

Joint Media Release

Global Launch of New Climate-Based Water Resilience Criteria Boost for Green Bond Investment in Water Infrastructure, Sustainable Ecosystems, Cities, Agriculture & Energy

LONDON: 22/05/2018: 11:00 BST: The Water Consortium, a global group of climate finance and sustainability organisations, has formally launched the new [Water Infrastructure Criteria](#) of the Climate Bonds Standard marking a major turning point in best practice for sustainable investment in water-based infrastructure and green/grey hybrid systems.

The final development phase extends the Criteria's reach to cover nature-based and hybrid water infrastructure, such as wetlands and watersheds, that may be used for purposes of water collection, storage, treatment and distribution, flood protection and drought resilience.

This means that for the first time, nature's water infrastructure such as watersheds, wetlands, and forests, which are essential for the provision of clean water around the world, can be protected, managed and restored, using Climate Bonds Certified green bonds – making them ripe for the investments they direly need.

Developed for potential green bond issuers and investors, the new Water Infrastructure Criteria defines and evaluates low carbon and climate resilient water infrastructure projects by encompassing two broad components: 1) climate mitigation and 2) climate adaptation and resilience.

The Criteria screens what types of water assets and projects can be included in green bond investment in water projects to qualify for Climate Bonds [Certification](#). Certified projects must contribute to reductions in greenhouse gases over the lifetime of the asset, and must prove sufficient adaptation to changing climatic conditions.

Developed in two phases, the first phase of the Criteria covered both traditional 'built' or grey engineered water infrastructure for water treatment, flood defence, drought defence, storm water management, and ecological restoration and management.

Since the initial phase launch in 2016, about USD1.5 billion of Certified green bonds have been issued against these Criteria in [North America](#) and [South Africa](#).

The Criteria now fully recognise that ecosystems (including rivers, lakes, natural watersheds, aquifers and groundwater) are the original water infrastructure and are essential to meet local, national, and global resilience goals. Nature-based solutions are increasingly being integrated within formal water management systems as green and hybrid infrastructure.

The Water Infrastructure Criteria is part of the overarching [Climate Bonds Standard](#), which provides investors with a verifiable, science-based screening process to evaluate bond investments in a variety of sectors, bringing climate mitigation, resilience and adaptation planning to the fixed income investment space.

Undertaking the staged development program has been a Technical Working Group (TWG) and Industry Working Group (IWG), convened by the Water Consortium, which is comprised of the Climate Bonds Initiative, Alliance for Global Water Adaptation (AGWA; supported by the Stockholm International Water Institute), Ceres, CDP, and the World Resources Institute (WRI).

Patricia De Lille, Executive Mayor of the City of Cape Town:

“Being located in a water scarce region and in dealing with the harsh impacts of climate change with our worst drought in over 100 years, the City of Cape Town is acutely aware of the need to facilitate investment in water infrastructure. The development of these Water Criteria within the Climate Bonds Standard has enabled us to direct the proceeds of our bond towards critical projects within this space.”

“We welcome the expansion of the Criteria and hope it will stimulate much needed global investment in adaptive and resilient water systems.”

Harlan L. Kelly Jr, General Manager, San Francisco Public Utilities Commission (SFPUC):

“Now more than ever, cities must make critical investments in their water and wastewater infrastructure to ensure a reliable system for future generations. Expanding the Criteria for Climate Bonds Certification, especially around the effective watershed management, will help make that happen.”

“As one of the first public utilities to take advantage of green infrastructure financing, the SFPUC knows firsthand the importance of innovative financing techniques to overcome the environmental challenges we’re facing around the world. We are committed to continuing to upgrade and secure San Francisco’s infrastructure so it will serve our residents well into the future.”

Amy Hauter, Associate Portfolio Manager & ESG Research Analyst, Brown Advisory:

“Before we invest in a green bond, we need to know that it’s a solid investment, and we need to know it will produce impact. The new Water Criteria will definitely help us do our job better—under these Criteria issuers can communicate clearly about their use of proceeds and as investors, we can better quantify the impact of those activities. We’ll be able to better assess climate and sustainability factors in water infrastructure projects and the increased transparency will, we hope, encourage more investment in climate resilience.”

John Matthews, Water Infrastructure Criteria TWG Lead Specialist & Director of AGWA:

“For years, we have needed a way to communicate not just the *need* for resilience but what resilience looks and smells like — what it looks like on the ground. And we’ve needed to show how natural capital — lakes, rivers, snowpack, and groundwater — are as much a part of our water management systems as concrete and reinforced steel. Investors need to know that resilience is something that can be reported in a credible, realistic, and transparent manner. That’s what we are delivering today.”

Monika Freyman, Director, Investor Engagement - Water, Ceres:

“The need for widespread investment in new water infrastructure is integral to strengthening climate adaptation, building resilience and the development of sustainable cities. The broad reach of the new Criteria now gives issuers and investors an opportunity to assess the underlying impact of all water-based investment against a science-based standard. It provides a sound platform for increased green bond based investment in water and water assets.”

Cate Lamb, Director, Water Security, CDP:

“Water security, compounded by a changing climate, may well be the defining environmental issue of the 21st century. The challenges posed are significant, the potential impact is huge, but the opportunities of early action are also great.”

“While the solutions may be complex, this new Water Infrastructure Criteria has just made it easier for investors and companies to ensure they are pursuing science-based water secure, climate resilient investments.”

