



Corporate Engagement with Public Water Policy

PEGASYS
Strategy and Development



Mutual Gains of Managing Shared Water Risk

**Engaging in Public Policy to Advance
Sustainable Water Management by Business**

**CEO Water Mandate
16th March 2009**

**Dr Guy Pegram
Pegasys Strategy and Development**

Shifting Paradigms



- **Corporates are already engaging public policy**
 - lobbying, advocacy & commenting
 - stable, coherent & consistent policy
- **Emerging understanding of corporate risk related to water**
 - Popular media, WEF, CEO Water Mandate . . .
- **Water is already posing challenges to business**
 - many basins and countries
- **This will be compounded by expected changes**
 - Economic growth
 - Social development
 - Environmental requirements
 - Energy needs
 - Climate variability

Shifting Paradigms



- **Corporate response in**
 - efficiency, accreditation, disclosure, footprinting, supply chain
- **That is great, but what happened when water gets scarce?**
 - relocate
 - exit
 - compete
 - cooperate
- **This presentation does not address this decision**
- **Rather attempts to unpack the last option**

Why, What & How of engaging public water policy

Interpretation of public water policy

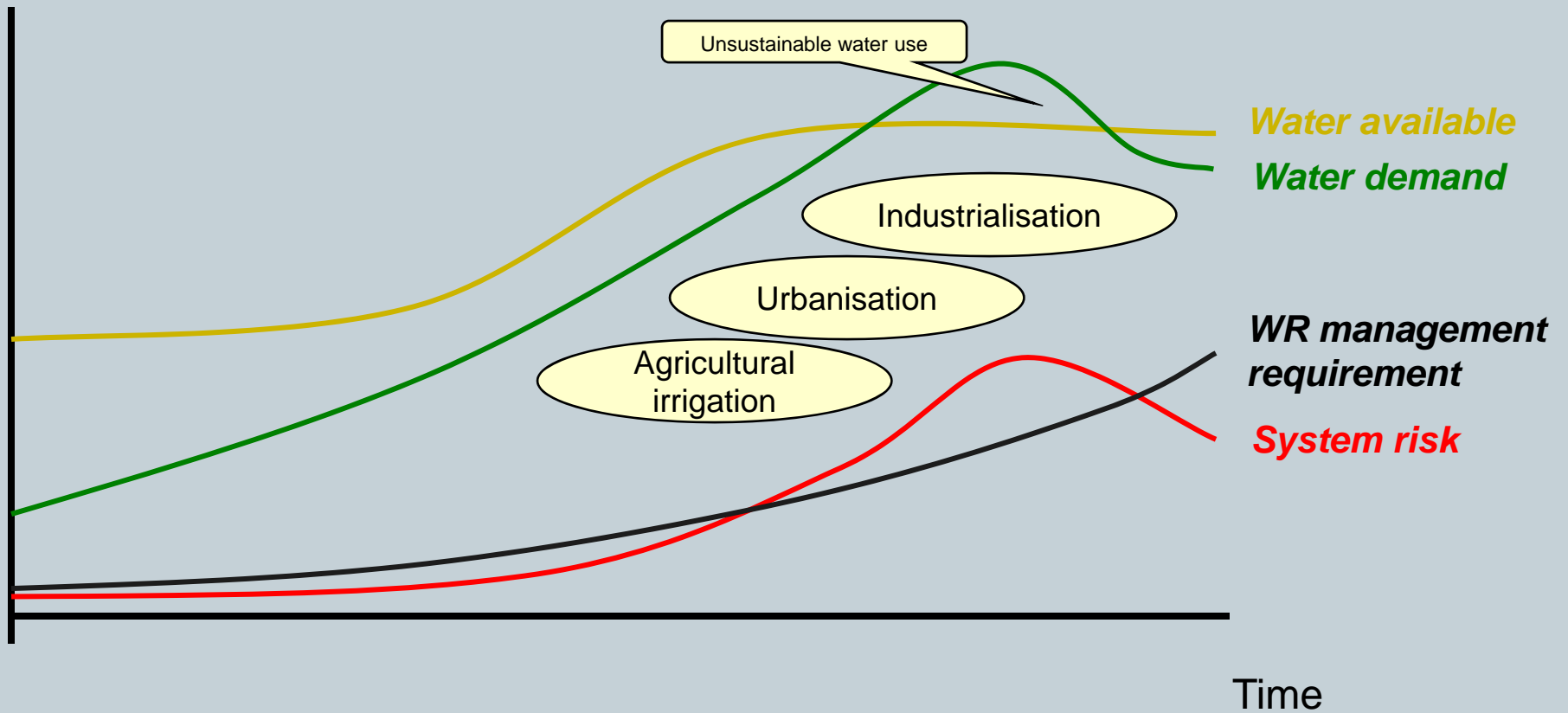


