



UN
2023 WATER
CONFERENCE

NEW YORK
22-24
MARCH
2023

UN 2023 Water Conference Side Event Summary

Rethinking Collective Action- How we can redesign our economic models to incentivise collective action and unlock impact, value and investments at system scale

Friday 24th, 12:30-13:45, UNHQ Side Event Room 5

Organized by:

Danone, WaterEquity, Government of Chile, World Business Council for Sustainable Development, FCDO, Green Climate Fund, Inter-American Development Bank, Global Water Partnership, The Nature Conservancy, Saguapac, Veolia, Reckitt, French Water Partnership

Background on the event:

Well before the watershed UN Water Conference, actors within the water community came together and identified three critical barriers that obstruct the investment needed to implement large-scale watershed interventions: unclear roles and responsibilities, convoluted and prohibitive funding processes, and limited collective accountability. Determined to remove these bottlenecks, the RETHINKING Coalition was launched. The coalition seeks to demonstrate a model of radical collaboration to collectively REIMAGINE our economic development, governance, planning and financing frameworks to incentivize collective action and unlock collective intelligence, impact, value and investments at system scale to achieve SDG6. The RETHINKING coalition aims to REIMAGINE our approach to water resources management and investment planning and foster collaboration amongst public and private stakeholders to secure multi-sectorial, multipurpose investments and instigate lasting economic change towards regenerative, water-secure development models.

Water Action Agenda:

The coalition commits to work together intensely the following 3 years to demonstrate a model of radical collaboration to collectively REIMAGINE our economic development, governance, planning and financing frameworks to incentivize collective action and unlock collective intelligence, impact, value and investments at system scale to achieve SDG6. By the World Water Forum in Bali the coalition will have started to demonstrate this multisector public-private radical collaboration approach in selected regions of the world.

Key Issues discussed:

- Need to work more closely together, public, and private all the way from the beginning of the process of planning of investments and throughout the investment continuum to unlock greater collective action and private sector investments that add up instead of in contradiction or undermining each other.
- There is an urgent need to rethink, reframe and reshape and all coalition members – as expressed by the Chilean Minister of Public Works- have the willingness to engage and commit to a process of radical collaboration, that go beyond a focus on solutions for symptoms and aim at the identification of the root causes of our water challenges and advance the adoption of a multisystemic approach of integrative action

initiatives, founded upon a strong commitment to collaborate for added value. A new paradigm for both the public and private sectors, where different entities, governments, ministries, and stakeholders have the necessary trust and skills to engage effectively in co-designing effective strategies for the management of water risks and provision of water services.

- Together the RETHINKING coalition members are willing to engage in a challenging undertaking that requires as Water.org and WaterEquity founder said a “suspension of disbelief”.
- An essential element of success for the RETHINKING process as stated by FCDO, is political leadership and the admission policy failure, changing the narrative of blaming others for our own mistakes and stop merely blaming climate change for current water challenges. A good way to support the work of the coalition is to review as group the Global Commission on the Economics of Water 7 points call to action, which engage transformative thinking to, mainstream inclusion, address the under-pricing of water, create Just Water Partnerships, and address a multi-national governance of water.
- As expressed by the WBCSD and Danone, private sector potential goes well beyond provision of finance, and they can bring much more to the table in terms of collective action, like expertise and skills complementary to public sector ones. Principles to unlock private sector impact in collective action are pre-competitive cooperation, sharing of data and knowledge, aligning own role with collective action and plans of others, and participating actively in the improvement and alignment of private and public sector (investment) planning processes.
- The Minister from Chile also reminded the group that to unlock investments at scale in water and resolve the mismatch between supply and demand of finance, it is crucial to advance our understanding of the value of water and include it in our investment planning processes. By building a shared understanding of the multiple values of water across sectors we have an opportunity to unlock both supply and demand sides of funding while accessing a greater number of funding pools.
- GWP’s Darko Manakovski noted that there is need to innovate yet without neglecting more procedural and transactional elements like contracts, procurement, pre-competitive collaboration, using nature as a baseline and so forth. This thought was echoed by Tom Williams (WBCSD), “Let’s not forget the boring stuff.”
- To collectively redesign our economic models to incentivize collective action and unlock impact, value and investments at system scale, we need as expressed by the GCF a 5Cs Approach: Connector, Collaborator, Convener, Co-investment and Collective actions.

