



Climate Financing Landscape 2024

The case for Bankable Nature Solutions as an asset class

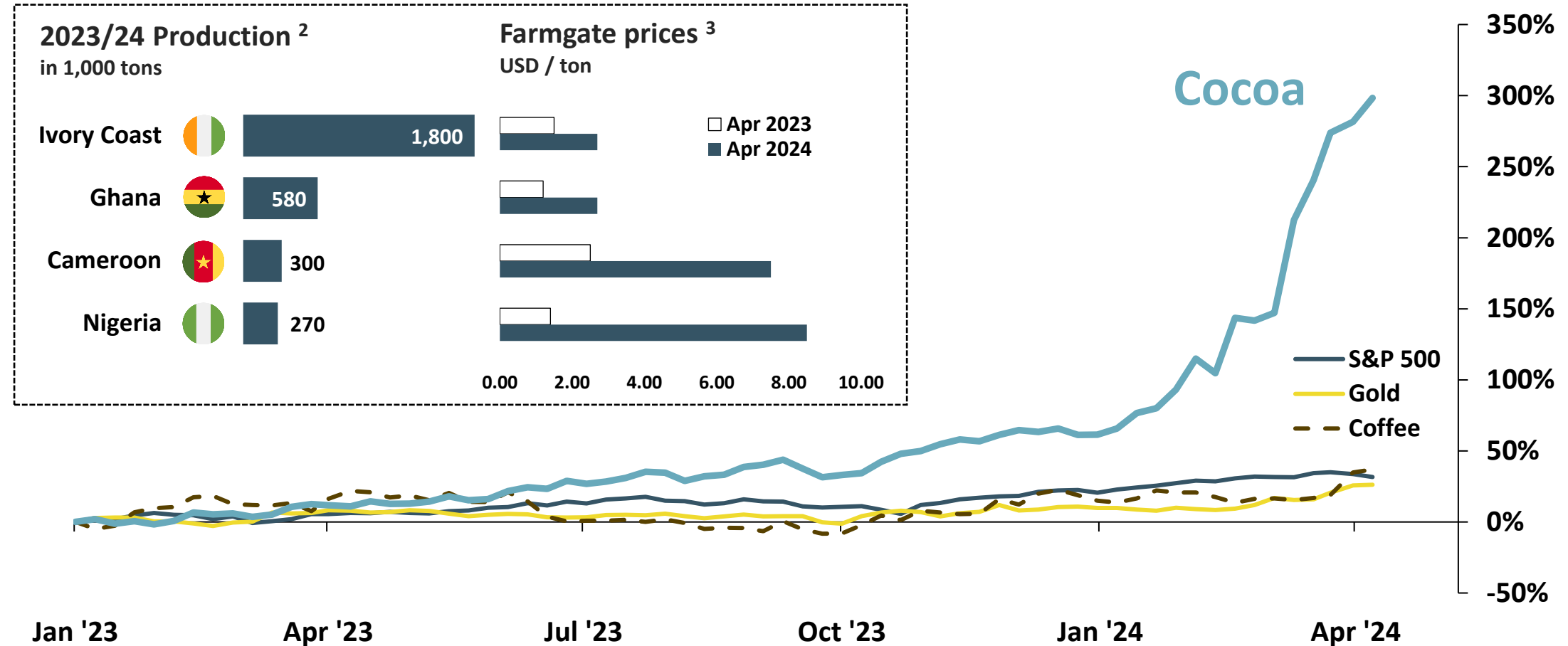
Presentation for **CODE RED** Sri Lanka Climate Summit '24

8 May 2024



The cocoa crisis

Relative price performance since 2023¹



Sources: (1) Wind data; (2) Statista based on forecasts; (3) Cocoa's Surge Is Drawing Africa's Farmers Back to the Bean, Bloomberg, Apr 2024; Seneca

Financing **negative** impacts

Annual finance flows with direct *negative* impacts on nature and climate

Total
\$6.7 trillion

Fossil fuels 69% Agriculture 21% Forestry 9% Fisheries 1%

Private
\$5 trillion

Public
\$1.7 trillion

Industrials 28% Consumer 18% Utilities 12% Basic materials 11% Energy 10% Real estate 10% Healthcare / tech 12%

