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Investing in Water: Aligning Investment Strategies with Water Innovation

COMMUNITY PAPER
SEPTEMBER 2025

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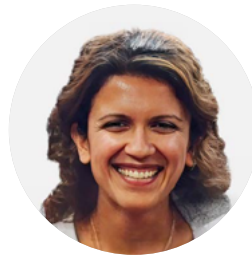
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Forewords



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The global water cycle is off balance, with over 90% of extreme weather experienced as water disasters such as floods, droughts and water scarcity, which, together with rising water pollution, all undermine economic stability, food security and human health. Water is not a sector and yet every sector is dependent on water; this represents both a systemic risk and a powerful opportunity for multisectoral attention and action. Growing recognition of these challenges has led to predictions that water will become one of the most significant investment themes of the next decade.¹

Understanding water holistically offers co-benefits for economic prosperity, climate and nature resilience, and human health. Real change depends on activating the underdeveloped innovation ecosystem in water and strengthening the enabling environment through public and private investment to scale solutions to these challenges. Unlocking private capital for water solutions is not only a moral and environmental imperative, but also a forward-looking investment, with the potential for enduring returns and lasting impact.

Today, the world faces a defining challenge: how to manage too much, too little or too polluted water in the face of growing populations, climate

change and strained infrastructure. The good news is that the water crisis is solvable, with many entrepreneurs, communities and innovators working to build a more water-secure future. These solutions need investment to scale. The second edition in the water investment series offers a closer look at how different investment strategies can align with real-world investment opportunities in water.

The Aquapreneur Innovation Initiative, led by UpLink and the World Economic Forum's Food and Water Initiative in collaboration with HCL Group, aims to demystify the water sector for investors, highlight emerging opportunities and offer real-world guidance on what it takes to enter this space. It shines a light on the complexities and promise of investing in water, its reliability, sustainability and alignment with global ESG priorities, while also being candid about the barriers that still exist.

We are proud to champion this work because we believe the time is now to shift perceptions, build investor confidence and catalyse the partnerships needed to finance water resilience at scale. We invite you to explore this paper with curiosity and ambition, and to join us in shaping a future in which water investment is not the exception but the norm.



Earl Jones
Operating Partner, DCVC

Whether it is safeguarding the natural beauty of our freshwater ecosystems, solving water scarcity, providing affordable sanitation to all, delivering safe, contaminant-free drinking water or powering the industries that help reduce poverty and catalyse economic growth, the global challenges of water are many. If you believe, as I do, that our pathway to solving the grand challenges of water is innovation, then this is an exciting time as water innovation is vibrant.

Innovators around the world are reimagining how we source, treat, monitor, manage, protect and distribute water. They are building smarter infrastructure, developing breakthrough technologies and business models, and finding new ways to ensure that water is abundant, safe, affordable and used more efficiently. These are not just solutions to urgent problems, they are investable ideas. For anyone looking for venture-scale returns, seeking to improve the health and well-being of the most needy, wishing to safeguard the natural environment for future generations or aiming to develop adaptable and resilient infrastructure, the water industry offers a pathway for unique investment objectives.

As an Operating Partner at Palo Alto, CA-based DCVC – which, with \$4 billion under management, is the world's largest purely deep tech venture capital firm – I am fortunate to work with high-integrity, principled, experienced investors who are committed to water. It is an honour to represent DCVC as part of UpLink – the World Economic Forum's Investing in Water Working Group, a community of investors who share a belief in the power of water innovation. Together, we have explored where the opportunities lie, what barriers still exist and how capital can play a catalytic role in scaling promising solutions.

We hope this report sparks your curiosity, deepens your understanding and inspires you to be a part of the water innovation movement, as an investor, innovator or ecosystem partner. Whether you are driven by financial returns, a commitment to resilience or a desire to create lasting impact, investing in water is one of the most compelling opportunities of our time.

Executive summary

Water solutions offer adaptable, future-oriented opportunities that align with a range of investment strategies.

Water solutions offer a promising investment opportunity, with applications spanning virtually every industry, but tapping into water's full value requires a tailored investment approach. As global demand intensifies and the impacts of climate change, population growth and resource stress become more acute, water is attracting attention from investors drawn to its diverse opportunities and its role in building long-term resilience. Long overlooked, water is now gaining recognition as a high-potential opportunity, drawing interest from a broad spectrum of investors eager to back innovative, scalable solutions.

Early-stage water innovation is a dynamic part of the investment landscape, presenting a compelling business case for strengthening water systems that have traditionally been slow to adopt new technologies. With increasing deal sizes and exit opportunities, water solutions are increasingly attracting first-time investors.

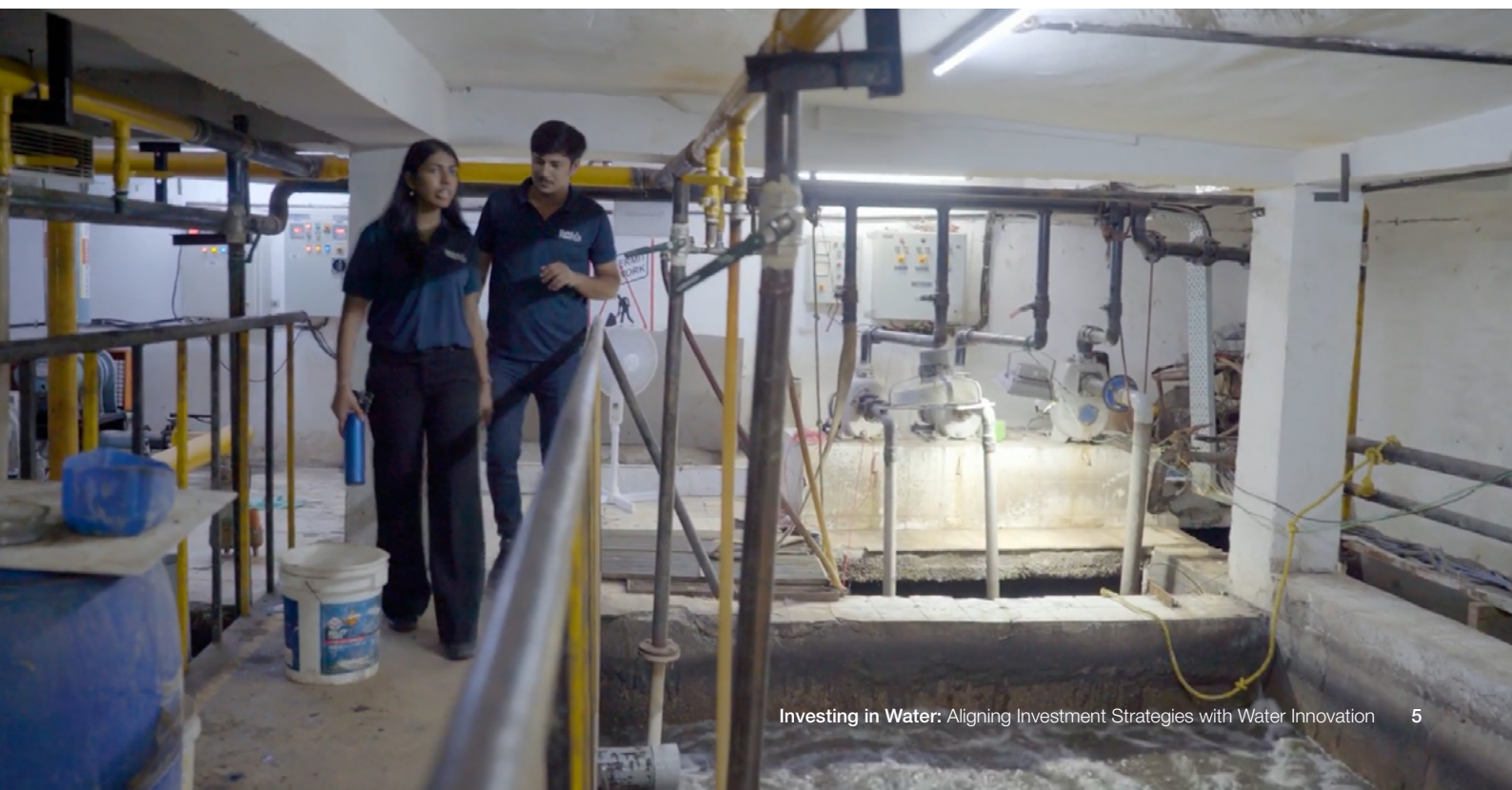
Capital providers most interested in early-stage innovation must understand the unique considerations involved when investing in water solutions. Barriers to investing in water have historically been the perception of the abundance and low price of water, fragmentation in the water space and long development cycles. Yet these same challenges can create distinct opportunities

