



SCF

Global investments accelerating
local action for a sustainable future

December 22

NEWSLETTER

Editorial

« Greenwashing » was on everyone's lips at COP27 in Sharm El Sheikh. For those of you not yet familiar with the term; It refers to falsely labelling an investment or a financial product as environment-friendly or sustainable when it isn't, laundering your reputation with a label you don't deserve.

Greenwashing isn't new, so why was greenwashing so prominent this year? In the last year we've seen many more companies make commitments towards sustainability. And this is important, because those pledges are needed and urgent, there is no more time to lose.

And, the pressure is on as the following example demonstrate; Deutsche Bank's DWS was sued by consumer group over alleged greenwashing earlier this year, HSBC climate ads were banned by UK Watchdog over greenwashing claims.

And the pressure keeps on increasing; as a result of increasing financial regulation, litigation and liability risks and therefore regulatory fines, ad-withdrawing or product reclassification have sharply increased. This combined with consumers now expecting businesses and financial institutions to "play their part", significant reputational and market risks are also looming. To adapt to the rapidly evolving regulatory context and thus successfully mitigating related-risks, **firms' action must be guided by authenticity, measurability and proportionality**. When there is no impact-related data nor materials to disclose at all, it should often be seen as a red-flag or warning.

As a result, third-party verification becomes an important measure to reduce risks and ensure integrity. It is important to measure impact -both to demonstrate that funds are achieving what they have set out to and because it helps decision-making when deciding on projects and investments. This is why efforts like the [Gold Standard Fund Requirements Registry](#) are so welcome. The registry, launched during COP27, is a publicly available repository of all Funds and Portfolios applying the Gold Standard Fund Requirements. This ensures that all Funds, Portfolios and their impacts are visible in the public domain throughout each stage of the Gold Standard assurance cycle. **The Subnational Climate Finance Fund is the first Fund to be listed on the Gold Standard Fund Requirements Registry and everyone in the consortium is proud of that.**



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Advisory Board

In September, we announced the **establishment of a High-Level Advisory Committee**. The role of the committee is to advise the SCF Consortium on best opportunities to invest in regard to SCF mission.

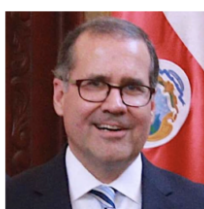
The committee is chaired by Henry Gonzalez, Deputy Executive Director, Green Climate Fund (GCF) who commented:

"As the anchor investor of SCF, GCF is pleased to contribute to the Committee as its guidance will help ensure climate-smart transformational projects and value creation at the local level."



Henry Gonzalez

Deputy Executive Director, Green Climate Fund



Lloyd Day

Deputy Director General, Institute for Cooperation on Agriculture



Paolo Gomes

Chairman, Orango Investment Corporation



Frannie Leautier

Partner, CEO of SouthBridge Investment



Michael E. Mann

Presidential Distinguished Professor in the Earth and Environmental Science Department at the University of Pennsylvania and the director of the Penn Center for Science, Sustainability and the Media



Liesje Mommer

Leading the Wageningen BioScience Initiative & Professor Plant Ecology & Nature Conservation at Wageningen University & Research



Sergey Nuzhdin

Principle Investigator, Nuzhdin Research Lab at University of Southern California



Michael Posner

Professor of Ethics and Finance at NYU's Stern School of Business



Susan Rockefeller

Founder and Editor-in-Chief of Mousings



Dr. Armando Sardi

Director, The Institute for Cancer Care, Chief of Surgical Oncology, Henry Medical Center, Baltimore, MD



Veronica Scotti

Chairperson Public Sector Solution, Group Managing Director, Santa, It

This Committee is composed of well-known experts in their field of expertise in climate science, finance/economies, sector/technical, biodiversity/ nature-based solutions, and environmental/social management systems.





