
Scoping study on innovative funding and financing for Integrated Water Management

There is a growing body of research, guidance and tools available to support the quantification and valuation of the benefits of Integrated Water Management, IWM. This includes blue green infrastructure, surface water management, distributed water resource and treatment systems.

Approaches like ecosystem services assessments, triple bottom line and natural capital accounting are increasingly being used to help assign monetary values to the potential benefits. There is also some progress being made to identify beneficiaries and the potential business cases to support their investment decisions.

The delivery of improved IWM is hindered by the difficulty in obtaining funds and finance to cover capital and operational expenditure for interventions. However, there are some examples of innovative frameworks (eg Payment for Ecosystem Services, PES), and specific financing approaches (eg reverse auctions, betterment levies, cooperation payments) being used in the UK to deliver better water management. Further afield, there are international examples where green bonds, storm water offsetting etc are being used to deliver improved IWM.

This project will develop a scoping study on innovative funding and financing for IWM that will be of interest to central government, economic and environmental regulators, sewerage undertakers, local authorities, rivers trusts, third sector organisations as well as developers and regeneration companies.

Objectives

The initial objectives of this work are to:

1. Undertake a focused review of literature and initiatives in the UK and overseas on mechanisms to fund and finance IWM.
2. Review parallels with other 'green' infrastructure delivery mechanisms, ie renewables and assess applicability to UK governance and finance frameworks.
3. Engage with key stakeholders including beneficiaries and solution providers.
4. Understand the applicability of approaches for funding and finance to the drivers being explored by stakeholders (whether these be opportunities or challenges).
5. Develop principles, an initial framework and recommendations to inform delivery, funding/financing on IWM for key stakeholders.
6. Disseminate information to relevant stakeholders and help stimulate discussions and decisions.

Benefits and outcomes of the project

1. Collate the disparate work being undertaken by a variety of organisations, Green Alliance, Natural Capital Committee, Defra, WaSCs, BITC etc.
2. Engage, inform and influence key stakeholders with a view to integrating new options with their investment programmes and developing outcome measures.
3. Strengthen the interaction between IWM interventions, benefit delivery, beneficiaries, business case and funding/financing opportunities.
4. Support the delivery of IWM.