



BCG
THE BOSTON CONSULTING GROUP

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SEIZING THE WATER OPPORTUNITY

HOW PRIVATE AND PUBLIC CAPITAL CAN JOIN
FORCES TO SECURE SUSTAINABLE WATER SUPPLIES
AND IMPROVE FRESHWATER ECOSYSTEMS

FOREWORD

As part of a new agenda to create a more sustainable future for the planet, the United Nations in 2015 adopted 17 Sustainable Development Goals intended to tackle pressing issues such as poverty, hunger and climate change. Among the main goals was a ground-breaking commitment to tackle the world's mounting water crisis and ensure "availability and sustainable management of water and sanitation for all" by 2030 (SDG6).

Now, three years later, the work of the UN's High-Level Political Forum, set up to review progress with the SDGs, demonstrates that the world is far from meeting its targets for better water management, putting the future of communities and companies across the world at risk. There is an urgent need for investment in more projects that contribute to water security, strengthen the climate resilience of local communities living in river basins, and help to create greener global supply chains.

In our work in water and with our private sector partners and clients, we understand better than most both the growing need to address this vital issue and the financial opportunity freshwater projects can offer private sector players.

The only way to achieve the required level of investment in the water sector is by significantly leveraging the private sector. Solving the world's water-related challenges will need a proactive approach, innovative structures that enable greater cooperation between different players, and the use of blended finance mechanisms. These steps are essential to make freshwater projects a bankable, or investable, proposition and secure the participation of the private sector.

We urge corporates, financiers, governments and NGOs to step up their efforts to jointly drive sustainable and bankable freshwater projects. This report provides suggestions on the steps that different stakeholders can take to make these projects a reality. We are eager to hear from interested parties that are looking to partner on freshwater projects.

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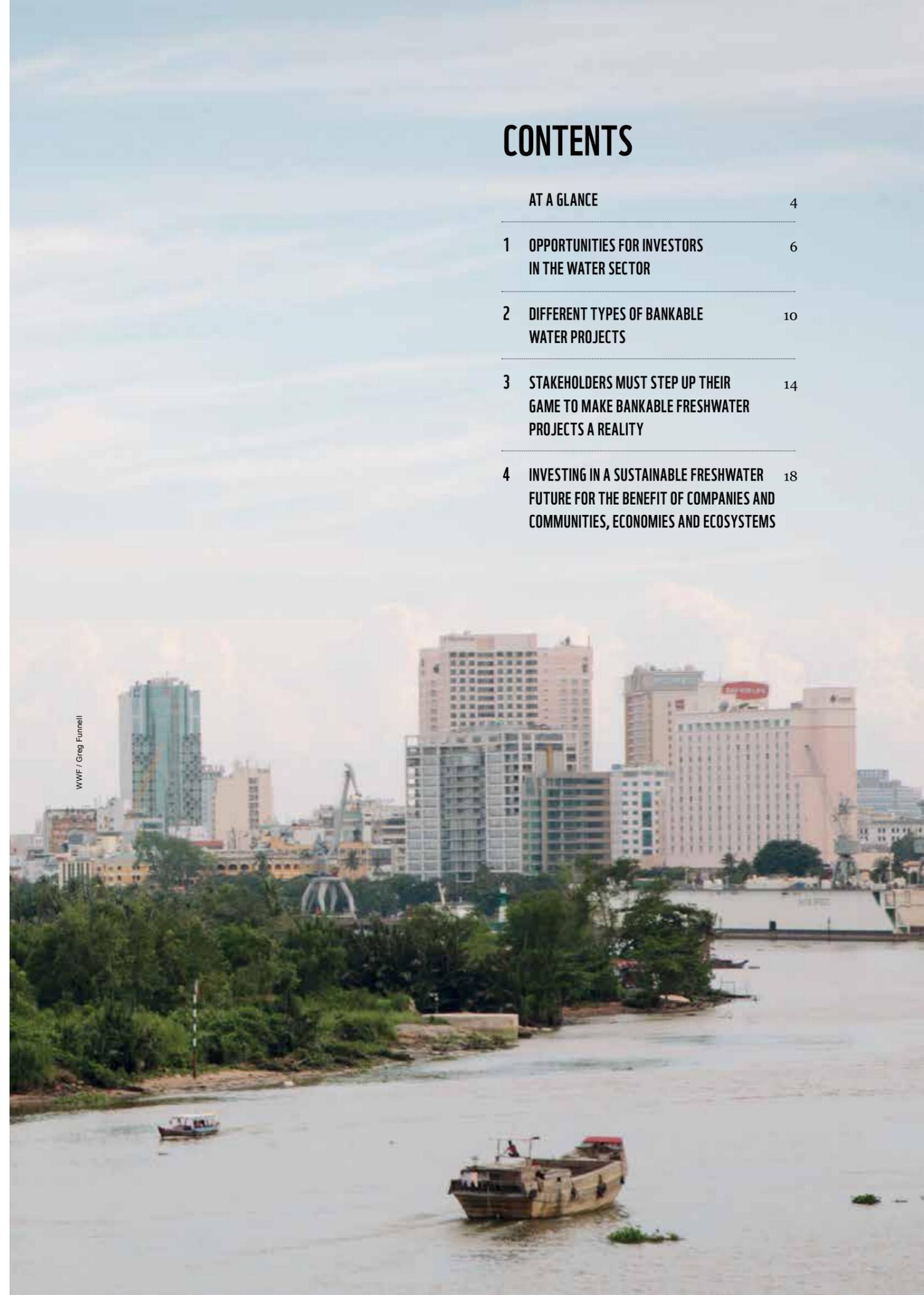
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AT A GLANCE

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01

THE WORLD'S WATER RESOURCES ARE UNDER INCREASING STRAIN AND THE SITUATION LOOKS CERTAIN TO DETERIORATE.

