



Die  
Bundesregierung



## **IKI Thematic Call 2024**

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

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## 1 List of abbreviations

<b>AA</b>	German Federal Foreign Office
<b>ANBest-P</b>	Allgemeine Nebenbestimmungen für Zuwendungen zur Projektförderung [General Auxiliary Terms and Conditions for Grants for Project Funding]
<b>BHO</b>	Federal Budget Code
<b>BMUV</b>	Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection
<b>BMWK</b>	Federal Ministry for Economic Affairs and Climate Action
<b>CBD</b>	Convention on Biological Diversity
<b>DAC</b>	Development Assistance Committee
<b>GBF</b>	Kunming-Montreal Global Biodiversity Framework
<b>IATI</b>	International Aid Transparency Initiative
<b>IFC</b>	International Finance Corporation
<b>IKI</b>	International Climate Initiative
<b>IPLCs</b>	Indigenous peoples and local communities
<b>LTS</b>	Long Term Strategies
<b>CET</b>	Central European Time
<b>NAPs</b>	National Adaptation Plans
<b>NBSAPs</b>	National Biodiversity Strategies and Action Plans
<b>NDCs</b>	Nationally Determined Contributions
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>SDGs</b>	Sustainable Development Goals
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>PA</b>	Paris Agreement
<b>VV</b>	Verwaltungsvorschriften [Administrative regulations]
<b>ZUG</b>	Zukunft – Umwelt – Gesellschaft gGmbH

## 2 Important note

Funding or commissioning within the framework of the International Climate Initiative (IKI) is preceded by an ideas competition. Participation in the ideas competition is open to potential German and international grant recipients as well as to potential contractors in the form of implementing organisations of the German Federal Government.

Information for German federal implementing organisations on how to participate in this ideas competition is provided in a separate document (see [here](#)).

In general, projects implemented by organisations based in Germany and abroad receive funding through grants. German grant recipients receive a grant award document (Zuwendungsbescheid); a Project Agreement under private law is concluded with foreign grant recipients. The basis for both is this funding announcement.

### 3 Preface

The year 2024 is characterised by three important objectives for the International Climate Initiative that shape the promotion of climate and biodiversity projects.

Since its foundation in 2008, the IKI has focused on close cooperation and partnership with the developing and emerging countries in which it implements projects. In 2015, the Paris Agreement (PA) set a milestone in international climate cooperation which the IKI will henceforth be guided by: In particular, it supports the ambition mechanism of the Nationally Determined Contributions (NDC) to climate action, the long-term strategies of the countries, the implementation in the sectors, and the mobilisation of financial resources. In 2024, the global review of national NDCs and ambition raising will be an important topic at the World Climate COP: Mitigation and adaptation efforts by all countries are addressed here. A new turning point for the protection of biodiversity was reached in 2022: With the Kunming-Montreal Global Biodiversity Framework (GBF), the Parties to the Convention on Biological Diversity (CBD) have succeeded in agreeing not only on ambitious targets, but also on joint mechanisms for effective target achievement by 2030 and 2050, comprehensive monitoring, and adequate financing. The IKI takes both global frameworks into account.

At the same time, the IKI, as a cross-departmental funding instrument of the Federal German Government has established the "[IKI Strategy 2023](#)" which provides an effective framework for focusing on the global core tasks that encompasses all four IKI funding areas. In addition to a thematic limitation of what is funded, the transformative impact of the projects and the mobilisation of funds will be particularly important in the future. Furthermore, topics and sectors that have not previously been in the spotlight or are to be dealt with much more intensively in the future have also come to the fore. These include in particular:

- the decarbonisation of industry
- the mobilisation of private investment for climate and biodiversity conservation
- the topics of climate and security
- the contribution to the implementation of the Kunming-Montreal GBF

The 2024 thematic call is seeking project ideas on nine key/thematic priorities.

This funding announcement describes the object of funding and the criteria for project selection and implementation as well as the procedure for the 2024 IKI Thematic Call

We look forward to numerous and innovative project ideas!

## 4 Funding objective, purpose of funding, legal basis

### 4.1 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) and 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 goal of limiting global warming to 1.5°C, all countries in the world must achieve a transformation towards greenhouse-gas-neutral 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 NDCs and National Adaptation Plans (NAPs) as well as National Biodiversity Strategies and Action Plans (NBSAPs). At the same time, more financial resources should be mobilised and catalysed with 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 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 Complaint Mechanism. These are binding and apply equally to the donor in funding decisions as well as to all projects.

