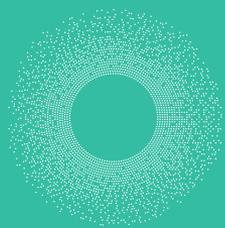




Global
Landscapes
Forum

Luxembourg 2019

White Paper



Breakthroughs in
Sustainable Finance

International Climate Finance Accelerator Luxembourg

ICFA Dragon's Den: Announcement of the winners of
the Fall cohort 2019

This White Paper was produced by The International Climate Finance Accelerator (**ICFA**).
The content of this GLF white paper is the sole responsibility of the authors.



Image by Yvonne Huijbens from Pixabay

The International Climate Finance Accelerator (ICFA) Luxembourg is a public-private partnership created in May 2018 by the Luxembourg Ministry of Finance and Ministry of the Environment, Climate and Sustainable Development, together with the following private sector partners:

Arendt & Medernach, Elvinger Hoss Prussen, Innpact S.à r.l., Investing for Development SICAV, the Luxembourg Finance Labelling Agency (LuxFlag), Ernst & Young Luxembourg, Deloitte and Consulting, KPMG Luxembourg and PriceWaterhouseCoopers and 4 Climate Sàrl.

The ICFA is supported by the European Investment Bank.

The ICFA program and day-to-day operations are coordinated and managed by Innpact.

The ICFA is part of the climate finance strategy of the Luxembourg government and represents the innovation pillar within the following climate initiatives:

The mission of the ICFA is to contribute to a more sustainable world by fostering Climate Finance.

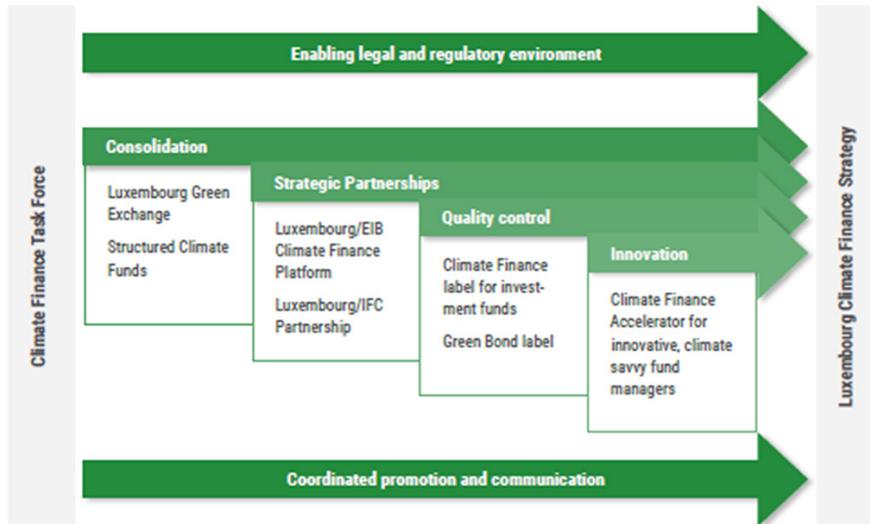
Its objectives are to:

1. Create the future leaders of fund managers who specialise and invest in climate finance
2. Increase the number of climate finance investment funds and the assets invested
3. Establish Luxembourg as a realistic choice for both climate finance funds and fund managers

A market survey conducted during the design phase of the ICFA concluded that the ICFA corresponds to a market need. Indeed, the costs, operational and administrative barriers faced by nascent managers of small and innovative investment funds focussing on climate change and environmental issues are important and ICFA's mandate is to support them with financial and technical know-how and expertise as well as financial means during the set-up phase of their investment vehicle.

The success of the ICFA program will be measured by:

- The number of new investment vehicles having benefited from the support of the ICFA,
- The number of investment managers having benefited from the support of the ICFA,
- The increase of assets managed by the investment managers and/or invested in the investment vehicles benefiting from the support of the ICFA,



Source: www.climatefinancetaskforce.lu/435829813

- The reduction of CO² realised thanks to the support of the ICFA.

The ICFA target first or second time fund managers, scaling innovative and high impact climate solutions, and who have a developed and tested investment strategy. Setting up their fund and team in Luxembourg is considered as a plus.

The target areas are:



CLIMATE MITIGATION FINANCE
Projects to reduce, limit or sequesterate GHG emissions.



CLIMATE ADAPTATION FINANCE
Projects to adapt to current and expected effects of Climate Change.



REDD+
Projects to reduce emissions from deforestation and forest degradation and foster sustainable forestry and agriculture.

