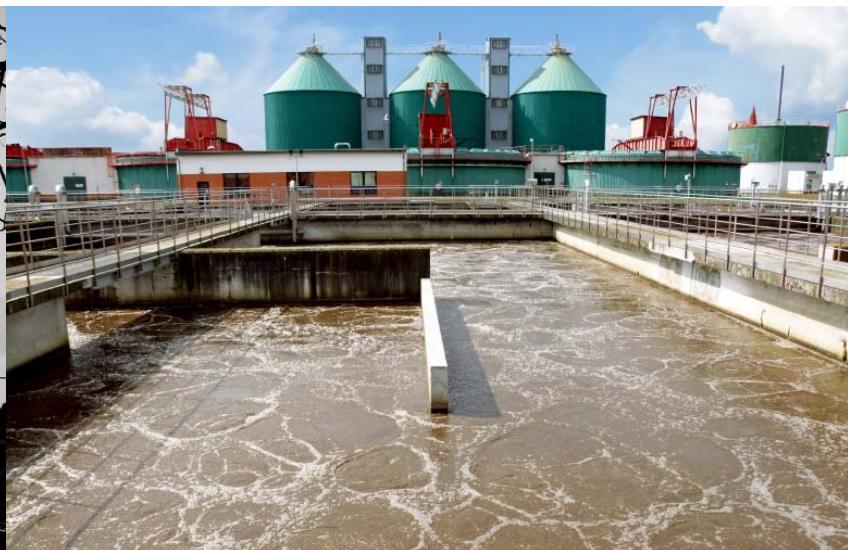




# The CEO Water Mandate Guide to Water-Related Collective Action

Beta 1.0 August 2012



# Acknowledgments

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## Disclaimer

All of the views expressed in this publication are those of the CEO Water Mandate and the project team and do not necessarily reflect those of the reviewers, members of the CEWG, or the contributing companies.

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## The CEO Water Mandate

# Guide to Water-Related Collective Action

Beta 1.0 August 2012

**ROSS**  
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PARTNERSHIP

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# 1. Introduction

Launched by the UN Secretary-General in July 2007, the UN Global Compact’s CEO Water Mandate (Mandate) is a public-private initiative designed to assist companies in the development, implementation, and disclosure of water sustainability policies and practices. The Mandate recognizes that the business sector, through the production of goods and services, significantly impacts water resources—both directly and through supply chains. Mandate-endorsing CEOs acknowledge that to operate in a more sustainable manner and contribute to the vision of the 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, nongovernmental organizations (NGOs), local communities, and other interested parties to address global water challenges.

In November 2010, the Mandate released the *Guide to Responsible Business Engagement with Water Policy* (Guide to Responsible Engagement). The publication defines responsible engagement as “corporate water management initiatives that involve interaction with government entities, local communities, or civil society organizations with the goal of advancing 1) responsible internal company management of water resources within their direct operations and supply chains in line with policy imperatives, and 2) the sustainable and equitable management of the catchment in which companies and their suppliers operate.” The case for responsible engagement is built on the premise that water-related risks are shared among government, business, communities, and the environment, and the Guide to Responsible Engagement reflects the belief that facilitating equitable processes through which all affected parties can come together to mitigate these shared risks or pursue improvement opportunities is a powerful tool for combating this century’s mounting water challenges. **Success in responsible engagement is thus critically tied to *effective collective action* among all parties with a stake in sustainable water management at the relevant scale—local, regional, national, or international.**

The Guide to Responsible Engagement presented five principles (see text box below) that foster effective, sustainable, and equitable external engagements related to water. These principles apply equally to water-related collective actions, will bolster the credibility and effectiveness of a company’s collective action engagements, and should thus frame the use of this Guide and the implementation of those engagements. Appendix F, *Considering the Five Principles of Responsible Business Engagement with Water Policy*, provides a detailed articulation of these principles as first presented in the Guide to Responsible Engagement.

## Principles of Responsible Business Engagement in Water Policy

- **Principle 1: Advance sustainable water management.** The engagement in water policy must be motivated by a genuine interest in furthering efficient, equitable, and ecologically sustainable water management.
- **Principle 2: Respect public and private roles.** Responsible corporate engagement in water policy entails ensuring that activities do not infringe upon, but rather support, the government's mandate and responsibilities to develop and implement water policy. Acting consistently with this principle includes a commitment to work within a well-regulated (and enforced) environment.
- **Principle 3: Strive for inclusiveness and partnerships.** Responsible engagement in water policy promotes inclusiveness and equitable, genuine, and meaningful partnerships across a wide range of interests.
- **Principle 4: Be pragmatic and consider integrated engagement.** Responsible engagement in water policy proceeds in a coherent manner that recognizes the interconnectedness between water and many other policy arenas. It is a proactive approach, rather than one responsive to events, and it is cognizant of, and sensitive to, the environmental, social, cultural, and political contexts within which it takes place.
- **Principle 5: Be accountable and transparent.** Companies engaged in responsible water policy are fully transparent and accountable for their role in a way that ensures alignment with sustainable water management and promotes trust among stakeholders.

Effective collective action is both the key to approaching shared risk successfully and addressing a substantial point of vulnerability for many companies. In its most productive form, collective action leads to a strong sense of shared interests, shared responsibility, and shared benefits. Companies will typically embrace collective efforts with other interested parties to benefit from their experience, gain fresh ideas and perspectives, enhance credibility and legitimacy, increase the momentum for change, pool resources to address common objectives, or simply become better stewards of a water resource.

This Guide presents several case examples of collective action that have resulted in substantial water-related risk reduction and stewardship enhancements for both individual companies and a full range of watershed community participants. These case examples exemplify the success many companies and communities have realized by engaging in collective action. This Guide addresses, however, the reality that effective collective action requires establishing nonconventional relationships with nontraditional corporate partners and involves a commitment to shared goals and the recognition of the potential for trade-offs between company interests and broader public benefits. It can expose a company to a complex landscape of needs, interests, personalities, and organizational structures. Collective action requires the development of new skills and knowledge,

such as a more in-depth understanding of community needs and values, and enhanced capabilities to connect with government and NGO actors. Companies engaging in collective action can face a host of vulnerabilities, including additional public scrutiny, unrealistic expectations, and skepticism about motives. Done poorly, collective action can undermine a company's reputation, tarnish product brands, and exacerbate existing problems.

*The CEO Water Mandate Guide to Water-Related Collective Action* speaks directly to these challenges by providing a stepwise approach to collective action preparation. It will help a company connect the right topics with the right people in an engagement process that is appropriately structured to optimize the collective efforts and impact of all participants.

## 2. Scope and Purpose of the Collective Action Guide

This Guide focuses on water-related collective action, and it targets, but is not exclusive to, companies new to external engagement on water issues. The Guide is designed to support the *internal* company discussion and analysis needed to articulate collective action needs and intentions in a manner that leaves the company well prepared to initiate external-party discussions and collective action activities. Other parties—governments, NGOs, and others—may also find the strategies and insights presented here to be useful even though they are not the primary audience for this publication.

This Guide positions collective action as coordinated engagement among interested parties within an agreed-upon process in support of *common objectives*. It acts as an invitation to, and a resource for, your company to engage in multiparty collaborative efforts that are the backbone of urgently needed progress on sustainable water management. Collective action can take a variety of forms, ranging from a relatively informal exchange of perspectives to highly structured joint decision making, implementation, and accountability. A successful collective action will typically build from a shared sense of risk, responsibility, and benefit among interested parties, and the collective action process will place emphasis on joint, two-way dialogue that leads to stronger outcomes than those achieved through unilateral action.

The Guide is structured around five elements of collective action preparation: (1) scoping the water **challenges and action areas** that collective action will address; (2) identifying and characterizing the **interested parties** on whom action areas critically depend; (3) embedding the challenges, action areas, and interested parties in a collective action **engagement** that will optimize the effort and shared benefits of participants; (4) designing the **collective action engagement**; and (5) **structuring and managing** the collective action. This Guide will help a business effectively connect the water resource management challenges of multiple parties and develop a collective action engagement that will best suit their particular set of conditions. As described in further detail in

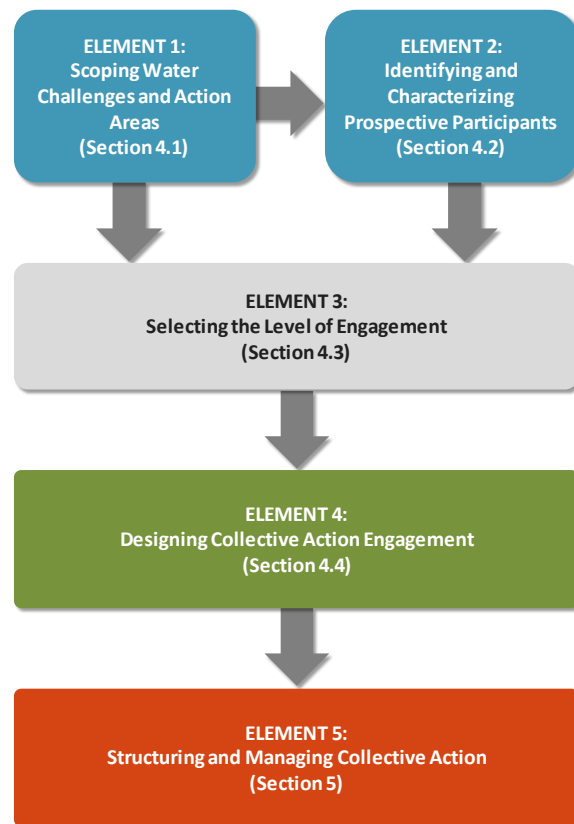
Section 4, some companies seek advice from or partner with an organization with collective action experience as they conduct their initial internal assessment and move forward with collective action implementation.

The remainder of this Guide presents a stepwise process (see Figure 1) that can support a company's internal consideration of and preparation for water-related collective action. The text begins with an introduction to collective action in the water resources context (Section 3), takes you through a four-step process for collective action preparation (Sections 4.1 through 4.4), and ends by providing key considerations for structuring and managing collective action engagement (Section 5).

This Guide connects to two companion efforts that further support water-related collective action.

- *The CEO Water Mandate Water Action Hub* (<http://wateractionhub.org>) is an online platform that assists organizations in identifying potential collaborators to improve water management in regions of critical strategic interest.
- *The Water Futures Partnership Compendium of Collective Action Lessons Learned* will provide tips on key collective action design considerations and tactics to maximize the effectiveness of a collective action initiative. Due to be released in the fourth quarter of 2012, this companion publication will draw substantially on the operational experience of the eight catchment-based Water Futures Partnership collective action initiatives.

**Figure 1: Elements of Collective Action Preparation**





## 3. Understanding Water-Related Collective Action

### 3.1. Drivers and Motivations

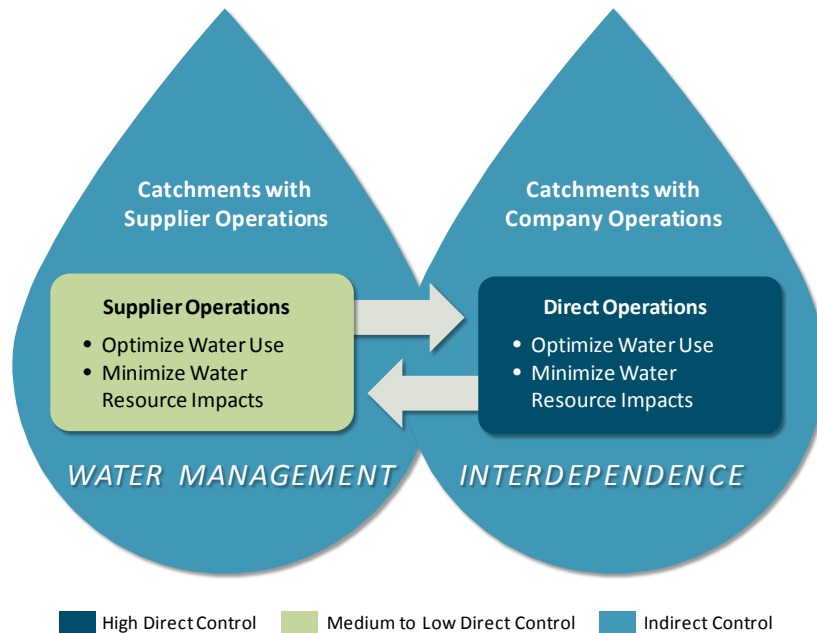
Companies that make the strategic decision to manage water-related risks or seek stewardship opportunities often do so to:

- Ensure business viability by preventing or reacting to operational crises resulting from the inadequate availability, supply, or quality of water or water-dependent inputs in a specific location;
- Retain their local legal or social license to operate, or gain competitive advantage, by demonstrating to interested parties and customers that they use and share a precious natural resource responsibly, with minimal impacts on communities or ecosystems;
- Assure investors, financiers, and other stakeholders that water risks, particularly those occurring beyond the factory fence line, are adequately addressed; or
- Uphold corporate values and commitments related to sustainable development by contributing to the well-being of communities and the health of ecosystems and catchments in which they operate.

Collective action is desirable (and likely necessary) when the ability to produce these outcomes is not possible through unilateral action. A company's capacity to engage externally will often be linked to its state of water stewardship practice. Company stewardship efforts commonly begin with a focus on internal operations, seeking to optimize water use and reduce direct operational impacts on water resources. Such operational efforts will typically fall solely or substantially under direct company control and depend minimally, if at all, on outside parties. If these efforts effectively manage direct operational water-related risks or meet company stewardship expectations, the resultant need for collective action will typically be quite low. At the same time, even if you are optimizing your own water use and minimizing your impacts on others, the presence of challenges in your watershed can result in local communities, NGOs, or global consumers becoming hostile to your activities or brand. This may happen particularly in catchments where broader social norms and quality-of-life standards are not being achieved. Such challenges may be based on real water problems or be associated with perceived privilege, a situation that can place pressure on your social and legal licenses to operate and create a need to consider engagement outside your direct operations.

From the starting point of focusing on direct operations, and depending on the nature of the water risks and opportunities, a company may branch out along a number of pathways. It may go into its supply chain (where many companies find significant water-related risks or opportunities) or into the catchments in which direct operations or suppliers are situated. In these contexts, a company typically has less control over water management risks and opportunities and must depend on the support of other parties to achieve water-related objectives. Figure 2 depicts the degree of company control within the three domains of water stewardship practice: direct operations; supplier operations; and catchments.

