Mitigation Action Facility Theory of Change -
Summary narrative and assumptions

2026

Mitigation Action Facility

Supported by:

Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety of the Federal Republic of Germany

IKI International Climate Initiative

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1. Introduction

The Mitigation Action Facility aims to accelerate sectorial decarbonisation to keep global warming below 1.5 degrees Celsius by financing measures that shift priority sectors in a country towards a sustainable, carbon-neutral pathway. It launches annual competitive Calls for Projects, enabling partner countries or organisations acting on their behalf to apply for funding. The most ambitious and feasible climate change mitigation projects are selected for support through a comprehensive assessment process. The grant-based funding provided by the Mitigation Action Facility is used for a combination of technical assistance measures and financial cooperation.

The Mitigation Action Facility's Theory of Change (ToC) explains the causal pathways through which its activities create a chain of results leading to the outputs that help achieve the intended programme outcome and impact. This document represents the situation in 2026, building on lessons learnt since the launch of the Mitigation Action Facility's predecessor, the NAMA Facility, in 2012. The intention is to revise this ToC narrative document regularly, in conjunction with general ToC updates.

The intended target audience of the ToC includes projects, potential applicants, partner governments, and the wider climate finance community.

Impact

Large-scale, long-term reductions in GHG emissions and the structural transformation of economies and societies towards carbon neutrality contribute to the global goal of limiting the temperature rise to 1.5°C

Outcome

The Mitigation Action Facility demonstrates that climate finance can effectively drive transformational change in partner countries by advancing NDC implementation, reducing GHG emissions, and promoting carbon-neutral development pathways

Intermediate Outcomes

- **Intermediate Outcome 1** Broadened political commitment to carbon-neutral development pathway
- **Intermediate Outcome 2** Market transformation
- **Intermediate Outcome 3** Increased finance accessibility
- **Intermediate Outcome 4** Improved policy, legislative, and regulatory frameworks
- **Intermediate Outcome 5** Increased institutional capacity to implement mitigation action
- **Intermediate Outcome 6** Carbon-neutral, sustainable approaches and instruments are scaled

Outputs

- **Output 1** Transformational mitigation to support the achievement of targets outlined in NDCs
- **Output 2** Public and private finance leveraged to drive carbon-neutral development
- **Output 3** Lessons learnt inform and enhance MAF's overall performance
- **Output 4** National and local stakeholders apply strengthened capacities and policy frameworks to implement mitigation actions
- **Output 5** Projects deliver measurable, sustainable, and inclusive development co-benefits

Activities

Programme activities

- Pipeline development and project selection
- Portfolio coordination and donor engagement
- Project support and oversight
- Strategic partnerships and outreach

Project activities

- Project activities implemented by selected IOs constitute the primary delivery mechanism for mitigation solutions
- Projects are tailored to national contexts and designed to demonstrate scalable solutions

Cross-cutting activities

- Monitoring, evaluation and learning (MEL)
- Knowledge management
- Communication and dissemination
- Replication and systemic learning

Inputs

Operational Inputs

- Mitigation Action Facility-funded projects
- Technical Support Unit (TSU)
- Advisory Committee

Contextual Inputs

- Nationally Determined Contributions (NDCs)
- National policies and long-term strategies
- Existing mitigation initiatives and sectoral experience

Foundational Assumptions

- Donor support is sustained
- TSU functions effectively and efficiently
- Projects are designed and implemented in line with national priorities
- Knowledge and learning are systematically integrated

2. Foundational elements: inputs and enabling assumptions

The Mitigation Action Facility's ToC relies on a set of inputs and assumptions that enable the design and implementation of mitigation solutions:

Operational inputs

Operational inputs are directly defined and actively managed by the Mitigation Action Facility to support the delivery of its activities, and form the basis for the ToC pathways:

- **Mitigation Action Facility-funded projects** support governments in implementing ambitious components of their Nationally Determined Contributions (NDCs) through technical and financial cooperation instruments. These projects are led by Implementation Organisations and are designed to drive transformational change.

- The **Technical Support Unit (TSU)** delivers support via secretariat services such as the management of competitive Calls for Projects, assistance with monitoring and evaluation, communications and knowledge management coordination, and technical backstopping. Broader functions include pipeline development, portfolio management, and the facilitation of strategic partnerships.

- The **Advisory Committee** provides the Mitigation Action Facility with strategic guidance and outreach capacity. It advises the Board on high-level strategic issues, assists with the Mitigation Action Facility's public positioning in order to increase its political visibility and attract additional donors, promotes the visibility of Calls for Projects, and reinforces the implementation of the knowledge-sharing and dissemination strategy.

