



**PACIFIC
INSTITUTE**

Research for People and the Planet

**Mapping of Global Freshwater Initiatives:
Background Paper for the CEO Water Mandate
March 5-6, 2008 Inaugural Working Conference**

February 2008

**Prepared by Jason Morrison and Mari Morikawa
Pacific Institute for Studies in Development, Environment, and Security
654 13th Street, Oakland, California USA
Phone (510) 251-1600 Fax (510) 251-2203
www.pacinst.org**

A. Summary of Findings

- 1) There are a number of initiatives oriented around bringing businesses' attention to the global freshwater crisis and the need for action by the private sector. In light of the immense scale of the global water challenge and significant percentage of private sector firms that remain unaware of the breadth and depth of problem, this CEO-driven initiative makes a needed, complimentary, and unique contribution in this "call for action."
- 2) Issues that appear to be relatively well addressed by existing business-oriented water initiatives, and where CEO Water Mandate efforts could be deemed redundant include:
 - Guidance that enables companies to understand and assess water-related risks (and opportunities);
 - Generic tools for business that focus on developing sustainable water management strategies and/or water use/conservation/measurement/reporting activities.
- 3) The CEO Water Mandate's vast scope is a unique attribute in and of itself. In particular, the Mandate provides a strategic management framework for water sustainability that is unparalleled in its comprehensiveness. The focus of many if not all other industry-led water initiatives is companies' direct water use/impacts (i.e. Direct Operations) or extended water footprint. Conversely, the Mandate delves into a significantly broader range of issues including watershed health, public policy, etc.
- 4) Underpinning the Mandate is the concept that companies' water-related impacts and challenges cannot be addressed alone, and that interaction with and/or collaboration among other water interests is inherently needed. Indeed, a majority of the Mandate elements are oriented around multi-stakeholder approaches and endeavors. A global partnership-based platform that focuses on real world, sustainable solutions to shared water problems could be a unique contribution of the CEO Water Mandate.
- 5) In particular, exploring possible alignment/collaboration among the UN's and international water community's sustainable development agendas and endorser implementation activities appears to be a promising area of focus for the Mandate.

B. Industry-Led Water Initiatives

World Business Council on Sustainable Development (WBCSD)

Synopsis¹

Since 1997, the WBCSD has been active on water because water has been increasingly recognized as a key factor in sustainable development. Today, the WBCSD's Water Project seeks to:

¹ Modified from WBCSD website: www.wbcd.org/web/water.htm

- Clarify and enhance business understanding of key water issues and drivers;
- Promote mutual understanding between the business community and non-business stakeholders on water management issues; and
- Provide tools and models to support effective business action.

Comprised of over 50 companies and eight Regional Network partners, the WBCSD Water Working Group is the operational mechanism established to pursue project goals. It brings together companies from the mining and metals, oil and gas, consumer products, food and beverage, chemicals, finance, and infrastructure services and equipment sectors.

The WBCSD has produced numerous publications focusing on the business-water nexus and in particular framing the role of business in sustainable water management. Most recently, in mid-2007, the WBCSD launched the Global Water Tool, a free, Microsoft Excel-based platform for companies and organizations to map their water use and assess risks relative to their global operations and supply chains. Specifically, the Tool is designed to help companies assess their water risks by answering questions such as:

- How many sites are in extremely water-scarce areas? Which sites are at greatest risk? How will that look in the future?
- How many employees live in countries that lack access to improved water and sanitation?
- How many suppliers are in water scarce areas now? How many will be in 2025?

To help address risks, the Tool improves businesses' water management efforts by:

- Comparing the company's **water uses** (including staff presence, industrial use, and supply chain) with validated water and sanitation availability information – on a country and watershed basis.
- Allowing calculation of **water consumption & efficiency**.
- Establishing **relative water risks** in the company's portfolio to prioritize action – including more detailed assessment.
- Creating **key water GRI Indicators**, inventories, risk and performance metrics and geographic mapping.
- Enabling **effective communication** with internal and external stakeholders regarding the company's water issues.