- **Policy as high-level instruments manifest through**
 - legislation and regulations
- **Policy as broad statement of government intent**
 - (including) strategies and plans
- **Policy as practice at all levels of government**
 - implementation and institutions



WHY?

Management and Risk under increasing Stress



Management Complexity & Stress



Complex environment	<i>Cooperative associations</i> <ul style="list-style-type: none">• <i>Joint action</i>• <i>Technical interventions</i>	<i>Competitive coalitions</i> <ul style="list-style-type: none">• <i>Coherent policy</i>• <i>Effective institutions</i>• <i>Engaged stakeholders</i>
Non-complex environment	<i>Individual users</i> <ul style="list-style-type: none">• <i>Technical interventions</i>	<i>Interest groups</i> <ul style="list-style-type: none">• <i>Regulatory intervention</i>• <i>Technical interventions</i>
	Low impact / stress	High impact / stress



WHAT?

Understanding Government Risk



- **Physical risk**
 - Too little water (drought)
 - Too much water (flooding)
 - Not fit for use (quality)
- **Social development**
- **Economic growth**
- **Environmental sustainability**
- **Political risk**

Good Public Water Management



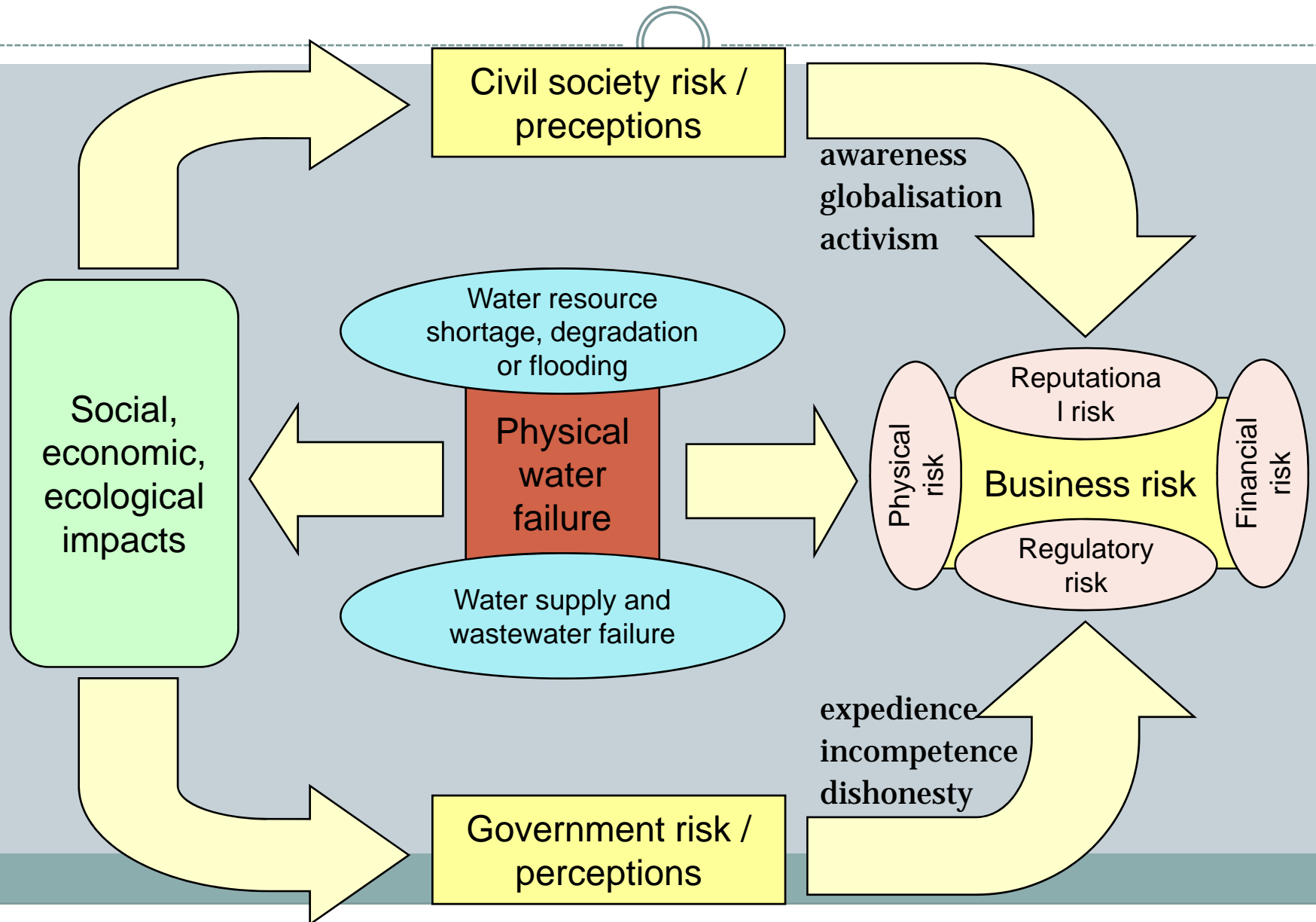
Functioning water resources ecosystems / systems