Contextual inputs

Contextual inputs are external yet essential factors that shape, inform and enable effective project design and implementation. While not directly influenced by the Mitigation Action Facility, they create the enabling environment necessary for success:

- **Nationally Determined Contributions (NDCs)** and their sectoral targets serve as a guide to eligibility for Mitigation Action Facility support and ensure alignment with national climate priorities. Compatibility with NDCs is a core requirement for receiving Mitigation Action Facility funding.

- **National policies and long-term strategies** provide the broader political and strategic context in which mitigation actions are embedded. Ensuring alignment with these frameworks enhances policy coherence and project relevance.

- **Existing mitigation initiatives and sectoral experience** in the country or sector inform project design. Projects are encouraged to build upon or complement relevant past or ongoing efforts, fostering innovation and reducing duplication.

Foundational assumptions

The Mitigation Action Facility's ability to operate effectively depends on the following foundational assumptions:

- **Donor support is sustained:**
  Continued funding from key donors – Germany, the UK, Denmark, the European Union, and the Children's Investment Fund Foundation (CIFF) – is assumed. Contributions from additional public and private actors in support of the Mitigation Action Facility's ongoing operations and programming are also anticipated.

- **TSU functions effectively and efficiently:**
  It is assumed that the TSU will continue to deliver core secretariat functions effectively and efficiently. The TSU acts as a bridge between donors and implementers and plays a critical role in maintaining operational continuity and strategic oversight.

- **Projects are designed and implemented in line with national priorities:**
  Projects that are selected are aligned with partner countries' NDCs and long-term strategies, enhancing political legitimacy and relevance. Their design allows for flexibility in responding to evolving national and sectoral conditions in order to enable successful implementation.

- **Knowledge and learning are systematically integrated:**
  Lessons learnt from completed and ongoing projects are systematically captured and applied to inform design, implementation, and strategic direction, thereby supporting continual improvement across the portfolio.

3. Core activities: how the Mitigation Action Facility drives change

The Mitigation Action Facility undertakes three interconnected categories of activities (**programme activities**, **project activities**, and **cross-cutting activities)**, which work together to catalyse transformational climate mitigation solutions that are aligned with national priorities.

Programme activities

Coordinated by the TSU under the guidance of the Mitigation Action Facility Board, programme activities are designed to manage the portfolio strategically and enable effective project implementation across countries and sectors.

- **Pipeline development and project selection:**
  The TSU manages Calls for Projects, including the development of supporting materials (e.g. webinars, guidance documents), upstream advisory support, and outreach to ensure a strong pipeline of proposals. Project selection is based on a comprehensive assessment of financial, technical, and greenhouse gas (GHG) mitigation potential, with a focus on the given project's transformational potential.

- **Portfolio coordination and donor engagement:**
  Regular communication and coordination with the Mitigation Action Facility Board and Donors ensure transparency, alignment with strategic priorities, and responsiveness to evolving needs

- **Project support and oversight:**
  TSU desk officers provide and coordinate technical and strategic guidance throughout the Detailed Preparation Phase (DPP) and Implementation Phase, including support on funding conditions, risk mitigation, GHG mitigation, gender and social inclusion (GESI), and amendment policies.

- **Strategic partnerships and outreach:**
  The Mitigation Action Facility engages with the broader climate finance ecosystem, including other climate funds, institutions and platforms, to foster collaboration, enhance coherence, and identify scaling opportunities.

Project activities

Project activities implemented by selected Implementation Organisations constitute the primary delivery mechanism for mitigation solutions. Projects are tailored to national contexts and designed to demonstrate scalable solutions.

- Projects implement the **Technical and Financial Cooperation components** set out in the Project Proposal submitted at the end of the DPP. Implementation is conducted in accordance with the Mitigation Action Facility requirements and strategic guidance.

- Examples of project activities include:
  - Developing financing models to overcome market barriers
  - Deploying carbon-neutral technologies and novel mitigation approaches
  - Strengthening national institutional and technical capacities
  - Facilitating public-private partnerships
  - Building on or complementing existing initiatives and projects
  - Demonstrating novel solutions and applying systematic knowledge management to de-risk approaches for wider uptake. While these practices will be core features of Lighthouse Pilot and Lighthouse Projects, they also inform the full project portfolio

Cross-cutting activities

Cross-cutting activities operate at both project and programme level to promote learning, enable knowledge transfer, and address systemic challenges.

