

Launch of the *Forestry and Climate Change Fund (FCCF)* (20/10/2017)

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.

Pierre Gramegna comments : “Attracting private capital remains one of the key challenges in the fight against climate change. As a founding shareholder in the investor share class of the Fund, the Ministry of Finance aims to create confidence in the market that green investments can generate a return while having a positive impact. The creation of an innovative fund such as the Forestry and Climate Change Fund is a further example for Luxembourg’s leading role as an international center for Sustainable Finance.”

Commenting on the launch, Carole Dieschbourg says: “The Forestry and Climate Change Fund is a significant example of international climate finance in the field of climate change adaptation and forestry, an area in which private investments still remain exceptional. The new fund combines in an exemplary way sustainable land and forest management whilst providing economic, ecological and social development opportunities in Central America, in particular in Costa Rica, Guatemala and Nicaragua. This will allow implementation of the Paris agreement on climate as well as the 2030 agenda for sustainable development.”

Finally, Kaspar Wansleben, Executive Director of the fund, says : “The team behind the creation of the Forestry and Climate Change Fund is very proud that today, a Luxembourgish alliance of public and private investors have decided that the time is ripe for an ambitious investment to combat climate change and help mitigate land degradation in Central America.”