

CONTENT

Executive Summary..... 2

In the News 3

**Subnational Climate Fund:
Blended Finance for Climate
Solutions.....4**

Market Momentum.....6
From policy ambition to action

**Advancing Electric Minibus
Taxi Deployment in South
Africa with FlixEV8**

Project Preparation.....12

Project Submission.....13



EXECUTIVE SUMMARY

Welcome to the latest updates on development of the Subnational Climate Fund! As climate finance commitments continue to grow globally, a persistent challenge remains: transforming promising climate solutions into investment-ready opportunities.

During the second quarter of 2026, the Subnational Climate Fund (SCF) continued supporting project developers, local governments, and private sector partners across Africa, Asia, and Latin America through targeted technical assistance and project preparation support.

This quarter, SCF approved new studies in electric mobility, sustainable agriculture, ecosystem restoration, and circular economy solutions. These initiatives reflect a growing demand for practical, locally driven climate infrastructure capable of delivering measurable environmental and development outcomes while attracting commercial investment.

From electric mobility solutions serving rural communities in Mozambique to the decarbonisation of South Africa's minibus taxi sector, SCF's work demonstrates how early-stage support can help reduce risk, strengthen business models, and create pathways toward scalable investment opportunities.



IN THE NEWS

JICA commits USD 20 million to the Subnational Climate Fund

The Japan International Cooperation Agency has made a USD 20 million commitment to the SCF – marking JICA's first private sector finance investment into a climate infrastructure fund and its first co-investment alongside the Green Climate Fund. The investment reflects growing institutional confidence in blended finance as a tool for deploying capital where it is most needed. For the SCF, it reinforces a core conviction: Combining concessional capital, private investment expertise, and embedded technical assistance turns climate ambition into bankable infrastructure.

[Read more](#)

Grupo LUXUN named Mexico's best C&I solar company by CPEF

Grupo LUXUN – a distributed solar platform in which the SCF invested – has been recognised as Mexico's leading commercial and industrial solar company by the Consejo de Profesionales en Energía Fotovoltaica. The recognition is a direct reflection of the operational maturity and execution capacity that targeted project preparation can enable. SCF's technical assistance supported LUXUN in building the governance structures and financial discipline required for institutional-grade investment.

[Read more](#)

TERRAGRN selected for the 2026 Climate Finance Accelerator cohort

TERRAGRN, an SCF-supported initiative restoring degraded landscapes in South Africa through community-led agroforestry and nature-based value chains, has been selected for the Climate Finance Accelerator South Africa (CFA-SA) Cohort – a UK Government-funded programme that identifies early-stage businesses with the strongest potential to scale and access institutional capital. TERRAGRN's selection confirms a model where ecological restoration, local livelihoods, and investable returns are structurally aligned. By embedding technical assistance at the design stage, SCF has contributed to TERRAGRN strengthening its governance and sharpening its alignment with South Africa's national climate objectives. Impact, here, means the mechanism through which risk is managed and growth becomes credible.

[Read more](#)



IN THE NEWS

SOSAI Renewable Energies wins Climate Tech Award at the Sankalp Africa Summit

SOSAI Renewable Energies is a Nigerian platform advancing rural electrification and women's economic empowerment through distributed solar mini-grids. As an SCF technical assistance grant recipient, SOSAI received targeted support covering feasibility, community engagement, and regulatory navigation – enabling the company to secure operating permits from both the Nigerian Electricity Regulatory Commission and the Rural Electrification Agency. Winning the Climate Tech Award at the Sankalp Africa Summit is a recognition of SOSAI's execution capacity and the credibility of its model – validating that compliance, community alignment, and investor-readiness can be built simultaneously in one of Africa's most critical last-mile energy markets.