Through the Thematic Call funding instrument, the IKI funds primarily large-volume projects in order 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 from the public and private sector to finance climate and biodiversity measures.

Taking into account the aforementioned overarching goals, the projects under the Thematic Call address specific obstacles in implementing the NDCs, NAPs, and NBSAPs of the partner countries.

## 4.2 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 Budgetary Regulations (Bundeshaushaltsordnung – BHO) and the General Administrative Regulations (Allgemeine 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 Thematic Call.

In the case of grants to non-German 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 German Administrative Procedure Act (Verwaltungsverfahrensgesetz - VwVfG), sections 23 and 44 of the BHO and the general administrative regulations issued in this regard apply to the approval, disbursement and accounting of the grant as well as to the verification and review of its use and any necessary cancellation of the grant notification and the reclaiming of the grant awarded. The German Federal Audit Office (Bundesrechnungshof) is authorised to audit in accordance with Section 91 BHO.

If the funding requirements are demonstrably not met, the grant award document can be revoked according to the statutory provisions, and the funding can be reclaimed. The model agreements and grant agreements also contain the corresponding clauses.

## 5 Object and geographical and financial scope of funding

### 5.1 Object of funding

Through the thematic call, the IKI finances climate, adaptation and biodiversity projects in ODA<sup>1</sup>-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 climate clubs) or are particularly relevant to the IKI funding areas (e.g. key areas of biodiversity). The aim is to fund projects that pursue holistic approaches across multiple levels and, above all, demonstrate how to practically implement climate action, adaptation and biodiversity conservation in (including through policy advice, capacity building, technological cooperation, investment/financial mechanisms, and implementation in urban and peri-urban areas). This Thematic 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 “IKI Strategy 2030”, bilateral projects are once again moving to the forefront in order to make greater implementation successes visible. For these requirements, the following thematic priorities with specific objectives and preferred geographical scope are defined, for which project outlines can be submitted. Depending on the thematic priority, the funding volume per project can range from 5 to 20 million EUR.

### 5.2 Thematic priorities

One of the prerequisites for funding is that a project outline is assigned to one of the following 9 thematic priorities by the applicant organisation and that it makes an ambitious contribution to achieving the respective goals of the country of implementation. The thematic priorities each fall within the area of responsibility of one of the three federal ministries responsible for the IKI: the BMWK, the BMUV, or the AA.

The following thematic priorities are available:

1. Promotion of cooperative approaches to the implementation of Art. 6: Removal activities and mobilisation of private capital (BMWK)
2. Building energy efficiency: Business models for scaling energy efficiency measures (BMWK)
3. Climate-friendly transport: Support of partner countries in the creation of foundations, strategies and specific approaches for climate action and the energy transition in transport (BMWK)
4. Scaling innovative financing solutions for the decarbonisation of energy-intensive industries (BMWK)
5. Development and implementation of innovative financing models and programmes for the sustainable conservation of primary forests and the restoration of semi-natural forests (BMUV)
6. Conservation, sustainable management and restoration of critical wetlands for biodiversity and climate action (BMUV)
7. From Blue Carbon to Blue Value – locally-led approaches for coastal marine ecosystem services (BMUV)
8. Building climate resilience through protecting vulnerable watersheds in South America (BMUV)

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<sup>1</sup> ODA (Official Development Assistance) is an internationally recognised measure of public development performance agreed in the OECD Development Assistance Committee (DAC). ODA can be credited only to countries that are included in the [DAC country list](#). The country list is regularly revised by the DAC.



9. Enhancing climate resilience to prevent conflict and sustain peace (Federal Foreign Office)

The requirements of the thematic priorities for the project outlines to be submitted are explained in detail in separate thematic priority papers (see [thematic priorities for the 2024 IKI Thematic Call](#)).

## 6 Implementing organisations

### 6.1 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 three 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](#)"). Therefore, wherever possible, organisations from the partner country or organisations from other ODA-eligible countries should be involved in the project as part of the consortium or as contractors.

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. 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 implementing organisations 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 and among the contractors to better involve target groups and other actors, especially at the local level (e.g. indigenous peoples and local communities, IPLCs), 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. Subcontracting is permitted if it is proven to be economically viable. The locally applicable public procurement laws must be applied.

## 6.2 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 number 1.2 § 44 BHO, grants may only be awarded to organisations who appear to be properly managed and who will be able to provide evidence that the funds are used for the project objectives as granted.