**Figure 2: Company Water Management Domains and Degree of Direct Control**



### 3.2. Collective Action and Water

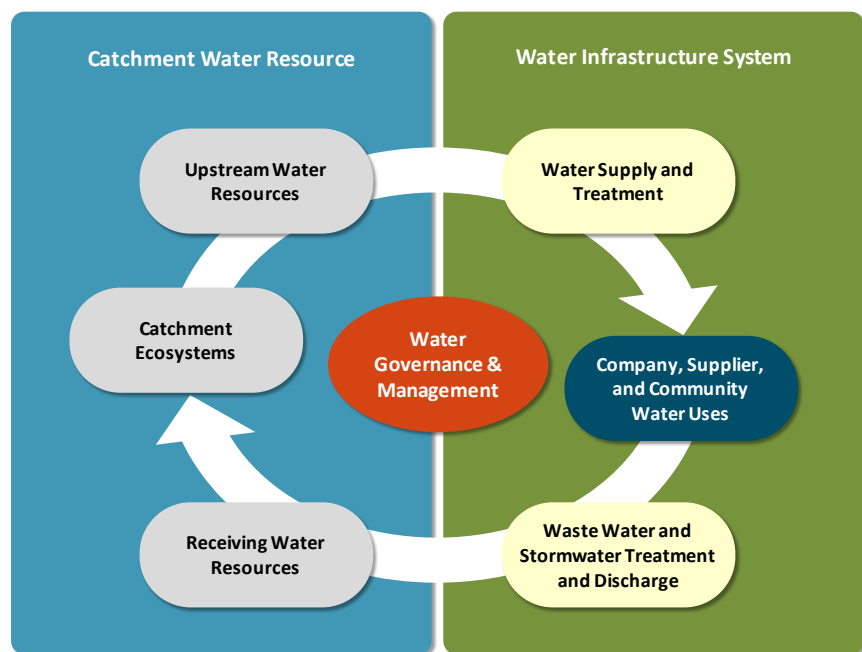
Freshwater management has certain multifaceted and unique characteristics that shape collective action. Water is required for life; it supports community livelihoods and sustains ecosystems. It is also viewed by many as a commodity that enables economic production and consumption. Water is therefore seen as a public good that requires active management for its protection, development, and use as a resource. The use of water is inherently subject to public-good expectations and can easily raise sociopolitical tensions, particularly when a use or waste discharge has, or is perceived to have, negative impacts on local communities or ecosystems.

Water infrastructure such as dams, pipelines, and treatment works have been built around the world to supply water to expanding irrigation and urban areas, with a substantial increase in this activity since the mid-20th century. When ample water is available (or perceived to be available) in a river or groundwater aquifer, these water development efforts generally do not raise much concern. The main challenges in such contexts are related to the financial and institutional capacity of water managers to reliably and equitably maintain the water supply and treat wastewater discharges from these areas.

If the growing utilization of water resources is not managed well, competition for water will intensify and pressures on water-related ecosystem services (e.g., fisheries) can emerge. Social dissent can escalate quickly. These situations require cooperation—and sometimes compromises—among water users. They create a need for improved protection and control of water use to achieve economic efficiency, social equity, and ecological sustainability. As the level and complexity of water use increases, so too does the need for sophisticated management institutions and rules as well as the need to openly engage water users with potentially diverse interests. “Integrated water resources management” (IWRM) has emerged as a widely accepted paradigm for balancing water demands with available supplies, and it places substantial emphasis on the equitable engagement of all parties vested in water access, use, and management.

As depicted in Figure 3, your company and its suppliers reside at a key nexus in the water resource management cycle. Any deficiencies in the water governance, management, or infrastructure that allow water scarcity or conflict to emerge can create a risk for your company or other participants in the local watershed community. The public sector, supported by an engaged civil society and private sector, has the primary role for making sustainable water

**Figure 3: Water Resource Management Cycle**



management a priority. When the public sector functions effectively, companies with an interest in sustainable water management may share information or consult on decisions through existing multi-interest platforms. However, because the public sector may suffer from inadequate financial resources, a lack of institutional capacity, inadequate governance mechanisms, or other deficiencies, water-related challenges can arise and escalate, creating conditions that may pose unacceptable risks to your company or the catchments in which you operate. Such situations require internal actions (in production or supply chains) to mitigate these risks. In many cases, they will also require collective action among water users and other community interests.

Collective action that emerges from such contexts will need to be driven by objectives tied to catchment-level outcomes, as this is the scale at which water-related risks and sustainability opportunities manifest. Such action can at times include cooperation with a group of companies

across operations and supply chains to reduce the overall water demand or wastewater discharge. At times, a business may seek engagements at the regional, national, or global level to create an enabling context for successful local catchment initiatives.

### 3.3. Potential Benefits

Collective action has become a core component of the water stewardship efforts of a growing number of companies. The willingness to enter into joint relationships with external parties reflects the reality that many water-related risks or water stewardship opportunities depend on the support of other parties. In many cases, collective action will be the only way to genuinely overcome shared risks or to access stewardship opportunities associated with complex institutional landscapes and social, environmental, and economic consequences.

The case for collective action, however, runs substantially deeper than mere dependence on other parties. As listed in the text box below, effective collective action provides an array of substantial benefits to businesses as well as other parties to the engagement.

#### Key Benefits of Effective Collective Action

- **Clear articulation of problems (a more robust understanding and connection to water management challenges and realities), shared ownership of solutions, and 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 with strong support by the engaged parties**
- **Establishment and maintenance of credibility and legitimacy with critical interested parties resulting in a stronger social license to operate across all aspects of community relationships**
- **Stronger, more sustainable water governance by engaging multiple stakeholders, including all water users**

These benefits emerge directly from a “shared risk, shared responsibility, and shared benefit” framework whereby problems that pose a risk to businesses, society, governments, and ecosystems can best be addressed through joint efforts that generate common understanding, strategies, and solutions. All collective action engagements, when executed effectively, establish enduring, productive relationships among a broad spectrum of interested parties who are directly affected by a company’s direct or supply chain operations, or who are dependent on the same water system as the company. The potential benefits of managing water-related risks or capturing water stewardship opportunities through acting with others must, however, be balanced by the potential challenges and complexities of sharing information, consulting others, making joint decisions or commitments, and sharing responsibility for implementation. It is within this context that the systematic selection of a collective action engagement option and the development of a well-informed collective action approach become critically important.

### 3.4. Levels of Engagement

A company considering collective action as a pathway to addressing water-related risks or to capturing water stewardship opportunities has several engagement options. Collective action will be most successful when tailored to the motivation and capacity of all engaged parties as well as the prevailing conditions framing the context for the action.

This Guide presents collective action engagements as four levels: sharing information (informative); seeking advice (consultative); pursuing common objectives (collaborative); and integrating decisions, resources, and actions (integrative). As addressed in substantially more detail in Section 4.3, three factors will influence your determination of which engagement level is best suited to your and other parties’ interests and on-the-ground conditions: the degree to which addressing challenges is dependent on the actions of external parties; the interest and capacity of those external parties to participate *productively* in the collective action; and the interest and capacity within your own organization to support a collective action.

The informative, consultative, collaborative, and integrative levels present distinct choices. Key considerations include the extent of common ground sought among participants; the degree of independent decision making maintained among participants; the expectations for joint action and responsiveness; and the experience and resources needed for collective action. Lines between these engagement levels are far from strict, and the structures themselves are not mutually exclusive. For example, most integrative or collaborative collective actions will necessarily include at the outset elements of informative activity. Engagement options can also be viewed as end states in and of themselves (for example, informative collective action can be deemed sufficient to address the identified challenges and becomes the full extent of the engagement), or as a set of stepping stones for a company with interest in highly integrative collective action but insufficient current capacity to engage in it.

*Sharing information (informative collective action)* focuses on coordinating the sharing of information in the interest of expanding knowledge and transparency, familiarity, and trust among

interested parties. It involves determining, in consultation with interested parties, the types of information that are most relevant for exchange and the means and frequency under which sharing will take place. Depending on the participants' interests, shared information might include general organizational plans and priorities, or specific monitoring, operational, or management practices. Informative collective action, by design, will typically have relatively low resource commitments, may not involve convening interested parties as a group, will maintain clear independence for decision making and implementation among the interested parties, and can operate effectively with relatively low expectations of the company beyond the agreed-upon information sharing. Case Example 1, featuring the SE Asia Apparel Water Action, provides an example of informative collective action.

### CASE 1

#### Informative Collective Action: SE Asia Apparel Water Action—Sharing Information to Support Improved Water Management among Apparel Suppliers

In 2011, the CEO Water Mandate (Mandate) and UN Environment Programme (UNEP) convened national-level capacity workshops in Ho Chi Minh City, Vietnam, and Phnom Penh, Cambodia. The workshops engaged Nike, Levi Strauss, H&M, Nautica, their local suppliers, local NGOs, and representatives from government agencies to better understand the nature of water challenges in the Mekong basin; discuss the need for improved industrial water management; and share information on best practices that have proved beneficial for apparel manufacturers in Vietnam and Cambodia. The Mandate and UNEP compiled low-cost good water management practices specific to apparel manufacturing facilities, including some pertaining to internal governance, measuring and monitoring, recycling and reuse, single-process and multiple-process optimization, and wastewater treatment. The workshops were effective in building awareness of the importance of water sustainability, highlighted cost-saving opportunities from easily implemented water use efficiency measures, and facilitated improved dialogue between brands and their suppliers, potentially paving the way for further sharing of knowledge and best practices.

*Seeking advice (consultative collective action)* focuses on convening specific interested parties to exchange ideas and expertise and to create a shared understanding of needs, interests, and challenges in order to enable informed, independent decision making by all parties. Consensus among interested parties is not needed and is not explicitly sought, although some expectations for responsiveness to the information provided will likely exist. Overall, resource commitments for this type of collective action can be kept low, joint expectations need not be established, and responsiveness to input will have substantial flexibility. Case Example 2, Clear Creek Watershed Forum, provides an example of the Molson Coors Brewing Company acting as a catalyst for the formation of a consultative forum that has acted as a centerpiece for improvements in the Clear Creek Watershed in State of Colorado in the United States.

## CASE 2

### Consultative Collective Action: Clear Creek Watershed Forum—Consulting Stakeholders to Frame Watershed Improvement Priorities

Molson Coors Brewing Company (formerly Coors Brewing Company) in Golden, Colorado, has a substantial presence in the Clear Creek Watershed, drawing groundwater for beer production and surface water to support operations. Beginning in the early to mid-1980s Clear Creek surface water came under substantial pressure from a combination of a diverse number of water quality and quantity issues from historical activities and an upsurge in population and economic growth in the region. With a need for and commitment to high-quality water and overall watershed health, Molson Coors became the prime motivator in a collective watershed movement targeted at engaging a broad range of interested parties in efforts to identify, fund, and implement watershed-improvement projects. These efforts led to the formation of the Clear Creek Watershed Forum. Its goal is to bring stakeholders together from throughout the watershed to share knowledge, attitudes, concerns, and values in order to develop cooperative strategies and projects that promote sustainable watershed management and water quality improvements. The forum held its first structured stakeholder gathering in 1993, drawing together nearly 100 highly diverse watershed participants—ranging from mountain rural to urban, agricultural, industrial, recreational, and regulatory—to address key watershed issues, including funding, project, and research priorities.

Since that time, biannual forums have been held to consult with the stakeholders to update and modify watershed management priorities and investments (with a focus on improving the ecological, economic, and societal issues within the watershed). A critical catalyst and source of funding at the inception of collective action efforts in Clear Creek, Molson Coors today continues to play an active role in the forum—and several other Clear Creek watershed initiatives, including the Clear Creek Watershed Foundation and Upper Clear Creek Watershed Association—while other key watershed interests have joined in to own and provide support for continuing engagement efforts.

*Pursuing common objectives (collaborative collective action)* seeks to move interested parties closer together and reflects a belief that finding common ground, establishing common objectives, and sharing implementation responsibilities hold the potential to increase both individual and collective effectiveness. In collaborative collective action, consensus among interested parties is highly desirable though not a necessary condition for success. Decision making outside the collective action remains independent for participants, even as expectations may be established for joint activities among participants in the engagement. Formal accountability mechanisms are typically not put in place. Collective action resource commitments and expectations among interested parties typically increase relative to information sharing or consultative collective action, requiring careful management consistent with the company's capacity. Case Example 3, involving Suez Environment, showcases collaborative watershed engagement actions undertaken by Lyonnaise des Eaux, a French subsidiary of Suez Environment.

### CASE 3

## Collaborative Collective Action: Suez Environment—Collaboration with Watershed Stakeholders for Improved Watershed Health

SUEZ ENVIRONNEMENT, through its subsidiary, Lyonnaise des Eaux, provides water distribution and sanitation services to municipalities and industrial companies throughout France. The company provides water for 19 percent of the French population, and it collects and treats waste water for 18 percent of the French population. As a water utility, SUEZ ENVIRONNEMENT has been actively engaged in water stakeholder consultation as an intrinsic part of its business operations. Recently, SUEZ ENVIRONNEMENT has made an explicit shift to its core water distribution model from “selling volumes” to “selling value” with an attendant evolution in the company’s perspective on engaging interested parties throughout the watersheds within which it operates. The company has characterized this as an evolution in focus from a “small water cycle” – the distribution and treatment system – to the “large water cycle” – including resource protection in the entire watershed where the company provides water services. SUEZ ENVIRONNEMENT also developed twelve sustainability commitments, two of which speak directly to enhanced consultation with a full range of watershed stakeholders:

- “Commitment 10: Maintain an active dialogue with our stakeholders by regularly organizing conciliation meetings at relevant levels, in order to improve correlation between corporate strategy and the expectations of civil society.”
- “Commitment 11: Become a key actor of local sustainable development by taking an active part in the economic and social life (employment, reintegration, etc.) of the communities in which we are present, and by acting as a partner for the local authorities in their sustainable development initiatives.”

Within the context of this new business model, SUEZ ENVIRONNEMENT has sponsored and moderated efforts in several watersheds to convene a wide range of stakeholders in discussions about water quality, water quantity, and overall watershed health. Included in these discussions, among others, were agricultural operators, a community of stakeholders not previously engaged by SUEZ ENVIRONNEMENT. Initial discussions focused on an exchange of information with a focus on the substantial monitoring data collected by SUEZ ENVIRONNEMENT. This information pointed to the critical role agricultural operations played in water quality in the affected watersheds and identified a set of agricultural practices that could lower water quality impacts. The success of these discussions led to the creation of an established consultative watershed stakeholder group which focuses on joint advocacy efforts around aquifer recharge and watershed protections (such as buffer areas and mitigation banks) as well as new monitoring tools such as Nitrascope™, an innovative system that monitors water resources. The engagement efforts with the agricultural community also led to the establishment of a joint venture company between Lyonnaise des Eaux and TERRENA (France’s first agricultural cooperative). This new company, ONNOVA, intends to find innovative solutions to respond to the environmental needs of farmers focused on four types of services:

- Water management for the agro-food industry, providing support to manufacturers to reduce their consumption throughout the entire water cycle;
- Preservation and restoration of Biodiversity for territorial development;
- Assistance in water management for improved usage; and
- Best use of organic material.



*Integrating decisions and resources (integrative collective action)* emerges when an alignment of interests and resources, decision making, and coordinated actions is desired or needed to meet water-related challenges or captured desired stewardship opportunities. In integrative collective action, interested parties are typically formally convened (e.g., exist as a formal partnership governed by a memorandum of understanding), and consensus is highly desired (and potentially a requirement of success) to establish a clear commitment to common purpose and sufficient joint participation in implementation actions to ensure objectives are met. Process structures generally rely on using information sharing to establish shared interests and negotiation to identify areas of convergence and work towards formal and documented consensus. Governing mechanisms for integrative collective action typically specify expectations regarding roles and responsibilities of interested parties and include an accountability structure among parties to support implementation. Collective action resource commitments will be high and responsiveness to diverse interests a likely requirement for success. Case Example 4, a formal partnership effort initiated by Anglo American Thermal Coal, reflects the integration of planning, decision making, resourcing, and implementing of water risk mitigation efforts among multiple parties.

