



Federal Ministry
for the Environment, Climate Action,
Nature Conservation and Nuclear Safety



INTERNATIONAL
CLIMATE
INITIATIVE

IKI – Large Grants (ILG) 2025

**Funding announcement for the selection of projects under the
International Climate Initiative (IKI)**

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1 List of abbreviations

ANBest-P	Allgemeine Nebenbestimmungen für Zuwendungen zur Projektförderung [General Auxiliary Terms and Conditions for Grants for Project Funding]
BHO	Federal Budget Code
BMUKN	Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety
CBD	Convention on Biological Diversity
CET	Central European Time
DAC	Development Assistance Committee
GBF	Kunming-Montreal Global Biodiversity Framework
GHG	Greenhouse Gas
IATI	International Aid Transparency Initiative
IFC	International Finance Corporation
IKI	International Climate Initiative
ILG	IKI Large Grants
IPLCs	Indigenous Peoples and Local Communities
ITMOs	Internationally Transferable and Tradable Emission Reduction Certificates
LTS	Long-Term Strategies
NAPs	National Adaptation Plans
NBSAPs	National Biodiversity Strategies and Action Plans
NDCs	Nationally Determined Contributions
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PA	Paris Agreement
SDGs	Sustainable Development Goals
ICM	Independent Complaint Mechanism
UNFCCC	United Nations Framework Convention on Climate Change
VV	Administrative Regulations [Verwaltungsvorschriften]
VwVfG	Administrative Procedure Act [Verwaltungsverfahrensgesetz]
ZUG	Zukunft – Umwelt – Gesellschaft gGmbH

2 Preface

Global climate action is at a tipping point: scientific findings make it clear that limiting global warming to well below 1.5°C, protecting biodiversity, and adapting to the consequences of climate change are tasks that cannot be postponed by the international community. Current developments show an increasing frequency of extreme weather events, the loss of habitats, and the need for socially just transformations that are both ecologically and economically sustainable.

The global challenges are enormous. But there are also increasingly hopeful turning points: The global expansion of renewable energy – particularly solar and wind – has reached a historic peak while important advances are being made in storage technologies and transport electrification. Investments in nature restoration projects, reforestation, and marine ecosystem protection are beginning to show results, particularly in terms of conserving biodiversity. These developments demonstrate that determined climate action is effective and that the transition to a sustainable future is already under way. Securing and advancing these positive developments requires reliable, sustainable financing for climate, and environmental protection measures.

At UNFCCC COP30 and CBD COP17, these issues are at the centre of global negotiations. Particular attention is being paid to mobilising extensive financial resources, especially through the increased involvement of the private sector. Only through an effective combination of public funding and private investment can the necessary measures in the areas of renewable energies, sustainable land use, climate change adaptation, and environmental protection be implemented with the necessary depth and scope.

With the new IKI Large Grants funding instrument, which combines the previous Thematic and Country calls, these positive developments should continue to be effectively promoted. The IKI Large Grants enable the funding of large-scale, transformative projects that can support systemic change at the global, regional, national, and sub-national levels.

The IKI Large Grants ideas competition shall take place annually on the basis of an annual funding announcement. The funding announcement of the IKI Large Grants 2025 will be published at COP30 in Belém, Brazil. The role of the private sector as a key driver of investment and innovation is explicitly emphasised for this call. The IKI specifically promotes approaches leveraging public funds to mobilise private financing in order to achieve maximum impact and scalability.

We invite all international organisations, civil society actors, and representatives from the private sector to submit their innovative and impact-oriented project ideas and, together with the IKI, to break new ground for sustainable, climate-friendly change.

3 Funding objective, purpose of funding, legal basis

3.1 Funding objective and purpose

With the International Climate Initiative (IKI), Germany fulfils part of its financial commitments under the United Nations Framework Convention on Climate Change (UNFCCC), the Paris Agreement (PA – adopted by the “Act on the Paris Agreement of 12 December 2015” of 28 September 2016) as well as the Convention on Biological Diversity (CBD) with the Kunming–Montreal Global Biodiversity Framework (GBF).

The IKI is a central building block for Germany’s international financing measures for climate action, adaptation to the impacts of climate change and biodiversity conservation in emerging and developing countries. In order to achieve the goals of limiting global warming to 1.5° Celsius and halting the loss of biodiversity, all countries in the world must achieve a transformation towards greenhouse gas (GHG)-neutral and biodiversity-friendly societies. For this, the developing and emerging countries need extensive support from industrialised countries. The IKI therefore provides targeted support to developing and emerging countries to help them transform their social, economic, and political framework conditions into a biodiversity-friendly and greenhouse gas-neutral economy. The core of the IKI is to use the projects to support the implementation and ambitious further development of Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) as well as National Biodiversity Strategies and Action Plans (NBSAPs). At the same time, financial resources should increasingly be mobilized and catalysed through the projects in order to accelerate the transformations.

By systematically integrating a gender dimension, the IKI fulfils national and international obligations under the 2030 Agenda for Sustainable Development, the UNFCCC (Enhanced Lima Work Programme on Gender), and the Convention on Biological Diversity (CBD, Gender Plan of Action). In addition, the IKI is guided by the Paris Agreement, which calls on contributing countries to promote gender justice and the empowerment of women in all climate action measures. The values of the IKI are also reflected in the safeguards, the funding exclusion criteria, and the independent complaints mechanism. These are binding and apply equally to the donor in funding decisions as well as to all projects.

Through the IKI Large Grants funding instrument, the IKI funds primarily large-volume projects to accelerate the transformation towards a sustainable, biodiversity-friendly, and low-emission economic and supply structure. In particular, the following overarching goals are pursued:

- The legal framework at the national and sub-national level in partner countries is designed to strengthen emission reduction, adaptation, and/or biodiversity conservation as well as its implementation across sectors.
- The governments of partner countries have undertaken an appropriate ambition raising of climate and biodiversity contributions in NDCs, NAPs, NBSAPs, and/or long-term strategies (LTSs).
- The IKI makes medium-term contributions to both direct and indirect emission reductions in partner countries.
- People affected by climate change in IKI partner countries are supported in their adaptation to the impacts of climate change.
- Ecosystems in IKI partner countries, including coasts and marine areas, are subject to improved conservation practices and sustainable use.
- The IKI leverages its invested funds to finance climate and biodiversity measures from the public and private sector.

Taking into account the aforementioned overarching goals, the IKI Large Grants programme funds projects that address specific obstacles in implementing the NDCs, NAPs, and NBSAPs of the partner countries.

3.2 Legal basis

The Federal Government of Germany shall award grants in accordance with the provisions of this funding announcement, Sections 23 and 44 of the Federal Budget Code (Bundeshaushaltsordnung, BHO) and the general Administrative Regulations (Verwaltungsvorschriften, VV) issued in connection with this. There is no entitlement to a grant. Instead, the granting authority shall reach a decision based on its dutiful discretion within the framework of the budgetary resources available.

In general, projects implemented by organisations based in Germany and abroad receive funding through grants. There is expressly no contractual agreement on the fiduciary management of federal funds in accordance with Section 44, para. 3 BHO. This means that fund deposits are excluded in the IKI Large Grants (ILG).

