



# Climate Financing

The case for Bankable Nature Solutions as an asset class

# Landscape 2024

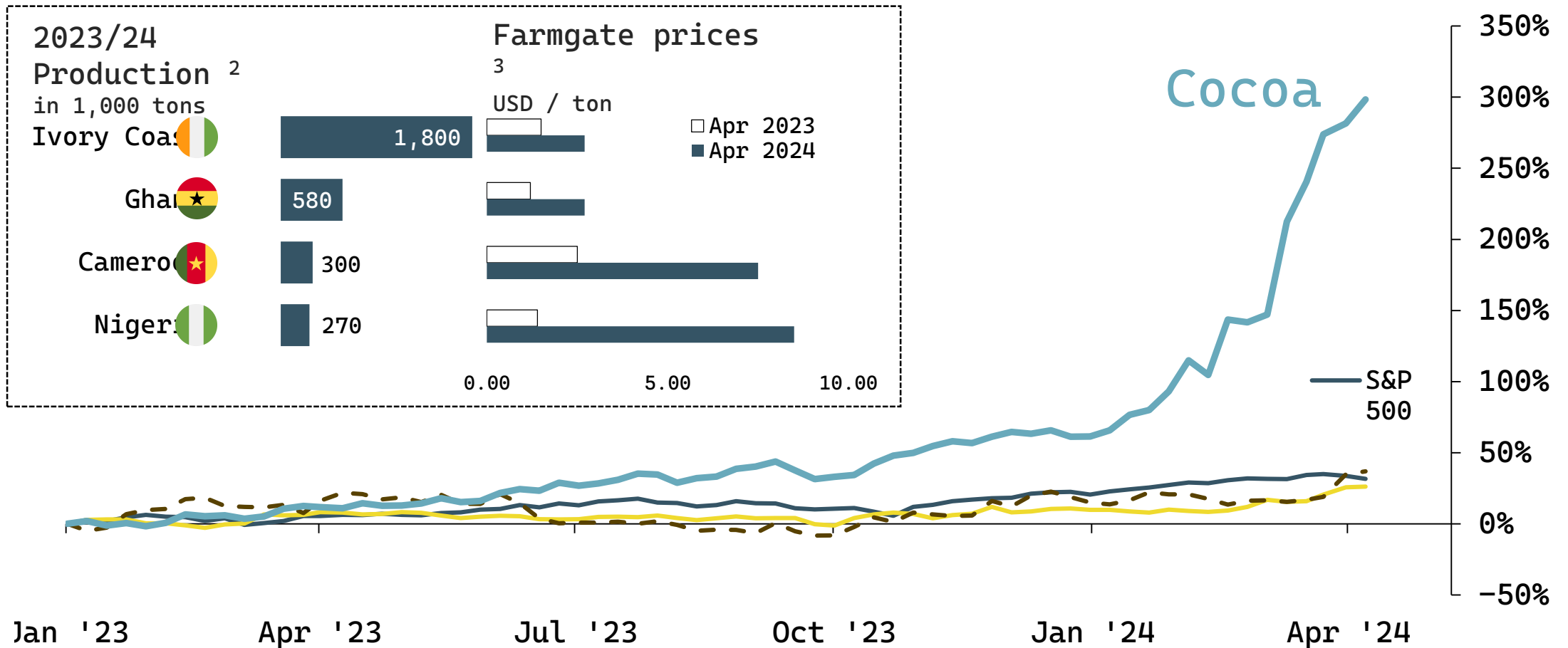
Presentation for **CODE RED** Sri Lanka Climate Summit '24

8 May 2024



# The cocoa crisis

## Relative price performance since 2023 <sup>1</sup>



Sources: (1) Wind data; (2) [Statista](#) based on forecasts; (3) [Cocoa's Surge Is Drawing Africa's Farmers](#)

# 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%



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

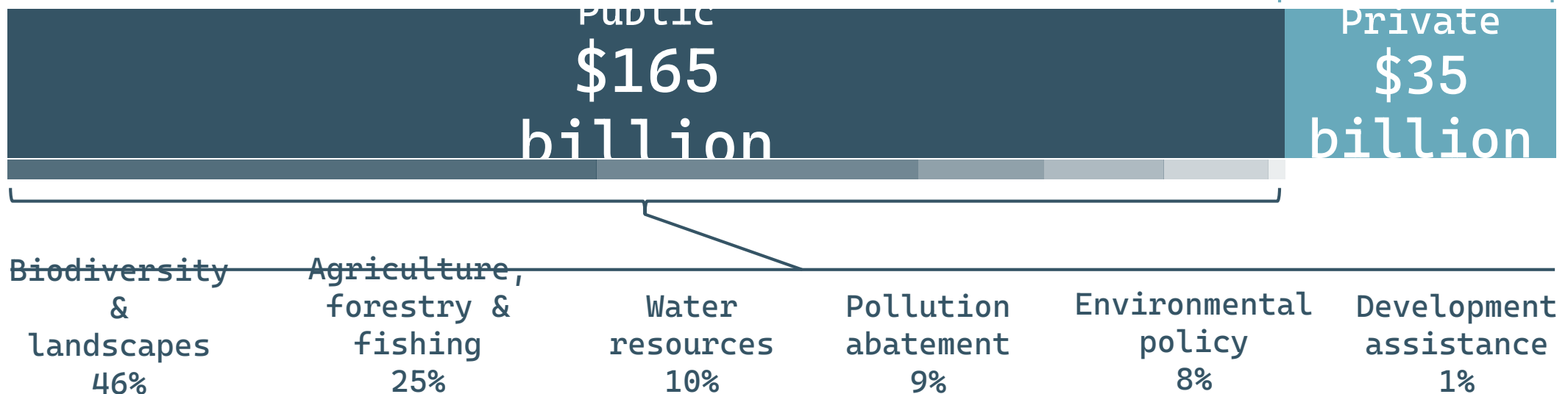
Sources: [State of Finance for Nature 2023](#), UNEP; Seneca

