Panel 1: Economics of Water

Presenters:

- Tharman Shanmugaratnam, *Co-chair of Global Commission on the Economics of Water; Senior Minister and Coordinating Minister for Social Policies, Singapore*
- María Fernanda Espinosa, *Commissioner of Global Commission on the Economics of Water; President of the 73rd session of the UNGA*
- Aromar Revi, *Commissioner of Global Commission on the Economics of Water; Director of the Indian Institute for Human Settlements; Co-Chair of the UN Sustainable Development Solutions Network (SDSN)*

Respondents:

- Henk Ovink*, Special Envoy for International Water Affairs for the Kingdom of the Netherlands*
- Anna Dupont, *Coordinator of Global commission on the Economics of Water, OECD*

Key messages:

A. Water connects all the SDGs: we face a growing water crisis, from the local to the global - too little, too much, and too polluted water. It endangers the implementation of each and every SDG by 2030. It does so especially by multiplying the challenges of food security, health, and human well-being; ending poverty and reducing inequalities; climate action and biodiversity conservation; achieving gender equality, sustainable cities, and communities, and enabling partnerships and trade, that together preserve the peace within and between nations.

B. Human action has thrown the global water cycle out of balance: the water cycle is the bridge across human divides, connecting communities, nations, regions and sectors, and their interests. It is made up of surface water - the rivers, lakes, and ice that we can see; groundwater that we don't see; and atmospheric moisture flows, that science now enables us to see and measure.

Science now tells us that human action and our economies have collectively pushed the global water cycle out of balance. This is on top of widespread and more frequent local water crises. This has repercussions everywhere. All persons, all economies and societies, all ecosystems and places, are already affected, and will be more and more impacted in the coming decades. Vulnerable countries, groups and communities, women and girls, and small and medium-sized businesses, suffer first and foremost.

The floods, droughts, cyclonic storms, heatwaves and fires that we face with increasing intensity, in one nation and region today and another tomorrow, are not just local crises. They are stark symptoms of a global and systemic water crisis, closely linked to the climate and biodiversity crises, with each reinforcing the other. They are

tied to how we produce and consume, how we govern and finance them, and what we really value.

C. **The global water cycle should be recognised as a Global Common Good**: it should be collectively tackled, through local to global actions, in the shared interest of all nations. The UN 2023 Water conference - with the Water Action agenda as its outcome - and the UN Water Action Decade provide a critical window of opportunity to help restore the global water cycle within safe planetary boundaries, and accelerate and scale SDG implementation, climate action and biodiversity conservation, so as to build resilience and deliver tangible benefits to communities, environments, economies, and nations around the world. We must also use Water as an opportunity to restore and build trust in the multilateral system.

D. **A sustainable, just, and equitable water future requires higher levels of collective ambition:** the approaches and tools to successfully deliver on this are within reach. We must rethink how we value water. We have to incorporate the value of water systematically into decision-making, so it is used far more efficiently in every sector, more equitably in every population, and more sustainably both locally and globally. Water has to be valued based on its direct economic costs and benefits as well as its broader implications: most critically for equity and justice, food security, health, and ecosystem resilience. Consistent with the 2022 Global Biodiversity Framework, we must move forward in accounting for the multiple values of natural capital, especially freshwater.

   We must re-shape how the public, private and community sectors interact to address policy and normative flaws, correct for chronic underinvestment in water systems in virtually all nations, and spur investments in technologies for a sustainable and equitable water future.

   We must develop, share, and use technologies widely to enable water conservation and recycling; smart agriculture; universal access to safe drinking water, sanitation, and hygiene; improvements in water quality and reduced pollution; the protection and restoration of impacted ecosystems; and climate resilient infrastructure and services. We must capacitate our people, communities, experts, decision-makers, and institutions, to strengthen and sustain a local to global workforce of water capacity across all sectors.

   We must step up efforts by the multilateral and regional financial institutions to mobilise private finance, complementing national efforts to invest in safe and resilient water systems and de-risk green and blue infrastructure, thereby supporting growth, sustainability, and equity.

E. **We must improve and strengthen governance, from local to global, to ensure a holistic and integrated approach to water and accelerate SDG implementation**.

   We must recognise the centrality of water in the functioning of the earth system and life on earth. Using water as an organising principle can help us transition from a

sectoral to a systemic approach to implement the SDGs, climate action and biodiversity conservation.