for investors who are able to spot shifting conditions, identify favourable environments and determine where and how to focus their efforts. Moreover, because water solutions are relevant across nearly every industry, the investment potential extends far beyond traditional utilities. Understanding these complexities is critical for successful and strategic engagement.

There is a wide array of investment opportunities within water solutions. From innovative technologies in water treatment and efficiency to nature-based solutions, circular water systems, and digital and artificial intelligence (AI) solutions, water solutions can accommodate diverse investor profiles. Whether impact-driven, returns-focused or strategically aligned with environmental, social and governance (ESG) goals, there is space for all types of capital.

Insights from first-time water investors in this paper shed light on how to effectively enter and navigate the space. Their experiences highlight practical strategies, common misconceptions and vital considerations that can help new entrants build confidence, mitigate risks and identify aligned opportunities. As momentum continues to grow, now is the time to inspire investment in water – not only to unlock returns but to secure a sustainable future.

↓ **DigitalPaani:** an IoT-enabled platform to drive operational excellence in water management.



Introduction

Water works – no matter the investment strategy.

3%

of climate tech funding only went towards water tech in 2023.

(PitchBook, 2025)

There will always be a need for water. It is a fundamental resource with no substitute, underpinning human health, food systems, industry and ecosystems. In today's uncertain economic climate – on top of 45% of global GDP being at risk from water scarcity by 2050 – investing in water solutions offers not only the potential for meaningful environmental and social impact but also an adaptable and future-oriented investment opportunity.

In June 2024, UpLink – the early-stage innovation initiative of the World Economic Forum – released its inaugural paper, [Investing in Water: A Practical Guide](#). The paper aimed to demystify water investment for those new to the field by sharing insights into the water sector, including innovations, regulatory opportunities and risks, and investment

strategies. Intended as a first foray into water investing, the guide included water trends and technologies and helpful insights from water investors on how to wade into the world of water.

Building on that initial publication, this paper provides first-time water investors with a deeper, more tailored guide to opportunities that align with their specific investment theses and risk profiles. It makes a compelling case for investing in water solutions, gives an overview of the current landscape and investment gaps, indicates significant challenges and pitfalls of which to be aware, provides insights into where investor interest is focused today and, most importantly, outlines how water investment opportunities can fit within different investment strategies.

BOX 1 The Aquapreneur Innovation Initiative

To drive the freshwater management and conservation agenda, HCL Group is partnering with UpLink, in collaboration with the World Economic Forum's Food and Water Initiative, to help promising early-stage water start-ups scale. Through a CHF 15 million (\$18.5 million) investment over five years, the Aquapreneur Innovation Initiative is accelerating the innovation agenda for water and creating a first-of-its-kind innovation ecosystem for the global freshwater sector, connecting aquapreneurs with investors and private- and public-sector players to enable a world in which freshwater is not a resource to be used up, but a resource that has real economic and societal value.

40

vetted start-ups selected from 1030+ submissions¹



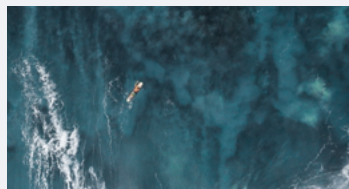
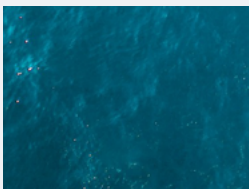
250+

strategic connections enabled in 2025 alone



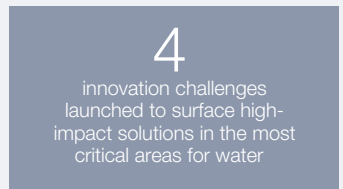
\$9m

in non-dilutive funding provided by HCL to 40 aquapreneurs



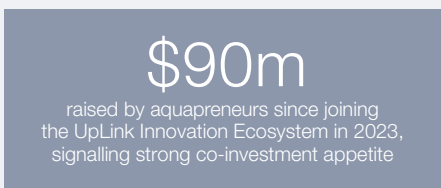
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innovation challenges launched to surface high-impact solutions in the most critical areas for water



\$90m

raised by aquapreneurs since joining the UpLink Innovation Ecosystem in 2023, signalling strong co-investment appetite



50+

ecosystem partners and investors expanding deal visibility and partnership potential



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1. The most recent cohort of 10 aquapreneurs will be announced at the World Economic Forum's Annual Meeting in Davos in January 2026.

1

The current landscape of water investing

Investing in water is much-needed, compelling and strategic.



↑ **Kran Nanobubble:** a water efficiency solution for productive processes.

Water is foundational to life and indispensable to the global economy. This section outlines the investment case for water solutions, highlighting the urgent need for increased capital, the rising investor interest in the sector, the current realities of investing in water and an overview of the early-stage water innovation landscape.

This paper focuses on the investment rationale and opportunities for investing in water solutions. Water solutions refer to a diverse set of technological innovations and nature-based approaches designed to improve the availability, quality and sustainable management of water resources. These solutions support effective, efficient and resilient water systems across various contexts.

The paper is particularly intended for capital providers such as venture capital firms, early-stage to growth private equity, family offices, corporate venture arms and other impact-oriented investors. The insights generated for this paper originated from a working group made up of water-focused investors. Although many investors have a global focus, investment activity often targets Europe and North America, where technological development and investment activity is concentrated.² The *Currents of Capital* report similarly found that respondents expect the next generation of water technologies to originate from North America and Western Europe.³ Given this regional focus, a future report could offer value by examining trends and opportunities in other parts of the world.

1.1 The environmental, economic and social imperative of investing in water

Water is overused, undervalued and underinvested, and there is a fundamental need to change the current approach to investment in this area (Figure 1). The water crisis is complex, but solvable. Unlocking solutions will require greater recognition of water as an investment area that underpins economic stability, public health and environmental resilience.

Water's close connection to public health makes the sector inherently risk-averse and historically slow to adopt new technologies. But this also means there is a significant untapped opportunity for innovation to transform how this essential resource is managed and valued, and for first-mover investors to set the direction of innovation in water.

