



Session 3B: The Conservation Finance Quilt: How RCPs Can Stitch it Together

Spencer Meyer
Highstead Foundation
(Moderator)

Reggie Hall
The Conservation Fund

Leigh Whelpton
The Conservation Finance Network



World’s Largest Land Donation
Led by Tompkins Conservation

Martin Becker October 26, 2016

Over two decades of conservation leadership by North American philanthropists Douglas and Kristine Tompkins have culminated in a major land donation that marks a milestone in the history of global land conservation. The Sept. 23 signing of a donation agreement transferring 375,000 acres from Tompkins Conservation to the Argentine government created Iberá National Park in the northern province of Corrientes.

Topics: Forest Open Space All News

FORUM NEWS

Report: Sustainable Farmland
Investment Strategies

Lucyann Murray, Meaghan McGrath November 08, 2016

With the rise of impact investing, there has been a jump in investment strategies promoting sustainable agriculture. This project attempts to understand the subset of farmland investors employing sustainable agriculture strategies by focusing on the following questions: Do sustainable farmland investments deliver financial, environmental and social returns? If yes, to what extent? How are those returns realized?

Topics: Agriculture All News

The Global Ambitions of the Land
Degradation Neutrality Fund

Kat Friedrich October 26, 2016

When the quality of land degrades, environmental, social and economic opportunities evaporate. The United Nations is working to prevent land degradation globally. In this interview, Simone Quatrini, Land Degradation Neutrality Fund coordinator and team leader at the Global Mechanism of the United Nations Convention to Combat Desertification, said his program is attempting a worldwide conservation finance effort. There is massive work to be done.

Topics: Forest Agriculture Open Space All News

Public-Private Partnerships Can
Support Farmers: Op-ed by Jason
Weller

October 12, 2016

Innovation has its roots on the farm – where each day farmers adapt, balance and experiment, doing the most with less while striving for the best yields and healthiest landscapes. As the world’s population grows, farmers have less arable land available but more mouths to feed, while they also face challenges like drought and other climatic extremes. Farmers have their work cut out for them.

Topics: Agriculture All News

FORUM NEWS



Coalition Launched to Scale up Conservation Finance

Michelle Mendlewicz September 28, 2016

The current conservation finance gap is estimated to be \$200-300 billion per year. As public and philanthropic investment in conservation are in decline, private investment has the potential to bridge it. That was the key message conveyed by the Coalition for Private Investment in Conservation launched at the International Union for Conservation of Nature 2016 World Conservation Congress on Sept. 2, in Honolulu, Hawaii.

Topics: Forest Agriculture Water Open Space Oceans Cities All News

Related Articles

The Global Ambitions of the Land Degradation Neutrality Fund

World’s Largest Land Donation Led by Tompkins Conservation

Natural-Resource Investing Gets a Federal Jump Start

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COMMENTARY

Do You Really Value the Services Nature Provides?

November 10, 2016

Source: GreenBiz

EXTERNAL NEWS

Blended Capital Fund Helps Small-Scale Farmers in
Arkansas

November 10, 2016

Source: Localvesting

REPORTS

U.S. Cities Go to the Source to Protect Drinking Water

November 10, 2016

Source: World Resources Institute

REPORTS

Restoring Degraded Land in Latin America Can Bring
Billions in Economic Benefits

November 10, 2016

Source: World Resources Institute

REPORTS

The Geography of REDD+ Finance

November 10, 2016

Source: Forest Trends

more news ...

A CONVERSATION WITH JOE WHITWORTH,
PRESIDENT OF THE FRESHWATER TRUST



Sustainable Farmland
Investment Strategies

AN INTRODUCTION TO CURRENT CONDITIONS



Lucyann Murray &
Meaghan McGrath
November 2016

An Independent Study
Yale School of Management &
Yale School of Forestry and
Environmental Studies
Advisor: Todd Curt

How Foundations Can Use
Program-Related Investments
to Address Water Challenges



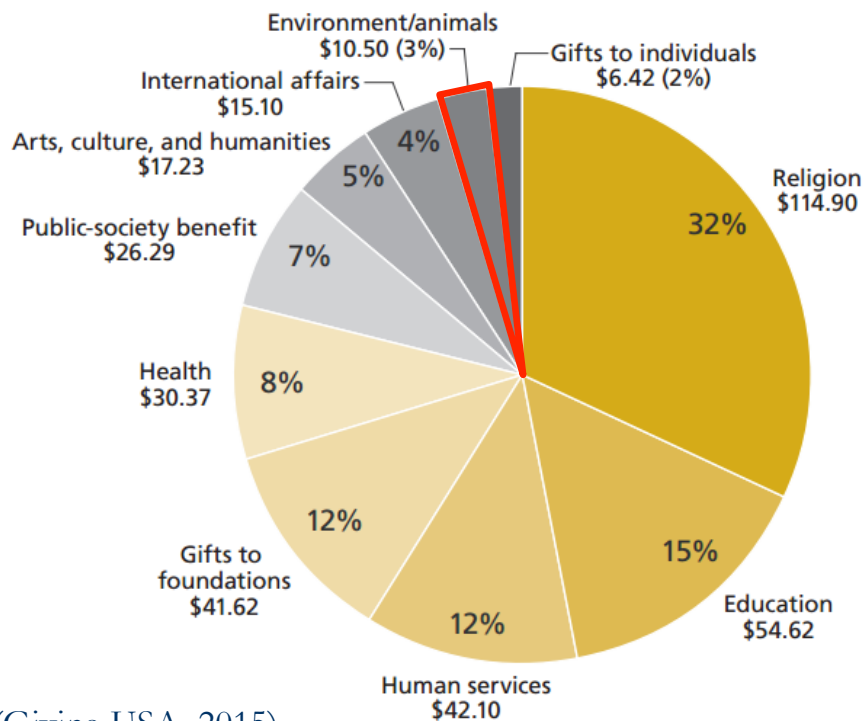
Susannah Harris
Yale School of Management
Yale School of Forestry and Environmental Studies
MEM/MBA 2016

