

The Water Resources Group

Background, Impact and the Way Forward

April 2012



“The Water Resources Group addresses one of the most important and urgent issues today. The biggest part of freshwater withdrawn is being used for agriculture. If we continue overusing this valuable and scarce resource the way we do today, a major food crisis will become inevitable.”

**Peter Brabeck-Letmathe –
Chairman of the Water
Resources Group, Chairman of
Nestlé SA, Foundation Board
Member of the World
Economic Forum**

“By 2030, global demand for water could be 40 percent higher than it is today — and even more in developing countries. Water is an indispensable resource for economic growth and human development. By acting quickly and collaboratively, we can make sure it doesn’t become scarce. I am confident that the Water Resources Group, by encouraging innovative partnerships and new business models, will help achieve that goal.”

**Lars Thunell – Executive Vice
President and CEO of the
International Finance
Corporation**

“I welcome the efforts of the Water Resources Group, which is an excellent example of joint leadership from the Forum’s Strategic and Industry Partner communities with government and civil society to address the global water challenge. I am delighted the World Economic Forum has been able to play a role in supporting this important initiative and pleased to continue our support in its endeavour to scale up.”

**Klaus Schwab – Executive
Chairman of the World
Economic Forum**

The Water Resources Group (WRG)

WRG is a unique public-private-civil society partnership that helps government water officials and other water sector specialists accelerate reforms that will ensure sustainable water resource management for the long term development and economic growth of their country. It does so by helping to change the “political economy” for water reform in the country through convening a wide range of actors and providing water resource analysis in ways that are digestible for politicians and business leaders. A cornerstone of WRG’s work in any country is an emphasis on coordination of effort. WRG is designed to work with and through existing national water programs, platforms or expert institutions already focusing on water resource management by providing extra assistance to help build and strengthen their capacity. WRG acts as an independent entity and offers no political, partisan or national nuance to its advice.

“To make a difference on the water challenges we all face, governments, civil society and businesses must work together as never before. For business leaders in particular, we need to speak up, stand up and scale up our efforts on water sustainability.”

Muhtar Kent – Chairman and CEO, The Coca-Cola Company

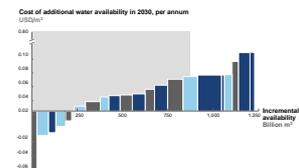
WRG overcomes four key challenges to transforming the water sector by using a comprehensive approach:

Challenges to water sector transformation	WRG approach
1 Scattered data and lack of analytic tools make it difficult to design country-wide strategic plans	• Aggregates and complements existing fact-bases and provides best-in-class economic modeling and analysis
2 Need for improved change management in government	• Embeds change management support in high levels of government and strengthens existing capacity
3 Difficulty accessing practical expertise and good practices	• Mobilizes global public-private knowledge networks in service of local leaders
4 Low priority of water in national in national political agendas	• Builds awareness and consensus on water issues by leveraging global and local platforms and coalitions

Water sector programs typically work on only some of these areas. WRG is well positioned to work on all fronts thanks to its extensive network.

The WRG approach is based upon the need to “ACT”:

- **Analyze** – First, to leverage existing data and engage with existing players to create a fact-based economic analysis with broad agreement to support better decision-making including future demand scenarios based on economic plans; economic options and trade-offs; solution cost curve; scenarios and transition paths
- **Convene** – Second, to bring together public, private, and civil society sector stakeholders to help government shape, test and prioritize programs; forge partnerships across all sectors to enable transformation; build in-country capacity and help develop ways forward based on global best-practice
- **Transform** – Third, to support the government as required in catalyzing specific public-private transformations in the water sector and ensure lasting change on the ground by supporting the development of a multi-year roadmap and the creation of working groups providing program management support