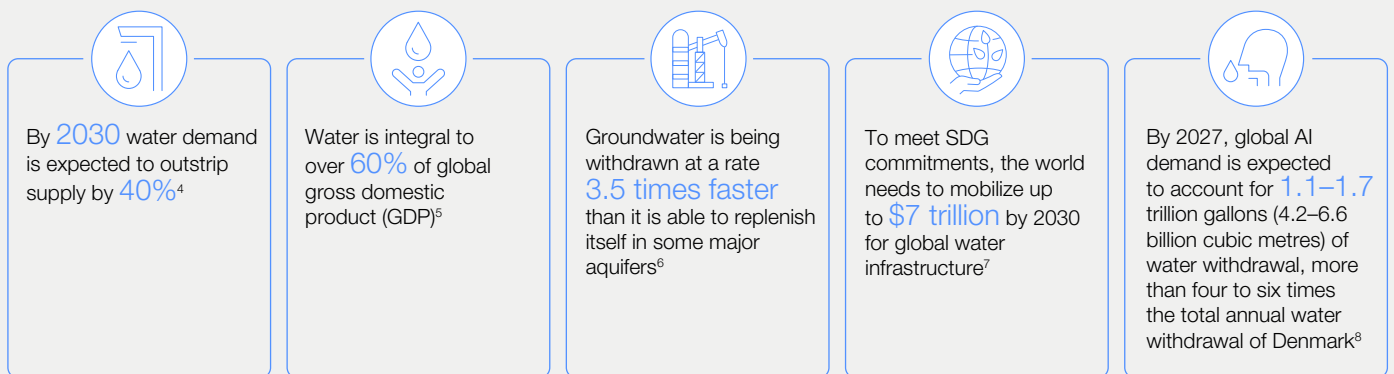
The reality is clear: water remains severely underinvested, despite the urgent need for financial support. Technological innovation is a critical tool that can be deployed in every market, enabling efficient water use, improving water quality and enhancing water management in diverse settings. As this paper will show, there are diverse impactful opportunities to invest in solutions that protect, conserve and sustainably manage this vital resource.

Investing responsibly

As interest in water as an investment opportunity grows, it is essential to adopt a responsible approach to investing that prioritizes equity, sustainability and long-term stewardship. Water is not merely an economic asset; it is a fundamental human right, a shared public good and an ecological necessity. As more private capital enters the sector, strong oversight and accountability mechanisms are needed to ensure that investments do not compromise access, affordability or environmental integrity. Without clear guardrails, there is a risk of repeating the mistakes seen in other essential sectors such as housing and healthcare, where financial returns have sometimes come at the expense of public well-being. Responsible water investing must be grounded in principles that protect vulnerable communities, respect local governance and align capital with solutions that enhance resilience and long-term public benefit.

↓ **Aquakit:** a greywater treatment technology solution.

FIGURE 1 The need for innovation in water: A snapshot



Source: Global Commission on the Economics of Water; WWF; Kumar, M., Jangam, C. L., & Singh, S. K.; The World Bank; Guo, Y., et al..



1.2 The water investment opportunity

70%

of global freshwater withdrawals are used for agricultural purposes.

40%

of water withdrawals in high-income countries are used for industrial purposes.

Despite water's strategic importance, it has historically been underrepresented in investment portfolios. This is beginning to shift. Amid economic uncertainty and market volatility, water solutions offer a versatile, forward-looking investment opportunity essential for addressing climate risk.

Water's unique role in the global economy, its relationship to climate change and its diversification potential together make a compelling case for investing in water solutions.

Indispensable to the global economy: Water is a foundational input for nearly every sector of the global economy. While its importance in agriculture and public health is well known, water is also critical for manufacturing, semiconductor fabrication, data centres and energy production. In fact, 40% of water withdrawals in high-income countries are used for industrial purposes, highlighting the scale of this dependence.⁹ As industrial demand continues to rise, there is a growing need to invest in water solutions that support long-term resource availability and help ensure the resilience of leading economic sectors.

Climate risk imperative: Investing in water is a critical risk-mitigation strategy in the face of an increasingly off-balance hydrological cycle. From prolonged droughts to extreme floods, climate change is intensifying water-related risks across sectors and geographical areas. Investments in water efficiency, flood control, wastewater reuse and nature-based solutions help reduce climate risk.¹⁰ Underscoring the urgency for businesses, estimates suggest that the cost of water risks to business could be more than five times greater than the cost of taking action now to address those risks.¹¹ As the public and private sectors increase commitments to

safeguard against the impacts of climate change, the demand for resilient water infrastructure and technologies is expected to grow significantly.

Diversification potential: Water assets can enhance portfolio resilience due to their low correlation with traditional asset classes, helping reduce overall investment risk. An analysis of leading global water exchange-traded funds (ETFs) found that water assets serve multiple vital roles: acting as a diversifier for equities; as a counterbalance for fixed-income investments; and as a safe haven during periods of market volatility. This robust evidence underscores water's valuable contribution to portfolio stability and risk management.¹²

The growing imperative to address climate risk, combined with the universal demand for water in all sectors of the global economy, positions water solutions as a robust and progressive investment opportunity.

The water landscape is rapidly transforming, driven by innovation and policy momentum. Emerging water solutions, including smart monitoring systems, decentralized treatment technologies, water-efficient agricultural practices and circular water models, are creating new investment pathways that will be explored later in the paper.¹³

While the financial rationale for investing in water is compelling, the urgency of global environmental and social challenges underscores the fact that such investments are not only prudent but essential for planetary health and sustainable development. This paper will now turn to the need for water investment from environmental, economic and social perspectives.

1.3 The growing drivers for water demand

The world faces a growing water crisis, with all indicators showing that demand will continue to rise over time. The overview below highlights some of the most pressing water challenges and how they align with primary investment themes.

Investment theme: **People and consumption patterns**

Over the past three decades, total water withdrawal has increased by more than 650% while per capita water availability has declined.¹⁴ The world's population has grown rapidly, estimated to jump from 2.5 billion in 1950 to 10.3 billion by mid-2080. Feeding a population that has by now more than tripled requires more water, a problem compounded by a rising middle class projected to shift to more water-intensive crop production and increased meat production.

Investment theme: **Cities and urbanization**

In parallel, rapid urbanization will lead to approximately 60% of the world's population living in urban areas by 2050, outpacing public infrastructure, freshwater resources and regulations. Many global water networks are now outdated, with ageing infrastructure in both developed and developing countries struggling to meet the increased water demands. As an example, most of the existing water networks in the US were built in the 1950s and 1970s and would require significant reinvestment and modernization to avoid potential public health and environmental hazards.¹⁵

Investment theme:
Tech, energy and industry

Growing industrialization, bundled with regulatory shifts from other sectors, can have the unintended consequence of increasing demand for water. Examples are incentives to grow water-intense crops, urban greening and the expansion of water access, and the rise of energy and data centre requirements. Thermoelectric power generation – converting heat energy into electrical energy – accounts for over 41% of total US freshwater withdrawals.¹⁶ Additional water usage to cool the computer systems and data centres used by AI is expected to account for 1.1–1.7 trillion gallons of water by 2027, more than four to six times the total annual water withdrawal of Denmark.¹⁷ Given the lack of regulation on use-efficiency requirements, combined with several countries lowering water prices to companies to offer favourable water access, there is a high risk of uncontrolled water demand.