[Read more](#)

FlxEV expected launch of eKamva in Cape Town – SCF Technical Assistance confirms project viability

FlxEV is an independent initiative developing electric minibus taxi infrastructure in South Africa. As an SCF technical assistance grant recipient, FlxEV received a pre-feasibility study confirming both the technical viability and financial logic of green energy procurement for EV charging operations, followed by a second grant focused on taxi industry liaison and market readiness. The launch of eKamva at Century City is a meaningful proof point, demonstrating that the policy environment, infrastructure, and funding mechanisms needed to take pilots like this to national scale are within reach and positioning FlxEV as a credible model for urban e-mobility across the continent.

[Read more](#)



IN THE NEWS

New Projects

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



Pre-Feasibility and Environmental & Social Studies - Mobility for Africa – Mozambique

Mobility for Africa (MFA) is a social enterprise providing green shared mobility and transport solutions to rural communities, especially women, using a fleet management system, battery swapping and off grid energy charging. MFA aims to transform rural African agriculture through the deployment of efficient, cost-effective, low-carbon electric mobility solutions. In doing so, it will be one of the first pan-Africa service providers to work directly with the world’s largest proportion of rural population, whilst offsetting the risk of repayment through innovative private-public capital structuring.



Pre-Feasibility Study for Indonesian company focused on biochar and enhanced rock weathering (ERW)

The initiative is a full-stack biochar initiative offering an integrated solution, combining pyrolysis equipment, digital MRV, and carbon certification. WasteX also operates its own biochar projects in Indonesia, generating high-quality carbon credits. The grant approved will evaluate the effects of biochar and silicate on soil properties, crop yields, and carbon capture potential, testing both materials individually.



Feasibility study for Indonesian agricultural platform integrating biochar and ERW into existing Alternate Wetting and Drying (AWD) program

The initiative builds end-to-end infrastructure for sustainable rice farming across Southeast Asia. The approved Technical Assistance (TA) will assess the viability of Enhanced Rock Weathering (ERW) and Biochar as carbon removal pathways for rice farmers – unlocking new climate solutions at the intersection of food security and carbon markets.



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](#).



MARKET MOMENTUM

FROM POLICY AMBITION TO ACTION

The second quarter of 2026 made one thing clear: the subnational infrastructure pipeline is moving – and capital is following. Across emerging markets, the deals getting done this quarter reflect exactly the conditions the Subnational Climate Fund is built for: blended structures reaching commercial close, sovereign-backed forest facilities attracting institutional co-investors, and last-mile energy programs scaling to underserved communities at pace.

The evidence is accumulating at the local level – where demand is real, policy is advancing, and the role of patient, catalytic capital has never been more critical.

IFC and Norfund move to scale last-mile renewable energy across Nigeria.

In late April, IFC and Norfund launched an initiative expected to bring reliable renewable electricity to nearly 500,000 households and businesses in underserved communities across Nigeria, scaling off-grid and distributed energy solutions through five Renewable Energy Service Companies. The program is designed to enable economic activity, strengthen small enterprises, and support job creation across local value chains.

[Read more](#)

Zafiri reaches commercial launch – patient equity for Africa's distributed energy "missing middle".

At the Africa Energy Forum in mid-June, Inspired Evolution announced the USD 176 million commercial launch of Zafiri, a blended permanent-capital vehicle focused on expanding electricity access for tens of millions of people across sub-Saharan Africa.

The vehicle deploys patient equity into distributed renewable energy companies and projects – mini-grids, solar home systems, productive-use energy solutions, and clean cooking enterprises – with at least 50% of capital expected to support mini-grids, solar home systems, and clean cooking. It expects a final close of USD 300 million within 12 months, with a longer-term ambition to scale to USD 1 billion.

[Read more](#)

Tropical Forests Forever Facility advances from pledge to institution in Brazil.

The TFFF moved decisively into build-out during the quarter. As of mid-April, Norway announced a co-leadership role with Brazil, key decision-making bodies were established, and the initiative comprised five major investor countries and \$6.5 billion in commitments. The Facility is now structuring a dedicated investment fund and secretariat, with more than US\$6.7 billion already announced and a target of US\$10 billion in investor capital, on a pathway toward US\$25 billion in junior capital designed to enable up to US\$100 billion in bonds over time. The World Bank has agreed to serve as trustee and interim host.

