

## **Conservation Finance Roundtable**

**Durham, NC**

**April 26 - 27**

### **Session 6 Notes - Developing the Pipeline for Nature-Based Solutions: A Discussion**

**Moderator:** Tee Thomas, Quantified Ventures

**Student Volunteer Notetaker:** Kristine Lister

#### **Session Summary**

With the release of \$27 billion through the [Greenhouse Gas Reduction Fund](#) (GGRF), the goal of this session was to discuss how we can mobilize this funding for conservation and develop a pipeline of projects that are eligible for this funding. Moderator Tee Thomas split the roundtable into three breakout groups, moderated by herself, Maggie Monast of the Environmental Defense Fund, and Sacha Spector of the Doris Duke Foundation. The breakout groups were asked to discuss three questions,

1. What is the definition of eligibility requirements for demonstrating greenhouse gas reduction? What are examples of projects that would meet the eligibility requirements?
2. What organizations can act as "hub partners" and what could a definition of hub partners be? This term was coined by Tee to be entities that are engaged in a portfolio of projects that could meet eligibility for GGRF, where if a Green Bank or CDFI approaches them, they could offer several projects that could be mobilized. This contributes to a dynamic pipeline of projects eligible for funding from GGRF.
3. What do we need as a community in order to participate in these funds?

#### **Breakout Group Moderated by Tee Thomas**

##### Discussion of Eligibility Requirements

1. One challenge is the eligibility requirement of projects to not be financed otherwise. Could this apply to industries like concentrated animal feeding operations (CAFO's) that have been offered funding and turned it down?
  - a. Eligibility requirements for projects as defined by the "EPA's Implementation Framework for the Greenhouse Gas Reduction Fund," in April of 2023 is copied below in the Additional Resources.
2. Forestry:
  - a. Financing for Lyme Timber easements
  - b. The Exemplary Forestry Investment Fund (EEIF) by the New England Forestry Foundation (NEFF), the Maine Mountain Collaborative (MMC), and Quantified Ventures to, "bridge the gap to long-term forest stewardship to produce durable forest health, carbon sequestration, improved wildlife habitat, and high-value forest products" ([Exemplary Forest Investment Fund](#))
3. Circular economy for wood with organizations like Cadmium Carbon and manure with Agriculture Manure Management Program
4. Tribal land management, including indigenous wetlands and fire management, and land returns to Native Americans.
5. Low income communities looking to get into agriculture, timber, aquaculture, etc.

##### Discussion of Hub Partners

1. Criteria for hub partners

- a. Find places where a lot of incredible science backed community engagement is long standing. For example the University of Connecticut [Institute for Resilience & Climate Adaptation](#) has a project pipeline where GGRF social needs are met.
2. Potential hub partners
  - a. Timber Investment Management Organizations (TIMO's), such as [Green Diamond](#).
  - b. [First Nations Development Institute](#)
  - c. [Coastal Enterprises Inc \(CEI\)](#)

#### Discussion of What We Need As a Community to Get Involved

1. There is still a challenge for EJ and low income area projects to afford loans even at lower than market interest rates, such as 5%. Is there a way to come up with reasonable credit criteria to offer various interest rates to projects, especially as these funds are meant to lend to thousands of projects?
  - a. Quantified Ventures is currently working in 15 states to get some consensus on credit criteria.
2. Communities who have not received financing in the past may have trouble in paying loans back, how can we enable them to participate in GGRF funding?
  - a. Tee says it is the job of the CFN community to build capacity of local groups, and the discussion group agrees on the need to support finance literacy capacity of local groups.