Sources: [State of Finance for Nature 2023](#), UNEP; Seneca

Financing positive impacts

Annual finance flows with direct *positive* impacts on nature and climate

Total
\$200 billion

Growth of
private sustainable financing is critical



Public
\$165 billion

Private
\$35 billion

Biodiversity & landscapes
46%

Agriculture, forestry & fishing
25%

Water resources
10%

Pollution abatement
9%

Environmental policy
8%

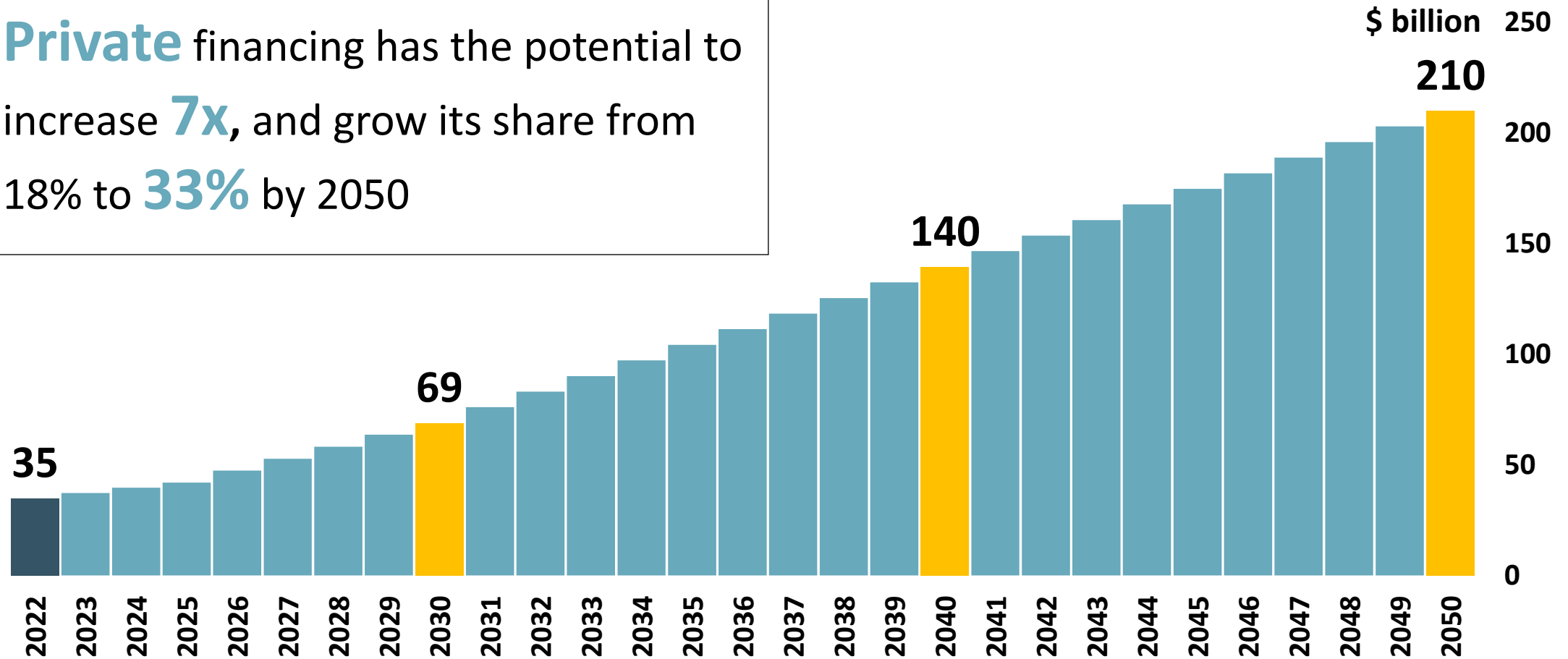
Development assistance
1%

Sources: [State of Finance for Nature 2023](#), UNEP; Seneca

Annual private financing required

To meet long-term climate targets

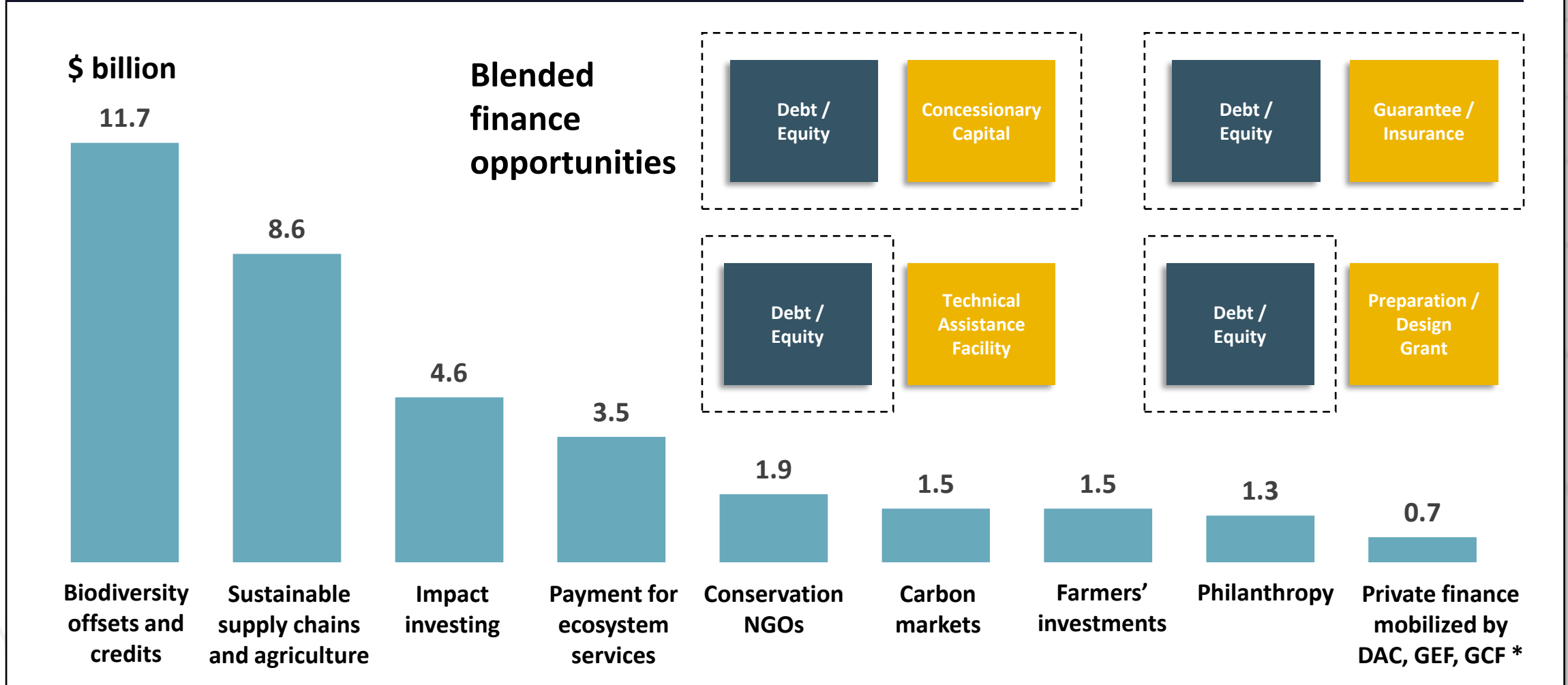
Private financing has the potential to increase **7x**, and grow its share from 18% to **33%** by 2050



