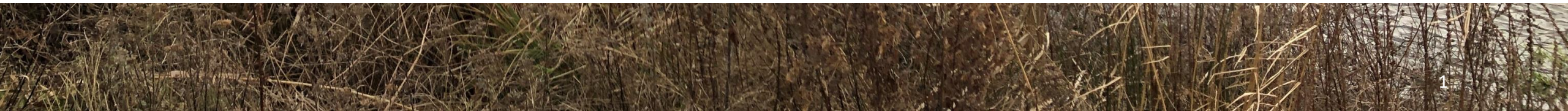




Mobilising funding and financing for water security via Water Funds

Sophie Trémolet, Europe Freshwater Lead, The Nature Conservancy



Presentation Structure

- Brief introduction to TNC and our freshwater work in Europe
- How can we bridge the biodiversity funding gap?
- Focus on **3 key promising pathways** for restoring freshwater in Europe
 - **Nature-based solutions**: building collective action and investment platforms (e.g. Water Funds)
 - Mobilising private investment via **biodiversity offsets**
 - Mobilising **impact investment** at scale

The Nature Conservancy (TNC) in a Nutshell

400
scientists

4,000
conservationists

A FAR REACHING ALUMNI NETWORK
of leaders in the conservation community

72
countries

50
U.S. states

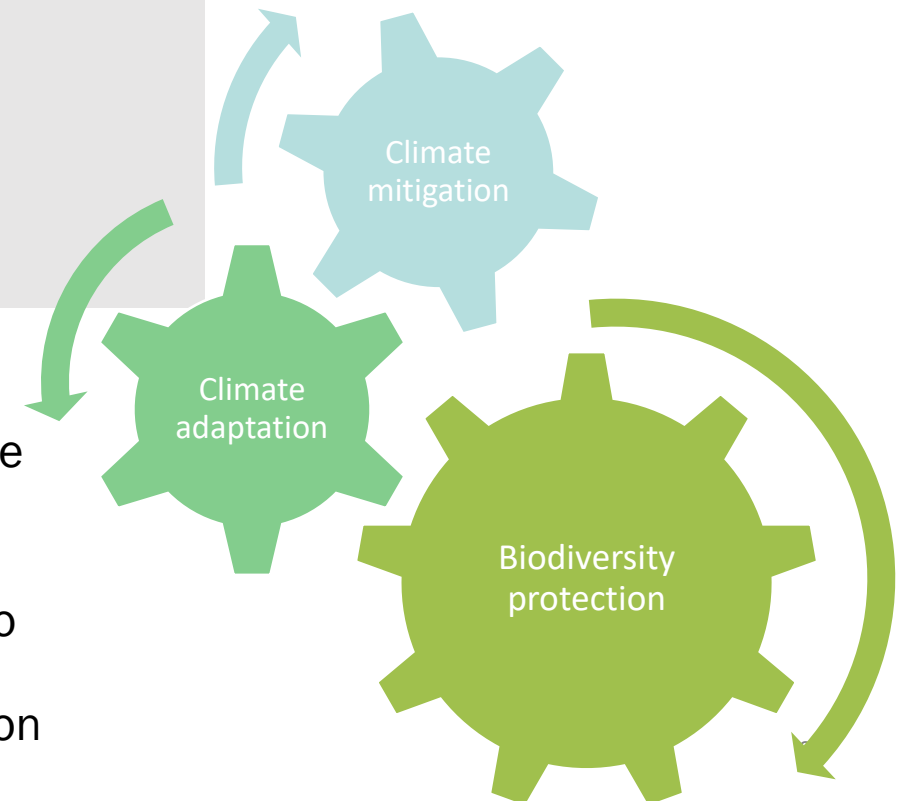
1 MILLION
dedicated members

1,300 prominent
volunteer leaders

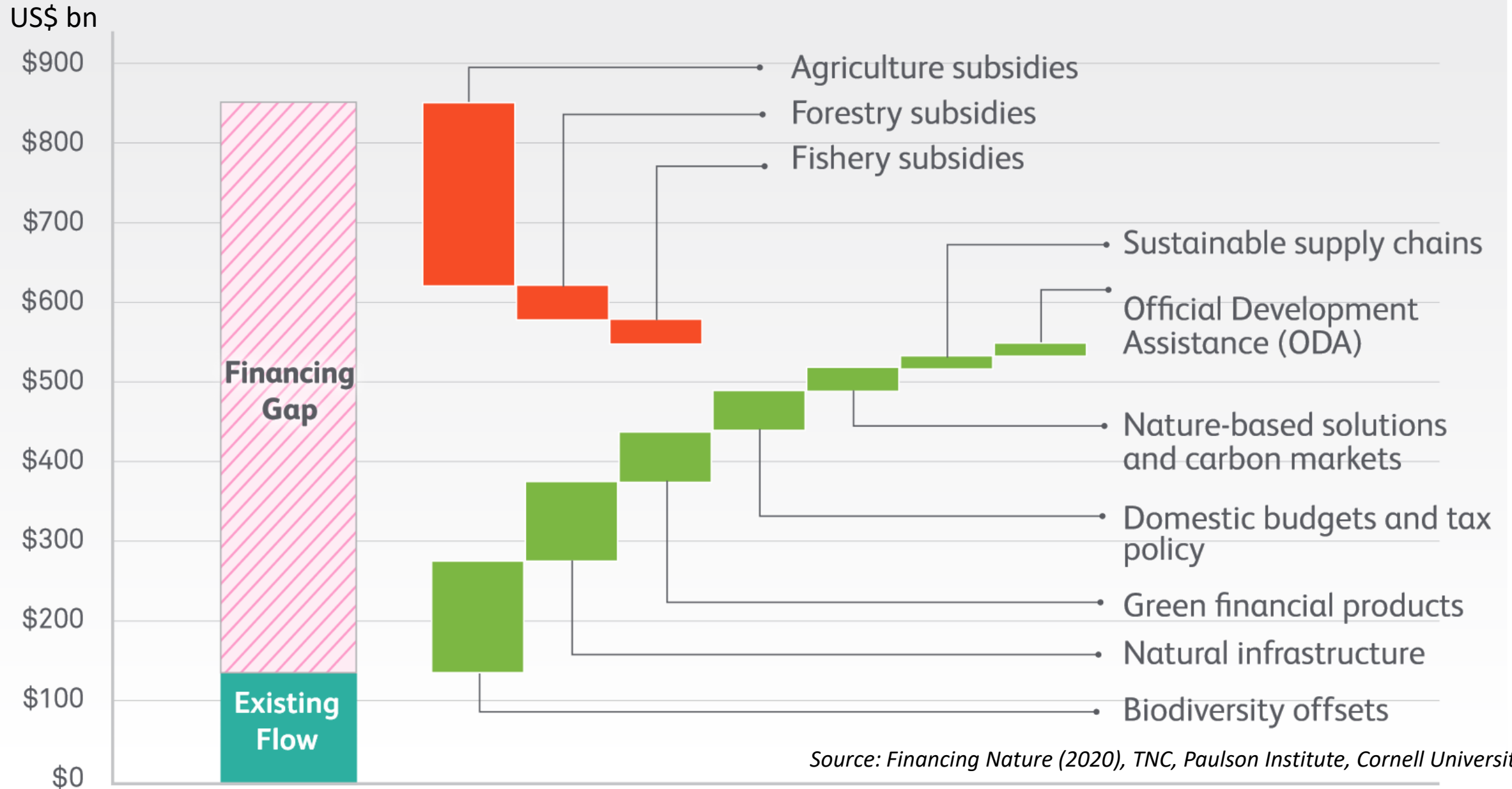
A leading global conservation organization with a mission to protect the lands and waters on which all life depends

Our Freshwater work in Europe:

- **Healthy freshwaters:** river restoration (including dam removal), durable river protection, avoided hydropower development through energy planning and improved renewable energy siting
- **Resilient Watersheds:** enable investments in nature-based solutions to tackle water security challenges (diffuse pollution from agriculture – nutrients & erosion, low flows, floods), habitat & biodiversity restoration



How can the global biodiversity funding gap be filled?