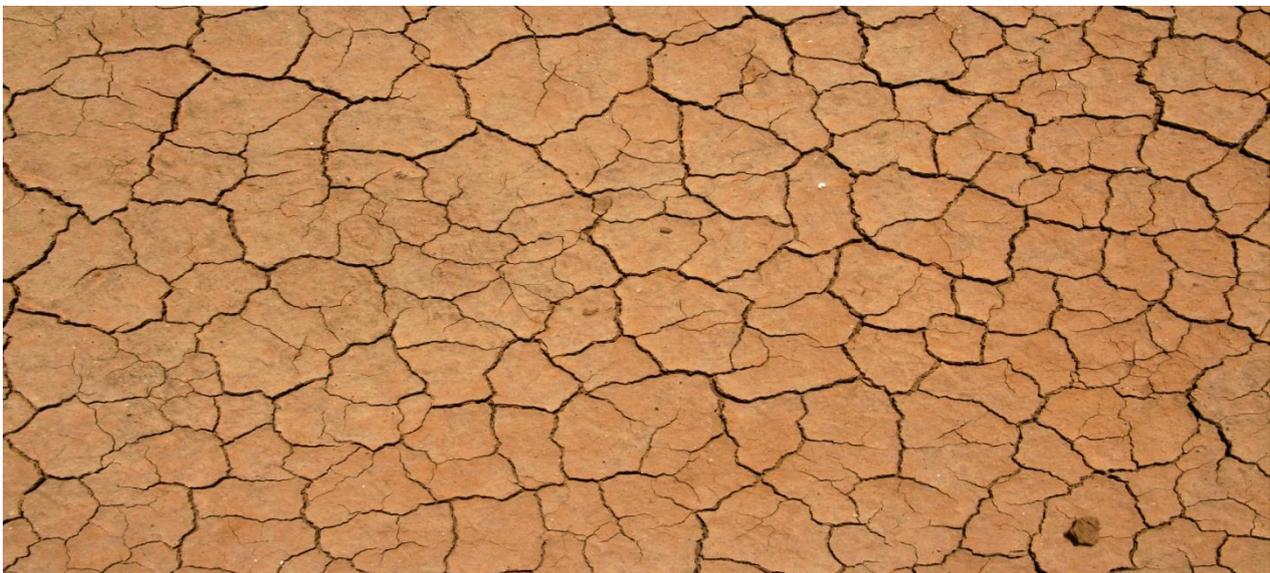


WRG aims to collaboratively address the water security challenge

- **40%** – The gap between safe freshwater demand and supply by 2030 if business as usual water management approaches continue¹
- **2.5 billion** – The number of people that have no access to a basic toilet or other adequate sanitation services²
- **894 million** – The number of people without access to safe freshwater for drinking, cooking and cleaning³
- **US\$ 109 billion** – The global annual GDP loss due to droughts⁴
- **70%** – The average annual use of global freshwater withdrawals for agriculture¹, which is unsustainable in many places; if current trends continue, by 2030 increasing water scarcity could cause annual grain losses equivalent to 30% of current world consumption⁵
- **50,000 to 270,000 liters** – The water needed to produce one Gigajoule (GJ) of bio-fuel energy from irrigated soy; 9,000 – 100,000 liters/GJ for corn bio-fuel; 3 – 7 liters/GJ for traditional oil⁶

“The complex issue of sustainable water management requires the diversity of thought and capabilities that only collaboration among business, government and international agencies can bring. As a global food and beverage company, PepsiCo has an imperative to lead on the issue of water efficiency, and we have committed resources and entered into public-private partnerships that enable responsible water use. The solutions we develop together are not about philanthropy; they are about long-term survival and prosperity – of people, of business, of governments and of society.”

Indra Nooyi – Chairman and CEO of PepsiCo, Inc.



