

NAture Insurance value: Assessment and Demonstration (H2020)  
#ClosingtheImplementationGap

# TOWARDS INVESTABLE NBS PROPOSITIONS

## Financing Framework for Water Security

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# CLOSING THE IMPLEMENTATION GAP



## Challenging perceptions – action research of key bottlenecks

1

**Future proof investments?  
nature-based solutions  
and climate change**

Risk-based Asset  
Management



2

**Creating demand for  
investments in nature-  
based solutions**

Governance structures  
for collective investments



3

**Creating markets for  
implementing nature-  
based solutions**

Market sounding +  
blueprint for P3



## Financing Framework for Water Security

Collaborative modelling protocols to design implementation strategy

**Handbook for the Implementation of NBS for Water Security**

# FINANCING FRAMEWORK

## FOR WATER SECURITY

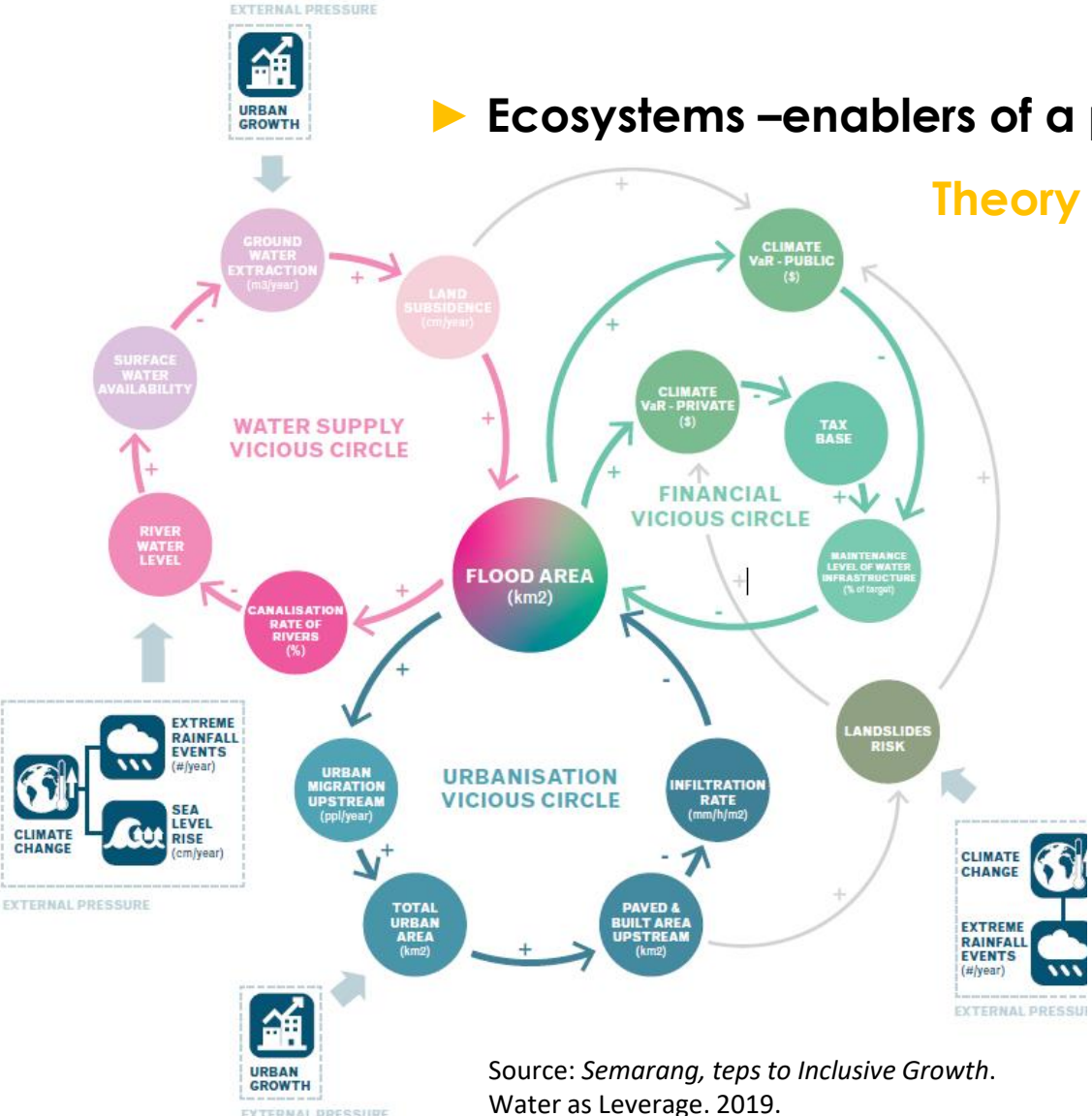
- 1. Transaction** –technical and financial
- 2. Level of service** over lifecycle
- 3. Institutional setting** insurance role, (dis)incentives and expertise and implementation strenghts public, private, communities



