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A NEW COLLABORATIVE ERA



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This paper argues that in terms of promoting the public good and public-private sector collaboration in the context of water-, food-, and climate insecurity, two opportunities for national and state-level intervention emerge: (1) instituting systems to promote the more efficient and effective use of natural resources, while assisting socio-economic development, and (2) promoting policies and financial vehicles to catalyze access to credit for the underserved. The authors point out that these are also two areas where the private sector can provide significant assistance. The paper goes on to describe initiatives PepsiCo is pursuing in line with these approaches in India, Mexico, and northeast Brazil.

The last five years have seen an arguably unprecedented increase in the calls to action for innovative collaboration. This is particularly true of partnerships in the area of environmental sustainability and sustainable development. In fact, diverse and sometimes polar opposite stakeholders seem to be becoming more aware of each other, with particular regard to the shared value that each can provide in a creative partnership.

For example, the private sector sees the importance of embracing sustainable development in some form, whether the more narrow "green" approaches to environmental stewardship or the broader impact that catalyzing holistic sustainable development can afford. Similarly, many stakeholders in the non-governmental organization (NGO) communities see the need for the private sector being engaged. Also, national and local government organizations and international quasi-government entities are seeing the value to substantive partnership with the private sector, and vice versa. So, the boundaries which once existed between the private and public sectors as very solid lines of demarcation have blurred, and are becoming more flexible and open to creative interpretation. It truly is a new era, and one in which the collective impact of unique collaborations can bear significant fruit.

Public-Private Adaptation-Friendly Global Initiatives

One premier example is the CEO Water Mandate of the United Nations Global Compact. According to its website, the Mandate was "launched in July 2007 as a unique public-private initiative designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices. It is increasingly clear that lack of access to clean water and sanitation in many parts of the world causes great suffering in humanitarian, social, environmental and economic terms, and seriously undermines development goals."

In fact, one cannot credibly discuss climate adaptation without recognizing the crucial intersection in which water sits in relation to adaptive mechanisms necessary to promote food security, water security, global health, education, and even

gender empowerment. The Mandate recognizes the need for this comprehensive approach, and covers six areas: Direct Operations; Supply Chain and Watershed Management; Collective Action; Public Policy; Community Engagement; and Transparency.

CEOs who endorse the Mandate, “acknowledge that in order to operate in a more sustainable manner, and contribute to the vision of the UN Global Compact and the realization of the Millennium Development Goals, they have a responsibility to make water-resources management a priority, and to work with governments, UN agencies, non-governmental organizations, and other stakeholders to address this global water challenge.”

One of the first tangible deliverables of the Mandate endorsers was a letter to the Group of Eight in Hokkaido, Japan, in 2008 (http://www.unglobalcompact.org/docs/issues_doc/Environment/ceo_water_man... (http://www.unglobalcompact.org/docs/issues_doc/Environment/ceo_water_mandate/G8_letter.pdf)). This collective voice to national leaders, endorsed by PepsiCo, served as a strong and uniform message advocating, among other things, for these heads of state to “develop and take immediate actions to raise awareness and implement adaptation strategies with regard to water in response to climate change at home and abroad.” The voice of business intersecting with the obligation of national government. Advocacy is one important tool, but how else can national-level governments learn from the private sector and encourage investment and decision making to promote the public good in a changing climate?

Public-private Collaboration at National/State Level

If you examine the common elements related to promoting the public good, in the context of water-, food-, and climate insecurity, two opportunities for national and state-level intervention emerge: (1) instituting systems to promote the more efficient and effective use of natural resources, while assisting socio-economic development, and (2) promoting policies and financial vehicles to catalyze access to credit for the underserved. These also happen to be two areas where the private sector can provide significant assistance.

Companies are good at establishing goals, and then using metrics to track performance toward those goals. The private sector is also good at developing and implementing new technology, and sharing that technology with other stakeholders. This is critical when it comes to understanding the use of natural resources. The old saying, “if you treasure it, you’ll measure it” holds a lot of wisdom. The more data-based the private sector can be when approaching government through advocacy, the more credible and informed that advocacy, and any resulting policies, will be.

This rigor or measurement can easily be transferred to the community.

In India, PepsiCo’s team has educated farmers to adopt an agronomic practice in paddy cultivation called “direct seeding.” Rather than growing the seedlings in a nursery, planting them, and then flooding their fields, we are advocating direct seeding, which allows the seed to be planted directly into the ground, bypassing the nursery. This also removes the need for flood irrigation, reducing water use by as much as 30 percent. In 2009, we extended direct seeding to 6,500 acres of paddy fields, saving more than 5 billion liters of water. There is also a reduction in greenhouse gas emissions in excess of 70% using direct seeding, versus conventional methods. Growing a staple food crop with farmer engagement, significantly less water, and far fewer greenhouse gas emissions—one example of how the private sector can add value to adaptive mechanisms for climate resilience.