Allison Khoe
Yale School of Forestry and Environmental Studies
MEM 2017



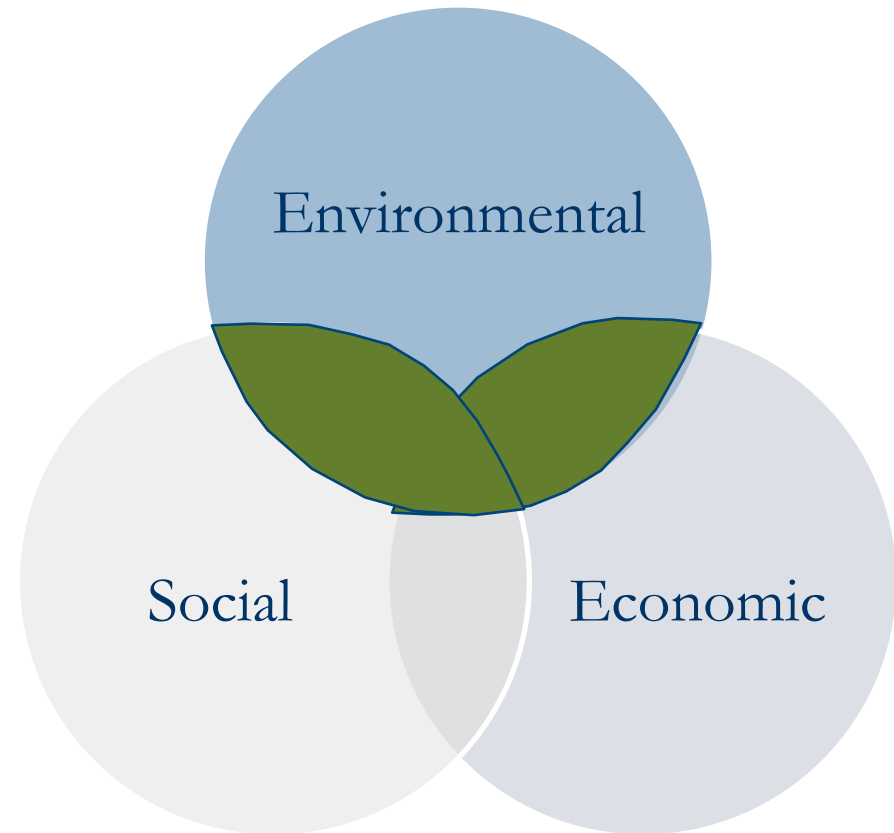
All Philanthropy

2014 contributions: \$358.38 billion by type of recipient organization
(in billions of dollars - all figures are rounded)

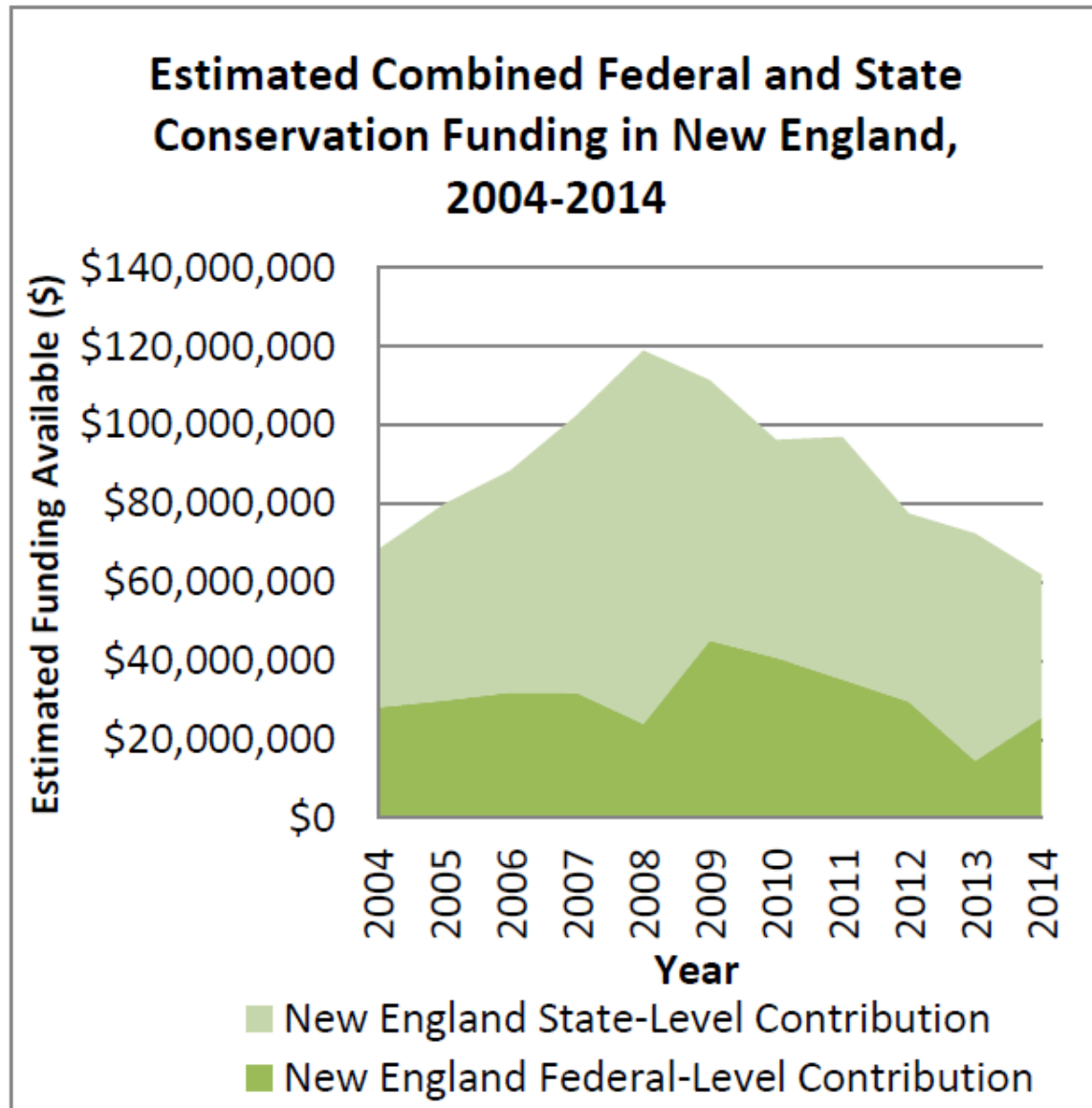


(Giving USA, 2015)

