Conservation Finance Practitioner Roundtable
April 26-27, 2017 in San Francisco, CA

Day 1- Welcome and Opening Remarks

To open the Conservation Finance Practitioners (CFP) Roundtable, Kari Cohen of the USDA Natural Resources Conservation Service (NRCS) thanked all of the 55 attendees for their attendance at the 4th convening of the Roundtable in San Francisco, April 26th -27th, 2017.

The mic was then passed to Leigh Whelpton, Conservation Finance Network (CFN) for opening remarks. Leigh thanked NRCS for their support of these meetings and reflected on the previous CFP Roundtable in Washington DC, October 12-13, 2017. Leigh noted the underlying meeting objective of increasing private capital for working lands conservation outcomes and asked everyone to share openly and honestly. Leigh emphasized the importance of further collaboration between the private and public sector.

A brief round of introductions took place.

Session 1- Envisioning the Future of Public and Private Collaboration

Moderator: Leigh Whelpton(CFN)
Panelists: Eric Cooperstrom (TNC NatureVest), Adam Chambers (NRCS), Peter Weisberg (The Climate Trust), Leslie Durschinger (Terra Global Capital)

After each panelist gave a brief introduction, Leigh then shared high-level takeaways from the report "Private Capital for Working Lands Conservation: A Market Development Framework." She noted that the purpose of this session was to discuss the report, its significance, and its potential uses. Insight from this report has been gleaned from the previous Roundtable convenings.

Leigh highlighted some of the top-level findings of the report for panelists' reactions. A key issue is the 'lack of appropriate risk return profiles' and the 'importance of public funding.' Without support from NRCS through the Conservation Innovation Grant (CIG) program, there would be less support for nascent fund ideas. Further, the report discusses ways in which we can speed market development and growth without cutting corners. For example, the risks and catalytic ability of small amounts of money for credit enhancement and how other de-risking mechanisms can help to get a deal done. Another key discussion point was scale, replicability and understanding that some approaches will become mainstream whilst others will remain niche given the constraints that exist.

The last high-level takeaway was about the need to be realistic about what can be achieved and experiential knowledge sharing is fundamental to growth of the field. The challenge is to keep sharing what's is working, but also importantly sharing what's not working. The single biggest call to action here is that we need all market participants to advocate for public and philanthropic funding.

Before passing the mic to the panelists, Leigh thanked everyone that helped to produce and socialize the report. Specifically, the Environmental Defense Fund, the Climate Trust, NRCS and all that were on the CFP project steering committee.

Peter Weisberg, the Climate Trust, highlighted the need for using the right language and the right patterns. Collectively, we think about units of measure, but what do project really need to gain access to public funding? Peter's key insight into the report is focused on two of the intermediary phases, 1) opportunities get off the ground by leveraging public funding, and 2) there is also a need for credit enhancement, and in the long term we need to be less risk averse. There is a role for private capital in early market opportunities.

There are also short term opportunities, ie can we value credits over x-year time period, but also so that there is value to invest today. There needs to be a final shift to get the private sector to invest and pilot early market phases.

Adam Chambers, USDA NRCS, discussed the role of the Conservation Innovation Grant program as a portfolio of grants that consist of different pots of money for different themes. This type of catalytic funding needs to be fought for, as there are a lot of competing interests at the federal level fighting for a pool of money. Adam emphasized that the theme of Conservation Finance is being pushed forward in a significant way.

In this previous cycle, NRCS reviewed 100 investment conservation opportunities for the CIG program. It is evident that we not constrained by the conservation opportunity, but need to identify ways to leverage the private capital. CIG funding serves as a high risk, no return, and early stage investment. Adam notes that additional players need to come into this space and provide additional funding beyond the CIG grant program.

