Madagascar Sustainable Landscapes Fund

The United Nations’ Green Climate Fund approves first ever equity investment for landscape finance with $35m USD committed to the Madagascar Sustainable Landscapes Fund supported by Althelia Ecosphere, Conservation International and the European Investment Bank

Luxembourg (October 14th, 2016) - During its 14th Board meeting in Songdo (Korea) on Friday 14th October, the Green Climate Fund (GCF) approved a US$35m equity investment into the Madagascar Sustainable Landscapes Fund, an investment fund dedicated to finance activities in climate-smart agriculture, conservation and access to sustainable energy across the Madagascar landscape.

The concept, proposed to the Green Climate Fund jointly by Conservation International and the European Investment Bank, is the first ever equity investment made by the Green Climate Fund related to landscapes approach; this innovative structure paves the way for more investment flows from the private sector into climate mitigation and adaptation.

This investment by the Green Climate Fund will catalyse further private contributions, including a green bond which will be issued by the European Investment Bank later this year.

Madagascar is globally recognized as one of the most vulnerable to climate change, and already suffers great impacts from cyclones and droughts which exacerbate poverty and development challenges. The Fund aims to support smallholder farmer groups enterprises, NGOs and farmer groups that are able develop sustainable and climate resilient value chains from the wide range of agricultural commodities that the country produces and tap Madagascar’s rich renewable energy reserves whilst contributing to conservation objectives for this unique landscape and avoided greenhouse gas emissions.

Through the Madagascar Sustainable Landscapes Fund, Althelia Ecosphere intends to deploy approximately US$50 million across a portfolio of between 15 and 25 investments across Madagascar with a net return target of 8%. The Green Climate Fund’s returned principal and profit will be channelled to a trust fund whose investment policy will ensure continuity of nature conservation and sustainable livelihood activities initiated by the Fund, as well as further climate action activities in accordance with the government of Madagascar’s Climate policy.

With this commitment from the Green Climate Fund, Althelia Ecosphere demonstrates it is at the forefront of designing and implementing innovative financial instruments to channel finance towards climate change, agriculture, energy and nature conservation. This “first” from the UN fund joins other “firsts” for Althelia Ecosphere including the first climate guarantee from USAID for the Althelia Climate Fund, announced by Sec. John Kerry in 2014, as well as the issuance of the first Nature Conservation Note jointly with Credit Suisse in 2015. With this new milestone, Althelia Ecosphere demonstrates that the financial innovation necessary to move away from damaging business-as-usual practices and allow the economy to transition to a low-emission pathway is possible.

The Madagascar Sustainable Landscapes Fund will work closely with Conservation International, which also received funding from the Green Climate Fund to reinforce activities to conserve the national parks of CAZ and COFAV whilst providing climate smart livelihoods for neighbouring communities. Together, the programme expects to deliver significant impacts over the next 10 years, including 10,000,000 tonnes of CO₂ emissions avoided; 25,000 hectares of sustainable agriculture developed; and more than 30MW of renewable energy installed, as well as 500,000 people’s livelihoods directly improved. Furthermore, the Fund’s investments will support national and regional wildlife and ecosystem conservation strategies, avoiding significant levels of deforestation and forest degradation and protecting the country’s unique fauna and flora.
**About Althelia Ecosphere**

Althelia Ecosphere has been established to demonstrate that financial return can be fully aligned with the preservation of nature and with social development. Its first fund, the Althelia Climate Fund, launched in 2013, invests in agroforestry, REDD+ and sustainable land use projects that transform land-use practices whilst delivering environmental credits and sustainable commodities. Althelia Ecosphere is committed to bringing its expertise and capital to define pathways to deliver innovative solutions to climate and environmental finance.

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