In Mexico, PepsiCo’s snacks business, Sabritas, actively participates in a program that contributes to the overall development of low-income farming families in corn-producing communities. In partnership with the Mexican Foundation for Rural Development (FUNDAR), Sabritas contributes to technical and business training for farmers, transfers relevant technology to the communities and initiates farming contracts. Sabritas and FUNDAR intend to gradually bring about cultural change in these communities that will lead to the creation of small, sustainable agribusinesses. In 2009, the Sabritas/FUNDAR partnership positively impacted the lives of 297 farmers in Mexico. It increased their yield of corn, increased their income by 165 percent, and provided 57,850 hours of education and training on good agricultural practices, including the efficient use of resources. Throughout the program, Sabritas works toward an improved understanding of the farmers’ needs to become independent business partners. The program also benefits PepsiCo’s business. Strengthening the capabilities of our suppliers located near our manufacturing facilities means savings in warehouse and transportation costs as well. We know that engagement with rural farming communities and private-public partners is integral to positive social and economic impact.

Northeast Brazil provides another example from work by the Columbia Water Center that the PepsiCo Foundation is supporting in the state of Ceará. In 1877–1878, a “Great Drought” devastated the region, killing nearly all the livestock in the state, and causing the death of nearly 500,000 people, or over half the population. To guard against such effects, the federal and state governments built an extensive system of dams and reservoirs. The state water management agency (COGERH) was created in 1994 to manage the allocation and distribution of water from the state’s reservoirs. While the state’s system of reservoirs helps ensure that water coming in the rainy season can be stored and made available for distribution later in the year, it is currently managed under a very “conservative” system that assumes each year than [that?] next year will have zero inflow to the system during the year.

Unfortunately, in this semi-arid equatorial area, such a conservative approach can lead to high evaporation losses. The Columbia Water Center has developed skillful climate forecasts for the region, as well as gathered and analyzed extensive data on water supply and demand, and put forth an approach by which water contracts can be based on forecasted rather than current reservoir contents. The project team is working closely with COGERH to integrate these forecasts into water allocation decisions. A suite of courses has been developed for technical water managers (COGERH employees) and water user committees, explaining how to analyze and understand the climate information and incorporate it into water allocation decisions.

According to the Director-President, COGERH is “committed to integrating these allocation tools across [their] entire system. The benefit from this work will eventually extend to all water users in Ceará, which includes a population of over six million people as well as numerous industries and irrigation districts”. The potential economic impact in agriculture, drought relief and industrial water allocation as well as for the health of the rural population is significant. The project illustrates how a university-private sector team can facilitate a public adoption of a sophisticated technological product for the common good.

Catalysing Access to Credit

The second area where the private sector and national governments can learn from each other is in promoting policies and financial vehicles to catalyze access to credit for the underserved. With credit—money—the underserved can gain access to water, food, shelter, medicines, and all the building blocks necessary for healthy, thriving communities. At its most base level, money is important for adaptation. Unfortunately, often the populations in the most need are also thought to represent the highest credit risk, which often precludes the interest of banks and other lending institutions. One of the ways the private sector can assist is in helping to mitigate this risk.

One successful approach is to form cooperatives—collaborations of people who all have similar needs—so that there is “power in numbers.” In India, PepsiCo did just this with 11,000 small-holder potato farmers. Our partnership with potato farmers started in 2001, covering 125 farmers in Punjab, with land holdings of 800 acres. In 2009, we partnered with 12,000 farmers with land holdings exceeding 16,000 acres across seven states. Most farmers were small and marginal, and used age-old cultivation practices. Through the trust such partnerships have fostered, there has been a substantial increase in farmers’ productivity and incomes, as is evidenced by a farmer retention ratio of above 90 per cent. Our model provides farmers access to insurance, bank finance, and disease control packages and ensures attractive buy-back at pre-agreed prices, enabling them to focus on increasing productivity. Such measures help them address the impact of natural calamities, like crop disease and drought.

In addition, PepsiCo’s international expertise in crop agronomy and partnerships in plant protection with global leaders, like DuPont and Bayer, has helped farmers get the best plant protection solutions. In 2009, over 12,000 farmers benefitted from our blight control package. In 2009, in West Bengal, many farmers suffered losses due to blight but PepsiCo’s partner-farmers were able to save their crops.

The result of private sector engagement in these examples led to improved utilization of natural resources, implementation of sustainable agricultural practices, access to credit, transfer of capacity, and resilience of core crops in the supply chain—all critical elements to help communities adapt to a climate-constrained world. The private sector is increasingly doing its part, and now national governments must heed the lessons learned by enacting State- and national-level policies to help facilitate and catalyze the scale and replicability of these practices across sectors and across geographies. These policies should not only recognize the need but also provide incentives and assistance with implementation. If this happens, PepsiCo believes significant impacts will result.

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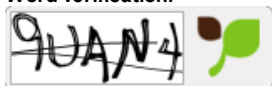
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