

GLOBAL DIALOGUE ON WATER SECURITY AND SUSTAINABLE GROWTH POLICY STATEMENT

24 August 2015

On the occasion of the 7th World Water Forum in the Republic of Korea, 13 April 2015, a High Level Panel has prepared the present statement as part of the Global Dialogue for Water Security and Sustainable Growth. We acknowledge the leadership of Her Excellency Ellen Johnson Sirleaf, President of Liberia, in championing this Global Dialogue.

Recognising the devastating social and environmental impact of a lack of water security, a key purpose of our deliberations has been to draw attention to the relevance of water security for sustainable economic development and human well-being within the context of the Post-2015 Development Agenda.

We recognise the significant country level contribution to this Dialogue, which brought together 2 200 participants in 40 countries in 2013 and 2014. Through these consultations, developing countries highlighted the significant opportunity that the proposed SDGs represent to adopt new implementation pathways for achieving ambitious water management goals and targets for sustainable economic and human development. They issued a clear call for investments in water infrastructure and in the rehabilitation, operation and maintenance of existing infrastructure.

We equally acknowledge the contributions of distinguished High Level Leaders and policy makers in 2014 and we recognise new signatories since the 7th World Water Forum. We welcome the findings of the Task Force on Water Security and Sustainable Growth, a multi-disciplinary team of leading economists, water managers and scientists convened to offer significant evidence connecting water security to economic growth and development.

 Global Water
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POLICY RECOMMENDATIONS

New significant evidence from the Task Force on Water Security and Sustainable Growth connects water security to economic development (presented overleaf). Considering this new evidence, and recognising water's importance to social equity and environmental sustainability, we call for enhanced action and investment in water security as follows:

Invest in water security

1. *Finance water security initiatives as part of economic development efforts.* This means financing initiatives that ensure water availability and quality, and protect society from water risks, especially droughts, floods, and pollution. These may require major and innovative investments into public goods. It also requires a review and phasing out of subsidies harmful to economic development and the environment.
2. *Integrate water investments into long-term planning efforts.* Sequence investment in infrastructure, institutions, and information along a coherent pathway to yield sustainable returns and avoid path dependency. Match financial resources with realistic policy objectives using strategic investment plans to assess the best financing combinations, taking into account affordability issues, financial sustainability (including the costs of operations and maintenance), and additional measures to benefit vulnerable segments of society.
3. *Prioritise investments that will enhance an economy's resilience to water variability,* such as improving water use efficiency within and between agricultural, energy and industrial sectors; upgrading the supply of water and sanitation services; upgrading irrigation infrastructure; enhancing water disaster prevention and mitigation; protecting ecosystem services; and increasing economic diversification.
4. *Support a diversity of investments based on robust cost-benefit analyses.* Support technical and non-technical options that increase water security at least cost for society including green infrastructure, demand management, and other economic and financial instruments as appropriate. Stimulate both large-scale and small-scale initiatives, catalysing local ingenuity and private sector entrepreneurship. Encourage development and diffusion of innovation to increase water efficiency, including within the food and energy sectors.
5. *Significantly increase investment from existing and new sources of finance.* The OECD-WWC High-Level Panel on Financing for a Water Secure World provides some guidance. The international community has a role to play in assisting water insecure regions, weaker economies, regions with difficult hydrology and transboundary watersheds, all of which risk falling outside of conventional financial analysis.

Invest in risk management

6. *Incorporate risk management strategies* (avoidance, reduction, sharing or transfer) into economic development and investment planning to achieve a tolerable level of water risk, preferably based on preventive action instead of reactive responses.
7. *Explore a range of possible futures.* Ensure decisions around the planning, design, operation and financing of water infrastructure are informed by a range of possible future scenarios to prevent technical lock-in that can stifle a country's economic gains.
8. *Clarify risk and benefit sharing arrangements between public and private actors.* Pay special attention to social and environmental risks, and burden sharing, with a focus on all vulnerable segments of society.
9. *Revisit and redirect water security efforts to adapt to changes.* Changes in climate and land use, regional conflicts, economic growth and evolving priorities make achieving water security a moving target. Periodically adapt and adjust expectations for risk reduction as new information becomes available, allowing flexibility and development of strategies that can respond to these circumstances.

Invest in knowledge, people and partnerships

10. *Develop and share knowledge and information to better understand and act upon the risks, costs and benefits of water management.* This includes support for science and technology to a) provide the evidence with which to manage water-related risks and reduce uncertainties; b) make the case for investment in risk reduction; and c) ensure timely action and adaptation towards benefit-sharing where risk reduction pays off. This may include developing new databases and approaches to analysing existing data.
11. *Improve governance, invest in institutional capacities and apply integrated solutions that underpin transparent and effective water management and stewardship.* In particular, support partnerships that work across sectors (particularly energy, food, health, industry, the environment and spatial planning) and scales (including local, rural/urban, regional, national and transboundary).
12. *Listen to the voices of local communities* and stimulate stakeholder engagement at all levels, to clarify rights and responsibilities, and to facilitate sharing of the risks, opportunities, costs and benefits. Develop mechanisms that reflect these voices in policy making processes. Establish accountability frameworks and evaluation tools that enhance trust, engagement and creditworthiness.
13. *Take special account of social and environmental values associated with water security,* such as dignity, equity, environmental integrity, cultural values, and aesthetics. Enable gender balanced decision-making processes. Recognise and invest in the value and resilience of ecosystems and the services they provide.

Our commitment

We commit, in the context of our respective responsibilities, to promote policies and practical initiatives that contribute to water security. Furthermore we call upon civil society, the private sector, local and national authorities, and the global community to consider, promote and implement these recommendations, in line with the Post-2015 Development Agenda and the proposal for a dedicated water goal. The Post-2015 Development Agenda will provide opportunities to finance water security for sustainable growth.