In the case of grants to foreign implementing organisations, regulations corresponding to the General Auxiliary Terms and Conditions for Grants for Project Funding (Allgemeine Nebenbestimmungen für Zuwendungen zur Projektförderung, ANBest-P) become part of a private-law contract (subgrant Agreement). Where grants are issued to multilateral development banks and international intergovernmental organisations, the model agreements negotiated with the Federal Republic of Germany shall apply.

Sections 48 to 49a of the Administrative Procedure Act (Verwaltungsverfahrensgesetz – VwVfG), Sections 23 and 44 of the Federal Budget Code (BHO), and the general administrative regulations issued in this regard shall apply to the approval, disbursement, and accounting of the grant as well as to the verification and review of its use and, if necessary, the cancellation of the grant notification and the reclaiming of the grant awarded. The Federal Audit Office of Germany (Bundesrechnungshof) is authorised to audit in accordance with Sections 91, 100 BHO.

The annexes attached to the funding announcement are legally binding components of the announcement. They provide detailed guidance on many aspects and steps of the application process.

4 Object and geographical and financial scope of funding

4.1 Object of funding

Through the IKI Large Grants, the IKI finances climate, adaptation, and biodiversity projects in ODA¹-eligible countries. It focuses on the IKI priority countries as well as on other countries that demonstrate particular ambition (e.g. as part of a Just Energy Transition Partnership or as a member of the climate club) or are particularly relevant to the IKI funding areas (e.g. key areas of biodiversity). The aim is to fund projects that pursue a holistic approach across multiple levels and, above all, demonstrate how to practically implement climate action, adaptation and biodiversity conservation (including through policy advice, capacity building, technological cooperation and investment/financial mechanisms, and implementation in urban and/or peri-urban areas). This IKI Large Grants Call addresses the present challenges in climate action, adaptation, and biodiversity conservation that are currently arising in the context of international climate and biodiversity negotiations. With the “IKI Strategy 2030”, bilateral projects are regaining prominence to better showcase greater implementation successes. To meet these requirements, the thematic and country priorities listed below are defined with specific objectives and preferred geographical scope, for which project outlines can be submitted. Depending on the thematic or country priority, the funding volume per project can range from EUR 12 million to EUR 20 million.

4.2 Thematic and Country Priorities

One of the prerequisites for funding is that a submitting organisation assigns their project outline to one of the following 11 thematic and country priorities.

Country Priorities:

1. Strengthening electricity storage for renewable energy integration and electrification of end uses in Mexico
2. Building resilience of India’s forests, ecosystems and biodiversity against climate risks through effective and inclusive implementation of adaptation strategies highlighted in the National Adaptation Plan (NAP, currently under preparation)
3. Climate-smart conservation and restoration of South Africa’s grassland landscapes and associated wetland ecosystems, to support long-term biodiversity protection and green economic development

Thematic Priorities:

4. Electricity grids and electricity storage as game changers for the energy transition
5. Urban value chains through bioenergy use: scalable solutions for sustainable methane reduction
6. Decarbonisation of emission-intensive sectors in Sub-Saharan Africa or South and Southeast Asia

¹ ODA (Official Development Assistance) is an internationally recognised measure of public development performance agreed in the OECD Development Assistance Committee (DAC). Only services to countries included in the [DAC country list](#) are eligible for ODA. The country list is regularly revised by the DAC.

7. Strengthening the climate resilience of coastal cities in South and Southeast Asia
8. Promotion of integrated bioeconomy approaches for resilience-enhancing climate protection and biodiversity conservation
9. Mobilisation of financial resources for the implementation of integrated NBSAPs
10. Prevention, early detection, and rapid response planning to avoid negative impacts of (invasive) alien species
11. (a) Scaling up successful mitigation-relevant IKI approaches in energy, energy efficiency, industry, nationally determined contributions (NDCs)/long-term strategies (LTS), mobility, urban development, or climate finance (with a mitigation focus)
11. (b) Scaling up successful adaptation approaches in the area of National Adaptation Plans (NAPs) and Ecosystem-based Adaptation (EbA)

The requirements of the thematic and country priorities for the project outlines to be submitted are explained in detail in a separate document (see [thematic and country priorities for the 2025 IKI Large Grants](#)).

5 Implementing organisations

5.1 Requirements for all implementing organisations

Eligible organisations

The following organisations are welcome to apply:

- non-governmental organisations
- universities and research institutions
- international intergovernmental organisations and institutions (such as development banks)
- organisations and programmes of the UN
- private companies as well as economic sector and trade associations

In accordance with VV No. 1.2 Section 44 BHO, grants are only allowed to be awarded to implementing organisations that appear to be properly managed, and which are capable of demonstrating that the funds are used for the designated purpose.

Non-eligible organisations

IKI funding may not be used to finance government activities. National governments are therefore generally non-eligible organisations. This includes in particular the highest national public administration bodies in a country (national ministries and/or the presidential office of a country). Exceptions are permitted only in well-founded cases.

Regional administrative authorities and subordinate authorities are not categorically excluded from IKI funding/financing but may be eligible upon case-by-case examination.

Legally independent, state-owned public service companies are generally eligible for funding.

Compliance with applicable sanctions

As an applicant and a recipient of funding, the implementing organisation undertakes to comply with all applicable EU and UN sanctions regimes as well as applicable sanctions of the Federal Republic of Germany. If the applicable sanction regulations are violated, the grant can be reclaimed in full or in part.²

5.2 Requirement: Implementation as a consortium

A requirement for funding is the **application as a consortium**, i.e. as an association comprised of at least two organisations. When establishing a consortium, it should be taken into account that the coordination effort increases considerably with the number of consortium members. For this reason, bilateral projects may be carried out by a maximum of four consortium partners and regional or global projects are to be implemented by a maximum of six consortium partners (including lead organisation). The consortia must designate a lead organisation. IKI projects are expected to implement at least 50% of the funding through local actors in the partner countries/regions (see also "[IKI Local Action Regulation](#)").

² Applicable sanctions can be viewed on the [EU sanctions map](#).

The **lead organisation** becomes the sole contracting or agreement partner of the IKI. It is the sole recipient of direct payments from the IKI and is responsible for the budgetary implementation of the project as well as for its reporting system. Grants are forwarded to consortium partners in accordance with the relevant provisions of VV No. 12 Section 44 BHO and on the basis of subgrant agreements, which the lead organisation concludes with each consortium partner individually (for more information and subgrant agreement, see [here](#)). In addition, a cooperation agreement must be concluded with all consortium partners (see [Annex 2: Cooperation agreement](#)). As far as possible, the main features of the cooperation agreement should already be agreed upon between the consortium partners, when drafting the project outline.

The lead organisation is obliged to review the project progress of all participating consortium partners (organisations receiving sub-grants) and other implementation partners over the entire duration of the project and to integrate this into the reporting. The type and scope of this inspection as well as a possible obligation to submit inspection notes are regulated in the Project Agreements or grant award documents depending on the underlying legal relationship between the funding agency and the recipient.