Climate change and demographic pressures are set to worsen water shortages, jeopardize food production in many countries, put businesses at risk of drying and drowning assets, and pollute and degrade natural ecosystems.

02

THE WORLD'S WORSENING WATER CRISIS PROVIDES OPPORTUNITIES FOR THE PRIVATE SECTOR TO CREATE FINANCIAL VALUE.

Private sector involvement is essential to meet the estimated US\$1+ trillion of annual investment needed to secure water for all. Along with opportunities to reduce costs and risks, and increase revenues, a range of institutional supports and approaches, including blended finance, are available to make private sector participation financially attractive. The gap in water-related investments will never be filled without a portion of return-generating projects and companies. For reasons of simplicity, this report refers to these investments in, or loans to, projects and companies as bankable projects.

03

A WIDE VARIETY OF PROJECTS EXIST WHICH OFFER FINANCIAL RETURNS AND POSITIVELY IMPACT FRESHWATER ECOSYSTEMS.

While projects need to be realized individually, it is important they happen as part of a broader development effort, including strengthened governance. Assessment for investment needs should be done at a landscape level and across sectors. This will significantly enhance their overall impact on freshwater ecosystems.

04

ALL STAKEHOLDERS NEED TO BE PROACTIVE AND RAISE THEIR GAME.

To make bankable freshwater projects a reality at scale and achieve their organisational goals, each stakeholder group – whether corporates, financiers, governments or NGOs – should take specific steps to drive increased participation and greater investment.

OPPORTUNITIES FOR INVESTORS IN THE WATER SECTOR

There is a huge opportunity for companies and investors to invest in projects that generate robust financial returns and improve water resource management.

Sustainable management of the world's water has become one of the most pressing issues we face today, driven by unsustainable levels of extraction and pollution of freshwater sources worldwide. Water is a human right and a critical resource not only for people's daily needs but also as an input for agricultural and industrial processes, and as a vital component of the planet's ecosystems.

Despite this, decades of mismanagement, underinvestment, and weak policies – often due to a low appreciation of the diverse values of healthy river systems or the proper management of groundwater – have placed water resources under increasing strain. As a result, nearly half of the world's population lives in water-scarce regions without access to basic levels of fresh water for at least one month per year.

This situation looks certain to deteriorate further. Climate change, global population growth, rapid urbanization and expanding middle classes will increase the pressure on our already stretched water resources. These forces are set to worsen water shortages, jeopardize food and energy production in many countries, and put businesses at risk of drying and drowning assets. They also threaten to degrade the natural ecosystems that are vital to water supplies and underpin economies.

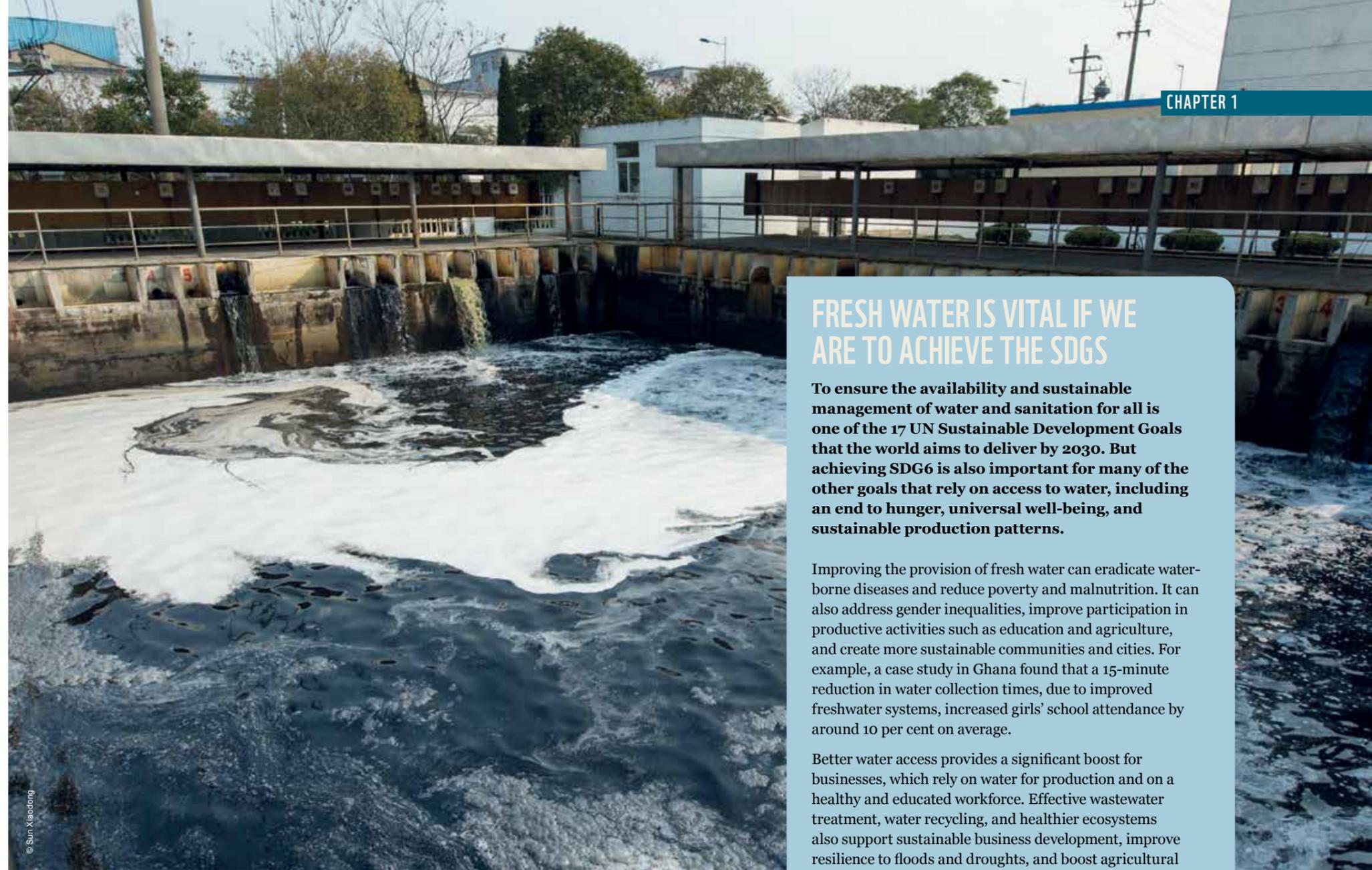
For companies and private sector investors, who have become increasingly aware of the scale of water risk in recent years as alarm bells have been repeatedly rung by, among others, the World Economic Forum and WWF, this dire scenario presents an opportunity to improve sustainable water resource management while also generating solid financial returns. There are three main factors behind this:

