

Media release

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New Climate Bonds Water Infrastructure Expert Committee meets today for the first time, discussing water investments that can be used for green and climate bonds

London 6th Nov 2014 - A new Climate Bonds Expert Working Group, made up of key water sector and industry experts from around the world will be meeting for the first time today to develop criteria for water investments that can be used to back green and climate bonds certified under the [Climate Bond Standard](#) – an easy-to-use tool for investors and governments that allows them to assess the environmental integrity of bonds with confidence.

The water-focused Expert Group was brought together by the Climate Bonds Initiative, in collaboration with [Ceres](#), [the World Resources Institute](#) and [CDP](#) (formerly Carbon Disclosure Project). The Group includes representatives of organizations such as the [OECD](#), [Asia Development Bank](#), [Imperial College London](#), Alliance for Global Water Adaptation ([AGWA](#)), [D.C. Water](#), [Chinese Academy of Sciences](#) and the Stockholm International Water Institute ([SIWI](#)).

Water-related investments account for an enormous part of the capital assets of developed countries, and are a huge part of investments being undertaken in developing economies. Meanwhile, a new Intergovernmental Panel on Climate Change (IPCC) [report](#) released this week shows that substantial climate adaptation infrastructure will be required to ensure future clean water supplies. A clear understanding of what sorts of investments are consistent with improving the climate resilience of water assets will help bond investors quickly determine the environmental credentials of water-related green bonds and climate bonds.

Investment areas such as clean water projects, water treatment infrastructure, agricultural usage, storm and flood drainage and protection will be explored, as well as energy efficiency thresholds required to qualify for climate bond certification.

Climate Bonds CEO Sean Kidney said: "The potential for green bonds in the water sector is enormous. While it may be tempting to define every water project as 'green', water investments that *don't* take into account climate change, with, for example, its increased volatility of rainfall – dumps and droughts – will come to be seen as both higher risk and not consistent with green." He added: "Currently, climate relevance is not clear for water projects; some of them may actually perpetuate high water consumption or poor water management with high energy usage. This makes the need for guidelines even more urgent – investors will want to be sure that investments don't make matters worse."

Sharlene Leurig, Director of the Sustainable Water Infrastructure Program at Ceres, a nonprofit sustainability group, added: "At a time when significant investments are needed in clean water infrastructure in the United States – [anywhere from \\$300 billion to \\$1 trillion in the next 15 years](#) - we need to make sure these expenditures account for current-day challenges and opportunities, many of them related to climate change. Such 21st-century clean water infrastructure has the potential to provide numerous co-benefits, including nutrient harvesting, urban green space provisions, habitat

protection and renewable energy generation. But all of these projects need to be undertaken in line with the need to adapt infrastructure to address the impacts of climate change.”

Betsy Otto, Director of the World Resource Institute’s Water Program added: “Green bonds not only create increased financial flows to meet the world’s demand for freshwater, but also ensure that these water infrastructure investments are more cost-effective, flexible, and environmentally sustainable in the face of increased water demand and climate variability. We see the Climate Bond Standard, as an easy-to-use tool that streamlines the investor decision making, as key to this process. Taking a common approach on project eligibility will ensure that these water investments bring benefits for the climate, water resources, and affected communities.”

Cate Lamb, Head of Water at CDP said: “According to [a report from the UK Water Research and Innovation Partnership](#), the required expenditure globally on water and sewerage to 2050 amounts to \$8,606 billion. This presents a huge opportunity to tackle the global water challenge, however managing our future water needs is, in effect, the climate adaptation challenge. CDP views the development of the Climate Bond Standard for water infrastructure as a critical step in transitioning confidently and meaningfully to a low-carbon, climate resilient economy.”

Dr. John Matthews, Coordinator of the Alliance for Global Water Adaptation (AGWA), said: “Because of rapid economic and climate change, we live in an era when sustainability has become a moving target. No standards have yet been developed to evaluate how well we are managing water resources and ecosystems in a dynamic period. We need to design new standards that allow us to design, evaluate, and effectively invest in water resources that enables long-term, flexible, and truly sustainable water management for sustainable energy, agriculture, cities, and ecosystems.”

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The Climate Bond Standard & Certification Scheme has been developed for fixed income investments in areas that support a rapid transition to a low-carbon and climate resilient economy. Eligibility criteria have to date been developed for [wind](#) and [solar](#) energy investments as well as [energy efficiency in buildings](#), with [low carbon transport](#) soon to be released. For details, visit www.climatebonds.net/standards

About Climate Bonds Initiative: The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy. For details, visit www.climatebonds.net, @ClimateBonds

About Ceres: Ceres is a nonprofit sustainability organization mobilizing business and investor leadership on climate change, water availability challenges and other global sustainability threats. Ceres directs the Investor Network on Climate Risk (INCR), a network of 110 institutional investors with collective assets totaling about \$12 trillion. For details, visit www.ceres.org.

About CDP: CDP is an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. For details, visit www.cdp.net.

About World Resource Institute: World Resources Institute (WRI) is a global research organization that spans more than 50 countries, with offices in Brazil, China, Europe, India, Indonesia, and the US. It has

more than 450 experts and staff that work closely with leaders to turn big ideas into action to sustain our natural resources. For details, visit www.wri.org.

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The Water Infrastructure Technical Working Group Lead coordinators

- Sean Kindey, Justine Leigh-Bell, Climate Bonds Initiative
- Sharlene Leurig, Sustainable Water Infrastructure Program, Ceres
- Betsy Otto, Water Program, World Resource Institute
- Cate Lamb, Water Program, CDP

The Water Infrastructure Technical Working Group members:

- Dr. John Matthews, Alliance for Global Water Adaptation (AGWA)
- Dr. Xavier Leflaive, OECD
- Torgny Holmgren, Stockholm International Water Institute
- Dr. Christine Chan, Alliance for Global Water Adaptation (AGWA)
- Dr. Cedo Maksimovic, Urban Water Research Group, Imperial College London
- Bob Zimmerman, Charles River Watershed Association
- Mark Kim, DC Water, Washington DC
- Dr. LeRoy Poff, Colorado State University, Stream Ecology Lab
- Dr. Casey Brown, University of Massachusetts, Hydrology
- Dr. Mark Smith, IUCN
- Bill Stannard, AWWA
- Will Sarni, Deloitte
- Thomas Panella, Asia Development Bank
- Dr. Guy Pegram, Pegasys, South Africa
- Matt Ries, Water Environment Federation
- Dr. Junguo Liu, IIASA, Chinese Academy of Sciences
- Dr. Manisha Singh, WiseLion LLC

The Standard is supervised by a board comprising:

- The California State Teachers Retirement System (CalSTRS)
- The Nature Resources Defense Council
- The Carbon Disclosure Project
- The Ceres Investor Network on Climate Risk
- The (EU) Institutional Investor Group on Climate Change
- The (Australian) Investor Group on Climate Change
- The State Treasurer of California, Bill Lockyer