¹ 2030 Water Resources Group, Charting Our Water Future, 2009

² Water Supply and Sanitation Collaborative Council (WSSCC)

³ World Health Organization (WHO) and United Nations Children Fund (UNICEF), Joint Monitoring Programme on Water Supply and Sanitation (JMP)

⁴ United Nations estimates cited in Background Paper on Drought 2007, United Nations Economic and Social Commission for Asia and the Pacific

⁵ Frank Rijbersman, IWMI, 2003

⁶ Adapted from US Department of Energy (Energy Demand on Water Resources, 2006)

Since 2010 WRG has been invited by governments to engage in six countries

Jordan

WRG analyzed how Jordan can ensure the most economically and socially productive use of its scarce water resources. The analysis has been used to revise Water for Life, Jordan's Water Strategy 2008–2022. The Government has established its new National Water Advisory Council, a high-level cross-ministerial and multi-stakeholder body - a key recommendation of the WRG analysis - to improve the water resources planning and management. WRG is now exploring with the Government and other key stakeholders how it can support the implementation of the national water strategy and the mandate of the National Water Advisory Council.

"We are working with WRG [...] to help us understand demands for water across the economy and with this type of knowledge [...] we will review and revise our national "Water For Life" strategy, and find it easier to plan for the solutions to meet the country's National Agenda aspirations."

HRH Prince Feisal of Jordan and Chairman of the Jordan Royal Water Commission



Mongolia

WRG conducted a pre-diagnostic on water issues in Mongolia. A workshop in June brought together more than 120 domestic and international participants from the public, private and civil society sectors, and international organizations, to explore opportunities for overcoming Mongolia's water security challenges. Following the commitment of the President of Mongolia to form a multi-stakeholder Mongolian Water Alliance, a Declaration of Partnership was signed between the WRG and the Minister of Nature, Environment and Tourism. WRG is now developing an action plan for the partnership to support the implementation of Mongolia's National Water Strategy and Master Plan.

"Managing our future water needs is key to sustaining Mongolia's economic growth. We must ensure fast and effective implementation of our National Water Plan. We will benefit from the international networks and experience of the Water Resources Group to help us do so."

Elbegdorj Tsakhia – President of Mongolia



China (Province of Shanxi)

Government officials in Shanxi Province in North West China have expressed particular interest to engage with WRG. Shanxi is a stark example of a Chinese province whereby fast economic growth is straining the availability and quality of water resources across the food-energy-water nexus. Scoping discussions for the partnership with the Province of Shanxi, China, are currently in progress.



Mexico

WRG worked with the national water commission, CONAGUA, to promote a sustainable water pathway for Mexico that will prove robust in the face of climate change. The WRG analysis was featured at the COP16 in Cancun and was a key input to Mexico's 2030 Water Agenda launched by President Felipe Calderon in 2011. WRG is currently supporting CONAGUA in developing financial mechanisms to promote a sustainable water economy in Mexico. A workshop including 60 participants from relevant ministries, private sector companies and experts was held to share the preliminary concepts of financial mechanisms and receive feedback. IDB has expressed interest to partner with WRG as a champion to take a regional approach.

"By combining the analytical framework of the Water Resources Group with the CONAGUA's own expertise, we have been able to gain a deeper understanding of Mexico's current and projected water situation."

José Luis Luege Tamargo – Director General, CONAGUA



South Africa

The South Africa Strategic Water Partners Network (SWPN), a partnership between the Department of Water Affairs (DWA) and WRG is helping South Africa address three priorities: i) water use efficiency/ leakage reduction; ii) supply chain in agriculture; and iii) effluent partnerships. WRG helped catalyze the SWPN, launched in December 2011, and includes three active multi-stakeholder working groups that are jointly developing sector strategies, identifying pilot projects and taking them forward through public-private-expert collaborations. Initial findings of the SWPN working groups will inform a South Africa Water Summit in 2012 with the Minister of Water and Environmental Affairs, where stakeholders will jointly design a strategy for South Africa to take forward the key recommendations.

"South Africa recognizes the need for better and smarter ways to manage our water resources and in particular the need to collaborate with all stakeholders... I am delighted to announce the Declaration of Partnership between my Department of Water Affairs and the 2030 Water Resources Group."

