

Support Fund “Joint Implementation of Human Rights and Environmental Due Diligence (HREDD) in Fair Trade Supply Chains”

Terms and Conditions 2025

1. Background Information and Aim of the Fund

On 29 June 2023, the **European Union (EU) deforestation-free regulation (EUDR)** entered into force with a focus on agricultural commodities like soy, beef, palm oil, wood, cocoa, coffee, rubber and some of their derived products (e.g. chocolate). Under the [Regulation](#), any operator or trader who places these commodities on the EU market, or exports from it, must be able to prove that the products do not originate from recently deforested land or have contributed to forest degradation. Operators and traders have until 30 December 2025, micro and small enterprises until 30 June 2026, to implement the new rules.¹

The **German Supply Chain Due Diligence Law** (Lieferkettensorgfaltspflichtengesetz, LkSG) came into force on 1st January 2024.² The **EU Corporate Sustainability Due Diligence Directive (EUCSDDD)**³ was endorsed by the EU Member States on 15 March 2024. The aim of both is to foster sustainable and responsible corporate behaviour and to anchor human rights and environmental considerations in companies’ operations and corporate governance. Fair Trade Companies and Producers for the most part do not fall directly under the German law or the EU directive, however, will be indirectly affected by being part of the supply chains of larger companies and having to fulfil and document new compliance requirements set by them.

The diverse Human rights and environmental due diligence (HREDD) regulations are already affecting Fair Trade Companies in Europe and producer groups in the Global South, who are increasingly scrutinized for potential compliance risks as well as having to implement new documentation procedures, and being expected to implement new processes to mitigate and/or remediate risks without necessarily being financially supported for the associated costs.

The joint initiative of **Fairtrade Deutschland e.V. (Fairtrade Germany)** and **Forum Fairer Handel e.V.** financed by the **Federal Ministry for Economic Cooperation and Development (BMZ)** aims to support small and medium sized European companies and small-holder farmer producer groups from Africa, Asia and Latin America engaged in Fair Trade in tackling these challenges together to retain market access for the producer groups and safeguard the livelihoods of small-holder farmers and workers as the final beneficiaries of the fund.

For further information please contact Fairtrade Deutschland e.V. (Fairtrade Germany), Maarweg 165, 50825 Köln, hredd-fund@fairtrade-deutschland.de or visit the website [HREDD Support Fund](#).

¹ https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en

² <https://www.bmz.de/de/themen/lieferkettengesetz> or <https://www.bmz.de/en/issues/supply-chains>

³ https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en

2. Funding Rounds 2025

Applications will be accepted in three rounds in 2025 according to the following schedule:

Deadline for submission of Concept Notes	Invitation for Full Proposal	Deadline for submission of Full Proposal	Notification on funding decision	Earliest starting Date of Implementation*
24.03.2025	17.04.2025	19.05.2025	by 04.07.2025	01.08.2025
16.06.2025	09.07.2025	04.08.2025	by 15.09.2025	01.10.2025
15.09.2025	08.10.2025	03.11.2025	by 17.12.2025	01.01.2026

*Subject to signature of contracts, unless an early implementation at own risk has been agreed.

3. Requirements and Eligibility Criteria

3.1 General Requirements

- **Applications can only be made as a consortium**, consisting of
 - o one or more **commercial partner(s)** with legal personality and registered office based in the **EU, the European Economic Area (EEA), Switzerland or the United Kingdom** and
 - o one or more **small-holder agriculture producer partner(s) in OECD-DAC countries**,⁴ preferably in one of the **priority countries** (see list below). The producer partner applicants must be **legally entitled to receive foreign funds** according to national law and be active in the production of one of the **eligible product categories** (see list below).
- Applicants must either be **certified, licensed or registered** under **Fairtrade** or a **Fair Trade control / certification scheme recognized by Forum Fairer Handel Germany / by members of the Forum Fairer Handel Germany**.
- Priority will be given to applications in which the commercial partners in the EEA, Switzerland or UK are **small and middle size companies with up to 249 employees** (measured in full time equivalents = how many full-time positions does your company provide. This means, the total number of employees could be higher if many employees work part-time).
- All applicants must have at least **two audited annual financial statements or balance sheets** of the two previous years (or up to three years ago if annual accounts have not yet been closed for the previous year).
- Applicants are neither listed on the **sanctions lists** of the Federal Republic of Germany, the European Union (EU) nor the United Nations (UN).
- In their application, applicants shall confirm in writing that there have been **no charges or investigations against the senior staff or management of their organisation on corruption and social compliance issues**.
- Applicants who work in the following economic sectors are **excluded from funding**: tobacco, alcohol, weapons, and drugs.