Nature-based solutions for water security generate multiple benefits

WATER SECURITY



- 1 Maintain or improve water quality
- 2 Maintain or improve river flows and aquifer recharge
- 3 Reduce impact of flooding

CLIMATE CHANGE MITIGATION



- 1 Reduce greenhouse gases emissions
- 2 Carbon sequestration

CLIMATE CHANGE ADAPTATION



- 1 Reduce soil erosion
- 2 Soil quality improvement
- 3 Reduce frequency and intensity of forest fires, flooding and droughts

HUMAN HEALTH AND WELL-BEING



- 1 Improve food security
- 2 Reduce exposure to polluting substances
- 3 Amenity value and recreational benefits

BIODIVERSITY CONSERVATION



- 1 Landscape diversity
- 2 Protect and expand natural habitats
- 3 Limit expansion of invasive species

JOBS AND SOCIAL COHESION



- 1 Create jobs particularly in rural areas
- 2 Promote urban-rural solidarity

Financing NBS for water security: squaring the circle

Multiple challenges / benefits

- Water quality
- River flows
- Flood reduction
- Aquifer recharge
- Carbon sequestration
- Reduce GHG
- Reduce soil erosion
- Soil quality improvement
- Reduce frequency of forest fires, floods and droughts
- Improve human health
- Protect and expand natural habitats
- Create green jobs
- Amenity value

Multiple beneficiaries

Utility service providers
(water, energy)

Large water users: industry,
farmers

Local governments

General public

Workers

The environment, both locally
and globally

Multiple revenue streams

- Tariffs associated with services (for water, wastewater, drainage)
- Payments for ecosystem services
- **Public subsidies (e.g. farming subsidies)**
- Credits: carbon, biodiversity, water replenishment
- Visitor fees and tourism revenues

In Europe: blended funding for NBS for water

Water companies and cities are engaging with upstream users to protect their water sources
Types of interventions:

- Buying and protecting land
- Working with farmers and forest managers to support change in agricultural practices
- Building artificial wetlands to reduce the costs of wastewater treatment
- Restoring degraded peatland

Learning from examples:

