

VIJVERBERG SESSIONS

Session 2: Water

The Hague
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Society for International Development



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Session 2: Water

Rabobank

Korte Vijverberg 2, The Hague

November 11, 2008

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SID Netherlands Chapter

SID Netherlands is one of the 65 national subdivisions of SID International, which is an international non-governmental association of individuals and organisations founded in 1957 to promote social justice and foster democratic participation.

SID Netherlands is an independent platform organisation, which contributes to a sustainable and peaceful world through stimulating, renewing and broadening the international cooperation debate in the Netherlands, and subsequently influencing the policy discussion.

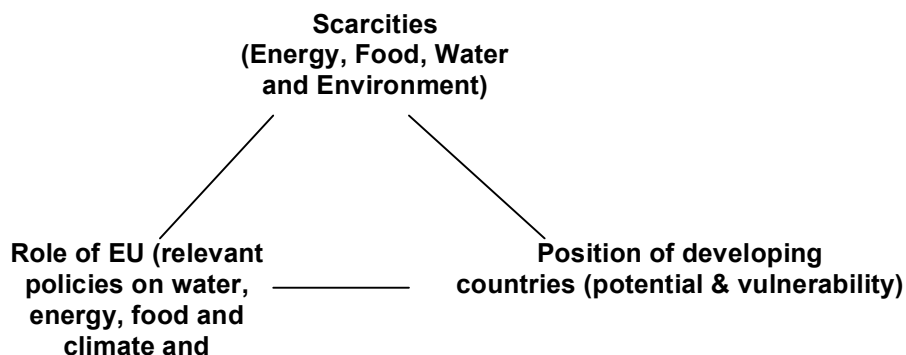
The philosophy of SID Netherlands is that development and social change can only occur if multidisciplinary, multi-stakeholder and multi-track approach is applied. SID Netherlands is one of a few organisations in the Netherlands which applies this approach by creating strategic partnerships with other relevant initiatives and organisations.

The Vijverberg Sessions are organised as a part of the European Programme of SID Netherlands.

1. Introduction to the Vijverberg Session and Global Scarcities

The global scarcities of raw materials, water, energy and food have direct consequences for the relative position of countries on the economic, social and geopolitical world map. At the same time, public concerns about climate change, biodiversity and unsustainable consumption are making themselves felt more and more. These developments underline the importance of developing a policy approach that takes the changing context of geopolitical relations into account.

Because Europe is playing an increasingly important role at the global level, it is essential that the Netherlands recognises the importance of European international policies and the outcomes of it. Therefore, the aim of the Vijverberg sessions is to engage in a cross sector dialogue and critically reflect on - and contribute to - European policies regarding global issues and international relations. The framework of the discussions can be put in the following triangle:



Within the context of the four Vijverberg sessions - on energy, water, food, climate change and migration - the issues behind this triangle are explored further and in the autumn of 2009 the Vijverberg sessions will be followed up with a European conference in Maastricht. The aim is to give policy recommendations to the new European Parliament as well as the new Commission which will be elected and nominated in June and October 2009 respectively.

2. Water as a Global Scarcity

Within the current changing political and environmental landscape, water has become an increasingly vulnerable scarcity. During the SID conference in September 2008, Michel Camdessus¹ pointed out that half of mankind will face water stress within the next 50 years. Water is a source of underdevelopment and a serious problem in the developing world. At the same time, the poorer countries are serving the richer countries when it comes to water resources. In fact, water is now becoming a source of conflict and this has its influence on Europe too, especially because of the unsustainable over-consumption of water in the western world. This illustrates the urgency of water scarcity. However, as mentioned by Camdessus, 'No one is in charge. Water is still an orphan in the international development community'². It is therefore of crucial importance to examine our patterns of consumption and the infrastructure and development of water resources.

2.1 Globalisation of Water³

The idea of water as a commodity is not new, however through the production of water intensive goods in certain areas of the world and the consumption of these same water intensive goods in other parts of the world, the globalisation of water is becoming more apparent. Through globalisation, we as a nation and as consumers can have a huge influence on other countries and places. Often without being aware, consumers contribute to water depletion and pollution elsewhere. Within this context, water is an important geopolitical resource, since several nations are increasingly depending on external water resources. Therefore the urgency arises to harmonise national water and trade policies.

