

QUARTERLY NEWSLETTER

October 2026

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Subnational Climate Fund

Blended finance for climate solutions

The Subnational Climate Fund is a global blended finance initiative investing in mid-sized climate-resilient infrastructure and nature-based solutions in developing countries. SCF partners primarily with subnational authorities to identify and implement these projects, financed with a blend of concessional and conventional capital, alongside technical assistance grants that help mitigate risk and support financial and environmental goals.



Investment Fund

Managed by Pegasus Capital Advisors, the SCF Investment Fund provides equity investments ranging from USD 5 to 75 million to support the growth of companies and commercial projects.

USD 5–75m

target investment range



Technical Assistance Facility

Led by IUCN in collaboration with Catalytic Finance Foundation and Gold Standard. Provides grants for feasibility studies, safeguards, gender action plans and other technical support that helps projects become investment-ready.

TA grants

to strengthen investment readiness

PROJECT PREPARATION

Moving climate ambition toward investable infrastructure

38

pre-feasibility studies

33

feasibility studies

20

ESIA/ESS studies



Executive Summary



Technical assistance is usually described by what it funds: feasibility studies, safeguards work and financial models. It is less often described by what it finds. This quarter the Subnational Climate Fund has a reason to change that.

Two studies commissioned through the SCF Technical Assistance Facility on East Africa's electric motorcycle market reached completion, and between them they produced something more useful than a project decision: a picture of why a market with settled economics is still not moving as fast as its own numbers suggest it could.

The quarter also showed what preparation looks like several years after the fact.

In Senegal, Ifria, a cold chain platform that received technical assistance for impact, energy and carbon work broke ground on a facility in Diamniadio.

In South Africa, a second tranche of technical assistance was approved for FxEV, an electric minibus taxi programme.

None of these are investment announcements. They are preparation reaching the point where other people's capital can see the project potential clearly, backed by numbers.

Projects Update



Second technical assistance grant approved for FlixEV's eKamva programme

SCF approved a second tranche of technical assistance for FlixEV's **eKamva programme**, which is electrifying South Africa's minibus taxi sector.

The first grant financed a pre-feasibility study that mapped renewable energy suppliers and procurement routes, assessed charging infrastructure strategies and confirmed technical feasibility, with solar and battery storage improving reliability and a phased rollout reducing investment risk.

The second is commissioning a **feasibility study** covering engagement with national and regional taxi leadership, association-level operational readiness, operator focus groups and vehicle demonstrations, regulatory approval pathways and stakeholder communications. Taken together, the two grants work through the questions raised in investor due diligence and move the project from technical validation toward commercial readiness. In parallel, FlixEV mobilized a blended finance structure for **South Africa's first commercial e-MBT pilot**, with grant funding from the Nordic Development Fund as manager of the Energy and Environment Partnership (EEP Africa) Trust Fund and co-financing from uYilo and GoMetro.

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Ifria breaks ground on a cold chain facility in Senegal

On 16 July 2026, Ifria Cold Chain Development Company broke ground on a temperature-controlled logistics hub in Diamniadio, Senegal. The approximately USD 20 million facility is designed to provide over 10,000 chilled and frozen pallet positions, with photovoltaic generation supporting lower-emission operation. SCF engaged Ifria first through the Technical Assistance Facility, financing impact, carbon-credit, energy-efficiency and renewable-energy studies. **SCF also provided equity financing for the project, which is further supported by a USD 10 million project finance loan from the U.S. International Development Finance Corporation (USDFC).**

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TERRAGR N Selected as a Global Winner in World Economic Forum UpLink's Scaling Land Restoration Innovation Challenge 2026

TERRAGR N Private Limited has been selected as one of 11 global winners of the World Economic Forum UpLink **Scaling Land Restoration Innovation Challenge 2026**. Selected from more than 210 applicants globally, TERRAGR N was recognized for its approach to scaling landscape restoration by combining ecological restoration with productive value chains, multiple income streams and community economic development.

The recognition highlights TERRAGR N's potential to demonstrate how restoration can move beyond individual projects towards a scalable and resilient business model capable of attracting long-term private capital.

TERRAGR N received two targeted technical assistance grants from the Subnational Climate Fund (SCF), awarded in 2022 and 2024, to undertake specific feasibility studies supporting its work in South Africa.

