



Launch of the Dutch Fund for Climate and Development in **Paraguay**

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The Dutch government has announced that a consortium of the Dutch development bank FMO, SNV Netherlands Development Organisation (SNV), Worldwide Fund for Nature (WWF-NL) and Climate Fund Managers (CFM) has won the tender to manage the €160 million Dutch Fund for Climate and Development (DFCD). This pioneering partnership of NGOs and financiers aims to help developing countries build climate resilient economies.

The Dutch Fund for Climate and Development (DFCD) enables private sector investment in projects aimed at climate adaptation and mitigation in developing countries. **WWF has selected Paraguay as one of its focus areas for the DFCD.**

The DFCD consortium aims to attract and deploy public and private capital in well-designed and impactful projects that will support climate adaptation and mitigation. The DFCD intends to leverage at least €500 million in private finance, focusing on several high impact investment themes, including climate-resilient water systems, water management and freshwater ecosystems, forestry, climate-smart agriculture, and restoration of ecosystems to protect the environment.. The consortium's activities will also help protect communities and cities from the increasing frequency of extreme weather events and benefit weakening biodiversity in areas that provide people with water, food, medicine, and economic opportunity.

Date: Thursday, 12th December 2019

Time: 2:00 PM – 3:30 PM

Venue: Gran Hotel del Paraguay



Information Brochure

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Investments through the DFCD will seek to improve the wellbeing, economic prospects, and livelihoods of vulnerable groups – particularly women and youth – and enhance the health of critical ecosystems, from river basins to tropical rainforests, marshland, and mangroves.

Introduction

The Dutch government has announced that a consortium of the Dutch development bank FMO, SNV Netherlands Development Organisation (SNV), Worldwide Fund for Nature (WWF-NL) and Climate Fund Managers (CFM) has won the tender to manage the €160 million Dutch Fund for Climate and Development (DFCD). This pioneering partnership of NGOs and financiers aims to help developing countries build climate resilient economies.

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The Three Facilities



Water Facility ("Climate Investor Two" or "CI2"): Managed by CFM, the Water Facility will target investments that have graduated from the Origination Facility in sectors related to water, sanitation, and environmental protection. CI2 will contribute to the development, construction and operational phases of investments. It will utilize the proven fund structure of Climate Investor One and will target a EUR 50 million Development Fund, a EUR 500 million Construction Equity Fund and a EUR 500 million Refinancing Fund.



The Origination Facility will be managed by WWF-NL and SNV collectively, and it is positioned exclusively for project identification and (pre) feasibility development activities with a cross DFCD thematic subsector focus.

The facility will seek to leverage a landscape strategy for project sourcing and develop opportunities into viable business cases for the two investment facilities (see below). The Origination Facility will provide grant funding and TA for its activities and enable bankable projects to access the Land Use and the Water Facility.

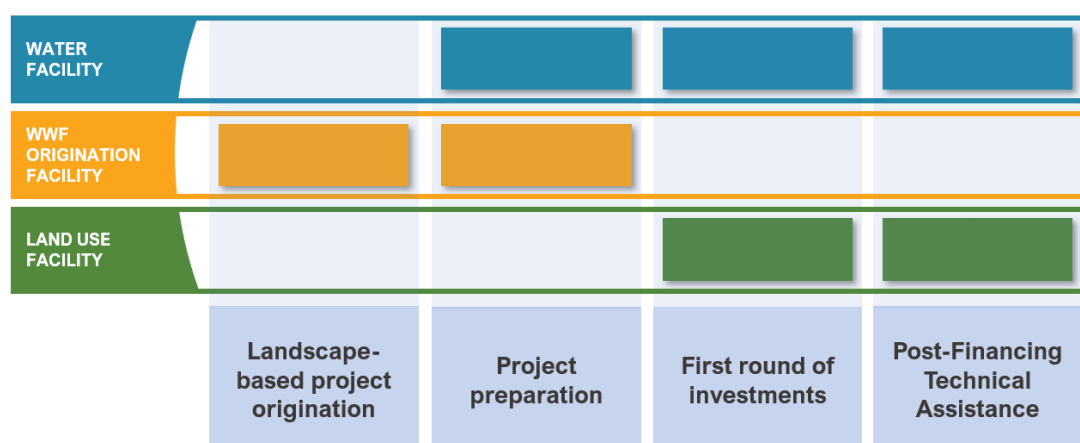


Land Use Facility ("LUF"): Managed by FMO, the Land Use Facility targets investments that have graduated from the Origination Facility in sectors related to agroforestry, sustainable land use and climate resilient food production. The LUF has at its disposal the full range of financial instruments offered by FMO to provide growth finance to companies.

