

First Climate & Water Benefit Partners



The “Water Benefit Partners” initiative is bringing lessons from the carbon markets to the challenge of financing water projects in developing countries. **Sascha Lafeld** of First Climate explains

Environmental Finance: What is your Water Benefit Partners initiative all about?

Carbon management in the blue chip corporate world has become an increasingly standardised process. Everyone knows how to measure their carbon footprint and how to manage it; many of our corporate clients have even have taken the final step by going carbon neutral. Over the last two to three years, water issues have begun to take centre stage with calls to disclose water use, spread water-efficient production practices and initiate CSR activities addressing water problems.

In light of the new attention given to water issues, we noticed that many companies had begun to finance water projects beyond their own operations in water-scarce regions as part of their broader water stewardship campaigns. With so many initiatives running independently from one another, it became clear to us that coordinating and standardising these efforts could ensure that water projects are of high quality and actually deliver the benefits they promise. The Water Benefit Partners public-private partnership (PPP) has addressed this issue by establishing a project certification mechanism – the Water Benefit Standard – which is uniform, transparent and credible. As the future administrator, the Gold Standard Foundation is one of the most important partners and has provided the model for the Standard.

EF: Why has First Climate chosen a PPP format to develop the new water standard?

Unlike carbon, water is a multi-faceted resource that faces unique challenges depending on where it is used, how it is used and who is using it. We set up the PPP so that we could incorporate as much expertise from as many different sectors as possible to ensure that projects generate real, science-based water benefits while, at the same time, meeting the needs of buyers. This is why our PPP structure includes technical, advisory and corporate partners to make sure the mechanism remains credible and relevant.

EF: How does the water standard work in detail?

The framework for the Water Benefit Standard was largely taken from the Gold Standard Foundation’s certification process, which is used to finance carbon projects according to strict sustainability criteria. First, using a scientifically approved methodology, all projects must demonstrate the volume of water benefits that they will generate each year. On top of that, projects must pass a sustainability assessment, which requires that additional social and environmental benefits are included in the project design and that these benefits will remain sustainable in the long-term.



Once a project has been certified, the volumes of water are converted to Water Benefit Certificates (WBCs), with each WBC certifying that 1,000m³ of water has been saved, supplied or purified. WBCs are issued annually, provided that third-party verifiers have guaranteed that the benefits have been delivered.

EF: Who is the target audience for your Water Benefit Standard?

In principle, anyone who is interested in funding water projects in water-scarce regions could be a potential buyer of WBCs, whether a company, an NGO or an individual. However, we expect those who are most interested to be corporations that are already active in engaging with water issues within their own operations.

EF: What are the benefits for buyers of Water Benefit Certificates?

In addition to demonstrating their engagement with water issues around the world as part of their water stewardship strategies, buyers can also be sure that their investments will fund projects that have already delivered sustainable, third-party verified benefits to the environment and the communities involved.

EF: What projects have been funded with Water Benefit Certificates so far?

Until now we have developed one water productivity project in partnership with International Development Enterprises of India (IDEI). Financing of this pilot project through WBCs will promote the use of a drip irrigation technology, which delivers a 30-70% reduction in water use depending on the crop, and involves more than 40,000 smallholders who normally would not have the financial means to make the initial investment. The aim is to issue the first WBCs for this project by the end of this year, and to further support the distribution of drip irrigation systems with the funds raised through their sale.

EF: Where can we learn more about it?

More information on the Water Benefit Partners PPP as well as our first pilot project is available on our website at <http://www.waterbenefitpartners.org/>.