### Non-eligible organisations

IKI funding shall not be used to finance government activities. Governments, national or regional are therefore generally non-eligible organisations. Exceptions are permitted in justified cases if the respective organisation is essential for the success of the project.

Legally independent, state-owned companies providing services of general interest do generally not fall under the aforementioned condition.

### 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 full grant can be reclaimed<sup>2</sup>.

## 6.3 Special 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 and its consortium partners must have the **technical expertise, administrative capacity, and management competency** necessary 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.

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

## 7 Type, scope and amount of the grant

### 7.1 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).

### 7.2 Amount and duration of the grant

#### Duration of the grant

The maximum duration of funding is eight years. Additionally there is also the possibility of funding for a preparatory phase of up to nine months to prepare the project application. A minimum duration is not specified.

#### Amount of the grant

The funding volume provided by the IKI is **EUR 5 million to a maximum of EUR 20 million** per project. The specifications on the funding volumes defined in the thematic priorities apply. Exceeding or falling short of the permissible funding volume will lead to the exclusion of the project outline.

### 7.3 Type of financing

Financing is usually provided as partial financing.

The grant recipients must make an appropriate contribution to the financing of the purpose to be funded, 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 available, further third-party funds. Furthermore, cooperation with projects financed by other funding organisations is conceivable.

### 7.4 Eligible expenses

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 expenses required to meet the objectives of the project through sound, cost-effective financial management are eligible for funding. **Efficient spending** 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](#)).

## 8 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
- 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 General Administrative Regulations (VV) 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 federal ministry responsible, or a body commissioned by one of them
  - may be further processed for the purpose of performance monitoring in accordance with General Administrative Regulations (VV) 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 proposals, 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 Bundestag as well as to 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 will be subjected to an external interim and final evaluation as a key contribution to monitoring their success. Selected projects will also be reviewed as part of an impact assessment or cross-project strategic evaluation. The implementing organisations are obliged to make the necessary data and information available to the responsible federal ministry, the project management agency, and the bodies responsible for the evaluations and to participate with staff bearing relevant project knowledge in surveys, interviews, and other data collections intended for this purpose. 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 from 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.

#### Handling of emission mitigation credits in the IKI

In terms of handling emission reduction credits, IKI funds are intended to help promote quality and transparency in the carbon market, acquire private capital for scaling up IKI projects, and ensure the financing of reduction measures beyond the end of the project. One IKI priority is the integration of the measures and methodologies into the future NDCs of the partner countries.

However, the use of the carbon market as a source of funding in IKI projects must be done within certain limits and guidelines: **In principle, no ODA funds that can be used on the compliance market** to meet international reduction targets (outside the project country) may be used to generate emission mitigation credits. The additionality of greenhouse gas mitigation and the ODA-eligibility of the IKI funds must be ensured. Thus, emission reductions financed by IKI funds may not generate **internationally transferable** and tradeable mitigation credits that are used for the achievement of targets by states or companies (compliance). Nevertheless, the additional emission reductions achieved in a partner country can be used as part of its **ambition raising** compared with the respective current NDC target (e.g. as part of the contribution claim approach in the voluntary carbon market). This requires corresponding agreements with the partner country.

The following requirements apply to IKI projects:

- IKI-funded projects can include **conceptual preparation for mitigation activities under Art. 6 of the PA** (capacity building, policy advice, or methodology development) in their objective.
- **Start-up funding** for Art. 6 project measures is possible under the condition that mitigation credits generated by IKI funds must either be retired (proof required) or remain in the partner country.

In principle, the more comprehensive requirements of the IKI set out in [Annex 5](#) as well as the rules on climate protection projects in the voluntary carbon market and in the area of technical and natural carbon sinks must be complied with.

#### IKI complaints mechanism

[The independent complaints mechanism \(ICM\) of the IKI](#) is designed to enable people who suffer (potentially) negative social and/or environmental consequences from IKI projects or who wish to report the improper use of funds, to voice their complaints, and seek redress. The IKI implementing organisations are obliged to publicise this complaint option in an appropriate manner among their target groups as well as affected target groups in the project area 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.

## 9 Procedure

### 9.1 Submission of project outlines and online seminar

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. Information for German federal implementing organisations on how to participate in this ideas competition is provided in a separate document (see [here](#)).