The lead organisation must prove its **access to the stakeholders relevant for the project** in the respective partner country directly or via the consortium partners. Projects should strive for an appropriate diversity in the consortium (e.g. IPLC organisations) and among the contractors to better involve target groups, and other actors – especially at the local level – and to increase the sustainability of the project. In line with the [IKI Gender Strategy](#) in the context of climate and biodiversity, the involvement of organisations in the partner country that are committed to social and gender justice is particularly welcome. The involvement of these organisations should contribute to a gender-responsive and inclusive as well as, where possible, gender-transformative project planning and implementation.

The **roles, tasks, and responsibilities within the consortium** must be clearly presented and reflect the strengths of the individual consortium partners. Roles and responsibilities should also be distributed in the sense of a sustainable anchoring of the project in the partner country/region. Accordingly, roles in the implementation should be assigned to local organisations wherever possible. The total funding must be divided clearly and appropriately between the implementing organisations and contractors. Contracting is permitted if it is proven to be economically viable. The locally applicable public procurement laws must be applied.

5.3 Requirements for the lead organisation

Turnover criterion

The average annual IKI funding volume of the proposed project may not exceed the average annual turnover of the lead organisation. The certified annual financial statements for the last three financial years are decisive.

Professional experience and regional expertise

The lead organisation must ensure that both itself and its consortium partners have the **necessary technical expertise, administrative capacity, and management competence** to plan and implement the project.

The lead organisation must have been implementing international cooperation projects in the respective thematic area in ODA countries for at least five years. The lead implementing organisation should also have experience in the respective target region. The lead organisation must demonstrate this professional experience and regional expertise via references in the project outline form.

6 Type, scope and amount of the grant

6.1 Type of the grant

For the implementation of the projects, grants may be awarded as non-repayable grants on an expenditure basis within the framework of project funding. **Cost-based grants to the lead organisation are excluded** because a transfer here is not permissible under subsidy law. Implementing organisations that are the final recipients of grants have the possibility to receive funding on a cost basis within the framework of a referral (applicable only for organisations with headquarters in Germany).

6.2 Amount and duration of the grant

Duration of the grant

The maximum funding period for a project is eight years. Funding may also be provided for a preparation phase of up to nine months to develop the project proposal. A minimum duration is not specified. The funding of a preparatory phase does not imply any entitlement to, or prejudice the decision on, the approval of the project proposal.

Amount of the grant

The funding volume provided by the IKI is **EUR 12 million to a maximum of EUR 20 million** per project. The specifications on the funding volumes defined in the [thematic and country priorities](#) apply. Exceeding or falling short of the permissible funding volume will lead to the exclusion of the project outline.

6.3 Type of financing

Financing is usually provided as partial financing.

The grant recipients must make an appropriate contribution to the financing of the purpose with their own funding, taking into account their financial strength. Which amount of own funds is appropriate can be decided only on a case-by-case basis. Overall, it must be demonstrated that the project funding can be secured based on the planned funding, own funds, and, if necessary, further third-party funds. Furthermore, cooperation with projects financed by other funding organisations is conceivable.

6.4 Eligible expenditure

IKI funding is permitted only if the implementation of the project that forms the subject of the funding application would not be possible without public funding (**principle of subsidiarity**). Furthermore, projects can be funded only if the project has not yet started at the time of application.

All expenditure required to meet the objectives of the project through sound, cost-effective financial management are eligible for funding. **Efficient expenditure** and the **economical use of funds** must be demonstrated during implementation.

With the binding **IKI exclusion criteria**, certain activities that are considered too risky for the environment and people are excluded from funding without exception (see [IKI exclusion criteria](#)).

7 Other regulations on grants

The General Auxiliary Terms and Conditions for Grants for Project Funding (Allgemeine Nebenbestimmungen für Zuwendungen zur Projektförderung – ANBest-P), as amended from time to time, are also part of a grant award document on an expenditure basis.

In the proposal for funding, implementing organisations must agree that

- all documents submitted with the proposal or in the subsequent procedure are submitted to the federal ministry responsible or the project management agency, the Federal Audit Office, and the auditing bodies of the European Union on request, the necessary information is provided, access to books and documents relating to the project, and audits are permitted, and the relevant documents are made available;
- upon request the Budget Committee of the German Bundestag (German Parliament), other committees, and members of the German Bundestag are informed about applications or grants;
- the federal ministry responsible or its authorised representatives may disclose the name of the funded applicant, the funding amount, and the funding purpose as part of its public relations work;
- the funding is to be recorded in a centralised federal system (funding database) on the basis of Section 44 Federal Budgetary Regulations (BHO) in conjunction with Administrative Regulation No. 9.1 and 9.2 on Section 44 BHO;
- All data and evidence disclosed in connection with the funding
 - may be stored on data carriers by the project management agency, the responsible federal ministry, or a body commissioned by one of them,
 - may be further processed for the purpose of performance monitoring in accordance with Administrative Regulation no. 11 a on Section 44 BHO,
 - may be passed on by the federal ministry responsible to third parties which are bound to confidentiality and commissioned with an evaluation and further processed there,
 - will be used and analysed for the purposes of processing and checking applications, statistics, monitoring, scientific issues, linking with official data, evaluation, and measuring the success of the funding instrument.
- The anonymised or aggregated evaluation results can be published and forwarded to the German Bundestag as well as to German federal and European Union institutions.

In order to enable electronic processing, it must be ensured in advance that there is a possibility of legally secure electronic signature and delivery of funding documents.

Evaluation and transparency

The implementing organisations are obliged to provide all data required for the performance review and specified by the funding agency or a body commissioned by it. All projects selected as part of this procedure are generally subjected to an external interim evaluation as a key contribution to monitoring their success. It is also possible for projects to be selected for a final evaluation or to be analysed as part of cross-project evaluations. The implementing organisations are obliged to make the necessary data and information available to the federal ministry responsible, the project management agency, and the bodies responsible for the evaluations; employees with relevant project expertise must be designated for participation in planned surveys, interviews, and other data collection activities. The data provided is processed in compliance with the GDPR. Evaluation results are published on the IKI website in compliance with all data protection regulations (see [IKI website](#)).

The federal ministry responsible publishes comprehensive project information on ongoing and newly committed IKI projects on climate protection and biodiversity conservation on a quarterly basis in accordance with the **IATI standard** (see also: [IATI data](#)). The implementing organisations must agree that the federal ministry responsible or its agents may submit project-specific information to the IATI platform as part of their reporting.

Regulation on the handling of Mitigation Credits in the IKI

As part of the IKI, the German Federal Government supports the development and piloting of market-based instruments under Article 6 of the Paris Agreement. However, the use of the carbon market as a source of financing in IKI projects must take place within certain limits and guidelines.

In general, ODA funds must not be used to generate mitigation credits³ that can be used on the compliance market to fulfil international mitigation targets outside the project country. The additionality of the greenhouse gas reductions and the ODA eligibility of IKI funds must be ensured. Therefore, emission reductions financed by IKI funds must **not generate internationally transferable and tradable mitigation credits** that are used for the target achievement of states or companies in international compliance systems such as CORSIA. Nevertheless, additional emission reductions achieved in a partner country may be used to **enhance that country's ambition** beyond its current NDC target, for example in the form of Mitigation Contribution Units (MCUs) under Article 6.4 of the Paris Agreement in the voluntary carbon market. This requires corresponding agreements with the partner country.