Key recommendations for action:

Moving forward as coalition we need to identify countries where there is the political will and move towards demonstrating our radical collaboration approach. As summarized by Xavier Leflaive, Lead Water Team at the OECD Environment Directorate, key recommendations on how to empower collective action are:

- Rethink, reframe and reshape. Rethink and move away on from traditional development approaches towards partnerships that engage people in the way that they can participate in the processes and lead change by themselves. Build on existing capacities, rather than building capacities from scratch. There is much more to be gained by building upon existing assets. Reframe how we collectively work from a perspective of problems to be solved to markets to be served. Move from a hydrocentric and fragmented approach to a holistic way of working in the way investment portfolios are developed and regulations are reshaped, that are conducive to enhanced cooperation between countries and economic sectors.
- There Is an urgent need for increasing collaboration to understand the value of water.
- Letting go of egos will be critical in advancing the theory of change. We must give up on the illusion of control and trust the dynamic that will flow from collective action. We must move beyond roles and give up on the notion that we must act according to assigned roles. Collective action requires some ambiguity and going beyond what we are traditionally assigned to do.
- The RETHINKING (collective action and investment planning) coalition is very much aligned with the approach of the Global Commission on the Economics of Water and therefore is important to connect both initiatives and explore in the following months where are the synergies for impact at global and local level. Xavier Water Lead from OECD committed to establish this connection and dialogue.

Points made by different speakers:

Opening words: Minister of Public works Chile, Jessica Lopez Saffie:

In this process of radical collaboration, the government of Chile has committed to go beyond a focus on the

symptoms and aim at the identification of the root causes of our water related challenges. Jessica highlighted that we need a multisystemic approach of integrative action initiatives, founded upon a commitment to collaborate for added value.

- Ms. Lopez spoke on the launch of the Rethinking Collective Action Coalition, for which the Chilean government has committed to participate for all of 2023. She highlighted how this coalition is a challenging undertaking, as it is daring not only to think radically but to also make it possible for it to become reality and positively impact the lives of people across the globe
- She emphasised the importance of different entities, governments, ministries and stakeholders in co-designing effective strategies.

Opening words: Gary White: Co-founder and CEO WaterEquity:

He explained how much there is left to be leveraged from the bottom up in terms of people who live in water poverty and how microfinancing could uplift their conditions and improve their ability to participate financially in the solution.

By suspending of disbelief and a having a willingness to keep rethinking our models and roles, WaterEquity created an asset management model that provides financial returns while also having a positive impact on people in need of W&S.

- Gary spoke about how the Water Action Decade was not fulfilled, in part because people were viewing the those living in water poverty as a problem, rather than a market to serve. This was an important “Aha!” moment for him, in which he realized how microfinancing and impact investing could be leveraged to uplift conditions and improve people’s ability to participate financially in the solution. This was the first “rethink” that brought more than 150 financial partners together and brought in 4 billion dollars of loans enabling more that 52 million people to access W&S. Also, microfinancing helped to achieve their goals in a shorter duration as opposed to the traditional approaches.

Keynote: Andrew Roby, Senior Security Advisor, FCDO:

He insisted the need to look at water from an asset perspective instead of a problem perspective -- recognizing the asset is the first step to empowering change. He also highlighted the need to move from doing things ‘for’ or ‘to’ the people, to working “with” and forming real, supportive partnerships with local people so that change is made “by” the people themselves. Empowering local communities is crucial to bringing long term change.

