Mitigation Action Facility

PRESS RELEASE

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Financing a missing link in energy transition: Mitigation Action Facility commits EUR 21.5 million in catalytic first-loss capital to anchor the SCAF III Debt Fund

New blended finance fund managed by FS Impact Finance aims to unlock institutional investment into renewable energy project development in Africa and Asia

Frankfurt am Main/Berlin, 01 October 2026 – The Mitigation Action Facility, a multi-donor climate finance programme, has approved support for the SCAF III Debt Fund. The Mitigation Action Facility support includes a EUR 21.5 million commitment to the Fund's first-loss junior tranche and complementary funding to support the establishment and implementation of the Fund. The support is expected to enable the setup of a new blended finance vehicle targeting an underserved segment of the clean energy financing market: the development of renewable energy projects towards financial close.

Managed by FS Impact Finance, the SCAF III Debt Fund is targeting a total size of USD 100 million. The Fund will provide development-stage corporate loans to established renewable energy developers and independent power producers (IPPs) in emerging markets across Africa and Asia.

While significant volumes of institutional capital are available to finance the construction and operation of renewable energy assets, insufficient capital is available to finance the development activities required to create those assets in the first place. Developers must self-finance feasibility studies, environmental and social assessments, engineering, grid work, permitting, commercial structuring and other activities for several years before projects can access conventional project finance – a bottleneck that significantly hampers the scaling of investable project pipelines.

SCAF III Debt Fund is designed to address this missing link.

By providing dedicated, non-dilutive development debt at corporate level, the Fund aims to enable capable developers to advance larger project pipelines in parallel and bring more projects to financial close. Once projects reach financial close, substantially larger volumes of equity and debt financing can be deployed for construction, accelerating clean energy deployment and contributing to climate change mitigation.

The Mitigation Action Facility's first-loss commitment is intended to make this emerging asset class accessible to a broader group of investors. By absorbing initial portfolio losses, the junior tranche provides additional protection to investors in the Fund's mezzanine and senior tranches and is designed to mobilise additional public and private capital into the strategy. The commitment to SCAF III marks the Mitigation Action Facility's first support to a fund structure and its first multi-country project, thereby maximising increasingly scarce concessional capital.

> *"Project development remains one of the key barriers for successful climate action at the needed scale and pace. With SCAF III, the Mitigation Action Facility is investing in a market-driven approach, using blended finance to accelerate project development across key mitigation sectors globally. It demonstrates how catalytic support can help scale mitigation impact far beyond individual projects."*
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> **Till Tibbe**
> German Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN), Board member of the Mitigation Action Facility

> *"The Mitigation Action Facility's commitment is a major milestone for the Fund, but also for SCAF as a programme. Having worked on SCAF since its inception in 2008, it is particularly rewarding to see how far the facility has come. What started as a pioneering grant-based approach to supporting renewable energy development has evolved into a broader platform capable of using different financial instruments as markets and developers mature. SCAF III Debt Fund is a natural next step in that evolution, bringing the experience we have built over nearly two decades into a new form of development finance."*
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> **Martin Cremer**
> Managing Director, FS Impact Finance

> *"Private sector engagement is essential to delivering climate mitigation at scale. Through its support for SCAF III, the Mitigation Action Facility provides catalytic capital to address a critical financing gap, mobilise additional private investment and enable more renewable energy projects to reach financial close. This is exactly the kind of public-private collaboration needed to accelerate the transition to clean energy."*
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> **Philipp Munzinger**
> Head of the Technical Support Unit (TSU) to the Mitigation Action Facility

The Fund will primarily target established developers with demonstrated execution capacity, substantial multi-project pipelines and sufficient financial strength to service corporate debt. Investments are expected to focus predominantly on proven clean energy technologies including utility-scale solar PV, onshore wind and battery energy storage.

Following the Mitigation Action Facility commitment, FS Impact Finance will continue the structuring and fundraising of the Fund, as well as discussions with prospective institutional investors.

About SCAF III Debt Fund

The SCAF III Debt Fund is a blended finance private debt strategy managed by FS Impact Finance, building on nearly two decades of experience through SCAF I and II and marking an evolutionary step from grant-based project development support towards commercial development loans. It aims to finance the development of clean energy projects in emerging African and Asian markets by providing corporate development loans to established renewable energy developers and IPPs. The Fund targets approximately USD 100 million of total commitments.

About FS Impact Finance

FS Impact Finance, a subsidiary of Frankfurt School of Finance & Management, is a specialised fund and asset manager focused on impact investments in emerging and frontier markets. Its activities include private debt and investment strategies across renewable energy, financial inclusion and other impact sectors. FS Impact Finance has implemented SCAF since its inception in 2008 through the Frankfurt School – UNEP Collaborating Centre for Climate & Sustainable Energy Finance.

About the Mitigation Action Facility

The Mitigation Action Facility is a go-to platform for providing climate finance and technical support for ambitious mitigation projects with an aim of decarbonising key sectors of the economy and society. It is a joint initiative of the **German Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN), the UK Department for Energy Security and Net Zero (DESNZ), the Danish Ministry of Climate, Energy and Utilities (KEFM), the Danish Ministry of Foreign Affairs (MFA), the European Union (EU) and the Children's Investment Fund Foundation (CIFF)**.

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