Virtual water and the Water Footprint

'Virtual water' refers to the water needed for the production of a product. Together with a global trade in goods and services, there is a global trade in 'virtual water'. The *water footprint* of a product is basically the same as the 'virtual water content', but it also includes a temporal and spatial dimension. This means that the water footprint of a product is the volume of fresh water used to make the product, summed over the various steps of the production chain. To assess this, it is necessary to analyze the full production chain. We need to make a link between consumption in one place and impacts on water systems in another place. It is interesting to note here that energy, next to its carbon footprint, has a huge water footprint.

The water footprint can be used not only to calculate the water footprint of a product, but also for different entities such as a company, a country, the European Union, etcetera. For policy makers, the national water footprint might be very interesting. The water use of a nation is partly related to domestic resource use and partly to resource use outside of the countries borders. In the same way,

¹ Former Managing director of IMF, present member of the UN Secretary General Advisory Board on Water and Sanitation.

² SID final conference, 'Energy, Water and Food: Emerging Global Scarcities and Power Shifts', Dutch Senate September 2008 To see the report visit <http://sid-nl.org/activiteiten/slotconferentie-2007-2008/>

³ The concept of the water footprint was presented during the Vijverberg Session on Water on 11 November 2008 by Derk Kuiper, Executive Director of the Water Footprint Network. To see the presentation visit: http://sideurope.files.wordpress.com/2008/12/presentation-hoekstra_kuiper-globwater-11nov081.ppt

the water footprint of a company can be assessed through the total amount of fresh water that is used directly and indirectly to run and support the company.

What next?

To effectively use the potential of the water footprint as it is developed by the Water Footprint Network in the future, it is important to engage stakeholders in applying water footprint accounting, so as to make impact assessments and mitigate these impacts. In order for this to be effective, the development of a standardised methodology is needed, and strong partnerships between the different stakeholders should be build. Furthermore, research on water footprint accounting impacts and global to local (policy) responses like offsetting, public policy, water credit markets etcetera should be encouraged.

2.2 Case study: Sustainable Cotton, Making it Cleaner and Greener⁴

Agriculture realities

Within the next 50 years, global food demand will double, not only because of the growing world population, but also because increased income will lead to increased consumption. At the same time, the per capita arable land globally is decreasing and bio fuels are competing with food and fibre for land. In this context, intensification and efficiency of agricultural methods and technology are essential.

Cotton

There is an annual increase of 3-4% in cotton demand (which comes down to 2 billion kg per year). Globally, approximately 35 million hectare of land is used to grow cotton. This is 2,5% of the total crop land. The crop is vital to the economies and people of many developing countries such as West Africa and Pakistan. However, when we look at the production process, we should take into account that the production of cotton has an effect on many different levels. During the cotton growth and production process a lot of water is wasted and polluted due to fertilisers and pesticides, the use of GMOs and cotton processing industries. Social issues such as poverty, health and education also play an important role.

Pakistan Cotton project linked with Better Cotton Initiative

Within the context of the Better Cotton Initiative a three step approach is taken. First, an assessment of the situation is made through research (financing options, gap analysis of policy framework, etc.). Second, the initiative is implemented at farm level (facilitators are trained, a Farmer Field School and Farmer Organisation is set up in order to promote capacity building and educate farmer communities). Third, a foundation for an enabling environment is promoted (policy review, private sector support, defining better standards, etc.). This results in better farming practices for cotton, whereby costs of production go down and the margins increase. Through rising awareness and a reduction in the use of pesticides, the health situation of farmer's families has improved and water is being saved through better irrigation practices.

The way forward involves all the different stakeholders in the production process: brands/retailers, suppliers and farmers. Capacity building, awareness and education are central to a more sustainable

⁴ The case study on the production of sustainable cotton in Pakistan was presented during the Vijverberg Session on Water by Hammad Naqi Khan, Director of the Freshwater & Toxics Programme, WWF - Pakistan. To see the presentation visit: <http://sideurope.files.wordpress.com/2008/12/sci-hnk.ppt>

way of cotton production. However, market demand is one of the most important drivers and can have a huge effect on changing practices of production. A good example of this is Ikea, which actively promotes an industry standard for sustainable cotton and exerted pressure on suppliers by demanding better and sustainable cotton.

