



SCF

Global investments accelerating
local action for a sustainable future

Summer 2023

NEWSLETTER

Heat is Here to Stay

With unprecedented heatwaves shaking the world this summer, it is evident that climate change has steered our global community into uncharted territory. Early estimates from insurer Allianz suggest that the heatwaves could have cost the global economy 0.6pp of GDP and threatened the lives of billions. However, while these highly-publicized heatwaves occurred in regions with high adaptive capacity and resilience to extreme weather events, it is important to consider that the developing world is often at the most risk for record-breaking heatwaves. Additionally, regions such as Western and Sub-Saharan Africa, as well as the Middle East, not only have the potential for more extreme heatwaves, but also have growing urban populations that are increasingly exposed due to lack of resilient infrastructure. This necessitates that leaders and practitioners take proactive measures to safeguard vulnerable communities.



On the governance level, significant effort has been made by the international community to standardize and fortify heatwave governance practices. The World Meteorological Organization (WMO) and the United Nations Office for Disaster Risk Reduction (UNDRR), for example, are leading the *Early Warnings for All Initiative*. These programs are helping to bolster scalable adaptation governance in the face of disproportionate heat-related morbidity in developing countries. However, effective governance is not always enough to implement meaningful adaptation, particularly when financing infrastructure changes at the international level can be gradual in comparison to the rapidly-escalating global heat situation. This presents unique opportunities for bottom-up projects with public-private financing models of sustainable infrastructure that can both yield economic benefits and boost resilience in developing communities.

The challenge with current financing models, however, is that the types of infrastructure projects that funds can approach are restrictive. Incentive structures as they exist today, such as those offered by carbon crediting, are not developed enough to balance the foreseeable risk to investors involved with heat adaptation projects. This comes at a time when various key voices in the international community have indicated that leveraging the private sector will be critical in financing the green transition in years to come. Urgent global challenges such as heat vulnerability require cross-sectoral and multi-disciplinary partnerships to build resilience for those most affected. **SCF is eager to collaborate on innovation in financing and is looking forward to diving into projects that support and reward investments into resilient futures for developing communities.** It is in times like this that we must remember that equitable climate progress means no country or community is left behind.

Catalytic
FINANCE FOUNDATION



Gold Standard
Climate Action & Sustainable Development



SCF

Global investments accelerating
local action for a sustainable future

Protected Against Greenwashing

Achieving Gold Standard's Design Certification

Amidst growing concern that sustainable finance is not delivering real impact toward global climate and development targets, Gold Standard has announced that the Subnational Climate Fund (SCF) has become the first fund ever to achieve Design Certification under the world-leading standard Gold Standard for the Global Goals. Gold Standard has developed this [piloting of requirements for impact funds and bond issuers](#) in order to safeguard against greenwashing and ensure impact results through strong monitoring, reporting, and verification features for bond holders and investors. This certification is expected to accelerate private capital investments by verifying that:

- SCF's governing body integrates the UN's SDGs into its decision-making practices, and their impact strategy aligns with SDG 5 (gender equality) and SDG 13 (climate action).
- SCF's investments assess negative impacts by applying GS4GG safeguarding principles and requirements for all potential impacts.
- SCF's investments must have an exit strategy to ensure that the principle of "do no harm is" embedded into decision making for the lifetime of the investments made.
- Ensure consistency and comparability across NBS and NCS projects; enabling users to align their data collection, monitoring, and reporting processes accordingly.

Gold Standard's pilot fund requirements align with other leading standards, such as Operating Principles for Impact Management (OPIM), UN Principles for Responsible Investment (UN PRI), and UNDP (United Nations Development Programme) SDG Impact Standards, minimising the reporting burden for funds. In addition, they go beyond traditional practices by including performance reporting and assurance.