In principle, the broader [IKI requirements for the handling of mitigation credits](#) set out in **Annex 5**, including the requirements for technical and natural carbon sinks, must be complied with.

IKI complaints mechanism

The IKI implementing organisations are obliged to publicise the complaint option of the [Independent Complaint Mechanism \(ICM\) of the IKI](#) among their target groups as well as affected target groups in the project area in an appropriate manner as part of their project implementation. In the event of negative impacts caused by projects funded by IKI resources, it must be ensured that the incident is reported to the IKI Office immediately (ideally within three working days). In the event of an incoming complaint to the IKI ICM, there is an obligation to co-operate with the ICM.

³ This certifies a carbon removal or emission reduction (converted into the unit CO₂ equivalent) compared with a set baseline.

8 Selection and funding procedure

8.1 Outline phase

The procedure for selecting projects takes place in two phases: the outline phase and the proposal phase. Participation in the ideas competition as part of the outline phase is open to German and international grant recipients as well as to contractors in the form of implementing organisations of the German Federal Government. However, the latter cannot apply for funding in the form of grants. Further information for German federal implementing organisations regarding participation in the ideas competition is provided in a separate document (see [information for implementing organisations of the German Federal Government](#)).

The IKI Office at Zukunft – Umwelt – Gesellschaft (ZUG) gGmbH has been commissioned with supporting and administering the projects and with conducting the ideas competition under the ILG Call (see [Contact the project management agency](#)). The selection of the outlines and final approval of the project applications is carried out by the federal ministries responsible for the IKI: BMUKN and AA.

Online seminar for interested organisations

An online seminar in English is planned for 02.12.2025 and 03.05.2025 in order to offer guidance to interested organisations on what makes a good project outline. In addition, in-depth information about the selection process and the further procedure will be provided (see [IKI website](#)).

Selection process

In a selection process, eligible outlines are evaluated based on selection criteria. [Selection criteria](#) are subdivided into minimum requirements and assessment criteria. If the minimum requirements are not fulfilled, the outline is automatically excluded. The assessment criteria, however, serve as a basis for assessing the eligible outlines with different weightings ([see Annex 1](#)).

The federal ministry responsible makes a pre-selection of promising project outlines from all submissions that meet the minimum requirements. The responsible federal ministries, the project management agency, and the respective German embassy in the partner country are involved in this selection process. This pre-selection will also be reviewed in detail externally using the formal and technical assessment criteria described in the funding announcement. Based on all assessment results and the budget funds available, the federal ministry responsible shall decide which outlines will be pursued in the second phase of the procedure. As a rule, and in dependence of the available budget, one project outline is selected per thematic and country priority; in exceptional cases, two to a maximum of three project outlines may be selected.

The country priorities have been closely coordinated with the partner ministries in the respective IKI priority countries. The outlines for country priorities are also assessed and selected in close consultation with the partner ministries.

The project outline must be submitted **in due time, in full, and including all required documents in English** based on the IKI outline form exclusively via the [IKI online platform](#).

The following deadline shall apply: **17.02.2026**. For this ILG Call, only complete project outlines received via the online platform in due time (by **2:00 p.m. CET** on the last day of submissions) will be considered. Subsequent submissions are not possible in the call for ideas.

The project outline must be completed online, and the following documents must be uploaded in PDF format upon submission:

1. Project concept (max. eight pages) in the template to be completed (download in the project outline portal, for further information see [IKI online platform](#))
2. Organisational chart explaining the consortium structure
3. Letter of endorsement from the partner government for bilateral projects under the thematic priorities (see sample in [Annex 4](#)). For country priorities this is not necessary.

Additional documents submitted (e.g. draft cooperation agreement) are not decisive for the selection process and will not be considered in the assessment of the outlines.

8.2 Proposal phase

The procedure for the proposal phase described below is aimed at lead organisations that can apply for funding in the form of a grant via a project proposal after successfully completing the project outline phase.

Instruction on outline selection, kick-off meeting

At the beginning of the proposal phase, all lead organisations of the selected outlines will be informed in writing about the outcome of the assessment and, in the case of success, invited to submit a detailed project proposal. Furthermore, a kick-off meeting will take place once the date has been agreed. The relevant provisions and sample templates are provided individually and can be found on the [IKI website](#).

Optional preparation phase

If required, a preparation phase for the preparation of the full project proposal may be funded in order to optimally align the project with the local needs together with relevant actors. In the project outline, implementing organisations must explain why a preparation phase is, or is not necessary for preparing the project proposal. If the project outline includes funding for a preparation phase, the lead organisation must submit a corresponding project proposal for the preparation phase within five weeks of the kick-off meeting. The relevant provisions and model templates are provided on the [IKI website](#). The applicant will be informed in writing of the review result of the funding body.

The preparation phase and the results obtained are intended, in particular, to improve the quality of the project proposal, to ensure local anchoring and the political backing of the partner government(s), and to minimise enquiries during the initiation process. A preparation phase is particularly recommended if:

- the implementing organisation has no direct experience in implementing IKI projects
- project regions for local measures must be defined together with the partner countries
- a long-term project cooperation in the proposed consortium with the selected local partners has not yet taken place
- the success of the project is particularly dependent on a cross-sectoral connection in the partner countries and the participation of local actors
- it is time-consuming to obtain the necessary detailed data for the project region in order to implement the overall project.

The expenditure occurring in the preparation phase are eligible for funding within the framework of the funds to be applied for the overall project and must therefore be duly taken into account when planning the overall project budget as well as the budget for the implementation phase.

The duration of the preparation phase is estimated in addition to the maximum project duration of eight years (see also [Duration of the grant](#)). The preparation phase can take up to nine months. The period and activities of the preparation phase must be clearly distinguished from the period and activities of the actual project implementation (implementation phase). During the preparation phase, only preparatory measures and not measures aimed at implementing project objectives are funded.

The final project proposal for the implementation phase, drawn up during the preparation phase, must be submitted electronically to the IKI office at ZUG. Once the detailed project proposal has been received as well as any additional documents that may be required, the final project proposal is reviewed by the IKI Office at ZUG and the federal ministry responsible, and funding is granted if the review result is positive.

Application phase without (optional) preparation phase:

If no preparation phase is planned, an application for the realisation of the project in the form of a detailed project proposal must be submitted electronically to the IKI Office at ZUG within five months of the kick-off meeting. Once the detailed project proposal has been received and any additional documents that may be required, the final project proposal is reviewed by the IKI Office at ZUG as well as the federal ministry responsible, and funding is granted if the review result is positive.

Carrying out a gender analysis

In the application phase, a gender analysis carried out according to the minimum standards of the IKI must be submitted for all projects (see [IKI Gender Guidelines](#)). For projects with a preparation phase, the gender analysis should be carried out during this phase; for all other projects, this should be carried out within the first six months of the start of the project.