Conservation Finance

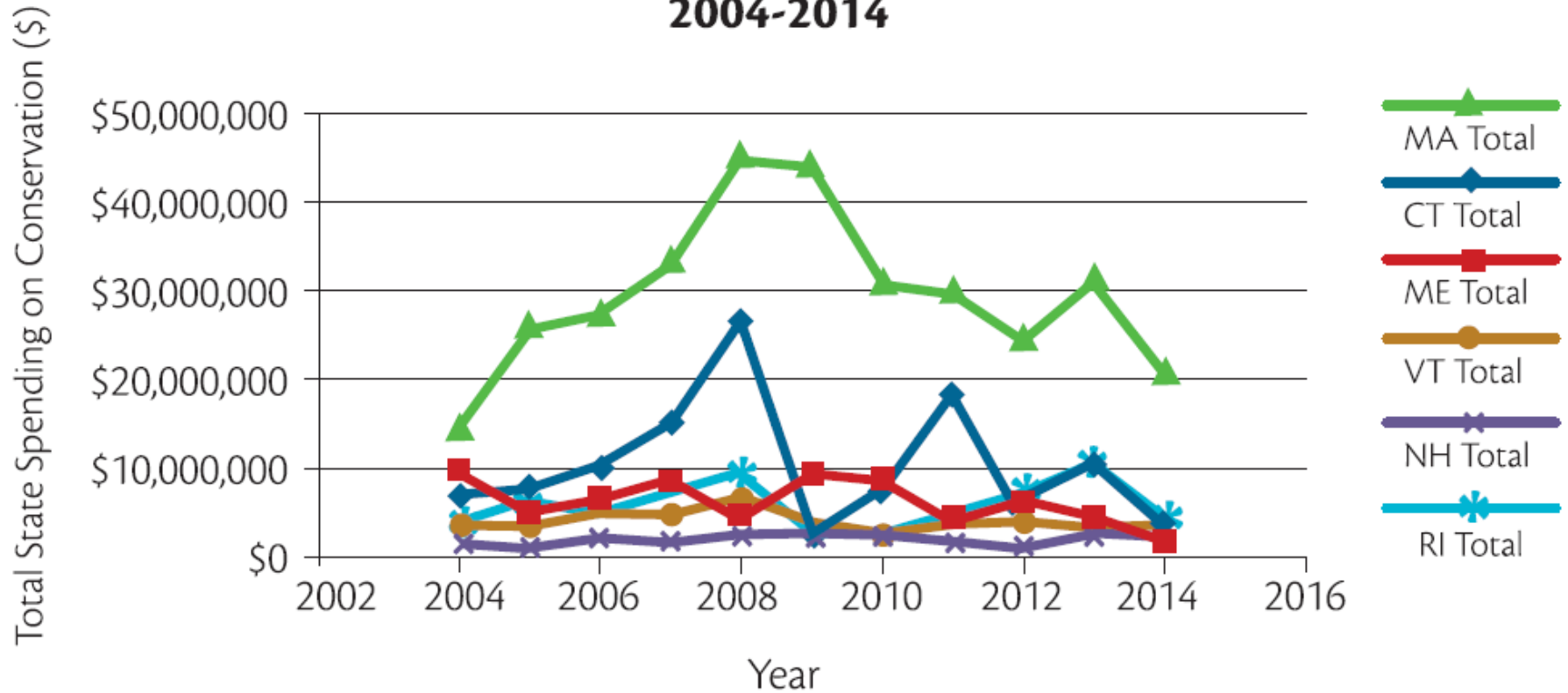


Recent Public Funding Trends

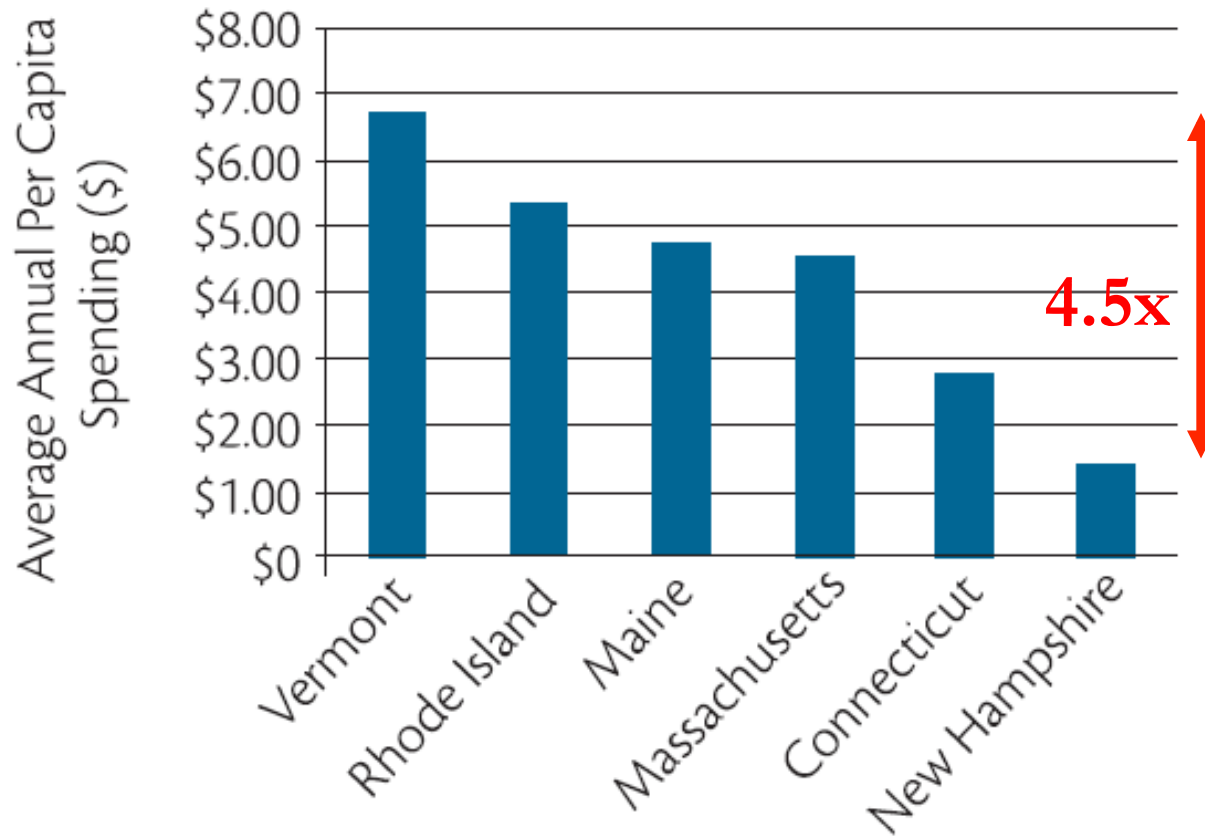


(Buchanan, 2016)

Estimated Trends in State-Level Conservation Funding in New England States, 2004-2014

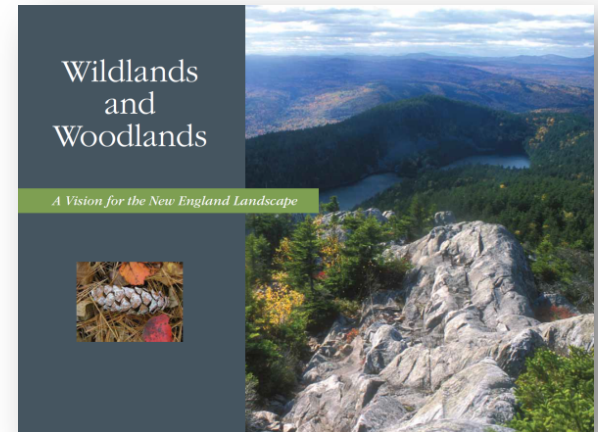


Estimated Per Capita State-Level Conservation Spending in New England States, 2004-2014

