



International Network for Capacity Development in Sustainable Water Management

Concept Paper on Partnering with Private Sector

(Revised version, August 23rd, 2013, for discussion and noting by the Management Board on August 28, 2013)

1. Purpose

This concept paper outlines initial ideas on how Cap-Net UNDP can partner with private sector organisations in capacity development in sustainable water management. The think piece was suggested at the Cap-Net's management board meeting held on 17 July 2012.

The paper results from a culmination of presentations and discussions carried out at the Cap-Net Annual meeting held in Costa Rica on 10-16 November 2012. Following the first version of this paper and the referred meeting, the Cap-Net Director, and two management board members (Neena Rao and Damian Indij), attended in March 2013 the CEO Water Mandate 2013 Multi-Stakeholder Working Conference in Mumbai, India.

As mentioned in the first version of this paper, the most important message remains that Cap-Net UNDP seeks to partner with private sector organisations in order increase development impact and creating a shared value and vision on sustainable development.

Inputs and contents shared at the CEO Water Mandate meeting don't seem to alter the private sector definition; neither the four possible partnering routes; or the value of working groups as established to advise and provide guidance on how Cap-Net UNDP can partner with private sector organisations, therefore these sections are left without changes, serving as framework for continuous development.

Findings from the CEO Water Mandate Conference are presented in section 5 of this paper. Suggested next steps are in section 6 of this paper.

2. Private sector defined

Although the definition of what constitutes private sector and the attributes of private sector organisations vary greatly (a grey area), Cap-Net assumes a broad definition as follows: *"The private sector is that part of the economy, sometimes referred to as the citizen sector, which is run by private individuals or groups, usually as a means of enterprise for profit"*.

It is important to also distinguish the different types of private sector organisations as the spectrum ranges from multi-nationals, small and medium enterprises, to small scale e.g. operators of water stand posts, kiosks and latrine emptying services. It is also important to determine and define the level of engagement of Cap-Net UNDP with private sector. For Cap-Net UNDP these levels can vary from informative, consultative, collaborative or integrative. Most networks function well up to consultative stage as here the resource requirements are low to moderate. The desire/need for common purpose and consensus is also not needed or low. The expectation for coordinated action is also low. Should Cap-Net UNDP pursue engagement up to the integrative stage, then resource requirements become very high and so is the other attributes.

There are already many examples of where the private sector has partnered with capacity development institutions for greater impact and at some instances the private body not necessarily being a direct user/polluter of water e.g. HSBC Bank work with Saciwaters in Hyderabad, India on compiling a database of disappearing lakes, others include examples in alliance for water stewardship, co-financing of university based research and fellowships, support to access of water knowledge.

3. Partnering aspects

Considering the looming water crisis today, integrated and inclusive approach to water resource management is the need of the hour. The World Business Council for Sustainable Development (WBCSD) emphasises the crucial role of business in ensuring responsible management of water resources and encourages greater collaboration across sectors. The concept of 'creating shared value, a business concept, first introduced in' Harvard Business Review' and further expanded by Michael porter and Mark Kramer, for instance, is based on a premise that competitiveness of a company and health of the community and environment are mutually dependent. Unlike Corporate Social Responsibility it acknowledges trade-offs between short term profitability and social and environmental goals. It focuses on building competitive advantage from building a social and environmental value proposition into the corporate strategy. Thus, private sector today is well poised and willing to share the responsibility to face the challenge of water crisis. However, the real challenge is to find ways to do this effectively. For instance UNDP's strategy paper on Private Sector Engagement, July 2012 speaks about a shift from one on one partnership with private companies to partnerships that are transformative and systemic.

At Cap-Net's annual meeting and Board meeting in 2012 four strands of cooperation and partnership with the private sector were identified and discussed viz.:

- a) Private sector as recipient of Cap-Net UNDP capacity development
- b) Private sector as a financing partner
- c) Private sector as a partner in capacity development in sustainable water management
- d) Private sector as a driver of demand for capacity development products

a) Private sector as recipient of Cap-Net UNDP capacity development

Private sector is a major, mainstream water user, consumer and polluter. Therefore it can be an important target group to develop its capacity within to achieve sustainable water resource management/development. Delivery of specific training, tailor made interventions themed along integrated water resources management (IWRM) need to be explored. Cap-Net UNDP already has a number of existing tools/products that may need tailoring to suit the needs and demand of private sector organisations. Most importantly, Cap-Net's capacity development effort will need to take IWRM approach to all scales/and levels within the private sector. An important basis of IWRM is that the many different uses of finite water resources are interdependent and should be considered together. Therefore private sector involvement in river basin management "beyond the fences" for example is also as important as the understanding of integrated urban water management, virtual water and water footprints in private sector business.