Todd Gartner, Director, Food, Forests & Water Program, World Resources Institute:

“The launch of the CBI green bonds Water Infrastructure Criteria will provide the added validation for development banks and other financial institutions to confidently invest in natural and hybrid water management systems, with clear recognition of the anticipated water, climate and financial benefits and returns.”

Sean Kidney, CEO, Climate Bonds Initiative:

“Scaling up grey and green water infrastructure investment are vital resilience and adaption responses to the climate changes already baked in to future global patterns. There is widespread recognition that water issues are core to social and urban development, industry, agriculture and security policy. Sustainable Development Goal (SDG) 6 relates directly to clean water and sanitation.”

“The new Water Infrastructure Criteria puts before the bond market a rigorous science-based assessment process for water projects. Its uptake by green bond issuers and investors will help the acceleration of climate investment needed by end 2020 and achieving water outcomes integral to urgent climate action and the 2030 sustainability agenda.”

For more information, please contact:

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Notes for Journalists:

Save the Date: Webinar

‘A Deeper Blue for Green Bonds: Water Investment Criteria for Nature-based Solutions’

June 14, Thursday 11: 00 EDT/ 16:00 BST/ 17:00 CEST/ 20:30 IST

Registration Link: <https://cc.readytalk.com/r/tqkfq36i1cq&eom>

How Much Water Investment is needed:

Projections for global financing needs for water infrastructure vary from USD6.7 trillion by 2030 to USD22.6 trillion by 2050, according to the latest [OECD](#) figures, including USD1.7 trillion to meet Sustainable Development Goal (SDG) [No 6](#) - Clean Water and Sanitation.

[SDG 6](#) also sets out specific targets and indicators to 2030.



Earlier annual projections can also be found on p14 of “[Water Fit to Finance](#)” from the World Water Council (WWC) and the OECD. A [May 2016](#) report by the World Bank suggests that water scarcity, exacerbated by climate change, could cost some regions up to 6% of their GDP, spur migration, and spark conflict.

According to the [latest](#) assessment by the World Bank, 4.5 billion people lack safely managed sanitation services and 2.1 billion people lack access to safely managed drinking water services. Water-related hazards, including floods, storms, and droughts, are responsible for 9 out of 10 natural disasters. Climate change is expected to increase this risk, in addition to placing greater stress on water supplies.

Criteria Development Process: The [Water Infrastructure Criteria](#) was developed in two stages by a Technical Working Group (TWG) led by Dr John Mathews of AGWA. The [first stage](#) was approved by the Climate Bonds Standard Board in October 2016.

After public and industry [consultation](#) the second stage has now been approved by the Climate Bonds Standard Board. A range of bonds issuers who plan to finance water infrastructure will be able to use the Criteria to apply for [Climate Bonds Certification](#). More information is [available here](#).

Climate Bonds Water Criteria Certifications: The [first](#) Climate Bonds Certified Water Bond was issued in May 2016 by the San Francisco Public Utilities Commission ([SFPUC](#)) and the second bond by the [City of Cape Town](#) in September 2017.

About the Standard: The [Climate Bonds Standard](#) is a screening tool for investors and governments, which allows them to easily evaluate climate and green bonds with confidence that the funds are being used to deliver climate change solutions. Governance structures around Criteria development can be found [here](#).

About the Water Consortium: Partner organisations are [Climate Bonds Initiative](#), [Ceres](#), [World Resources Institute](#), [CDP](#) and the Alliance for Global Water Adaptation ([AGWA](#)) which is supported by the Stockholm International Water Institute (SIWI).

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 more information, please visit [Climate Bonds Initiative](#).

About Ceres: Ceres is a nonprofit organization mobilizing many of the world’s largest companies and investors to take stronger action on climate change, water scarcity and other sustainability challenges. The Ceres Investor Network on Climate Risk and Sustainability comprises more than 150 institutional investors, collectively managing more than \$24 trillion in assets.

Ceres also engages with over 50 companies in its Company Network, many of them Fortune 500 firms, committed to sustainable business practices. For more information, visit www.ceres.org.

About AGWA: Founded in September 2010, the Alliance for Global Water Adaptation is a network of regional and global development banks, government agencies and ministries, diverse NGOs and the private sector focused on managing water resources in a sustainable way — even as climate change alters the global hydrological cycle.

The AGWA network is hosted and chaired by the Stockholm International Water Institute ([SIWI](#)). More information on AGWA is [here](#).

About CDP: CDP is a global not-for-profit organization, founded in 2000 and headquartered in London. CDP pioneered and provide the world's only global natural capital disclosure system where over 4,500 companies, representing over 50% of the market capitalization of the world's largest 30 stock exchanges, and 110 cities from 80 countries, report, share and take action on vital environmental information. More information [here](#).

About WRI: World Resources Institute (WRI) is a global research organization that spans more than 50 countries, with offices in Africa, Brazil, China, Europe, India, Indonesia, Mexico, and the United States. Their more than 700 experts and staff turn big ideas into action at the nexus of environment, economic opportunity and human well-being.

They organize their work around six critical goals that the world must achieve this decade in order to secure a sustainable future: [Climate](#), [Energy](#), [Food](#), [Forests](#), [Water](#) and [Sustainable Cities](#). More information [here](#).

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