

Funding and Financing Coastal Resilience 101



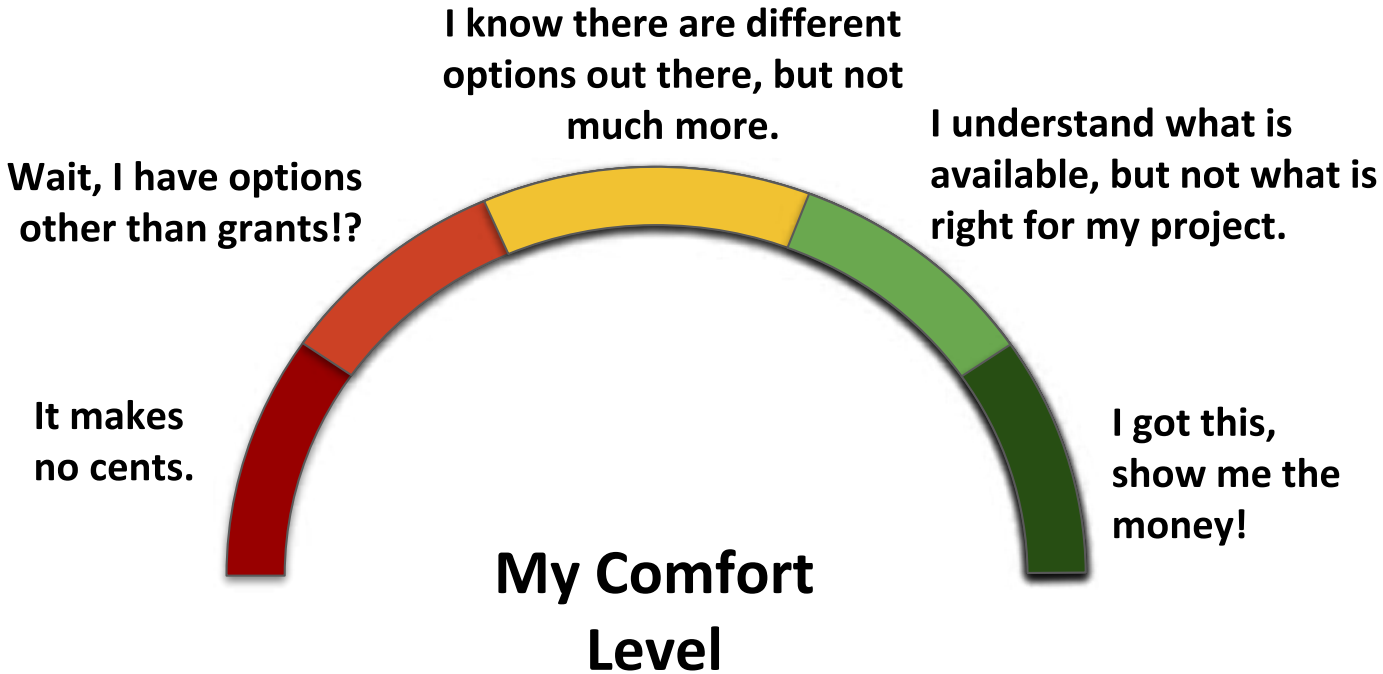
Audio will be through your computer speakers. Use chat to ask questions and share.