Investment theme:
Pollution

Water pollution from agriculture, households and industrialization also threatens the freshwater supply. Increased usage of chemical fertilizers and pesticides and untreated wastewater is leading to both ground and surface water pollution.¹⁸ Recent

high-profile coverage of water quality issues, such as the clean-up of the Seine river for the Paris Olympics in 2024, has led to heightened public awareness, driving increased efforts and policy responses to address these challenges.¹⁹

Investment theme:
Climate resilience

Climate change will also continue to affect the water cycle: glaciers are melting at an unprecedented speed and higher air temperatures cause both droughts and increased unprecedented flooding, both of which affect the natural recharge of groundwater resources. The Intergovernmental Panel on Climate Change (IPCC)'s Sixth Assessment Report (AR6) confirms that increased levels of CO₂ have already led to a rise in drought events, with each drought becoming more intense, as well as a surge in extreme rainfall events, which are themselves becoming more extreme.²⁰

Due to growing demand, nature cannot replenish freshwater resources at the pace at which they are being withdrawn. Technological innovation and smart water management provide a vital pathway to manage future water demand while helping to sustain a healthy water cycle. Investing in water solutions today is not optional; it's strategic foresight.

BOX 2 **Water futures and fit-for-purpose finance**

The Aquapreneur Innovation Initiative works in close collaboration with the [Water Futures Community](#), the World Economic Forum's multistakeholder platform that addresses the next generation of financial solutions to support water resilience. The community takes a systems-level approach to water challenges and encourages public-private collaboration to advance the global water agenda through collective dialogue, thought leadership and partnerships.

The flagship report [Water Futures: Mobilizing Multistakeholder Action for Resilience](#) outlines five critical pathways for water resilience:

1. Holistic water valuation
2. Fit-for-purpose finance mechanisms
3. Sustained basin-level partnerships

4. Adaptive water governance
5. Collaborative policy-innovation nexus

Fit-for-purpose finance recognizes that the next generation of financing mechanisms must be designed to address a wide range of shocks and stresses – from an unpredictable climate to infrastructure maintenance – while enabling investment across diverse project types, from basin-level partnerships to breakthrough technologies, for the benefit of the entire hydrological cycle.

The Water Futures community can play an important role in creating a greater understanding among different actors in critical areas such as fit-for-purpose financing and how policy can act as a critical enabler, or barrier, to water innovation.

1.4 Growing investor interest

\$1.28
billion

amount of funding in water tech in 2023, over twice 2019 levels, even amid wider declines.

This growing recognition of water's strategic importance is increasingly being reflected in financial behaviour. New data, highlighted in this section, shows that the momentum behind water sector investment is accelerating, with a wide range of market actors signalling a significant increase in their commitments.

Venture capital activity particularly highlights this trend. While water technology still represents a relatively small share of overall climate tech funding, it is slowly emerging as a leading area of interest. In 2023, water tech companies received \$1.2 billion in funding, a 30% decline from 2022's record of \$1.8 billion yet still outperforming the -38% average market drop and the -33% decrease in the wider climate tech sector.²¹ While that \$1.2 billion represented only 3% of the \$48 billion raised in climate tech in 2023,²² it is 105% above 2019's pre-pandemic levels.

According to the *Currents of Capital 2025 Report*, a survey of more than 300 senior decision-makers throughout the global water value chain, including water utilities, multinational corporations, investment funds, engineering firms and technology providers, investment is accelerating across water infrastructure and related technologies. The report reveals that 40% of respondents now view water as their top investment priority, while 33% are focused on portfolio growth. Notably, approximately 4% of respondents plan to increase their investments by over 50% compared to 2024 levels, with multinational corporations (12%) and contractors (6%) leading this surge.²³

Private equity is playing a considerable role in consolidating assets, scaling solutions and modernizing infrastructure. While the public sector currently supplies around 78% of the capital for water security, this dominance is set to shift. According to Global Water Intelligence, a publisher and events organizer serving the international water industry, public-sector contributions will fall to just 43% over the next decade, even as total investment in water security-related assets is projected to more than triple: from \$3.8 trillion to \$12.6 trillion.²⁴ This transition is already under way. Ofwat, the UK's water regulator, is looking to secure more than \$66 billion in private investment for critical infrastructure projects, offering attractive terms such as guaranteed revenues, capped liabilities

and government-backed risk mitigation.²⁵ Similarly, the European Investment Bank (EIB) pledged to invest more than \$17 billion in water-related loans over the next three years, aiming to mobilize an additional \$29 billion from private investors.²⁶ These developments signal growing confidence in the water sector's investment potential and reflect a broader rebalancing of responsibility between the public and private actors.

In addition to varied investment pathways, the water solutions space also shows overall momentum in terms of deal trends and exit potential. Valuations and deal sizes in the water technology sector have been steadily increasing, with the median pre-money valuation more than doubling since 2020 to reach \$16.9 million in 2024.²⁷ In the same year, three notable deals surpassed \$50 million, including Nautilus Data Technologies, ZwitterCo and Nattergal, reflecting growing investor confidence in the sector.²⁸ Strategic acquisitions by major players such as Thermo Fisher Scientific²⁹ and Badger Meter³⁰ also signal increasing interest and create additional exit opportunities for emerging companies. At the same time, supportive regulatory environments and strengthened corporate water stewardship commitments are enhancing the sector's overall attractiveness and long-term growth prospects.³¹

Part of the growing interest from new entrants in the water sector stems from the perception of water investments as stable and recession-resistant. Water is a critical, non-cyclical, irreplaceable resource with consistently strong demand that is projected to grow over time, driven by population growth, urbanization, industrial expansion and shifting consumption patterns.³² Unlike many sectors, water's essential nature renders it largely immune to short-term economic fluctuations or changes in consumer behaviour, making it a stable underpinning to an investment in water solutions.

Water-related investments have demonstrated resilience across economic cycles. During the 2007–2009 financial crisis and the COVID-19 pandemic, utility stocks, including water utilities, were favoured by investors seeking stable dividend payments amid declining bond yields.³³ The regulated nature of many water utilities supports reliable cash flows and long-term stability.



1.5 Current realities of investing in water

↑ SHAYP: AI-driven water efficiency analytics for buildings.

Although water solutions offer a versatile and forward-looking investment opportunity, water does not always conform easily to traditional investment frameworks. From complex regulatory environments and fragmented markets to lengthy project timelines and unclear revenue models, these realities can lead to unexpected risks and slower returns. Investors need to navigate the space carefully and develop a deep understanding of the nuances involved.

The current realities of the water sector include:

- **Perceived abundance and low-cost nature of water:** Water has traditionally been seen as an abundant, freely available natural resource, especially in developed countries where access is taken for granted. This perception contributes to water's widespread undervaluation and inefficient use, which deters potential investors who may not be aware of the revenue models for water solutions.

Shifting realities: Singapore has fought against this perception of water by creating a system that treats water as a strategic, valuable resource. The government has intentionally priced water to reflect its scarcity and cost of provision, while also using public policy and education to reinforce its value. This transparent and sustainable pricing model creates a strong foundation for private investment in advanced water technologies and infrastructure.³⁴

- **Fragmentation of the water sector:** Water governance is highly decentralized, split across multiple agencies, jurisdictions and regulatory systems. This fragmentation creates a complex and often bureaucratic environment, complicating market entry and scalability of investments.³⁵

Shifting realities: The Netherlands has a centralized and well-coordinated water governance system, with clear roles and consistent funding through regional water boards. This integrated approach reduces bureaucratic hurdles, enabling easier market entry and attracting large-scale investments in water infrastructure and technology.³⁶

- **Long payback periods:** Water investments, particularly those connected to infrastructure, treatment facilities and utility upgrades, require significant upfront capital and have extended timelines for cost recovery. Long asset life cycles, regulatory hurdles and public procurement processes deter investors who are looking for shorter-term, high-growth opportunities.

