

*Nitric Acid Climate Action Group*  
(NACAG)

**Grant Application Notice**

**NACAG Support Facility**

(Request for Grant Application)

**Context**

Nitric acid is an important raw material in the chemical industry, especially for fertiliser manufacture. However, the production of nitric acid releases nitrous oxide (N<sub>2</sub>O) into the atmosphere. N<sub>2</sub>O is a greenhouse gas (GHG) that is 265 times more harmful to the climate than CO<sub>2</sub>.

There are several cost-efficient technical solutions to lower N<sub>2</sub>O emissions in the nitric acid production to almost zero, at low single-digit EUR costs per tonne of CO<sub>2</sub>-equivalent.

While a number of countries – including all European Union member states following the entry of the third phase of the bloc's emissions trading scheme ("EU ETS") – have used carbon market tools to facilitate the implementation of controls of N<sub>2</sub>O in the production process, most countries have not yet addressed the issue. For several years, the international carbon markets – built, in particular, around the UN-sponsored [Clean Development Mechanism](#) ("CDM") – offered incentives for voluntary technological upgrades targeting mainly manufacturers in developing countries. However, the steep fall in the CDM market value put an end to this global stimulus.

The Nitric Acid Climate Action Group ("NACAG") is an initiative providing new incentives for the installation of effective N<sub>2</sub>O abatement technology in nitric acid plants worldwide. To achieve its vision – for the N<sub>2</sub>O emissions of an entire industrial sector to be mitigated on a global scale – it works with governments to adopt an ambitious long-term N<sub>2</sub>O mitigation policy linked to the process of Nationally Determined Contributions ("NDCs") within the framework of the Paris Agreement.

At the nitric acid plant operator level, NACAG provides direct technical and financial support for installations in a wide range of developing partner countries.

**NACAG Support Facility**

NACAG offers installations from countries eligible for official development assistance (ODA) and in need of financial support tailor-made technical advice for N<sub>2</sub>O control options in their production process (including feasibility and technical evaluation), expert implementation assistance and financial grants of up to 100% of capital and related costs for the implementation of the best-suited technological solution. For details on the supported services and technologies see below on "Eligible activities".

The Grant Application Programme (the "Programme") is now open. Final deadline for the submission of grant applications is 30 June 2022.

Where the Programme is oversubscribed, applications will be considered in the order of their submission, to the limit of the logistical support and grant funds available.

**Assessment Process**

GIZ will act as grant managing and contracting authority. It is committed to ensuring that the process for assessing applications under the NACAG Support Facility is fair, transparent, and in accordance with the [Green Climate Fund Performance Indicators](#).

There are five steps in the application process:

- A. Submission of grant application (application form is provided in Annex A);
- B. Eligibility check (according to eligibility criteria);
- C. Due diligence assessment;

- D. Decision on grant award;
- E. Execution of grant agreement (with description of specific measures funded).

Applicants that have submitted a grant application will be informed on each of the five steps. Please read the eligibility criteria carefully before submitting a grant application. Eligible grant applications qualify for intervention advice and detailed due diligence assessment. If the due diligence assessment concludes positively and provided the host country supports the application with a statement of undertaking (see below), GIZ will adopt a grant award decision (Stage D) and issue a grant agreement for signature to the Applicant (Stage E).

GIZ will examine all grant applications submitted by 30 June 2022 subject to capacity and available budget under the NACAG Support Facility.

Costs incurred by the applicants as part of the application process are not reimbursable. All such costs will be borne by the applicants. This Grant Application Notice is in no way binding on GIZ or the applicant or any other NACAG stakeholder. GIZ's contractual obligations commence only upon signature of a contract following the grant award. Applicants must not realize any portions of the eligible activities prior to contract execution. Prior to contract execution, GIZ may cancel the Programme without the applicants being entitled to claim any compensation. In the event the Programme is cancelled, all applicants from whom grant applications have been received will be notified by GIZ by electronic mail.

## **Eligibility Criteria**

### **1. Eligible countries**

The N<sub>2</sub>O installation for which a grant application is submitted must be located in a country eligible for official development assistance (ODA). However, a country's ODA eligibility does not automatically qualify for eligibility under the Programme.

### **2. Eligible organisations**

Applicant organisations must be legal entities. They can be fully or partly public or private bodies. Private bodies must be properly constituted, present and operational in the country or region covered. Both for-profit and not-for-profit entities are deemed eligible.

Applicant organisation must operate a nitric acid production installation, exercise effective control over it, or hold decisive economic power over the technical functioning of the installation, in accordance with national legislation.

