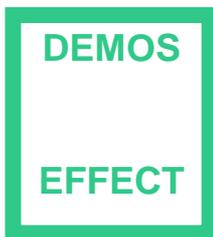


1st Regional Conference
Governance & Financing for the
Mediterranean Water Sector

Cross-cutting Issues in water management

Integrating aspects of poverty, equity,
gender, human rights and CSR.

Niclas Ihrén, CEO, Demos Effect



Water is a human right

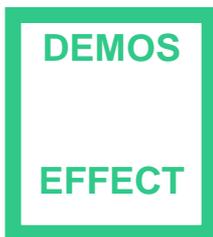
Water management affects peoples lives

Water scarcity affects 1 in 3 people on every continent, according to the WHO, and the situation is becoming worse with globalisation and rising populations.

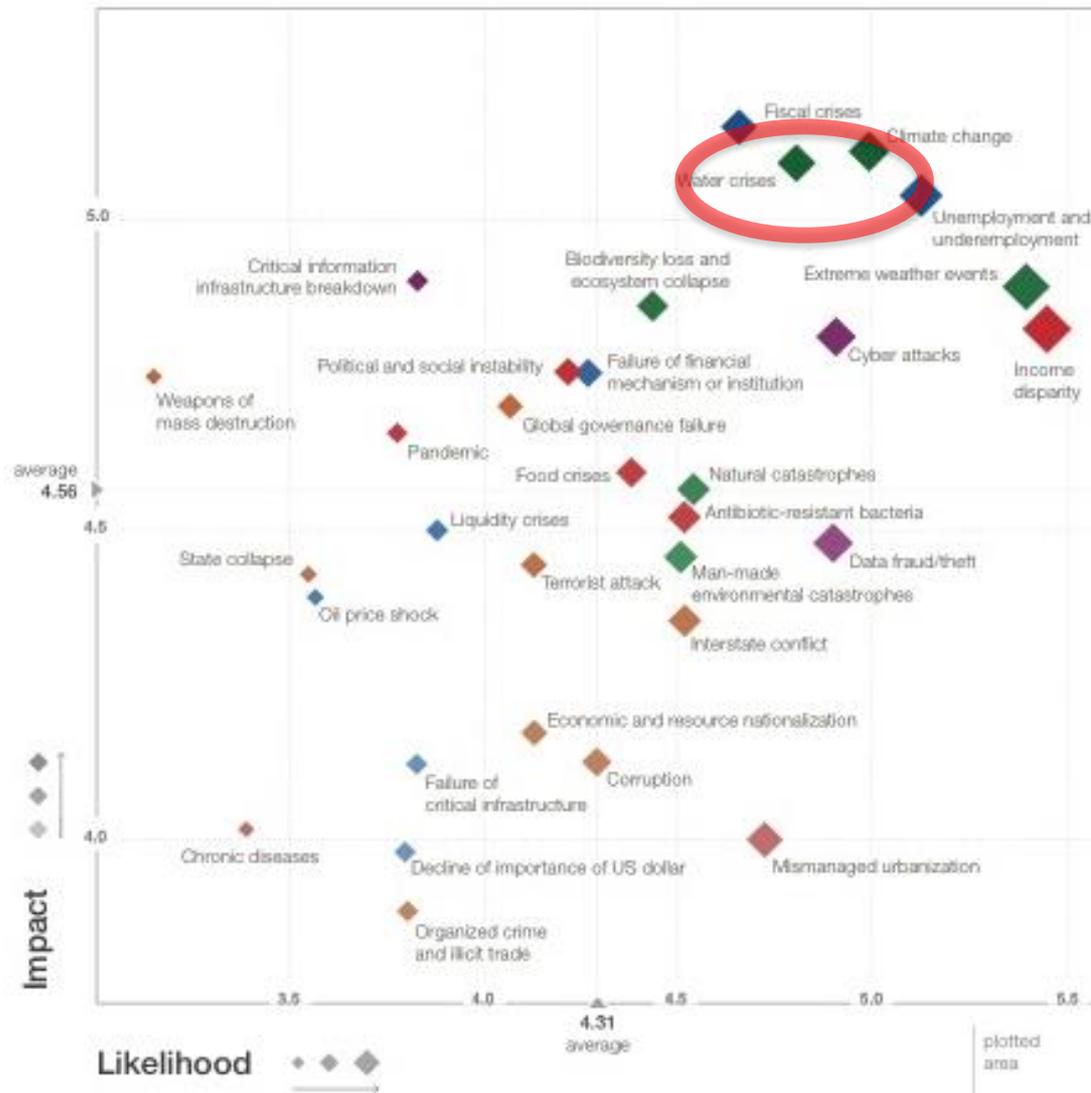
Industrial water use is higher in rich countries, and overuse by agriculture and industry threatens reliability of supply.

Water stress is now increasingly viewed as a constraint on economic growth, ecosystems and social justice.

Sustainable water use is becoming more important in CSR, as companies recognise their own potential for both negative and positive impacts on water



Global Risk Landscape: water scarcity as a global top issue



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What are cross-cutting issues?

Two perspectives

- Two fundamental perspectives guide the design of Sweden's development policy. The perspective of **poor people on development** means that the starting-point for poverty reduction and the promotion of equitable and sustainable global development shall be the needs, circumstances, interests and priorities of poor women, men and children.
- **A human rights perspective** puts human rights, democracy, gender equality and the rights of the child in the centre. Fundamental principles of the rights perspective are non-discrimination, participation, openness and transparency along with the principle of responsibility and accountability. The perspectives complement and support each other and partially overlap.

Cross-cutting issues means that the issues relevant to these two perspectives shall cut across all the development activities where Sweden engages.