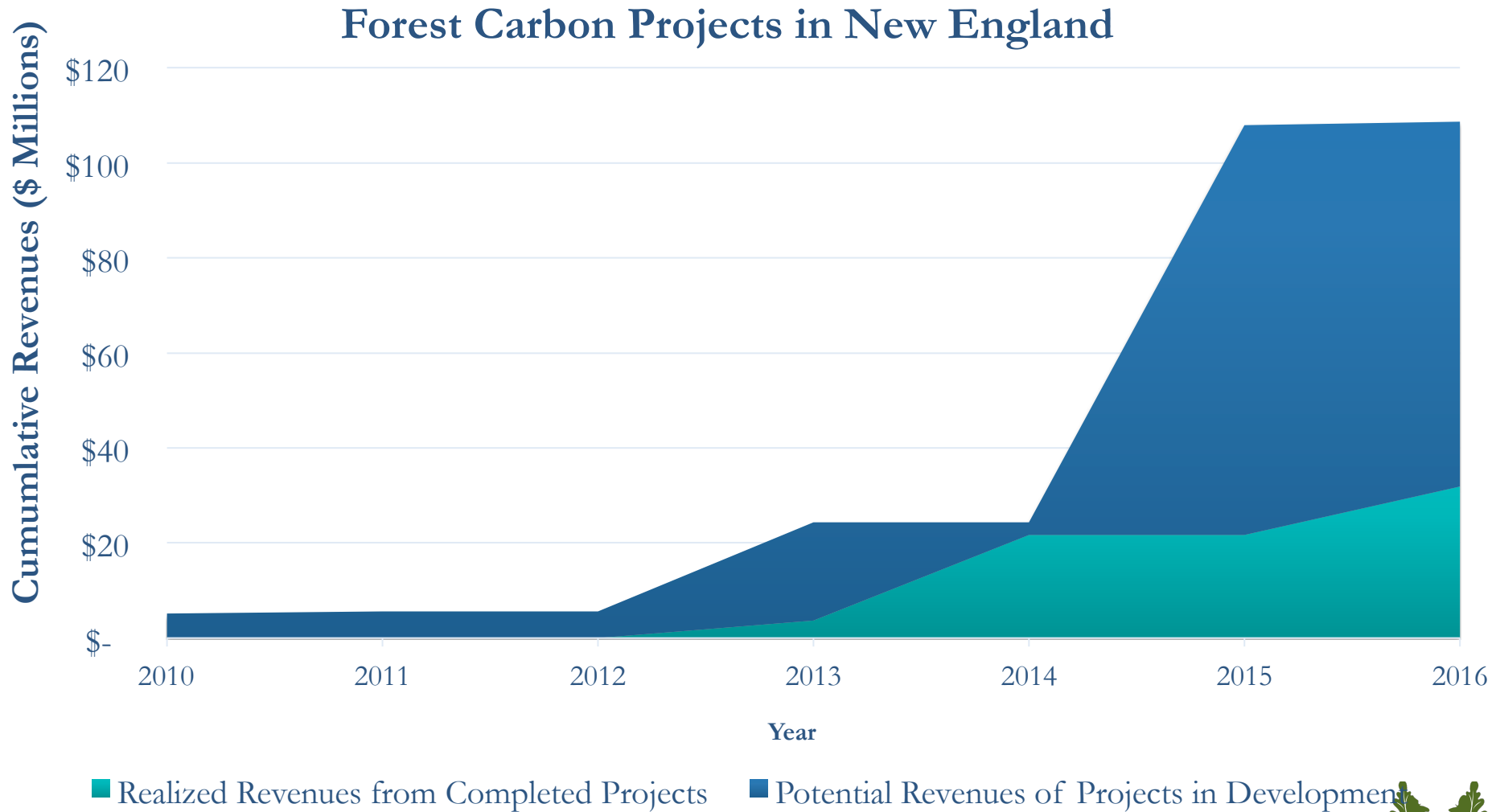


Wildlands and Woodlands Initiative

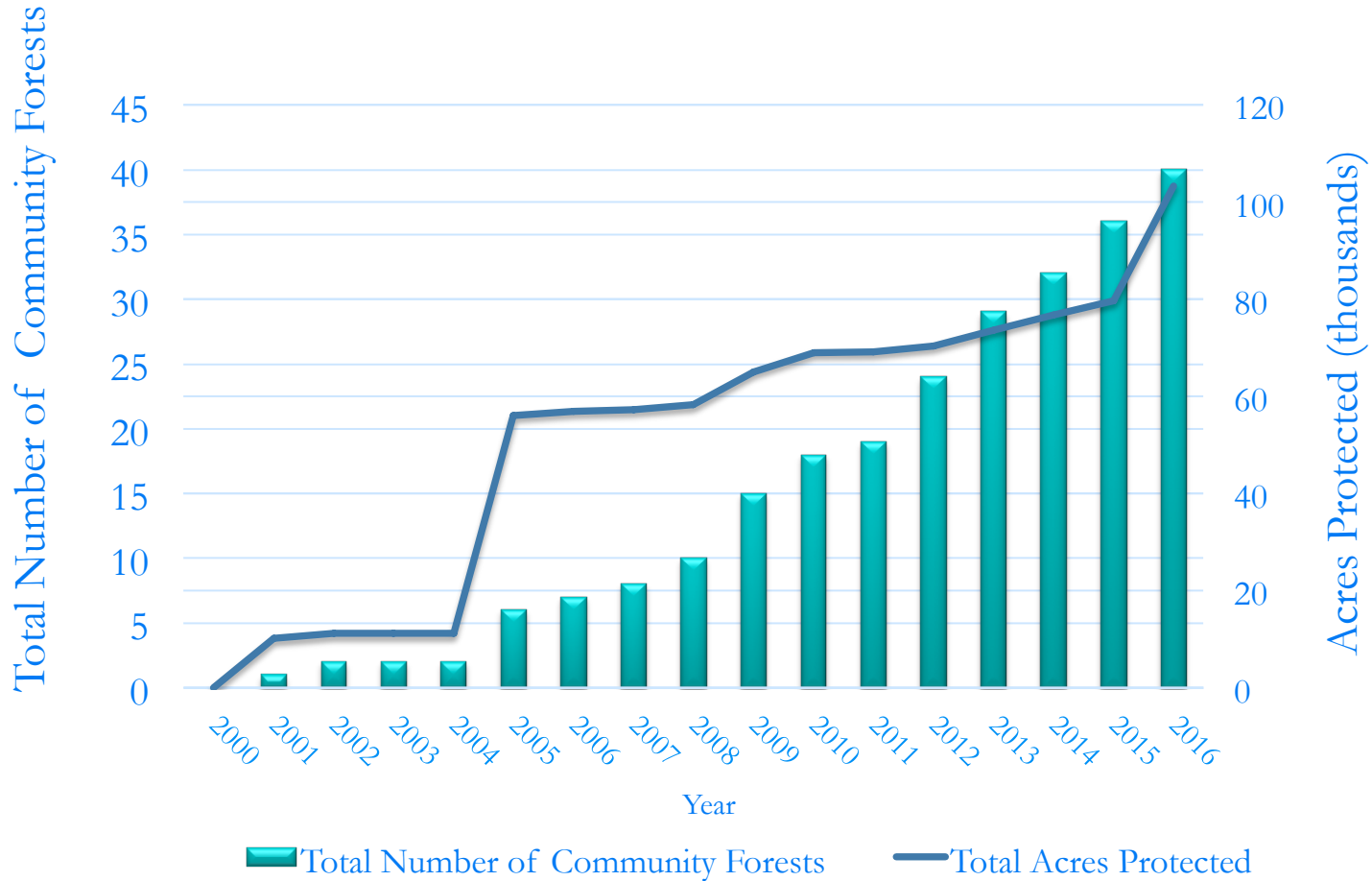
- Protect 70% of New England's forests by 2060
- As of 2015: 9.4 million acres protected (26%)
- 2004-2014 public funding
 - \$973 million of public funding was spent towards protecting 1.4 million ac
(plus lots of unknown private money)
- Since 1990, average of about 2 new areas protected per day