Our Valuable Coasts



Coastal Resilience





Challenges and Needs

**Consistent
funding for all
project phases**

**Capacity to
access funding
and financing
options**

**Identifying
matching funds**

**Layering different
funding and financing
sources**

**Successful financing
examples
(case studies)**

**Finding private-
sector funding and
partnerships**

Speakers



Leigh Whelpton
The Conservation
Finance Network



Erik Meyers
The Conservation
Fund



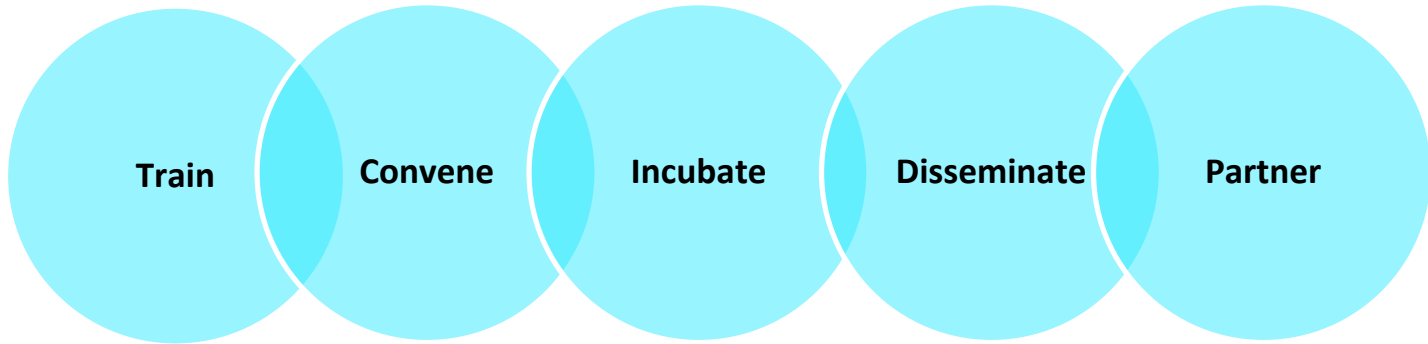
Coastal Resilience: Conservation Funding & Financing 101

Leigh Whelpton

**THE CONSERVATION
FINANCE NETWORK**

THE CONSERVATION FINANCE NETWORK

We seek to accelerate the pace and scale of land and resource conservation, restoration, and stewardship by expanding the use of innovative and effective funding and financing strategies.