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Water management in society is complex, and clearly affects most cross-cutting issues

Cross-cutting issues

- Poverty
- Human rights
- Equity
- Gender

CSR is a strategy for engaging the corporate sector in cross-cutting issues

WATER AND GENDER

IN AFRICA, 90% OF THE WORK OF GATHERING WATER AND WOOD IS DONE BY WOMEN

Women and girls often spend up to **6 HOURS** every day fetching water

Reducing the distance to a water source from 30 to 15 min **increased girls' school attendance by 12%** according to a study in Tanzania

With the same access to productive resources as men, including water, women could increase yields on their farms by **20-30%** and lift **150 million** people out of hunger

Involving women can **increase the effectiveness** water projects **6 to 7 times**

UN WATER
World Water Day
2013
International Year of Water Cooperation

UN WATER.ORG

When the cross-cutting issues are not managed in relation to water, it leads to a more vulnerable society

Why global water shortages pose threat of terror and war

From California to the Middle East, huge areas of the world are drying up and a billion people have no access to safe drinking water. US intelligence is warning of the dangers of shrinking resources and explosive competition for what remains. 'The precipice'



The dryness of the land due to drought in a farm formerly irrigated by the Ghany

DOES THE SOLUTION LIE BENEATH US?

As lakes and rivers run dry and Earth's surface water disappears, the solution might lie beneath us, in the vast (and largely untapped) network of underground aquifers. The United Nations cites over 23,400,000 km³ of water in aquifers, 547 times more than all of Earth's rivers combined. 98% of Earth's accessible water is thought to reside in aquifers, much of it 'fossil' water more than a million years old. Until recently deep aquifer pumping was out of the question (a cubic yard of water weighs one ton), but core-drilling technologies developed by the oil industry are changing the picture. Many of these aquifers span national borders, making access rights a huge matter of contention, and possibly a cause for future conflict.

GUARANI AQUIFER
Could provide 100 liters of water a day to 5.5 billion people for 200 years

NUBIAN SANDSTONE AQUIFER
Volume is 500,000 times the annual flow of the Nile, but the desert climate above fails to replenish the aquifer below, making aquifer pumping an unsustainable solution.

Glass HALF EMPTY

THE COMING WATER WARS

EVERY MINUTE, 7 PEOPLE DIE FROM BAD WATER OR NO WATER

WATER FOR THE PEOPLE

Population and water distribution don't always correspond, often leaving highly populated regions with little access to water. This is most true in Asia, which has to support 60% of the world's population with only 36% of the world's water.

Region	Percentage of Global Water Supply	Percentage of Global Population
ASIA	36%	60%
S. AMERICA	26%	6%
N. AMERICA	15%	8%
AFRICA	11%	13%
EUROPE	8%	13%
OCEANIA	5%	1%

1970 WARNING SIGNS

In 1970, water consumption worldwide was half what is today. With 80% of all sickness in the developing world linked to polluted water, and with populations sharply on the rise, the urgency of water management became apparent.

2003 DRY AND DIRTY

Over 1.3 billion people have no access to clean water. At least 2.2 million people die annually from diseases related to poor sanitation and contaminated drinking water - that's about 10,000 deaths from bad water (or no water) each day.

2025 PARCHED POPULACE

The United Nations estimates that the world's per capita water supply will drop by 1/3 in the next 20 years. The worst strain will be in Africa and the Middle East, where populations are growing fast and rivers are running dry.

WILL THERE BE WAR?

Of all the water on Earth, only 2.5% is fresh, and less than 0.007% is readily available to people through rivers, lakes, and streams. As worldwide populations surge, temperatures rise, climates change, and diseases spread, clean water will become ever more essential (and ever more rare). In 2000, United Nations Secretary-General Kofi Annan warned that national rivalries over water could harbor "the seeds of violent conflict." Opinions are split on the likelihood of "Water Wars." In the past 50 years, there have been 1,831 water-related interactions between countries. Of these, the vast majority (1,228) ended peacefully. Only 21 involved actual military violence (18 between Israel and its neighbors). Furthermore, there are few places in the world where a water-poor country is in a military position to attack a water-rich neighbor. Still, many experts believe that as water shortages become increasingly urgent, countries (or at least local communities) will resort to violence to quench their thirsts.

BEST WATER	WORST WATER
1) Finland	1) Belgium
2) Canada	2) Morocco
3) New Zealand	3) India
4) United Kingdom	4) Jordan
5) Japan	5) Sudan

WHO WILL HAVE THE WATER?

