



SCF

Global investments accelerating
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June 2024

Newsletter

Exploring sustainable finance solutions for nature and climate actions in Africa

Editorial by Shizuka Onishi, Senior Programme Officer, Nature- Based Solutions, IUCN

This week (24-28 June) in Nairobi, IUCN is convening the [Africa Conservation Forum \(ACF\)](#). Held every four years, ACF is one of the 9 [IUCN Regional Conservation Fora 2024](#) which bring together IUCN Members and multi stakeholders to discuss some of the most pressing issues in sustainable development and conservation. These gatherings serve as vital platforms for dialogue and collaboration, setting the stage for the upcoming IUCN World Conservation Congress 2025 in Abu Dhabi.

Sustainable finance solutions for conservation and climate in Africa are among the priority topics to be discussed in the Forum. The challenges are significant: some reports estimate annual funding gaps in the region to be as high as \$200-400 billion for climate, and more than \$100 billion for nature. Domestic public budgets reach only a fraction of these finance gaps. Many African countries are experiencing fiscal constraints due to rising public debt burdens and the consequences of climate-induced disasters, environmental degradation, geopolitical conflicts and lingering impacts of the pandemic.



Africa also has immense opportunities for sustainable development. The continent is home to a quarter of the world's biodiversity, arable land, diverse natural resources, and the youngest population which is set to double by 2050. Existing studies demonstrate that the economic value of various benefits from investing in natural capitals in Africa, such as ecosystem restoration and protected area management, can be extremely high in some cases. **There is a clear opportunity for private sector to invest in nature and climate actions in Africa, and for the international public finance to play a more catalytic role by focusing on strategically directing concessional finance** and addressing policy and market barriers.

To mobilize financial flows effectively and sustainably to where they are needed, solutions are required at diverse scales and entry points. The ACF week will explore some of the innovative financing mechanisms, including biodiversity credits, thematic and sustainability-linked bonds, and Debt-for-Nature swaps.

Blended finance is a key approach to unlocking additional private finance in the emerging market and developing economies. The SCF initiative uses blended finance to raise capital for climate impact investing, as well as to provide pre-investment support and capacity building for stakeholders through the grant-based Technical Assistance (TA) - thus addressing some of the roadblocks such as the lack of investible pipeline, and the data availability to improve project viability and impact measurements.

One of the key learnings from the implementation of the SCF is the importance of communication and dialogue among public and private actors. These can facilitate the mutual understanding of challenges and priority actions, instigate market-informed policy reforms, and promote collective learning on how to design, channel and leverage smart financial mechanisms.

Building on the previous SCF regional workshops, the ACF week, the upcoming country trainings and other events, the SCF will continue to support opportunities for knowledge sharing and collaboration among investors, policymakers, technical experts and conservation practitioners.

Registration is still open for the SCF training workshop in Nairobi (Friday 28th June):
[Managing ESG impacts and risks in nature and climate investments](#) (please see p.5 for details)



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Technical Assistance

SCF receives project proposals through our **online platform**. Since inception, SCF has already approved grants for 34 projects in 19 different countries. On our website, you can find a [project page](#) describing projects that are being considered for investments and/or have received Technical Assistance.

Latin America & Caribbean

Mexico

- Studies for a renewable energy project.

Jamaica

- Studies for a sustainable agriculture project.

Guatemala

- Study for a sustainable agriculture project.

Ecuador

- Study for a renewable energy project.
- Studies for a waste management project.
- Study for a sustainable tourism project.

Chile

- Studies for various waste management projects.
- Studies for green hydrogen production.

Brazil

- Studies for 2 renewable energy projects.
- Study for a water management project.
- Study for an agroforestry project.

Mediterranean

Albania

- Studies for a renewable energy project.

Montenegro, North Macedonia and Albania

- Market study on the energy sector landscape.

Africa

Morocco

- Studies for sustainable agriculture projects.

Senegal

- Studies for a cold storage project.
- Studies for an agriculture project.
- Study for a waste to energy project.
- Study for bioenergy project.

Mali

- Studies for a sustainable agriculture project.

Kenya

- a waste management project.
- telecommunications Internet energy efficiency project.
- Sustainable agriculture project

Rwanda

- Studies for a waste management project.
- Studies for a e-transport project

South Africa

- Studies for waste to energy projects.
- Studies for renewable energy projects.



ASIA

Cambodia

- Study for a waste management project.

Indonesia

- Study for a waste to energy project.
- Study for waste management and recycling Project.
- Study for a sustainable agriculture project.

Global Studies

- Black Soldier Fly Global Market Study.
- White Paper on RDF Production.
- Pyrolysis overview study.



What are the type of studies that SCF can support in the context of Technical Assistance?

There are three categories of studies we can offer; pre-feasibility and feasibility assessments, as well as environmental and social impact assessments (ESIA) to evaluate the viability and potential impacts of a proposed pipeline project.

Pre-feasibility assessment involves an initial examination of the technical, economic, and legal aspects of the proposed pipeline project.

