



3 points

- Finance is a varied landscape
- Generating solutions requires moving from the conceptual to the practical
- Case studies



The context

- Global public budgets are severely strained after repeated crises
- Agriculture requires massive, sustained investment (smallholders financing gap alone > US\$ 450 billion globally)- huge private finance & investment opportunity?

BUT....

- Many 'green' investments are subject to:
 - Larger upfront costs with longer payback periods (3-5 years for +ve return)
 - High policy sensitivity
 - Positive benefits that can't be monetised
 - Lack of track record
- Most public and nearly all private climate finance goes into mitigation, especially the industrial and energy sectors



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What is the ‘finance sector’?





It can be confusing!: the 'perception gap'

- Think about messaging
- Does 'equity' = 'equity'?!





What do we mean by 'investment'?

'Enabling' Investments

Funding which generates the incentive to invest

Often there is no expectation of financial reward (e.g. managing risk, information, transaction costs, property rights)

'Asset' Investments

Finance for an activity that creates tangible value

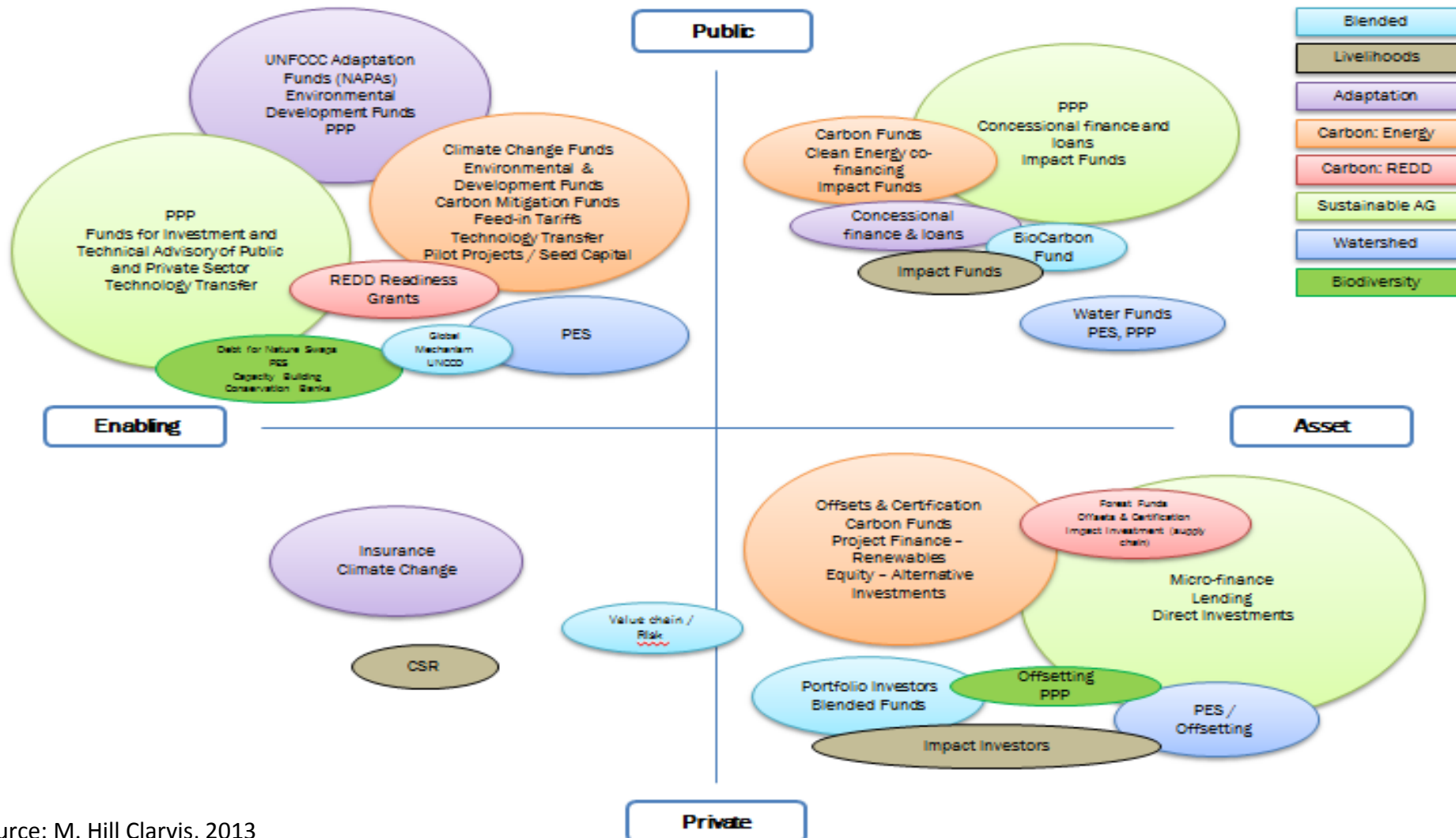
Mostly through loans and equity investments (returns can be financial or physical)