- Equitable and efficient allocation systems
- Appropriate & reliable water infrastructure systems
- Responsive disaster management systems

Good water governance requires:

- *Predictable, open and enlightened policy making*
- *Professional bureaucracy acting in the public interest*
- *Strong civil society+ participation in public affairs*

Drivers of business risk around water



When shared risk is a useful paradigm



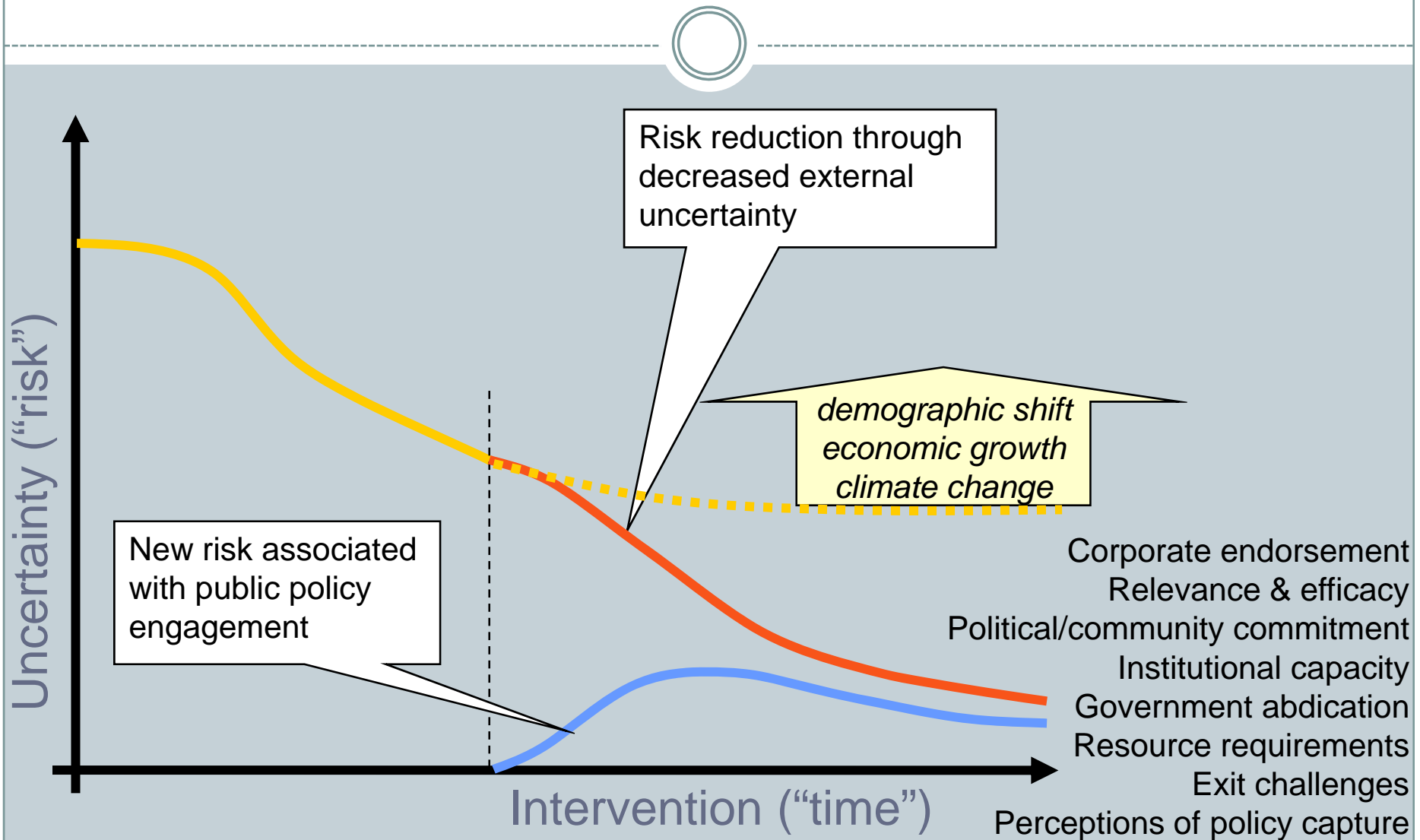
Each sector perceives and experiences these differently