#### CASE 4

##### **Integrated Collective Action: Mitigating Water Risk in Emalahleni, South Africa— Integrating Decisions and Resources**

In 2007 Anglo American recognized water as a core business risk, for both long-term strategy and current operations. In 2010, the company developed a high-level strategic plan for water that includes working beyond the “factory fence” and focuses on resilient business, stewardship, and catchment management. Each particular business region (e.g., southern Africa) has an engagement strategy targeted to the regional perspective and the operational and water concerns there. In Emalahleni, South Africa, collective action was used to mitigate the water quality and quantity concerns of the region. The risk concern was threefold: (1) The mines, situated at a geological low in the catchment, are at risk of flooding, which could sterilize coal reserves, terminating further mining opportunities, (2) New regulatory requirements curtailed the release of mine water into the catchment without prior treatment, (3) The rapid development of the city of Emalahleni resulted in the demand for potable drinking water exceeding supply, endangering the ecological reserve and users downstream of the city. The city therefore began exploring alternative water sources to supplement their demand.

*Continued...*

## CASE 4, CONTINUED

Anglo, and the community of water users, established that reuse of mine water would help mitigate all of these risks, and the use of collective action was seen as the strategy toward putting together the plan. With Anglo American taking the lead, a joint body was established as the vehicle through which integrative collective action could take place during development. The coal mines in the region (three Anglo American mines and one BHP Billiton mine) put forward the capital expenditure and running costs to treating the mine water to a quality suitable for discharge into the environment. The municipality is responsible for the costs of treating the water to potable standards and conveyance to their reservoirs. All parties were encouraged to come to the fore with their respective contributions, a needed dynamic that addressed the ownership and value of water.

Besides securing the required quality and quantity of water, the collective action has opened up future opportunities for Anglo American, the government, NGOs, and other businesses to engage and problem solve on an ongoing basis.

**Table 1: Collective Action Levels and Associated Requirements**

Collective Action Process	Resource Requirements	Desire/Need for Common Purpose and Consensus	Expectation for Coordinated Action	Expectations for Company Responsiveness
Informative	Low	Not Needed	Not Expected	Low
Consultative	Moderate	Low	Low or Not Expected	Low
Collaborative	Moderate to High	Moderate to High	Moderate to High	Moderate to High
Integrative	High	High	High	High

Table 1 provides a summary of the basic requirements of the four levels of collective action engagement. These different levels serve different purposes and come with substantially different requirements driving the need for careful selection among or combining of them to suit company purposes. The selection of which level of engagement to pursue thus becomes a key strategic decision and will be driven by the nature of the water challenges facing your company and the landscape of interested parties with whom you need to engage. The next section of this Guide takes you through a four-step process to prepare an overall approach to your collective action.

## 4. Preparing for Collective Action

Section 4 takes you through four steps to prepare you for collective action: Scoping Water Challenges and Action Areas (Section 4.1); Identifying and Characterizing Prospective Participants (Section 4.2); Selecting the Level of Engagement (Section 4.3); and Designing Collective Action Engagement (Section 4.4). As you begin this process, consider the advantages of establishing a connection with organizations that have collective action experience. Such organizations include international aid agencies, specialist consultancies, various United Nations programs, and NGOs that have a focus on the local delivery of such services in a multi-stakeholder context. A partnership, or a less formal arrangement, with such organizations can provide access to their expertise and local networks, and they can potentially act as local facilitators when you undertake collective action.

When selecting such organizations, there are several important factors to consider. First, it is critical to understand their local capacity in the regions of your interest. An organization that might be relatively strong at facilitating collective action in one region might take years to build up the capacity, networks, and reputation necessary to effectively function in a new region. Second, it is important to consider the level at which they implement. Some organizations specialize in delivering technological solutions or educational campaigns to communities. Others work on creating the institutional conditions for wider change, for example, through the reform of the water sector through all levels of governance. Third, it is important to understand the mandate of the organization to work in that particular setting. Is it accepted by or, better still, working in partnership with the government? Has it got an official mandate to be working on water? Finally, it is important to understand what type of organization it is and therefore what type of relationship you might develop. Does it function like a contractor, to be paid to provide advice and services that either serve the financier alone or serve a common agenda? Or does it come with its own financial resources but also an expectation to be treated as an equal partner in decision making?

As you move into your internal exploration of collective action, it is important to recognize that such engagements are often challenging, may continue for an extended period of time, and will require resources. A basic assumption for water-related collective action is that there is an existing or potential water challenge that translates into a business risk or stewardship opportunity. In the absence of a water challenge, there is little motivation for a company or prospective interested parties to commit the resources required to initiate and follow through on a collective action initiative. However, in some circumstances, it may be justifiable from a stewardship perspective for a company to participate in existing water-related external-party platforms or water management initiatives. Many companies will find themselves with a “circle of water concern” (for example, the extended areas of a watershed and related deficiencies in governance that contribute to your water-related risks) substantially larger than their current “circle of influence” (i.e., their ability, as a business, to manage the causes or consequences of these risks). You can anticipate that your circle

of influence will expand into your circle of concern as you move into collective action and establish relationships and develop credibility. In so doing, you will provide a platform for further reducing risk or realizing new stewardship opportunities.

#### **4.1. Scoping Water Challenges and Action Areas**

Your company's water-related interests will typically derive from one or more of three risks—physical risk, regulatory risk, or reputational risk—or a commitment to pursue water stewardship opportunities in response to company sustainability imperatives. The process of characterizing your water-related challenges and identifying your collective action intervention areas builds from exploring the following questions:

- *What are your priority water-related challenges in the catchment of concern, and what socioeconomic drivers and underlying deficiencies in the water system lead to the challenges?*
- *Which type of interventions (action areas) will best address the problems you have identified?*

##### **Characterizing Your Water-Related Challenges and Underlying Causes**

Your company's water-related risks and stewardship opportunities stem from the nature of the catchment's water challenges and your company's vulnerability to them. These challenges will tend to be associated with:

- An over-allocation of, or a competition for, available surface water or groundwater;
- A lack of access to, or an inadequate reliability or quality of, water supply;
- Deterioration in the quality of water resources and the impacts on you or other users;
- Damage to infrastructure or activities arising from extreme flood events; or
- The degradation of ecosystems through changing flow or quality regimes.

While your vulnerability relates to these challenges, your internal company strategies (and processes) around production, supply chains, and water stewardship support your ability to adapt to or mitigate these challenges. For example:

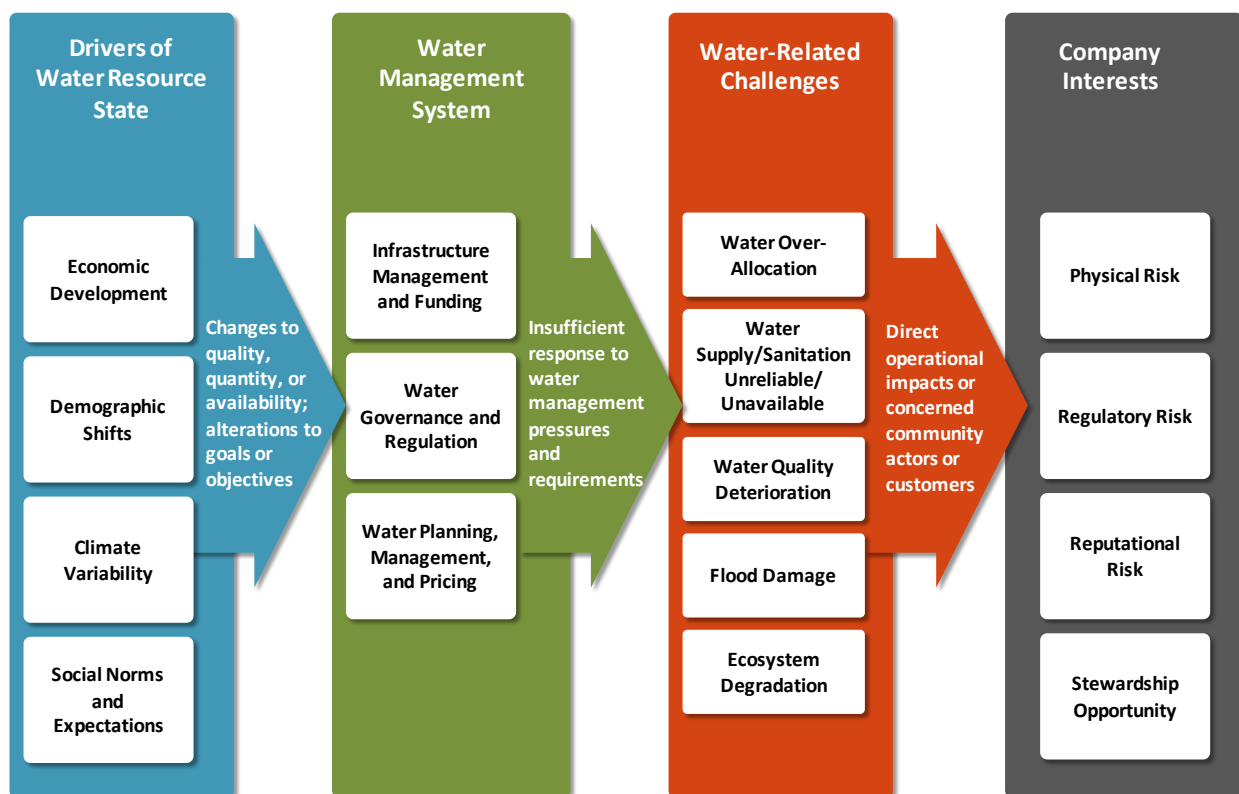
- Operations with “junior” legal allocations of water are more vulnerable to supply restrictions during droughts;
- Just-in-time production is vulnerable to supply disruptions associated with failures in the water system;
- Company pretreatment facilities can mitigate a deteriorating quality of water supplies;
- Diverse supplier locations are less vulnerable to localized water shortages.

Collective action is typically warranted only when your internal strategies cannot effectively manage the suite of physical, regulatory, or reputational risks associated with external water-related challenges or effectively support capturing desired water stewardship opportunities. A

collective action imperative for your company will typically emerge in response to an existing or potential failure in the water system, within an environment of increasing awareness and competition over water.

Figure 4 depicts how your water-related interests may emerge from company- and community-related water challenges. These in turn have their origin in how water resource conditions are affected by drivers, such as economic development, that place demands on the water system. Water-related concerns and challenges that can require a collective-action-based intervention (related to the recognition of shared risk) arise primarily because the *water management system* and its constituent governance, management, and infrastructure are not adequate to address negatively trending water quantity, quality, or ecosystem conditions or insufficient access to clean water and sanitation services.

**Figure 4: Characterizing Water-Related Challenges, Causes, and Risks**



The first, critical step in preparing for collective action is to diagnose the nature of your water-related risks or desired stewardship opportunities within the water management system. This diagnosis will provide clarity as to the topics you must address during collective action engagement and the type of interventions (action areas) that your collective action will pursue. This diagnosis will also support your ability to identify the types of individuals and organizations that your collective action will need to engage (as addressed in Section 4.2). Appendix B offers detailed descriptions of, and analytical support to, the elements depicted in Figure 4.

## Characterizing Your Intervention (Action Area) Options

Having characterized the water challenges and associated causes, you are now in a position to consider the collective action interventions best suited to address them. The box at right introduces a list of 12 potential collective action intervention areas. This list is not designed to be exhaustive, but it can provide you with a sense of the options. These areas have been drawn from a review conducted in support of the CEO Water Mandate's Water Action Hub of the most common corporate water resource collective action activities. The action areas cover a wide range of specific interventions, from working with farmers on improved land-use practices (sustainable agriculture) to sharing watershed monitoring data with local government water resource managers (monitoring and knowledge sharing). Also note that the Water Action Hub utilizes these same collective action areas to profile the interests and activities of potential collective action partners on a water basin basis.

Typically, a range of specific activities, measures, or interventions is associated with each of these areas. Keep in mind that the action areas relate both to the nature of the water problem (and its causes) and to the strategic strengths (and possibly water risks) of your company. It is also important to recognize that the selection of an action area will influence which interested parties should be considered in implementing the collective action. Defining the nature of your intervention is addressed in Section 4.4, but at this stage it is adequate to identify and broadly characterize one or more relevant collective action areas. Case 5 speaks to the specifics of how one company assessed its water challenges and formulated its action areas.

### Potential Collective Action Areas

- **Efficient water use**
- **Effluent management/ wastewater reclamation/reuse**
- **Community-level access to safe water, sanitation, and hygiene (WASH)**
- **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 and policy development and implementation**

## CASE 5

### Collective Action in Emfuleni Municipality, South Africa - Scoping Water Resource Management Challenges and Action Areas

Sasol, a global integrated energy and chemicals company with its main production facilities in South Africa, has recognized water security as a material challenge to its operations, which are highly reliant on the inland Vaal River system. South Africa is a water-stressed country, and extensive studies by the Department of Water Affairs show that water shortages in this area could arise in the future unless action is taken. Sasol has responded by undertaking various water stewardship initiatives as part of its broader water management strategy.

Sasol is a signatory to the UN Global Compact CEO Water Mandate, which is the cornerstone of the company's water management strategy. This provides the framework within which Sasol addresses the physical and regulatory risks associated with its water footprint. Two such collective action initiatives guided by this framework are the following:

- Local-level water-saving projects that Sasol co-funds and manages “beyond the fenceline” in municipalities
- Participation on the Vaal River Strategy Steering Committee and on the Strategic Water Partnership Network with national government agencies

Collective recognition that water demand exceeds the yield of the Vaal River system was the key driver of Sasol's engagement with the Emfuleni Municipality. The objective was to free up water and ease supply to all users in the catchment area while supporting the government in reaching its water-savings targets.

Sasol uses about 4 percent of the catchment yield; municipalities use approximately 30 percent, of which water losses can be as high as 45 percent due to the aging infrastructure. The company recognized that by working beyond the factory fence, bigger advances could be achieved in enhancing water security in the catchment area.

Sasol approached municipalities to implement water conservation initiatives that would make a substantially greater contribution to improving water security than what would have been realized had the company focused only on enhancing water management at its operations. An example of this local-level engagement is the collaboration between Sasol, Gesellschaft für Internationale Zusammenarbeit (on behalf of the German, British, and Australian governments), and the Emfuleni local municipality, which has seen funding from private sector partners for infrastructure improvements. Additional funding will come from the water savings realized from the project. This approach was designed to consider the long-term sustainability of the project.

*Continued...*

## CASE 5, CONTINUED

The Vaal River Strategy Steering Committee, in which Sasol participates, is another example of the company's collaborative approach. Sasol actively engages on this platform, informing decisions regarding infrastructure, planning, and resource management. As a large strategic user of water in the catchment area, Sasol has taken a leading role in working with external partners in promoting responsible water management and improving water security. The Strategic Water Partnership Network (SWPN) is a collaborative initiative between the Department of Water Affairs, the Water Resources Group, World Economic Forum, and a number of key private sector partners in South Africa. The objective of the SWPN is to jointly address the water risks facing South Africa, with the aim of reducing the gap between water supply and demand. Priority focus areas of the SWPN are water conservation, effluent treatment and reuse, and the reduction of the water footprint in supply chains. The collaborative approach of the SWPN will leverage available government and private sector resources in order to engage risk-reduction opportunities on a larger scale than what would have been possible by any of the participants on their own.

Sharing of knowledge and experience is a primary driver on platforms such as the SWPN and the Vaal River Strategy Steering Committee. It is here that collective action takes root and can be elevated to a level where all stakeholders share in the responsibility of managing the water supply in an area where security is a material challenge. These forums drive collective action and promote the long-term planning and action required to ensure this precious resource is protected and used wisely.

