



## **DIALOGUE 13: Sustainable Water Use in a Changing Climate**

### **Participants**

Ian Doyle, John Morrison, Conor Linstead, Kelly Scott, Richard Morgan, Spencer Mogapi, Steve Kenzie, Jason Sali, Helen Nyul, Daniel Yeo, Steve John, Tony Allan, Martin Keulertz, Aston Stockdale, Pippa Howard  
*De Beers:* Patti Wickens, Mike Brook, James Suzman, Nicky Black, Andrew Bone, Larissa Carter, Leslie Gordon  
*Moderator:* Richard Gilbert

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### **Context: COP-17 and beyond**

As interest and attention to climate change grows, water scarcity is increasingly part of international dialogue through initiatives like the UN CEO Water Mandate, the Bonn2011 Conference, and the 2030 Water Resources Group. Water is now moving into the mainstream political consciousness, and is no longer seen as a technical issue.

Despite increasing interest, water resources are poorly managed and the complex interaction between water, food scarcity, energy, and climate change is poorly understood by decision-makers and net water users alike.

### **Issues**

**What are the most pressing challenges presented by climate change and the aligned insecurities around water and energy, and how can water users and providers in the private sector contribute to the debate through strategies for sustainable development and water management?**

### **Cost and Value**

Companies and other water users are increasingly being pushed to think of the *cost* and *value* of water in order to arrive at a more holistic view of the total value of water used in their supply chains.

- In the simplest terms, the cost of water is either from the labour of the collection process or from tariffs paid to a provider of water. In neither case does the cost reflect the value of water to users.
- Conflicting notions of water's value and cost are responsible for the issue's increasingly high presence on operating risk analyses – individual users will assign different values to water depending on their needs and any obstacles to access.

### **Access and the Human Right to Water**

A better understanding of competing and differing values of water, while useful, will still not solve the wider issue of access and the human right to water.

- Large-scale water users, other than water providers, rarely look at the human rights elements of water access and distribution.
- While the CEO Water Mandate has been effective at encouraging companies to consider their water footprint more, discussions have yet to cover the related issues of value and human rights.

### **Governance of water resources**

Governance of water resources and their distribution is also a growing concern.

- When the private sector provides its own supply of water rather than using government-provided supply, it becomes more difficult to define the cost and value of water for all users, particularly if the private sector is also providing water to local communities.
- Self-supplying private actors are rarely treated or considered as 'providers' of water and thus are not incorporated into governance initiatives about access and rights.
- Stakeholders and users will likely end up with greater and possibly unmanageable expectations of what the private sector should be doing, transferring the expectations from the government to private companies. This creates a wider and larger risk for the company by adding responsibility.

## **Solution: Improving water provision through partnership**

Not enough international initiatives focus on public-private partnerships as an effective tool for water provision. Ideally, companies would cooperate with government on capacity building, with the private sector helping fill early cost gaps. It is important to note that it isn't a viable solution for extractive companies to build their own water provision infrastructure and leave it in community hands once operations have finished – what is suitable and affordable for a large industrial company may not be useful for or easily maintained by a small community.

- Accountability is still a major concern in PPPs and in NGO/private sector water provision.
- PPPs are preferable to unilateral private sector water provision, as they create a framework for government to fulfil obligations to provide universal access to water and protect the citizens' human right to clean and available water resources.
- The private sector willingness and momentum is hampered by incomplete understandings of the costs and benefits from paying for initially expensive partnerships. Without having a universal value for water and understanding the long-term costs and benefits to providing universal water access, companies have a difficult time including complex PPPs in their operational strategies.

### **Lessons:**

- There's a clear need for more comprehensive and effective methodologies that account for how companies use water and account for it in their bottom lines.
- There's room for helping businesses quantify the value of their water use in a way that combines the cost per cubic metre as well as the additional intrinsic and human value.
- Currently, the private sector is ahead of the public sector in its perceptions of sustainable water management. Water footprint initiatives have already been very popular, and companies, particularly those in the food and beverage supply chain, see water management as a major reputational issue and handle it accordingly.
- Change in the private sector is primarily driven by cost and reputational consequences – private sector actors see poor water management as a reputational risk and also as a potential source of increased costs, so they embrace innovative partnerships and initiatives.
- Successful partnerships like the WWF-SABMiller-GIZ collaboration have used risk-based analysis and highlighted the importance of local actors through developing partnerships with key actors in markets and operational environments.
- There is a potential space for collaboration in articulating in popular terms the risk of not sustainably managing water resources –in terms of cost to businesses and the impact on individuals.
- While the default forum for engagement on such a broad issue seems to be the UN, there are clear limitations of the UN institutions that mean cross-sectoral partnerships and PPPs will be better suited to develop and carry out innovative and complex programmes.
- The CEO Water Mandate has served a good purpose in bringing new actors to the discussions and increasing interest about water management and reporting on water sustainability. While tools like the Water Action Hub are useful in promoting collaboration and the six areas of compliance aid reporting, the Mandate's popularity has begun to make it so unwieldy that pushing an agenda beyond decreasing the private sector's water footprint has become difficult. Yet, the CEO Water Mandate could prove to be useful as a space to promote successful PPPs and to find sustainable solutions in the space between government, NGOs, and business.

### **De Beers' strategy**

The De Beers Family of Companies Environmental Policy focuses on the sustainable use of resources and incorporates water into the wider strategy through the Water Standard.

- De Beers' operations in Botswana emphasise water stewardship by necessity: mining in Botswana takes place in extremely water-scarce environments. Debswana's mines are located in areas too remote to be reached by government water infrastructure. Because of this, Debswana relies on groundwater resources and it provides water to 70,000 Botswana through Debswana-funded and maintained water infrastructure.
- Debswana operations have also been particularly successful in developing and using alternative sources of water – for example, a £6m project to recover and use rainwater in Orapa Town has already paid for itself and similar projects are in development at Jwaneng mine.