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USD 20M

Ifria cold chain hub, Senegal

10 months

FlixEV feasibility study

1 of 11

TERRAGR N challenge winner

Technical Assistance Completed

Studies that concluded and were handed to the project. Completing technical assistance is not an investment decision.



Nanoweave — Costa Rica

Pre-feasibility assessment for a climate-tech venture converting pineapple harvest residues into high-value cellulose and organic fertilizer.

- Cellulose quality, feedstock availability, processing yields, commercial demand and scalability of the franchise model remain to be validated before deployment.
- Market, technical, operational, governance, financial, environmental and social dimensions were all assessed; innovation potential and circular-economy fit confirmed.
- SCF approved a follow-on **greenhouse gas (GHG) emissions assessment** as an input to due diligence. It will establish the **emissions baseline** of current residue disposal, estimate the project's **net emissions reductions** in tonnes of CO₂ equivalent (tCO₂e), and set a **measurement method** for future verification, so the climate case is quantified before any investment decision.

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Kenya Conservation Hospitality — Kenya

Review of stakeholder engagement process to date and stakeholder engagement plan for a proposed eco-lodge with a conservation and restoration programme in a northern Kenyan wildlife corridor.

- Engagement records materials were benchmarked against IFC Performance Standards, Gold Standard and other Free, Prior and Informed Consent requirements, with women, youth and elders consulted specifically.
- Conservancy governance is legally constituted and functioning; community assembly confirmed quorum and mandated the designated committee to negotiate lease terms.
- A Stakeholder Engagement Plan covering consent, benefit-sharing, grievance handling and monitoring gives the project the consent record institutional diligence requires before a lease.
- The project remains at pre-feasibility; a full environmental and social impact assessment is required before any investment.

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Image credits: Walorise

Technical Assistance Granted

Approved 1 July – 30 September 2026. An approved grant funds a study.



Regenerative SARL — Tunisia

Regenerative SARL is building a facility at Nabeul to convert that residue, along with manure and other organic waste, into biochar, compost, biostimulants and biogas.

A first SCF technical assistance grant funded a pre-feasibility study, now complete, which confirmed that stable biochar can be produced from olive mill residue and gave the first measured estimate of its carbon removal potential. On that basis SCF approved a second package, covering a full feasibility study and an environmental and social study.

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Baneco — Ecuador

Baneco is preparing a facility in Los Rios and Guayas to process banana harvest residue into fibre for moulded packaging, mechanically rather than chemically. SCF approved technical assistance in July 2026, funding two studies: a pre-feasibility study on how much residue is recoverable, how it would be collected and aggregated, what it costs delivered to the gate and which operating model holds capacity when supply fluctuates; and an environmental and social study quantifying what the residue emits in terms of greenhouse gas emissions when left to decompose, comparing sourcing scenarios and setting a method that will hold for future measurement and verification.

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Walorise — Senegal

A first SCF technical assistance grant funded a pre-feasibility study, now complete, which mapped the exploitable Typha resource at 175,000 to 260,000 tonnes of dry matter a year across the two sites studied. SCF approved a second grant for an environmental and social impact assessment of Typha harvesting, covering a baseline screening of the harvesting areas, residual risks to wetlands, hydrology and local users, and the development of an environmental and social management plan.

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Image credits: Pexels

Technical Assistance Granted (continued)

Approved 1 July – 30 September 2026. An approved grant funds a study.



Nanoweave — Costa Rica

SCF technical assistance tranche one is now complete, with an economic pre-feasibility study which found the economics are mainly limited by the cost of moving high-moisture biomass, and an environmental and social study evaluating the solution against the IUCN Global Standard for Nature-based Solutions.

SCF approved a third grant in September 2026: a greenhouse gas emissions assessment covering net emissions against current practice once displaced wood pulp is counted, sensitivity to transport and on-site energy use, validation against pilot plant data, and a reusable calculation tool.

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Seafields Solutions — Mexico

Seafields Solutions intercepts Sargassum nearshore using floating SeaShield barriers and AlgaePonix paddocks, keeping the seaweed off beaches and preserving the biomass in water as feedstock for a range of valuable downstream products. SCF has approved technical assistance covering two studies: A feasibility study will test the barrier engineering against real wave and current loads, validate field performance and nearshore collection logistics, confirm demand from coastal property owners and biomass, offtakers and build the financial model.

An environmental and coastal assessment will run in parallel, evaluating potential/unintended impacts on marine life and measuring the barriers' effect on Sargassum landfall against control sites.