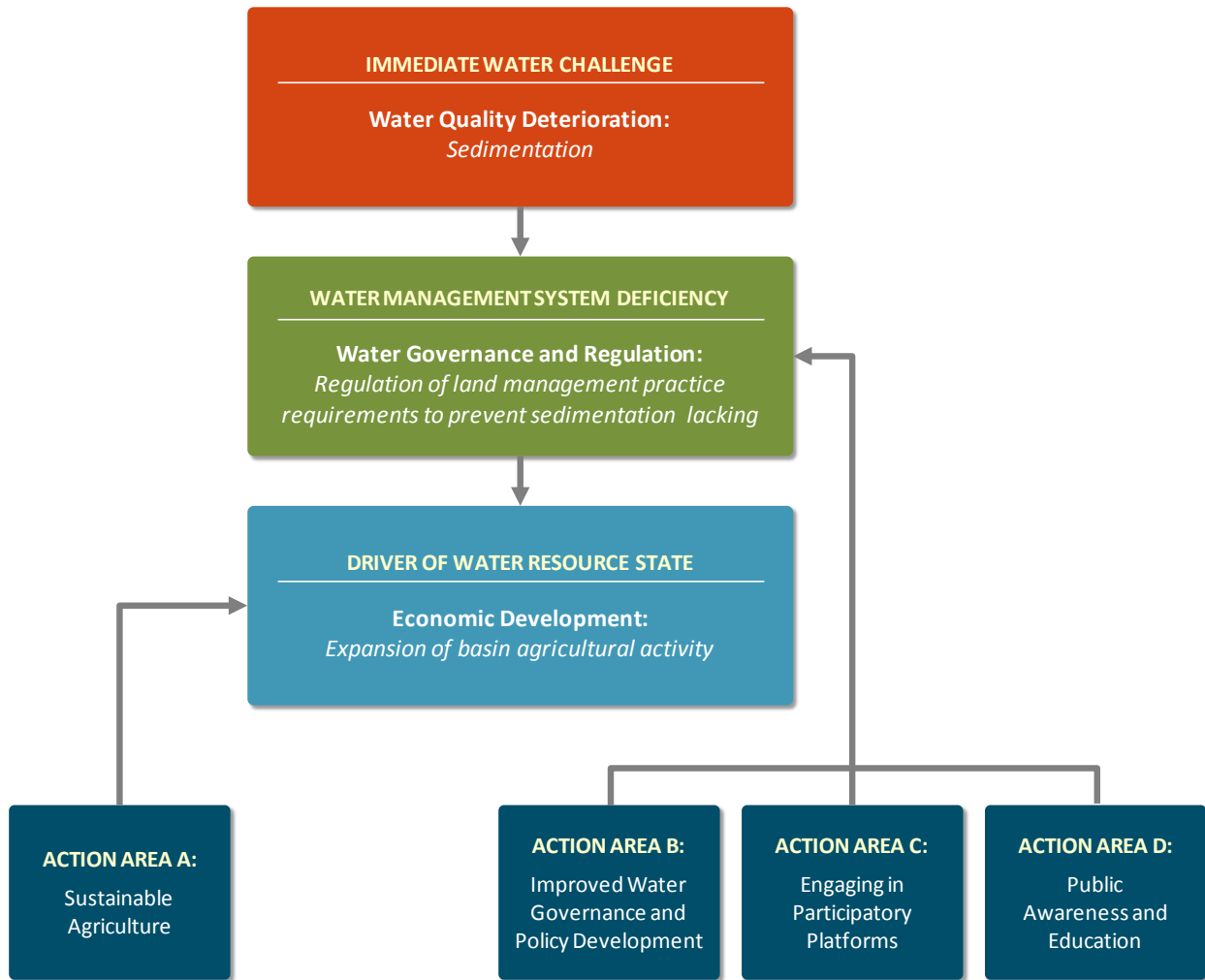
### Bringing It Together

Figure 5 provides an example of a process map your analyses could produce. The map reflects a selective extraction of analytic results to tell the story of a water-related challenge. In this case, the challenge is water quality deterioration from sediment runoff. The water system deficiency is a lack of land-use standards that prevent sediment from reaching surface water, and the water resource system driver is an expansion of agricultural activity that has increased the sediment load beyond the assimilative capacity of the water body. In this case, a variety of actions are considered:

- A direct intervention (that is, stepping around the water system) with local farmers to improve land management practices (Action Area A);
- Three interventions—collective actions that blend into a single integrated approach—directed at altering water governance and regulation as it applies to agricultural land use practices (Action Areas B, C, and D).



**Figure 5: From Challenge to Action**



Your specific analysis will produce results unique to the prevailing conditions in the catchments where you operate. The analysis is designed to provide you with both a framework to help you ask the right questions and then a structured home for your analytical results. As with the example portrayed in Figure 5, you will need to fill in specific details at each level of your review (e.g., identifying sedimentation as the specific water quality problem, and the lack of agricultural land use controls as the water resource management system deficiency). Having completed this review, you are now prepared to explore the landscape of external parties for possible participation in the collective action. Also note that, at this point, you will have sufficiently characterized your sense of water-related challenges and potential action areas to utilize the CEO Water Mandate’s Water Action Hub where you may connect with other parties facing the same challenges and interested in the same type of collective actions in your basin or basins of interest. Visit the HUB at <http://wateractionhub.org>.

## 4.2. Identifying and Characterizing Prospective Participants

Collective action, by definition, involves engaging with individuals and organizations external to your company, raising the need to identify with whom you should engage. In the previous section, you articulated the specific water resource management challenges facing your company and a set of potential collective action areas. These findings provide you with the baseline information needed to identify the most relevant external parties and to characterize the type of conversation you need to have with them. For example, if your water challenge relates to deteriorating source-water quality as a result of poor upstream management practices—with a resulting action-area interest in more sustainable agricultural practices—then key parties will almost certainly include upstream water users or pollution dischargers, and your interest will be in motivating or enabling them to improve their stewardship of the water resource.

The text box below identifies some categories of potentially interested parties, within the context of all external parties, to consider as you explore the participation aspects of your engagement.

### Categories of Potentially Interested Parties

- **Parties dependent on the shared water resource (e.g., other large-scale commercial, agricultural, or residential water users in the catchment)**
- **Governmental organizations charged with setting and implementing the system of governance for the management of the shared water resource**
- **Nongovernmental organizations with missions associated with good management of the resource**
- **Donors and aid agencies**
- **Private or public entities with direct operational responsibility for controlling the quality or quantity of the water resource and providing treatment, distribution, or collection services**
- **Research institutions that provide data on water resource status**
- **Equipment and consulting service vendors with expertise in water resource management**
- **Community organizations with a general interest in the equitable allocation and overall health and sustainability of the resource (e.g., economic development agencies, neighborhood associations)**

This broad array of potentially interested parties creates an imperative to carefully identify the most critical, legitimate, and relevant parties to engage given your specific water-related challenges and intended action areas. Also keep in mind that many company collective actions (particularly collaborative and integrative engagements) reflect a basic differentiation between direct collaborators (organizations that join with you to structure and execute the collective action) and collective action participants (multi-interest representatives convened to characterize problems and agree on joint action solutions).

In the absence of careful scrutiny of the interested-party landscape and your options for direct collaborators and general participants, you will run the risk of an overly cumbersome process (all parties engaged with equal intensity), a failure to engage a party of critical importance to addressing your challenges, or a poor choice of partners. You can avoid these pitfalls by addressing, at least on an informal basis, the following questions:

- *Who has what type of interest in your challenges and planned action areas?*
- *Who can best help address your challenges as a partner?*
- *Who needs to be part of the solutions that will address your challenges?*

Appendix C provides a specific description on how to identify and characterize interested parties using a six-point analysis. The analysis, and the findings you produced in Section 4.1, will combine to provide you with a picture of the relationship between your water challenge(s), action areas of interest, and potential interested parties. Case Example 6, focused on efforts by Anglo American to catalyze water users to address water availability in the Olifants River Region, South Africa, profiles, in part, Anglo's efforts to link a water availability challenge, action area needs, and interested parties.

#### CASE 6

### Lebalelo Water Users Association, South Africa – Linking Water Challenges, Action Areas, and Interested Parties

#### **Anglo American Platinum in the Olifants River System, South Africa**

The Olifants River region in Limpopo, South Africa, is a key strategic area in terms of Anglo American Platinum operations. Present within this catchment are all three of Anglo American's South African commodity business units (Kumba Iron Ore, Anglo American Thermal Coal, and Anglo American Platinum). Engagement began when it was recognized that this area was a key resource region and that water availability was a serious constraint to further growth and social development. Anglo American Platinum approached other businesses in the region and established that water was a constraint to them all. As the core risk of water security was not being faced by Anglo American Platinum alone, there was engagement around negating the problem.

*Continued...*

## CASE 6, CONTINUED

The Olifants Water Resources Strategy forum was set up as an open, nonbinding forum for all stakeholders in the region to come together and discuss their water risk concerns. It was believed that by working together, more substantial solutions could be implemented. Key to the success of this process was having a long-term vision and the will to engage with the competition. Beginning the engagement informally was important to establish where common ground existed before entering into legal or signed agreements. This informed communication with other water users in the catchment, highlighted risk areas that may not have been considered otherwise, and through the sharing of experiences, enabled all parties to get onto the same page.

The main driver of the platform was to identify ways additional water could be brought into the region to support economic growth without jeopardizing the environmental reserve or social needs. Additionally, the communities around the region are impoverished and have little access to water, which is a focus area for the government in addressing the UN's Millennium Development Goals and also brings into sharp contrast business and social water needs (in essence, there is a risk of a contravention to the human right to access to water should business needs be met without social needs being considered). This posed a potential reputational risk if the mine were to secure further water for future development.

Once concrete action plans had been identified, the group set up the Lebalelo Water Users Association as a legal entity. The users association is set up like a water board and works closely with the Department of Water Affairs. Projects are financed in collaboration with the DWA (50 percent) and the businesses in the region. The agreement states that 50 percent of the water goes to industry, while 50 percent goes to the surrounding communities in the catchment for domestic water use. Where set projects have been put in place, these have been done on a commercial basis with reviews every two years. In the long term, forms of collective action such as the forum will exist so long as there is a risk that needs to be mitigated. These longer-term engagements are guided by agreements, while shorter projects are set up as clear contractual agreements.

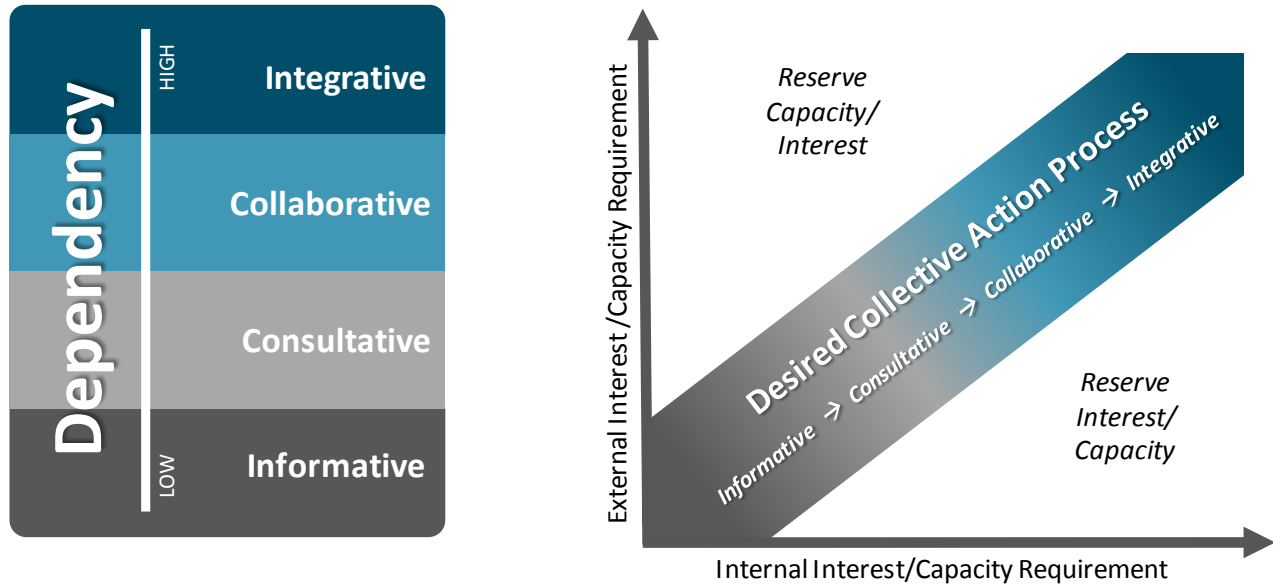
Ultimately, the Water Users Association has brought together NGOs, government agencies, and society, helping to avoid situations where multiple water users pursue individual water security agendas and solutions that could result in, for example, requests for licenses in an uncoordinated and patchwork manner.

### 4.3. Selecting the Level of Engagement

Section 3.4 profiled four engagement levels for structuring collective action activity. These engagement levels represent divergent commitments on your part and serve, if used in isolation, different purposes. To optimize your collective action, you must explicitly match your water action area intervention(s) and the associated interested parties with the level of engagement that will most effectively support the effort, keeping in mind that higher levels of engagement are often preceded by informative or consultative processes. Selecting among the engagement levels—informative, consultative, collaborative, or integrative—involves the exploration of three factors: external-party dependence; external-party interest and capacity; and internal company interest and

capacity. (Appendix D provides a set of diagnostic questions for each of the factors enabling you to systematically evaluate on-the-ground conditions relative to the collective action choices.)

**Figure 6: Mapping Dependency, Interest, and Capacity Outcomes to Collective Action Engagement Levels**



*External-party dependence* is a key factor for collective action engagement selection. As the dependence on interested parties increases, the need for establishing shared responsibility and coordinated joint action will also increase. This leads directly to more engaged forms of collective action. Figure 6 portrays the potential range of results that the collective action engagement selection exercise can produce. The graphic on the left provides an indication of the relationship between dependence on external parties to address water-related challenges and support action areas and the nature of the collective action engagement likely needed to support these dependency conditions. As indicated, higher dependency equates to more engaged collective action.

*External-party interest and capacity* are key factors that will enable or constrain the collective action engagement levels available to you. As more engaged (collaborative or integrative) levels of collective action are desired, the greater the demands will be on the interest and capacity of external parties. Low interest or low capacity will not support, for example, collaborative collective action and will signal a need for the cultivation of interest or capacity through, at least in part, utilization of lower levels of collective action (e.g., informative).

*Internal company interest and capacity* conditions will also enable or constrain your collective action engagement levels. These conditions speak to the basics of whether your organization can support effective involvement at the desired level of engagement. Low interest (buy-in) among key staff, limited time or financial resources, or a strong organizational culture of independent decision making and control can substantially inhibit the available engagement options.

The right-hand portion of Figure 6 portrays the relationship of external-party interest and capacity and internal company interest and capacity. By identifying the intersection point, you are able to quickly ascertain whether you and the other interested parties have the capacity and interest to implement your desired level of collective action. There are three potential outcomes:

- Internal and external interest and capacity align with the desired level of collective action engagement (e.g., both internal and external interest and capacity are rated high, and “integrative” is the desired collective action engagement).
- Internal or external interest and capacity is insufficient to support the desired collective action engagement (e.g., external interest and capacity are low, while “collaborative” is the desired collective action engagement).
- Internal or external interest and capacity exceed the needed level to support the desired collective engagement (e.g., internal interest and capacity are high while “consultative” is the desired collective action engagement and you therefore have reserve capacity).

