



NAture Insurance value: Assessment and Demonstration (EC H2020 funded)

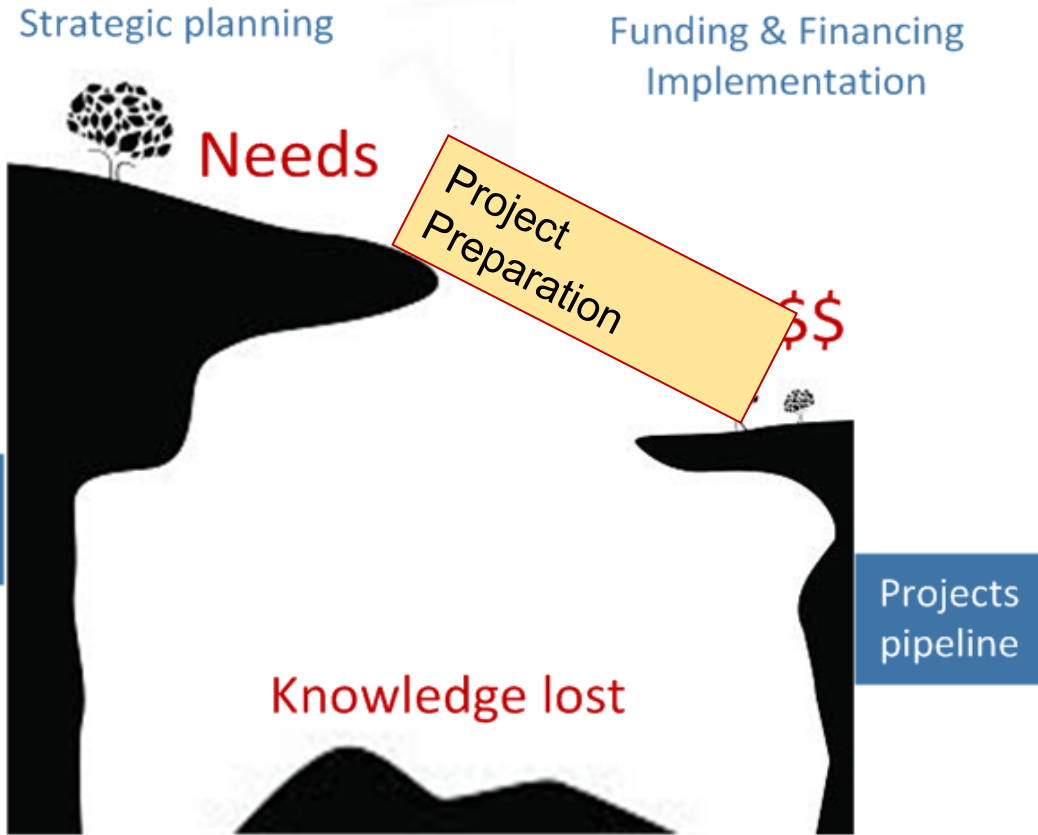
Finance for Adaptive Planning

CLOSING THE IMPLEMENTATION GAP For Financial Framework for Water Security

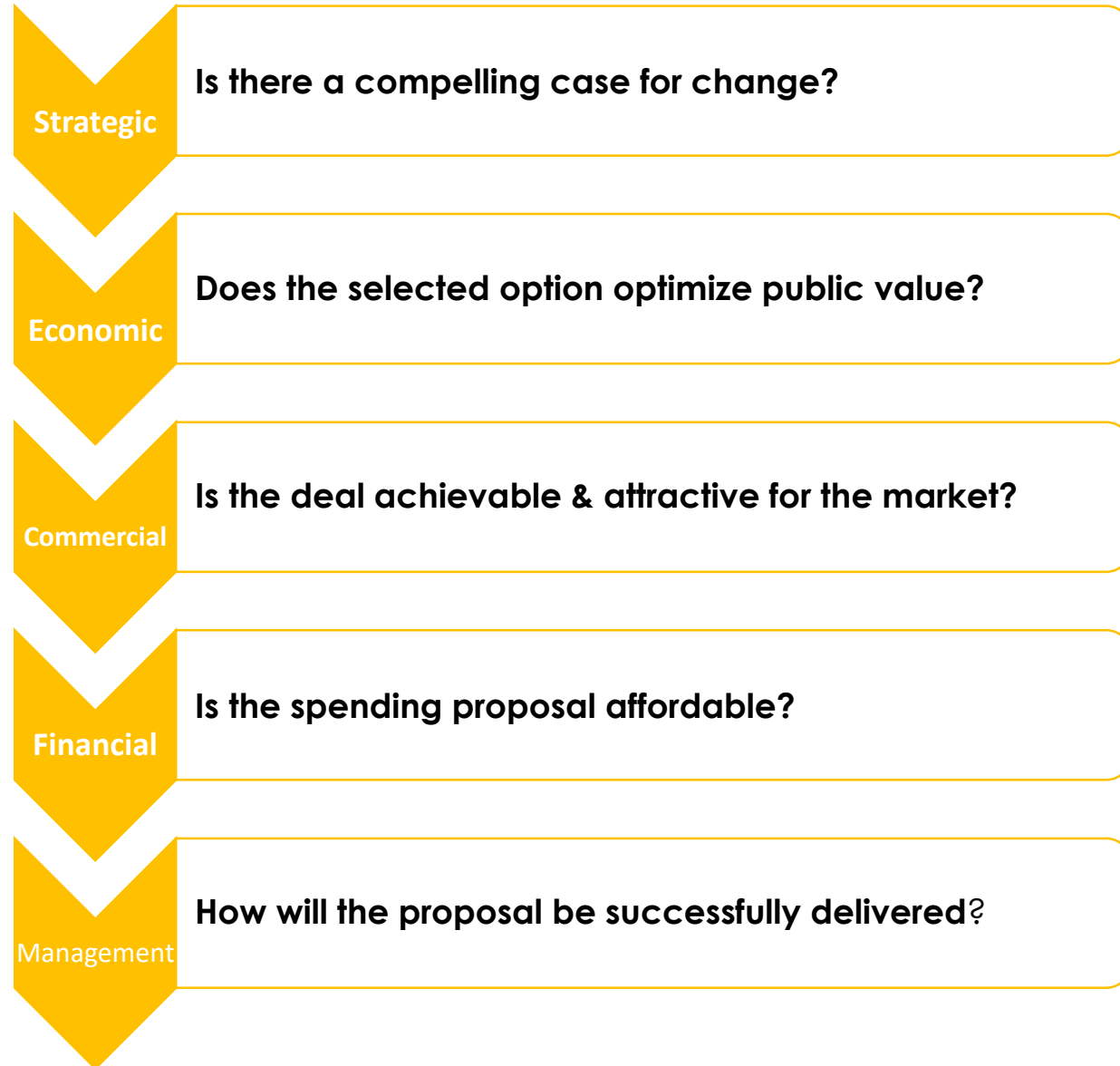
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IMPLEMENTATION GAP



PROJECT PREPARATION (5 Business cases)



FINANCING FRAMEWORK FOR WATER SECURITY

Water services as transactions...

- ▶ justified by a Theory of change + CBA
- ▶ organized in a implementation arrangement
- ▶ enabled/constrained by a institutional setting

