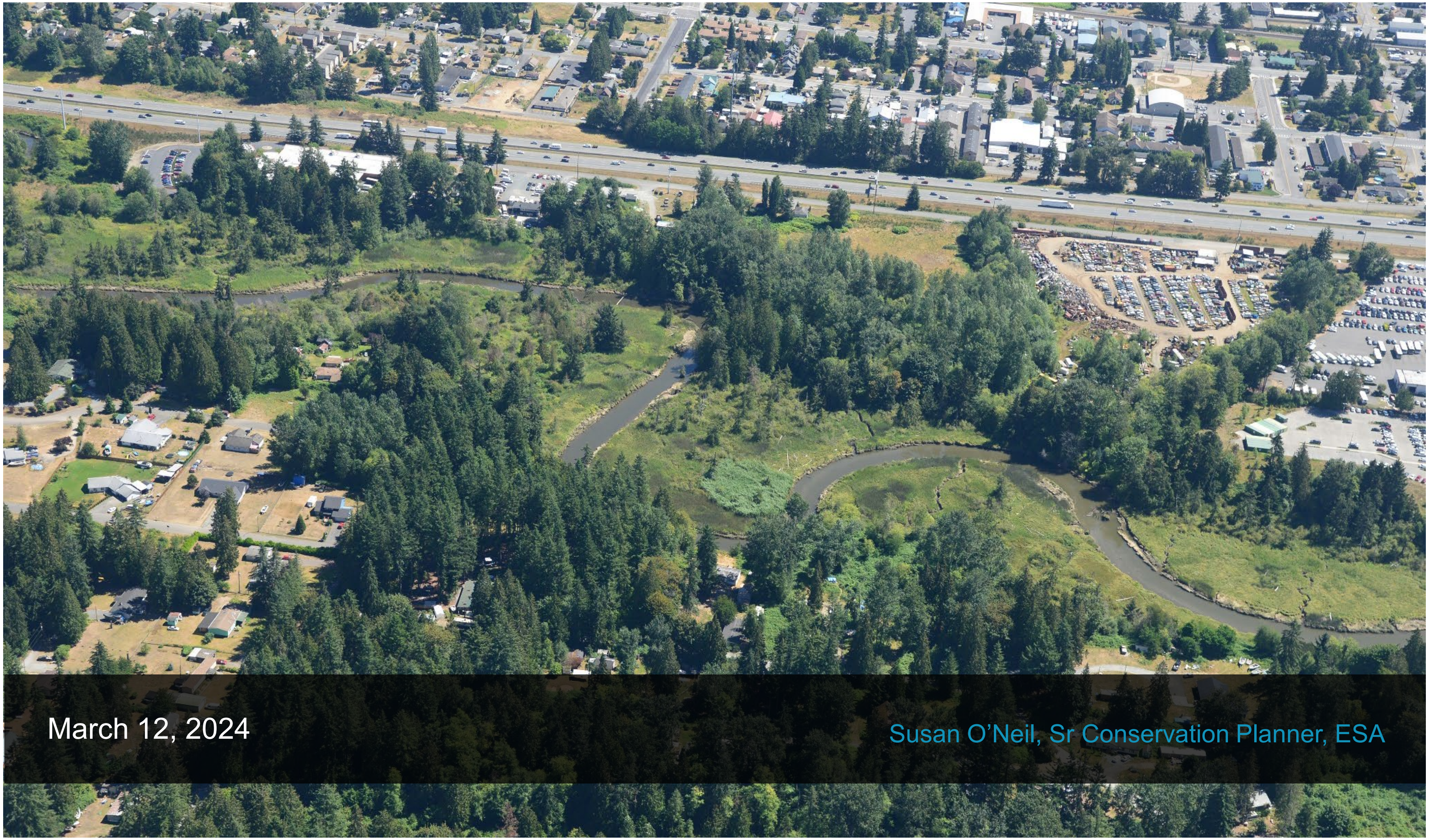
Presentation to the Riparian Working Group

Follow the Money: Attracting Private Investment in Riparian Restoration



March 12, 2024

Susan O'Neil, Sr Conservation Planner, ESA

Objectives for the meeting

Provide a common set of terms and concepts to improve communication

Review the findings of our 2022 analysis of opportunities

Plant some seeds for new approaches that this group can champion

Explore Pay for Success as a key opportunity (EPIC)

Private Investment – definitions

Private Sector

- Defined by ownership
- Includes companies and for-profit businesses owned and operated by private individuals or groups, not the government
- Inclusive of non-profits, philanthropic orgs & individuals (3rd sector?)