- **Monitoring, evaluation, and learning (MEL):**
  The Mitigation Action Facility applies a learning-oriented MEL framework across its portfolio. Interim portfolio evaluations generate strategic insights to inform future programming. Projects are subject to annual reporting, continuous risk management, and Evaluation and Learning Exercises (ELEs). The establishment or support of national measurement, reporting, and verification (MRV) systems to strengthen long-term tracking of mitigation outcomes is also encouraged. These activities surface common challenges and lessons learnt across the portfolio.

- **Knowledge management:**
  Building on MEL outputs, the Mitigation Action Facility systematises the documentation, organisation and sharing of knowledge across its portfolio, translating learning into action across projects. This includes codifying lessons learnt, identifying good practices, and creating knowledge products in line with the Mitigation Action Facility's Knowledge Management and Learning Strategy to inform both current projects and future funding cycles.

- **Communication and dissemination:**
  Insights and results are translated into targeted communication products and shared through diverse channels such as the website, webinars, virtual meetings, and publications. Communication efforts are led by the TSU and are informed and enriched by contributions from projects, ensuring consistent messaging and broad accessibility, while documenting and sharing refined learnings.

- **Replication and systemic learning:**
  Leveraging on knowledge management, communication, and dissemination activities, the Mitigation Action Facility promotes the replication and wider uptake of successful approaches through engagement with external stakeholders, dialogue with other programmes, and participation in global climate finance forums. These activities foster broader systemic learning and reinforce Mitigation Action Facility's contribution to transformational change at national and international levels. Projects also engage in tailored replication and learning efforts with their national stakeholders.

4. From activities to outputs: what the Mitigation Action Facility delivers

The programme, project, and cross-cutting activities are based on defined inputs and foundational assumptions, and together they contribute to the achievement of five core outputs. The effective delivery of the Mitigation Action Facility's outputs depends on a set of interrelated success factors and delivery conditions operating across project, programme, and cross-cutting levels.

Output 1: Transformational mitigation to support the achievement of targets outlined in NDCs

A portfolio of ambitious, country-driven, and transformational projects—including Lighthouse Projects—is implemented to contribute to the delivery of NDCs and long-term climate strategies.

Critical delivery conditions

- At **project level**, mitigation solutions are delivered effectively and efficiently, while Technical and Financial Cooperation components are fully integrated to ensure that project outputs and outcomes are achieved.
- At **programme level**, a high-quality and diverse pipeline of projects is developed, representing a diverse set of technologies, countries, sectors, and applicants. The most ambitious, innovative, and feasible projects catalysing sector-wide transformational change are supported.
- **Cross-cutting activities**, including monitoring, evaluations, knowledge management, communication, and replication combined with TSU steering, reinforce successful project implementation and enhance the capacity of applicants to deliver quality project submissions. Timely and strategic decisions by the Board further contribute to efficient project selection and implementation.

Output 2: Public and private finance leveraged to drive carbon-neutral development

Mitigation projects catalyse additional public and private investment through innovative financial mechanisms that enable long-term, self-sustaining carbon-neutral development.

Critical delivery conditions

- At **project level**, project design is tailored to address systemic market barriers and incorporate financial mechanisms aimed at maximising leverage and long-term sustainability. These mechanisms include a clear phase-out strategy for Mitigation Action Facility support and a phase-in plan for alternative financing sources, including national funding, to enable self-sustaining, long-term implementation. The stakeholders targeted by the project are receptive and responsive to co-financing efforts, further supporting the mobilisation of additional resources.
- At **programme level**, the project selection process is guided by a strategic approach that prioritises financial innovation and scalability, ensuring that the projects selected demonstrate strong leverage potential and clear phase-out strategies for Mitigation Action Facility support.
- At **cross-cutting level**, technical guidance from the TSU and collaboration with financial sector stakeholders enhance the quality and relevance of financing mechanisms.

Output 3: Lessons learnt inform and enhance the Mitigation Action Facility’s overall performance

Lessons learnt from project implementation are systematically generated, shared, and applied, enhancing learning across the portfolio and informing future mitigation efforts at national and global levels.

Critical delivery conditions

- At **project level**, projects actively engage in monitoring, evaluation, and learning processes, share lessons learnt, and demonstrate openness to adaptive learning by drawing on experiences from other projects and integrating findings from ELEs.
- At **programme level**, a structured knowledge management, evaluation, and learning system guides the analysis, uptake, and wider dissemination of strategic insights with clearly defined learning objectives.
- At **cross-cutting level**, knowledge-sharing activities and products boost both project effectiveness and the overall performance of the Mitigation Action Facility. Documented best practices inform global discussions on climate finance and transformational change, while a strong learning culture fosters continuous improvement by incorporating lessons from both successes and challenges.

