



Chief Executive's Address

Good governance because communities are defined by collaboration

THE GOVERNANCE OF WATER

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Lecture given by Andrew Corbett-Nolan

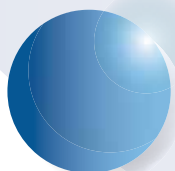
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GGI Annual Lecture 2018

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Chief Executive's Address: THE GOVERNANCE OF WATER

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Author: Andrew Corbett-Nolan, Chief Executive, GGI
Designed by: Emiliano Rattin, Creative Manager, GGI

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info@good-governance.org.uk

www.good-governance.org.uk

What we do

The Good Governance Institute (GGI) has a decade of experience working with leaders to put good governance practices in place for a fairer, better world. Our supporting consultancy arm, GGI Development and Research LLP, was in 2018 identified by the Financial Times as one of the top 20 consultancies operating in the private and public sectors, an accolade repeated in 2019.

We lead national studies and undertake other commissioned work to move governance thinking forward, both nationally and internationally. Our reputation as thought-leaders places GGI as a recognised partner across health, social care, education, local government, and the charitable and corporate sectors. Through our work with various NHS organisations across the UK, GGI is a valued member of the NHS family.

GGI's value lies not only in our detailed understanding of the challenges and opportunities faced by Board members, but also our expertise in bringing issues of governance to life through delivering support in strategy, leadership, engagement, and organisational development.



Welcome to the Era of Collaboration

Good governance, and the success of the Good Governance Institute's work, is all about people working together. It's about humans collaborating and engaging to find a better, fairer way of organisations participating to create a kinder society. It's also about celebrating success, and learning from each other with open minds and in a safe space. Each year we host the Festival of Governance. Originally a one-day event, the word 'conference' didn't gel with what we were actually doing, but the word 'festival' did. It implies the celebration of the value of governance. And why shouldn't it be celebrated? Good governance aims to have a positive impact on the economy, the environment and society.

Our Annual Lecture is the central event of each Festival which, every year, features a different theme and now stretches across ten weeks every autumn. Jaco Marais, GGI's one-of-a-kind Festival Director, introduced our 2018 theme of collaboration as he opened the Festival in Central London on 27th September. Starting with a short meditation on the sense of belonging, he illustrated the concept of community collaboration using the image of an individual drop of water falling into a pool, causing ripples and becoming one with the pool of water. This water droplet analogy is a simple way to showcase the power of collaboration. Alone, a water droplet is powerless to achieve anything of importance, but when combined, a large body of water can be either still and serene or a formidable, energetic force.

Today and always, humanity's most valuable asset is not oil, gold, or precious stones it's water. Without it, there would be no life. In our first Festival of Governance in 2015, Professor Mervyn King warned that future global tensions would most likely be over water, rather than oil or other natural resources. There is inequity across the globe in terms of water supplies as much as anything else. He pointed out that India, with almost 18% of the world's population, has just 4% of the world's water. He invited us to see our responsibilities towards the world, and the resources it provides to humans, in a different way.

Professor King spoke of our responsibilities towards a sustainable planet as the core challenge, not just for nation states, but also for organisations. Good governance, he said, demands that all those who have the privilege of running an organisation are thoughtful, but transient, caretakers. Directors are stewards. The concept of stewardship is having responsibility for something that is not yours. Something that you will, in time, pass on to the care of others – and do so in a better state than you found it.

The metaphor of thinking about water was the starting point for GGI's Chief Executive Andrew Corbett-Nolan's contribution to our Festival 2018. Using examples from history of how previous civilisations and societies have shaped their stewardship of water, Andrew spoke about some thought-provoking governance measures that are pertinent to the challenges our society faces today.

This year's theme of collaboration was introduced by Jaco Marais, GGI's one-of-a-kind Festival Director, during his welcome contribution to the evening – a short meditation on the sense of belonging.