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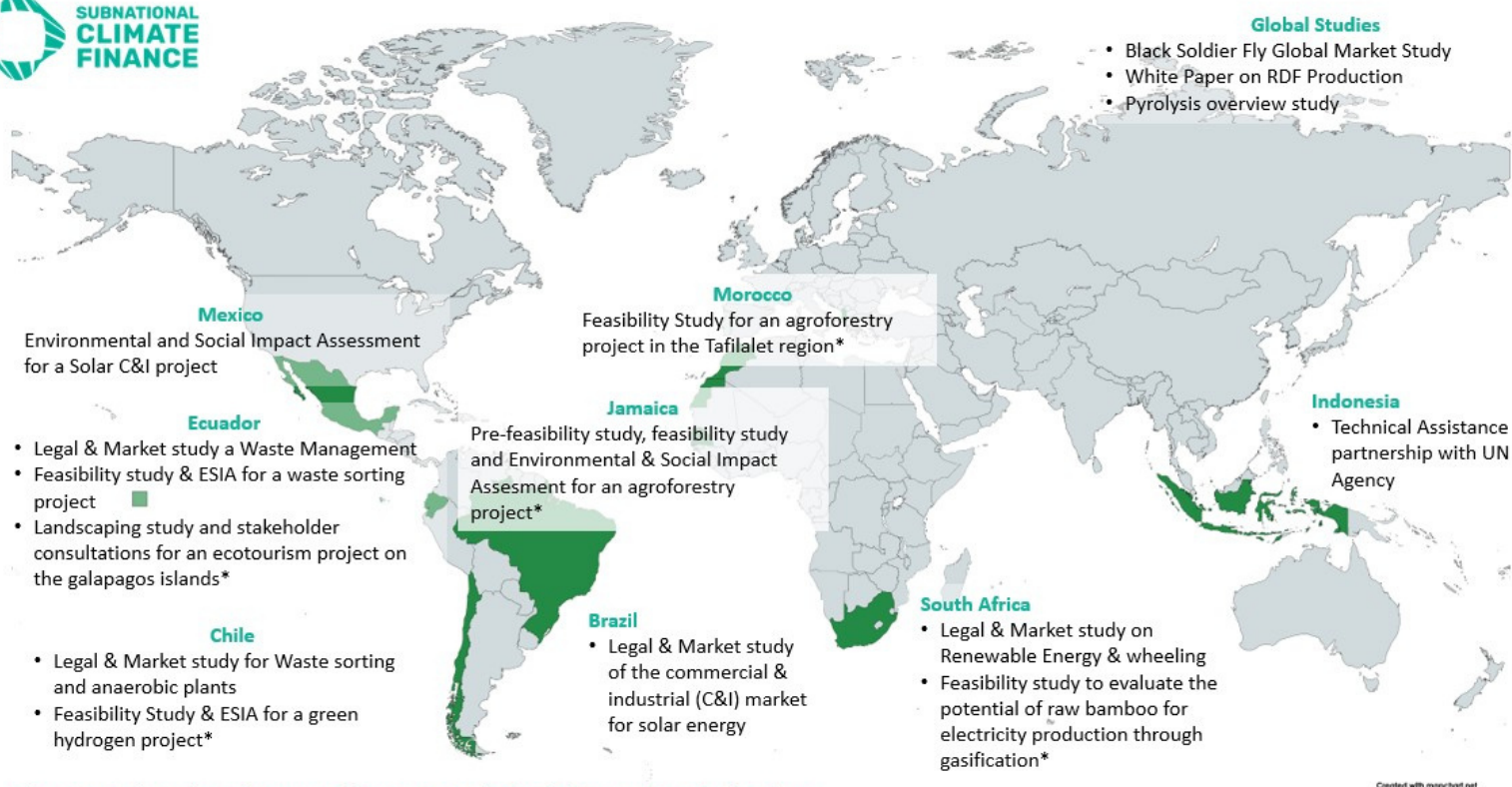
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Technical Assistance

SCF receives project proposals through our [online platform](#) and various partnerships with on the ground organisations. In 2022, we have **received and reviewed over 100 proposals, 19 met our criteria and received technical assistance to "make them bankable"**.



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Please note that technical assistance for projects marked with * has not been deployed yet

On our website, you can now find a [project page](#) describing projects that are being considered for investments and/or have received Technical Assistance.

