



E3G

# **Practical Sustainable Development: delivering purposeful change in a complex world**

Nick Mabey, TPP '93

June 2006

# How I Got Here...a Lesson in the Zen of Career Planning



- Mechanical Engineer – GEC-Alsthalm
- Energy System Analysis – PowerGen and MIT Energy Lab
- Climate Change Research – London Business School
- Environmental Campaigning – WWF
- Environmental Diplomacy – UK Foreign Office
- Strategic Policy Advice – UK Prime Minister's Strategy Unit
- Policy/Diplomatic Entrepreneur? - E3G

# Provocation: The Challenge of Sustainable Development



- Sustainable development requires a conscious driving of (global) societal change towards specific goals over limited timescales – this is an unprecedented human project
- The real challenge of SD is driving the necessary amounts of **change** – not setting targets or being “optimal”
- The transition to sustainable development will only be possible if we can change the fundamental “operating system” underpinning political choices and institutions

**Without reformed institutions to drive the transition to SD progress will rely on political will of key leaders. This is a very uncertain base on which to build a sustainable future.**

# Practical Sustainable Development?



E3G

*'There is nothing a government hates more than to be well-informed; for it makes the process of arriving at decisions much more complicated and difficult'*

***John Maynard Keynes***

# Four Core Lessons from TPP



E3G

- Policy Making is Design
- Invest in Analysing Systems and Complexity
- Manage Risk and Uncertainty
- Do the Politics with the Policy

# Good Policy Making is Design



- Outcome Based
- Fit for purpose in the time available
- Creative
- Synthetic
- Pragmatic - use all tools necessary for the job

**A gap exists between academics/sectoral experts and “generalist” policy makers where policy design professionals should exist. The “politics of discipline” determine many policy outcomes.**

# Invest in Analysing Systems and Complexity. Example UK Fisheries



- Commission from the PM after meeting fishing industry in 2003 after several years of large-scale quota cuts .
- Report –"Net Benefits: A sustainable and profitable future for UK fishing". Published March 2004
- Seven different quantitative modelling approaches covering biological, economic, financial, social and behavioural science
- All (highly!) tested by management professionals and through public stakeholder meetings across the UK

# “Hard line” bureaucratic view on endemic lack of compliance by fishermen

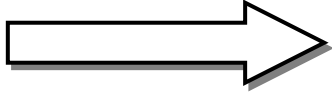
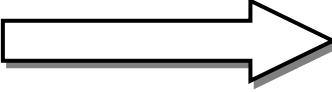
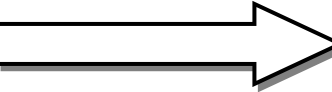


- Fishermen not obeying the rules is a criminal offence
- It undermines fish stocks and their livelihoods therefore they must be irrational, irresponsible and at the extreme congenitally dishonest/different (“fishermen are hunters”)
- Fishermen cannot be trusted to co-manage fish stocks (though EU countries have done this in overseas aid programmes for 30 years)
- Any systemic discussion of incentives for non-compliance is giving fishers “excuses” for breaking the law
- **Need stronger enforcement/better science/better fishermen – government must exert more control**

# But this approach is not economically feasible.....



## UK Sea Fishing Industry – Balance Sheet 2002

Industry Revenue		£546m
Estimated Operating Profits in Industry		£125m
Estimated Government Expenditure		£120M