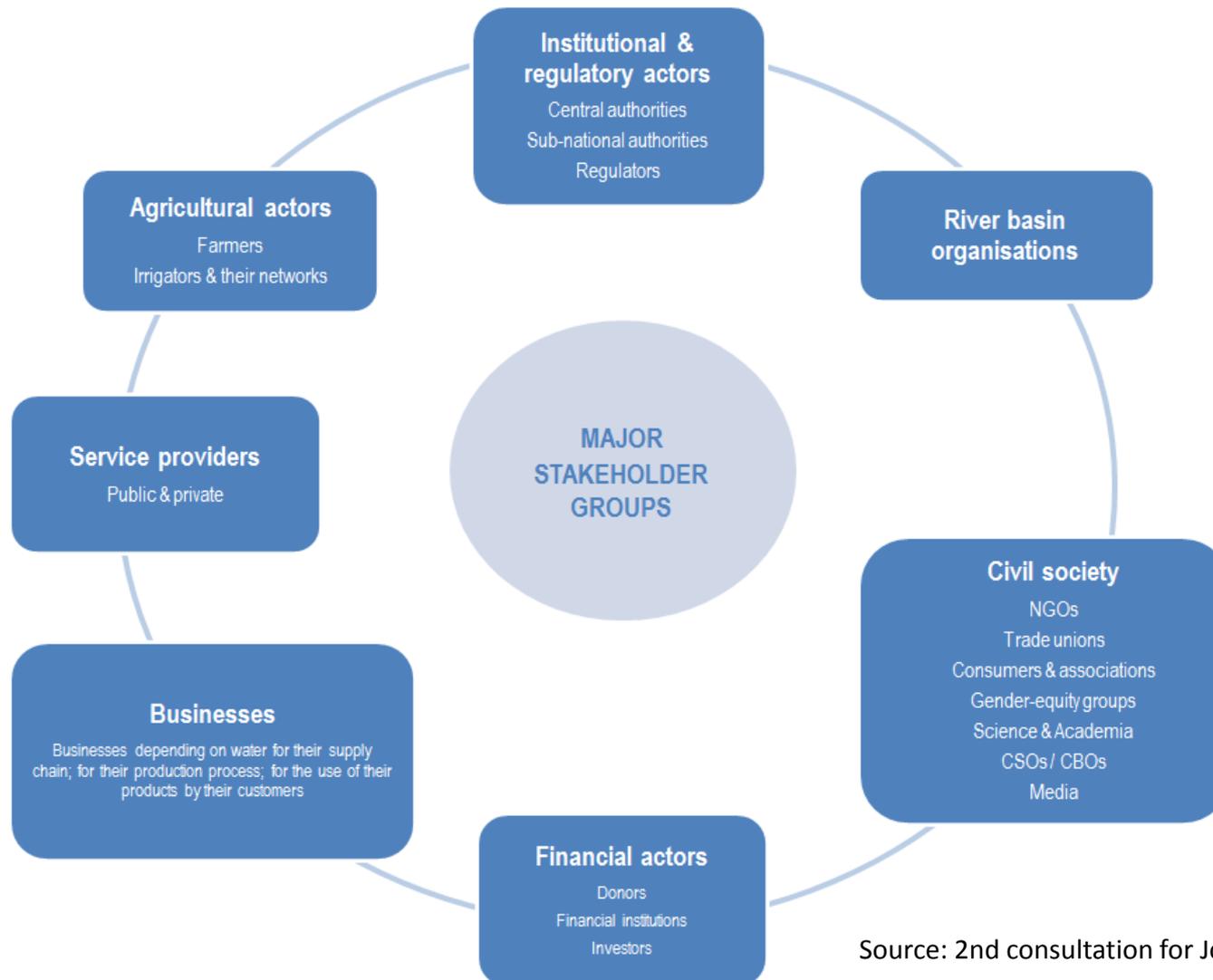
PERCENTAGE OF WORLD WATER SUPPLY BY NATURAL ECONOMIC REGION

Region	>20	10-20	5-10	2-5	1-2	<1
Source: UNESCO						

INA INTERNATIONAL NETWORKS ARCHIVE

SOURCES - UNITED NATIONS - MONTREAL GAZETTE - UNESCO - NEW YORK TIMES - INTER PRESS SERVICE

Many stakeholders involved in water issues, thereby creating a complex landscape

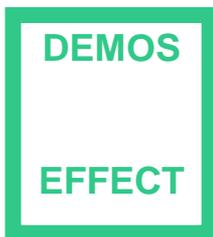


Source: 2nd consultation for Jordan

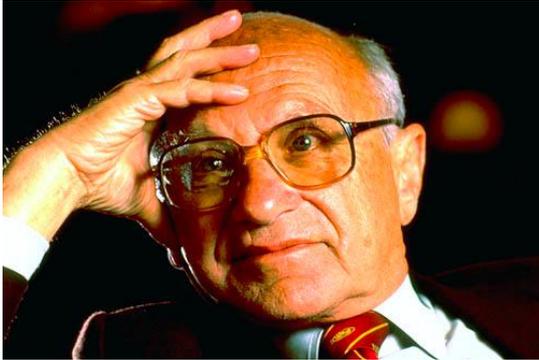


How do we best address cross-cutting issues within a PSP scenario?

- Addressing through targeted and strategic corporate sector engagement
- Addressing through institutional processes and frameworks



What is Corporate Social Responsibility?



"The Social Responsibility of Business is to Increase its Profits"
- Milton Friedman, 1970



"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."
- Brundtland report, "Our common future" 1987



"Corporate Social Responsibility is the responsibility of enterprises for their impacts on society"
- EU Commission, 2011

CSR as Philanthropy

CSR towards Compliance

CSR for Value Creation

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A step-change in the perspective on CSR



For thirty years, professor Michael Porter, professor at Harvard Business School, has been a leading author and advisor to leading businesses, with the message:

"What is good for business is good for society."

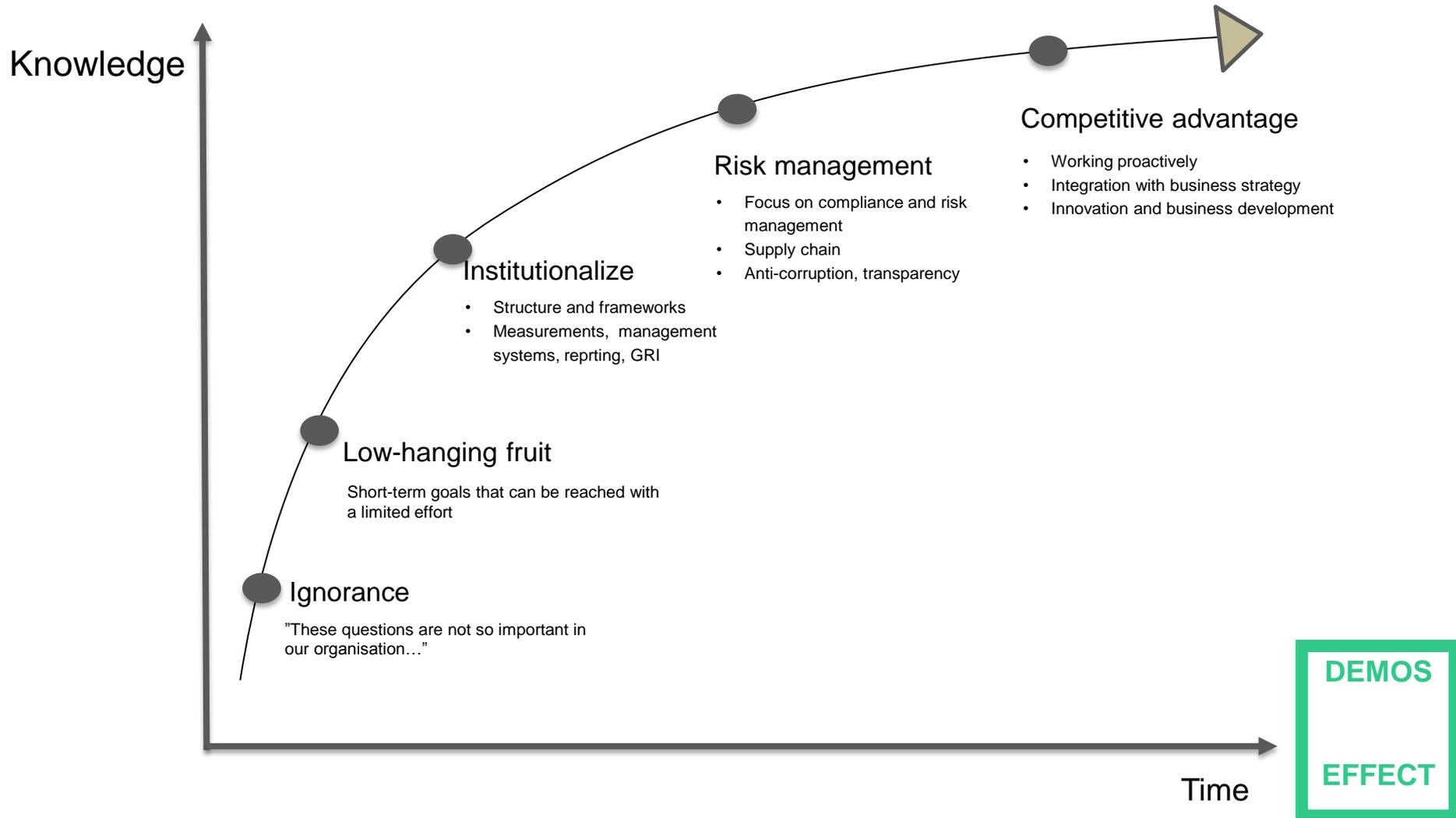
In a widely copied article from Harvard Business Review, 2011, he claims this is now changed. Instead his message is:

"What is good for society is good for business."

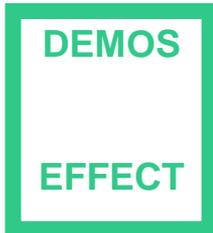
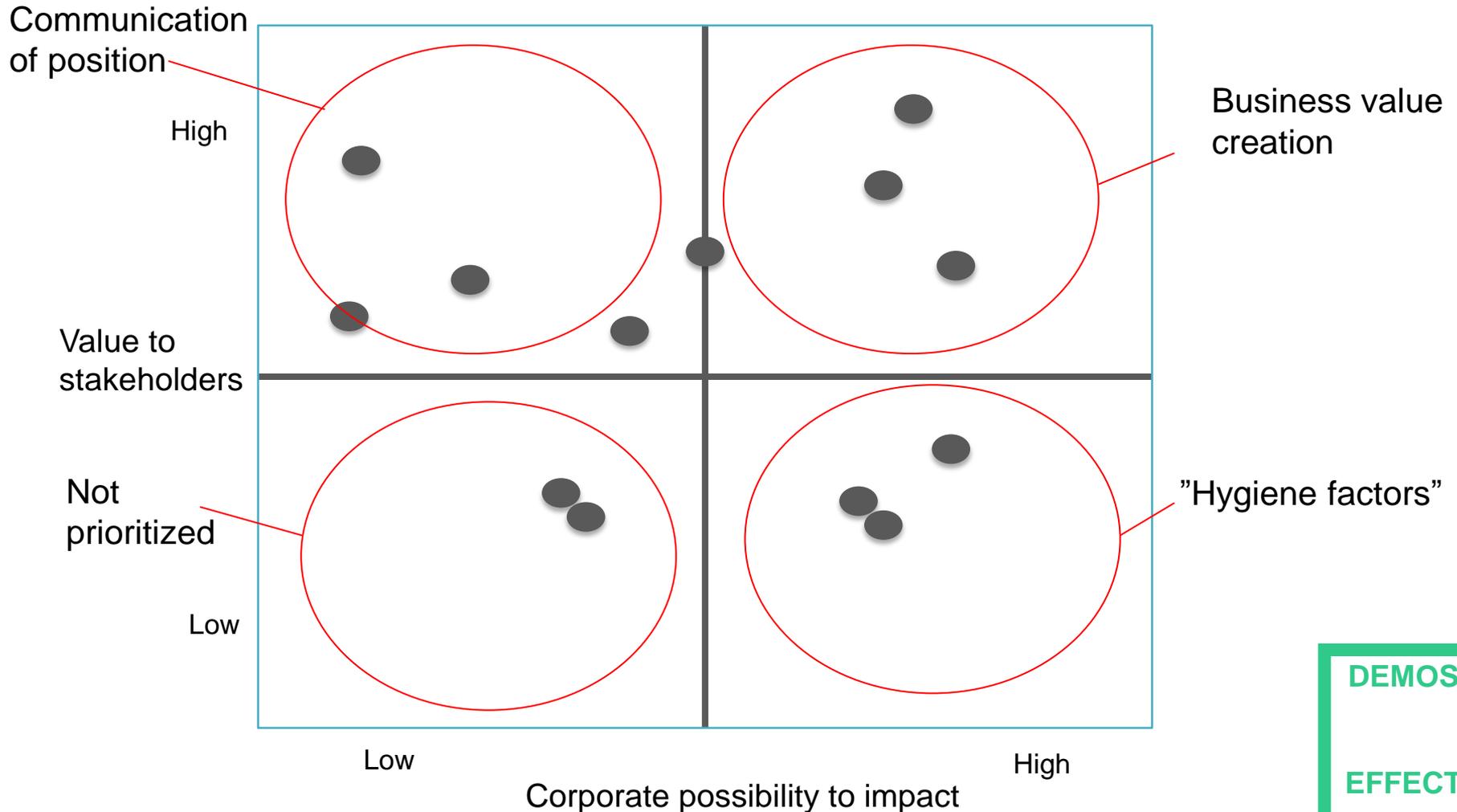
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A long corporate path towards sustainability/CSR



Companies prioritize their CSR efforts through the assessment of "materiality"



CSR is an increasingly important path for the corporate sector, and water issues are being upgraded

