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Global

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Water

a Primer

Grab

1. What is 'water grabbing'?

Water grabbing refers to situations where powerful actors are able to take control of or divert valuable water resources and watersheds for their own benefit, depriving local communities whose livelihoods often depend on these resources and ecosystems.¹ The ability to take control of such resources is linked to processes of privatisation, commodification and take-over of commonly-owned resources. They transform water from a resource openly available to all into a private good whose access must be negotiated and is often based on the ability to pay. Water grabbing thus appears in many different forms, ranging from the extraction of water for large-scale food and fuel crop monocultures, to the damming of rivers for hydroelectricity, to the corporate takeover of public water resources. It also inheres in a model of development which is underwritten by a trade in virtual water.

Water grabbing is not a new phenomenon and has much in common with earlier resource grabs and what has been called the “enclosures of the commons.”² The new dimension of contemporary water grabbing is that the mechanisms for appropriating and converting water resources into private goods are much more advanced and increasingly globalised, subject to international laws on foreign investment and trade. There is thus a real concern that a new generation of

Box 1. A New Mulholland? One hundred years ago William Mulholland, superintendent of the Los Angeles Water Department, resolved the city's water shortage problem through a brutally effective innovation: a 'water grab'. By forcibly transferring water used by farmers in the Owens Valley, more than 200 miles away, he made it possible for Los Angeles to become one of the fastest growing cities in the United States. Control of water continues to be a source of great dispute in California, although nowadays the battles are mainly fought in courts of law. But across much of the developing world competition over water is intensifying at an alarming rate, giving rise to intense—and sometimes violent—conflict. The danger is that the Mulholland model will resurface in a new guise, with power, rather than a concern for poverty and human development, dictating outcomes.

Source: UNDP (2006). *Human Development Report 2006 - Beyond Scarcity: Power, Poverty and the Global Water Crisis.*

'Mulhollands', the early 20th Century Los Angeles official who made water grabbing infamous, will profit from this scenario to the detriment of local communities and ecosystems, and at a scale that has not been seen before (see Box 1). In the context of a 'global water crisis', where 700 million people in 43 countries live below the water-stress threshold of 1,700 cubic metres per person, there is an urgent need to put an end to the global water grab.³

2. What are the key drivers of water grabbing?

Water grabbing is an expression of an economic model of development in which capital accumulation is linked to increasing control over abundant and cheap supplies of natural resources, including food, water and energy. The outbreak in 2008 of a global financial crisis accompanied by extraordinary commodity price spikes and growing financial speculation in food commodities provoked a new round of water, land and resource grabbing as governments and investors sought assurances which could not be provided by increasingly volatile and unreliable markets.⁴ It is worth examining this nexus between water, energy and food security in a little more detail.

Rising oil prices and growing concerns that a 'peak oil' period has been reached have rung alarm bells about the high dependence of modern economies on fossil fuel. The search for alternatives to non-renewable energy sources has focussed extensively on agrofuels: crops such as palm oil, jatropha, sugarcane and soya, grown as a source of liquid fuel for the transport sector and for industrial use. A veritable explosion in agrofuel production has occurred in Asia, Africa and Latin America bolstered by governmental directives, such as the EU's Renewable Energy Directive (RED), and a broad range of subsidies and preferential loans.⁵ Claims that agrofuels constitute a clean and efficient energy source have however proven to be highly misleading, not least because of the vast amount of water required throughout the production cycle; from the irrigation of crops, to the washing of the harvest, to the cooling of boilers during processing. In the case of sugarcane cultivation for ethanol production, for example, 7,000 litres of water are needed to produce 12 kilograms of sugarcane, necessary to produce one litre of ethanol.⁶ This high water intensity of agrofuel production is sometimes overlooked, with disastrous consequences for other water users (see Box 2).

Just as the growth in fuel crops reflects a search by states and investors for cheap and reliable energy supplies under conditions of competition and economic crisis, a similar logic underpins the appropriation of water resources for the cultivation of food crops. As food prices have spiked in recent years, an increasing number of countries and agribusiness corporations have sought to reduce their dependency on international markets by engaging directly in agricultural production. This has for instance figured prominently in the considerations of many Gulf states where their own water resources are stretched and the rising cost of food imports is estimated to account for up to one third of the inflation experienced in the region.⁷ Appropriating land and water for food production in other countries is therefore seen as a strategy for economic stabilisation and a way to hedge against future inflation. This also holds true for agri-business corporations who have shifted towards greater vertical integration in order to safeguard their profit margins and exercise greater control across the value chain.