The IKI Office at Zukunft-Umwelt-Gesellschaft (ZUG) gGmbH (see [Contact to the project management agency](#)) is responsible for project management, administration and for conducting the thematic calls. The selection of the outlines and final approval of the project applications is carried out by the federal ministries responsible for the IKI, BMWK, BMUV and AA.

#### Online seminar on applicant guidance

An online seminar in English language is planned for 03.12.2024 and 04.12.2024 to provide interested organisations with an idea of how to create a good outline. In addition, more detailed information will be provided on the selection process and the further procedure (see [IKI website](#)).

#### Outline phase

The outlines are selected within the framework of a selection process 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 serve as a basis for assessing the eligible outlines with different weightings (see [Annex I](#)).

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 target country are involved in this selection process. The outlines 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. In most cases and in dependence of the available budget, only one outline per thematic priority is selected. In exceptional cases or in bilateral thematic priorities, two to a maximum of three outlines may be selected.

The project outline must be submitted **on time, complete and including all required documents** in English on the basis of the IKI outline form exclusively via the [IKI online platform](#). **The following deadline applies: 18 February 2025.** Only project outlines that have been received in full and on time via the online platform by **4:00 p.m. (CET)** will be considered.

The following documents must be attached in PDF format to the project outline, which must be completed in full online, at the time of submission. Subsequent submission is not possible in the ideas competition.

1. Project concept (max. five pages) in the template to be completed (download in the 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 (see also sample under [Annex 4](#))

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.

## 9.2 Proposal phase

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

Depending on the necessity, a preparation phase is recommended for the preparation of the full project proposal in order to optimally align the project with the local needs together with relevant actors. Implementing organisations must already state in the project outline why a preparation phase is necessary or not necessary for the development of the project application. If funding for a preparation phase is provided for in the project outline, the main implementing organisation must submit a corresponding project application for the preparation phase within five weeks of the kick-off meeting. The relevant provisions and sample templates are available on the [IKI website](#). The applicant will be informed in writing of the funding organisation's review result.

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 too time-consuming to obtain the necessary detailed data for the project region in order to implement the overall project

The expenses of the preparation phase are eligible for funding within the framework of the funds to be applied for the overall project and must therefore be taken into account accordingly in the budget planning for the implementation phase; the maximum funding volume per project is EUR 20 million.

The duration of the preparation phase is estimated in addition to the maximum duration of funding of eight years (see [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 phase). During the preparation phase, only measures of a preparatory nature are funded; measures to implement project objectives of the implementation phase are not yet funded during this period.



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, it is finally reviewed by the IKI Office at ZUG and the federal ministry responsible. Funding is granted if the review result is positive.

#### Proposal 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 of ZUG within five months of the kick-off meeting. After receipt of the detailed project proposal and any necessary additional requirements, the final project proposal is finally reviewed by the IKI Office at ZUG and the responsible federal ministry and funding is granted if the review result is positive.

#### Implementation of 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 preparation phase; for all other projects, within the first six months of the start of the project.

## 10 Formal and technical requirements for project outline

### 10.1 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 priorities.

If project outlines exceed the number of partner countries defined in the thematic 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:

- Since the “IKI Strategy” came into force, project outlines with only one partner country (bilateral projects) are preferably selected if the country chosen for implementation is an IKI priority country.
- 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 appropriate and clearly explained. The desired partner countries must be defined in the project outline.

#### Connectivity/avoidance of double funding

To take advantage of synergies and avoid double funding, **references to other funding instruments and funding areas** 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. To this end relevant databases must be used (e.g. grants database, contract database, etc.). 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.

### 10.2 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 addresses the classification of the project idea with reference to the overarching objective of the Thematic Call and the selected thematic priority. The project concept serves as a detailed description of the country selection and

the initial situation on site, the envisaged project planning and results chain, and the formulation of the target groups. In addition, explanations on the implementation of at least a gender-responsive approach as well as on local content, innovation, and transformation are part of the project concept.

The project concept may not exceed five 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 priority**. Failure to meet the requirements of the thematic priority leads to the automatic exclusion of the project outline.

#### Climate and biodiversity relevance

Depending on the orientation of the thematic 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 National Biodiversity Strategies and Action Plans (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 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 relevant target groups are listed in a gender-disaggregated manner and, if 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 Chapter 9). *Stakeholder Engagement* of the [IKI Safeguards Policy](#). It should also be outlined how knowledge is to be transferred to these actors.