Provide sustained learning for practitioners

Enable knowledge sharing

Incubate new ideas & projects

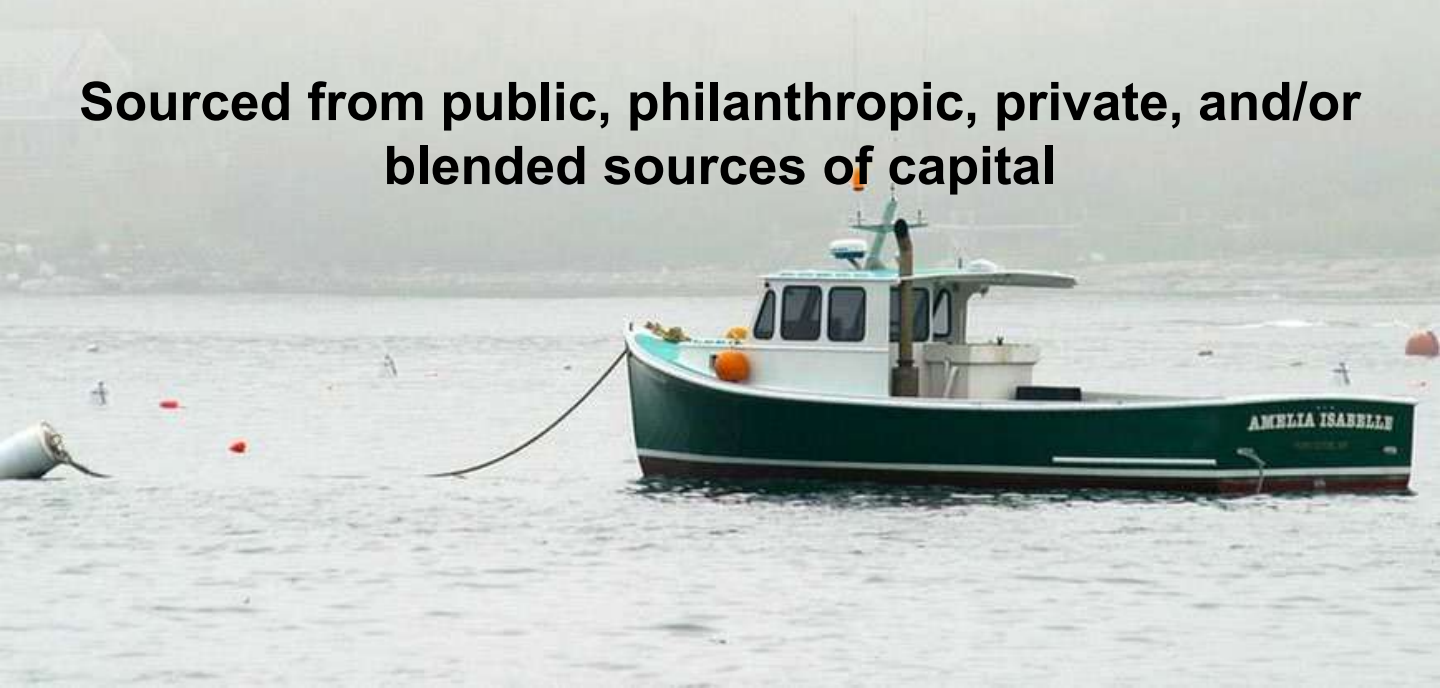
Capture & disseminate insight

Leverage impact through partnerships

Conservation Finance

A range of strategies that generate, manage, and deploy financial resources and align incentives to achieve conservation outcomes

Sourced from public, philanthropic, private, and/or blended sources of capital



Goals

- How to navigate resources and info
- Where to turn when you're ready for more

Ground Rules

- Go for the simplest and easiest money first
- Build the solution from the pain point
- There's no such thing as free lunch
- Someone must be willing/able to pay
- Partner. You don't need to be the expert

Overview of Funding Sources

Tax Benefits	Individual Giving	Institution-al Grants	Earned Income	Debt	Credits Against Income Taxes Due	Equity
<ul style="list-style-type: none"> • Federal Income • Estate • Property • State Income Credits • 1031 Exchanges • Others? 	<ul style="list-style-type: none"> • Projects • Capital Campaigns • Planned Giving • Voluntary Surcharges • Trade Lands • Transfer Fees • Crowd Sourcing • Others? 	<ul style="list-style-type: none"> • State and Local • Federal • Foundations • Business Units • Others? 	<ul style="list-style-type: none"> • User fees • Timber, NTFPs • Leasing • Limited dev. • Sales of ecosystem services (carbon; wetland; species) • Others? 	<ul style="list-style-type: none"> • Banks • Foundation PRIs • State revolving loan funds • Tax-exempt bonds • Comm. Investment Notes • EIBs • Others? 	<ul style="list-style-type: none"> • New Markets Tax Credits • Tradable state income tax credits • Others? 	<ul style="list-style-type: none"> • TIMOs • Public REITs • Limited Dev, Natural Resource PE Investors • Others?

Go for the simplest and easiest money first!

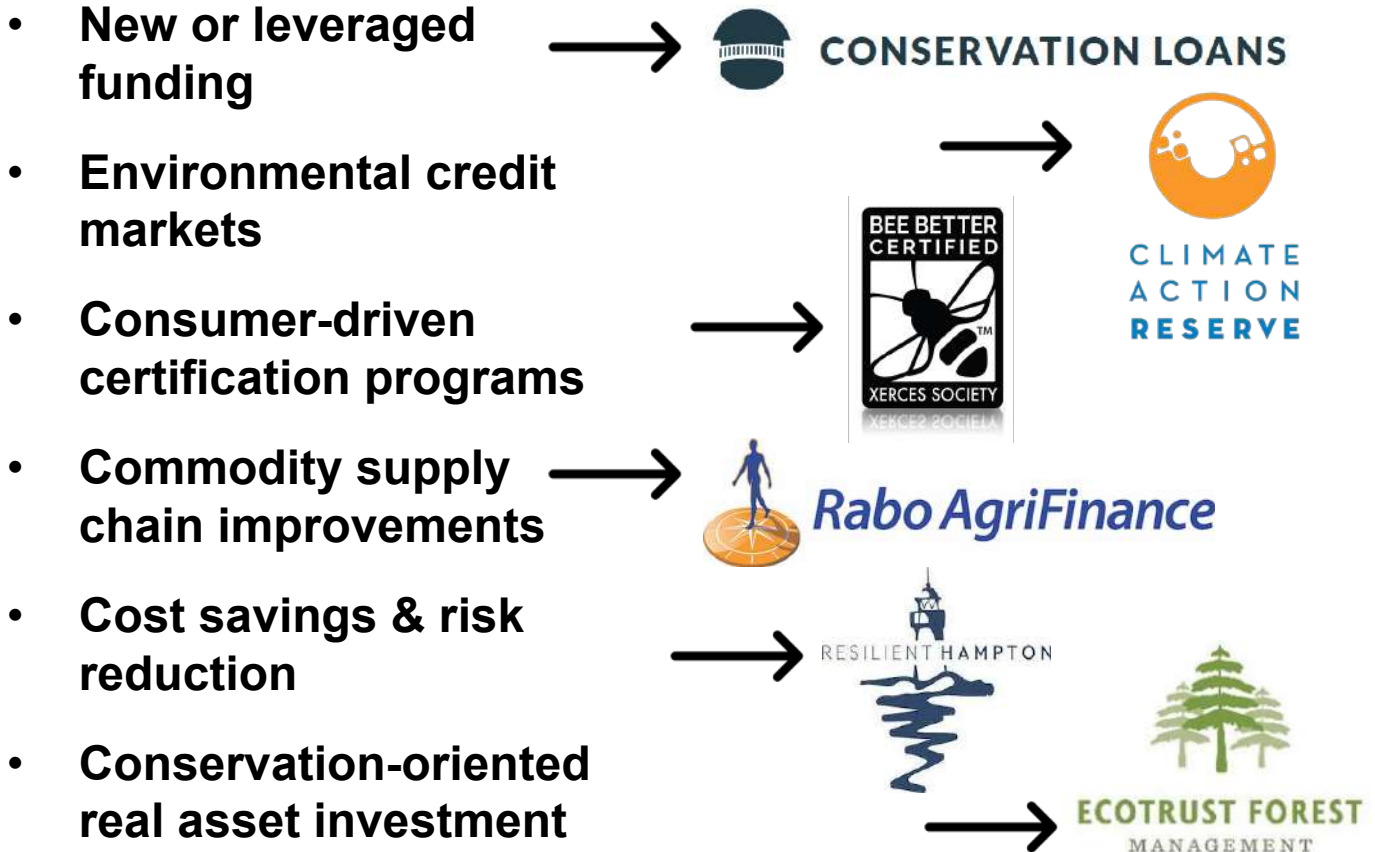
Increasing cost, complexity, risk, return