- Andrew spoke about the need for political leadership to bring people together and argued that the most important component of good leadership is admission of policy failure and changing the narrative of blaming others for our own mistakes. We need to stop merely blaming climate change for current water issues.
- Furthermore, Andrew urged everyone to let go of their egos and instead develop their empathy, as it is empathy that will encourage action.
- Andrew ended his speech by suggesting that everyone review the Global Commission on the Economics of Water’s 7-point call to action, which calls to engage in transformative thinking to, mainstream inclusion, address the under-pricing of water, create Just Water Partnerships, and address a multi-national governance of water.

Panelist 1: Jehanne Fabre (Sustainability Director, Water & Biodiversity, Danone):

Jehanne spoke about the key challenges of collective action, and 4 key principles for private sector impact:

1. Precompetitive cooperation: Water is a finite resource that cannot be competed over, so we need to learn how to be pre-competitive together.
2. Opening data and knowledge: We have a lot of data and knowledge available, which we need to share openly and freely for better collaboration.
3. Align upon the private sector's role in collective action: Understanding and aligning upon a set of roles and responsibilities will help the private sector unlock private sector financing.
4. Improve alignment of private and public sector plannings: Objectives and ambitions remain merely premises if we are not in capacity to align initiatives and investment schedules.

Panellist 2: Tom Williams, Senior Director Nature Action, WBCSD:

Tom spoke about 3 main things:

1. Water value: Today, we don't value water: We don't include it in our investment planning, and we don't have a shared understanding of the multiple values of water across sectors. We are lacking the principles necessary for understanding the multiple values of water, but we need to implement them for a holistic understanding of the materiality and importance of the resource.
2. Finance: The general perception is that the private sector equates solely to financing opportunities, but there is so much more that the private sector can bring to the table in terms of collective action. One of our key issues lies in the mismatch between financial supply and demand, that is, the fact that the funding exists but it is not flowing to the collective action initiatives that require funding. If we embrace the multiple values of water and leverage collective action, we have an opportunity to unlock both the supply and demand side of funding while accessing a greater number of funding pools.
3. Regulation: Regulations usually result from friction between the public sector, private sector, and civil society. We need to explore how we can use regulation to unlock private sector action.

Panellist 3: Raul Muñoz Castillo, Water and Sanitation Specialist– Inter-American Development Bank:

Climate change isn't just impacting how much water we have, it's impacting the way we invest, the way we plan, and our decision-making processes for multi-sectoral water management. Because of these changes, we have a fragmented approach to addressing water security. To overcome said fragmentation, it is crucial that we redesign our portfolio to help reshape regulations and foster cooperation amongst countries, and therefore move from a hydrocentric to a holistic way of working.

Key priorities include:

- Investing in better data and innovation
- More effective inclusion of green infrastructure and NBS in investments
- Investing in acquiring a more thorough understanding of climate change impacts in the water sector to mainstream nexus approaches in planning
- Investing in better institutional frameworks

Panellist 4: Maisa Rojas, Minister of Environment Chile:

Spoke on the need to advance in valuing water and understanding how different stakeholders value water. Most crucially, we need to have an economic valuation of water. Until we have a true economic understanding of water, it will be difficult to unlock the funding that is necessary to effect change across key water-related areas, including biodiversity, climate change, food security, disaster risk reduction.

Panellist 4: Karine Rouge, CEO of Veolia North America for Municipal Water:

Spoke how Veolia is a mission-oriented company, which values not just profit but also environmental, social and governmental impact to have a purposeful sense of performance indicators. She gave two examples where

she explains how a multisectoral and approach is embedded in everything they do and how a collective action approach is required for several initiatives and pending challenges the water sector faces.

Example1: Creation of a concessional contract in the Miyagi region of Japan, which integrated the notion of water protection and a multistakeholder approach. The project served a total of 1.9 million people

She also highlighted how digital platforms can enable transparency around water quality and availability for all stakeholders involved.

Panellist 5: Fabrice Beaulieu, Chief Marketing, Sustainability and Corporate Affairs Officer, Reckitt:

Fabrice explained Reckitt's view of hygiene as the foundation of health, and how this can only be achieved if access to water is made universal.