⁴ <https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/oda-eligibility-and-conditions/DAC-List-of-ODA-Recipients-for-reporting-2024-25-flows.pdf>

3.2 Eligible Product Categories

Applicants must be active in (and can apply for projects in) the following agricultural product categories:

- Coffee
- Cocoa
- Bananas
- Tea
- Cotton (primary production only)
- Spices
- Palm oil
- Natural Rubber
- Sugar
- Nuts
- Soy

3.3 Priority Countries

Africa	Asia	Latin America
Burkina Faso, Cameroon, Côte d'Ivoire, Ethiopia, Ghana	India, Indonesia, Sri Lanka, Uzbekistan	Bolivia, Brazil, Colombia, Ecuador, Honduras, Mexico, Nicaragua, Peru

Please note: Applications from other OECD DAC countries may be possible if match-funding from commercial partners can be obtained for specific supply chains. In such a case, Fairtrade Germany and/or Forum Fairer Handel should be approached, and the case will be discussed and decided by the Steering Committee.

3.4 Funding Period

- Applicants shall draft their applications for a **maximum funding period of 12 months**.
- Projects have to be finalized latest by **30.09.2026**.

3.5 Financial Guidelines for Applicants

- The **total contribution by the Fund starts at EUR 10,500 up to a maximum of EUR 50,000**.
- The project consortium must provide **at least 25% of the total project budget either in cash or in-kind**. We encourage higher private contributions.
 - o This means, the lowest possible total project budget would be 14.000 EUR with an own contribution of 3.500 EUR (25%) and a fund contribution of 10.500 EUR. The highest possible total project budget is 66.667 EUR with the 25% own contribution and the maximum funding amount of 50.000 EUR.
 - o It is possible to have a higher total project budget. However, in that case the own contribution has to cover the full amount above the 50.000 EUR maximum contribution by the fund.

Example funding scenarios:

Total Project Budget	Own Contribution (minimum 25%)	Fund Contribution (max. 50.000 EUR)	Note
14.000 EUR	3.500 EUR (25%)	10.500 EUR (75%)	Projects with a total budget below 14.000 EUR will not be considered.
66.667 EUR	16.667 EUR (25%)	50.000 EUR (75%)	

80.000 EUR	30.000 EUR (37,5%)	50.000 EUR (62,5%)	The fund contribution can't surpass 50.000 EUR. If a higher total budget is wanted, the own contribution needs to rise.
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- In the spirit of a shared responsibility, **a substantial contribution from the consortium partners** based in the EEA, Switzerland and UK based on their respective size and turn-over is expected.
- **In-kind contributions** can be staff costs, travel costs or procurements of services or goods that can be proven by official receipts, including for example certification costs for sustainability certifications.
- An **early start of preparatory measures is possible at own risk** of the applicants and can be accounted for in the project finance report after approval. The earliest date for a project start at own risk is the Concept Note deadline of the respective funding round. This early start can only cover costs that are part of the own contribution of the applicants and are directly linked to the proposal budget. The approval of an early start does not imply an approval of the proposal. The applicants confirm that all measures are undertaken in the context of the proposal and would not have started or be undertaken otherwise. **Applicants need to indicate in their proposal if an early start at own risk is planned.**
- Budgets for the exclusive financing of procurements/material goods and/or infrastructure are **not acceptable**.
- Applications may use the funding for:
 - o Procurement of services (except construction work)
 - o payment of personnel costs
 - o ongoing operating costs (excluding advance payments for purchases, penalty interest and insurance costs)
 - o material goods (excluding medicines, pesticides, chemicals, fertilizers and vehicles)
 - o selected infrastructural measures
- If your proposal is accepted, prior to any project agreement signature you will be required to hand in a **signed confirmation of your bank** that you are the legitimate bank account holder.
- The **GIZ procurement guidelines** are binding for any procurements made with the financial contribution from the fund: [LINK](#)
- The **final beneficiaries of the fund** are **based in OECD DAC countries**. The economic partners in the EEA, Switzerland and UK are involved in the development and implementation of projects but they are not final beneficiaries of the fund.

