INTRODUCTION TO BANKABLE PROJECTS

April 2018
Living Planet index

83% DECLINE
Water Funding Gap

CURRENT INVESTMENT

~ $0.3t

REQUIRED INVESTMENT

~ $1t

FINANCE GAP
The World Economic Forum’s annual risk report ranks water crises as #1 global risk in terms of impact.
Financing.
Current source of financing

< $1T
US Foundation Philanthropy

< $0.2T
Global ODA
Major Global Investor Pools

- **Private Sector Debt**: $91T
- **Global Equity Market**: $76T
- **Global Public Debt**: $42T

- **Sovereign Wealth Funds**: $6.6T
- **Private Capital**: $4.2T
- **Global ODA**: <$0.2T

- **US Foundation Philanthropy**: <$1T
We want to invest in sustainable projects, but we have difficulties identifying sufficient bankable projects.
## Finance and Economics – What the Banks are Saying?

<table>
<thead>
<tr>
<th>Bank</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>JP Morgan</td>
<td>‘Watching water: A guide to evaluating risks in a thirsty world’</td>
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<tr>
<td>Citi</td>
<td>‘Water Worries: Climatic Consequences’</td>
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<td>Credit Suisse</td>
<td>‘Water: The Paramount Megatrend of our Time’</td>
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<tr>
<td>Goldman Sachs</td>
<td>‘Water could be a constraint on growth’</td>
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<td>HSBC</td>
<td>‘GDP will be ‘severely hampered by water scarcity’</td>
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<td>Citi</td>
<td>‘The Growing Impact of Water Scarcity on Mining’</td>
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<tr>
<td>Merrill Lynch</td>
<td>‘Water scarcity a bigger problem than assumed’</td>
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<td>Morgan Stanley</td>
<td>‘Water: The Perfect Storm’</td>
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<tr>
<td>Standard Chartered</td>
<td>‘Water – The Real Liquidity Crisis’</td>
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A Bankable Project is any project that:

1. Has a positive environmental impact

2. Generates a positive return for financial stakeholders*

*In many cases it will use blended finance
Leveraging Capital

GRANT BASED PROJECTS
- WWF
- Grants
- Donors
- Corporates
- Development Banks

1x
Leveraging Capital

SEED FUNDING
- WWF
- Grants
- Donors
- Corporates
- Development Banks

TO FUND:
- Pilot projects
- Feasibility studies
Leveraging Capital

SEED FUNDING
- WWF
- Grants
- Donors
- Corporates
- Development Banks

INVESTMENT
- Banks
- Development Banks
- Investors
- HNWIs

Funds

Year 0
Year 1
Year 2
Year 3
Year 4
Year 5

1x

~20x
Leveraging Capital

SEED FUNDING
- WWF
- Grants
- Donors
- Corporates
- Development Banks

INVESTMENT
- Banks
- Development Banks
- Investors
- HNWIs

REPLICATE AND SCALE
- Retail Investors
- Institutional Banks
- HNWIs

~1x
Year 0

~20x
Year 1

~50-100x
Year 5
Leveraging Capital

SEED FUNDING
• WWF
• Grants
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INVESTMENT
• Banks
• Development Banks
• Investors
• HNWIs

REPLICATE AND SCALE
• Retail Investors
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• HNWIs

DRIVE IMPLEMENTATION

1x

~20x

~50-100x
Leveraging Capital

**SEED FUNDING**
- WWF
- Grants
- Donors
- Corporates
- Development

**INVESTMENT**
- Banks
- Development Banks
- Investors
- HNWls

**REPLICATE AND SCALE**
- Retail Investors
- Institutional Banks
- HNWls

**DRIVE IMPLEMENTATION**

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds</th>
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<tbody>
<tr>
<td>0</td>
<td>1x</td>
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<tr>
<td>1</td>
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<td>2</td>
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<tr>
<td>5</td>
<td>~20x</td>
</tr>
<tr>
<td>6</td>
<td>~50-100x</td>
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**IMPACT**
Leveraging Capital

SEED FUNDING
- WWF
- Grants
- Donors
- Corporates
- Development

INVESTMENT
- Banks
- Development Banks
- Investors
- HNWIs

REPLICATE AND SCALE
- Retail Investors
- Institutional Banks
- HNWIs

IMPACT
~50-100x

DRIVE IMPLEMENTATION

WWF INVOLVEMENT
Scale.
Landscape Selected
1 Landscape Selected

2 Stakeholders Engaged

- Stakeholder Mapping
- Establish a multi-stakeholder platform
- Water Stewardship Kick off
1. Landscape Selected
2. Stakeholders Engaged
3. Risks and Pressures Identified

- Water Risk Filter
- Existing and New Reports
- Stakeholders Onboarded
Landscape Selected

Stakeholders Engaged

Risks and Pressures Identified

Grant-Based Projects

- Collaborative planning with stakeholders
- Grant Projects Identified
1. Landscape Selected
2. Stakeholders Engaged
3. Risks and Pressures Identified
4. Grant-Based Projects
5. Bankable Projects

