SCF
SUBNATIONAL CLIMATE FUND

QUARTERLY NEWSLETTER

March 2026

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Catalytic FINANCE FOUNDATION IUCN PEGASUS CAPITAL ADVISORS Gold Standard Climate Security & Sustainable Development

EXECUTIVE SUMMARY

Across emerging markets, subnational governments are accelerating investment in climate-critical infrastructure—energy, water, sanitation, waste, and resilience—yet many projects continue to stall at early stages due to technical, institutional, and financial barriers.

This quarter, SCF's technical assistance has focused on bridging the gap between public ambition and private capital, strengthening project fundamentals, improving risk allocation, and enabling credible delivery pathways. As a result, several supported initiatives have progressed from concept or pre-feasibility toward investment-ready structures, with early signs of capital mobilisation and replication potential.

SCF work demonstrates how targeted TA can unlock leverage and systemic impact, allowing a growing pipeline of subnational opportunities with clearer cashflow logic, governance, and risk mitigation.

NEWS

In the news

In a recent interview with Impact Investors, Catalytic Finance Foundation Deputy CEO Jiao Tang highlighted the Subnational Climate Fund as a key instrument to bridge the financing gap for mid-sized infrastructure projects in emerging markets.

The interview further emphasized that SCF's approach—operating at the intersection of policy and on-the-ground implementation—delivers tangible development outcomes by unlocking private capital flows into sustainable infrastructure, thereby accelerating climate and economic resilience in emerging economies.

Read Article

Announcement

In the last quarter, SCF has announced the launch of Project OCEAN, a new initiative aimed at establishing a fully integrated circular waste management and plastics recycling ecosystem in Indonesia.

Project OCEAN brings together global industry leaders and local waste management partners to assess the feasibility of developing a greenfield plastics recycling facility in East Java.

The initiative seeks to address plastic pollution at scale by transforming mixed plastic waste into high-quality recycled polyolefins, using waste as a valuable feedstock within a circular economy model. The project will begin with a comprehensive feasibility study supported through the Subnational Climate Fund's Technical Assistance facility.

Read Media Release

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NEWS

Advancing Electric Mobility in Sub-Saharan Africa Through Technical Assistance

A significant milestone has been achieved in the electrification of two-wheelers in sub-Saharan Africa with the release of the first validated results from the Roam Air electric motorcycle project.

This study, a collaboration between the Electric Mobility Lab at Stellenbosch University and Roam (Kenya), presents a **validated, physics-based digital twin model that simulates energy consumption under real-world operating conditions**. Supported by a grant for a feasibility package, this work aims to prepare Roam's project for **full-scale localized manufacturing and Industry 4.0 adaptation** while enhancing investment-readiness, improving supply chain resilience, ensuring ESG compliance, and fostering workforce development in sub-Saharan Africa.
Read Article

New Projects

In the last quarter, new Technical Assistance grants were approved, including:

Pre-Feasibility & Environmental Studies for a Land restoration project in Cerrado, Brazil

Feasibility Study for an Electric vehicle company based in Nairobi, Kenya

Feasibility Study for a Restoration & commercial development of degraded pastureland in Pará, Brazil

Feasibility & ES Studies for a Reserve Ecotourism development in Cambodia

© Courageous Land

SUBNATIONAL CLIMATE FUND: BLENDED FINANCE FOR CLIMATE SOLUTIONS

The Subnational Climate Fund (SCF) is a global blended finance initiative designed to accelerate climate infrastructure solutions in 42 developing countries. It operates through two complementary components—a Technical Assistance (TA) Fund and an Investment Fund (IF)—that work in tandem to support the growth of mid-sized infrastructure projects and companies.

SCF targets key sectors such as sustainable energy, waste and sanitation, regenerative agriculture and urban development.

SUSTAINABLE ENERGY SOLUTIONS

WASTE AND WATER MANAGEMENT

URBAN DEVELOPMENT SOLUTIONS

SUSTAINABLE AGRICULTURE

Across all its activities, it places strong emphasis on decarbonization, climate resilience and delivering meaningful local economic development impact.

- The SCF Investment Fund, managed by Pegasus Capital Advisors, provides equity investments ranging from USD 5 to 75 million to support the growth of companies and commercial projects.
- The SCF Technical Assistance Facility, managed by IUCN, Catalytic Finance Foundation & Gold Standard, provides grants for feasibility studies, environmental and social safeguards, gender action plans and other technical support that helps projects become investment-ready, enabling rapid scaling while ensuring environmental, social and financial goals are met.

To explore initiatives currently under consideration for investment or that have received technical assistance, please visit the Projects page on our website. Requests for technical assistance (TA) or equity investments should be submitted through our online platform.

To submit a project, find further information on our website.