#### 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 Office<sup>3</sup>.

Letters 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 support in [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 this stage.

#### 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 also applies to national gender justice strategies, especially if the main or important secondary objective of the project is to promote gender justice.

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 context of publicly accessible information services and in coordination with the contact persons in the secretariats or on site.

#### Local Action Criterion

In contrast to the WTO definition of “local content”, IKI projects are explicitly expected to implement at least 50% of the total IKI funding (**based on the applicant's requested IKI grant**) through local actors in the partner countries/regions. Exceptions are possible in justified individual cases (see exception regulation in Annex 3) and do not entitle the applicant organisation to generalise the exception for other projects. 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, local capacity development and the sustainability of projects. For more information, please see here: [How the International Climate Initiative \(IKI\) strengthens the local embedding of projects](#).

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<sup>3</sup> Emails from partner ministries confirming support for the project concept will also be accepted. In this case, the letter of endorsement must be submitted at the latest at the kick-off meeting.

### Ambition, transformation and innovation

The project must pursue **ambitious goals** in the respective country and sector context and be designed to achieve **measurable results**. IKI-funded projects should contribute to the social and economic transformation towards a greenhouse gas-neutral, biodiversity-friendly and gender-just society as well as a way of life that respects the physical limits of our planet. **Transformative change** is far-reaching and brings structural, profound changes across all levels of society - ecologically, economically and socially.

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 carbon neutral and/or biodiversity conservation development initiatives 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. A high level of innovation is characterised by a clear distinction from the previous state of knowledge or the state of technological solutions. 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

The projects must demonstrate the quality of their solutions by applying a results chain that contributes to the overarching goals of the IKI and is based on the methodological guidelines of the Organisation for Economic Co-operation and Development (OECD) (see [Guidelines on Project Planning and Monitoring in the IKI](#)). The presentation of the results chain should be plausibly presented in the relevant context and offer a sufficiently ambitious, **yet realistic and detailed solution to the project’s task definition**. The proposed project activities should be realistically feasible within the available budget and time frame.

### Mobilisation of private expertise and/or funding

With regard to the strategic objectives of the IKI, it is generally desired that projects mobilise capital from international or local private investors and/or promote the framework conditions for private sector investments in the climate and biodiversity sector in order to indirectly contribute to the leveraging of private capital. For the definition and assessment of private funding mobilised, the Annex 6 of the [provisions of the OECD](#) apply. It is also requested that projects involve the expertise of private companies to increase their effectiveness.

### 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 ends**. 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**"). An increase in funding at the end of the project or a project extension including an increase is generally not envisaged.

### Climate neutrality

The IKI supports measures to reduce emissions from business trips (e.g. by using video conferencing or traveling by train). Implementing organisations are required to conduct project activities and investments using project funds in a manner that is as climate-neutral, resource efficient and environmentally friendly as possible. If business trips cannot be avoided or the resulting greenhouse gas emissions reduced, offsetting is eligible for compensation. When selecting offset projects, emphasis should be placed on high-quality certificates (see: [Voluntary CO<sub>2</sub> compensation through climate protection projects](#)).<sup>4</sup>

### 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 set out 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

In order to address the interactions between climate change, biodiversity loss and gender, achieving gender justice is central to the IKI (see also: [IKI Gender Strategy](#)). To this end, IKI projects are to be aligned with concrete measures in such a way that gender-based disadvantages and discrimination are reduced. A targeted consideration of existing gender relations should result in a better contribution to the protection of the climate, the adaptation to the impacts of climate change and the conservation of biodiversity. Based on this, the IKI funds 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 or economic discrimination and disadvantage in their project activities.

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<sup>4</sup> We recommend using certificates registered under Art. 6.4 PA with an accounting under Art. 6.2 PA. So-called "mitigation outcome units" under Art. 6.4 PA can alternatively be used to strengthen the implementation of NDCs in developing countries without using them to neutralise emissions.

