



“NET POSITIVE WATER”

CONSIDERING ITS ROLE IN WATER STEWARDSHIP AND SOLVING THE LINKED FRESHWATER, BIODIVERSITY AND CLIMATE CRISES

KEY TAKEAWAYS

1. “NET POSITIVE” APPLIED TO WATER IS COMPLICATED AND RISKS ENTRENCHING INEFFECTIVE SOLUTIONS WHILE STILL LEAVING COMPANIES EXPOSED TO MATERIAL BASIN WATER RISKS.

While the intention of “net positive” water is to communicate simply “more good than bad” and define scope of responsibility, in practice “net positive” water is largely a theoretical approach, typically focused on water balance, that assumes universal uptake in a basin which is highly unlikely. The concept has not been robustly and meaningfully proven effective to date and early evidence suggests it may lead to shorter-term “drop chasing” (i.e., seeking out and maximizing litres of water replenished to lay claims and hit targets) rather than addressing long-term systemic changes needed to achieve meaningful impacts within basins.

2. REPLENISHMENT, WHICH IS A KEY DIMENSION OF DELIVERING “NET POSITIVE” FOR MANY COMPANIES, IS NOT SYNONYMOUS WITH COLLECTIVE ACTION, AND SHOULD NOT DRIVE NOR DICTATE CORPORATE WATER STRATEGY. HOWEVER, IT CAN, IF CONSIDERED CAREFULLY, PLAY A USEFUL ROLE FOR COMPANIES AS PART OF A BROADER WATER STRATEGY.

It should be remembered that traditional approaches to replenishment were rooted in facilities, not farms (nor other portions of the value chain such as consumer use), and the

concept is poorly suited to tackling the key issue: agricultural water use, where water use is nearly 4 times (or more) that of facility use on average. It is also worth noting that current approaches to replenishment are mostly reliant upon projected results and measured through analog means, while future approaches need to shift towards real (or near-real) time digital monitoring of both outcomes and impacts.

3. COMMITMENTS, ESPECIALLY TO “NET POSITIVE WATER” ARE LESS IMPORTANT COMPARED TO AMBITIOUS ACTION THAT DELIVERS MEASURABLE OUTCOMES AND BASIN IMPACTS.

We need to be moving towards shared basin targets, not towards proprietary responsibilities. Solving shared water challenges will mitigate basin risk and deliver on water strategies, while solving proprietary targets will likely not help companies nor freshwater systems.

4. CONSIDERING BASIN ALLOCATIONS REMAINS A KEY GAP FOR CORPORATE WATER STEWARDSHIP AND “NET POSITIVE” CONTINUES THE TREND OF NOT ADDRESSING CORE WATER GOVERNANCE CHALLENGES.

While in theory the concept of “net positive” could be applied at the basin scale, it would require universal uptake, which is not probable. Instead, we need to revisit the issue of basin (re-) allocations, land use practices and water governance if we want to tackle the integrated freshwater, biodiversity and climate crises. Accordingly strategic engagement on water-related collective action and water governance remains a critical next step for corporate water stewards.

STATE OF FRESHWATER & STEWARDSHIP

The state of freshwater biodiversity globally is compromised with an 84% decline since 1970 and this state continues to deteriorate.¹ The solutions currently being deployed by corporate and NGO actors in response to this crisis are inadequate for several reasons:

- **NOT ENOUGH CORPORATE ENGAGEMENT IN STEWARDSHIP:** The number of companies engaged in credible water stewardship number in the hundreds while what is needed are tens of thousands
- **INADEQUATE FINANCING FOR WATER:** Financing being directed to this crisis is in the hundreds of millions, while the crisis likely calls for trillions leaving a gap of multiple orders of magnitude
- **PRIORITISATION OF REPORTING OVER ACTION:** Activity is still overly concentrated on ESG reporting needs which emphasizes outputs (i.e., the result of actions such as corporate commitments, irrigation efficiency projects, etc.), with a growing push towards outcomes (i.e., the direct effects of actions, such as lower pollution, less water consumption, etc.), but very little attention remains on impacts (i.e., the cumulative effects on the systems, such as environmental flow levels, water quality of water bodies, freshwater fish numbers, etc.)