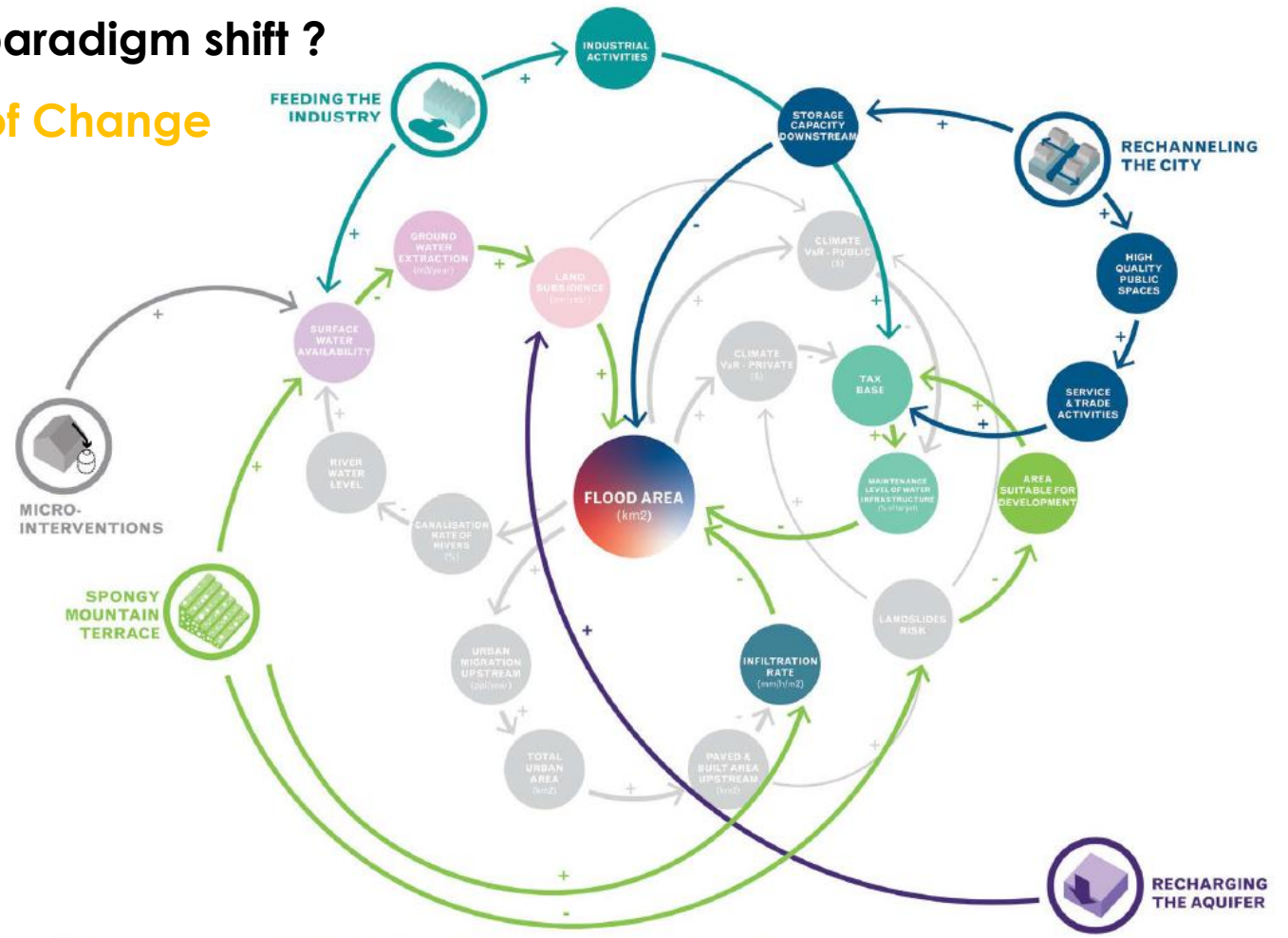
# Phase 1: Zooming out Strategic and economic BC's

► Ecosystems –enablers of a paradigm shift ?

## Theory of Change



Source: Semarang, *Steps to Inclusive Growth. Water as Leverage*. 2019.