[Read more](#)



ADVANCING ELECTRIC MINIBUS TAXI DEPLOYMENT IN SOUTH AFRICA

CASE STUDY WITH FLXEV

The Subnational Climate Fund (SCF) is providing structured technical assistance to FlxEV, a South African electric mobility developer advancing the commercial deployment of electric minibus taxis (e-MBTs) and associated charging infrastructure.

South Africa's minibus taxi industry underpins urban and peri-urban mobility at scale, moving millions of passengers daily and forming a critical pillar of the country's informal transport economy. The sector remains almost entirely diesel-dependent, creating significant exposure to fuel price volatility, tightening decarbonisation regulation, and growing urban air quality constraints. FlxEV is developing an integrated proposition combining electric minibus taxis, charging infrastructure, and renewable energy supply – addressing these structural vulnerabilities while building a commercially viable model for electric mobility adoption at scale.

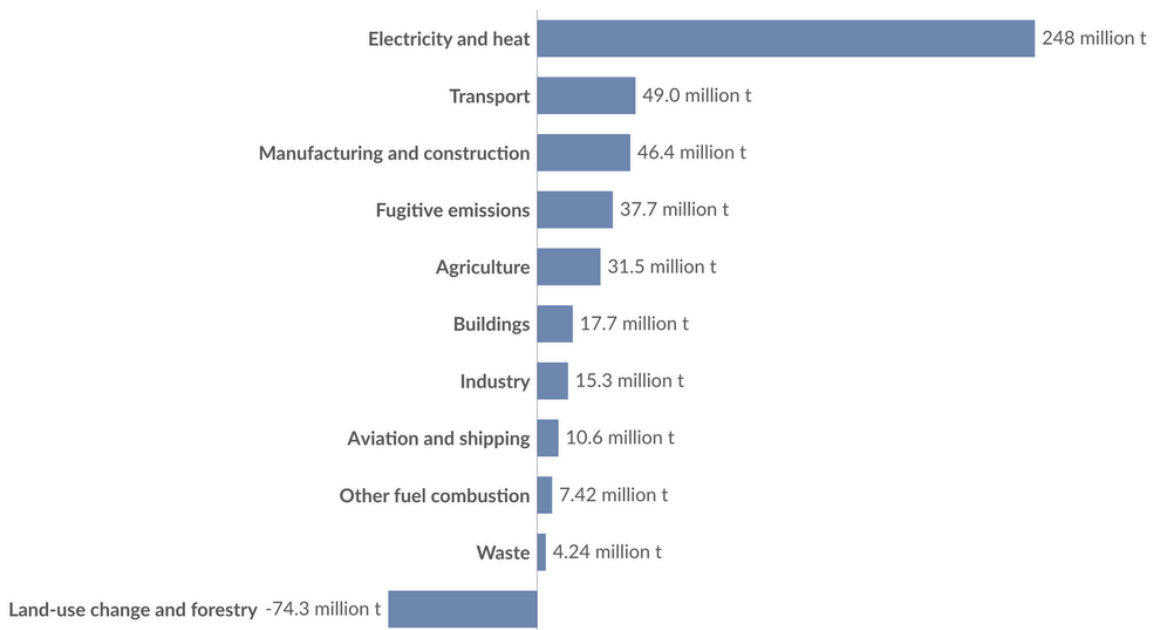
The project carries clear strategic significance. Transport accounts for 11% of Cape Town's energy-related CO₂ emissions, and e-MBT deployment represents a high-impact intervention aligned with South Africa's national net-zero trajectory and Cape Town's 2050 carbon neutrality commitment – a policy environment that supports long-term project viability.

[Discover Grantee](#)

Greenhouse gas emissions by sector, South Africa, 2023



Greenhouse gas emissions are measured in tonnes of carbon dioxide-equivalents over a 100-year timescale.



Data source: Climate Watch (2026)

OurWorldinData.org/co2-and-greenhouse-gas-emissions | CC BY

Note: Land-use change emissions can be negative.