- Governments, businesses, and individuals are increasingly aware of the value of water, which is driving more stringent regulation and potentially greater willingness to pay for water services;

- As access to water becomes more restricted, users are open to projects that can reduce the quantity of water they need to consume and improve the quality of wastewater. These projects are also necessary to boost business resilience and ensure companies can retain their licenses to operate, especially in water-stressed areas.
- Companies are starting to appreciate the benefits of water-related risk mitigation. In a world where floods and droughts are more commonplace and severe, this will include initiatives that ensure sufficient water to operate facilities or meet citizens' needs. But mitigation will also limit reputational risks (e.g. a public backlash from polluting or overusing freshwater sources) and regulatory risks (e.g. fines for non-compliance as regulations tighten).

To illustrate the scale of the opportunity: the Organization for Economic Co-operation and Development (OECD) estimates that at least US\$1 trillion of annual investment is needed for wastewater treatment, water plants, and supply networks alone. Further investment is needed in other types of assets. Some of these projects and other essential investments are not bankable propositions and will depend on the backing of the public sector, including projects in emerging markets where local populations cannot afford to pay for their water or where initiatives are designed to meet basic human needs.

However, a significant proportion of the trillion-dollar-plus investment need is made up of projects with the potential for strong business models and revenue profiles that are attractive to the private sector; for example, industrial wastewater treatment plants or clean technology investments in water-reliant businesses.



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ONE OF THE KEY TRENDS ENABLING PRIVATE SECTOR PARTICIPATION IS THE GROWTH IN BLENDED FINANCE

AN ARRAY OF INSTITUTIONAL AND FINANCIAL SUPPORTS EXISTS TO HELP PRIVATE SECTOR PROJECTS THAT ADDRESS THE WORLD'S DETERIORATING WATER SITUATION

While some water projects have clear and strong business cases, others can be more challenging due to inadequate governance, poor pricing, or weak creditworthiness – often in developing countries that lack good water-related infrastructure.

Fortunately, the United Nations Sustainable Development Goals – ambitious objectives to end poverty, foster prosperity, and protect the planet by 2030 – are creating a momentum for change. Given the size of investment required to realize the SDGs, the private sector is set to play a pivotal role. In the water sector, philanthropic donations and grants make up only a fraction of the more than US\$1 trillion needed.

Clean, fresh and accessible water is key to almost all SDGs that companies, governments, and development agencies have committed to tackling within the UN's time frame (see Box 1). Consequently, these different stakeholders are ready to provide a range of supports for players participating in projects that have a net positive impact on water resource management.

For example, leading governments are providing financial incentives, streamlining investment approval procedures, and developing more effective regulations and penalties that encourage investment in water projects. In the development community, a variety of organizations – from Development Finance Institutions (DFIs) to foundations and impact investors – offer financial support and technical expertise, including helping businesses to develop project ideas, create strong business cases, and structure financing deals. One of the key trends enabling private sector participation is the growth in blended finance.

BENEFITING FROM BLENDING FINANCE

The growth in blended finance, which leverages development funds and knowhow to mobilize private investment, is a crucial element in the increasing number of support mechanisms for water projects. With public sector, philanthropic donors and impact investors providing funding under less favourable conditions (lower return, higher risk, longer tenure), commercial investors are freed up to tap the strong potential returns from water-related projects while benefiting from valuable downside risk protection.

DFIs and other development organizations can give support in several ways: by providing a financial 'cushion' in the form of concessional finance on below-market terms; funding the early-stage development of a project (and taking on the risk that it fails); accepting the initial tranche of project losses; or providing financing guarantees that are then used to attract private capital. The right investment climate and enabling conditions for bankable solutions can be further strengthened through a range of other projects (e.g. community support, stakeholder dialogue, capacity at government level), which can only be funded by grants and subsidies. These innovative mechanisms work by de-risking projects for investors and softening lending agreements, allowing the private sector to participate on acceptable market-based terms.