Shifting realities: Innovative revenue models such as water-as-a-service, performance-based contracts and outcome-based financing enable quicker, more predictable returns on water investments by tying payments to delivered results or ongoing service.³⁷ These approaches reduce upfront capital barriers and attract investors seeking steady revenue streams and manageable risk.³⁸

The complexities of investing in water can pose real challenges, but these same dynamics also create unique opportunities for investors who are able to recognize when conditions are changing, can identify favourable environments, and know where and how to focus their efforts.

1.6 Investing in early-stage water innovation

As water touches on every activity, the possibilities for water investment are extensive. The four best-known and defined areas of water investment today are: quantity, quality, environmental health and access to sanitation – with the first two being the main areas of investment activity. Both quantity and quality have a clear addressable market, deliver a sustainable competitive advantage and provide the greatest opportunity for technological solutions.

UpLink, the early-stage innovation initiative of the World Economic Forum, is dedicated to advancing entrepreneurial solutions to global challenges. Through the Aquapreneur Innovation Initiative, it specifically supports water-focused start-ups from pre-seed to Series A. This paper will now explore the landscape of early-stage water innovation and highlight the investment opportunities it presents through the lens of climate risk.

↓ **Indra Water:** compact smart systems for wastewater recycling.



Early-stage water innovation landscape

The water sector can be complex, and there are many ways in which to divide the water innovation landscape. For the purposes of this paper, the early-stage water innovation landscape has been divided into the following areas: treatment; reuse and circularity; monitoring and analysis; access and supply. It should also be noted that there are many overlaps between these categories. Each of these areas not only addresses critical water-related risks, such as scarcity, pollution and system inefficiencies, but also offers growth potential for impactful, innovation-driven investment.

Treatment: This category includes both hard technologies and nature-based solutions, covering advanced treatment processes for utilities and industrial applications, as well as environmental remediation technologies.

Reuse and circularity: Encompassing water capture and reuse systems at commercial, residential and urban scales, this area also includes appliance-level solutions and innovations tailored for agricultural water recycling.

Monitoring and analysis: This category covers digital and analytical technologies such as leak detection, water quality monitoring and precision agriculture enabled by advanced data collection and analysis.

Access and supply: Solutions in this area address water provision through technologies such as desalination and decentralized systems that deliver safe, potable drinking water, especially in underserved or remote communities.

It is important to recognize that each of these technology categories serves a diverse range of customer segments and operates under diverse business models. While many water start-ups identify as cleantech ventures, it is a mistake to assume that water tech is focused solely on public utilities. These companies target a broad spectrum of markets, from food and beverage manufacturers and industrial users to agricultural and residential customers. Reflecting this diversity, Dealroom data shows that water treatment companies attracted the largest portion of water tech venture capital funding in 2023 (accounting for 63% of total investments), primarily concentrated in the wastewater treatment segment.³⁹

FIGURE 2 | UpLink water innovation start-up ecosystem



Source: UpLink, World Economic Forum



BOX 3 Aquapreneur investment story: Indra Water



Indra delivers electrically driven, decentralized wastewater treatment systems that require no added chemicals in primary treatment. Their solution recovers up to 99% of wastewater for non-potable reuse – ideal for industrial, commercial and domestic users seeking on-site water circularity. Based in India, Indra emerged to tackle the high cost and operational complexity of traditional wastewater treatment. Its smart systems are fully automated and benefit from smart monitoring, dynamic treatment optimization and predictive maintenance. Its vision is to enable wastewater reuse in contexts where centralized treatment infrastructure is limited or struggling.

Indra was selected as an aquapreneur in 2023. It secured \$4 million in a Series A round in January 2024, led by Emerald Technology Ventures and Mela Ventures. As of 2025, it is now supplying wastewater treatment plants at HCL office buildings, supporting HCL's growing water stewardship. Additional investment enabled it to scale up its operations, secure regulatory approvals and support for reuse frameworks, and fast-track wider regional expansion.

BOX 4 Aquapreneur investment story: PYDRO



PYDRO empowers utilities, through a sensor-enabled service model, to detect leaks early, reduce losses and modernize operations without batteries, maintenance overheads or complex integration. It helps utilities reduce the time and cost required to find and fix leaks by 30–40%. With \$39 billion in annual losses, rising regulatory pressure and a shrinking workforce, water utilities are being forced to modernize globally. Yet most water networks remain unmonitored, with utilities losing on average 30% of the water they source and treat. PYDRO aims to tackle the lack of real-time, data-driven visibility that makes it currently nearly impossible to manage these challenges proactively.

Selected as an aquapreneur in 2024 and supported by UpLink, PYDRO closed an oversubscribed \$1.3 million pre-Series A in May 2025. The round was led by Connect the Drops, with support from the EIC Fund, Berlin Angel Fund and several business angels. The solution is already being trialled by major utilities in Italy and industry leaders such as SUEZ. With funding in place to scale operations and enter new markets, the team is now focused on securing strategic partners and investors ahead of their Series A, with the EIC Fund committed to matching and Connect the Drops ready to lead again.

Water innovation and climate risk

Climate risks are interconnected, and no single solution can address them all. However, water innovations offer targeted opportunities to reduce vulnerability and support resilience in sectors already experiencing the effects of a changing climate. The table below highlights how specific water solutions align with addressing the intensifying adverse impacts of human-caused climate change, as outlined in the IPCC's Sixth Assessment Report.⁴⁰

Water innovations have significant potential to address climate-related risks, but their impact depends on more than just the technology itself. Adoption and scaling are critical to moving beyond

isolated pilots and achieving meaningful, system-wide change. Investors must consider the policy and regulatory environment, which can greatly influence how effectively these solutions can be deployed. For example, the EU Urban Wastewater Treatment Directive promotes higher treatment standards, enforces polluter-pays principles and encourages circular water use, creating favourable conditions for wider adoption of treatment, monitoring and reuse technologies.⁴¹ Understanding these dynamics is essential to evaluating both the risks and opportunities of investing in water innovation.

To further explore how this start-up landscape can relate to any investment thesis, this paper will now turn to exploring where the opportunities are for investors across different investor types, risk profiles and industry verticals.

TABLE 1 | Water solutions and impacts

Climate risk area	Impact	Water innovation response
Water scarcity and food production	Reduced crop yields, competition for water resources	Precision irrigation, wastewater reuse, water-efficient technologies
Health and well-being	Spread of waterborne diseases, heat-related illnesses	Water quality monitoring, decentralized treatment for safe drinking
Cities, settlements and infrastructure	Flooding, infrastructure stress, service disruption	Urban water reuse, flood and infrastructure monitoring, effective water supply and treatment systems
Ecosystems and species shifts	Habitat loss, biodiversity decline, altered ecosystem functions	Nature-based solutions, adaptive water management, effective water treatment to reduce pollution and protect natural habitats

Source: Adapted from IPCC. (2023). *Summary for policymakers*. https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf



2

Water innovation investment spectrum

Compelling water investment opportunities exist across a range of investment theses.