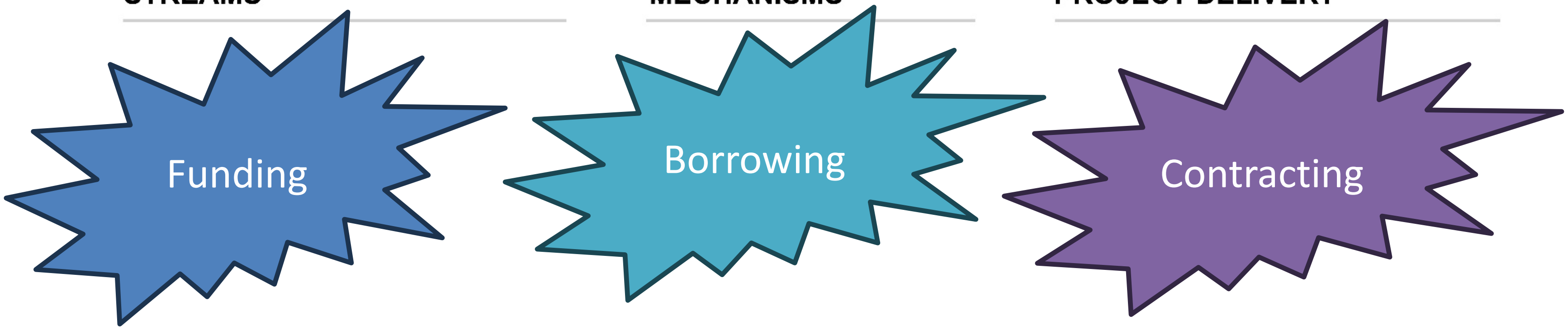
Investment

- Broad: Committing money, time, or energy for a future benefit
- Specific: Spending private capital with the goal of a financial return (e.g. private conservation finance)

The Framework

Full Framework

REVENUE STREAMS | **FINANCING MECHANISMS** | **PROCUREMENT AND PROJECT DELIVERY**



Full Framework

REVENUE STREAMS

- **PRIVATE**
  - **Legal Settlement Funds**
  - **Private Sector Credit Buyers:**
    - **Water Quality Credits**
    - **Riparian Buffer Credits**
  - **Corporate Accountability**
  - **Philanthropy**
- **PUBLIC / PRIVATE**
  - **Blended Funding Programs**
  - **Utilities**
- **PUBLIC**
  - **Local Government**
  - **State Government**
  - **Federal Government**

FINANCING MECHANISMS

PROCUREMENT AND PROJECT DELIVERY

Full Framework

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FINANCING MECHANISMS

- Municipal Bond/Green Bonds
- Enviro Impact Bond
- NGO-Sponsored Investments
- Community Development Financial Institution Loans
- Federal and State Water Quality Loans
