Green Infrastructure Financing

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September 14, 2006
Green Infrastructure Financing

Key issues:

- Define green infrastructure
- The role and structure of the financing process
- Green infrastructure as a financing structure
- Characteristics of a successful financing strategy
Green Infrastructure

What is green infrastructure?

• *Interconnected network* of natural areas and other open spaces that conserves natural ecosystem values and functions, sustains clean air and water, and provides a wide array of benefits to people and wildlife.*

• *Land use planning* tool incorporating multiple uses and benefits: habitat, working lands, water resources, renewable energy, recreation

“Green Infrastructure: linking landscapes and Communities; M.A. Benedict, E.T. McMahon"
Green Infrastructure

What is green infrastructure?

• An ecological framework for environmental, social, and economic health - in short our natural life support system*

• A very effective planning framework for maximizing our environmental, social, and economic return on investment

*“Green Infrastructure: linking landscapes and Communities; M.A. Benedict, E.T. McMahon
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Three related themes:

• **Funding**: acquiring fiscal resources

• **Financing**: a discipline concerned with determining value and making decisions. It is an allocation process: acquiring, investing, and managing fiscal resources
  – The goal: increase *return on investment*

• **Economy**: a system of producing, consuming, and distributing wealth
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What is finance?

• A discipline concerned with determining value and making decisions. It is an allocation process: acquiring, investing, and managing fiscal resources

• Ultimate goal: increase return on investment
Financing Truths

• *It is cheaper to protect than to restore*
• Taking action today is cheaper than taking action tomorrow
• There is not, has never been, and never will be enough grants - public or private - to fund natural resources protection and restoration
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The goal of financing:
• Increase fiscal or economic \textit{return on investment (ROI)}
  – In the private sector: increase cash flow
    \textbf{More money}
  – In the public sector: decrease costs.
    \textbf{More money}
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Three core financing components:

• Financing sources: the ultimate payers of the costs

• Financing instruments: the tools needed to connect the sources to the costs

• Financing institutions: the organizations and entities necessary for implementation
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**Effective financing strategies:**

- Community-based, incorporating all stakeholder groups
- Integrated, combining a variety of sources, instruments, and institutions
- Mirror the resource, incorporating multiple landowners, land uses and landscapes
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Components of a financing strategy:
• Effective use of grant funding and technical assistance programs
• Effective, enforced regulations
• Fees and taxes
• Market-based programs
• Coordination with other community programs and priorities
Triple Bottom Line

“Livable Communities”

Social Capital  Financial Capital  Environmental Capital
Triple Bottom Line

Green Infrastructure

Social Capital    Financial Capital    Environmental Capital
Questions and Discussion