Each of the above outcomes will strongly influence your collective action approach and the work you need to do to prepare. When alignment exists, you are good to go with the desired collective action, pending systematic design efforts (see Section 5). When there is insufficient external or internal interest or capacity, specific efforts must be undertaken to correct the deficiency prior to engaging at the desired level of collective action. For example, if evidence-based, objective clarity is lacking relative to your water-related challenges leading to a lack of interest by external parties, then engaging in an informative collective action that shares data and generates a greater appreciation of the problem could be a natural first step for your organization. If internal interest or capacity is lacking, developing a clear business case for the need for, and benefits of, the proposed collective action is likely a first critical step toward garnering the needed internal support and commitments. Case Example 7, the Lake Naivasha Initiative, portrays the evolution of collective action engagement levels over time as interest and capacity evolved among the basin participants.

## CASE 7

### Lake Naivasha Initiative - Scoping the Right Collective Action Level of Engagement

The level of engagement by companies can change over time, as the interest and capacity of different role players evolve. This evolution is illustrated in the shifting focus of collective action by the horticulture industry in Lake Naivasha, Kenya, over the past decade.

The cut-flower industry was established around Lake Naivasha in the 1970s, but it was only in the late 1990s that lake levels and water quality challenges became significant as a result of the increasing population, small-holders, and horticulture. Recognizing these challenges, Finlays Horticulture Kenya, Ltd. and other private sector actors and NGOs spearheaded a number of initiatives in the region over the past decade. Given weak government regulatory and management capacity in the catchment, the Lake Naivasha Water Resources Users Association and the Lake Naivasha Growers Group became the focus of engagement between the horticulture companies, water users, and stakeholders with an interest in the lake.

Unfortunately these initiatives were not always aligned, due to varying interests and uneven capacity. Despite the pressing needs, the participants were not able to derive the full benefits of joint planning and action in mitigating the water challenges in the lake. However, these forums did provide vehicles for collective action around information sharing (including data collection) and consultative engagement (including capacity building and advocacy). This in turn raised the profile of the issues within the government and built the capacity of all role players.

In 2009 a drought in the region catalyzed engagement by the horticulture industry and other role players with the government, as the lake dropped to levels last seen in 1941. As a result of the drought and the platform of collective action, and with the high-profile involvement from the Prince of Wales's International Sustainability Institute, among others, the Imarisha Naivasha Initiative was established under the auspices of prime minister's office. This initiative is a legal vehicle for coordinating water management initiatives around the lake and in the upstream catchment supported by the industry around the lake to support the vision of the Lake Naivasha Basin Integrated Management Plan (facilitated by the Kenya Wildlife Services). Importantly, the management board has only three of the 11 seats taken by government officials, while the remainder are filled by representatives from the lake, upstream farmers, and other growers around the lake. The ongoing activities of the industry over the past decade facilitated the establishment of the Imarisha Board, which includes the regulatory authorities that have a mandate to ensure effective management of the lake going forward.

#### 4.4. Designing Collective Action Engagement

Your assessments conducted for Sections 4.1 through 4.3 provide the results you need to further formulate your collective action engagement prior to conducting external discussions. Your findings from these sections should include:

- An understanding of your water-related challenges and an initial sense of the actions areas for collective action;
- A characterization of the interested parties with whom to engage, and possibly an organization to assist you in facilitating this engagement; and
- A clear sense of your desired collective action level of engagement and the state of external and internal interest and capacity to support this level.

Figure 5, in Section 4.1, depicted a sedimentation-related water quality problem addressed with several collective action areas: a direct intervention with agricultural operators to improve on-farm practices; and the formation of a participatory platform to work on governance and public awareness and education. Following this example through to Sections 4.2 and 4.3, an obvious key interested party will be agricultural operators, while analysis undertaken in Section 4.3 may have revealed the likely lack of interest in participation on the part of such actors. These conclusions, or similar ones reflective of the conditions you specifically face, establish the basis for you to more specifically design your collective action effort.

In this section you will:

- Formulate collective action objectives, refine your identified action areas to be more specific, establish a sense of desired outcomes, and explore geographic scope and scale;
- Assign initial core team responsibilities and address general participation requirements; and
- Make at least initial plans for addressing any interest or capacity deficiencies you may have identified and constrain your ability to act.

Addressing these items will help you establish a cohesive and coherent portrayal of why you as a company want to engage in collective action and what you are willing to commit to the process. It will provide clarity around the collective action you would like to initially test with interested parties, along with a sense of how the collective action could unfold in light of current internal and external interest and capacity. This will support crisp external communication, allow you to respond with reasonable confidence to questions, and, very importantly, establish and maintain appropriate expectations from the outset. It is important to recognize, as stressed in the introduction to Section 5, that you should use this initial clarity as a concrete, but flexible, starting point for what will and should be an iterative and evolving collective action design effort with all participants.

### **Formulating Collective Action Objectives, Refining Action Areas, Establishing Desired Outcomes, and Exploring Geographic Scope and Scale**

*Collective action objectives* involve making explicit your reasons for interacting with the interested parties and will influence how you structure other aspects of your process and the types of discussions you will conduct. Your planned level of engagement—informative, consultative,



collaborative, or integrative—will inform your objectives. Moreover, gaining clarity on these objectives is critical as they represent the requests you will be making of the collective action participants. For example, a collective action process objective focused on expanding the understanding of problems and solutions (a core aspect of informative collective action) will ask participants to share knowledge and be open to gaining a new appreciation of water-related challenges and solutions. Alternatively, an objective focused on expanding the availability of resources to support change (a core aspect of collaborative or integrative collective action) will ask participants to play a direct role in on-the-ground problem solving. Clarity on these objectives will aid your internal and external communications, as well as bring greater clarity to the expectations for participation. Examples of collective action objectives are listed in the box below. In the example of sedimentation caused by agricultural operators with collective action opportunities initially constrained by lack of interest, initial collective action objectives could focus on information sharing geared to creating a better understanding of problems and solutions.

### Examples of Collective Action Process Objectives

- **Expand the understanding of problems and solutions (joint learning, understanding, and support)**
- **Enable well-informed decision making, including identifying innovative ideas (get “out of the box” and make more intelligent decisions as a result)**
- **Understand and be responsive to the interests, needs, and values of the full community of watershed interests**
- **Expand the availability of resources for needed change, and increase the capacity to enable it**
- **Generate momentum and robust support for needed change**
- **Establish a willingness to support and engage in implementation, monitoring, or evaluation**
- **Establish lasting trust-based relationships**
- **Build overall social capital**

The 12 areas of the CEO Water Mandate’s Water Action Hub presented in Section 4.1 reflect general areas of focus for your collective action. To be effective in your initial discussions with interested parties regarding their possible participation in a collective action, you need to *specify the type of intervention* you have in mind based on your understanding of the challenges and the initial commitments you are willing to make. As illustration, specifically articulated interventions could include the following:

- Creating a forum between companies to share information on water quality status;
- Catalyzing a catchment stakeholder platform for promoting improved long-range water resource planning;
- Driving an awareness initiative with water managers to promote water conservation measures by local communities and farmers;
- Establishing and managing a payment program for environmental services to enable upstream catchment protection; or
- Providing financial resources and capacity to local governments to improve water supply infrastructure operations and maintenance.

In each case, these characterizations more specifically depict and connect the water-related challenge, the core collective action participants, and the nature of the collective action approach. It is important to recognize, however, that the types of interventions you are interested in promoting through collective action may (and probably should) evolve over time as your capacity increases along with the understanding and trust among participants. For example, an intervention focused on raising awareness of problems and solutions related to water infrastructure deficiencies could evolve into a partnership to jointly fund infrastructure improvements.

*Specifying your intended outcomes* in a measurable manner (if possible) will provide further internal and external clarity regarding your intentions. Here the focus is on identifying the aspect of the water management system that requires change and on specifying the nature of the change needed. For example, if water scarcity induced by suboptimal water use is a key challenge faced by your organization and the watershed community as a whole, then a specific desired outcome could be the implementation of water conservation measures and higher-water-efficiency equipment by the key water users in the catchment.

*Establishing the geographic scope and scale* at which you need and are willing to work is a critical step. The scope and scale should follow directly from your water resource management challenges and your specific planned interventions. Some challenges and interventions can be undertaken solely within a specific basin context (e.g., a weak local infrastructure management capacity). In other instances, your challenges and interventions will be tied to regional, national, or even international contexts (e.g., a weakness in water governance resulting from gaps in national legislation or policy). Under almost all conditions, local catchment engagement will be needed, as this is where the specific challenges manifest, while the need to reach outside the catchment to involve other parties will be driven by the scale at which your selected interventions operate.

In certain instances, a company may conduct operations in multiple countries or regions of a country. In this case, a tiered approach may be useful. For example, a global company may partner with NGO or government global actors to draw on their networks, credibility, and resources in support of individual local catchment collective action initiatives. Case Example 8, focused on a global partnership between The Coca-Cola Company and the World Wildlife Fund provides an example of this type of global-local partnership.

## CASE 8

### Improving Water Quality for the Mesoamerican Reef Catchments - A Partnership Integrating Global Reach with Local Action Capabilities

In 2007, the Coca-Cola Company and World Wildlife Fund (WWF) established a global partnership on the premise that water was central to the interests of the world's largest beverage company and the world's largest international conservation organization. The partnership sought to simultaneously leverage the organizations' global reach and local networks to affect watershed health, community sustainability, and water quality outcomes in seven river basins targeted based on the degree to which they were threatened, the opportunity for meaningful impact, and their importance to the partners' conservation and commercial interests.

In one target area, the Mesoamerican Reef Catchments, sediments and effluents from human activities in the adjoining basins of the Motagua and Polochic Rivers in Guatemala threatened water quality throughout the catchments and for the reef itself. These water resources are essential to 500 communities, two hydroelectric projects, numerous agricultural irrigation systems, cattle ranching, and industries including a Coca-Cola bottler, ABASA.

WWF had been working in the region for more than 25 years to build local alliances and partnerships to harmonize development with a healthy marine ecosystem, and a relationship had already been developing between the local WWF and ABASA staffs. The partnership brought additional resources and focus to these efforts and leveraged the local networks and skill sets of the Coca-Cola Company, WWF, and additional partners such as CARE International to make available financial and technical assistance and other resources to develop a battery of conservation initiatives in key subbasins. In all, 11 communities were involved in adopting sustainable agricultural practices, transitioning to higher-income-generating activities, or participating in reforestation and watershed protection activities. The Coca-Cola Company participates as a full partner with WWF and CARE in the planning and management of these interventions while WWF, CARE, and other partners take on additional responsibilities by directly delivering technical assistance and other services at the local level.

#### **Establishing Core Roles and General Participation**

Establishing the right team—identifying the right people for the right roles—is integral to building trust and relationships among all the participants involved in a collective action. In turn, trust and credibility are often the cornerstone of a successful process, particularly wherever negotiations or a merging of interests is required. In conjunction with personal trust among participants, there must also be trust and confidence in the information base, analytical methods, and process structure. Each collective action implementation role listed below plays some part in building trust among participants and in the data, methods, and process that will be used to form the basis of decisions by those involved. If underlying discrepancies or mistrust of any kind are not addressed, or at the

very least made known and acknowledged at the beginning of a process, the collective action effort may face insurmountable challenges along the way.

There are six core implementation roles associated with collective action—who should perform these roles will differ with the type and goals of the engagement (the text box below identifies and describes these roles). If you believe your company has strong, credible, trusting relationships with the other collective action participants, your organization may play multiple roles. However, the deeper the level of collective action engagement becomes (i.e., when moving into collaborative or integrative processes), the need for separating roles typically increases. It also can be very challenging for your organization to simultaneously effectively represent your specific interests and maintain either the reality or perception of an objective process convener.

### Key Collective Action Roles

- **The initiator:** Calls attention to the need for the process, formulates initial collective action objectives, acts as a catalyst to generate interest and motivation to problem solve, and may provide resources to, at a minimum, jump-start the process.
- **The convener:** Acts as the lead party responsible for making the decision to undertake collective action and takes the first steps in identifying who will act in the other roles. The convener will also typically make the initial approach to potential participants and conduct any other needed pre-process outreach or research.
- **The process manager:** Provides the day-to-day logistical and managerial support to the process. This can include scheduling, handling event or meeting logistics, coordinating participants, tracking tasks, preparing background materials, synthesizing results, and preparing recommendations.
- **The neutral party:** Manages individual and collective discussions and relationships among interested parties, with an emphasis on enabling a candid understanding of the critical interests and needs of each participant. The need for, and trust in, the neutral party becomes critically important when entering into any form of consensus-seeking process.
- **The experts:** Provide the technical and analytical heft required to ensure that problems and solutions are well characterized, vetted, and understood. This role is critical to building trust in, and credibility for, the knowledge base and analytical process underlying the collective action.
- **The funders:** Provide the resources needed to support convening the collective action participants as well as implementing on-the-ground actions. The collective action initiator often shoulders the burden of initial seed funding for a collective action effort or early implementation actions. However, there are also funders that can offer financing from the start of the process, such as donor agency public-private partnership (PPP) funds.

In addition to the core process roles, you will need to consider the specific participation roles and representation for the collective action process. In Section 4.2, you identified the generic types of interested parties critical to addressing the identified water-related challenge. You now need to identify how the interested parties are organized and can be most effectively represented in the collective action process. For example, interested agricultural operators may have a catchment cooperative that typically provides representation for its membership. When structuring specific participation, the first major question to ask is, “Who should be involved to represent which interests?” “Who is involved” will largely be determined by the type of collective action that your organization has chosen. For consultative or informative collective action, the majority of participants will be general representatives of stakeholder groups and topical experts. For the more complex collaborative or integrative collective action processes, however, those representing key interest groups must operate with deep knowledge of the topic and have credibility and leveraging capabilities in their communities.

Just as important as “who is involved” is “who is *not* involved.” While it is often an enticing option to exclude strongly dissenting parties, this path can lead to difficulties. A collective action process can change relational dynamics, leaving some parties in strong opposition because of an actual or perceived disadvantage. If left out of major discussions, these parties may go out of their way to block progress (e.g., by enacting bureaucratic or administrative roadblocks), creating the risk of derailing the collective action process or inhibiting on-the-ground implementation efforts.

### **Addressing Interested-Party Interest and Capacity**

Your analysis undertaken in Sections 4.2 and 4.3 will reveal the baseline conditions of interested-party interest and capacity. Your collective action development will need to include a consideration of any identified deficiencies and the articulation of actions needed to address them. Interest deficiencies will most often relate to a lack of recognition of shared risks, responsibility, or benefits. These deficiencies typically require engaging the interested parties in a joint exploration of the available information to generate understanding and hopefully to position the water-related challenge and proposed collective action as a priority. It is not at all uncommon for more engaged forms of collective action—collaborative and integrative—to begin with an information-sharing focus to ensure a clear, common understanding of the challenges and needed responses, even if baseline interest among participants is high.

