

Making it work for Nature  
"Restoration & Energy  
Transition"

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Portfolio NED

## *Moving the needle*

*Financing Modalities for  
Scale financing of essential investments in a  
redistributive, regenerative, restorative  
economy*

# Regenerative financial systems are ideal, but in a crisis, suggest we work within the existing financial systems to fix climate change

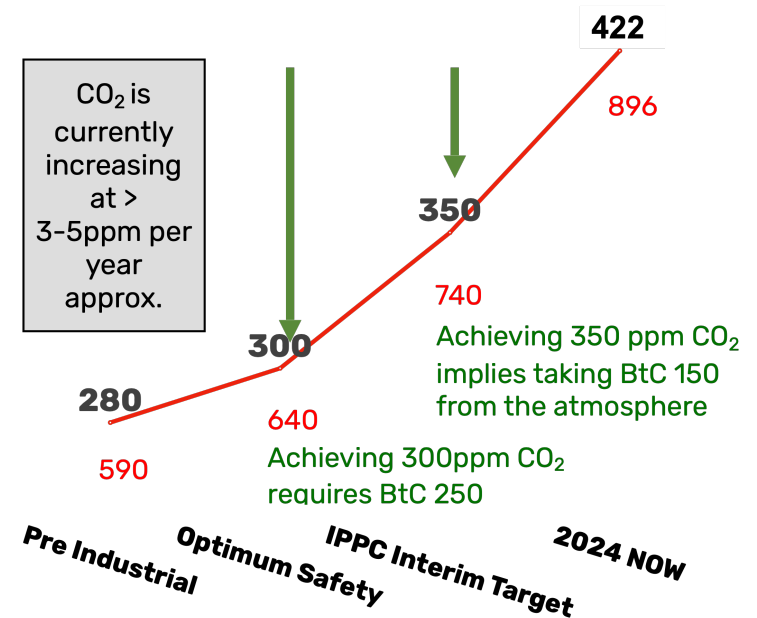
## Core principles for a regenerative financial system

A regenerative financial system must:

1. Be directed by a purpose and accountable to the principle of supporting the economy in meeting the needs of people, society and the planet;
2. Favour integrated value over purely financial value as a whole-system goal, and in policies, practices, reporting and regulation;
3. Require institutions to become active agents in a coherent and collaborative strategy centred on long-term value creation, embedded in a stakeholder-oriented governance.



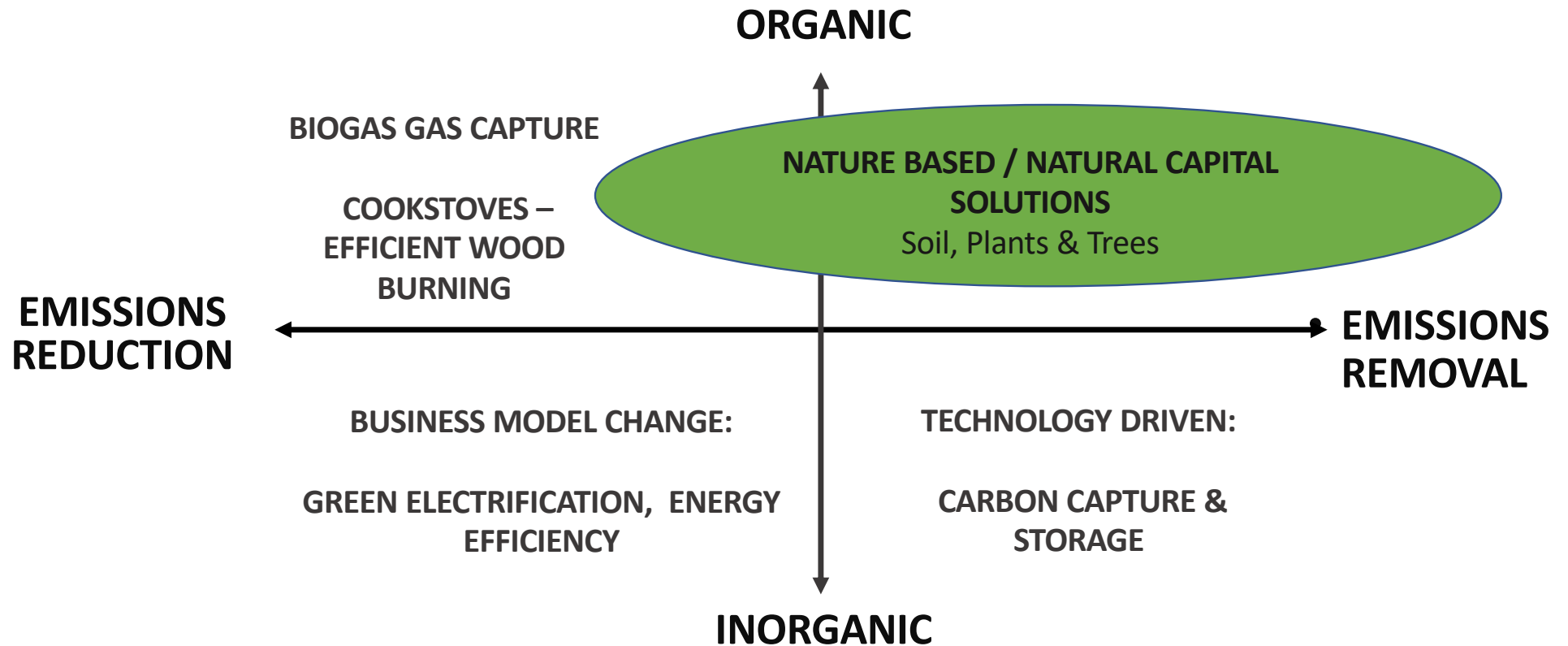
## Atmospheric CO<sub>2</sub> CO<sub>2</sub> ppm and Bn tonnes carbon