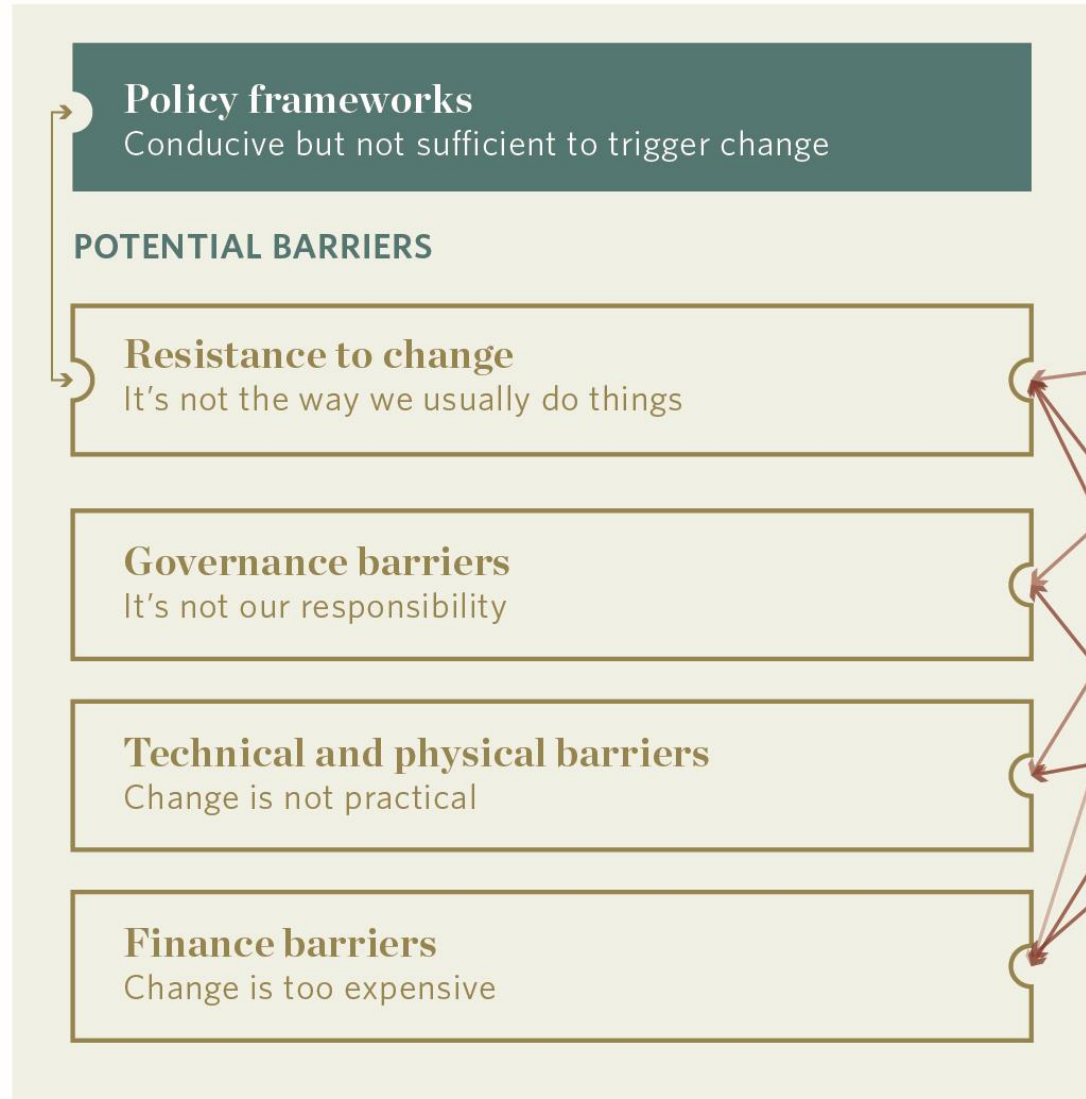
- Bottled water companies in France
- English water companies, thanks to supportive policy and regulatory environment



Source: [Investing in Nature for Europe Water Security](#) (2019)

What could be transformative ways to scale?

