Funding and Financing
Forests

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What Cover Today?

1. Amounts and types of funding for forests
2. How they might be expanded in CT
3. Possible areas to explore
U.S. Public and Private Capital “Available”

- Total For-Profit Assets Under Management = $46.9 Trillion
- Socially Responsible Investing = $8.7 Trillion
- Federal Spending = $3.9 Trillion
- State Spending = $1.9 Trillion
- Charitable Giving = $0.37 Trillion ($373 Billion)

2016 Grand Total = $53 Trillion

May 2020

Yale School of Forestry & Environmental Studies - GC3

L. Yonavjak, 2018
## Estimate of Global Conservation Funding
(Global Canopy Programme 2012)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct market</td>
<td>3.8</td>
</tr>
<tr>
<td>Green commodities</td>
<td>6.6</td>
</tr>
<tr>
<td>Debt-for-nature</td>
<td>&lt;0.1</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>1.7</td>
</tr>
<tr>
<td>Overseas development aid</td>
<td>6.3</td>
</tr>
<tr>
<td>Agricultural subsidy reform</td>
<td>7.8</td>
</tr>
<tr>
<td>Domestic budget allocation</td>
<td>25.6</td>
</tr>
</tbody>
</table>

- Offset markets (3.30)
- Direct biodiversity fees (0.30)
- Direct ecosystem service fees (0.10)
- Auctioning of allowances (0.05)
- Bio-prospecting (0.05)
## Major Sources of Conservation Finance

<table>
<thead>
<tr>
<th>Tax Incentives for Donations</th>
<th>Individual/Institutional Grants/Gifts From Savings</th>
<th>Public Grants From Taxes/Fees</th>
<th>Cash Flows From the Land</th>
<th>Public or Private Debt</th>
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<th>Public or Private Equity Invts</th>
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Increasing volumes, costs, complexity, risk, return, etc…
Important for Leveraging Other Sources
## US Public Funding (TPL)


<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>$25,829,049,100</td>
<td>$1,434,947,172</td>
</tr>
<tr>
<td>State</td>
<td>$17,715,694,051</td>
<td>$984,205,225</td>
</tr>
<tr>
<td>Federal</td>
<td>$12,121,644,312</td>
<td>$673,424,684</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$55,666,387,462</strong></td>
<td><strong>$3,092,577,081</strong></td>
</tr>
</tbody>
</table>

*Local: Spending authorizations via local ballot measures. Source: TPL’s LandVote Database*

*State and Federal: Actual spending. Data not complete for all 50 states. Source: TPL's Conservation Almanac Database*
Public Grant/Tax Incentive Funding

• Not enough state funding
  – CLCC annual message in Hartford…

• Opportunity to expand coalitions of support
  – As with the Community Investment Act…

• Around “nature-based climate solutions”?
  – Climate mitigation: C storage
  – Climate adaptation: water, temperature
  – Health and nature: demonstrated health benefits
    • Mental, physical
Public Grant/Tax Incentive Funding

• New sources?
  – Municipal conveyance fee (CLCC)?
  – Proceeds from sale of RGGI allowances (like CA)?
  – Tradable tax credits for easement donations (like CO)?
  – Expanded access to State Revolving Funds (like OH)?
  – Green Infrastructure for resilience more broadly?
    • Expand CT Green Bank to Infrastructure Bank (like RI)?
  – Coronavirus stimulus bills?
  – Others?
Cash Flows From the Land

• Sustainable forestry
• Sustainable agriculture
• Offsets from carbon storage/avoided emissions
• Lower cost/carbon water infrastructure
• Lower cost/carbon heat reductions
• Reduced health care costs?
• Others?
Debt

• Borrowing on cash flows from the land
• Green Bonds (CT)
• Environmental Impact Bonds (DC Water)
• Role of CT Green Bank in leveraging private capital for climate investments?
Tax Incentives for Investment

• New Markets Tax Credits
• Opportunity Zones
• New incentives for investing in sustainable forestry/ag?
• Expanded incentives for investing in parks as part of affordable housing projects?
• Others?
Equity Investments

• Forests as an asset class
• Impact investors in sustainable land use (forests, ag)
• Role of CT Green Bank in leveraging private capital for climate investments?
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Possible Areas to Explore

• Broaden political coalitions
  – To increase public funding for forests
  – As part of broader climate efforts?

• Understand/use “savings streams” from investments in green infrastructure?

• Expand CT Green Bank’s remit
  – To include leveraging private investment
  – In nature based solutions?

• Others?
Conservation without money is just conversation…

Anon.
No Money is Free…
Necessity is the mother of invention…

Plato