



UN ECOSOC annual ministerial review

a synthesis document of
global stakeholder inputs



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» Background

The Annual Ministerial Review (AMR) is a new function of the UN Economic and Social Council, mandated by Heads of State and Governments at the 2005 World Summit. Its purpose is to:

- Assess the progress made towards the MDGs and the implementation of other goals and targets agreed at the major UN conferences and summits over the past 15 years, which constitute the United Nations Development Agenda (UNDA).
- Contribute to scaling-up and accelerating action to realize the development agenda, by serving as a global high-level forum with broad-based participation, where lessons learned are exchanged and successful practices and approaches that merit scaling-up are identified.

The 2008 Annual Ministerial Review, held on 2nd - 3rd July at the UN Headquarters in New York, is focusing on "Implementing the internationally agreed goals and commitments in regard to sustainable development ". Within this the Council will:

- Assess the state of implementation;
- Explore key challenges in ensuring that the global consensus on sustainable development is translated into action at the national level;
- Promote the implementation of Agenda 21 and the Johannesburg Programme of Implementation (JPOI);
- Contribute to the efforts to integrate the implementation of MDG7 with other MDGs;
- Consider recommendations and proposals for action, including new initiatives.

The Annual Ministerial Review comprises of two main elements - voluntary presentations from the eight countries that have come forward to participate, and two parallel high level Roundtables focusing on:

- The role of ecosystem services in sustainable development
- Meeting the challenges of water and sanitation



» Stakeholder Consultation

There have been a number of preparatory processes with stakeholders and members of civil society in the run up to the Annual Ministerial Review 2008. The preparatory process for the 2008 AMR has involved a global preparatory meeting in March 2008, an e-discussion between February and March, and an NGO Forum in April. The e-discussion consulted practitioners, experts and policy makers from a many regions and groups on the issues under discussion. The ECOSOC NGO Forum was held on “*The Role of Civil Society in Promoting Sustainable Development and the New International Aid Architecture*”. The forum served as a preparatory event for civil society for the 2008 High-Level Segment of ECOSOC and the AMR. During the AMR itself there will be an AMR Innovation Fair, which will include a Civil Society Pavilion - a blogpage has been created as virtual space for the Fair ahead of the AMR. It can be accessed at <http://www.amrif2008.blogspot.com/>

Despite these initiatives, there has been limited structured engagement with Major Groups through the submission of papers or statements. Recognizing this deficiency, the UN Department of Economic and Social Affairs (ECOSOC) and the UK Department for International Development (DFID) requested Stakeholder Forum to engage representatives from the Major Groups to contribute to the topics under discussion. Based on the consultation with Major Groups, Stakeholder Forum will produce a document synthesizing their inputs and identifying key points.

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» Process

Stakeholder Forum designed a consultation process with a questionnaire for stakeholders focusing on the first three targets outlined in the 7th Millennium Development Goal to ‘*Ensure environmental sustainability*’, which read as follows:

1. Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources
2. Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss
3. Reduce by half the proportion of people without sustainable access to safe drinking water and sanitation

Stakeholders were asked to provide their inputs either through written answers or through telephone interviews. We received inputs from a number of stakeholders, and targeted our consultation to ensure feedback from the 9 Major Groups, as defined by Agenda 21¹. We received inputs from the following stakeholders:

Women

- Women Organizing for Change in Agriculture and Natural Resources Management, WOCAN
- Gender and Water Alliance, GWA

Business and Industry

- International Chamber of Commerce, ICC
- World Business Council for Sustainable Development, WBCSD

NGOs

- Pragma UK
- Unitas, Bolivia
- Helio International (France)
- The Federation of Environmental and Ecological Diversity for Agricultural Revampment And Human Rights, FEEDAR (Cameroon)
- Fundación TIERRA (Bolivia)

¹ Agenda 21 is the outcome document from the 1992 UN Conference on Environment and Development in Rio. It is also referred to as the Earth Summit. Agenda 21 outlined key steps towards achieving sustainable development. A core principle was engagement with stakeholders, and as such ‘stakeholders’ were defined into 9 broad groups. These are referred to as the Major Groups and include Women; Children and Youth; Business and Industry; NGOs; Local Authorities; Workers and Trade Unions; Scientific and Technological Communities; Farmers; Indigenous People



- Tearfund
- Programa de las Naciones Unidas para el Medio Ambiente, PNUMA (Panama)
- Ecological Society "Ruzgar", Azerbaijan

Scientific and Technological Communities

- International Council for Science (ICSU)
- International Union for the Conservation of Nature

Farmers

- International Federation of Agricultural Producers (IFAP)

Local Authorities

- International Council for Local Environmental Initiatives, ICLEI

Trade Unions

- International Trade Union Confederation

Other

- Education Caucus for the Commission on Sustainable Development
- United Nations Development Programme, Gambia

We also drew on a number of research papers and documents identified by stakeholders, which are referenced throughout the document.

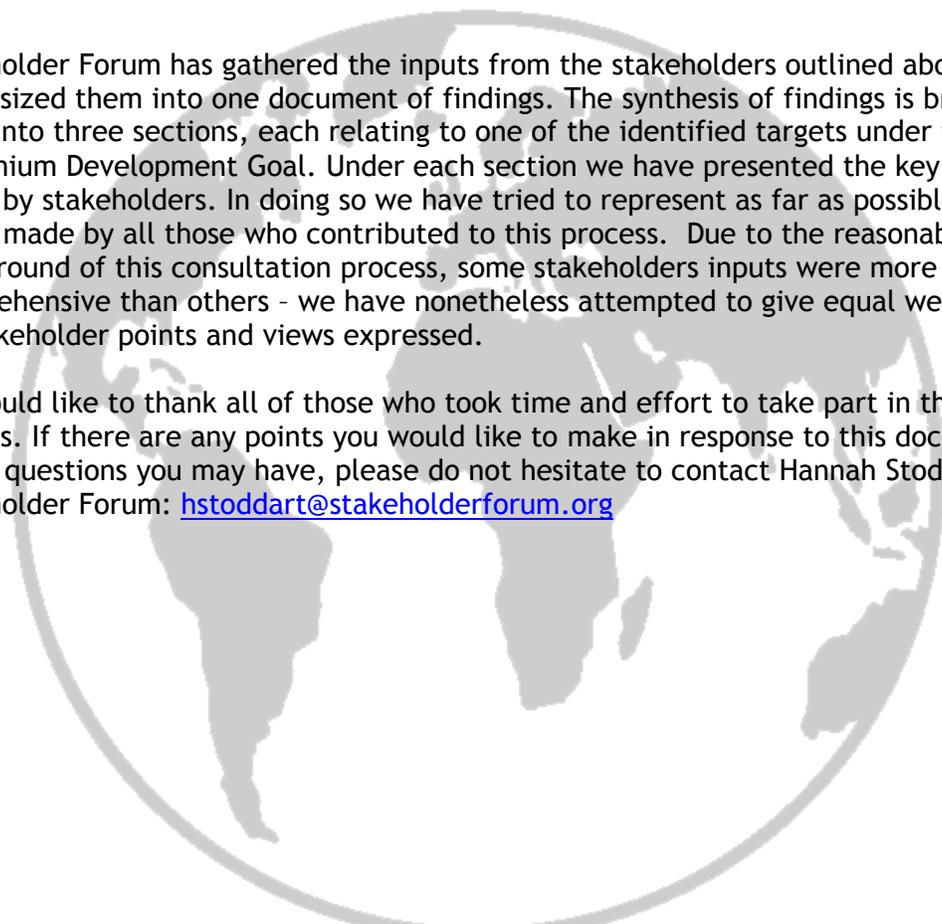
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» Synthesis of Stakeholder Inputs

Stakeholder Forum has gathered the inputs from the stakeholders outlined above and synthesized them into one document of findings. The synthesis of findings is broken down into three sections, each relating to one of the identified targets under the 7th Millennium Development Goal. Under each section we have presented the key points raised by stakeholders. In doing so we have tried to represent as far as possible the points made by all those who contributed to this process. Due to the reasonably fast turn-around of this consultation process, some stakeholders inputs were more comprehensive than others - we have nonetheless attempted to give equal weight to all stakeholder points and views expressed.

