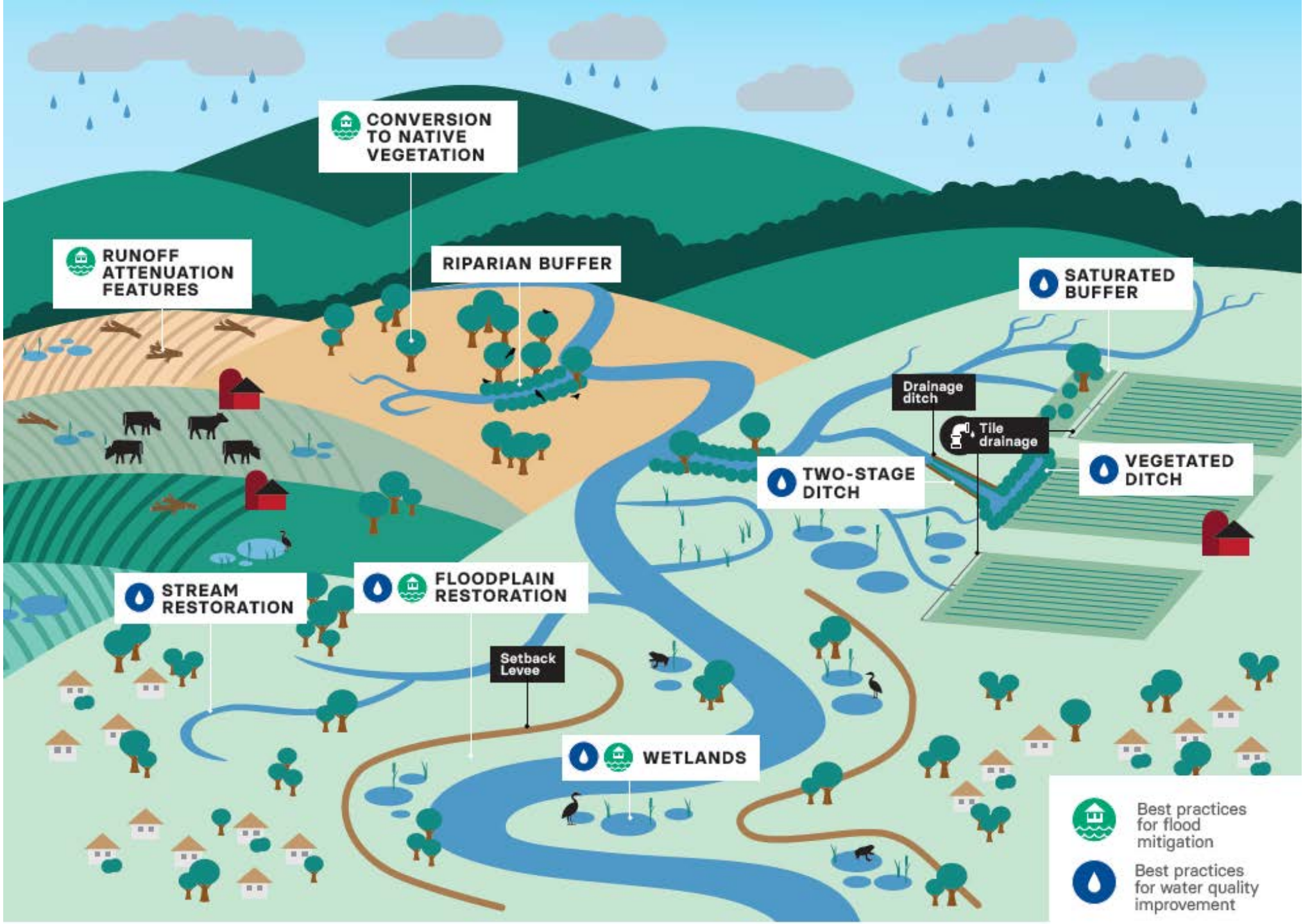




Repayment Streams for Natural Infrastructure

CIFA Conference, St. Louis, November 7, 2022



Why are SRFs valuable resources for natural infrastructure

- SRFs have the potential to be the largest impact investor on the planet
- Flexible, 100% financing: can be structured for low rates, flexible repayments, sometimes with loan forgiveness (free \$), fixed terms up to 30 years.
- For conservation finance, (and where eligible) nonprofits or their municipal partner can complete a project and use grants to pay down the loan later.
- Ability to co-fund with ARPA, IRA, and other federal funds
- SRFs are doubling in the upcoming 5 years



- Often have deep relationships to the community, including water utility
- Can help with project management and reporting
- Skilled at working with landowners (helping with limited municipal capacity)
- Skilled at duct-taping together multiple funding sources

Why Is Natural Infrastructure more Challenging with SRFs?