We need to enhance existing mechanisms and instruments, and consider new options to better govern water, based on the principles of justice, partnership, coordination, coherence, and accountability for efficient and equitable outcomes.

Water should be an example of how we develop a mission-oriented approach to international action to deliver human well-being and ecosystem health. This can be done by mobilising citizens, especially women and youth, bringing together multilateral and regional organisations, national and local authorities, financial institutions, farmers, workers, business and industry, civil society organisations, scientific institutions, and philanthropies to combine resources, build knowledge and accelerate action.

We must establish an open knowledge platform, to continually update and augment the science and evidence that should guide and accelerate water action. In strengthening water governance, we must integrate equity and justice into all our decisions. We should be inspired by the wisdom of Indigenous Peoples and local communities, who consider water as a common good, to be valued, respected, and renewed, as the basis for all life.

Responses to the questions posed:

1. ***How can developing countries ensure access to and equability of water resources bearing in mind the lack of investment in infrastructure and technology? How to overcome the bottleneck of making technologies and sources of financing widely available both for water resources management and fighting climate change especially in developing countries?***

The financing challenges for water security particularly in the developing world demand urgent attention and action. To help spur much higher levels of investment for equitable access to safe water, the following approaches should be considered:

- First, we must re-shape how the public, private and community sectors interact to correct for chronic underinvestment in water systems, including by having the public sector proactively shape solutions with the private sector, and co-invest in technology, skills, and infrastructure for a sustainable and equitable water future.

- Second, multilateral and regional financial institutions should step up efforts to mobilise private finance, complementing national efforts to invest in safe and resilient water systems and de-risk green and blue infrastructure, thereby supporting growth, sustainability, and equity.

- Third, we should strengthen the enabling environment for investments via regulations and institutional arrangements. This could include policies that:

- account for the multiple values of water, such as the right pricing of water (with targeted subsidies for the vulnerable) to encourage more efficient water use and enable water systems to be invested in, extended across the population, maintained, and renewed; and
- facilitate the structuring and pooling together of projects to attract investors.

As we work to scale up financing for water, we must also move ahead to seize the high potential opportunities and existing technologies that can move the needle significantly in restoring global water sustainability. Such technologies should also be shared and used more widely to enable water conservation and recycling; smart agriculture; universal access to safe drinking water, sanitation, and hygiene; improvements in water quality and reduced pollution; the protection and restoration of impacted ecosystems; and climate resilient infrastructure and services.

2. ***Is there research available on the compatibility of treating water as a global common good and privatization processes?***

The water cycle is the bridge across human divides, connecting communities, nations, regions and sectors, and their interests. It is made up of surface water - the rivers, lakes, and ice that we can see; groundwater that we don't see; and atmospheric moisture flows, that science now enables us to see and measure.

Science now tells us that human action and our economies have collectively pushed the global water cycle out of balance. The floods, droughts, cyclonic storms, heatwaves, and fires that we face with increasing intensity, in one nation and region today and another tomorrow, are not just local crises. They are stark symptoms of a global and systemic water crisis, closely linked to the climate and biodiversity crises, with each reinforcing the other. They are tied to how we produce and consume, how we govern and finance them, and what we really value.

The global water cycle should therefore be recognised as a Global Common Good, to be collectively tackled, through local to global actions, in the shared interest of all nations. This includes creating new public-private partnership models that deliver long term value to the public. The public sector must proactively shape solutions with the private sector, including co-investing in technology, skills, and infrastructure.

3. ***Is there any governance model available that applies the human right of access to water to managing the water cycle? How to strengthen the "source to sea" approach during the upcoming UN 2023 Water Conference?***

Water is a basic human need, and the bridge across all the Sustainable Development Goals (SDGs). The global water crisis endangers the implementation of each and every SDG by 2030. It does so especially by multiplying the challenges of food security, health, and human well-being; ending poverty and reducing inequalities; climate action and biodiversity conservation; achieving gender equality, sustainable cities, and communities, and enabling partnerships and trade, that together preserve the peace within and between nations.

To achieve a sustainable and just water future, we therefore need actions that are more integrated, holistic, bolder, and more networked at national, regional and global levels than we have undertaken before. The GCEW will, at the UN 2023 Water Conference, highlight the need for the global water cycle to be managed as a global common good; illustrate the shifts in economic thinking and governance, and structured partnerships which can open up major opportunities for investment; and explain how finance can be mobilised to support investments in water resiliency in low- and middle-income countries, and how collectively we can enable more efficient, just and inclusive, and sustainable use of water, from the local to the global.

