



Water is critical for a sustainably oriented global economy

Peter Brabeck-Letmathe

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Peter Brabeck-Letmathe illustrates how business can partner government and civil society in support of cost-effective solutions to conserving freshwater resources, treating wastewater and giving populations around the world access to drinking water and sanitation – as well as in providing models of best practice for water strategy.



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When we were celebrating 140 years of Nestlé, I was reflecting on what the biggest challenges for our company were, and I found that water was critical. That led me to look at the water situation in the world and I was quite astonished by what I found: there was an issue developing between water usage and water availability. Studies show that we're using 10 per cent more water than is sustainable in the longer term, and the gap continues increasing with population growth, prosperity and urbanisation. We need to use water more efficiently and we need to make clear that this water issue is urgent and has to be tackled now. If we don't find comprehensive and cost-effective solutions very soon, we might have a major food crisis in the world, with massive shortfalls in cereal production due to water scarcity resulting from increasing overuse.

Water is one of the biggest challenges for sustainable development over the coming decades. Its effects can be felt environmentally, socially and economically. Government has a pivotal role to play in creating a strategy that reflects national priorities and also manages and co-ordinates water resources, but since government resources are increasingly limited, businesses must also have a stake in the solution.

The shape of this 'stake' was the focus of discussion recently at the World Bank headquarters where, in my role as chairman of the 2030 Water Resources Group role, I started a high level discussion about "Sustainable Development Goals on Water Resources Management and the Role of the Private Sector". Global companies are rightly concerned: healthy people with access to safe water and decent sanitation are both our employees and consumers. Together with other stakeholders we are also concerned as global citizens: we want all people to access truly safe water and acceptable sanitation – sooner rather than later.

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Collecting tap water in Liberia, March 2013

At the end last year, I was invited by Paul Polman, member of the UN Secretary-Generals High-Level Panel, to be the business “ambassador” to provide input to the discussion on the water-related UN Development Goals. Combining Sustainable Development Goals with Millennium Development Goals, I proposed four targets, all of them requiring joint efforts of all stakeholders under the leadership of governments:

1) Universal access to safe drinking water by 2025 at the latest, with a parallel focus beyond 2025 on quality, moving from an “improved” water perspective to “truly safe drinking water”. Water for survival is a human right: governments and stakeholders will have to agree on the amount that everybody should have access to and whether a person is able to cover the cost of the water distribution or not. This amount should be defined in a way that it is achievable with present financial resources.

2) Improved sanitation. Accelerate the provision of access to improved sanitation to at least 120 million additional people per year, aiming for universal access before 2050. Data on actual improvements achieved show that this is realistically possible and, with more strengthened efforts, political leaders might aim for even more ambitious targets.

3) Adequate treatment of all municipal and industrial wastewater prior to discharge by 2030. There is a need to introduce best practice initiatives to reduce ground-water pollution from agricultural production.

4) The water overdraft. If we don’t change the way we are using water today, we put all three targets above at risk. And the nexus discussion – water-food-energy – demonstrates that water shortage will become a choke

point for economies, especially those now moving out of widespread poverty. Worse, as mentioned above, we risk shortfalls of up to 30 per cent of global cereal production due to water scarcity by 2030. The target here: we have to bring freshwater withdrawals (for all uses) back into line with sustainable supply (natural renewal minus environmental flows), watershed by watershed.

This is for me the primary role of the 2030 Water Resources Group, a public-private partnership involving the private sector, civil society organisations, the World Bank Group, three regional development banks and several governmental development organisations. The group has a global view, but acts locally, providing information and advice for governments to set coherent strategies in countries and watersheds, in a disruptive approach that aims at overcoming the various political and ideological rigidities in addressing water overuse.

The challenge is also huge for the targets on drinking water, sanitation and wastewater: Cumulative spending on water and sanitation infrastructure is forecast to be close to USD 20 trillion by 2030. This amount is necessary for the worldwide renewal, maintenance and extension of the schemes in both developing and developed economies. Since government resources are increasingly limited, business should come in with proposals for new and different solutions to providing services at a lower cost. Where feasible and politically acceptable, business might help with mobilising finance and managing projects – within clear and coherent regulations set by governments.

So why else should companies get involved? With Nestlé, we were looking at what was critical to our business and saw that water was vital. When we’re helping to find



Water Scarcity a Problem at IDP Camps in North Darfur, Sudan. January 2014

solutions to the water problem, we're also ensuring that our company has the necessary resources to develop. And our Creating Shared Value philosophy states that if in the long term we want to create value for our shareholders, we also have to be able to create value for society at large.

Let me give you some examples, first on drinking water. Already in 1999, around its factory in the state of Punjab, Nestlé India initiated a project to provide clean drinking water facilities in village schools. We invested in the drilling of deep bore wells, allowing the school children regular access to clean drinking water. As of today, 60 drinking water facilities have been completed, reaching around 22,000 school children.

On improved sanitation: Since 2007, Nestlé have worked with the International Federation of Red Cross and Red Crescent Societies (IFRC) and the Red Cross Society of Côte d'Ivoire to provide water and sanitation facilities and hygiene training in Côte d'Ivoire.

On wastewater: the first wastewater treatment plant of the Nestlé Group started operations in the early 1930s, long before people started to use the words "environment" and "sustainability". Meanwhile, we treat the wastewater of all our factories around the world.

Finally, overdraft: at Nestlé we are reducing fresh-water withdrawals for our own use, from 4.5 litres per USD of sales 10 years ago to less than 1.5 litres today.

Nestlé and other companies can contribute to a range of good practice on all the above four targets, bringing to bear their own experience and practical observations in the field, where relevant, cost-effective and adding greatest value. This will help with growing societal prosperity in emerging economies and by protecting living conditions in advanced economies. For this we have to set ambitious, but realistic targets for development post 2015.

Water should not be seen in isolation – the main message in my previous article for the UNCTAD publication *The Road to Rio+20*, issue 3, 2012, (http://unctad.org/en/PublicationsLibrary/ditcted2012d2_en.pdf) was that we must leave silos behind, understand the nexus water-food-energy and act accordingly. And we must make sure that measures taken are cost-effective. Businesses can make a contribution to meeting these challenges and many companies do have ongoing projects in most – if not all – of the target areas. But there is not one player, one group alone who can solve this water problem. We need everyone for whom a watershed matters involved: governments, NGOs and private enterprise

About the author

Peter Brabeck-Letmathe is Chairman of the 2030 Water Resources Group, a public-private partnership involving the private sector, civil society organisations, the World Bank Group, three regional development banks and several governmental development organisations. He is Chairman of Nestlé S.A., served from 1997 to 2005 as the Group's CEO, and then, until 2008, as Chairman and CEO. Born in 1944 in Austria, Peter Brabeck-Letmathe graduated from the University of World Trade in Vienna with a degree in Economics.