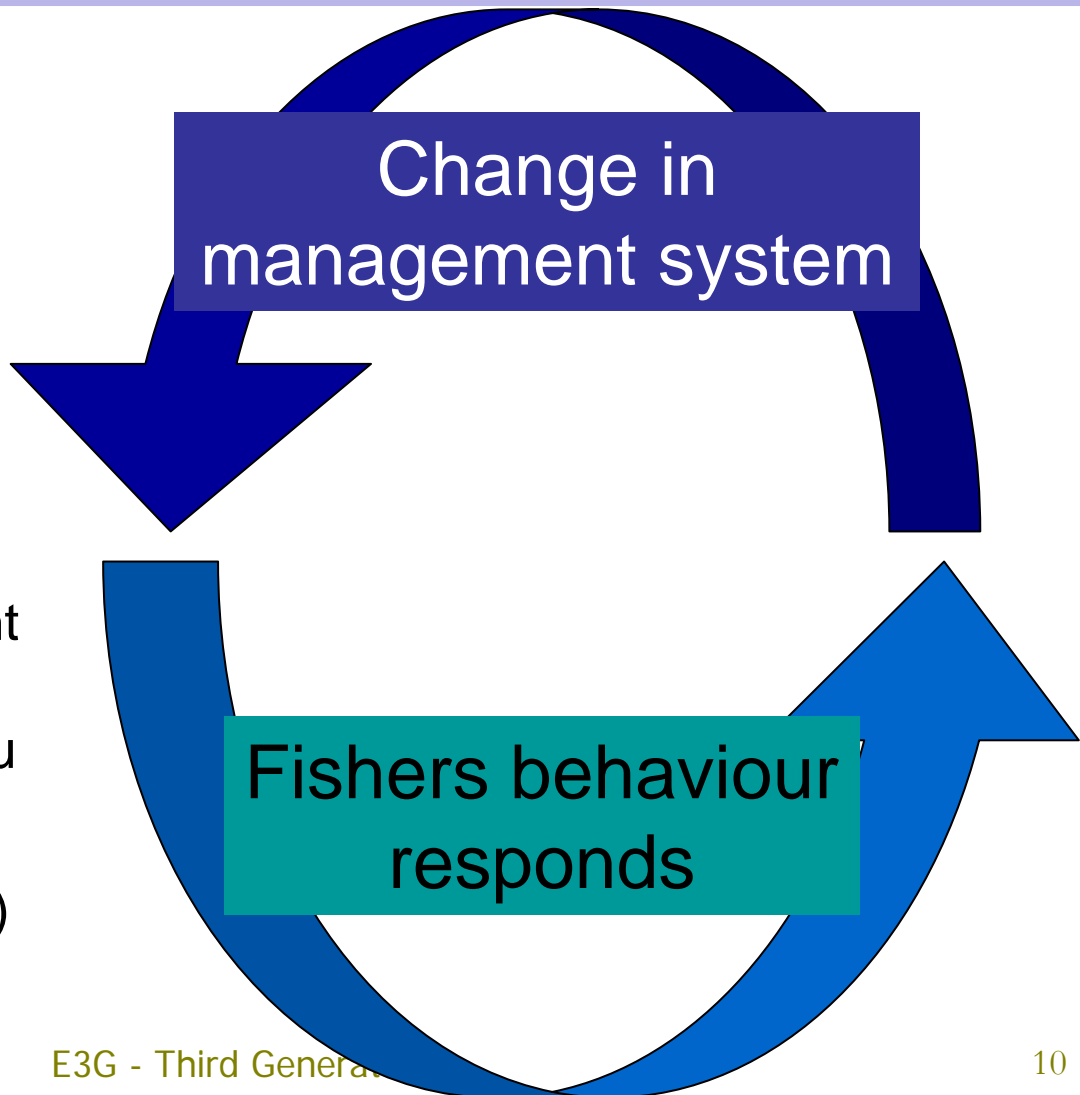
**Government spending all value added on regulation.  
Fisheries too complex and expensive for more control.**

# Beyond the theory: building a new management system



E3G

- Change needed both in management system incentives and in the trust and behaviour of fishers operate within it
- International experience shows that you never get it right first time
- Political drivers important e.g. political power of recreational fishers in NZ/Au
- Need a period of crisis and adjustment (5-10 years) before reaching acceptance