- Regional Rapid Response Fund

PROCUREMENT AND PROJECT DELIVERY

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PROCUREMENT AND PROJECT DELIVERY

ALTERNATIVE
- Mitigation/Conservation Banks
- Pay for Success Contracts

COMBINATION
- Payment for Ecosystem Services

TRADITIONAL
- Grants to Project Sponsors

Overarching Takeaways

- There is no one solution.
- Act on several of these pathways to advance policy change and attract more private investment.
- Each entity has a different role to play in order to advance and expand these approaches.
- We should have planted these trees 20 years ago but here we are!

Key Findings

Pay for success contracting is the most streamlined and readily available option for increasing new private investment now – but scale matters

Blended **private/public** funds offer an easy and effective place for **corporations and individuals** to move big $$

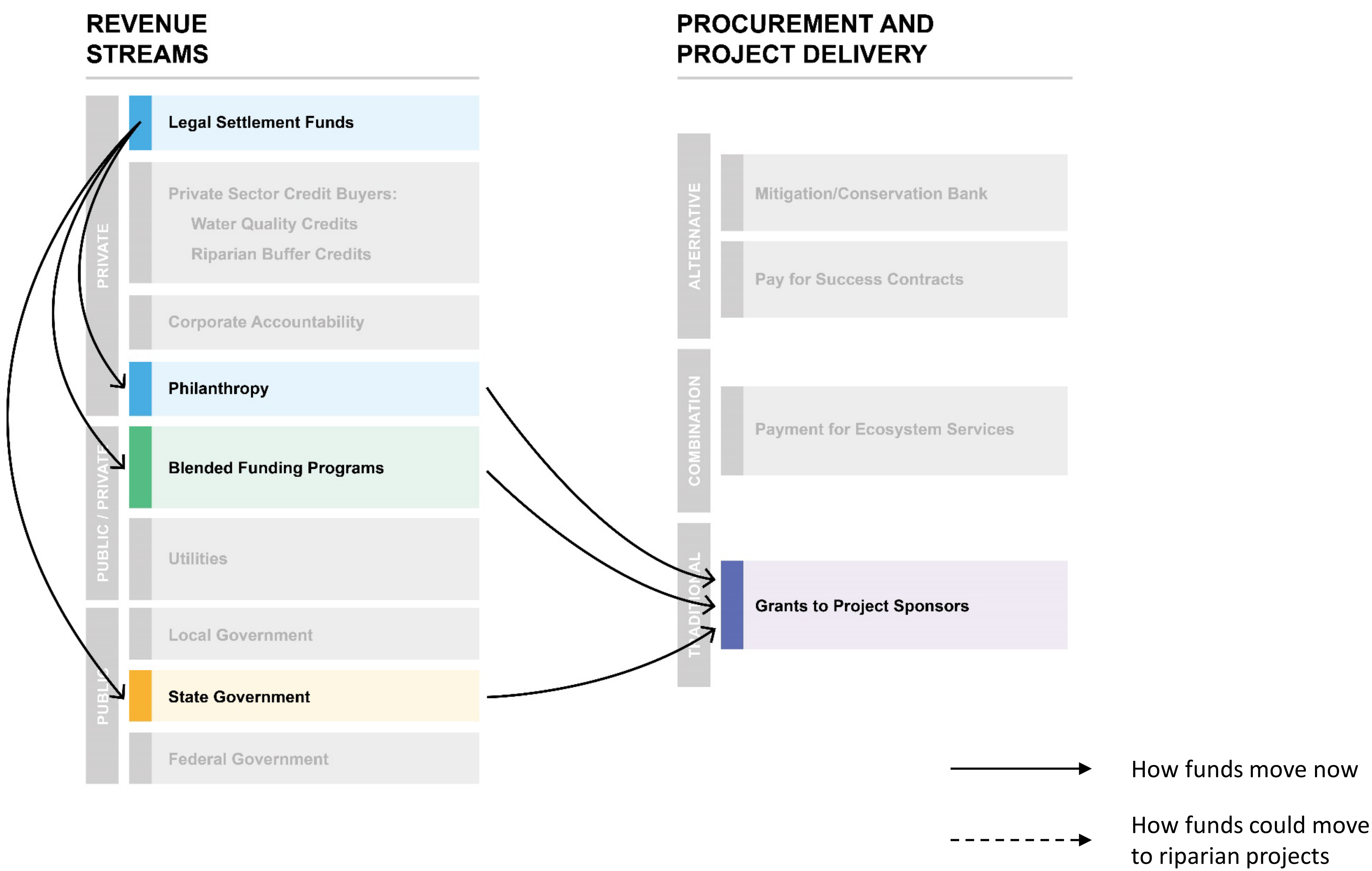
Financing through bonds and loans is most promising for riparian projects if part of larger projects

