



SCF

Global investments accelerating
local action for a sustainable future

May 2023

NEWSLETTER

Editorial

We are pleased to announce the SCF's first investment. On the 17th of May, SCF confirmed its plans to Invest USD 43 Million in Grupo LUXUN to Accelerate Rooftop Solar for Distributed Generation (DG) in Mexico.

Solar power, as a prominent renewable energy source, offers numerous advantages for a sustainable future. The advancements in solar technology have made it more efficient and affordable, enabling wider adoption at both large-scale and residential levels. Moreover, solar power drives economic growth by creating job

opportunities in manufacturing, installation, and maintenance sectors. It also promotes energy independence and resilience by reducing reliance on external energy sources and integrating energy storage solutions. While challenges exist, such as intermittency and grid integration, overcoming them requires investment in research, supportive policies, and collaborative efforts. Ultimately, embracing solar power is not only a practical choice but a necessary step towards a greener and more prosperous world, which is why it has always been at the heart of the SCF's portfolio.

Technical Assistance has been instrumental in making the Luxun deal "bankable" (see the "zoom on a project" section for further information), which is why we are proud to report that since inception 36 grants have been approved by the consortium members in 15 different countries (see the "technical assistance" section for further info).

We are eager to continue our impact investment journey and hope to be able to announce investments in further projects in the next few months.





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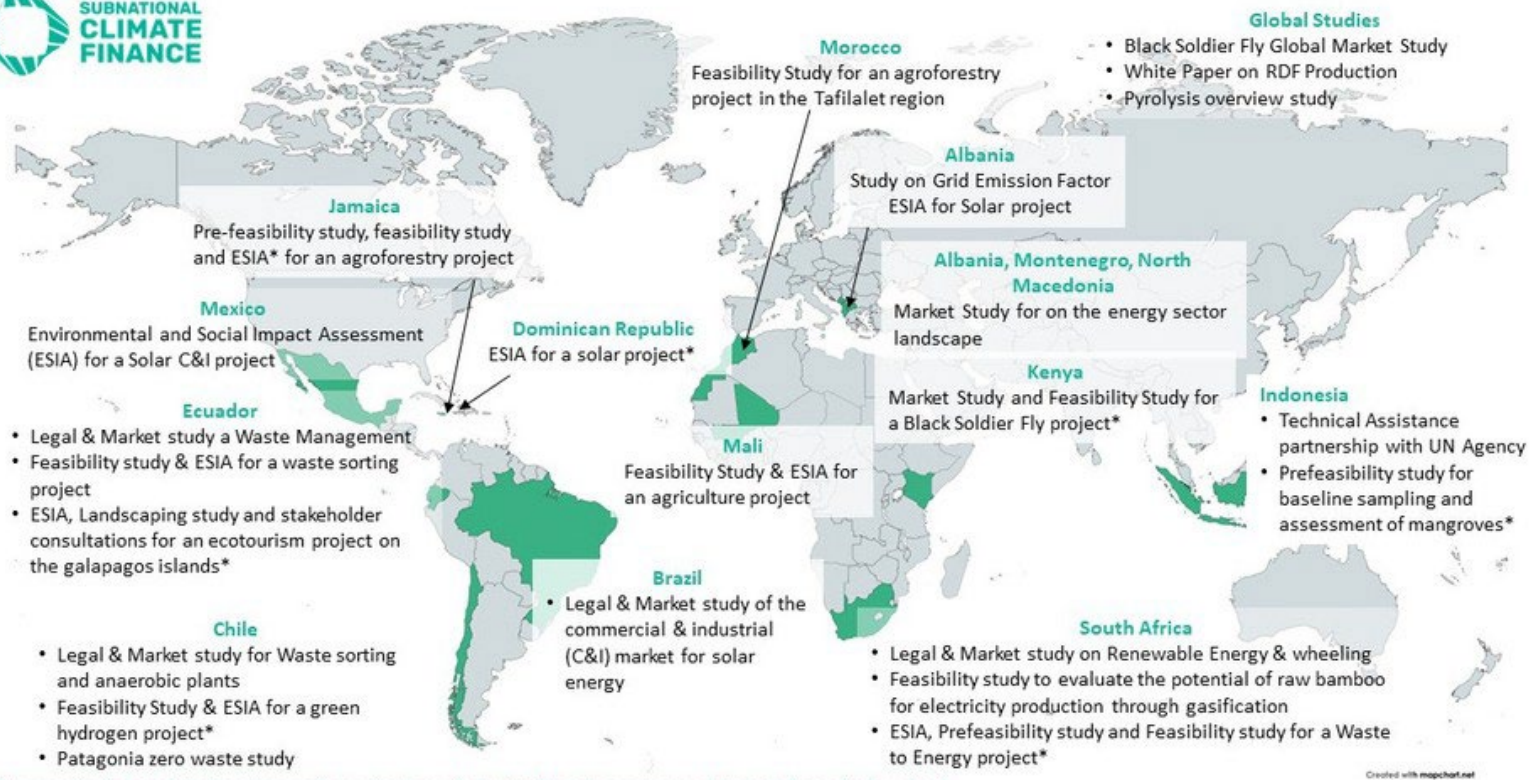
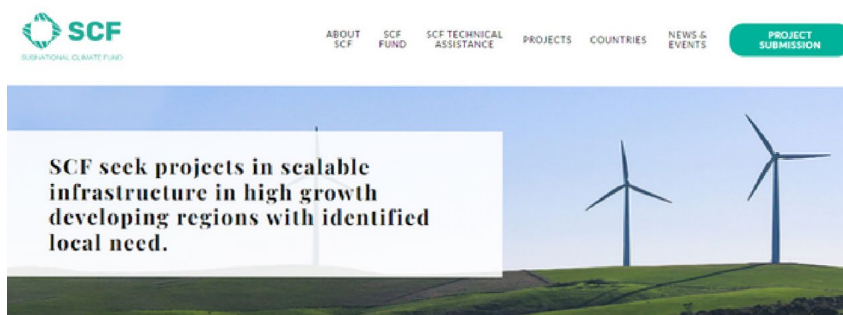
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Technical Assistance