Piloting of the Fund Requirements

SCF has successfully achieved design certification, meaning its governance structure, impact strategy and investment screening criteria align with GS4GG. The unique requirements mean all key investment decisions must consider the impact they will have. This guards against 'greenwashing' - when organisations make claims that are misleading, overclaimed, or not real.

Gold Standard's pilot fund requirements align with other leading standards, such as Operating Principles for Impact Management (OPIM), UN Principles for Responsible Investment (UN PRI), and UNDP (United Nations Development Programme) SDG Impact Standards, minimising the reporting burden for funds. In addition, they go beyond traditional practices by including performance reporting and assurance

Catalytic
FINANCE FOUNDATION



Gold Standard
Climate Investment & Sustainable Development



SCF

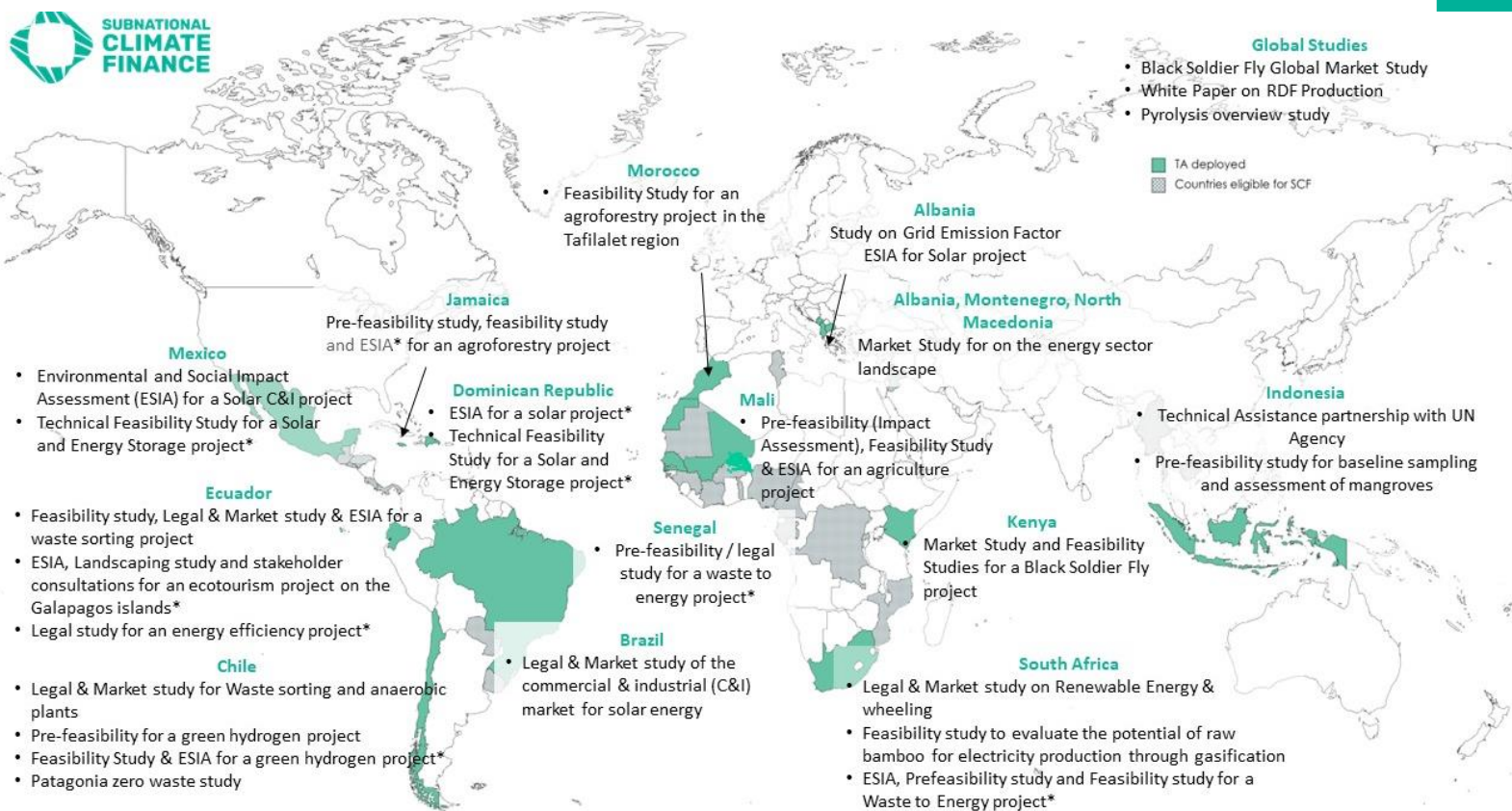
Global investments accelerating local action for a sustainable future