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Mirriah — Morocco and Senegal

SCF approved technical assistance for MIRRIAH's solar irrigation and pay-as-you-grow model, running three to six months. A pre-feasibility study will validate the Senegal market and target farmer segments, establish a groundwater and climate baseline for the Niayes and the Senegal River Valley, review delivery partners and water regulation, and test sustainable deployment against the 3,000-farm target. A second study will design an environmental and social impact monitoring system MIRRIAH can run in-house, with screening at farmer onboarding, a grievance mechanism, and capacity building of the project's team.

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Image credits: MIRRIAH

Market Momentum & Project Preparation

MARKET MOMENTUM

Capital is growing; prepared projects are the scarce asset

Private finance mobilised for developing countries reached USD 77 billion in 2024 but remains concentrated in lower-risk markets. Both OECD reports published this quarter identify the **shortage of well-prepared, bankable projects** as a main constraint, and call for more project preparation, risk-sharing and shared pipelines. The Green Climate Fund has widened access to readiness support, started its third replenishment and freed more than USD 4 billion for new investments. Together, these developments point to a growing pool of capital looking for **investment-ready projects**.

GCF opens up delivery of readiness support

On 3 July 2026 the Green Climate Fund expanded the range of entities that can deliver readiness support. Countries can now access readiness funding through additional delivery partners, including national entities nominated by the National Designated Authority — non-governmental organisations among them — as well as GCF-accredited entities.

[Source:](#) Green Climate Fund, 3 July 2026.

OECD: mobilised capital needs a pipeline of bankable projects

On 23 September 2026 the OECD published **Mobilising Private Capital for Growth, Resilience and Prosperity**. Development banks and development finance institutions (DFIs) account for more than 90% of private finance mobilised through development finance in developing countries, yet mobilisation remains well below needs. The report finds that equity, guarantees, mezzanine finance and first-loss structures are still underused, and that most mobilisation happens in markets where investors already price risk close to its actual record.

On project preparation, the report finds that development banks, DFIs, developing countries and donors must **scale up and accelerate the preparation of bankable projects**; without them, mobilised private capital will struggle to find investment opportunities. It recommends linking mobilisation strategies to project-preparation resources and shared pipelines, and combining higher-volume instruments with selective first-loss and equity positions.

[Source:](#) OECD, Mobilising Private Capital for Growth, Resilience and Prosperity, 23 September 2026.

GCF launches its third replenishment and expands investment capacity

At its 45th meeting in Dushanbe, Tajikistan (29 June–2 July 2026), the Green Climate Fund (GCF) Board decided to start the process for the Fund's third replenishment (GCF-3) from July 2026. On 15 July 2026 GCF reported that gains in balance-sheet efficiency free up more than USD 4 billion for new investments. The Board also considered an Independent Evaluation Unit review of the GCF Project Preparation Facility.

[Source:](#) Green Climate Fund, 2 and 15 July 2026.

OECD: weak project preparation limits climate investment in emerging markets

The OECD's **Private Finance Mobilisation Report 2026** (28 July 2026) finds that insufficient project preparation, weak procurement and limited capacity to structure public-private partnerships reduce viable investment opportunities in climate and nature-related sectors. It concludes that blended finance in emerging markets depends on technical assistance to build enabling environments, and that technical assistance facilities play a critical role alongside structured funds.

[Source:](#) OECD, Private Finance Mobilisation Report 2026, 28 July 2026.

PROJECT SUBMISSION

Are you developing a subnational infrastructure project in an emerging market?

Selected projects work with SCF through a structured preparation process that combines technical assistance with tailored financial solutions. From early-stage feasibility to investment readiness, SCF works alongside developers to strengthen project fundamentals.

If your project is positioned to deliver measurable climate and development outcomes at the local level, we encourage you to submit it through the portal.



Submit your project



Sustainable Energy



Waste & Water Management



Urban Development Solutions



Sustainable Agriculture / Aquaculture



Nature-based Solutions



Important Information

There can be no guarantee that the investment will be completed on the terms described or implied above, that SCF will be able to successfully invest in such project or that impact targets will be achieved.

The Independent Redress Mechanism (IRM) addresses complaints by people who believe they are negatively affected or may be affected by projects or programmes funded by the Green Climate Fund. For further information: <https://irm.greenclimate.fund/>

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