Societal Risks by Severity and Likelihood

Risk and Control

Impact on Company
- Direct operations
- Supplier operations
- Watershed conditions

Company Influence
- Direct operations
  - Supplier operations
  - Watershed conditions
Exit collective action as risk reduces through achieving collective action objectives and/or institutionalization of external capacity & interest.
Background

- Collective Action Guide Initiated March 2012
- Collaboration Among
  - CEO Water Mandate
  - Water Futures Partnership
  - Pacific Institute (rep. Mandate Secretariat)
  - Pegasys Strategy and Development
  - Ross Strategic
- Official Release at Stockholm WWW 2012
- Beta Version 1.0
Case Example Contributors

- AB-InBev
- Finlays Horticulture
- Molson Coors Brewing Company
- Sasol New Energy
- Anglo American
- SABMiller
- SEAAWA
  - Nike, Levi, H&M, Nautica
- Suez Environment
- The Coca-Cola Company
Why a Collective Action Guide?

- Collective action when effective:
  - Fresh ideas and perspectives
  - Credibility and legitimacy
  - Momentum for change
  - Resources to address common objectives
  - Resilient solutions

- Collective action challenges:
  - Non-conventional relationships, non-traditional partners
  - Complex needs, interests, personalities, organizational structures
  - Public scrutiny, unrealistic expectations, skepticism about motives

- *CEO Water Mandate Guide to Water-Related Collective Action*
  - Optimize collective effort, common objectives, shared outcomes
  - Minimize risk of inefficient process, miscommunication, poor outcomes
Positioning Collective Action

- Coordinated engagement among interested parties in support of *common objectives*
- Emphasis on *joint, two-way dialog*
  - produces stronger outcomes than unilateral action
- Range of forms
  - Informal information exchange and consultation to
  - Structured joint decision making, implementation, and accountability
- Effective collective action tailored
  - needs, objectives, conditions, and capabilities
Scope and Purpose

• Companies new to external engagement
• *Internal* scoping of collective action needs/options
  • Prepare company to initiate external party discussions
• Assist in unpacking the balance between:
  • Motivation for engagement in multi-party collaborative efforts as the backbone of SWM progress
  • Requirements for effective collective action = ability and willingness to embrace joint interests, shared goals, and common objectives
• Two companion efforts:
  • Water Action Hub
  • Water Futures Partnership Compendium of Lessons Learned
Collective Action Guide: Overview

- Section 1: Introduction
- Section 2: Scope and Purpose of the Collective Action Guide
- Section 3: Understanding Water-Related Collective Action
- Section 4: Preparing for Collective Action
- Section 5: Structuring and Managing Collective Action
- Appendices:
  - Resources
  - Structured Analysis Frameworks
Understanding Water-Related Collective Action: Driver and Motivations

- **Risk & Stewardship**
  - 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 desirable/necessary when unilateral action will not produce these outcomes**
Water Management Domains and Degree of Control

- **Catchments with Supplier Operations**
  - **Supplier Operations**
    - Optimize Water Use
    - Minimize Water Resource Impacts

- **Catchments with Company Operations**
  - **Company Operations**
    - Optimize Water Use
    - Minimize Water Resource Impacts

**WATER MANAGEMENT INTERDEPENDENCE**

- High Direct Control
- Medium to Low Direct Control
- Indirect Control
Understanding Water-Related Collective Action

- Public sector primary responsibility for sustainable water management
- Public sector may suffer from:
  - Inadequate financial resources
  - Insufficient institutional capacity
  - Inappropriate governance mechanisms
- Water-related challenges can arise and escalate
- Collective action responds to these deficiencies
- Engagement tied to local/catchment-level outcomes
Benefits of Collective Action

- Clear articulation of problems, shared ownership of solutions, clarity of joint purpose
- More informed decision making by the business initiator and other parties to the engagement
- Broader scope and depth of motivation and momentum in support of water-related improvements
- An expanded pool of expertise, capacity, or financial resources focused on fostering change
- More durable outcomes that are supported by the engaged parties
- Establishment and maintenance of credibility and legitimacy with critical interested parties
- Stronger water governance by engaging multiple stakeholders, including all water users
Collective Action Preparation

- Internal analysis and dialog to understand:
  - water challenges action areas,
  - interested parties, and
  - engagement options.
- Create solid footing for initiating external discussions and collective action implementation
- Possibility of partner as “guide” to approaching collective action considering
  - capacity, networks, reputation, and mandate
Collective Action Preparation and Implementation

- **ELEMENT 1:** Articulating Water-Related Challenges and Action Areas (Section 4.1)
- **ELEMENT 2:** Characterizing the Interested Party Landscape (Section 4.2)
- **ELEMENT 3:** Selecting a Collective Action Level of Engagement (Section 4.3)
- **ELEMENT 4:** Preparing for Collective Action (Section 4.4)
- **ELEMENT 5:** Implementation, Refinement and Evolution (Section 5)
Discussion Segment One

Linking Water Resources Management Challenges and Collective Action
Water Resource Management Cycle

**Catchment Water Resource**
- Upstream Water Resources
- Catchment Ecosystems
- Receiving Water Resources

**Water Infrastructure System**
- Water Supply and Treatment
- Company, Supplier, and Community Water Uses
- Waste Water and Stormwater Treatment and Discharge

