



Quick Brief

A news update from the NBI on its programmes, business leadership and issues on sustainable development.

13 September 2016

What Role for Business in Water Target Setting and Sector Investment?

Two interesting themes of key relevance to business emerged from World Water Week 2016.

What is World Water Week?

World Water Week is a major international conference on water held annually in Stockholm, Sweden since 1990. Water Week 2016 concluded on 2 September 2016 focusing on a number of key themes, including company target setting, the role of water action in reducing carbon emissions, water security, water sector financing and investment, waste water reuse, water risk and investors, the SDGs, water and the Paris Agreement, as well as water and jobs. This year the South African Water Research Commission (WRC) was one of three major collaborating partners participating at the conference. The SIWI Media Hub is an excellent place to watch the major presentations from World Water Week, all of which can be accessed for free here.

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Setting Context-Based Water Targets

An area of important industry debate at Water Week revolved around the role of companies in setting

‘context-based water targets’. Such targets can be regarded as corporate water targets that are closely tied to the geographical context in which a company operates, are science-driven and align with public sector efforts. The motivation in favour of setting context-specific targets can be summarised as follows:

Local hydrology and water quality should strongly influence the kinds of targets that companies set and how ambitious these targets are;

Engaging in such target setting will constitute effective risk management, as the surrounding environment is where the majority of company water risks are located; and

Co-benefits for communities, ecosystems and public sector goals will be achieved, while providing confidence to investors that company water risks are being effectively managed

What was contentious in this debate for industry included the following:

Whether targets for water should be driven by company need or external realities;

The extent to which context-based target setting should inform internal company targets, and whether these ambitious targets should be external, public facing targets;

And finally, what data should drive context-based targets. Does the data exist and is the data agreed upon by different stakeholders?

The discussions relate closely to the concept of setting science-based targets for water. Given the emphasis on science-based targets for climate change, this is likely to be a growing area of discussion in the water field as well. CDP, the CEO Water Mandate, WRI, WWF and The Nature Conservancy released a Discussion Paper on ‘Establishing Context-Based Water Stewardship Targets’ at World Water Week, which can be accessed [here](#).

Water and Private Sector Investment

A further key theme of Water Week revolved around the role of the private sector in financing water sector investments. A number of commentators on various platforms called for the key role of the private sector in achieving the water-related SDGs, and highlighted the significantly lower level of private finance currently invested globally in the water sector, when compared with transport or energy.

For example, in the opening plenary Naina Kiwai, Chair of the India Sanitation Coalition, stated that ‘we need profit driven models for decentralised water provision and water treatment in emerging markets’. Professor Kevin Urama, Senior Advisor to the President of the African Development Bank (AfDB) went further, stating that ‘we need to think about water as a business’, while Ángel Gurría, Secretary General of the OECD, remarked that ‘we need to understand the financing of water better’.

Perhaps this is the start of a shift towards a greater role for private finance and investment in the water sector. This is particularly relevant to South Africa, where fears over the privatisation of water on the one hand, and non-cost reflective tariffs on the other, have tended to deter private sector investment. It will be interesting to see over the next few years the extent to which budgetary constraints in the water sector push us to consider the role that private finance and business expertise can play in unlocking developmental challenges, with a focus on delivering effective water outcomes for all sectors of society.

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