# Financing positive impacts

Annual finance flows with direct positive impacts on nature and climate

Total  
\$200  
billion

Growth of  
private sustainable financing is  
critical



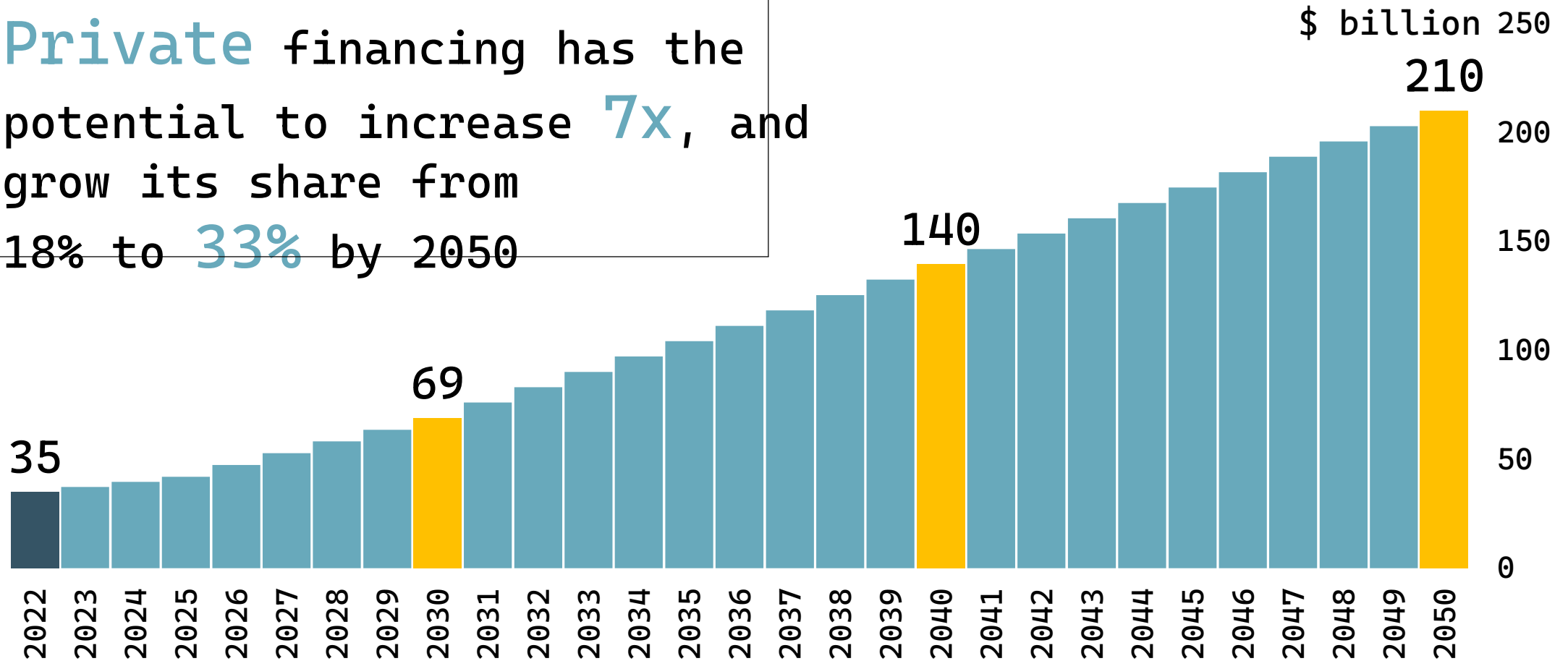
Sources: [State of Finance for Nature 2023](#), UNEP; Seneca

