



Environmental Finance Action Team

Final Report – *“The Path Forward”*



BACKGROUND

At the **July 2015 Executive Council meeting**, conduct a symposium on environmental financing and report any findings

In April 2016, the Environmental Finance Center at UMD, in collaboration with the CBP, held the Chesapeake Bay Environmental Finance Symposium

In October 2016, the Management Board convened the Environmental Finance Action Team, and charged the team with proposing a “path forward”

● “Path Forward” Recommendations

● Identify and develop implementable business cases for revenue-generating Bay restoration activities.

- **Purpose:** Identify financially self-sustaining revenue generating activities, while simultaneously contributing to Bay restoration.
- **Proposed Lead:** Jurisdictions (through existing grant vehicles, e.g. CRC or similar) to access university business schools.

- **Recommendations (con't)**

- Compile successful pay for success pilot project case studies from across the country. Share information through workshops, or other means, with organizations which may undertake similar efforts in the Chesapeake Bay Watershed.

- **Purpose:** Expand the pay for success model into standard practice more broadly through the watershed, where feasible.
- **Proposed Lead:** Budget & Finance Workgroup, in coordination with jurisdictions.

- Recommendations (con't)

- Evaluate statutes in each jurisdiction to determine current authority for P3 projects addressing water quality, stormwater and related issues.

- **Purpose:** To identify jurisdictions current authorities for P3 projects and lessons learned.
- **Proposed Lead:** Budget & Finance Workgroup with support of EPA Region 3 and LGAC.

- Recommendations (con't)

- Create enabling conditions for engaging private finance in Bay restoration by developing a standardized water quality credit system for the watershed.

- **Purpose:** Build a watershed-wide water quality credit system into the routine CBP operations to increase predictability of ROI for private entities. Critical element in advancing an economic development effort.
- **Proposed Lead:** Budget & Finance Workgroup, in collaboration with jurisdictions and STAC.

- Recommendations (con't)

- Undertake a Pilot Project using nutrient purchases (cost/ pound) as a commodity for cash, in lieu of funding a BMP.

- **Purpose:** Pilot the use of nutrient and sediment load purchases at a lower cost than using grant funds for implementing BMPs. Measure success by growth of private equity investments in Bay restoration and decreasing cost per pound (or ton) over time. Maryland plans to share lessons learned with the jurisdictions and other partners.
- **Proposed Lead:** MDE

● Recommendations (con't)

● Measure project-specific finance metrics of success:

- Example: Project goals delivered at or below cost projected
- Example: Private enterprise profits from exchange
- **Purpose:** Ensure that the success or failure of individual projects and the driving economic factors of either result are being reported and used to guide the overall effort.
- **Proposed Lead:** Budget and Finance Workgroup, in coordination with the Bay Funders Network and jurisdictions.

● Recommendations (con't)

● Measure overall finance metrics of success:

- Example: Growth of private equity invested in Bay restoration
- Example: Decreasing cost of pounds of nutrients reduced over time
- **Purpose:** Ensure that the decisions being made are yielding desired economic results in terms of watershed wide Bay restoration efforts.
- **Proposed Lead:** Budget & Finance Workgroup