SCALING CLIMATE FINANCE—NEW STRATEGIES FOR SCALING IMPACT A CONVERSATION WITH H.E. MAJID AL SUWAIDI, CEO OF ALTÉRRA

Announcer 06:52

Please welcome Majid Al Suwaidi, the CEO of Altérra, and Fabio Turci, News Anchor at Times Brazil and CNBC.

Fabio Turci 07:25

Good morning. Everyone, please—His Excellency. So my name is Fabio Turci. I'm a Brazilian journalist, and I have the honor to join you in this event so that we can try to open our horizons in terms of ideas, insights, and projects, to widen the planet's horizon as well for the challenges we have in the near future, right? So by my side, I have His Excellency, Majid Al Suwaidi. Did I pronounce it correctly? I rehearsed it a little bit before coming here. He's the CEO of Altérra, so I have the pleasure to interview him during the next 15 minutes to get some insights from what Altérra is doing as the world's largest private climate investment fund. So, His Excellency, thanks again for having us here. Why was Altérra created?

Majid Al Suwaidi 08:26

Well, Fabio, first of all, thank you so much for having me here today. It's a real pleasure to be with you and the audience, and thanks to the Milken Institute for inviting me. They always do such a fantastic job of putting on these events, and so it's a real pleasure to be here. Why was Altérra created? We were at COP 30—as you know, we were the host for COP 28—and I was the Director General at COP, and one of the things that we were doing was traveling around the world try to trying to understand why—where we were off track on our climate goals. And you know, these are—there are many reasons why we hadn't lived up to the expectations that were created at Paris. But one of the things that we kept hearing as I was traveling with the COP President of Sultan Al Jaber—who's our chairman, who's a real champion of climate change—was, as we traveled around the world, we kept hearing time and time again that there wasn't capital, and there wasn't the flow of capital, particularly to the Global South where it's needed the most to achieve the climate goals. Now, we knew that our COP was not the finance COP—and that that was the next one—but so what we did when we thought about how to create a solution, because at COP 28 we were trying to create solutions for all of the issues that we faced, was: how could we tackle this issue of mobilizing private sector capital? I had been in the climate process for many years—as you know, I was the UAE Chief Negotiator in Paris—and we had been talking about mobilizing private sector finance for years and years and years. And we felt like, okay, well, let's do this now. You know, we're not far from 2030—how are we really, truly going to start to get the private sector involved? And so we decided to create Altérra. We were very fortunate that our President, His Highness, Sheikh Hamed bin Zayed—a real visionary when it comes to climate, real champion for our region and globally—he announced us at COP 28 as a $30 billion fund, making us the largest private finance fund in the world—climate fund in the world. And we were started with $6.5, which means we were also one of the fastest raised funds in the world. And we started with three global partners—Brookfield, TPG and BlackRock—and we did that on purpose. We did it because so many times you go to COPs and you hear lots of great pledges, lots of commitments, and then they don't materialize. What we wanted to show that was from that day one, we were working to deploy capital as fast as possible. So with those partners, we invested across seven strategies, and most importantly, we created two strategies with them. And the idea was: how can we get recognized large institutions and others to mobilize capital? Because not only do we have a $30 billion fund, we have this really important target of mobilizing $250 billion using that $30 billion. So the idea is, by creating the right incentives using our catalytic capital—which is divided into two funds—its transformation is $25 billion, and then $5 billion which is committed to the Global South. We can use our $25 billion anywhere in the world—we can use it in the Global South—it's more commercially minded. But our $5 billion has to go to the Global South. And then that's the last piece. The last piece was we wanted to ensure that we were a commercially minded, driven organization, because the only way we're going to get that flywheel turning for the private sector is if we can show that it makes economic sense to invest in these areas.

Fabio Turci 12:18

And what is your basic investment strategy?

Majid Al Suwaidi 12:22

So we invest across four pillars. Clean energy is a—really—the most important pillar, including nuclear is an area we're investing in. We invest in climate technology, industrial decarbonization and a catch-all bucket that we call sustainable living, that allows us to invest in a lot of areas that are for adaptation, for water, for agriculture. We're still really in the early phases of that. Most of what we've done so far is around clean energy, because that's the easiest and that's where we can deploy at scale and has the greatest impact, but our strategy is to achieve climate impact while achieving commercial returns—and importantly—while achieving our mobilization goals. So that's why we're always looking when we partner with people—how are they helping us to mobilize capital? How are they helping that every one of the dollars that we spend is mobilizing more capital.

Fabio Turci 13:24

And is there any Brazil investment and engagement to date, or something planned already?

Majid Al Suwaidi 13:30

So we have the hope to invest across the world. As you know, Latin America is a very important part of the developing world, and Brazil obviously is an important market there. We haven't invested to date in Brazil, but we've been engaged a lot in discussing—you know—the UAE and Brazil, our two governments have a very close relationship, our presidents have a very close relationship, and I've no doubt that we'll find those right investments to make. Again, our goal is to make sure that we're making the right investments to show commercial returns, to get that mobilization. We've been so successful at mobilization. I think the thing that I'm most proud of is that we've created these two Global South Funds with Brookfield and TPG—CTF with Brookfield, and GSI with TPG. Along with our partners, through acceleration, we've been able to multiply our capital by nine times, and with the capital we've deployed and with Transformation by about four times. So we've really been able—been so successful. Our Brookfield fund has been fantastic in its raise, and now it's making its first investments in the Global South. And with GSI and TPG, they've really done a phenomenal job. And then, along with BlackRock, we're looking at private equity and debt and developing solutions with them that—I think that you'll be, you'll be surprised about. And we continue to look for other partners that we can work with, but our goal is to really mobilize at scale, to invest in platforms that are scalable, that are repeatable, and that we can really boost what we see as economic investments today.