We would like to thank all of those who took time and effort to take part in this process. If there are any points you would like to make in response to this document, of any questions you may have, please do not hesitate to contact Hannah Stoddart at Stakeholder Forum: hstoddart@stakeholderforum.org



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» Integrate the principles of sustainable development into country policies and programmes

Q. What are the main barriers for countries in integrating the objectives of sustainable development, i.e. economic growth, social development and environmental protection into their development strategies and in the planning and implementation processes of these strategies? You are invited to, but not restricted to, comment on the following issues:

- Conflicting/overlapping responsibility of different departments
- Lack of human, institutional and infrastructure capacity
- Unsustainable patterns of consumption and production
- Lack of integration of SD into macro-economic planning - lack of consideration of environmental sustainability in industrial development, consumption and production, poverty alleviation, agricultural development, adaptation and mitigation for climate change, preserving valuable ecosystem services.
- Lack of international coherence

In response to the above question, stakeholders raised the following points:

Lack of coherence among government departments

The compartmentalization of government systems was highlighted as an issue in developing a unanimous and synchronized approach to sustainable development. This has implications for the implementation of targets and goals, as the intention to deliver is not matched by coherent macro-economic policies that support sustainable development.

A number of stakeholders point out that the division of responsibility for the implementation of sustainable development commitments is not always clear. All too often the achievement of goals and targets is thwarted by overlapping and conflicting roles of government departments. Despite the welcome move towards the creation of Ministries for the Environment in many countries, this has in many cases failed to solve



the problem of overlapping responsibilities and lack of national coherence. FEEDAR cites Cameroon as an example where there is a number of Ministries responsible for similar areas, including the Ministry of Forest and Wildlife and the Ministry of Environment and Nature Protection which sit quite separately from the Ministry of Energy, the Ministry of Water Resources, the Ministry of Economic Development and the Ministry of Agriculture. This is just one example of similar situations in a number of countries where roles and responsibilities among ministries are blurred. Progress becomes difficult and time consuming where authorization is required from a number of different departments for particular policies and initiatives to be approved. The International Council for Science further stresses that the Departments or Ministries for Finance and Planning often do not value the environment in economic terms and so initiatives that help to protect the natural resource base do not always receive concomitant financial support from relevant departments.

UNDP Gambia comments that this absence of governmental coherence leads to the development of unilateral sub-sectoral policies in areas like fisheries, water resources, forestry, agriculture, parks and wildlife management, which continue to dominate and guide the socioeconomic development agenda in most developing countries:

'In most cases, if not all, policies are developed not by consensus, but in response to specific mandates of concerned line departments and not taking into account the broad and cross-cutting view of the issues. This often results in conflicts and contradictions between departments at field level with severe consequences on the natural resource base and ultimately on the lives of poor communities'²

The International Union for the Conservation of Nature points out that one potential way of harmonizing the conflicting objectives of different government departments is to establish in each country an inter-ministerial and inter-departmental group or body, whose role is to integrate biodiversity consideration, not policies and plans for poverty alleviation. This can help to ensure that initiatives to advance progress towards achieving the Millennium Development Goals are not pursued at the cost of harming the biodiversity upon which those MDGs rest.

Lack of capacity for integration of Sustainable Development

The achievement of sustainable development requires an equal emphasis on the social, economic and environmental pillars. Respondents point out that the environmental pillar of sustainable development is still underrepresented in many

² United Nations Development Programme, Gambia, Focal Point for Energy and Environment: Input to the stakeholder consultation for the Annual Ministerial Review 2008



countries due to the lack of UNEP country offices or any strong regional co-ordination. This undermines the potential for grass roots initiatives, especially when there is no financial support for them. By contrast, UNDP and UNIDO as development partners have a much greater capacity, but despite a recently increased awareness of climate change, they are still not in a position to adequately respond to environmental challenges, for which UNEP is better placed. The inadequate communication channels between UNEP and certain countries pose a further challenge.

Limited capacity in relation to climate change was also highlighted - despite the great wealth of expertise on climate change, how it will impact livelihoods and potential solutions at a community level, there is often a lack of capacity within countries to tap into this knowledge and integrate it into policy.

It was also noted that the human and institutional capacity to combine work on the environment and development is often limited. A traditional development paradigm persists, with a weak emphasis on the environment which undermines the triple bottom line approach to sustainable development. This is linked in large measure to a wider problem in many developing countries of a preoccupation in macroeconomic planning with what is perceived to be the more immediate challenge of providing food, expanding the area of cultivated land, and creating good road networks. All of these priorities lead to a sidelining of environmental considerations and a lack of consideration of the long-term environmental impacts - the result is often the degradation of biodiversity and ecosystems upon which the sustainability of industry and agriculture relies. Short term political goals of accelerated poverty alleviation, attracting investment and building infrastructure put environment and sustainable development considerations at the bottom of the list, when in the long-term interests of the people and the planet they should be integrated into all decision making.

*'Despite the fact that most developing countries have ratified relevant MEAs and are committed to implement their provisions, they are constrained by internal pressures such as the need to eradicate / alleviate poverty, improve the lives of the population, etc. and consequently often resort to converting protected areas to farmland, massive road and infrastructures, etc.'*³

The irony is that the preservation of some of the world's most valuable ecosystems is in the hands of the poorest, who have the most to gain in the short-term through depleting and degrading these ecosystems. The imperative of getting food on the table outweighs the imperative to conserve.

³ Op Cit.



It is therefore little wonder that despite the well documented effects of climate change on poor and vulnerable communities, most developing countries continue to dedicate limited resources and capacity to immediate economic development, rather than focusing precious funds on adaptation to climate change. Pragma point out that despite the wealth of expertise on adaptation solutions, this is rarely tapped into by developing country governments.

Inadequate Consultation and Engagement

There is a general consensus among stakeholders that policy-making becomes more effective as consultation gets closer to a grassroots level. Global negotiations are an important step in this process, but effectively implementing commitments requires consultation at a regional, national and local level. Integrating a gender perspective, WOCAN points out that the implementation of sustainable development strategies must include engagement with women, who in developing countries are a major stakeholder group as agricultural laborers and land managers. It is vital to encourage leadership and create an enabling environment for 'champions' to emerge on a local level - both male and female - to advocate for sustainable development. Implementation of sustainable development commitments requires the creation of a space for innovation and leadership on a local level.

FEEDAR points out that the implementation of sustainable development commitments is compromised by the oft-encountered unwillingness of centralized governments to communicate with and consult with local and rural people. Representatives from rural communities have neither the time nor the funds to chase development institutions for funding to support capacity building for sustainable development. As such the urban political representatives remain insulated from the needs of rural people, who have little access to support for the implementation of sustainable development. It was highlighted by a number of stakeholders that consultation with local communities is at best tokenistic, and that the potential value of civil society partners is not always recognized. There exists great potential to integrate community-based knowledge and information into national planning, but the role of civil society in communicating this knowledge is often under-recognized.

Some respondents also suggest that development organizations can often inadvertently mirror this centralized model, and are less likely to be present in areas where access and facilities are limited. Communication with central governments is often favored to the detriment of local communities and institutions with whom it is necessary to engage.



Lack of pro-poor sustainable development policies

Respondents stressed that in developing countries integration of sustainable development in national strategies has often failed due to the lack of emphasis on poverty alleviation. Afrepren suggest that energy policies in Sub-Saharan Africa do not have a pro-poor focus.

Reinforcing this point, Fundacion Tierra points out that where the extractive industries form a major part of the economy, the fruits of those industries are most often not equitably distributed and so do not fulfill their potential to contribute to poverty alleviation. Whilst the revenues from the extractive industries can help to contribute to at least the economic and social aspects of sustainable development, only a small minority of the revenue is seen by the poor.

Whilst the World Bank has made some efforts to ensure that the communities affected by extractive industries also benefit from them, through supporting community development initiatives that are integrally linked to the extractive industries projects, there is still a long way to go, not least in the development of consistent indicators to identify the tangible benefits of extractive industries for poverty reduction.