Sources: [State of Finance for Nature 2023](#), UNEP; Seneca

Current private financing landscape

By funding channel (2023e)

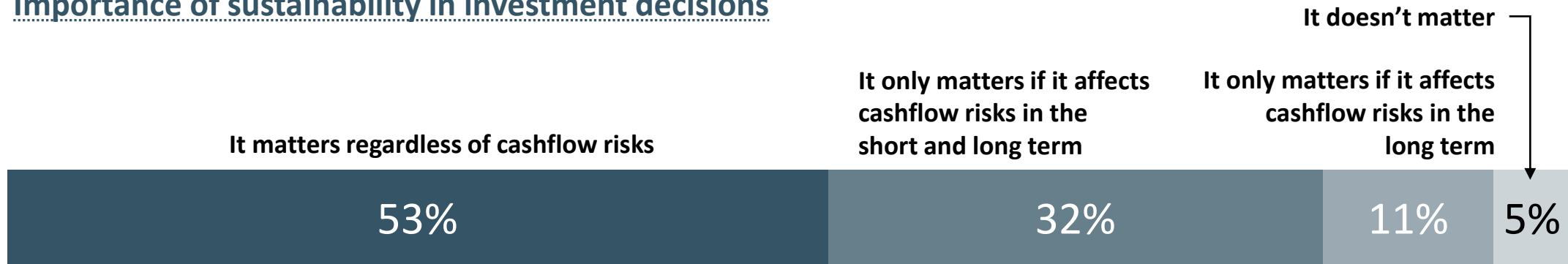


*DAC = Development Assistance Committee, GEF = Global Environment Facility; GCF = Green Climate Fund; Sources: [State of Finance for Nature 2023](#), UNEP; Convergence; Seneca

Investors in Sustainability

Investors not only consider sustainability to be vital – they are also willing to pay a premium

Importance of sustainability in investment decisions



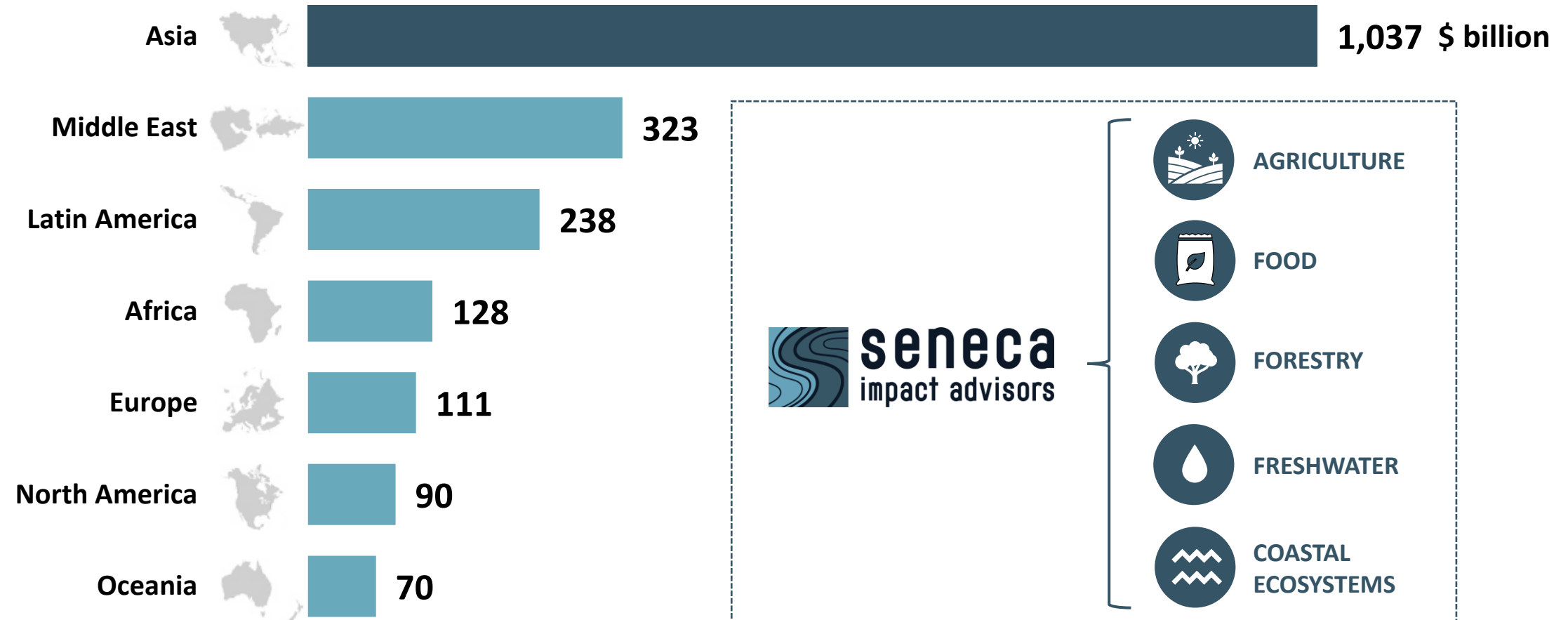
Expected size of sustainability premium, other things equal