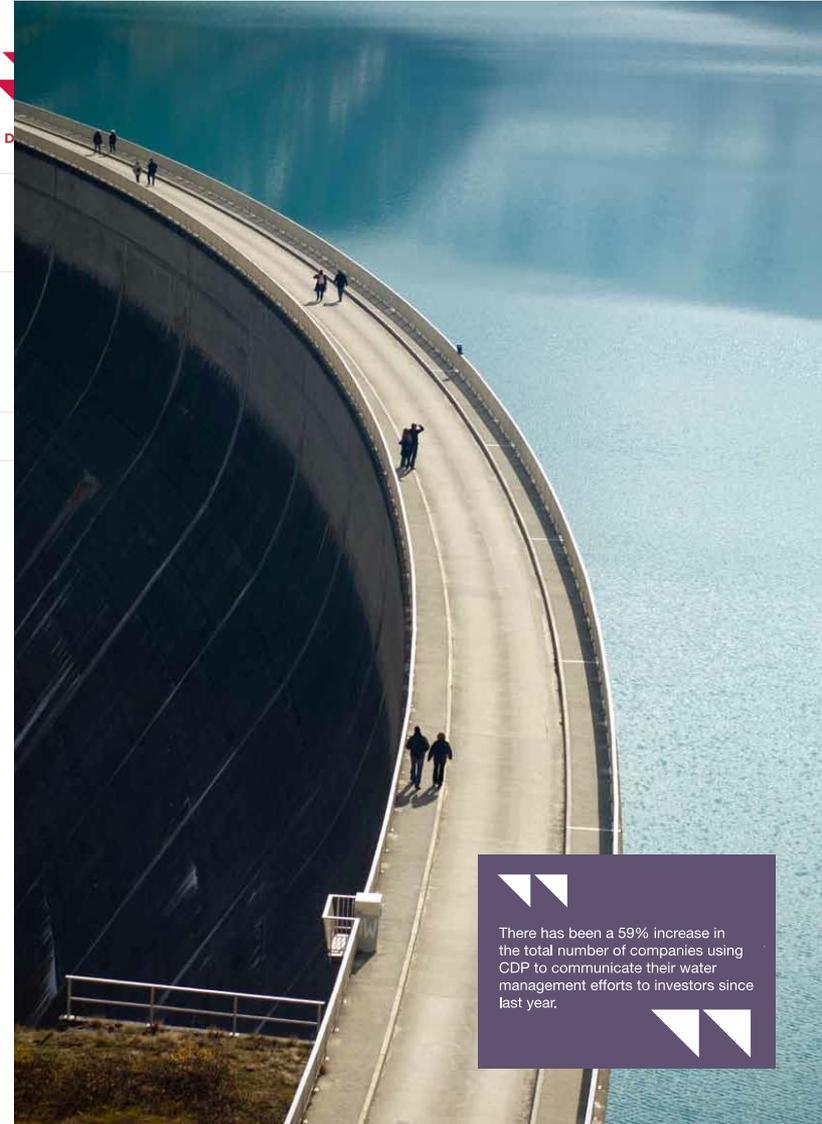
Moving beyond business as usual

A need for a step change in water risk management
CDP Global Water Report 2013

Written on behalf of 530 investors with US\$57 trillion in assets



There has been a 59% increase in the total number of companies using CDP to communicate their water management efforts to investors since last year.



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Rationale for business of addressing water scarcity

- **Direct cost-benefit:** scarce water would cost more, and even temporary interruption of supply could damage many industries which are dependent on clean water, directly or in their supply chain (or where the power supply or cooling is water-generated).
- **Reputation:** unsustainable water use could damage a company's image through negative publicity and increased public scrutiny.
- **Risk of increased legislation:** voluntary corporate action may avert harsher restrictions which raise costs further. However, the study suggests that regulatory pressures are one of most successful means of generating voluntary environmental management approaches
- **Risk of requirement to invest in water supply:** there is a growing expectation for corporate investment in water management; currently, to relieve public funds that now account for 95 per cent of investment.

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CDP Conclusions, Water Disclosure Project 2013

- **Substantive water-related risks are becoming more immediate.**

Almost three quarters of respondents (70%) have identified water as a substantive business risk. For some respondents, anticipated financial impacts are as high as US\$1 billion, and the majority (64%) of reported risks are expected to impact now or within the next five years. In one year, the number of near-term substantive risks reported by companies has increased by 16% to 614 Risks.

- **Respondents' water stewardship activities are notably lacking, potentially exposing their company and investors to risks that could be mitigated.**

The majority of respondents (63%) set concrete targets and goals for their direct operations and, in general, many of these are focused on reducing water use or increasing water recycling/reuse. Companies that continue with such a narrow focus could be missing potential opportunities and overlooking serious risks.

- **Investors must encourage a step change within companies to address water-related risks and associated impacts to financial performance.**

Through CDP, investor signatories are promoting corporate water stewardship as a risk reduction strategy. They recognize that water stewardship is associated with a forward-looking, resilient company with a sound understanding of its risk profile contributing to the company potentially being viewed as a more attractive investment.