The private sector can:

- Mobilise resources
- Stimulate innovation
- Scale proven models
- Collaborate on collective action

Complimentary collectives can help enhance impact, and Reckitt's has learnt from its relationship with Water.org. This work mobilised £4 million to stimulate innovative microcredit that has led to 1.8 million people impacted. To scale this, Reckitt has joined others in the private sector to invest in WaterEquity, with ambitions to scale water access and amplify and compliment the work of Water.org.

Work within water should be seen as a portfolio, working at local and global levels, to enhance one another and connect to the purpose of private sector companies.

Panellist 6: Daniel Schemie, Resilient Watersheds Director, The Nature Conservancy

Daniel provided the example of Capetown, a mega city which nearly ran out of water, wherein TNC united with partners to remove invasive species from the surrounding catchment to free up water supply. Through this example, he stressed that crises must not be wasted, but rather utilised mobilize resources for purposeful impact. He sees collective action as a solution and stressed that a strong business case with clear goals and definitions of success is necessary for effective initiatives. He ended by highlighting the importance of regulation and valuing water as key levers for enhancing water security.

Panellist 7: Dr. Amgad Elmahdi, Water Sector Lead - Green Climate Fund:

He spoke about the important 5 important "Cs" of impactful water interventions:

Connector: Leveraging the water sector as the connector to unite other sectors

1. Collaboration: Using collective thinking and capacity building to advance water strategies
Convenor: Attracting investors by seeing water as an asset class with acceptable revenue streams that are aligned with SDGs and the Paris agreement.
2. Co-investor: Mobilising partner investors through coinvesting platforms, to help remove financial barriers to project building.
3. Collective action: Inclusive of all sectors to expand blended support for project implementation

Panellist 8: Darko Manakovski, Head of Global Development- Global Water Partnership:

Collective action brings into notice the need to think about fostering tangible outcomes and have a system of incentives. Darko cited 4 key levers for alignment in order to promote outcome oriented collective action: Capital, Innovation, Regulation and Participation.

He also spoke about the priority of having collective intelligence instead of just data availability.

- Everyone has their own approach to collective action, we are not aligned on process, which makes our efforts disjointed.
- We need to know where we are going jointly
- 40% of public money goes to procurement > so need to design procurement to lead to impact
- Need to rethink our contract designs for increased impact
- Collective action isn't about doing different things separately and then putting it all together
- Need to work together

Quick round of final remarks by panellists – Next steps for the coalition, Minimum ways of engagement:

- Fabrice: companies like Reckitt could contribute to driving behavioural change of consumers and value water more
- Karine: Leverage 1 or 2 projects to demonstrate the successful approaches
- Gary: Look at examples of existing successes to help spur market approaches and provide the investment capital necessary to connect global financing markets to people in need, while producing financial returns
- Raul: Showcase and results are key, we need leadership and commitment
- Daniel: Political will: finding places with the political enabling conditions to bring together the coalition with governments.
- Tom: Innovate without neglecting more procedural and transactional elements like contracts, procurement, pre-competitive collaboration, using nature as a baseline, etc
- Jehanne: Align plannings in a few countries where we can modelize a collective action approach
- Netherlands Pieter Den Dekker, Private sector liaison for UN Water Conference, Government of Netherlands: Let's continue this forward momentum beyond the conference and ensure we reach out and collaborate going forward.

Closing remarks by Xavier Leflaive, Lead Water Team, OECD Environment

Directorate:

Xavier opened by emphasizing that empowerment is one of the key principles of valuing water.

He provided the following 4 recommendations on how to empower collective action:

1. Build *on* existing capacities, rather than building capacities from scratch. There is much more to be gained by building upon existing assets.
2. Letting go of egos will be critical in advancing the theory of change. We must give up on the illusion of control and trust the dynamic that will flow from collective action.
3. Move beyond roles and give up on the notion that we must act according to assigned roles. Collective action requires some ambiguity and going beyond what we are traditionally assigned to do.
4. Our coalition's ambition to rethink collective action is very much aligned with the approach of the Global Commission on the Economics of Water. Xavier commits to connecting both initiatives to see where there may be some synergies for impact.