

Great Lakes Impact Investment Platform

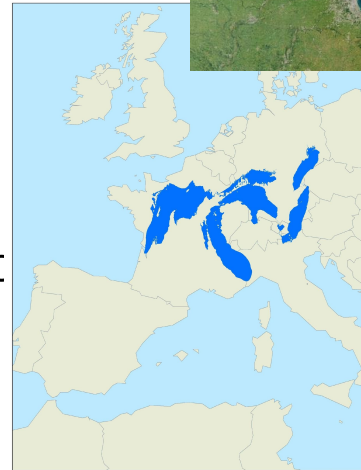
Prepared by Mike Piskur of Great Lakes St. Lawrence Governors & Premiers for the, "Financial Mechanisms for Landscape Investment: Synergies to Increase Returns, Reduce Risks and Enhance Impacts," virtual event convened by the 1000 Landscapes for 1 Billion People initiative, Laudes Foundation and IKEA Foundation on April 26, 2023.



The Great Lakes St. Lawrence region

North America's "Water Belt"

- Eight US States and 2 Canadian Provinces
- Population of more than 100 million people
- Major urban areas including Chicago and Toronto
- Diverse economy with major forestry, agriculture, and manufacturing sectors
- 20% of world's surface freshwater
- 85% of North America's freshwater
- Challenges: Water quality, invasive species, disadvantaged communities, habitat, carbon storage



Challenges and Opportunities

Traditional public funding is essential, but new types of investment are needed to meet needs for land protection, water quality, carbon, recreational access, and other social benefits.

- e.g., 40% reduction of nutrient load in Lake Erie by 2025

The **Great Lakes Impact Investment Platform** features innovative financing mechanisms such as green bonds and pay-for-success programs. There exists a major opportunity to stimulate and aggregate demand for positive outcomes while encouraging the supply of high-quality, investable projects.



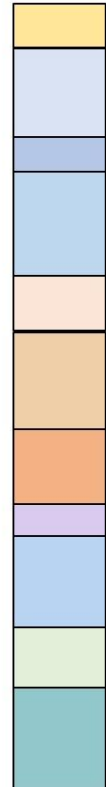
Objectives

- The Platform aims to more directly connect environmental stewardship with the economic value created by natural resources.
- An outcomes-based financing approach can help create new investment opportunities while maximizing the environmental benefits and economic value of natural climate solutions, specifically forests.
- Forests create many benefits for the region's environment, economy and people including carbon storage, water quality improvements, habitat and recreation. Other than carbon, outcomes such as the public health benefits of tree planting, habitat, recreation and air quality are generally not monetized at all.
- In sum, the status quo leads to widescale underinvestment and suboptimal outcomes.
- The Platform aims to develop new funding and financing tools to attract new sources of capital that can connect payors to the non-economic benefits of tree planting through outcomes-based financing.

Innovation through outcomes

- Access new sources of investment capital such as green banks, public authorities, PRI, utilities.
- Engage and coordinate diverse and new stakeholders benefiting from projects – for example: property owners, utilities
- Beneficiaries pay based on the outcomes they care about
- Potential purchasers/investors include

Benefits

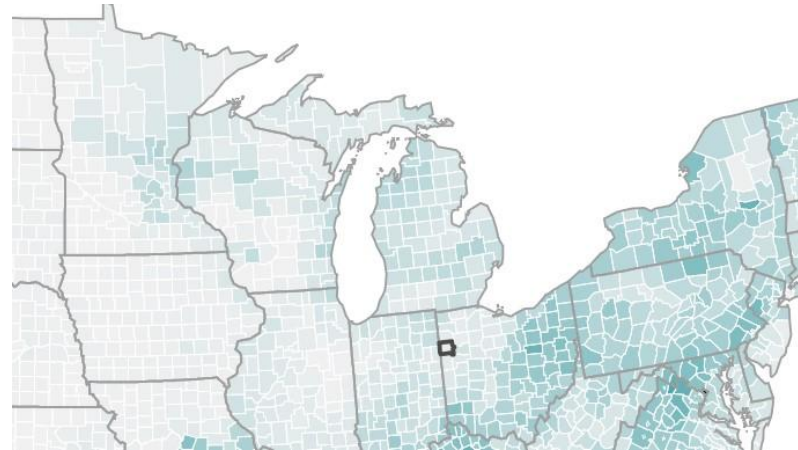


	Insurance
	Ecosystem services
	Increased agricultural production
	Habitat and biodiversity
	Improved stormwater management
	Power outage risk reduction
	Fire risk reduction
	Road and traffic safety
	Increased tourism and recreation
	Property tax revenues
	Property values

Potential scale of the financial impact

Payments for outcomes are a nascent market opportunity with massive potential to scale. The size of the Great Lakes St. Lawrence region creates a major opportunity to demonstrate feasibility at the landscape scale. With hundreds of millions of new trees to be planted over the next decade, a model to monetize these outcomes can help unlock new investment and maximize positive impacts.

- The project aims to create a replicable model that can be applied to projects at different scales and geographies.
- Initial focus on forestry
- Creating framework to track and quantify outcomes
- Model can apply to other geographies and other NCS



Source: Reforestation Hub

Potential scale of environmental and social impacts

The Great Lakes region's forests can store carbon, improve watershed health, increase habitat and biodiversity, and create social benefits. The region's vast size and population provide a massive opportunity to scale environmental and social benefits.



Risk management across stakeholder groups

- An outcomes-based strategy is intended to pool and/or transfer risk to investors.
- Project developers are paid for results, not for activities.
- Bringing multiple stakeholders to the table ensures the financial burden does not fall on any one entity alone and can facilitate a better coordinated, more efficient, and larger-scale effort.



Scalability requirements

- Quantification/tracking of outcomes – the Platform will track certain regional outcomes of forestry projects
- Demand drivers for outcomes
- Ability/willingness for investors to purchase outcomes
- Cost-benefit analysis
- Stakeholder engagement, especially disadvantaged communities



Lessons from our experience

1. Include purchasers/investors from the start (e.g., state governments, utilities)
2. Quantification of outcomes is key (e.g., carbon, stormwater retention)
3. Understand and capture potential multiple environmental and social benefits
4. Engage stakeholders such as landowners, local governments, and other beneficiaries



- 
- Mike Piskur
 - Great Lakes St. Lawrence Governors & Premiers
 - mpiskur@gsgp.org
 - www.greatlakesimpactinvestmentplatform.org