Regulatory change to **establish credit trading** will be a significant boost to private investment potential

Fully **enforcing existing laws** and provide directed rather than competitive awards to key projects will increase current funding and streamline outcomes

Corporate accountability can take a variety of forms and needs the **right relationships** for investments to happen

Revenue Streams – Legal Settlement Funds



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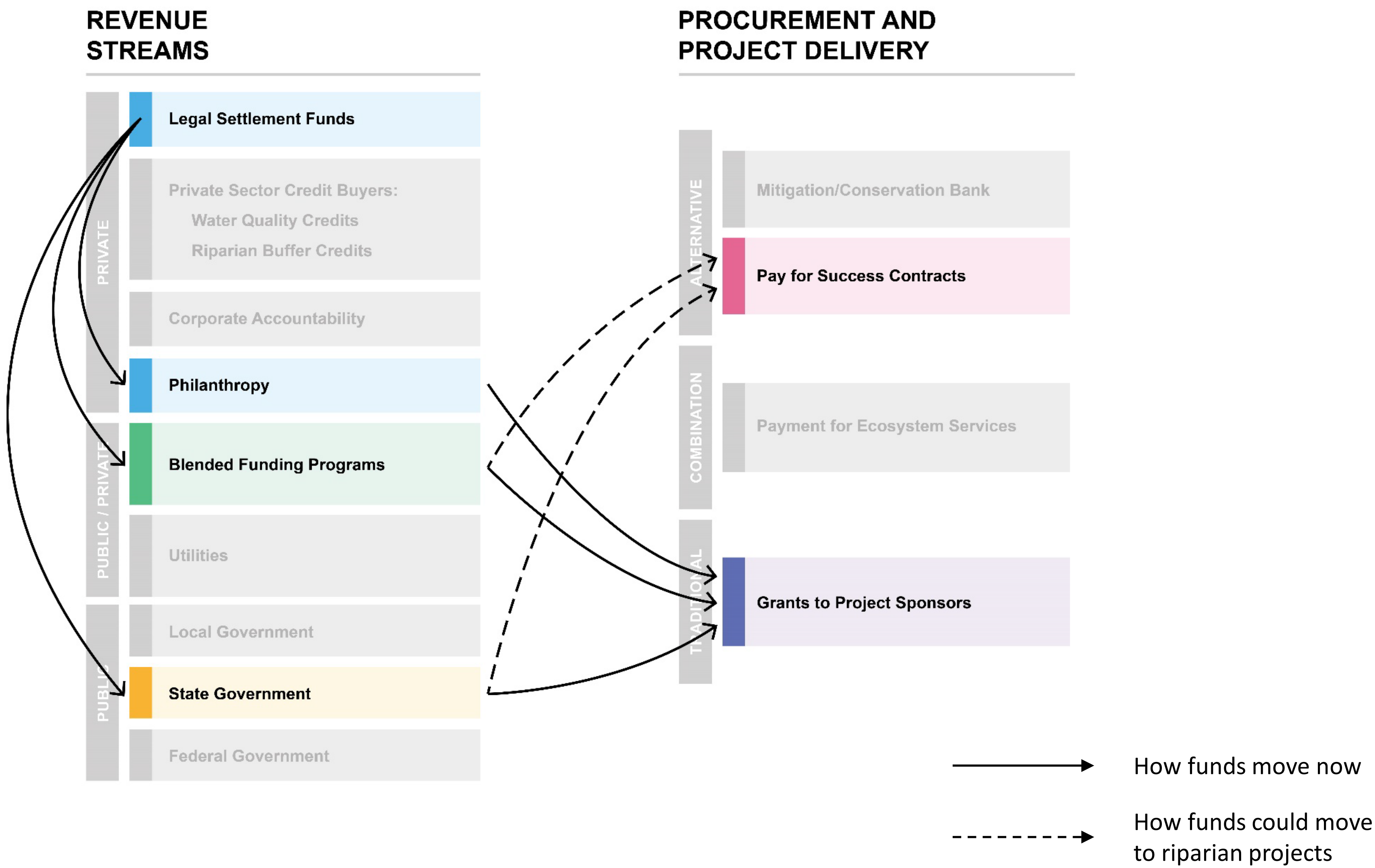
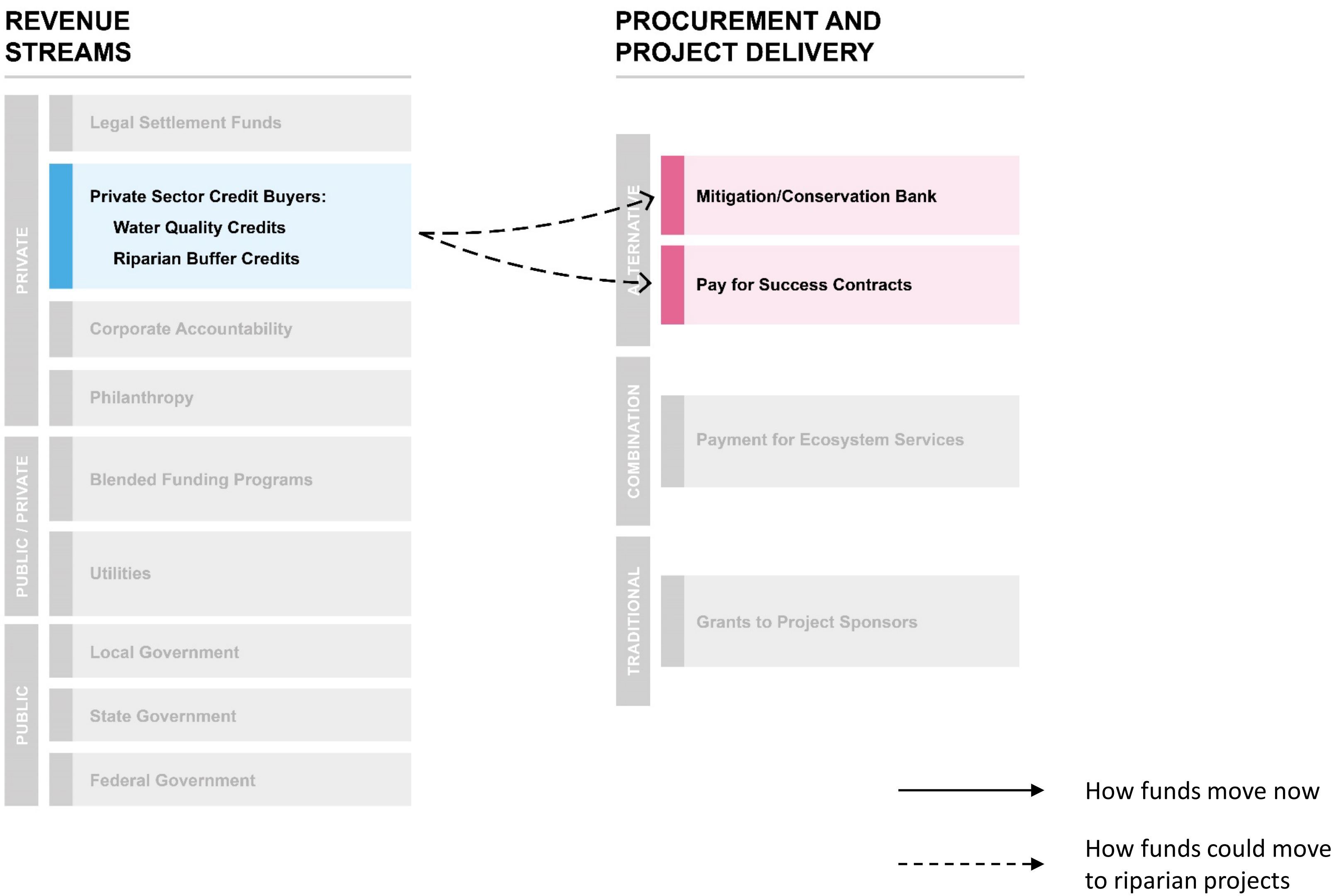
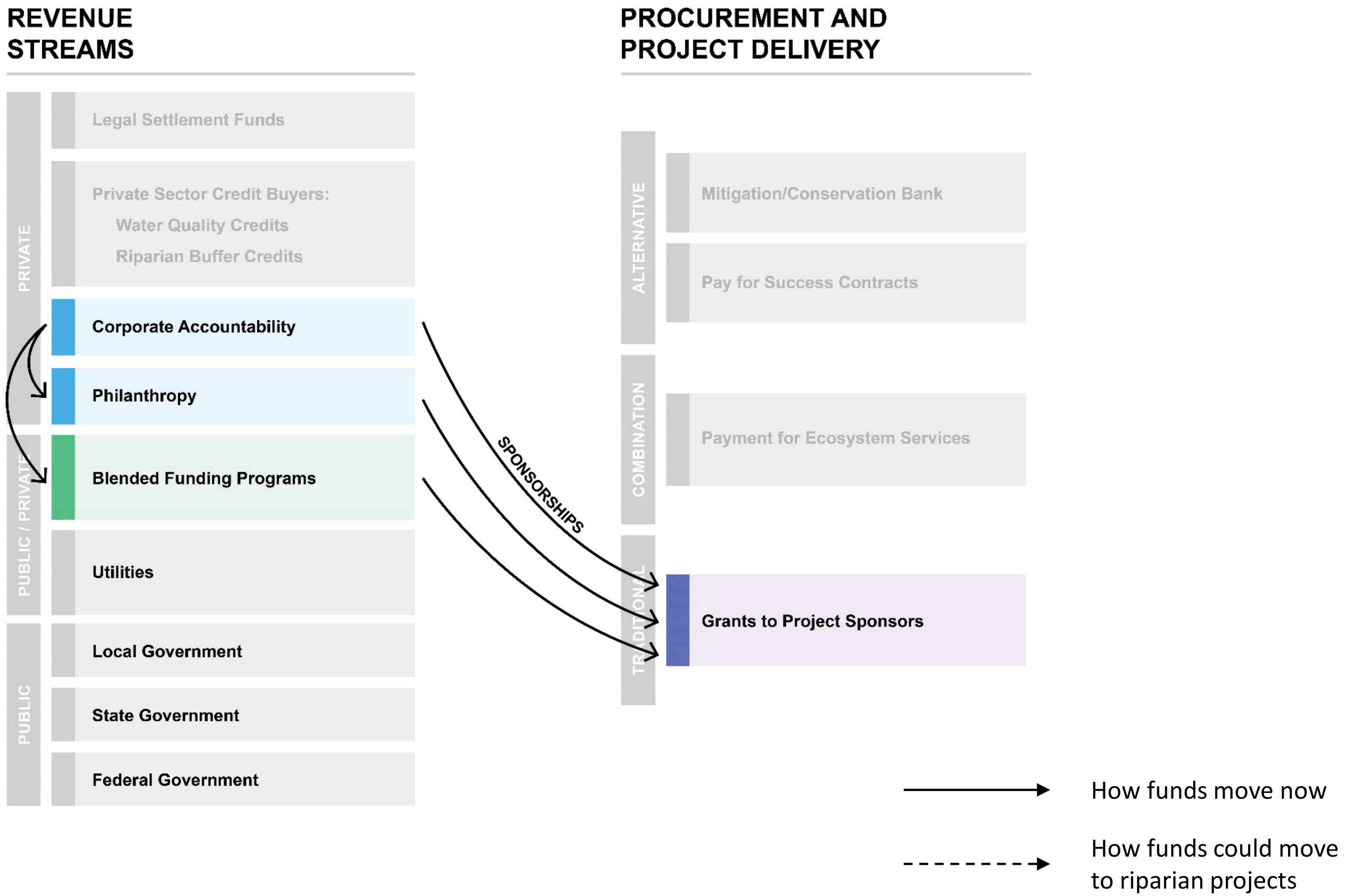


