Leveraging Funding Sources for Restoration

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HABs | April, 2021



WORLD Resources Institute THE FUNDING CHALLENGE

Oregon's water infrastructure investment need:

- Drinking water = \$6.3 billion*
- Wastewater = \$3.9 billion



NATURE CAN BE A SOLUTION

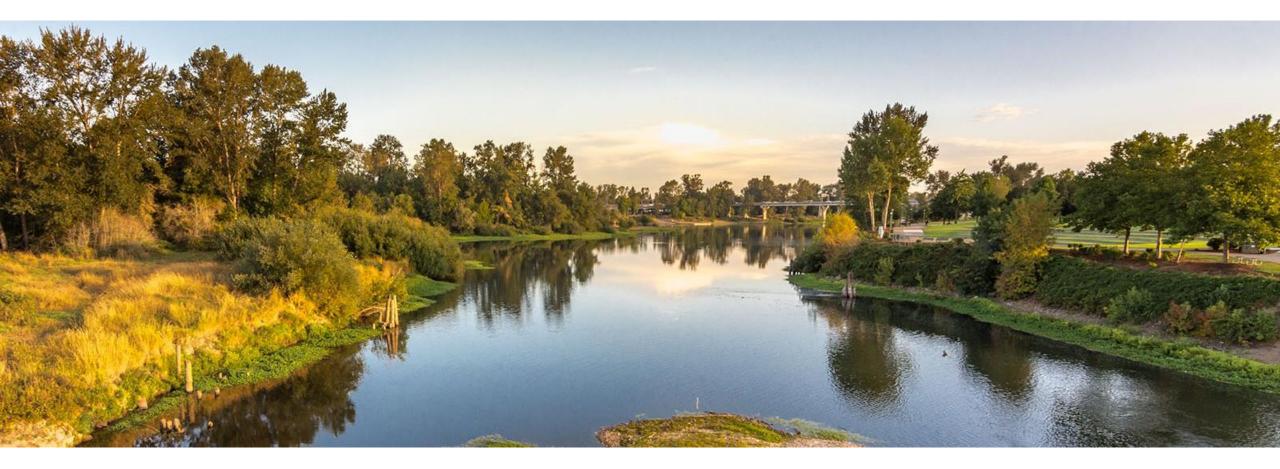


Photo: City of Salem



NATURE'S MULTIPLE BENEFITS

	Natural Infrastructure	Development Challenges								
Ecosystem type	Conservation, restoration, or strategic management of	Source Water and Reservoir Protection	Coastal flooding and erosion	River flood management	Urban stormwater flooding	Water Availability and Drought	Food security/ ag production	Carbon sequestration	Fire-risk reduction	
Watershed	Forest	х		x	x	х	x	х	х	
	Agroforestry and silvopasture	x				x	x	x	x	
	Farmland (i.e. mulching, tillage,									
	contouring)	x				x	x	х		
	Floodplains and bypasses			х				x		
	River beds and banks			x						
	Sand dams			х		x	x	x		
Wetlands	Inland wetlands	x		x	x	x		x		
	Constructed wetlands				x	x		x		
Coastal wetlands	Mangroves		x					x		
	Salt marshes		x					x		
Coastal	Coral and oyster reefs		x							
	Sandy beaches and dunes		x							
	Seagrass		x					x		
Urban	Open spaces (e.g., parks)			x	x			х	х	
	Bioretention areas (e.g,									
	vegetated basins)				х					
	Green roofs				х		x			
	Permeable pavement				х					

FUNDING OPTIONS FOR NATURE

Current Public Funding Options

Re-directing Public Funding

Expanding Funding Sources



EVER-INCREASING PRIVATE CAPITAL FOR NATURE



COMPANIES / FINANCIAL SERVICES

Natural Capital alliance targets \$10bn by 2022 to invest in nature

New strategy is to allocate capital to companies that harness or preserve basic resources and the environment

BL PREMIUM

11 JANUARY 2021 - 20:12 by WARREN THOMPSON



IMPACT INVESTING

\$7 trillion asset manager BlackRock makes climate change central to its investment strategy for 2021