9 Formal and technical requirements for the project outline

9.1 Partner countries/regions

ODA-eligibility and number of partner countries

All partner countries proposed for a project must be ODA-eligible by the deadline for submission of the project outline (see [List of ODA-eligible countries](#)). The number of countries addressed in the project outline must be limited to five in order to increase the impact in individual countries. Further restrictions may exist because of the specifications for the individual [thematic and country priorities](#). If project outlines exceed or fall short of the number of partner countries defined in the thematic and country priorities, they are automatically not considered further in the project selection process.

Geographical approach

The geographical approach is further specified in the respective [thematic priority](#). Deviations from the specified geographical approach of the respective thematic priority will lead to the automatic exclusion of the project outline.

If the geographical approach is not further specified in the thematic priority, the following principles apply:

- In accordance with the “IKI Strategy”, projects with a partner country (bilateral projects) are preferably selected in the IKI priority countries.
- For regional projects, the countries included in the respective geographical region do not necessarily have to be neighbouring countries. However, it is preferable to cover connected economic or natural areas.
- Global projects that cover several countries in more than one continent are eligible for funding only in exceptional cases and only if the added value is justified separately.

In any case, the geographical approach of the project outline (regional/bilateral/global) must be clearly explained. If the partner countries have not been clearly defined by the thematic priority, partner countries must be defined in the project outline. Project ideas concerning countries affected by conflict or with restrictions on foreign funding should address the risks to implementation. For conflict contexts, measures for conflict-sensitive project implementation must be presented.

Country priorities exclusively seek bilateral projects in the respective IKI priority country.

Connectivity/avoidance of double funding

To take advantage of synergies and to avoid double funding, **references to other funding instruments and priorities** must be taken into account with respect to planned, ongoing, and previous funding measures offered by the German Government, and the European Union as well as the national, and international funding institutions, and programmes of other donors. Relevant databases (e.g. grants database, contract database) must be used for this purpose. The more similar a planned project is to an ongoing/completed project in terms of its objectives, target groups, measures, and specific products, the more precise this distinction or affiliation should be.

9.2 Technical requirements for project outlines

Project concept

In addition to the completed outline form, a project concept must be submitted to present the project idea (see also [Deadlines and documents](#)).

The project concept may not exceed eight pages. The text may not be smaller than 11pt (Arial font) because of the text size limit. The template to be used for the project concept is available on the [IKI online platform](#).

The requirements for the project outline and the project concept are listed below:

Thematic fit

The project outline must **align with the chosen thematic or country priority**. Failure to meet the requirements of the thematic or country priority leads to the automatic exclusion of the project outline.

Climate and biodiversity relevance

Depending on the orientation of the thematic or country priority, the projects should support the partner countries in achieving the objectives of the Paris Agreement or the CBD and thus the GBF. The project outline should clearly demonstrate how the planned project activities contribute to the implementation or further development of the NDCs, the NAP process, or the NBSAPs.

SDGs

Projects should pursue a holistic approach in line with the 2030 Agenda and should take into account all relevant Sustainable Development Goals (SDGs) of the UN as well as possible conflicting goals. In particular, consistent consideration should be given to the life cycle assessment methodology (i.e. the holistic management of resources, chemicals, and waste) in order to satisfy the transformative approach of the 2030 Agenda to achieving greater sustainability.

Target groups

The project concept should clearly identify all target groups relevant to the project (groups involved in implementation and benefiting from project results) and clearly explain how the planned project activities can make a specific and visible contribution to solving current challenges faced by the target groups. The list of relevant target groups is to be disaggregated by gender and, where applicable, broken down by other factors relevant to the project context, such as age, socio-economic status, IPLC affiliation, etc. It must be shown how these stakeholders, in particular vulnerable groups (e.g. IPLCs), have been and will be included with their concerns in the previous and future project design and implementation (see also Chapter 9. *Stakeholder Engagement* of the [IKI Safeguards Policy](#)). Depending on the context, private, and public companies should be considered as target groups in the project concept in order to ensure cost-efficient achievement of IKI objectives and to build the structures needed to scale impacts beyond the project duration. It should also be outlined how knowledge is to be transferred to the respective target groups.

Political backing

The successful implementation of the projects requires the explicit interest of the governments of the partner countries in cooperating with the Federal Republic of Germany on climate action and biodiversity conservation. In the outline phase, an initial assessment is made with regard to political support.

To this end, the project outline must clearly demonstrate that the planned project activities are in line with the political priorities of the respective partner country and, if implemented, will be supported by the governments of the partner countries. It is recommended to indicate whether partner country governments and other key stakeholders have already been consulted on the proposed project concept during the outline preparation phase.

In the further process, the political endorsement is to be ensured by the implementing organisation together with the responsible federal ministry and the project management agency.

Letter of endorsement for bilateral project outlines

For project outlines with only one partner country (bilateral project outlines), a letter of endorsement from the respective partner government must also be submitted during the outline phase. At best, this should be available when the project outline is submitted. Otherwise, this letter of endorsement should be submitted upon request by the IKI Office⁴.

No letter of endorsement is required for country priorities because the respective partner ministry is directly involved in the selection of outlines.

The letter of endorsement should be issued by the national ministry responsible for project implementation in the sector concerned and/or by the ministry responsible for the UNFCCC climate negotiations or the CBD biodiversity negotiations (template for letters of endorsement under [Annex 4](#)).

Letters of endorsement can also be submitted for project outlines with more than one partner country (regional or global project outlines); however, these are not required at the stage of submitting the project outline.

Embedding in national framework conditions

Planned project activities must take into account the respective **political, economic, cultural, and legal framework conditions** in the partner countries/regions and must align with national/regional policies (including those beyond NDCs/NBSAPs/NAPs). This applies also to national strategies for gender equality.

To this end, existing global, regional, and national partnerships and collaborative mechanisms should also be used or contributions made to them (e.g. the [NDC Partnership](#) or the [NBSAP Accelerator Partnership](#)). Their contents, structures, processes, and networks in the respective country context can be used in the form of publicly accessible information services and in coordination with the contact persons in the secretariats or on site.

⁴ Emails from partner ministries confirming support for the project concept will also be preliminarily accepted. In this case, the letter of support must be submitted at the latest at the kick-off meeting.

Local Action Criterion

IKI projects are explicitly expected to implement at least 50% of the total IKI funding (in relation to the funding amount requested by the applicant) through local actors in the partner countries/regions. Exceptions are possible in justified individual cases (see exception regulation in [Annex 3](#)) and do not include a generalisation right for other projects of the applicant organisation. Local actors are implementing organisations of the consortium as well as contractors that have their own legal personality according to the applicable national law of the partner country or, in the case of regional organisations, focus their activities on the respective project region (for more information, see [Annex 3](#)).

Beyond the implementation of funding, the project aims to use and/or further develop professional and administrative expertise of local organisations. Close cooperation with local organisations is intended to contribute to the local anchoring of capacity development on site and the sustainability of projects. For more information, please see here: [How the International Climate Initiative \(IKI\) strengthens the local embedding of projects](#).

