

# Role of Sustainable Finance and Green Bonds for Creating Resilient Catchments

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# Role of Sustainable Finance and Green Bonds for Creating Resilient Catchments

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- GREEN INVESTMENTS & NEED TO REPAY THE LOAN!
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- OPPORTUNITIES FOR RIVERS TRUSTS – OUR USPs
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***“Expect a tsunami of Green Investment to hit the UK ...”***

Barclays Global Head of Green Banking



# THE THREAT!

## Population Growth, Climate Change – droughts & floods

### Environmental impacts

- Only 14% of rivers and lakes in England are healthy – agriculture and water industry provide key pressures
- Water scarcity leading to over-abstraction: for drinking water, but also farming and industry
- Poor agricultural practices: pesticides and soil erosion leading to diffuse pollution
- Invasive Non Native Species (INNS)
- WWF's Living Planet Report shows that populations of freshwater species have declined by 81% since 1970, faster than in any other species group on the planet

## THE THREAT!

# UN Report, “The State of the World’s Biodiversity for Food and Agriculture”

### Plants and livestock under threat

- While 6,000 plant species are cultivated for food, just **nine** of them account for two-thirds of all crop production
- When it comes to livestock, around a quarter of breeds are at risk of extinction: just a handful provide the vast majority of meat, milk and eggs
- More than half of fish stocks are at risk of extinction





## THE THREAT!

# UN Report, “The State of the World’s Biodiversity for Food and Agriculture”

### Plants and livestock under threat

- Many species, including pollinators, soil organisms and the natural enemies of pests, that contribute to vital ecosystem services are in decline as a consequence of the destruction and degradation of habitats, overexploitation, pollution and other threats
- There is also a rapid decline in key ecosystems that deliver numerous services essential to food and agriculture, including supply of freshwater, protection against storms, floods and other hazards, and habitats for species such as fish and pollinators.

# WHY INVEST IN RESILIENT CATCHMENTS?

**It's about cost : benefit and reducing risks to the public and supply chain threats to customers and shareholders**

- May be required to meet binding international agreements and directives
- Ensures the reliable supply of drinking water and food
- Strengthens competitiveness and improves cost benefit
- Reduces the impact of droughts and floods
- Allows sustainable development and growth – increases property value
- Supports biodiversity
- Supports tourism
- Improves health & wellbeing
- Builds Natural Capital and “Stocks”

# GREEN INVESTMENTS

**Green investments may be issued by a range of sovereign, institutional and corporate borrowers**

- Appetite from individuals and institutional investors for ethical and green /blue investments
- Green investments are often seen to offer greater security for investors over extended periods of time (green mortgages)
- Green investments can offer competitive terms and interest rates
- Can help meet Corporate Social Responsibility and compliance targets
- **You will still need to repay the loan with interest!**

# WHO MIGHT INVEST IN RESILIENT CATCHMENTS?

## Government, Local Authorities, Business and Civil Society

- Water Companies and utilities
  - Food and drink companies
  - Retailers / supermarkets
  - Internal Drainage Boards
  - NGOs / catchment communities\*
- \*Would require a repayment mechanism / beneficiary contribution*



# OPPORTUNITIES FOR RIVERS TRUSTS – OUR USP<sub>s</sub>

## Green investments – Rivers Trust Unique Selling Points (USPs)

- Charitable Trust with aligned objectives
- Independent established ethical broker and trusted partner
- Experienced staff with agricultural expertise and negotiation skills
- Local catchment network with national lead
- Low transaction costs – often able to provide co-finance
- Effective integrated delivery at catchment scale
- Experience with reverse auctions, group farm schemes and PES
- Experienced in the use of restricted covenants, legally binding 25 years +
- Long term maintenance & monitoring capability



# GREEN INVESTMENTS - CASE STUDIES

## Anglian Water - Green Bond

- First of its kind in the UK

Working in partnership with Norfolk Rivers Trust to implement & test

- Integrated Constructed Wetlands (ICWs), demonstration site on the River Ingol

**anglianwater**



*the umbrella body of the rivers trust movement*

where there's **water**, there's **life**



# GREEN INVESTMENTS - CASE STUDIES

Reported in the Evening Standard 4<sup>th</sup> December 2018 ...

## Thames Water's green revolving credit facility

*“ Thames Water's interest rate on a new £1.4 billion credit line will be tied to its performance on sustainability measures for the first time. The innovative revolving credit facility, arranged by BNP Paribas, means if Thames does well on sustainability it will pay a lower interest rate.*

*Performance will be measured against environmental, social and governance scores provided by Dutch organisation Gresb.”*

# Thank You!

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[www.theriverstrust.org](http://www.theriverstrust.org)

[www.catchmentbasedapproach.org](http://www.catchmentbasedapproach.org)



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