SIGNATORIES | 2015

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- Ms. Kirsten Brosbøl, Minister for Environment, Denmark*
- Ms. Melanie Schultz van Haegen, Minister of Infrastructure and Environment, The Netherlands*
- Ms. Nomvula Mokonyane, Minister of Water and Sanitation, South Africa
- Mr. Chen Lei, Minister of Water Resources, China*
- Dr. Siti Nurbaya, Minister of Environment and Forestry, The Republic of Indonesia
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- Ms. Joke Schauvliege, Minister for Environment, Nature and Agriculture, Government of Flanders
- Mr. Kyungsik Kim, Vice-Minister for Land, Infrastructure and Transportation, Republic of Korea*
- Mr. Kapil Mohan, Managing Director, Krishna Bhagya Jala Nigama Limited, Government of Karnataka, India*
- Dr. Bindu Lohani, Vice-President for Knowledge Management, Asian Development Bank *
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Angel Gurría
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Dr Ursula Schaefer-Preuss
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NOTES

The Global Dialogue for Water Security and Economic Growth is a joint initiative of the GWP and the OECD to promote and accelerate a transition to water security, by connecting policy makers and practitioners through global and country level consultations, and through an expert task force analysis of the links between water security and sustainable economic growth. The GWP and the OECD gratefully acknowledge the Danish International Development Agency (DANIDA), and the Ministry of Infrastructure and Environment, Government of the Netherlands, for their financial support.

* Members of the High-Level Panel on Water Security and Sustainable Growth. The Global Dialogue High-Level Panel discussed water security and sustainable growth throughout 2014-15 as part of: Singapore International Water Week; Africa Water Week, Senegal; Stockholm World Water Week, Sweden; the OECD Global Forum on Environment, Paris, and the 7th World Water Forum, Korea.

The Signatories of this Policy Statement do not necessarily endorse all of the country-specific data and analyses in the Task Force's report *Securing Water, Sustaining Growth* (Sadoff, C., Hall, J.W., Grey, D., Aerts, J.C.J.H., Ait-Kadi, M., Brown, C., Cox, A., Dadson, S., Garrick, D., Kelman, J., McCormick, P., Ringler, C., Rosegrant, M., Whittington, D. and Wiberg, D. (2015), *Securing Water, Sustaining Growth: Report of the GWP/OECD Task Force on Water Security and Sustainable Growth*, University of Oxford, UK.).

EVIDENCE SUPPORTING THE POLICY RECOMMENDATIONS^a

The Task Force on Water Security and Sustainable Growth demonstrated that **water resources can play a defining role in economic development.**^a Water insecurity acts as a drag on global economic growth, and the scale of the challenge that can be monetised is estimated to be in the order of **US\$500 billion** annually (excluding environmental risks):

- i. In the USA, China, and India, expected annual flooding damages are in excess of **US\$10 billion** per year. Expected global flood damages are estimated at **US\$120 billion** per year from urban property damages alone.
- ii. Major droughts, on average, were found to reduce per capita GDP growth by half a percentage point. In particularly vulnerable economies, a 50% reduction in drought effects could lead to a 20% increase in per capita GDP over a period of 30 years.
- iii. The lack of water security is estimated to cost existing irrigators **US\$94 billion** per year.
- iv. The greatest economic losses were found to come from inadequate water supply and sanitation, estimated by the World Health Organization to be **US\$260 billion** per year. In some African countries, these losses amount to 10% of GDP.

The Task Force acknowledges that there is no agreed method to monetise all the impacts of water insecurity, most notably risks to the natural environment, which are multiple and interacting. The High-level Panel members acknowledge that ecosystem services underpin water security and need to be managed as a critical dimension on the pathway to water security.

The Task Force report highlights that some economies are more vulnerable to water-related risks than others. The impact on economic growth is significantly higher in countries that are poor or are highly dependent on agriculture. Impacts are also more significant in countries or basins with high water stress. By 2050, 3.9 billion people are projected to live with high water stress.^b

In addition to adequate water supply and sanitation, the findings emphasise the impact of water security on both food and energy security, areas essential for sustainable economic development. In particular, enhancing water security stands to reduce both the price, and the price volatility, of staple food crops, a key priority in the global economy. Secure water supplies also reduce risks to energy supplies and impacts on human and environmental health.

The findings demonstrate that while water-related risks are growing, the negative economic impacts need not grow at the same pace. Investment in water security can help safeguard growth in the face of increasing water-related risks. The most beneficial water investments have been connected to integrated planning that combines and sequences investments in infrastructure, institutions and information over the long-term. This reinforces the results of country-level consultations.



BETTER POLICIES FOR BETTER LIVES

The mission of the **Organisation for Economic Co-operation and Development (OECD)** is to promote policies that will improve the economic and social well-being of people around the world. The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. We work with governments to understand what drives economic, social and environmental change. OECD work on water focuses on water economics and governance. It aims at facilitating the reform of water policies, so that they are better attuned to current and future challenges (www.oecd.org/water).



The mission of the **Global Water Partnership (GWP)** is to advance governance and management of water resources for sustainable and equitable development. GWP is an intergovernmental organisation and a global network of 13 Regional Water Partnerships, 85 Country Water Partnerships and more than 3,000 Partner organisations in 178 countries. The GWP network is committed to building a water secure world (www.gwp.org).

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^a Sadoff et al., 2015.

^b Baseline scenario; output from IMAGE; OECD (2012), *Environmental Outlook to 2050: The Consequences of Inaction*, OECD Publishing, Paris.

