



**INVEST WITH US**

# Launching Integrated Financing Models for Water, Biodiversity, and Climate



**FOREST  
TRENDS**

# WITH YOUR SUPPORT, WE CAN LAUNCH INTEGRATED FINANCING MODELS FOR WATER, BIODIVERSITY, AND CLIMATE.

**Healthy forests and other ecosystems are inherently multifunctional.** With a single conservation investment in a forest, for example, we can sequester carbon, purify water, recharge aquifers, absorb floodwaters, provide a home for wildlife, and ensure a sustainable supply of timber, food, and other products for people.

**Yet most conservation investments still focus on single outcomes.** For example, the water sector pays for reforestation projects to ensure clean water supplies. Cities manage their surrounding forests for resilience against wildfires and floods. National governments and the business sector pay to plant trees in order to offset their greenhouse gas emissions. And NGOs and philanthropists pledge to restore forested landscapes to reverse the biodiversity crisis. However, there is rarely coordination between these efforts, even though they share the same strategy.

**We are missing an opportunity to design financing strategies that bring together multiple funding streams in pursuit of multiple positive outcomes.** By integrating investments, it's possible to invest in bigger projects with greater impacts. Research shows that conserving larger contiguous areas delivers better ecological results than smaller, isolated projects. It also makes projects more resilient to financing risks. Integrated finance means that instead of competing for limited philanthropic and impact investment funds, project developers can focus on getting results.

**One key entry point for Forest Trends is water security.** Countries will spend trillions on water infrastructure in the coming decade. Interest is growing in the potential of “natural infrastructure” (such as forests, wetlands, and grasslands) to safeguard clean, reliable water supplies. If we can demonstrate the climate, disaster risk reduction, and biodiversity benefits from water sector investments, we expand our pool of potential investors.



## Key Regions

Peru, Bolivia, Mexico, China, Ghana, Brazil, Costa Rica, Ethiopia, and USA

Globally through information resources, convening, and tool development



## Our Impact

**We are a vital partner in Peru's transformational investments in nature for water and climate.** Forest Trends' work in Peru began in 2010 with an Incubator for Ecosystem Services. We supported the Ministry of Environment on its groundbreaking Payments for Environmental Services Law in 2014 and engaged SUNASS, the national water regulator, on reforms that allow water utilities to spend their funds on natural infrastructure. These advances laid the groundwork for a \$130 million funding mechanism in 2015 to protect watersheds for water security and climate resilience. In 2018, USAID and the Government of Canada made a major \$28 million commitment to the *Natural Infrastructure for Water Security* project in Peru to build on these efforts, led by Forest Trends and partners.

**We built a global portfolio of projects in China, Brazil, Ghana, Mexico, and Peru** to demonstrate innovative financing mechanisms and other tools for natural infrastructure. Our performance-based approach applies cutting-edge design principles and innovative science, such as remote-sensing technology and regional water monitoring networks, to quantify results and attract new investments in natural infrastructure.

**We developed cost-benefit curves — the first of their kind — to show SEDAPAL, Lima's water utility, how natural infrastructure cost-effectively improves water security.** Our tools showed that simple interventions, such as rotational grazing and the restoration of ancient pre-Incan infiltration systems, were far more cost-effective than major public works like desalination. That helped convince decision-makers at SEDAPAL and SUNASS to commit \$130 million to nature-based strategies.

**We created the first-ever comprehensive online course on natural infrastructure for the water sector** in collaboration with the Association of Latin American Water Utility Regulators (ADERASA) and financing experts at EcoDecisión. To date, we've trained 126 engineers and water service providers in 13 countries in designing and evaluating nature-based interventions. The course is in its third — perennially oversubscribed — iteration.



# FOREST TRENDS' VISION

Forest Trends has pioneered cutting-edge tools to quantify the hydrological benefits of natural infrastructure and make an investment case to the water sector. The next leap is to leverage the multiple benefits of these water sector investments in order to tap additional resources and enable larger-scale investments.

In the coming years, we will work within the Latin American water sector to cultivate and foster an understanding of natural infrastructure's climate resilience benefits. We'll develop client-driven technical tools and financial models to increase public investments and expand private sector investment opportunities. One facet of our work will be demonstrating how bilateral climate commitments can provide significant upfront funding to reduce deforestation, while water tariffs can then provide cash flows to maintain natural infrastructure over time.

Peru is the first country in the world where national-level policy requires local natural infrastructure investments. We believe that it serves as a unique model of effective cross-sector collaboration for other countries. In coming years, we will focus on transferring the experience we've gained in Peru to other countries — such as Brazil and Colombia — to help build their relatively new mechanisms for water sector and natural infrastructure investment to a national scale comparable to Peru.



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