This assessment typically includes preliminary engineering studies, market analysis, route selection, cost estimation, and identification of potential risks and challenges.

Feasibility assessment is a more comprehensive and detailed study conducted to validate the technical, economic, and legal aspects identified in the pre-feasibility stage.

It involves in-depth analysis & evaluation of various factors, including engineering design, construction requirements, financial projections, regulatory compliance, and risk assessment.

ESIA is a systematic process for identifying, predicting, and evaluating the potential environmental and social impacts of a project throughout its life cycle.

It involves assessing the project's potential effects on ecosystems, biodiversity, water resources, air quality, land use, cultural heritage, human health, livelihoods, and communities.



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Project Insight: Saline Agriculture in Kenya

SCFs is providing technical assistance to a **saline agriculture project in Northern Kenya (Turkana)**, developed by Nara Climate, using saline water to create productive agricultures in order to capture soil carbon and produce climate-positive products for local consumption and export markets.

Turkana County, one of the 29 Arid and Semi-Arid Land (ASAL) counties in Kenya, like many other drought-stricken counties, suffers from a freshwater shortage while having access to abundant saltwater resources in its saline lakes and groundwater. Millions of pastoralists who live in the northern counties struggle with chronic drought, lack of freshwater, and dwindling grazing resources.



The project aims to tackle these challenges by creating large regenerative saltwater farms that produce affordable livestock feed for local communities while providing alternative livelihoods through the production of high-value ingredients for export markets such as cosmetics and nutraceuticals.

The proposed phase-1 project will be located on the shores of Lake Turkana, in partnership with the Ministry of Agriculture and Livestock of Turkana. Other stakeholders include WFP Turkana, and local NGOs working in the region.

The Challenge

Turkana region has been particularly threatened by the effects of climate change, primarily drought. The 2023 drought resulted in an estimated 2.6 million livestock deaths in Kenya, representing a significant blow to livelihoods and economic loss.

Turkana has been particularly threatened by drought, but the abundance of saltwater and unused land makes it uniquely suitable for saline agriculture production. The project is expected to:

- Produce 32,500 Tons per year of food, livestock & aquaculture feed, bio-powder, bio-salts, Distichlis hay.
- Capture around 10 tCO₂e per hectare annually.

More about arid and semi-arid landscape (ASAL):

According to IUCN, over 80% of Kenya's lands are classified as arid and semi-arid (ASAL), based on the relatively low amounts of annual rainfall received. Often marginalized, and with high rates of poverty, the 16 million people residing in these areas (~30% of Kenya's population) earn their living primarily through a mix of pastoralism and small-scale agriculture.

The National Government of Kenya dedicated significant resources in 2023 to drought management and support for pastoralist communities in the ASAL regions, providing pastoralists with cash payments during drought conditions for the purchase of feed.

However, a significant bottleneck at present is the lack of affordable feed in ASAL counties. On one hand, pastoralists are still heavily dependent on common grazing pastures, which are heavily degraded and no longer support the current populations of herds. On the other hand, available feed products in ASAL counties are extremely costly, upwards of \$400 USD per ton, largely due to a lack of producers in these regions, and the cost of transport.

ASAL counties particularly struggle to grow fodder and feed due to the lack of freshwater. While having the largest groundwater deposits in the East African region, this water is saline/brackish and therefore not generally suitable for traditional agriculture.



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SCF's Involvement- Technical Assistance

To further support and inform the development of this project, the SCF's Technical Assistance Facility is commissioning a pre-feasibility study, including the following assessment:

1. Status of the pilot project and assessment of the results in terms of production of products through a site visit. Consultation with the county government and community members to ensure their adequate involvement in the project.
2. Identification and evaluation of the legal and regulatory framework for the project according to the national laws, regulations, and policies.
3. Identification of potential regulatory and governance challenges that could impact the project.
4. Potential tax implications and incentives available.
5. General desktop market overview of products such as vegetables, livestock and aquaculture feed, bio-powder, bio-salts, Distichlis hay.
6. Expected impact.



Our Target Impact

The goal of this project is to reduce GHG emissions, create decent jobs, and empower women.

SDG 13 Climate Action:

The project is expected to:

- Avoid GHG emissions by producing less carbon-intensive products, such as livestock and aquaculture feed for the local market. Avoided CO₂e estimates are to be calculated in a future study.
- Sequester carbon on site soils, estimated at 10 tons CO₂e per hectare annually. This will be confirmed noting that such numbers are typical in tropical afforestation/reforestation projects.



SDG 8 Decent Work and Economic Growth

The project is expected to create 150 direct jobs, with a further 700-1000 indirect jobs through 'spoke' producers.



SDG 5 Gender Equality

Kenya scored 0.71 in the economic participation and opportunity area of the gender gap index in 2022. Meaning that women were 29% less likely to have equal economic participation and opportunities than men. 98% of women are employed informally.

The developer commits to a minimum 50% women representation in upper management and the wider workforce, including supporting women-led co-ops.





