Financing Green Infrastructure: Environmental Impact Bonds

Financial Innovation in the Chesapeake Bay Watershed

Eastern Climate Preparedness Conference  May 2, 2018
At a Glance: CBF’s EIBs for Green Infrastructure Project

OUR OBJECTIVE:
Create a model for funding green infrastructure that, where appropriate, can be duplicated in small-to-mid-size cities to help them meet federal and state Clean Water Act requirements, and related objectives such as climate resilience.

- Looking for 4 jurisdictions in PA, MD, VA
- “Pay for Success” approach to provide up-front capital for environmental projects
- CBF and Quantified Ventures will provide assistance without charge

New Columbia, Portland, OR
How is an EIB Structured? Who is Involved?

1. Quantified Ventures coordinates deal, aligns and coordinates stakeholders
2. Investors provide up-front capital through bond investment
3. Public Entity or Partner (e.g., Municipality or Utility) constructs projects to help meet stormwater management or other resilience targets
4. Public Entity (e.g., Municipality or Utility) repays investors based on achievement of outcomes

Evaluator verifies that project outcomes are achieved.

green infrastructure or other resilience project deployment
Outcomes-Based Bond for GI

Rock Creek Sewershed (Project RC-A)

Pilot (20 acres)

Consent decree requirement (365 acres of GI)

After 5 years, performance payments made based on stormwater captured on-site:

Underperform (2.5% likely): Investors pay DC Water $3.3M – interest rate ~.5%

Perform as expected (95% likely): No performance payment – interest rate ~3%

Outperform (2.5% likely): DC Water pays investors $3.3M – interest rate ~6%
Contacts and Context

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