SCF receives project proposals through our [online platform](#) and various partnerships with on the ground organisations. Since inception, SCF has already approved grants in 15 different countries for:

- 19 Pre-feasibility studies
- 9 Feasibility studies
- 10 Environmental & Social Impact Assessment ESIA



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

On our website, you can 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 time, we talk about the Luxun project, our first investment which received grants for an Environmental and Social Impact Assessment and Environmental and Social Management and Action Plan.



REGIONS OF CLIMATE ACTION





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Zoom on a Project: Luxun

On the 17th of May, SCF confirmed its plan to invest USD 43 million in Grupo LUXUN to accelerate rooftop solar for distributed generation (DG) in Mexico.



Grupo LUXUN is a leading **Mexican renewable energy company that offers turn-key, rooftop solar energy installations for businesses and enterprises without up-front investments.** Through an innovative Power

Purchase Agreement (PPA) and leasing model, LUXUN aims to eliminate financial and operational barriers to solar energy adoption while taking advantage of the country's vast solar irradiance, reducing reliance on fossil fuels and avoiding harmful emissions.

The challenge

Mexico's energy mix is dominated by oil and gas, with oil accounting for almost half of the total. Mexico has a constant growing electricity sector, with demand increasing on average by 1.6% per year since 2000.

As the local sponsor, Grupo LUXUN will be responsible for the entire development, procurement, installation supervision, and operation of the solar PV assets across Mexico's national territory, leveraging Pegasus Capital Advisors' and the rest of the consortium members of the SCF's extensive expertise in sustainable investments to achieve its mission of creating a sustainable future. The planned five-year, USD 43 million capital investment by the SCF is expected to finance the construction of



+160MW of solar panels and battery storage projects. LUXUN also received grants from the SCF technical assistance facility to cover: an environmental and social impact assessment (ESIA), an environmental and social management and action plan (ESMP/ ESAP), as well as the evaluation of the principles and safeguarding requirements of the Gold Standard for the Global Goals.



REGIONS OF
CLIMATE ACTION



Gold Standard
Climate Security & Sustainable Development



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Zoom on a Project

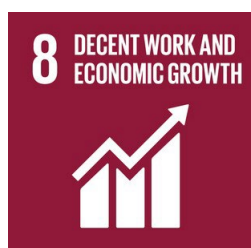
Expected impact

Our aim, alongside our local partners, is to support and scale up the renewable energy platform to develop, install and operate solar PV assets to offer clean energy to the C&I clients that currently have a reduced number of options for their electricity supply. We expect that the project will positively impact the following Sustainable Development Goals:



SDG 7 Affordable and Clean Energy

The project should generate 256,000 MWh of clean and affordable energy for industrial and commercial use per year.



SDG 8 Decent Work and Economic Growth

The project should create direct and indirect employment and skills development in the communities, given that there will be multiple installations across the country. The project also plans to integrate more women into the processes, such as in the operation and maintenance phase.



