Althelia Climate Fund

Innovative financing mechanisms:  
A private sector perspective on conservation finance

19th June 2014
There is enough capital to solve the problem

- There are c. $170tr assets in capital markets
- Allocating 1% towards conservation would make available $200-300bn/yr:
  - $85bn from HNW/UHNW
  - $65bn from retail investors
  - $90bn from institutionals
- The focus shall be on developing the right investment products
Investment behaviour follow risk reward perceptions, which can be changed.

- Make unsustainable investments more risky/less profitable (?)
- Make sustainable investments less risky/more profitable (?)

Invest -> not Invest

Risk

Reward

Make uns sustainable investments more risky/less profitable
Carbon Tracker: showing that traditional investments' risks are mispriced

Carbon budget deficit for listed companies

Current listed reserves (762 GtCO2) far exceed a quarter of the carbon budgets but could double (1541 GtCO2).

If we break the 2°C budget we very quickly hit 2.5°C and 3°C.

www.carbontracker.org
USAID: demonstrating sustainable investments can be de-risked

- $133.8m USAID loan guarantee to Althelia, covering 50% of losses at investment/portfolio level, in 26 countries.
- Being replicated with other private players.
Conclusions

• De-risking is a powerful tool which is:
   – cost-effective (payment for results, over time)
   – generating high impact leverage
   – Highly scalable/replicable.

• Deployment of Advance Market Commitments (AMCs) for conservation and climate can unlock significant private capital, now
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