Please Note: There will be no transfer of funds from Fairtrade Germany to private sector partners in the EEA, Switzerland, or the UK.

3.6 Further Guidelines

- Priority will be given to projects **targeting women and young adults**.
- Only **one project can be implemented at one producer organisation at the same time**. Once a project is finished and all reporting requirements are complied with, applicants can apply for a new project if funding is still available, and the remaining implementation time is sufficient.
- In the spirit of a proper HREDD stakeholder engagement approach, the project design **must have been developed in collaboration with and approved by small-holder agriculture producer partners**. To this end, the application must have been **made available in local language** to small-holders/participating rights-holders. Applicants confirm this during the application process. Depending on project type it may be expected to include other relevant (local) stakeholders (e.g. Civil Society Organisations (CSOs), trade unions).
- **Projects will be managed jointly by the applicants**. Depending on project scope and type, support to project management by either Fairtrade Germany or Forum Fairer Handel can be explored.

4. Application and Selection Process

Please submit your application (in English, French or Spanish) via email to: hredd-fund@fairtrade-deutschland.de

Step 1: Submission of a Concept Note (see template provided)

To apply for funding, a Concept Note must be submitted. All Concept Notes will be reviewed by the Fund's Working Group consisting of representatives of Fairtrade Producer Networks in Africa, Asia and Latin America, Forum Fairer Handel and Fairtrade Germany according to a transparent set of criteria including eligibility and suitability of the consortium members and the suggested activities to the aim of the fund. At this stage the Working Group may approach the project partners to clarify or seek further information. If the proposal is valid according to above mentioned criteria, the Working Group will invite applicants to fill out the Full Proposal form (see step 2).

Step 2: After invitation: Submission of a Full Proposal (see template provided)

If and once the Concept Note has been accepted, the applicants will be invited to submit a Full Proposal, providing more details on the project. The Full Proposal will be reviewed by the Fund's Working Group and they may approach the project partners to clarify or seek further information. The full application will then be forwarded to the Steering Committee.

The Full Proposal should include the following (for further details see template):

- Detailed project proposal
- Logical framework if the total project budget is above 50.000 EUR
- Detailed project budget
- Additional required documents (see below)