Core Strategies

- **New or leveraged funding**
 - Creative philanthropy, stretching public funds, borrowing money to bridge until funding comes through, natural resource damage assessments
- **Environmental credit markets (regulated or not)**
 - Market-like transactions for payment for environmental assets, externalities and attributes (e.g. carbon, wetlands, streams, habitat, water quality & quantity)
- **Consumer-driven certification programs**
 - Product price premiums for certain practices
- **Commodity supply chain improvements**
 - Engaging producers, agribusiness, and farm finance for better practices and products
- **Cost savings & risk reduction**
 - Insurance models, public green infrastructure, outcomes-based or “pay for success” models
- **Conservation-oriented real asset investment**
 - Buy, protect/lease, and sell models for forest, farm, and rangeland

Core Strategies



Evolution of Conservation Finance



1970s

- Land Donations
- Donations of easements
- Some early working lands transactions
- First use of creative development – AKA “conservation development” techniques
- Use of Charitable Creditors



1980s-1990s

- Donations – Land & Easements
- Trade Lands
- Third-Party-Funded Bargain Sales
- First Land Conservation PRIs
- Impact / MRI Angels



1990s-2000s

- Creation of Intermediaries
- Boutique TIMOs with Conservation Strategy
- Creative Land Development
- Conservation Buyers
- Brave Foundation MRIs



2000s-2010s

- Growth of Intermediaries
- Revolving Funds
- Institutional Scale TIMOs with Conservation Strategy
- Eco-System Service Investment Funds
- Resalable State Income Tax Credits



2010s --- Future

- Crowd Sourcing
- Technology/Smart Conservation
- Block Chain
- Supply Chain Sustainability Investments
- Accessing Donor Advised Funds – “Capshift”
- Green Bonds/EIBs

Public Funding



Established:

- Federal Grant Programs e.g. NOAA Coastal Resilience Grants
- State Grant Programs e.g. Knowles-Nelson
- Local grant programs
- Quasi-public agencies (congressionally chartered grantmaking institutions) e.g. NFWF and National Park Foundation.

Where in the world does this funding come from?

- Ballot measures
- Legislative actions
- Natural resource damage payments
- Dedicated local, state, or federal tax proceeds (e.g. state and local sales tax, property tax, offshore gas leases, RE transfer tax, etc.)

