

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

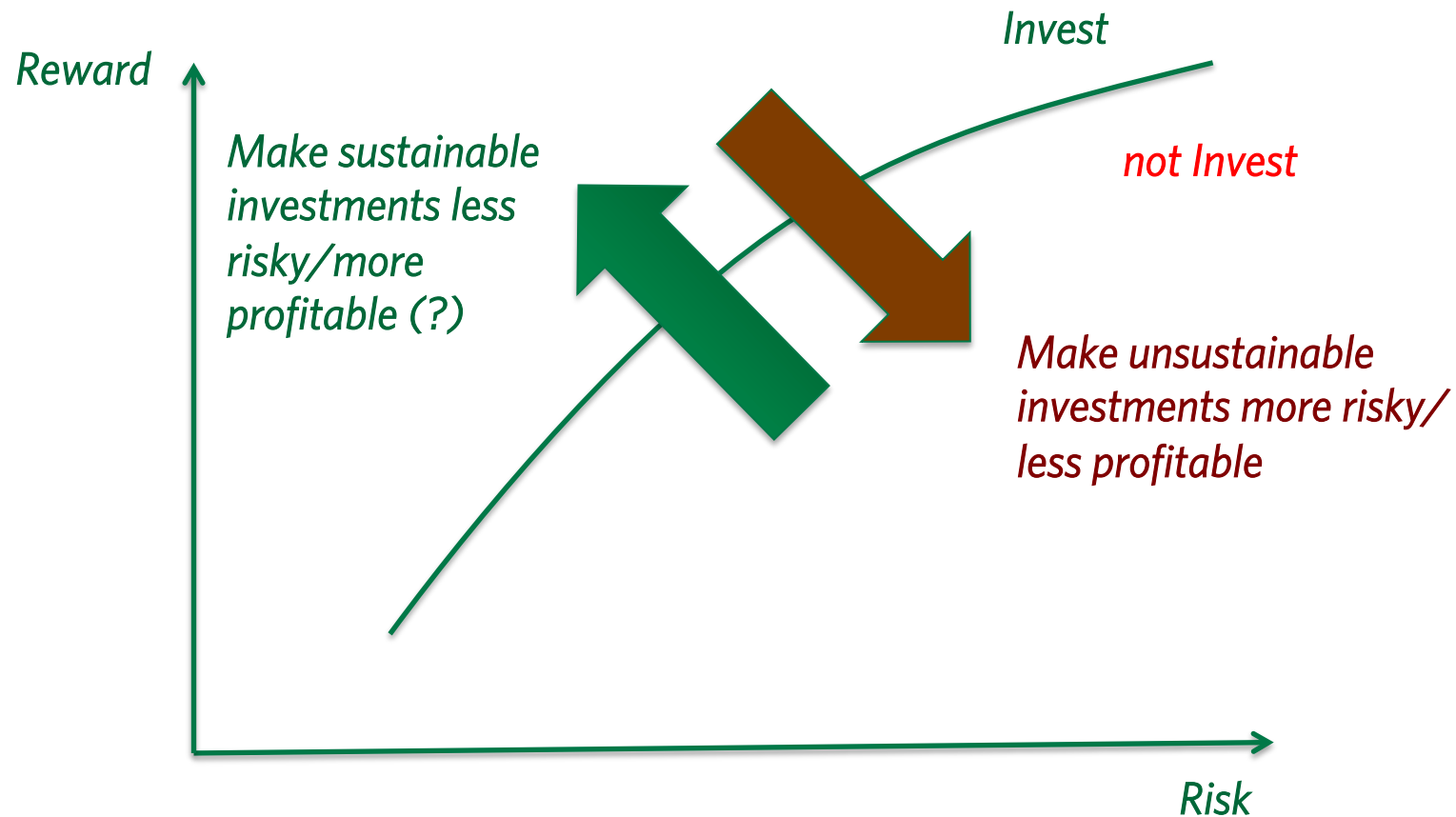


McKinsey&Company

Conservation Finance

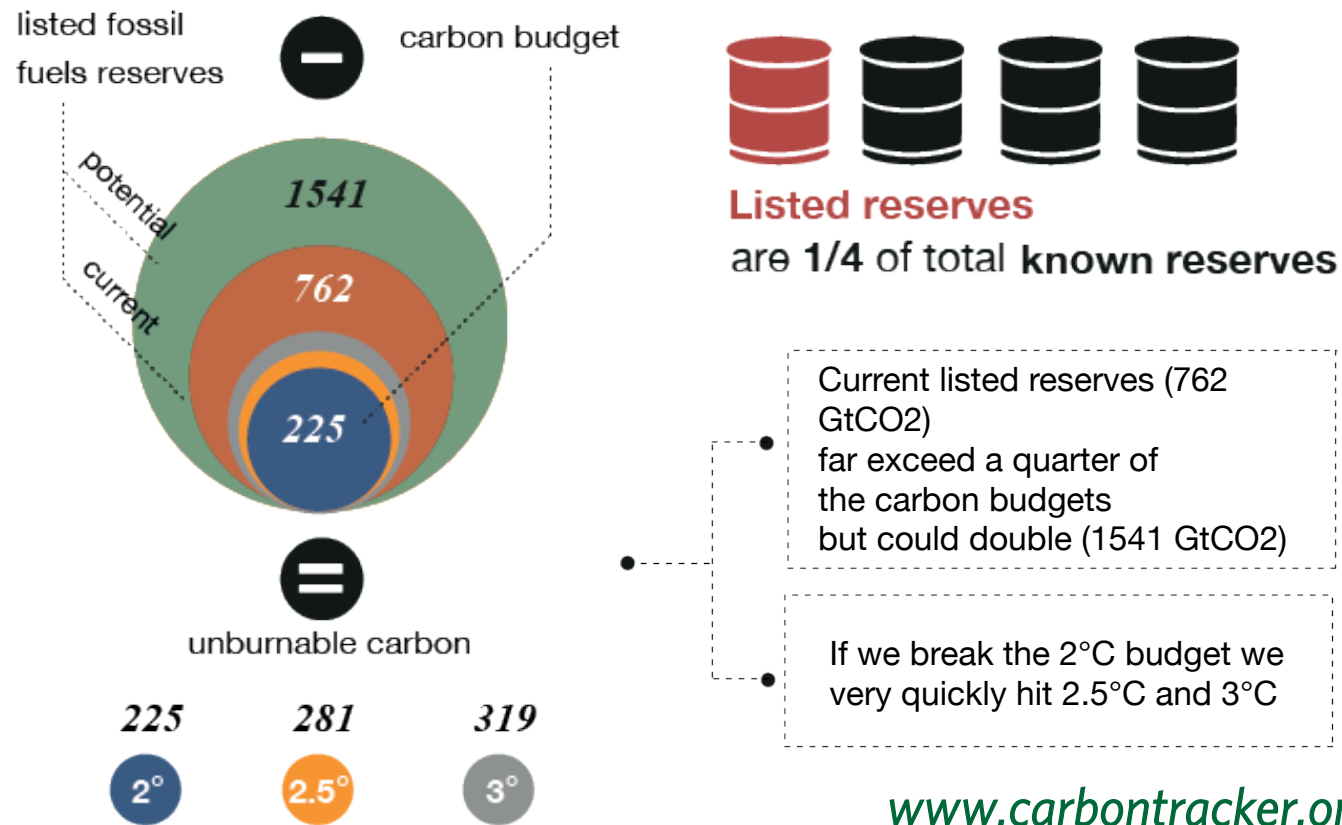
Moving beyond donor funding toward an investor-driven approach

Investment behaviour follow risk reward perceptions, which can be changed