Eric Cooperstrom, The Nature Conservancy (TNC) NatureVest discussed the Conservation Innovation Accelerator and the role of NatureVest in identifying deals. Eric describes their work as putting on "cash flow goggles." The Accelerator launched in March, and has $1.25M in grant making capacity. At the deadline, NatureVest received 83 applications requesting $12.5M in grants.
The goal of the Accelerator is to: Position deals for additional capital and attract additional investments to the market. There are two stages for the Accelerator projects.

1) Incubation stage: A project receives initial support to develop the market.
2) Implementation stage: Where additional financial support is typically most needed from private and/or philanthropic donors.

The main lesson from this experience is that funding is important, but so is technical support. The key is to think about what happens to projects that can't be funded through the Accelerator program.
Leslie Durschinger, Terra Global Capital, reflected on some of themes from report in conjunction with her professional experience on developing a rice protocol.

Leslie learned that rice protocols/projects were not economically viable to generate revenue from carbon credits. It is difficult for these markets be economically viable, but will proceed with the rice credit. Leslie remains confident that it ca justify rancher's participation in the program.

Through this process, Leslie is looking at ways to create demand for these credits. She is also looking at Organic labelling to create smaller supply chain buyers. Further, she discussed ways to utilize greenhouse gas and establish a price premium and long-term contracts for farmers. Leslie is also assessing ways to de-risk the fund through USAID funded credit enhancements which would de-risk part of the investment.

Summary of Q&A

Q: How can we learn from this group of people?

Leslie- This field needs to have good finance people. There is innovation in conservation and we need to convince others that these are real opportunities with a real rate of return.

Eric- This field needs additional technical assistance to support entrepreneurs. There are organizations with conservation finance training, but we need to leverage that to expand early stage investors. We need to connect organizations with others who have a specific niche (ie data and tech companies).

Leslie posed a question to Eric in regards to the Conservation Innovation Accelerator. There is the 'Tier 1' group that gets funded, but what happens to the rest of the projects?

- Eric responded by stating that NatureVest intends to host trainings for those projects that went unfunded. They hope to open up training to all and then match projects to external partners.
- Adam responded to the question within the context of NRCS and suggested providing explicit feedback for applicants that have not received grant funding. There is a core list of unfunded projects, so it might be of use to have a system of referrals. You can't hand over list if you individually want to pursue funding, but referral process may open up opportunities.
- Peter noted that available public support will always be limited, but we should advocate for these pots of funding to grow. Further, there is a need for upfront risk mitigation, and a balance sheet behind it.
- Kari noted that sharing CIG applicant information is a matter of privacy and thus, could become an issue. It's normally treated as proprietary business info so he hasn't thought through it completely, but he will for the future.

Ricardo Bayon, Encourage Capital, commented that these unfunded projects could produce a concept note of shareable information. Early stage projects need the Accelerator. The next step is the need for growth capital so that they don't die on the line.

Q: So, what's next? How do we move beyond the traditional markets?

- Kari noted that funding for the CIG program should continue to act as catalysts for early-stage projects.
- Spencer Meyer, Highstead Foundation, emphasized a few points from Peter. Some entities need enhancement, and there should be a match-making process for the '2nd tier' projects who don't get initial grant funding.

Leigh concluded this session by stating that the first meeting was to get to this point, and the second step is launch a match-making process for projects.

Session 2- CIG Spotlight: Environmental Incentives – Pay for Success in Nevada & Idaho

Presenters: Jeremy Sokulsky, Kristen Boysen, Eoin Doherty (Environmental Incentives)

In this session, Jeremy Sokulsky, Environmental Incentives discussed their Conservation Innovation Grant. The purpose of this session was to brainstorm with the collective group to discuss the challenges with government procurement and create metrics for their products. These two case studies incorporate, pay for performance, environmental incentives, water quality, and habitat markets/exchanges.

The main ways to group domestic spending and agricultural subsidy into conservation:

- Pay for performance
- Market development framework
- Full delivery contract-paid

The challenges in these CIGs are to identify a buyer to front some of the upfront costs, so there is not a need for private capital. The state government would come in and provide capital once a project is sold.

