with the existing project portfolio, i.e. by relating to SASI key topics:
- i. Living Income/Living Wage
 - ii. Feminist Development Policy/Gender
 - iii. De- and Reforestation
 - iv. Digitalization
 - v. Agricultural Innovation
 - vi. Climate Mitigation
- c) Degree to which the project is efficient in its use of resources and to which it leverages private sector contributions (i.e. by exceeding the required own contributions as per III. 3) Table 1).

IV. Assessment criteria

The long proposals will be evaluated based on the following criteria, considering the indicators listed below.

Criterion	Indicators
Criterion 1: Project implementation in due diligence logic	The planned measures are strongly related to a risk analysis covering the affected supply chain.
	The relevant risk analysis follows the recommendations of the UN Guiding Principles for Business and Human Rights ⁵ , includes relevant sources and is gender sensitive.
	The key stakeholders, in particular rights holders, are meaningfully involved in the planning and implementation of the project.
	The project strengthens the process-oriented implementation of corporate HREDD.
Criterion 2:	The governance structure is suitable for an efficient and effective implementation of the project.

⁵ [UN Guiding Principles for Business and Human Rights \(ohchr.org\)](https://www.ohchr.org/), United Nations, New York and Geneva, 2011.

General project design	The governance structure of the project takes gender equality into account (e.g., via a steering committee composed on a parity basis and/or involvement of (local) women's organizations as implementing actors).
	The gender analysis carried out as part of the project planning is appropriate or it is planned to carry out an appropriate gender analysis as part of the project implementation.
	The planned measures are suitable for achieving the set objectives and are gender sensitive.
	The risk for non-intended negative effects is presented and is sufficiently considered in the planning ⁶ .
	The project budget is transparent and comprehensible.
	The sustainability of the intended impacts is sufficiently considered in the project planning.
	The project planning contains a coherent M&E concept with SMART indicators.
Criterion 3: Sustainability and potential for adaptation and/or scalability	The innovation provides a context-oriented solution and incentivizes ownership by other supply chain partners or sector peers.
	The project pilots particularly innovative instruments and/or has the potential to identify good practices for achieving the desired impacts.
	The project is particularly suitable for adaptation by other companies in the agricultural sector, also in other supply chains.
	The scalability of the planned measures is given.
Criterion 4: High feasibility and potential for impact	The project makes a significant contribution to mitigating and/or preventing the addressed potential or actual adverse impacts.
	The magnitude and/or severity of the addressed potential and/or actual adverse impact are high.
	The project has a broad impact.
	The project makes adequate use of resources and provides positive cost-benefit relations.
Criterion 5: Strategic alignment with SASI	Contribution to German/EU initiatives and policies for sustainable agricultural supply chains.
	Project is synergetic or complementary to SASI's existing portfolio.
	Alignment with bilateral/regional portfolio of German development cooperation.

⁶ Non-intended negative effects may include integrity risks and possible negative effects on economic competitiveness.

Annex: [OECD DAC List](#) of ODA recipients (2024 - 2025):

Afghanistan	Ecuador	Madagascar	Samoa
Albania	Egypt	Malawi	Sao Tome and Principe
Algeria	El Salvador	Malaysia	Senegal
Angola	Equatorial Guinea	Maldives	Serbia
Argentina	Eritrea	Mali	Sierra Leone
Armenia	Eswatini	Marshall Islands	Solomon Islands
Azerbaijan	Ethiopia	Mauritania	Somalia
Bangladesh	Fiji	Mauritius	South Africa
Belarus	Gabon	Mexico	South Sudan
Belize	Gambia	Micronesia	Sri Lanka
Benin	Georgia	Moldova	Sudan
Bhutan	Ghana	Mongolia	Suriname
Bolivia	Grenada	Montenegro	Syrian Arab Republic
Bosnia and Herzegovina	Guatemala	Morocco	Tajikistan
Botswana	Guinea	Mozambique	Tanzania
Brazil	Guinea-Bissau	Myanmar	Thailand
Burkina Faso	Guyana	Namibia	Timor-Leste
Burundi	Haiti	Nauru	Togo
Cabo Verde	Honduras	Nepal	Tokelau
Cambodia	India	Nicaragua	Tonga
Cameroon	Indonesia	Niger	Tunisia
Central African Republic	Iran	Nigeria	Türkiye
Chad	Iraq	Niue	Turkmenistan
China (People's Republic of)	Jamaica	North Macedonia	Tuvalu
Colombia	Jordan	Pakistan	Uganda
Comoros	Kazakhstan	Palau	Ukraine
Congo	Kenya	Panama	Uzbekistan
Costa Rica	Kiribati	Papua New Guinea	Vanuatu
Côte d'Ivoire	Kosovo	Paraguay	Venezuela
Cuba	Kyrgyzstan	Peru	Viet Nam
Democratic People's Republic of Korea	Lao People's Democratic Republic	Philippines	Wallis and Futuna
Democratic Republic of the Congo	Lebanon	Rwanda	West Bank and Gaza Strip
Djibouti	Lesotho	Saint Helena	Yemen
Dominica	Liberia	Saint Lucia	Zambia
Dominican Republic	Libya	Saint Vincent and the Grenadines	Zimbabwe