Business as usual

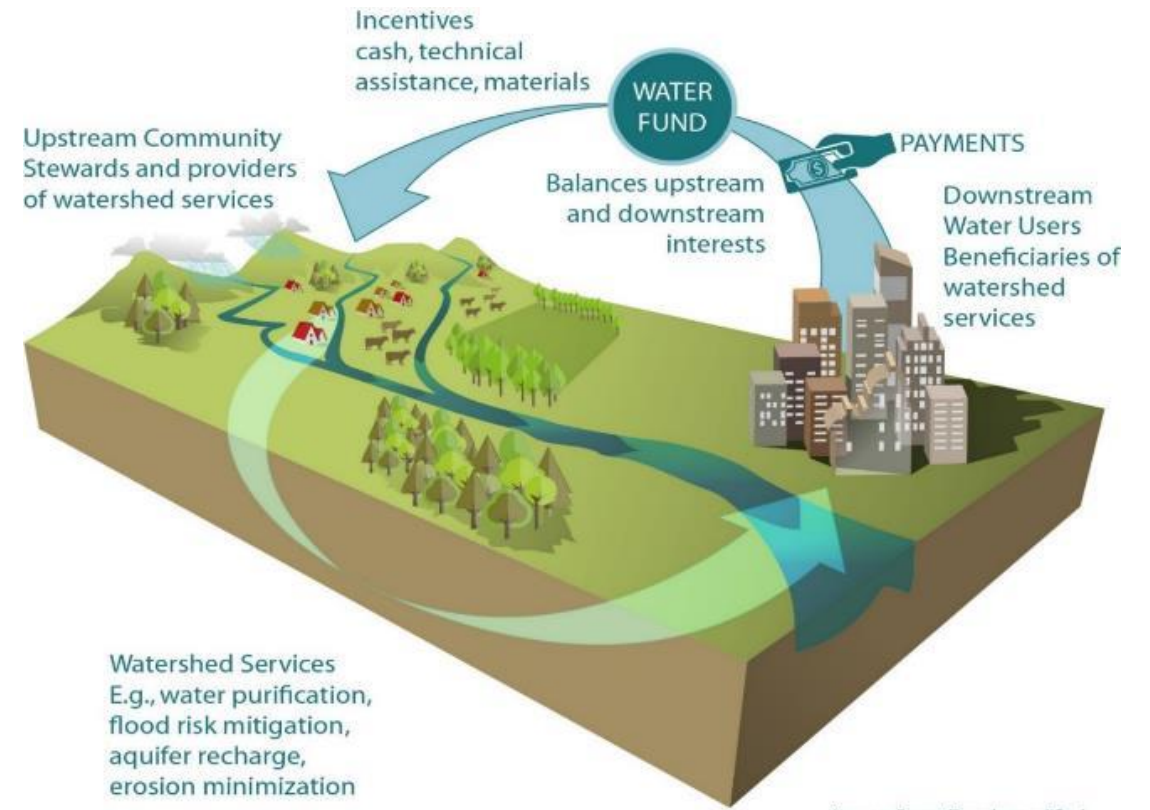
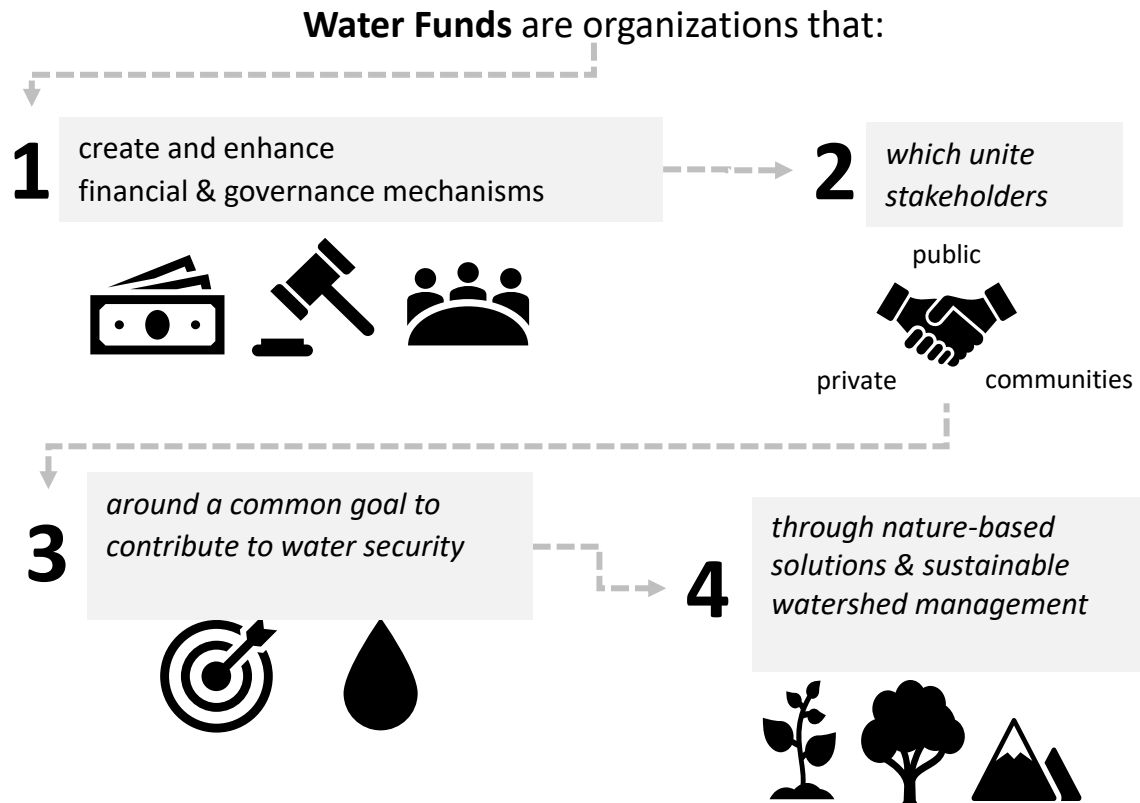