Governance and Transparency

A major obstacle to harnessing growth and increased revenues from particular industries to accelerate sustainable development is the inadequacy of governance structures. Either revenues are not properly and transparently accounted for, or the frameworks for effective taxation are not in place. Benefits generated by, for example, the extractive industries, must happen within a finely tuned taxation framework which can 'capture more of the rent'.⁴

Proper governance structures and systems of taxation help to ensure a more equitable distribution of wealth which fulfills some of the sustainable development objectives.

Over reliance on extractive industries

Some stakeholders highlighted over-reliance on extractive industries as posing a major barrier to sustainable development. The export of natural resources in this manner often fails to take into account the environmental impacts or to consider the implications for the future. However, there are moves towards considering renewable

⁴ World Bank: Implementation of the Management Response to the Extractive Industries Review, Feb 2008, p2



energy as an essential element in energy choices, and the World Bank has called for an increased focus on renewable energy through its Extractive Industries Review.⁵ In real terms investment in this area remains low, while returns on traditional extractive industries are more immediate.

It should also be noted that prioritization of the extractive industries as a sector can also lead to the sidelining of other sectors such as small scale agriculture, which in countries like Bolivia accounts for a significant constituency of the people who provide food for national consumption.⁶

Lack of investment in renewable energy

An integral component to the achievement of sustainable development is the investment in renewable energies - this is true for both resource rich and resource poor countries. The over-reliance on fossil fuels in resource-rich countries does not take into account the finite nature of such resources and the need to diversify the economy for long-term resilience once that resource has run out. Resource-poor countries have an even greater economic imperative to develop renewable sources of energy which offer a route out of a dependency on oil which is becoming increasingly and often crippling expensive. With oil prices rising to \$143/barrel, expenditure on oil in resource-poor countries becomes a disproportionately large amount of their overall budgets.

Recognizing this fact, AfrePren point out in Sub-Saharan Africa the pro-poor potential of proven renewable energy options such as cogeneration, small hydropower and wind has not been adequately demonstrated and promoted, even though significant benefits exist.

Educational deficit: Lack of preparation to meet the realities of the future

The achievement of sustainable development requires fundamental shifts in thinking and practice, and education is integral to this process. In order to meet the challenges of the future, a new generation of leaders is required with the ideas, innovation and skills to find solutions to cope with a changing environment. A strong commitment to environmental education is required to engage people at all levels, capture

⁵ World Bank: Implementation of the Management Response to the Extractive Industries Review, Feb 2008

⁶ Fundacion Tierra points to the prioritizing of extractive industries in Bolivia



innovations and strengthen interlinkages between issues which will help to create an enabling environment for sustainable development.

The achievement of sustainable development requires the ability to collect and analyze data on country, provincial and local levels and to recognize new business models and a mechanism that can engage people in sustainable business practice. Without effective education, these challenges cannot be met.

A rapidly changing context demands methodologies and indicators that lay the basis for adaptive management regimes that are more flexible and responsive. Policies and actions in this area do not match the realities on the ground where local communities are having to engage in more complex decision-making in response to changing ecosystems. Fundacion Tierra, operating in Bolivia, point out that changing environments require local people to increase productivity, though low levels of awareness and education undermine progress in this area.

An informed polity and an informed civil society require actions that go well beyond compliance and controlling behavior. Sustainability requires a foundation built upon an organizational learning model to implement eco-effective policy-making, planning, and implementation of national priorities.⁷

The scientific community holds a particular responsibility in relation to education for sustainable development, and the International Council for Science stresses that the three pillars of sustainable development, and their integration, need to be addressed more effectively in scientific research and education.

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⁷ CSD Education Caucus: Input to the stakeholder consultation for the Annual Ministerial Review 2008



» Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss

Q. Environmental goods and services are largely considered to be ‘free of charge’, therefore providing little financial incentive for those who benefit from them to conserve them. The current rate of degradation of ecosystem services undermines the achievement of all the MDGs. What is the role of ecosystem services in sustainable development? Please consider the following:

- Achieving effective economic valuation of ecosystem services
- Using Payment for Ecosystem Services for environmental conservation
- Examples of successful PES schemes
- The future of PES
- The role of ECOSOC in promoting PES

In response to the above question, stakeholders raised the following points:

The Role of Ecosystem Services

The global biosphere and the ecosystems it supports provide the basis of all life on the planet and guarantee sustained human wellbeing. Humans are not removed from the ecosystems that support them, but on the contrary are fundamentally reliant on the services that these ecosystems provide in the form of ‘provisioning’ services such as food and water; ‘regulating’ services such as regulation of floods, drought, land degradation, and disease; ‘supporting’ services such as soil formation and nutrient cycling; and ‘cultural’ services such as recreational, spiritual, religious and other nonmaterial benefits⁸. Despite the centrality of ecosystems to the survival of the human race, the Millennium Ecosystem Assessment has nonetheless found that over the past 50 years, humans have changed ecosystems more rapidly and extensively than in any comparable period of time in human history, largely to meet rapidly growing

⁸ <http://www.millenniumassessment.org/documents/document.48.aspx.pdf>



demands for food, fresh water, timber, fiber and fuel. This has resulted in a substantial and largely irreversible loss in the diversity of life on Earth.

The changes that have been made to and the benefits that have been derived from ecosystems have contributed to substantial net gains in human well-being and economic development, but these gains have been achieved at growing costs in the form of the degradation of many ecosystem services, which in turn threatens sustained human well-being and has the potential to hugely exacerbate poverty. The depletion of the Earth's natural capital is putting huge strain on the ability of the planet to sustain future generations.

'With the expanding human population and the need to house and feed these people, as well as provide the much-needed social amenities, natural ecosystem commonly, referred to as "Resources of the Commons" have become the number one target'⁹

However, the International Council for Science (ICSU) points towards the possibilities identified by the Millennium Ecosystem Assessment to reverse ecosystem damage over the next 50 years: there are many options for preserving and enhancing ecosystem services, and developing mechanisms which contribute to a greater consideration and respect for those services. However, leadership in policy and practice is required, as without progress towards protecting and enhancing ecosystems, the achievement of the Millennium Development Goals rests on thin ice.

One such mechanism for encouraging the protection and enhancement of ecosystems is Payment for Ecosystem Services. This requires the economic valuation of goods and services provided by ecosystems so that there is an incentive to conserve them. UNDP highlights that *'this can help reverse the trend of destruction and protect natural ecosystems which provide the basis for human survival and the raw materials for our industries and socioeconomic development in general'*.¹⁰ The International Union for the Conservation of Nature (IUCN) points out that the economic valuations of ecosystem services through PES is one of the single most important pre-requisites to achieving the 2010 Biodiversity target:

'Knowledge of the economic value of different components of biodiversity, providing vital ecosystem goods and services, is critical for its conservation. In the absence of this, the tangible economic benefits due to any development activity outweigh the resulting biodiversity loss'¹¹

⁹ United Nations Development Programme, Gambia, Focal Point for Energy and Environment: Input to the Stakeholder Consultation for the Annual Ministerial Review. 2008.

¹⁰ Op. cit.

¹¹ International Union for the Conservation of Nature: Inputs to Stakeholder Consultation for the Annual Ministerial Review. 2008.



The Business Case

IUCN stresses that successfully conserving biodiversity through the valuation of ecosystem services requires the support of all sectors, not least the business community, who stand to gain a huge amount through the preservation of ecosystem services which are the basis of their long-term profitability. Enhancing natural capital can incur short-term gains through more efficient use of natural resources, and entails long-term benefits by sustaining ecosystems upon which business relies to generate financial capital.

