



GOAL WASH: SMALL, BUT BEAUTIFUL

The first ever global GoAL WaSH (Governance, Advocacy and Leadership for Water Sanitation and Hygiene) workshop was held in Stockholm in November, bringing together focal points from 11 countries.

The week-long event, organised by the Water Governance Facility at SIWI, concluded the first five-year phase of the GoAL WaSH programme, initially established in 2008 with the aim of accelerating the achievement of the water and sanitation targets in the Millennium Development Goals (MDGs).

The aim was to share knowledge and lessons learnt and develop and way forward for the anticipated next phase of GoAL WaSH. Discussions during the week were inspired and lively, and several participants praised the frank atmosphere.

"I feel strong and confident to be part of such an experienced team," said one

participant, while others described the emerging GoAL WaSH community as a family, a tight network where advice can be offered and received with open minds.

Although the programme has limited funds, ambitions are high. Key issues discussed in Stockholm were decentralisation, tariff systems, supporting establishment of regulatory bodies, sector monitoring and databases, and involvement of consumer groups.

"I will bring home the confirmation that great results can be achieved with limited resources", one member concluded, while a comment from Laos coined a potential slogan for GoAL WaSH, a programme that is "small, but beautiful".

► **Read more about GoAL WaSH and the programme countries on:**
www.watergovernance.org/goalwash

NEWS FROM
COLLABORATORS

RAGN-SELLS TAKES THE LEAD IN TRANSITION TO CIRCULAR ECONOMY

As the first recycling company, Swedish Ragn-Sells has joined "The Circular Economy 100" network, an initiative that brings together leading companies such as Coca-Cola, H&M and Philips as well as emerging innovators to accelerate the transition to a circular economy.

Circular economy focuses on business opportunities in circular orbits rather than linear processes, with a goal to develop more resource efficient business models.

Raw materials and energy must be used over much longer cycles than today.

"Recycling principles are at the heart of our business and we are thrilled to be part of driving development towards a circular economy," said Mr. David Schelin, CEO of Ragn-Sells Sweden.

► **Read more (in Swedish):**
www.ragnsells.se/Om-foretaget/Press/Pressmeddelande-2013-08-281



SIWI WELCOMES NEW DIRECTOR FOR TRANSBOUNDARY WATERS

Dr. Therese Sjömander Magnusson has taken up the post as Director for SIWI's Transboundary Waters Programme starting December 1.

Dr. Sjömander Magnusson is a geographer and water resources expert with a research background from Linköping University. She has extensive experience from working on transboundary water resources in Africa, and joins SIWI from the Swedish International Development Cooperation Agency (Sida), where she was Senior Water and Sanitation Advisor and Deputy Head of the Policy Support Unit.



SIWI IN STARTING BLOCKS FOR 2014 WORLD WATER WEEK

The theme for next year's World Water Week in Stockholm (August 31-September 5) will be *Energy and Water*, addressing some of the most urgent challenges our world faces. The two sectors are inextricably linked and interdependent. We need water for energy, and energy for water. SIWI believes that this is just the beginning of a closer cooperation: it is only by thinking and acting together that we can solve some of our time's most pressing problems. The recent SIWI publication **2014 Call for Abstracts and Event Proposals** offers a thorough presentation of the 2014 World Water Week theme. There are also instructions on how to submit event proposals and abstracts.

► **Read more:**
www.worldwaterweek.org

**SUBMISSION DEADLINE:
JANUARY 19**

WATER PRICING: HOW TO VALUE OUR MOST ELUSIVE RESOURCE

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TEXT Mr. Jens Berggren, SIWI

PHOTOS iStock Photos, Manfred Mats and Michael Moore
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Around 2,500 years ago the Greek philosopher Plato stated that "Only what is rare is valuable, and water, which is the best of all things...is also the cheapest". In 1779, Adam Smith coined a famous paradox between value and utility, comparing diamonds, valuable but useless, with water, useful but worthless. But in the last few decades, something happened.

As we approached the new millennium, the world realised that water is a finite resource and that our activities, including the economic ones, demand increasing volumes of water. Hence, at the 1992 International Conference on Water and the Environment, in Dublin, it was agreed that "Water has an economic value in all its competing uses and should be recognised as an economic good".

But there was another part of the principle agreed in Dublin that received more attention, stating that access to water at an affordable price is a basic right of all human beings. At the time, there were several instances of private companies buying municipal water utilities and some-

times initiating significant price hikes on water services. This led to a situation where most of the attention on water pricing evolved around pricing of water for domestic uses. In 2010, the UN General Assembly recognised the human right to access to safe drinking water and sanitation, which seems to have contributed to loosening some of the knots of the pricing debate.

The human right to water stipulates that states have an obligation to ensure that their citizens have access to water for their basic needs. This does not necessarily mean that water for direct human use, such as for drinking or cleaning, shall be free of charge. Nor does it mean that water use for ►

other purposes, for example for producing food, electricity or industrial goods, shall be free.