# Annual private financing required



To meet long-term climate targets

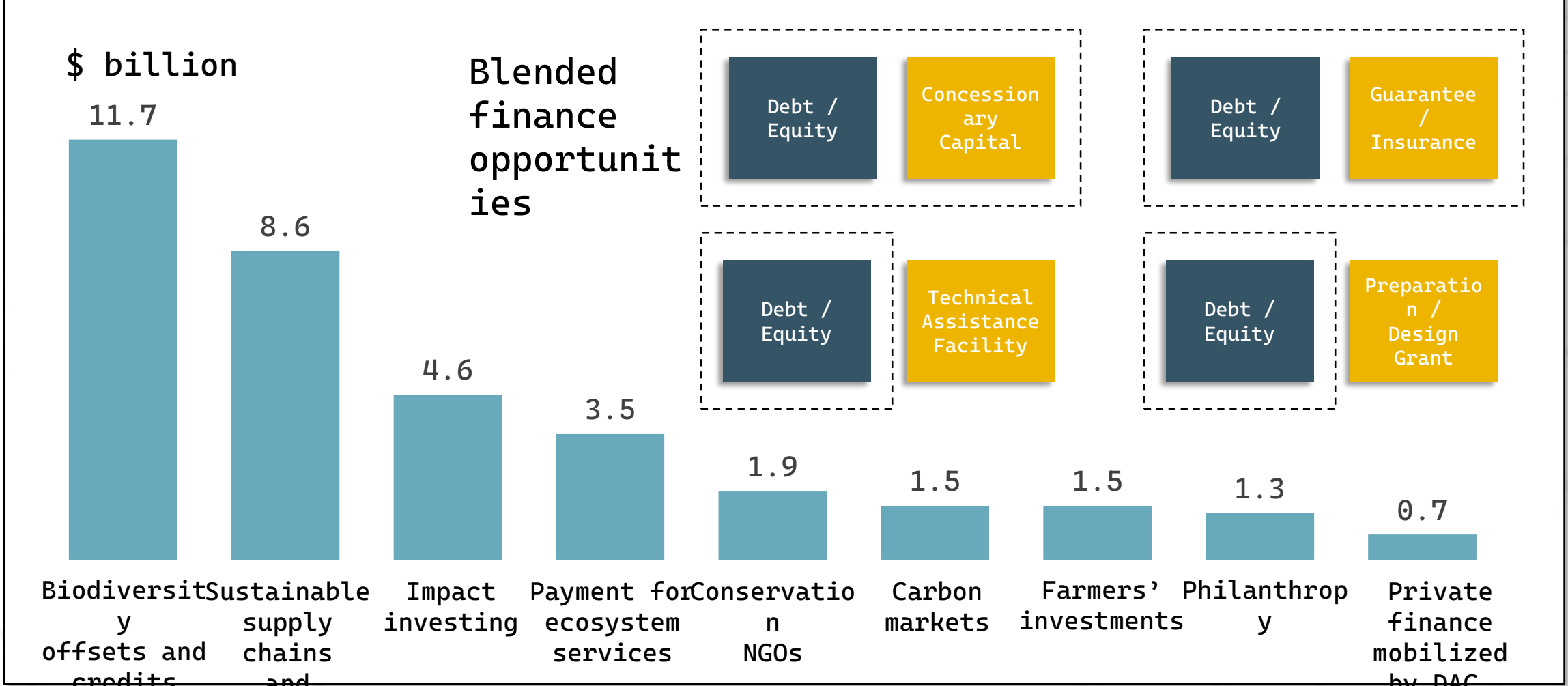
Private financing has the potential to increase 7x, and grow its share from 18% to 33% by 2050



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

# Current private financing landscape

## By funding channel (2023e)



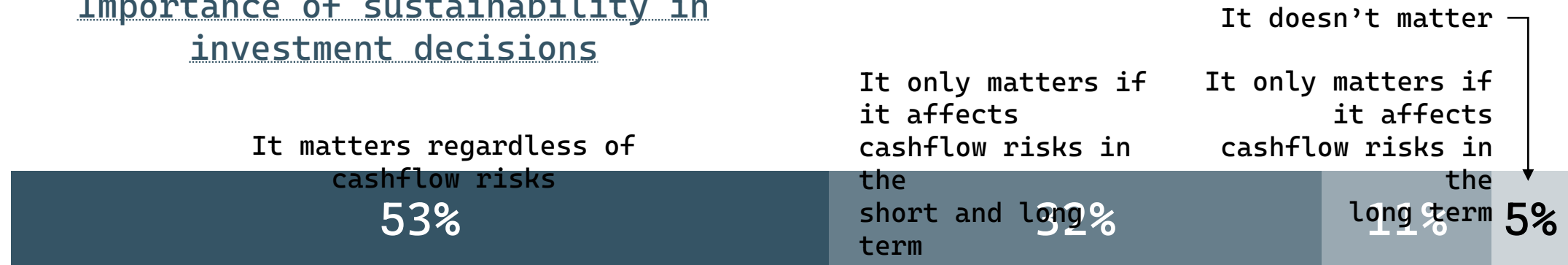
