

# Water and sustainable development

a business perspective



# “In too many places water is a triple paradox: scarce, cheap, and wasted.”

## The challenge

Too many people on the planet lack safe water and effective sanitation.

Member companies of the World Business Council for Sustainable Development (WBCSD) and other companies, big and small, are increasingly convinced that these basic services are essential to sustainable development, healthy and vibrant communities, and good and prosperous business.

Water is vital to all companies, from those that use water in production processes to those that build, operate and finance water infrastructure.

But the challenge for business rests not only on the need for its own activities to ensure adequate supplies and limit waste and pollution. Such imperatives are already widely recognized by companies whose operations consume water resources and discharge to the water environment.

Often less obvious to companies, but equally essential to their long-term success, is the role that water plays in economic development, health, employment and markets in the communities and regions where they operate.

## Simply put, no water, no business.

The Council is therefore pleased that global society has taken up the challenge, expressed in the Millennium Development Goals, to halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation. The engagement of all sectors is essential and business, as a legitimate and vital component of society, has a large collection of skills and resources to bring to the table.

## Business as part of the solution

Businesses from both the demand side and the supply side of the water equation see themselves as part of the solution to issues in water and sanitation.

## Sharing resources

Water is as essential to the life of many businesses as it is to people. WBCSD members realize, however, that water is a common good, and that everyone has the right to sufficient water for a dignified and healthy life. To ensure this equitable balance, companies must understand the impact of their water use on local water systems, and understand how their needs relate to the needs of other community members.

Managing water resources as efficiently as possible throughout the consumption cycle is not only a corporate responsibility, but is good business practice. Long-term success requires an ongoing effort to become more efficient, reduce environmental impact, and manage water as an essential and potentially threatened resource. Companies do this inside and outside their fence lines. Inside, water management requires reducing water waste, implementing new and better technologies, improving manufacturing processes, and treating the waste water so that it does not harm surrounding ecosystems and water supplies. More broadly, water management also includes protecting watersheds and water sources, and working with communities to improve water use practices.

A company's social license to operate in any market depends on constructive dialogue between the different stakeholders – community members, farmers, companies, and others – about how precious water resources will be shared to meet competing demands.

### Unlocking finance

One of the biggest challenges in water and sanitation lies in attracting the levels of finance needed for public and private sector investment. In urban and peri-urban areas, due to scale and complexity, service provision generally is administered through municipal or equivalent local authorities. In these environments, investment needs can only be met when effective cost recovery systems are adopted, based on the use of tariffs and taxes that are appropriate for the local social, economic and environmental context.

Where local authorities are willing and able to implement sustainable economic management, the business sector can explore with them alternative financing, investment and service delivery options tailored to local conditions and capacity to meet capital and operational costs.

### Mobilizing know-how for delivery systems

Companies across different business sectors are recognizing that their technologies and business models may offer novel routes to bridging infrastructure gaps and to meeting water and sanitation needs, particularly in poorly served developing countries. Through business-to-business networks and in partnership with public, local and civil society organizations business resources can be leveraged to:

- > **transfer** knowledge, skills and good practice
- > **share** technologies and co-operate to find ways to accelerate dissemination

- > **help build** local capacity to improve community water and sanitation facilities
- > **support** sustainable growth of small and medium enterprises (SMEs) in the domestic economy

The water and sanitation services sector brings particular technology and management skills that have evolved and adapted to address a diversity of urban and peri-urban conditions over the decades. But today many more companies, from IT and telecommunications to hygiene and healthcare sectors, are developing new partnerships and contributing to building infrastructure that empowers local communities to improve their own lives.

### Progress through partnerships

The ultimate goal is to unleash the full potential of the business community in the search for solutions that deliver results. But business cannot act alone and the goal will only be achieved by joining forces with other stakeholders and governments in winning partnerships.

Governments in particular have a responsibility to provide the necessary framework conditions to encourage companies to take effective action. Through economic policies that explicitly account for the full cost of providing basic services and robust governance to satisfy all stakeholders, the leaders of the world can create an environment for accelerated progress in water and sanitation for all.

## The WBCSD Water and Sustainable Development Program

Many WBCSD members operating internationally, regionally and locally are already helping communities meet water and sanitation challenges. Since 1997, Council publications have documented successful experiences in water management, partnerships and provision of water services to the poor.

The current program on *Water and Sustainable Development* aims to enhance understanding in the business community of critical water issues while actively promoting mutual understanding between business and non-business stakeholders. Its focus is on the role of business in sustainable water management and on strengthening the foundation for effective business action.

Participating members represent a broad spectrum of business activity, including mining and metals, manufacturing, consumer goods, food and beverages, water services, oil & gas, banking and environmental consulting. The two-year work program is based on three complementary components:

**Business & Water: Navigating a Sustainable Course** – a multi-stakeholder scenario planning process to explore the role businesses can play in shaping a sustainable water future.

**Water Facts and Trends** – a brief overview of key facts and societal challenges relevant to understanding the current world water situation.

**Collaborative Action for Sustainable Water Management** – a cross-sectoral statement, illustrated by case studies, highlighting what WBCSD members believe businesses can do to support sustainable water management.

### The WBCSD Water project

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## About the WBCSD

The World Business Council for Sustainable Development (WBCSD) is a coalition of 175 international companies united by a shared commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress.

Our members are drawn from more than 35 countries and 20 major industrial sectors. We also benefit from a global network of 48 national and regional business councils and partner organizations involving some 1,000 business leaders.

## Our mission

To provide business leadership as a catalyst for change toward sustainable development, and to promote the role of eco-efficiency, innovation and corporate social responsibility.

## Our aims

Our objectives and strategic directions, based on this dedication, include:

### Business leadership

- > to be the leading business advocate on issues connected with sustainable development

### Policy development

- > to participate in policy development in order to create a framework that allows business to contribute effectively to sustainable development

### Best practice

- > to demonstrate business progress in environmental and resource management and corporate social responsibility and to share leading-edge practices among our members

### Global outreach

- > to contribute to a sustainable future for developing nations and nations in transition