When discussing a potential price on water, it is important to keep in mind that the water resource and the use of it have some characteristics that make it different from many other types of traded resources and goods.

Water moves: The liquid freshwater on our planet is in constant movement; it falls and flows and seeps. This makes the establishment and enforcement of ownership of water difficult, which has led to a discussion of a right to access rather than a property right over water. This in turn means that the right to access can be limited; e.g. in volume, in time or in the type of usage.

HUMAN RIGHT TO WATER

Access to safe drinking water is not explicitly recognised as a self-standing human right, but is derived from the right to an adequate standard of living, which is contained in several international human rights treaties and therefore legally binding. It requires States to ensure universal access to safe water for drinking, personal sanitation, washing of clothes, food preparation, and personal and household hygiene. According to the right, the price of water services must be affordable for all without compromising the ability to pay for other necessities guaranteed by human rights, such as food, housing and health care.

Water revolves: When we use water it is not consumed. Instead we rather change its quality or its phase, i.e. we convert it to vapour. In many cases, nature cleans and condenses the water back to its original state, albeit often in another location and at another time.

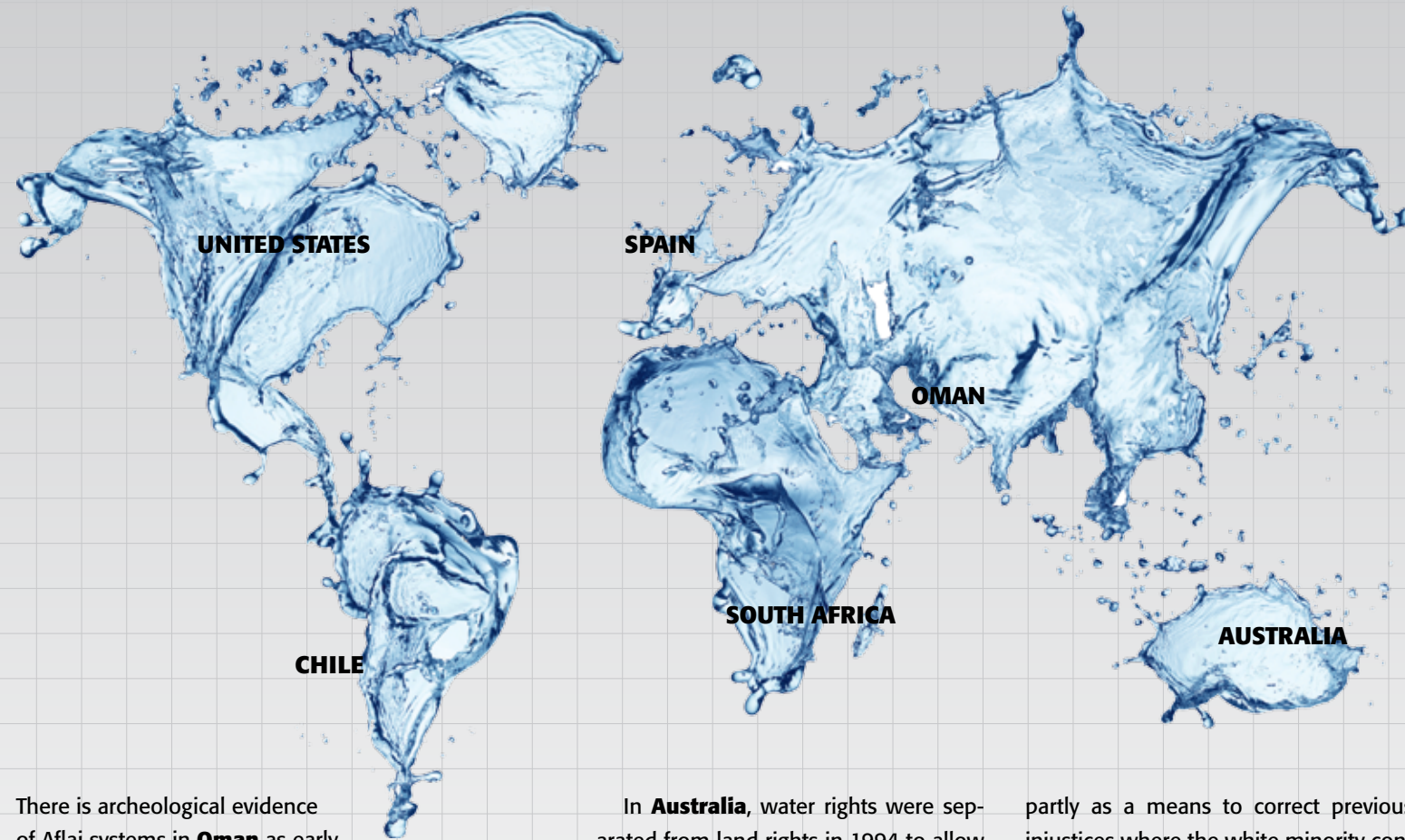
Water varies: Freshwater is unevenly distributed across the world and there is great intra- and inter-annual variability in rainfall, leading to a vast variation in supply in addition to a very variable demand. As market prices are generally set by supply and demand, the significant and unrelated changes in both would mean that market prices would vary a lot over time.

