

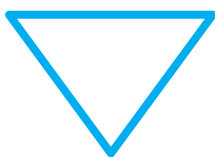
Dutch Fund for Climate and Development (DFCD)

Multiplying investments in climate mitigation and adaptation projects

The extraordinary scale and urgency of the climate crisis has led to an increase in global flows of climate-related investment in recent years - resulting in real changes across the world. But global climate finance remains well short of the overall target and most of the funds are focused on mitigation. Annual flows to projects with an adaptation impact in developing countries continue to lag far behind. Blending public funds with private sector finance can help close the current funding gap and support the most vulnerable groups in addressing climate and development challenges. High quality projects that bring a development as well as a financial dividend are needed to ensure such blending is effective.

The FMO-led consortium aims to deliver such projects through innovative management of the DFCD, unleashing a flood of new climate-smart investments. The alliance of FMO, Climate Fund Managers, SNV and WWF harbors a wealth of international expertise in finance, banking, social development and environment. This expertise will be deployed to construct a pipeline of high-quality, bankable projects to contribute to (i) real development impact in climate-vulnerable communities; (ii) deepen resilient economic growth; and (iii) enhance the adaptation and mitigation efforts in developing countries.

€160 million (MoFA)



€500 million - €1 billion private finance

By supporting both mitigation and adaptation, the Fund will also improve the wellbeing, economic prospects and livelihoods of vulnerable groups - particularly women and children - across the targeted developing countries. The DCFD will also enhance the health of critical ecosystems - from rivers to tropical rainforests, marshes to mangroves. This will help protect communities and cities from the increasing frequency of extreme weather events and benefit the vanishing biodiversity that provides people with water, food and medicine - and so much more.

“Managed by the FMO-led consortium, the DCFD will showcase a new way of delivering climate finance.”

An *Origination Facility* will be the engine of this transformative DCFD, turning embryonic ideas into bankable business cases. Working with local companies and stakeholders, bankable projects will be developed using a landscape approach in which building the resilience of an entire ecosystem will benefit the communities and businesses that depend on them. The facility will develop 35 projects to the stage where they can then be picked up by one of the DCFD's other two finance facilities for further development, matchmaking and investment, or undertaken by others.

The *Water Facility* will focus on providing construction equity into water infrastructure and environmental protection projects. By providing risk-bearing equity capital, it will be able to crowd-in further investors to help ensure that 30 projects are fully financed and implemented.

Meanwhile, the *Land Use Facility* will provide growth finance by deploying a range of financial instruments to overcome barriers to private sector investment in climate-smart agriculture and forestry projects - with the aim of ensuring 25 projects reach financial closure.

Using these facilities, the DCFD will leverage €500 million–€1 billion over the lifetime of the DCFD, generating a significant multiplier effect with the €160 million from the Ministry of Foreign Affairs. As these funds are revolving and keep growing, they ensure financial sustainability and real impact at local and global scale. The consortium also expects all projects to be 50% co-funded, while several Origination Facility projects will be very suitable for external public sector funding – and hence will mobilize these funds as well.

The DCFD will focus on a set of high impact investment themes within four key Rio Marker sectors: – water, agriculture, forestry and environmental protection – all of which are critical to tackling climate change and achieving the Sustainable Development Goals. The chosen focus areas are where there is the most pressing need for investing in low-carbon, climate-resilient projects in vulnerable countries.

They also offer the significant opportunities for impact and improving development outcomes and are consistent with the priorities of developing countries as stated in their Nationally Determined Contributions under the Paris Agreement. These themes also have a clear link to Dutch climate diplomacy efforts and core strengths of Dutch business: exports of technology, knowledge and services in water infrastructure and agriculture.

For more information please contact: d.kuijper@fmo.nl

High impact investment themes

Climate resilient water systems and freshwater ecosystems: drinking water and sanitation infrastructure, restoration and sustainable management of wetlands, headwaters and floodplains

Boost food security with climate smart agriculture: funding more sustainable, efficient and productive approaches from smallholder farmers to agri-business

Forestry for the future: promoting afforestation and reforestation

Protecting the environment, protecting people: restoration of ecosystems, such as wetlands and mangroves, which are nature's best defences against extreme floods, droughts and storm surges



FMO

The Dutch development bank supports sustainable private sector growth in developing and emerging markets by investing in businesses, projects and financial institutions.

SNV

SNV is a not-for-profit international development organisation, working in Agriculture, Energy, and Water, Sanitation & Hygiene.

CLIMATE FUND MANAGERS

CFM is a fund manager dedicated to securing a sustainable future through impact investing in climate change mitigation & adaptation sectors, including energy, water, and landscapes.



WWF is one of the world's largest and most respected independent conservation organisations, with over 5 million supporters and a global network active in nearly 100 countries.