↑ **Fluidion:** affordable field-deployable water safety monitoring instrumentation.

Investment opportunities in the water sector span multiple geographical areas, technologies and asset classes. Rather than requiring a complete strategic overhaul, well-informed water investments can reinforce existing investment theses, whether they focus on innovation, infrastructure, impact or financial returns.

For investors seeking high-growth opportunities in early-stage technologies, the global smart water management market (encompassing the systems, technologies and services used to optimize the monitoring, control and conservation of water resources) is projected to reach \$22.4 billion by 2026, growing at a compound annual growth rate (CAGR) of 10.1%.⁴² For those prioritizing impact, strategic investments in water and climate-resilient infrastructure boosts health, productivity and

resilience while delivering long-term financial gains of up to 10x returns.⁴³ For investors interested in accessing new markets, the Middle East and North Africa (MENA) region represents a particularly high-potential market, accounting for 39.5% of the global water and sewage project pipeline, equivalent to approximately \$391 billion, with growing demand for smart water solutions and sustainable desalination technologies.⁴⁴

Nearly every type of investor and portfolio can benefit from exposure to this essential and undercapitalized sector. With a particular focus on water innovation, this section explores how water opportunities align with different types of investor, risk profile and investment strategy, offering tailored pathways for corporate, impact and early-stage investors alike.

2.1 | Water innovation as a strategic investment for different investor types

FIGURE 3 | The water opportunity for different investor types

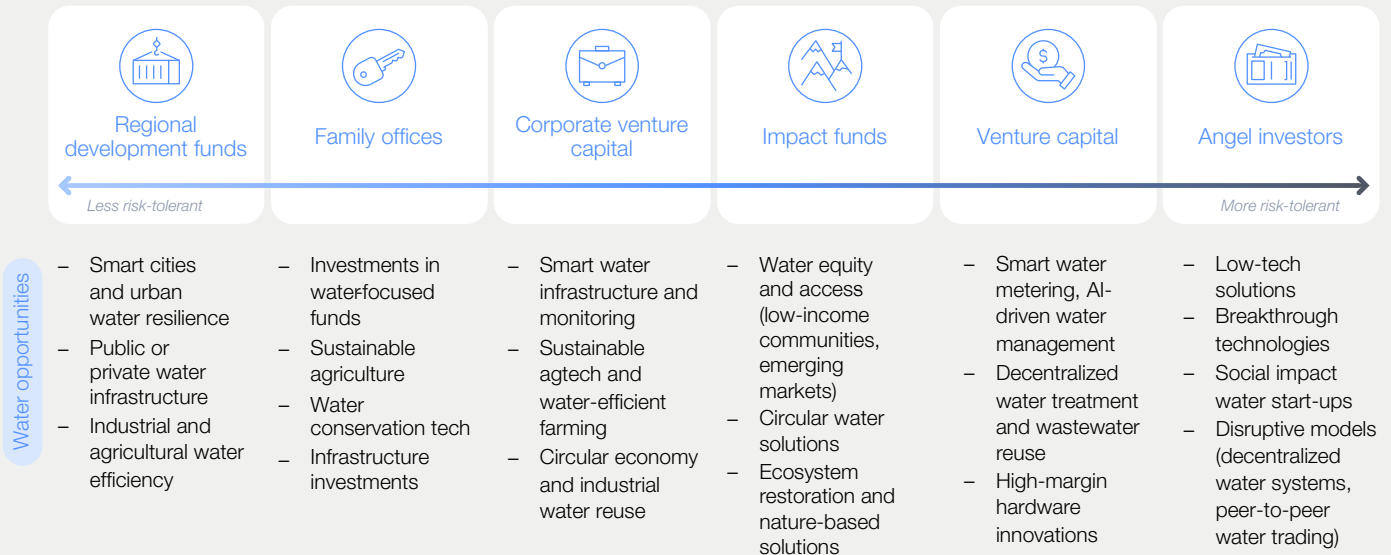
More risk-tolerant

	 Angel investors	Risk tolerance Very high	Returns Seek very high potential returns from early-stage investments, with a high failure rate balanced by occasional big wins	Primary interest Early-stage innovation and backing visionary founders	Secondary interest Personal impact and sector-specific passion	Time horizon Short- to medium-term (generally 5–7 years, though can vary with opportunity)
	 Venture capital	Risk tolerance High	Returns Target very high returns through rapid scaling and successful exits	Primary interest Financial returns via scalable, high-growth companies	Secondary interest Market disruption and economic growth	Time horizon Short- to medium-term (typically 5–7 years)
	 Impact funds	Risk tolerance Moderate	Returns Accept moderate financial returns in exchange for strong social/environmental impact	Primary interest Achieving measurable social and environmental impact	Secondary interest Financial sustainability and contributing to economic growth	Time horizon Medium- to long-term (generally 5–10 years, adaptable based on project impact)
	 Corporate venture capital	Risk tolerance Moderate	Returns Aim for returns, but may be secondary to strategic value	Primary interest Strategic alignment with core business	Secondary interest Financial return and innovation support	Time horizon Medium- to long-term (5–10 years based on strategic needs)
	 Family offices	Risk tolerance Moderate	Returns Aim for balanced, long-term returns with preservation of wealth	Primary interest Long-term wealth preservation and legacy-building	Secondary interest Sustainable impact and steady financial growth	Time horizon Long-term (often 10+ years, with flexibility depending on goals)
	 Regional development funds	Risk tolerance Low	Returns Low–moderate	Primary interest Economic growth, infrastructure, job creation	Secondary interest Sustainability and resilience	Time horizon Long-term

Less risk-tolerant



FIGURE 3 | The water opportunity for different investor types (continued)



Source: World Economic Forum and UpLink Investing in Water Working Group

↓ **WASE:** a next-generation waste-to-energy tech solution.

A wide and growing array of actors is investing in water innovation across sectors and geographies. This section focuses specifically on those most closely aligned with the early-stage water innovation priorities of the Aquapreneur Innovation Initiative; therefore, certain investor types – most notably financial institutions, later-stage private equity and philanthropy – have been left off this list. This content has been developed by the UpLink Water Investment Working Group with additional input from investment experts.

These examples highlight the range of opportunities that align with the unique objectives and risk-return profiles of different investor types. Recognizing this diversity is crucial for tailoring investment strategies that maximize both financial performance and impact. Building on this understanding, the report will now shift focus to explore water investment opportunities through the lens of specific industry verticals, providing deeper insight into sector-specific dynamics and potential.




















2.2 Water innovation in everyone's investment thesis

Water does not require a complete shift in everyone's investment approach. Instead, it can enhance and strengthen existing theses. As every activity has a water footprint, most investors are already investing in water, whether they realize it or not. By understanding where water intersects with their current holdings – perhaps focused on climate resilience, supply chain stability or technological innovation – they can position themselves as

investors attuned to the complexity of various sectors and confidently add water as an intentional, strategic vertical.

Figure 4 illustrates how water aligns with leading industry verticals, showing clear opportunities and solution providers that can complement current strategies.