Revenue Streams – Riparian Buffer/Stream Credits



Revenue Streams – Corporate Accountability



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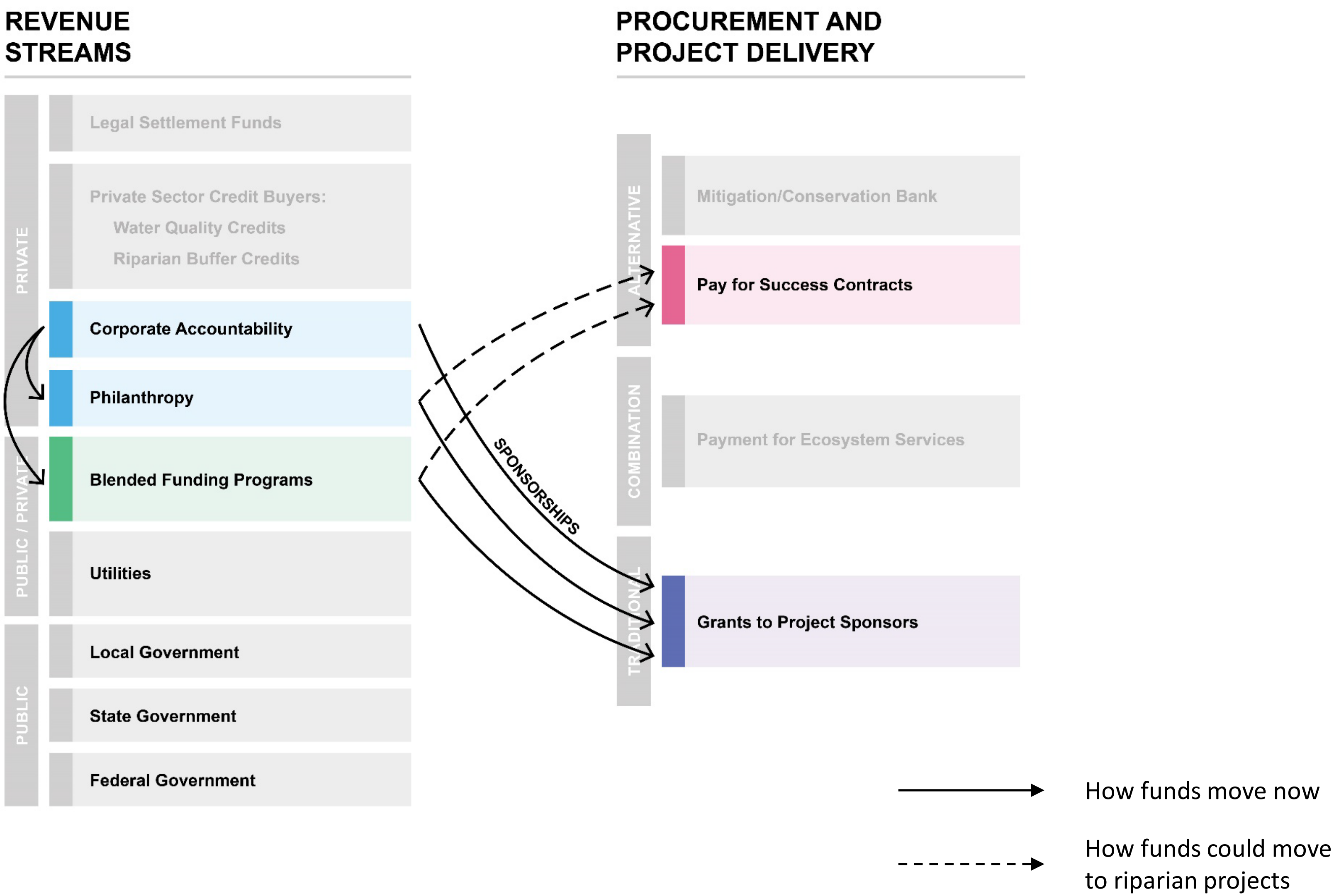