A well-known example of blended finance is the Partnership for Cleaner Textiles in Bangladesh (PaCT). PaCT is a cooperation between the International Finance Corporation (IFC, part of the World Bank), apparel brands, textile manufacturers, international and local NGOs, governments, financiers, and many other stakeholders. Together, they drive investment in cleaner production methods in the local textile industry. Through grant money and FDI support, textile manufacturers are able to attract commercial finance in order to invest in their production facilities. This leads to a substantial improvement in their profitability, as well as having a very positive impact on the environment.

FRESH WATER IS VITAL IF WE ARE TO ACHIEVE THE SDGS

To ensure the availability and sustainable management of water and sanitation for all is one of the 17 UN Sustainable Development Goals that the world aims to deliver by 2030. But achieving SDG6 is also important for many of the other goals that rely on access to water, including an end to hunger, universal well-being, and sustainable production patterns.

Improving the provision of fresh water can eradicate water-borne diseases and reduce poverty and malnutrition. It can also address gender inequalities, improve participation in productive activities such as education and agriculture, and create more sustainable communities and cities. For example, a case study in Ghana found that a 15-minute reduction in water collection times, due to improved freshwater systems, increased girls' school attendance by around 10 per cent on average.

Better water access provides a significant boost for businesses, which rely on water for production and on a healthy and educated workforce. Effective wastewater treatment, water recycling, and healthier ecosystems also support sustainable business development, improve resilience to floods and droughts, and boost agricultural productivity. For instance, since 2016, Mexico City has successfully used treated wastewater to irrigate large agricultural areas in the Mezquital valley.

A reduction in water-based pollution and improved water usage also benefits the environment and biodiversity, by enhancing the health of rivers and lakes as well as marine and terrestrial ecosystems, and limiting the environmental impact of economic development and urbanization.



DIFFERENT TYPES OF BANKABLE WATER PROJECTS

“ING SEEKS TO FINANCE INDIVIDUAL PROJECTS WHICH OFFER A FINANCIAL RETURN. THAT SAID, WE DO REALIZE THAT THESE PROJECTS NEED TO HAPPEN IN A SOLID REGULATORY ENVIRONMENT AND AS PART OF A BROAD APPROACH. THIS REDUCES THE LONG-TERM WATER RELATED RISKS FOR OUR FINANCING.”

AMBIKA JINDAL,
ING BANK – VP SUSTAINABLE FINANCE

Bankable water projects come in many shapes and sizes, but they all share common characteristics.

Firstly, projects should generate a sufficiently large positive cashflow, through increased revenues or cost savings, or mitigate risks. For (external) funders, the ‘target’ also needs to be sufficiently creditworthy or at least have guarantees or backing from a creditworthy partner (e.g. a large buyer or government); the project (possibly an aggregation of many smaller projects) needs to be sufficiently large to merit the required due diligence and resource investment; and the political and regulatory environment should be relatively stable. So while bankable projects come with different levels of risks, risk appetites vary depending on the type of financial institution. WWF and partners can help bring different types of investors and other funders together, which could help offset or address those risks through on-the-ground expertise, guarantees, aid, and reliable due diligence. Secondly, to be sustainable, bankable freshwater projects must have a positive effect on the environment: some improve the management of water resources or mitigate negative impacts, while others prevent the fragmentation and degradation of watersheds, rivers and wetlands. And thirdly, the design of bankable water projects should consider the whole basin as well as trade-offs and/or synergies with other projects in the basin.

We have highlighted four different types of water projects below that have the potential to be successful, bankable investments. It is not intended to be an exhaustive list, but each type has a proven and positive impact on the environment, a clear revenue model, and can generate robust cash flows.

AGRICULTURAL AND INDUSTRIAL WATER USAGE

The agricultural and industrial sectors are key users and polluters of water, as many of the processes are both extremely water intensive and require substantial amounts of chemicals. Consequently, these sectors depend heavily on the availability of water of a sufficiently high quality. The absence of

such water can directly cause agricultural land to be abandoned and industrial assets to be shut down. Because of these risks, and the related costs of dealing with used water, many agricultural and industrial facilities can benefit financially from investing in better water management.

One example is the use of sustainable practices on farms close to Australia’s Great Barrier Reef, which were introduced to curb river pollution that was damaging the reef. These projects have significant financial and environmental benefits. As well as more sustainable farming practices, we also see huge potential for projects that improve the efficient use of water in agricultural irrigation. However, a prerequisite is that water allocation needs to be properly managed – otherwise it does not lead to a reduction in water usage. Another example is how textile manufacturers in Turkey are reducing their costs by implementing cleaner production methods (see Case Study).

WATER SUPPLY NETWORKS AND LEAKAGE PREVENTION TO CURB NON-REVENUE WATER

Investing in technology to identify leaks from water pipelines or building water supply facilities to provide drinkable water for residential use can yield significant benefits and returns. In Lisbon, EPAL, the Portuguese capital city’s water company, is using a leakage-monitoring computer programme to improve the supply of water to residents. It identifies potential leaks by comparing information about water usage in real time with anticipated usage levels. From 2005 to 2015, water losses were cut from more than 20 per cent to less than 10 per cent, resulting in accumulated savings of €68 million. By comparison, the city invested an initial €2 million followed by €500,000 per year over the same period. This approach has the potential to be replicated in other locations, which suffer from high water losses and depleting freshwater sources.

