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Watershed in fight for survival

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The United Nations Conference on Sustainable Development (Rio+20) is set to take place on June 20 at Rio de Janeiro, 20 years after the 1992 Earth Summit on Environment & Development. World leaders, experts, and U.N. agencies are expected to take stock and reaffirm global commitment to sustainable development. The summit is taking place against the backdrop of threats of catastrophic climate change, unprecedented environmental degradation and widespread market failure. Worryingly, humanity's ecological footprint already exceeds Earth's regenerative capacity. It is estimated that €50 billion worth of biodiversity is being lost each year. Even 20 years on, a billion still go hungry every day. Financially, recent market failures have pushed another 100 million people into poverty, not sparing even the

developed countries.

In response, world leaders, through the “Future we want” (Rio+20 Zero Draft) have committed themselves to establishing a global “Green Economy” in the context of sustainable development and poverty eradication. Rio+20 therefore presents a historic opportunity to enshrine principles for a more equitable and prosperous, and greener world.

What's at stake?

The contagious market-driven financial and economic crisis has triggered disillusionment with the prevailing socioeconomic paradigm. Concomitantly, global discourse has been hastily presented with ‘Green Economy’ as the silver bullet idea, but what lurks within the packaging is a matter of concern.

The United Nations Environment Programme (UNEP), in its Global Green New Deal (GGND), has defined the Green Economy as one that results in “improved human well being and social equity while significantly reducing environment risks and ecological scarcities”. This vague definition has led to apprehension and varied interpretations, like those stated by the blind men around the elephant.

The Rio ‘Zero Draft’ is a breathless litany of green economy goals ranging from poverty eradication and food security to sound water management. Furthermore, this vision follows that up with laudable plans intended to protect and enhance the natural resource base, increase efficiency, and promote sustainable consumption and production patterns.

Whereas UNEP would still like to aim at “enabling economic growth and investment” with the afterthought “... while increasing social inclusiveness,” it would have us believe that the present crisis is solely due to the misallocation of capital. Therefore, if according to proponents of financialisation, we attribute economic value to natural capital, companies will behave eco-prudently, self-correcting the misallocation. This portrayal of market instruments as the sole panacea raises the prospect of indiscriminate financialisation of nature. As the World Development Movement says, “Once you accept the premise that nature has a monetary value you also accept that it is possible to buy your way out of social-environmental obligations.”

Previous experiences with similar experiments should be a cause of deep concern. Carbon trades (CDM) have actually ended up locking in high emission activities. The European Union perversely ended up subsidising high carbon industry at the expense of firms which already operated at low emissions. Commodification of forests through the REDD programme (Reduction of emissions from deforestation and degradation) has had disastrous consequences. Allowing companies to “offset” deforestation by new monoculture plantations, REDD has triggered “legal destruction” of rainforests and displacement of indigenous communities from their historic habitats. Economists Arrow and recently Blair have shown that competitive markets do not necessarily produce the optimal amount of innovation within an economy. Despite this knowledge, why do so many push for monetisation of nature with a wish list of Biodiversity Bonds, Green Banks, and speculative trading in dubious green instruments? Friends of the Earth warn about a resulting “Green Casino.” As George Monbiot wrote, “subject the natural world to simplistic cost-benefit analysis and accountants and statisticians will decide which parts of it we can do without”. Markets cannot be the sole arbiter of human development.

The Stockholm Water Group declared in 2011 that “Water is the blood stream of the green economy”. Water is indeed fundamental to the Green Economy as it underlies many growth, sustainable development and poverty issues. Principles of sustainable development presume a knowledge of the inability of water-systems to satisfy the rapacious demands of agriculture, cities, and industry; an understanding that access to water and sanitation (Watsan) is a major determinant of families' march out of poverty. In contrast, the present discourse on the Green Economy advocates the financialisation of ecosystems. Such hubris will lead to the commodification of water, with disastrous consequences especially for the poor.

Those who do not learn from history are condemned to repeat it. The Rio conference of 1992 echoed the Dublin statement “Water has an economic value in all its competing uses and should be recognised as an economic good”. The assumption was that this would encourage efficiency gains and private investments. It failed on both counts. A report, *Pipe Dreams*, pointed out that across Africa, private investment over two decades could bring access to only 900 people a day. Researchers Estache and Rossi also found that there was no difference in the performance of public or private companies. Eventually the sector was left grappling with Dublin-triggered ills of high tariffs, usurious water contracts and social inequity, without any of the expected gains.

Global water market

Another worrying scenario is speculation in a global water market. William Buiter, Chief Economist at Citibank, remarked “Once the spot markets for water are integrated, futures and other derivative water-based financial instruments — both exchange traded and OTC will follow”. Water would be the new Euro. Only in this Waterloo, millions would die. An investor could turn the great lakes into a private swimming pool, prohibiting any other use and plant trees elsewhere or better still pay a fine in purported compensation for the damage. This so-called Green philosophy read together with the World Trade Organisation regime could be misused to create a trade in water, undermining principles of differentiated responsibility, sovereign rights, and social equity.

Therefore, Rio+20 provides a unique opportunity to set right the global water sector. The ‘Zero Draft’ has successfully overcome the resistance of Canada and reaffirmed water as a human right and water resources as critical to poverty eradication. World leaders could establish a new blue-green paradigm with a focus on four key water themes.

1. Rethink integrated water resources management and river systems restoration: Management of basin systems as a whole, while converging watershed, ecosystem and biodiversity conservation with social development and equity is an opportunity for sustainable reduction of poverty. Recognising these non-monetised benefits of conservation represents an opportunity of sustainable development and growth with equity.
2. Reinvest in sanitation and drinking water: As J. Sachs found, the average rate of growth in developing countries where the poor have access to Watsan is 2.7 per cent greater than that attained by countries without these services. Under the human rights framework, national governments should place the highest priority on Watsan provision, especially since for Asia & Africa an investment of just \$7 per capita would achieve the MDGs, and every dollar invested returns \$30.
3. Reach for higher water productivity by working on water and food security. Agro-eco systems should reduce their water footprint through green irrigation and better rainfed cultivation. More crop per drop could lead to GDP growth and food security, which is four times more effective in poverty reduction. The International Water Management Institute (IWMI) advocates improving water use efficiency as an effective means for reducing environmental degradation besides resulting in productivity gains. Industry should bring improvements in water use along the value chain of its processes. Reduce, recycle, reuse towards zero discharge should be a universal mantra. Cities as spatial platforms of growth require to implement a multi-pronged strategy of protection of water ecosystems, efficient water supply, audit and effective management of waste water.
4. Revisit institutional reform: Approaches like building community blue-green charters, as advocated by the Centre of Excellence for Change (CEC), provide a sustainable solution from the bottom of the pyramid. It is essential to provide a stake to the unreached, in the decision making processes of the green-water economy for sustainable development with dignity. Governance structures and processes need to be transparent, accountable and participatory to ensure sustainable, equitable and truly green outcomes from water resources.

Rio+20 summit presents a watershed in humanity's fight for survival. It is for global statesmen to prevent a Waterloo.

(Vibhu Nayar is a senior civil servant. Views are personal)

Rio+20 presents a historic opportunity to achieve a more equitable, prosperous and green world