The World Business Council for Sustainable Development recognizes the opportunities provided to business both by the preservation of ecosystems services, and through the creation of markets for those services which provide a familiar framework in which business can operate. WBCSD highlights a the joint publication with the IUCN, World Resources Institute and the EarthWatch Institute, which identifies the risks posed by the degradation of ecosystems, and the opportunities inherent in their preservation.¹² The six interconnected challenges identified by the Millennium Ecosystem Assessment are water scarcity, climate change, habitat change, biodiversity loss and invasive species, overexploitation of the oceans, nutrient overloading. Broadly the risks for business that these changes entail include:

- **Operational** - increased scarcity and cost of raw materials such as freshwater, disruptions to business operations caused by natural hazards, and higher insurance costs for disasters such as flooding
- **Regulatory** - emergence of new government policies such as taxes and moratoria on extractive activities
- **Reputational** - damage to corporate reputation from media and nongovernmental organization (NGO) campaigns, shareholder resolutions and changing customer preferences;
- **Access to capital** - restrictions as the financial community adopts more rigorous investment and lending policies.

Equally, there are opportunities created by these risks that business can seize on:

- **New technologies and products** - that will serve as substitutes, reduce degradation, restore ecosystems or increase efficiency of ecosystem service use

¹² Business and Ecosystems: Ecosystem Challenges and Business Implications. 2006



- **New markets** - such as water quality trading, certified sustainable products, wetland banking and threatened species banking
- **New businesses** - such as ecosystem restoration and environmental asset finance or brokerage
- **New revenue streams** - for assets currently unrealized, such as wetlands and forests, but for which new markets or payments for ecosystem services could emerge.

Approaches to Payment for Ecosystem Services

The market-based approach of Payment for Ecosystem Services provides opportunities for businesses because ecosystems can be valued in market terms that business is more familiar with and responsive to. The potential for such a mechanism has led to collaboration between the business and conservation communities, and WBCSD and IUCN have worked together to identify opportunities. In a joint report, *Markets for Ecosystem Services: New Challenges and Opportunities for Business and Environment*, they demonstrate the case that maintaining, restoring or enhancing ecosystems is a growing business opportunity. As two key stakeholders in international decision making on the environment and sustainable development (business, and science and technological community), WBCSD and IUCN outline the different approaches to Payment for Ecosystem Services which can make sustainability profitable in its own right. Broadly defined, these include Direct Payment, Tradable Permits and Certification, all of which can be administered as public, mandatory initiatives, or as private, voluntary initiatives, or as a combination of the two.

Direct Payments

Direct payments involve the creation of financial incentives for resource managers to conserve ecosystem services - they can involve government subsidies or taxes, or direct payments from those who benefit from the preservation of the ecosystem services. An example of subsidies highlighted by the ICC¹³ is the UK Environmental Stewardship scheme, which provides farmers with points for conservation and environmental management outlined in their Farm Environment Plan. These points are then translated into financial benefits. Taxation on the other hand can be used to reflect the true cost of natural resource exploitation through assessing the value of the ecosystem service and adding a tax for the use of that service accordingly, thus providing an incentive to use less of that service and be more productive.

¹³ Based on an interview with Annik Dollacker, Co-Chair of the International Chamber of Commerce's Taskforce on Convention on Biological Diversity



An example of where direct payments have been used is in Northern France where Nestle Waters concluded a private agreement with local farmers to protect the mineral water sources from nutrient run-off and pesticide residues. Nestle paid the farmers \$230 per hectare per year as compensation for an agreement that they would farm less intensively and thus reduce pollution. As a result, the ecosystem benefited and Nestle was able to secure high quality drinking water.¹⁴

Both the aforementioned examples are in Northern countries, but it should be noted here that PES holds enormous potential for transferring funds to the rural poor in the South as well. The ICC stresses that poverty is one of the greatest drivers of environmental degradation, as the desperation for short-term gain far outweighs any imperative for long-term preservation where subsistence farmers barely earn enough to ensure their own livelihood. A study by IIED into two cases of payment for watershed services in Ecuador¹⁵ found that the payments in most cases provided an incentive to conserve, and were spent on essentials such as food, gas, education and health.¹⁶

Tradable Permits

Tradable permits involve creating new rights or liabilities for the use of natural resources, and then allowing business to trade them. We are most familiar with this approach through the carbon market, but this model can be extended to 'biodiversity offsets' to help conserve natural habitats and ecosystem services. The basic idea is to compensate for unavoidable harm caused to ecosystems by development in one area by protecting, restoring or enhancing biodiversity in another, so that in theory there is no net loss of biodiversity. An example of where this is practiced is through wetland mitigation and conservation banking in the United States.¹⁷

Certification and eco-labeling schemes distinguish a product by its ecological performance and in doing so create a high-value market to meet increasing consumer demand for goods that do not have a negative environmental impact. The rising value of this market increases the incentives of producers to conserve ecosystems and protect biodiversity in order to meet the standards that the premium on such good

¹⁴ WBCSD and IUCN: Markets for Ecosystem Services: New Challenges for Business and the Environment <http://www.wbcsd.org/DocRoot/Qx4WB0UOE0IZ4HgOTtrh/market4ecosystem-services.pdf> p. 5

¹⁵ International Institute for Environment and Development :The Impacts of Payment for Watershed Services in Ecuador: Emerging Lessons from Pimampiro and Cuenca (2004) <http://www.iied.org/pubs/pdfs/9285IIED.pdf>

¹⁶ In this case water users were required to pay land owners and farmers to maintain forest cover that guarantees the continued supply of water

¹⁷ WBCSD and IUCN: Markets for Ecosystem Services: New Challenges for Business and the Environment <http://www.wbcsd.org/DocRoot/Qx4WB0UOE0IZ4HgOTtrh/market4ecosystem-services.pdf> p. 6



warrants. Certification plays an increasingly important role in agriculture, forestry, fisheries, tourism and financial services - the Forest Stewardship Council, The Marine Stewardship Council and the Soil Association are but a few examples.

Fundacion Tierra points towards the example of the creation of conservation areas in Ecuador, where financial incentives have been integral to the decision to protect areas that could yield significant economic gain through the exploitation of natural resources. Resulting developments in eco-tourism through the preservation of ecological and biodiversity hotspots such as the Galapagos Islands have turned sustainability and conservation into profitable ventures. In the case of the Galapagos Islands, the 'World Heritage' label has enhanced touristic interest and created further incentive for their protection. It is important to remember that conservation measures in Ecuador have also been inspired by incentives not directly related to profit, but by a sense of obligation to the country's biodiversity. Yet this case study also demonstrates how market-based incentives can complement state regulation.

The Role of Ecosystems for Cities

Ecosystem Services benefit everyone. Cities, like businesses, are major drivers of any economy, and they too are reliant upon ecosystem services in order to function. The urban model creates an environment which is superficially removed from nature - city dwellers are unfamiliar with agricultural processes, and are more insulated from changes in weather. Yet the International Council for Local Environmental Initiatives rightly stresses that ecosystem services, if incorporated into urban development, can deliver significant benefits, such as:

- Clean air
- Storm water resilience
- Shelter for settlements
- Sustainable livelihoods
- Food security
- Aesthetic integrity
- Recreational assets
- Increased tourism
- Reduced carbon footprint

Problems such as air pollution, the 'Urban Heat Island' effect caused by too much concrete and insufficient shading and air-flows and urban flooding can all be reduced through the creation of large green spaces, and the planting of trees for shading and improving air quality. Nature offers solutions to oft-encountered urban problems and



the incorporation of ecosystem services into cities presents a number of opportunities for local governments and eco-entrepreneurs alike.

Valuation of Ecosystem Services

A number of stakeholders point out that for all the opportunities presented by the Payment for Ecosystem Services, the process of economically valuing ecosystem services is a highly complex one. In order for the value of ecosystem services to be mainstreamed into the economic system, appropriate techniques must be developed and shared as to how to best assign value, so that effective comparisons can be made with the value of other economic activities. Effective valuation also assists governments in calculating how the exploitation of ecosystems can be taxed so that those benefiting from the services are encouraged to account for it financially, and thus use it more productively and efficiently.