### **3. Eligible activities**

The activities eligible for funding from the NACAG Support Facility are the following:

- Purchase, shipping and installation of a technical device or technology that either removes N<sub>2</sub>O (i) through the installation of a secondary N<sub>2</sub>O destruction catalyst in the oxidation reactor ("secondary abatement"), or (ii) from the tail gas through either thermal or catalytic destruction ("tertiary abatement"), or (III) a combination of both;
- Purchase, shipping and installation of monitoring equipment;
- Staffing for additional environmental management; as well as
- External verification of climatic benefits (after technology is installed), which will be commissioned directly by GIZ and is not part of the grant agreement contract

### **4. Exclusion Criteria**

Applicants will be excluded from participating in the call if they are in any of the following situations:

- the installation for which the application is submitted supplies the production of or producers of weapons or ammunition;

- they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into a debt settlement arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- their permit to operate the installation is presently revoked or suspended or has been revoked or suspended during the period of three (3) years preceding the grant application, or they have been fined or entered a settlement during that period, or such enforcement and/or settlement proceedings are pending, for violation of elementary health and/or environmental safety standards;
- they or persons having powers of representation, decision-making or control over them have been the subject of a judgment which has the force of res judicata for fraud, corruption, professional misconduct, involvement in a criminal organisation, money laundering or any other illegal activity.

When submitting the grant application, applicants must make a declaration of honour as per Annex B. As part of the grant agreement, applicants must further make a declaration on climatic benefits as per Annex C.

### **Due diligence assessment**

During the due diligence assessment, GIZ will verify the technical, legal, financial and operational capacity of applicants as well as the existence of environmental, social, health and gender safeguards and sufficient policy guarantees. GIZ has full discretion as to the details and the results of the assessment. The assessment is planned in two phases. Phase (1) consists of a desk review of certain key documents and other information as requested from and provided by the applicant (including the declaration of honour). Phase (2) will only be triggered if Phase (1) proves successful and once the policy guarantee, as described below, has been given or has well advanced. It consists of an in-depth due diligence assessment, which is supported by a site-visit. The principles applied and conclusions made during the due diligence process are at the full and absolute discretion of GIZ.

#### **1. Legal capacity**

Legal due diligence is an integral part of the preparation of a measure for funding. It includes a review of the applicant's corporate documents and material contracts impacting the measure; domestic, EU and international law requirements; as well as key licenses and permits, and an installation's insurance status.

#### **2. Financial capacity**

Each applicant must have stable and sufficient sources of funding to maintain their activities throughout the contractual period and will need to demonstrate credibly that they have the necessary financial resources. Applicants also need to demonstrate that they follow international accounting and audit standards, and that they have core financial management expertise to implement the measure.

#### **3. Operational capacity**

Applicants must have the professional competencies as well as appropriate qualifications to implement all proposed activities. This entails that they must be able to implement the activities described in the Grant Application Notice and fulfil the requirements for organisation, procurement, and staffing. GIZ will exclude organisations from the Programme if they do not fully or only partly fulfil these criteria or if no sufficient evidence has been provided that they do. Applicants must be directly responsible for the preparation, management and implementation of the funded activities, not acting as an intermediary for other organisations.

#### **4. Safeguards**

The production of nitric acid is an industrial process that is not without risk for humans or the environment. Especially the handling of corrosive substances, such as nitric acid itself, which can cause severe chemical burns very quickly, or explosive substances such as ammonia, requires that strict exposure controls are established to ensure safe handling and to minimise risks to the environment.

Furthermore, applicants must demonstrate that the implementation of the measure will not, or is not likely to, provoke a violation of GIZ's requirements concerning environmental, social, health and gender ("ESHG") aspects, and instead will respect and further GIZ's ESHG principles and goals.

### **Policy guarantees**

A formal Statement of Undertaking (SoU) by the government of the country that hosts the nitric acid production plant in question will be considered a condition precedent for any grant agreement. In this document, the government must commit to ensuring that from 1 January 2024, all domestic nitric acid production installations located in the country – whether existing or new and whether owned or operated by public or private entities – be continuously equipped with state-of-the-art technology to effectively remove N<sub>2</sub>O emissions from their production cycles and that adequate and comprehensive monitoring and reporting of N<sub>2</sub>O emissions at all Installations be established, so as to permanently achieve an optimum in emission mitigation results in the nitric acid production sector.