Public Funding



Emerging Activity & Innovation

- CARES Act
- TMDLs in the Chesapeake Bay – shifting to non-point source
- State Climate Action Plans
 - New York spending climate bond money for natural climate solutions.
- New Dedications of State Revenues
 - Sales tax, e.g. Montana - attempt for new dedication of state sales tax.
 - Lottery proceeds, e.g. Colorado - state funding derived out of lottery proceeds.

Public/NGO Financing



Emerging Activity & Innovation

- Loan Funds
 - Conservation partnerships with CDFI's to receive NMTC
 - Community Reinvestment Act, low-cost financing through regional banks for service in certain zip codes
- State Revolving Funds & Sponsorship Programs
 - E.g. Ohio
- State Green Bonds
 - E.g. Massachusetts

Philanthropy



Then:

- Gifts & grants
- Land & Easement Donations
- Small Business Partnerships
- Voluntary Surcharge Programs
- Corporate Philanthropy

Now:

- Crowd-Sourced Fundraising
- Program Related Investments
- Mission Related Investments and Donor-Advised Funds
 - Heron Foundation, CapShift

□ Importance of increasing philanthropic recognition of connection between nature and human health

Private Investment

Then:

- Use of charitable creditors and individual investors
 - E.g. Vermont Land Trust
- Boutique TIMOs with Conservation Strategy
- Creative Land Development
- Conservation Buyers
- Brave Foundation Mission Related Investments (MRI)
- Impact Investment Angels

Private Investment

The background of the slide is a close-up photograph of a stack of cut logs. The logs are stacked horizontally, showing their circular cross-sections. The wood has a light tan color with visible growth rings. The bark is dark and textured. The lighting is soft, highlighting the natural grain and texture of the wood.

Now: For Profit

- Institutional-Scale Funds
 - TIMOs/REITs
 - Regulation-driven Mitigation Funds
 - Established Ecosystem Service Investment Funds
- Boutique-Scale Funds
 - Sustainable agriculture funds
 - Emerging Ecosystem Service Investment Funds
- Supply Chain Sustainability Investments
- Pay for Success
 - Environmental Impact Bonds
 - Forest Resilience Bonds
- Green Bonds

Private Investment

Now: Nonprofit

- Investment managers operated by NGOs
 - NatureVest by TNC; EFM by EcoTrust
- Nonprofit Investment Funds
 - E.g. BlueForest Conservation
- Community Development Finance Institution (CDFIs)
 - Coastal Enterprises, Inc, Natural Capital Investment Fund
- Nonprofit Community Development “Intermediary”
 - Local Initiatives Support Corporation (LISC)

Blended Capital



A structuring approach that allows orgs with different objectives to invest alongside each other while achieving their own objectives—whether financial, social, environmental, or all. (*source: Convergence*)

- Water Funds (those which incorporate private capital)
 - Murray-Darling Basin Balanced Water Fund
- Leveraged Transactions
 - St. Croix Forest acquisition

\$21M from Lyme III:

- HNW Individuals/families
- Public/private pension fund
- College/foundation endowment
- Fund of funds



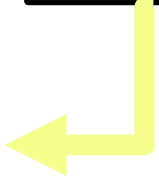
Equity



Wausau Paper Company



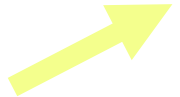
Sources of Value Creation



The Lyme Timber Company



Debt



Outsale to Hancock Timber Company

- \$11.2M Conservation Easement to Wisconsin DNR
- \$5.4M Conservation Easement to Wisconsin DNR
- \$6.3M to conservation/retail buyers
- Timber harvest to Wausau mill
- Recreational leases to hunt clubs



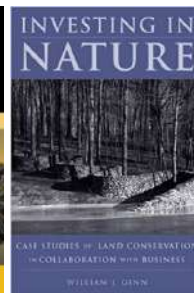
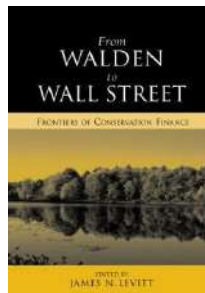
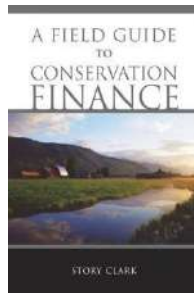
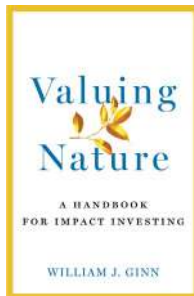
\$16M Loan from the Conservation Fund



Jump in for More

www.conservationfinancenetwork.org

- **Monthly E News:** distilled practitioner insight
- **Articles:** e.g. “[Mainstreaming Blue Carbon to Finance Coastal Resilience](#)”
- **Webinars:** Special sessions & Nature’s Returns Series
- **Toolkits:** ballot measures, bridge financing, pay for success
- **Books:** e.g. Island Press – Use code “CFN25” for 25% off





Thank You!