\*DAC = Development Assistance Committee, GEF = Global Environment Facility; GCF = Green Climate Fund; Sources: [State of Finance for Nature 2023](#), UNEP Convergence, Seneca

# Investor Bankable Nature Solutions



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

## Importance of sustainability in investment decisions



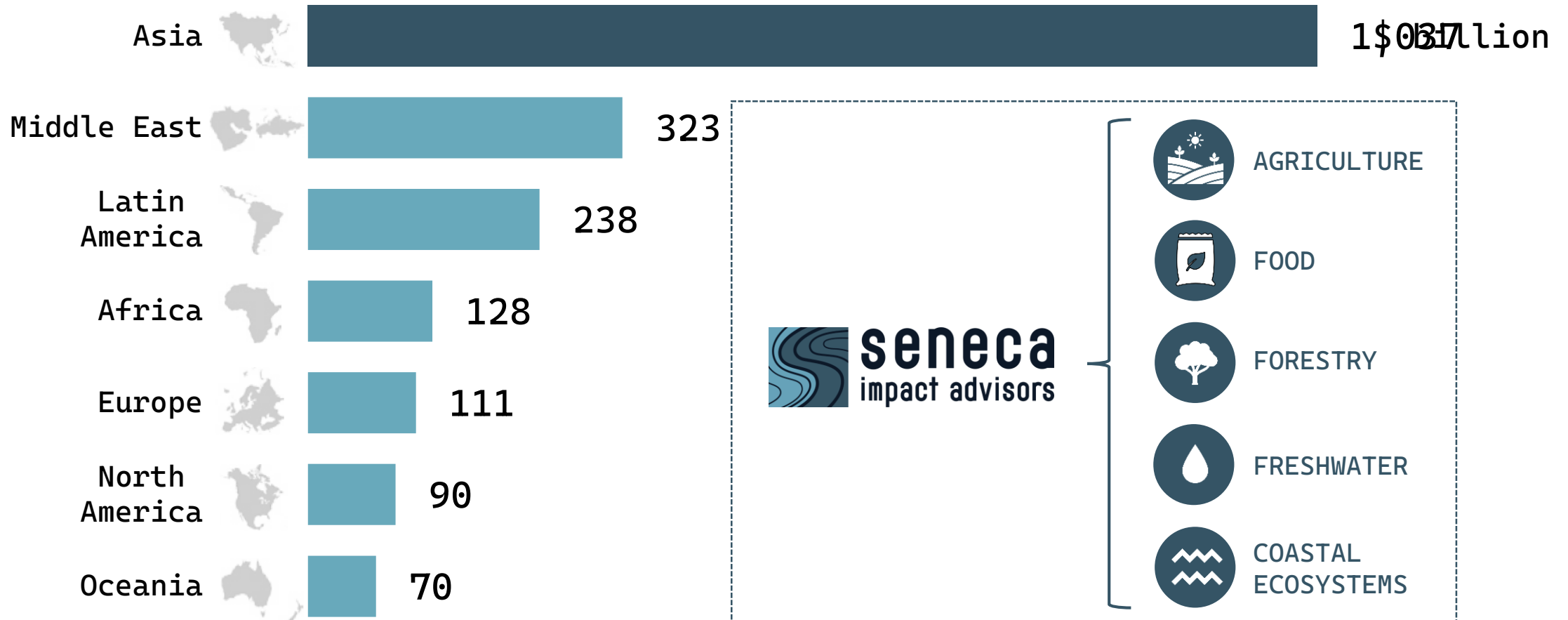
## Expected size of sustainability premium, other things equal



