Governance considerations for the development of collective action initiatives by companies

International Conference on Freshwater Governance
5th November 2012

Dr Guy Pegram



Key issues

- * What is corporate engagement with water?
- * What is water-related collective action?
- * What does this mean for water governance?

Public perceptions



Morgan Stanley

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Financial institutions

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Water scarcity; a bigger Environmental Ci problem than assumed

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Climate Communication System #1

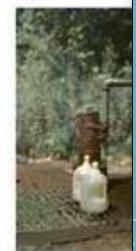
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Watching water

A guide to evaluating corporate INA



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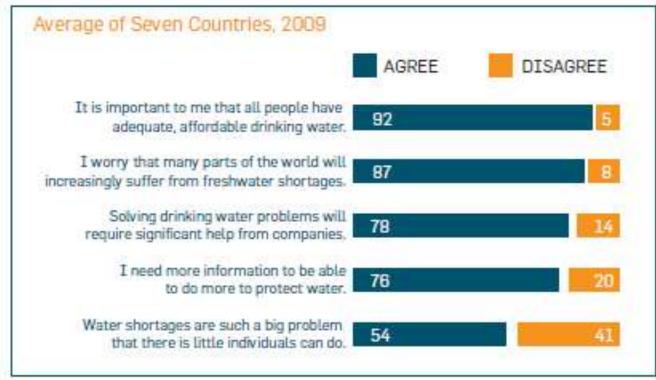
BRIEFING GLOBAL WATER SCARCITY

Risks and challenges for business





Global corporate perceptions



Source: Water Issues Research, Globe Scan and Circle of Blue, 2009

'A survey of 350 companies found that 92% agree that a <u>water crisis</u> is looming and 70% believe that the risks of <u>water scarcity</u> are equal to those of carbon emissions.'

WSP Environment & Energy, September 2009

Company responses

Agree:

- Increasing water scarcity is a reality
- Greater role for corporates in basins
- Climate change significant role in the water focus
- Water risk focus /expenditure resistant to the financial crisis
- Water initiatives are funded as part of core business
- Socially benign or positive perceptions of response

Disagree:

- Approaches to assessment of water risk
- Optimal way to engage stakeholders and governments
- Usefulness and longevity of global corporate initiatives
- Valuation and pricing of water

Global initiatives

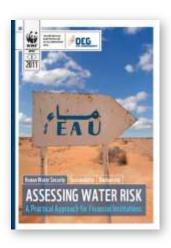


The CEO Water Mandate





Aspects of Corporate Engagement







Assessment



Response

Disclosure

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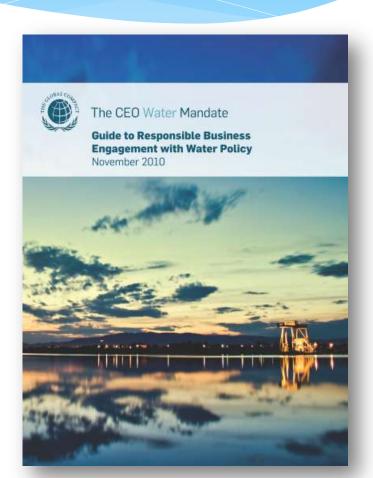
DARBOR DIRECTIONAR PROJECT

CDP Water Disclosure Global Report 2011

Raising corporate awareness of global water issues.

Public Policy Engagement

- Principle 1
 Intent to advance water management
 that is sustainable
- Principle 2
 Respecting public and private roles
- Principle 3
 Inclusive partnerships in engagement
- Principle 4
 Pragmatic and integrated engagement
- Principle 5
 Accountability and transparency in engagement



Corporate engagement ladder

Policy engagement

DWA & National Government

Catchment governance

Catchment Management Agencies Provincial Government

Stakeholder Platforms

WUA

Local action

Local Government Communities, CBOs & NGOs

Supply Chain

Internal Actions

Partnership and Collective Action



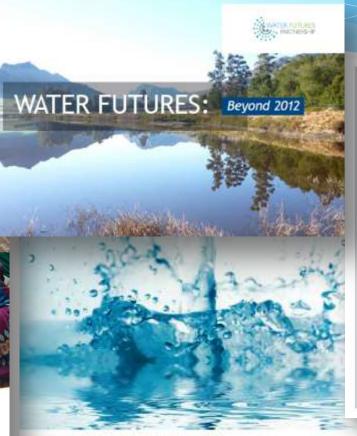












Quantifying Watershed Restoration Benefits in Community Water Partnership Projects