In August 2006, the WBCSD Water Project published **Water Scenarios to 2025**. Entitled H2O: H = Hydro, 2 = Rivers and O = Ocean, these stories do not try to cover everything, but attempt to bring to life a limited number of alternative future environments that will challenge businesses' economic viability, social legitimacy, and global fitness in the marketplace. The WBCSD chose to develop the scenarios in order to provide a platform for coming to a more systemic and shared view of the bigger and deeper picture. Furthermore, WBCSD believes that building and using scenarios can help forge shared commitment, as well as shared understanding, by acknowledging uncertainties, by respecting differences in perspectives, and by pointing beyond the problem to explore what solutions might unfold and to what effect. In this sense, the scenarios offer both a framework to assess and evaluate business practices and

strategies, but also can provide a platform for structured dialogue with governments, NGOs or other stakeholder groups. For more information, see www.wbcd.org/web/H2Oscenarios.htm:

Analysis

- Strong track record and proficiency in awareness raising in the private sector, as well as developing practical, on-the-ground tools to assist companies' water management activities. This manifests in the form of written publications and web-based and/or electronic tools.
- WBCSD's efforts have little direct public policy interface/alignment to date and would not be characterized as focusing on public-private partnerships.
- WBCSD has not focused on interactive, multi-stakeholder forums or collaborative platforms.
- There is some degree of overlap of companies active in both the WBCSD WWG and CEO Water Mandate.

World Economic Forum Water Initiative

Synopsis²

Since late 2005, the World Economic Forum's Water Initiative has been regional in orientation, focusing on creating multi-stakeholder networks in South Africa and India. The objective of these regional water activities has been to catalyze ideas for public-private water infrastructure projects and shape them into well-developed, bankable project propositions, complete with champions and financing plans. More specifically, the aim has been to demonstrate how these networks work in practice to develop a project pipeline that enhances industrial growth and improves social access to water. A subsequent objective has been to improve, replicate and scale up these networks and associated project pipelines to maximize their scope and impact.

Building on the experience of the regional public-private partnership work, WEF is exploring a second phase of water work focusing on agriculture water use and water policy reform. In particular, WEF is catalyzing a project that will bring together industry, government, the farming community, civil society and academic experts to:

- Explore water insecurity risks along the supply chain exacerbated by inaction, collaboratively developing risk mitigation strategies at all levels, both regulatory and market driven through multi-stakeholder dialogues;
- Raise awareness of the issue and promote examples of success to key decision makers and implementers to shift the water debate from an environmental issue to an economic risk issue; and
- Identify opportunities and facilitate processes to support regional and national governments in water-scarce locations to drive policy change on water

² Modified from WEF website: <http://www.weforum.org/en/initiatives/water/index.htm>

WEF will highlight the output of the project at key global events such as Forum's Annual Meeting at Davos, Switzerland, the Stockholm Water Week, and World Water Forum.

Analysis

- Significant track record in raising awareness about global water crisis and building the business case for sustainable water management.
- One of the few business initiatives truly oriented around advancing public-private partnerships and/or establishing multi-stakeholder dialogues. The bulk of this effort to date has focused at the local/regional levels and has not addressed global freshwater issues and/or public-private partnerships or freshwater policy at the international level.
- Nestlé, The Coca-Cola Company, and Pepsico are key champions in the development of this agricultural partnership on water.
- Recognizes the value of the CEO Water Mandate as evidenced by its recent call in Davos for WEF membership to support the initiative.

Global Environmental Management Initiative (GEMI)

Synopsis³

GEMI is an organization of roughly 40 US-based companies (from more than 20 business sectors) dedicated to fostering global environmental, health and safety (EHS) excellence through the sharing of tools and information. Since 1990, GEMI has created tools and provided strategies to help businesses achieve environmental and economic success. GEMI also provides a forum for corporate environmental professionals throughout the world to work together, learn from each other through the activities of work groups, benchmark with peers and create tools that can be used by GEMI members and others.

Formed around 2001, GEMI's Water Sustainability Work Group has produced several publicly available web-based tools to help companies conduct water risk assessments and develop sustainable water management strategies. These include the following:

- *Connecting the Drops Toward Creative Water Strategies* is designed to help companies create a corporate-level water management strategy by laying out five management stages businesses can follow to develop and implement water strategy, which include:
 - Assessment of water use and its impact to water sources
 - Identification and assessment of business risks linked to the water use and impact, respectively.
- *Connecting the Drops: A Water Sustainability Planner* provides detailed guidance for assessing water-use-related business risks at the facility level. It does so with step-by-step instructions on how to assess water use inventories, including:
 - Water quality and quantity used for various purposes and processes
 - Losses of water to land and air
 - Water effluent discharges.

³ Modified from GEMI website: www.gemi.org

Analysis

- Strong proficiency in building the business case for sustainable water management, as well as developing practical, on-the-ground tools to assist companies' water strategy and management activities. This manifests in the form of written publications and web-based and/or electronic tools.
- GEMI efforts have had little direct public policy interface/alignment to date and could not be characterized as being public-private partnerships. Instead, through the collaborative efforts of its members, it can be seen as platform for companies in a wide range of industrial sectors to work together in a cost effective manner to address strategic and tactical issues impacting their EHS activities around the world.