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



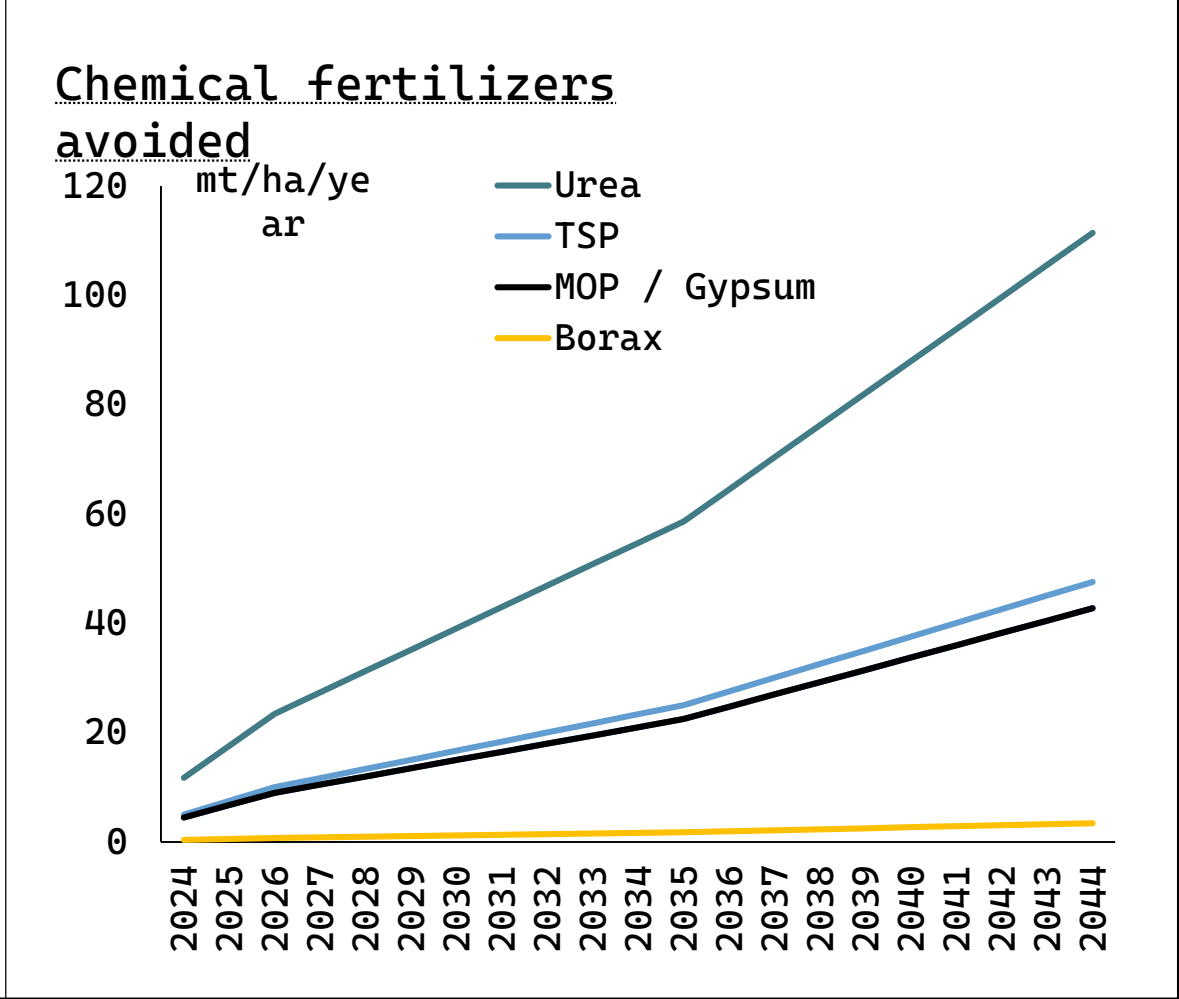
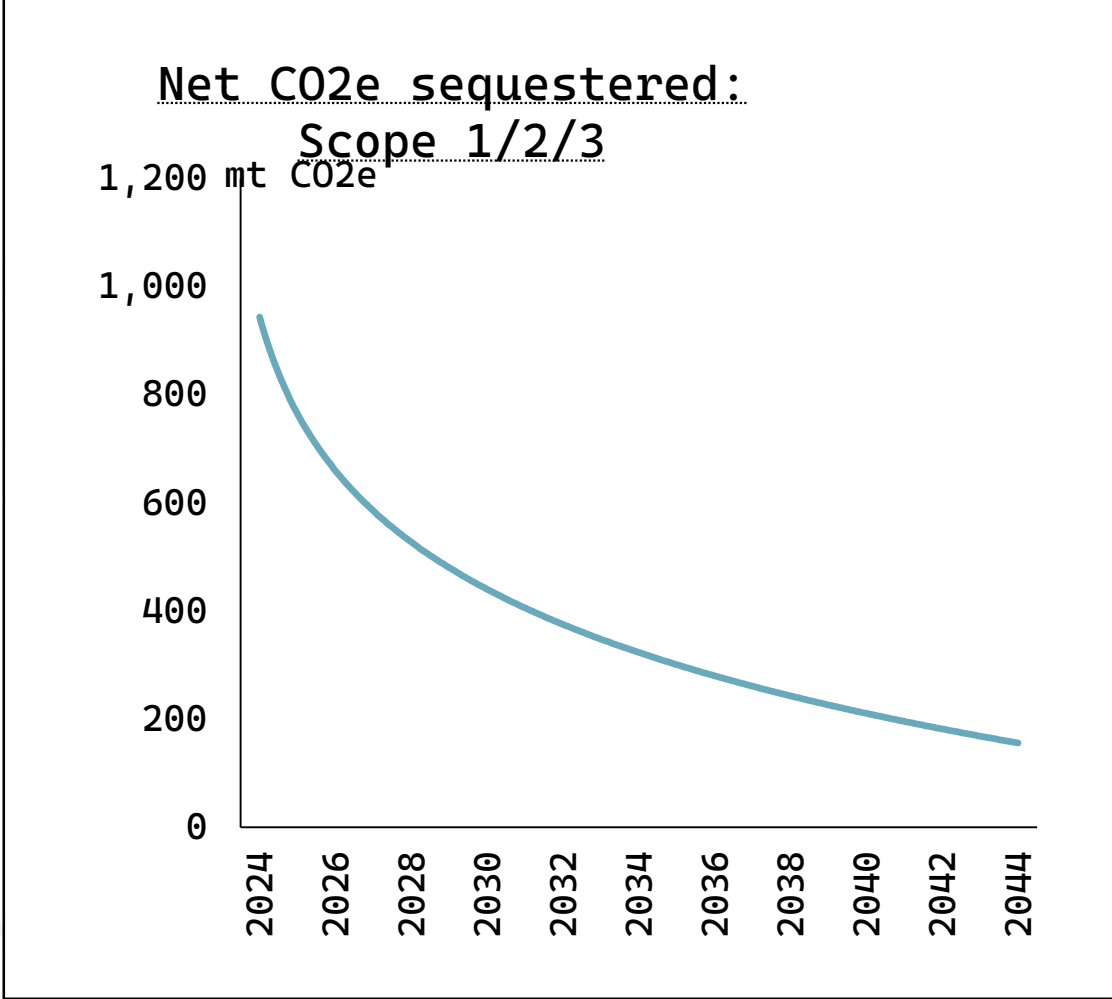
Sources: [State of Finance for Nature 2023](#), UNEP; Seneca



