KGAL appointed fund manager for the German Net-Zero Fund

- **Germany's development bank KfW appoints KGAL to manage the day-to-day operations of the German Net-Zero Fund**
- **Mobilising private and public investment in international climate projects through the purchase of carbon credits**
- **Fund's mission is to strengthen the market for high-quality carbon credits**

Grünwald near Munich, 16 November 2026 – KGAL will manage the day-to-day operations of the German Net-Zero Fund on behalf of KfW. The German government's programme aims to advance climate projects in developing countries and emerging economies while strengthening the international market for high-quality carbon credits (emission reduction credits). Its objective is to mobilise additional private investment and support the implementation of the Paris Agreement.

The German Net-Zero Fund is financed by the Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN) under the International Climate Initiative (IKI). KfW has overall responsibility for the fund and has appointed KGAL to manage its operations under the existing mandate. The fund addresses a major obstacle to international climate investment: while Article 6 of the Paris Agreement provides the basis for cross-border trading in carbon credits, the number of projects capable of generating high-quality credits under Article 6 remains limited. The Net-Zero Fund aims to close this gap. By entering into long-term offtake agreements for future carbon credits and making advance payments, the fund can enable projects to generate additional, predictable revenues. This can help mobilise complementary bank financing and private capital, as well as foster cooperation with strategic partners from Germany and Europe.

Closing financing gaps and enabling climate projects

The German Net-Zero Fund aims to support climate projects throughout the development process – from project identification and the conclusion of agreements to purchase carbon credits through project implementation, registration and authorisation under Article 6 to verification of the emission reductions achieved and issuance of the corresponding credits.

Initially, the focus will be on technologies that significantly reduce greenhouse gas emissions. Over time, technologies for permanent carbon

removal are also expected to play an increasing role. High environmental and social standards, the additionality of emission reductions and reliable verification of climate impact are essential. The fund also aims to strengthen the institutional capacity needed to implement Article 6 projects in partner countries.

KGAL draws on experience with the PtX Development Fund

As fund manager, KGAL will select suitable climate projects, conduct commercial due diligence and structure long-term offtake agreements for carbon credits. It will also monitor project implementation and be responsible for administering the Net-Zero Fund. With this mandate, KGAL and KfW are further expanding their established cooperation on international climate projects and their financing. Since 2023, the investment and asset manager has been managing the PtX Development Fund on behalf of KfW, supporting green hydrogen and its derivatives in developing countries and emerging economies.

“Effective international climate action requires not only ambitious targets, but above all projects that can secure financing. This is precisely where the German Net-Zero Fund comes in,” says Farid Mohamadi of KGAL’s Energy Transition Team. “By making future revenues from carbon credits available for project financing at an early stage, the fund creates scope for additional investment. Drawing on our experience in structuring, financing and managing complex sustainable infrastructure projects, we can support their successful delivery.” KfW aims to help the market scale up: “The German Net-Zero Fund brings investment to our partner countries and reliability to a market that is only just emerging,” says Florian Ziegler, an authorised signatory at KfW.

Gradually building an international market

The fund is expected to begin operations following the COP31 UN Climate Change Conference. In the initial phase, public funding is intended to enable the first projects and establish a reliable supply of high-quality international carbon credits.
The structure is intended to be scalable over time, allowing additional public-sector buyers, EU Member States and private-sector participants to become involved. Further capital providers are to be brought on board in future, and proceeds from future credit sales are to be used to fund new climate projects. In this way, the fund aims to contribute to the development of a viable international market for high-quality carbon credits over the long term.

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About KGAL

KGAL is a leading independent investment and asset manager with assets under management of over €15 billion. The focus of its investments is on long-term real capital investments for institutional and private investors in real estate, infrastructure and aviation. The group, which operates across Europe, was founded in 1968 and is headquartered in Grünwald near Munich. Its 396 employees contribute to achieving sustainably stable returns, taking into account return and risk considerations (as of 31 December 2025).

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