

Media Announcement

Pioneering Sub-national Climate Finance initiative launched with global consortium and commitment from Green Climate Fund

[Connecticut, Geneva, Gland, Paris, November 19, 2020] – Pegasus Capital Advisors (Pegasus), the International Union for Conservation of Nature (IUCN), BNP Paribas, Gold Standard, and R20 – Regions of Climate Action today launched the Sub-national Climate Finance Initiative (SCF), a novel global funding instrument to mitigate climate change and strengthen community resilience projects, with an initial commitment of up to USD 150 million from the Green Climate Fund (GCF).

Mid-sized infrastructure projects at a sub-national level (e.g. municipalities, provinces) of around USD 30 to 50 million are playing a central role in improving the resilience of local communities to the impacts of climate change, especially in developing countries. However, the comparatively smaller size of these projects has historically limited their access to traditional investors, thereby creating a funding gap. As an innovative global blended finance initiative, SCF will seek to scale this untapped market of mid-scale climate resilient and low-carbon infrastructure, regenerative agriculture and nature-based solutions in developing countries through four key components:

- (i) **An investment fund managed by Pegasus**, which will invest in a global portfolio of mid-sized infrastructure projects in the fields of sustainable energy, waste and sanitation, and nature-based solutions in developing countries;
- (ii) **A grant-funded dedicated technical assistance facility managed by IUCN** with a target size of USD 28 million, of which USD 18.5 million have already been committed by the GCF. Through this facility, IUCN will provide technical assistance in identifying suitable projects for the fund to invest in, and train implementers to ensure that projects are feasible and deliver environmental and social benefits in addition to financial performance. Key indicators will be developed in order to measure and monitor the projects' contribution to Sustainable Development Goals and Nature-based Solutions. The initiative will also feature third-party certification to verify social and environmental impacts;
- (iii) **The Green Climate Fund (GCF) as an anchor investor and partner** has already approved a commitment to a first-loss tranche of up to USD 150 million to the investment fund, which is intended to mitigate risk to private investors at the fund level, thereby bridging the gap between public and private investors. The remaining amount will be raised from a pool of traditional investors;
- (iv) **A partnership of consortium members** providing leading expertise along the entire value chain. In addition to Pegasus and IUCN, the Consortium also includes BNP Paribas as administrator, custodian and distribution partner; Gold Standard as a leading third-party impact certification and R20 – Regions for Climate Action, supporting capacity building and project development;

Yannick Glemarec, GCF Executive Director, states, "GCF is delighted to support the Consortium formed by Pegasus Capital Advisors (PCA), IUCN, BNP Paribas, Regions 20 and Gold Standard to launch an equity fund that will support small- and medium-sized sustainable infrastructure projects in developing countries, including 13 Least Developed countries (LDCs) and 6 Small Island Developing

States (SIDS). Providing finance to financially underserved sub-national projects is a priority for the UNFCCC and the Paris Agreement.”

Craig Cogut, Founder, Chairman & CEO, Pegasus Capital Advisors, states, “I am thrilled that we have launched this innovative blended finance effort with such a terrific group of partners. I am very grateful for the leadership role taken by the Green Climate Fund and the support of the many countries who have agreed to work with us. I believe with our partners we will unlock private capital to invest in needed and financially sound projects at the sub-national level across multiple sectors and geographies. We need to accelerate dramatically the pace of this capital and investment.”

Dr Bruno Oberle, Director General IUCN, says, “The private and public sectors need to work together to fast track nature-based solutions which benefit the environment, societies, and investors alike, with positive impacts on climate and societal resilience. IUCN has long championed this approach, and will lean on the Union’s expertise to ensure that investments by the SCF are not just financially, but also environmentally and socially sound.”

Alain Papiasse, Chairman of Corporate & Institutional Banking, BNP Paribas, confirms, “Achievement of the UN’s Sustainable Development Goals and the Paris Agreement require the scaling up and mobilisation of capital, shared knowledge and innovation from across a full spectrum of investment and impact experts. BNP Paribas recognises this initiative will be ground-breaking in tackling the climate crisis by leveraging the expertise of leading institutions, including the Green Climate Fund, to channel finance towards infrastructure, energy transition, and nature-based solutions. BNP Paribas looks forward to supporting SCF and bringing the full strength of the bank and our depth of experience in sustainable finance to the consortium.”

Margaret Kim, CEO, Gold Standard, says, “With an increasing interest in sustainable finance, it’s critical that these instruments deliver what they claim. Impact certification gives participants across the value chain confidence that outcomes are real, measurable and verified, and tells the global community what exactly progress is being made toward global ambitions codified in the Paris Agreement and the Sustainable Development Goals.”