#### Additional Resources

1. Quantified Ventures has released a national [Request for Information](#) (RFI) to build a \$1 billion pipeline for environmental infrastructure projects to receive GGRF investment. Infrastructure projects can be eligible for support from Quantified Ventures if they meet the following criteria, 1) deliver significant greenhouse gas reductions, 2) will repay investment through a credible revenue stream, and 3) will be ready to receive investment within, at the latest, the next 12 months. The deadline to submit projects is May 31, 2024.
2. Calvert Impact Capital and Climate United will hold a webinar in May on the National Clean Investment Fund (NCIF), which represents \$14 billion of the GGRF. Catherine Godschalk of Calvert Impact Capital will share with the CFN the link to the webinar.
3. Liz Adams shared this recent paper from the Nature Conservancy, "[The principles of natural climate solutions](#)." From the abstract, "Based on a review of scientific literature and best practices, we distill five foundational principles of natural climate solutions (nature-based, sustainable, climate-additional, measurable, and equitable) and fifteen operational principles for practical implementation. By adhering to these principles, practitioners can activate effective and durable natural climate solutions, enabling the rapid and wide-scale adoption necessary to meaningfully contribute to climate change mitigation," (Ellis et al. 2024).
4. [Background on GGRF](#) - The GGRF comprises three funds, the National Clean Investment Fund (NCIF, \$14 billion), the Clean Communities Investment Accelerator (\$6 billion), and Solar for All (\$7 billion).
  - a. NCIF will be distributed by Green Banks through three awards:

- i. Climate United Fund (\$6.97 billion award), formed by Calvert Impact to partner CDFI's Self-Help Ventures Fund and Community Preservation Corporation
    - ii. Coalition for Green Capital (\$5 billion award)
    - iii. Power Forward Communities (\$2 billion award), a nonprofit coalition formed by Enterprise Community Partners, LISC (Local Initiatives Support Corporation), Rewiring America, Habitat for Humanity, and United Way
  - b. The Clean Communities Investment Accelerator will be distributed through five CDFI's and nonprofits:
    - i. Inclusiv (\$1.87 billion award)
    - ii. Justice Climate Fund (\$940 million award)
    - iii. Appalachian Community Capital (\$500 million award)
    - iv. Native CDFI Network (\$400 million award)
  - c. Solar for All includes 49 state-level awards, six awards to Tribes, and five innovative multistate awards
- 5. EPA eligibility requirements for projects from the, "[EPA's Implementation Framework for the Greenhouse Gas Reduction Fund](#)," (EPA, April 2023),
 

“Qualified Projects: Section 134(c)(3) of the Clean Air Act provides that qualified projects include any project, activity, or technology that (A) reduces or avoids greenhouse gas emissions and other forms of air pollution in partnership with, and by leveraging investment from, the private sector; or (B) assists communities in the efforts of those communities to reduce or avoid greenhouse gas emissions and other forms of air pollution. EPA expects to implement this statutory language by requiring that all projects meet all of the requirements listed below, which ensure all projects meet the statutory definition while also supporting the GGRF program objectives. EPA expects that each applicant will define their methodology for operationalizing these requirements in their application. EPA expects to define these requirements as follows:

  - I. Deployment of the proposed project, activity, or technology will reduce greenhouse gas emissions in line with the U.S. Nationally Determined Contribution as well as Executive Order 14008 and will reduce emissions of other air pollutants. Specific portfolio-wide emissions targets may be set in the NOFO, and plans that equitably achieve the deepest emissions targets may be prioritized.
  - II. Deployment of the proposed project, technology, or activity will deliver benefits to American communities by alleviating two or more of the following categories of burdens, as defined in the Methodology section of the CEJST: climate change, energy, health, housing, legacy pollution, transportation, water and wastewater, and workforce development.
  - III. Investment of awarded funds in the proposed project, technology, or activity will finance deployment of a project, activity, or technology that may not have otherwise been financed. EPA expects this to involve substantially better-than- market interest rates passing through to borrowers.”

Footnote: “EPA expects that an applicant to this competition will define their methodology for operationalizing this and other

requirements of qualified projects, with the methodology potentially differing across different use cases. To select investment themes, an applicant may conduct a market analysis to demonstrate that a given category of projects, activities, or technologies lacks sufficient access to financing. To select projects for investment, an applicant may propose verifying that a counterparty was unable to secure financing with similar terms from other capital providers before closing a particular transaction”

- IV. “Investment of awarded funds in the proposed project, technology, or activity will spur private sector investment.
- V. The proposed project, technology, or activity is already commercially available. Under this competition, EPA does not intend for program funds to support either (1) Research and Development, as defined in CFR § 200.1, or (2) pre-commercial technologies, as defined by technologies that have not been installed and used in at least three commercial projects in the United States in the same general application.”