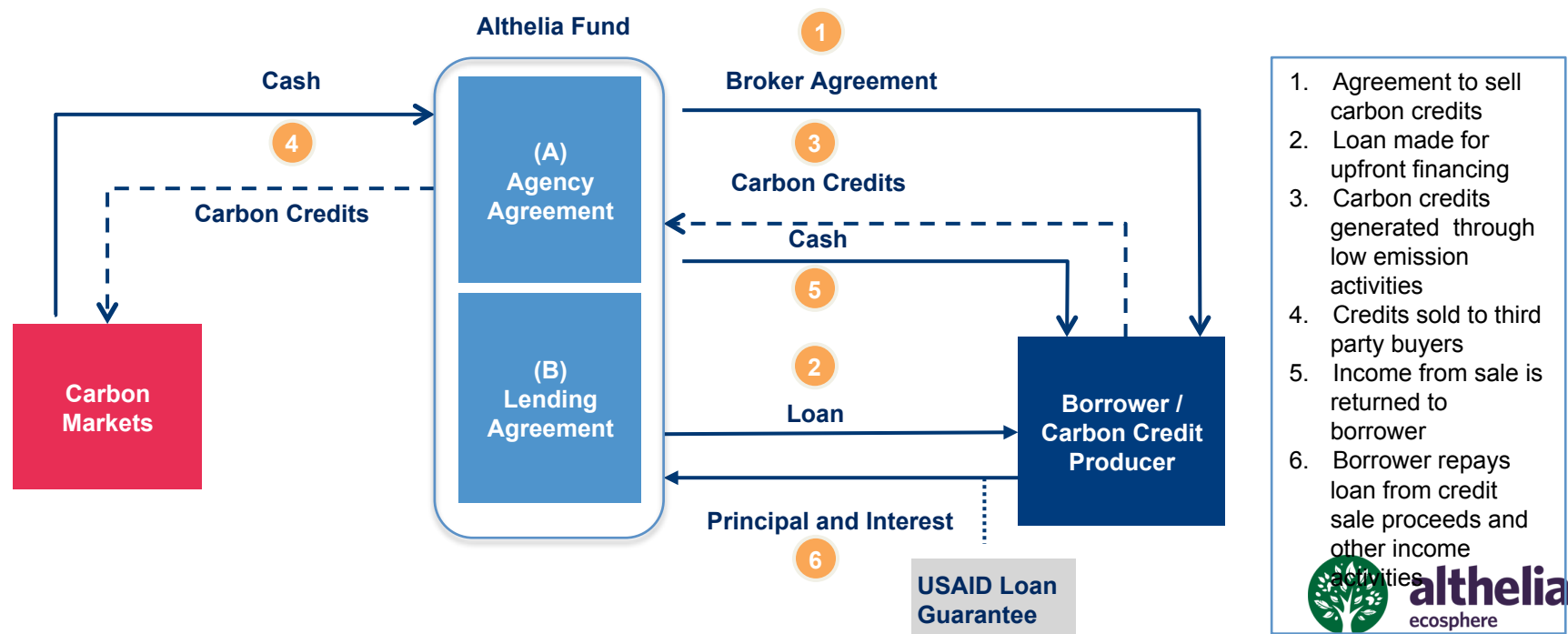
Carbon Tracker: showing that traditional investments' risks are mispriced

Carbon budget deficit for listed companies



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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