Sources: [Investors Want to Hear from Companies about the Value of Sustainability](#), McKinsey; Seneca

Asia holds tremendous potential

Cumulative sustainable financing need to be met by public and private sources by 2030

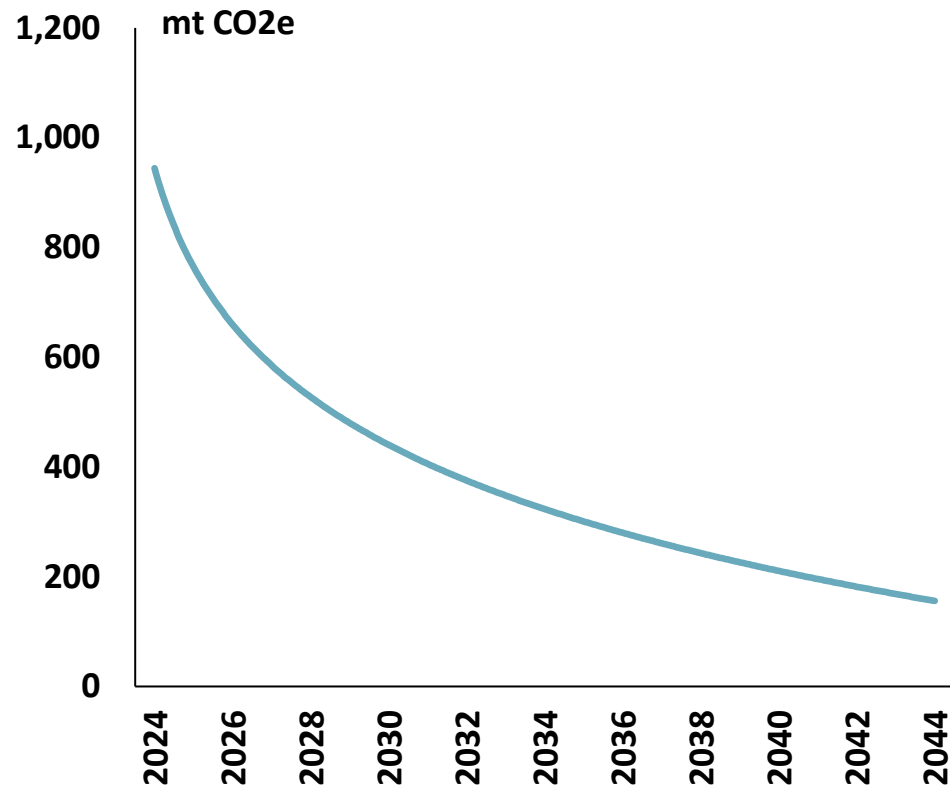


Sources: [State of Finance for Nature 2023](#), UNEP; Seneca

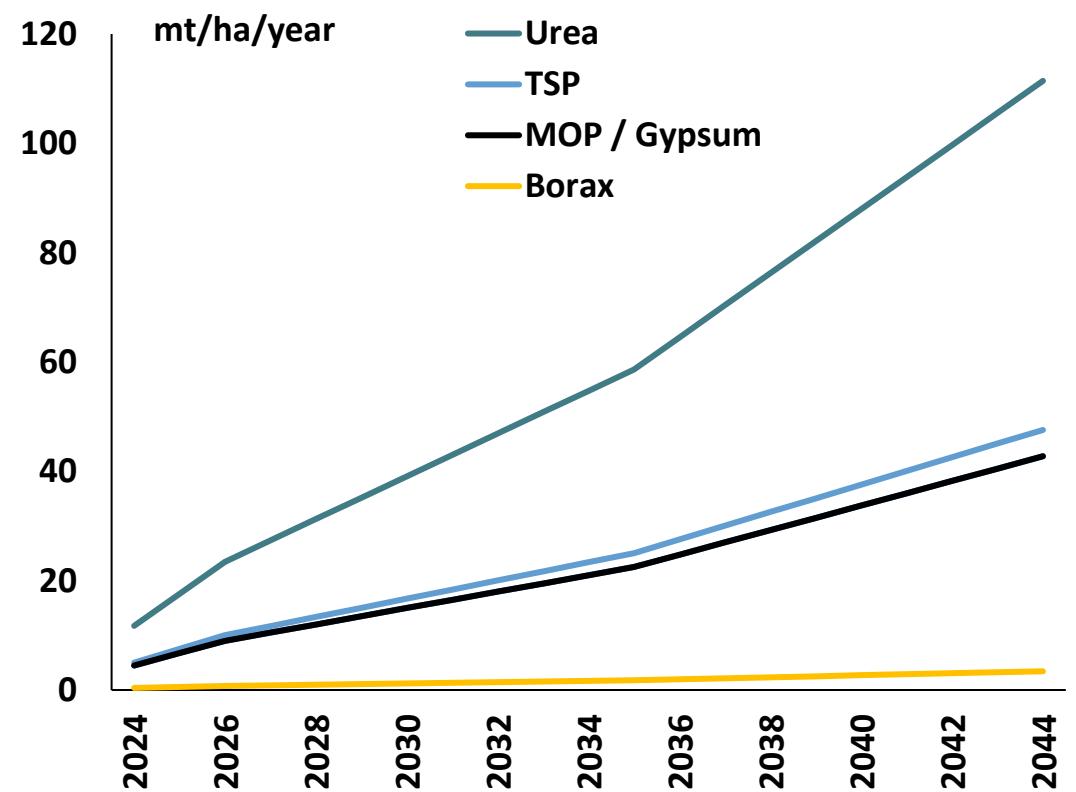
Climate and nature financing in action (1)