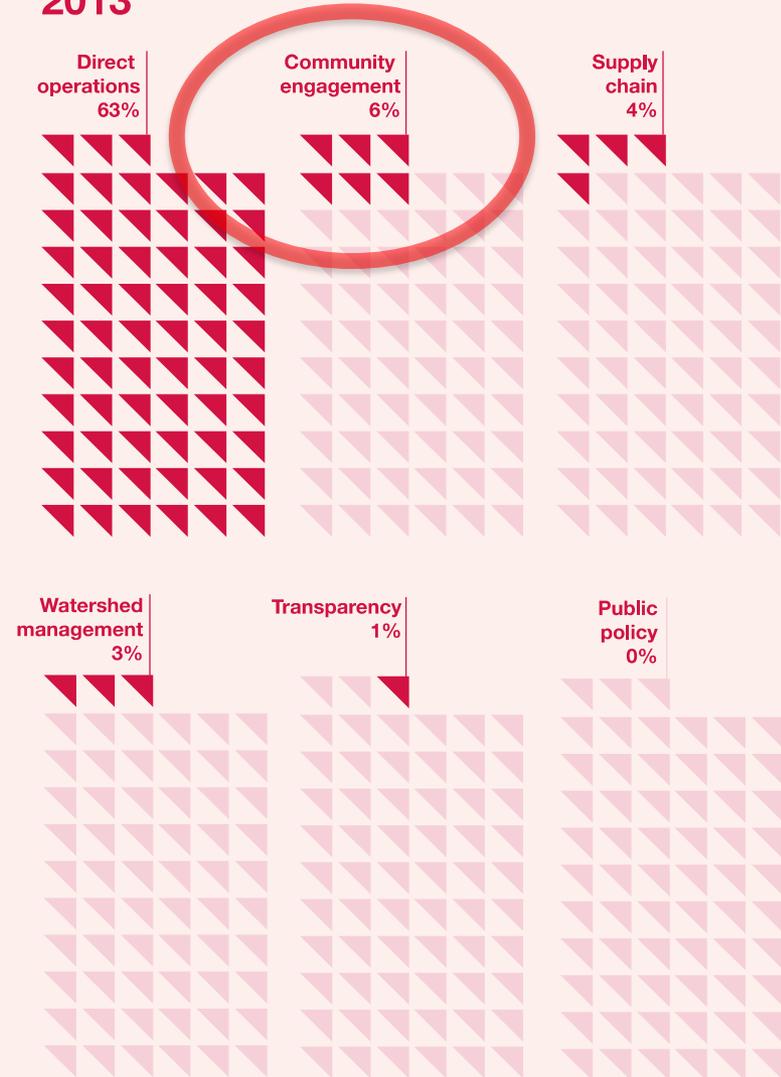
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Corporate community outreach and dialogue regarding water is not impressive

11 Proportion of respondents setting concrete targets or goals by type (% of respondents)

2013



Using less water in production processes



The water challenge in the built environment is to use as little as possible of different water types in the most appropriate way.

Target –
Net zero
water use
(for buildings)

Zero potable
water for
construction
(for civil/infrastructure)

In some Skanska markets water stress and scarcity is an existing and growing challenge. Changes in rainfall also increase the vulnerability of the built environment to, for example, flooding. As a developer and construction company, Skanska must be able to adapt its products and services while reducing its own direct impacts.

Skanska's vision is net zero water use for buildings and zero potable water use for construction for civil/infrastructure. This encourages a beyond compliance mindset which leads to solutions that are likely to be more resilient to climate change and future environmental regulations.

Our approach to water is threefold: first, to increase water efficiency in our construction processes and in operational phase of the structure; second, where applicable, to substitute potable water for alternative quality grades, and reuse and recycle water; third, to utilize our expertise and risk management to help our customers address changing rainfall patterns brought about by climate change.

Reducing domestic water use



We are reliant on sufficient water to irrigate the crops we need. Even more significantly, the product categories in which Unilever operates account for more than 90% of domestic water use, from washing dishes to cleaning hair, skin and clothes.

So, as water becomes less available, people will start to make trade-offs about which tasks will get their scarce ration of water. This will limit the use of our products and our future growth, especially in developing markets.

As part of the ~~Unilever Sustainable Living Plan~~ we have a bold reduction goal to halve the water associated with the consumer use of our products by 2020.

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Community
engagement

The logo for Kemira, featuring the word "Kemira" in a bold, blue, sans-serif font.

Kemira and Stora Enso launch a unique water stewardship project in Guangxi, China