Note: Weight of Carbon in CO<sub>2</sub> = 27.3 % or 12/44  
Atmospheric Parts per Million: CO<sub>2</sub> 100ppm = 212.4

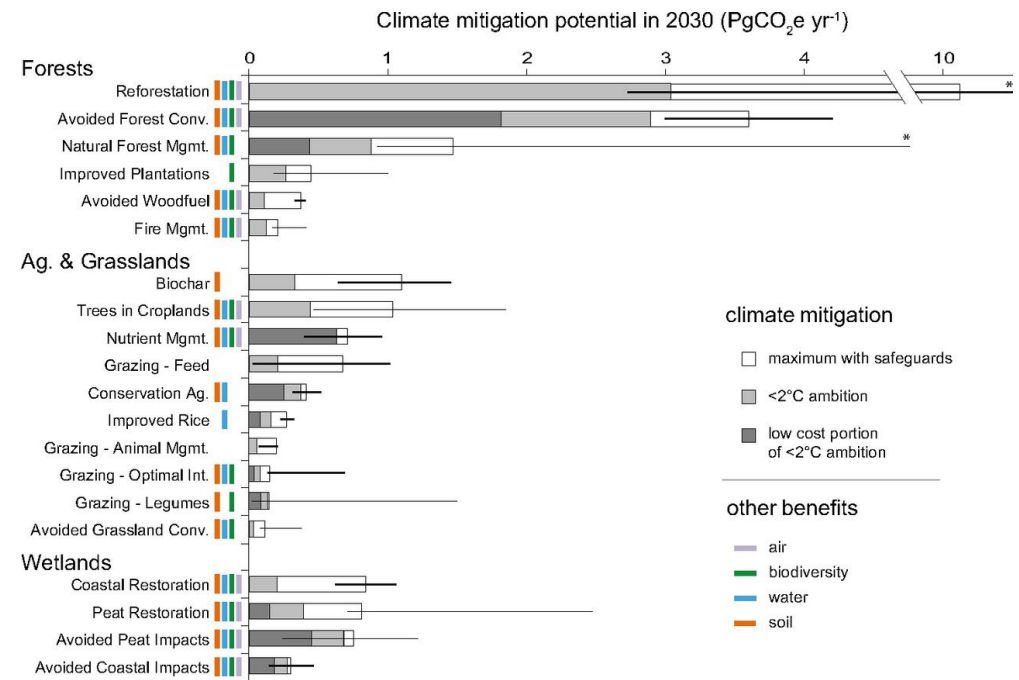
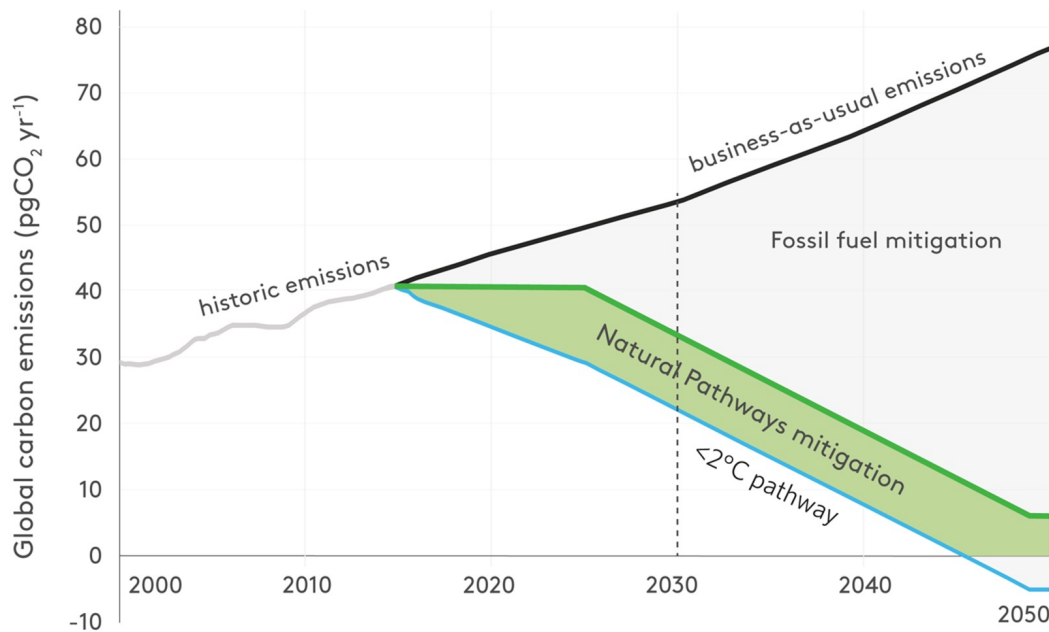
Source: IPCC 300.org, NASA, Ballantyne 2012