Sustainable coffee farm in Laos | >20% expected IRR for private investors

Net CO2e sequestered: Scope 1/2/3



Chemical fertilizers avoided

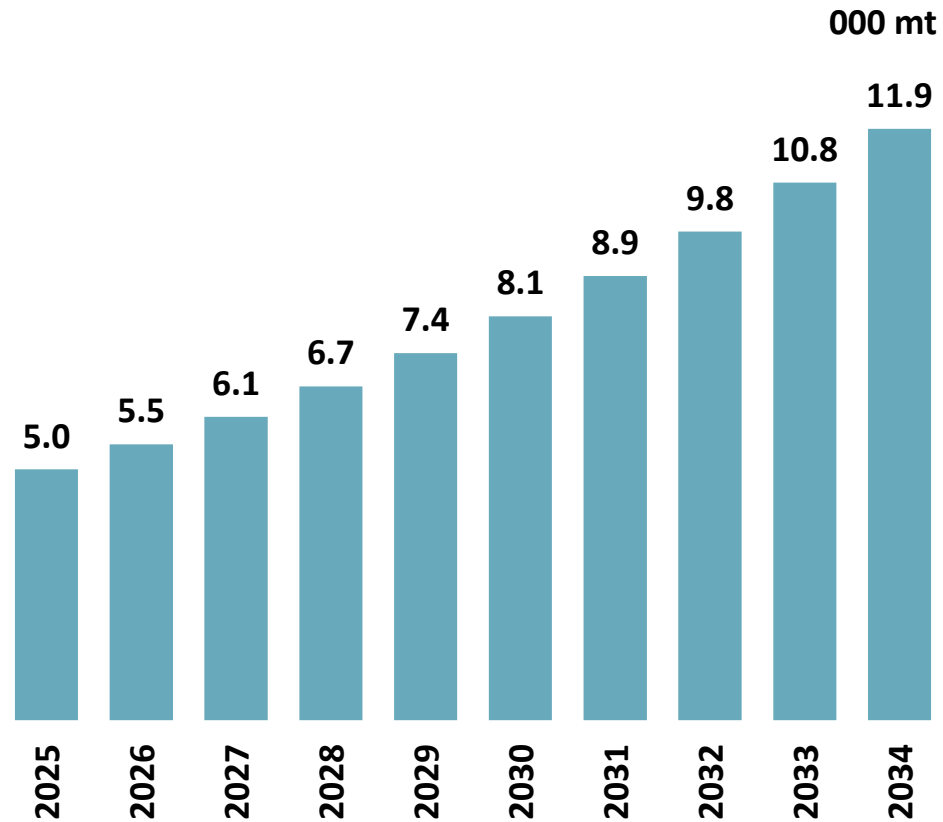


Source: Seneca

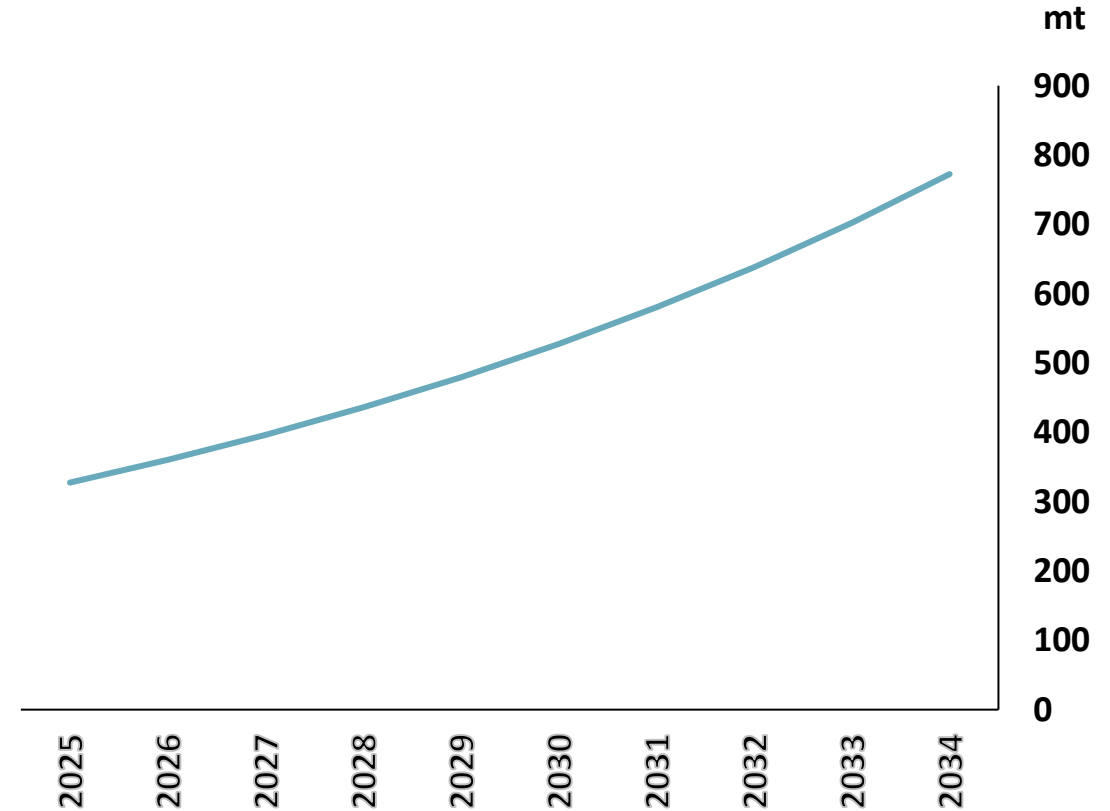
Climate and nature financing in action (2)