Edna Molewa – Minister of Water and Environmental Affairs of South Africa



India

In the State of Karnataka, WRG analyzed future agricultural water demand, limitations of the supply infrastructure and the practical options available for meeting future water requirements. The team developed a set of six interventions to transform water use in the state. WRG co-hosted workshops with Minister Bommai and key staff from the Government, private sector and NGOs to identify priority areas and initial ideas for pilot projects. WRG is now assisting the Government in developing pilots and in completing a diagnostic of the water economics of the industry and domestic sectors to provide a full picture.

WRG also collaborated with the National Planning Commission of India on a detailed analysis of the institutional, legal, regulatory and capacity deficiencies in water-related sectors in India. The findings are being used as input to India's 12th Five Year Plan.

"Water is not only life, not only food, not only environment. It is also a vital contributor to economic growth. We want to move from the era of challenges to the era of solutions in the water sector, that we can showcase to the world."

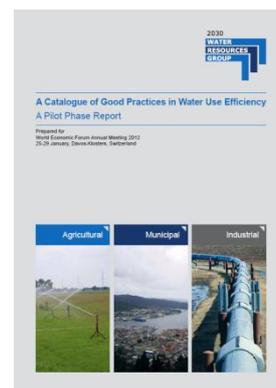
Basavaraj S. Bommai – Minister of Water Resources, State of Karnataka, India



WRG global activities

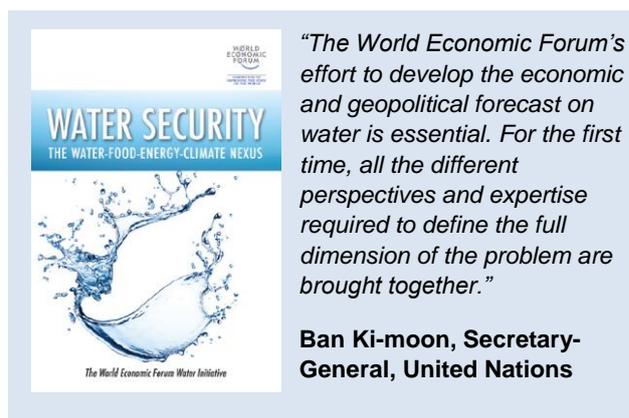
Global catalogue of good practices

To support in-country activities, WRG has been developing an open source, global, public-private knowledge base of good practices on water transformation with the help of the Stockholm International Water Institute. In its final form, the catalogue will include for each lever of the cost curve international and local best-practice examples, concrete solutions and their providers (also commercial), expertise, advice, new ideas and innovations in water management across all key sectors and technologies. This knowledge base has been requested by governments and fits into the overall WRG value proposition of increasing the access of governments and businesses to local and international good practices.



Raising awareness about the water security issue

In 2011, WRG has continued to raise awareness about the water scarcity challenge among high-level decision-makers. WRG leveraged the World Economic Forum platform of public-private-civil society partners and events to organize 11 high-level water sessions that convened more than 400 senior participants and to produce and disseminate knowledge on the water security issue and the water-energy-food security nexus. The book “Water Security” is a product example where a number of WRG partners and supporters contributed insights and experience. The investment in the organization of these sessions and the production of knowledge helped to position WRG as a major player with the power to catalyze concrete country water transformation programs. The recognition of WRG’s expertise and broad network also led other organizations to ask WRG to organize water sessions as part of their programs, for instance during the Global Green Growth Forum, the Bonn Conference on Managing the Water, Energy and Food Security Nexus, the World Water Week in Stockholm and the COP17 in Durban.



WRG partners 2010-2011

WRG has been financed and nurtured for the past 24 months through informal collaboration between the International Finance Corporation (IFC), the World Economic Forum and a number of bilateral development agencies (notably the Swiss Agency for Development and Cooperation and USAID Jordan), private sector companies (notably Nestlé, PepsiCo, SABMiller, The Coca-Cola Company and Veolia Environment) and other organizations listed below. The World Economic Forum Global Agenda Council was instrumental in developing the proposition of alignment between WRG and the Forum in 2010. Since then, it has continuously provided WRG with knowledge and expertise.