Box 2. Fuel before Farmers: The Case of ProCana in Mozambique

In 2007, the London based Central African Mining and Exploration Company (CAMEC) and the government of Mozambique agreed a 30,000 hectare sugarcane ethanol project called ProCana. With ProCana needing 407 million cubic metres of water a year for its sugarcane plantations, CAMEC obtained a licence from the Mozambican government to draw vast water reserves from the Massingir dam. However, an independent study showed that water reserves are sufficient to meet only 60% of this volume, above which the water security of subsistence farmers and livestock herders further downstream would be severely compromised. The project is currently on hold following the withdrawal of CAMEC from the project, but the Mozambican government is searching for new investors to take over the operation.

Source: Borras, Fig and Monsalve (2011), *The Politics of Agrofuels and Mega-land and Water deals: Insights from the ProCana case, Mozambique*, <http://www.tni.org/paper/politics-agrofuels-and-mega-land-and-water-deals>.

Meanwhile, there is also the growing phenomenon in agriculture of “flex crops” -- crops that have multiple uses (food, feed, fuel, industrial material) that can be easily and flexibly inter-changed depending on various factors including changing price signals on global markets.⁸ This includes many of today’s most prominent high intensity water users and/or native forest and watershed destroyers -- soya (feed,

food, biodiesel), sugarcane (food, ethanol), oil palm (food, biodiesel, commercial/ industrial uses), corn (food, feed, ethanol). The flex crop sector is among the fastest growing in Latin America today, for example.⁹

Alongside flex crops, we may also be seeing a growing trend toward “flex trees” - tree monocultures that can be deployed for variable purposes, including lumber for construction and furniture, wood for wood chips and wood pellets, and (re)forestation for carbon sequestration and other so-called “environmental services”. Although the impact of tree plantations on ecosystems and on local users in terms of water (re)allocation is complex and shaped by many factors, there is growing evidence that the impacts on ecosystems and local communities can be extremely negative.¹⁰ Despite the risks, official data shows that globally the area devoted to tree plantations is growing at an average rate of about 2% annually, with the highest rates in Central and South America, the Caribbean, and Asia.¹¹

The drivers of water grabbing show how capital accumulation by corporations is intimately connected to the control of natural resources such as water. It is in this sense that one must question the tendency to turn all discussion around water, food and energy into security issues: water security, food security etc. This has the danger of bestowing a degree of legitimacy upon the private appropriation of water resources. Understanding that water grabbing has less to do with real concerns related to the availability of water, food and energy supplies (which would entail a regard for their conservation and sustainable use) and more to do with ensuring the profitability of economies and companies selling to and sourcing from global markets is the first step towards rejecting this rationale. It is in the ability of certain actors to use their power to exploit both real and perceived water scarcity concerns that the danger of water grabbing exists.

3. Who are the water grabbers?

Many different actors, both old and new, are involved in the global water grab. These include specialised water-targeted investment funds, transnational water companies, and the whole array of actors whose activities depend on the trade in ‘virtual water’.

One of the most striking developments in recent years has been the creation of private investment funds in which water features as a significant component of the investment portfolio. In 2008 Rabo Farm Europe Fund, a private equity fund of the

Dutch Robobank, and the Swiss Sarasin Bank set up the 'AgriSar Fund'. It includes investment in water assets as one of its key objectives, stating that "The monetisation of water is just beginning as a previously free asset gains scarcity value and we see opportunities for companies able to secure and manage supply".¹² It is clear that for private equity funds such as AgriSar the 'global water crisis' represents a lucrative investment opportunity.

A similar trend can be observed within the global water industry as private corporations spent much of the last decade seeking control over former public water services in countries such as Peru, Bangladesh and South Africa. Huge monopolies exist within this global water industry with two French water corporations, Vivendi and Suez, dominating about 70% of the world water service market.¹³ The imposition of a for-profit water service model based on the 'ability to pay' and geared towards greater levels of water consumption does not bode well for pro-poor outcomes nor for water conservation. However it has also faced considerable resistance, with many communities successfully stopping privatisation.¹⁴ A growing number of cities are now 'remunicipalising' their water.¹⁵