Ambition, transformation and innovation

The project must pursue **ambitious goals** in the respective country and sector context and be designed to achieve **measurable results**.

The **transformative character** of the project concept must be demonstrated by one or more of the following aspects:

- **Ambition:** The project will achieve and document a substantial and measurable improvement compared with a business-as-usual trajectory.
- The outline must demonstrate how the project is embedded in and supports existing initiatives for carbon-neutral and/or biodiversity-conserving development in the partner country from a regional and/or global perspective.
- **Change:** The project should bring about systemic and/or behavioural changes in decision-makers or a considerable number of individuals or institutions.
- The steps required to achieve this should be as irreversible as possible (creating “positive path dependencies” – for example, through the large-scale development of climate-friendly infrastructure or entry into force of new legal frameworks).
- **Model potential:** The project works transparently, is replicable through suitable public documentation, and evolves to have a scalable impact in other countries/regions and/or similar sectors.

The IKI promotes **innovative** approaches that offer new or partially new solutions to the challenges of mitigating climate change and biodiversity conservation. In this context, “innovative” means any technological, methodological, or social measure that has not been applied in the project region before or not in the same form. If the proposed project scales up a successful existing method, this can be regarded as an innovation.

Project planning

Projects must demonstrate the quality of their solutions by applying a results chain that contributes to the overarching goals of the IKI and follows the methodological guidelines of the Organisation for Economic Co-operation and Development (OECD). The results chain should be plausibly presented in the relevant context and should provide a sufficiently ambitious **yet realistic and detailed**

solution to the challenge targeted by the project. The proposed project activities should be realistically feasible within the available budget and time frame. When planning projects, particular care must be taken to ensure that the annual budget planning is realistic. It cannot be assumed that unused funds will automatically be carried over in full to subsequent years.

Leveraging private financing

With regard to the IKI strategic objectives, it is generally welcomed that projects directly leverage capital from international or national/local private investors (mobilisation) and/or improve the conditions for private investments in the climate protection and biodiversity sector, thus indirectly contributing to the leverage of private capital (catalysing). For the definition and recording of private mobilisation, [Annex six of the OECD's provisions](#) applies.

Involvement of the private sector

It is generally welcomed for the project to involve the private sector (beyond leveraging private funding) in the project (in particular as a target group). The private sector can be involved as a direct or indirect target group. Examples include improving the framework conditions for the private sector, developing and promoting green business models, involving the private sector in the project's exit strategy, consulting, and training for companies as well as participation of company representatives in project workshops and events.

The private sector comprises all organisations that engage in profit-oriented activities and are predominantly privately owned. This includes financial institutions and intermediaries, national and multinational companies, small and medium-sized enterprises, co-operatives, individual entrepreneurs and agricultural businesses (e.g. farms). (Profit-oriented) state-owned enterprises that are organised under private law are treated as private sector organisations. Associations that represent the interests of private sector organisations or of state-owned companies organised under private law are also treated as part of the private sector. This applies irrespective of whether these associations are for-profit or non-profit organisations.

Sustaining of the project impacts after the end of the funding (exit strategy)

The project outline must show how the project activities contribute to the **continuation or maintenance of funded activities and results by local actors after the end of the IKI funding**. Reference can also be made to the chosen consortium structure. During the last two years of the project duration, activities must focus on ensuring this (“**exit strategy**”). The private sector can be a key stakeholder group for a successful exit strategy and should therefore be given greater consideration in the concept depending on the respective context. Additional funding at the end of the project or a project extension including additional funding is generally not envisaged.

Climate neutrality

The IKI is in favour of measures to avoid and reduce GHG emissions from business trips (e.g. through video conferencing or travelling by train). The implementing organisations are required to conduct project activities and investments using project funds with the greatest possible reduction in GHG emissions and in a resource-efficient and environmentally-friendly manner. If business trips cannot be avoided or the resulting GHG emissions reduced, offsetting is eligible for funding. When selecting

offset projects, emphasis should be placed on high-quality certificates (see: [Voluntary CO₂ compensation through climate protection projects](#)).⁵

Environmental and social standards

Systematically taking into account environmental and social standards within the IKI aims to prevent IKI projects from negatively impacting people and the environment. The IKI **implementing organisations** are expected to comply with the [IKI Safeguards Policy](#) and the Safeguards Standards of the Green Climate Fund (currently [IFC Performance Standards](#)). Possible environmental and social risks and planned safeguards measures must be outlined in the project outline. The risk category does not affect the project selection process as long as the safeguards measures are in line with the risk.

Gender strategy and the overcoming of discrimination

To support the [IKI gender strategy](#), IKI projects should include concrete measures that reduce gender-based disadvantages and discrimination while contributing to sustainable development. Based on this, the IKI supports projects with at least gender-responsive project planning and implementation (see also [IKI Gender Guidelines](#)). The IKI supports projects with a gender-transformative approach.

Similarly, IKI projects should contribute to overcoming social, cultural, geographical, political, legal, religious, racial, ableist, and/or economic discrimination and disadvantage in their project activities.

⁵ We recommend using certificates registered under Article 6.4 of the Paris Agreement with accounting under Article 6.2. “Mitigation outcome units” under Article 6.4 of the Paris Agreement can alternatively be used to strengthen the implementation of NDCs in developing countries without using them to make emissions climate neutral.

10 Contact details of the project management agency

If you have any questions about the IKI, the ILG Call, or the provisions of this funding announcement, please contact only the IKI Office at ZUG:

IKI Office at Zukunft – Umwelt – Gesellschaft (ZUG) gGmbH
Stresemannstraße 69–71
10963 Berlin

Email: IKI-Office@z-u-g.org

Tel.: +49 30 72618 – 0222

For telephone consultation hours, see the [IKI website](#).

Specific information and contacts on the following topics can be found on the IKI website:

[IKI Gender Strategy](#)

Contact via Gender Helpline

[Independent Complaint Mechanism \(ICM\) of the IKI](#)

Contact via the ICM office

[IKI safeguards – environmental and social standards](#)

Contact via the IKI safeguards team

[Local Action](#)

Contact via the IKI Office

[Emission credits](#)

Contact via the IKI Office

[Priority countries of the IKI](#)

Contact via the IKI Office

Berlin, 17 November 2025

For the German Government
represented by the Federal Ministry for the Environment, Climate Action, Nature Conservation
and Nuclear Safety

On behalf of
Dr Philipp Behrens

Annex 1: IKI selection criteria

The projects are assessed and selected by the project management agency and the responsible ministries according to the following selection criteria:

Criteria		Explanations
! - Minimum requirements		
Both the minimum requirements and the assessment criteria are used to assess the outlines submitted. All minimum requirements which, if not met, will lead to the exclusion of the project outline from the selection process are marked with a “!”.		
Formal eligibility of the project concept		
Funding requirements/financing requirements		
1	!	Submission in due time via online platform The project outline was submitted in due time and via the IKI online platform.
2	!	Completeness of the documents The documents were submitted completely and in accordance with the specifications.
3	!	Need for public funding There is a need for public funding.
4	!	No early start of measures The project implementation has not yet started before the submission of the outline.
5	!	Exclusion criteria The project does not provide for any activities that are excluded from funding or financing in accordance with the IKI exclusion criteria .
Duration and amount of funding/financing		
6	!	Funding volume/ financing volume The IKI funding volume or IKI financing volume proposed in the project outline is in line with the specifications of the respective thematic or country priority .
7	!	Project duration The maximum project duration is eight years. Any necessary funding/financing of a preparation phase of up to nine months for the preparation of the project proposal is possible on application and does not count towards the project duration.
Project funding/project financing		
8		Own funds The financial contributions of the lead organisation and/or the amount of additional funding resources (co-financing) are clear and appropriate.
9		Leveraging private financing The project is intended to make a contribution to leveraging (mobilising and/ or catalysing) private financing.
10		Involvement of the private sector The project should (in addition to leveraging private financing) involve the private sector in the project (especially as a target group).