Graph: The five concepts and their impact on the water management system and inclusive & resilient economic growth

# Phase 2: Zooming in Commercial and Financial Case

## Cash profile + Risk profile

- ▶ Hierarchy of functions and services
- ▶ Level of **Service**
- ▶ **Risk** - to functionality throughout LCC
- ▶ Life Cycle Costs
- ▶ **ESG risks & safeguards**

**1.3 Strategic: Cascade measure, function, and levels of service** [Click instructions here](#)

Measure	Functions	Service	Level of Service		
			KPI	BaU	Solution
Measure 1 (infra-NBS)	Function 1	Service 1	SMART	#	#
		Service 2	SMART	#	#
Measure 2 (infra-trad)	Function 2	Service 3	SMART	#	#
		Service 4	SMART	#	#
Measure 3 (soft-measure)	Function 3	Service 5	SMART	#	#
		Service 6	SMART	#	#

Representation (map) of the BaU | Representation (map) of the solution

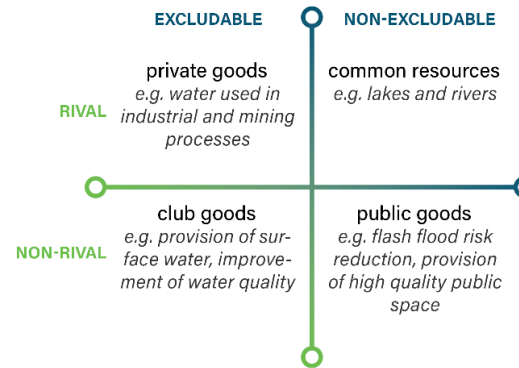
# Management BC = capacity to procure

# Financing Framework Building Blocks

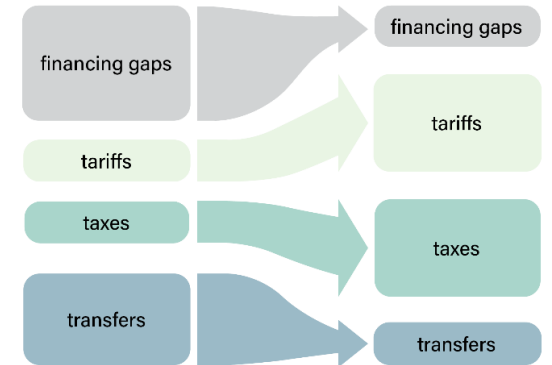
1. Mode of governance
2. Funding Strategy
3. Financing Strategy
4. Procurement Strategy

## 1. Define Mode of Governance

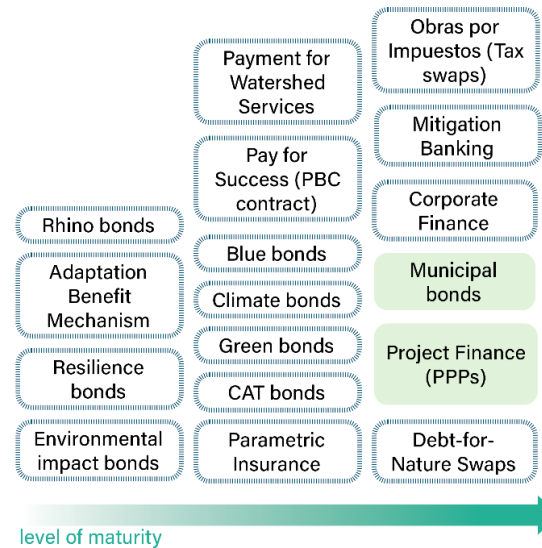
Type of economic good > Modes of governance



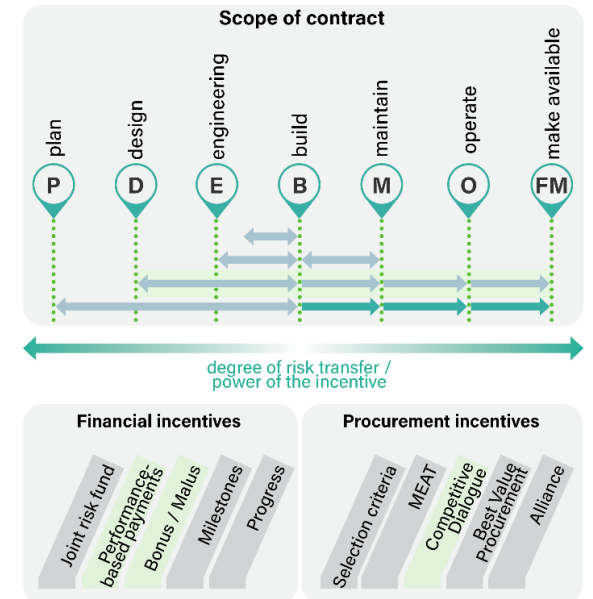
## 2. Define Funding Strategy



## 3. Develop Financing Strategy



## 4. Develop Procurement Strategy



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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

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Water stewardship

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

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Collective investment  
schemes

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

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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



# More information

- Altamirano, M.A., de Rijke, H., Basco Carrera, L., Arellano Jaimerena, B. (2021). Handbook for the Implementation of Nature-based Solutions for Water Security: guidelines for designing an implementation and financing arrangement, DELIVERABLE 7.3: EU Horizon 2020 NAIAD Project, Grant Agreement N°730497 Dissemination. Can be download: <http://naiad2020.eu/wp-content/uploads/2021/03/D7.3REV.pdf>
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Thank you for our attention  
Questions?

Stay tuned –  
#ClosingtheImplementationGap #watersecurity

#GreenInfraMarkets

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**THANK YOU**