Capacity deficiencies typically result from a lack of technical expertise or financial wherewithal to engage as an equal and effective process participant. Inadequate capacity, by definition, will establish an inequitable process with asymmetrical participant influence (a potential power imbalance) where certain parties are unable to represent their needs, interests, and solutions effectively. The risk of not adequately addressing these issues is a later accusation of corporate institutional domination of the process. Such imbalances will require affirmative action on the part of the collective action initiator or convener to bring resources to the table, making them available on an independent, “no strings attached” basis (e.g., providing financial resources to a community organization to hire its own technical consultant). Capacity building tends to be needed most in rural or developing communities, which often have a lower capacity to participate in a collective

action process than wealthy or urban communities. This low capacity can be due to lack of resources to travel to meetings, or a lack of awareness that the process is taking place due to limited access to communication. In these instances, you may need to fund additional outreach efforts or hold meetings in multiple areas to allow for equal participation by various communities. Capacity building is also the point in the process where an information-sharing platform might be created. When multiple community groups are involved in a dialogue, different types of knowledge will be represented, so it is important that a method is in place to ensure understanding of each party by the others. For instance, in areas where more than one language is spoken, effective capacity building would include the securing of appropriate translators.

### **Addressing Internal Interest and Capacity**

Your development efforts will need to line up internal staff and financial resources, as well as address any deficiencies in the responsiveness and collective action experience your organization has relative to your selected level of engagement. You can address staff and financial resources through a work-plan development and budgeting process tied to a business case in support of the collective action. The more intensive the engagement you have selected, the greater the pressure on obtaining explicit commitments to provide the needed resources over the entire anticipated duration of the process.

Deficiencies associated with responsiveness and experience will be critical to address. Keep in mind that collaborative and integrative collective action levels of engagement will almost certainly require a high degree of responsiveness to external-party needs and interests. Your organization must understand this likelihood and be prepared from the outset for these responsiveness expectations or risk substantially disappointing the engaged parties.

Insufficient trust or credibility with external parties is a final, and very important, area of potential deficiency. Any form of collective action requires a solid foundation of trust and credibility among the engaged parties. A deficiency in this area can be addressed in a stepwise manner (e.g., beginning with basic information sharing and a commitment to transparency that can dispel misperceptions) or through the recruitment of collective action partners that have high trust and credibility with the parties you would like to engage. A valuable precursor to collective action is to address internal water stewardship opportunities, essentially getting your own house in order from a water use optimization and impacts perspective. This effort will signal a clear commitment on your part to sustainable water management, as well as the recognition on your part of a responsibility for safeguarding the resource.

## 5. Structuring and Managing Collective Action

In Section 4, you organized the substantive aspects of your collective action engagement: challenges to be addressed; action areas to consider; participants to engage; the level and type of engagement to pursue; and the key design elements of your collective action. This effort should provide you with a clear picture of the need for and level of collective action, potential participants to engage, and a strong sense of how the collective action would begin and unfold from a process and information requirements perspective.

You are now prepared to start interested-party engagement in earnest and specifically structure your engagement in consultation with other collective action participants. This marks the point at which you take the collective action approach prepared through internal deliberations beyond the factory fence line. As your external consultations gain traction and provide a sense of the degree of willingness to participate in the collective action, you will rapidly move into the need for explicit conversations about process expectations, objectives, and structure. This, by design, should be an iterative process with participants that produces not only a “product” (agreements, expectations, objectives, etc.), but also better understanding, trust, and credibility among participants. As a reminder, and as mentioned in the introduction to this Guide, the Water Futures Partnership will have a compendium of lessons learned from collective action efforts available, and this product can further help you structure and manage your collective action. Additionally, Appendix A provides a list of stakeholder engagement resources that speak to the operational aspects of collective action.

The section identifies some characteristics of effective collective action and identifies key structural elements typically required to start collective actions out on the right and keep them on track as the process unfolds. They are provided to help you structure your initial interactions with interested parties and ensure your iterative efforts to establish engagement expectations, objectives, and procedures cover all of the core aspects of effective collective action. Although your engagement, like all other collective actions, will be unique to the water-related challenges and on-the-ground conditions you face, you will optimize your efforts by considering some common factors. The most significant are those focusing on relationships between the convener, the partners, and the community. By creating a constructive dynamic among the participants and addressing key structural and management elements, the risks related to collective action can be mitigated, leading to more positive outcomes for all.

### 5.1. Characteristics of Effective Collective Action

This section describes a set of collective action characteristics for you to tailor as necessary to your specific effort. These attributes are intended to instill a positive and powerful process structure, increase the likelihood of success in meeting goals, and help reduce or eliminate common collective action risks such as divergent expectations among participants.

## **Create Clarity**

Collective action engagements move you into a realm where knowledge, experience, lexicon, needs, interests, and perspectives can vary greatly and can quickly lead to miscommunication about or misinterpretation of your goals or intentions. This drives a need to establish clarity among all participants regarding the scope, goals, roles, decision processes, and time and resource commitments of the engagement. Ensuring that all parties involved clearly understand and agree to these expectations up front is critical for a successful process. Formalizing the expectations in some manner drives further clarity and enables the convener or neutral facilitator, if needed, to fall back on them if concerns arise during the engagement. The degree of formality will differ depending on the level of engagement, with informative and consultative engagements typically requiring substantially less formality than collaborative or integrative ones. You can use a variety of mechanisms to establish clarity, including explicitly worded expectations taking the form of ground rules or a group charter, memorandum of understanding, or, in the case of integrative engagements, a legal contract.

## **Support Interaction and Responsiveness**

Effective, engaged dialogue among participants requires careful cultivation and attention to process-related details. By creating forums for the engaged parties to interact comfortably together, the convener will continue to build a sense of candid information sharing and trust with the participants. In response, at the outset of your effort, you should explore with participants their preferred modes of ongoing communication and interaction. Ongoing communication must be tailored to the avenues through which participants are accustomed to receiving information, and this likely will vary by participant types. Included in communications considerations are cultural and language needs that may require producing materials in response to specific participant differences. Group interactions can be sensitive to time and venue, with certain participants more or less available depending on the time of day and more or less comfortable with the setting for meetings. Particularly early in the collective action, you must be very sensitive to the potential need for a neutral ground in selecting venues for meetings. Finally, at the outset of the engagement, you should anticipate the need to provide education and background information to ensure that all collective action participants are on the same page in terms of their knowledge of the issues. This will help to create a common knowledge base from which to work.

## **Establish Transparency and Accountability**

Transparency and accountability should work in support of effective interaction and responsiveness. Transparency focuses on making collective action activities easily known to all directly engaged interested parties and general community members, as well as making the information used and produced by collective action participants available in a timely manner. Typically, collective actions that will involve a series of, or established on-going, meetings will establish a communications plan to guide activities in support of transparency. Methods typically include notifications, updates, reports, question forums, and social media or other online approaches. If community members are related to or have an interest in the collective action, they should also have the opportunity to obtain information about the process through education



forums and other public events. A final element is the inclusion of a structured grievance mechanism. Typically needed only for more engaged forms of collective action, the mechanism provides an agreed-upon process for collective action participants and outside parties to make known their concerns. A structured process helps to avoid anecdotal and secondhand criticisms undermining the credibility of the collective action as well as its ability to function effectively while providing a straightforward avenue to acknowledge and address concerns.

### **Build in an Ability to Adapt**

Collective actions rarely evolve as anticipated. New information, changes in perspectives, the introduction of new challenges, or changes in the composition of participation or the surrounding institutional and political context will likely require alterations to objectives, process approach, or timing. Additionally, informative or consultative collective actions can cause participants to recognize opportunities for deeper levels of engagement, inspiring the participants to move from very independent approaches to challenges and solutions to a greater degree of joint action. Establish expectations for the need for flexibility at the outset of your process, and collective action participants will be better equipped to adapt as the need arises.

## **5.2. Collective Action Structural Elements**

To be effective, your initial process efforts should be viewed as an iterative activity conducted through informal engagement with prospective interested parties. Your informal engagement will simultaneously serve three purposes: it will help you create a collective action process that is highly responsive and credible to the engaged parties; it will act as the participant recruitment phase of your collective action process; and it will create familiarity and build trust among collective action participants. Although initially informal, your external discussions should cover at minimum the structural elements identified below. These elements, quite naturally, will push your discussions in an increasingly stable direction aiding the establishment of good clarity and clear expectations among participants. Case Example 9, focused on an SABMiller and GIZ collective action to catalyze groundwater sustainability in Lima, Peru, reflects the importance of attentiveness to the structural and management aspects of effective collective action.

## CASE 9

### Collective Action for Groundwater Sustainability in Peru - Structuring and Managing the Collective Action

Lima's population of 9 million people is expected to grow to over 11 million within the next decade. Around 80% of Lima's water supply comes from the Rimac basin where a growing number of businesses are operating and where SABMiller's subsidiary, Backus, has its main brewery. The growth in demand for water in the Rimac basin is unsustainable, depleting aquifers and effecting water quality. The rapid melting of the Andean glaciers, which are the source of the Rimac, means that the situation is expected to get much worse. This has generated water risks not only for businesses but also for communities living in the watershed. Acknowledging the situation, Backus and GIZ entered into a partnership late in 2010, with a view to assess and address the shared water risks to the basin. This is part of the global Water Futures Partnership, which supports on-the-ground partnerships in a growing number of countries, focused on addressing shared water risks through public-private-civil society collective action. The objective of the Peru partnership is to contribute to the improvement and sustainability of groundwater use in Lima, to meet the human and industrial demand in the lower watershed.

The partnership has followed a focused process involving several phases. The first phase consisted of a preliminary assessment of the water situation, stakeholders and risks. In a second phase, and in close dialogue with the municipalities, public-private investment projects have been identified that have high potential to address the identified risks. From these projects, an Aquifer Sustainability Programme has been developed with three overarching themes: improving natural and artificial groundwater recharge, reducing the demand for groundwater and developing an aquifer monitoring and evaluation body.

One of the driving philosophies behind the partnership has been that, although Backus is a significant company, the partners need to generate the collective investment and advocacy amongst multiple businesses in order to stand a chance of reducing risk. One of the initial goals of the partnership has been to establish a group of private sector actors willing to invest in improving the water resource situation. In order to do this, the partnership has a) helped create the case for a series of concrete investments to improve ground water sustainability that can be presented to businesses, and b) establish the institutional architecture and processes to allow companies to join the partnership and co-fund projects in collaboration with the municipalities. As a result interest in this initiative has grown rapidly outside the circle of the founding members of the Partnership.

Roles within the partnership are split as follows: Backus provides leadership, co-financing of the infrastructure projects and management unit, and campaigns to raise public awareness. GIZ brings co-financing, facilitates the stakeholder dialogue between its public sector partners and Backus, helps to develop institutional architecture and provides technical expertise WRM in developing the Aquifer Sustainability Plan. Both partners play an equal role in all decision making.

### **Establish the Degree of Formality**

The formality of interactions can range from informal conversation platforms to binding legal agreements with meetings convened by a neutral party. The type of process generally determines the degree of formality. Any process that involves seeking common ground or full-on consensus decision making requires at least some formal procedural backing. Partnership arrangements (where joint decision making or the sharing of resources will take place) typically require substantial structure backed by a memorandum of understanding or a contractual mechanism. You should, however, consider other factors, such as the parties involved and the collective action process objectives. The rank and type of the participants will also determine how formal the collective action should be. For example, if high-ranking officials are involved, more stringent guidelines or rules will typically be needed. This is often also true in more volatile situations (that is, when the topic for discussion is the subject of serious debate), where a more structured conversation may be needed to keep participants on track and to ensure that all opinions are accounted for rather than only those backed by the most assertive voices.

### **Establish a Decision-Making Approach**

The collective action level of engagement and the process objectives will help inform what type of decision-making approach you need, but the engagement's other structural elements must also be fully considered when developing a decision-making framework. If you plan a consensus-building engagement, it will be important to establish how that consensus will be reached. Will it be through a voting system, by an advisory committee informed by community input, or through other means? If a formal decision is sought, especially one resulting in a government policy or regulatory framework, the question of authority must be asked: do those involved in the collective action have the power needed to make or implement the decisions that are sought? You must ensure that whatever party has been made responsible for decision making (if decision making is, in fact, needed) has the proper authority to do so.

### **Establish Commitments and Set Responsibility Boundaries**

In structuring an effective effort, it is also imperative for you to establish commitments for participation and to set boundaries for the responsibilities of each party. Boundaries will be determined by the result that is sought and the level of formality that has been established. In the beginning of the process, the convener may propose how the effort might be managed and bounded, but the team should then cooperatively strategize or agree upon an appropriate approach. Decisions for how roles will be structured must be agreed upon by all parties, and early interactions such as these will likely set the tone for how all further discussions will be handled. The initiating organization must also be clear on how much responsibility it is willing to take on in the different engagement roles, as well as in the implementation of any solutions. Also needed is clarity regarding who will be bringing what resources to the table in terms of time, money, and technical expertise.

### **Establish a Process Time Frame**

Establishing an explicit time frame for your effort is important both for setting internal and external expectations and for understanding the nature of resource needs. Time frames can vary from very short (e.g., for a one-time event or interaction) to semi-permanent (e.g., for the formation of a standing watershed management forum). Typically, more engaged forms of collective action will be associated with longer time frames. In particular, collaborative and integrative processes tend to involve multiple meetings of the engaged participants to (1) establish a common understanding of needs and objectives; (2) explore and agree upon a course of action; (3) guide implementation; and (4) review performance information and adjust implementation actions accordingly.

### **Review and Incorporate Legal, Regulatory, and Policy Factors**

Legal, regulatory, or policy aspects can constrain or enable your collective action. For instance, an explicit exemption from clean-water management requirements enshrined in statute may make it difficult to recruit exempted parties to a collective action. Moreover, national or local laws may impose conditions on any “convening” of interests to address water resource management, particularly if specific decisions will be taken by the participants. Understanding the legal, regulatory, and policy context is thus important to understanding potential procedural requirements, as well as the motivations and expectations of collective action participants.

### **Establish Closure Expectations**

The ultimate success of almost any collective action will include full ownership and a strong capacity to execute responsibilities on the part of all engaged parties—essentially the “gap” in the water system that led to the collective action will have been systemically and sustainably addressed. When defining an endpoint, you are determining at the beginning of the process how long it will proceed and what will signify a successful outcome. Although you, as the collective action initiator, may have acted as a catalyst and provided the initial financial resources, ultimately your goal should be to participate as just one of a variety of actors. Your ability to exit as the prime mover and motivator of the collective action effort will depend on whether the interest and capacity of the other engaged parties have increased to the point where they can independently play their appropriate implementation role. Thus an ongoing commitment to capacity building will be a key aspect of your overall approach. Avoiding, to the greatest extent possible, long-term dependencies on your resources will be critical. Case Example 10, portraying the CYAN Movement in the Corumbá-Paranoá Basin, Brasil, showcases a collective action where ABInBev, and its partners, have placed a high emphasis on capacity building from the outset of the process.

## CASE 10

### Building Local Capacity for and Ownership of Watershed Stewardship – CYAN Movement in the Corumbá-Paranoá Basin, Brasil

On World Water Day in 2010, Anheuser-Busch InBev, through its local company Ambev, kicked off the CYAN Movement project in Brazil. CYAN Movement is a broad, ongoing campaign to raise awareness about the importance of water conservation for its operations and Brazil generally and drive positive change in threatened watersheds. Major actions and developments of the CYAN Movement have included:

- Partnership with the University of São Paulo to compute “hydrological footprints”;
- Awards competition for articles on the subject of water;
- Internet contest on the website Battle of Concepts;
- Sponsorship of the mega-exhibition “Water” at the Oca Pavilion in Ibirapuera Park in São Paulo, open to the public for a year; and
- The “CYAN Bank” project, which seeks to engage consumers online to raise awareness of sound water management practices and encourage them (through incentives such as discounts from online retailers) to lower water consumption levels.