Christophe Nuttall, CEO, R20: Regions of Climate Action, notes, “It is of great satisfaction to have been able to successfully develop a dedicated blended finance vehicle at sub-national level, especially since the Paris Agreement has officially recognized that 50 – 80 % of climate change solutions stand within the hands of sub-national authorities. Our experience, around the world, in delivering mid-sized low carbon and climate resilient infrastructure show that sub-national authorities meet a lot of obstacles to access the green finance market. SCF sends a clear signal to the climate change community in general to the finance leaders in particular, to be a game changer in climate change investment in emerging markets at sub-national level.”



Gold Standard[®]



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Pegasus Capital Advisors, L.P.

Pegasus Capital Advisors is a leading global private markets impact investment manager. As the first U.S. private equity fund manager accredited by the Green Climate Fund, we are dedicated to fostering sustainable and inclusive growth while providing attractive returns for our investors. Founded in 1995 by Craig Cogut, Pegasus has invested over USD 2 billion across five private equity funds. For additional information, please visit: www.pcalp.com.

International Union for Conservation of Nature

IUCN is a membership Union uniquely composed of both government and civil society organisations. It provides public, private and non-governmental organisations with the knowledge and tools that enable human progress, economic development and nature conservation to take place together. Created in 1948, IUCN is now the world's largest and most diverse environmental network, harnessing the knowledge, resources and reach of more than 1,400 Member organisations and some 17,000 experts. It is a leading provider of conservation data, assessments and analysis. Its broad membership enables IUCN to fill the role of incubator and trusted repository of best practices, tools and international standards.

IUCN provides a neutral space in which diverse stakeholders including governments, NGOs, scientists, businesses, local communities, indigenous peoples organisations and others can work together to forge and implement solutions to environmental challenges and achieve sustainable development. Working with many partners and supporters, IUCN implements a large and diverse portfolio of conservation projects worldwide. Combining the latest science with the traditional knowledge of local communities, these projects work to reverse habitat loss, restore ecosystems and improve people's well-being. www.iucn.org

BNP Paribas

BNP Paribas (www.bnpparibas.com) is a leading bank in Europe with an international reach. It has a presence in 71 countries, with approximately 199,000 employees, of which more than 151,000 in Europe. The Group has key positions in its three main activities: Domestic Markets and International Financial Services (whose retail-banking networks and financial services are covered by Retail Banking & Services) and Corporate & Institutional Banking, which serves two client franchises: corporate clients and institutional investors. The Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporates and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance. In Europe, the Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the European leader in consumer lending. BNP Paribas is rolling out its integrated retail-banking model in Mediterranean countries, in Turkey, in Eastern Europe and a large network in the western part of the United States. In its Corporate & Institutional Banking and International Financial Services activities, BNP Paribas also enjoys top positions in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific.

Gold Standard

Gold Standard (www.goldstandard.org, @goldstandard) was established in 2003 by WWF and other international NGOs as a best practice standard to help the world #GrowToZero. Gold Standard-certified projects and programmes accelerate progress toward the Net-Zero emissions ambition of the Paris Climate Agreement while catalysing impact toward the broader Sustainable Development Goals. Its standard, Gold Standard for the Global Goals, allows climate and development initiatives to quantify, certify, and maximise their impacts toward climate security and sustainable development. Certification against the standard provides the confidence that these results are measured and verified, enabling credible impact reporting. An associate member of ISEAL and backed by a broad NGO Supporter Network, Gold Standard has 1800+ projects underway in over 90 countries, creating billions of dollars of shared value from climate and development action worldwide.

R20: Regions of Climate Action

R20 – Regions of Climate Action is an international not-for-profit organization founded in 2011 by the former Governor of California, Arnold Schwarzenegger, in cooperation with the United Nations and a number of leading Regions, Development Banks, Clean-Tech companies, Academia and NGOs, to support sub-national governments around the world to develop and secure financing for sustainable infrastructure projects. Through its unique value chain approach, R20 mobilizes, connects and collaborates with a wide range of actors to fast-track the transition to inclusive, resilient and low-carbon societies. R20 is headquartered in Geneva and has successfully completed projects in Algeria, Mali, Nigeria, and Tanzania as well as Southern China and Brazil.

Green Climate Fund

The Green Climate Fund (GCF) is the world's largest dedicated climate fund. GCF's mandate is to foster a paradigm shift towards low emission, climate resilient development pathways in developing countries. GCF has a portfolio of over USD 6 billion in projects and programmes across more than 100 countries. It also has a readiness support programme to build capacity and help countries develop long-term plans to fight climate change. GCF is an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and serves the 2015 Paris Agreement, supporting the goal of keeping average global temperature rise well below 2 degrees Celsius.

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