Box 3: Peasant principles versus agribusiness profits

In the lower valley of the River Piuria in the north of Peru, the peasant community of San Juan Bautista de Catacaos had succeeded in establishing a form of low external input, diverse, and cooperative agricultural production. Given the semi-arid conditions of the region, careful water management which respected ecological limits was critical to the survival of the peasant community. This imperative for sustainable water management was simply ignored by a 1,500 hectare agro-export enterprise that established itself in the region. In order to produce peppers, paprika, organic bananas, organic sugar, rice, onions and grapes with vast water requirements, a huge pumping station was installed at a strategic point on the River Piuria, along with canals and artificial lakes cordoned off by barbed wire and patrolled by armed guards. With every hectare irrigated by the agro-export enterprise entailing a loss of 3 hectares of productive land in Catacaos, the once flourishing peasant community is now struggling.

Source: Van der Ploeg, J. D. (2008). *The New Peasantries: Struggles for Autonomy and Sustainability in an Era of Empire and Globalization*. London and Sterling, Earthscan.

Meanwhile agribusinesses are exercising increasing control over water resources as they shift towards greater vertical integration. This control is often used to increase water-intensive agriculture which competes with and sometimes displaces more sustainable and locally adapted forms of farming (see Box 3).

Given the water resources that are required to produce agricultural products, global agricultural trade is at a very basic level, about "...a gigantic transfer of water, in the form of "commodities," from regions in which it is abundant and low-cost to others in which it is scarce and expensive".¹⁶

This trade in 'virtual water', which is not unique to agriculture but encompasses the water used to produce and trade in all manner of goods and services, significantly opens up the debate as to who the water grabbers are. In particular, it requires an understanding of the complex linkages between meeting water demand in one regions and the creation of water pressure and scarcity in another. One example is the EU "Everything But Arms" trade policy, which has been shown to be encouraging expansion of large-scale water-intensive sugarcane production in Cambodia that is then exported to Europe.¹⁷

4. How is water grabbing related to land grabbing?

The causes of water grabbing are similar to those of 'land grabbing': the phenomenon whereby investors acquire or lease vast tracts of land, with negative socio-economic and environmental effects. An investor's control of land usually comes with a corresponding control of water resources. Indeed, access to water could be the most valuable part of the deal. This is especially so given that host governments seek to entice investors by offering them concessions with regards to water use. In Mali and Sudan, for example, investors have been granted unrestricted access to as much water as they need.¹⁸ Some international investors trade a promise to build water infrastructure for the acquisition or lease of land. The Libyan government for instance built an irrigation canal in exchange for 100,000 hectares of land in Mali.¹⁹

Acquiring land in order to access and control water is especially relevant to countries facing water scarcity. Renewable water resources in the Gulf states for example are set to run out in the next three decades.²⁰ The implications of this

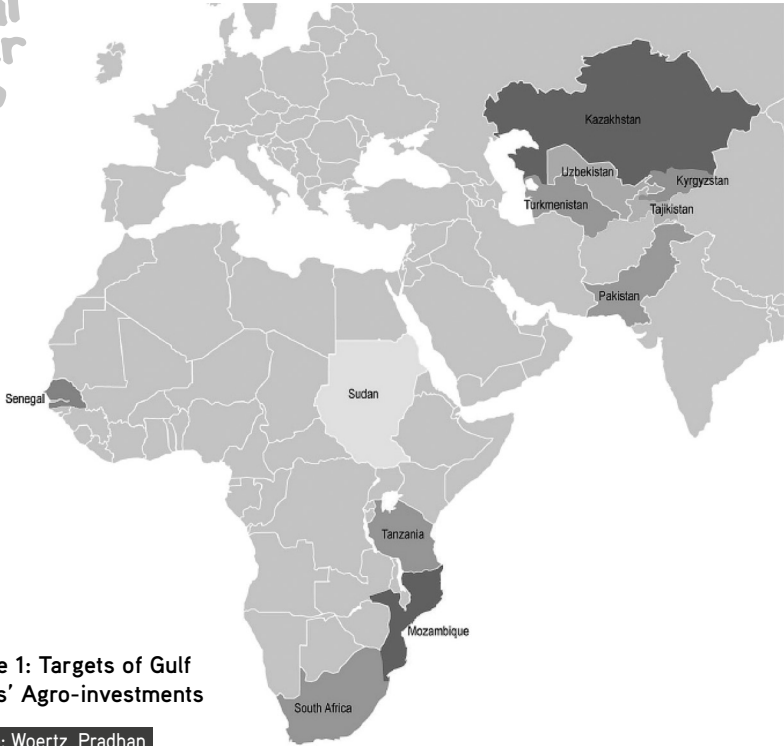


Figure 1: Targets of Gulf States' Agro-investments

Source: Woertz, Pradhan et al. (2008)