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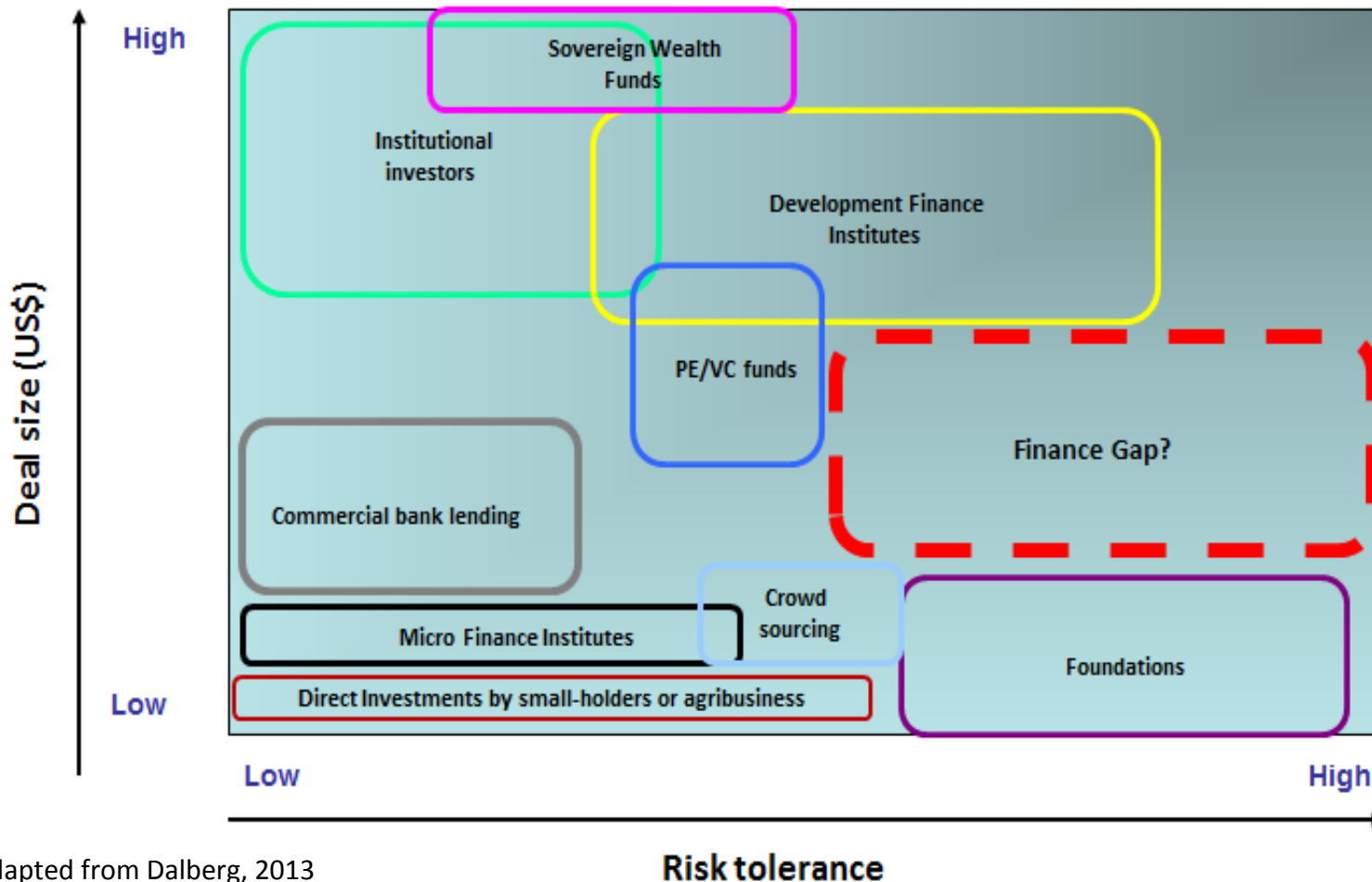
What does this look like in reality?