## 11 Contact to the project management agency

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

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

Email: [IKI-Office@z-u-g.org](mailto: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 complaints mechanism 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, 18.11.2024

For the German Federal Government

represented by the Federal Ministry for Economic Affairs and Climate Action

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
<b>! - Minimum requirements</b>		
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 “!”.		
<b>Formal eligibility of the project concept</b>		
<b>Funding requirements</b>		
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 in accordance with the <a href="#">IKI Exclusion Criteria</a> .
<b>Duration and amount of funding</b>		
6	!	Funding volume
		The IKI funding volume proposed in the project outline is in line with the specifications of the respective thematic priority. Exceeding or falling short of the permissible funding volume will lead to the exclusion of the project outline.
7	!	Project duration
		The maximum duration of funding is eight years. Any necessary funding for a preparatory phase of up to 9 months to prepare the project application is possible on application and does not count towards the project duration.
<b>Project funding</b>		
8		Own funds
		The financial contribution of the lead organisation and/or the amount of additional funding resources (co-financing) are clear and appropriate.
9		Private sector mobilisation
		The project should contribute to mobilising private finance.



Choice of partner country / countries			
10	!	ODA-eligible countries	The partner countries are on the <a href="#">list of ODA-eligible countries</a> at the time the outline is submitted.
11	!	Partner countries	The partner countries suggested in the project outline are in line with the possible partner countries in the thematic priority. Deviations will lead to the exclusion of the project outline.
12		Appropriate geographical approach	The geographical approach of the project outline (regional/bilateral/global) is clearly justified.
13	!	Number of partner countries	The number of countries addressed in the project outline is limited to five. Project outlines that include more than five partner countries will not be considered.
Technical eligibility of the project concept			
14	!	Objective of the thematic priority	The planned project is technically suitable for achieving the specific objectives of the respective thematic priority.
Implementation context			
15		Relevance for the implementation of the NDCs/NBSAPs/NAPs	The planned project makes a relevant contribution to the implementation of NDCs/NAPs/NBSAPs.
16		Connectivity with national/regional policies	Additionally, 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.
17		Relevance for implementing the Sustainable Development Goals (SDG) 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.
18		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.
19		Link to the project landscape/funding landscape; no double funding	The planned project ties in with the existing local project landscape/funding landscape. Double funding is avoided.

Project planning			
20		Theory of change/results chain	The project outline demonstrates the quality of its problem-solving approach by applying the OECD results chain (see <a href="#">Guidelines on Project Planning and Monitoring</a> in the International Climate Initiative). The proposed solution approach is ambitious and can be realistically implemented within the selected time frame with the available budget.
21		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.
22		Transformation	The project aims to bring about systemic and/or behavioural changes in decision-makers or a considerable number of individuals or institutions.
23		Innovation	The planned project offers a new, innovative solution for a specific region.
24		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 requirement.
25		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			
26		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.
Sustainability and replicability of the project results			
27		Exit strategy	The project outline indicates how project activities contribute to ensuring that funded activities and outcomes continue or are maintained once the IKI funding ends (exit strategy).
28		Replicability	The planned project can be replicated in other countries/regions and/or in other sectors.

<b>Eligibility of implementing organisations</b>			
<b>Eligibility of the consortium</b>			
29	!	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 three consortium partners, and regional or global projects are to be implemented by a maximum of six consortium partners. Exceeding the maximum permissible number of consortium partners will lead to the exclusion of the outline.
30		Local Action (50% rule)	At least 50% of the total IKI funding (in relation to the amount of funding requested by the applicant) is implemented by actors classified as local organisations (see <a href="#">Annex 3: Classification as “local” organisations</a> ).
31		Appropriate distribution of roles and tasks	The roles and tasks within the consortium are clearly and appropriately assigned.
32		Appropriate budget allocation	The total budget allocation between the implementing organisations is appropriate, fair, cost-covering for all parties involved, and comprehensible.
<b>Eligibility of implementing organisations</b>			
33		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.
34		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.
35	!	Legal structure	The lead organisation and consortium partners have a suitable legal form and are therefore eligible for funding.
<b>Formal eligibility of the lead organisation</b>			
36	!	Turnover criterion	The lead organisation meets the turnover criterion.
37	!	Expenditure based accounting	The accounting of the lead organisation is done on an expenditure basis (applicable for organisations with headquarters in Germany).
<b>Technical eligibility of the lead organisation</b>			
38	!	Experience in international cooperation	The lead organisation has at least five years of experience in thematically relevant project implementation in ODA countries.
39		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 party 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 at 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 settling internal disputes (e.g. the use of mediation)

## 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; and
- (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 more information, please see here: [IKI Website: Local Action](#).

## Annex 4: Sample letter of endorsement

Contact of IKI  
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 “Thematic call 2023” under the International Climate Initiative (IKI) of the German Federal Ministry of Economics and Climate Protection (BMWK), the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) 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 we are willing to collaborate extensively with the consortium for its successful completion.