HEALTHY WETLANDS MITIGATE EXTREME FLOODS AND SO REDUCE INSURANCE LOSSES

WASTEWATER TREATMENT PLANTS AND REUSE TECHNOLOGIES

Industries in emerging markets from China to Turkey are facing a growing risk of polluting the water resources they rely on. Due to more stringent regulations, they are willing to pay for effective wastewater treatment. The building of new wastewater plants, or the modernizing of existing ones, enables effluents to be decontaminated and discharged back into rivers. For example, by expanding its As Samra treatment plant near Amman, Jordan was able to support increased agricultural production in the Jordan Valley, reduce contamination of soil and groundwater, and improve water quality so that effluents could be used for irrigation. In addition, reuse technologies allow stakeholders to reduce costs and even create a new revenue stream by selling high value nutrients extracted from the effluent.

RESTORATION OF FRESHWATER ECOSYSTEMS

Improving the condition of rivers, wetlands, and other freshwater ecosystems enhances their natural capacity to mitigate the impact of floods, droughts and storm surges on communities and cities. They also create value for the wider community. For instance, since healthier ecosystems are better at filtering pollution, they generate more plentiful and higher-quality water for residential and commercial end-users. Upkeep costs for the public authorities that manage them and for taxpayers are also reduced. Last year, UK utility Anglian Water raised £250 million in a green bond jointly arranged by ING. The proceeds will be used to tackle a broad range of ecosystem-related issues, including resilience, drought, and water recycling.

“UNDER MOUNTING PRESSURE FROM INVESTORS, CUSTOMERS AND EMPLOYEES, COMPANIES ARE INCREASINGLY TAKING A TOTAL SOCIETAL IMPACT VIEW ON THEIR STRATEGIES. COMPANIES WHICH PERFORM BEST IN A BROAD SENSE OF NET POSITIVE IMPACT, ON AVERAGE, OUTPERFORM THEIR PEERS IN TERMS OF MARGINS AND VALUATION. REDUCING WATER-RELATED RISKS AND COSTS THROUGHOUT THEIR SUPPLY CHAINS, CAN BE A PIVOTAL ELEMENT OF THIS EFFORT.”

ADRIEN PORTAFAIX, PRINCIPAL, BCG

The funds raised through this bond are kept separate to ensure resources are allocated to eligible projects and to enable proper reporting of the impact achieved.

In California, privately funded forest restoration programmes – the removal of excess vegetation to return the region’s forests to a thinner and healthier state – are cutting the risk of wild fires. They are also enabling more water to flow through to reservoirs and farms rather than being soaked up by unwanted plants. By reducing costs, these programmes benefit both forest managers and downstream water utilities. The work is funded by a ‘Forest Resilience Bond’, which pays out to investors provided projects meet pre-agreed goals.

Another example comes from the Haringvliet in the Netherlands, where the local authority has converted an agriculture area into a wetland. It has reserved a small part for housing and is using the proceeds of property sales to fund ecosystem restoration for the area as a whole. Rising land values have helped make the project bankable. Indeed, there is a huge untapped opportunity to invest in green infrastructure projects that support freshwater ecosystems, including the protection of headwaters that feed industrial and drinking water supply systems.

These are just a few examples. There are many other types of projects – some that are even outside the water sector – that can have an equally positive impact on water resources and freshwater ecosystems. For example, since hydroelectric power plants disrupt the natural flow of rivers, where feasible solar or wind farms could be installed in their place, avoiding degradation of the ecosystem while still providing extra energy and a financial return to private investors. Enhancing climate resilience by protecting and restoring healthy wetlands and floodplains, which mitigate the impacts of extreme floods and storms and so reduce insurance losses, could also become more bankable as the world warms and extreme weather events increase. Meanwhile, any investment in water-dependent projects will encourage local and central governments to tighten the regulations that govern river basins, further improving the conditions in those basins.



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IMPROVING WATER QUALITY IN TURKEY’S BUYUK MENDERES RIVER BASIN

The Büyük Menderes river basin in southwestern Turkey is a vital source of water for the region and an area of rich biodiversity. But the native flora and fauna and the quality of life of local people is under growing threat from water pollution. A key source of this pollution comes from textile manufacturers situated around the industrial city of Denizli, which rely on water from the river.

WWF identified that the many small and medium-sized enterprises (SMEs) in the textile dyeing industry could cut their costs while also reducing their environmental footprint – saving water, chemicals, and energy – through a number of interventions. These ranged from small alterations in their processes, such as changes in chemicals and better water management, to more substantial investment in equipment. All provided significant savings, with payback periods ranging from six months to two years.

WWF worked with a broad variety of stakeholders to foster this transformation. The first step was to create awareness of the opportunity among local and international buyers, industry associations, and the local development agency. Then, armed with the results of a pilot demonstrating the financial and environmental benefits, WWF was able to

spark the interest of local stakeholders. In addition, WWF ensured the dyeing companies had access to financial support to fund feasibility studies, through grants from the South Aegean Development Agency (GEKA), and invest in cleaner production processes, helped by standardized protocols with local banks.

This initiative was launched at a major press event in May 2018, with attendance from textile dyers, international buyers, financiers, industry representatives, development agencies, and government officials. All participants expressed their support for this important, innovative and bankable approach. Indeed, the government subsequently announced that it will transform the Denizli industrial zone into a ‘green industrial park’ as part of a global initiative with IFC. Currently, WWF is working with several SMEs to identify specific measures for their facilities and initial discussions to attract funding are already underway.

The benefits are not limited to the Turkish textile industry: this successful model can serve as a blueprint to improve water management by textile manufacturers worldwide as well as in other industries.

STAKEHOLDERS MUST STEP UP THEIR GAME TO MAKE BANKABLE FRESHWATER PROJECTS A REALITY

There are opportunities for multiple organizations to achieve their goals by promoting bankable freshwater projects, if they are ready to seize them. Each stakeholder should take specific steps to make projects happen.