Kristen Boysen then took a floor to discuss one of EI's case studies on a DWR Tidal Wetlands Restoration project in CA. The purpose of this project is to provide a full delivery contract. Investors provide upfront capital, and are reimbursed as conservation outcomes are achieved. This type of model is typically done on high value ecosystem land. EI facilitates the investment capital for the working land, and sells it to the state of California at the appropriate time. The tax payer will know how much is being spent (ex: $24.5M) and the state takes on full responsibility on ensuring that the land is restored and stewarded. This is a project fully packaged with upfront capital.

The second of the two case studies discussed by EI relates to the Nevada Conservation Credit System as it related to Sage Grouse habitat. The primary partner of this project is the State of Nevada which has committed $1.2M to seed credit projects. EI has seen 11 landowners submit their letters of intent. The primary concern is that mitigation credit systems are very complicated.

The key to this program is:

- To attract additional ranchers;
- Develop a supply chain collaboration of professional organizations;
- Identify small not contiguous pieces of land;
- Work with states to design how to use the funds
- Work with states to use the mitigation tools to provide low-cost capital to develop credits;
- Identify Public-Private Partnership seed funding;
- Select projects based on credit estimates;
- Develop the conservation credit as the end-product; and
- Fund for long term stewardship (currently not in place).

Lessons Learned from this process:

- Agencies squirm around mixing state and mitigation fund;
- Is this model replicable?

- The current system is effort and cost-intensive;
- Procurement rules and lack of tested legal mechanism make it difficult to create new contracts;
- States have difficulty procuring funds for buying credits in the future;
- When the states get their money back, funds sit there for a long time;
- There is regulatory uncertainty with mitigation buyers;
- This model looks to reduce costs, but it takes time;
- A possible alternative is to have mitigation negotiations in the backroom.

After discussing important elements to the program's success and the 'Lessons Learned' component, Jeremy then posed ideas for proliferation for reaction to the room of attendees.

- What is the private sector value proposition that resonates with government agencies?
- What are the specific contract terms that can work for agencies and the private sector?
- What is the supply chain model that is needed to get proliferation at scale?
- How can this be applied to the Farm Bill?

Session 3- Leveraging Private Capital Through NRCS Programs

Presenter: Ricardo Bayon (Encourage Capital)

In this session, Ricardo Bayon, Encourage Capital, addressed the topic of how best to leverage funds with private capital. The fundamental question is how to leverage the $4B of undeployed, but committed capital to effectively achieve conservation on the ground, and also how to leverage these dollars to acquire even more private capital?

Ricardo and the Encourage Capital team are working on a report to discuss the opportunities in NRCS programs for conservation finance. A portion of this report came out this (2017) summer. Ricardo state that there are opportunities with conservation easements. He spoke to all stakeholders and believes easement programs can be very powerful tool to leverage additional capital. For example, if you buy land, receive the productive value of the land; you can increase the Internal Rate of Return. Further, if you purchase the land and partner with ranchers, there are many ways to leverage additional private capital and opportunities within the Regional Conservation Partnerships Program (RCPP). The RCPP program is designed for larger scale landscape initiatives. The issue with this program (and others like it) is that it can be complicated for budgeting because you might never know that these programs exist.

Ricardo noted that there is a tremendous opportunity for private capital and the R&D portion has potential. There are also opportunities with the Environmental Quality Incentives Program (EQIP) which is designed for socially disadvantaged landowners. From Ricardo's perspective, the budgeting process is the biggest issue with these programs as the funds are given out in small chunks (avg. payout is $25K). The challenge here is that it's hard to aggregate these funds together, but there needs to be a way to do so.

Ricardo then turned to the group for suggestions on how to overcome these challenges within NRCS programs. If anything were possible, what could be done? Responses/questions from the group of attendees are as follows:

- Why should NRCS money only go to work for productive activity? Could it perhaps go to agriculture technologies?