PUBLISHED WED, DEC 16 2020-8:31 AM EST | UPDATED WED, DEC 16 2020-9:55 AM EST



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Bloomberg Green

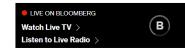


Nature Bonds May Be the Next Big Thing for Emerging Markets

By Todd Gillespie and Greg Ritchie

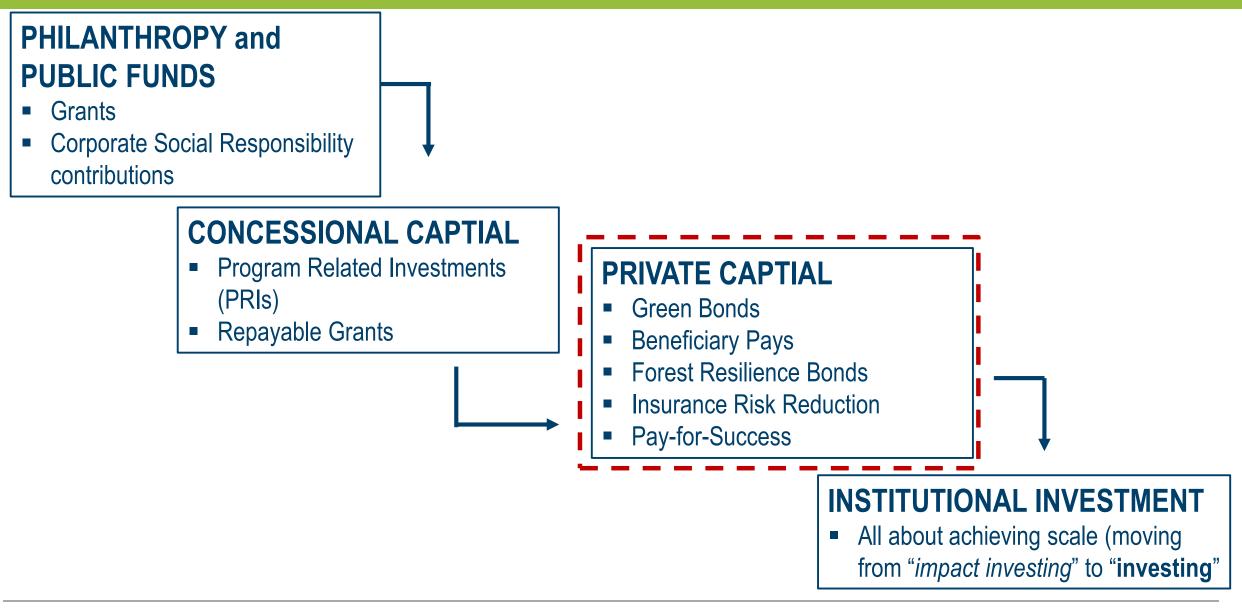
February 24, 2021, 9:00 PM PST Updated on February 25, 2021, 1:26 AM PST

- Proposals to link debt to targets for biodiversity, emissions
- Pakistan set to be first nation to issue nature-linked bond





FINANCING SOURCES AND SEQUENCING



DEBT-FINANCING: GREEN BONDS



CENTRAL ARKANSAS WATER'S WATERSHED





CAW'S FIRST-EVER GREEN BOND

Little Rock, AR:

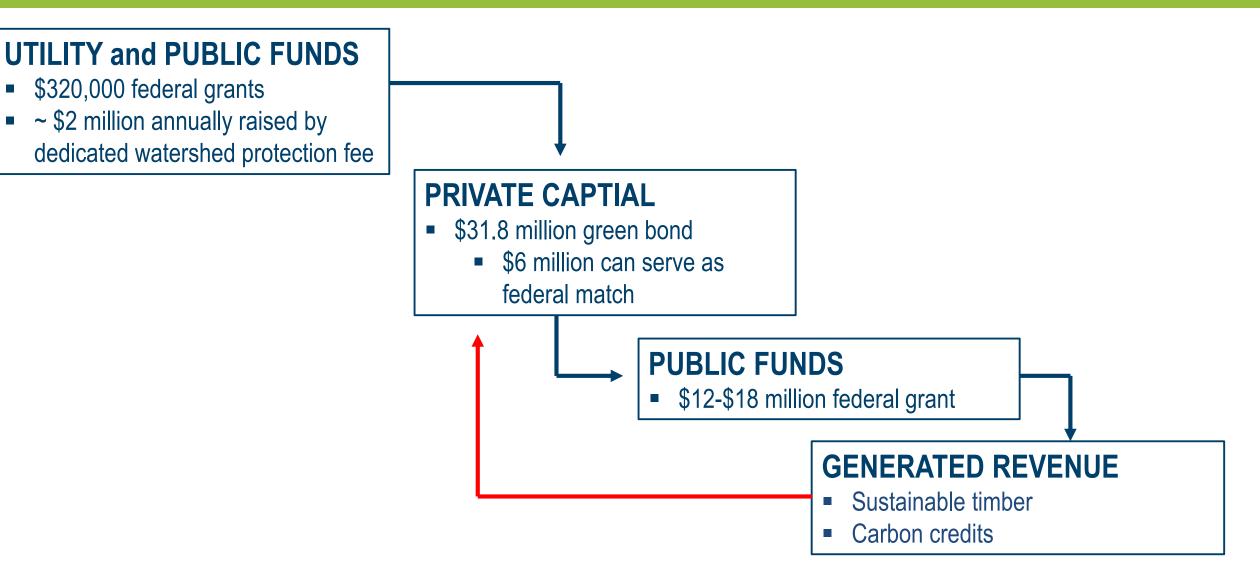
- \$31.8 million certified green bond
 - 33% for forest protection
 - 66% for gray infrastructure
 - True Interest Cost: 2.136%
 - Premium paid by Morgan Stanley
- Layering repayment sources
 - Sustainable timber
 - Carbon credits
 - Dedicated watershed protection fee
 - Ratepayer fees