**Water Governance & Management**
Characterizing Water-Related Challenges, Causes, and Risks

Drivers of Water Resource State
- Economic Development
- Demographic Shifts
- Climate Variability
- Social Norms and Expectations

Water Management System
- Infrastructure Management and Funding
- Water Governance and Regulation
- Water Planning, Management, and Pricing

Water-Related Challenges
- Water Over-Allocation
- Water Supply/Sanitation Unreliable/Unavailable
- Water Quality Deterioration
- Flood Damage
- Ecosystem Degradation

Company Interests
- Physical Risk
- Regulatory Risk
- Reputational Risk
- Stewardship Opportunity

Changes to quality, quantity, or availability; alterations to goals or objectives
Potential Collective Action Areas from the Water Action Hub

Efficient Water Use
Effluent Management, Wastewater Reclamation, Reuse
Community-Level Access to Safe Water, Sanitation, and Hygiene
Storm Water Management and Flood Control
Infrastructure Finance, Development, Operation, or Maintenance
Sustainable Agriculture

Climate Change Adaptation and Resilience
Ecosystem, Source Water Protection, Restoration
Monitoring and Knowledge Sharing
Engaging in Participatory Platforms
Public Awareness and Education
Improved Water Governance, Policy Development, and Implementation
From Challenge to Action

IMMEDIATE WATER CHALLENGE

Water Quality Deterioration:
Sedimentation

WATER MANAGEMENT SYSTEM DEFICIENCY

Water Governance and Regulation:
Regulation of land management practice requirements to prevent sedimentation lacking

DRIVER OF WATER RESOURCE STATE

Economic Development:
Expansion of basin agricultural activity

ACTION AREA A: Sustainable Agriculture

ACTION AREA B: Improved Water Governance and Policy Development

ACTION AREA C: Engaging in Participatory Platforms

ACTION AREA D: Public Awareness and Education
Scoping Water-Related Challenges and Action Areas

Explore three questions:

1. What are your priority water-related challenges in the catchment of concern?

2. What socioeconomic drivers and underlying deficiencies in the water system lead to the challenges?

3. Which type of interventions (action areas) will best address the problems you have identified?
Discussion Segment Two

Engaging on Water: With Whom, on What Topic
Understanding Prospective External Party Participants

• Many potential interests, organizations, individuals
  • Those sharing the water resource
  • Community-based organizations
  • Producer co-operatives
  • Governmental water managers
  • NGOs with water or community-related missions
  • Donors and aid agencies
  • Infrastructure managers
  • Research institutions

• Analysis to identify critical, legitimate, and relevant interested parties
Identifying Critical Participants

- Six Point Analysis
  - Decision Point
  - Opportunity
  - Expertise
  - Impacts
  - Expectations
  - Conflict
Identifying & Characterizing Prospective Participants

Explore three questions:

1. Who has what type of interest in your challenges and planned action areas?
2. Who can best help address your challenges?
3. Who needs to be part of the solution(s) that will address your challenges?
Discussion Segment Three

Scoping the Collective Action Level(s) of Engagement
Understanding Collective Action
Levels of Engagement

• Four levels of engagement:
  1. Sharing information (informative)
  2. Seeking advice (consultative)
  3. Pursuing common objectives (collaborative)
  4. Integrating decisions, resources, actions (integrative)
Understanding Collective Action
Levels of Engagement (2)

- Distinct choices:
  - Resource requirements
  - Desire/need for common purpose and consensus
  - Expectations for joint, coordinated action
  - Expectations for responsiveness
- Less demanding levels may meet objectives
- Less demanding levels often precede more demanding ones
## Collective Action Levels and Associated Requirements

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Selecting the Level of Engagement

- Three factors:
  1. External party dependence
  2. External party interest/capacity
  3. Internal company interest/capacity

- High dependence points to high engagement levels
- Interest or capacity may constrain, at least near-term, options
Mapping Dependency, Interest, and Capacity Outcomes to Collective Action Engagement Levels
Collective Action Levels and Associated Requirements

• What degree of dependence on external parties does success in your action have?
• What is the degree of external party interest and capacity to participate in a collective action related to your action area?
• What is the degree of internal organizational interest and capacity to participate in a collective action related to your area?
Discussion Segment Four

Designing and Implementing Collective Action
Designing the Collective Action Engagement

- Articulating collective action
  - objectives, intervention type, and outcomes
- Establishing core roles and general participation
  - Roles: initiator, convener, process manager, neutral party, experts, funders
  - General Participation: effective, complete representation of interests
- Addressing Interest and Capacity deficiencies
  - External: Clarity for shared risk, responsibility, benefits
  - External: Capacity for effective representation
  - Internal: State of credibility and trust
  - Internal: Capacity to be responsive to other interests
Structuring and Managing Collective Action

• External, iterative engagement to produce:
  • Products (scope of work, process charter, etc.)
  • Understanding, trust, credibility among participants

• Four effective collective action principles
  • Create clarity
  • Support interaction and responsiveness
  • Establish transparency and accountability
  • Build in ability to adapt
Structuring and Managing Collective Action

Six effective collective action structural elements

• Degree of formality
• Decision-making approach
• Commitments and responsibility boundaries
• Time frame
• Legal, regulatory, and policy factors
• Closure expectations
Wrap Up

Moving to Action; Next Steps