Mitigation Action Facility

The climate fund driving sectoral decarbonisation



Regional Cooperation Mechanism on Low Carbon Transport: Identification and Development of Climate Financing Mechanisms
Regional Meeting, 16-17 May 2024, Asian Development Headquarters, Manila Philippines



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Closing the gap

Challenge

To keep 1.5° goal in reach, emissions need to be halved by 2030. To avoid the worst impacts of climate change, at least USD 4.3 trillion is needed annually by 2030. Only 16% of needed climate finance is currently being provided.

Mission

Accelerate decarbonisation to keep temperature rises to below 1.5° by financing measures that shift priority sectors in partner countries towards a sustainable carbon-neutral pathway.

Value Proposition

An agile, high-impact and country-driven fund, the Mitigation Action Facility supports scaleable, replicable sector-wide solutions incl. pilots that enable Official Development Assistance (ODA)-eligible partner countries to meet their climate goals.



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Offer

Solution

Multilateral funding for a blend of technical and finance cooperation through bilateral projects selected in annual calls, demonstrating that climate finance can effectively catalyse transformational change and enhance carbon-neutral development.

Political relevance

Alignment and implementation support for Breakthrough Agenda, Nationally Determined Contributions (NDCs), Long-term Strategies and UNFCCC processes.

Proven Success

In 2023, more than 300 project concepts were submitted from 105 countries, indicating the Facility's ongoing success in attracting the best mitigation projects from around the world.

Building on experience from the NAMA Facility (2013-2022)

826 Million € committed

1.6 Billion € leveraged

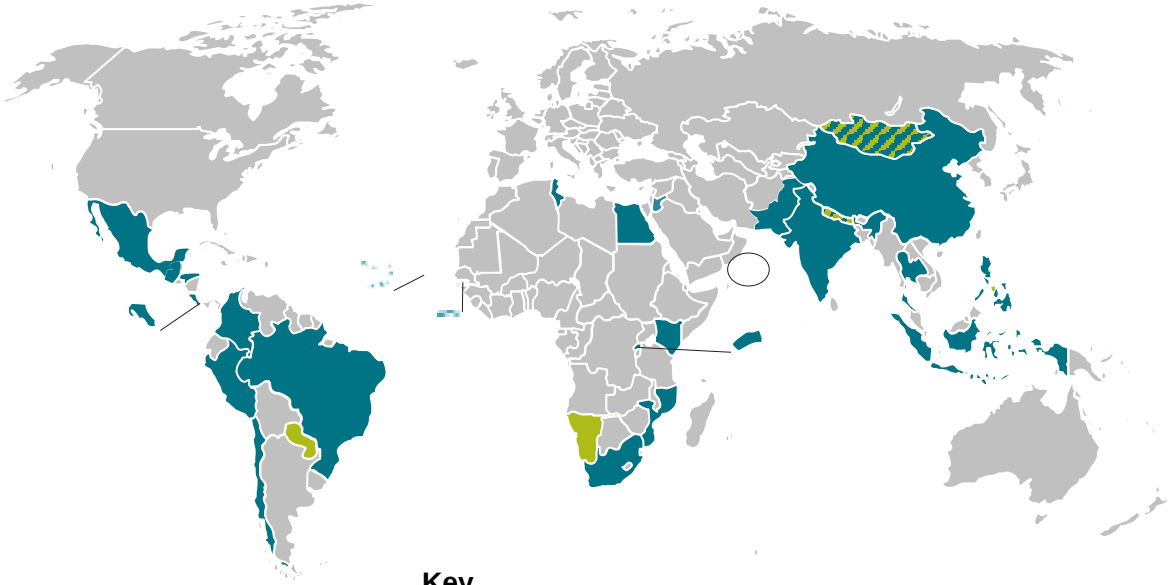
47 projects selected

25.5 Million people benefitting

9.7 Million tons CO_2 reduced

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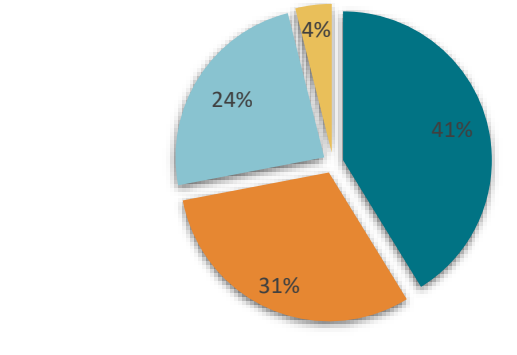
Who we are



Key

- Countries with active projects
- Countries with projects approved for funding in 2022
- Countries with active and newly approved projects in 2022

Call for Proposals 2024



Learn more about our projects on our website

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Key features

Open to all Official Development Assistance (ODA) eligible countries and no pre-accreditation required for applicants

Entirely grant-based funding for technical assistance and financial cooperation to support ambitious mitigation actions in key sectors

Funds demonstration projects to enable innovation & upscaling

Cooperates with NDC Partnership to speed up the implementation of NDCs

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Priority sectors

- Energy, transport and industry contribute 67% of annual global emissions.
- Global emissions must be halved by 2030 to tackle the climate emergency.
- Cross-sectoral projects linked to priority sectors are also supported.