# Climate and nature financing in action



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

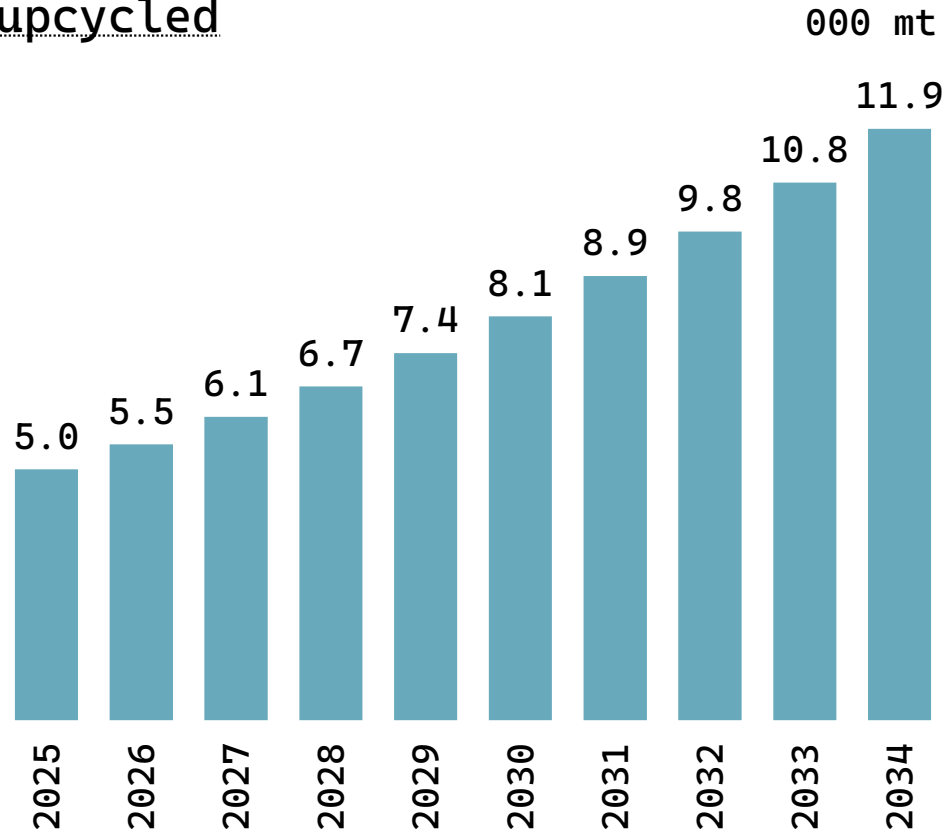


Source: Seneca

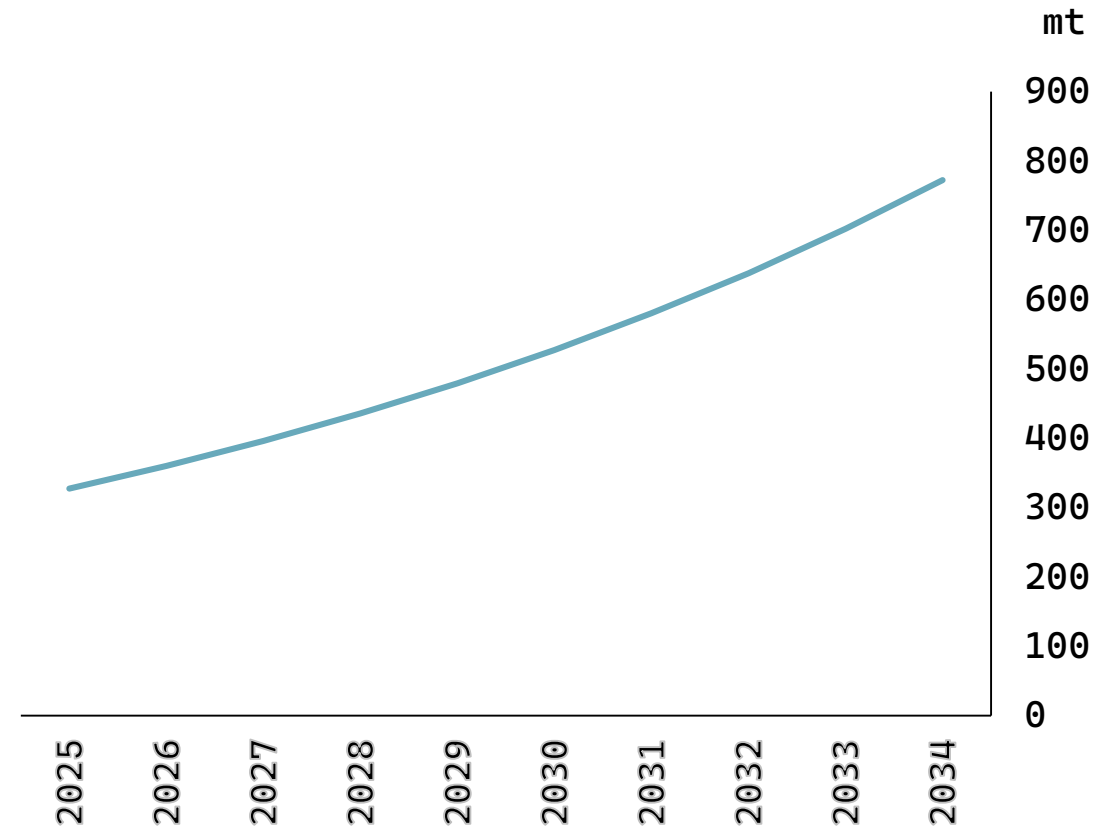
# Climate and nature financing in action