Business Roundtable S.E.E. Change Water Initiative

Synopsis⁴

Business Roundtable launched the S.E.E. Change (**S**ociety, **E**nvironment and the **E**conomy) initiative in September 2005. A US-centric initiative, S.E.E. Change asks America's leading companies to set challenging goals that benefit society, the environment and the economy.

Water has been elevated as a priority area within S.E.E. Change. The Water Initiative is founded on the notion that addressing the growing global challenges posed by water scarcity and water quality is both an economic necessity and an opportunity for social and environmental leadership. The business community can play a constructive role in addressing the worldwide water crisis by bringing innovation and management discipline to reduce each company's water-related impacts; to mitigate risks; and to maximize business opportunities associated with delivering enhanced quality, quantity and availability of water. The Water Initiative is based on the premise that while some companies appreciate the strategic importance of water issues, many others do not. Thus through the S.E.E. Change: Water Brief For Business, the Roundtable has established an interactive website that seeks to perform an educational function by raising the awareness of member CEOs and motivating them to look seriously at how their companies use and affect water resources and what role they can play in addressing the water challenge.

When companies identify a strategic business case for investment in sustainable water use, the S.E.E. Change Water Brief provides the tools and framework for designing and implementing a sustainable water initiative. The twofold purpose of the website is to:

- 1) Lay out the case for business engagement on the critical issue of water sustainability
- 2) Provide world-class resources to help Business Roundtable companies and others take tangible actions that make for better business in a better world

Analysis

- Significant track record in raising awareness about global water crisis and building the business case for sustainable water management.

⁴ Modified from Business Roundtable website: <http://waterbrief.businessroundtable.org/About/>

- Demonstrated proficiency in developing practical, on-the-ground tools to assist companies' in assessing water-related risk and developing water strategies and management approaches. This manifests in the form of written publications and/or web-based/electronic tools.
- Industry-centric with little direct public policy interface/alignment to date and could not be characterized as being public-private partnerships.
- S.E.E. Change has not focused on interactive, multi-stakeholder forums or collaborative platforms.

Business for Social Responsibility (BSR) Apparel Water Quality Working Group (AWQWG)

Synopsis⁵

The BSR's AWQWG is dedicated to responsible practices around water use and wastewater discharge in global textile and apparel supply chains. Today, this group is a partnership of seven global apparel companies committed to responsible practices surrounding water use and wastewater discharge in global textile supply chains. Using industry-developed Water Quality Guidelines, the AWQWG aims to mitigate the potential harmful impacts and business risks faced by companies operating globally where regulations and enforcement can vary dramatically from country to country.

Analysis

- Sector-specific initiative focused on particular water challenges of relevance to the industry.
- Interactive partnership of businesses looking for real world, on-the-ground solutions and the advancement of responsible practice.
- Not multi-stakeholder or public policy-oriented in nature.

C. Public-Private Partnerships Relating to Water

United Nations Environment Programme Financial Initiative (UNEP-FI)

Synopsis⁶

UNEP-FI is a unique global partnership between a UN agency and the private financial sector. UNEP-FI works closely with over 160 financial institutions who are signatories to UNEP-FI Statements, and a range of partner organizations to develop and promote linkages between the environment, sustainability and financial performance. Through regional activities, a comprehensive work program, training programs and research, UNEP FI carries out its mission to identify, promote, and realize the adoption of best environmental and sustainability practice at all levels of financial institution operations.

⁵ Modified from BSR website: <http://www.bsr.org/membership/working-groups.cfm>

⁶ Modified from UNEP-FI website: http://www.unepfi.org/work_streams/water/index.html

UNEP-FI's work on water builds on the need to create awareness and capacity among the financial community in order to promote their proactive approach towards addressing global water challenges. The strategic objectives of UNEP-FI's efforts are to:

1. Raise awareness on the business implications of adverse water-related developments and the opportunities in water related investment;
2. Strengthen the business case for action and provide the financial sector with information and analysis tools for adequate identification, assessment and management of water-related risks and opportunities.

They are working to achieve this by identifying and addressing potential challenges and opportunities of water-related issues which can bring benefits to **both** the core business of financial institutions **and** water sustainability in general. Specifically, their focus has been on:

Water Supply: Increasing the channeling of funds into the "water sector" (water/sanitation-infrastructure, -services, -technologies, -utilities) in order to support the achievement of the Millennium Development Goals Drinking Water and Sanitation Target.⁷

Water Use: Introducing water considerations into risk/opportunity assessment processes in the context of both water-exposed businesses "downstream" and private households.