## Reminder – the Emissions Reductions Options....



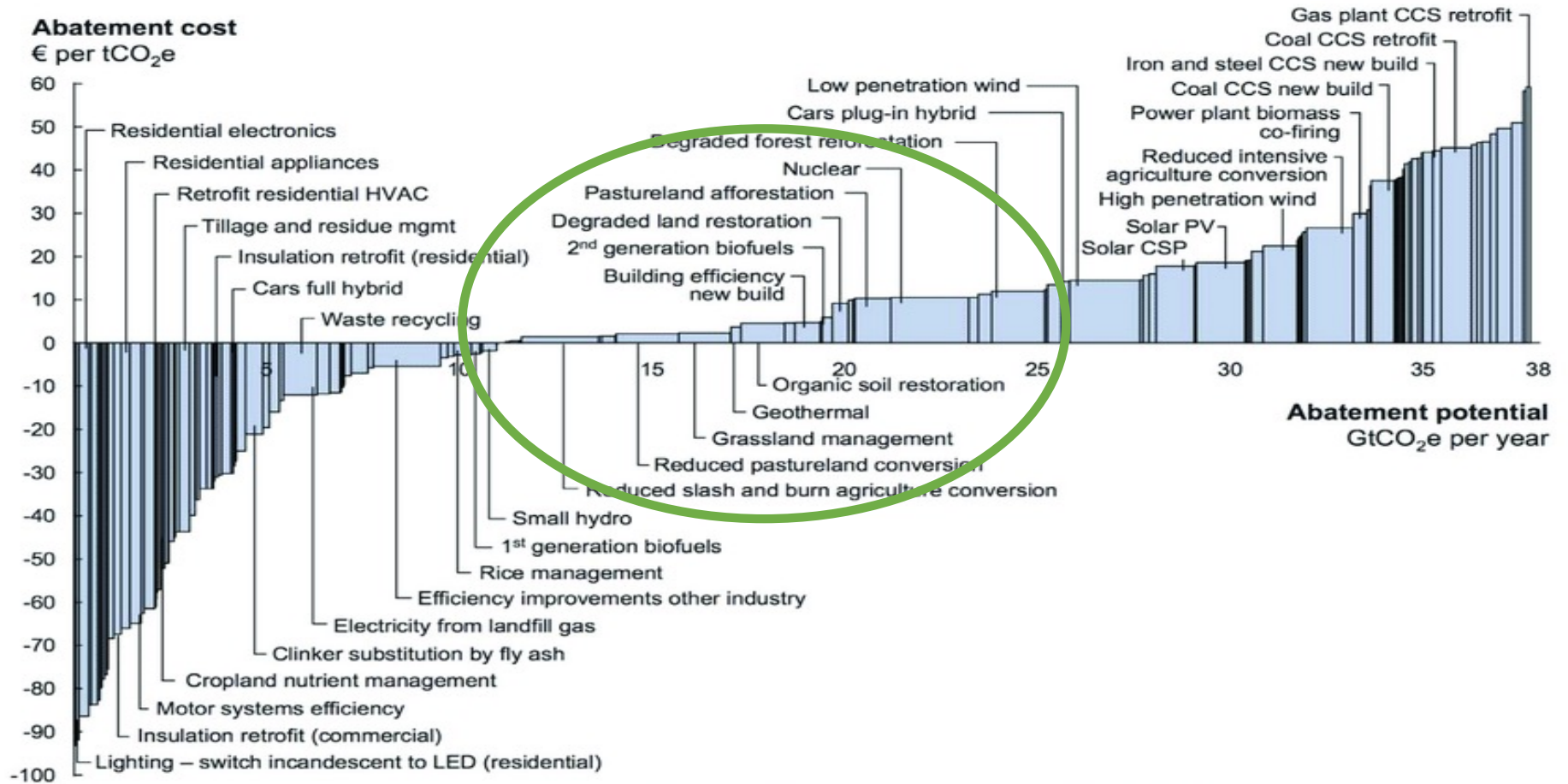
# another reminder of the HUGE nature based potential.... 2017 Bronson / Grimcom et al...