Choice of partner country/countries			
11	!	ODA-eligible countries	The partner countries are on the list of ODA-eligible countries at the time the outline is submitted.
12	!	Partner countries	The project matches the partner countries eligible for this thematic or country priority.
13		Appropriate geographical approach	The geographical approach of the project outline (regional/bilateral/global) is clearly justified.
14	!	Number of partner countries	The number of countries addressed in the project outline is limited to five.
Technical eligibility of the project concept			
15	!	Objective of the thematic or country priority	The planned project is technically suitable for achieving the specific objectives of the respective thematic or country priority .
Implementation context			
16		Relevance for the implementation of the NDCs/NBSAPs/NAPs	The planned project makes a relevant contribution to the implementation of NDCs/NAPs/NBSAPs.
17		Connectivity with national/regional policies	The planned project ties in with specific underlying political and legal frameworks as well as policies and priorities in the respective region/country and leverages existing partnerships.
18		Relevance for implementing the Sustainable Development Goals (SDGs) of the UN	The planned project follows the integrated approach of the 2030 Agenda and takes into account all applicable SDGs. Possible conflicting goals are taken into consideration.
19		Political backing/ Letter of endorsement	The project outline indicates that the government of the partner country generally supports the planned project activities. When submitting the project outline, letters of endorsement can be attached. However, these are required only for bilateral project outlines during the outline phase except for country priorities.
20		Link to the project landscape/funding landscape; no double funding/financing	The planned project ties in with the existing local project landscape/funding landscape. Double funding/double financing is avoided.
Project planning			
21		Theory of change/results chain	The project outline demonstrates the quality of its problem-solving approach by applying the OECD results chain. The proposed solution approach is ambitious and can be realistically implemented within the selected time frame with the available budget.
22		Ambition and measurability	The planned project has ambitious goals for the respective project context and is designed for measurable results. The targeted consideration of gender justice in the context of project planning is positively assessed.

23		Transformation	The project aims to bring about systemic and/or permanent behavioural changes in decision-makers or a considerable number of individuals or institutions.
24		Innovation	The planned project offers an innovative solution for a specific region.
25		Environmental and social risks, possible safeguard measures	Possible environmental and social risks as well as possible safeguards measures are presented in a comprehensible and appropriate manner. The commitment to comply with the Safeguards Standards is a funding or financing requirement.
26		Promotion of gender justice	The project concept provides for specific measures to counteract unequal gender roles, relations, and norms. A gender-responsive approach is therefore plausible. These measures serve to implement the project objectives and are clearly recognisable in the results chain.
Target groups			
27		Participation and knowledge transfer to target groups	The project outline clearly shows how relevant target groups and their concerns have been – or will be – included in the project design and implementation. In addition, it is clearly presented how knowledge is to be transferred to the relevant target groups.
Verification and replicability of the project results			
28		Exit strategy	The project outline indicates how project activities contribute to ensuring that funded or financed activities and outcomes continue or are maintained once the IKI funding or financing ends (exit strategy).
29		Replicability	The planned project can be replicated in other countries/regions and/or in other sectors.
Criteria for implementing organisations			
Eligibility of the consortium			
30	!	Application as consortium Number of consortium partners	The project outline provides for an application as a consortium (i.e. an association of at least two organisations). Bilateral projects may be carried out by a maximum of four consortium partners, and regional or global projects are to be implemented by a maximum of six consortium partners.
31		Local Action (50% rule)	At least 50% of the total IKI funding (in relation to the amount of funding requested by the applicant or the funding amount of the commissioned entity) is implemented by actors classified as local organisations (see Annex 3: Classification as “local” organisations).
32		Appropriate distribution of roles and tasks	The roles and tasks within the consortium are clearly and appropriately assigned.
33		Appropriate budget allocation	The total budget allocation between the implementing organisations is appropriate, fair, cost-covering for all parties involved, and comprehensible.

Eligibility of implementing organisations			
34		Technical eligibility and qualification of all implementing organisations	The lead organisation and consortium partners have the necessary technical and administrative eligibility as well as management competency to implement and coordinate the planned project activities.
35		Access to relevant stakeholders	The lead organisation presents its access to the stakeholders in the partner country relevant to the project (including the local population such as IPLCs) in a comprehensible way – either directly or via the consortium partners.
36	!	Legal structure	The lead organisation and consortium partners have a suitable legal form and are therefore eligible for funding or financing.
Formal eligibility of the lead organisation			
37	!	Turnover criterion	The lead organisation meets the turnover criterion.
38	!	Expenditure-based accounting	The accounting of the lead organisation is done on an expenditure basis (applicable for organisations with headquarters in Germany).
Technical eligibility of the lead organisation			
39	!	Experience in international cooperation	The lead organisation has at least five years of experience in thematically relevant project implementation in ODA countries.
40		Regional expertise	The lead organisation should have experience in the chosen target region.

Annex 2: Cooperation agreement

A requirement for funding is the application as a consortium (i.e. as an association comprised of at least two organisations). The consortia must each nominate a lead implementing organisation.

The lead organisation becomes the sole contracting or agreement partner of the IKI. It is the sole recipient of direct payments from the IKI and is responsible for the budgetary implementation of the project as well as its reporting system. A cooperation agreement must be concluded with all consortium partners and attached to the full proposal. As far as possible, the main features of the cooperation agreement should be agreed between the implementing organisations when the project outline is prepared. The agreement supplements the underlying arrangements for the funding between the consortium partners and may not contain any agreements or arrangements to the contrary.

The consortium partners maintain full responsibility for the cooperation agreement and should seek legal advice if necessary. No legal advice, liability, and/or review of content is provided by the federal ministry responsible or the IKI Office of ZUG.

Before a funding decision is made, evidence of a basic agreement between the implementing organisations on at least the following points must be provided:

- Lead organisation
- Other implementing organisations (legal status, headquarters, representative authority)
- Duration, work schedule, and clear division of responsibilities in other implementing organisations

In addition, the following aspects should be coordinated within the framework of the cooperation agreement:

- Reporting and information obligations in the consortium
- Liability of the consortium partners
- Rights of use and copyrights
- Dealing with changes along the project duration
- Visibility of the consortium partners
- Procedures for the settlement of internal disputes, e.g. employing a mediator

Annex 3: Local Action – Classification as “local” organisations

The following applies to local civil society, semi-governmental, and private sector organisations in the consortium or as subcontractors:

- (1) Local organisations must have their own legal personality according to the respective national law in force in the partner country.
- (2) Partner ministries are generally excluded from funding. IKI funding may not be used to finance government activities.