Analysis

- Sector-specific initiative focused on particular water-related risks of direct relevance to the financial industry.
- Aspects of his UN-initiated public-private partnership could serve as a possible conceptual framework (as well as operating model) for the Mandate. Whereas UNEP FI could be characterized as an initiative between one UN agency and one industry sector to partner to address a range of sustainability challenges facing that sector, the CEO Water Mandate could evolve into an initiative whereby all UN agencies and industry sectors partner to tackle a particular sustainability challenge – water.

UN Global Water Challenge

Synopsis

The Global Water Challenge (GWC) is an initiative of the United Nations Foundation to provide safe drinking water, sanitation, and hygiene education worldwide to people who lack these services. The GWC was launched by a diverse coalition of corporations, foundations, and aid organizations. Among other focus areas, one of the main goals of GWC is to raise public and corporate consciousness of issues concerning water and sanitation availability and use.

Analysis

- While two CEOs of Mandate endorsing companies also serve on the Board of Directors of the GWC, it is not clear to which extent the GWC could be considered a public-private partnership per se. Looking at the level of corporate involvement in the

⁷ This target consists of halving, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.

GWC, it appears the relationship is that of donor rather than strategic collaborator with the intention of realizing direct business value. In this regard, the GWC is similar to other development or poverty alleviation-related initiatives, such as the Clinton Global Initiative or Millennium Water Alliance.

D. Emerging Initiatives

Water Stewardship Initiative

Synopsis⁸

The Water Stewardship Initiative is nascent effort to establish a practical way for high-volume water users around the globe to accept both responsibility and credit for responsible water management across their water usage cycle. At the core of WSI, which originated out of Australia, is a branded certification program based on widely applicable and endorsed water management standards. The yet-to-be-developed standards will apply to organizations across a spectrum of large-scale commercial, industrial and institutional water users, including agriculture, forestry, manufacturing, mining, construction, retail, and infrastructure, among others.

The responsible water use standards will be derived from principles and criteria established by means of widespread international consultation across the full spectrum of water stakeholders, including high-volume water users, policymakers, regulators, water management authorities, local communities, traditional landowners, environmentalists, and social justice groups.

A global Water Stewardship brand is envisaged that will identify responsible water users through their actions, products, and services. It will signify social responsibility and provide responsible water users with opportunities to create competitive advantages in local markets. While brand credibility will always depend on multi-stakeholder endorsed standards, WSI intends to ensure brand effectiveness through effective marketing and licensing arrangements.

Analysis⁹

- There is no apparent overlap of activities between the WSI and the CEO Water Mandate. As WSI's standards development process unfolds, it will likely become a significant multi-stakeholder forum where the principles and criteria of water stewardship are discussed and agreed upon by consensus. To the degree to which the Mandate decides to serve as platform for developing and advancing best practices pertaining the six Mandate elements, the Mandate (or its endorsers) can inform the relevant aspects of the Water Stewardship standards being developed by the WSI.

⁸ Modified from WSI website: <http://www.waterstewardshipconcept.com/>

⁹ In terms of full disclosure, the Pacific Institute has been a collaborator in the launch of this initiative.

Water Neutrality¹⁰

In late 2007, a small multi-stakeholder group met to discuss the concept of “water neutrality” and the contribution the concept can make to the activities required of individuals, businesses, governments and other entities to address the global water crises. Core members of the gathering included Twente University, WWF, The Coca Cola Company, WBCSD, Water Neutral/Emvelo Group, and UNESCO IHE – Institute of Water Education.

The main focus of the meeting was on gaining a common understanding of how water neutrality might be defined in terms of:

- 1) applying water footprinting concepts to individuals, products and entities,
- 2) taking action to reduce such footprints, and
- 3) defining what can be done to “off-set” the irreducible water use – i.e. balancing in communities and nature the water consumed in a given lifestyle or enterprise.

A tangible outcome of the meeting was a concept paper that describes the discussions that the group had on water footprints, offsets and neutrality. The discussion paper is meant to spark interest among a wider group of people and organizations and to invite those interests to join the debate with the aim to come to an academically sound and practically actionable approach to water neutrality that helps alleviate the water crisis and contributes to water stewardship.

Analysis

- There is no apparent overlap of activities between this water neutrality endeavor and the CEO Water Mandate. If and when this multi-stakeholder consultation process unfolds, the Mandate (or its endorsers) may wish to engage to help further define water neutrality and/or the actionable contribution the approach can make to sustainable water management in the private sector

¹⁰ Adapted from “*Water Neutrality: A Concept Paper*”, which can be found at: <http://www.epfl-das-stratenv.ch/spec/sba/download/e-library/01.pdf>