- Is it possible to structure a subset of NRCS projects as investment vehicles?
- Provide low-cost concessionary loan capital and loan guarantees.
- Create a conservation revolving fund where private investors put up the principal, and the government pays a loan guarantor role.
- Issue a bond to support landscape-scale conservation effort.
- Use an insurance model to monetize reductions in flood and fire risk.
- Private conservation-driven yield insurance.

An additional suggestion would be to focus on developing up-front finance programs. The capital is provided early in the market development and outcomes are purchased from the government or other entities. There is a potential to develop a state revolving fund for these types of programs.

A comment from Tina May, Land O' Lakes, was to think about conservation-driven yield insurance which is income foregone. There have been focus groups with farmers, but how do you scale this model?

Mark Lambert, Farmland LP, noted that there is a need to support farmers' transition from conventional agriculture to an organic product. There are ways to overcome the transaction costs, such as mobile-banking micro-finance technology.

Session 4- California State Treasury Green Bond Issuance

Moderator: Sean Penrith (The Climate Trust)
Panelists: Alan Gordon (State of California), Michael Paparian (Consultant, Climate Bonds Initiative)

In this session, Sean Penrith, The Climate Trust, looked to address landscape scale bonds, heartland conservation bonds and green bond finance. The green bonds market segment has been growing for the past 10-15 years and currently, there is a large appetite for such a product. The largest issuance of green bonds is the transportation sector which is currently valued at $460B.

Alan Gordon, the State of California, iterated how the sector is growing and demand is high. As an example Bill Lockyer (California State Treasurer) issued $600M of green bonds with carbon benefits and they were oversubscribed. There are large opportunities here, and the 'cap and trade' market and low-carbon fuel mandates for vehicles are worthwhile endeavors.

To get a sense of what was missing the State of CA held a series of meetings and met with 65 different people including representatives from CalPERS, JP Morgan, MS, and Goldman Sachs. As the market in Europe was more robust, we wanted to figure out what was needed to escalate the market in the US. The result was to establish a market for municipal bonds and green bonds.

Once of the key questions was why CalPERS wasn't buying. The answer was the US-special tax for municipal bonds. CalPERS would violate municipal debt as they don't get tax advantages - they have tax exempt status.

There are also structural problems because of the split in positions about climate change in the US over whether it is real or not. In Europe high net-worth individuals believe climate change is real so they are willing to invest. In the US this is not necessarily the case. There is also a huge generational split. Of the younger generation that believes in climate change, few have $10M to invest. Any solution will need to split investment into smaller, more manageable pieces.

The treasurer's office is working on the following items:

- Can we go to the legislature and ask for money? Yes, but it gets complicated.
- Opportunity to give revenue bond such as a Geo bond - pay for highways. Revenue bonds finance revenue through actual assets.

Michael Paparian, Climate Bonds Initiative then took the floor to discuss his perspective on green bonds. The idea of green bonds is to pay for the type of infrastructure that is necessary in a carbon challenged world. Green bond principles deal more with the structure of bond – there is a movement that defines what is 'green'.

Sean mentioned that standards alone will not do anything. Sean then raised the questions, "What do we do that is the most radical thing we can do to unlock the $1T?" Michael believes we should flip the question around. If it is not a green bond, we should ask why are we spending money on that?

Sean then posed his next question. If we assume we have a carbon tax, then what? How do we use the appetite for green bond instruments effectively? Alan responded by stating that we should think in shades of green, and refinance the existing system. Companies and countries need to think about proven oil reserves, and then we need to start hedging. For example, if you are Chevron you need to start investing in green stocks.

A member of the audience posed a question on how to convene existing investors who don't care about climate change? Sean stated that there is a disconnect between the two parties. Can we invest $25B and also $25T? Michael noted that bond finance is a longer term investment vehicle at 10-30 years, which should be more appealing to investors. A $100M bond is guaranteed, but if investors haven't seen it before, then that price is very high.

