

COOPERATION WITH THE PRIVATE SECTOR

SUMMARY

ISSUES TO BE DISCUSSED:

This document is to support a brainstorming discussion of the Council on this agenda item. It covers the following main topics: (a) private sector service providers and users; (b) instrument and system development private sector; (c) observing networks of the private sector; (d) Private sector sponsor- and partnerships; (e) private insurance and financial sector; and (f) the Madrid Action Plan.

ADDITIONAL FINANCIAL IMPLICATION:

None

DECISIONS/ACTIONS REQUIRED:

Decisions on future actions to improve the cooperation with the private sector.

REFERENCES:

1. *Abridged Final Report with Resolutions of Twelfth World Meteorological Congress* (WMO-No. 827)
2. *Abridged Final Report with Resolutions of Fourteenth World Meteorological Congress* (WMO-No. 960)
3. *Abridged Final Report with Resolutions of Fifteenth World Meteorological Congress* (WMO-No. 1026)

CONTENT OF DOCUMENT:

Appendix for inclusion in the final report:

Draft text for inclusion in the general summary of EC-LX

Appendix for information:

EC-LX/Rep. 9.3: Progress/Activity Report

DRAFT TEXT FOR INCLUSION IN THE GENERAL SUMMARY OF EC-LX

9.3 COOPERATION WITH THE PRIVATE SECTOR (*agenda item 9.3*)

9.3.1 The Council discussed this broad and complex area under the following main topics:

- (a) Private sector service providers and users;
- (b) Instrument and system development private sector;
- (c) Observing networks of the private sector;
- (d) Private sector sponsor- and partnerships;
- (e) Private insurance and financial sector;
- (f) The Madrid Action Plan.

9.3.2 The views and comments expressed by members of the Council are summarized as follows:

.....

[to be completed at the session]

.....

9.3.3 The Council recognized that interaction with and conducts of business operations of commercial service providers are often particular to a country. This includes coordinated attachment of responsibilities for service delivery in specific areas (e.g., aviation and ocean-met services) to commercial providers, and compensation to the NMHS by the private sector for data, products or services. The Council therefore invited the regional associations to keep such issues in their Region under review and take actions as appropriate.

9.3.4 The Council noted that an international organization representing the private sector vis-à-vis WMO does not exist and agreed that establishment of such a body would be very useful for facilitating coordination. It recalled in that connection the approaches taken by WMO, in particular by CIMO, with respect to the Association of Hydro-Meteorological Equipment Industry (HMEI), and by CBS, with respect to the International Association of Broadcast Meteorology (IABM).

9.3.5 The Council further agreed *[...to be completed...]*.

9.3.6 The Council underlined the continuing importance of the cooperation between the NMHSs and the private sector for the future strategic evolution of the role and operations of the NMHSs and their funding basis. It also emphasized the critical role a constructive relationship between NMHSs and the private sector plays for optimizing the benefits society gains from weather, climate, water and environmental service delivery. The Council recognized that many aspects needed to be addressed by WMO and guidance was required by many Members, and agreed, therefore, to request its EC Working Group on Disaster Risk Reduction and Service Delivery (Ref. agenda item 4.2, draft Resolution 4.2/1, Decides (4)), in collaboration with the EC Working Groups on Strategic and Operational Planning and on Capacity Building to develop recommendations to the sixty-first session of the Council (2009) on:

- (a) Options for WMO to stimulate establishment of global or regionalized international representation bodies of the private sector service providers to better facilitate coordination between that sector and WMO;
- (b) Approaches to address problematic issues connected with complementary and competitive cooperation between NMHSs and private sector service providers;
- (c) Policy and guidelines for an ethical framework for engagement with corporate sponsors and donors, taking into account pertinent recommendations of the WMO Audit Committee;
- (d) A mechanism involving the technical commissions concerned and the regional associations for developing guidelines for use by NMHSs on best practice models of partnership in furthering cooperation with the private sector;
- (e) *[other issues to be inserted at the session].*

World Meteorological Organization

EC-LX/Rep. 9.3

EXECUTIVE COUNCIL

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9.3

COOPERATION WITH THE PRIVATE SECTOR

PROGRESS/ACTIVITY REPORT

SUMMARY

Reference: EC-LX/Doc. 9.3

CONTENT OF DOCUMENT:

Appendix:

- Discussion on Cooperation with the Private Sector

DISCUSSION ON COOPERATION WITH THE PRIVATE SECTOR

1. Background

1.1 Cg-XII (1999) expressed concern over the fact that resources for NMHSs were dwindling while the demand for services was increasing and that this situation provided opportunities for the private sector in several countries to engage in service delivery. Congress recognized the need for Members to address collectively these issues and develop mechanisms for coordinated collaboration between the private sector and NMHSs with a view to ensure complementarity of their roles. By Resolution 40 (Cg-XII) the Congress adopted, *inter alia*, guidelines on relationships in commercial meteorological activities.