**37% of the mitigation potential (by 2030) ..... opportunities for 20 Billion Tonnes CO<sub>2</sub> absorption per year**



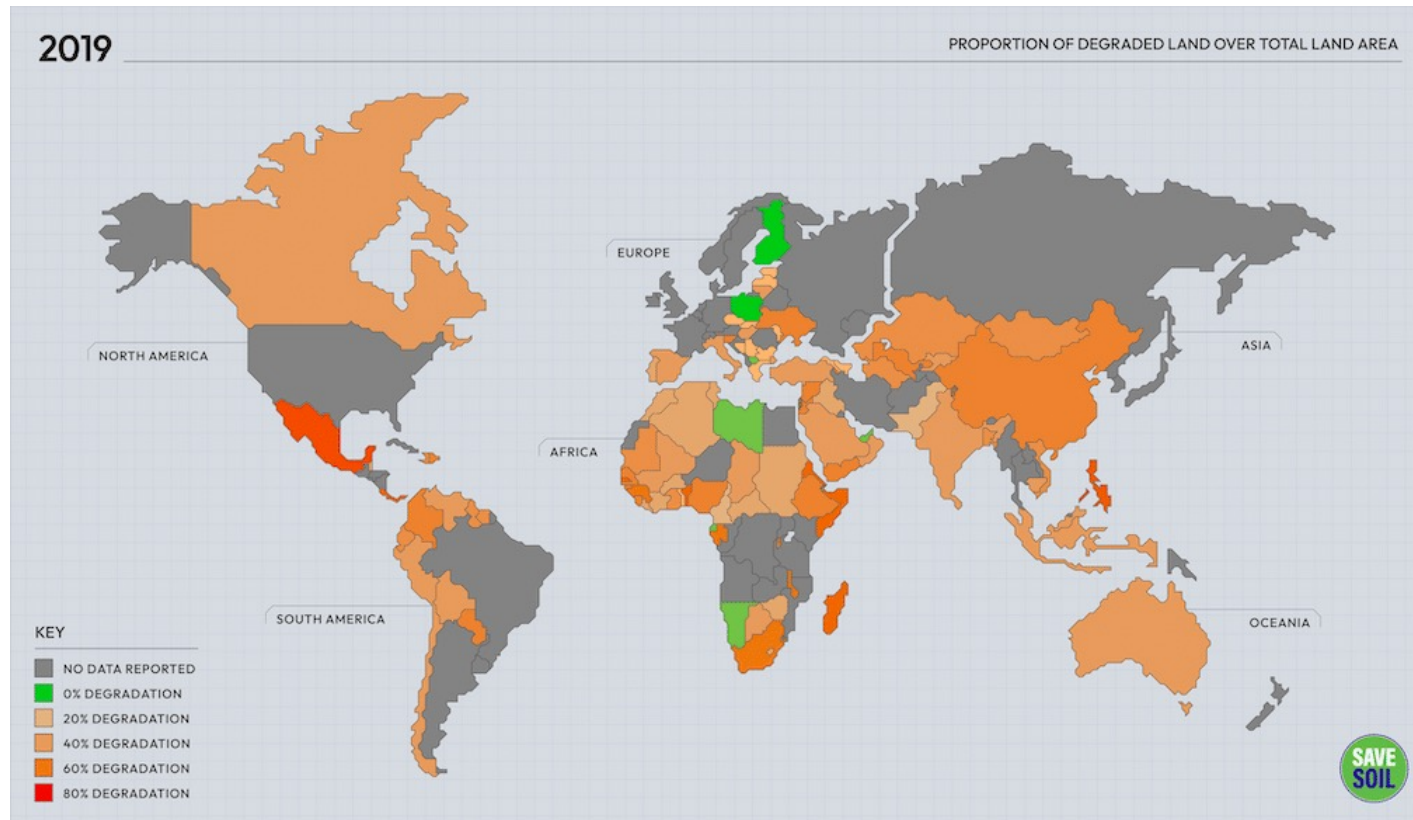
Source: Natural Climate Solutions. Bronson, Griscom et al. Published on October 16, 2017 in the *Proceedings of the National Academy of the Sciences*. <https://doi.org/10.1073/pnas.1710465114>

# ... With low cost implementation



Note: The curve presents an estimate of the maximum potential of all technical GHG abatement measures below €60 per tCO<sub>2</sub>e if each lever was pursued aggressively. It is not a forecast of what role different abatement measures and technologies will play.