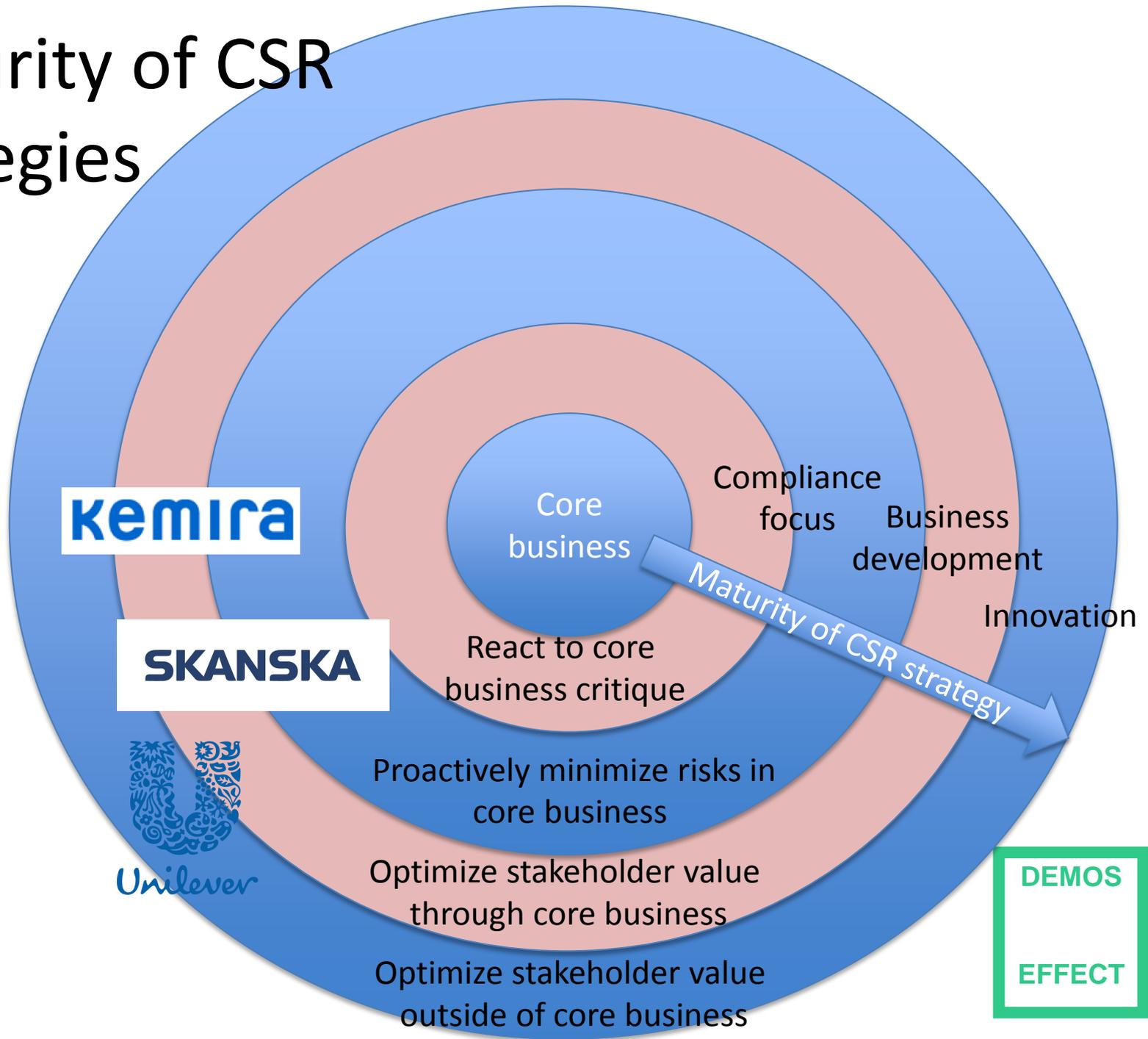
28/11/2013 PRESS RELEASE

Kemira Oyj
Press Release
November 28, 2013 at 9 am (CET+1)

Kemira and Stora Enso have today announced the launch of a joint project to promote responsible water management and community engagement in Guangxi Province in Southern China. Water is a crucial resource for sustainable plantation forestry in Guangxi, where Stora Enso leases 90 000 hectares of land and manages eucalyptus tree plantations. The new project aims to find new solutions for responsible water management through stakeholder surveys, community work and water-related capacity building.

The project brings together Kemira's world class know-how on water quality and quantity management, Stora Enso's expertise on tree plantation management, and local communities' practical knowledge and experiences related to water issues in Guangxi. The project will enhance local competence in water management and increase awareness of water issues among industries and communities in the Beihai region of Guangxi Province.

Maturity of CSR strategies



Global Compact /
Accenture
Global CEO study
September 2013



By the numbers

A New Global Architecture

Our survey of 1,000 CEOs across 103 countries and 27 industries gives a unique insight into business leaders' views on the pathway towards a sustainable economy.



32% of CEOs believe the global economy is on track to meet the needs of a growing population.



83% of CEOs believe that government policymaking and regulation will be critical to progress

Strengthening the project approach to cross-cutting issues – especially gender

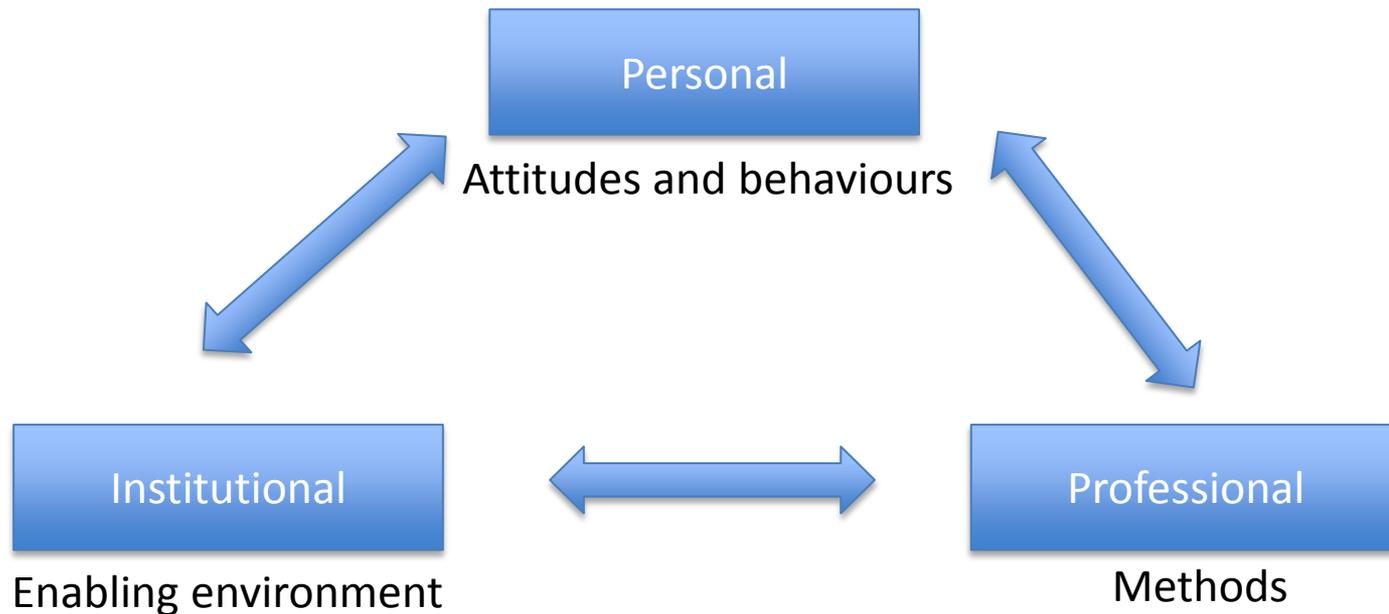
The project, "Governance & Financing for the Mediterranean Water Sector" is focused on policy reform, and as such, does not see e.g., gender-based consequences all the way through.

- Stakeholder processes have been in focus, but how can these be improved to strengthen gender perspective and other issues?
- Behaviour and consumption practices, also gender based, could be analyzed and used as data for policy recommendations. Ideally, by building a database of user segments, their usage patterns, sensitivity to pricing and other factors.
- Clear goals and indicators for stakeholder engagement with women could be set, and followed through the process and after.
- Sex disaggregated data should be part of the policy recommendations in order to consider gender aspects thoroughly.
- Communication strategy should be gender based.
- Tariff models and recommendations should be based on gender analysis and gender based stakeholder consultation.