Summer 2023

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:

- 23 Pre-feasibility studies
- 13 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. For this issue, we will address the latest development Black Soldier Flies Technologies to address waste management.



secretariat@regions20.org | www.subnational.finance



SCF

Global investments accelerating
local action for a sustainable future

Zoom on a Project: Black Soldier Fly Technologies

SCF has developed a white paper evaluating the market implementation of circular organic municipal waste management using *Hermetia illucens* - Black Soldier Fly (BSF) technologies. BSF is a tropical species used for the bioconversion of biowastes and byproducts into marketable, high-value products.

The study mapped BSF companies worldwide whose business models involve smallholder farming, the production of high-quality ingredients for the pet and livestock markets (e.g., poultry, pig, aquaculture), waste management, genetics and sale of young larvae offspring, or the production of higher value products.

Currently, the pet and livestock markets are the largest markets of larvae products, which are used live, frozen, dried, as protein meal, or as fat in the diets of pets and livestock. More recently, more high-value chitin, fat, and melanin products are also being investigated for use in technical, pharmaceutical, and cosmetics markets.



The Challenge

Global food systems have a profound impact on human and planetary health. Beyond food's production-related impacts, food waste incurs the wasting of resource inputs, the creation of health hazards, and even the production of greenhouse gas emissions. Today, global food waste is a larger challenge than ever before, with the United Nations Environment Programme (UNEP) indicating that one-third of all food produced globally is lost or wasted, amounting to a wasting of 1B tonnes of food waste per year.



In response to the increasing need for organic-waste disposal, several new technologies have emerged seeking to implement sustainable waste management practices. BSF is one such technology that promotes circular waste management by repurposing organic waste into feedstock and pet food, both of which have largely been historically produced through large-scale, resource inefficient and environmentally degrading agricultural practices. By acting as a means of efficiently and sustainably eliminating organic waste and sustainably producing products that bolster food security and avoid production-related emissions, BSF presents a dual-solution value proposal.





SCF

Global investments accelerating
local action for a sustainable future

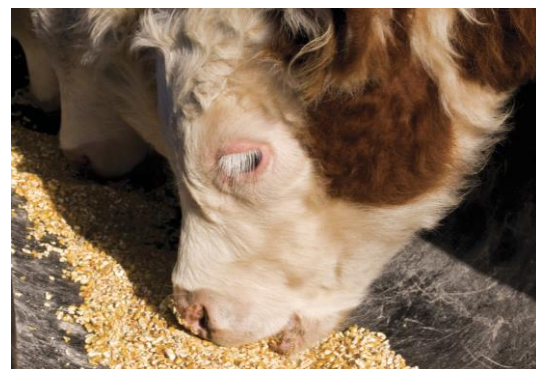
Zoom on a Project

Expected impact

There are two main impact pathways that emphasize the value of BSF companies in pursuing SDG targets:

1. To treat waste with a lower environmental impact than treatment alternatives such as (unmanaged) landfilling, composting, incineration/open burning, etc.
2. To produce more sustainable insect-based products than current benchmarks

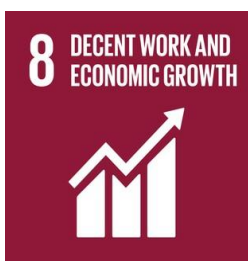
Both of these pathways have the potential to impact:



SDG 11 Sustainable Cities and Communities



BSF projects can offer community benefits from reduced waste and associated emissions and pollution reductions, thereby improving the livelihoods of local communities. Decentralised BSF projects can also create more nutritious and affordable animal feed for animals of local communities. In countries where growth stunting is still common, the use of BSF larvae for animal feed, especially chicken that result in eggs, can help to address nutritional and food security issues.



