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First-of-Its-Kind Survey Finds \$23 Billion Global Market for Conservation Investing, with \$2 Billion from Private Investors

Survey Also Discovers 10 Private Investors Account for 80 Percent of Total, Significant Room for Growth

ARLINGTON, VA - The first-ever survey of conservation impact investing reveals a fast-growing market totaling approximately \$23 billion in the five-year period from 2009-2013. During the same period, private investments accounted for almost \$2 billion of this market—an amount that is growing at an average of 26 percent annually, and is expected to reach more than \$5.6 billion by 2018.

Investing in Conservation: A landscape assessment of an emerging market is the first data-driven study of the market for conservation-related investments based on direct feedback from investors. Conservation investments, also referred to as conservation impact investments, are intended to return principal or generate profit while driving a positive impact on natural resources and ecosystems.

The report was co-authored by EKO Asset Management Partners and The Nature Conservancy's NatureVest division. It was overseen by a steering committee that also included the David and Lucile Packard Foundation, The Gordon and Betty Moore Foundation, and JPMorgan Chase & Co. The report presents findings from a survey of 56 investors, including five for-profit and nonprofit development finance institutions (DFIs) and 51 private investment organizations.

This report shows the growth of the market for conservation impact investing; its authors anticipate that its publication will lead investors who were not able to be counted in this survey to share their portfolio activity in future work.

The report shows that private investments in this space are expected to more than triple over the next five years (2014-2018). However, the report also finds that a substantial amount of potential private capital has not been deployed, demonstrating the need for a significant increase in the number of risk adjusted investment opportunities.

According to survey findings, the approximately \$23 billion committed to conservation impact investments from 2009-2013 was invested in three main categories:

- **Water quantity and quality conservation**, including investments in watershed protection, water conservation and storm water management, and trading in credits related to watershed management
- **Sustainable food and fiber production**, including investments in sustainable agriculture, timber production, aquaculture, and wild-caught fisheries
- **Habitat conservation**, including investments in the protection of shorelines to reduce coastal erosion, projects to Reduce Emissions from Deforestation and Degradation (REDD+), land easements, and mitigation banking

Other key findings include the following:

- Private investors expect to deploy \$1.5 billion of already-raised capital over the next five years, and to raise and invest an additional \$4.1 billion
- Of the nearly \$2 billion already invested by private investors, 80 percent came from only 10 sources
- The total market for conservation investment is expected to increase to \$37.1 billion over the next five years
- Of the three categories of conservation investment studied, DFIs invested largely in water quality and quantity projects (\$15 billion), while private investors invested largely in sustainable food and fiber production (about \$1.2 billion)
- Survey respondents noted a shortage of investable projects and opportunities, indicating that they need more deals with adequate risk-return ratios and more seasoned management teams

Impact investment is one way to address the critical global deficit in conservation funding. An estimated \$300 billion annually is needed to meet the world's conservation challenges, according to a Global Canopy Programme report. Yet current levels of investment, mainly from governments, multilateral agencies, and philanthropic sources, total only about \$50 billion.

To address the shortage of conservation impact investment opportunities, the study co-authors are working to structure conservation opportunities that can be supported by private capital. In 2014, with support from JPMorgan Chase & Co., the Conservancy launched NatureVest, a dedicated division focused on deploying \$1 billion in impact capital for conservation over the next three years by convening investors, developing and executing innovative financial transactions, and building an

investment pipeline across multiple sectors.

Survey respondents provided information about their impact investments from a five-year period, 2009-2013, including intended conservation impact, size and type of investment, target internal rate of return, and performance to date. Respondents were also asked about the structures of their investment portfolios in the period from 2004 to 2008, and their perceptions of and long-term visions for the future market for conservation-related impact investing.

Stakeholder quotes

"Impact investing is gaining huge attention recently-yet the environmental side of impact investing remains under-represented and understudied, especially as compared to the more established social investing sector. This report came together with the goal of helping impact investors understand future conservation investment opportunities and partnership opportunities across investor classes."

-- Susan Phinney Silver, Manager of Program-Related Investments, the David and Lucile Packard Foundation

"Our report puts real numbers to what we've long suspected: Private investors are deploying more capital than before toward investments that lead to both greater conservation and a definable financial return. But more needs to be done. What the report tells us is that this is not a money problem. The money is out there. It is about courage, ingenuity, and creativity. It is about coming up with appropriate financeable deals. If we're successful, it will mean that billions of new dollars will flow into efforts to improve sustainable food supplies, protect habitats, and achieve water conservation around the world."

-- Ricardo Bayon, EKO Asset Management Partner and co-author of the report

"We decided that rather than wait and react to investment ideas that came our way, we needed to proactively understand the landscape of conservation impact investments. While there are inevitable gaps in the data - especially on the conservation impact side - I think this report is an important step as the first systematic attempt to provide a comprehensive fact base of activity in the conservation investing field."

-- Dan Winterson, The Gordon and Betty Moore Foundation.

"Finding a way to structure private capital into conservation deals is essential if we want to attract the scale of investment needed to effectively protect vibrant ecosystems. JPMorgan Chase is proud to have worked side by side with our research partners, and we did so to sharpen our own understanding of this growing market-as well as to put a flag in the sand that shows our commitment to this critical emerging area for investment."

-- Matt Arnold, Head of Sustainable Finance, JPMorgan Chase & Co.

"As conservation and the value of nature become a stronger focus for impact investors, public and private dollars can be used together for greater impact in environmental projects. This research reveals what many have suspected-that impact investors are using substantial, fast-growing amounts of money to support sustainable food and fiber production, as well as water and land conservation, and will continue to do so for years to come."

-- Marc Diaz, Managing Director of NatureVest at The Nature Conservancy.

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EKO is an investment and advisory firm founded in 2007. EKO develops and implements innovative approaches to financing conservation and environmental sustainability designed to deliver attractive returns to investors. The firm was founded by professionals with backgrounds in finance, banking, asset management, and environmental conservation. EKO's founding shareholders include Wolfensohn & Co. and several other family offices and high-net-worth investors. EKO works on groundbreaking initiatives related to water, fisheries, carbon, agriculture, and natural infrastructure with partners such as The Nature Conservancy, CH2M Hill, and the Rockefeller Foundation. Visit EKO at www.ekoamp.com.

The Gordon and Betty Moore Foundation believes in bold ideas that create enduring impact in the areas of science, environmental conservation, and patient care. Intel co-founder Gordon and his wife Betty established the foundation to create positive change around the world and at home in the San Francisco Bay Area. Our environmental conservation efforts promote sustainability, protect critical ecological systems, and align conservation needs with human development. Patient care focuses on eliminating preventable harms and unnecessary health care costs by meaningfully engaging patients and families in a redesigned, supportive health care system. Science looks for opportunities to transform-or even create-entire fields by investing in early-stage research, emerging fields, and top research scientists. Visit us at Moore.org or follow [@MooreFound](https://twitter.com/MooreFound).

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The Nature Conservancy is a leading conservation organization working around the world to conserve the lands and waters on which all life depends. The Conservancy and its more than 1 million members have protected nearly 120 million acres worldwide. Visit The Nature Conservancy on the Web at www.nature.org . To find out more about NatureVest, visit www.NatureVestTNC.org.