

Market-Based Approaches to Accelerating Chesapeake Bay Restoration

A workshop proposal to the Scientific and Technical Advisory Committee

Efforts to protect and restore Chesapeake Bay are dominated by two paradigms: (1) Government sets and enforces minimum standards to safeguard and ultimately restore water quality and living resources, such as the Bay-wide TMDL. (2) Government provides incentives, typically payments, for specific practices or behaviors, such as cover crops. These approaches are necessary, but potentially not sufficient to achieve the ultimate goal of a restored Bay with abundant living resources. These approaches are heavily reliant on government funding and outcomes from often controversial political and legal processes.

In many cases, private actors and markets frequently characterized as impediments to restoration and rarely instruments in the restoration effort. There are other ways to engage these critical stakeholders and processes as positive factors. Market-based approaches provide a complementary paradigm that can broaden and potentially accelerate Bay restoration. State partners have expressed interest in applied research in this area, particularly approaches relevant to agriculture and urban stormwater.

The proposed workshop will convene a broad-based discussion of the state-of-the-science and the state-of-practice with respect to market-based mechanisms in Bay restoration. An ad hoc steering committee has been formed to begin planning for this workshop, and the members of the committee recommended a focus on factors contributing to both the supply and demand for environmental services across the Bay region. This is reflected in a proposed focus on:

- Creating a framework to describe circumstances where specific market mechanisms are more (or less) effective.
- Describing boundary conditions and circumstances contributing to the success (or failure) of specific mechanisms.
- Understanding model programs with respect to this framework, boundary conditions, and circumstances.
- Sharing practices regarding program evaluation and assessment.

These outcomes will be pursued through the review of selected model programs and engagement with leading professionals. These outcomes will be considered with specific reference to themes and issues areas including:

1. Concepts

- Diffusion of innovation
- Market transformation strategies
- Design and operation of environmental markets
- Disclosure and ecolabels
- Transfer of development rights
- Individual, population, community change

2. Applications

- Water treatment
- Agriculture
- Urban stormwater management
- Low Impact Development
- Coastal development
- Community planning and development

3. Barriers and Opportunities

- Common barriers to implementation
- Scalability
- Access to capital and investment
- Technology
- Workforce
- Rates of return

4. Research Needs

- Market design
- Innovation pipelines
- Capital investment
- Measurement and assessment

This outline is not exhaustive, and it is expected to change in response to continued input from the workshop steering committee. The primary outcome of the workshop will be a workshop report intended to guide research and implementation in this area. The workshop report will also include the identification of potential research priorities and issues relevant to application of these concepts to areas by state government. The effort will require typical STAC support for the venue, catering, travel, and publication of the workshop report.

Logistics

Planning for late April, early May. The committee initially favors a DC-location, such as Resources for the Future, the Brookings Institution, the Ronald Reagan Trade Centre, George Mason University, Virginia Tech (Alexandria or Falls Church). Opening plenary, two parallel tracks, one day with 1-2 national speakers (\$7,500 budget).