



Net positive and its application to water management

Recently, Paul Polman, who was the chief executive officer (CEO) of Unilever (one of the world's biggest multinational companies) between 2009 and 2019, and Andrew Winston, a specialist on sustainable business, wrote *Net Positive: How Courageous Companies Thrive by Giving More Than They Take* (2021). This highly readable book provides a new and more appropriate framework for business, eschewing decades of dogma, which was aptly summed up by Milton Friedman (who received the 1976 Nobel Memorial Prize in economic sciences) as 'there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits ...' (Friedman, 1962, p.133).

For the most part, Friedman's philosophy was accepted by businesses for some 50 years. Even now, many CEOs of large to small business companies have held this view, either explicitly or implicitly.

We have known Polman for several years. He is one of the most unorthodox, charismatic and out-of-the-box thinkers we have ever encountered. Not surprisingly, *The Financial Times* of London has described him as a 'standout CEO of the past decade'. He and his co-author have written *not* 'a utopian fantasy' but have cogently and persuasively argued for a new mindset from the business leaders to ensure 'the scale of change and transformation the world so desperately needs'. This mindset will meet the twin essential objectives of making the world a better place to live in and also to produce decent returns for the shareholders of companies.

The authors define a 'net positive' company as one that 'improves well-being for everyone it impacts and at all scales – every product, every operation, every region and country, and for every stakeholder, including employees, suppliers and communities, customers, and even future generations and the planet itself' (Polman & Winston, 2021, p.7).

It is an ambitious goal that, to our knowledge, no company in the world has achieved completely. However, a most positive recent development has been that numerous companies all over the world have started on such journeys. The authors provide numerous examples from the performance of Unilever when it started its Unilever Sustainable Living Plan (USLP) in 2010. This plan made purpose and enriching others' lives as the core to Unilever's business philosophy. Among its aggressive goals were doubling sales while cutting its environmental footprint in half and helping one billion people to improve their health and well-being.

The authors refreshingly accept that the USLP journey has not been easy, and 'Unilever has plenty of war wounds and mistakes to point to'. Equally, Unilever has accomplished a great deal. For example, for 11 straight years, it was ranked as the number one sustainable company in the world. In fact, during Polman's captaincy, it was the 'gold standard' to which CEOs of nearly all other major companies aspired to. Interestingly,

during this unconventional period, Unilever's total shareholder return was close to 300%, well above those of its peers. This long-term achievement shows that a company can not only do good to the world but also ensure good profitability. An important factor should be 'profit should come not from creating the world's problems, but from solving them'.

It is indeed remarkable what the USLP has managed to achieve during the 2010–20 period. Among these achievements are (Unilever, 2021):

- Improved health and hygiene of 1.3 billion people, 30% higher than the initial target.
- Water use reduced by 49% per tonne of production.
- 100% of electricity for manufacturing came from renewable sources.
- 65% reduction in CO₂ emissions from energy in manufacturing.
- Global gender parity in management (51% women).
- 67% of agricultural raw materials were sustainably sourced.
- Zero waste to landfill at all factories.

Viewed from any direction, these have been remarkable achievements. In other words, Unilever has achieved most of its USLP objectives, which were positive for society and the environment and also for its shareholders.

The book points out that somewhat similar results have been achieved by other companies such as Nike, Dick's Sporting Goods, Ikea, Merck, Mastercard, Citigroup, Tata and Tesco, to name a few.

From our experience in advising major companies on environment, social and governance (ESG)-related issues over the past 15 years, it is evident that enlightened and future-looking CEOs have realized that if their companies are to survive and thrive in the decades to come, they have no choice but to reduce their environmental footprints, significantly enhance their current net-positive social impacts and continue to make adequate profits for their shareholders (Biswas et al., 2013). If this does not happen, the tenures of the CEOs will become even shorter than what they are today. The top management thus has a vested interest in making their companies as net positive as possible in the coming years.

Net positive and water management

The concept of *net positive* is not only good for businesses but also can and should be used for water management. Consider only urban water and wastewater management. During the past seven to eight decades, the world has changed significantly. The Friedman doctrine mentioned above is a little more than 50 years old. However, in water management, some of the paradigms that are still being used extensively all over the world are now some nine decades old! Among these concepts are integrated water resources management (IWRM) and integrated river basin management (IRBM). These paradigms have not worked for any macro- or mesoscale water projects in history anywhere in the world (Biswas, 2004, 2008). And yet, institutions have grown up in the world promoting IWRM and IRBM. These outdated concepts are even enshrined in many United Nations' Declarations and Resolutions. Both the concepts are vague, broad and cannot be operationalized. Yet, many Western countries are promoting them, *not* in their own countries but in countries of the Global South!

Consider the concept of IRBM. India's first National Water Policy was formulated in 1987. One of its recommendations was that all major rivers should have river basin organizations for their management. This policy was reviewed and updated in 2002 and then again in 2012. A new version is now being prepared. The revised draft recommends that all major Indian rivers be managed at river basin levels. Yet, after some 35 years since the first National Water Policy was formulated, the question is: how many river basin organizations have been established in India? The answer is zero! Are any river basin organizations being considered at present? Again, none! Paying homage to concepts that cannot be operationalized, especially in the Indian context, has meant that over one billion Indians are suffering from water scarcity, as well as poor quality (Pandit & Biswas, 2019).