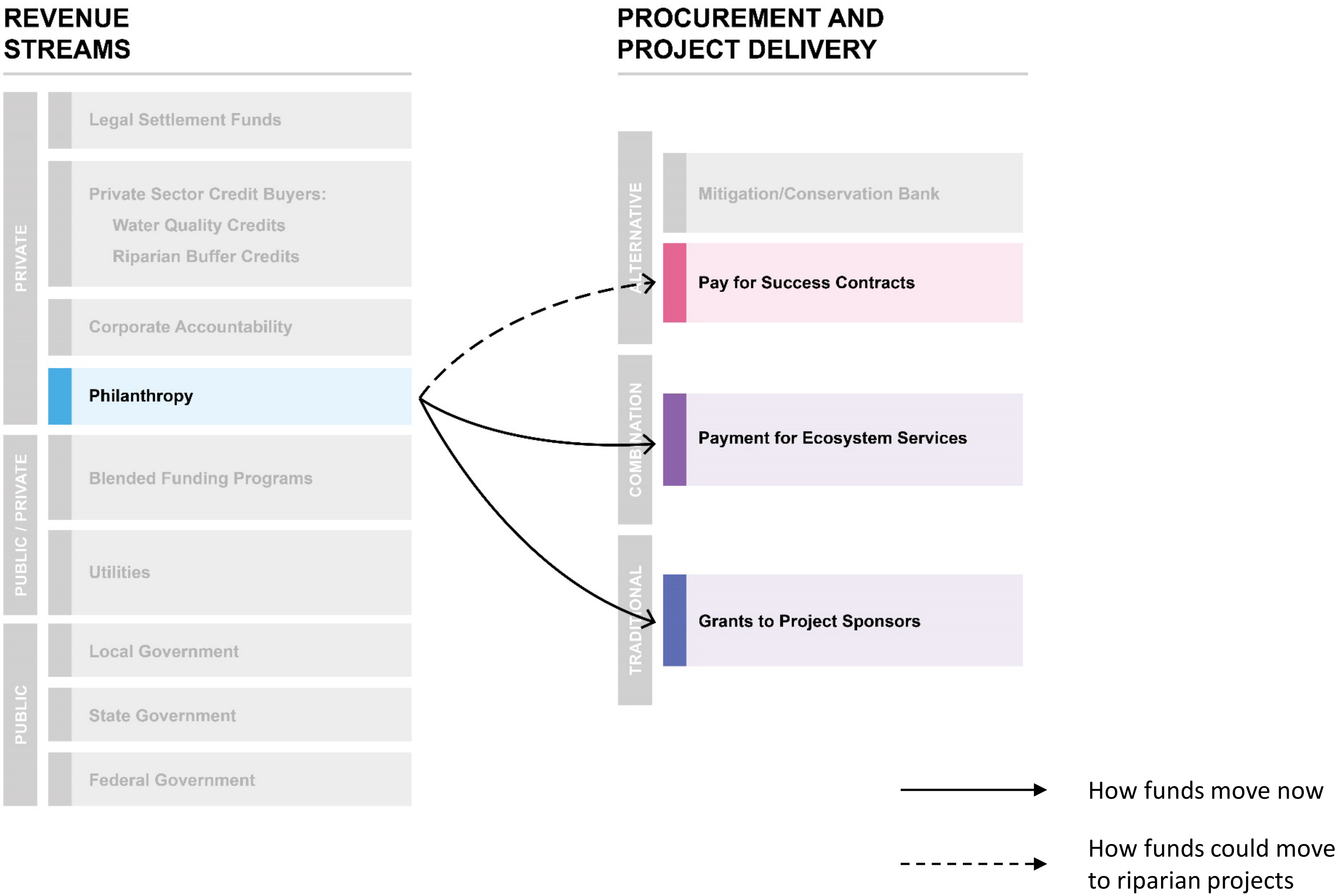
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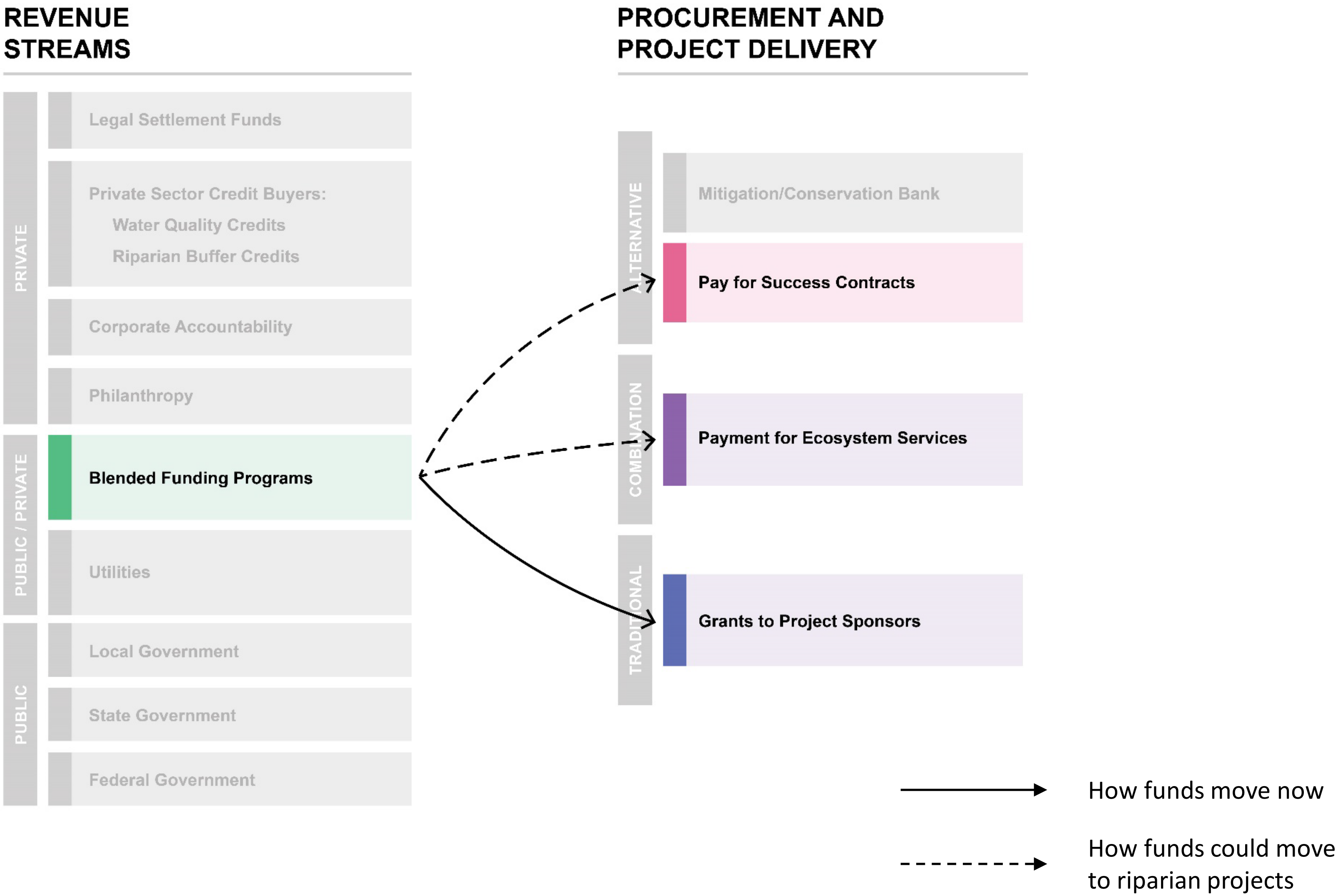
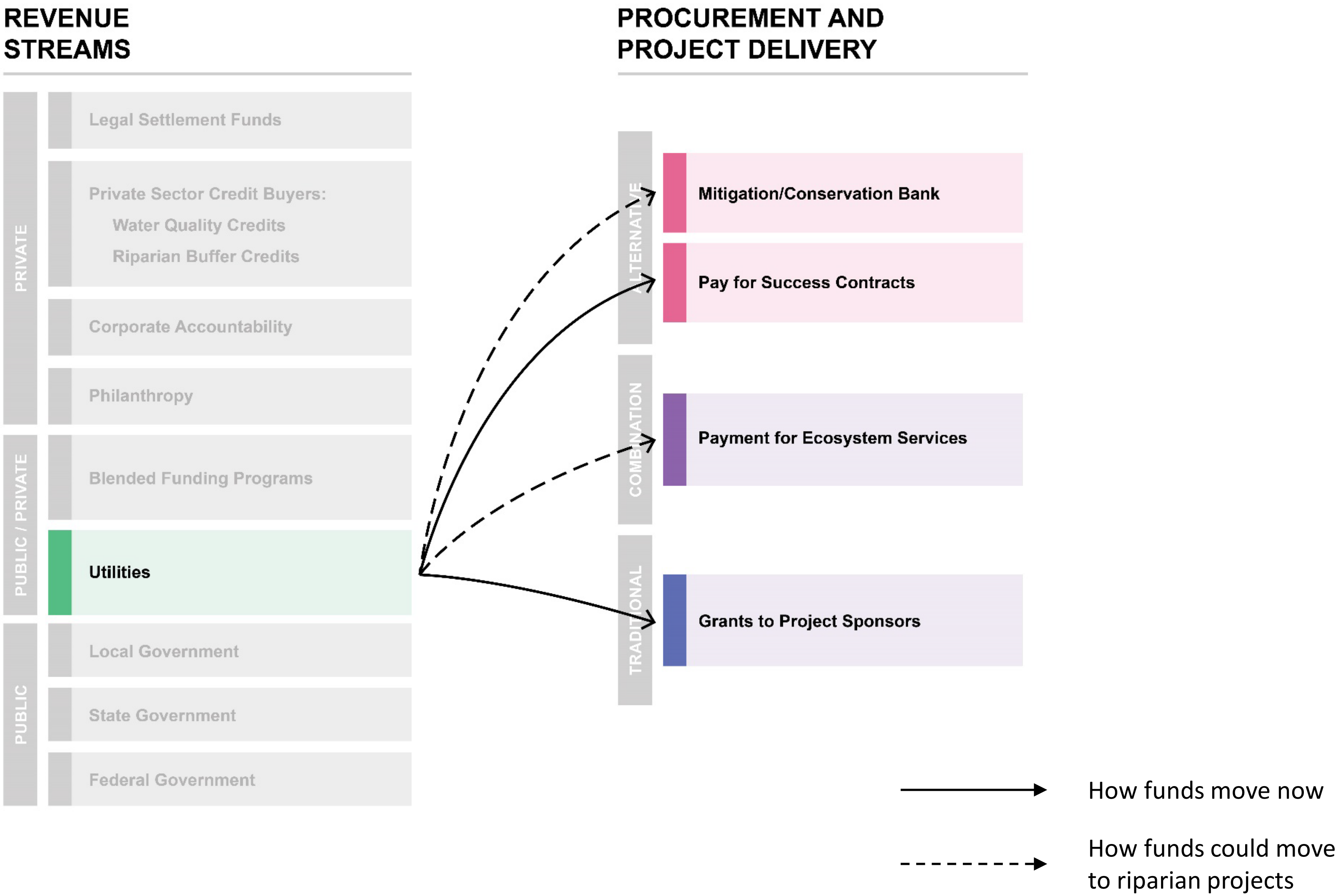
How funds move now
How funds could move to riparian projects

Revenue Streams – Blended Funding Programs



Revenue Streams – Utilities



Additional notes: Non-profits play a key role

- Securing and distributing corporate money and blended funds to a variety of implementers
- Gaining access and relationships with private landowners
- Partnering with for-profit partners to sponsor grants and loans
- Assist with jurisdictions and agencies to pilot financing and procurement models
- Championing new approaches and advance policy change

We need consider the bottlenecks.

Do we have enough:

- Project sponsor capacity to respond to competitive RFPs?
- Firms to respond to restoration design and construction needs?
- Native plant nurseries to provide locally sourced seeds & trees?
- A trained workforce to plant, monitor and measure the riparian projects?

Are we building our Green Economy in WA to demonstrate that these are smart investments for the private sector?

Questions?