FIGURE 4 The water opportunity in different industry verticals

High Water impact opportunity			
 <p>Energy and sustainability</p> <p>Examples: Water capture and reuse, energy generation from wastewater</p> <p><i>Oneka Technologies</i> Wave-powered desalination system</p> 	 <p>Healthcare and life sciences</p> <p>Examples: Bioremediation, pollution-cleaning microbes, waterborne pathogen monitoring, portable water purification systems</p> <p><i>Fluidion</i> Affordable, field-deployable water safety monitoring</p> 	 <p>Industrials and manufacturing</p> <p>Examples: Leak detection, smart water management, advanced industrial water treatment, efficiency, resource recovery and reuse</p> <p><i>Kran Nanobubble</i> Transforming industrial process efficiency with nanobubbles</p> 	
 <p>Agriculture and foodtech</p> <p>Examples: Precision irrigation, circular water use in agriculture, water-efficient food processing</p> <p><i>Seabex</i> AI-powered sensorless precision irrigation</p> 	 <p>DeepTech and frontier technologies</p> <p>Examples: Advanced resource recovery, nanofiltration, synthetic biology, direct lithium extraction</p> <p><i>Membrion</i> Treatment and reuse of toxic industrial wastewater</p> 	 <p>Information technology</p> <p>Examples: Software and software as a service (SaaS) platforms for water management</p> <p><i>DigitalPaani</i> IoT software to make water treatment more efficient</p> 	
Growing Water impact opportunity		Limited scope for water impact opportunities	
 <p>Financial services and fintech</p> <p>Examples Insurtech, microfinance, water credits</p> <p><i>Kilimo</i> SaaS-enabled marketplace to help farmers sell water offsets to companies that want to become water-neutral</p> 	 <p>Mobility and transportation</p> <p>Examples Water treatment for marine and aerospace applications, water-efficient battery manufacturing</p>	 <p>Consumer goods and services</p> <p>Examples At-home water filtration, water-efficient appliances</p>	 <p>Media and telecom</p> <p>Examples Early flood-warning system</p>

Source: World Economic Forum and UpLink Investing in Water Working Group

3

New water investor perspectives: Lessons from the field

New water investors encourage others to consider how water can drive value in diverse areas, beyond the traditional utility models.

Water innovation represents a high-potential yet distinct investment landscape, one that requires a shift in mindset to navigate effectively. This section outlines strategies for approaching water

investments from a new perspective and offers insights from first-time investors who are helping to shape this emerging space.

3.1 How to approach water investments differently

To invest effectively in water, investors need to shift their perspective:

- **Think systems, not silos:** Water is rarely a standalone investment. The most promising solutions often lie at the intersections with climate tech, agriculture, energy or public health.
- **Focus on enabling technologies:** Look for scalable tech-enabled solutions that support monitoring, efficiency, leak detection, water reuse or decentralized treatment.
- **Understand the value chain:** From source to tap, and from wastewater to resource recovery, solutions to water challenges exist across the full value chain. Each segment has different risk-return profiles.
- **Invest in resilience and impact:** Solutions that secure water access, improve quality or reduce risk are increasingly critical in a changing climate. These investments offer a direct path to measurable climate adaptation and social impact.
- **Partner with domain experts:** Success in water investing often depends on deep technical and policy understanding. Investors benefit from partnering with those with experience, including seasoned water investors, as well as specialized market intelligence firms.

3.2 Lessons from new water investors

This section presents first-hand insights from those who have recently entered the sector, highlighting the opportunities they have identified,

the challenges they have faced and the advice they offer to others exploring the potential of investing in water.

Bidra

Founded in 2022, Bidra manages a \$250 million global investment mandate aligned with the long-term strategic priorities of its sole limited partner, the OCP Group. It is part of OCP's broader innovation ecosystem, anchored by Mohammed VI Polytechnic University (UM6P), and backs founders reinventing agriculture, industrials and mining.



Yassine Cherkaoui
Chief Executive Officer, Bidra



Don't be afraid to look beyond what you might think of as the water sector; adjacent fields like mining, biotech and AI offer innovations that can be transferred to accelerate progress.

Why water?

Bidra's interest in water stems from a systems-level understanding that water is not just a resource – it's the backbone of sustainable agriculture, industrial resilience and climate adaptation. With OCP Group's operations deeply embedded in Morocco, a region facing acute water stress, Bidra recognized that investing in

water innovation was both a strategic imperative and a moral responsibility. The launch of OCP Green Water, backed by a \$620 million investment in desalination infrastructure, further reinforced the urgency of supporting scalable water technologies that can serve both local and global needs.

Water in Bidra's portfolio

Water is a foundational vertical in Bidra's portfolio, intersecting with agriculture, mining and energy. Investments such as Aclarity (PFAS destruction), Tidal Metals (magnesium extraction from seawater) and its LP role in Burnt Island Ventures (a water-focused VC) reflect Bidra's approach to circularity, resource recovery and industrial decarbonization. These ventures embody Bidra's core values:

- Sustainability: reducing environmental footprints across sectors
- Scalability: backing technologies with global deployment potential
- Systems thinking: viewing water as a nexus for climate, health and economic development

Advice for first-time investors

If you are investing in water, our advice is to co-invest with ecosystem players such as corporates, universities and public agencies to help you navigate the sector's complexity. Focus on modular solutions – technologies that are

adaptable and can be customized across different geographies. Be patient and stay curious, as adoption of water solutions is rarely linear but often leads to exponential impact.

Hitachi Ventures

Hitachi Ventures is the corporate venture capital arm of Hitachi. With \$1 billion in assets under management, Hitachi Ventures focuses on investing in early-stage and growth-stage technology companies with strategic relevance to Hitachi.



Elena Ballesteros Rodado
Associate, Hitachi Ventures



Start by thinking beyond traditional water utility models. Water intersects, for example, with energy or manufacturing – it's not just a cost centre but a potential value driver. There's exciting innovation happening at the edges of these intersections.

Why water?

Our interest in water stems from our broader environmental investment strategy, developed for our second fund, which targets all planetary boundaries – aiming for a decarbonized, resource-efficient and equitable society. Water is

central to resource efficiency and circularity. It's essential to stay within the “safe operating space” for humanity, and that means using water far more efficiently and sustainably.

Water in Hitachi's portfolio

At Hitachi Ventures, our investments reflect our commitment to long-term sustainability and technological excellence. We focus on solutions that drive down costs, increase resource efficiency and are resilient across market cycles. We avoid feel-good or subsidy-reliant tech – we

look for market-leading, disruptive innovations. Water aligns with this philosophy when the technologies meet our core criteria: economic rationale, category leadership, risk manageability and full life-cycle sustainability. While not every water tech fits, we actively look for those that do.

Advice for first-time investors

Look for founders who understand water as a systems challenge and try to find these crossovers. Engage with platforms such as the World Economic Forum, Imagine H₂O Accelerator or the Water Tech Tour – these communities

are where some of the most disruptive water innovations are emerging. There's a lot happening under the radar, and the opportunity is bigger than it seems.

Planet A Ventures

Planet A Ventures is a European early-stage fund supporting founders tackling our greatest systemic challenges. The fund uses rigorous scientific impact assessments to identify solutions the world cannot afford to ignore.



Tobias Seikel
Co-Founder and General
Partner, Planet A Ventures



Don't be discouraged by the traditional capital cycles: there is a growing class of venture-backable solutions that deserve catalytic support now, not later.

Why water?