Water is local: Liquid water is incompressible, heavy and often needed in large volumes. In addition, the biggest user, agriculture, would not be able to pay much per volume. With high transportation costs, the price for the water per se would have to be very low to allow for its conveyance. This means that water to a large extent is and will continue to be a local resource.

Water is essential: For most uses of water, there is no substitute. For all biological needs, of humans, animals and plants, water is vital. Hence, the only alternative to using a lot of water is to improve the water efficiency in order to use less.

With demand for water expected to increase by 55 per cent by 2050, there is an urgent need to find effective incentives for managing demand. While there are several measures in addition to pricing that can contribute to moderating the global demand for freshwater, it is likely that economic incentives will play an increasingly important role. The discussion about how, and how not to translate the elusive values of our precious water to monetary measures for managing demand is becoming more important than ever. As for Plato and Smith, water is still the best and most useful of things, but we may have to price it to start recognising its value. ■

WATER MARKETS THEN AND NOW



There is archeological evidence of Aflaj systems in **Oman** as early as 2,500 BC and they are still in use today. Water rights for irrigation in the Aflaj systems are inheritable and tradable while water for drinking and ceremonial washing is free. A system of auctions for time allocations of irrigation water was practiced in Southern **Spain** from mid-13th century to the 1960's.

Today, formal water markets are established in Australia, parts of the United States, South Africa, Chile, China, Great Britain, Mexico, Oman and the Canary Islands.

In **Australia**, water rights were separated from land rights in 1994 to allow for a separate market for water. The trade in water rights has since been expanded to allow for trading of permanent and temporary licenses across the state borders of New South Wales, South Australia and Victoria.

Water trading in the **United States** is mainly practised in the arid south-western states of Arizona, California, Colorado and New Mexico under different regulatory frameworks.

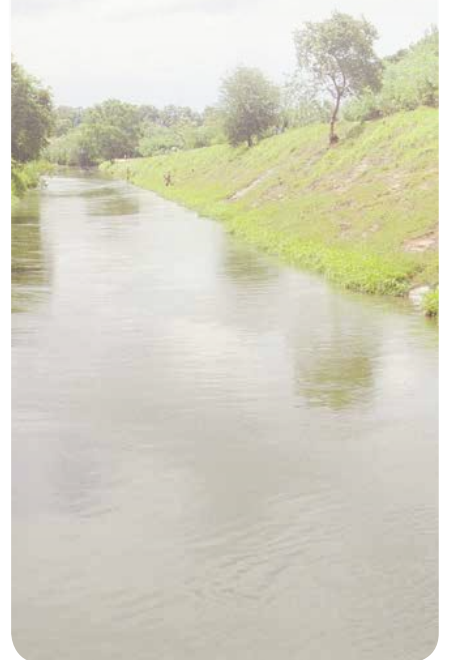
In **South Africa**, water rights were separated from land rights in 1998,

partly as a means to correct previous injustices where the white minority controlled 87 per cent of the freshwater.

The **Chilean** water markets were established in 1981 and are considered very liberal. The water rights are defined as a percentage of the water available in the catchment, so the volumetric risk is borne by rights holders. In response to fears of unproductive speculation in water, a tax on unused water rights was introduced in 2005.

PRICING TRANSBOUNDARY WATERS

As our administrative boundaries, national as well as local, often transect the natural flow of water, the regulatory frameworks for market prices on water would have to be agreed across jurisdictions. With over 50 per cent of available freshwater resources and 145 countries in shared river basins, this is a significant political and legal challenge.



IMPORTANT ASPECTS OF A PRICE ON WATER

Water is not a single, homogenous commodity. A correct price on water would have to include all the aspects that we value in it. Water is used for so many purposes by so many actors that an exhaustive list is impossible to compile. Some important features include:

- **LOCATION;** water in one stream does not turn the turbines in another.
- **TIMING;** both a dry spring and a wet autumn can destroy a harvest.
- **AMOUNT;** floods and droughts are among the world's deadliest disasters.
- **QUALITY;** how the water can be used is decided by its chemistry, biology and temperature.
- **VARIABILITY;** any variation in the aspects above can have serious consequences for all activities involving the use of water.
- **CULTURAL/AESTHETIC VALUES;** water carries significant emotional and cultural values, not least by being a holy substance in most religions.