Ways to scale



Source: [Investing in Nature for Europe Water Security](#) (2019)

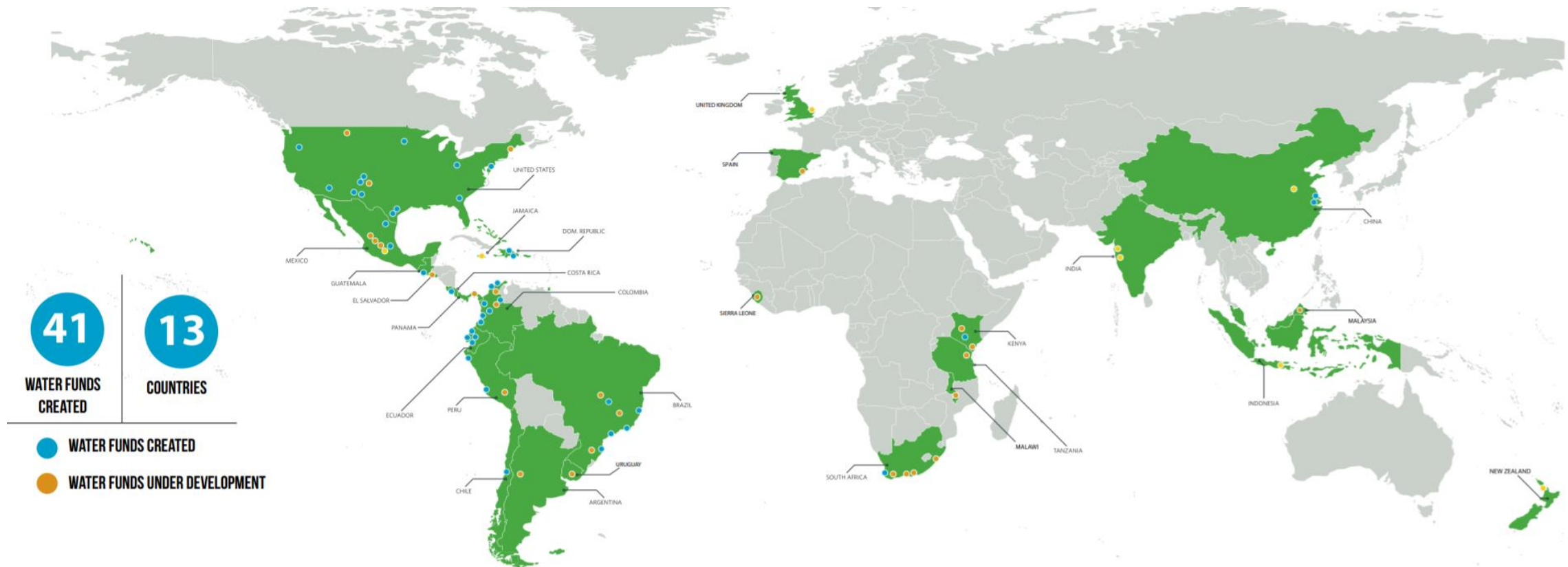
Water Funds: a tool to work together for water security



Source: Forest Trends; modified

TNC Water Fund Track Record

We have worked with over **215 partners** to create **41 water funds** in **13 countries**. Outcomes include over **530,000 hectares of land under improved management** and an estimated **100,000 of people with increased place-based economic opportunity**. We have received **300+** requests to help create water funds from corporations, governments, utilities and financiers.