The role of WWF

In the period up to 2030, an estimated \$3.5 trillion is required for developing countries to implement the Paris climate pledges to prevent potentially catastrophic and irreversible effects of climate change. WWF sees the DFCD as a unique opportunity to accelerate the flow of institutional and commercial capital into climate-resilient investments.

WWF will leverage its existing presence and network in a selection of low- and middle-income countries to originate bankable projects that contribute to climate resilience of nature and people. It will apply a landscape-based approach, in which a comprehensive understanding of risks and pressures on nature and people will drive the identification of interventions in close collaboration with local stakeholders. Investable interventions that meet the investment criteria can become eligible for grants for (pre) feasibility studies. Successful projects will then be handed over to the investment partners for the first round of investments.



Working with the DFCD

- **Business development:** We depend on stakeholders to source and develop viable projects, and invite them to approach us with existing and new project ideas that contribute to the resilience of a landscape and comply with our investment criteria.
- **Co-invest:** The DFCD consortium is actively seeking equity and debt co-investors in the originated projects.
- **Enabling environment:** The impact and speed of development of projects can be enhanced by creating the right enabling conditions. We aim to work with various stakeholders to establish governance and regulatory frameworks, gain access to data, identify related non-bankable projects, collaborate with local communities and networks of entrepreneurs, etc.
- **Shared understanding:** The origination facility aims to develop projects in an inclusive manner, built on a shared understanding of pressures and interventions. We coordinate with governments and CSOs to further understand the needs of all stakeholders, with local communities in particular.
- **Grants:** The challenges faced by climate change can not be addressed by DFCD funding alone. Support from other grants and concessional funds is required to leverage scalable impact.

Our Investment Criteria

- **Eligible country:** Funding can only be disbursed to projects in countries on the OECD DAC list, which includes all countries and territories eligible to receive official development assistance (ODA).
- **Rio Marker 2:** Projects should meet the Rio Marker System on Climate Change (Mitigation or Adaption).
- **Vulnerable groups:** Projects should have development impacts for vulnerable groups.
- **National ownership:** Projects should be aligned with NDCs.
- **Potential commercial viability:** Projects should have the potential to become commercially viable.
- **Financial additionality:** The required funding can not be accessed via commercial banks or investors.
- **No institutional strengthening / enabling environment only:** Funding cannot be provided to the enabling environment alone.
- **No excluded activities:** Funding cannot be provided to projects related to fossil fuels, nuclear energy, deforestation, etc.

Frequently Asked Questions

What is a landscape?

A landscape is a socio-ecological system that consists of natural and/or human-modified ecosystems, and which is influenced by distinct ecological, historical, economic and socio-cultural processes and activities. The landscape approach is a conceptual framework whereby stakeholders in a landscape aim to reconcile competing social, economic and environmental objectives. It is a way of managing the landscape that involves collaboration among multiple stakeholders, with the purpose of achieving sustainable landscapes.

What are Bankable Projects?

Bankable Projects are projects that have a positive environmental impact and generate a positive financial return for stakeholders. They can be supported by WWF, financed and owned by the private sector.

Are there impact goals?

The DFCD will focus on a set of high impact investment themes within four key Rio Marker 2 sectors all of which are critical to tackling climate change and achieving the SDGs:

- Climate resilient water systems and freshwater ecosystems: drinking water & sanitation supplies, restoration & sustainable management of wetlands, headwaters & floodplains
- Forestry for the future: promoting afforestation and reforestation
- Boost food security with climate smart agriculture: funding more sustainable, efficient and productive approaches from smallholder farmers to agri-business
- 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.

Which Countries are able to access DFCD?

DFCD will be active in OECD DAC countries with a specific focus on:

- Least Developed Countries (at least 25% of total aggregate funding commitments)
- Dutch Ministry of Foreign Affairs' focus countries (at least 25% of total aggregate funding commitments)

Don't we have enough "green" bonds and funds?

It is true that there are many bonds and funds that are "green" but they are only available to projects that are in the advanced development (feasibility) stage and there is very little support for early stage projects. The Origination Facility will provide support at the landscape level and at the early stages of the project development.

What about safeguards?

Each of DFCD's investments will conform to international standards for managing environmental and social impacts and risks including the IFC Performance Standards (IFC PS), the International Labour Organisation (ILO) Core Conventions, and the UN Guiding Principles on Human Rights, or other similar standards, like WWF's internal safeguard framework.

Where can I get more information?

Website: www.TheDFCD.com

Email: DFCD@wwf.nl

