

THE CONSERVATION FINANCE NETWORK

February 14, 2022

The Honorable Kumar Barve
Chair, Environment and Transportation Committee
Room 251 House Office Building
Annapolis, MD 21401

The Honorable Maggie McIntosh
Chair, Appropriations Committee
Room 121 House Office Building
Annapolis, MD 21401

Re: SB0653 / HB0653 – Conservation Finance Act (CFA)

Dear Chair Barve, Chair McIntosh, and Members of the Committees:

The Conservation Finance Network (CFN) is a nonprofit backbone support organization that has catalyzed collective impact for the field of conservation finance since 2012. We emerged from the collaborative efforts of individuals, organizations, agencies, universities, and firms working across sectors and siloes to increase the amount of capital deployed for conservation in the United States. Our mission is to increase the pace and scale of social equity and ecological resilience solutions through innovative and effective funding and financing strategies. Our theory of change is that systems change on social equity and ecological resilience requires sector-wide infrastructure, collaboration, and alignment beyond the bounds of individual public agency missions, nonprofit visions, and for-profit business models to mobilize and leverage capital.

With this letter, I thank you for your consideration of the bill. Conservation finance offers vitally important ways for Maryland to leverage public, private, and philanthropic capital for the projects that matter most. Expanding the use of these blended finance strategies offers Maryland's best hope to achieve meaningful impact for climate, land, and water conservation, biodiversity, and human health and equity. The CFA represents the exact type of clarification, guidance, and authority that will enable blended finance approaches to accelerate Maryland's community, ecological, and climate resilience—far beyond what public resources alone could accomplish. The proposed CFA legislation, if enacted, would likely catalyze higher levels of private sector investment for conservation and nature based solutions in Maryland by 1) increasing environmental products and outcomes; 2) catalyzing restoration and recreation economics, 3) improving transaction efficiency and reducing risk to scale private capital.

Increasing Environmental Products and Outcomes

By creating a way for agencies to use commodity or supply contracting authorities, adopting a definition of environmental outcomes as commodities, and signaling consistent and dependable demand by creating an enabling authority to procure these publicly beneficial outcomes, Maryland would increase the supply

of these commodities and improve critical community, ecological, and climate resilience. By prioritizing projects that deliver climate mitigation and resilience co-benefits alongside water quality benefits under the Chesapeake and Coastal Bays Trust Fund, the legislation would spur products and outcomes that are more holistic and economically viable – maximizing both climate and water benefits, not one at the sake of the other. And through additional elements of the legislation, including envisioned efforts by a working group on carbon offset sales, the CFA would clarify the potential harmony of some state contracts for non-carbon purposes with a farmer or forestland owner’s ability to produce carbon offsets and participate in carbon markets. These and other provisions in the CFA would make Maryland a leading producer of efficiently generated and procured environmental products and outcomes.

Catalyzing Restoration and Recreation Economies

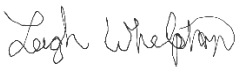
The CFA will help to catalyze the development and growth of restoration and recreation economies in Maryland counties and communities. For instance, the recommended Green and Blue Infrastructure Policy Advisory Commission would be able to identify where and how overlapping areas of state and local procedures could be simplified, making restoration projects more scalable, repeatable, and investable.

Improving Transaction Efficiency and Reducing Risk to Scale Private Capital

High transaction costs are one of the best documented and significant barriers to private capital deployment in publicly beneficial conservation projects.¹ Our research on market development has also shown how publicly funded mechanisms or guidance that reduce risk or increase certainty can significantly increase the amount of capital private firms are able to deploy.² Provisions in the legislation, whether defining environmental outcomes, streamlining contract authorities, or enabling project aggregation, would reduce transaction costs and give Maryland a competitive advantage in attracting private capital and project origination for carbon, water quality, and other publicly beneficial efforts.

In summation, I urge you to pass the CFA to allow Maryland to become a shining example of the future of community, ecological, and climate resilience. Thank you for your consideration.

Sincerely,



Leigh Whelpton
Executive Director
The Conservation Finance Network

¹ Investing in Conservation: A Landscape Assessment of an Emerging Market. San Francisco, CA: Eko Asset Management (Now Encourage Capital) and The Nature Conservancy NatureVest, 2014. https://www.nature.org/content/dam/tnc/nature/en/documents/InvestingInConservation_Report.pdf, accessed February 13, 2022.

² Whelpton, Leigh and Ferri, Andrea. Private Capital for Working Land Conservation: A Market Development Framework. Washington DC: The Conservation Finance Network, 2017. https://www.conservationfinancenetwork.org/sites/default/files/Private_Capital_for_Working_Lands_Consevation.pdf, accessed February 13, 2022.