water scarcity are profound. Saudi Arabia, once a net exporter of wheat, intends to phase out domestic production of wheat by 2016 due to the depletion of fresh water reserves in the country.²¹ It seeks to compensate for this loss in domestic food production by acquiring farmland abroad (see Figure 1), thereby transferring much of the pressure on water resources caused by agricultural production to other countries. This is a strategy likely to be pursued by other water deficit countries as they seek to 'lock in' access to water reserves and resolve their own water constraints by acquiring land abroad.

Land and water grabbing are also related in that both involve a model of water use characterised by exploitation, exclusion, and profiteering. Land and water grabbing are driven by large-scale monocultural production of both food and non-food crops. Premised on the application of industrial production practices, these monocultures gear agriculture towards profit maximisation in which water is seen simply as a raw material to be converted into higher value commodities. The fact that monocultures

are highly water intensive, using up to ten times more water than biodiverse agricultural systems, is thus rendered unproblematic as long as a series of biophysical constraints can be overcome externally, even if this means land and water grabbing.

Increasingly monocultures are being challenged for their own false claims that they represent the most efficient (and therefore most resource-conserving) way to organise agricultural production. While sugarcane production continues to expand rapidly in Brazil, for example, this has been accompanied in recent years by a decline in productivity suggesting that the increase in sugarcane production levels comes from the expansion of the area under monocultures.²² The continued profitability of sugarcane production in Brazil thus depends upon ever greater land and water grabbing.

5. What is the impact of water grabbing on local livelihoods, food security and aquatic landscapes?

The claim outside investors make to local water resources is often justified in the name of development. The argument is that sufficient water resources for ensuring the successful operation of commercial projects will help generate employment, boost agricultural productivity, contribute to the creation of new infrastructure, and open up additional revenue streams for the government. If these projects were managed in a sustainable fashion with proper consultation of affected communities, then some of these benefits may indeed be realised. In many instances however these development promises are contradicted by the reality on the ground.

With respect to livelihoods, one of the main problems is the inability or unwillingness of investors and governments to register how land and water is being used prior to being leased or taken over. Instead, the land and water resources targeted in commercial deals are often described as being unused, in order to make the transfer into the hands of the investor entirely unproblematic. This is however to miss the value of the land and water to the lives of rural communities, who depend on these resources not just for sustaining their livelihoods but also their social and cultural identity. Commercial investment deals which only price land and water in economic terms are likely to miss these aspects. Rural communities, which often practice

Box 4. Saudi rice trump indigenous needs in Ethiopia

In the Gambella region of Ethiopia, indigenous people are being forced by the government to relinquish their ancestral lands in order to make way for a 10,000 hectare rice plantation operated by the Ethiopian government and Saudi Star Agricultural Development Plc. The rice plantation is situated along the Alwero river, which is also a key source of water for indigenous rural communities that practice fishing, pastoralism and shifting cultivation agriculture. Seen as marginal and economically unproductive by the Ethiopian government, their water rights are superseded by the water requirements of Saudi Star upon which the government of Ethiopia has imposed no limits on water use, no environmental controls and no mechanisms for monitoring the effects of increased water use on downstream users. Tenders are currently being issued for the construction of 30 km long cement-lined canals to transport water from the Alwero river to the rice plantation and planning is underway to build another dam on the Alwero river in order to extract more water for Saudi Star.

small-scale agriculture, simply cannot compete for the government's attention when others are offering high capital investments. The consequence is that they invariably are pushed aside in favour of larger-scale commercial ventures (see Box 4).