b) Private sector as a financing partner

The private sector, not only through their corporate social responsibility budgets, could become partners or sponsors of Cap-Net UNDP (e.g. Coca-Cola, Grundfos, Carlsberg, Global Compact, CEO Water Mandate, and World Business Council for Sustainable Development). As part of diversification and broadening of Cap-Net UNDP strategy on funding resource base and the UNDP drive to partner with private entities, it is envisaged that in 2014-2017, Cap-Net will be able to mobilise support from private and corporate entities. Developing countries increasingly see foreign aid as a short-term solution and as catalytic for trade and development driven by the private sector. It is widely acknowledged that the private sector is critical to drive economic growth, create jobs, develop and deliver needed goods and services and to innovate for more sustainable development solutions. The UNDP private sector strategy aims to reposition and strengthen UNDP's work with the private sector in this new environment with its overall vision of contributing to "empowered lives, resilient nations" and focusing on how the private sector and markets can contribute to economic, social and environmental dimensions of sustainable human development.

c) Private sector as a partner in capacity development in sustainable water management

There are distinct advantages of the private sector becoming a partner of Cap-Net in delivering its strategy and work plan (e.g. training materials, websites, e-learning). Also the private sector plays an important role as commercial providers of capacity development in the water sector. Another example is focusing on IT private entities (e.g. Google and Microsoft) who have developed many systems and databases which can be used by Cap-Net UNDP in furthering efforts in innovative capacity development (e-learning and other platforms). Some tools for implementation (e.g. models, serious games, role plays and computational knowledge engines e.g. WolframAlpha) are developed and owned by private sector organisation these can be used in partnership with Cap-Net UNDP e.g. in providing practical tools for water management at a catchment or river basin scale. Water education for schools e.g. "Know your water address", where school children are asked to record and

know their water address (i.e. anything from precipitation, cost of drinking water plus other water variables specific to where they live) can provide important entry point for Cap-Net UNDP in furthering its water education strategic goal.

d) Private sector as a driver of demand for capacity development products

The private sector is acknowledged as driver for demand of specific capacity development products. It is the expectation for Cap-Net to be able to respond to such demands and be able to fulfil the knowledge as expertise gap expressed by private sector organisations.

4. Way forward

As a way forward Cap-Net UNDP has identified a need to establish a working group which look further into the intricacies of partnering with the private sector organisations. At the Cap-Net Annual meeting held in Costa Rica the following volunteered to form a working group to provide advice and guidance on how Cap-Net can partner with private sector organisations. Some ideas were also proposed on the terms of reference for the working group:

Working Group Members

1. Neena Rao (SCaN)
2. Jan Yap (CKNet-INA)
3. Damián Indij (LA-WETnet)
4. Håkan Tropp (UNDP WGF at SIWI)
5. Cap-Net secretariat

Terms of reference of the Working Group

- Scoping for possible entry points (how to jointly develop capacity in sustainable water management, which areas or themes), priorities and levels of engagement
- Advising Cap-Net secretariat and board on resource input and requirement and developing new tools for marketing and communication
- Assessing different modalities, pros and cons of partnering (as sponsors) with the private sector
- Scanning for possible reputational risks and impacts on Cap-Net strategy
- Developing a module on engagement with private sector as part of the Cap-Net Network Management Tools
- Liaising with UNDP private sector engagement units in New York and Istanbul who have developed special templates on carrying out due diligence
- Recommendations and input into the Cap-Net strategy 2014-2017

5. Findings from the CEO Water Mandate meeting

The CEO Water Mandate annual working conference, “Water Stewardship in the Post-2015 World” was held Mumbai, India on March 4-7, 2013. The meeting gathered the attention of companies, government agencies, civil society groups, academia, who came together to explore critical (and complex) corporate water management issues and sought to advance effective and equitable solutions.

The meeting was part of a broad context in where the world heads towards the Post-2015 era when strains and stresses on planetary boundaries and natural resources will be tested even further. The United Nations has begun a process to develop global Sustainable Development Goals to supersede or run in parallel with the Millennium Development Goals when they expire in 2015. In this regard, the UN Global Compact is in the privileged position to directly relay to the UN Secretary-General (and other UN processes) the outputs of the CEO Water Mandate's Mumbai conference that are especially relevant to the "Post-2015 Agenda" process.

