

Leveraging Private Capital for Public Good

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Purpose Capital

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About Purpose Capital

- Purpose Capital is an impact investment advisory firm that mobilizes all forms of capital — financial, physical, human and social — to accelerate social progress.
- Canada's leading financial advisory firm for social enterprises and impact investors



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Private capital for a Public good



- Conservation finance - A mechanism through which a financial investment into an ecosystem is made that aims to conserve the values of the ecosystem for the long term.
- The focus of this talk is on use of private capital to fill the funding gap
 - Estimated to be \$300 billion USD globally

What is Impact Investing?

- More demand for investment opportunities than supply
- US\$60 billion global market → \$750 B+ market in 25 years
- 58% of Millennials, 25% of Boomers want impact investments
- Who are the investors:
 - High net worth individuals
 - Foundations/Pension Funds
 - Retail investors



Investor interest – beyond doing good

- Capital preservation
 - Cash flow participation
 - Scale
 - Rewards in line with risks
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- How do conservation projects meet these needs?
 - Land ownership of forest or marine ecosystems
 - User fees, ecotourism and sustainable products (eg. FSC lumber)
 - Bundling of projects decreases risks while creating opportunities for scale



Enabling the flow of capital

- Understand what investors want – each group is different
- Understand your projects – each phase has different risk levels
- Raising \$2 million is harder than raising \$200 million



Different offerings for different investors

- Generally speaking,
 - High net worth individuals - want capital preservation and long term ownership
 - Institutional and retail investors – want cash flows and liquidity
- This creates opportunities to split assets or create blended portfolios that offer some of both



Getting the capital into projects

- Fund managers have a key role to play
 - Professional management expertise, due diligence ability, and a track record
 - Better able to access capital
 - Investors can't realistically review each deal
 - Historically valuable role – impact investors have the same need.
 - Experience bundling individual projects into portfolios – offering diversification to investors

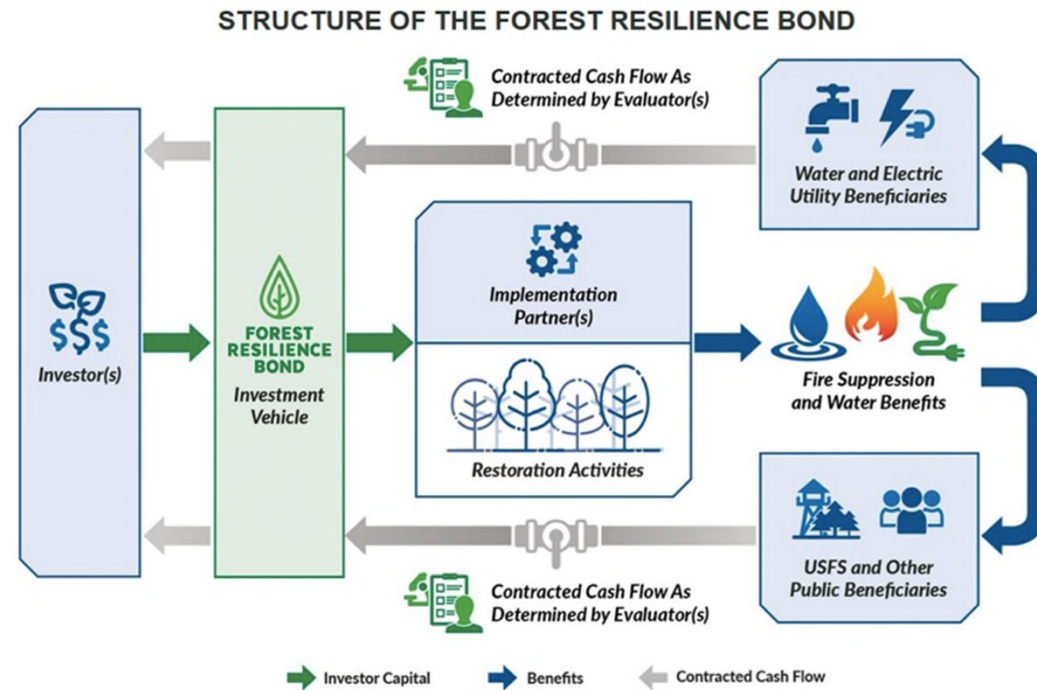


The opportunities are there



- Not just talk, more capital is flowing into ‘good’ investment opportunities than ever before.
- Increasing regulation creates additional investable assets
- Increasing consumer demand for unique experiences and good products