The Governance of Water

by Andrew Corbett-Nolan

This evening we are discussing communities and collaboration. Humanity's common need for water has given rise to some of the most successful and longest-sustained communities in the world. In Jaco's opening speech, he invoked the metaphor of a droplet becoming part of a pool. He likened this to our current opportunities and challenges around big data, which presses us to think about a new social contract.

As the world rapidly changes in the light of big data, GGI is curious how we prepare Boards for these discussions and decisions. My own thinking about this is shaped by humanity's relationship with water over many centuries. Tonight, we're going to have a bit of fun by looking at three examples in which good governance contributed to building a better world. These case studies, I hope, can help us to effectively manage our future governance challenges. For 'water', read 'big data'.

How can we benefit humanity best from the marvels of new ways of using big data but avoid, for example, the manipulation of democracy itself? Can data help us find fairer, less-greedy and more sustainable ways of sharing the world's resources? How can we govern that collective, that community, that is big data as carefully and effectively as we seek the governance of other resources, such as money or human capital?

To do this, and in the spirit of our Festival, we're going to look at antique Jordan, the Republic of Venice, and medieval Holland.

Those of us who've had the privilege of visiting Petra have experienced that awe-inspiring first view of The Treasury at the end of the narrow, cliff-lined path known as the Siq. Or maybe you've watched "Indiana Jones and the Last Crusade"? It's the same place, inhabited by the Nabataeans, who were an ancient Semitic people. They settled in the rose city around 312 BC where they remained until the Romans conquered them some 400 years later.

Petra lies in a dry, arid canyon. This made it challenging to ensure that there was an adequate water supply for the inhabitants and to support whatever they planted. The Nabataeans seem to have been Jugaad-minded and developed low-cost innovations. For example, one method for gathering water was by planting a single fruit tree in the middle of an area that had been contoured into a shallow funnel. After rainfall, the water would flow down into the centre of the funnel and would be sealed in by sediment. Their impressive water-channelling technology went even further. They constructed aqueducts, terraces, dams, cisterns, and reservoirs, as well as invented methods for harvesting rainwater, flood water, groundwater, and natural springs.





Using their sophisticated water technology, the Nabataeans were supplied with water all the year. They didn't miss any possible source of water available to them. By balancing their reservoir water-storage capacity with their pipeline system, they ensured a constant water supply. The system design also utilised particle-settling basins to purify their potable water. The Nabataeans' extensive understanding of hydraulics allowed them to create a system that maximised water-flow rates while minimising leakage. While initially this highly-advanced technology was used first to benefit the civil elite, it later became common property.

Nabataean society, which ironically covers part of what is Saudi Arabia today, afforded similar freedoms to women as men, such as property rights and freedom from slavery. The Nabataeans had coinage and fostered wealth through trading. Among the social elements where Arab and Hellenistic institutions converged was their collective banquet known as the *marzeah*. Nabataean society was a tribal organisation with sheikhs, but also displayed some Hellenistic democratic influences. The sheikh needed to submit himself to a tribal assembly, where even his mode of life was scrutinised. This fits very well with the position of the tribal leader, in spite of any title, to be *primus inter pares*. Even though leadership was dynastic, the sheikh depended on the nobility. He was judged by standards of what was termed 'a successful rule' and needed to provide benefits to his community, and in particular his nobles.

Along with positions and estates, and sharing in trade profits, this was symbolised by the giving of communal meals in magnificent style at the sheikh's own cost. Here, he acted as the *rab marzeah*, personally serving his guests to show them that he was of no higher rank than them. But, of course, most important was his stewardship of the water supply.

The contract between the ruler and the ruled, and the ethics, motivations and behaviours of the ruler as judged by his (and it was always his) subjects, played a large part in how the Venetians ran their affairs. The Serene Republic of Venice – the *Serenissima* – lasted 1,100 years until Napoleon got them in 1796. In terms of longevity, a comparison with our own country would time us out in the year 2788.