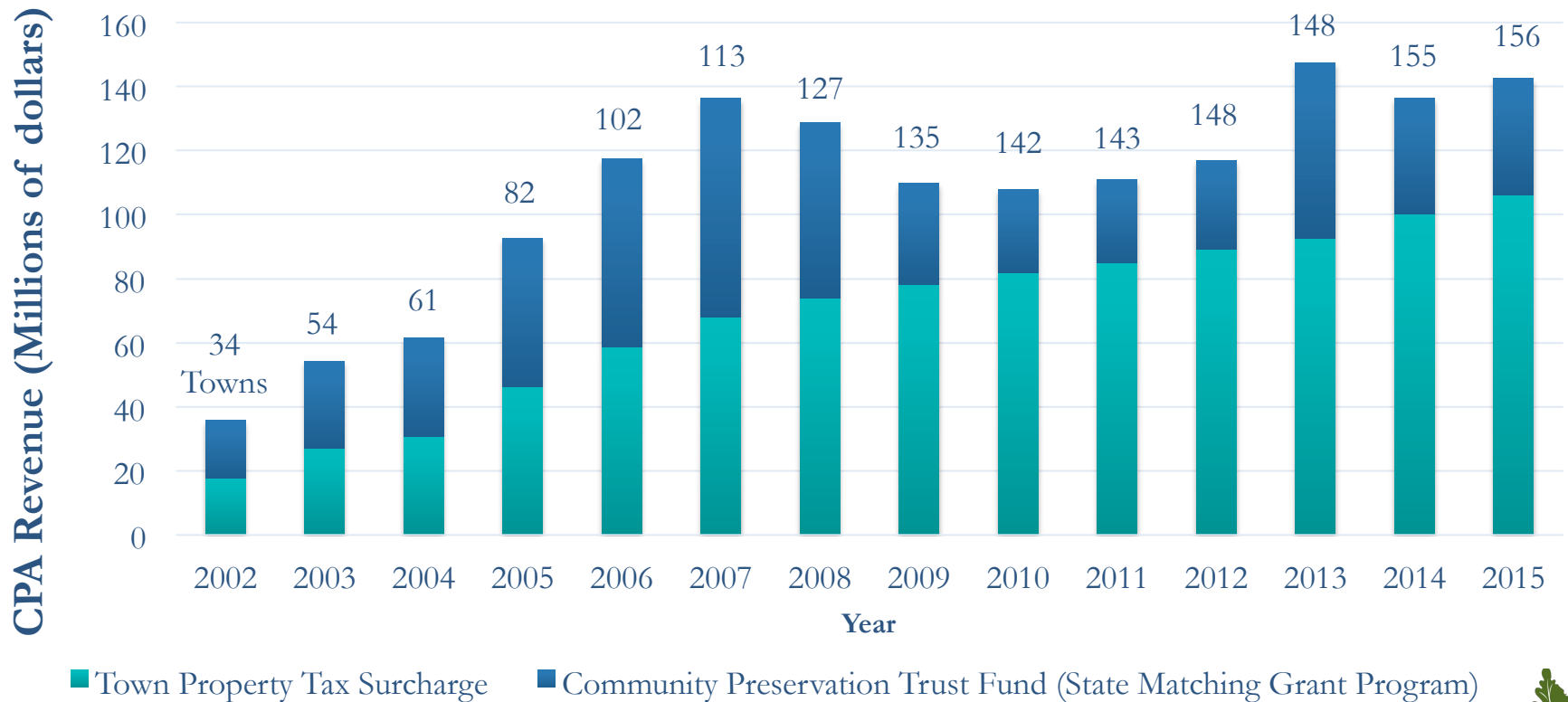
Carbon Offset Finance is Growing...



