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Lessons learnt from water in the Green Economy in Practice: Towards Rio+20

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The Green Economy is a Social Challenge

of fostering economic growth, improve natural capital and advance towards a fairer and inclusive society.



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The transition to the Green Economy

- is feasible (even with the existing technology and within the range of the available resources).
- Opportunities do exist



The review of practice

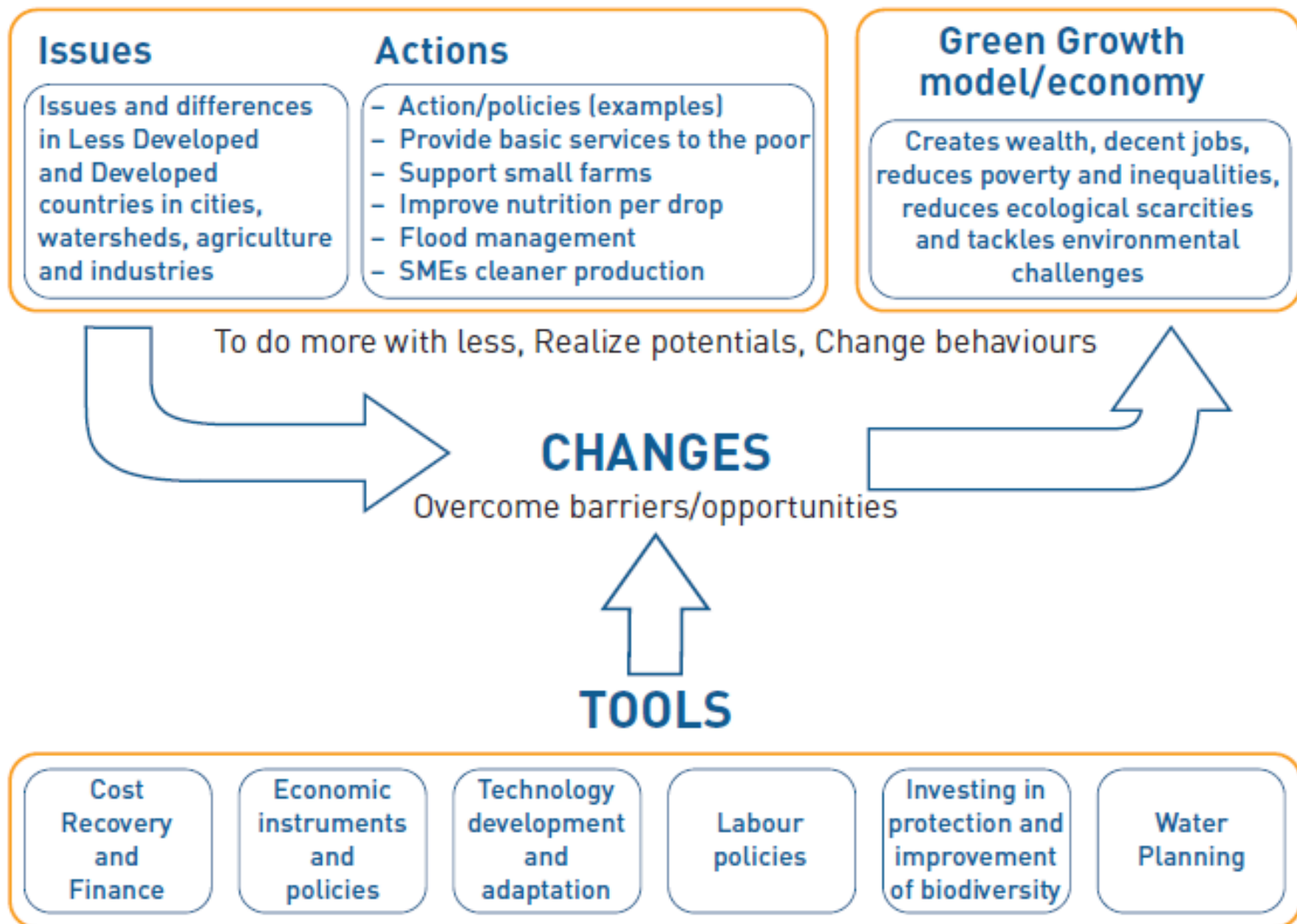
- 34 case studies from all regions in the world (of a total of 70).
 - 6 Africa, 13 LAC, 10 Asia, 5 from developed countries
- Shows that there are cases with triple bottom benefits.