Venice's fortunes rested on trade, which relied on water, and the salt that came from the Venetian lagoon. Because of the lagoon's morphology, with its shallow and calm sea water, salt is naturally present in large amounts. It was also easy to create artificial "fields" in which to produce salt. The lagoon also protects the city, which is often hidden away in mists that will be familiar to anyone who has visited the Venetian archipelago.

The Venetians enjoyed wealth, freedom of movement and privileged relationships: the keys to becoming an economic superpower. Venetian growth was increased even further thanks to its role as the trading pivot between



the eastern and western world. This privileged position was a direct consequence of Venice's key role in the defence of Byzantium from the Arab's invasion in 992 A.D. and 100 years later against the Normans. As a reward for these two interventions, Venetians received very convenient fiscal benefits and trading access. These privileges blew away the competition of every other trader, including Byzantines themselves. Along with salt, Venetians started trading across the seas intensely with precious fabrics, spices, perfumes, exotic bird feathers, and glass.

For centuries, Venice was the only city capable of producing glass, giving rise to another monopoly of a highly appreciated and expensive product. Its glass trade was so large-scale and important that the *Serenissima* had to transfer the whole production to a separate island – the pollution and the risk of fire represented a real threat to the city. Since then, the glass factories have been moved to and remained on the island of Murano where, even today, you can buy a lifetime's supply of paper weights in a surprising range of gaudy colours.

The Venetians were concerned with sustainability, respect of the environment, and long-term thinking. The exceptional longevity of the Republic was not an accident. They understood that nature, and in particular their sea, was the ultimate power. Until the beginning of the XIV century, the lagoon of Venice had many rivers flowing into it, bringing water but also much debris. Studying the local environment, Venetians noticed that the water was getting shallower and muddier in the proximity of the rivers. They forecast the same would happen to the entire lagoon, leaving Venice without water. No water meant no salt, no trades, no protection – and the end of their prosperity. Since 1336, river beds were deviated, artificial canals were dredged, and dams were erected all around the area of the Venetian lagoon.

The Republic created a system of governance. This enabled the Republic to carry out large-scale infrastructure projects as well as guaranteed property rights and the enforceability of contracts. It was a pioneer in developing foreign exchange and credit markets, banking and accountancy and it created what was effectively a government bond market. Its fiscal system was efficient and favourable to merchant profits and the accumulation of capital. The Republic was a tolerant and fairly secular state where foreign merchants, including Armenians, Greeks and Jews, could operate as freely as locals.

The triple components of economic, political and organisational success were the results of something simple, yet too often underrated nowadays: forecast and strategic planning over decades and even centuries. The Venetians avoided the thirst for individual power, learnt about the benefits of consensus, and legislated for the happiness of the majority. At the head of their state sat the Doge. His authority was significantly curtailed and he was kept on a tight leash. There were systems to control and take immediate action against any authoritarian behaviour and any lack of respect for the Republic's laws.

The method for appointing a Doge is instructive, as well as being hilariously complex. For 'Yes, Minister' comedy, it beats governor elections in NHS FTs hands down. Their Great Council came together and put in an urn the ballots of all the councillors who were older than 30 years. The youngest councillor went to St Mark's Square and chose the first boy he met who drew from the urn a ballot for each councillor. Only those 30 who got the word 'elector' remained in the room. The 30 ballots were then placed back in a box and only nine contained a ticket. So, the 30 were reduced to nine, who gathered in a sort of conclave, during which, with the favourable vote of at least seven of them, they had to indicate the name of 40 councillors. Using a system of ballots containing a ticket, the 40 were reduced to 12; these, with the favourable vote of at least nine of them, elected 25 others. They were reduced again to nine who would elect another 45 with at least seven votes in favour. The 45, again at random, were reduced to eleven, who with at least nine votes in favour, elected another 41 that finally would be the real electors of the Doge.