### **Grant award and contractual implementation**

Grant awards are at cost-basis. Within an absolute limit set by the grant award, they will cover up to 100% of the activities and cost items approved. Applicants/beneficiaries must demonstrate efficient use of resources, while following a 'best value for money' approach in its own operations and in those supplied by third parties. The applicant is responsible to carry out all procurement and tender processes for third party suppliers according to national public procurement procedures and in any case shall comply with the procurement guidelines outlined in the contract.

Grants must not give rise to profits for the applicants/beneficiaries nor any affiliated entity. GIZ should be informed on each of the relevant procurement steps, including the solicitation of offers and their evaluation. GIZ will commission a certified public external accountant to audit the project who will specifically examine the tender process after the award decision has been made by the applicant, but before the decision is communicated to the tenderers.

Grant payments for N<sub>2</sub>O mitigation technology and monitoring equipment will be disbursed directly to duly selected third-party providers following the submission of invoices and/or receipts. All other payments will be made directly to the applicants/beneficiaries in three months intervals.

In case that carbon credits are generated, applicants/beneficiaries must undertake certain commitments concerning future claims to GHG emission reductions and/or other climatic benefits (see Annex C).

### **Next Steps**

To initiate the application process, applicants are requested to submit their Grant Application Notice to the following email address: [contact@nitricacidaction.org](mailto:contact@nitricacidaction.org) or to the responsible officer in the NACAG Secretariat .

Applicants must use the Grant Application Notice Form (Annex A) and send it, once completed and signed by the installation's legal representative, as an email attachment and in portable document format (PDF)

**Annex A:**  
**Grant Application Form**

Application NACAG Finance Facility		
Name of the applicant ("Applicant")		
Full contact information		
Legal form of Applicant (include registry information)		
Please specify the address of the nitric acid production facility (-ies) that you seek support for (use one form for each facility).		
Do you own and/or operate other nitric acid production facility/-ies (outside those for which support is sought)? <i>(Mark appropriate box.)</i>	Please Select	
Explain ownership and operational status of all facilities (start with those for which support is sought):		
In which country/-ies is/are the nitric acid production facility/-ies located? (Start with those for which support is sought.)		
The following questions concern the facility (-ies) only, for which support is sought. Please use one form per facility:		
Please specify (a) the installed capacity, (b) the operating pressure, and (c) the average nitric acid production rate (during the last three years, if available).	Installed Capacity:	
	Operating Pressure:	
	Average Production Rate:	
As nitric acid producer, are you under legal obligation to install and apply: <i>(mark appropriate box/es)</i>	N2O abatement technology	Please Select
	NOx abatement technology	Please Select
If yes, please specify:		
Has/Have your installation(s) ever been equipped with: <i>(mark appropriate box/es)</i>	N2O abatement technology	Please Select
	NOx abatement technology	Please Select
If yes, please specify:		
Does any kind of supporting programme exist in your country which promotes the abatement of N <sub>2</sub> O or NO <sub>x</sub> emissions from nitric acid plants? <i>(Mark appropriate box.)</i>	Please Select	

<b>If yes, please specify:</b>		
<b>Do you process the nitric acid produced and/or any of its derivatives in one or more countries of the EU? Do you supply manufacturers or distributors in the EU? (Mark appropriate box.)</b>	Please Select	
<b>Is the installation or is your firm partially owned by any undertaking incorporated or active in the EU? (Mark appropriate box.)</b>	Please Select	
<b>Does the nitric acid and derivatives produced supply</b>	Synthetic fertilizer industry	Please Select
	Production of explosives	Please Select
	Other	Please Select
<b>If the nitric acid produced is used for the production of explosives (whether fully or partially), indicate whether:</b>	Explosives are partly or fully used for weapons and/or ammunition	Please Select
	For civilian usage only	Please Select
<b>Is your facility registered, or was it at any time, under the Clean Development Mechanism (CDM) or any other carbon standard (specify)? (Mark appropriate box and specify, where needed.)</b>	CDM	Please Select
	Other (please specify):	
<b>I have attached the Declaration of Honour to this application (Annex B).</b>	Please Select	

I undersigned \_\_\_\_\_, certify that I am the designated legal representative of \_\_\_\_\_, that the information provided is true and accurate to the best of my knowledge, and I am aware of the fact that I will be held responsible for providing false information.

I understand and accept that any false and inaccurate information may result in the immediate exclusion from the application process.