Community Forests

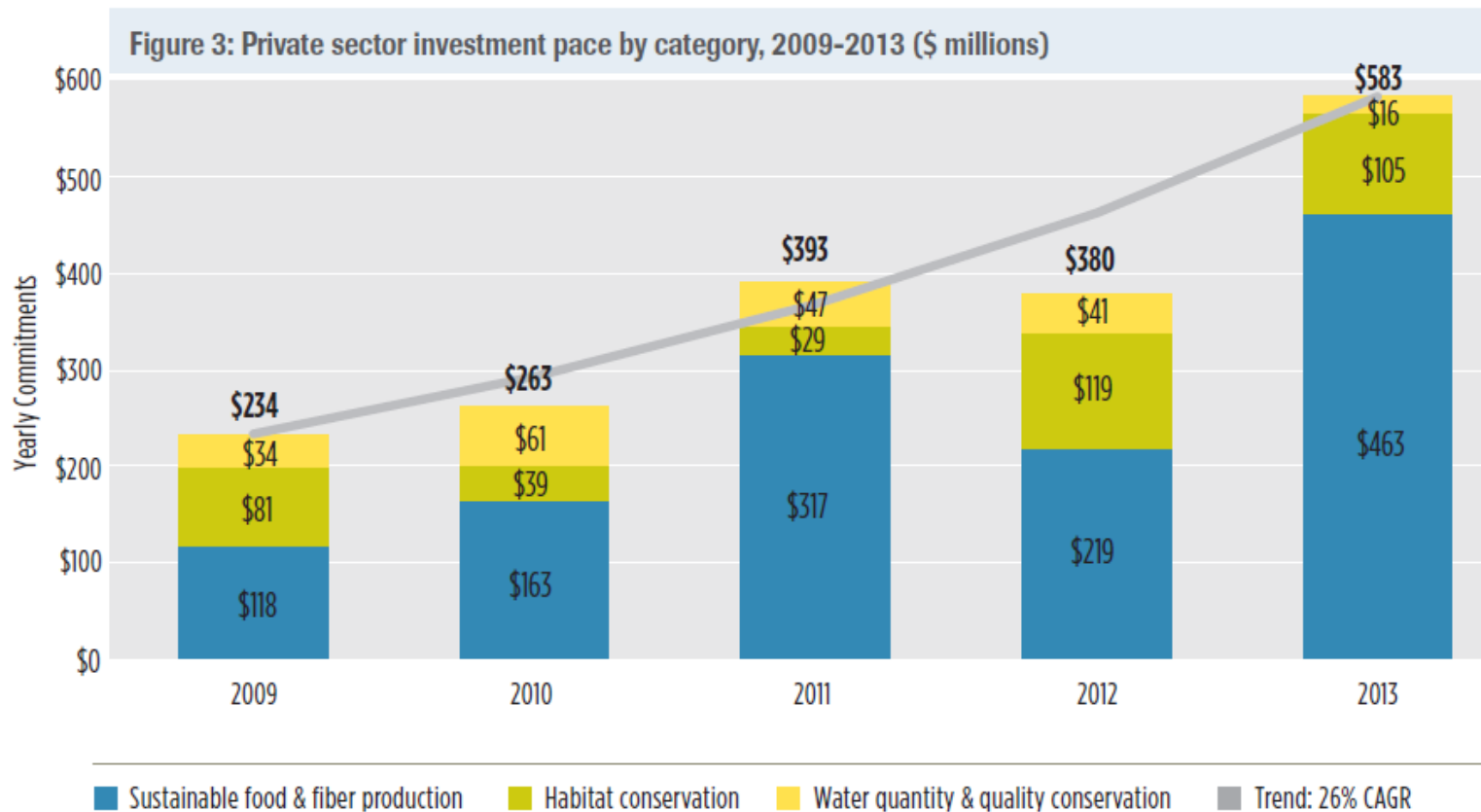


MA Community Preservation Act Property Tax Surcharge



Highstead

Private Investment: A New Opportunity

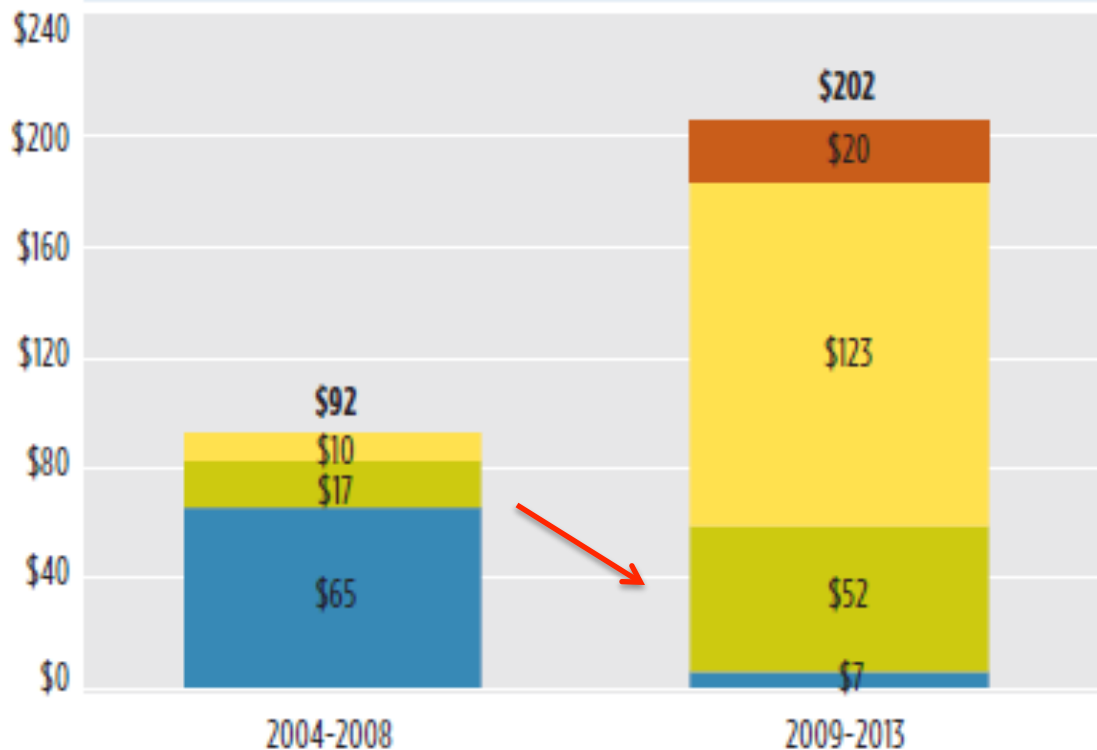


40 respondents provided data. Total reported investments \$1.9 billion. Source: EKO/TNC

(TNC, EKO, 2014)

Investors Want to Protect Water

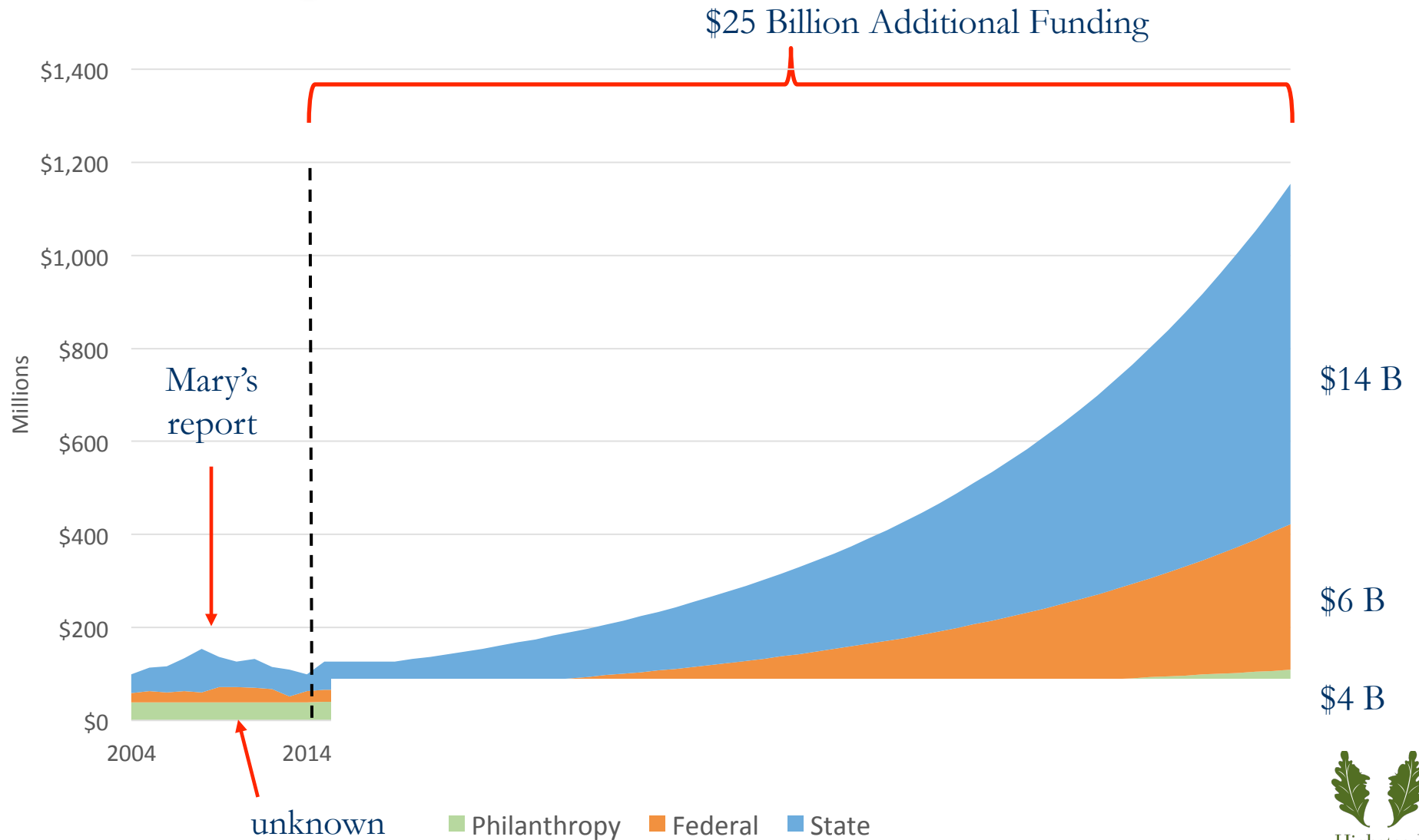
Figure 7: Private committed capital by subsector, 2004-2008 vs. 2009-2013 – Water quantity & quality conservation (\$ millions)