3. Discussion

The concept of the water footprint is a great step forward, however, we need a more disaggregated approach, since there are many hidden streams of water trade (as in China for example), the actuality is much more perverse than the concept of the water footprint implies. Key issues such as water pollution should also be taken into account and therefore more discussion and research on this subject is needed.

Market for water trade

When we are talking about water trade, we should not forget that there is an immense amount of water being spilled every day. Therefore, to reduce our water footprint, we should not only pay attention to trade in water including virtual water trade, but also actively seek to decrease the amount of water we use. It should be examined how we use water, and it is necessary to find a way of transferring knowledge and technology to practices and implemented systems. This means we should develop a sustainable water management agenda.

Water management of companies

When companies have to pay for the water they use, there is a considerable decrease in the total amount of water use for their activities. Most multinational companies do have measures in place to monitor and control their use of fresh water, ground water and emissions to water⁵. To promote better practices of companies though, incentives taken by NGOs can have a significant effect. Also, more emphasis should be given to the importance of Corporate Social Responsibility (CSR) standards and reporting.

On a local level, we have the example of Pakistan. Within the context of the Better Cotton Initiative, the emphasis is placed on the economic benefits for the local community, not on the environment. The effects however are that the cost of production and the reliance on chemicals decreases through new practices, which as a side-effect, have a positive influence on the environment.

European component

Within the European Union, there are initiatives such as the Water Framework Directive (WFD), which does have a cost driving aspect in it. Even though the WRD contains some mutually accepted principles it cannot be used as a directive as the European policies are still not well regulated. It should be identified which crops we want to grow and which crops we want to import and what policies we need in order to be effective. Within these policies the environment should also be recognised as a water user and there should be an emphasis on the role of local people. Thus, adequate policies should recognise economical, local and environmental issues.

⁵ Lambooy, T., *The Companies' Role; water as theme of corporate social responsibility*, 2008

Water 'offsetting' and pricing

CO² emission trade is a popular way of reducing the carbon footprint. When considering different ways of water trade however, it is important to realise that water is a commodity and CO² is not. In water catchment areas though, water rights and compensation between countries are often used to deal with the local realities. This way of dealing with the situation can be harmful for local communities. Especially when it comes to crops such as cotton, where there is a huge economic interest behind it, the political interest is in *not* changing or improving the situation, but on the contrary, in continuing business as usual. To address this, international organisations, such as the multinationals should be involved but also NGOs and IGOs should raise their voice.

Therefore, when we examine ways of offsetting with regard to water, we should be very careful to look at different ways that could be effective. In certain cases, offsetting can be effective at a local level and the Water Footprint Network is actively researching the possibility to commoditise water. Water is however a fundamental human need and, therefore, a basic human right. Hence we should be very careful when considering these possibilities and information from different sources should be combined.

Water pricing and water trading is also a possible solution, which might decrease differences between countries. The crux is though how to manage this in an effective way. When people have to pay for water they become more aware, but a distinction should be made between drinking water and water for economic purposes, or in other words, between economic actors and individuals.

It can be concluded that the consumer plays a crucial role here and the positive side of this is that companies are taking more initiative because they want to be ready for consumers demand and government policies. Risk of reputation damage is an important motivation for companies to make a change. In this light, Global Reporting Initiative (GRI) indicators specifically on water issues would be very helpful.


4. Concluding remarks and recommendations

During the discussion, several issues were touched upon which can be summarised in the following recommendations:

- A sustainable water management agenda should be developed;
- More emphasis should be given to CSR standards and policies for companies;
- Adequate, well regulated European policies that recognise economic, local and environmental issues should be developed;
- Water pricing is a possible solution, but a distinction should be made between economic actors and individuals.

Europe, and more specifically the Netherlands, can play an important role in capacity building and technology transfer. There are however many different dynamics to the problem of water scarcity. It remains an interdependent world and in the end it is not so much about *preventing* the use of water, but about *how* the water is being used. Even more so because in this interdependent world, water as a global scarcity also has an effect on scarcity of food and energy, as well as on migration flows.

Within the context of this Vijverberg session on water, we could only make a first step in this discussion by touching upon the subject and the different issues involved. Therefore, we look forward to continuing the discussion in the Maastricht conference in 2009.



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