The target sectors are in line with the sectors defined by LuxFLAG for the climate finance label.

https://www.luxflag.org/media/pdf/criteria_procedures/LuxFLAG_Climate_Finance_Label_Eligibility_Criteria.pdf

The ICFA launches 2 calls for application per year. Applications follow a rigorous selection process:

- **Eligibility assessment:** Applications have to be in line with the eligibility criteria of the ICFA pertaining to fund investments, fund concept and fund management team.
- **Selection process:** all eligible applications are assessed with regards to a number of qualitative selection criteria, assessed by an independent Selection Committee
- **The proposed selection** is validated by the Board of the ICFA

<https://www.icfa.lu/eligibility-selection-criteria/>

Each selected cohort comprises 4 fund managers and projects that are well balanced in terms of sector, geography, maturity and diversity of the fund management team. The ICFA may propose a special award to be granted to a project and team that are especially innovative or impactful.

The ICFA selection allows the fund managers to receive:



FINANCIAL LEVERAGE

By getting access to fundraising support.



CREDIBILITY

By being selected by a recognised team of public and private experts and benefiting from the knowledge and expertise of the Luxembourg climate finance ecosystem.



VISIBILITY

By being regularly featured and presented in dedicated climate finance media and events.



COMMUNITY

By sharing your experience with like-minded climate finance managers.

In July 2018, the ICFA selected a first cohort of 4 investment managers + 1 special award :

Cohort 2018



Renewable energy,
Sub-saharan Africa



Smart agriculture &
food chain efficiency,
Sub-saharan Africa



Small Hydro electricity,
European and LATAM



Smart agriculture, Clean
Planet and Life
improvement technologies,
South East Asia

Special award



Investment in climate resilience technology,
Global

In June 2019, the ICFA selected a second cohort of 4 fund managers + 1 special award:

Cohort spring 2019				
				
				
Small Farmer Adaptation, 7 Latin American Countries	Landscape Management & Forestry, Colombia	Clean cooking stoves, Sub- Saharan Africa	Energy efficiency, Sub-Saharan Africa	
Special award				
				
		Plant-based meat alternatives, China		

The third cohort – the Fall cohort 2019 – will be announced at the Global Landscape Forum in Luxembourg on 30 November 2019.

The Spring cohort 2020 is already being prepared and the call for application will be launched in December 2019.

The selected fund managers receive support in the form of:

 <p>Support envelope</p> <p>An envelope of EUR 80 000 to be used with our Luxembourg private partners to set up and further develop your fund project in terms of legal structuring, risk management, impact strategy, etc. The EUR 80 000 will be reimbursed once your fund is launched.</p>	 <p>Working capital loan</p> <p>Support to receive a loan of EUR 200 000 from a Luxembourg bank, guaranteed by the Luxembourg State, to use as working capital for fundraising, marketing, team development, pipeline building efforts, etc. The loan will be reimbursed over a period of 5 years once your fund has been launched.</p>	 <p>Training workshops</p> <p>5 full days of free training with our private partners over the course of the first year.</p>
 <p>Coaching</p> <p>An experienced coach, who will dedicate time for you and your team for specific advice & feed-back on your fund project.</p>	 <p>Working desk</p> <p>A working desk at the House of Start-ups (www.host.lu) in Luxembourg, bringing together actors of change: start-ups, innovation hubs, accelerators, experts and corporates.</p>	

This support program runs over 18 to 24 months, a period that is crucial for the success of a first time fund project. Milestones pertaining to the advancement of the fund project are defined and followed-up in order to receive access to the working capital loan which is paid out in several tranches.

Follow-up calls with the teams are organised every month.

Success factors for the supported fund managers are considered to be:

- ✓ First successful capital commitment
- ✓ Launch of fund within 1-2 years of support with a first close above EUR 10 mn
- ✓ Reputation as a serious, quality fund manager in target markets
- ✓ Leverage on start-up knowledge and best practices in the industry of climate finance funds
- ✓ Diversified portfolio
- ✓ First return on investment
- ✓ Project to launch a next fund



Image by Yvonne Huijbens from Pixabay



After 3 years, the success of the ICFA program will be assessed with regards to its contribution to the Sustainable Development Goals Aggregate and the Luxembourg commitments under the 2030 Agenda, based on the following indicators:

- Value of assets invested into climate finance projects by the supported fund managers
- Non financial impact of the funds (direct impact of projects monitored through specific indicators, such as but not limited to CO2 savings per € invested)
- Indirect non financial impact provided to local communities

Contact us: info@icfa.lu

Read more: www.icfa.lu

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