Specific Technical Assistance Intervention

SCF's engagement began with a pre-feasibility study examining renewable energy sourcing and charging strategies. The study mapped renewable energy suppliers, evaluated different procurement models, assessed financial viability, and identified the most suitable charging and energy sourcing strategy for future deployment. The study concluded that the F1xEV project is technically feasible and strategically aligned with Cape Town's 2050 Energy Strategy.

Among the most important findings was the identification of renewable energy procurement through electricity traders and virtual power pools as a promising pathway for securing affordable and reliable clean electricity. The analysis also demonstrated how solar generation and battery storage systems could enhance operational resilience while reducing exposure to grid disruptions.

A second phase of support has since been approved, targeting market readiness assessment, stakeholder alignment, leading to investment preparation.



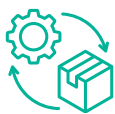
Technical Feasibility & Alignment

F1xEV has been confirmed as technically feasible and aligned with South Africa's transition to a low-carbon economy



Electricity Traders & Virtual Power

Pathway to affordable, reliable and sustainable operations was confirmed using electricity traders and virtual power as key enablers



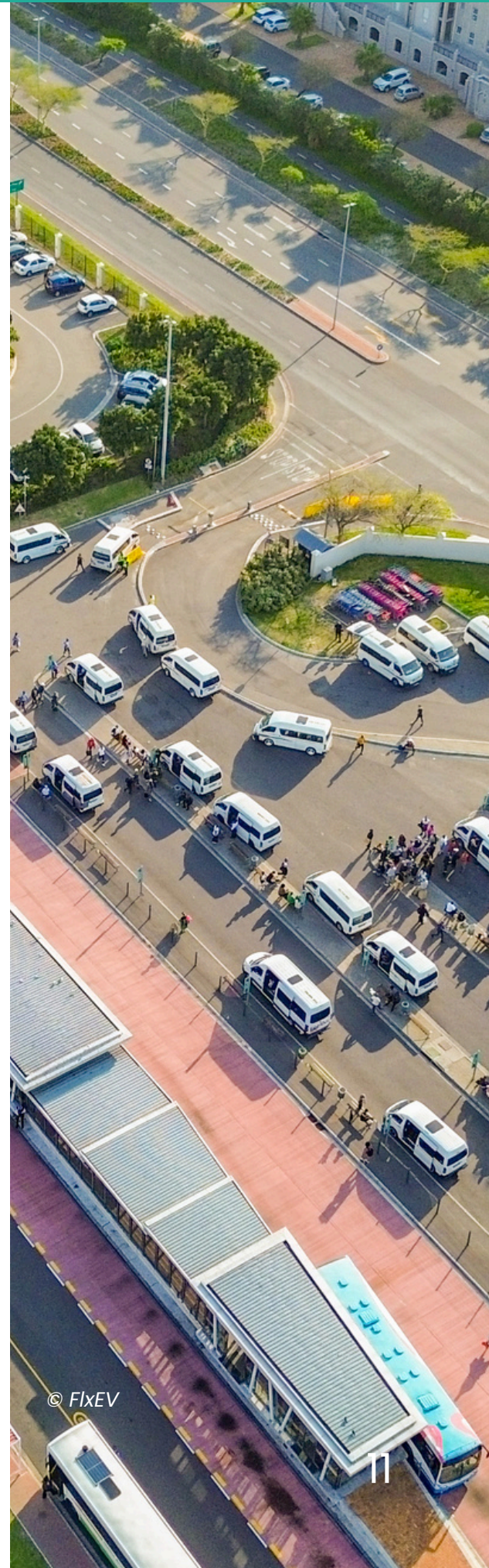
Underserved Market with Strong Potential

F1xEV addresses a large and underserved market with strong cost advantages and supportive policy frameworks



Confirmed Expected Impact

Initiative delivers tangible benefits, supporting Cape Town's transport system resilience in the future





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 37 pre-feasibility studies, 28 feasibility studies and 19 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





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