Mismanagement of water resources by private companies can also end up having catastrophic effects far beyond the companies' immediate physical operations. When water management fails and water resources are polluted, the entire water flow through a river system can be affected. Leakage of toxic effluent produced on oil palm plantations in Indonesia is, for instance, killing river fish and other aquatic wildlife in addition to making the river unsafe for drinking.²³ Plantations are also affecting natural drainage patterns in a profound way, leading to both depletion of water in nearby rivers as well as increased flooding during the rainy season.²⁴ Similarly, sugarcane plantations in Brazil, located right by rivers and lake sides, have led to habitat and species loss caused by deforestation and the use of toxic sludge (a by-product of ethanol processing) as fertilizer, which has polluted rivers and underground water tables.²⁵

6. Who benefits from investment in water infrastructure?

Water grabbing is not limited to the direct extraction of water for the production of food, fuel and flex crops. It also involves various form of water infrastructure such as dams, reservoirs, hydropower stations, canals, and irrigation systems which divert and deplete water sources, potentially affecting entire river basins (see Box 5). Governments often view these capital-intensive projects as vital to further economic development. The key question however is economic development for whom? The Brazilian government, for example, is investing heavily in the construction of hydroelectric power stations on the grounds that hydropower is a renewable, highly efficient, and, once the infrastructure is complete, a cheap source of energy. Yet it has also been accompanied by the privatisation of energy provision, which has placed hydro-electricity at the service of large transnational companies such as mining, metallurgy and supermarket conglomerates that receive energy at rates as much as ten times lower than those paid by the general population.²⁶ As a result, ordinary Brazilians have experienced rate hikes of over 400% in the last ten years, even though 80% of Brazil's energy is generated through hydropower.²⁷

While hydropower has courted controversy, investment in irrigations systems is sometimes viewed as more benign given that they are critical to food production and can therefore potentially increase food security. As a result, many states have welcomed foreign investment in irrigation systems to modernise agriculture and increase yields. However, while it is true that yields on irrigated croplands are on average two to three times higher than those on rainfed lands, this does not automatically translate into greater food security. Irrigation is rarely introduced in and by itself, but rather forms part of a technology package including fertilisers, pesticides, and sometimes a switch to mechanisation. While this technology package may be initially subsidised by governments or other third parties, allowing all farmers to participate in technological change, over time these subsidies are often withdrawn, leaving farmers to cover the higher input costs themselves. This may force out the less able or poorer farming households. Looking more closely at how the benefits of irrigation schemes are distributed and how they restructure land-based social relations thus provides us with a more cautious reading of foreign investment in water infrastructure.

Source: Schertow, J. (2008). *Sacrificing the Mekong River Basin in the Name of Electricity*. Retrieved 18 February, 2012, from <http://howardfreedom.com/home/content/view/1479/1/>.

Box 5. Damming livelihoods along the Mekong river

The Mekong river basin is a vast river basin estimated to support up to 100 million people as the 5000 km long river passes through China, Myanmar, Lao PDR, Thailand, Cambodia and Vietnam. Fishing communities in particular depend heavily on the Mekong river. Yet water grabbing for hydro-electric power generation is blocking migrating fish from reaching their spawning grounds and holding back nutrient rich sediment which sustains aquatic ecosystems and inland fisheries. With a total of 50 dams in the Mekong basin, only 46% of the original ecosystem connectivity is estimated to remain intact. With many more water infrastructure projects in the pipeline, the battle over the Mekong river as a source of fish versus a source of electricity is set to intensify.



7. What is the relationship between 'water grabbing' and the privatisation of water resources?

The privatisation and commodification of water resources are key mechanisms through which water grabbing is effected. Water privatisation is not a new phenomenon, but the new round of water grabbing has certainly brought water into sharper focus as a commercial asset.

Privatisation and the trade in water rights it facilitates can lead to indigenous water rights being expropriated or auctioned off to the highest bidder. This danger exists especially where water rights of indigenous communities go unregistered, because they are subject to customary and collective forms of management rather than formalised state controls. For example, the Mozambican Water Law theoretically gives priority to water use by rural households for their domestic needs, livestock, and small-scale crop irrigation.²⁸ Yet at the same time, it doesn't require this "common use" to be registered which makes it vulnerable to competition from other users as it is essentially rendered 'invisible' to government planners.

The allocation of private water rights to investors is by contrast highly visible. As such, water privatisation can be a way of transferring power to private investors from local communities and a first step towards the erosion of customary and collective forms of water management.

Destroying the social organisation of water resources and replacing it with a private, individualised form of market-based water management is one of the main goals of neoliberal water policy. Neoliberal water policy presents this as a progressive development for it allocates water to its most efficient and productive users and helps secure water rights. The problem with this argument is that it ignores the major power disparities between actors in the water market. The assumptions of neoliberal water policy only hold when all water actors are free and equal in the market place. This is of course a fallacy. The new enclosures of water resources enabled by water privatisation should thus be roundly resisted.