- History of the program—we started as heavily engineered programs
- Perceived lack of demand for these projects (*Give us a grant!*)
- Uncertainty from communities about cost/benefits of nature-based solutions
- Capacity challenges at the state level to do project development (bring together nonprofits working on these projects, help identify repayment/grant schemes, and develop financing mechanisms tailored to these projects)
- Repayment streams: No automatic “built in” user base



Why Is Natural Infrastructure more Challenging with SRFs?

- History of the program—we started as heavily engineered programs
- Perceived lack of demand for these projects (*Give us a grant!*)
- Uncertainty from communities about cost/benefits of nature-based solutions
- Capacity challenges at the state level to do project development (bring together nonprofits working on these projects, help identify repayment/grant schemes, and develop financing mechanisms tailored to these projects)
- **Repayment streams: No automatic “built in” user base**



Why did we write this report?

- To identify replicable repayment streams that have worked to *finance* these projects
- Give ideas of ways SRFs can think about funding these projects (may be different than traditional infrastructure)
- Encourage municipalities and watershed group partnerships

Municipal agricultural watershed partnerships



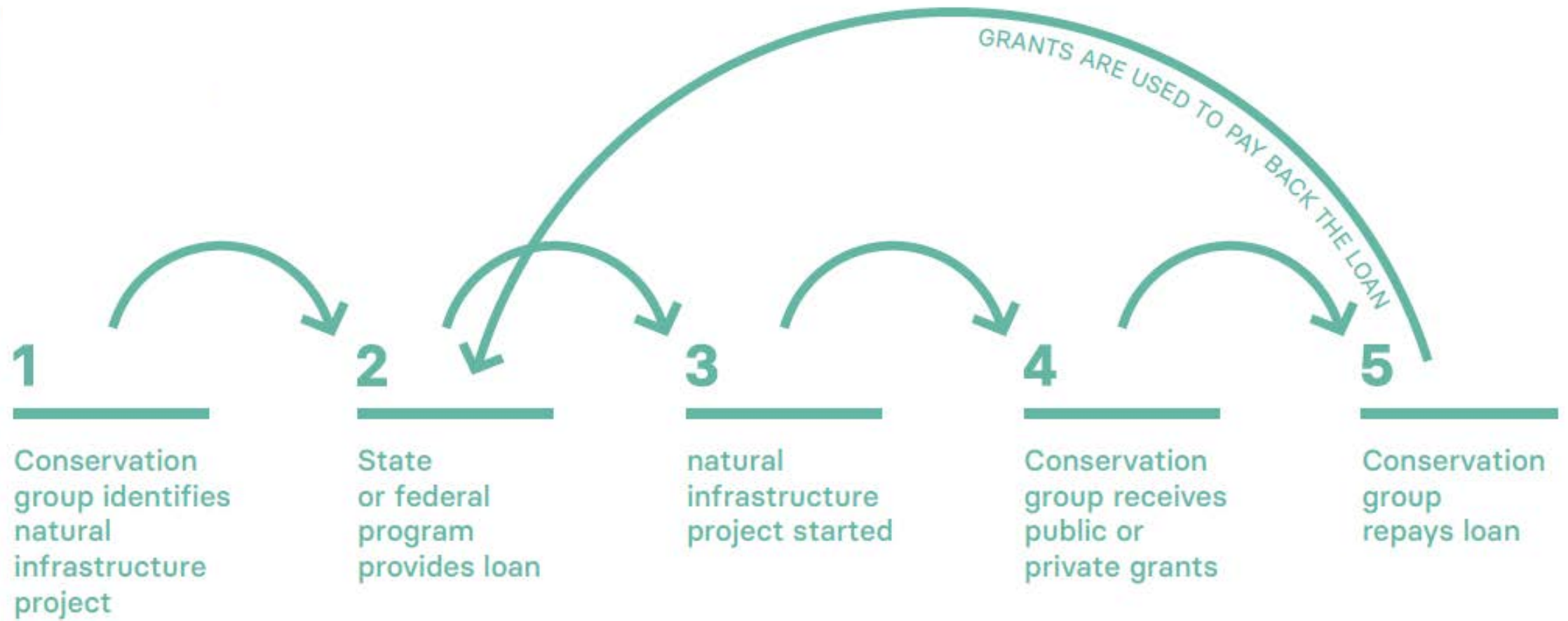
Stormwater utility funds & fees



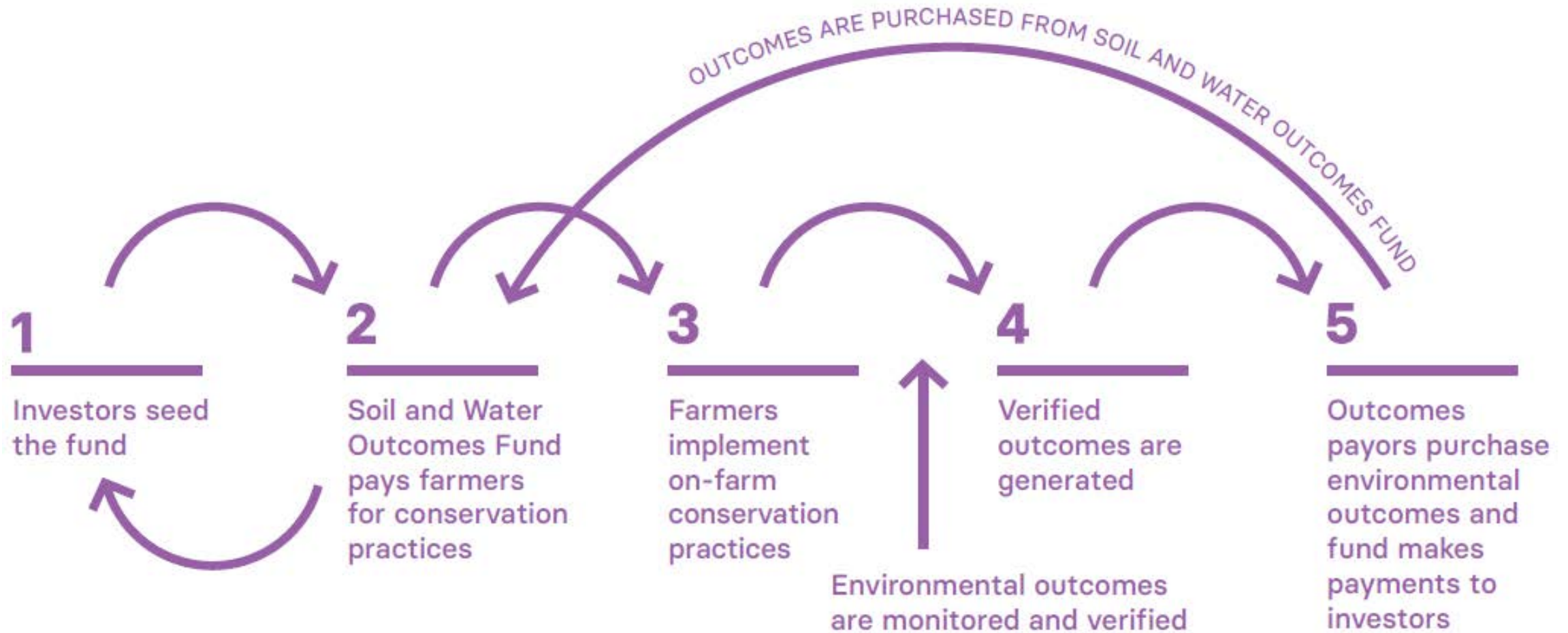
Source water protection fees



Interim financing grant/loan mix



Environmental markets



Questions?