Fabio Turci 15:14

And would you have any idea about what an investment in Brazil would look like.

Majid Al Suwaidi 15:21

I mean, Brazil is such a phenomenal market, such an amazing country to visit. I'm always excited by the energy when I come here, particularly in São Paulo. I've no doubt that we could invest in many areas, particularly around Clean Energy, Industrial Decarbonization, how we can help in the energy transition. We would love to be part of that story, but we're also looking at—really—how we can diversify our universe of investments. So recently, we've invested in tech and software for aviation. We've also—looking at sort of other types of investments. We don't want to be a fund that only invests in renewables, in wind and solar. We'd like to be able to diversify. And Brazil really offers the full gamut of opportunity. And we see the opportunity here, and we're—very—working very closely with many Brazilian partners to try to find that first deal that really makes a difference for us.

Fabio Turci 16:19

And what results Altérra get to date.

Majid Al Suwaidi 16:23

Well as I said, our—the thing that I'm most proud of is we're making commercial returns. So we're doing fantastic. Actually, my bosses are much more surprised at how well we're doing on our investment pipeline, and the returns that we're getting from the funds that we're invested with—with our partners, who are our partners—are doing a fantastic job with us. It took a while for them to work with us, because we have this very unique, proprietary Climate Impact Framework, which we use to assess how we invest. Because we were launched at COP 28 by our President, we take very carefully that when Altérra makes an investment that it has that stamp of approval—that you can be confident that this is a climate investment that will have real climate impact from it—that every investment we do exactly says what it does on the tin, and so we take a lot of time to make sure that we are really making credible, strong, powerful investments that will move the needle when it comes to climate. And so far, I think we've done a fantastic job on that. What has been—the pleasant surprise—has been for us, is that the returns that we're getting from those investments are really above what you would expect to see within those sectors. So we're really seeing fantastic profiles from the investments we're making. We've also been really pleasantly surprised by the pipeline of deals that we have. We have an incredible pipeline, I think, of any climate investment manager, and we're working not only with our partners, but other partners are coming to us. And what we're also seeing is very many fund managers are coming to us saying, Altérra, we want you to come and invest in our fund, because we want the Altérra stamp of approval. Because now many pension funds, institutions and other people are saying, well, is Altérra investing in your fund? Because if Altérra is investing, then we know that this fits our climate criteria, because we're very focused in this way around climate sustainability and the energy transition. That means that we can really take the best of the best and really apply our expertise to it, and we have the scale and the ability to shape that sector. I'm really proud of the success we've had with our two funds—our Global South funds—when we started out, I can be honest, we were told that we would be able to get one or 1.5 times our capital—to be able to show today that we've achieved nine times our capital and four to five times our capital with Brookfield and TPG, for me, shows that we've already been successful, and what we're seeing is that many other institutions around the world are using our catalytic approach to try to achieve the same. But what more importantly to me, it shows is that the private sector is interested to invest in this space, and that you're seeing large institutions come alongside these big investors to invest in the Global South, and alongside Altérra to invest in the Global South. And that is really exciting, I think, for the future of this sector.

Fabio Turci 19:34

And would you please explain your plan to the three to five year plan to leverage 30 billion to 50 billion.

Majid Al Suwaidi 19:43

Yeah. So as I said, what we do is we've done it in a different—in many different ways. We started out with these very simple approaches with—through CTF and GSI, where we put in catalytic—it's not concessional. So just to be clear to everybody—but what it does is that. It allows the other investors in the funds to benefit from that catalytic capital. And we use—we did it in a very simple way, and as we go forward, we're probably going to try to evolve that into more complicated strategies. We wanted to start simple, and it's been super successful in that sense, and we have seen amazing progress already on our mobilization. Today, we've been able to—we're invested across five continents. We are invested in about 90 gigawatts of power. And I think that people shouldn't underestimate that this is only after—well, it will be two years in December of our formation. We are a startup by any metric. We have really done, I think, a phenomenal job in a very short amount of time. And I'm very confident that we will do even better in the coming years.

Fabio Turci 21:05

And COP 30 is kicking off today. What are your expectations?

Majid Al Suwaidi 21:10

I think that we all have very high expectations. Whenever Brazil hosts a climate conference, the Brazilian—you know, as the Director-General of COP 28 and many of my team have been here—we went through the suffering that it takes to host a COP. So we always have a lot of sympathy and empathy for COP Presidents, but I always had confidence from day one that our Brazilian colleagues would do a fantastic job. I know many of them through the work that I've done over the years. You have amazing, skilled diplomats here in Brazil—you have a very strong wealth of institutional knowledge when it comes to the environment and climate—and that, for me, means that Brazil, it will inevitably deliver a very fantastic COP. What we need to see is greater ambition and action from countries. That's what we need to see coming out of this COP. We need to see greater strength in the commitments. We need to see more done—faster—to make sure that we achieve our 2030 goals, which then allows us to achieve our 2050 goals. And it's so important that countries like Brazil really take the lead—show the way. And I think that at this COP, we're definitely going to see some fantastic outcomes in Belém.

Fabio Turci 22:34

Thank you so much. Our time is over. I had the pleasure to talk to His Excellency, Majid Al Suwaidi, CEO of Altérra—thank you so much. Thanks for accepting the invitation of Milken Institute, and thanks for the interview.

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