SDG 13 Climate Action

We estimate that from 2027 onwards, thanks to the project, 119,311 tons of CO2 will be avoided emissions per year by replacing power generation from primarily coal-powered electricity sources.

Further details on the project are available from our website:
<https://www.subnational.finance/projet/mexico-luxun/>



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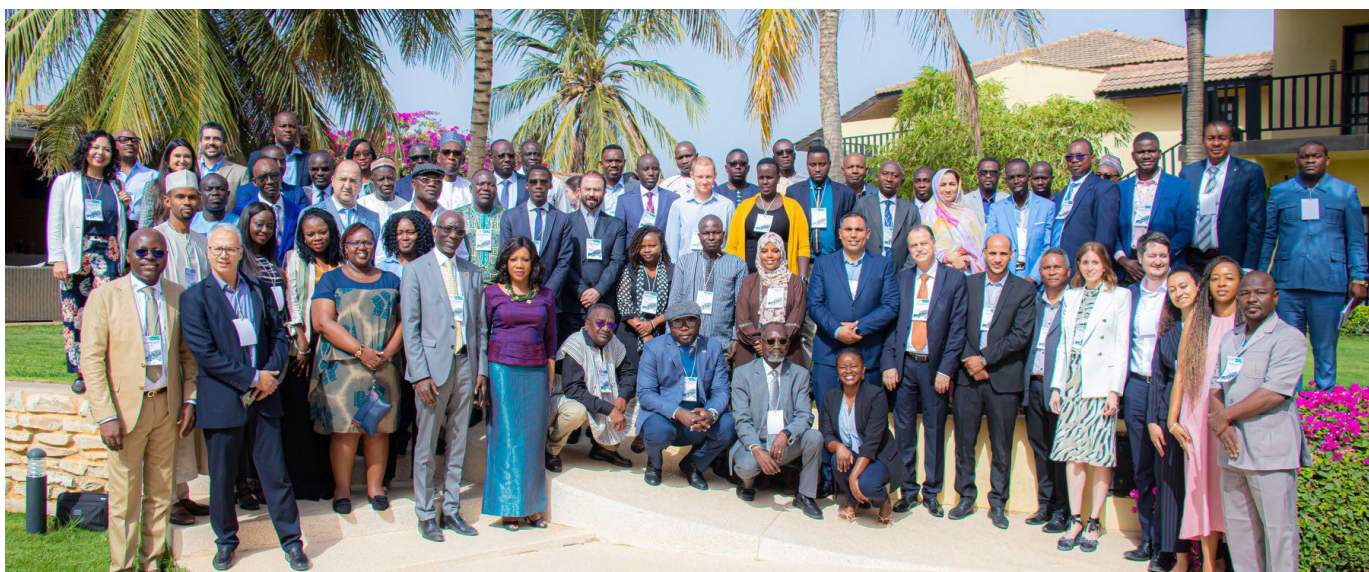
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Capacity-Building

SCF organized an in-person **Regional capacity-building workshop in Senegal** entitled: "Investing in sustainable subnational solutions for climate, nature, and people" mid-march.

The objective of the regional workshop was to bring together key actors from national and subnational governments, project developers and financial institutions, and to present the SCF initiative, strengthen capacities in the development of projects on key thematic areas of the SCF and share experiences on sustainable finance in the region.

More than 80 participants participated onsite and another 50 participated online.





SDG Monitoring, Reporting and Verification

Alignment tool on Nature Based Solutions

As part of its mandate within the SCF consortium, Gold Standard is developing an alignment tool that identifies the existing standards and different data requirements for reporting nature-based solutions (NBS) and natural climate solutions (NCS) in order to:

- Develop a tool that clearly outlines existing NBS standards and data needs from different approaches (IUCN, WBCSD or WWF); enabling users to understand the specific data requirements associated with each approach.
- Ensure consistency and comparability across NBS and NCS projects; enabling users to align their data collection, monitoring, and reporting processes accordingly.
- Promote transparency and credibility in the NBS and NCS landscape; enabling stakeholders, including investors, policymakers, and the public, to access clear information about the standards used and the data requirements for each reporting claim.
- Identify data gaps and areas for improvement in NBS and NCS reporting, allowing for potential harmonization or standardization efforts. It also highlights the specific data needs that may be unique to each standard, ensuring that project developers can prioritize data collection and management accordingly.



Piloting of the Fund Requirements

The Gold Standard Fund Requirements aims to “provide a third-party verifiable impact management process to support financial actors in measuring, managing and maximising sustainable development impacts”. The fund requirements build on the work of existing best practice but focus on both performance, assurance and management/performance reporting.