The New York State Energy Research and Development Authority have a revolving fund and a designated authority to give low-interest loans and grants. Why isn't this scalable and replicable? In California, revolving funds are being used for watersheds protections using RCG guarantee. Water users in Southern California are paying for costs in Northern California.

Alan suggested that credit support is required as is first-loss protection. For example, if there is a default, we will pay first 10%. Government can fund the guarantee.

In regards to cap-and-trade money, they asked for $25M and didn't get it. How else can we accomplish this? Aggregate and get some guarantee to get the basis points. However, there is a need for a fund to support that will pay these loans. We can also look towards more creative Wall Street bankers and taxable banks.

Adam Chambers asked from the audience, who has the money? How do you develop strategy to get it? How do you create the opportunities?

A response from the panel was to possibly look at insurance companies. They have an interest in rising sea-level, as they own the assets that could possibly be damaged. The Insurance industry could take that fee and average, to create very large green bond.

Session 5 – CIG Project Panel

Moderator: Kari Cohen (NRCS)
Panelists: Sean Penrith (The Climate Trust), Rob Wallace (i2 Capital), Mark Lambert (Farmland LP), Laura Kimes (Fresh Coast Capital)

In this session moderated by Kari Cohen, NRCS, four of the current CIG project recipients discussed overall progress with their own grants, including any challenges or achievements.

The first to provide an update was Mark Lambert, Farmland LP, whose award is intending to quantify the added ecological benefits of regenerative agriculture compared to that of conventional agriculture. As noted by Mark, there is a lot of potential to capture data in a rigorous way and incorporate this information into the supply chain value. Through their CIG, Farmland LP is working to create a dollar value, and a non-dollar value (ie added environmental benefits). However, they need to reflect upon themselves and assess how they want to represent these findings. They is to take somewhat complex concepts and boil them down to something the investor cares about, understands or wants to pay for.

Thus far, the challenges are that benefit transfer models have not been studied for a long time to reflect organic/regenerative agriculture. When you can get data for deep carbon storage and perennial systems, the data informs the calculations. Organic agriculture is complex to model because of the boundaries of what to include and to exclude. One needs to ask, what do investors care about? What do you do you quantify for them? Further, how do we use Ecosystem service to split out the dollar amount? How can one include this when valuing a Fund? There are also a lot of challenges in regards to biodiversity metrics. Farmland LP is using GIS mapping, but there are challenges to collecting information across 13,000 acres of land.

A question from the audience was in regards to how this information will be displayed. Mark responded by stating that the IPAR dashboard is already developed and is benchmarked against other Funds. Then, the question is how do you layer in IRIS metrics? And, how do you create a comprehensive value and product that is not overwhelming?

Spencer Meyer, Highstead Foundation, suggested addressing some of these challenges specifically to identify what investors want - possibly through a focus group. Investors care more about the dollar value or underlying impact, so why do we use theoretical numbers? Is it not just acres protected?

Laura Kimes, Fresh Coast Capital, provided an update to their CIG project. The purpose of their award was to focus on cities with light, urban green storm water and harvestable urban agriculture. Once these cities were identified, they work with the city and non-profit- engineers to create a cost effective way to manage storm water, in additional to planting trees that absorb storm water along with using existing infrastructure. Laura also noted that educational program is the best way to plant harvestable plants and crops.

The key challenge for Fresh Coast is financing the pre-development stage, which is not a new challenge. Predevelopment funding is more of a challenge, but PRIs and foundations have been helpful in funding these projects. Fresh Coast partnered with the City of Peoria on the CIG award.

Under a primarily grey infrastructure city, savings amount to about $400M, while a green/grey infrastructure would be $250M. The city of Peoria is considering a 100% green infrastructure setting. One can also look to model additional benefits and create portfolio optimization.