- **FRACTURED COLLECTIVE ACTION EFFORTS:** Water-related collective action (action taken together by a group of people whose goal is to enhance their condition and achieve a common objective) efforts that attempt to solve these issues remain fractured, few in number, and often competing
- **ABSENT ENGAGEMENT ON WATER GOVERNANCE REFORM:** Active engagement on water governance reform (policy & enforcement) remains conspicuously absent from most corporate water activities, such as advocacy or participation in governance-related collective action.
- **LOW AMBITION OF WATER TARGETS:** Ambition levels of targets needs to be much higher, yet we continue to set low bar targets
- **TOO MANY UNSTRATEGIC INITIATIVES:** Continued prioritization of commitments driven by ESG reporting and the emergence of new initiatives over action alongside a heavy focus on internal action

In short, the state of the current approach to addressing the freshwater biodiversity crisis is off track and we collectively need to adapt our approach. Specifically, there needs to be a fundamental shift in how corporates build, execute and deploy water stewardship approaches, rooted in corporate strategy:

1 WWF (2020) Living Planet Report

WHAT IS BEING DONE	WHAT IS NEEDED
Focusing on risk of water stress	Focus on broader range of water risks (e.g., quality, governance, etc.) and opportunities
Tracking outputs and outcomes (e.g., improvements in efficiency or, at best, absolute water use reduction)	Track outcomes and impacts and monitoring of shared outcomes & impacts (i.e., basin status metrics)
Committing to water neutrality or positivity – or focusing only on “our part”	Commit to change the status of basins – or “our shared water challenge”
Attempting to “solve” water via internal action (especially efficiency as the solution) or replenishment projects funded from corporate philanthropy or CSR budgets	Recognize the limits of internal efficiency solutions and seek to “solve” water through a mix of external action (e.g., governance reform and basin-orientated multi-stakeholder partnerships) funded by private capital, while also ensuring responsible, internal action.
Focusing on sectoral collaborations	Focus on multi-sectoral collaborations
Fueling competition for financing between NGOs	Encourage collaborative financing between NGOs
Avoiding policy advocacy	Embrace constructive policy advocacy



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WHAT IS NET POSITIVE WATER?

The exact origins of the “net positive” movement are difficult to trace, but it is not a new concept with some of its foundations emerging more than 25 years ago. In 2007, the *Net Positive Project* was launched by BSR and Forum for the Future to make it easier for companies to measure and report on “net positive” claims. Simply, “net positive” framing was originally intended to create a pathway for companies to balance their impacts on society, the environment, and the economy (i.e., negative impacts) with positive contributions back into society² (Figure 1).

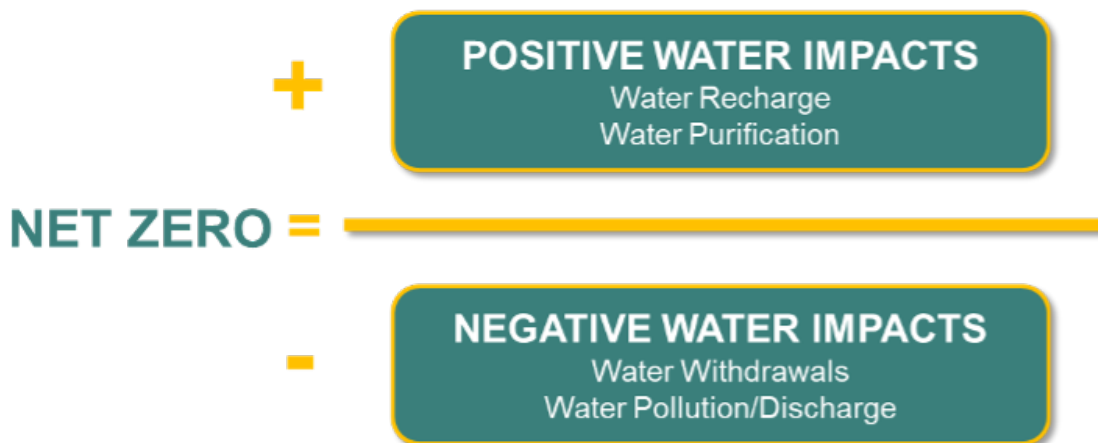


Figure 1: Simplified illustration of the intention behind “net zero”