- *Immediate threat to production*
 - prompted by physical risk at a local level
 - ✦ Operational managers
- *Corporate strategic concerns*
 - prompted by understanding of systemic risk/uncertainty
 - ✦ Executive managers
- *Corporate stewardship*
 - prompted by leadership position – reputation / regulation
 - ✦ Board directors

Each of these implies possible policy engagement

- Executives want short-term, targeted & low-cost engagement
- Reality is drawn-out, difficult & complex (inconsistent perspectives)
- Often requires stakeholder involvement & coalitions

Implications of water policy engagement





HOW?

Approaches to engaging public policy



- **Advocacy / lobbying / influencing**
 - “changing the way things are done”
- **Cooperative user management**
 - “ensuring we all do things in the same way”
- **Partnership**
 - ‘jointly taking responsibility for action’
- **Financial support / facilitation**
 - “ensuring financial resources to do things”
- **Institutional strengthening**
 - “improving the ability of others to do things”
- **Implementation**
 - “doing it yourself - taking over the role of government”

Sequential levels of engagement for a firm



Begin with the specific concerns in the supply chain

- Once committed to engage due to risk, paradigm shift required
- 1. Attempt to find a local solution**
 - Water is local and solutions may be found
 - Local government, local communities & local supplies
 - 2. Broaden to watershed management and supply sources**
 - Watershed allocation and institutional arrangements
 - Promote interests, considering all groups
 - 3. Escalate to the national policy level**
 - Collective action through multi-stakeholder platforms

Consider and motivate engagement



- Why would the public sector respond?
- What are the leverage points?
- How to motivate shared risk?
- How to find institutions with which to cooperate?
- How to prevent abdication?
- How to avoid perceptions around policy capture?

Recognise:

- Public mandate for water management
- Effective policy engagement requires alignment of interests
- Maintain process transparency, with other stakeholders



WHAT DOES THIS MEAN?

Creating the environment for policy engagement



- **Engage public discourse**

- Shared risks
- Emerging paradigms
- Potential roles

- **Engage policy discourse**

- Articulate shared risk
- Develop joint platforms with civil society & private sector
- Develop relationships at national/state levels
- Act early, before crisis

Policy discourse at the global level



- **Existing policy dialogue between public sector**
 - Global, regional & national levels
 - Some civil society engagement
- **Private sector has been conspicuously absent**
 - Challenges and opportunities of shared risk not engaged
 - Assumption that corporates look after themselves – no longer
- **Global platforms provide opportunity for reframing**
 - Debates are fluid & shifting
 - ✦ increasingly globalised, connected, dynamic and uncertain world
- **CEO Mandate, WEF, etc could formulate global corporate positions**
 - Multilateral discussions with global and regional institutions
 - Focus on improving water management and reducing uncertainty
 - Private sector as a risk partner, rather than competitor
 - ✦ community & ecological requirements



Thank you

http://assets.panda.org/downloads/investigating_shared_risk_final_low_res.pdf