Black soldier fly production | >20% expected IRR for private investors

Food waste treated and upcycled



Methane emissions avoided



Source: Seneca

Climate and nature financing in action (3)

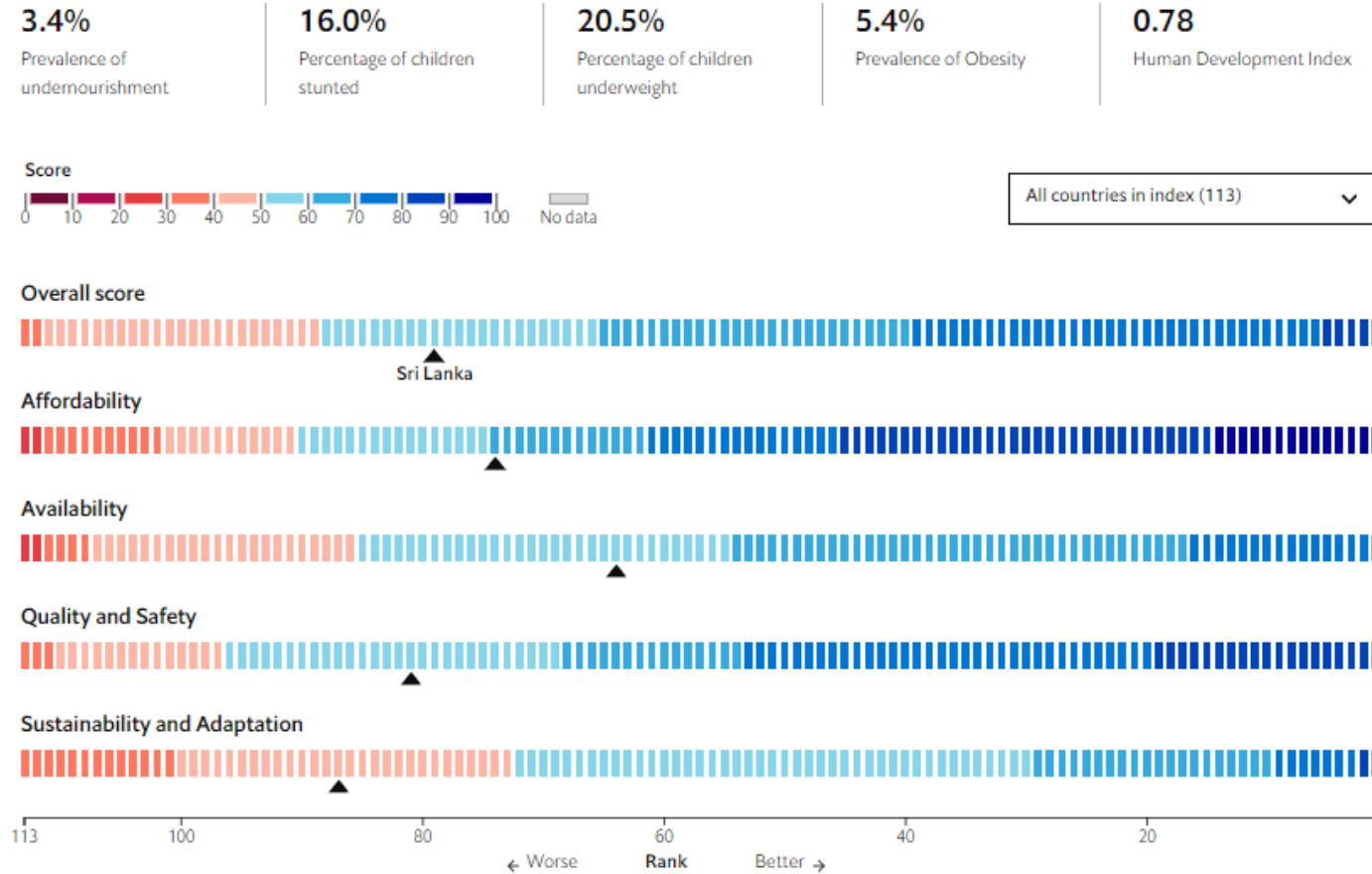
Seaweed production | Assessing projects with favorable pre- and post-harvest impacts