Phase II Report

Prepared for:

The Coa Cola Company

in collaboration with



August 5, 2009

LimnoTech

Arm Arbor, Michigan

STRATEGIC WATER PARTNERS NETWORK SOUTH AFRICA Closing the water gap by 2030



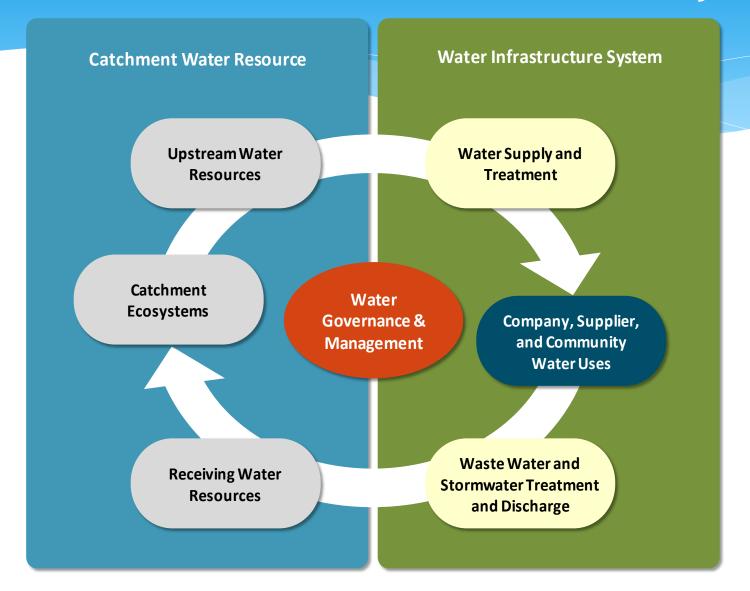


Why do companies act collectively?

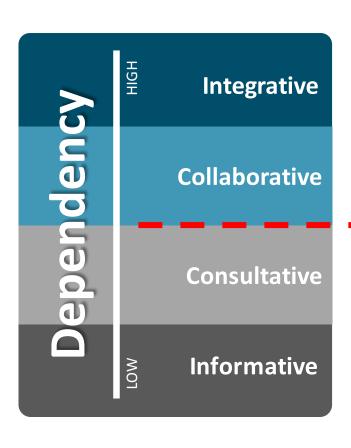
Collective action desirable/necessary when unilateral action will not produce these outcomes

- * Managing **operational** pressures resulting from inadequate availability, supply, or quality
- * Maintaining/enhancing legal/social license to operate by demonstrating responsible resource management
- * Assuring **investors** and other stakeholders water risks adequately addressed
- * Uphold corporate values and commitments related to sustainable development

Collective Action and the Water Cycle



Levels of Collective Action



- Ensure own house is in order (prerequisite)
- Create clarity, trust and credibility
- Support interaction and responsiveness
- Establish transparency and accountability
- Build in ability to adapt

SHICKBER

What does this mean for governance of the water sector?

Risks

- * Refocus attention on corporate issues / concerns
- * Companies "replace" government delivery
- * Institutional capture in decisions

Opportunities

- * Leverage capacity
- * Build effective relationships
- * Access outside water governance

Consultation & Partnerships

- Channel informative and consultative engagement into existing platforms (local and catchment)
- Developing partnerships for collaborative and integrative
 - * Require integrity
 - * Align expectations
 - Clarify mandates / interests (trust)
 - * Understand resources commitments
 - Acknowledge timeframes and evolution
- National frameworks for engagement and collective action
 - Regulation and offsetting (corporate risk management)
 - Stewardship and accreditation
 - Issues of water use efficiency

Thank you