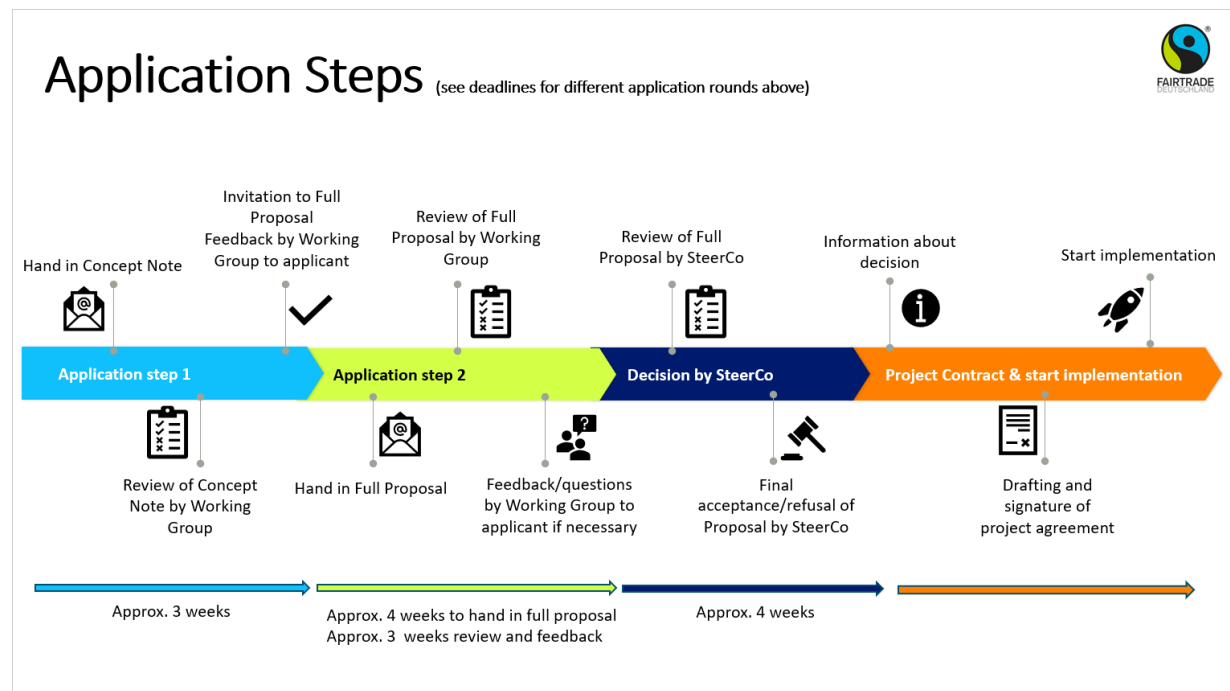
Final Funding Decision

A **Steering Committee** with representatives of the Federal Ministry for Economic Cooperation and Development (BMZ), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Fairtrade

Germany, Forum Fairer Handel, Fairtrade Producer Networks in Africa, Asia/Pacific and Latin America/Caribbean will take the final funding decision.

If and once a project is approved, the respective project partners (contributing commercial partners, producer organizations, and producer networks if applicable) as well as Fairtrade Germany as the fund administrator, will sign a cooperation agreement in alignment with public funding requirements.

Please note: Submitting an application does not imply entitlement to funding from the fund. Decisions on funding are made based on an individual assessment. Approval of funding depends on the availability of the fund's budget and the qualitative assessment and decision of the Steering Committee on suitable applications in terms of expected impact, plausibility, feasibility, as well as diversity of project topics, commodities, regions, etc.



5. Overview of Application Documents

Step 1:

- **Concept Note** (template provided)

Step 2 (after notification from Fairtrade Germany):

- **Full Proposal** (template provided)
- **Detailed project budget** (template provided)
- **Logical framework template** if your total project budget **exceeds 50.000 EUR**
- **Legal registration documents** of each applicant (if no registration can be submitted, e.g. in the commercial register, please provide brief justification and alternative evidence of legal personality)
- **Bank account details of producer partners with signed bank confirmation** (template provided)
- Copies of the **last two available annual financial statements or balance sheets** of producer partners (These must be from the two previous years or up to three years ago if annual accounts have not yet been closed for the previous year.
- Brief **information about organisation's accounting system** (list of staff including qualifications and work experience) and **accounting software** used (including copy of a screenshot of software used) by producer partners.
- **Optional:** Existing evidence of **international certificates** (e.g. ISO) for internal organisational, business management, quality management and accounting system

6. Reporting Requirements

Projects under the matching fund will have to comply with the following requirements for reporting to Fairtrade Germany:

- Detailed **financial and narrative mid-term report** in the middle of the implementation period to Fairtrade Germany
- **Final financial and narrative report** (including photos) after completion of project
- **An external audit** is required and must be budgeted from a total project budget of **50.000 EUR upwards**.

Please note that we reserve the right to send external monitors or auditors to your project at any time.

Annex I: Examples for possible Activities under the Support Fund

Under the general aim of the Fund, the following non-exhaustive list of activities may be proposed:

Prerequisites / foundational work:

- Identification and understanding of risks through structured stakeholder and rightsholder dialogue and risk analysis
- Local research into specific issues related to HREDD topics
- Steps towards better traceability

Process-related activities:

- Awareness raising and capacity building on HREDD topics for producer members
- Rightsholder-inclusive development of action plan to mitigate identified risks
- Rightsholder-inclusive development of local grievance structures
- Set up of a joint monitoring approach to monitor risks and track improvements
- Professionalisation and digitalization of internal management and control systems in producer organizations

Environmental focus:

- Geo-location mapping of farms
- Anti-Deforestation monitoring
- Steps towards agroforestry systems or other agro-ecological improvements
- Conversion to organic agriculture or support in retaining organic certification and access to EU market under new organic rules

Social focus:

- Improvement of specific organizational prevention, monitoring and remediation procedures e.g. on protection issues/social compliance (Child Labour, Forced Labour, Gender-based Violence), women's rights, workers' rights, minority rights, etc. (awareness raising, capacity building, consultancies, advocacy)
- Income diversification
- Promotion of gender-equality

Annex II: Examples of Activities (non-exhaustive) and their Classification within the Due Diligence Cycle