In each newsletter, we will deep dive in one of them. This term we talk about a project in Jamaica targeting sustainable agroforestry.



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Zoom on a Project

SCF is considering an investment in an **agroforestry project in Jamaica**. The project is an agriculture production project developing 260 acres of coconut trees and intercropped ground produce, post-harvest processing infrastructure, cultivation operations and smallholder farmer extension services.



The project is the foundation of a scaled agroforestry infrastructure strategy across geographies and crops, partnering with the Jamaican government to reclaim unused former sugarcane land for trees and food. **The project's benefits are food security, ecological restoration, labor creation, community resilience, and climate change mitigation.** Production upon the orchard's maturity will annually yield 6.4 million coconuts and 1,300 metric tonnes of fresh produce – ginger, turmeric, papaya, yucca and ackee. The project plans to expand its cultivation acreage within Jamaica and through partnerships in Haiti, Brazil, Costa Rica, Panama, and the Bahamas.

The project aligns Jamaica's imperative for growth, change and efficiency in the agriculture sector with a project to address food security and elevate the agricultural sector. The project is an agriculture infrastructure investment with equal purposes of production, engagement (through offtake) of smallholder farmers, ecological restoration, improved productivity, and farmer incomes.

The challenge

The Caribbean must modernize food production models to withstand current and future climate change impacts.



An unhealthy reliance on low-quality food imports may create social and economic vulnerability, while the COVID-19 pandemic, geopolitical events, and energy costs have further disrupted food supply chains. This climate of vulnerability has led to a timely shift by governments and business leaders to the development of agri-businesses as a means of providing food security and reducing import dependency.



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Zoom on a Project

CARICOM launched the COVID-19 Agri-food Plan, referencing the '25% by 2025' imperative to replace 25% of imports with local/regional production by 2025. This is a high value commitment to regional purchasing within the 14 CARICOM Member States.

Our potential Investment

The Subnational Climate Fund plans to invest in the project, a local operating company that will develop a model farm to sustainably manage cultivation acreage, and construct and operate input production (compost, biological fertilizers, biochar), nursery, and post-harvest processing infrastructure. Additionally developed capacities include outreach support services, digital registration, data capture and aggregation of local farmers to train at the production site and to then contract and sell outputs to the post-harvest facility. Smallholder farmers will have access to subsidized inputs.

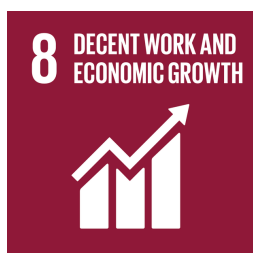


Technical Assistance

The project is going to receive Technical Assistance from the SCF for a pre-feasibility study, Feasibility Studies, and an Environmental and Social Impact Assessment (ESIA).

Find out more details [here](#).

Expected impact



Through the project, we hope to **create local employment in the construction of model farm infrastructure (30 FTE), cultivation operations (28 FTE), and the activation and expansion of a proximate smallholder farmer network (TBD)**. Additionally, extension and training services, and post-harvest aggregation and processing facilities will increase yields and improve incomes of smallholder farmers.

Zoom on a Project



Smallholder farmers will have access to outreach support services, digital registration, and data capture. They will also be trained in optimal cultivation methodologies. The project to contract with, and purchase outputs from smallholder farmers. Farmers will have access to subsidized inputs – seedlings, seeds, biological fertilizers, biochar. We also expect increased water use efficiency through soil restoration practices.



The project is expected to have **relevant CO₂ reduction through Afforestation/Reforestation (A/R)**. Quantification will be measured in accordance with Gold Standard methodology.



The project is expected to **activate biodiversity and productivity of abundant, fallow public and private lands.**



The project should **improve food security** of the local population and will particularly monitor the nutritional needs of women and children in the community.



Events

In New-York, for **Climate Week**, Pegasus, Systemiq and Gold Standard organised an event to explore new solutions that help companies and impact investors to achieve their climate and broader sustainability targets and deliver a return on investment.

In Geneva, during **Building Bridges**, R20 and Pegasus co-organized a session on blended finance.



