



# SCF

Global investments accelerating  
local action for a sustainable future

# NEWSLETTER

## Editorial

Did you know that **90% of waste in Low Income Countries (LICs) is either disposed of in unregulated dumps or openly burned**, causing serious health problems and damaging the climate? Are you aware that **greenhouse gas emissions need to be approximately halved by 2030 and be net-zero by 2050 in order to have a chance of limiting the global temperature rise to 1.5°C**? And that according to the OECD, **at least 105 of the 169 targets underlying the 17 SDGs will not be reached without subnational governments**?



This is why Pegasus, R20, IUCN & Gold Standard got together in 2020 to create the **Subnational Climate Finance initiative (SCF), a blended finance initiative** that aims to invest in and scale mid-sized subnational infrastructure projects in developing countries. We hope those to support progress towards: SDG 7 by increasing the production of renewable energy in the beneficiary countries; on SDG 8 by creating jobs, in particularly for women; SDGs 11 by improving the lives of millions of citizens; and SDG13 reducing the production of CO<sub>2</sub>.

We hope to also demonstrate that blended finance can unlock capitals to achieve the SDGs as there is an urgency to tackle the climate crisis.

This newsletter will inform you about the latest activities of SCF, including the projects that have received technical assistance, our investments, the events that we organize as well as thoughts leadership.

IUCN, Gold Standard, Pegasus and R20



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Gold Standard  
Climate Security & Sustainable Development

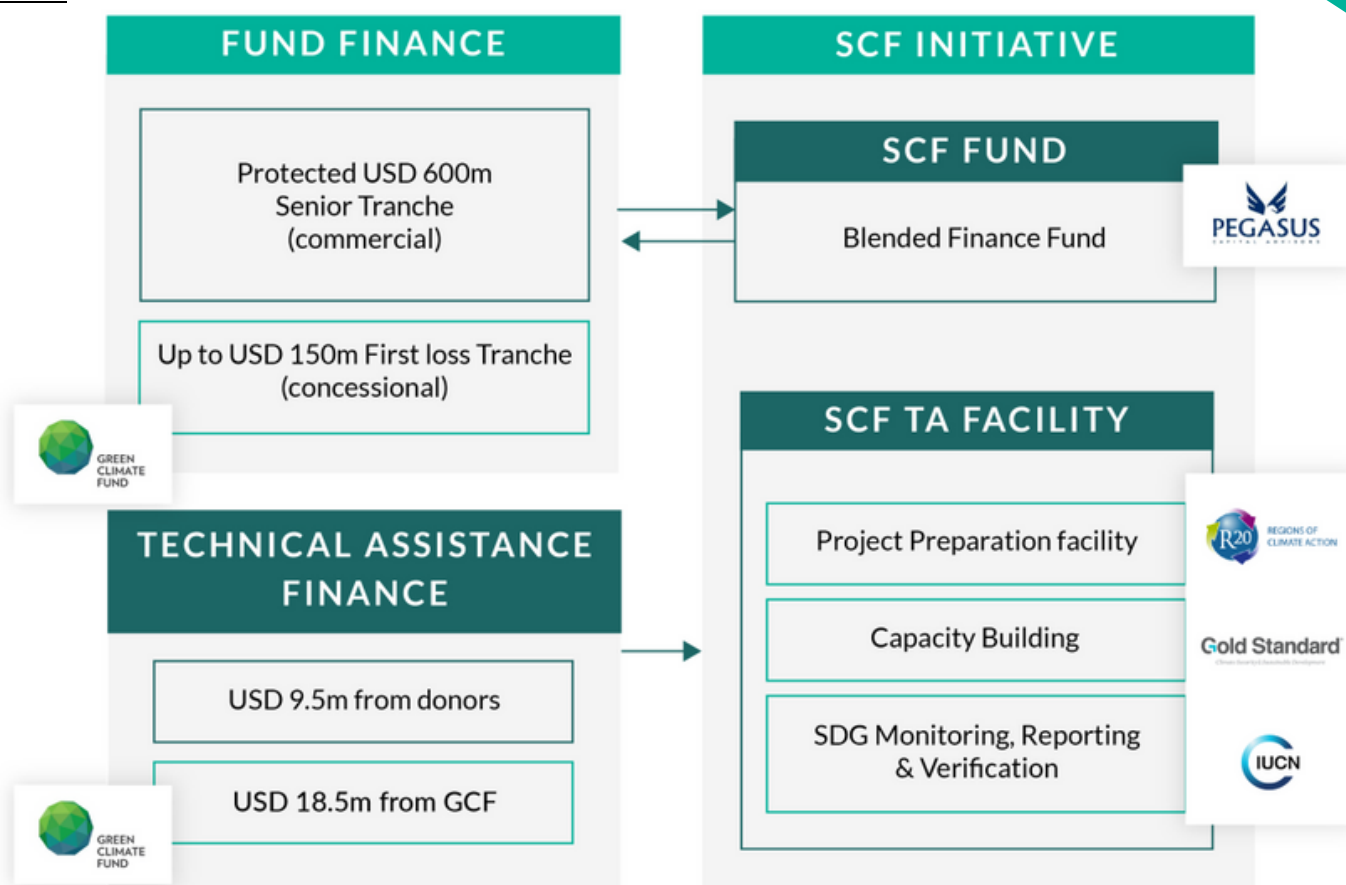
# What is SCF?



The Subnational Climate Finance initiative (SCF) invests in Subnational **climate-smart infrastructure projects** incorporating nature-based solutions including sustainable energy, waste and water management, urban development solutions and sustainable agriculture in 42 countries.



The SCF Initiative consists of, and investment fund managed by Pegasus Capital Advisors and Technical Assistance Facility executed by R20, IUCN and Gold Standard.