#### *Signature*

Name of contact person

Position

Ministry

## Annex 5: Handling of emission mitigation credits<sup>5</sup> in the IKI

IKI funds will be used to promote quality and transparency in the carbon market and to attract private capital to scale IKI projects. The basis for this is the crediting rules of the emission reductions in the national energy balances of the respective partner countries as well as the contribution to ambition raising in the partner countries. It is in the interest of the German government to promote the use and implementation of the UNFCCC Article 6 framework and to align all market segments of the international carbon market with the goals and requirements of the Paris Agreement<sup>6</sup>. A carbon market compatible with the Paris agreement thus comprises both the mandatory carbon markets under the UNFCCC and CORSIA and the voluntary carbon market. Possible funding of projects under the IKI should therefore include **capacity building for the application of Art. 6 OBP**. This applies also to the possible use of certificates in the voluntary carbon market.

Furthermore, the German government welcomes the use of the carbon market to **scale sustainable measures and secure funding** for emission reduction measures beyond the end of the project, especially with the aim of integrating them into the future NDCs of the partner countries.

In order ensure a clear **separation between ODA-eligible climate finance funds and the compliance market**, the following requirements must be met:

- IKI-funded projects can include **conceptual preparation for mitigation activities under Art. 6 of the Paris Agreement** (capacity building, methodology development, project design, and feasibility studies) in their objective. However, the technical implementation (i.e. after financial close) must be done through other funding sources and not through IKI funds. With this clear demarcation from IKI funding, it is possible to generate internationally transferable and tradeable mitigation credits.
- **Start-up financing** for Article 6 project activities is possible under the condition that mitigation credits generated by IKI funds must either be set-aside (proof required) or remain in the partner country and be credited to the host-country NDC (“non-authorised Article 6.4” mitigation units) and thus contribute to the NDC implementation of the country. However, this requires activity-based agreements with the partner country.

**Climate action projects in the voluntary carbon market sector:** Emission reductions achieved through IKI funds are, **in principle, not allowed to generate mitigation credits that are internationally transferable and tradeable on the voluntary carbon market**, and which have been authorised by the implementing states for compliance purposes. Promotion of mitigation credits for a national voluntary certification system (not internationally transferable and tradeable) of the respective partner country in which the emission reductions occur is possible and desirable for ambition raising compared with the NDC. After finalising the UNFCCC rules on Article 6.4 for the Contribution Claims

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<sup>4</sup> This certifies an emission reduction (converted into the unit CO<sub>2</sub> 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.

<sup>6</sup> See also G7 CQM 2023 Annex “Principles of High Integrity Carbon Markets”

(<https://www.meti.go.jp/information/g7hirosima/energy/pdf/Annex004.pdf>). These principles contain a clear market orientation towards the objectives of the Paris Agreement. This includes principles for the market infrastructure and supply and demand side that cover the mandatory and voluntary carbon markets.

segment<sup>7</sup>, the German Federal Government will decide whether and in what way internationally transferable and tradeable certificates can be used outside the various compliance markets to mobilise private capital in order to supplement financing through IKI funds.

**Climate action projects in the area of technical and natural carbon sinks:** Because the rules for mitigation credits from technical and natural carbon sinks under Article 6 of the Paris Agreement have not yet been finally developed and adopted, currently only methodology development, especially in the area of MRV (measurement, reporting, and verification), and benefit-sharing concepts in this area/these sectors can be supported with IKI funds. As soon as new developments in the international negotiations make it possible to assess the eligibility of projects dealing with technical and natural carbon sinks in the same way as other projects, a notice will be published on the IKI website. For the financing of climate action projects in agriculture, forestry, and land use, it is also necessary to fulfil the sustainability requirements, including the social (benefit sharing) requirements of the IKI and the relevant international standards.

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<sup>7</sup> Article 6.4 certificates that represent a contribution to the fulfilling the targets host country and which are also referred to as “mitigation contributions” are certificates that the host country does not release for target fulfilment. These certificates are not eligible for the target fulfilment of NDCs, CORSIA, and other offsets – in particular as a contribution to climate neutrality. However, these certificates can, in principle, serve other business purposes that do not conflict with the crediting in the host country and would lead to double counting of certificates. A more detailed formulation of the basically conceivable use option is to be made after the conclusion of the UNFCCC negotiations on Article 6.4 of the Paris Agreement as well as the technical work of the Supervisory Body of Article 6.4.