Output 4: National and local stakeholders apply strengthened capacities and policy frameworks to implement mitigation actions

Stakeholders gain the institutional, technical, and policy capacities needed to design, implement, and sustain transformational mitigation measures.

Critical delivery conditions

- At **project level**, projects contribute to structural transformation by addressing systemic barriers more effectively than business-as-usual approaches. Key stakeholders are meaningfully engaged and actively supported throughout the project lifecycle. Governance and coordination mechanisms are established to sustain outcomes beyond the lifetime of the project, while project-level MRV systems are designed to align with and strengthen sectoral and national GHG monitoring frameworks.
- At **programme level**, project selection prioritises proposals that incorporate institutional- and governance-strengthening measures consistent with national development and climate strategies.
- At **cross-cutting level**, the TSU facilitates institutional learning, promotes alignment with national policy processes, and encourages the integration of projects into MRV and national planning systems.

Output 5: Projects deliver measurable, sustainable, and inclusive development co-benefits

Implemented projects generate social, economic, environmental, and institutional co-benefits that are transformative, context-relevant, and promote gender equality and social inclusion.

Critical delivery conditions

- At **project level**, social, environmental, economic, and institutional co-benefits are identified during the design phase and integrated into implementation plans in keeping with the local context. These co-benefits are expected to be sustained over time, contributing to lasting positive change within the targeted sector or community. Projects take a gender-responsive approach by recognising existing inequalities and implementing concrete measures to advance gender equality and social inclusion.

- At **programme level**, the project selection process prioritises proposals that present clearly defined, measurable, and locally relevant transformational co-benefits.

- At **cross-cutting level**, the TSU offers guidance on tracking co-benefits and mainstreaming gender and social inclusion, while communication and learning strategies help to amplify successful examples and promote their replication.

5. From outputs to intermediate outcomes: enabling systemic change

By proving the viability and benefits of the mitigation solution, the successful delivery of the five outputs has a demonstration effect, resulting in tangible GHG emission reductions. This helps secure the buy-in of key public and private stakeholders with the mandate and resources to sustain and/or scale the solution, reflected through financial commitments or political support. The benefits demonstrated are further amplified through knowledge-sharing and communication efforts that inform and engage relevant users and decision-makers, reinforcing the value of ambitious mitigation actions and strengthening stakeholder engagement. This sets off a catalytic effect, where **proven approaches begin to influence broader systems** in the areas of policy, finance, institutions, and markets.

The resulting intermediate outcomes serve as early indications of systemic change. They reflect emerging shifts in behaviour, institutional capability, financial flows, and policy frameworks. These changes lay the groundwork for sustained large-scale decarbonisation aligned with national climate goals.

The Mitigation Action Facility defines and monitors these intermediate outcomes in line with Mandatory Core Indicator 3 (M3), ensuring alignment with the M3 result categories, which are described in the *Mitigation Action Facility Monitoring and Evaluation Framework*.

Intermediate Outcome 1: Broadened political commitment to carbon-neutral development pathway

Political leadership and commitment to carbon-neutral development increases as governments witness long-term project success, integrate lessons learnt into planning cycles, and take ownership of sectoral transitions. Inclusive development and visible co-benefits generate additional public and political support.

Critical delivery conditions: Political stakeholders and decision-makers respond to demonstrated local impacts and institutional feasibility.

Intermediate Outcome 2: Market transformation

Private and public market actors adopt carbon-neutral behaviours, models, and mindsets, that become embedded in private sector strategies and public procurement practices. Carbon-neutral solutions become standard practice, guided by evolving norms, investment incentives, and shifting perceptions of risk. This transition is further reinforced by the demonstration of inclusive benefits and growing social acceptance of carbon-neutral approaches.

Critical delivery conditions: Market actors respond to market incentives, project results, data, and peer examples when adopting new approaches.

Intermediate Outcome 3: Increased finance accessibility

Access to climate finance improves for public and private actors involved in implementing mitigation solutions. The demonstration of effective financing models builds investor confidence and facilitates increased investment from domestic budgets, development finance institutions, and private sector sources. As a result, financial systems become more robust, supporting a sustained pipeline of bankable mitigation initiatives beyond the initial Mitigation Action Facility projects.