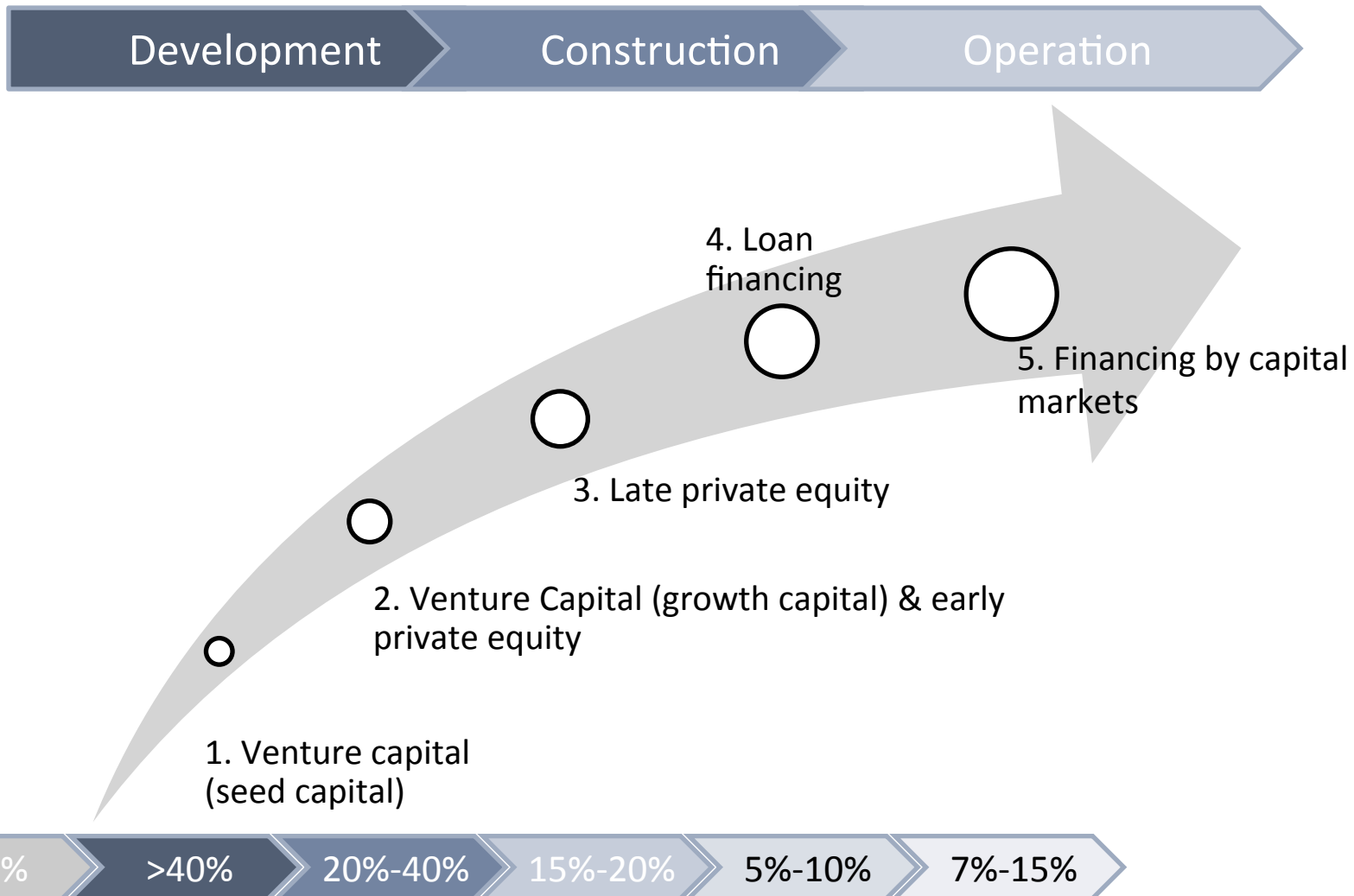
The finance sector is large, but (very) varied

