

## WATER SCARCITY AND CORPORATE SOCIAL RESPONSIBILITY

Interview with

### FRIEDRICH BARTH

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Friedrich Barth is Senior Advisor on Environment, Climate and Energy to UN/UNDP in Brussels and the Vice-Chairman of the European Water Partnership.

Mr. Barth gained management and administrative experience in various national and international organisations, among them the Environmental Ministry of the Federal State of Baden-Wuerttemberg and the European Commission, where he was responsible for the EU Water Framework Directive and the Chairman of the EU Water Initiative. He established and managed several national and international bodies and stakeholder processes related to the World Summit for Sustainable Development as well as in large international river basins. Till 2008 he has been a member of the Executive Board at the Institute for Organisational Communication, IFOK and was heading the Department for Environment and Development, responsible for global business development at GTZ, the German Technical Cooperation, which supports the German Government in achieving its development-policy objectives.

Friedrich Barth served as an Adviser on sustainable development to various Ministries and large cooperations inside and outside of the European Union as well as to various UN agencies, the African Council of Water Ministers (AMCOW) and business organisations such as the World Economic Forum and the World Business Council for Sustainable Development. Currently he also serves as the Chairman of the EU China Programme on River Basin Management.

**Question: The issue of water scarcity is being given more attention on all levels of government and by companies. What are currently the main challenges in dealing with water scarcity and what signs of hope can be seen?**

**Friedrich Barth:** The figures are alarming – according to the European Commission an estimated 50 million people in Europe were affected by water restrictions during 2003–2006. What is more the EC estimates that the overall economic impacts in last 30 years were around 100 billion € at EU level. The average estimated cost of droughts was 6.2 billion €/year, with a high of 8.7 billion in 2003. At least 11% of European population and 17% of its territory haven been affected by water scarcity till today<sup>1</sup>.

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The Water Vision for Europe, an initiative of the EWP started in 2007, can be seen as one sign of hope. This open multi stakeholder process gave impetus for discussions, gathering various stakeholders to identify joint commitments towards sustainable water management. In addition to a discussion on the basic vision text, regional priorities and challenges were especially addressed in the regional workshops throughout Europe. The need for cooperation and applying of best practices and lessons learnt was several requested for. On the basis of this Vision the EWP is currently developing and running several programs and activities to ensure that water scarcity will be given more attention on all levels of government and by companies, e.g. Water Stewardship program, Aquawareness Policy Forum, European Dialogue on Climate Change Adaptation and Water.

**Question: Businesses are said to react on water scarcity due to the risks it presents for the company, such as reputational risks, brand risks, and due to the awareness among citizens, are these the reasons you have perceived when working with companies?**

**FB:** The reasons you have mentioned are of course part of the answer why business acts on water. In addition business will react differently to these risks – either because they are affected directly or indirectly. However what is more significant – water scarcity poses a risk to business operations, the growth agenda and economic profit, but also an opportunity to have a better management of water resources. Applying the stewardship approach by creating an inhouse water strategy with a sound and sustainable water management not only allows to use resources more efficiently and thus raise economic benefits, but it allows also businesses be better informed and prepared about the

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<sup>1</sup> Figures taken from the Communication on Water Scarcity and Droughts COM (2007)414

impacts and risks in terms of how to avoid and how to manage them. This will lead on the one hand to a better visibility of companies demonstrating sustainable water management, better reputation and stronger brand significance; on the other hand it will boost and create markets for new innovative solutions.

**Question: When discussing the issues of water, the need for new technology and technological solutions is raised. The EWP is working with a project, Innwater, which aspires to promote the market uptake of new technologies. What are the challenges regarding the incorporation of new technologies? Can you describe some achievements by the project?**

**FB:** The challenges this project is facing are many – to name a few:

- Lack of awareness of water challenges within water-using companies
- Lack of knowledge on available (technology) solutions
- Lack of incentives to implement new solutions (most importantly: low price of water, but also less stringent regulations)
- Lack of contact between technology providers and first user companies
- High risks and investments involved in implementing new technologies, lack of systems to avoid these risks
- Technology push (i.e. technology developers might develop a technology that is brilliant in its own right, but nobody needs it)
- New technologies might not be verified yet, and therefore companies that implement them might not comply with regulations.
- Long research efforts
- Lack of expertise with innovators, especially knowledge to commercialise new innovations

INNOWER has just finalized its first phase, in which the partnership was built up, the focus areas of the project decided and the most relevant tools that are needed by the technology providers and first users identified to address the challenges mentioned above.

In the second phase, these tools will be further developed, adapted and verified, and INNOWER will reach out to the sector to enable the testing of the tools to start in the third phase, at the beginning of 2011.

**Question: The need for public-private partnerships and/or multi-stakeholder initiatives is often emphasised when dealing with water issues. You have experience from working as an adviser for companies, business organisations, governments and NGOs, with these issues. Can you describe shortly a project of this type which you would like to highlight? What were the key elements of this collaboration?**

**FB:** It's within the EWP's philosophy to work in partnerships, having different players around the table in order to address and solve water challenges jointly.

The EWP initiated an open multi stakeholder process in early 2007 to elaborate common goals and aims for sustainable water management. Representatives of business, industry, agriculture, civil society, governments as well as the European Institutions were invited and participated in this process which culminated in the launch of the Water Vision for Europe in June 2008. This vision and this approach is the base not only for the organisation as such, but also to all our projects and relations with partners. The articles of the Vision reflect the variety of viewpoints and the interconnectivity of water with other fields and unite all stakeholders behind common objectives for 2030.

**Question: The European companies and countries are often referred to as leaders in environmental and water management. What are the strong sides of the European companies' dealing with water management? And what can European and Spanish companies learn from other countries and their companies?**

**FB:** Certainly we can agree that with high environmental standards Europe could be called a leader in certain domains.

The World Water Forum in Istanbul in March 2009 confirmed that Europe currently benefits from a privileged situation regarding water resources and has made important progress concerning water management, infrastructure, technologies and legislation over the past decades.

Nevertheless the awareness on good water management and the implementation of it is still very low. The interlinkages between water, energy consumption, climate change challenges and its business implications is a fairly fresh topic of interest and reason for action. From our perspective companies only now start to be active, to explore their risks and impact assessment, their long-term advantages when investing in sustainable management. However it's more than only exploring – companies have to be provided with tools for action to ensure environmental sustainability, with answers and strategies. We are sure that through the EWPs water stewardship program these "stewardship champions" will set an example by receiving a competitive advantage and will encourage other companies in Europe and worldwide to follow.

**Question: The EWP is currently developing a Water Stewardship Standard to provide tool for verifying, certifying and awards for companies working with sustainable water management. How is the standard planned to work? What have been the responses so far and what will be the next steps in the process?**

**FB:** The standard was developed in an open multi-stakeholder process involving governments, the Commission, NGO's, business, farmers and cities.

Currently, the standard is being tested by industry, agriculture and urban areas – each of these three groups is opting for a different system. The industry working group opted for an internal audit or certification system like e.g. ISO. Urban areas are rather interested in an award system like. e.g. the blue flag system – to create an award for

water sustainable and efficient cities. Lastly, agriculture opts for integrating an award system into already existing systems like e.g. GAP.

At the moment we are waiting for the pilots' feedback on content, data availability, etc. Once we have this information, we will evaluate the results and establish an assessment scheme.

We constantly get more and more interest from companies, farmers and cities to participate in the real-life testing of the standard. This shows on the one hand the need for it and will increase the acceptance by all stakeholders for an introduction into the markets in 2011. The stewardship program will be an important contribution to the European blueprint on water which the Commission plans for 2012.