ICLEI points out that local government plays a key role in valuing ecosystem services. Examples of where local governments have successfully initiated such an economic valuation can be found in King County in North America, and in the eThekweni Municipality in the City of Durban, South Africa. King County determined the estimated value of ecosystem benefits and services from a watershed conservation project, using the net present value, plus an estimate of the future. The eThekweni Municipality has also used estimates from a global ecosystem services assessment to attach values to the different ecosystem types in their jurisdiction.¹⁸ However, many local governments have not yet calculated the value of their biodiversity and ecosystem services, as it is a large undertaking, requiring trained and experienced personnel. As such, each system and local government needs to determine which technique for valuing ecosystem services is most appropriate, and how the myriad functions and values of these services can be captured.

A key component in achieving this is the sharing of techniques: as such ICLEI suggests that a global workshop gathering environmental economists and other key stakeholders could provide a valuable platform for training by experts on how best to approach the valuation of ecosystem services. As the gap between theory and practice continues to hinder the development of PES as a viable system, events that facilitate discussion and lesson-sharing on a practice level must increase.

¹⁸ Costanza R, d'Arge R, De Groot R, Farber S, Grasso M, Hannon B, Limburg K, Naeem S, O'Neill RV, Paruelo J, Raskin RG, Sutton P, van den Belt M. 1997. *The value of the world's ecosystem services and natural capital*. Nature 387 (6630): 253-260.



Limitations of Valuation of and Payment for Ecosystem Services

Despite the widely perceived opportunities, Payment for Ecosystem Services does not provide a 'silver bullet'. Stakeholders who participated in this consultation pointed out that most ecosystem services markets are still in the very early stages of development and that there are still a number of lessons to be learned as to how to implement PES schemes effectively.

Significantly, PES can only operate effectively within an overarching framework of good governance. This includes the role of governmental institutions in creating an enabling policy environment, as in the EU Emissions Trading Scheme. Where subsidies and taxation are used to provide financial incentives, this requires the capacity of governments to administer such schemes. Where private agreements are concluded, there must be parallel to this an effective system of monitoring and evaluation to ensure that commitments are honored. In countries that have attained a level of development where the temptation of corruption is less immediate, PES schemes have more chance of working - in countries where corruption and back-hand bribes continue to be the rule of thumb, the success of PES is a far greater challenge.

As highlighted by many stakeholders, there are also different forms of ecosystem services, some of which are much easier to value than others. 'Provisioning' ecosystem services are more immediately tangible and can be linked clearly to providers or beneficiaries, yet regulating and supporting services such as nutrient recycling, water purification, pest control and climate stabilization are more difficult to measure.¹⁹ Where the responsibility for the protection of such services is more 'collective', and the benefits widespread, the provision of incentives to individuals or identified communities becomes more difficult. This is particularly relevant in the case of ecosystem services which demonstrably benefit the entire world, such as the Amazon Rainforest. Individuals many thousands of miles removed from this forest stand to benefit from the role it plays as the 'lungs of the earth', yet most case studies of PES do not touch on this transaction. Reinforcing this point, development NGO Pragya rightly points out that the economic valuation of the Himalayan region is vital, as it provides freshwater for 1.3 billion people in Asia and as such is the lifeline of the economy in that region. With the current glacier loss of 2% per year and predictions that there will be no glacial coverage by 2035, this could lead to potential economic catastrophe. Yet there is no one individual or community whose actions can prevent this melt, as it is the result of broader global warming for which the entire global

¹⁹ WBCSD and IUCN: Markets for Ecosystem Services: New Challenges for Business and the Environment <http://www.wbcsd.org/DocRoot/Qx4WB0UOE0IZ4HgOTrh/market4ecosystem-services.pdf> p. 12



constituency is responsible: as such there is no obvious target for the provision of incentives or disincentives. Recognizing the challenge in finding a way for PES to work in this context, the International Chamber of Commerce's taskforce on the Convention on Biological Diversity suggests that PES is likely to function better when it is site-specific and the providers and beneficiaries can be more easily identified.

However, even where providers and beneficiaries are easier to identify, as is the case with payment for watershed services, stakeholders point to case studies where the benefits of particular ecosystem services and the payment schemes that rest on these perceived benefits are largely based on assumption. The case study of PES schemes in Ecuador cited above found that whilst recipients of payments claimed they were given incentives to conserve forest cover, the hydrological benefits of such conservation was neither measured nor monitored.²⁰ If such PES schemes are to work, there must be a demonstrably positive effect on the ecosystem services for whose protection have been established.

Another consideration is the potential risk of attaching a purely monetary value to ecosystem services. ICLEI points to research conducted by DJ Macauley on '*Selling Out on Nature*' which warns of the potentially negative consequences of attaching economic value to ecosystem services without simultaneously trying to instill in people a general appreciation of nature. As some areas may be preserved for a particular ecosystem service that for one reason or another becomes less valued over time, the logical conclusion is that the incentive will be reduced for its continued protection, even though its natural qualities should be valued above and beyond the provision of economic profitability. As such, economic justifications for nature's value should be complemented by moral imperatives to respect nature: environmental education provides the basis for the latter. Stakeholders representing the education community point out that environmental education must be prioritized in every country so that an understanding of the value of ecosystems is embedded in the next generation.²¹

Equal Engagement of Stakeholders

The concept of payment for ecosystem services is still in the early stages of development and it is a complex market-oriented system which many stakeholders cannot easily engage with. It has been pointed out by some stakeholders that meetings relating to PES are all too often dominated by representatives of financial institutions and investment firms, without the inclusion of local community representatives who are the primary managers of the environment, and have most to gain from its preservation. If the market in ecosystem services is to mirror the huge expansion of

²⁰ International Institute for Environment and Development :The Impacts of Payment for Watershed Services in Ecuador: Emerging Lessons from Pimampiro and Cuenca (2004) <http://www.iied.org/pubs/pdfs/9285IIED.pdf>

²¹ CSD Education Caucus: Inputs to stakeholder consultation for the Annual Ministerial Review 2008



the carbon market to the value of trillions of dollars, there has to be a process for ensuring that these funds actually benefit the communities who are charged with managing and protecting those ecosystems. There is also as yet no clear mechanism for rewarding those who have always used sustainable practices, before the international community gave such practices a name and potential price. WOCAN stresses that there is much confusion among many communities in developing countries around being paid to preserve ecosystems, as their land management practices have traditionally incorporated sustainability anyway.

With the projected proliferation of voluntary PES schemes, the risk is that there will be an absence of universally agreed and regulated standards for PES, which guarantee best practice and the consideration of all stakeholders. This is a critical concern for women as a key stakeholder group, who fear that markets do not inherently guarantee a consideration of an already marginalized group. The development of schemes under the umbrella for the Clean Development Mechanism to ensure some degree of consistency is therefore to be advocated. Some positive case studies exist, and these should be followed as examples of best practice where PES empowers women. WOCAN sites the experience of a group of women farmers in southwest Uganda who are now receiving payment for growing and protecting trees through EcoTrust Uganda. The contract is for 6 years, to plant indigenous tree species on individually owned land that was previously idle. Over 100 women farmers are involved and 61 have already received some payments for trees planted in 2002. EcoTrust pays them \$500 for each 10 years of protection for each hectare (for 400 trees), in installments.²²

Poverty and Payment for Ecosystem Services

A significant consideration of PES is that they do not have a negative affect on the poor, especially where poor communities who benefit from ecosystem services are required to pay those who are identified as responsible for ensuring their sustainability. The Trade Unions point out that ‘While actions to *promote biodiversity* preservation, impact minimization, pollution reduction, improved management of species and increases in conservation areas must all be supported and strengthened, poverty and population issues must addressed at the same time. It important to recognize the synergies and trade-offs that can arise between and among eco-system services and *human well-being* when developing management options’. This point is further enhanced in the fourth Global Environment Outlook report.

²² Example based on interview conducted by WOCAN with Beatrice Ahumbisbwe, a teacher and farmer who is part of the group of women’s farmers



» Reduce by half the proportion of people without sustainable access to safe drinking water and sanitation

Stakeholder Forum conducted extensive stakeholder consultation on water, sanitation and Integrated Water Resources Management in preparation for the 16th session of the Commission on Sustainable Development. It did this through the Global Public Policy Network on Water Management, a joint project with Stockholm International Water Institute.