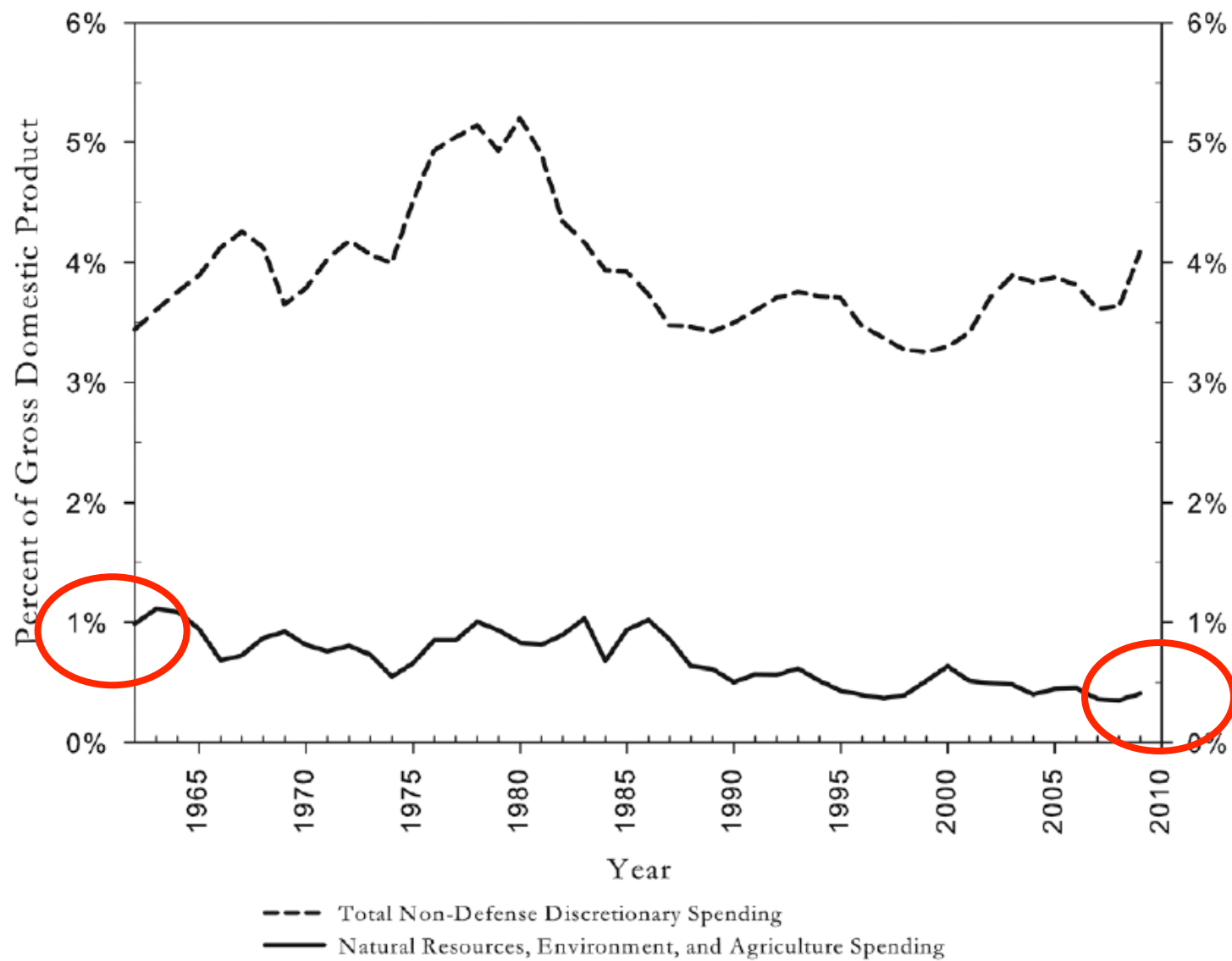


- Water credits trading (e.g., water temperature, quality)
- Water rights trading
- Watershed protection
- Other*

(TNC, EKO, 2014)

A Big Ask for Public Sources Alone





(Meyer et al., 2014)

THE CONSERVATION FUND



*RCP Gathering 2016
Conservation Finance*

The Conservation Fund works at the intersection of conservation and community—we believe that environmental protection and economic vitality are inseparable.

WHAT WE DO



Conservation Acquisition
Land, Water & Wildlife Protection



Conservation Leadership Network
Collaborative Solutions



Freshwater Institute
Aquaculture & Water Quality



Go Zero
Carbon & Climate



Land Conservation Loans
Finance & Expertise



Mitigation Solutions
Infrastructure Mitigation



Natural Capital Investment Fund
Business Finance



Resourceful Communities
People, Places, Opportunities



Strategic Conservation Planning
Green Infrastructure

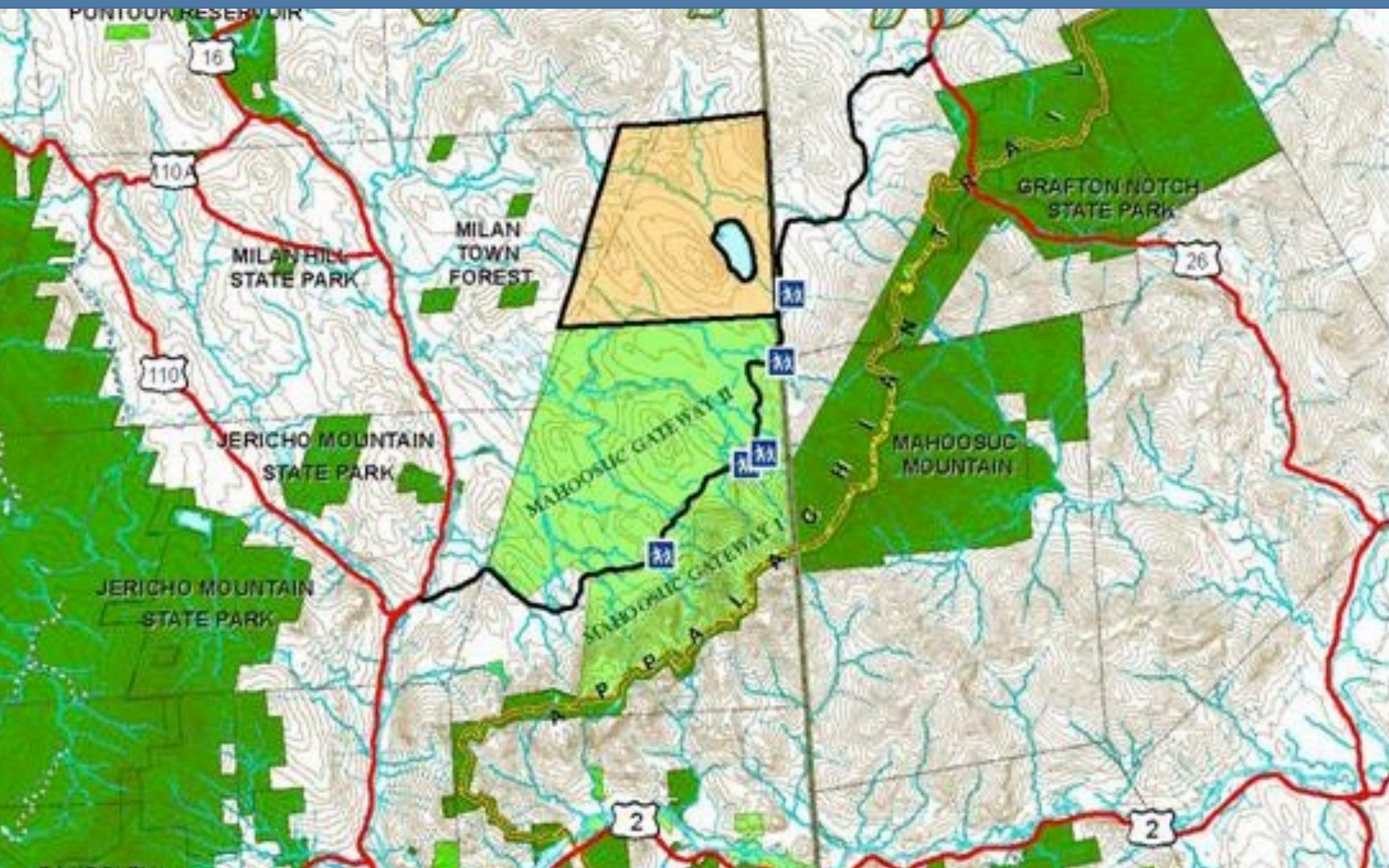


Working Forest Fund
Forestry

The Conservation Fund works at the intersection of conservation and community—we believe that environmental protection and economic vitality are inseparable.

WHAT WE DO















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Introduction to the Conservation Finance “Quilt”

RCP Network Gathering

Nashua, NH

November 16, 2016

Leigh Whelpton, Program Director

THE CONSERVATION
FINANCE NETWORK



What is Conservation Finance?

The practice of raising and managing capital to support land, water, and resource conservation.^[1] Conservation financing options vary by source from public, private, and nonprofit funders; by type from loans, to grants, to tax incentives, to market mechanisms; and by scale ranging from federal to state, national to local.