Building investable NBS for water security programs



A Water Fund in Norfolk to invest in NBS at scale

Ambition

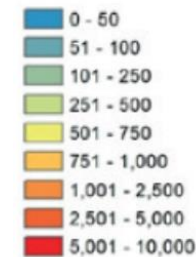


Prepare a Norfolk Water Sustainable Management Plan that incorporates NBS at scale to address intra-year water variability (summer droughts, winter floods)

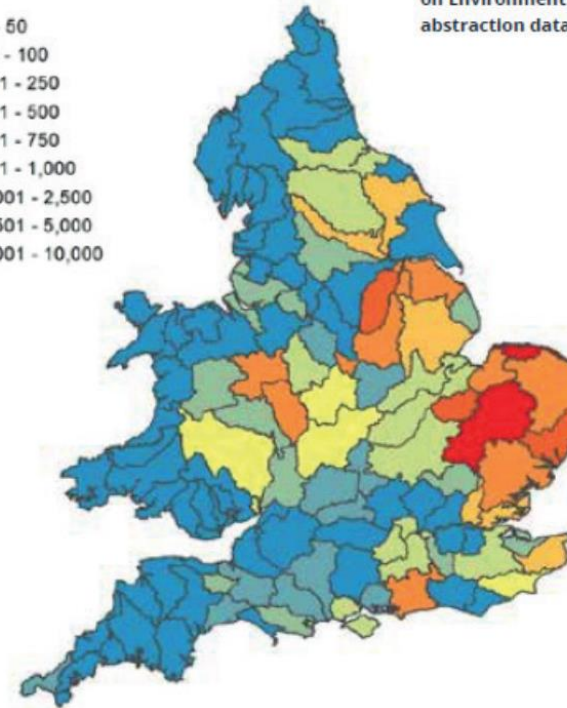
Establish a Collective Action Platform for implementing the Plan: Norfolk Water Fund



Irrigation Intensity
(m³/km²)



Irrigation Intensity (m³/km²)
In England and Wales based
on Environment Agency
abstraction data



Core
Partners



Norfolk
County Council

love every drop
anglianwater

The Nature
Conservancy



WRE
WATER RESOURCES EAST

Biodiversity Net Gains as a funding source for NBS in the UK

- 1

2018

The 25-year environment plan

Sets out the **government's goals for improving the environment**, within a generation, and leaving it in a better state than we found it
- 2

2020

The Agriculture Bill

Outlines how farmers and land managers in England will be rewarded with **public money by providing "public goods"** – such as better air and water quality, higher animal welfare standards, improved access to the countryside and measures to reduce flooding
- 3

2021

The Environment Bill

Prescribes how to protect and improve the natural environment in the UK, amongst others via **mandatory Biodiversity Net Gain (BNG)**. This will require developers to achieve a 10% increase in biodiversity on or near development sites

TNC informs and helps develop policy

- Discussion paper** on the current status and direction of travel of the UK's biodiversity credit market and policy context, outlining key lessons from UK, US and wider international experience
- "How-to-guide"** assisting landowners and related parties looking to mobilize funding to transform the use of their land and generate greater benefits for nature

TNC supports local actors in Norfolk developing the Wendling Beck Exemplar Project to leverage this conducive policy environment and act as an exemplar project on how ecosystem services can be monetized within the UK's mandatory BNG scheme

Ambition



- WBEP is a **landscape-scale** project aiming to **transform 784ha of farmland** through **river restoration and the creation and enhancement of grasslands, woodlands, wetland and other habitats**. It will contribute to nature recovery in Norfolk and deliver improvements to water, soil, air and biodiversity.
- The WBEP finances these landscape transformations via the **sale of multiple environmental credits**

Revenue streams



Biodiversity Net Gain

- Biodiversity units sold to local infrastructure developers
- Biodiversity units sold to central GOV

>> *Largest revenue stream*



Water Ecosystem Services

- Aquifer Recharge; Flood Mitigation & Nutrient balancing



Regenerative Agriculture

- Integrated sustainable food production



Carbon Offsetting

- Carbon across operational, biomass, soil



In the US: THE SUSTAINABLE WATER IMPACT FUND (SWIF)