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# Technical Assistance

The grant-funded facility (\$28M) for Technical Assistance (TA) provides technical support and grant funding to stakeholders in identifying and strengthening investment proposals for the Fund. In addition to financial performance, it supports implementers in ensuring the achievement of National Determined Contributions (NDCs), SDG impacts, and Nature Based Solutions (NbS). With the GCF's financial support, TA is managed by the **International Union for Conservation of Nature (IUCN)** and implemented together with **R20 Foundation** and **Gold Standard**.



## Technical assistance for project preparation deployed as of August 2022:



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# Events

**6 to 8 September, Quito**

**SCF Latin America and the Caribbean Regional Workshop:**  
**“Investing in sustainable subnational solutions**  
**for climate, nature, and people”**

This event will bring together key actors of the SCF initiative in Latin America and the Caribbean to build capacity, strengthen the enabling environment for sustainable finance of climate resilient infrastructure and nature-based solutions and offer exchange of information and networking opportunities for regional actors.



**3 to 6 October, Geneva**

**Building Bridges Session**



Aligning financial flows with sustainability goals

**participate. brainstorm. network.**

October 3-6 2022 | CICC, Geneva, Switzerland

[www.buildingbridges.org](http://www.buildingbridges.org) | #BuildingBridges22



The 2022 edition of Building Bridges will take place on October 3-6 in Geneva, and feature more than 65 events co-hosted by 100 private companies, international organizations, and NGOs.

We are proud to host a panel discussion at Building Bridges this year, and actively contribute to a sustainable future. **Our event, taking place on the 5th of October at 11am, will explore the use of blended finance instruments to develop low-carbon and climate resilient infrastructure projects.**



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# Thoughts leadership

## BLEND ED FINANCE TO CATALYSE REAL IMPACT

June 2022

Blended finance is a structuring of concessional ("first loss") public or philanthropic capital that expects lower rates of return with conventional private capital to support sustainable development. This tool can be especially powerful in emerging economies where execution risk may be higher than what is acceptable to conventional finance sources alone. Public and private capital can be combined in different ways in "special purpose vehicles", which may also include a purely philanthropic grant, or a loan component added to blended equity investments to provide technical assistance for enhancing the bankability of projects and investments

### Real impact or safety net for investors?

Critiques have been raised towards blended finance, suggesting, that it provides subsidies to business with little transparency on what has been achieved.

These critiques are important. The blended finance community should take note and assess how effectively blended finance vehicles drive real change that would not

By Felicity Spors Head of Sustainable Finance, & Sarah Leugers, Chief Strategy Officer, Gold Standard

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accomplished with conventional finance alone? Or is it simply a means for private investors to de-risk investments and increase returns?

A thorough analysis shows there are indeed cases where blended finance vehicles may have simply provided additional protection for business-as-usual investment opportunities that do not drive any meaningful change. According to Joan Larrea, chief executive of Convergence, "There are cases where straight-up aid should remain straight-up aid, and there are also many cases where private sector investors don't need any encouragement to do something because it already is lucrative enough to roll the dice and take the risk on whatever they're staring at".

Yet blended finance has also been proven to prompt private investors to channel their capital where they otherwise would not, resulting in tangible benefits for social good. For instance, The Africa Agriculture Fund (AAF) is a private equity fund created in response to the food security challenge across the African continent.

[Click here to read the full article](#)



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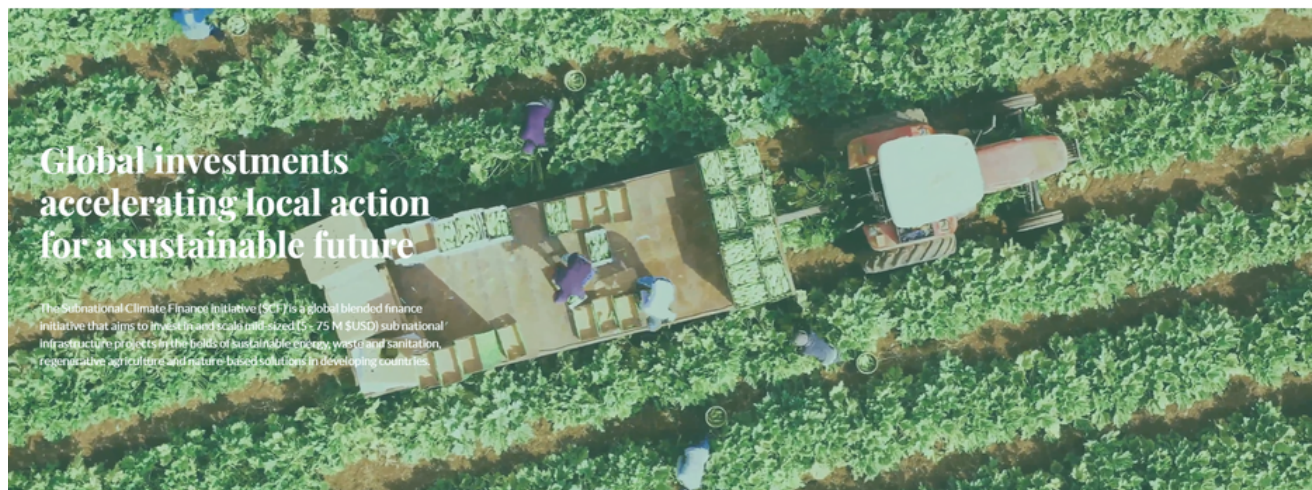
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## **SUBNATIONAL CLIMATE FINANCE**

International Environment House 2  
Chemin de Balxert, 7 – 9  
1219 Vernier, Geneva, Switzerland

Phone: +41 22 755 65 452

Fax: +41 22 755 65 49

Email: [media@regions20.org](mailto:media@regions20.org)