Mapping of investors based on risk tolerance and deal size



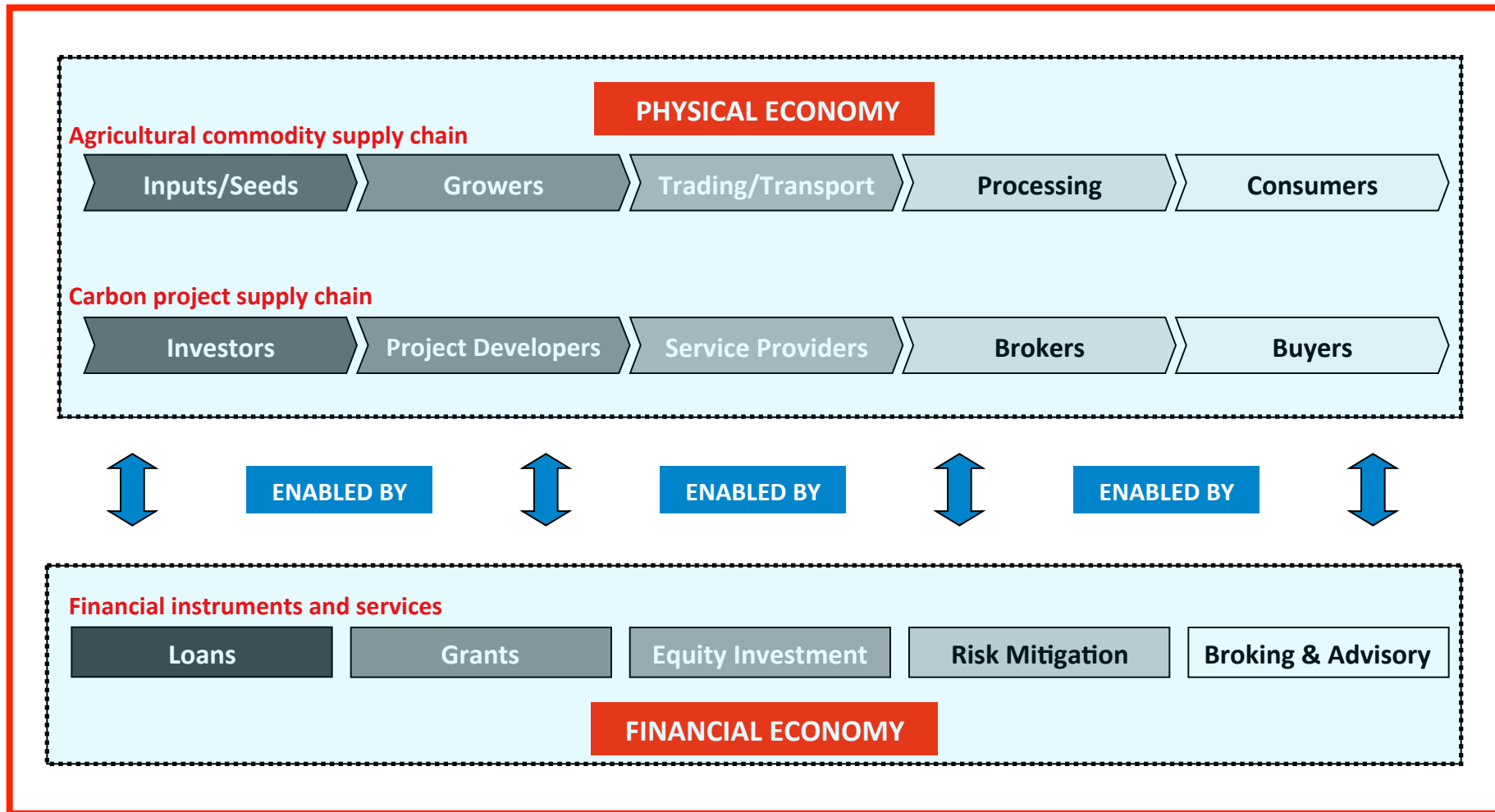


There are different finance requirements along a investment life cycle