Photo: Central Arkansas Water



CAW FINANCING SOURCES AND SEQUENCING







BLENDING FINANCE REPLICATION

- Project champions
- Found funding to add **capacity**
- Public buy-in of strategy
- Credit-worthiness of issuing entity
- Anchor funding (green bond) leverages federal funds

RALEIGH'S WATERSHED

Raleigh is the 10th fastest growing city in America



Photos: Carolina Angles, CBS News



16 YEARS OF RALEIGH'S LEVERAGING CAPACITY

Raleigh, NC:

- Watershed protection fee \$2.2 million
- Raised \$15 million
- Leveraging public & private: \$81 M+
 - Municipal contributions
 - Corporate philanthropy
 - Federal & state grants
- Conservation outcome:
 - 11,000 acres protected
 - 123 miles of stream buffers

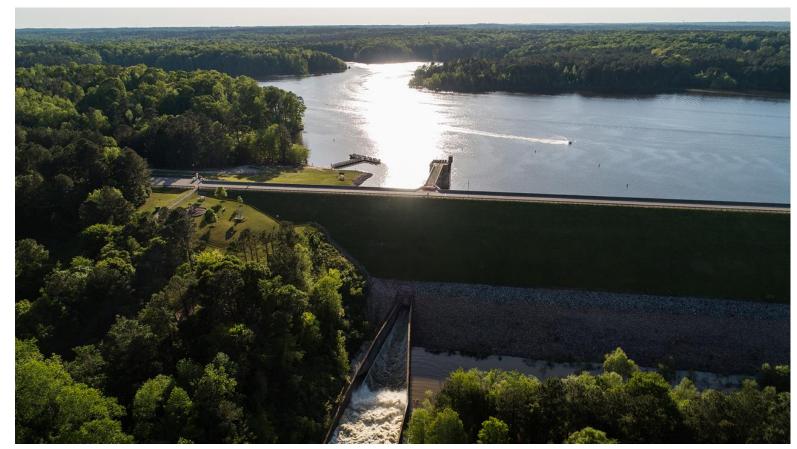


Photo: The News& Observer; Falls Lake

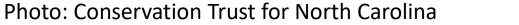




KEY TAKEAWAYS

- Watershed champion at the utility
- **Dedicated annual funding stream** for conservation yields big impacts
- Partnerships provide sector expertise and multiple fundraising levers
- Success breeds success







MOBILIZING ACTION





CURRENT MARKET TRENDS

(1) Increasing amounts of earmarked "green" capital

(2) Low interest rates

(3) Expected federal stimulus for infrastructure investments

(4) Increased engagement from state, county, & city

(5) Success breeds success



ENABLING CONDITIONS FOR SUCCESS

Phase of Program	Lessons					
	1. Identify risks and opportunities to rally support					
Ruilding Momentum	2. Build partnerships to fill essential roles and responsibilities					
Building Momentum	3. Articulate a clear vision of success					
	4. Cultivate champions and advocates					
	5. Develop a scientifically informed plan for the land					
Designing the Program	6. Evaluate the business case for investment					
	7. Identify funding sources and financing mechanisms					
	8. Engage landowners to protect and restore natural infrastructure					
Implementing the Action Plan	9. Manage and administer the program					
	10. Monitor performance to demonstrate results					



QUESTIONS

