

Ethical Corporation – Water Risk Briefing Extract – December 2018

Innovation in the water market

This has led to an explosion of innovation in the water market. Much of it comes from traditionally water-stressed countries such as Israel, Australia and Singapore, but the UK is also a global hub for new products. “The UK is more water-stressed than you might think and there is a lot of water technology innovation going on,” says Jim Totty, manager of the Nobel Sustainability Growth Fund at Earth Capital Partners.

Among his fund’s investments is Arvia, a spin-out from Manchester University, which has developed a technology that can remove very low concentrations of highly toxic chemicals from wastewater using much less energy than other treatment methods.

“We are targeting markets where the drinking water contains lots of contaminants. There are many areas where there are lots of pesticides and other contaminants, many of them carcinogenic. They lack a cost-effective way of treating water at the moment,” Totty says.

Another investment, Propelair, makes a water-efficient toilet that uses an integrated air pump to reduce the amount of water per flush from 6-8 litres to just 1.5. The product is initially aimed at the business market, but the company hopes to produce a domestic version as it scales up. “Companies and individuals are having limits to how much water they can use imposed on them,” he adds. “In office buildings, fast-food chains, hotels and the like, the savings are really material.”

However, the pace of change varies widely, Totty adds. “From country to country, the way that water is paid for is very different, so we need to work with local partners to navigate a very different set of commercial relationships. Some countries in the Middle East and Asia have very high subsidies,



JEREMY FREDDING/TOWNSHIP

Major cities globally, including London, are at risk of water stress

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for example, which means that people have no incentive to change their habits and save water.”

Another issue is that water is not a sector that is famous for innovation. “It has a tremendously long sales cycle because many assets sit there for a long time, the industry is heavily regulated and capital expenditure is tightly controlled. It creates an environment where there is a real reluctance to change,” Totty says.

Nonetheless, investors continue to



KATHIE NICHOLS/SHUTTERSTOCK

\$1 trn needs to be spent per year to provide 'effective water infrastructure'