8. How are competing claims to water access and usage currently dealt with?

A key issue which is raised by water grabbing is how competing claims to water access and usage should be mediated. This is a legal, political and, ultimately a moral question. From a legal perspective, there are a complex array of national and international laws governing water allocation. One of the problems with the current wave of water grabbing is that investors are targeting countries where national legislation on water rights is either non-existent, vaguely defined, or weakly enforced. Without adequate regulation and enforcement, the danger is that

power will simply determine outcomes. Given that the bargaining power of local communities is nearly always less than that of the foreign investor, who also often enjoys governmental support, it is they that have the most to lose (see Box 6).

Source: Bues, A. (2011). *Agricultural Foreign Direct Investment and Water Rights: An Institutional Analysis from Ethiopia*. International Conference on Global Land Grabbing, University of Sussex, Brighton, LDPI.

Box 6: Flower power: case study of Oromia Ethiopia

Local farming communities in the Oromia region of Ethiopia for generations had managed water collectively; relying on customary rules and principles that emphasised sharing, conservation and accountability through regular meetings. The groups raised water fees, which were used for repairing the canal, paying water guards and for administrative costs.

This changed radically with the establishment of nine floriculture farms in the area, seven of which are wholly or jointly owned by foreign investors. With the arrival of the new investment farms this informal water management structure changed dramatically. Farmers' groups were re-organised and new rules were implemented. These included the doubling of water use charges, a substantial increase in sanctions for non-compliance, and a turn taking system between investment enterprises and local farmers. While four binding rules were introduced for local farmers, only two rules were established for the investment farms, which were also not subject to any form of sanction. Furthermore, the investors were found not to follow the second rule governing the agreed system of turns, bribing water guards to open water gates to allow them access to water reserves.

Not surprisingly, this shift in water allocation is widely perceived by the local farming communities in Oromia to be inequitable. Farmers have appealed to the Regional Investment Bureau to stop the abrogation of their water rights by the investor-backed farms. The Ethiopian government, which broadly welcomes foreign direct investment in its agricultural sector, however sided with the investors leaving local communities with few alternative courses of action. A sense of powerlessness thus pervades the local farming communities in Oromia.

9. How can transboundary water resources be equitably and sustainably managed?

River systems do not respect international boundaries. Water grabbing and the extraction, diversion or pollution of water resources in one region or country can therefore impact upon the availability and quality of water in another region or country. Transboundary water management of a river basin system is therefore essential. Integrated water resource management (IWRM) has been advanced in this context as “a process which promotes the coordinated development and management of water, land, and related resources in order to maximize the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems”.²⁹ The success of IWRM relies heavily on the ability of different states involved to collaborate closely in order to arrive at agreements on shared rights and responsibilities. Water grabbing can however jeopardize this spirit of collaboration.

The already complicated hydro-politics of the Nile river basin has, for example, been rendered significantly more difficult by the increase of foreign investment in the region. New actors such as China, India and the Gulf states are investing in large-scale plantations, irrigation, water and hydro-electric infrastructure throughout the Nile basin. China has financed eight dams along the Nile including two in Egypt, two in Ethiopia, one in Uganda, one in Burundi and one in the Democratic Republic of Congo.³⁰ Investors have also targeted Ethiopia’s Gambella region where one million hectares have been leased to 896 companies since 2009.³¹ The Ethiopian government’s granting of free access to water resources has been one of the key pull factors. This unrestricted access to water has led to cavalier attitudes by investors towards water conservation and management by companies such as Karuturi, one of the world’s top 25 agribusinesses which operates vast palm oil, sugar cane, rice and cereal plantations in the region.

The cumulative impact of this increased water use on rivers within the Blue Nile water shed is as yet unknown. What is clear however is that outside investors engaged in water grabbing with the consent and encouragement of host governments are changing the geopolitics of the region, challenging the historical hydro-hegemony of

Egypt. This could be a positive development if it leads to a shared vision for water management and an enabling environment for joint investment projects by all countries bordering the Nile (with some signs of this in new Nile Basin Initiative). If however it leads to growing unilateral measures by many of the Nile basin countries and greater extraction by foreign investors, it will have grave social and ecological consequences. Since all river basins are affected to a lesser or greater degree by similar demographic, economic, climate and land-use changes, the success of IWRM depends first and foremost on agreement on a shared set of values. If the integrity of these values is undermined by a zero-sum, competitive model of resource extraction and use, then the governance of river basins is made extremely difficult.