# Huge portions of the world already need restoration – the 2050 version is all red..



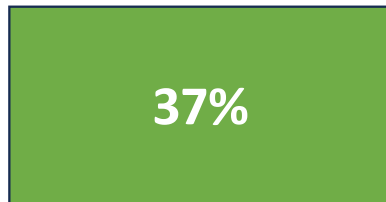
How long do we have to restore before there is No food from soil sources ?

# But, the money is not flowing - Nature based solutions are insufficiently funded

## POTENTIAL CONTRIBUTION TO PARIS AGREEMENT

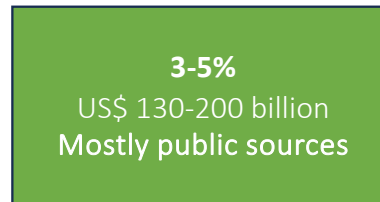
Nature Based /  
Natural Climate  
Solutions

Emissions  
Removal /  
Avoidance



Griscomb et al 2017

## % TOTAL FINANCING



UNEP's State of Finance for Nature report 2021

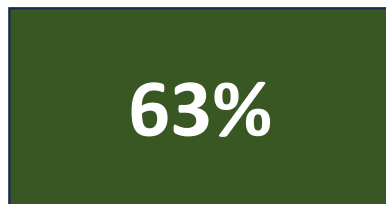
Environmentally Harmful  
Subsidies - subsidizing the  
wrong stuff !

**\$1.8tr**

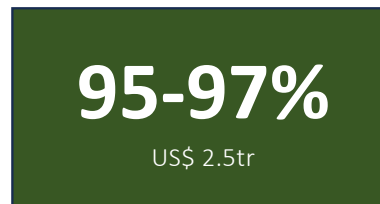
Koplow D, Steenblik R. 2022

Energy Transition

Emissions  
Reduction/  
Avoidance



Griscomb et al 2017



<https://www.unep.org/resources/state-finance-nature-2021>

<https://www.earthtrack.net/document/protecting-nature-reforming-environmentally-harmful-subsidies-role-business>

# What barriers need to be addressed ?

- **MESSAGING - focused away from nature for nearly 50 years**
  - UNFCCC: Nature is not as important ?
    - Jimmy Carter 1977 focus on emissions vs mis-information from emissions from trees.
    - UNFCCC process on NDCs and commitments: only 1/3 of 1,300 nature-related policies have dedicated budgets.
  - In the “Sustainability” area of reporting... still too fluffy
- **REGULATIONS - Imagine the “Restoration transition” in addition to the Energy transition**
  - Key regs focused on energy related emissions reduction **TCFD, CSRD etc...**
  - Standards for Agricultural / timber supply chains focused on “how” & avoiding bad
  - Inevitable merger of compliance and voluntary carbon markets ..potential to highlight nature ? Opportunity to “limit the bad” and “do good”
- **COMMERCIALITY: Risk / Return**
  - **Risks – too high ?**
    - Agricultural Economics (!) / distribution domination
    - Timing – Long tenure or Transition risk
    - Reputation; Carbon scandals (guardian, verra, cookstoves) and green washing
    - Performance / Non delivery ; Sub scale, under skilled, insufficient knowledge, poor data?
    - Carbon Market dynamics; transparency, volatility, lack of hedging
  - **Returns – too low and over estimated ?**
    - Public good valuation ? Insufficient recognition of value.
    - Reliance on immature, constantly moving carbon market, other income too low.
    - High % degraded land in low income /subsistence farming and communities

<https://insideclimatenews.org/news/03032023/jimmy-carter-climate-change/>  
<https://www.conservation.org/priorities/nature-in-nationally-determined-contributions>  
<https://nature4climate.org/guide-for-including-nature-in-ndcs/>

# What is working ? Supply Chain Finance and Carbon Capital ?

Great examples of “at scale” projects

- Climate Asset Management/GEA “ Restore Africa”
- Mirova / Respira
- Amazon earth fund / Microsoft /salesforce

Risk appetite damaged by carbon market issues  
Mismatch of supply and demand .. And speed ! (2)  
Major Gap in early stage project inception funding

Supply chains of Big Ag actively engaged. Green shoots and some positive moves, but still skepticism. Resources are available to do this properly when forced

Increasing creativity in commercial initiatives e.g Bamboo, Jute, Fruit Trees. Etc.  
Likely Huge financing & alternative distribution gap to achieve scale (1)

NAVIGATING REGENERATIVE AGRICULTURE IN CORPORATE CLIMATE STRATEGIES  
26 Sep 2024 “From key emission reduction measure to greenwashing strategy”