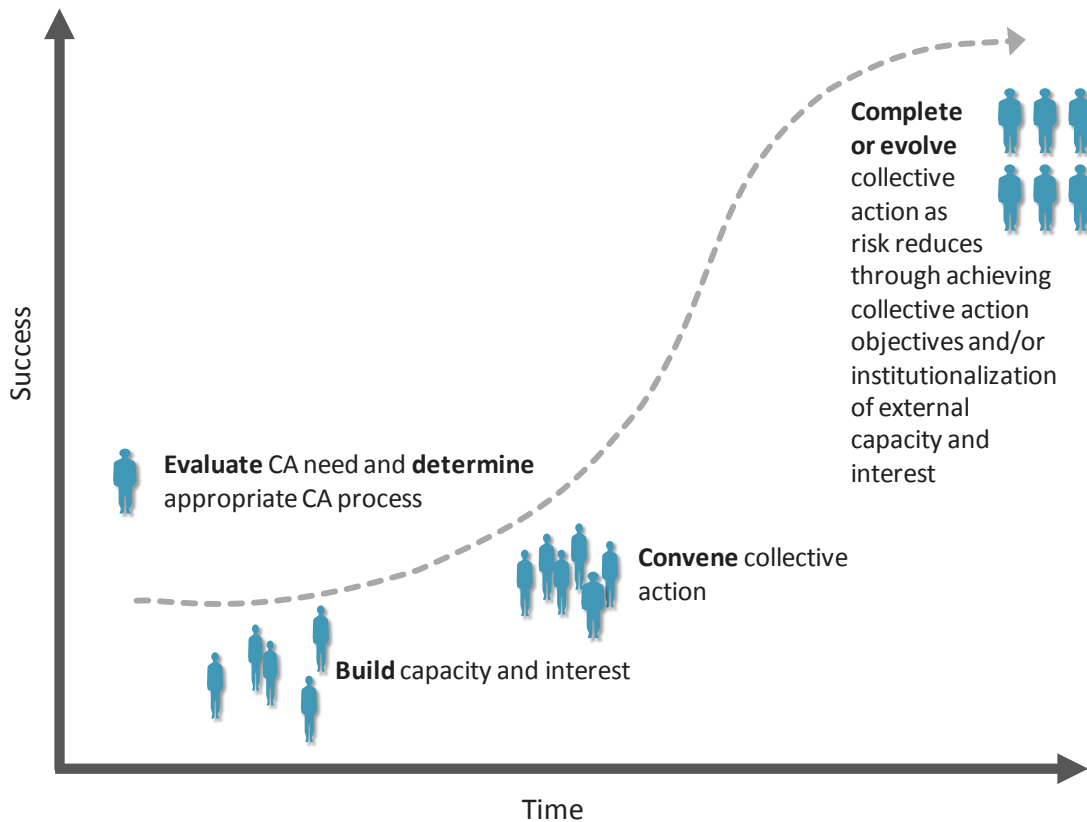
A centerpiece of the CYAN Movement is a partnership with the World Wildlife Fund to advance sustainable water management in the Corumbá-Paranoá Basin, which is the primary source of water for the company’s Brasília brewery. The core objective of this project is bringing together local communities, employees, government agencies, and other stakeholders to preserve and recover springs, aquifer headwater, and replenishment areas. The project grew out of ABInBev’s recognition that the region lacked a water basin committee, which can serve as a key driver of local water governance in Brazil. The company also sought to drive positive change in a severely-degraded river basin as a means of addressing the perception that its presence was contributing to water-related challenges in that area.

For this project, ABInBev has placed a priority on local capacity building through implementing a model by which decision-making gradually transfers to other project partners as partner buy-in and capacity builds. This evolution should provide a basis for ABInBev to handover the project to local partners, gradually changing its role from key driver to supporting partner and helping to ensure the long-term sustainability of the project. ABInBev hopes to use this project as a model on which it bases future collective action projects throughout the world.

## 6. Conclusion

The CEO Water Mandate has produced this Guide to Water-Related Collective Action as an invitation to, and resource for, collective action conducted in support of enhanced water stewardship. The Guide seeks, as do other Mandate products, to draw on the experience and successes of companies like your own to ease, encourage, and enable your entry into water stewardship practice. Figure 7 provides a final perspective on the effective, water-related, collective action journey. It reflects the phases of collective action development you can anticipate moving through from initial evaluation, process structuring, building capacity and interest, and on through to an outcome where your and the broader watershed community's water-related risks and stewardship opportunities are addressed and effective and sustainable water management prevails. Many companies, in very different parts of the globe and facing very different local circumstances, have successfully made this journey and are now strong advocates for collective action. The hope for this Guide is that it will enable your company to become one of these success stories.

Figure 7: From Challenge to Systemic, Sustainable Outcome



# Appendix A: Resources

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## Water Risk Assessment Tools

Companies use a variety of tools to determine whether the catchments in which they operate are particularly exposed to water risk, as well as to better understand the nature of risk in specific catchments. The methods used to evaluate risk vary from tool to tool. While many of these tools use physical water scarcity as a proxy for risk, others consider both physical and economic water scarcity, while others still use an even broader set of criteria to evaluate risk. A few of these tools are listed below:

- The GEMI Local Water Tool™ (LWT), developed by the Global Environmental Management Initiative (GEMI), is a free tool for companies and organizations to evaluate the external impacts, business risks, opportunities, and management plans related to water use and discharge at a specific site or operation. The GEMI LWT™ is meant to:
  - Help companies assess external impacts, business risks, and opportunities and manage water-related issues at specific sites;
  - Provide a common and consistent visualization platform for internal and external communication;
  - Provide interconnectivity between global and local water risk assessments and a uniform approach between site assessments; and
  - Provide a central repository of information for the individual user to create reports for internal and external stakeholders.
- The WBCSD Global Water Tool (GWT) is a free online module that helps companies compare their water use, wastewater discharge, and facility information with validated watershed and country-level data (based on nearly 30 external datasets on water availability, sanitation, population, and biodiversity information, among other things). This process is intended to allow companies to conduct an initial high-level assessment of relative water risks in order to identify risk “hot spots.” This initial assessment is meant to be followed by more-detailed local assessments where appropriate.
- The Water Footprint Assessment (WFA) Tool is a free online application that helps users define their water footprint in a particular river basin or of a product, determine the impacts of that water footprint, and identify ways to reduce it. WFA assesses water scarcity based on blue water availability data in its WaterStat database. WFA is built around the Water Footprint Network’s Water Footprint indicator. Water footprints illustrate the volume of freshwater consumed and/or polluted to produce the goods and services consumed by an individual or community or produced by a business.
- World Resource Institute’s (WRI) Aqueduct Tool is a publicly available online global database of local-level water risk indicators and a global standard for measuring and reporting geographic water risk. It aims to inform public-private engagement on sustainable water management, facilitate smarter public and private investments on water

technologies and infrastructure, and enable investors to better respond to differences in company exposure and water risk.

- The [Water Risk Filter](#), developed by World Wildlife Fund for Nature (WWF) in collaboration with the German development bank Deutsche Entwicklungsgesellschaft, is a free online tool that allows investors and companies from all industry sectors to assess and quantify water-related risks across the globe. The filter’s assessment is based on a company’s geographic location (for basin-related risks) and impact (for company-specific risks). The filter translates the most up-to-date underlying datasets, including the newest Water Footprint Network (WFN) scarcity data, into risk metrics. The results can be displayed on the companywide or portfolio level as well as on a facility level.

The different approaches of the five tools mentioned above are summarized in the following table.

Criterion	WBCSD Global Water Tool	WRI Aqueduct Water Risk Atlas	GEMI Local Water Tool	WWF-DEG Water Risk Filter	WFN Water Footprint Assessment Tool
Geographic scale	Basin level	Basin and subbasin level	Site vicinity	Basin level (Subbasin data to come out in 2013)	Basin level (Subbasin data to come out in 2013)
Temporal scale (short term)	Annual	Annual	Recent/seasonal	Monthly; annual	Monthly; annual
Temporal scale (long term)	Forward looking	Current/historic; forward looking	Forward looking	Current/historic	Current/historic
Method for estimating current supply	Runoff	Runoff	Depends on local water issues	Natural runoff minus environmental flows	Natural runoff minus environmental flows
Method for estimating current demand	Population	Withdrawals	Competition with other users, regulatory limits, community stress	Consumption	Consumption

### Stakeholder Engagement Resources

- [Getting In Step: Engaging and Involving Stakeholders in Your Watershed](#), US Environmental Protection Agency
- [Multistakeholder Partnerships: Future Models of Multilateralism?](#) Friedrich-Ebert-Stiftung
- [Understanding Public-Private Partnerships](#), United Nations Foundation
- [Integrated Water Resources Management: Guidelines for Stakeholder Participation in IWRM](#), Republic of South Africa Department of Water Affairs and Forestry



# Appendix B: Characterizing Water-Related Challenges and Identifying Collective Action Areas

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This appendix details how to characterize your water-related challenges and identify the needed action areas. This characterization builds from exploring the following questions:

- *What are your priority water-related challenges, and how might they be changing over time?*
- *What underlying deficiencies in the water management system have led to the challenges?*
- *What additional drivers or factors, if any, contribute to the challenges?*
- *Which collective action interventions (action areas) will best address the problems you have identified?*

## **Question 1: What are your priority water-related challenges?**

Your point of departure for this analysis will typically be an operational site or a group of sites in a specific water-supply area or catchment. Generally you first delineate the geographic area of interest and identify the water challenges that will have the greatest impact on your production (or supply chains), whether they are directly related to the company or indirectly related to the company through the neighboring community or ecosystems. You can distill the multitude of issues and concerns into generic types of water-related challenges potentially facing your company, your suppliers, or the local communities where you operate. Although the water-related challenges your company will face are unique, some common challenges are described below.

**Water over-allocation:** An imbalance between the water available from rivers, aquifers, and impoundments and the requirements of users may manifest as physical limitations or conditions in a catchment or water system (and may be exacerbated by climate-hydrological variability). This imbalance can be due to inadequate governance in the regulation of water allocations, ineffective management in the control of water use, or poorly planned water resources infrastructure. The impact on your business (or suppliers) is that water supplies may be more prone to drought restrictions, competition between users may increase, the cost of supply may escalate, and longer-term allocations (licenses) may be reduced.

**Water supply unreliability:** Inadequate access, the unreliable provision, or poor quality of water from a supply system, stems primarily from inadequate development, poor maintenance, or an ineffective management of water storage, distribution, or treatment infrastructure. This is most often associated with a lack of financial or human resources in the water utility, municipality, or water district responsible for the water supply. The impact on your business is that the reliability of

supply to you, your suppliers, or local communities will deteriorate or may even cease altogether, with periods of no or little water supply.

**Water quality deterioration:** Deterioration of the quality of surface water or groundwater associated with waste discharge or surface runoff from urban, industrial, or agricultural areas can pose significant environmental, social, or economic challenges to downstream users. This situation is primarily associated with a failing waste-treatment infrastructure or the inadequate management (control) of waste loads. The impact on your business is that your water supply deteriorates to unacceptable levels, there will be increased treatment requirements or costs associated with your discharge, or you (or your suppliers) may be targeted as a polluting industry.

**Flood damage:** Flooding can cause loss of life and damage to houses, factories, agriculture, mining, and supporting infrastructure (water, energy, transport, and telecommunications). Flooding is driven by hydrological variability exacerbated by changing climate, the degradation of natural ecosystems, insufficient infrastructure, or inadequate risk management response and recovery procedures. The impact on your business is that production and distribution may be disrupted by damage to your plants, your suppliers' facilities, or the broader infrastructure upon which you depend.

**Ecosystem degradation:** Degradation of aquatic ecosystems (such as wetlands, river banks, and estuaries) in a catchment affects biodiversity and the flow attenuation and contaminant assimilation services that natural water resources provide. It may be caused by changing water flow and quality as well as a direct mechanical disturbance of these systems. It is usually related to inadequate infrastructure planning and operation, the ineffective management of water use, or insufficient controls of land management practices. The impact on your business is that you may either be linked with activities that have an impact on ecosystems or be associated with a degraded catchment, which may have consequences for the perception of your business or the licensing of your activities.

## **Question 2: What underlying deficiencies in the water management system have led to the challenges?**

Underlying your water-related challenges will be some deficiency in infrastructure management or financing, water program implementation (e.g., the enforcement of requirements), or catchment governance. These deficiencies are typically the focus of collective action efforts, driving a requirement for you to carefully characterize and understand the dimensions of these failures.

**Infrastructure management, operation, and funding:** The adequate construction and effective operation of water infrastructure are critical for water supply and waste disposal, both for companies and local communities. The typical challenges are growth rates that outstrip the system capacity in the short to medium term; financial mechanisms for the capital development and ongoing operational costs of the infrastructure; the technical capacity to support the planning, operation, and maintenance of the infrastructure; and the awareness of maintenance requirements to ensure effective operation in the long term.

**Water planning, management, and pricing:** Proactive management of water resources—in terms of their protection, use, development, conservation, and pricing—is critical to the equitable and sustainable use of these resources for businesses, communities, and ecosystems. Deficiencies in this area may result from inappropriate planning; inadequate financial resources; a limited human capacity to conduct activities such as technical assistance and inspections; unreliable or insufficient information to support decision making; a lack of awareness on the part of water users about their impacts; and ineffective or perverse incentives to guide the actions of people and businesses.

**Water governance and regulation:** The policy, legal, and regulatory framework, together with the political will and institutional arrangements governing water management and stakeholder engagement, is critical to the equitable and sustainable management of water resources and water services delivery. Poor governance manifests in corrupt, inconsistent, or unpredictable decision making around the use of water and the management of natural resources. Deficiencies in this area can include inadequate resource-protection requirements (e.g., a lack of water quality standards), insufficient user allocation schemes, or a lack of administrative procedural requirements assuring equitable access to decision making.

### **Question 3: What additional drivers or factors, if any, contribute to the challenges?**

Water system pressures that translate into direct company or community water challenges can emerge from a mix of drivers that affect underlying natural resource systems. When you are fortunate enough to have a well-functioning water system active in your catchment, natural resource system impacts will be avoided or managed consistent with economic and societal requirements. Deficiencies in the system, however, allow these impacts to become direct water-related challenges. Identifying the drivers of natural resource changes is critical to your ability to establish clarity within your company and with potential collective action participants as to the nature of the water challenges you collectively face. Although the drivers of natural resource system changes can be quite complex and highly interrelated, they can be simplified under most circumstances into four key areas.

**Rapidly changing economic development:** Increases in economic development activity in a catchment, whether it be industrial, commercial, or agricultural, can place additional demands on existing water resources or create ecosystem or direct water quality impacts. These activities create a shift in the balance of water resource quantity and quality that may strain the time, quality, and quantity aspects of existing and new water user requirements.

**Shifting demographic patterns:** Population growth or changes in preferences for living contexts can affect the demand for water supply, the locations where water infrastructure can be built or operated, and the consumer base available to support infrastructure development and maintenance. These shifts can lead to increased competition among water users for available supply, place substantial additional demands on existing infrastructure, or, in the case of out-migration, leave infrastructure stranded without an adequate fee base.