1.2 Cg-XIV (2003) agreed that cooperation with the private sector pursued within an international coordination framework, might better position NMHSs to deliver their mandated services. EC-LVI (2004) and EC-LVII (2005) reflected on the involvement of the private sector in the work of WMO and encouraged NMHSs to relate better to the private sector including equipment manufacturers, suppliers, the media, meteorological service providers and end users.

1.3 Cg-XV adopted by means of the WMO Strategic Plan (Geneva, May 2007) the Strategic Thrust on "Partnership to work with [...] the private sector to improve the range and quality of [...] information and services". It stressed the fact that the NMHSs provided their services in many countries in partnership with private sector service providers and called for a constructive dialogue between providers and users.

1.4 The topics addressed in the following are: private sector service providers and users; instrument and system development private sector; observing networks of the private sector; private sector sponsor- and partnerships; private insurance and financial sector; and the Madrid Action Plan.

2. Private sector service providers and users

2.1 Three broad areas of interaction between an NMHS and the private sector have been identified:

- (a) The private sector is the client of the NMHS and receives basic data and products and services for business operations. Whether the NMHS receives compensation or not depends on the country's policy or practice;
- (b) The private sector sells services to the public and specialized users, either complementary to, or in competition with, the NMHS. In some cases, the commercial service provider obtains or procures basic information from the NMHS and operates as a value-adding service. In other cases, the commercial service provider operates as an "end-to-end" service with own observation/forecast systems and presentation/dissemination capabilities (designed to meet customer needs). The requirements for weather, climate, water and environmental services are spread over a large range of socio-economic activities and are often extremely specialized (niche requirements). A NMHS, operated as a government agency in fulfilling its national mandate, can normally not establish and sustain the necessary multi-faceted expert staff, methodologies and service delivery means required to cover the diverse range of customer needs. The private sector service providers, however, are better positioned to meet a niche requirement because they concentrate business operations on specific customer groups only. In that situation, the private sector is a complementary partner to the NMHS, as both entities, in collaboration, better meet the socio-economic demands.

Through its focused activities, the private sector service provider amplifies the socio-economic value of the output the NMHSs delivers and thus contributes to enhancing the role and visibility of the NMHS;

- (c) The private sector and the NMHS cooperate in pursuing broader development objectives (including resource mobilization) because the private sector is interested in sustainable societal development with a view to improving future business opportunities but also in the context of Corporate Social Responsibility (CSR) (see section 5).

While representative bodies of the private sector service providers may exist in some countries, there is, at present, no global representational organization to facilitate coordination between that sector and WMO.

2.2 The **media**, often operated privately, are one of the most important partners of NMHSs in delivering the information required by the general public. Better collaboration between NMHSs and the media and improved service delivery to the media are key programme goals of the Public Weather Services programme. The International Association of Broadcast Meteorology (IABM) representing media organizations around the world was established with consultative status in WMO, within the PWS purview. The relationship with the media has matured and media representatives are involved on a “pro-bono” basis in several facets of WMO work.

2.3 The **tourism sector** is highly sensitive to weather and climate. The 2nd International Conference on Climate Change and Tourism (Davos, Switzerland, 2007) underscored that “the tourism sector must rapidly respond to climate change [...] if it is to grow in a sustainable manner”. While that industry appreciates weather and climate forecasts, there is significant scope for further collaboration to enhance safety through improved warnings and to allow for more effective management of tourist facilities by better understanding the impacts of climate variability and change. WMO continues to participate in relevant meetings of the UN World Tourism Organization (UNWTO).

2.4 Another sector with a significant demand for, often very specific, hydrometeorological and environmental services is **sports**. Major sporting events, such as the Olympic Games, give high visibility to the NMHS and private service providers. As early as in the bidding phase for hosting major sporting events, hydrometeorological and climatological aspects and related services play a critical role. For the provision of meteorological support to the Olympic Games, a memorandum of understanding has been signed by WMO and the International Olympics Committee (IOC) and the latter has included “environment” as an additional dimension to the organization of the Games. Generic guidelines on specialized meteorological service provision for cities who bid to host the Olympic Games are under preparation by WMO experts.