Ben Guillon, i2 Capital, spoke about the Sage Grouse project in Wyoming, where they look to buy land in advance of impact, do restoration and sell credits to the government under the endangered species act. So, they are able to generate profits when credits are sold. They are currently working on project just north of Jackson Hole, where there is a lot of oil and gas development and where sage grouse habitat is at its' limit.

Another example is the Spotted owl. Everyone is willing to work together to keep the species from being listed under the ESA. But, how do you operationalize that? Large industry comes in and takes land out of production. A co-op system allows landowners to maintain rights to their land, while benefiting from the sale of mitigation credits and also deriving benefit from agriculture. I2 capital has partnered with the largest oil and Gas Company to do this work. However, the question is how you get landowners involved when you turn to market system?

The challenges to implement these practices are:

- Policy at the state-level;
- NRCS money is critical to develop these projects;
- Convincing the state government that these are great systems, but more work is needed on the ground;
- Federal government could disrupt markets around sage grouse;
- If sage grouse is listed under the ESA, specific acres can be excluded from project- ranchers. We need to track every NRCS dollar, because we might not be able to track the benefits from the program;
- Program could be trumped by ESA regulations.

Session 6 – Building Regional Capacity for Funding and Financing

Moderator: Spencer Meyer (Highstead)
Panelists: Ryan Orndorff (REPI), Carl Palmer (LegacyWorks Group), Beth Riley (American Forest Foundation)

Spencer Meyer, Highstead Foundation, opened this session by asking the group, "who is cultivating the ideas?" This group is doing work at the forefront of this field, and each panelist brings knowledge from various regions. To start the session, Spencer gave a brief overview on a Conservation Finance Roundtable that he hosted just a few weeks prior. The purpose of this Roundtable was to translate the national level dialogue and distill it into a New England-focused discussion.

In New England, 24,000 acres of forest is lost per year, but there is a steady increase in protected areas because companies are changing its' business models for conservation value. The regional vision is to achieve protection of 70% of forest in New England, occurring mainly on privately owned (with little public) land. In the region, there are 350-400 land trusts and through 43 regional partnerships.

At the Roundtable, there were 35 NGO's, Local and Global, federal agencies, impact investors, large forest land owners involved. The intent was to connect these groups together, and to pitch ideas that showcase studies to inspire people to make new collaborations and investments in each other's work.

The primary take home from this Roundtable was to:

- Build a coalition

At this point, Spencer turned towards his panelists and posed the following questions:

- What is the right Scale for collaboration on conservation finance?
- Who provides steeping stones from traditional to innovative mechanisms?
- Do we need to invest in more intermediaries?
- Will networks make innovative conservation finance more accessible at scale?

Beth Riley, American Forest Foundation, was first to react to these questions. At AFF, they think differently about collaboration, and how to manage regional grants and partnerships for maximum conservation outcomes. For example, when they look at the West, the conservation issues relate to fire and water. The South is sustainable timber, and the Northeast is focused on wildlife.
Their goal is to take expertise in social marketing look at who else has similar interests. AFF believes that there is a mutual need to invest together as a regional funding mechanism to fund projects in the area. There is capacity to provide support, technical assistance and teach local partners on the ground, and provide sustainable funding.

Ryan Orndorff, Readiness Environmental Protection and Integration Program (REPI), then took the stage to discuss a regional partnership in the Southeast region. The initiative was developed as an acknowledgment that conservation aids with training and testing and an ability to "shoot, move and communicate". The Southeast Regional Partnership for Planning and Sustainability (SERPPAS) program began in the state of North Carolina, working on protecting woodpecker species.

Then, they looked to create private land initiatives to work in a broader landscape around their defense facilities. They also took a broad approach to think across military. The program's focus has been in the SE – involved in partnerships for 10 years across 40 different organizations and agencies. The intent is to create an understanding to proactively work together to identify, issues, challenges, and opportunities. A public-Public partnership aiming for the same objectives brings together unity of public interest. Ryan acknowledged that thinking about procurement is difficult, but the goal was not to be part of the same action, but the same effort.