# Manage Risk and Uncertainty



E3G

"..chance only favours the prepared mind"  
Louis Pasteur

- It's easy for an analyst to create more uncertainty around a decision
- This is completely unhelpful for decision makers unless they are also provided with a framework for understanding and managing risks
- Default will be to do nothing – as no case for risking political capital on uncertain outcomes

# Energy policy and the Carbon Catch 22



E3G

- Decision makers are uncertain about the economic and technical feasibility of meeting ambitious cuts in CO<sub>2</sub>, so set “fuzzy” carbon reduction goals;
- Many technologies will only be developed with immediate market pull rather than technology push. Companies will only invest if future markets are certain enough;
- Some options require investment in radical system transformation but new innovations could appear which make these redundant;
- Fear of being seen to “pick technological winners” and desire to put risk onto private sector is stalling more radical technological options.

**Need to create a virtuous circle of demonstrating feasibility of emissions cuts so decision makers commit to credible targets for market pull**

# Countries at Risk of Instability



E3G

- Challenge identified in Strategic Audit of UK Policy in 2003. PM commissioned work to improve UK responses to CRI. Report “Investing in Prevention” published February 2005;
- Countries with significant risk of instability make up 40-60% of all UK priority counties across all foreign policy: from WMD and terrorism to poverty reduction;
- *“The biggest source of inefficiency in our collective security institutions has simply been an unwillingness to get serious about preventing deadly violence.”* UN High Level Panel on Threats, Challenges and Change 2005.

# Failure to present decision makers with credible options was the major source of inaction



- “Received wisdom” focuses on a lack of political will as the primary cause of underinvestment in prevention and slow response to early warning signals;
- Political will to act is deterred by a number of factors: clashes of country interests; costs and benefits of action don’t add-up; perceived lack of public support for action;
- CRI Project looked the needs of decision makers using structured interviews and in-depth analysis of system performance;
- Analysis showed that official decision support machinery was not presenting timely and well-constructed options for action to decision makers - resulting in inaction in response to raised risks.

# Simplicity not Simplistic



E3G

***“I would not give a fig for the simplicity this side of complexity. However, I would give my life for the simplicity on the other side of complexity”***

Oliver Wendall Holmes

# Do the Politics with the Policy – or build the delivery coalition around the idea



- PMSU spend 30-50% of resources on stakeholder engagement. Also on developing critical “domino” ideas which will motivate and guide future decisions;
- **Fisheries:** You cant afford command and control (especially with climate change) there has to be a partnership with the fishermen;
  - **Energy:** We are not managing today’s emissions cuts but industries’ expectations of a low carbon economy in 2020;
  - **CRI:** Crisis response is unaffordable and ineffective, we have to invest more in prevention and build the machinery to deliver this.

Change is a messy, complex and uncomfortable process. A reactive stance often makes sense.

Pandolfo Petrucci, Lord of Siena, to Machiavelli (Florence, c. 1515):  
**'wishing to make as few mistakes as possible I conduct my government day by day and arrange my affairs hour by hour; because the times are more powerful than our brains'**



Need to understand the constraints on decision makers – not just assume they lack “political will”

# Developing the new operating system



- Ability to combine sophisticated technical knowledge with understanding of political and institutional change processes;
- New tools to analyse and communicate the impact of choices over the long term, under high uncertainty, and across diverse populations;
- New policy approaches to driving innovation, compliance, behavioural and cultural shifts and institutional performance and change;
- Ability to create spaces where all necessary players for a solution can be convened, and with the mandate and resources to forge solutions;
- New training for policy makers and decision makers in complex and systemic decision making.

Who is taking responsibility for driving change in the operating system?

# Further Information



E3G

All Strategy Unit reports and background papers can be found at [www.strategy.gov.uk](http://www.strategy.gov.uk)

Information on policy making methods can be found at [www.policyhub.gov.uk](http://www.policyhub.gov.uk)

I can be contacted at [nick.mabey@e3g.org](mailto:nick.mabey@e3g.org)

E3G can be found at [www.e3g.org](http://www.e3g.org)