4. ***How can the scientific community help decision makers by strengthening and downscaling long term forecasting and scenario planning, so that information on predicted changes in the global water cycle becomes available, allowing for targeted decisions e.g. in urban planning and agriculture?***

   How to enhance governments' national capacity to conduct continuous scientific studies to develop and maintain a decision support system for science-based water resources planning and management; multi-stakeholder consultation and public participation; as well as data monitoring systems?

   Which key elements should a UN scientific evaluation support mechanism include? What motto could capture the action needed by the UN 2023 Water Conference that unites Member States for transformation similarly to the momentum of the Paris Agreement?

The scientific community can support the water sector by strengthening data analytics and information sharing to help water decision-makers make more informed decisions, reduce risks, and ensure the sustainable management of water resources for future generations. For instance, analyses of the geographical distribution of water resources could help optimise irrigation models and improve long-term forecasting of water resources.

But the scientific community cannot do this alone. To spur scientific research and development in the global water sector, and enhance our ability to prepare and withstand future crises, we must scale up investments in frontier science and technologies, build greater information on water resources and how water is used, collected, stored and treated around the world, and enhance transparency and disclosure.

The GCEW will be tabling an initial report, or "call to collective action" at the UN Water Conference. It will highlight the need for the global water cycle to be managed as a global common good; illustrate the shifts in economic thinking and governance, and structured partnerships which can open up major opportunities for investment; and explain how finance can be mobilised to support investments in water resiliency in low- and middle-income countries, and how collectively we can enable more efficient, just and inclusive, and sustainable use of water, from the local to the global.

5. What is the view of the panel on securitizing water, is there a scientific basis for it?

Fundamentally, all the Sustainable Development Goals (SDGs) are connected by water and the global water crisis is putting their achievement at risk: from SDG 6, our ability to ensure universal access to clean water and sanitation; to food security and health; to ending poverty and inequalities; to enabling trade for growth; and ensuring peace within and between states. Vulnerable countries and communities, women and girls, farmers and small businesses, and young people who will be forced to migrate for work, will suffer first and the most.

We know that water (quality and quantity) is closely connected to food security, health and nutrition. Already, whole communities and regions in the Global South are facing chronic food insecurity due to the lack of water. One child under five is dying every minute from diseases caused by polluted water, and millions more experiencing stunted growth and a sharply reduced potential in life. There are also connections between water and the economy, such as energy production, economic development, and food affordability.

6. Could the UN membership benefit from information coming from a more inclusive source than the Global Commission on the Economics of Water?

The members of the GCEW are drawn from multilateral institutions, the public and private sectors, and scientific and academic and civil society organisations from across the world. They were selected so that they bring substantial experience and thought leadership to the challenge of water, including especially an understanding of the Global South. In addition, the GCEW has and will be stepping up its societal dialogues to engage with a wide range of stakeholders, including local communities and indigenous groups. The GCEW welcomes suggestions as regards work process and inclusiveness. We should clarify that the GCEW is not part of, hosted by, or in any way resourced by the World Economic Forum as may have been perceived.

7. How can IAEA better contribute to the work of the Global Commission on the Economics of Water on governance?

The GCEW is aware of the work of IAEA, in particular, the use of isotopic techniques to study water resources and the use of radiation technology to treat water for industrial and agricultural use. We look forward to exchanging views on these methodologies and strengthening our collaboration with IAEA in the year to come.

8. ***What do panel members expect from the UN 2023 Water Conference in terms of outcome? When could a strengthened coordination mechanism for water be established (possibly within the UN secretariat, and ideally reinforced by a UN Water Envoy)?***

The GCEW will, at the UN 2023 Water Conference, highlight the need for the global water cycle to be managed as a global common good; illustrate the shifts in economic thinking and governance, and structured partnerships which can open up major opportunities for investment; and explain how finance can be mobilised to support investments in water resiliency in low- and middle-income countries, and how collectively we can enable more efficient, just and inclusive, and sustainable use of water, from the local to the global.

The GCEW will also propose steps that are needed in the near term to improve existing coordination mechanisms, as well as the need to evolve longer-term options for the right institutional framework, governance designs, coordinating mechanisms, and normative instruments to address the local to global water crisis head-on.