



LAUNCH OF THE FORESTRY AND CLIMATE CHANGE FUND

On 20 October 2017, the Luxembourg Ministries of Finance and Sustainable Development and Infrastructure, together with the BCEE, BIL and Foyer have launched the Forestry and Climate Change Fund (FCCF). The public-private partnership will provide financing for companies, communities and small farmers to manage secondary and degraded forests in the tropics. By creating the enabling environment for business models that allow the generation of revenues, deforestation is stopped and forest growth leads to a substantial positive climate impact.

The Paris climate agreement has established the ambitious but essential target to limit global warming to 1.5°C above pre-industrial levels. Part of the challenge is focused on changing the way we produce electricity, our mobility and industrial production. Another part of the challenge is to stop the conversion of forests to agricultural land and harness the power of growing forests to absorb greenhouse gas emissions from the atmosphere. Deforestation today contributes about 15% of annual greenhouse gas emissions which is why it is essential to convert forests from a source of carbon emissions to a mitigation tool against climate change.

At the launch event, Minister of Finance, Pierre Gramegna and Minister for the Environment, Carole Dieschbourg highlighted the importance of innovative financing solutions to leverage private capital on the fight against climate change.

ABOUT FCCF

The Forestry and Climate Change Fund, is a pioneering impact fund aiming to demonstrate that sustainable forestry within secondary & degraded tropical forests generates economic, ecological and social value while contributing to healthy landscapes, climate change mitigation & adaptation and local economic development. The Fund enables access to responsible financing sources for local actors and supports the development of viable enterprises. The Fund also constitutes an investment opportunity into innovative climate finance for different types of investors.

FCCF is a sister fund of the Luxembourg Microfinance and Development Fund and is advised by **UNIQUE forestry and land use**, a specialized investment adviser based in Freiburg, Germany. FCCF's founding shareholders have committed USD 15 million to pioneer business models which provide ecological impact, financial returns and social progress in the countries of Central America. In a second phase, the Forestry and Climate Change Fund will be able to mobilize financing from a broader public through the issuance of forestry notes. The Fund has a 15-year time horizon.

This fund is the first of its kind. It enables local forest owners to raise capital in order to restore and manage their existing forests in an environmentally sustainable way while generating long term economic gains. The fund combines the innovation of micro-finance with the strength of project finance and is well suited to the needs of forest owners. The fund's investment will contribute to local environmental benefits, rural employment as well as global climate change mitigation. With more than 15 years' experience managing FSC certified forests in Latin America, we are proud to advise the fund and to work with such amazing local forest entrepreneurs in Central America.

*Dr. Timm Tennigkeit,
CEO, UNIQUE*