	Climate	Environmental	Socioeconomic	Financial	
				Technology	Scalability
Human consumption					
• Direct food source	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
• Additives	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
• Alternative proteins	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Feedstock					
• Aquaculture	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
• Livestock	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
• Methane reduction	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Biostimulants	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Cosmetics	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Bioplastics	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Biofuels	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Deep ocean sinking	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●

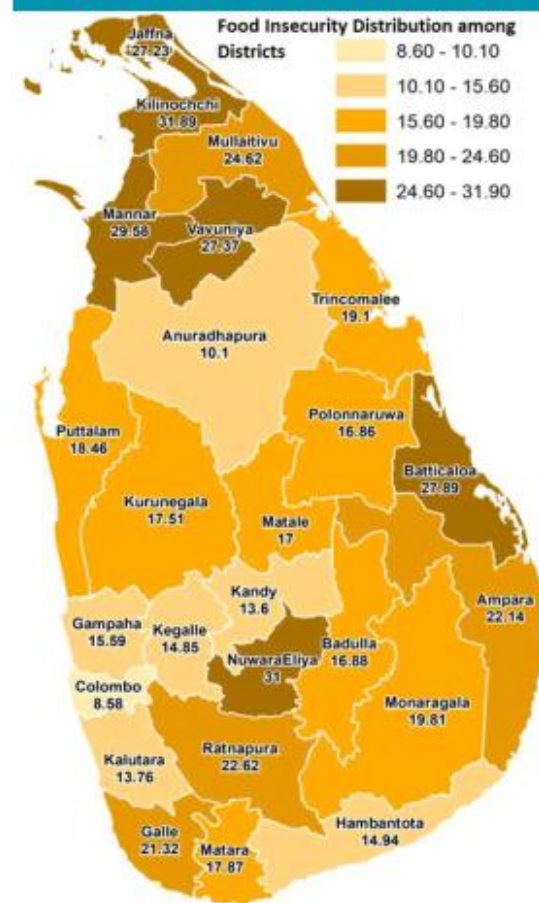
Source: Seneca

Food security a high priority in Asia

Sri Lanka | Global Food Security Index 2022



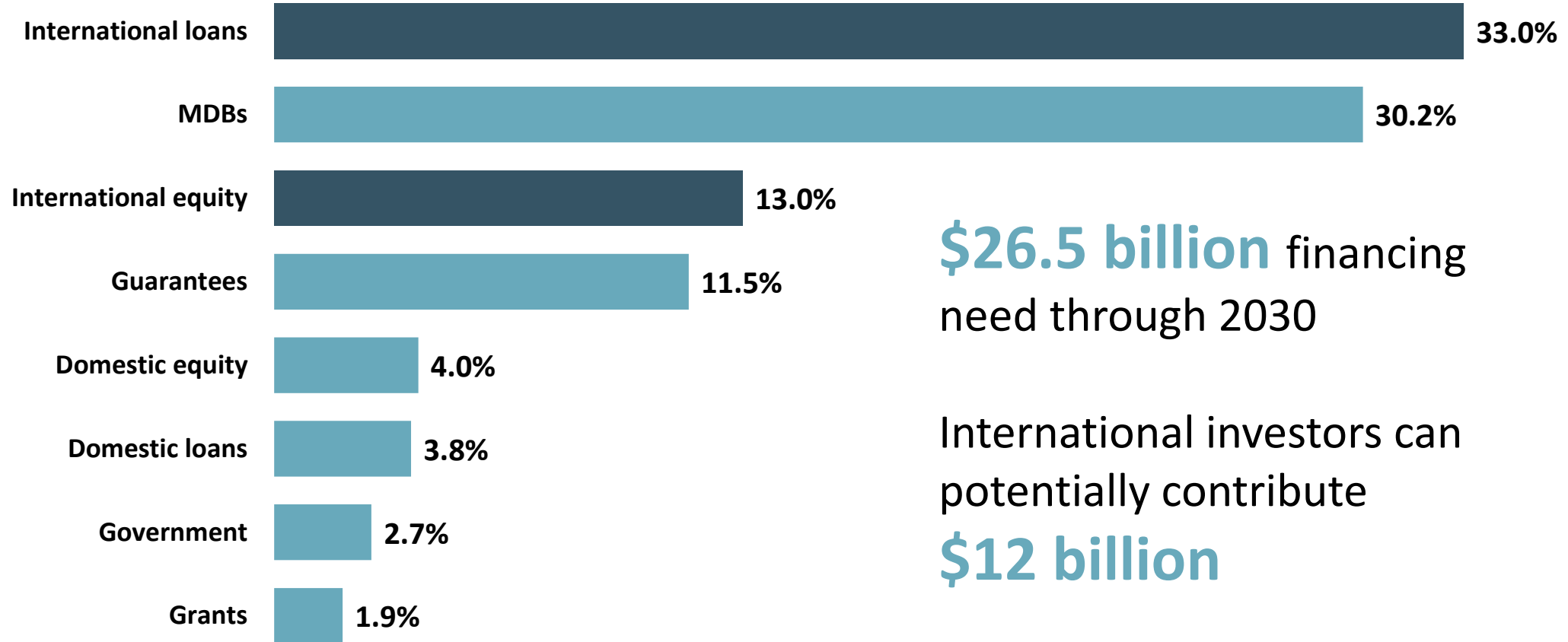
FOOD INSECURITY PREVALENCE IN SRI LANKA



Sources: [Global Food Security Index 2022: Sri Lanka](#), the Economist; [ReliefWeb](#); Seneca

Bankable Nature Solutions in Sri Lanka

Sri Lanka Climate Prosperity Plan | Target investments



\$26.5 billion financing need through 2030

International investors can potentially contribute **\$12 billion**

Sources: Sri Lanka Climate Prosperity Plan; Seneca

Bankable Nature Solutions and sustainability goals

Sri Lanka Climate Prosperity Plan | Key goals and potential BNS opportunities



Energy
transition



Financing
mitigation & adaptation



Social
well-being



Agrivoltaics



Seaweed / wind farms



Biofuels



Blended finance



Agricultural insurance



Insurance /
sustainability-linked
bonds



Agroforestry



Waste upcycling



Circular economy

Sources: Sri Lanka Climate Prosperity Plan; Seneca

Key takeaways

For policymakers, project owners and investors

- ✓ A successful climate transition requires the active involvement of the private sector