The concept of “net positive” is rooted in the theory of change that if the impacts of everyone in a basin are net zero or positive, then the basin’s shared water challenges would be addressed. While actions can be undertaken at the facility level to approach zero water impact (e.g., zero liquid discharge), typically to get to “net zero” facilities are required to undertake additional positive water impacts beyond the site.

The early uptake and use of “net positive” framing by corporates were applied to carbon reductions. GHG emissions are contextually independent (a ton of CO₂ is the same in location A as location B) and interchangeable - making it easier to construct reasonably “net positive” statements and claims off the back of corporate activities and outputs. The simplicity and uptake of this concept in corporate sustainability communications related to GHG emissions has led to the exploration of how to apply “net positive” framing to other social and environmental issues within corporate sustainability programs. With respect to water, there has been a rapid increase in the number of companies making “net positive” water commitments.

UNPACKING NET POSITIVE WATER

The concept of “net positive” is appealing because of its simplicity in concept and messaging – do more good than bad. “Net positive water” also offers the appeal of a single water metric. However, water is a highly complex resource and differs from carbon considerably. With carbon, up is bad, down is good, location doesn’t matter and time is a matter of the sooner the better. With water, it often lives in a goldilocks zone where location and timing matter immensely. Accordingly, application of “net positive” to corporate water stewardship programs needs to be carefully considered and balanced. Below are a few potential benefits of, and drawbacks to, “net positive” framing with respect to water.

BENEFITS	DESCRIPTION
Encourages the spirit of stewardship	Encourages taking action within a basin BUT stewardship was already designed to do this
Can be applied (in theory) to water scarcity, quality and WASH	Concept is relatively flexible and can be applied to different issues BUT metrics and measures differ and doesn’t work for flooding and is complicated for governance and biodiversity
Simple to communicate	Concept of “more good than bad” and driving towards a single water metric (like we have for carbon) is easy to communicate BUT nuances may result in stakeholders questioning its meaningfulness and water is fundamentally multi-dimensional
Delineates scope of responsibility	Enables clear division and allocation of responsibility for corporate scope BUT even being “positive” may not mitigate risk, nor harness opportunity, thereby opening up the question of its strategic value
Can encourage efficient basin solutions	Solutions to be “net positive” through basin solutions can lead to efficient basin solutions BUT it can also lead to single-mindedly “chasing drops” without considering whether that is strategic