The enabling role of finance along supply chains





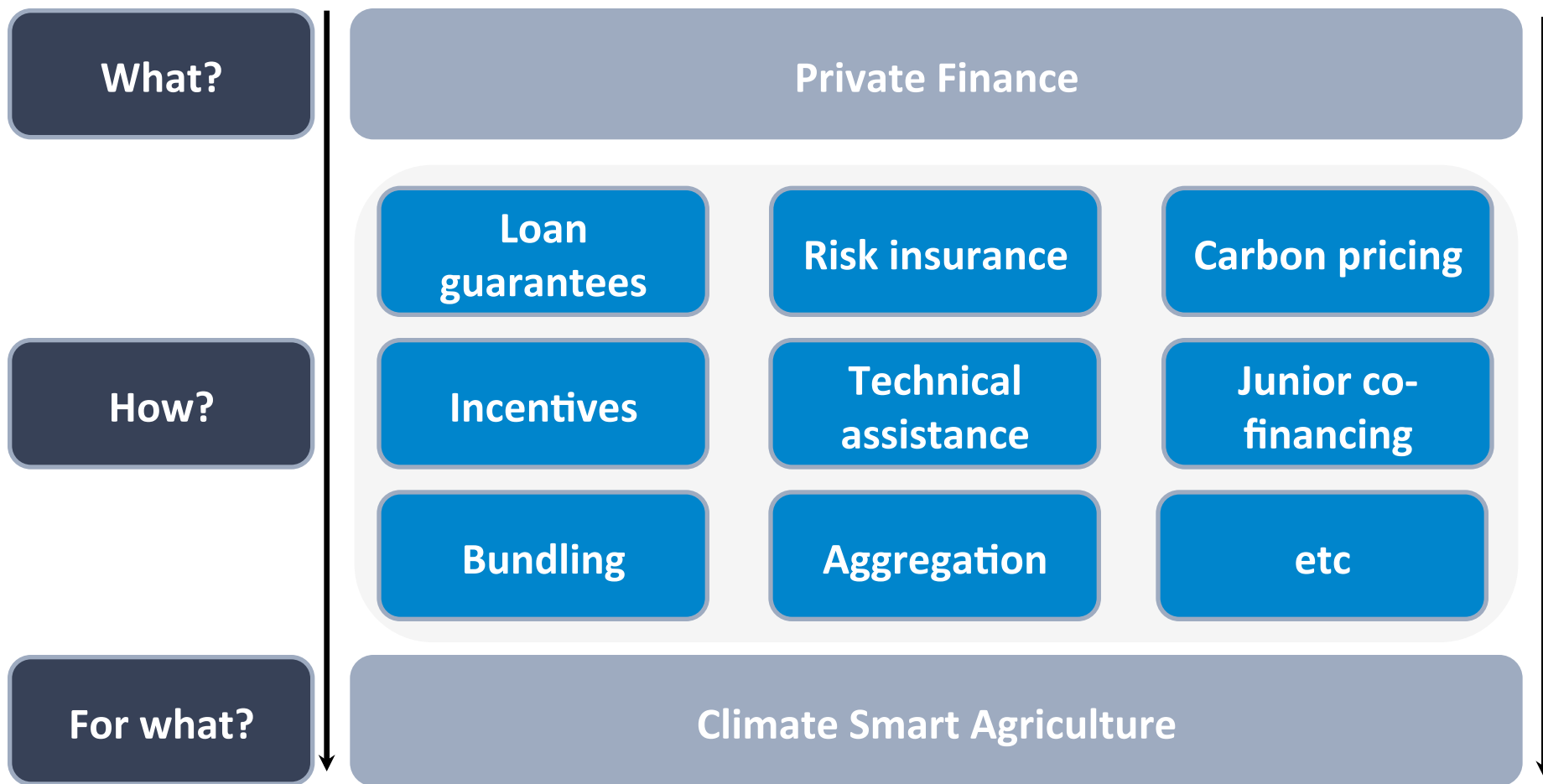
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Rethinking private finance