The current goal is 8M acres of pine ecosystem by 2025 in the SE. They have only managed 60k-80k acres a year to date so it has been challenging. They need to find ways to meet partners where they are.

Carl Palmer believes we lack plumbing in this space. The communities know the opportunity, but we don't have a way to do large-scale conservation projects. Carl believes it all centers around collaboration between competing nonprofits.

Agriculture communities have come together because they realize that if they don't sort out issues, they could go out of business. It is about creating added space for collaboration. How do we accomplish this? There are training courses and regional convenings, but the ultimate goal is to establish a thriving community. We need resilient local accounting, not just conservation.

Summary of Q&A

Q: From a previous Roundtable, Dave Chen noted that if mechanisms get to "boring", then they are successful.
Carl responded by stating that the fundamental point about local- see one, do one, teach one. This isn't necessarily scale, but we need to invent the new ways to do things at small scales and then do many of them. Ryan added that building a coalition of willingness and trust doesn't always work, but we need to be willing to try these things in partnership. It enables the 'enabling body', not just the results. Program managers and policy mangers enable local actions to take place. Beth responded by stating that advocacy is an important part- what do we care about in terms of priorities and what is driving the work? Community leaders see the links, but the key is to ensure we're doing what needs to be done. This is only happening in collaboration.

The old African Proverb "If you want to fast go alone, if you want to go far, go together." There is a need to bring together principles of the coalitions and leaders of organizations.

Q: How do you share information with networks and maintain this culture of sharing?
Beth responded first by stating that we need to get land owners in front of policy makers and brand owners. We need to make the connection between why this is relevant to the end-user. Carl noted that the community is much tighter knit, but we need bigger picture thinking. The key is knitting stuff together and planting seeds together. Conservation is local, so we need to scale regional and local efforts.

Session 7- Agribusiness & Conservation Finance: Opportunities for Engagement

Moderator: David LeZaks (Delta Institute)
Panelists: Tracy Schohr (KCoe Isom), Tina May (Land O'Lakes)

David LeZaks, the Delta Institute, began this session by identifying high-level points that he would like the panelists to focus on as it related to Agribusiness. These include:

- Opportunity to scale;
- Intersection with producers;
- Technology and how risk is managed on farm;
- How do we create value for conservation?
- Solutions need to be wrapped into how a farmer operates; and
- All the pieces need to be aligned- relatively complex landscape.

Tina May, Land O' Lakes, started the session by discussing her story and her journey to Land O' Lakes where a position was created for her at the nexus of business, policy, and innovation. She was asked to be as "disruptive as she can possibly be." Who is Land O' Lakes? They are a member owned co-operative, with 15M dairy co-ops in the Upper mid-west. She asked her supervisors is she could work on outcomes-based conservation, pay for success, and social impact bond models. Tina acknowledges greater standardization is needed in the industry. Also, that in conservation finance, we need to think big and fail fast.

Tracy Schohr, KCoe Isom, provided context to the discussion by noting that she comes from a family of farmers. Her family just harvested their 107th rice crop and has gone through challenges-lack of estate planning, generational planning and succession. In addition, they have also done cattle ranching, walnut planting, and some mitigation work.

KCoe Isom does work for international consulting and accounting firm- ranches, farms and co-op's focused on production, food, and agriculture. At KCoe they have accounting, audit, sustainability team, estate planning and succession. The key part is planning: How do famers survive current polices and predict tomorrow's policies?

They work on unique projects looking at data and knowing how the bill can impact the individual farmer. Current, they work with EDF through their CIG award to help bolster mitigation projects. But, how does this fit in with conservation? They look at conservation as a benefit to producers. On unproductive land, they look at how they can get a return on investment on that land and how it can be reverted back for maximum conservation.

