



PALLADIUM CHALLENGE FUND

THEME BRIEF 2026

Water for Prosperity
Safeguarding and
maximising the value
of water resources

Why this matters

Water underpins health, livelihoods, economic growth, and healthy ecosystems. When water systems fail, the impacts are felt across communities, markets, and the environment. As climate change, pollution, and rising demand intensify pressure on water resources, long-term prosperity increasingly depends on how well water is managed.

Treating water as a finite, valuable asset—rather than a free or unlimited input—is essential to sustaining development. This Challenge Fund exists to support ideas that recognise this reality and turn better water management into lasting social and economic value.

The challenge we are addressing

Despite its importance, the systems that supply and regulate water are under severe and growing strain. Agriculture accounts for around 70% of global freshwater withdrawals, while cities and industries compete for water from degraded and overallocated basins that are less able to cope with shocks.

In many contexts:

- Water is priced, allocated, or governed in ways that do not reflect scarcity or risk
- Pollution and ecosystem degradation reduce both water quality and reliability
- Economic growth relies on practices that draw down water resources faster than they can recover

Without changes in how water is managed and invested in, these pressures will continue to undermine development—putting livelihoods, ecosystems, and future prosperity at risk.

Reframing water as a strategic asset

This Challenge Fund is built on a simple idea: water creates value across multiple domains, and decisions in one area affect all the others. These domains include:

- Human development – safe water, sanitation, health, dignity, and gender equity
- Economic prosperity – agriculture, industry, energy, tourism, and trade
- Climate resilience – managing floods, droughts, and climate shocks
- Natural capital – rivers, wetlands, aquifers, and coastal ecosystems

When water is treated as someone else's responsibility or as a free input, investment in efficiency, restoration, and resilience is delayed—locking in long-term risk and lost opportunity.

Where innovation can help

New approaches in technology, finance, data, governance, and community-led action are opening up opportunities to:

- Optimize water use while generating more value
- Make water protection financially viable
- Improve transparency and accountability in water use and regulation
- Unlock investment for resilience and nature-based water supply solutions
- Support shared management of water supply and use among communities, businesses, and governments

Many promising ideas struggle to scale because of weak data, fragmented governance, or lack of early-stage finance—especially in high-stress or conflict-prone basins.

What Palladium is looking for

Through the Water for Prosperity Challenge Fund, Palladium is seeking scalable, real-world solutions that show how responsible and sustainable water use and regulation can support development without degrading the resource base.

Strong proposals will:

- Treat water as a productive and resilient asset, not just a cost
- Deliver economic, social, and environmental benefits together
- Work across sectors such as agriculture, cities, industry, energy, ecosystems, and finance
- Address root causes, not just symptoms
- Reduce conflict and improve transparency in water-stressed basins

Mandatory focus: high-stress basins

All proposals must work in—or directly address—catchments classified as High or Extremely High baseline water stress (Aqueduct 4.0 score of 3 or higher).

Projects must address one or more of the following priority problem areas:

- Improving agricultural water productivity in over-allocated basins
- Reducing losses, increasing reuse, and enabling circular water use in cities
- Strengthening industrial water stewardship in high-impact sectors (e.g. mining, food and beverage, textiles, manufacturing)
- Managing water risks from high-growth digital infrastructure (e.g. data centres)
- Nature-based water storage, pollution reduction, recycling and aquifer recharge

The types of ideas we want to support

We are particularly interested in solutions that:

1. Increase water productivity:

Ideas that generate more output per unit of water, such as smart irrigation, precision water management, low-water cooling, wastewater reuse, and circular water systems.

2. Value and protect water systems:

Approaches that measure and value water scarcity and ecosystem services, restore watersheds and wetlands, reduce pollution, or incentivise water quality improvements.

3. Finance water resilience:

Innovative financing models that mobilise capital for efficiency, resilience, or ecosystem restoration—such as blended finance, outcome-based payments, or performance-linked contracts.

4. Improve governance, data, and accountability:

Decision-support tools, data platforms, and inclusive governance models that improve water allocation and balance competing users at basin or city level.

5. Advance human development, equity and wellbeing:

Solutions that improve access to reliable and affordable water, strengthen inclusion in water decision-making, and reduce vulnerability to water-related shocks.

Minimum metrics all projects must report

All pilots must track and report relevant indicators, which may include:

- Water quantity – volume saved, reductions in consumptive use, leakage reduction
- Water quality – reductions in pollutants
- Nature outcomes – area restored, recharge rates, flood mitigation
- Economic outcomes – cost per cubic metre saved, capital mobilised
- Equity outcomes – households benefiting, affordability indicators
- Transparency – reductions in conflict signals or grievances
- Human development outcomes – improved access to safe water and related health and prosperity outcomes

What the Challenge Fund offers

Selected organisations will receive grant funding and tailored technical support from Palladium to pilot, test, or scale their ideas. This includes access to Palladium’s global expertise, networks of governments, investors, and corporates, and support to strengthen evidence of impact and scalability.

Why Palladium

Palladium works across public policy, private investment, and community outcomes, with deep experience in water, climate, environment, and economic development. Through this Challenge Fund, Palladium aims to show that water stewardship and prosperity reinforce each other—they are not trade-offs. [eP](#)