The following applies to national and regional offices of international civil society, semi-governmental, and private sector organisation:

- (1) Offices must be registered in a partner country and pay taxes there
- (2) The national or regional office can make independent decisions and is largely independent of instructions from the “umbrella organisation” in the operational design and implementation of project funds.

International organisations that do not meet these criteria cannot count their project budget share as local action – even if national personnel are employed in the project. National offices of international multilateral organisations (e.g. UN agencies, the GIZ, or the KfW), embassies of other countries, or the national offices of other bilateral donor countries therefore do not count as local action.

The following applies to regional organisations such as regional development banks, regional associations of states/economic communities:

- (1) The organisation is based in a country of the region in which the IKI project is implemented and focuses activities on the partner countries.
- (2) At least one of the partner countries is part of this region.
- (3) National partner institutions are involved in the implementation at the country level.
- (4) For banks and networks: Partner countries are members of the regional bank or network.

In justified exceptions, IKI projects may deviate from the target of 50%:

- (1) In the spirit of promoting South-South exchange, there may be an exception to the 50% rule if a substantial part of the project budget is implemented by organisations from the Global South that are not registered in the partner country or region.
- (2) Projects may deviate from the 50% rule if they can plausibly justify that the local action requirement is not possible because of specific country or subject contexts and/or represents a high obstacle to the effectiveness and implementation of the project or there are other reasons inherent in the specific project constellation.

It shall be decided on a case-by-case basis whether exceptions are permissible. Even in the case of exceptions, the local action should be as high as possible.

For further information, see the [IKI website: Local Action](#) or [Local Action FAQ](#). The FAQ also contains more detailed information on the independence of organisations from the “umbrella organisation”.

Annex 4: Sample letter of endorsement

IKI contact
IKI Office
Zukunft – Umwelt – Gesellschaft (ZUG) gGmbH
Stresemannstraße 69-71
10963 Berlin
Germany

Template for Letter of Endorsement

Place, Date

Dear ...,

the [*Name of institution*], represented by [*Name of representative*], hereby confirms its support of the project outline [*“Project title”*] as submitted by the project consortium of [*Names of implementing organisations*] for the ideas competition “Large Grants call 2025” under the International Climate Initiative (IKI) of the German Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN) and the German Federal Foreign Office (AA).

We confirm that the objectives of the project outline are aligned with national policies and strategies, including the national commitments of the [*NDC/NBSAP/NAP*].

We understand that this letter does not represent any commitment to IKI-funding nor does it give rise to any legal entitlement. The decision on funding will be based on the review of a full project outline and depends on the available budgetary allocations.

Given the above, we are pleased to confirm the support of this project outline if pre-selected for IKI funding, and are willing to collaborate extensively with the consortium for its successful completion.

Signature

Name of contact person

Position

Ministry

Annex 5: Regulation on the Handling of Mitigation Credits⁶ in the IKI

The German Federal Government, through the IKI, strives at the global level for high integrity of carbon markets and for aligning them with the goals of the Paris Agreement. The German Government's position is that, in the use of international carbon markets, the interaction of market actors must be oriented towards the Paris Agreement goals so that markets contribute to a global increase in ambition and advance the necessary transformation towards net greenhouse gas (GHG) neutrality. For this, qualitative requirements must be met on both the supply and demand side of the market.

As part of the IKI, the German Government supports the further development and piloting of market-based instruments under Article 6 of the Paris Agreement. This includes, in particular, activities to introduce and strengthen GHG pricing instruments and to promote the integrity of carbon market use within the framework set by Article 6. The German Government aims to have all voluntary carbon market activities established under Article 6.4 (cf. [German Government position on the role of the voluntary carbon market](#)).

IKI funds are intended to contribute to promoting quality and transparency in the carbon market, leveraging private capital to scale up IKI projects, and ensuring the financing of mitigation actions beyond the end of the project. A priority for the IKI is to integrate measures and methodologies into the future NDCs of partner countries.

To ensure a clear separation between **ODA-eligible climate finance and compliance markets for mitigation credits**, the following requirements must be met:

- IKI-funded projects may aim to **develop conceptual preparations** (methodology development, project design, and feasibility studies) and **build capacities for mitigation activities under Article 6** – and primarily under Article 6.4 – until carbon market projects reach financial close. However, the **technical implementation** of mitigation measures that lead to internationally transferable and tradable mitigation outcomes (ITMOs) or removal certificates must not be financed with IKI funds, but must be financed independently of IKI funding using other sources. Such technical implementation may take place simultaneously with or after the IKI project. Ensuring hereby a clear separation from IKI funding, it may be possible to generate ITMOs.
- **Seed funding⁷** for Article 6 pilot projects (i.e. technical implementation) is possible under the condition that any mitigation credits generated with IKI funds must either a) be **cancelled/retired** (proof of ITMO cancellation required), or b) **remain in the host country** and be credited towards the host country's NDC ("Mitigation Contribution Units – MCU"), and thus contributing to the NDC implementation of that country. However, both - ITMO cancellation or MCUs – require activity-specific agreements with the partner country.

⁶ This certifies an emission reduction (converted into the unit CO₂ equivalent) that results either from an additional mitigation or integration of greenhouse gases (compared with the baseline). These certificates should not be confused with emission allowances, which are traded in an emission trading system and are subject to a "cap". For the sake of clarity, we use the term (emission) mitigation credits here.

⁷ E.g., the introduction of costly or high-quality mitigation technologies, such as green cooling or technical carbon sinks, which lead to emission reductions and the generation of mitigation credits.

Mitigation projects in the voluntary carbon market

- The German Federal Government strives to have all international market activities of the voluntary carbon market (VCM) registered under Article 6.4 (UN international registry) to ensure transparency and quality in the global carbon market and drive transformation in the host countries. Climate mitigation measures through the VCM may therefore only be funded with IKI funds if they are implemented under the Article 6.4 crediting mechanism of the Paris Agreement (PACM).
- Emission reductions achieved through IKI funds **must not generate mitigation credits on the voluntary carbon market that are internationally transferable and tradable** and that have been authorised by the host country for compliance purposes (e.g. NDC or CORSIA).
- Funding for mitigation credits under a purely national certification system (not internationally transferable or tradable) of the respective host country where the emission reductions occur is possible and desirable to raise ambition beyond the NDC (see above).
- Article 6.4 certificates representing a voluntary contribution to the achievement of the host country's NDC (MCUs) should be used to mobilise private capital in addition to IKI financing.

Mitigation projects in the area of technical and natural carbon sinks

For quality requirements of credits in the forestry and land use sector as well as for technical sinks funded with IKI funds, the **removal standard under Article 6.4** is mandatory. For financing climate action projects in agriculture, forestry, or land use, the sustainability requirements of the IKI, including social (benefit-sharing), and the relevant international standards such as the Cancún Safeguards and reporting systems must also be met.