**“Community / State degraded land”**

**Small Scale Subsistence Farmers**

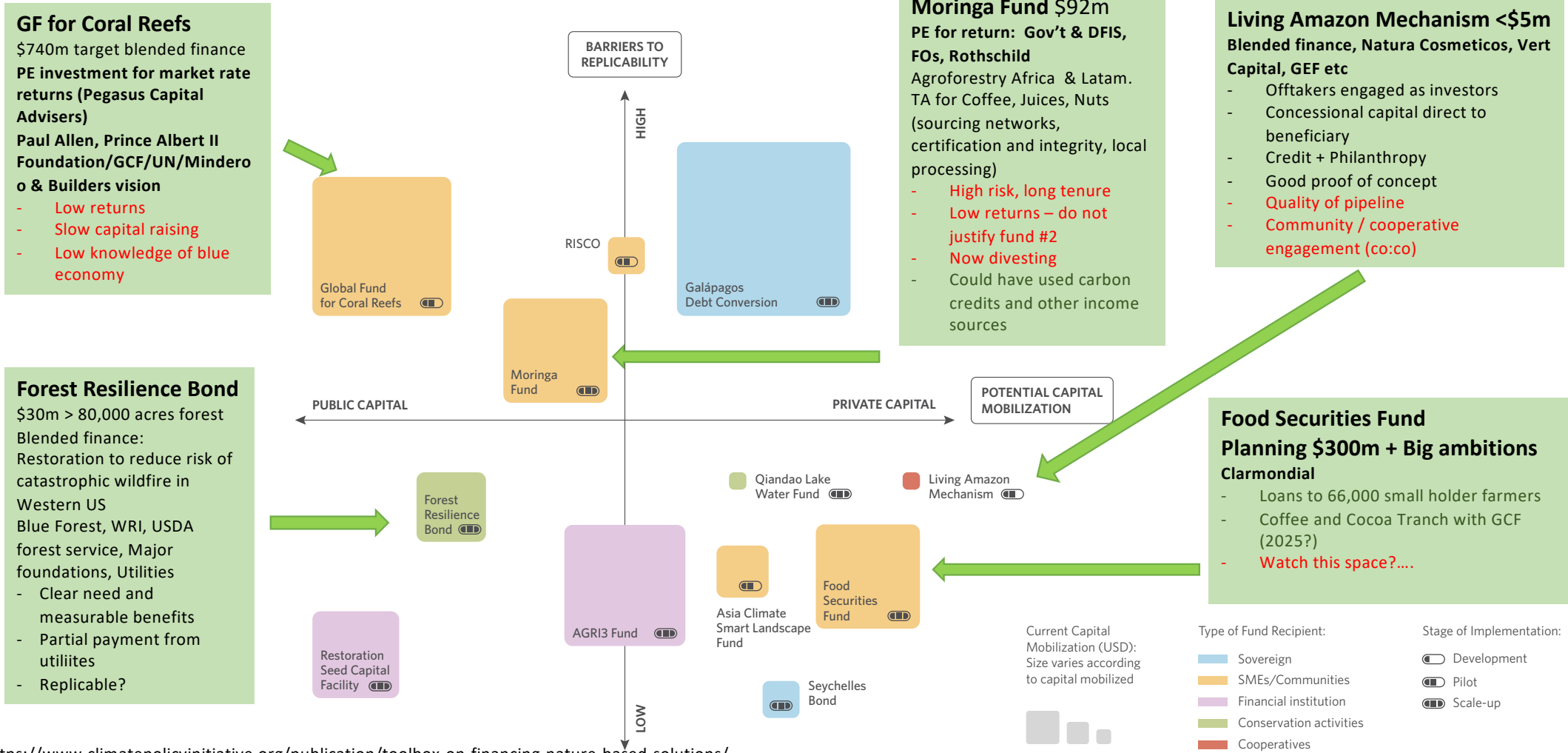
**Small – Medium Scale Commercial Farmers**

**Big Ag**

Note 2: Rafal Serafin; Community Foundations / Cooperatives/microfinance  
Note 3: Wietse Hermanns; strengthening communities - a systems approach for peacebuilding and reconciliation.