© Nigeria: Renewable Energy Project

MARKET MOMENTUM

FROM POLICY AMBITION TO ACTION

Across emerging markets, the first quarter of 2026 has been marked by a clear shift from policy ambition to tangible implementation in subnational infrastructure. Governments are not only setting targets, but advancing regulatory reforms, investment frameworks, and project pipelines in sustainable energy, waste and sanitation, regenerative agriculture, and nature-based solutions.

This evolving policy landscape sends a strong signal to investors: enabling conditions are strengthening at the local level, where infrastructure demand is most immediate. For blended finance initiatives, these developments underscore a growing alignment between public priorities and investable opportunities—highlighting the critical role of technical assistance in translating policy intent into bankable, scalable projects.

The Brazilian government launches the Climate Plan, the main instrument for planning the response to the climate crisis in the country until 2035.

The Brazilian government launches the Climate Plan, the main instrument for planning the response to the climate crisis in the country until 2035. The plan guides the country to accelerate the transition to a low-carbon economy and to prepare for the impacts of climate change. It is also a call to action for states, municipalities, the private sector, and civil society, because confronting the climate crisis requires unity and shared responsibility.
Read more

Kenya Launches National Electric Mobility Policy to Drive a Cleaner, Efficient and Sustainable Transport System

The National Electric Mobility Policy covers all modes of transport and provides a clear and enabling framework for the adoption, regulation and expansion of electric mobility in Kenya. The Policy promotes investment in the e-Mobility ecosystem, strengthens institutional coordination, fosters innovation, and encourages meaningful private-sector participation.
Read more

Indonesia – Strengthening municipal waste and circular economy policy frameworks

Indonesia has continued to advance its national waste management roadmap, with renewed emphasis in early 2026 on municipal solid waste systems, waste-to-energy projects, and circular economy initiatives, supported by international partners including the World Bank and UN agencies. Recent policy discussions highlight stronger incentives for public-private partnerships at the city level.
Read more in Bahasa Indonesia / **Read more in English**

JICA Launches First Blended Finance Window in Sub-Sahara Africa Region

JICA has signed its first investment under its new blended finance window, committing USD 10 million to a venture fund backing climate-tech startups across Sub-Saharan Africa. JICA With an estimated USD 2.8 trillion needed to meet Africa's climate goals by 2030 JICA, the move sends a clear signal: closing the emerging market financing gap requires public capital to lead — de-risking deals and pulling private investors in behind it.

Read more

PURPOSE

Improve financial access for startups in Sub-Sahara Africa, primarily those related to the energy transition, through investment in the regional venture fund, contributing to the promotion of a low-carbon economy in the region

10 MILLION USD

(5 million in Junior Tranche and 5 million in Catalytic Tranche)

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TRANSFORMING INVASIVE TYPHA INTO BIOMASS ENERGY IN SENEGAL

HOW TARGETED PRE-FEASIBILITY SUPPORT UNLOCKED $50,000 IN EARLY STAGE CAPITAL

The Subnational Climate Fund (SCF) provided targeted technical assistance to transform an invasive aquatic plant crisis into a bankable biomass energy opportunity in Senegal.

Through a comprehensive pre-feasibility study, SCF reduced technical and resource risks, strengthened stakeholder engagement, and enabled credible financial modeling. This intervention directly contributed to mobilizing $50,000 in early stage capital from private impact investors, validating the project's commercial potential, and advancing it to the next development phase.

© Senegal: From Cattail into Biomass Energy

In Senegal, the uncontrolled proliferation of Typha Australis in wetlands and along riverbanks has become both an environmental and economic challenge. In particular, the Lac de Guiers and the left bank of the Senegal River—strategic areas for drinking water supply, irrigation, and local livelihoods—have experienced significant ecological disruption due to Typha overgrowth.

At the same time, Typha Australis represents a largely untapped biomass resource with potential applications in bioenergy and organic fertilisers. Translating this environmental liability into an investable opportunity requires credible data, robust technical assumptions, and a clear value-chain logic—conditions that were not yet in place.

Despite growing interest in nature-based and circular bioeconomy solutions, potential investors faced several material barriers.

Insufficient resource data
No reliable, site-specific assessment of Typha availability (hectares, volumes, productivity in tonnes/ha/year).

Unclear technical pathways
Limited consolidated knowledge on conversion technologies, yields, and end-use markets for bioenergy and fertilisers.

Ecological and social risk uncertainty
Concerns regarding biodiversity impacts, water systems, and community acceptance of large-scale harvesting.

Weak value-chain visibility
Unclear logistics, cost structures, and operational feasibility from harvesting to processing.

These gaps translated into elevated technical, execution, and reputational risks—preventing credible financial modelling and blocking progress towards investment.