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CORPORATES: LEAD THE CHARGE

Multinational companies often feel the cost of water misuse in their supply chains. Therefore, they must take the lead in promoting better use of water resources by identifying bankable freshwater projects within their own operations and supply chains and by quantifying potential benefits. To start, this requires a good understanding and monitoring of where the key issues are. When a project is identified, they should put ‘skin in the game’ by providing the financial commitment needed to enable the project to be realized, through seed funding, guaranteeing to meet any initial losses, or offtake agreements. Finally, corporates should advocate for improved water-related regulation with local authorities.

By proactively supporting investments in bankable projects, they can gain a competitive advantage and benefit from lower costs, more resilient supply chains, and a better reputation with customers and regulators. Companies can also ring-fence water-related costs, making it easier for them to raise funds for specific water projects, and improve their

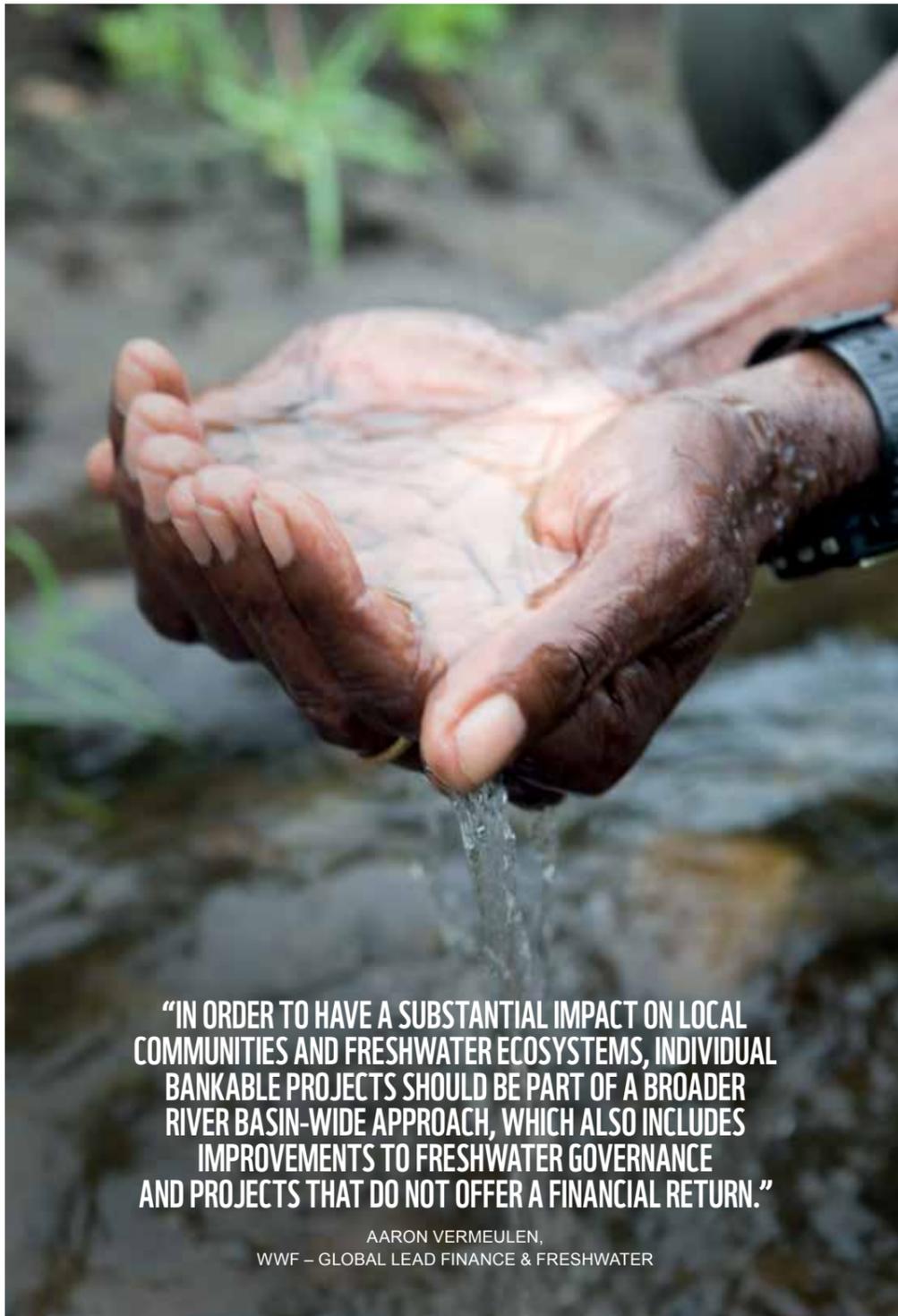
sustainability performance so that they can achieve better financing terms. Companies need to set aside budget that helps to de-risk their supply chain and leverage other investments in the basins from which they source. We recommend that each company should set so-called-leverage targets. Developing new water-related infrastructure – such as wastewater treatment plants and nature-based solutions – is another clear potential source of returns for utility and infrastructure companies. By addressing their water-related risks, companies can eventually improve their credit rating and source capital at favourable rates.