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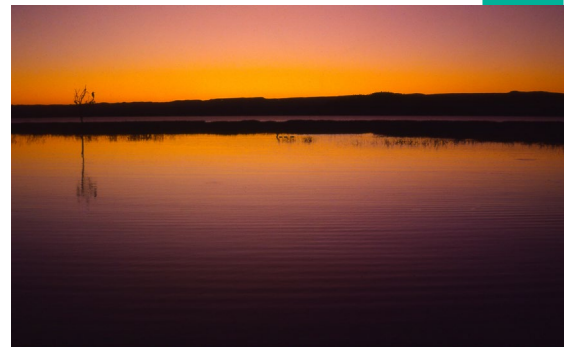
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Capacity-Building

Capacity building is primarily aimed at boosting capacities in the pre-investment phase to design and develop investable projects and ready to go through the investment decision-making process of the SCF Fund. At the same time, the initiative aims to strengthen the enabling environment for sustainable finance and the replication of successful models more broadly.

Training in Kenya during the Africa Conservation Forum

The IUCN Regional Conservation Forum (RCF), which takes place every four years, is one of the most important venues for information exchange, forming alliances, and bringing together important players in the preservation of nature and biodiversity from various geographical areas. This year, from the 24th to the 28th of June, IUCN is hosting the Africa Conservation Forum (ACF) in Nairobi, Kenya.



In that context, IUCN Business and Nature team, in collaboration with the Climate Bonds Initiative, is organizing three days of capacity building workshops:

- ⇒ Monday 24 June : “Sustainable investment in agribusiness and Nature-based Solutions”; training targeted at project developers currently developing, or are interested in developing projects in food and agricultural systems sector with climate and nature impact lens, as well as Financial institutions currently investing, or are interested in investing in projects and clients described above.
- ⇒ Thursday 27 June : “Attracting Nature and Climate Finance for Subnational Governments”; this training is targeted at officials from subnational and national governments and is *invitation only*.
- ⇒ Friday 28 June: “Managing ESG impacts and risks in nature and climate investments” : *One of the barriers in scaling up nature and climate investments in developing economies is the limited capacity of financial institutions and investees to develop and implement the Environmental and Social Management Systems (ESMS) and impact measurement, reporting and verification (MRV). This workshop introduces the key elements of ESMS and impact MRV to address these capacity gaps.*
- ⇒ for financial institutions (**Course registration still open – please register from the above link**)

IUCN is planning to host further national capacity-building workshops between August and October 2024, in:

- ⇒ Rabat, Morocco
- ⇒ Brasilia, Brazil
- ⇒ Jakarta, Indonesia

If you are interested in learning more about the upcoming workshops, you can email training@climatebonds.net.



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SDGs Impact Identification, Measurement, Management and Maximisation

Gold Standard supports the SCF in delivering on its impact strategy at every stage of the investment cycle. The process and performance required to secure Gold Standard fund certification will ensure that the portfolio is not “greenwashing” and that projects are held to account to deliver the best impacts possible. Gold Standard is working to establish a financial industry best-practice case that can be adopted by other funds and actors.

Currently, Gold Standard is working on a few methodologies and guidelines, including the “**Avoided Food Waste Methodology**” and an integrated farming methodology.

Gold Standard is finalizing a methodology to quantify avoided food waste resulting from inefficiencies in processing and drying, inadequate storage, and infrastructure limitations. The methodology explores various strategies to reduce food waste.

The methodology considers different project activities and combinations of activities that may prevent food loss or waste at various stages of the food chain (e.g., farm level, food processing facility, retailer, food service/hospitality, residential). It defines procedures to quantify the net greenhouse gas (GHG) emission reductions from keeping food (edible and/or inedible parts) in the human food chain. It also considers downstream emission reductions resulting from diverting food away from destinations such as landfills or energy recovery facilities. The associated project emissions from technologies applied to reduce waste, such as improved packaging and cold storage chains, are also taken into account.



The benefits of the methodology are significant:

- In sub-Saharan Africa, food losses are estimated at \$4 billion a year, which could easily be used to feed at least 48 million people and have been estimated to be close to the equivalent of 25% of the total harvest ([2023:WRI](#)).
- Emissions from food loss and waste result from the energy and inputs used to produce food that’s ultimately not consumed, as well as the methane that’s emitted when food rots in fields or landfills. Although shorter lived than carbon dioxide, methane is an especially potent greenhouse gas with over [80 times the warming power](#) of CO₂.

[Project Drawdown](#) has listed reducing food loss and waste as the single-best strategy for reducing emissions and fighting the climate crisis. Because **up to 10% of global emissions result from food loss and waste**, it’s simply not possible to achieve the Paris Agreement’s goal to stay within 1.5-2 degrees C (2.7-3.6 degrees F) of warming without tackling this issue.

SCF is tackling food waste through its [involvement in IFRIA](#), an integrated cold chain logistics development platform that develops and operates temperature-controlled logistics (“TCL”) assets in North and West Africa where reliable cold chain logistic operations are lacking.



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