Some examples - Forest Resilience Bond



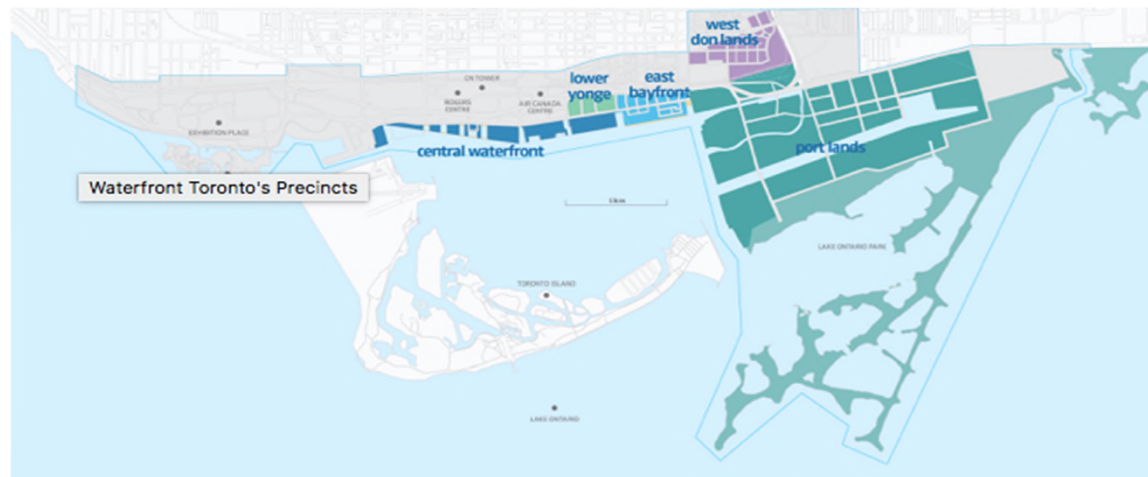
Some examples - Europe's largest wilderness reserve

- €100 million Private investment purchased 30,000 hectares of forest lands
- Payback through ecotourism, hunting licenses and sustainable logging



Some examples - WATERFRONT Toronto

- \$1.5 billion in seed capital from 3 levels of government.
- One of the largest waterfront brownfield revitalization projects in the world
- Private capital used for real estate development
- Payback from development fees, property taxes, rental income and condo sales



BUT...

- It's complicated.
- It's new.
- It's different.

- These are not the kinds of things that most investors want.
- Make it simple, make it familiar.

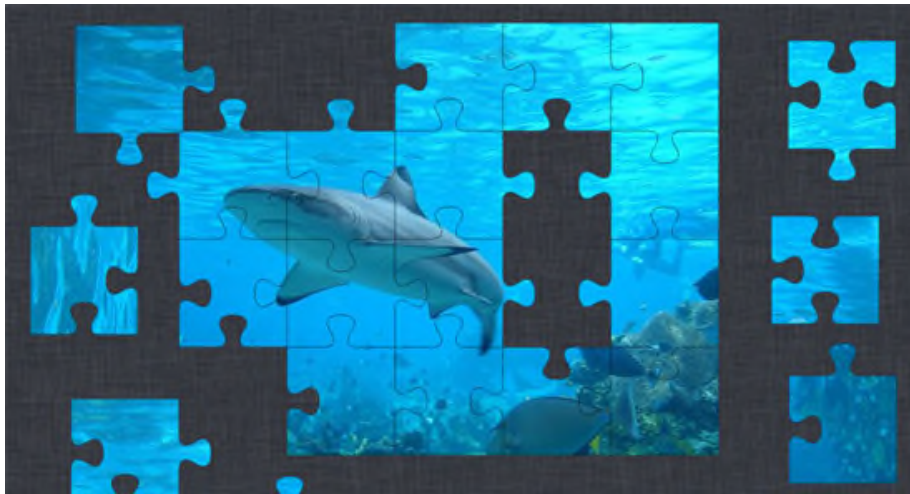


No one said it would be easy

- System change never is.
- All stakeholders need to adjust – understanding, roles, responsibilities
- Measurability of impact is essential
- Investability
- Scaling and bundling will require greater levels of collaboration
- Plus all the traditional risks that investors look at



Puzzle builders unite!



- At least 5 major stakeholder groups each with evolving and varied goals and constraints
- A wide variety of conservation projects globally with changing needs (due to climate change) in a wide variety of geopolitical conditions
- Who will take the lead and start putting the pieces together?



The valuable role of NGOs

- Bridge builders, facilitators
- Sourcing and development of new projects
- Experts in the management and measurement of projects
- Reporting on impact

Where to start...

- Right here and now.
- Jump in, build momentum.
- Steal ideas.
- Ask and ye shall receive – there is currently more demand for investable projects than supply.



Thank you!

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