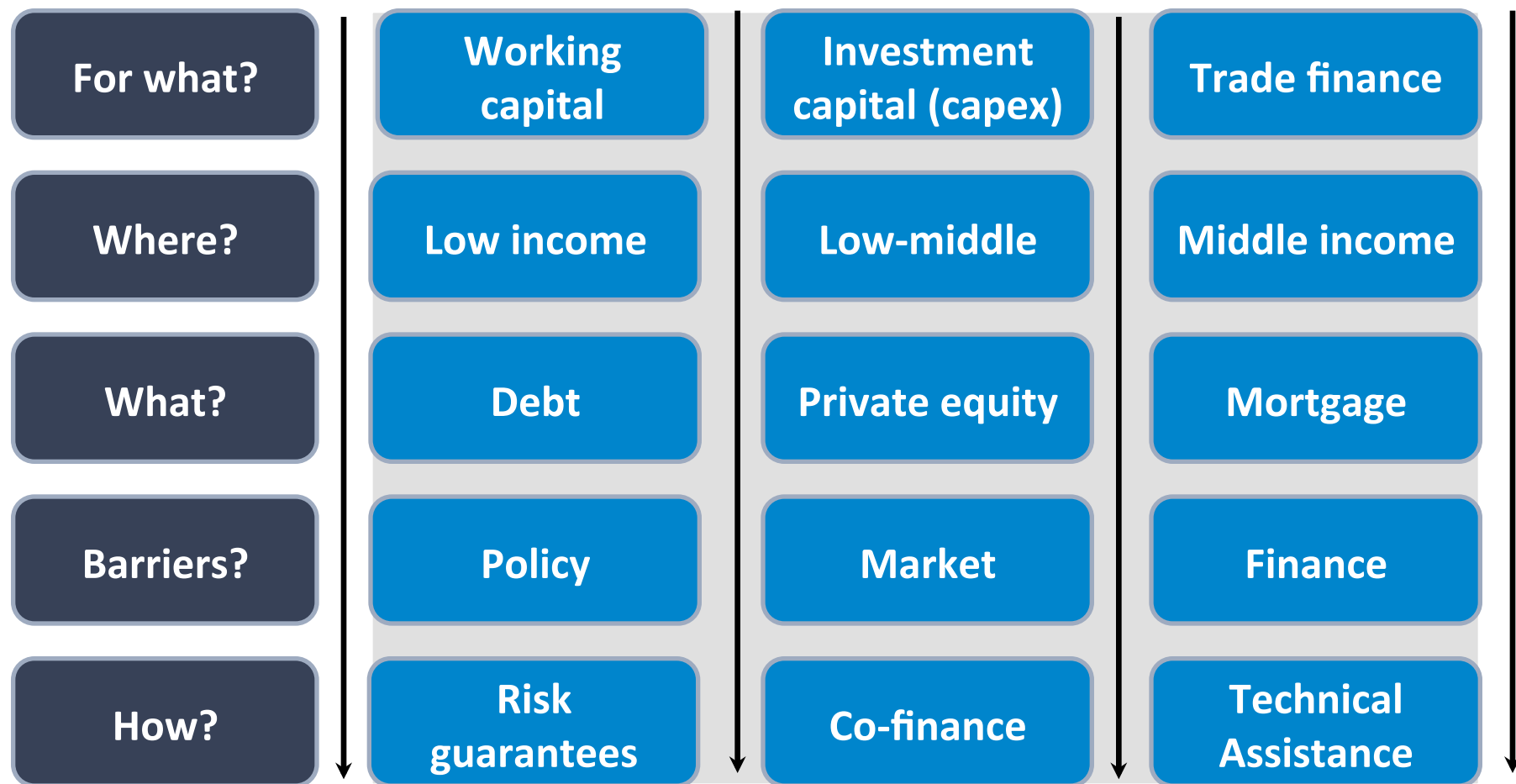


Model 1.0: Current thinking





Model 2.0: A more 'nuanced' or 'bottom up' approach





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Case studies





Case studies: in practice and in the pipeline

Current examples

- Brazilian rural lending policies
- MAPFRE: Spanish reforestation insurance

In development

- Inari
- Social/Development Impact Bonds



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Thank you

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