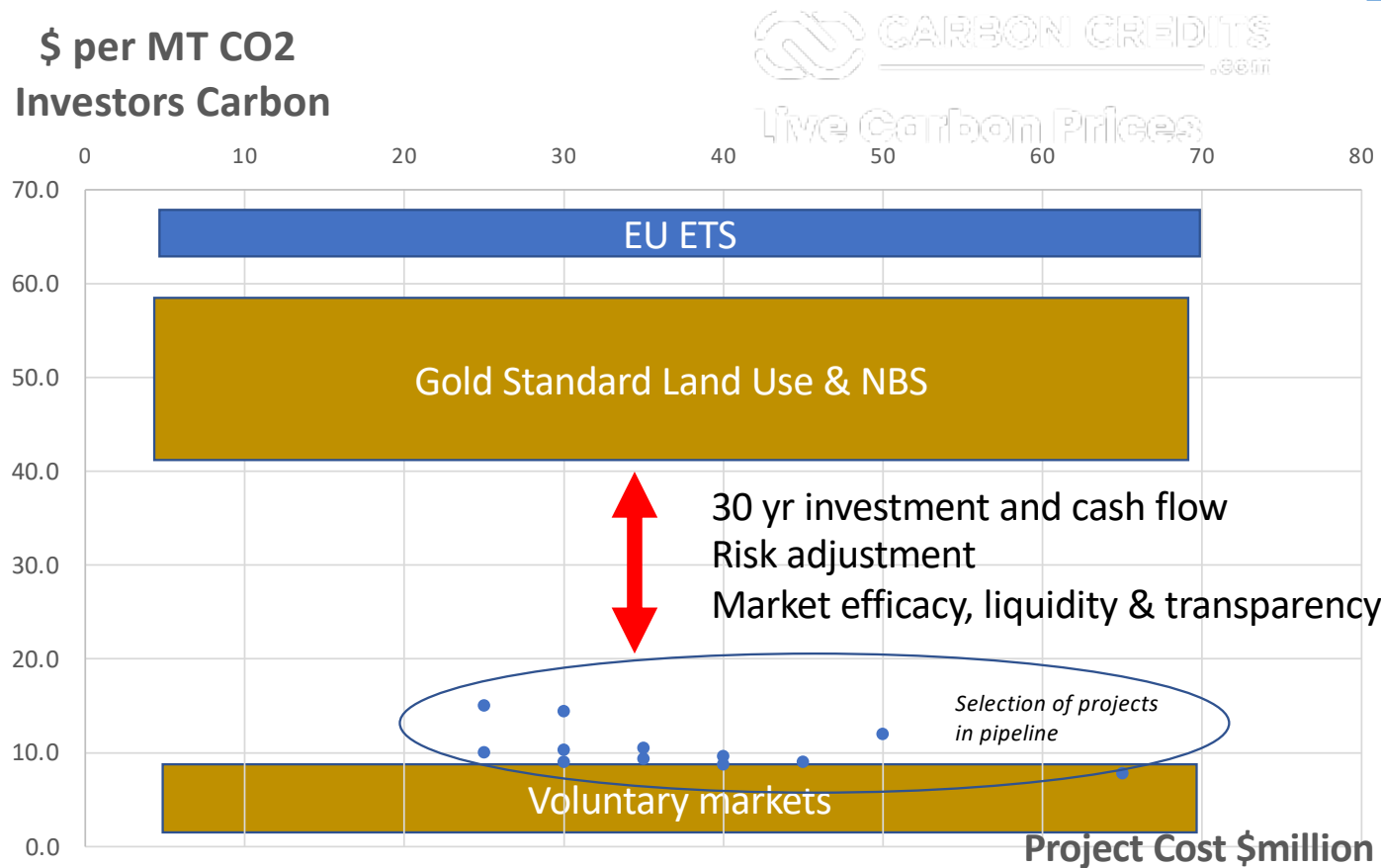
Note 1: Zander Van Der Walt Acasia impact: Araby and Arzaq..revolutionising agriculture with ecommerce

# Many combinations being explored... Key Issues: Income sources, realism around returns and timing



# Catalytic project initiation funding, repaid through compliance carbon market offtakes are likely to be the answer...

[Carbon Prices by CarbonCredits.com](https://www.carboncredits.com)



	Last
<b>Compliance Markets</b>	
European Union	€68.86
UK	£36.85
California Low Carbon Fuel	\$49.00
Australia (AUD)	\$38.00
New Zealand (NZD)	\$53.85
South Korea	\$8.15
China	\$14.48
<b>Voluntary Markets</b>	
Aviation Industry Offset	\$0.23
Nature Based Offset	\$0.26
Tech Based Offset	\$0.45