Application of good water management practices in India, or in all other developing countries, will be *net positive* for billions of people living in those countries. It will improve their quality of life and well-being as well as their standard of living. Poor water management practices and processes are hindering social and economic development in nearly all developing countries.

Yet, water management is not rocket science. The world now has enough knowledge, resources, technology and expertise to ensure every person has enough safe water, on a 24/7 basis, to lead a healthy and productive life. For example, in 1993, Phnom Penh Water Supply Authority (PPWSA) was non-functional and near bankrupt (Biswas et al., 2021). This is quite normal in many cities in the least developing countries. A charismatic and very competent person, Ek Sonn Chan, was then appointed as director-general. For the first year or two, Chan studied how a good water utility should be run, and then proceeded to do so for Phnom Penh. By 1998, every inhabitant of Phnom Penh was receiving clean water that could be consumed straight from the tap. PPWSA has consistently been a profitable organization since 1998. Poor households receive targeted subsidies. PPWSA does not receive any subsidy from either the Cambodian or the Phnom Penh governments. For the last 10 years, many of the performance indicators of PPWSA have been consistently better than those of London or Los Angeles!

Thus, the fundamental question the proponents of the net-positive framework should ask is: If Phnom Penh can provide all its households with clean water, on a 24/7 basis, why cannot cities in developing countries such as Delhi, Dhaka, Lagos and Mexico City do so?

In retrospect, the main reason for this unlikely success story is enlightened leadership for a reasonable length of time, and non-interference in the running of a public sector autonomous institution. In Phnom Penh, between 1993 and 2022, PPWSA had only two good leaders. In contrast, major Indian urban centres such as Delhi, Chennai or Bengaluru are run by CEOs whose average stay is less than 18 months, and not any of the CEOs have a background in water or running a utility. If India can make only one change, nearly two-thirds of its urban water problems could be solved with the existing resources well within a decade. The main change is to headhunt the best person available to manage a water utility as CEO, give that person a four-year term with clear stipulations of key performance indicators each year, and then rigorously monitor the performance each year. Only if the performance is satisfactory can the CEO's term be renewed for another four years with a new set of performance indicators. However, politically, it seems it will be an extremely difficult task. Thus, it is highly unlikely that India's megacities will achieve its United Nations' Sustainable Development Goals for water by 2050, let alone 2030.

If the urban water professionals wish to follow the path of *net positive*, they will have to seriously consider the appropriateness, or even relevance, of IWRM and IRBM, and also search for solutions for some fundamental water issues. For example, how many litres of clean water does a person need to lead a healthy and productive life given specific geographical and climatological conditions? Most regrettably, not only is there no answer to this important question, but also this question has not been even raised seriously.

The only available information is from Singapore, where studies were carried out between 1960 and 1970 to relate domestic water use in relation to waterborne diseases from people who were hospitalized. It indicated that as domestic water use increased, disease incidences decreased. However, there did not seem to be any improvement in health beyond the use of 75 litres of clean water per person per day (Biswas, 1981).

At present, we do not have even any definitive information on how much water is needed by a human being. Per capita, water use in several European cities is now between 72 and 80 litres. In contrast, in so-called water-scarce countries, such as in some cities of the Middle East, per capita water use is now 10 times or even higher. In India, the Central Ministry of Urban Affairs and Urban Development has arbitrarily recommended water use of 135 litres per capita per day. In the Indian capital of Delhi, a household of six receives water free as long as they use this benchmark figure. In some megacities such as Kolkata, water is free, irrespective of how much is used by any household. Unsurprisingly, nearly all major Indian urban centres do not have a viable financial model to cover even the operation and maintenance costs, let alone the investment costs, to ensure they can provide clean water on a 24/7 basis. Predictably, India's urban water and wastewater management systems have been consistently poor for decades due to political interference in managing those systems and inappropriate institutional management structures (Biswas, 2022).

There is absolutely no reason why the concept of *net positive* cannot be successfully used for the water sector, for both developed and developing countries. If we do so, there is no question that the world will be a better place to live for billions of people.

Rest of the issue – this issue of the journal contains several excellent papers. Among these are three studies from India that include groundwater management in micro-watersheds of semi-arid regions (Bhangaonkar & Fennell, 2021); managing traditional water bodies in West Bengal (Chowdhury & Behera, 2021); and a macro-analysis of tank irrigation in Andhra Pradesh (Narayanamoorthy et al., 2021). Other papers include service differentiation as an improvement strategy in urban low-income areas of Kenya (Boakye-Ansah et al., 2021); groundwater use for agriculture in Uzbekistan (Knorr et al., 2021); the practicality of integrated water resources management in different countries (Nagata et al., 2021); consumer perception and environmental impacts of desalination from Antofagasta, Chile (Šteflová et al., 2021); and linking water sector reforms and governance in the Aral Sea Basin (Yakubov, 2021).

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