Implementation arrangement governs actors towards

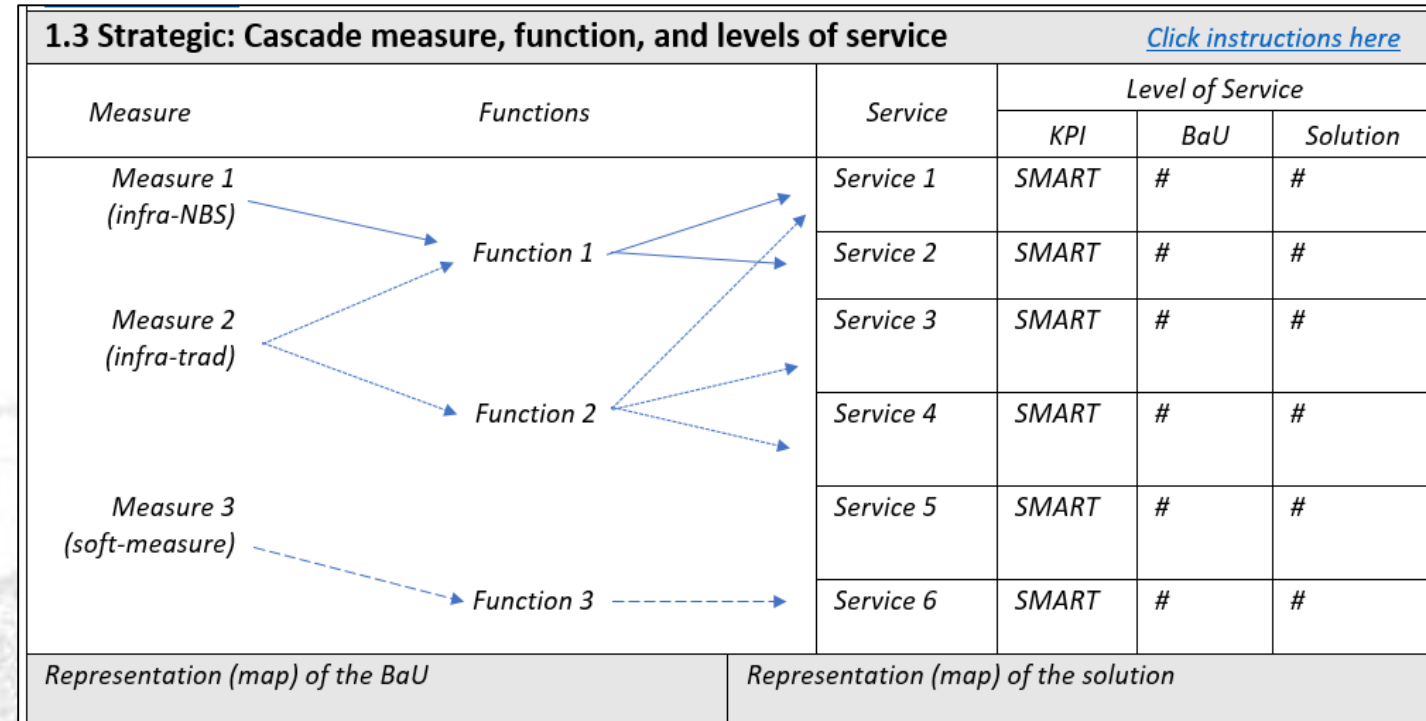
▶ **Cash profile** $f(x)$ Level of **Service**

(Hierarchy: Measure -> Function -> Service)

▶ **Risk profile** $f(x)$ Functionality

throughout Project Life Cycle

(Allocation: risks and costs)



Typology of
NBS/watershed
conservation
implementation
arrangements

Public project
procurement

Public commissioner develops a project and tender it in the market through traditional or PPP/
Performance-based contracts

Water stewardship

Private company invest and commissions a 3rd party to implement watershed conservation measures to reduce their water risks

Collective investment
schemes

Entity that pool resources from different beneficiaries and invest them in a variety of NbS and hybrid measures