At Planet A, our science-led approach to investing revealed a stark reality: water is embedded in almost every industrial, agricultural and consumption process, yet it remains one of the most under-optimized and under-financed

systems in climate mitigation and resilience. As climate volatility increases, water stress directly threatens agricultural productivity, industrial continuity and supply chain resilience. It's a systems-level risk and an untapped opportunity.

Water in Planet A's portfolio

We back founders tackling systemic challenges with globally scalable solutions. Since freshwater consumption is one of the six planetary boundaries already transgressed, water is a natural priority for us. Some of our portfolio companies, such as Traceless, Project Eaden or

The Landbanking Group, contribute by reducing freshwater use. Our science team also evaluates water impacts through life-cycle assessments. We are particularly keen to back solutions in wastewater treatment, desalination and smart water management.

Advice for first-time investors

Start by reframing water from a utility issue to a systems innovation lens. Water is not just about pipes and treatment plants – it's about enabling next-generation manufacturing, food resilience

and urban sustainability. Look for founders who approach water through the lens of data, circularity and distributed infrastructure.

Ecosystem Integrity Fund

The Ecosystem Integrity Fund (“EIF”) is an early growth stage investor in companies contributing to environmental sustainability. EIF seeks to demonstrate that there is no trade-off between having positive impact and achieving outstanding financial returns. Sustainability is fundamentally about making things better: more efficient, more functional, less toxic and less costly.



Sasha Brown
Senior Partner, Ecosystem
Integrity Fund



We believe investing in water solutions is a robust financial opportunity – and is critical to drive reduced carbon emissions, more resilient systems and improved planetary health.

Why water?

The challenges of either too much, too little or pollution in water are growing increasingly acute and hard to ignore. Over the past 15+ years, we’ve been closely watching the water market, tracking technological developments and refining our investment theses. Historically, water has been treated primarily as a government

responsibility, with progress driven by public funding and regulation. Now, increasingly urgent water challenges have begun to shift this paradigm globally – bringing the economic value of water into sharper focus for the private sector and catalysing a wave of innovation and commercial adoption of new technologies.

Water in EIF’s portfolio

Investing in water aligns closely with our firm’s broader vision of driving meaningful environmental impact by addressing urgent global challenges through innovative solutions. Investing in water solutions offers the opportunity for robust financial potential, reduced carbon emissions, resilient infrastructure and improved planetary health – advancing our commitment to

sustainable development and long-term societal benefit. One area of significant focus for us within the water sector is climate resilience. This theme has been growing in importance over the past five years, in recognition of society’s failures to sufficiently engage in climate change mitigation and the growing need to adapt to climate impacts in all areas of life.

Advice for first-time investors

We believe there are growing market challenges across regions and customers in the water sector that present compelling investment opportunities. Success lies in identifying companies that effectively address the most urgent and disruptive market challenges and deliver strong economic benefits to customers – today. We focus on solutions that can align incentives for all stakeholders – communities, the private sector

and regulators – and can scale quickly and profitably. There are many large entities, private and public, that touch water, and they are often slow and risk-averse. Determining the specific niches in which there is a near-term need for change – and identifying companies that can deliver this innovation with minimal risk and cost – is imperative for successful investment in the space.

kopa ventures

kopa ventures is an established climate tech VC with a focus on European early-stage start-ups in the fields of energy, mobility, nature and carbon tech. Our team combines exceptional domain expertise, entrepreneurial acumen and access to an extensive network to help ventures drive their impact.



Benjamin Wochner
Principal, kopa ventures



We see an opportunity to uncover the raw diamonds in a sector that's both underexplored and absolutely essential. Water is the most critical resource on the planet — and we believe it deserves more attention from the VC world.

Why water?

Water isn't exactly a mainstream focus for venture capital, as the market is highly specific, lighthouse cases are rare and many funds lack deep experience in the space. For us, that's precisely what makes it interesting. We see multiple areas where water management is becoming both a necessity and a business opportunity. While the

sector hasn't yet produced many unicorns, we believe that's a matter of timing. As awareness and urgency grow, we expect to see more breakout companies. In the meantime, we already observe solid exit potential through strategic acquisitions and growing interest from private equity.

Water in kopa's portfolio

At kopa ventures, we back teams solving problems that are both economically viable and deeply impactful for the planet. Our roots are in the energy sector, where we've built strong expertise and networks — and we see many parallels between energy and water in terms

of risk, regulation and opportunity. We're also applying that experience to the water space, while actively building up domain-specific knowledge and partnerships to identify the most promising opportunities.

Advice for first-time investors

Start by talking to experts and specialized investors — early and often. The water space has its own logic, shaped by regulation, ethics and a unique stakeholder landscape. A strong network is always important, but here it's critical. Pay

close attention to go-to-market strategies during due diligence, as even the best solutions can fail if founders don't understand how to navigate market access in this space.

Cycle Capital

Cycle Capital is Canada's leading climate tech venture capital investment platform, investing across North America and Europe in seed-stage and growth-stage companies that have developed technologies which positively contribute to climate change mitigation by enabling a net-zero transition. With more than 15 years of experience and a proven track record, Cycle Capital's diverse and multidisciplinary team has extensive experience and broad climate tech industry expertise.



Simon Olivier
Senior Partner, Cycle Capital
and Head, Cycle H2O Fund



I believe the water sector is at a tipping point, much like clean energy was a decade ago. With increasing climate pressures, regulatory shifts and technological breakthroughs, there's a clear window for impact and returns.

Why water?

I received a wake-up call when I developed skin irritation and breathing difficulties following a swim in a lake in Quebec. Already passionate about water through my hobbies such as sailing, swimming and scuba diving, this incident shifted my professional focus towards water sustainability. I then realized that while solutions to water

pollution existed, many entrepreneurs in the water sector struggled to access seed capital. Traditional financial institutions often overlooked water-related ventures, viewing water as a free commodity, too abundant and unprofitable to warrant investment. This gap inspired the creation of the Cycle H2O Fund to support innovative water technologies.

Water in the Cycle H2O Fund

Cycle H2O is built around the belief that "there is no substitute for water" and that innovation is the only sustainable path forward. The \$30 million water tech fund, co-managed by Cycle Capital and H2O Innovation, aims to support innovative water technologies, especially in sectors such as

sustainable agriculture, industrial water processes and utilities/municipalities. The fund is also a response to the broader environmental challenge of water scarcity and economic resilience, aiming to accelerate solutions through targeted investments.

Advice for first-time investors

Think long-term and impact-oriented. I encourage investors to align with the sustainable development goals and to view water investments as a way to build climate resilience and support

global health and equity. The Cycle H2O Fund itself is structured to deliver both financial returns and measurable environmental impact.

4

Call to action

Join the wave: invest purposefully in water solutions that protect resources and deliver meaningful returns.

Investing in water technologies is no longer optional; it is an urgent imperative for safeguarding critical resources and securing sustainable financial returns. Water is deeply interconnected with virtually every sector of the economy, presenting a broad spectrum of investment opportunities that can be tailored to diverse risk profiles, return expectations and impact objectives. However, the complexities of the water space necessitate understanding the unique considerations and realities of the space.

The water innovation landscape offers many strategic avenues to drive meaningful change while capturing growth in a rapidly evolving market. To

get started, investors need to engage with the water investment community, participate in global water innovation events and explore the water start-up ecosystem connected to the industries already within their portfolios. By purposefully integrating water into investment strategies today, investors can position themselves at the forefront of one of the most critical challenges and opportunities of our time, delivering both impactful outcomes and long-term financial value.



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