- Collaborative planning with stakeholders
- Projects from Corporate Partners
- Projects from Entrepreneurs
- Projects from WWF Offices
1. Landscape Selected
2. Stakeholders Engaged
3. Risks and Pressures Identified
4. Grant-Based Projects
5. Bankable Projects
6. Monitoring and Learning

- Impact and Learning Methodology
- Environmental & Social Safeguards
- WWF, Regulators and Corporate needs met
1. Landscape Selected
2. Stakeholders Engaged
3. Risks and Pressures Identified
4. Grant-Based Projects
5. Bankable Projects
6. Monitoring and Learning
7. Landscape Derisked & Protected
Landscape Example
KAFUE FLATS
Kafue Flats (Zambia)
Local populations

- Lusaka (Capital)
  Population
  2.5m

- Kafue Flats
- Itzhi-Tezhi
  Population
  45k
- Namwala
  Population
  80k
- Mazabuka
  Population
  200k
- Kafue
  Population
  200k
Foundation created by WWF with DGIS
Landscape Risks and Pressures
Constellation of different projects

**Bankable Grants/Subsidies**

- **$5m**
  - *Restore National park*
  - Restore area to allow for more biodiversity and expand tourism facilities to generate revenues

- **$10m**
  - *Irrigation improvement*
  - Improve irrigation system and regulate water allocation and farm expansion

- **$12m**
  - *Manage Cattle Farming*
  - Reduce pressure of cattle farming and use smart grazing management to allow vegetation of Flats to grow

- **$2m**
  - *Fish processing plant*
  - Reduce harvesting of juvenile bream to maintain sustainable fish population. Provide local fisheries with the opportunity to increase their price point

- **$50m**
  - *Water treatment system*
  - Reduce water pollution and treat water from cities
Resources.
**BWS is setting up FIVE ways to support identified projects**

**SUPPORTING TEAM**
Expertise on sustainable water practices and project finance supports projects to become bankable.

**BWS PROCESS**
Local WWF and external teams can upload their initial project ideas and they can ask for support from the Enabling team.

**FINANCIER ADVISORY PANEL**
Group of external experts which come together 3-4 times a year to assess the high level business plan of the projects, based on a project pitch.

**SEED FUND**
The seed fund is used to bring projects from an idea to a stage in which they can be presented to investors.

**CONNECTION TO INVESTORS**
Through BWS’s relationships with investors the right projects can be brought to the right investors.
BANKING ON FINANCIAL SOLUTIONS TO SAVE OUR BASINS

SEIZING THE WATER OPPORTUNITY
HOW PRIVATE AND PUBLIC CAPITAL CAN JOIN FORCES TO SECURE SUSTAINABLE WATER SUPPLIES AND IMPROVE FRESHWATER ECOSYSTEMS
INTRODUCTION

European rivers and wetlands have suffered decades of mismanagement, underinvestment, and lack of political commitment, placing them under increasing strain. In the European Union alone, 60% of the water bodies are still in bad status—threatening not only their biodiversity, but their capacity to provide services to people. Meanwhile, the policy base established to recover them, the Water Framework Directive, is at risk and presented by many as "unaffordable".

However, there is a huge opportunity in front of us: the OECD estimates that at least US$1 trillion of annual investment is needed to reach SDG 6, for wastewater treatment, water plants, supply networks and freshwater ecosystem conservation alone. A significant proportion of the trillion-dollar-plus investment need is made up of projects with the potential for strong business models and revenue profiles that are attractive to the private sector.

Living European Rivers Initiative is working to fill this investment gap by looking at Bankable Projects and Landscape Finance to identify and vet a pipeline of bankable projects to protect and sustain Freshwater ecosystems in priority basins. In order to shift the paradigm of water management in Europe, we inevitably need to shift the investments.

SUMMARY

Two and a half days interactive lab presenting and applying the fundamentals of landscape finance, with focus on private sector solutions for freshwater challenges, especially bankable projects. The theory of landscape finance and bankable projects incubation will be presented in a hands-on format, working with finance sector professionals, equipping the participants with the required knowledge to source and lead private sector solutions in landscapes, and will result on a portfolio of potential bankable projects.

This training is aimed for WWF freshwater colleagues across Europe willing to make private funding available for Nature Based Solutions, Dam Removal, or WFD implementation at basin level, in the frame of the Living European Rivers Initiative. It will also be opened to colleagues from other practices based in Europe.
Summary

**Bankable Projects are a tool** to meet landscape and conservation outcomes.

**Bankable Water Solutions** has been set to grow and enable bankable projects in WWF.

Current grant funders are starting to require leverage and this trend will grow going forward.

Bankable Projects will access funding that was previously unavailable.

Bankable Projects should become the new normal in Impact Organisation ways of working.
Bankable Water Solutions

For more information, please contact:

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Marcel Dupuis // Finance Adviser
Keiron Brand // Bankable Initiatives Advisor

Bankable Projects website