

Water Benefit Standard set to issue first certificates

An initiative aiming to raise millions of dollars for water projects is set to issue its first certificates following its official launch in September, *Environmental Finance* can reveal.

The Gold Standard's Water Benefit Standard (WBS) is a results-based financing mechanism that claims to be the first global standard to define best practice for, and certify the positive impacts of, investment in water projects.

Certificates represent the volume of water that has been sustainably supplied, purified or conserved by the project. They can be bought to provide an annual revenue stream to help fund the project. Each project must show a need for additional finance to help it scale up.

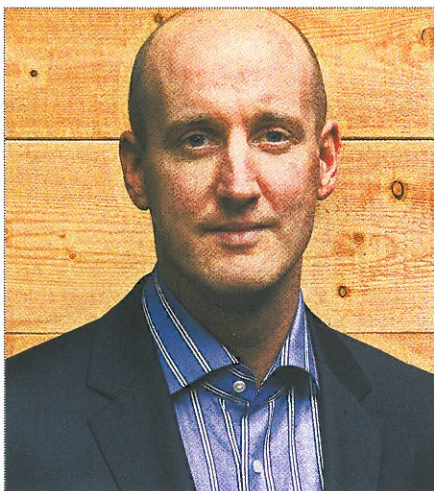
There are already water initiatives, like the CEO Water Mandate and the Alliance for Water Stewardship, but WBS is the first to finance new projects rather than verify the impacts of existing projects, claimed Sascha Lafeld, CEO of First Climate, which kickstarted the programme in 2011.

"Other schemes focus on certifying existing water management at corporates," he said. "But we are looking at triggering more investment for new projects."

The first certificates were due to be awarded in coming days, at the time this magazine went to press. One project expected to receive certificates provides clean drinking water in Uganda, and another is a water saving initiative for sugarcane farmers in India (see box).

Since its conception, numerous public and private sector partners have been involved, including Carlsberg, Munich Re, Coop, and the World Wildlife Fund for Nature.

The initiative has learnt from the



▲ Sascha Lafeld, First Climate: the initiative increases certainty that funding achieves results

voluntary carbon markets, said Lafeld, pointing to its adoption of regular independent monitoring, reporting and verification of project outcomes.

One key difference is that certificates are priced on a project-by-project basis, based on the amount of finance needed to stimulate investment in similar projects in the country.

In addition, carbon and water are inherently different – water always has a local impact, whereas carbon emissions are a global problem. Buyers will not be able to use terms such as "offsetting" or "water neutral".

"It's about taking lessons from carbon into water," said Lafeld. "For buyers, it increases the certainty that funding achieves results."

Lafeld believes the market could grow to be bigger than the voluntary carbon market, which in 2013 was worth \$379 million, according to Ecosystem Marketplace.

"I really believe that the potential of this

market is much bigger than the voluntary carbon market," he said. "Water is more tangible and easier for companies to understand. Water is much more emotional compared with carbon.

"Corporates and development agencies are spending billions on water projects every year, and for them a results-based programme could be a blessing." **EF**

The first projects

1: Water Access Sanitation, and Hygiene (WASH) project, Uganda

A one-year pilot has seen Whave Solutions work in communities in Uganda, providing clean water systems such as hand pumps, rainwater harvesting tanks, and chlorine dispensers near rural homes.

The project provides some 60,000m³ of water, annually, and is set to generate 60,000 certificates, priced at €6 (\$7.8) each.

Revenue from the certificates will fund project maintenance, with the aim of expanding "throughout the rest of the country and beyond".

2: Sustainable sugarcane initiative, India

The sustainable sugarcane initiative can reduce by 90% the amount of water used by sugarcane farmers in India.

Traditionally, farmers save between 10% and 20% of their harvest as seed cane for the following season, flooding their fields to encourage germination.

But nurseries can develop seedlings more efficiently, using less water and requiring less of last year's crop to be set aside for planting.

In a two-year pilot, Agricultural Services Private Limited (agSri) has worked with 1,500 farmers in Andhra Pradesh, and aims to generate 130,000 water certificates priced at €6 each.

Through revenue from selling the certificates, AgSri hopes to expand the number of farmers using the technique to 20,000 in five years.