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



## 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	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●

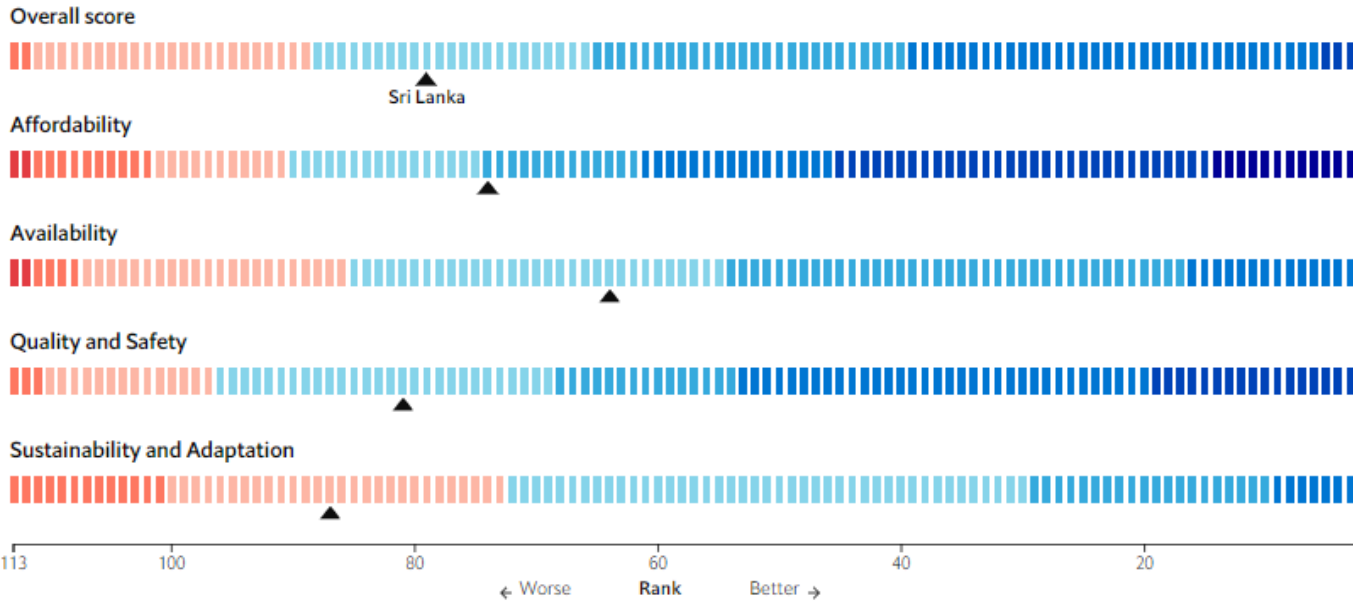
Source: Seneca

# Food security a high priority in Asia

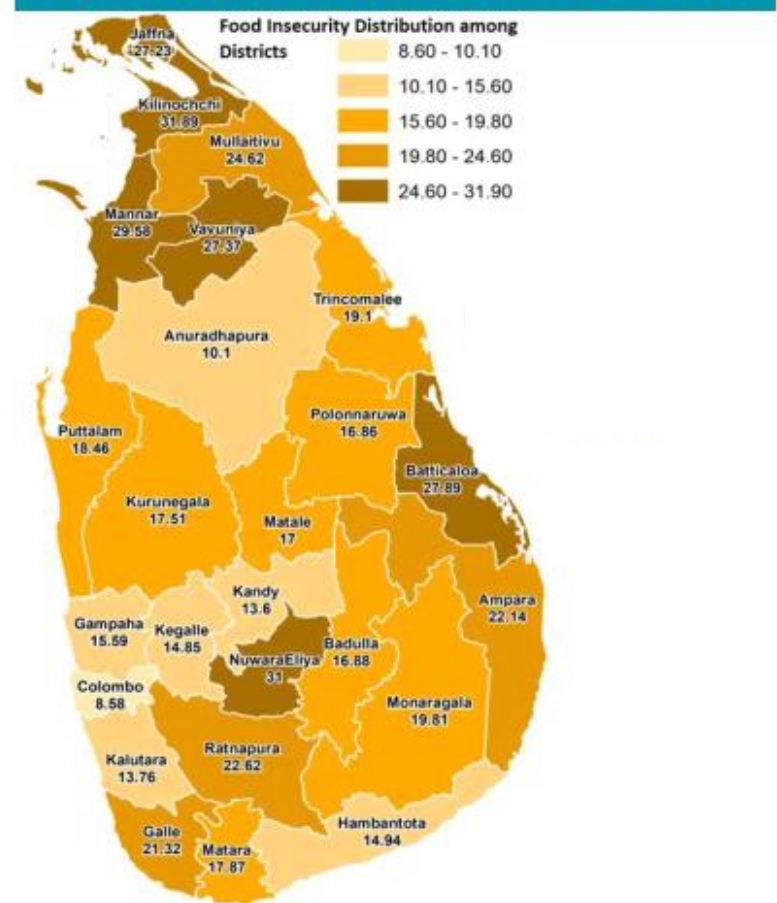


## Sri Lanka | Global Food Security Index 2022

**3.4%** Prevalence of undernourishment  
**16.0%** Percentage of children stunted  
**20.5%** Percentage of children underweight  
**5.4%** Prevalence of Obesity  
**0.78** Human Development Index