SDG 8 Decent Work and Economic Growth

BSF sites can provide employment and improve the livelihood of the local population by creating job opportunities and providing a formal living wage for local people.



SDG 13 Climate Action

BSF approaches are expected to mitigate the emission of methane by preventing organic waste from being landfilled or dumped in countries where organic waste landfilling and dumping are common practice.

Further details on the project are available from our website:
<https://www.subnational.finance/projet/black-soldier-fly-market-study/>





SCF

Global investments accelerating
local action for a sustainable future

Upcoming events

New York Climate Week

September 17-24 | NYC, USA

Climate Week NYC is an event that has taken place every year in New York City since 2009. The summit takes place alongside the UN General Assembly and brings together international leaders from business, government and civil society to showcase global climate action. Climate Week NYC is run by The Climate Group.

Pegasus Capital Advisors will run a series of events during the week:

- 14th of September 2023: SCF is participating at the panel “Creating Resilient Food Systems” at the **Summit on Food and Agriculture as a Solution to the Climate Crisis** organized by Food Tank and NYU Steinhardt.
- 15th of September 2023: **The Forum for Farmers and Food Security (3Fs)** was recently launched to help producers maximize income through the full use of a farm’s ecosystem while hastening the transition to regenerative practices that minimize the use of harmful chemical inputs, protect biodiversity, and prioritize the health and wellbeing of farmers and their communities. SCF will participate at the inaugural stakeholder meeting.
- 19th of September 2023: The Global Resilience Partnership and Pegasus Capital Advisors will host a dynamic **roundtable and breakfast event focused on adaptation and resilience strategies** to discuss the importance of private sector investment to build resilience and adapt to the impacts of climate change, particularly in developing countries where public financing is limited.
- 19th of September 2023: Pegasus Capital Advisors will host an event focused on **Big and Transformative Ideas** that are actionable. The session will be moderated by Gina McCarthy, the first-ever White House National Climate Advisor and former U.S. EPA Administrator, and multiple entrepreneurs to discuss game-changing ideas such as natural and geologic hydrogen, seaweed, ocean carbon capture, regenerative agriculture, and palm oil replacement.
- 20th of September 2023: Pegasus Capital Advisors is conducting multiple **in-depth sessions with experts from the field on alternative materials, natural and geologic hydrogen, plastics and ocean pollution**.
- 21st of September 2023: Gold Standard and Pegasus Capital Advisors will be holding **“An insights workshop for Corporates - Exploring the value of impact funds”** to discuss different impact fund models such as SCF, and working to identify opportunities for new approaches to support them.
- 21st of September: Bloomberg Philanthropies, Builders Vision, the UN Climate Change High-Level Champions and Pegasus Capital Advisors are co-hosting an **investor roundtable focused on investing strategies for a thriving sustainable blue economy** to promote the importance of our ocean and to discuss strategies to support commercial-scale investment on behalf of the ocean, reefs, and climate-vulnerable communities.

For further information about the events, please contact ngartmann@pcalp.com, and get in touch if you’d like to meet us.



Global Impact Investing Network (GIIN) Impact Forum

October 4 - 5, 2023 | Copenhagen, Denmark



The GIIN Impact Forum is the largest in-person global gathering of impact investors. The Forum offer delegates with the opportunity to build relationships, discover opportunities, share insights about new strategies, learn the latest industry developments, and explore ways to drive continued momentum and growth in the impact investing market.