2.5 With respect to **aeronautical meteorological services**, surveys have indicated that revenue from these services constitute a substantive portion (about 55%) of the external revenue of those NMHSs that are the provider designated by the national Met Authority. In Europe, the Eurocontrol mechanism provides for a yearly income of around € 260 m for this service provision. ICAO and also regional bodies (e.g., Single European Sky) prefer that aeronautical met services should be provided on a competitive basis. ICAO Annex 3 (WMO [C.3.1]) defines the minimum requirements for this service provision, but regional and national agreements can mandate further service levels. Users, such as airlines, airports, ATM units, private and business aviation are free to purchase additional value-added services. Larger NMSs and commercial service providers already engage in the provision of such services. Increasingly, the need for supplementary quality services in support of new ATM concepts and projects (NextGen/USA and SESAR/European Union) is recognized and such services are being developed by consortia involving NMSs and commercial service providers.

2.6 In the **met-ocean services** area, marine forecast and warning services are mostly provided by NMHSs, while ship routeing services and services for the ocean transport of goods are provided to shipping companies by both NMHSs (often against compensation) and commercial services. The WMO Guide to Marine Meteorological Services (WMO-No. 471) defines the minimum requirements for the routeing advice and a list of focal points for ship routeing services is published in WMO Publication No. 9, Volume D – Information for Shipping. The off-shore industry requires a broad range of marine meteorological and oceanographic services for site exploration, production and transport, which are often provided by commercial service providers. The industry sector is represented by the International Association of Oil and Gas Producers (OGP), which established collaborating arrangements with JCOMM in October 2007 (Ref. agenda item 4.2).

2.7 Other specialized services, including surface transport, logistics, construction and energy markets, are, depending on a country's practice, provided by the NMHS or the private sector, or both:

- (a) **Road weather services** are mostly undertaken as a commercial activity both by NMHSs or commercial providers. Typically dependent on data from road sensor networks operated by highway authorities or commercial companies, the forecasts are provided by NMHSs or specialized companies. Modern road weather systems also support command and control issues, traffic management and road maintenance at different administrative levels (community, county, national highways);
- (b) An increasing number of **railway enterprises** require hydrometeorological services, which they often seek from private sector companies due to the very specialized nature of the required information;
- (c) **Logistics** is another sector with a strongly growing demand for specialized hydrometeorological services related to transport and storage of perishable goods;
- (d) The requirements for services for the **construction industry** include climatological data on extreme weather events for developing building codes and standards, and observations for the recovery of losses from insurances; hydrological information for designing civil engineering projects and warnings services for constructions sites;
- (e) Growing concerns over climate change in connection with a strongly increasing demand on energy moves the renewable and non-renewable **energy sector** into the centre of global attention. In addition to the traditional need of hydrometeorological information to optimizing production, transport and demand management operations new requirements are emerging for services to support increasing energy efficiency, development and operation of renewable energy systems.

3. Instruments and system development private sector

3.1 Instrument and equipment manufacturers have always been important partners of NMHSs and WMO has given a high priority to the collaboration with that sector to ensure sustainable development of, and progress in, meteorology. Collaboration with the instrument private sector may include joint development of standards, testing of instrument conformity with agreed standards, increased instrument interoperability and comparison of instruments of different manufacturers to guarantee data compatibility and homogeneity. WMO Instrument intercomparisons and tests may be seen as a "certification" of the successfully tested products suitable for WIGOS. Collaboration with that sector has in the long run favourably contributed to technological innovation and the affordability of instruments and systems, and thus improved the observation system needed by the NMHSs and the end-to-end private sector service providers.

3.2 For many decades the collaboration with WMO was impeded by the relatively large number of firms and their diverse specialization. Eventually, the Association of Hydro-Meteorological Equipment Industry (HMEI), established in 2001, was able to improve this situation by representing a large numbers of the manufacturers vis-à-vis WMO. The consultative status granted by EC-LIV (2002) has enabled the HMEI to bring views of this private industry to WMO expert meetings and constituent body sessions and to convey to its association members expectations and plans of WMO. Today, it assists WMO in maintaining a database on instruments and manufacturers, in promoting world-wide standardization and in improving the quality of observations through its involvement in instrument inter-comparisons, training workshops, technical conferences and exhibitions.