^[2] Conservationists have traditionally relied upon private, philanthropic capital in the form of solicited donations, foundation grants, etc., and public, governmental funds in the form of tax incentives, etc., to fund conservation projects and initiatives.^[1] Increasingly, conservationists are embracing a broader range of funding and financial options, leveraging traditional public and private and government resources with other sources of capital, including that from the capital markets."^[3] These non-traditional sources of conservation capital include debt-financing, emerging tax benefits, private equity investments, and project financing.^[4] These additional sources of leverage serve to enlarge the pool of financial capital available to fund conservation work worldwide and, as this financial capital is invested, the asset portfolio of conserved land, water and natural resources is grown.^[5]

Raising and finding money to do projects



Conservation Finance Sources & Uses

Gifts & Grants

- **Traditional Sources**
 - Individual Donors
 - Foundations
 - Corporate Engagements/ Partnerships
 - Institutional & Nonprofit Collaborations
- **Voluntary Surcharges**
- Voluntary Private Transfer Fees
- Trade Lands
- Donor-Advised Funds & Aggregators
- Web & Phone Applications

Tax Benefits

- **Federal/State Tax Deductions**
- Bargain Sale or Easement Donation
- New Markets Tax Credits
- **State Tax Credits**

Public Funding

- **Fed. Conservation Programs (LWCF, REPI, etc.)**
- Other Large Fed/State Programs
- **State/Local Ballot Initiatives**
- State/Local Specific Use Taxes/Fees/Incentives
- State/Local Conservation Programs
- Local Improvement Districts

Private Capital

- **Payments for Ecosystem Services**
 - Function Trading (water, nutrients, carbon)
 - Watershed Service Payments
 - Habitat & Species Mitigation/Banking
 - Natl. Res. Damage & Other Settlements
 - Federal Power Act /Relicensing
- Tradable Land Use Rights (TDRs etc.)
- **Conservation Development/Buyers (parcel sales)**
- **Agriculture, Timber, Energy & Other Income**
- Water Transactions (partial or full sales, leases, etc.)
- Cause-Related Marketing
- **Conservation Impact Investment Funds**

Bridge Financing & Loans

- **Philanthropic**
 - External Revolving Loan Funds
 - Internal Land Trust Protection Funds
 - Foundations (incl. PRIs)
 - Conservation Lenders & Guarantors
- **Private**
 - Commercial & Farm Credit Lending
 - Seller Financing
- **Public**
 - Fed/State Revolving Loan Funds
 - Tax-Exempt Debt

Go for the Simplest & Easiest Money 1st!

Simple

Charitable gifts,
members, & grants
Planned giving
Corporate giving
Donated easements
Bargain sales
Seller financing
Public funding
Transfer fees
Conservation buyer

Moderate

Fee for service
Business
partnerships (e.g.,
voluntary surcharge)
Bridge financing /
borrowing money
Ballot measures
Conservation
development

Difficult

Working with investment
funds
New Market Tax Credits
Environmental Markets
Water utility payments
Natural resource damage
payments



Money Available

Complexity

Consumer-Driven Funding



Percentage of Sales

- American Prairie Foundation
 - Percentage of High West Whiskey Reserve sales (10%/year)
- Western Rivers Conservancy
 - % of Sierra Nevada seasonal sales in western states (\$130k/year)
- McKenzie River Trust
 - % of profits from Oakshire Brewing Co. “Watershed IPA”

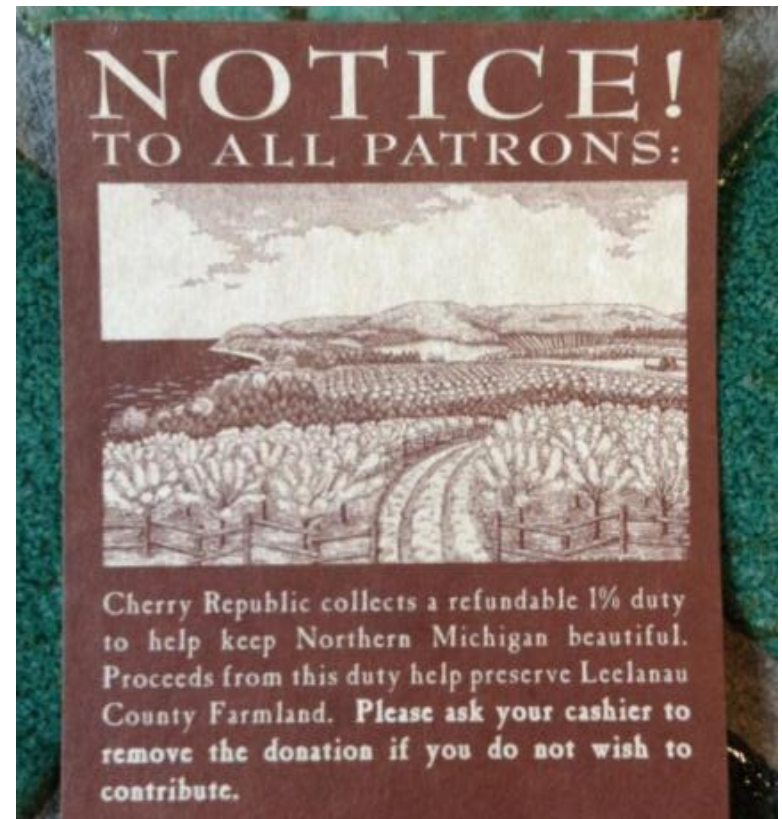


Consumer-Driven Funding



Voluntary Surcharge

Opt-Out Model - Removable gift on retail purchases



Income from the Land



- Sustainable Timber Harvest
- Agriculture
- Ranch/Farm Tours
- Recreation
- Hunting
- Environmental Education
- Green Cemeteries
- Pet Cemeteries?
- Leasing of Land/ Structures
- Wind, Transmission, and Solar

Borrowing Money



Type	How They Make \$ From You	Risk Tolerance
Banks (Billions of Dollars)	Interest Rate, Fees, Other Accounts, Investments, Services, etc.	Manage Risk (but aren't too familiar with conservation and may ultimately turn down a project they aren't familiar with)
Foundations (Hundreds of Millions)	Interest Rate	May Be Risk Averse (may not be familiar with land conservation)
Conservation Lenders (~\$100 million)	Interest Rate, Occasional Fees	Manage Risk
Individuals (Millions of dollars)	Purchase Price, Interest	It depends

New Sector Collaborations



- Poverty reduction, hunger & homelessness, affordable housing
- Health & Well-being
- Obesity treatment & prevention, tobacco settlements
- Whole Community Approaches
- National Defense
- Rural/Urban Economic Development

Private Sector Partners



Timber	Ecosystem Services	Agriculture/Ranchland
The Lyme Timber Company	Ecosystem Investment Partners	Beartooth Capital
Conservation Forestry	Environmental Banc & Exchange	Grasslands LLC
Ecotrust Forests LLC	EKO Asset Management	Farmland LLP
New Forests	Renewable Resources Group	New Spirit Farmland Partnerships
	Working Lands LLC	Fall Line Capital
	Equator LLC	Villicus
	New Forests	Carrus Land Systems
	Timbervest	Iroquois Valley Farms LLC
	EcoProducts	
	Permian	

Questions



- What is one conservation finance strategy or income stream that your organization is not currently using but could explore?
- What untapped or underutilized community resources exist in your operating area?

Many Thanks