Scale



Largest (\$1 billion) environmental impact investing product currently on the market

Deep Partnership

TNC chairs the Technical Advisory Committee and has a seat on the Investment Committee

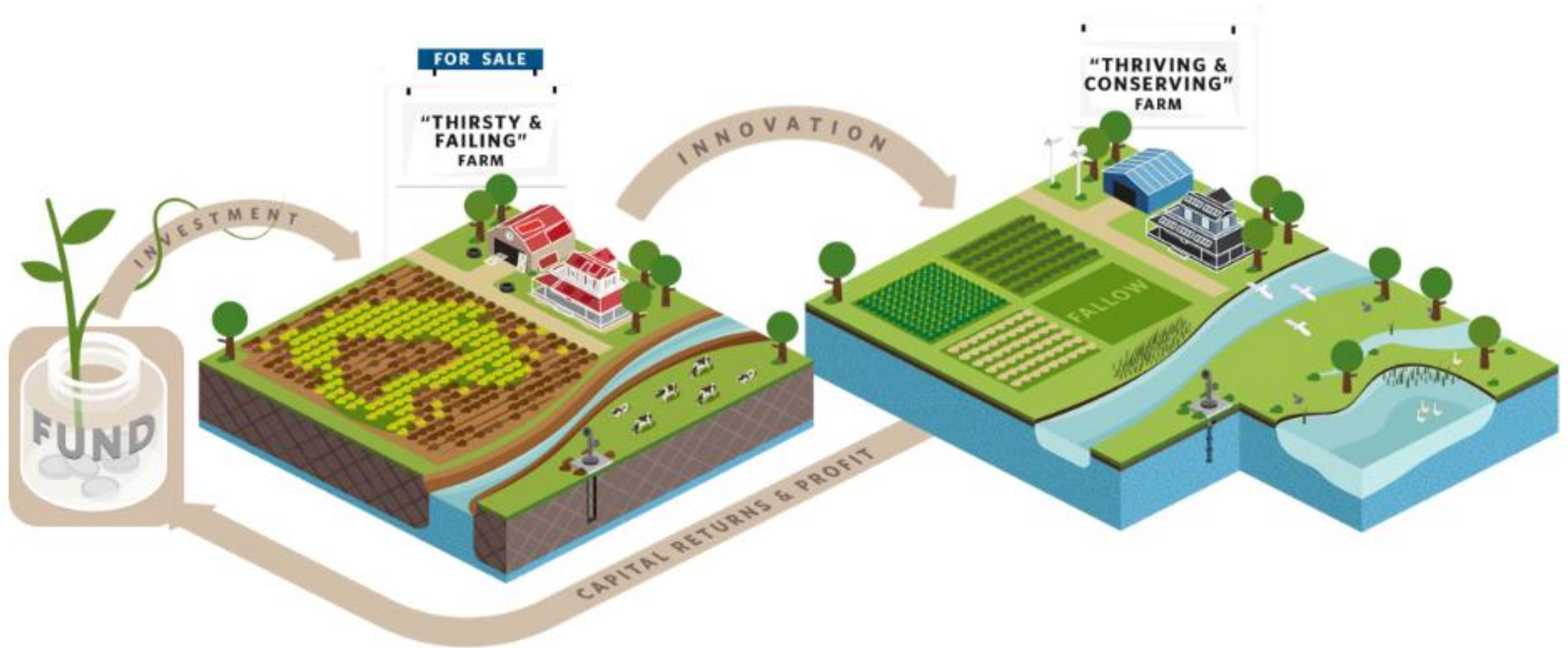
Impact is foundational to fund economics

Financial and governance mechanisms designed to include environmental benefits in the economic calculus

Incentive structures to achieve impact



Negative screen prevents harm and an incentive structure rewards achievement of positive conservation outcomes



- ✓ Terrestrial habitat protection and restoration
- ✓ Wetlands protection and restoration
- ✓ Instream flow enhancement
- ✓ Sustainable groundwater management



Thanks! Any questions?

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