To read the consultation papers produced by the Global Public Policy Network on Water and Sanitation, please visit <http://gppn.stakeholderforum.org>

Here we draw on those findings, and also bring out other issues highlighted by stakeholders in this round of consultation in response to the following questions:

- Q.** What has been the progress made to date in mobilizing support, both at the national and international level for the sanitation agenda? Please consider the following:
- Major stumbling blocks: could a successful sanitation campaign help address these challenges and if so how?
 - Lessons to be learned from other successful campaigns, such as the one on HIV/AIDS

- Q.** With IWRM plans in place, what are the next steps countries will need to take in order to implement their IWRM plans and what kind of international support would be most helpful? Please consider the following
- Major constraints: Lack of financing, weakness of human and institutional capacity, poor indicators and monitoring mechanisms
 - Contribution of IWRM to achieving the MDGs - do we need a new set of measures or indicators to assess this?

- Q.** What are the key emerging issues for the water and sanitation agenda up to and beyond 2015? Please consider, though not exclusively, the following issues:



- Climate Change; Virtual Water; International watercourses; Right to Water; Water and Energy

>> Sanitation

Strengthening Local Governments Capacity

A number of stakeholders point out that any stepping up of funding to accelerate progress towards the sanitation target under MDG7 demands concomitant capacity and finance support for the local authorities who are often charged with the provision of water and sanitation services.

A recent WaterAid report, *Think Local, Act Local*, identifies the limited capacity for local governments to deliver the water and sanitation services that the trend towards decentralization has made them responsible for. It identifies key blockages in finance reaching the local authorities who play a key role in enhancing transparency and accountability in the provision of water and sanitation services. The recommendation is therefore to allow local governments 'a critical mass of resources' so that their capacity can be strengthened and make decisions in response to local pressures.²³ ICLEI points out that unless this happens, 'national policies of decentralization may exacerbate the sanitation infrastructure backlog unless there is concurrent transfer to the local government of the necessary funding, expertise and institutional authority. For example, when decentralization took place in the Philippines in the 1990s, approximately 70% of local governments had annual revenues below \$380,000 (USD), hardly enabling them to invest in capital outlays for water or sanitation infrastructure.'²⁴

Fundacion Tierra, a Bolivian-based NGO, supports this assessment, suggesting that progress made in the national sanitation agenda has not been broad enough as it 'has not involved the local institutions and organizations with whom this agenda could be advanced further'.²⁵ Local governments therefore need to receive further support and investment, and should bring sanitation into their Municipal Development Plans and budgets.

²³ WaterAid: *Think Local, Act Local*, 2008. p. 6

²⁴ International Council for Local Environmental Initiatives (ICLEI) 'Local Governments for Sustainability': Input to the stakeholder consultation for the AMR. 2008.

²⁵ Fundacion Tierra: Input to the stakeholder consultation for the AMR. 2008.



However, whilst the need for strengthened local governments with sufficient finance is critical, stakeholders point to the realities on the ground in many developing countries. Funds are passing through the bottlenecks of government often end up significantly diminished as a result of either excessive bureaucracy or corruption. FEEDAR points to the numerous examples of the misuse of global funds for HIV/AIDS, where often very little gets through to the victims who need it most. This is in part due to the tendency of funders to ‘give credibility to governments to meet the very complex needs of communities, when their intentions are not always aligned with those they are serving’²⁶. In some cases, therefore, it is more effective to facilitate funds through a local organization monitored by an independent national or international body. Where funds are administered largely through local governments, clear processes for monitoring and evaluation should be established.

Funding

The crisis in the sanitation sector signifies a crisis of funding. Whilst stakeholders point to positive developments at the AfricaSan Summit in 2008, where African governments committed to 0.5% GDP to be dedicated to sanitation, these commitments must be met with action. Where governments demonstrate a commitment to prioritizing sanitation in their national plans and budgets, this should be matched with concomitant budget support from donors, ‘to enable national government to build capacity at local, district and national levels, while maintaining the service in a sustainable fashion’.²⁷ A key message emphasised by stakeholders time and time again is that no credible national plan for water and sanitation should fail for lack of funding.

Another key priority is for donors to disaggregate their funding for water and sanitation. As the water target in MDG7 is likely to be met more easily than the sanitation target, which by most projections most countries will fail to meet, funds need to be earmarked specifically for sanitation: this will also make it easier to monitor to what extent sanitation is being prioritised.

Stakeholders point to The Global Sanitation Fund, recently established by WSSCC, as a positive development which may help to increase funding to the sector.

Governance

²⁶ FEEDAR: Input to stakeholder consultation for the AMR. 2008

²⁷ Tearfund: Input to stakeholder consultation for the AMR. 2008.



The complement to sufficient finance for sanitation is effective governance. On an international level, global monitoring with consistent indicators is required to assess country level progress in delivering the MDG target on sanitation. Some stakeholders suggest the formation of a global action plan constituting a framework of policy actions, to be signed up to by the international development community. This could include a task force of senior policy makers as the single authoritative point within the international aid system, meeting annually to review global progress in the sector, diagnosing key bottlenecks, promoting remedial actions and paying particular attention to off-track countries and regions.²⁸ Other stakeholders stress that any global plan should not lose sight of the site-specific nature and suitability of sanitation provision - they also point to existing mechanisms for reviewing progress towards agreed targets, such as the Commission on Sustainable Development, which could be evolved to include a high level segment on water and sanitation each year, building on the existing monitoring activities of UN Water and other initiatives.

On a national level governments should develop national plans and strategies for sanitation, and incorporate disaggregated budget lines for water and sanitation into national plans. In order for the implementation of such plans to be effective, there should be a clear delineation of responsibility, and overlapping duties between different departments should be avoided. Where responsibility for different aspects of sanitation is shared between departments, for example infrastructure development and health education, there should be consistent communication facilitated by interdepartmental committees to ensure that decision-making is complementary.

Monitoring and Indicators

Achieving the MDG7 target on water and sanitation requires widespread and robust monitoring and evaluation. An integral aspect of monitoring is adequate indicators. Stakeholders repeatedly emphasize that neither monitoring, evaluation or indicators are adequate in a number of countries. The efforts of UN Water through the Joint Monitoring Programme and the Global Annual Assessment on Sanitation and Drinking Water (GLAAS) are welcomed as positive developments, though challenges remain. An identified challenge is the lack of capacity to provide a comprehensive picture of coverage rates, especially on the local, city and municipal level. This is due to both low human and institutional capacity, and the lack of involvement of local government and community allies in gathering data on sanitation coverage rates. This leads to a situation where statistics merely relate to the number of toilets, rather than assessing the location and 'spread' of these facilities. The tendency of governments to

²⁸ Tearfund: Input to stakeholder consultation for AMR 2008: drawing on Global Action Plan. See www.lksjdl.com



extrapolate statistics, combined with the lack of independent verification of statistics provided by governments to the Joint Monitoring Programme, means it is difficult to identify the areas of greatest need, or assess the adequacy of claimed sanitation provision.

A way of enhancing monitoring is to develop universal indicators for sanitation provision against which progress can be tracked. This will create a more holistic and meaningful picture of sanitation provision. Stakeholders identify the necessity to measure water and sanitation provision against the following indicators:

- i. Measurable improvements in health
- ii. Actual utilization of facilities by communities
- iii. Equitable distribution of provision across geographical and administrative regions
- iv. Equitable benefits from provision across all sectors of society
- v. Translation of sanitation provision into poverty reduction
- vi. Sustainability of access
- vii. Dispersal of toilets on a national, local, municipal, urban and rural level
- viii. Gender suitability of sanitation provision

Stakeholder Engagement and Ownership

A number of stakeholders point to the importance of involving all stakeholders in the provision of sanitation services. The Gender and Water Alliance points out that it is not sufficient to simply construct toilets - future users must be engaged in their design and construction which will make them more likely to be used. There may be cultural and gender sensitivities that need to be taken into account; the location of the latrines must be carefully considered to maximize use among all stakeholders within a community.