Critical delivery conditions: Financial mechanisms are replicable, well-aligned with market needs, and attractive to a diverse range of capital providers. The financial ecosystem has sufficient capacity and readiness to absorb, scale, and sustain the demonstrated models beyond the project context.

Intermediate Outcome 4: Improved policy, legislative and regulatory frameworks

Projects strengthen stakeholder capacity to engage with and influence policy reform, while high-quality, NDC-aligned project models serve as inputs to policymaking processes. The adjusted frameworks institutionalise support for mitigation, embedding incentives and mandates that favour carbon-neutral pathways. Regulatory certainty encourages long-term investment and planning in line with climate targets.

Critical delivery conditions: Project insights and stakeholder engagement influence the broader enabling environment for climate action. Governments are willing and able to integrate successful project insights into broader policy frameworks.

Intermediate Outcome 5: Increased institutional capacity to implement mitigation action

Institutions are equipped to effectively plan, implement, and sustain mitigation actions at scale. Institutional performance improves through targeted capacity-building, system alignment, and the visible value from mitigation efforts. Co-benefits help justify sustained investment in long-term institutional support, while ministries, agencies, and subnational bodies become drivers of integrated climate action across governance levels.

Critical delivery conditions: Capacity building is matched by institutional readiness, leadership and continuity.

Intermediate Outcome 6: Carbon-neutral, sustainable approaches and instruments are scaled

Successful mitigation approaches (e.g., business models, market mechanisms, financing solutions) are replicated and scaled across sectors and geographies through networks, policy integration, and knowledge exchange. Dissemination and learning activities foster replication, while financing models and leveraging strategies inform national and sectoral scaling. Proven solutions spread beyond initial contexts, having a broader impact.

Critical delivery conditions: Primary and secondary stakeholders have the knowledge, resources, and incentives needed to replicate successful models.

Each intermediate outcome represents a signal of systemic change within a broader system – political, financial, market, behavioural or institutional. By tracking intermediate outcomes, the Mitigation Action Facility ensures its portfolio is not only delivering individual project results but also **triggering long-term, system-wide transformation aligned with national and global climate goals**.

6. From intermediate outcomes to the overall outcome: scaling for transformational impact

The transition from intermediate outcomes to the overall programme outcome is enabled by the **continued scaling and long-term adoption of proven mitigation solutions**. Individual projects act as catalysts for wider systemic transformation by triggering policy changes, shifting market dynamics, influencing behaviour, strengthening institutional capacity, and expanding access to finance. As these effects intensify over time, they are gradually consolidated and replicated across different sectors, regions, and levels of governance.

The Mitigation Action Facility boosts this momentum by fostering cross-sectoral and cross-institutional learning throughout its portfolio. Lessons learnt and evidence-based practices are systematically captured, synthesised, and shared with key stakeholders, including national governments, Project Partners, and the wider climate finance community. This strategic learning process enhances the catalytic effect of individual projects and supports progress towards the programme's outcome, demonstrating that climate finance can effectively drive transformational change in partner countries by advancing NDC implementation, reducing GHG emissions, and promoting carbon-neutral development pathways.

7. From outcome to impact: driving long-term structural transformation

Transformational change is not a one-time event but a long-term, iterative process extending well beyond the duration of individual projects. Rather than occurring in a single phase, it evolves through cumulative cycles of investment, local adaptation, and institutional learning. The transition from programme outcome to long-term impact is driven by two reinforcing dynamics:

1. **Deepening of systemic change**, reflected in continued regulatory improvements, strengthened institutional capacities, entrenched behavioural shifts and market transformations.

2. **Wider scaling and replication** as proven mitigation approaches are adapted and mainstreamed into new sectors, regions, and policy contexts on a global scale.

As both the depth and reach of systemic change advance, it becomes increasingly robust and self-sustaining. Large-scale reductions in GHG emissions are achieved. Over time, mitigation efforts are progressively driven, financed, and maintained by national and local actors. This sustained ownership enables **large-scale, long-term reductions in GHG emissions and supports the structural transformation of economies and societies towards carbon neutrality, contributing to the global goal of limiting the temperature rise to 1.5°C.**

Donor acknowledgement

The Mitigation Action Facility is a joint initiative of the German Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN), UK's Department for Energy Security & Net Zero (DESNZ), the Danish Ministry of Climate, Energy and Utilities (KEFM), the Danish Ministry of Foreign Affairs (MFA), the European Union and the Children's Investment Fund Foundation (CIFF).

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