UNFCCC COP27

SCF consortium was well-represented at COP27 with participations from all consortium members, namely: Gold Standard, IUCN, Pegasus & R20.

On November 12, the US government launched a global Call to Action for businesses to make new commitments to build climate resilience in partner countries, as part of the President's Emergency Plan for Adaptation and Resilience. As a founding participant, and in response to this Call To Action, **Pegasus Capital Advisors announced more than \$500 million to invest in adaptation strategies to reduce risks for communities in countries most vulnerable to climate change through SCF** and the GFCR.

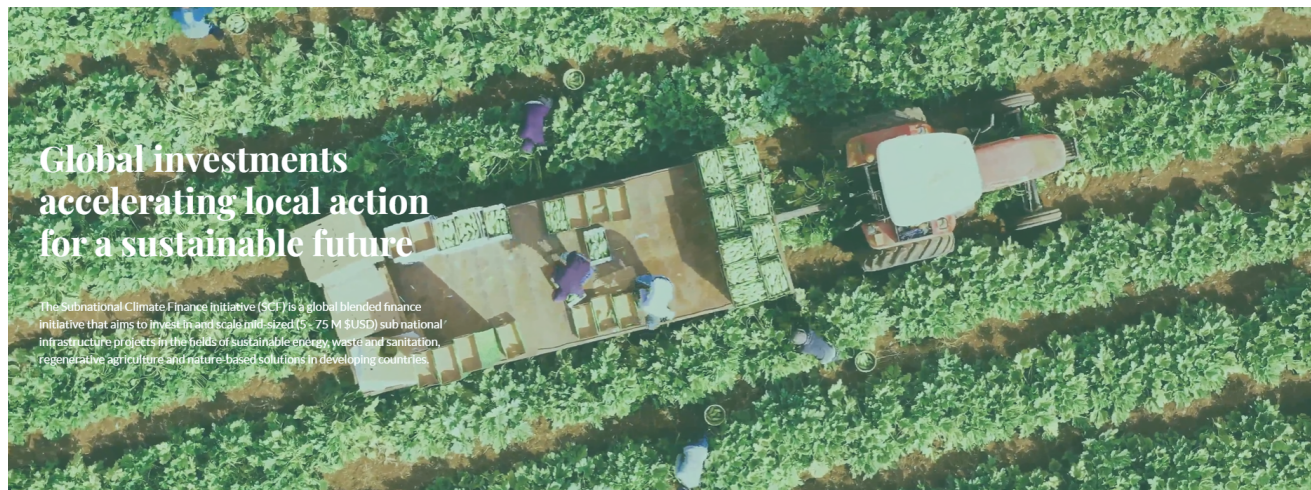
On November 14, R20 co-organized an official side-event with WinRock International to address how to engage the private sector in climate action. Pegasus Capital Advisors and Gold Standard representatives were on the panel to highlight the SCF.

On November 15, Pegasus Capital Advisors co-hosted a high-level luncheon event on the topic **"Leveraging Tangible Climate Solutions for Nature, People, and Planet"**. Case studies from SCF in the areas of renewable energy, sustainable agriculture, cold storage, and ecotourism were presented.



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The Subnational Climate Finance Initiative (SCFI) is a global blended finance initiative that aims to invest in and scale mid-sized (\$ - 75 M USD) sub-national infrastructure projects in the fields of sustainable energy, waste and sanitation, regenerative agriculture and nature-based solutions in developing countries.

Sign up for the newsletter

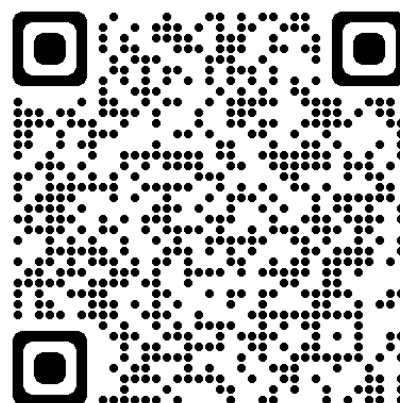
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