# Lessons learned for philanthropy and patient private capital – shifting the financing model

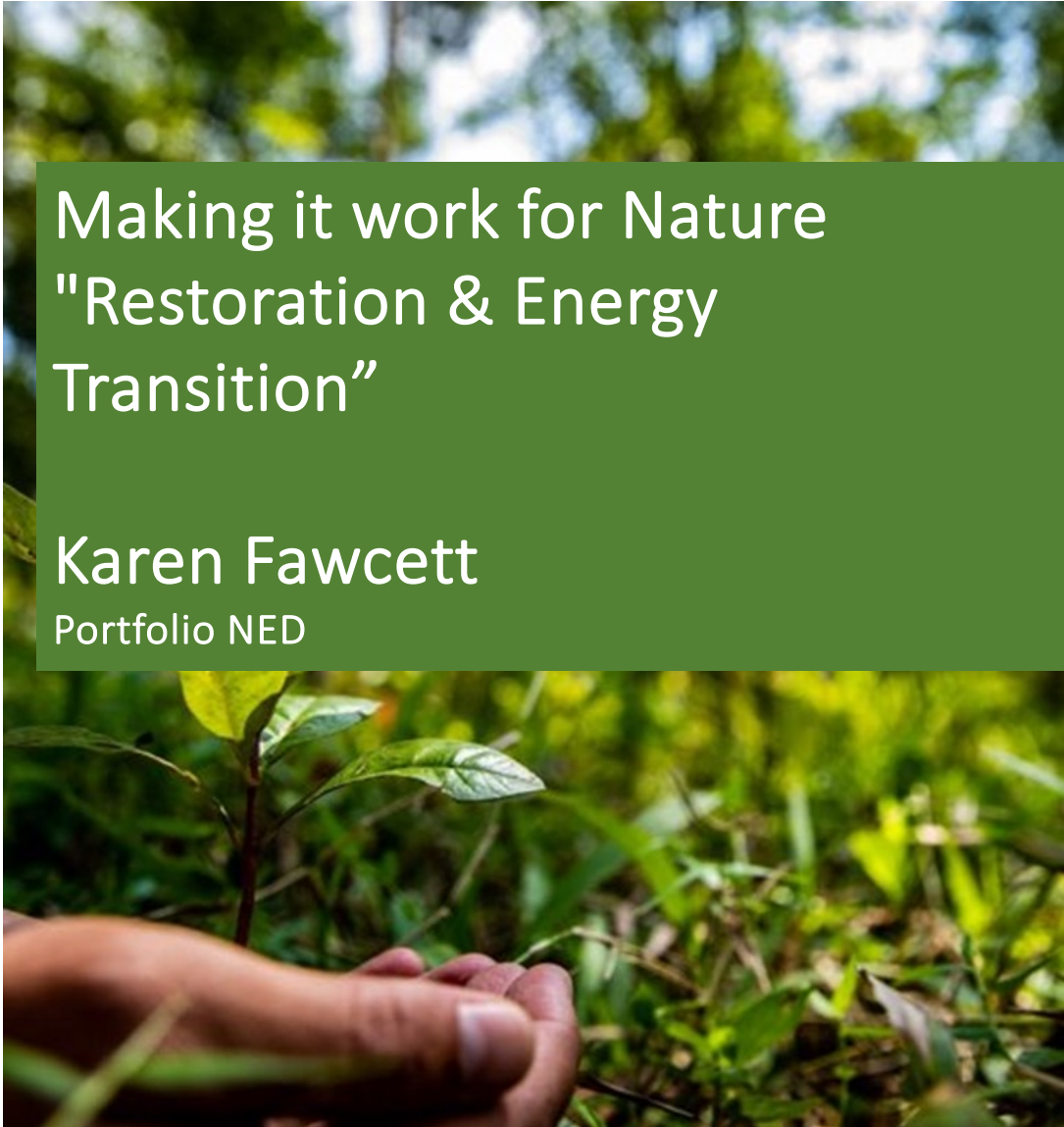
- Many projects are too small, uneconomic from the start - expect consolidation of smaller inefficient endeavours
- Match your approach to your budget and project ticket size:
  - Large scale projects: \$20m and up
    - Be willing to be pooled and blended
    - Go with the flow: void specific requests; country, activity etc
    - Think Legacy: Expect no returns or use carbon / biodiversity credits and leave the returns for your children... (10 -50 year flow)
  - Small scale; \$1-2m
    - Focus on small discreet projects
      - e.g. BGCI Global Tree Campaign; restoration of endangered species. See example on right.
        - Country specific
        - Naming rights
      - Nurseries
  - Middle is tricky !!!



<https://treeconservationfund.org>

# Summary

- If we want anything to be sustainable, we have to fix the climate...
- Suggest we make the most of, and adapt the existing financial system.. No time to wait for a new one
- Nature based solutions is nearly 50% of the answer. (potentially more if you study flying rivers and trans- evaporation....). It is cheap with opportunities in abundance....
- But... the market is young and immature: The comms strategy has been challenging, the UN/NDCs have not clearly included nature, the carbon standards required tuning, the skills were insufficient resulting in poor project performance, and money has trickled in causing hobby sized , subscale endeavours and with insufficient data sharing to ensure replicability and permanence.
- These historical issues are all being fixed.. Now time to create the “Restoration Transition” . Nature emissions absorption needs to become as worthy (mandatory?) as emissions reduction.
- 2025 needs to include all nature opportunities in all NDCs, Merge the voluntary and compliance market so everything counts and pricing becomes economic.
- The projects are there.. inception funding for scale projects (>\$20m investment) needs fixing , Carbon needs to be priced consistently and then the corporate supply chains / offsetting requirements can help do the rest
- Successes and great data will breed success



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