Topics discussed:

This working conference I emphasised recent Mandate platforms and resources (e.g., Water Action Hub, Corporate Water Disclosure Guidelines, Guide to Water-Related Collective Action) as the basis for discussing key corporate water stewardship issues and identifying insights regarding how good practice can be implemented on the ground, particularly in India. Specifically, sessions explored:

- Distilling basic from advanced practice: Gaining a shared understanding of the corporate water stewardship maturity progression,
- The role of the private sector in supporting/advancing effective public water management and governance,
- Good practice and challenges in implementing corporate “responsibility to respect” the human right to water and sanitation,
- Company-focused technical assistance workshop focusing on how to pursue effective and strategic policy engagement and water-related collective action.

At the conference possibilities were also explored to start new initiatives such as partnering for a series of training programmes for the finance sector at the South Asia level between HSBC, International Finance Corporation South Asia and Cap-Net.

Messages from the private sector:

- The private sector -represented in this meeting- recognise its role in sustainable development and is building a proactive strategy to contribute to sustainable water governance.
- The view presented flows along the principles of integrated water resources management; human rights based approaches to water and sanitation; environmental sustainability; water integrity; and corporate social responsibility.
- Specifically, companies understand the geographical unit of the river basin, and therefore see themselves as one of many other stakeholder groups which are users of the basins. Companies in the meeting recognised their role in leading by example, for other companies which operate in the same basins.
- There is a will from the private sector to interact with the United Nations and the processed towards the "Post-2015 Agenda"

Relevance for Cap-Net and potential for interaction with the private sector:

The meeting contents show an important affinity of visions and commitments towards sustainable development goals. These also offer a firm basis to establish a positive

interaction between Cap-Net and the private sector, in the four aspects mentioned in section 3 of this paper.

- a) *Private sector as recipient of Cap-Net UNDP capacity development:*** Cap-Net can develop tailor made trainings, guidelines, or support the development of sustainable water management plans and systematized practices in response to various companies, the specific basins in which they operate; and all along their value chain (from their own providers, to their final customers). This may begin with a small action and gradually grow. Cap-Net's Virtual Campus, which will be operational in 2014 will become a powerful tool for Cap-Net to transfer knowledge at a much larger scale and for different target groups.

Also, capacity development in the private sector can be taken up at the apex level as a company strategy across the geographical boundaries. For example, a multinational could be approached to incorporate IWRM capacity development programme in all their companies across the globe. Cap-Net being a global network has the advantage of global outreach to serve this kind of clientele. Alternatively, capacity development can be taken up with single unit of that company by an individual Cap-Net network.

- b) *Private sector as a financing partner:*** Either by way of corporate social responsibility, or directly following a board decision from one or more companies, it is clear that the private sector is a potential donor for Cap-Net, specifically within the framework of the Post-2015 Agenda and United National sustainable development goals.

There are several instances where it is not only the companies and their boards alone but even the employees of these companies come forward together as financiers to support environmental causes such as IWRM. Thus donors in the private sector can be found at all levels from top to bottom.

- c) *Private sector as a partner in capacity development in sustainable water management:*** The private sector has valuable knowledge on water management and a rich valuable chain in the world economy impacting the life of billions. Their expertise and strengths can be of great value when it comes to transfer knowledge. Thus it should be considered as an important strategy for Cap-Net to interact with the private sector.

- d) *Private sector as a driver of demand for capacity development products:*** The private sector is rarely connected to environmental issues beyond those which affect their financial bottom lines. For the private sector to be engaged with broader concepts like IWRM "beyond the fences" there are gaps in knowledge and appreciation which needs to be satisfied. These needs and priorities are better defined and demanded by the private sector institutions themselves with the hope that providers and generators of this knowledge like Cap-Net can provide the services in a timely and cost effective manner.

6. Suggested next steps

This paper should be completed after the World Water Week (Stockholm, September 2013) and any new valuable information should be incorporated. After this, the working group should develop a work plan which should be implemented during 2014. The main goal of this work plan should be oriented towards a proactive approach of Cap-Net to a group of specific private sector referents with the aim of exploring various means of collaborating. The work plan should be presented at the next network managers meeting, November 11-15, 2013 to be held in Bali, Indonesia.