SCF is the first pilot, the flagship project that sets the precedent for others. The second fund is the South Pole /WWF Landscape Resilience Fund. They are mid way through their validation process by independent 3rd party auditors and are already listed in the Gold Standard registry.

The Pilot has resulted in the evolution of the fund requirements, now on version '3'. The Guidance to accompany Requirements is due for completion in June.



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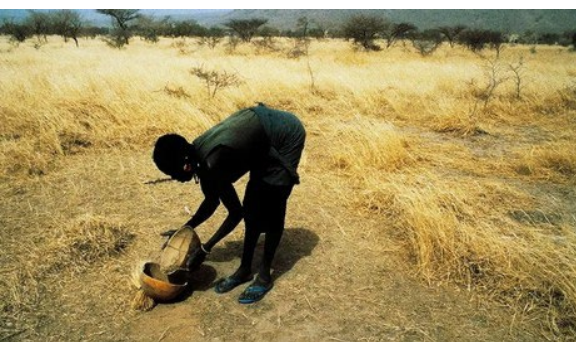
Other news

Interview

Founder & CEO [Craig Cogut](#) and Pegasus Advisor Gina McCarthy discussed the importance of making investments that provide women with more work opportunities in the developing world in the PBS' White House Chronicle.



Craig Cogut and Gina McCarthy on Ecotourism



New Coalition

The Forum for Farmers and Food Security is a global coalition dedicated to driving tangible actions to transform food and agriculture systems. Together, it seeks to improve global food and nutrition security while illuminating the inextricable link between food systems — both on land and sea — and climate resilience.

The Forum for Farmers and Food Security is just getting started, with inaugural members including the Inter-American Institute for Cooperation on Agriculture, the United Nations Development Programme, the Global Alliance for a Sustainable Planet, the U.N. Capital Development Fund, Africa Adaptation Initiative, R20 Foundation, U.N. World Food Programme, Pegasus Capital, Producers Trust, and Food Tank.

Upcoming report:

On the 31st of May, SCF (through Gold Standard) and CPI will launch a new report entitled "**Improving Local Enabling Conditions for Private Sector Climate Investments**". The report explores the barriers, best practices, and recommendations to **improve local enabling conditions to attract private sector capital to support climate investments in cities of emerging economies**. The analysis was informed by a literature review, five case studies with inputs from stakeholders involved in the projects' development, eight key informant interviews, and feedback received from eleven technical experts.

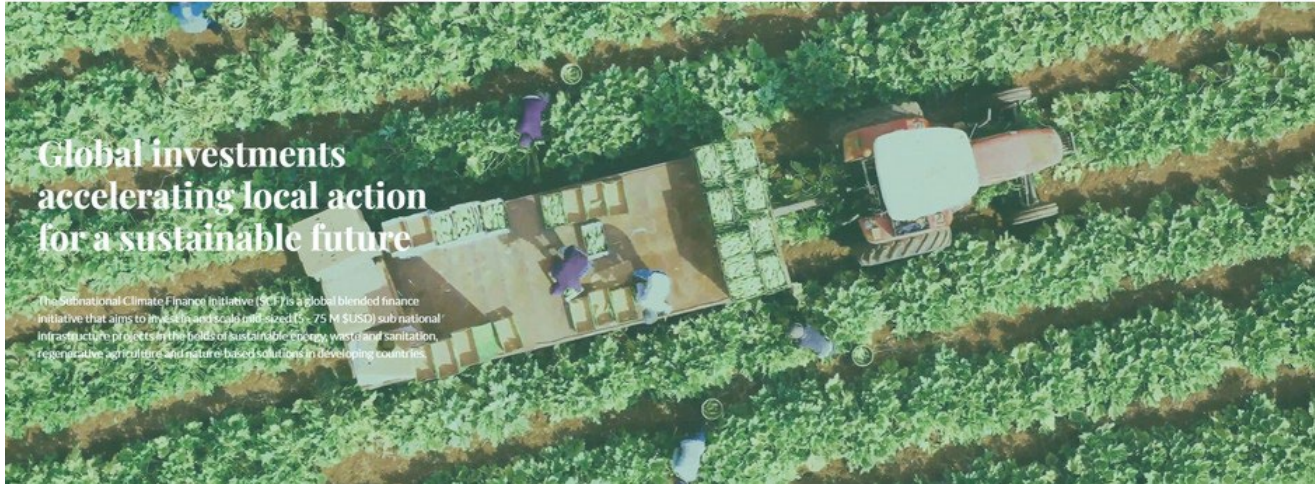
Register using this link: <https://lnkd.in/dyHFNN5c>





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