Yet all too often, stakeholders involved in the design of water and sanitation provision appear to be not the actual users, but the directors of utilities, the municipalities and representatives of ministries. These stakeholders play an undoubtedly important role, but have different interests from the actual water and sanitation users.²⁹ As such, it is important that qualitative indicators exist which define an appropriate level of stakeholder engagement for any water and sanitation project.

²⁹ Gender and Water Alliance: Inputs to GPPN Consultation in Preparation for CSD-16. 2008.



Many stakeholders stress the need to engage women in sanitation provision - women in developing countries, for example, are the major actors in solid waste removal and in water demand and use. As such, their needs and experiences must be recognized as different to men (who are most often the decision makers). The location of toilets is especially crucial as conspicuous areas for defecation are, for women, often culturally taboo. It is equally important that there are separate and private sanitation facilities for female pupils in schools, as deficiencies in this area can lead to significantly reduced attendance rates when girls reach puberty. Qualitative indicators on the participation of women in decision making around sanitation must therefore be applied alongside those on stakeholder engagement in general.

Two groups whose needs are consistently sidelined, and who are consistently marginalized from decision-making on sanitation provision are indigenous people and slum dwellers. Indigenous communities can often share useful traditional methods of dealing with sustainable water and sanitation provision, but their needs are underrepresented on a national and international level. Slum dwellers are often excluded from engagement processes as they reside in illegal settlements that are not officially recognized. ICLEI point out that actions by local governments in this area are sometimes restricted because of this legal distinction.

Many stakeholders highlight the importance of bottom-up rather than top-down campaigns: representatives of the education community stress that programmatic ownership of sanitation projects and campaigns should be advocated, involving all stakeholders, including governments, the private sector and civil society groups.³⁰

Urban Infrastructure Deficiency

Many stakeholders highlight the challenge that rapid and unplanned urbanization in the developing world has posed for the provision of sanitation services. More than half of the world's people now live in cities, and urban growth is projected to continue yet this rapid urban and peri-urban growth has outstripped the existing water and sanitation infrastructure. The infrastructure required for the safe collection, treatment and disposal of human waste is extremely capital intensive and requires skilled maintenance. Whilst campaigns to raise awareness of the importance of sanitation are one side of the coin, political will and effective national planning and budgeting is required to prioritize the development of durable sanitation systems that can serve burgeoning urban populations. Many stakeholders suggest that 1% of GDP be earmarked for water and sanitation: the AfricaSan eThekweni Declaration saw African

³⁰ CSD Education Caucus: Inputs to the stakeholder consultation



Ministers commit to 0.5% of GDP for sanitation, which should be welcomed, though this needs to be backed up with strategic national plans on how it will be delivered.

ICLEI stresses that local governments play a key role in generating the political will for such infrastructure projects, but, as stated above, adequate finance needs to be transferred to local authorities to co-ordinate and authorize the level of expenditure that is required. If decentralization bestows more responsibility on local governments, this needs to be matched with appropriate funds.

Rural Sanitation Provision

Though urbanization poses enormous challenges for providing increasing numbers of people in built up and densely populated areas with sanitation, many stakeholders nonetheless point to the relatively high levels of access to sanitation in cities by comparison to rural areas. Rural communities continue to lose out when it comes to sanitation, perhaps as they are further from decision-making centers. UNDP Gambia points to experiences in that country as an example of this disparity, where despite the decline of people without access to sanitation in rural areas from 21.4% to 17%, this stands against a decrease from 6.2% to 4.5% in urban areas. Stakeholders stress that any efforts to increase sanitation provision in rural areas should ensure that services are affordable for the rural poor.

Education

The education caucus point to the importance of awareness raising and education in any sanitation campaign. It shouldn't simply be a directive campaign from central government, but should encourage correct use of existing or planned sanitation facilities, and include a major hygiene element.

Any campaign needs to have as a major priority the breaking down of the stigma and taboo associated with sanitation. The need for sanitation is a reality in every individual's life, and any campaign needs to draw on this sense of common experience. Stakeholders point to the success of campaigns around AIDS and Tuberculosis which sought to counter the tendency to demonize or stigmatize those with terminal and infectious diseases.

It is also widely recognized that sanitation facilities must be complemented with hygiene education, so that those who they are intended to benefit understand fully how they should be used. Hand-washing should be advocated as a crucial aspect of a



functioning sanitation system. It is also critical that both men and women are included in hygiene education, as men too have a responsibility for keeping facilities clean.

» Integrated Water Resources Management

The practice of IWRM has been championed as an ideal framework for managing the conflicting demands for water, especially in recognition that water scarcity is increasing in many parts of the world due to climate change. The number of water stressed areas is predicted to increase by 2050, according to the Intergovernmental Panel on Climate Change. The development and implementation of national plans for IWRM is imperative to create a framework for shared governance of water resources across domestic, agricultural and industrial sectors.

At the 16th session of the UN Commission for Sustainable Development it was noted in the Chair's Summary that 'it was overwhelmingly recognized that IWRM is the framework for the entire water sector and an essential tool to effectively manage water resources and water related issues.' It was however further acknowledged that implementation of IWRM in many countries has been slow, and that a move from 'plan to process' is required.³¹

Clearly IWRM holds considerable potential for adapting to changing contexts that demand more considered approach to water usage. Stakeholders identified some key sticking points in response to the questionnaire:

Governance

It was widely acknowledged by stakeholders that for IWRM plans and targets to work, they must be backed up with effective democratic governance structures and processes on a national, local and municipal level. National governments should be responsible for developing country frameworks to advance IWRM principles in response to increasing water stress and scarcity. Within this wider framework, IWRM can be tailored to local conditions, communities can be engaged and water resources bodies can be established at provincial and basin levels. Stakeholders stress that in many

³¹ 16th Session of the Commission on Sustainable Development. Chair's Summary Part 1. p 30



countries this wider supporting governance framework is absent - Tearfund cited its research into water management in a West African country, where the hydrological service was unable to visit community wells and water points simply because they did not have the funds to pay for fuel for their transport.³² With overarching national frameworks that prioritise IWRM within national policies, these kinds of problems are more likely to be avoided.

As part of wider governance effectiveness, it is crucial to involve local governments as key stakeholders for co-ordinating local level IWRM processes. The role of local government as an implementer has been demonstrated in relation to sanitation, and IWRM is no different, especially as it needs to be tailored to local conditions.

Stakeholder Engagement

Fundamental to the principle of IWRM is the engagement of multiple stakeholders in order to reach consensus on how water resources can be effectively managed in response to increasing demands and pressures. As IWRM is most effective when it is tailored to the local/basin context, engagement of stakeholders in that specific context is imperative. Any IWRM activities on a local level must be anchored in national water policy plans but decision-making should be decentralized to the river-catchment and community level. Whilst this principle is widely acknowledged, stakeholders still point to numerous examples where poorer communities do not have as significant a say in the process, even though the principle of IWRM is share and manage water equitably among all users and as such the poor represent a significant constituency. Brazil is cited as an example of progress in relation to water management, with well-thought-out water laws, clear decision-making processes and effective monitoring processes that help to identify the vulnerabilities of the poor. Nonetheless, interviews by Tearfund with poor users in Ceara state suggest that they do not have the same opportunity to engage with the IWRM process as big business, which continues to be prioritized as a stakeholder.³³

The World Business Council for Sustainable Development recognizes that any claims to sustainable water usage within the IWRM context must make sense to and be defined by all stakeholders. They call for a 'Process of Stewardship' for sustainable water management which 'allows stakeholders to come together in an appropriate way to agree in practical ways that one option is better than another and why.'³⁴

³² Tearfund: Research into Water Management in West Africa and Brazil, 2008 (publication forthcoming)

³³ Tearfund: Research into Water Management in West Africa and Brazil, 2008 (publication forthcoming)

³⁴ World Business Council on Sustainable Development: FairWater Stewardship: Sustainable Water Management for All. Concept Paper, May 2008.



As a general rule It is also crucial that any stakeholder engagement processes in relation to IWRM includes a gender perspective, holding as a key priority the representation of women, who are major users of water.