Renewable energy supply, integration and storage, energy efficiency



Land transport, shipping, aviation, e-mobility, charging



Heavy and light industry, production processes, product use

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How the Facility works

Annual Calls for Projects for implementation in ODA-eligible countries focused on the 3 priority sectors providing:

Competition based project selection

- Country-driven projects
- Diversity of delivery partners
- Increased quality and innovation

Technical Assistance to enhance policies & enabling environment

Technical Assistance

- Building capacity in countries
- Policy support
- Enabling environment
- Transformative impact

Financial mechanism to support the significant mobilisation of climate finance

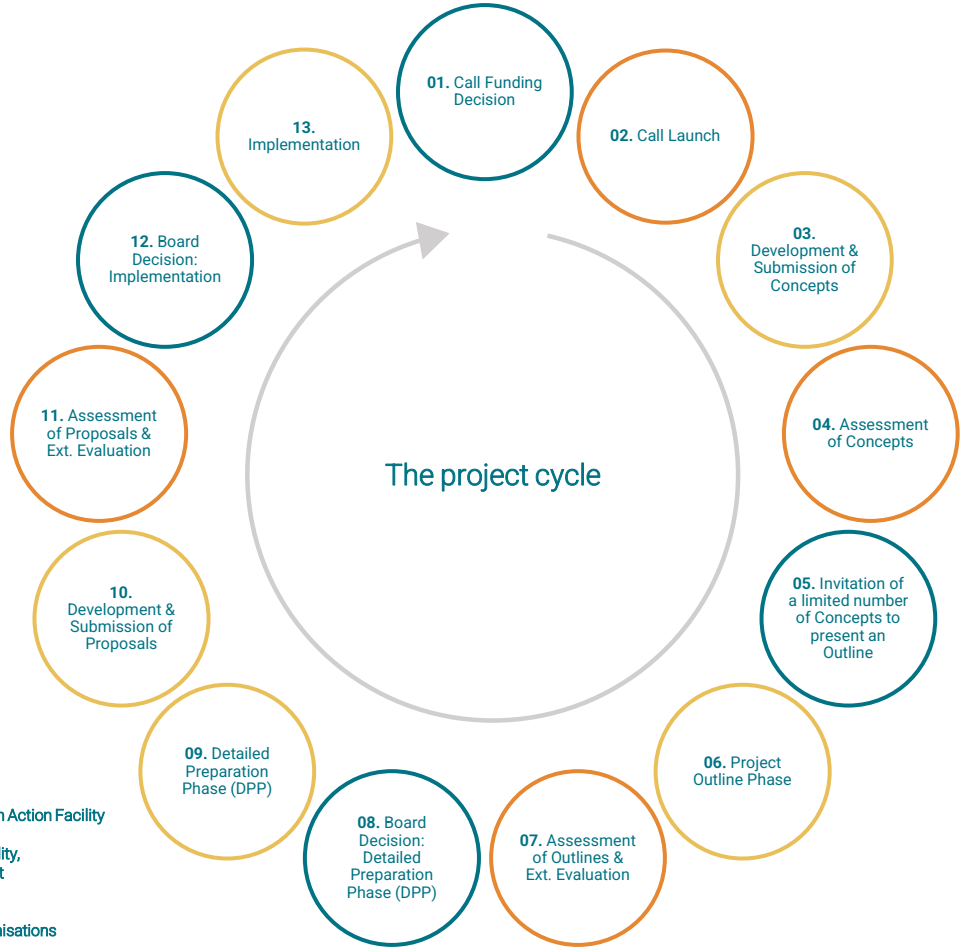
Financial Mechanism

- Unlock public & private investment
- Scaling and replicating solutions in countries
- Sustainability beyond project

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Project Cycle

- No automatism for projects passing Concept/Outline phases, receiving DPP funding to reach implementation.
- Funding decision contigent on Assessment of Submitted Project Proposal and availability of funds
- Where funding is limited projects passing DPP can be submitted to other financing facilities

