



**Corporate water management and stewardship:
‘taking stock’ of current debate and action
to better understand opportunities and limitations**

James Dalton, IUCN and Peter Newborne, ODI

**CEO Water Mandate, Multi Stakeholder Meeting on ‘Policy, Collective
Action and Context-based Targets’**

**World Water Week, Stockholm
30th August, 2016**

Study - scope and purpose

Interviews, c.90 in all, May 2015 - Aug 2016: company representatives and range of other actors; informal and non-attributed, except where expressly approved; plus documentation, and London roundtable in April 2016.

- To 'take stock' of the discussions on corporate water management and 'stewardship', based on what companies are talking about - what they are doing/bringing, and not doing/bringing, or doing/bringing less.
- To 'map the landscape' of the debate, and action thus far (to the extent it is visible); and
- To write a 'Discussion Paper (to be published soon).

Water stewardship initiatives are relatively new, so early days - generally too soon - to assess water impacts and development outcomes of specific initiatives.

But, based on this study, what opportunities does water stewardship offer, with what limitations:-

- for companies?
- for catchments/basins?

Plus some suggestions/recommendations for addressing those limitations.

Private Sector: a special type of stakeholder

Opportunities

- Technical know-how
- Capacity to innovate
- Ability to mobilise resources
- Employment and economic driver
- Delivery of goods & services
- Communicate and influence
- Charitable funding/donations

Limitations

- Focussed mission - for profit
- Short term financial reporting pressures
- Principal constituency; shareholders (often out of catchment)
- Public good (different drivers determine actions)

Play to private sector strengths - roles that fit

Stuck at base camp?

Opportunities:

- experienced corporate 'hikers', at least at lower altitudes; looking up at the sustainability peak; big challenge;
- good guides (AWS, WBCSD, WWF) to how to traverse mountain rivers/glaciers;
- common acknowledgement of risks and need to tackle them, through collaboration;
- advances in technical equipment (re-use/cycle).



Limitations:

- rival expeditions in crowded space; fragmented efforts; tendency to bravado public statements;
- weak connections to govt. incl. IWRM; previous failed summit attempts.

Who, will make the big step up - and how ?



The WBCSD, WWF and AWS guides/standard - the first three steps

WBCSD

Types of action in corporate water management

WWF

Steps to better Water Stewardship

AWS

International Water Stewardship Standard

These three steps relate to preparatory stages, such as information-gathering and planning... as well as internal water efficiencies within companies' plants/premises.

plus

some projects in the catchment (beyond the factory fence) which WBCSD classifies as CSR-corporate social responsibility

here

or control



'Expeditionary' options

Opportunities

A. Pro-active influencing in a coalition : to push for systemic change (in water policies/rights) , including link to public agencies (e.g. RBOs).

B. Industry associations (pre-competitive): membership with other companies in sector.

C. Arrangements with neighbours: e.g. local water trades and other accommodations between water users.

D. Site-based: technical improvements, e.g. water re-use and recycling; water efficiencies (volume of water used per unit of production).

E. Product innovation: products sold to customers which use less water; e.g. easy rinse soaps/ jeans.

Limitations

Considerable time/effort, in basins or countries of major commercial interest/ investment where there exists an intense 'pinch' on water resources - a California-type scenario.

For guidance only; not specific to any basin/country; some examples /pilots.

Small-scale, bespoke - not always replicable, higher transaction costs.

Within the 'factory fence' only; limited profile. Decreasing marginal returns (or will companies hold back until 'pinch' really bites?). Energy costs.

Consumer behavioural aspect.



Option F.: Supply chains (agriculture)

Opportunity: farmers to become good water stewards: food production in agric. accounts for 80-90% of water consumed ('blue' and 'green'), globally; so food trading/processing/selling companies: work with farmers!

Limitation: low food prices are constraining farmer's land and water management; for water stewardship to work, private companies and other actors need to be able to capture and internalise water costs as well as the other costs of stewardship of land and other natural resources (Allan, personal communication).

Alternative system of direct payments to farmers, e.g. 'countryside stewardship' scheme under EU CAP = public subsidy.

Common assumption that technical measures like drip irrigation result in water 'savings': at farm/irrigation scheme level perhaps, but at basin level?

Recommendation: looking at what is grown where (choice of crops taking into account water availability) is as important as how it is grown (water use efficiency and productivity).