Indicators and Monitoring

To move towards more effective implementation of IWRM, stakeholders highlight the importance of developing a robust set of indicators for assessing implementation. The development of national IWRM plans is clearly not an end in itself, but a means for ensuring more equitable distribution of water through improved management. As such it requires that there are clearly defined indicators that help governments and the international community to assess how far this has been achieved. Indicators could include:

- i. Involvement of all stakeholders
- ii. Distribution of water use between agricultural, industrial, business, municipal, domestic and individual users
- iii. Water use by wild animals
- iv. Improvement in water service delivery
- v. Reduction in usage - increase in efficiency and productivity
- vi. Contribution of IWRM to three pillars of sustainable development: economic, social and environmental
- vii. Application of IWRM to trans-boundary contexts
- viii. Contribution of IWRM to improved health
- ix. Contribution of IWRM to improved environment, biodiversity and ecosystems
- x. Contribution of IWRM to poverty reduction
- xi. Contribution of IWRM to improvement in quality of water
- xii. Establishment of decentralized water resource bodies with presence at local, municipal, provincial and basin level to implement IWRM plans in accordance with local conditions

The World Business Council on Sustainable Development points to need for 'concepts and principles' for deciding objectives and assessing progress, and stresses the importance of credible and legitimate institutions to measure, monitor and report the achievement of these concepts and principles using established and agreed



methodologies. This Process of Stewardship helps to ensure that figures and statistics are accurate, and creates a framework for the development of standards.³⁵

Within a framework of defined indicators for IWRM, or ‘concepts and principles’, it is critical to develop a common language of definitions. Integral to monitoring against indicators is the assessment of the ‘water footprints’ of different water users. A number of stakeholders point out that there are no agreed standards or methodologies for assessing or communicating water footprints, and this is a concern, especially from an international perspective, as there is no robust framework for making positive or negative comparisons and drawing on best practices, as different approaches and methodologies yield different results. Clearly in recognizing this there is a need to develop some sort of Water Protocol, in consultation and collaboration with a number of stakeholders, creating some standardized definitions, terminologies and methodologies in order that figures and statistics become more meaningful.

Capacity Building

It is evident that in assessing the implementation of IWRM, a considerable stumbling block is that many stakeholders are not fully familiar with the concept or how to operationalize it at a national or local level. The gap between policy, commitments and implementation demands a serious and consistent focus on capacity building at all levels in order to make the concept of IWRM and the terminology around it ‘common currency’ in all countries, and among stakeholders who must hold responsibility for its implementation.

A model for improving understanding of IWRM and building capacity for implementation is the SWITCH-IHE project on capacity building for integrated urban water management. SWITCH is an EU funded, action research program, being implemented and co-funded by a cross-disciplinary team of 33 partners from 15 countries. The “consortium” represents the fields of academic, urban planning, water utility and consulting interests. This network of researchers and practitioners work directly with stakeholder “learning alliances” in ten global cities. Learning alliances are platforms that bring stakeholders within a city (utilities, planners, NGOs, finance departments, etc.) together with researchers. Demonstrations, research, training and knowledge sharing across different geographical, climatic and socio-cultural settings aim to accelerate the global adoption of more sustainable urban water solutions.³⁶

³⁵ World Business Council on Sustainable Development: FairWater Stewardship: Sustainable Water Management for All. Concept Paper, May 2008.

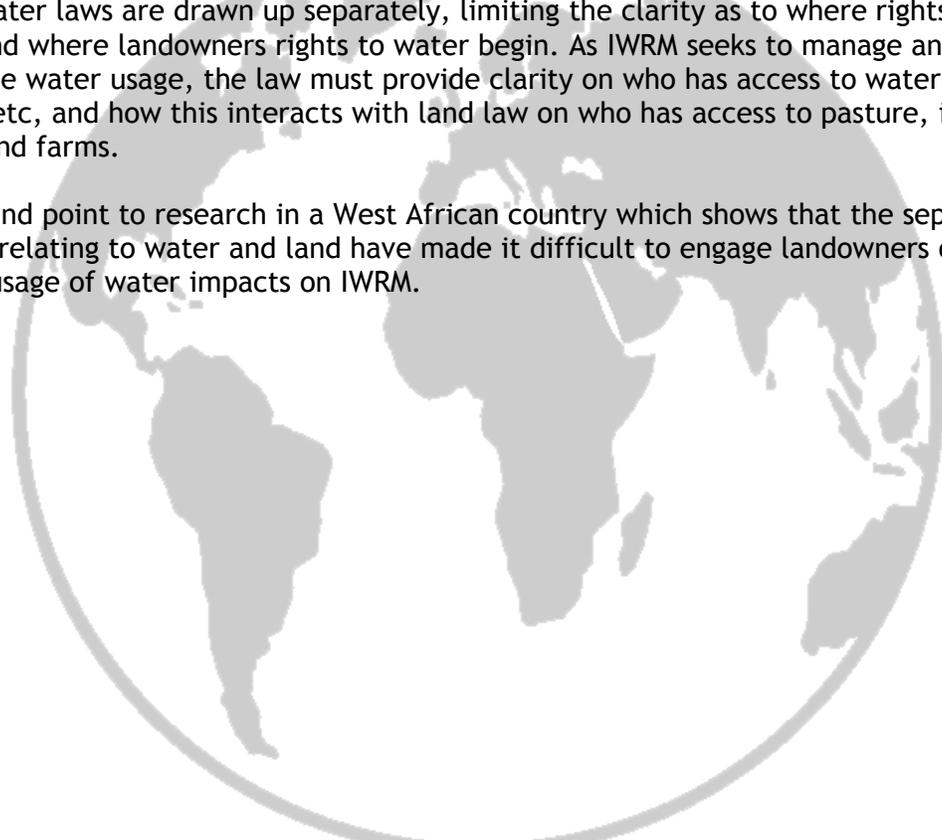
³⁶ SWITCH Briefing Note and Input to the Global Public Policy Network on Water Management. 2008.



Inconsistency of Land and Water Laws

As part of a national framework for implementing IWRM, countries must review existing or emerging land and water laws to ensure that they are not contradictory to the aims and objectives of IWRM. Stakeholders point out that in many countries land and water laws are drawn up separately, limiting the clarity as to where rights to land end and where landowners rights to water begin. As IWRM seeks to manage and balance water usage, the law must provide clarity on who has access to water, to dig wells etc, and how this interacts with land law on who has access to pasture, irrigated land and farms.

Tearfund point to research in a West African country which shows that the separate codes relating to water and land have made it difficult to engage landowners on how their usage of water impacts on IWRM.



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»» Emerging Issues

For more detail on Emerging Issues, please refer to the paper produced by the Global Public Policy Network on Water Management on ‘Up to and Beyond 2015: Emerging Issues and Future Challenges for the Water and Sanitation Agenda’:

http://gppn.stakeholderforum.org/fileadmin/files/GPPN_Final_Papers/Water_Management_-_Emerging_Issues_and_Blue_Challenges.pdf

Issues that were not covered in detail in that paper which were raised by stakeholders include:

Water and Energy

Energy production cannot be seen in isolation from water management. As countries move towards operationalising integrated water resources management, the water demands of energy need to be carefully managed. As common definitions and methodologies emerge for assessing water footprints and water usage of different sectors, the suitability of particular energy solutions must be seen and prioritized in the context of the range of competing demands for water. Without this broader assessment, energy solutions are authorized that are not sustainable. AfrePren³⁷ points out that the overreliance on water for the production of energy in Africa causes major problems with supply, as the increasing scarcity of water in many drought-ridden countries means that water must be prioritized for consumption, and the competing demand of the energy sector cannot be met. The significantly reduced water levels in dams caused by recent droughts have led to huge power cuts. As such, there needs to be a diversification of electricity generation, in response to the considered implementation of IWRM, with an increased focus on cogeneration, wind, solar and geothermal.

In the case of biofuels, short-term opportunities for access to biofuels markets need to be balanced against an assessment of how the concomitant water demand of biofuels crops will be met in relation to demands from other sectors. Agriculture is the single largest user of freshwater (70%) and any decisions to embark upon biofuels production need to be taken with consideration of whether the demand for water can be met without compromising access in other areas.

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