Gold Standard will have a booth, come meet the team to learn more about the SCF and how Gold Standards supports Impact Investors with their measuring requirements.

Latin America and Caribbean Climate Week

October 23 - 27, 2023 | Panama City, Panama

Hosted by the government of Panama in Panama City, the Latin America and the Caribbean Climate Week seeks to facilitate and accelerate the region's response to the climate crisis. The Climate Week offers opportunities for presenting new ideas, take part in lessons learned, and find opportunities for working together.

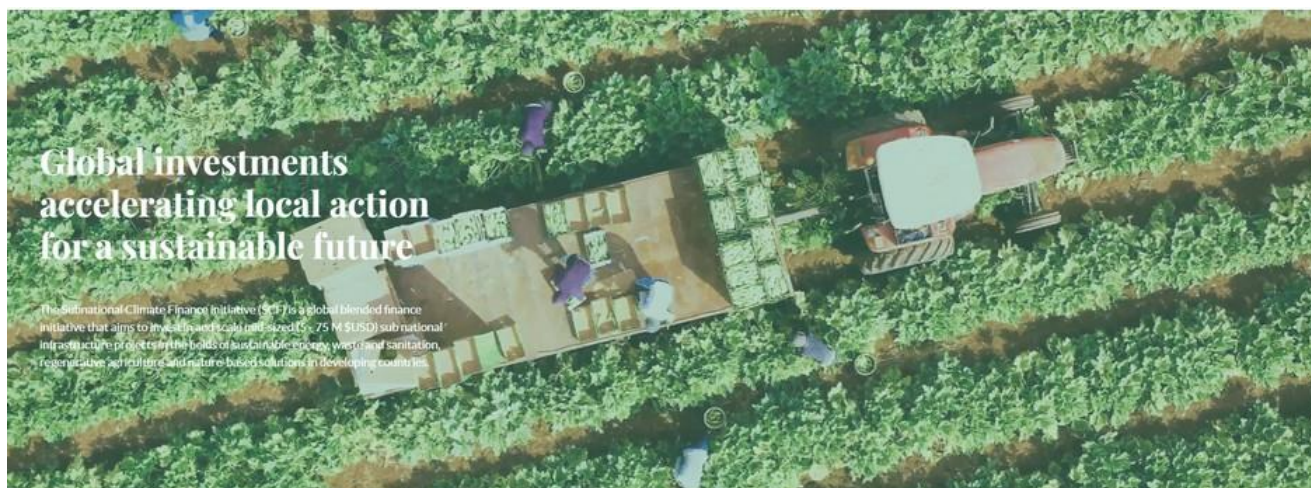
The SCF team will hold a session on "Investing in sustainable subnational solutions for climate, nature, and people", **come and meet us to learn more about our projects in the region.**





SCF

Global investments accelerating
local action for a sustainable future



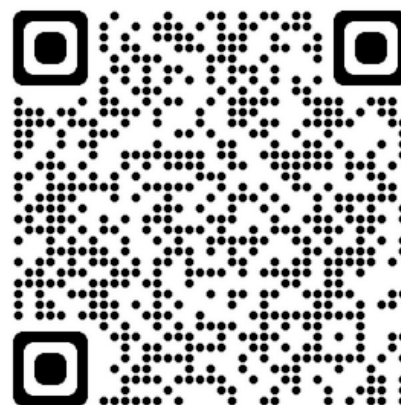
Sign up for the newsletter

SUBNATIONAL CLIMATE FUND
International Environment House 2
Chemin de Balexert, 7 - 9
1219 Vernier, Geneva, Switzerland

Phone: +41 22 755 65 452

Fax: +41 22 755 65 49

Email: media@regions20.org



Catalytic
FINANCE FOUNDATION



PEGASUS
SUSTAINABLE INVESTMENT

Gold Standard
Climate Security & Sustainable Development

secretariat@regions20.org | www.subnational.finance