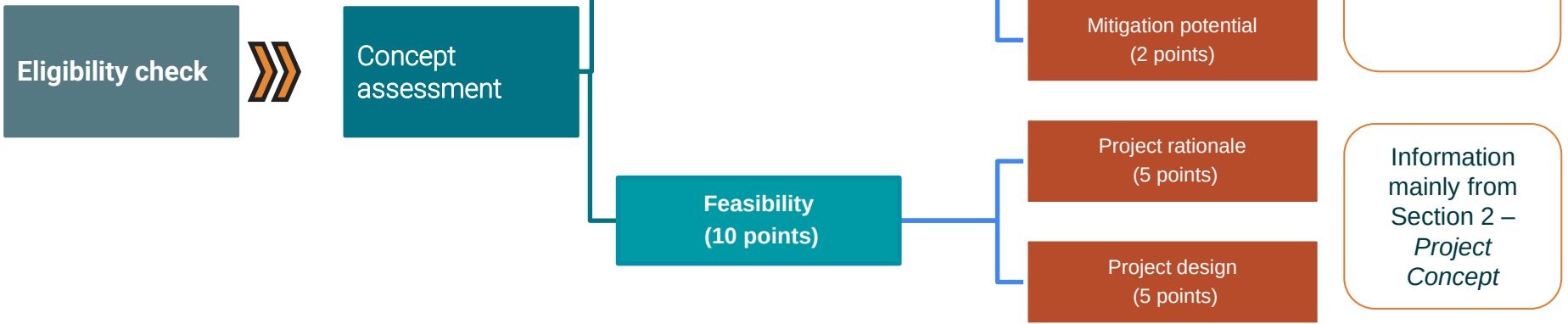


More information can be found in the General information Document -

- Board of the Mitigation Action Facility
- Mitigation Action Facility, Technical Support Unit
- Applicants, ASPs, Implementation Organisations

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Project Concept – Assessment criteria



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Assessing projects

Mitigation potential

Realistic, clear and well-substantiated calculations for direct and indirect emission reductions

Financial mechanism

Well-defined institutional set-up, clear rationale for the proposed mechanism, coherent phase-out concept

Technical and economic viability

Inclusion of the technological rationale, appropriate business model

Barrier analysis

Proper analysis of the targeted sector- or country-context as well as that of the project

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Transport Projects

Means of Transportation and Infrastructure

- Charging infrastructure sufficient to ensure EV uptake
- Address in addition to financial and regulatory barriers: reservations to about technology and range anxiety

Energy Mix

- Electricity used to power vehicles shall come from renewable sources
- Where grid reliability is an issue, swappable batteries can be a solution
- Level of grant intensity/cost per tCO2 reduction

Regulatory framework

- Clear and transparent
- Removal of subsidies for fossil fuels as strong incentive for e-mobility

Other considerations

- Focus on specific identifiable areas or transport corridors to achieve concentration impact
- Focus on modal shifts (individual to mass transport)
- Coherent urban planning linked with transport decarbonisation efforts in cities
- Include support for development of local value chain including manufacturing/maintenance to achieve transformational impact
- Circular economy to consider whole technology life cycle incl. end-use and e-waste disposal
- Consider impact on old technology displacement and the informal economy



Kenya: Small Vehicles E-mobility

- **Priority sector:** Transport
- **Ambition:** 1.06 m tonnes CO_2e
- **Mobilised climate finance:** EUR 142.5 m
- **Innovation:** micro-mobility electrification (2eWs and 3eWs)
- **Implementation organisation:** WRI
- **Funding:** EUR 26.5 m

Project aims at accelerating the transition towards e-mobility via the penetration of e-2Ws and e-3Ws in peri-urban and rural areas, as well as create green jobs and industrial growth in the assembly and manufacturing of e-vehicles.

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Mitigation Action Facility Resources



- General Information Document
- Theory of Change
- Financial instruments
- Previous Examples

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Network of partners

Funding partners

IKI

Funded by UK Government

European Commission

Danish Ministry of Climate, Energy and Utilities

CIFF CHILDREN'S INVESTMENT FUND FOUNDATION

Delivery partners

National organisations & FIs

BANOBRAS

BANCOLDEX

BNDES

RWANDA GREEN FUND

nacional financiera

Findeter
Banca de Desarrollo Territorial

International organisations & IFIs

CATIE
Solutions for Inclusive Green Development

Friedrichsdorf

CCAP

WORLD RESOURCES INSTITUTE

UNCDF

KFW

GGGI

ICLEI
Local Governments for Sustainability

UNDP

IDB

Frankfurt School of Finance & Management
German Excellence. Global Relevance.

FAO

CARBON TRUST

European Bank for Reconstruction and Development

THE WORLD BANK

World Agroforestry

WWF

UNEP

Bilateral development agencies

AFD
AGENCE FRANÇAISE DE DÉVELOPPEMENT

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

HELVETAS
Swiss Intercooperation

SNV

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