Name:

Position:

Signature:

Stamp of the Applicant:

Date:

## Annex B:

### Declaration of Honor

The undersigned, duly authorized by the applicant ("**Applicant**"), declares that:

- the installation, for which the application is submitted, does not supply any producers of weapons or ammunition, whether directly or indirectly;
- the installation, for which the application is submitted, is equipped with robust safeguards to protect the health and safety of workers, residents, and the environment;
- their permit to operate the installation is not presently revoked or suspended and/or has not been revoked or suspended during the period of three (3) years preceding the grant application, and that they have not been fined or entered a settlement during that period, and that such enforcement and/or settlement proceedings are not pending, for violation of elementary health and/or environmental safety standards;
- the Applicant is not bankrupt or being wound up, is not having their affairs administered by the courts, has not entered into an arrangement with creditors, has not suspended business activities, has not become the subject of proceedings concerning those matters, or would be deemed in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- the Applicant or persons having powers of representation, decision-making or control over the Applicant, a managing director or any person in a key senior position working for the Application have not been convicted of an offence concerning their professional conduct or else been the subject of a judgment, which has the force of res judicata, for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity.
- the Applicant has not been found guilty of grave professional misconduct;
- the Applicant or persons having powers of representation, decision-making or control over the Applicant, or a managing director or any person in a key senior position working for the Application have not been debarred or otherwise sanctioned by the EU (EU Sanctions List), the UN (UN Sanctions List) or the World Bank or another multilateral development bank for having engaged in fraudulent, corrupt, collusive, coercive or obstructive practices, absent subsequent successful rehabilitation;

Furthermore:

- The Applicant warrants and represents that it has not illegally obtained confidential information, entered into unlawful agreements or influenced any NACAG bodies, or GIZ in its role as contracting authority, during the application process.
- The Applicant warrants and represents that it or persons having powers of representation, decision-making or control over the Applicant, or a managing director or any person in a key senior position working for the Application, are not affected by a potential conflict of interest and have no particular link with any NACAG bodies, GIZ as the contracting authority, or – to the best of its knowledge – other applicants or parties that will be involved in the funding measure,



including any contractors and auditors; and that should such a situation arise during the implementation of the funding measure, the Applicant will immediately inform GIZ.

- The Applicant must at all times act impartially and as a faithful adviser in accordance with the code of conduct of their profession. The Applicant shall refrain from making public statements about the contract or services without GIZ's prior approval. The Applicant may not commit GIZ in any way without its prior written consent.
- The Applicant and their staff shall respect human rights and the core international labour standards.
- The Applicant may accept no payment connected with the grant measure sought other than that provided for therein. The Applicant and their staff must not exercise any activity or receive any advantage inconsistent with their obligations to GIZ.
- The Applicant and their staff shall be obliged to maintain professional secrecy for the entire duration of the grant agreement and after its completion. All reports and documents drawn up or received by the Applicant shall be confidential and not treated as public documents, except when agreed in writing by GIZ.
- The Applicant shall refrain from any relationship likely to compromise their independence or that of their staff. If the Applicant ceases to be independent, GIZ may, regardless of injury, terminate the grant agreement without further notice and without the Applicant having any claim to compensation.
- GIZ reserves the right to suspend or cancel the grant application process and/or the grant agreement if corrupt practices of any kind are discovered at any stage. For the purposes of this provision, "corrupt practices" are the offer of a bribe, gift, gratuity or commission to any person as an inducement or reward for performing or refraining from any act relating to the award of a contract or implementation of a contract already concluded with the GIZ.

Done at \_\_\_\_\_ on \_\_\_\_\_

[Signature] [Function]

**Annex C:**  
**Declaration on Climatic Benefits**

I undersigned \_\_\_\_\_, certify

- that I am the designated legal representative of [include name of the installation in which the technology is to be installed] (“Supported Installation”); and
- that I have been made aware of the eligibility criteria for the participation in the NACAG Support Facility; and

in my role as legal representative and in submitting the application for financial support to the NACAG Support Facility, I represent and warrant not to sell, market or otherwise valorize the climatic benefits, namely greenhouse gas (GHG) emission reductions - as generated by the Supported Installation - outside of [add country] or to the benefit of an individual or an entity outside of [add country] (“**Waiver of Climatic Benefits**”). For the avoidance of doubt, domestic emissions trading or purely domestic valorization schemes (without the purpose or risk of subsequent international transfers), shall not be affected by this Waiver of Climatic Benefits.

Furthermore, I acknowledge and agree that this Waiver of Climatic Benefits shall survive the termination of the grant agreement for conclusion between the Project Owner and GIZ, and – in case the Supported Installation will be legally transferred – bind the successor(s).

As legal representative of the Supported Installation I represent and warrant to inform any Successor of the Waiver of Climatic Benefits as part of any such transfer.