

Media Announcement

Global Subnational Climate Finance initiative activated and ready to scale-up low emission, climate resilient solutions

[Connecticut, Geneva, Gland, Paris, March 11, 2021]: The global Subnational Climate Finance (SCF) initiative is a blended finance vehicle formed to mitigate climate change and strengthen community resilience projects. The Green Climate Fund (GCF) as an anchor investor and partner has now signed the funding agreement for the first-loss tranche which will be up to USD 150 million, which is intended to mitigate risk to private investors at the fund level, thereby bridging the gap between public and private investors.

The SCF blended finance structure is central to the positive potential impact of the SCF, as nearly half of the 42 countries covered in the fund are small island developing states and least developed countries. The relatively smaller size of local climate investments — which will range between USD 5 million and USD 75 million— usually have limited access to traditional investor bases, and SCF allows capital to be directed to these local climate solutions through blending public and private sector capital.

SCF is a unique coalition among Pegasus Capital Advisors (Pegasus), International Union for Conservation of Nature (IUCN), the Green Climate Fund (GCF), R20 – Regions of Climate Action, BNP Paribas, and Gold Standard. It seeks to scale an untapped market for mid-scale climate resilient and low-carbon infrastructure, regenerative agriculture and nature-based solutions in developing countries.

From an impact perspective, the fund is expected to allow sub-national governments to implement climate solutions tackling water access and sanitation, improved waste management and accelerating clean energy and resource efficiency. Although the fund will allow for investments into distributed energy and renewable energy projects, it expects to also be focused on municipal level investments typically overlooked by large-scale climate investors, including municipal waste management, water management, regenerative agriculture, and nature-based solutions (NBS).

The scale and multi-country scope of the fund is expected to allow the consortium of partners to deploy novel business models and leverage innovative foreign and local climate technologies across the SCF portfolio.

Babita Bisht, GCF Deputy Director for External Affairs provided an update on the GCF, noting the rapid growth in its portfolio and strong track record since becoming operational just over five years ago. “The SCF is a partnership that highlights the unique features of GCF and our ability to work with different partners to drive transformative climate action”, she said.

Tony Clamp, the acting Director of GCF’s Private Sector Facility announced the signing of the funding agreement with Pegasus that morning and IUCN last week. He stated: “This is a critical milestone in moving toward implementation of the fund. The hard work begins now”.

Craig Cogut, Founder and Chairman of Pegasus outlined the catalytic potential of SCF, noting that, “municipal level investments are the biggest missing piece of scaling up climate resilient

development.” Cogut remarked that he was “thrilled to announce our partnership with GCF to anchor and provide the concessional capital tranche for the SCF. We believe SCF’s blended finance approach, together with the strength of our consortium partners, will allow us to attract and deploy private capital to finance climate resilient solutions and scale innovation in key sectors.”

Patrick Scheurle, Managing Partner – SCF said, “The SCF is an exciting initiative and GCF’s commitment is an important step to achieving its mission.” Addressing the issue of impact, he noted that the collaboration with the Gold Standard would be critical for the impact certification at the project and portfolio level. For investors, this is important because they get the verification and assurance of their investment.

Stewart Maginnis, Global Director of the Nature-based Solutions Group at IUCN said, “Not only do we have a moral obligation to nature, but nature is a functioning ecosystem which can deliver real benefits to society”. The IUCN support to the SCF project covers three areas of intervention - project development, capacity building, and monitoring and reporting. Independent certification from Gold Standard demonstrates measurable impact toward the Sustainable Development Goals.

Ends

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BNP PARIBAS



SCF Consortium

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.

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.

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

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 1996 by Craig Cogut, Pegasus has invested over USD 2 billion across five private equity funds. For additional information, please visit: www.pcalp.com.

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.



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