FINANCIERS: COLLABORATE WITH OTHER FUNDERS

Financiers from the public and private sectors should collaborate and pool expertise in order to develop projects and mobilize capital at scale. Development finance institutions, multilateral and national development banks, and government aid agencies can work proactively with private funders to combine different types of available funding to ensure financial deals work for all parties. These organizations

NGOS NEED TO ENCOURAGE PRIVATE-SECTOR INVESTMENT USING INNOVATIVE APPROACHES

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“IN ORDER TO HAVE A SUBSTANTIAL IMPACT ON LOCAL COMMUNITIES AND FRESHWATER ECOSYSTEMS, INDIVIDUAL BANKABLE PROJECTS SHOULD BE PART OF A BROADER RIVER BASIN-WIDE APPROACH, WHICH ALSO INCLUDES IMPROVEMENTS TO FRESHWATER GOVERNANCE AND PROJECTS THAT DO NOT OFFER A FINANCIAL RETURN.”

AARON VERMEULEN,
WWF – GLOBAL LEAD FINANCE & FRESHWATER

also have valuable expertise that they can share about which projects are needed and where, and how to meet projects' financial and technical requirements. It is important, however, that development institutions don't 'crowd out' commercial financiers by participating in projects, or parts of projects, that the private sector can fund.

Commercial funders also need to work alongside players in the field to identify bankable freshwater projects. They should consider an innovative approach to financing that takes into account new financial products, blended finance, and cooperation with other stakeholders. In addition, new financial products, such as landscape bonds and sustainability improvement loans, can support and catalyze investments in bankable water solutions. They will need to be consulted early in a project's life to ensure it is on course to becoming 'investor ready' and attract additional private capital. By working with the companies they are financing to identify and tackle water-related risks, funders can reduce their own exposure to these risks. Depending on the individual project, they may also have to take a longer-term view of when project returns will be delivered. They also need to adjust how they find comfort in lending. If they continue to look for traditional comfort mechanisms, there will be no change. Partnerships with effective NGOs and others who are closer to the projects might be key here.

GOVERNMENTS AND REGULATORS: CREATE THE RIGHT CONDITIONS

Governments in developing countries and their national water regulators play a crucial role in creating the right conditions for effective water management and investment. But there's more to be done. With supportive regulation, they can incentivize companies and other project sponsors to develop sustainable freshwater projects. Governments can also provide perks to encourage sustainable investment by means of tax benefits or grants. However, they will need to ensure that the processes that sponsors are required to follow to obtain these benefits are not overly bureaucratic. Governments can

also create a positive investment climate by enforcing existing regulation and so create a level playing field for all stakeholders in river basins. A solid regulatory environment is a good place to start for governments hoping to attract private investments into their basins. Developing-country governments that get the conditions right – by creating a competitive and resilient business environment that is attractive to investors – will benefit from stable project pipelines.

NGOS: WORK HAND-IN-HAND WITH THE PRIVATE SECTOR AND AUTHORITIES

To effect change, both in the water sector and other areas, non-profit organizations need to think outside the box by identifying ways to encourage private-sector investment using innovative approaches. Those organizations that can demonstrate an ability to deploy their philanthropic funding to leverage private capital will improve their relevancy for donors. NGOs will have to use their networks and their expertise to identify the freshwater projects needed to restore ecosystems and safeguard fresh water for local communities. A key strength: they have the capability to take a broad, basin-level view of what projects are required and can determine which of these are bankable. They can also use their 'brand' to create awareness about the need for sustainable projects and act as an intermediary to bring together the right people and organizations, from the private and charitable sectors, to make projects happen. This effort goes hand in hand with working with the local authorities to promote adequate regulation and enforcement.

By giving their support to the private sector, NGOs can place a stamp of approval on projects, helping to promote those with social and environmental benefits. In addition, when individual private sector-backed water projects succeed, this leads to the development of other projects and ultimately creates pressure on regulators and governments to improve regulation and enforcement. It also creates a momentum for funding to support broader conservation goals.

INVESTING IN A SUSTAINABLE FRESHWATER FUTURE FOR THE BENEFIT OF COMPANIES AND COMMUNITIES, ECONOMIES AND ECOSYSTEMS

Together, WWF, ING, and BCG are working to catalyze bankable freshwater projects. With support from BCG and ING, WWF has created a comprehensive approach to help identify, frame, and realize bankable freshwater projects.

This innovative approach, which enhances the impact of WWF's involvement by leveraging expertise and funding from the private sector, consists of:

- A dedicated team of financial and conservation experts who assess and advise on the viability of project ideas and provide further financial and technical support as these develop;
- A seed fund that can be tapped to finance early project stages, if necessary, thereby enabling projects to be progressed until they are ready to be presented to commercial investors;
- An advisory panel of potential investors and industry experts which meets 2-4 times a year to assess the bankability of projects based on business plans, ensure proper deployment of the time and resources of the team and fund, and enable early alignment with financier needs; and
- A connection between projects in the pipeline and potentially relevant financiers.

BANKING ON A SUSTAINABLE FRESHWATER FUTURE

WWF is taking a leading role in promoting a cooperative approach to bankable freshwater projects. It is actively seeking partners because it believes this approach can drive significant and lasting improvements in water management and freshwater ecosystems.

As part of this programme, WWF would like to partner with other stakeholders on projects, especially those that can offer financial expertise, financial support, seed development funding, or larger project funding.

Interested parties should contact:
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WWF IS ONE OF THE WORLD'S LARGEST AND MOST RESPECTED INDEPENDENT CONSERVATION ORGANIZATIONS, WITH OVER 5 MILLION SUPPORTERS AND A GLOBAL NETWORK ACTIVE IN OVER 100 COUNTRIES.

Our mission is to stop the degradation of the Earth's natural environment and to build a future in which humans live in harmony with nature. Along with conservation projects in river basins across the world, we are working to redirect global financial flows into sustainable water projects by providing a variety of innovative financial solutions, including bankable water solutions, water stewardship mutual funds and blue bonds.

