



PROJECT

ALTHELIA CLIMATE FUND

TARGET SIZE

\$101 MILLION

RESULTS IN 2020

47 MTCO₂ AVOIDED

An innovative financial approach to protecting biodiversity

The earliest thematic funds for the protection and restoration of biodiversity and natural capital were swift to recognise the links between biodiversity and climate. As these funds arrive at their terms, assessments can now be made. Such is the case for Althelia Climate Fund, launched by Mirova in 2013, with a liquidation date of June 2022, extended to May 2023. Althelia's innovative financial approach aims to slow deforestation and protect biodiversity by using a combination of indicators to demonstrate the environmental, social and economic impacts of its ten projects.

Carbon offsetting, a boost for the development of nature-based solutions

Althelia invests in certain REDD+ carbon offset projects, based on the financial value assigned to the carbon locked in forests. The [Tambopata-Bahuaja](#) project, for instance, aims to ensure conservation of tropical forest located in the Peruvian Amazon, a critical zone of internationally recognised, biologically rich and deeply threatened biodiversity.

The project brings together multiple stakeholders (NGOs, government, socially responsible business) to ensure the conservation of 570,000 hectares (>1.4m acres) of natural forest, and the restoration of 4,000 hectares (9,885 acres) of degraded land as agroforestry systems for cocoa cultivation. The project is overseen by the *Asociación para la Investigación Y el Desarrollo Integral* (AIDER), a local NGO working for conservation and sustainable development in Peru.

The 12-million-euro investment in AIDER supported the project's initial development and expansion by conditioning the restoration of degraded land into agroforestry systems. The loan is repaid through diversified sources of income, such as the commercialisation of agroforestry products and certified environmental services such as carbon credits. These credits, generated by the Tambopata REDD+ Project, thus constitute a guarantee for Althelia in case of default. The implementation of the

project is also ensured by providing technical assistance to producers rather than direct funding.

While carbon offsetting is at the heart of the project, REDD+ mechanisms are regularly come under fire because of the complex calculation of reference scenarios estimating the deforestation that would occur without intervention, leading to inflated performance. To avoid these pitfalls, other indicators can be used in parallel: Althelia monitors the surface area of restored land and/or the increase in members of local cooperatives benefiting from fair income.

Thematic investments supported by technical assistance facilities

The projects Althelia has invested in make it possible to experiment with various financing mechanisms. In the Brazilian Amazon, €11.5 million was invested to support the *Novo Campo* programme, led by the local NGO Instituto Centro de Vida (ICV), promoting sustainable cattle breeding, pasture restoration and supply chain traceability while ensuring the protection and restoration of forests. In the Amazon, cattle ranching is still largely associated with deforestation, and Brazil is the world's largest exporter of beef. Grazing areas have expanded over the past 30 years, accelerating deforestation in the Amazon, leaving over 45 million hectares (111.2 million acres) deforested.

To address these local issues, the Novo Campo project was organised around a management structure created spe-

cifically for this purpose. This entity is the *Pecuária Sustentável da Amazônia* (PECSA) company, created by the ICV and responsible for technical assistance and management of the development of Novo Campo. PECSA is responsible for farm management, including investments in pasture reform and rotation, infrastructure, reforestation in areas that do not comply with the Brazilian forestry code, and training of farm workers.

Like other thematic funds focused on biodiversity, the PECSA assistance facility, which was awarded the [B-Corp](#) label in 2017, makes it possible to provide high-quality technical support that is lacking in many regions, and to better respond to local issues.

After 10 years, the fund's results are positive: most of the targets have been reached and surpassed, but the income for local populations still needs to be improved. The deployment of technical assistance is a major lever in this regard. The next challenge remains the scaling up and replicability of the financial approaches involved, which must ultimately be adapted to local specificities.