- ✓ There is over \$1 trillion of financing gap before 2030 in Asia alone
- ✓ Blended finance can play a critical role as catalytic capital
- ✓ There are viable bankable nature solutions in Asia to meet investors' risk-reward appetite
- ✓ For Sri Lanka, there is a need for at least \$12 billion in international funding before 2030 to address longer-term climate and nature challenges

Source: Seneca

About Seneca Impact Advisors

Seneca Impact Advisors is a specialist advisory firm based in Hong Kong with extensive experience and networks in the Asia-Pacific region. It specialises in developing innovative financial solutions for scalable and commercially viable nature and climate positive projects. Seneca's aim is to mobilise private-sector capital to protect and restore nature.

Seneca was formed to bridge the financing gap between traditional conservation and private investment capital seeking returns. There is a growing amount of capital with a willingness to invest in nature-based projects with highly impactful and measurable outcomes. However, there have been few scalable and commercially viable projects to attract investment capital. By working with leading NGOs, environmentally passionate entrepreneurs, and ESG-concerned corporates, the team at Seneca has been successfully originating and developing projects to

meet the demand from funders. With enhanced public awareness about the climate crisis, biodiversity loss and resource depletion there is a significant amount of capital seeking nature and climate positive investments.

Structuring bankable projects requires knowledge of both conservation and investments. The team at Seneca combines its passion for the natural world with financial and technical expertise to help build commercially viable projects which contribute positively to the environment and society.



AGRICULTURE



FOOD



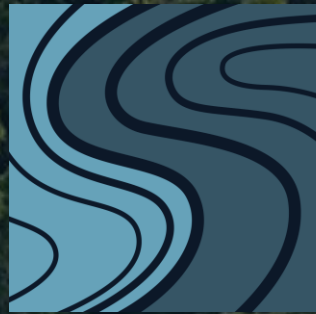
FORESTRY



FRESHWATER



COASTAL
ECOSYSTEMS



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