Financing Sustainable Marine and Freshwater Infrastructure

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Why this report?

‘Against a backdrop of climate change, sea level rise and **limited public budgets**, the investment gap in Marine and Freshwater Infrastructure leaves a **critical role for private capital** to play in bridging this gap’

(OECD, 2020)
What is Sustainable Marine and Freshwater Infrastructure (SMaFI)?

SMaFI is the collection of waterborne works at coastlines, estuaries, rivers, canals and in port areas.

These works can provide:
• flood protection,
• urban and port development,
• navigable waterways
• upgrade or protection of nature and/or recreational areas.
Purpose of the Report

1. Both SMaFI and Financial sector seek scaling of green portfolio

2. Sectors seem mutually unfamiliar to bridge their gap to synergy

3. A dedicated report could help further engagement
A QUICK IMPRESSION
Content of the report

Ch. 1: Introduction
Ch. 2: Market size and green potential
Ch. 3: Characterising the projects
Ch. 4: Key findings, reflections and next steps
Ch. 5: References
Annex: Nine Cases
Market Size and Green Potential

Fragmented literature.

Upcoming markets;
- climate adaptation,
- ecosystem restoration,
- carbon trade,
- biodiversity offsetting.

![Diagram showing investment needs in flood protection in Asia.](image-url)
Characterising the projects

Characterisation by physical aspects

<table>
<thead>
<tr>
<th>Example solutions at various sustainability levels</th>
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<td><strong>Project</strong></td>
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<td><strong>Grey</strong></td>
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<td>Land reclamation</td>
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<td>Port development</td>
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<td>Coastal protection</td>
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Characterisation by Cash Flow

Public service projects

The government authority, as project client, pays periodically after construction completion, where the payments may be based on performance or availability criteria.

Commercial projects

The users, or beneficiaries, pay for the project's products or services. Cash flow is generated based on the project's business model.
Private capital requires standard, stable legal frameworks to ensure appropriate risk allocation and a safety net for proper business conduct.
Redirecting existing insurance practices towards sustainable marine infrastructure encourages more commercial practices and private investment.
Hulhumalé land reclamation, Maldives
Annex: Case Studies

Mangrove restoration
CONCLUSIONS
Conclusions

1. **Joint holistic screening** by sponsors and private capital suppliers can focus scarce resources on the most promising opportunities, and initiate a snowball effect.

2. The Sustainable Finance Disclosure Regulation (SFDR) and further policies require transparent ESG/SDG reporting. **Certification of green projects** is needed.

3. **Standard legal frameworks** that allow private capital to enter the sustainable Marine and Freshwater Infrastructure market.
Conclusions

1. **Reporting tools and harmonised methodologies** must be built to capture the associated ESG benefits which are often overlooked, or difficult to quantify (e.g. future savings).

2. The insurance industry (de-riskers) can help through new types of insurance offerings which **make cashflow more predictable** and make sustainable infrastructure, as an asset class, more attractive to investors.

3. Green solutions need **policy incentives** that increase their uptake and allow the rerouting, or unlocking, of funds to support them.
/Thanks to the hard work of the authors and contributors:

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