Tracy has worked with solar producers on their farms and how they diversify income streams. Tracy then concluded with two final thoughts. The first is that producers must make money. When a producer makes money, they also get taxed on it. The second is that we need to work with producers to help create 'ready' packages. There is interest in technology, so we need to think about farming in a different way. We need to think about new opportunities to balance conservation with making a profit.

Tina commented that everybody needs to bulldozer on and help to scale and get to market. What questions do you ask? It's everyone's job to go to Capitol Hill. We need to talk about the issues and tell people what you're doing. Then it doesn't seem crazy. In the past, you may have had 2 PhDs talking about conservation and asking for an entire $6B to be shifted for conservation. That's not going to happen. Take it back to the essential point and make it work for farmers and ranchers. These stories need to get out to producers. There is an opportunity is the middle ground for farmers and they can be shifted by working with partners. The more we talk about it the closer we get to market creation.

First commented, Steve Rowe of Newtrient, is an environmental lawyer representing the voice of agriculture. His work focuses on reducing environmental footprint – agricultural and economically. He makes the case that farmers are owners and stewards of the land. They are price takers, which is a structural supply chain reality. Further, they are in an interesting geographical location as they tend to be upstream from watersheds. Another key piece in the puzzle is phosphorous which is only found in Morocco and Florida. The agriculture system can process and sell phosphorus. It takes $1.5M to process phosphorus. Even if we can regulate it, it's too expensive to manage to this extent.

Session 8- Next Steps for the Year Ahead

Facilitator: Carl Palmer (LegacyWorks Group)

This session was facilitated by Carl Palmer, LegacyWorks Group, to discuss what has been learned by this group since the CFP Roundtable's inception, and also to identify common goals as we look to the future of these convenings. Some of the key questions raised by Carl to the audience were:

- What has the Roundtable effort meant to you and/or your organization?
- What have you brought back to your team?
- How does this broaden your horizons?
- How has it been a tool to create relationships?

Adam addressed one of the questions first by saying that to him it was a great 'therapy group.' He raised the question that we need to think about what comes next. Do we have future Roundtable content? If so, what is it?

Carl then organized the audience into smaller groups with a 1-2-4-all format. 1 minute to think to oneself, 2 minutes to discuss with a partner, 4 minutes to discuss in a small group, and then the remaining time to present to the entire room.

Below is a summary of commentary from each group.

Group 1

- Why do projects fail, why does it not work?
- Focus on DC efforts – RCPP, Farm Bill, etc
- Invest in funds and infrastructure at the global level

Group 2

- How to access money – specifically, how procurement needs to change
- How can technology bring benefits to farmers?
- Standardized metrics and scale

Group 3

- Addressing conservation through story telling
- Identify the 1-2 greatest challenges and prepare beforehand

Group 4

- Recognize the depth and breadth of talent in the room
    - Move from a working group to a doing group
- Push for public finance that leads to private finance
- Can we make something that happens on the ground?
- Content creation
    - Blog posts, articles, etc
    - Time value of impact- shift thinking about how we invest
- How do we speak to Capitol Hill?
- Tighten up terminology

Group 5

- Story Boarding- what themes do we want to elevate?
- Case studies- what are the opportunities and challenges?
- Leverage the Yale-CFN partnership to create content

Group 6

- Targeted policy advocacy work
- Theory of change model
- Provide examples of things that the Roundtable has done
- Permissibility- allowing certain things to occur

Group 7

- Policy related- take problems and create solutions
- 1 pagers of new concepts and definitions
- Many puzzle pieces- how do they fit together

Final Wrap Up

To wrap up the 4th convening of the Roundtable, Leigh took to the stage to briefly foreshadow the fall meeting which will take place in Washington DC. CFN aims to use that meeting to advance the legislative goals of the Roundtable cohort and coordinate across efforts. To stay coordinated in the meantime, there is a Conservation Finance Slack channel for this group to participate in.

Leigh closed by thanking all for being involved.