4. Observing networks of the private sector

4.1 Several enterprises in the private sector own and operate networks or systems of meteorological and hydrological observations. These are mostly found in the hydropower industry, road and railway networks, but also in tourism where automatic weather stations and web cams are widely deployed. AMDAR, ASAP and the Voluntary Observing Ship Programme are examples for observing network components operated by the private sector for mutual benefit and often with joint public-private financing arrangements.

5. Private Sector Sponsor- and Partnerships

5.1 Direct sponsorship by large corporations under the emerging ethics of Corporate Social Responsibility (CSR) and financial intermediaries, such as development banks and insurance companies with related interests, can play an increasing role in providing financial support to NMHS activities in the broader context of the MDGs. Private sector commitment to CSR is not purely philanthropy, but is also driven by concerns about corporate reputation and branding, which will, in the long-term impact on corporate profitability, and so implies benefit to the investor as well as the recipient.

5.2 Several UN organizations already maintain such innovative private sector partnership programmes that promote collaboration in technical development cooperation through funds or in-kind donations. Examples are:

- (a) Shell International with the Joint United Nations Programme on HIV/AIDS (UNAIDS) produce a scenario planning document for combating HIV/AIDS in Africa;
- (b) UNHABITAT and BASF provided materials, funding, and technical expertise to help communities affected by the 2004 Tsunami;
- (c) Dutch mail transportation company TNT and the World Food Programme (WFP), invested in projects to help make WFP's delivery systems more efficient.

5.3 There are potential opportunities for WMO to take advantage of this evolving trend in the corporate sector. Examples are sponsorships for Regional Climate Centres, Drought Monitoring Centres and Regional Instrument Centres, Catchment Management and Flood Control Programmes, and Regional Climate Outlook Forums.

6. Private insurance and financial sector

6.1 The Financial Risk Transfer Markets are coordinated by reinsurance associations and the Weather Risk Management Association (WRMA). Founded in 1999, WRMA works to foster public consciousness of weather risk and promote the weather risk market. Furthermore through Reinsurance Associations around the world, the reinsurance industry is working to promote

concepts of risk management and utilization of insurance and weather risk management. The NMHSs will be expected to develop specialized services for this sector (Ref. agenda item 4.1).

7. Madrid Action Plan

7.1 The Madrid Action Plan adopted by the International Conference on Secure and Sustainable Living: Social and Economic - Benefits of Weather, Climate and Water Services (Madrid, Spain, March 2007), includes several actions with a bearing on the issue of public-private relationships (Actions Nos. 1, 2, 3, 7, 9, 12, 13 - see Annex) These actions depend on development of a basis for sustained cooperation and dialogue between WMO-coordinated service providers (public and private sectors) and with users. Opportunities and examples for cooperating with the private sector were amply demonstrated at the conference. As a way of prompting dialogue with partners, the conference encouraged WMO to develop outreach projects for NMHSs to engage public and private sector partners and service users.

Annex: 1

ANNEX

MADRID ACTION PLAN*

Action 1: Review the institutional framework governing meteorological and hydrological service provision in order to **strengthen partnerships** with different sectors of the economy.

Action 2: Lead a quantum change in the way that weather, climate and water information and services are produced, used and communicated by identifying, confirming and responding to the **rapidly increasing and evolving needs of multi-disciplinary stakeholders** for appropriately timed and scaled weather, climate and water information and services.

Action 3: Embark on capacity building endeavours through creation of education and training opportunities for both users and providers of weather, climate and water information to **increase awareness of users to the opportunities afforded by weather**, climate and water services and to assist the providers of these services to understand more fully user requirements.

Action 7: Facilitate and **strengthen dialogue and collaboration between providers** and users of weather, climate and water information and services through international, regional and national platforms and programmes, and through the development of appropriate tools and methods.

Action 9: Strengthen existing, and establish new, operating partnerships between users and providers of weather, climate and water services to share responsibility for effective delivery of services, and evaluate their performance.

Action12: Encourage the **free and unrestricted exchange** of meteorological, hydrological and related data to support research and improve operational services.

Action 13: Build on the earlier WMO work on the development of a **comprehensive economic framework** for meteorological service provision.

* Excerpt from the Madrid Action Plan (Madrid, Spain in March 2007).