Specific Technical Assistance Intervention

The Subnational Climate Fund intervened at this pre-commercial stage to improve project readiness through a targeted pre-feasibility study. The work focused on the upstream components of a larger biomass value-chain aimed at producing clean electricity, biochar, and organic fertilizer through advanced thermal and biological conversion processes.

State of Knowledge and Market Intelligence

The first component consolidated and structured existing evidence to reduce informational risk:

The first phase reduced informational risk by consolidating and structuring existing evidence:

- **Typha Australis proliferation dynamics**

Analysis of growth characteristics, environmental drivers, and spread patterns in the project area

- **Stakeholder mapping**

Identification of impacted parties including local communities, water authorities, and agricultural users

- **Management approaches**

Review of existing and planned Typha Australis control strategies and their effectiveness

- **Material characteristics**

Assessment of Typha Australis physical and chemical properties for energy and fertilizer applications

- **Benchmark analysis**

Collection and evaluation of comparable Typha-to-bioenergy projects in Senegal and similar contexts, including deployed technologies, operational models, and lessons learned

Impact & Results

SCF's technical assistance materially improved the project's investment profile through concrete, measurable outcomes.

Reduced resource risk: Credible biomass quantification provided investors with confidence in feedstock availability and supply chain reliability

Improved technical readiness: Clear documentation of viable conversion pathways and operational requirements enabled realistic project planning

Strengthened stakeholder foundation: Integration of ecological and social considerations into project design built trust with communities and environmental authorities

Enabling financial modeling
Detailed cost and logistics analysis supported credible revenue projections and return calculations

Clarified market pathways
Realistic assessment of market opportunities and constraints informed achievable scaling strategies

Established value-chain logic
Complete mapping from biomass sourcing through processing to end-use products demonstrated commercial viability

Specific Technical Assistance Intervention

Site-Specific Case Study – Lac de Guiers and Senegal River Left Bank

The second phase generated location-specific data critical for investment decisions:

- **Biomass availability**

Quantitative estimation of harvestable Typha Australis volumes across target sites (Lac de Guiers and Senegal River left bank), with spatial mapping of sampling areas and analysis of harvesting constraints such as water depth and accessibility

- **Risk and sustainability framework**

Identification and assessment of ecological risks associated with large-scale harvesting, along with mitigation measures to ensure environmental sustainability and local community acceptance

- **Operational cost modeling**

Detailed assessment of logistics covering harvesting methods, drying processes, storage requirements, and transport to processing facilities, with associated cost structures to inform financial projections

Key Outcomes

$50,000 mobilized from private impact investors and other finance providers, enabling next-stage development activities

International recognition with project presentation at the UN High-Level Political Forum (HLPF) in New York, July 2024

Regional validation through showcase at the 5th World Summit of Regions on Food Security and Sovereignty organized by United Regions Organization (ORU Fogar) in October 2024 in Barcelona

"Thanks to the Subnational Climate Fund's early engagement, I was able to align nature-based solution with climate-smart agriculture priorities in Senegal, while building credibility with institutional stakeholders.

I am grateful for the opportunity to contribute to the SCF portfolio and remain strongly committed to the shared goal of driving high-integrity Walorise project at the subnational level."
Alexandre JACOUPY, Founder Walorise

PROJECT PREPARATION

In the last quarter, SCF continues to work alongside subnational governments, donors, and investors to translate climate ambition into investable infrastructure. Through disciplined technical assistance and partnership-driven approaches, SCF aims to expand the universe of projects that can attract capital at scale while delivering measurable climate and development outcomes.

Since inception, SCF has delivered 36 pre-feasibility studies, 23 feasibility studies and 16 ESIA/ESS studies.

For collaboration opportunities or further discussion, we welcome continued engagement.

PROJECT SUBMISSION

Are you a project developer with an innovative and impactful subnational infrastructure project in emerging markets?

The Subnational Climate Fund invites you to explore its Project Submission Portal and assess your eligibility. SCF targets mid-sized infrastructure projects (USD 5–75 million) led by subnational entities or in close partnership with local stakeholders, where financing gaps persist despite strong development impact potential.

Selected projects benefit from a structured project preparation approach, combining technical assistance with tailored financial solutions to enhance bankability and unlock investment. From early stage feasibility to investment readiness, SCF works alongside developers to strengthen project fundamentals and connect them to blended finance opportunities.

If your project is positioned to deliver measurable climate and development outcomes at the local level, we encourage you to submit and engage with the SCF pipeline.

Submit your project

- **Sustainable Energy**
- **Waste & Water Management**
- **Urban Development Solutions**
- **Sustainable Agriculture/Aquaculture**
- **Nature-based Solutions**

SCF

SUBNATIONAL CLIMATE FUND

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