IWRM proposes the concept of 'total economic value' as a way to integrate into cost-benefit analyses the economic value of the many ecosystem services river basins perform. This framework is intended to serve as a corrective to the history of perverse subsidies and incentives which have often been granted to environmentally degrading commercial and industrial resource exploitation. An example of this can be seen in Ulaanbaatar, Mongolia where political authorities, faced with a looming water scarcity, are seeking to tap into additional groundwater reserves and expand surface water storage within the Upper Tuul watershed. Total economic value assessments have shown that continued degradation of the Upper Tuul will cost the Mongolian economy around \$270 million over the next 10 years; while conservation of the watershed ecosystem generates a return of \$15 a year for every \$1 invested.³² IWRM thus demonstrates the imperative of conservation, something which is still currently lacking in the Mekong river basin where 'conflict, rivalry and inaction' obstruct locally based sustainable water management.³³

10. What should countries which face water scarcity do?

Water scarcity is a real issue for many arid and water-stressed countries. With climate change, water scarcity in certain ecological zones is set to increase as global warming leads to higher variability in rain-fall and increasing risk of

reduced precipitation, falling groundwater tables, and drought.³⁴ All water users must therefore adjust to the projected impact of climate change on future water reserves.

The question remains then what countries facing a water deficit should do to guarantee their water security.

There exist both supply and demand side options. On the supply side, states can invest in expanding the supply of water resources by improving water storage facilities and turning to non-conventional sources of water such as sea water which can be transformed into fresh water through desalination techniques. Both of these options are expensive, requiring substantial capital investments and high energy costs and are therefore not available to less wealthy nations or may come with environmental impacts. Demand side options are usually more effective economically, socially and ecologically. Efforts focused on water recycling, conservation and the reduction of water waste and loss can yield substantial gains.

Neoliberal water policy advocates argue that water privatisation and market mechanisms are part of the solution. As mentioned earlier, their premise is that the market allocates water to the most efficient and productive user and therefore minimises waste. They also argue that by treating water as an economic rather than a public good, water is priced according to its true scarcity cost which encourages its more sparing and sustainable use (see **Box 7**). Scarcity is thus presented as an opportunity to move towards the creation of private water markets.

It is highly questionable however to what extent private water markets are the best mechanism to balance between equity and efficiency of water use. Incentives should certainly be designed to encourage users to conserve water. This does not have to correspond to the creation of private water markets though, which can threaten poor people's right to water by linking access to water to the ability to pay. Instead, governments should end perverse subsidies which are given to water-intensive,

Box 7. The Morality of Markets?

“Underpricing (or zero pricing in some cases) has sustained overuse: if markets delivered Porsche cars at give-away prices, they too would be in short supply”
(UNDP 2006: 26)

water-wasting industries, luxury projects such as golf courses and hotels, and to investors seeking to profit from land and water rights given to them as ‘freebies’ by host governments. The global water crisis is in large part the consequence of the current trajectory of development which undervalues natural capital and fails to integrate issues of sustainability, transferring a huge ecological debt to future generations (see Box 8). This needs to radically change if the true causes of water scarcity are to be addressed.

Box 8. The Real Cause of Scarcity

“Scarcity has been induced by policy failures—when it comes to water management, the world has been indulging in an activity analogous to a reckless and unsustainable credit financed spending spree” (UNDP 2006: 25)

II. What can be done to protect the human right to water?

Rather than accepting the false solutions advanced by neoliberal water policy, a rights-based as opposed to market-based approach stresses the fundamental obligation of all states to respect, protect and fulfil the human right to water. Thanks to a groundbreaking resolution adopted by the UN Human Rights Council on the 30 September 2010 and in July 2010 by the UN General Assembly, this Right to Water is not just a moral duty but a legally binding and enforceable human right.³⁵ It also includes the extra-territorial obligation of states to ensure that their own citizens and third parties such as private companies do not violate the Right to Water in other countries with respect to the availability, accessibility and quality of water.

