New report shows water scarcity can be mitigated affordably and sustainably

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Washington, D.C., November 23, 2009 — A new report released today by the 2030 Water Resources Group, *Charting Our Water Future*, shows that growing water scarcity can be mitigated affordably and sustainably. By providing greater clarity on the scale of the water challenge and the cost of the solutions, it offers a fact-based tool to help stakeholders make informed investment decisions and guide policy discussions. It finds that if no action is taken, by 2030, projected population and economic growth will lead to global water demand that is 40% in excess of current supply. In addition, this means that one-third of the world's population would have access to only half the water they need, living in water basins with a 50% deficit in supply.

In the foreword to the *Charting Our Water Future*, His Royal Highness the Prince of Orange, Chairman of the United Nations Secretary-General's Advisory Board on Water and Sanitation, states that "the future *water gap* can be closed. (…). If water is to be everyone's business, then stakeholders will need to come together in water-scarce countries to make some difficult trade-offs on the road to water resource security. (…) This report's contribution is to create a common economic language which all stakeholders can use in participating in that conversation."

At the basis of the report lies an analysis conducted in four countries with drastically different water issues, which will collectively account for 40 percent of the world's population, 30 percent of global GDP and 42 percent of projected water demand in 2030: China, India, South Africa and Brazil (Sao Paulo state). The report's methodology identifies supply- and demand-side measures that could constitute a more cost effective approach to closing the water resource gap in each country and even achieve savings in some sectors.

Moreover, the report shows that if a balanced portfolio of demand- and supply-side measures is adopted in each country, the projected water requirements in 2030 can be met at an estimated cost of $19 billion per year for these countries, or just under 0.06% of their combined forecast GDP for 2030. At a global level, the cost would amount to an estimated $50-60 billion. In contrast, if only traditional supply-side measures are implemented, an additional capital expenditure of up to $200 billion per year globally would be required to

close the water gap. This is four times more than the balanced approach and more than double what is currently spent on water resource provision.

While the need for additional water is global, both the challenges and the solutions differ across geographies given the drastic variations from basin to basin. This report offers a set of tools for decision-makers to design tailored programs to close the water gap. In India, for example, demand is driven largely by growth in the agricultural sector (80% of all water demand) as it tries to cope with a burgeoning population moving towards a middle-class diet. The most cost-effective solutions identified for India are, therefore, dominated by agricultural measures, both in irrigated and rain-fed crop production, which can collectively close 80% of the projected gap in 2030. On the other hand, in South Africa, agriculture is expected to account for only 47% of water demand in 2030, while household and industrial demand will account for 53%. As a result, the most cost-effective solutions will include some agricultural measures, but also a range of industrial efficiency measures, in mining for instance, and common household measures, such as improved plumbing fixtures.

Across all regions studied, many of the most cost-effective measures identified, especially those that increase efficiency and productivity of water use, can pay back their initial capital investment in three years or less.

About the 2030 Water Resources Group. The Group was formed in 2008 to contribute new insights to the critical issue of water scarcity. Members include McKinsey & Company, the International Finance Corporation (IFC, part of the World Bank Group), and a consortium of business partners: The Barilla Group, The Coca-Cola Company, Nestlé SA, New Holland Agriculture, SABMiller plc, Standard Chartered and Syngenta AG.

For more information, and to see a copy of the report, please visit:

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