But it's not over yet. These 41 gathered in a special room where each one cast a piece of paper into an urn with a name. One of these pieces of paper was then extracted at random. Voters could then make their objections, if any, and charges against the chosen one, who was then called to respond and provide any justification. After listening to him, they preceded to a new election. If the candidate obtained the favourable vote of at least 25 votes out of 41, he was proclaimed Doge. If they were unable to obtain these votes, a new extraction took place and this last loop was started again until the outcome was positive.

Not even Cambridge Analytica could have gamed that system!

The Doge was kept on a tight leash. His powers were limited by the *promissione*, a pledge he had to take when elected. His powers were shared with the Major Council of Venice, composed of 480 members taken from certain families. Neither the Doge nor the Council could act without the other's consent. The Doge was constantly under strict surveillance. He had to wait for other officials to be present before opening dispatches from foreign powers; he was not allowed to possess any property in a foreign land; and he could not conduct meetings alone.

The Doge normally ruled for life, although a few were forcibly removed from office and one was decapitated on the steps of his own palace for attempting to subvert the governance system. GGI is looking into this in detail and will be providing guidance for NHS Improvement shortly. After a Doge's death, a commission of inquisitori passed judgment upon his acts, and his estate was liable to be fined for any discovered malfeasance. The Doge's official income was never large, but the perks were great. A fabulous, if somewhat heavily decorated palace, the world's first coffee shop a mere few yards from your front door, your own prison with appended torture chamber, and endless opportunities to wear a silly hat.

In contrast to the modest pay but high status of the Doge, the head of the Venetian civil service was paid an eye-watering salary. However, he was not afforded any status of grandeur in his office accommodation, which was a very modest room within screaming distance of the torture chamber. Nor his clothing, which was prescribed to be that of a modest artisan. And certainly no silly hat.

For Venice, water was an opportunity. For Holland, it was (and still is) a threat. 26% of the current Netherlands is below sea level. It's a small country, and one of the most densely populated areas on earth. The topography is prone to flooding, from which drainage schemes afford no protection. Instead, a system of dykes was built up from Medieval times, principally by farmers. As the structures got more extensive and complex, councils were formed by citizens with a common interest in controlling the water levels of their land. Waterschappen are the regional government bodies charged with managing water barriers, waterways, water levels, water quality, and sewage treatment in their respective regions. These regional water authorities are among the oldest forms of local government. Some date as far back as the 13th century, making them the longest continually functioning examples of democracy.



Water boards hold elections, levy taxes, and function independently from other government bodies. Their structures vary, but they each have an elected general administrative body, an executive board and a chair, the dijkgraaf, which literally means the "dyke count". An ancient office dating back to medieval times, the dijkgraaf is appointed by the government for a period of six years. They preside over the executive board and the general administrative body, and have certain ceremonial duties as well, but no silly hat.

Unlike municipal council elections, voters don't usually have to go to a polling station but they can vote by mail or even by telephone. There are plans to offer voting by Internet.

So, we are surrounded by examples of how human beings have, over the centuries, come together collectively in an organised form of governance to control the world around us. And our world is rapidly changing. In 1900, my grandfather's atlas displayed 78 countries. Today, there are 196, with more on the way. There seems no more pressing need for co-operation than to maximise the benefits and the wonderful opportunities that technology and big data now present us. But we're also seeing the sinister potential too, and coming to the realisation that governments are relatively powerless to prevent malfeasance.

The ancient practice of governing water can provide valuable lessons about today's corporate governance. Our data is the salt of the Venetians or the water cisterns of the Nabataeans. Our governance systems are the dykes that protected the Dutch against the improbable balance with the water table.

Conclusion

Mervyn King reminds us that 52 of the top 100 economies are not countries but are, in fact, corporations with a wide global reach. So, in this increasingly connected world, reliance on nation states is a futile way of looking after our future. We need to care more about how our organisations are run. This can only come from the collective of corporations recognising their greater duty to the species through a system of sound governance. Good governance is the most solid platform for these organisations to deliver security, sustainability, strategy, and success for all of mankind.

Festival of Governance





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