Shows that transitioning to a green economy in water requires a shift from current practice

- the transition needs to be induced. There is not enough incentives to change towards a different economic model and behavior.
- Collective actions and better water governance is necessary to make individual decisions coherent with social objectives.
- Technical solutions and financial assistance is not enough: the transition in LDCs requires focusing on capacity building to cope with their own water and development problems.

THE FRAMEWORK





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The tools enable us to overcome barriers, do more with less, to harness opportunities and to change behaviours in order to achieve a green economy.

What tools and what for?

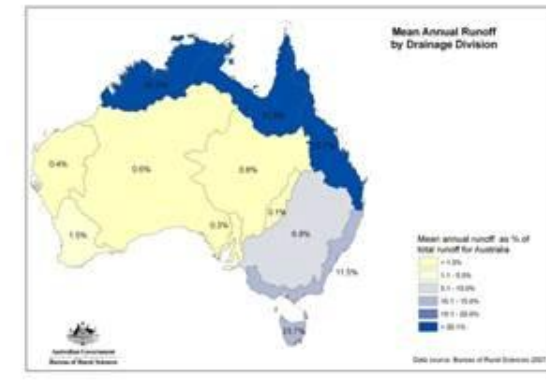
- **Economic instruments:** to provide incentives for actions of actors to be consistent with collective goals regarding water use and conservation of water resources.
- **Cost recovery and financing:** for water development and for the sustainable provision of water services to all.
- **Investment in biodiversity:** to enhance natural capital and protect ecosystems services.
- **Technology:** to identify feasible options to do more with less, to effective leapfrogging and to induce green research development and innovation.
- **Green jobs:** Social Dialogue and CD for a smooth transition towards a more inclusive economy.
- **Water planning:** to support cooperative action creating the conditions for effective water governance.



Economic Instruments: Lessons Learnt

- Water pricing.
- Water taxes
- Cross subsidies
- Pro-poor pricing
- Trading of water and quality rights
- Insurance systems
- Certification, accreditation, labeling
- Deposit-refund systems.

- Incentives can modify individuals' behaviour
- Using economic instruments can help avoid costly investments and make the case for low measures



- They are not always successful and can take a long time.
- Creating incentives for improving efficiency is appropriate where basic water and sanitation services are already being provided.
- Economic instruments in practice are more challenging when the political priority is social equity and poverty reduction.

Cost Recovery and Financing: Lessons Learnt

- Tariff reforms
- Public expenditure reviews
- Public private partnerships
- Innovative funding schemes (Output based approaches, social contracts, small scale,..)
- Innovative cost recovery: pro-poor financing, cross subsidies, pro-poor tariffs,..).
- Prioritization of investment programs with more synergies with water development.



- The transition to a green economy requires mobilising more funds, but also requires increasing efficiencies of financial resources available.
- Improving efficiency and effectiveness is the most effective way to achieve financially sustainable water services.
- Pro-poor tariffs systems are essential. Properly functioning water utilities can manage to have pro-poor tariffs.
- Pricing for water services is still a challenge in many parts of the world because of poverty, social perceptions, unreliable supply, corruption and other factors.
- Output based schemes (social contracts) guarantee the effective and sustainable operation of infrastructures and services in the long term. They also foster cooperation between utilities and users.



Funds are required to drive sustainability and growth; invest in water and sanitation services and infrastructures; alleviate global poverty; foster innovative green technologies; create new 'green' job opportunities; reduce scarcities; reduce waste; and increase efficiencies in the production and consumption of water and energy.