### FOOD INSECURITY PREVALENCE IN SRI LANKA

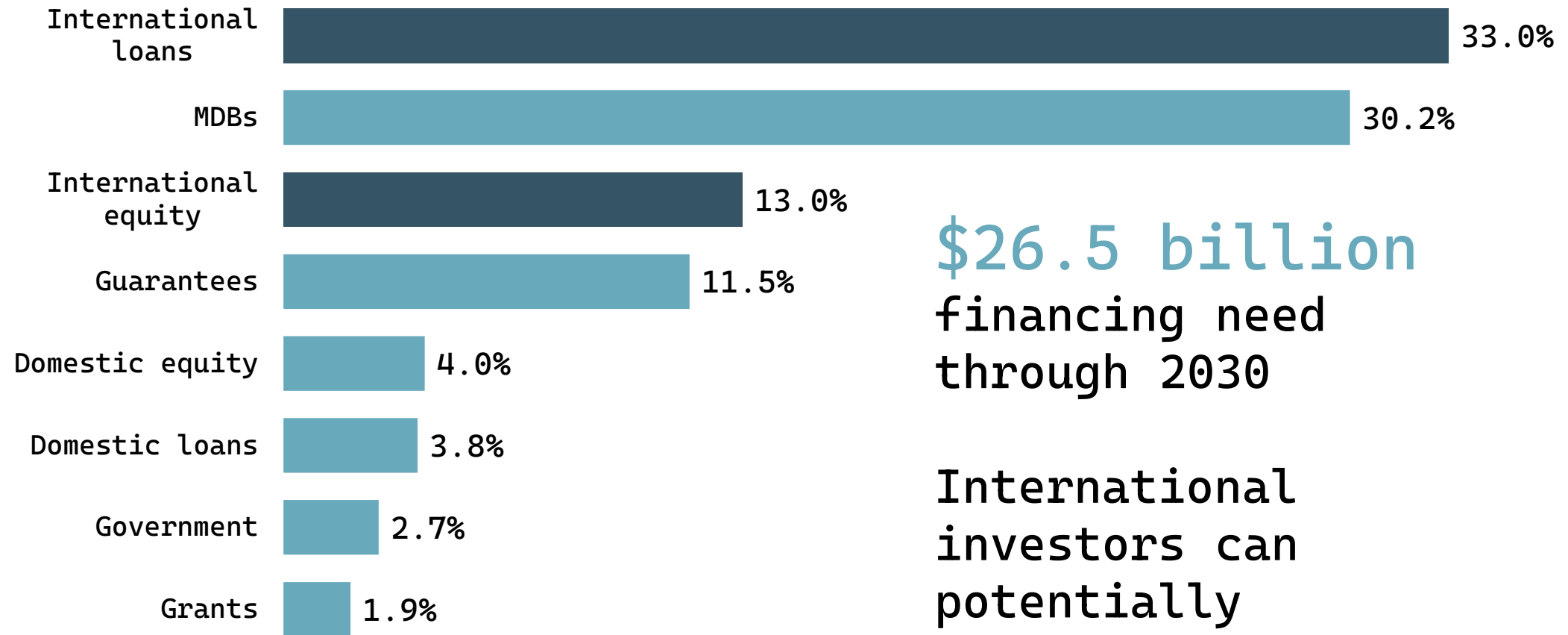


Sources: [Global Food Security Index 2022: Sri Lanka](#), the Economist; [ReliefWeb](#); Seneca

# Bankable Nature Solutions in Sri Lanka



## Sri Lanka Climate Prosperity Plan | Target investments



**\$26.5 billion**  
financing need  
through 2030

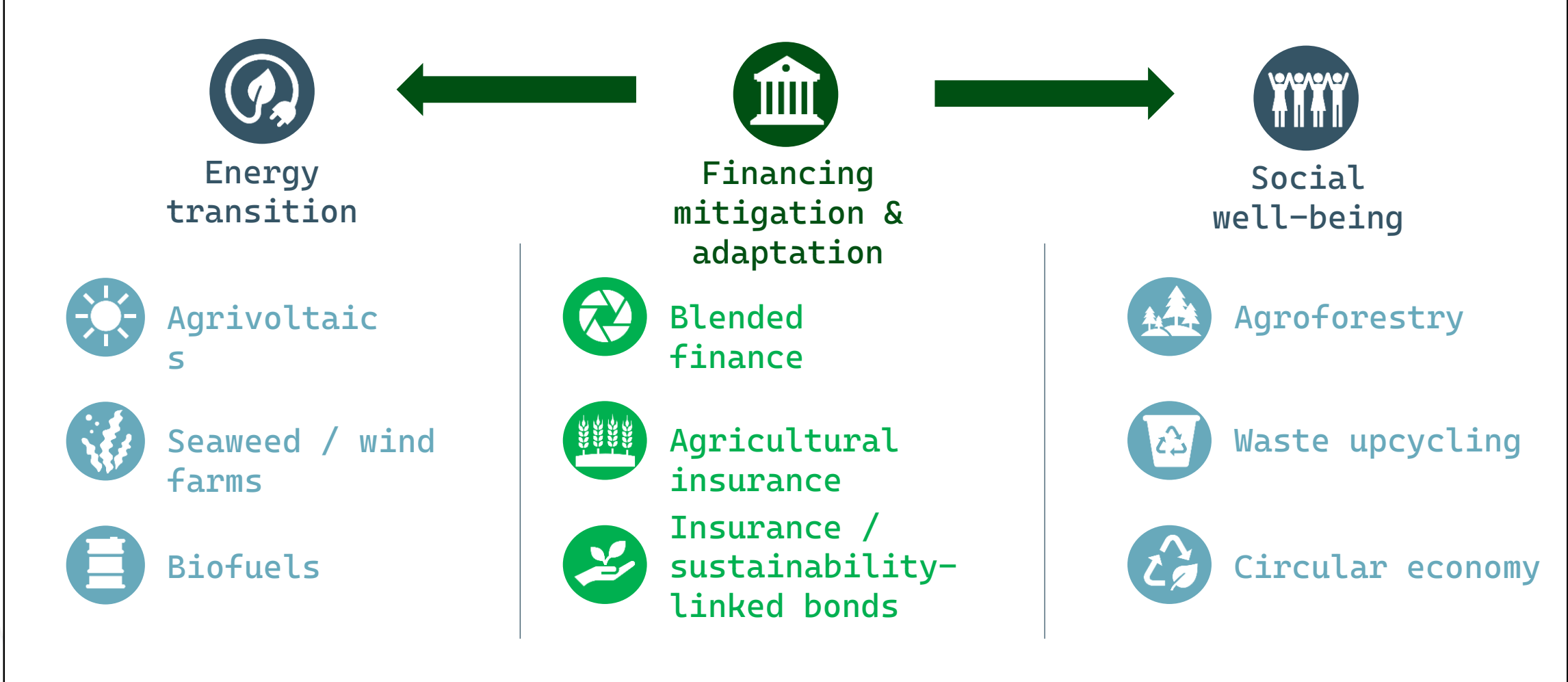
International  
investors can  
potentially  
contribute

**\$12 billion**

Sources: [Sri Lanka Climate Prosperity Plan](#); Seneca

# Bankable Nature Solutions and sustainability

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



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 commercial projects which contribute positively to the environment and society.



AGRICULTURE



FOOD



FORESTRY

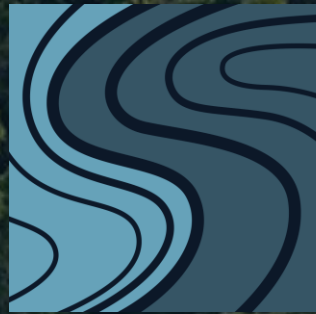


FRESHWATER



COASTAL ECOSYSTEMS





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