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3 Dimensions of an Institutional approach to change



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An on-going shift in perspective to include more stakeholder perspectives and cross-cutting issues

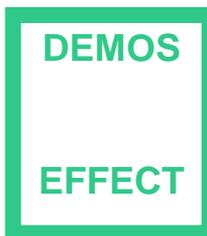
Context	From...	Moving towards...
Concepts/ definitions	<i>A physical geographical construct: the watershed/ river basin</i>	<i>A human geographical social construct</i>
	<i>A regional political process</i>	<i>A political process affecting, and affected by regional, national, local and global contexts</i>
	<i>Water management</i>	<i>Water governance</i>
	<i>Simplicity</i>	<i>Complexity</i>
Arenas for change	<i>Water sector only</i>	<i>Multi-sectoral</i>
	<i>Top down, centralised</i>	<i>Top down and bottom up, subsidiarity</i>
Objectives	<i>Economic growth, regional security etc.</i>	<i>These and poverty reduction, climate change resilience, Rights</i>
	<i>National security</i>	<i>Human security</i>
	<i>Hardware</i>	<i>Hardware and software/ social transformation</i>
	<i>National control of water</i>	<i>Regional benefit sharing</i>
	<i>Water quantity</i>	<i>Water quality</i>
	<i>Efficiency</i>	<i>Equity</i>
Dominant discourse	<i>Economic growth and regional security</i>	<i>None dominant: these and sustainable livelihoods, poverty reduction, climate change resilience, Rights, good governance</i>
Impact on cross-cutting	<i>An assumed trickle down effect</i>	<i>Questioned and dependent upon local level impact</i>

An on-going shift in perspective

Processes of change	<i>Silo working</i>	<i>Multi-stakeholder</i>
Inclusion of cross-cutting	<i>Blueprint</i>	<i>Mixed basket of interventions</i>
	<i>Top down, centralised</i>	<i>Top down and bottom up, subsidiarity</i>
	<i>Enabling environment</i>	<i>Enabling, empowering architecture</i>
	<i>Donor harmonisation</i>	<i>Donor coordination</i>
Main actors	<i>Central government & donors and private sector</i>	<i>Governments, Donors, Private sector, Civil Society and local communities</i>
	<i>Water sector specialists</i>	<i>Multi-sectoral</i>
Whose knowledge counts?	<i>Technical 'Northern' knowledge</i>	<i>Technical knowledge and local indigenous knowledge</i>
	<i>Water sector & environmental specialists</i>	<i>Multi-sectoral</i>
What's measured?	<i>Regional outcomes</i>	<i>Global, Regional, national and local outcomes</i>
	<i>Intangible outputs</i>	<i>Measurable outcomes on MDGs or SDGs</i>
	<i>Establishment of treaties, institutions, infrastructure</i>	<i>Poverty outcomes, capacity of stakeholders, power</i>
Timescale of impact?	<i>Long term</i>	<i>Medium - very long-term impact (25+yrs)</i>
Role of civil society	<i>Implementers of integrated water resource management programmes</i>	<i>Active citizens: makers and shapers of water management policies and interventions</i>
	<i>Passive recipients of transboundary water management benefits</i>	<i>Active citizens: makers and shapers of transboundary water management</i>

Good practice principles

1. Identify specific cross-cutting-objectives
2. Work outside "the water box"
3. Coordinate cross-cutting activities at different levels
4. Strategies need to be flexible and context specific
5. Manage complexity through stakeholder participation and local knowledge
6. Develop institutional architecture to set priorities and communicate
7. National cross-cutting policies should support, and be supported
8. Monitor and evaluate impact
9. Monitor and evaluate good practice
10. Share lessons learnt



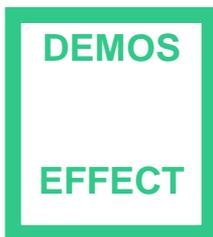
Creating the enabling environment

A common situation

- Lack of clearly articulated policies
- Few systems in place to focus efforts and results
- Lack of clearly articulated (and widely known) donors' policies on issues

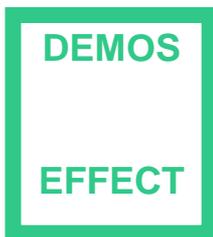
Prerequisites

- policies, laws, institutions and financial flows supporting the identified cross-cutting issues
- Specific methods and programmes to be supported

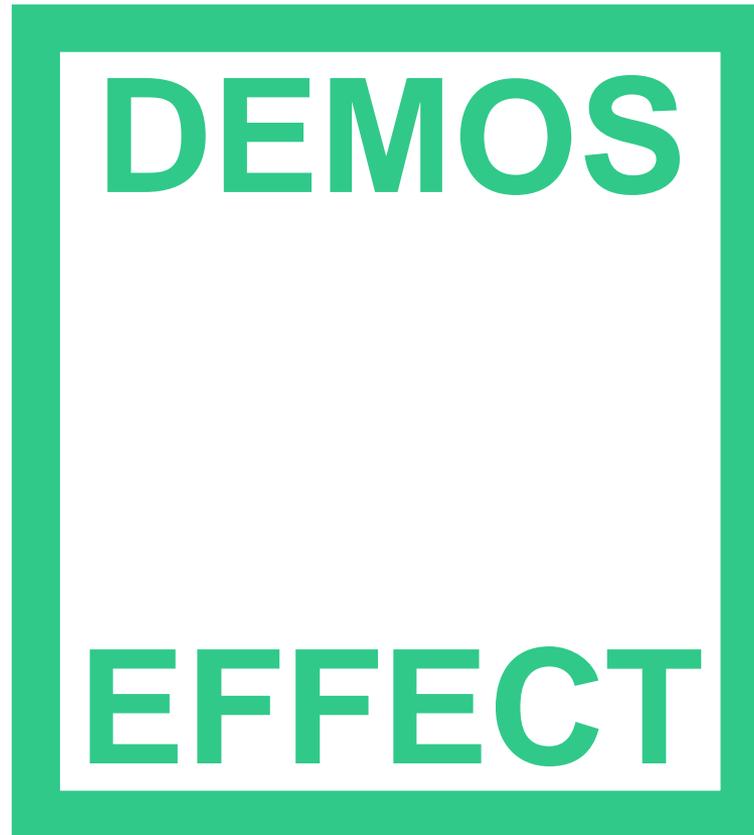


Way forward

- **The importance of specificity:** analyze specific challenges and opportunities in each country process
- **Capacity building:** Awareness training and workshops, in order to broaden insight and understanding
- **Dialogue with the private sector:** Find synergies and opportunities from working with PSP schemes



Thank you!



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