The recognition of the Right to Water should form the basis for regulating land and water deals. Of utmost urgency is the need to register all water users and forms of water management. While neoliberal water policies seek to destroy the ‘plurality of water rights, water identities and management modes’ in order to replace them with a uniform market logic, a rights-based approach must make these rights, identities and modes visible as the first step towards countering water grabbing.³⁶

There are a number of measures states can take to protect the Right to Water. Any negotiation of water rights in a land deal needs to be open to scrutiny and should involve the proper consultation of affected communities, defined as expansively as possible based on environmental and social impact assessments. States should always prioritise the water requirements of local water users over those of outside investors.

A critical distinction should be made between water as a vital resource and public good (associated with the satisfaction of basic needs), which is non-negotiable and should be absolutely guaranteed; and water as an input for production upon which legitimate controls and restrictions may be placed. One can not permit, for example, the allocation of water rights to agribusinesses where they affect the water requirements of small-scale farmers engaged in subsistence agriculture or (precarious) production of food for sale in local markets. States can strengthen the hand of these small-scale farmers by recognising customary forms of water management; allowing traditional water users to form collective water user associations and apply for water permits. Where people feel that their Right to Water is either denied or violated, they should have the possibility to claim their right and seek compensation before a court of law. The Right to Water is ultimately a governance issue which needs to be regulated by states.

12. How is 'water grabbing' discussed in international fora and what could civil society propose?

Conservative fora such as the World Water Council and the Global Water Partnership, which maintain strong ties with the major water corporations, have largely promoted a pro-water privatisation agenda. The creation of private water markets and the allocation and trading in water rights are seen by these actors as rational responses to the growing scarcity of world water supplies. This strategy is also supported by multilateral institutions such as the World Bank, the International Monetary Fund, and the various regional development banks where development aid is sometimes linked to the privatisation of water resources.

The charter of the Marseille Alternative Water Forum in 2012, however, rightly states that “Water should be recognized as a common good for all of Humanity. Water is vital for all life and is not a commodity”.³⁷ Water should thus be managed by public services and democratically distributed among different users. This indeed reflects the reality of water provision: over 90% of water is delivered by the public sector.³⁸ Given the expertise of the public sector in water service delivery, public-public partnerships and mechanisms such as the Water Operator Partnership initiative and the UN Global Water Operator Partnerships Alliance, which support this public sector knowledge exchange, hold much promise in expanding access to water.³⁹

Water grabbing, within the context of land grabbing, is an item which has only recently made headlines and is an area where much research still needs to be done. Forums such as the Marseille Alternative Water Forum can aid in this effort by drawing attention to this issue, highlighting the evidence which suggests that water is a key driver of international land deals. The dangers of this form of investment, which risks violating people’s right to water, needs to be underscored. Given that many instances of water grabbing involve the extraction of water for large-scale, industrial agriculture, it will be important for civil society to draw attention to alternative agricultural practices which help promote sustainable water use. These can include practices such as water harvesting, micro-irrigation technologies, mulching, and the construction of hill-side terraces lined with grass shrubs and trees which enhance the ability of the soil to catch and store water. Most of all, inspiration should be taken from the daily water use practices of many peasant communities, such as those in Catacaos and Oromia mentioned in this primer, whose water management systems are based on an intuitive understanding of the ecological balance that must be struck between humans and nature.

For further reading:

- Transnational Institute's Agrarian Justice Project (<http://www.tni.org/work-area/agrarian-justice/agrarian-justice>) and Water Justice Project (<http://www.tni.org/work-area/water-justice/water-justice>)
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the Global Water Grab

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Founded in 1974, TNI is an international network of activist scholars committed to critical analyses of the global problems of today and tomorrow. It aims to provide intellectual support to grassroots movements concerned to steer the world in a democratic, equitable and environmentally sustainable direction. In the spirit of public scholarship, and aligned to no political party, TNI seeks to create and promote international co-operation in analysing and finding possible solutions to such global problems as militarism and conflict, poverty and marginalisation, social injustice and environmental degradation.

The
“Global
land grab”
has captured
worldwide attention
in recent years with
its focus on the explosion
of commercial land transactions,
land speculation and subsequent
dispossession of rural communities, fuelled
mainly but not solely by the large-scale
production and export of food and agrofuels.
But today alarm is growing that a “global water
grab” is also under way, with water increasingly
described as the next big commodity, a “blue gold”
sought after by states and investors worldwide.
Water has become a new object of appropriation
at the heart of a range of environmental, energy,
food, and development concerns. This primer
addresses twelve key questions about
the growing phenomenon of water
grabbing.