DRAWBACKS	DESCRIPTION
Assumes everyone will participate	Solving basin water challenges will require all actors in a basin to be “positive” – the reality is far from this
Water is spatially and temporally dynamic	Trading off positive/negative impacts is more challenging (same basin, same place & same time) reducing credibility
Water is multi-dimensional	Water has many forms (e.g., groundwater, surface water etc.) and aspects (e.g., quality, quantity, governance, WASH, flooding etc.) and often “net positive” focuses on volume as a singular target, when water requires multiple targets. Water also has multiple dimensions of value: economic, social and spiritual.
Does not work for “Goldilocks zone” issues	Too little water is bad, as is too much water – “net positive” does not work for flooding
Water is a shared challenge	A corporate can meet its commitments but still face the same water challenges
Act as a license for unsustainable growth	Focusing on “compensation” for impacts can result in ignoring “avoid” and “minimize” action in mitigation hierarchy
The term “allocation” can be confusing	“Allocating” responsibility (an informal, voluntary process of apportioning basin water use) could be confused with regulatory allocations
“Positive” is a spectrum	“How positive” is ill-defined (1L or 1ML are both “positive”). Furthermore, how “water net positive” a site needs to be to address a shared water challenge is typically inconsistent with how much water is currently being used.
“Neutral” is immaterial to risk and agnostic to opportunity	A site’s achievement of neutrality will unlikely impact basin status. The concept will only be material to basin risk if all (or nearly all) users in a basin adopt a similar approach – which is a large assumption and may take a long time (if ever).
Misses strategic growth opportunities	“Net positive” is rooted in risk mitigation hierarchy and fails to address avoidance in the first place, nor does it speak to opportunities, leading to strategic oversight and missed value creation
Leads to “chasing drops”	Can lead to short term focus on “chasing drops” (focusing on reducing water use, liter by liter) rather than strategic interventions rooted in conservation impacts (including considering systemic root cause issues)
Discourages addressing biggest impacts	Accounting for “net positive” requires accurate data and for many this does not exist deeper within the value chain where, in many cases, the largest impacts on water occur.

DISCUSSING THE ISSUE OF OFFSETTING, REPLENISHMENT & WATER CREDITS IN THE FACE OF NET POSITIVE

In seeking to deliver “net positive”, companies have turned increasingly to the notion of “replenishment” of water to meet their targets. Rooted in the mitigation hierarchy, replenishment acts as a form of compensation that is ideally rooted in the same basin in which impacts are driven by the company’s activities. It is worth noting that the concept originated with beverage facilities,³ and was not originally developed to apply to agricultural operations. Most companies tend to adopt some sort of internal reduction target (via efficiency/pollution reduction) and then supplement that with a basin replenishment target to make up the remainder of the “net”. While the term “offset” has not been employed in this sphere, conceptually the terms are largely synonymous. While carbon offsetting can occur anywhere, and early efforts on replenishment often did the same, increasingly efforts are seeking to align basin impact and replenishment efforts.

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That is not to say that all replenishment projects are bad – far from it. Replenishment funding can help to support collective action and basin activities that are very much needed. WWF’s experiences in places like the lower Danube, where replenish efforts have been highly successful in restoring wetlands and supporting biodiversity are a testament of the value that replenish work can bring. If considered from a strategic, and systemic, perspective – for example, considering benefits at multiple spatial scales and over multiple time periods (e.g., nature-based solutions) – replenish can offer benefits to people, planet and profits. However, replenishment is not synonymous with collective action and solving shared water challenges. It can, and does, get used to drive short-term water use efficiency gains (i.e., chase drops) and not impact the systemic, shared water challenges, such as water scarcity. WWF believes that collective action as an action, and strengthened governance as an outcome, are critical and these cannot be measured in “saved drops”. Collective action is also rooted in relationships and trust, which take time and funds to develop, and is often a precursor to water quantity and quality outcomes. When funds are seeking to only count short-term volumetric benefits, companies run the risk of “chasing drops”. This ultimately leads to a failure to address the underlying systemic issues leading to unsustainable water use: ineffectual water governance. In summary, replenish can have an important role to play in corporate water stewardship – but it is not synonymous with collective action or governance, and does not, unto itself, result in a strong water strategy.

WWF sees replenishment as a form of philanthropy. Useful as part of the solution, but not the form of financing required to ensure effective collective action, nor drive water governance reform.

³ Coca-Cola was the first to popularize the term when, in 2007, it announced that it would replenish the water used in its finished beverages. See: https://wwf.panda.org/wwf_news/?104940/WWF-and-Coca-Cola-announce-partnership-to- conserve-fresh-water-resources



Photography: Ghulam Rasool

ROLE OF NET POSITIVE IN STEWARDSHIP

While the conceptual idea of “net positive” may lend familiar and comfortable business language to a corporate sustainability program (from the perspective of a company and its investors), making meaningful claims requires complex accounting and may also distract from catalyzing much needed changes in corporate behavior that are necessary to solve the growing global freshwater biodiversity crisis. If anything, it is more likely to entrench and reinforce inefficient and inadequate existing solutions and distract from efforts to catalyze a new wave of radical, ambitious and inclusive water stewardship. As a minimum, the adoption of the term should be cautiously considered. But if we, as a collective, are to address the growing, and linked, freshwater-biodiversity-climate crises we need to prioritize and pursue keeping the state of the basin at the heart of stewardship (i.e., impacts and outcomes, not outputs and outcomes, nor outcomes without impacts).