- PepsiCo Inc.
- SABMiller plc
- The Coca-Cola Company
- Veolia Environnement
- Asian Development Bank
- GIZ
- Global Green Growth Institute
- Inter-American Development Bank
- IFC
- SDC
- USAID
- World Economic Forum
- WWF
- National Planning Commission, India
- State Government of Karnataka, India
- Jordan
- Mexico
- Mongolia
- South Africa

The Way Forward: A new global entity to scale up WRG operations

In 2012, the WRG program is being transitioned into a scalable public–private–civil society operation, while retaining its status as a neutral platform. IFC, on behalf of the World Bank Group, is hosting the new WRG entity and, to this end, is working with the World Economic Forum and other partners with an initial 24-month horizon (July 2012 – June 2014). This next phase, which follows an incubation period in WEF till December 2011 and in IFC from January to June 2012, will replicate and deepen the work underway, while creating sustainable public–private–civil society platforms, both at the global and country levels, to promote the change in political economy such reform processes require. The plan is to:

- **Catalyze** at least five further country water sector programs (including a deepening of the engagements in Mongolia, South Africa and the Province of Shanxi)
- Further **develop** WRG proposition to:
 - Help water sector professionals and government officials from the relevant ministries harness private sector solutions and investment as well as existing expertise from the private sector, civil society and from other governments to help develop inclusive transformation plans
 - Support government water officials to catalyze change in much poorer countries or provinces facing water stress
- If successful, and following an independent review in late 2013-early 2014, **launch** a further phase of WRG (July 2014 – June 2016), where at least 7 additional country water sector transformation programs will be catalyzed – bringing the total of country engagements to at least 15 by June 2016

“The Water Resources Group is innovative in its power to bring people from different backgrounds together. This initiative will contribute to the transparent and equitable planning and management of water resources. It draws to large extent on the know-how from the private sector. This is why it stimulates additional private sector investments. The next stage will be to expand first positive results to least developed countries providing a significant contribution to poverty reduction.”

Martin Dahinden, Director-General, Swiss Agency for Development and Cooperation

A small WRG secretariat based in Washington DC is being formed and led by Executive Director, Anders Berntell, and will be financed by a small anchor group of development agencies, regional development banks and private sector actors. It will also receive in-kind support from different partners. Aside from its core secretariat, the majority of WRG activity takes place in-country. WRG has a uniquely decentralized business model to enable the design and financing of each in-country package. In each new country partnerships, WRG will seek international and local organizations from the public, private and civil society sectors to champion the partnership, provide finance and expertise and ensure a local commitment to action. The partners will lead the formulation of an in-country business-expert-civil society coalition on water and will work with national stakeholders to raise further resources.

The design of the WRG entity has been heavily informed by the in-country learning and from bilateral agency feedback as to the unique value-add the WRG proposition can bring. A public-private-civil society Governing Council of WRG will bring together expertise from development agencies, regional development banks, the Global Water Partnership, the World Bank Group, other international organizations, NGOs and the private sector. Until 2014, the Council will be chaired by Peter Brabeck-Letmathe, Foundation Board Member of the World Economic Forum, with the CEO of IFC on behalf of the World Bank Group as Vice-Chair. The World Economic Forum will continue to use its convening power, expert networks and company partnerships to strengthen the growth of WRG in its next phase.

Contact – How to get involved

This next 2-year stage of WRG offers a unique opportunity to participate in an international public-private-civil society platform to help water professionals and other government officials catalyze transformation in global and national water sectors, and to address water access and scarcity issues in the developing world. WRG is seeking committed organizations to join as funding and expert partners as this important initiative begins to scale up its operations.

For more information on WRG activities, please download the 2012 report here:
http://www3.weforum.org/docs/WEF/WRG_Background_Impact_and_Way_Forward.pdf

To engage with WRG, please contact:

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