



GEF and IFC Launch the Earth Fund: New Partnership to Support Market-Based Environmental Innovation in Developing Countries

In Bali:

Maureen Lorenzetti

Mobile: +(62) 8170819433

Email: mlorenzetti@thegef.org

Lucie Giraud

Mobile: +1 (202) 294 0504

E-mail: lgiraud@ifc.org

Bali, December 10, 2007 – The Global Environmental Facility and IFC, a member of the World Bank Group, are launching today the Earth Fund, a new partnership open to the private sector, foundations, and other partners that will support innovative and market-based solutions for the most pressing environmental challenges in developing countries.

The GEF and IFC will designate \$50 million and \$10 million to the fund, respectively. The fund has already attracted several partners and is expected to grow to \$200 million through additional contributions from private sector companies, foundations, NGOs, and other development agencies.

“A key goal for us at the GEF is to support innovative solutions to environmental challenges in developing countries. We have set aside \$50 million for the Earth Fund because I am committed to the proposition that the private and the public sectors together can play an irreplaceable role in addressing the underlying causes of environmental degradation,” said Monique Barbut, GEF CEO and Chairperson.

To maximize its impact, the fund will use a wide array of financial instruments, including grants, soft loans, and equity participation, as well as inducement prizes that reward environmental innovation in such areas as second generation biofuels, water treatment, or clean energies.

“We hope the Earth Fund, in particular through its use of prizes, will encourage innovation, venture capital, and early-stage investment in new products that are yet to be commercially developed,” Rachel Kyte, IFC Director for Environment and Social Development. “The global environmental challenges of our time require rapid intensification of our efforts, both to mobilize private investment in the search for solutions and to secure new partnerships that bring this investment into developing countries.”

The inducement prizes will be set up in coordination with Prize Capital LLC, a private company that combines prizes and capital to achieve environmental solutions.

Prize Capital LLC Founder and Chairman Lee Stein said, “Inducement prizes have been used for centuries to achieve what had previously been considered impossible. Charles Lindbergh crossed the Atlantic to win a prize, and today we are seeing a renaissance of global prizes sponsored by

such companies as Google and Archon Mining. Our collaboration with the GEF and IFC will allow investors, innovators, and entrepreneurs to apply their creativity to global environmental challenges.”

The announcement takes place during the COP-13 climate change negotiations, which have highlighted the crucial need to address climate change risks in developing countries.

About the GEF

The Global Environment Facility is a 178-member international financing body devoted to protection of the global environment in developing countries. As the financial mechanism for several international environmental conventions, the GEF provides grants for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants that are implemented by UN agencies and multilateral banks. Since 1991, the GEF has provided to developing countries and economies in transition \$7.4 billion that leveraged \$28 billion in cofinancing for almost 2,000 projects in over 165 countries. Through its Small Grants Programme (SGP) implemented by UNDP, GEF has also made more than 7,000 small grants, up to \$50,000 each, directly to nongovernmental organizations and community-based organizations.

About IFC

IFC, a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing private capital in local and international financial markets, and providing advisory and risk mitigation services to businesses and governments. IFC’s vision is that poor people have the opportunity to escape poverty and improve their lives. In FY07, IFC committed \$8.2 billion and mobilized an additional \$3.9 billion through loan participations and structured finance for 299 investments in 69 developing countries. IFC also provided advisory services in 97 countries. For more information, visit www.ifc.org.

About Prize Capital, LLC

Prize Capital, LLC was established by entrepreneur and environmentalist Lee Stein to provide capital to environmental start-ups worldwide while reducing risk for investors. Its proprietary methodology diversifies risk and widens market access, enabling Prize Capital to deliver capital to innovators from developing countries and to early-stage companies not served within current financial markets. Prize Capital’s parallel investment funds mitigate financial risk through a unique option equity strategy and create additional leverage through the prize mechanism. The public sector partnerships create markets by providing loan guarantees and advance purchase. For further information, visit www.prizecapital.net.