In the face of various concerns raised in this guidance document, WWF does not support, nor recommend to partners, the use of the phrase “net positive water” or similar derivative phrases. Where companies choose to adopt the use of such phrases, WWF encourages it to be part of a broader water commitment, and not represent the entirety of a company’s commitment. Furthermore “how” “net positive water” is delivered is critical to consider, and must not ignore the deeper, systematic issues required to tackle shared water challenges, namely: collective action and water governance. Water is part of a global system that links life (biodiversity) with various systems, including our climate, and cannot be solved via mass balance equations. Tackling shared water challenges means accounting for people and the planet and the complexity that comes with common pool resources. We encourage our partners to take a nuanced approach to freshwater, rooted in water stewardship.

**“NET POSITIVE WATER” MUST NOT
IGNORE THE DEEPER, SYSTEMATIC
ISSUES REQUIRED TO TACKLE SHARED
WATER CHALLENGES, NAMELY:
COLLECTIVE ACTION AND WATER
GOVERNANCE.**

SUMMARY RECOMMENDATIONS

	CONSIDERATION	DESCRIPTION
AVOID	Avoid using “Net” or “Neutral” within the descriptions of water program	<p>WWF recommends that companies do not use the term “net” or “neutral,” nor linked notions of “offsetting” when it comes to water.</p> <p>“Net” and “neutral” language inherently creates challenges around alignment of the exchange medium and several challenges relating to what perceived value has been applied to water. In most cases, the use of such language will heighten corporate reputational risk and increase the need for companies to spend time and resources further explaining or defending claims.</p>
	Use “Replenish” and “Positive” within descriptions of water programs with caution	<p>WWF recommends that companies provide supplementary detail on measurement processes and scope when alternative terms such as “replenish” and “water positive” are used.</p> <p>Alternative terms for “net” and “positive” should be treated with caution and if used, employed with clear boundaries (geographic, temporal, clarity on units of measure, etc.). Issues of scope can be challenging with many alternative phrases that link to notions of neutrality (e.g., replenish). Where employed, outcome-level measures should be explored.</p>
USE WITH CAUTION	Use “Water positive” as a visionary statement, not a metric	<p>WWF recommends that if companies seek to use such terms, they accompany the term with a clear definition of what they mean, and how they will be measuring positive outcomes / impacts for water.</p> <p>“Water positive” or notions such as “positive water impact” are helpful, but ultimately may be confusing to stakeholders in their interpretation and should be treated with caution.</p>
	Be transparent on what you are aiming to measure	<p>WWF recommends companies employ clear output and outcome metrics to describe progress of their water stewardship programs.</p> <p>The preferred pathway is to have clear, transparent measures and claims that avoid efforts to “balance out” negative impacts. Rather, transparent accounting of inputs and outcomes (both positive and negative) allows users to properly interpret activities, as well as limitations of the measures. Efforts to move towards more regenerative practices (i.e., more good than harm) are encouraged, but the scope of such efforts need not be connected to balancing out negative impacts.</p>
IMPLEMENT	Root your measures/ targets in a water strategy that accounts for value chain materiality	<p>WWF recommends that companies engage in a data-driven process to evaluate their value chain, water risk priorities, to select contextually relevant responses and then establish goals and targets. All of this should be informed by business strategy to maximize traction inside the company.</p> <p>As advocated in our guide Putting water strategy into context, targets should be the end point of a water strategy – they should not lead nor dictate the pathway.</p>



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