

Naturevest

Invest In Nature • Impact The World

As the global population surges towards 9 billion people by 2050, growing demands for food, water, and energy are straining our planet's ecosystems. At the same time, a changing climate threatens to reduce agricultural productivity, restrict access to freshwater, and devastate coastal populations, placing both people and nature at risk. Philanthropy and public funding have long been essential to protecting our natural resources, but the massive scale of today's environmental challenges requires additional sources of financing. NatureVest, the conservation investing unit of The Nature Conservancy, engages private investment capital to fill this need and scale critical conservation work around the world.

A Platform for Investing in Conservation

In the Conservancy's efforts to protect land and water, tackle climate change, provide food and water sustainably and build healthy cities, conservation investing is a tool that can preserve critical habitats, sustain life and also provide a financial return. NatureVest seeks to achieve these outcomes by structuring investments such as loans to fund conservation programs, equity to acquire tradeable natural assets or equity stakes in new operating or development ventures that provide conservation benefits.

We collaborate with the Conservancy's global network of scientists to identify ways private capital can address conservation needs, and to maximize the impact generated by conservation investments. We work with leading impact investors—including foundations, family offices, financial institutions and others—to align potential projects with the preferred structures, investment terms and environmental outcomes that are driving today's investment decisions. In doing so, we can help conservation teams scale high-priority programs while helping investors put capital to work that supports their values.

Investment Focus

NatureVest is called upon in situations where private capital is the key to achieving significant scale of conservation. Potential conservation investments are found among projects that support the Conservancy's mission, demonstrate the ability

How We Got Started

Throughout its history, the Conservancy has achieved conservation results through innovative market-based approaches such as conserving forests with carbon credits, acquiring and retiring fishing quota, using debt conversions for conservation and protecting watersheds with water funds.

In 2010, the Conservancy launched its impact capital strategy with support from the Robertson Foundation which continues today, and built a global network with subsequent support from the Jeremy and Hannelore Grantham Environmental Trust.

In early 2014, with founding sponsorship from JPMorgan Chase & Co., the Conservancy launched NatureVest as a concerted effort to change the way we invest in nature. JPMorgan Chase provides strategic input to NatureVest research, investor outreach, market analysis and structuring conservation investments.



Transaction Profile: Murray-Darling Basin Balanced Water Fund

Australia's Murray-Darling Basin is as important as it is vulnerable. Agriculture there provides one third of the country's food supply, but decades of engineering, over-allocation of water and climate change have left 80% of ecosystems in poor health. Of more than 500 animal species found there, 51 are classified as endangered, some threatened with extinction from extended drought.

To help restore natural flood cycles in the region, The Nature Conservancy Australia, NatureVest and Global Water teams established The Murray Darling Basin Balanced Water Fund (MDBWF) to invest in permanent water rights. Managed by Australian asset manager Kilter Rural, MDBWF raised AU\$26.8 million in its first raise in December 2015.

The Fund is using this capital to restore ecologically important wetlands, secure water for agriculture, and realize a financial return. As water scarcity spreads and intensifies around the world, water markets can reward the more efficient use of water by establishing water's unique value as an asset and are emerging as a viable approach to sustainably and productively benefitting both people and nature.

Photo: An engineer prepares to siphon water from the Murray River into an adjacent wetlands system. © Andrew Peacock/Tandem Stills & Motion

to repay impact capital, and have reliable governance and on-the-ground execution capacity. Currently, NatureVest focuses its investment development in four areas:

- 1 Rights to use water and water trading that can balance agricultural and environmental needs
- 2 Restructuring of sovereign debt of island states that can create cash flow for marine protection and climate adaptation programs
- 3 Sustainable ownership and management of working forests that can protect land, improve forest health and biodiversity, sequester carbon and benefit local economies
- 4 Renewable energy projects that generate clean power and can provide a long-term source of funding for land protection and indigenous community programs

Our team also explores emerging opportunities in other areas such as fisheries, sustainable agriculture and green infrastructure.

Building the Field of Conservation Investment

Conservation investing is growing dramatically. According to a 2016 report by Forest Trends' Ecosystem Marketplace investments in conservation grew by 62% in just two years,¹ with an estimated market size of \$31.7B. Building on this momentum, NatureVest is playing an active role in building the conservation investment pipeline through initiatives like its Conservation Investment Accelerator grant program and the Coalition for Private Investment in Conservation (CPIC). We are committed to maximizing the impact of the Conservancy's global platform, regional relationships, and deep expertise in science, policy and finance to help build a foundation to accelerate the growth of conservation impact investing.

1 2014 and 2015

For More Information

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