NGOs

Opportunity: key role as ‘brokers’ of improved water management by corporates and other actors at catchment/basin level.

E.g.: ‘curation’ model: coalition of companies is led/‘curated’ by NGO who sets out and advocates a common policy reform agenda; companies have a say (they can drop out), but not control (i.e. avoids policy capture).

Limitation: lack, currently, of alignment of NGOs, not working collaboratively, but, instead, competing for lucrative market in corporate funds, with sporadic projects.

Risk of relationships (partnerships) between NGOs and corporates that are too sealed – opaque, with NGO advocacy not visible.

Recommendation: more documentation of case studies, for lesson-learning, with verifiable data, and improved monitoring to understand the contribution of engagements in the basin.



Investors

Opportunity: to lever change in corporate practices, when major fund managers combine to exert pressure.

e.g.: big name shareholders (Legal & General, Aviva, Standard Life, Fidelity), have recently combined to challenge corporate governance of 'Sports Direct', found not complying with labour laws (very bad treatment of employees).

Disclosure to CDP: in 6 yrs, 8-fold increase in no. of companies submitting data; *'in some cases, the quality of data leaves a lot to be desired'* (CDP).

Limitations: how bad does it have to get before investors react? Are they pushing forward good practice or just occasionally sanctioning bad practice? Short-termism (quarterly results): urgent action, or action ... later?

Also: 'Investors are interested in activities which enhance the resilience of the business, not peripheral works of charity' (KII: responsible investment).

Recommendation: change to stock exchange rules: independent verification of sustainability reports – improve sustainability intelligence.

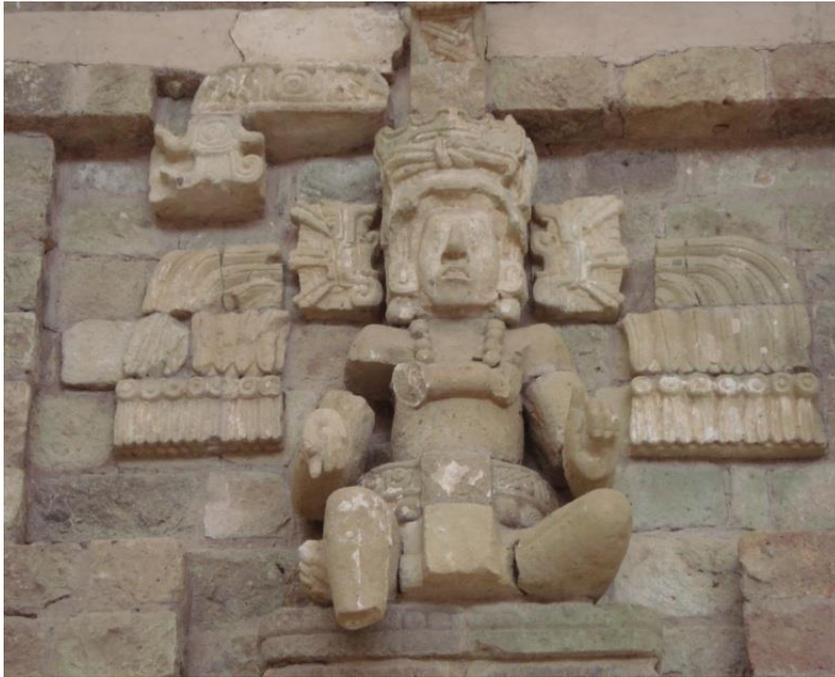
Donors

Opportunity: also major key role as ‘brokers’ of improved water management by corporates and other actors at catchment/basin level. To accelerate IWRM and existing water resource management, to support improvements in monitoring, licensing, abstraction, allocation, and awareness raising – to better build economic drivers within IWRM

Limitation: One challenge is inappropriate M&E metrics – the private sector is a different type of stakeholder. Treating corporate engagement as a PPP transaction, not understanding the corporates ‘rules’ – how they think – attribution of partnerships to conventional development outcomes, parallel basin processes with IWRM and stewardship actions – although this can be used to an advantage as well.

Recommendation: encourage, and support investment in basin monitoring, supporting data centres and networks and analytical development for interpretation and decision making (rights, allocation)





***Chak, or Chaak,
Mayan God of rain***

THANK YOU!

James.Dalton@iucn.org

p.newborne.ra@odi.org.uk