Environmental markets

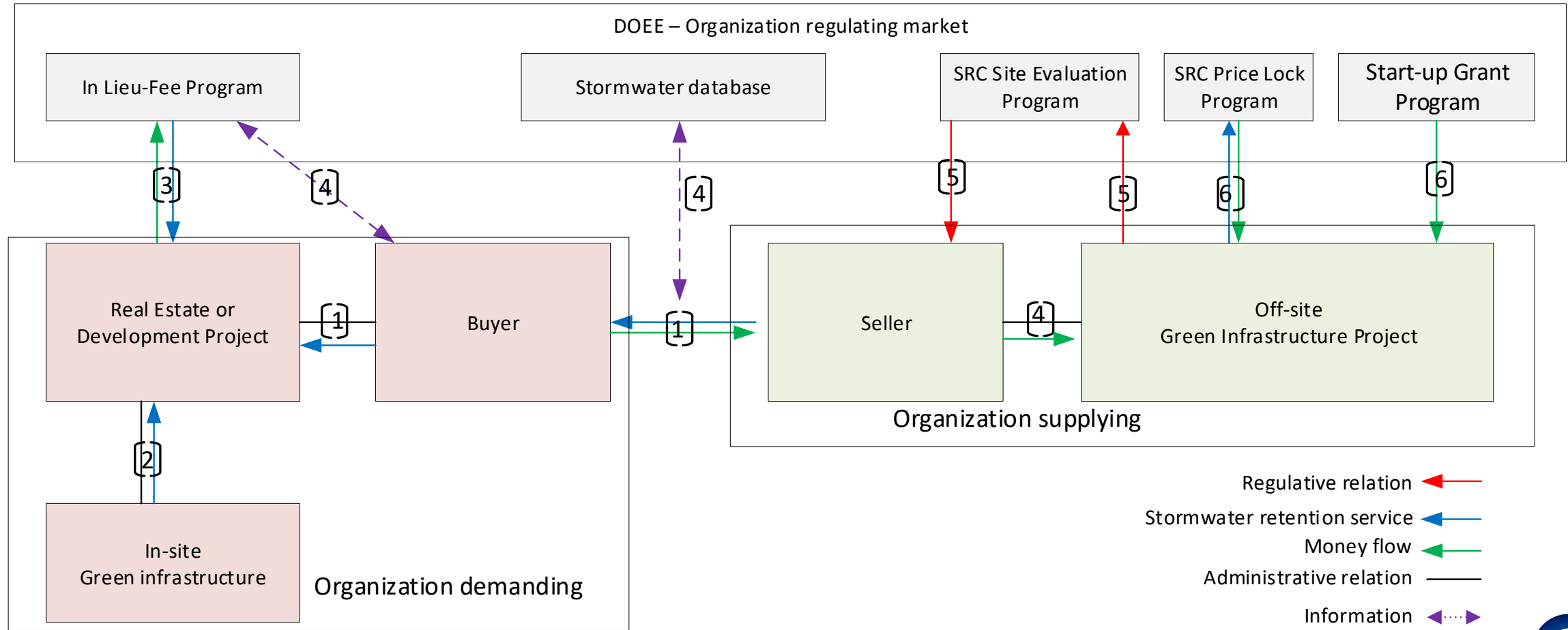
An ecosystem service itself is marketed and sold as a commodity to a beneficiary (usually an institution rather than individual) in the context of a dedicated market, usually subject to oversight by a regulatory body



Source:

Altamirano, M. A., et al. (Forthcoming). D7.3 Handbook for the Implementation of Nature-based Solutions for Water Security: guidelines for designing an implementation and financing arrangement, EU Horizon 2020 NAIAD Project, Grant Agreement N°730497 Dissemination.

- ▶ The storm retention market operates upon as a mechanism for offsetting impacts or unavoidable losses to ecosystems due to project development (e.g. roads, real estate).
- ▶ Credits are issued and sold to (grey infra and real estate) project developers that must reduce harmful stormwater runoff according to environmental regulations.
- ▶ (Grey infra and real estate) project developers can meet the legal requirement either (i) installing green infrastructure, (ii) by removing impervious surface in their property or (iii) buying stormwater retention credits issued by landowners who install green infrastructure in their property (iii) buying credits from the in lieu program
- ▶ In Washington D.C., the stormwater retention credit market is regulated by D.C. Water (Public Utility) and the Department of Energy and the Environment (DOEE).
- ▶ In the USA, there is a long-lasting tradition of mitigation banks as a legitimate alternative to address the shortcomings of in-site environmental compensation – Clean Water Act



Thank you for our attention Questions?

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THANK YOU