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## **NEW REPORT: THE GIIN IDENTIFIES COMPELLING OPPORTUNITIES IN THE GROWING FORESTRY-FOCUSED IMPACT INVESTING SPACE**

*With momentum toward sustainable investment strategies increasing, impact investments in forestry present compelling financial and impact opportunities*

**New York, April 24th, 2019** – [The Global Impact Investing Network](#) (GIIN) today released its [Scaling Impact Investments in Forestry](#) report. Over the past two decades, investment in sustainable and impact forestry has grown steadily as the threat of climate change mounts. The GIIN’s new report takes a close look at the landscape of investment managers and asset owners active in the market to provide recommendations on how to unlock more capital flow into the sector.

The report follows earlier research by Cambridge Associates and the GIIN on the financial performance of impact investment funds focused on real assets, which showed that the financial performance of sustainable timber investment managers outperforms that of conventional timber. This attractive financial performance, coupled with a compelling opportunity to deliver impact, yields a market ready for significant capital infusion.

Pete Murphy, Market Building Manager at the GIIN, commented: “This report confirms that forestry presents significant opportunity for impact investors at a time when we can no longer avoid the realities of climate change. In fact, we’ve long seen significant interest from institutional portfolios driven both by impact and return, as well as by the unique profile of the assets – forests. The biological growth cycle of trees is not influenced by economic cycles and provides longer tenured investments that often match institutional investors’ portfolio management needs.”

The report provides five recommendations to expand products and grow allocations to sustainable and impact investments in the forestry sector.

1. **Improve and clarify product-market fit:** The structure of many sustainable and impact forestry funds includes a number of distinct and disparate cash flows, making it difficult to project and advise on both risk and return.
2. **Use blended finance:** To catalyze investment, blended finance combines capital with different levels of risk tolerance. For impact forestry strategies that do not match the risk profiles of some mainstream investors, it can provide necessary risk mitigation to attract that capital.

3. **Develop partnerships:** Partnerships with conservation organizations can allow for the sale of land rights and enhance overall sustainability. Conservation easements in the U.S. have leveraged a regulatory framework to conserve land in perpetuity while sustainably managing and deriving value from that land. While similar schemes exist in other countries, more can be done to proliferate this framework and business model.
4. **Integrate vertically:** Increasingly, sustainable and impact fund managers operate vertically integrated supply chains by investments into management or processing companies. This reduces costs and provides managers an opportunity to manage social and environmental impacts across the full supply chain.
5. **Strengthen communications:** Among asset owners, a lack of understanding of the business models and actual risks of forestry funds constrains capital allocations. Effective communication between investors and fund managers is essential to the expansion of the market.

Amit Bouri, CEO of the GIIN, added: “We are seeing increasing global interest from leading investors who want to help mitigate climate change and its effects on people and the planet. The forestry sector, if not overlooked, is certainly underappreciated for the contribution it can make to the environment as well as to the health of communities. Impact investing in forestry has demonstrated favorable financial performance, a sustained track record, and a positive impact on carbon sequestration as well as a number of other environmental conservation benefits.

The scope of the report included analyzing a database of 39 forestry-focused vehicles for their key features and risk factors and drawing insights from 24 interviews with asset owners, advisors/consultants, and asset managers.

The report contains a useful Due Diligence Questionnaire (DDQ) for investors considering forestry investment opportunities.

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#### **About the Global Impact Investing Network:**

The Global Impact Investing Network (GIIN) is the global champion of impact investing, dedicated to increasing the scale and effectiveness of impact investing around the world. Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market to market rate, depending upon investors’ objectives. The GIIN builds critical infrastructure and supports activities, education, and research that help accelerate the development of a coherent impact investing industry. For more information, please visit [www.thegiin.org](http://www.thegiin.org).

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