Investing in biodiversity protection: Focus on Payment for Environmental Services: Lessons Learnt

- Investing in the improvement of biodiversity is critical for sustaining or restoring the water-related services provided by ecosystems.
- **Payment for Ecosystem Services** schemes, have proved to be a **successful instrument** for financing environmental protection in Latin America, but also in Africa and Asia.
- Realizing about the Interconnected through freshwater ecosystems is the basis for generating willingness to engage in negotiations between cities and upstream users,
- PES is easier to implement in small ecosystems, with a limited variety of services and a limited number of stakeholders.
- Transparency as well as independent monitoring is essential.

Approaches

- Investing in biodiversity protection and in the protection of water providing ecosystems.
- Implementing Payment for Environmental Services Schemes.
- Implementing strategies to restore degraded river systems.



Technology: Lessons Learnt

- Governments need to facilitate innovation and adoption of greener water supply and water use technologies.
- Most of the necessary water technologies for promoting the sustainable water management are already proved and ready.
- Significant gains can be obtained for the economy and the environment by closing the gap between technologies being used and the best available alternatives
- There are barriers to adoption – such as lack of access to finance, knowledge and patents .
- Technologies are not Green or Brown on their own (there are tradeoffs in water and energy use, in input–output efficiency and the scale of the economy, between water inefficiency and water returns, etc.).
- There are opportunities for developing countries to ‘leapfrog’ with information technology.

Approaches

- Improving technology choices in the public and private sector.
- Find compromises between high-tech and low-cost solutions.
- International strategies to support adoption of technologies.
- Support of diffusion of technologies.
- Reform to global property rights regimes.
- Poor focused research and development (water harvesting, land intensive water treatments, low scale sanitation systems, etc.)



Green Jobs: Lessons Learnt

- There is an important role for social dialogue and for communities in the provision of water services.
- Community initiatives are vital in places where government action does not reach.
- Social dialogue is a powerful means to improve effectiveness in service delivery for a socially inclusive development that provides adequate incomes, social protection, respect for the rights of workers, and give workers a say in decisions.
- Sharing the benefits from increasing the efficiency of water provision between workers and firms is an effective means to enhance cooperation, ensure the achievement of environmental goals.

Approaches

- Active labor policies in order to foster labor dynamism, promote inclusive labor markets and create opportunities for productive employment and decent labor for all.
- Active education and human capital policies to adapt labor skills.
- Provide social protection in the transition.
- Enhance social dialogue and collaboration.
- Promote participatory approaches and empowerment for managing change.



Water Planning: Lessons Learnt

- Water planning is essential to identify economic and social development opportunities and to make water management a part in a progressive strategy of economic development compatible with the conservation of ecosystems.
- It is the way to coordinate the sustainable development process in all the sectors , for identifying the best way to use water resources to meet the competing needs of different users.
- Participatory planning enables the consideration of trade offs between goals and the alignment of these goals.
- International commitments and joint planning to share the benefits of preserving water resources have been powerful instruments
- Common agreed rules instead of discretion are all key elements of water governance that have helped to manage water as a collective asset.
- water planning can result in an effective and long lasting contribution to social peace.
- It is essential to build governance and institutional capabilities

Approach

- Social agreement on the collective goals
- Coordination of public policies
- Identify and harness of development opportunities associated to water management.
- Articulate all available tools and instruments
- Develop transparent monitoring and enforcement mechanisms
- Effective involvement of all relevant stakeholders





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- Rio+20 needs to demonstrate that a green economy is possible; that there are opportunities to advance in social justice, economic progress and conservation of the environment within the range of available resources and technology.
- **A green economy is for everyone** and developing countries can take a leading role through adopting innovative initiatives that generate economic, social and environmental benefits.



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Achieving a green economy is not possible without ensuring everyone has access to basic water and sanitation services. Across the world, access to these services has proved to be a critical step for lifting people out of the vicious cycle of poverty and environmental degradation.

