

## Why is a global investment fund needed?

Around **663 million people** worldwide still don't have access to safe drinking water and **2.5 billion** don't have access to a toilet.

In developing countries with rapidly growing populations, good water management and infrastructure is essential for development – for health, productivity, to protect the environment and to ensure that businesses and economies can grow.

We all know that waterborne diseases cause a huge amount of suffering and that poor water and sanitation are a major hindrance to sustainable development in developing countries.

The problem can be solved, but much more investment is needed in water resource management as well as better coordination and leadership at national level.



Global Ethics has commissioned a research proposal based on a concept to catalyse funds for investment by **levying one cent on every litre of bottled water sold worldwide**.

This fund would be integrated with global and national plans, as we know that a fragmented approach to investment won't deliver the best results.

We believe that the one cent per litre idea can create a financially sustainable fund to help deliver clean water and sanitation for the people who need it most, with the **prospect of financial returns over time**.

## Where can I find out more?

Please contact **Duncan Goose** at Global Ethics or **Sarah Beeching** at Oshun Partnership for a copy of the discussion paper and concept note, or download here: [www.theglobalfundforwater.org](http://www.theglobalfundforwater.org)



Photos by toby richards / b-photos.co.uk

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Global Ethics commissioned research based on this concept by **Oshun Partnership**, a UK based consultancy, specialising in mobilising collective action to tackle problems across development sectors.

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# GLOBAL INVESTMENT FUND FOR WATER

How innovative finance can help end water poverty



## What is a Global Investment Fund for Water?

A Global Investment Fund For Water is a proposal to create an innovative financing facility for water resource management in developing countries, to deliver safe drinking water and sanitation services.

The fund would be created by leveraging one cent on every litre of bottled water sold.



## How would the funds be managed?

The question of how resources channelled to any new financing mechanism would be managed will arise early in the process. It is quite possible (even likely) that there will be competition to house or 'own' such a fund. These are some options for discussion:

- **Multi-donor trust fund (MDTF):** there are several multinational agencies that have the ability to manage these funds.
- **Institutions with technical expertise and fiduciary risk management capability,** that could manage a financing vehicle or add a new window in an existing Fund: WSP, UN Water, WSSCC and others like SWA that could do more with access to a pool of resources to allocate.
- A new fund set up managed by an **investment bank** as fund manager – similar examples include the Global Health Innovation Fund, managed by JP Morgan
- A new fund managed by an **independent institution** based on models such as GAVI, the Global Fund, or Foundations such as CIFF or the Gates Foundation.

The bottled water industry has grown dramatically in the past decade, and industry analysts expect growth in total consumption to reach almost **445 billion litres** in 2019.

A contribution of **1 cent per litre**, means the sector could potentially contribute more than **\$4 billion per annum** to a Global Investment Fund for Water within a few years.



For illustrative purposes only.

## Global bottled water consumption 2004-19

| Litres millions      | 2004         | 2009         | 2014         | 2019f        |
|----------------------|--------------|--------------|--------------|--------------|
| North America        | 25.5         | 33.7         | 41.5         | 50.6         |
| West Europe          | 45.1         | 47.0         | 49.0         | 53.0         |
| East Europe          | 11.5         | 16.1         | 18.4         | 20.4         |
| Latin America        | 29.0         | 37.5         | 50.6         | 62.6         |
| Asia Pacific         | 38.7         | 72.0         | 130.9        | 200.0        |
| Middle East          | 13.0         | 19.9         | 27.5         | 34.9         |
| Africa               | 4.3          | 9.2          | 15.7         | 24.1         |
| <b>Total Volumes</b> | <b>167.1</b> | <b>235.4</b> | <b>333.6</b> | <b>445.6</b> |

## Global bottled water sales 2004-19

| \$ USD millions      | 2004        | 2009         | 2014         | 2019f        |
|----------------------|-------------|--------------|--------------|--------------|
| North America        | 16.5        | 21.9         | 26.6         | 32.7         |
| West Europe          | 29.7        | 32.7         | 33.5         | 37.0         |
| East Europe          | 5.7         | 9.3          | 10.7         | 11.9         |
| Latin America        | 6.2         | 12.6         | 19.8         | 35.7         |
| Asia Pacific         | 9.8         | 21.3         | 42.6         | 62.3         |
| Middle East          | 3.4         | 5.7          | 8.3          | 10.6         |
| Africa               | 1.7         | 3.7          | 6.4          | 9.8          |
| <b>Total Volumes</b> | <b>73.0</b> | <b>107.2</b> | <b>147.9</b> | <b>200.0</b> |

Source: Zenith International for Global Ethics

## How would funds be raised?

A global investment fund would raise approximately **1 cent from every litre of bottled water sold worldwide**. Ideally this would be a voluntary levy on retailers with the money raised going exclusively to water and sanitation related investments.

## How much would the fund raise?

A **one cent** levy per litre of bottled water could raise more than **\$3 billion per annum**. This is based on 2014 water sales of **333 billion litres**, worth around **\$147 billion**.

By 2019 the bottled water sector is expected to sell **445 billion litres**, worth around **\$200 billion**.

In some jurisdictions higher levies or profit contributions could cross-subsidise less well off countries.

## How would the funds be distributed?

The details of exactly how funds are raised and distributed needs to be worked out with all the relevant stakeholders including investors, governments, technical experts and the private sector.

The process is as important as the outcome – getting the right people involved, testing and shaping the idea into something that they buy into.