By leveraging our global network, WWF has built a pipeline of projects that have bankable opportunities. With our external partnerships and convening power, we will drive these projects to a point where the impact and financial return can be replicated and scaled. When designing bankable water projects, we consider the whole basin and consider trade-offs and/or synergies with other projects in these basins. We look for investment pathways where global supply chains, water regulation and governance support the bankability of the project under consideration. WWF is also seeking to transform corporate water management by promoting Water Stewardship, use of our upgraded Water Risk Filter by companies and investors to assess, value and respond to water risk, and expanded collective action. We have just launched a flagship report on Valuing Rivers: How the diverse benefits of healthy rivers underpin economies. For more information,

panda.org/freshwater



ING IS A MAINSTREAM BANK WITH AN INTERNATIONAL PRESENCE IN 40 COUNTRIES WHERE WE SERVE A WIDE RANGE OF ORGANIZATIONS, INCLUDING CORPORATES, MULTINATIONAL CORPORATIONS, FINANCIAL INSTITUTIONS, GOVERNMENTS, AND SUPRANATIONAL BODIES

Along with its long history in banking, ING embraces and leads in innovation. This combination allows us to come with customized and innovative financial solutions for our clients, which can range from green bonds, green loans, sustainability-linked loans, project finance, corporate finance to equity investments. At ING, we help people stay a step ahead and thrive in tomorrow's world by turning the threats of climate change and fast-changing technology into opportunities.

Along with energy transition and the circular economy, water is a key focus area for us. We work with our clients, peers and NGOs to increase our contribution to and accelerate water solutions. We also invest our expertise in building a pipeline of bankable projects in the future by advising clients on how to make their solutions more commercial and scalable. In addition, we also have a large network of family offices and other financiers who we service and with whom we can share financing needs that are beyond our own financing appetite. Our expertise in financing, advising and connecting, positions us very well to play a significant role in mobilizing finance towards promising water solutions. See more on ING's work on water on our website.

For clients interested in ING's work on water, please contact Ambika Jindal, ING Bank, VP Sustainable Finance

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THE BOSTON CONSULTING GROUP (BCG) IS A GLOBAL MANAGEMENT CONSULTING FIRM AND THE WORLD'S LEADING ADVISOR ON BUSINESS STRATEGY.

As part of our commitment to society and the environment, we have partnered with WWF since 2012, working together to enhance their conservation efforts and strengthen WWF's global organization. In recent years, we have increasingly focused our cooperation on several key topics, including fresh water. For example, we convened a diverse group of key water users from across South Africa's public, private, and social sectors to explore the future of water in the country, then collaborated on a report—Scenarios for the Future of Water in South Africa—providing an in-depth analysis of the results.

Beyond the social sector, BCG works with our corporate clients to make social impact an integral part of their business strategies. The goal: to maximize a company's positive societal impact. In our recent report "Total Societal Impact: A New Lens For Strategy" we have shown that societal impact correlates with businesses' financial performance.

For companies interested in working on their Total Societal Impact, please contact Adrien Portafaix, BCG Social Impact Expert Principal

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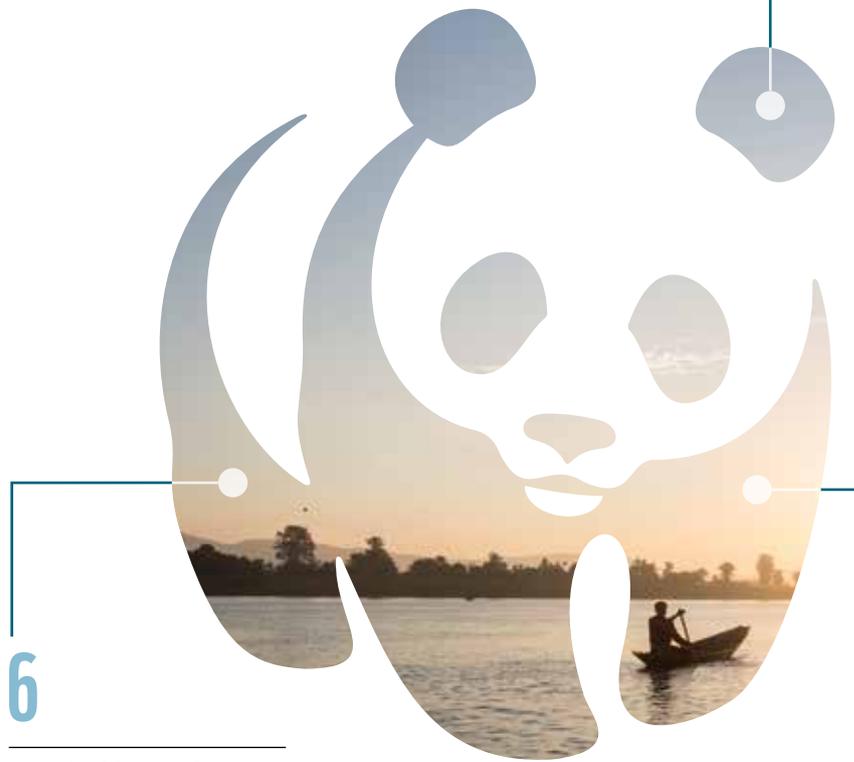
SEIZING THE WATER OPPORTUNITY

100%
RECYCLED



US\$1 TRILLION

Annual investment needed in
global water infrastructure



6

Sustainable Development
Goal of water and
sanitation for all

2.7 BILLION

People find water scarce
for at least one month of
the year



Working to sustain the natural
world for people and wildlife

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