Leigh Whelpton

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Coastal Resilience Funding and Financing

Erik Meyers, Vice President, Climate and Water Sustainability

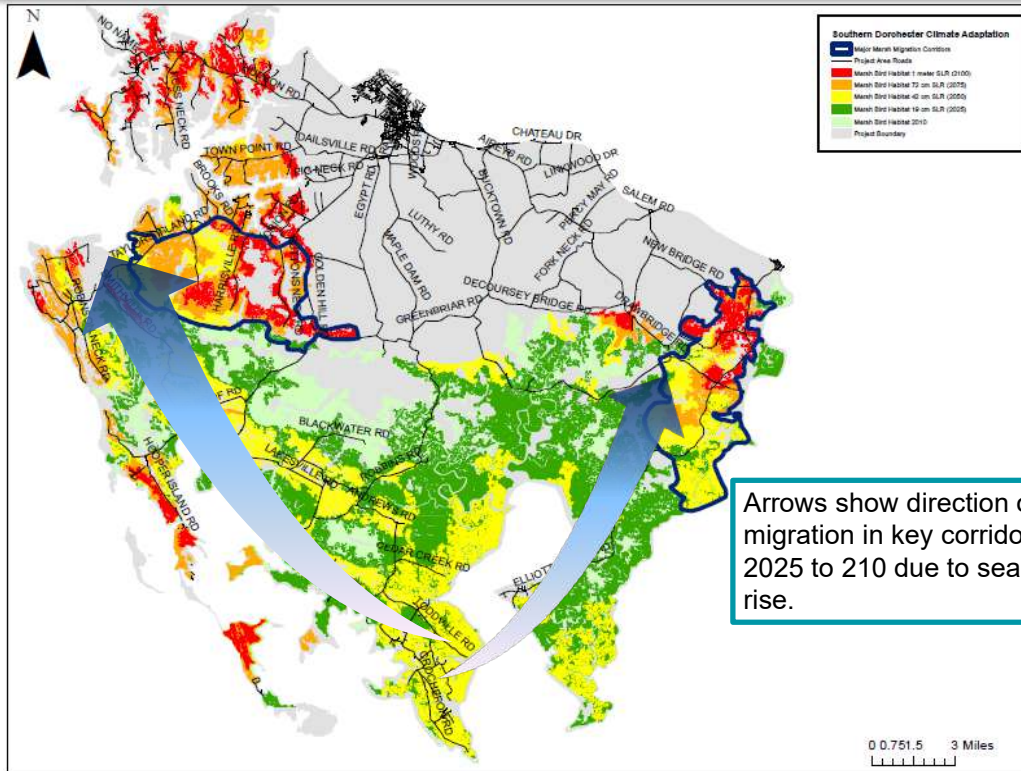
A close-up photograph of a person's hands holding a bundle of green grasses with roots in a body of water. The hands are positioned in the center, with the grasses extending upwards and downwards. The water is dark and reflects the surrounding environment. The background shows more grasses and water, suggesting a coastal or wetland setting.

**Acting Today for Climate Resiliency
Tomorrow**

THE
CONSERVATION FUND

Dorchester County, MD and Blackwater NWR

Movement of the Marsh to 2100



Funding for Marsh Adaptation Strategies



- **Identify and Protect Migration Corridors** – LWCF funds, landowner contribution, TCF loan for early acquisition
- **Manage Marsh Transition** – Foundation grants, MD + Federal in-kind, NGO + volunteer labor, corporate donations
- **Slow Current Marsh Losses** – special coastal resilience grant, MD + Federal match with ongoing program, NGO + member donations

Contact:

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Climate and Water Sustainability

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Future Webinars

Innovative Funding and Financing Approaches

Funding and Financing in Small, Rural, and Underrepresented Communities

Others based on your feedback in the survey



Thank you!

Please provide feedback in the survey

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