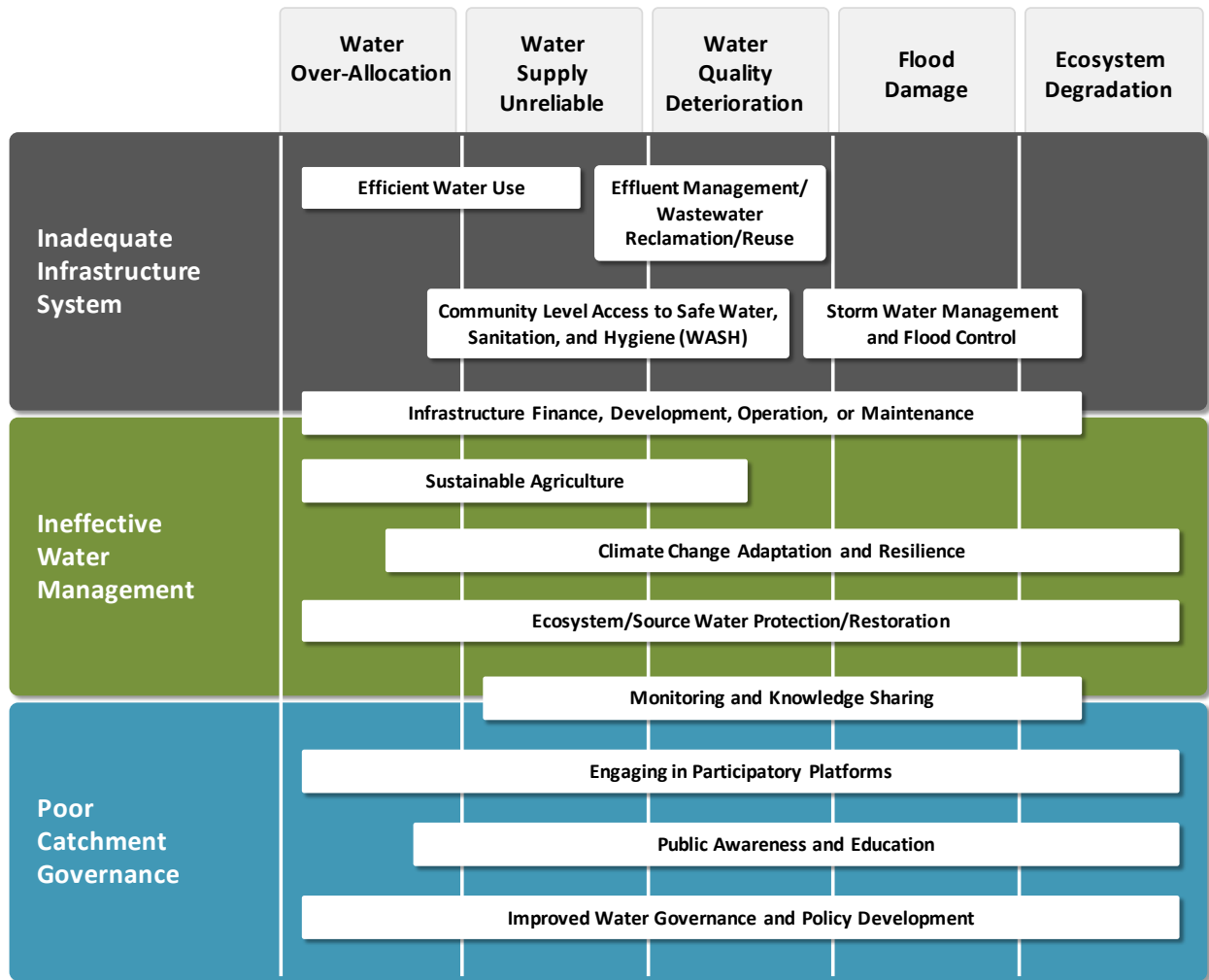
**Climate variability:** Water infrastructure capital assets are long-lived and therefore typically built within the context of long-term demand and supply analysis. These analyses have depended substantially on historical trends and future expectations. Increased climate variability places pressure on the assumptions used for infrastructure development and operation and may translate into sufficient alterations in underlying water resource conditions to make existing supply arrangements and infrastructure inadequate to meet existing or anticipated demands.

**Shifting social norms and expectations:** The goals of water resource management have evolved over time, and these changes have tended to create greater pressure on underlying water resources. Increased expectations for ecosystems and species maintenance, higher levels of ambient water quality, and greater accessibility to supply have asked more of both the underlying water resource quality and quantity and the water resource management system.

**Question 4: Which collective action areas will best address the problems you have identified?**

The preceding assessment of water-related challenges, water system deficiencies, and underlying natural resource changes should indicate the types of collective action areas that you may consider in managing your water risk or proposing your stewardship intent. Figure 8 embeds the list of 12 CEO Water Mandate Water Action Hub collective action areas into the context of water-related challenges and water resource management system deficiencies. As you can see, certain collective action areas will tend to be responsive in specific contexts, while others apply more broadly across water challenges and water system deficiencies.

Figure 8: Connecting Action Areas to Challenges and Underlying Failures



# Appendix C: Identifying and Characterizing Interested Parties

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This appendix provides a framework to systematically identify and characterize the external parties that may have an interest in participating in your collective action effort. This appendix describes six analysis areas capable of answering the key questions, described in Section 4.2, related to characterizing external parties for potential involvement in your collective action. Through these analyses you are able to link the interested parties with the collective action areas you produced in Section 4.1. The decision of how to engage a given interested party is strongly tied to the results of your analysis and is covered in more detail in Section 4.4 and Section 5.

**Decision-point analysis:** *Which external parties have a direct influence over, or are required to participate in, any decisions that will be needed to address your water management-related challenges?* For example, if you have identified infrastructure fees as inadequate to fund needed infrastructure upgrades (e.g., the need to add capacity at a publicly owned treatment works) and a board of local elected officials approves all infrastructure fee increases, then the members of this council are critical interested parties. These interested parties emerge from the role they play in addressing an existing water resource management system deficiency.

**Opportunity analysis:** *Which external parties are in a position to directly or indirectly support addressing your water management-related challenges?* For example, if improved land use stewardship is needed to improve water quality, interested parties that either directly affect land use practices (e.g., commercial agriculture operators) or have as part of their mission improved land use practices (e.g., a local NGO focused on providing sustainable land use technical assistance) will be critical interested parties. These interested parties emerge from the role they play in altering a key driver of water quality impacts within the water resource system—agricultural land use practices that can discharge sediment, nutrients, bacteria, or other pollutants into water bodies.

**Expertise analysis:** *Which external parties can contribute knowledge and advice to improve problem characterization or expand or refine the understanding of solutions?* For example, in the agricultural land use arena, university researchers and extension services may provide expertise on the effectiveness and applicability of improved practices, while public policy researchers may have data on the effectiveness of various market-based or regulatory interventions. The former interested parties are associated with the driver of the water quality challenge, while the latter are associated with addressing deficiencies of the water resource management system.

**Impacts analysis:** *Which external parties will experience benefits and which will experience costs associated with addressing your identified water resource management challenges?* Any parties that will experience either substantial benefits or costs are likely candidates for collective action engagement. Those experiencing benefits are likely to be strong allies for problem-solving action,

while those experiencing net costs will likely require careful, focused management to avoid efforts to block progress. For example, a water supply disruption challenge is likely shared by all other large commercial water users in your catchment. These are parties likely to have a high interest in and willingness to participate in a collective action engagement. A key basis of effective collective action relates to engaging parties with whom you share risks and benefits. As a result, a focus on exploring which parties share your water-related challenges is a priority for this analysis.

**Expectations analysis:** *Which external parties have an interest in the collective action process or its outcomes even if they might not otherwise have a specific role to play in problem solving or a connection to the distribution of costs and benefits?* For example, elected officials may expect to be consulted on any large infrastructure projects planned within their jurisdiction, or your collective action process may be operating within an administrative law context that requires consultation with specified parties.

**Conflict analysis:** *Which external parties currently (or potentially will) experience conflicts with you or other potential parties to the process in a manner that can influence the options available for addressing your identified water management challenges?* This analysis may overlap with the other areas of analysis, pointing to the need, for example, of a careful strategy for engaging one or more of the parties identified under the decision-point analysis. Where conflict exists, or has the potential to emerge, proactive steps to adjust either the collective action process approach or the remedies contemplated for addressing the identified challenges will be necessary.

# Appendix D: Selecting Collective Action Engagement Level

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Sections 3.4 and 4.3 profiled four collective action engagement levels for structuring collective action activity. These engagement levels represent substantially divergent commitments and serve substantially different purposes. For collective action to be successful, you must explicitly match collective action areas and outcomes with the associated key interested parties and with the engagement level that will most effectively support the effort. As described in Section 4.3, selecting among the engagement options—informative, consultative, collaborative, and integrative—involves the exploration of three controlling factors: external-party dependence; external-party interest and capacity; and internal company interest and capacity. This appendix describes in detail each of the controlling factors and outlines questions for each factor whose answers, in aggregate, will identify your collective action requirements and the corresponding appropriate collective action engagement. Worksheet D1 provides space to document your answers. The results obtained here can then be fed into your collective action development in Section 4.4.

**External-party dependence.** This is *the controlling factor* for collective action engagement selection. Answering the following four questions will help you characterize your external-party dependence landscape and select the collective action engagement best suited to these conditions. The interested-party analyses conducted under Section 4.2 should provide the information you need to make an assessment of your level of interested-party dependence.

- *What degree of direct control is held by external parties over the conditions that affect achieving the stated objectives?* For example, external parties may have standing or otherwise have the ability to influence the system of water governance critical to the quantity or quality of available water.
- *What degree of leverage is held by other parties for the decisions needed to achieve the stated objectives?* For example, is a permit required to construct a treatment works, and do the external parties have standing in the review and approval process?
- *What degree of dependence do the stated objectives have on the actions and resources of other parties?* For example, is water conservation behavior by other industries, community residents, or other water users a necessary condition to reduce the risks of supply disruptions, provide for further local economic growth, or ensure the general health of local community residents?
- *What degree of risk is present in the absence of potential collective action efforts (essentially, is acting alone an option)?* For example, would increasing the rate of withdrawal from groundwater in the absence of consultation with the local community (even if no consultation is required and no specific negative external effects result) generate a perception of abuse or of preferential treatment?



A high response to any one of the four dependency questions should lead to serious consideration of a more engaged form of collective action such as collaborative or integrative. Low or medium responses to all of the questions indicate that a less engaged collective action—informative or consultative—can fully support your purposes even as you may choose to use a more engaged form.

**External-party interest and capacity.** These are key factors that will enable or constrain the collective action engagement options available to you. As more engaged (collaborative or integrative) levels of collective action are desired, the greater the demands will be on the interest and capacity of external parties. Low interest or low capacity will not support, for example, collaborative collective action and will signal a need for the cultivation of interest or capacity if the dependence dynamics are such that joint purpose or joint action is desirable or needed to address water-related challenges. Overall, you must assess to what extent the interested parties are likely and able to participate or invest productively in the collective action you would like to take, understanding that, like you, they must set priorities and make choices about where to invest their time and resources. Answering the following five questions relative to your water management challenges and corollary action areas will help you more fully explore these considerations.

- *To what degree is there a shared understanding of the facts?* For example, interested parties may or may not accept that water scarcity is a current or future reality and that conservation measures are needed to solve the problem. Here both the problem and the solution require objective clarity sufficient to generate acceptance that action is needed. Alternatively, a (high) degree of uncertainty may exist surrounding the problem or solution (e.g., current drought conditions could be a short-term aberration from a much more wet norm), leaving motivation for engagement low.
- *To what degree is there a shared reality or perception of risk among parties?* For example, external parties are equally affected by low source-water quality or, alternatively, there is substantial varying tolerance for water quality depending on the intended use (e.g., drinking versus irrigation water).
- *To what degree is there a shared perception of responsibility among parties?* For example, interested parties understand and accept their contribution to the problem or their need to participate in the solution.
- *To what degree is there a perception of shared benefit among parties?* For example, is the distribution of benefits realized from meeting the objectives equitable or is the perception that distribution is skewed to only a few parties?
- *What is the financial or technical capacity of interested parties?* For example, interested parties have, or have independent access to, the data and expertise needed to participate effectively in the collective action process.

**Internal company interest and capacity:** These conditions will enable or constrain your collective action engagement options. They speak to the basics of whether your organization can support effective convening and involvement at the desired level of engagement. Low interest (buy-in) among key staff, limited time or financial resources, or a strong organizational culture of independence can substantially inhibit the available engagement options. Answering the following

three questions will more specifically profile your internal capability to support the desired level of collective action engagement.

- *What level of commitment (time, money, and responsiveness) exists in support of the collective action effort?* More engaged forms of collective action—collaborative and integrative—will require high commitments of time, financial resources, and responsiveness. In particular, an organization’s capacity to be responsive to the interests and needs of other participants must be aligned with the collective action engagement selected. Collaborative and integrative processes will create and have high participant expectations for responsiveness in the form of joint decision making, the adjustment of individual objectives to accommodate the interests of others, and the establishment of a shared sense of common purpose going forward.
- *What is the current quality of the relationships with the parties affected by pursuit of the objectives?* Effective collective action, particularly the more engaged forms, requires a strong sense of trust among participants and a willingness to understand other parties’ interests and make compromises when needed. Relationships can range from high trust and cooperation to low trust and hostility, and these conditions will affect at least the starting point for collective action activities.
- *What level of experience exists with collective action initiatives?* Collective action initiation and management often requires the development of new staff skills and capabilities, along with the refinement of these through experience working with external parties. An organization with limited collective action experience will most likely be ill prepared to initiate a complex, multi-interest, consensus-oriented collective action and will run the risk of inadvertently undermining working relationships.

# Worksheet D1

<b>External-Party Degree of Dependence</b>	<b>Low</b>	<b>Medium</b>	<b>High</b>
What degree of direct control is held by other parties over the conditions that affect achieving stated objectives?			
What degree of leverage is held by other parties for decisions needed to achieve stated objectives?			
What degree of dependence do stated objectives have on the actions and resources of other parties?			
What degree of risk is present in the absence of potential collective action efforts (essentially, is acting alone an option)?			
<b>External-Party Interest and Capacity</b>	<b>Low</b>	<b>Medium</b>	<b>High</b>
What degree of evidence-based objective clarity exists (or can be created) relative to the identified need(s)?			
What degree of potential shared risk exists among parties affected by the identified need(s)?			
What degree of potential shared responsibility exists (or can be created) among parties affected by the identified need(s) or objective(s)?			
What degree of potential shared benefit exists (or can be created) among parties affected by the objective(s)?			
What is degree of the financial or technical capacity of interest parties relative to objectives?			
What potential exists for managing any interests threatened by the objective(s)?			
<b>Internal Company Interest and Capacity</b>	<b>Low</b>	<b>Medium</b>	<b>High</b>
What level of commitment (time, money, and responsiveness) exists in support of the collective action effort?			
What is the current quality of relationships with parties affected by pursuit of the objectives?			
What level of experience exists with collective action initiatives?			

# Appendix E: Considering the Five Principles of Responsible Business Engagement with Water Policy<sup>1</sup>

DO	DON'T
<b>Principle 1: Advance Sustainable Water Management</b>	
<ul style="list-style-type: none"> <li>• Align engagement objectives with furthering sustainable water management</li> <li>• Set objectives that are specific and measurable relative to the SWM context of engagement</li> <li>• Design engagement to address risks shared by multiple sectors</li> <li>• Continually assess and address any negative impacts of business operations on surroundings</li> </ul>	<ul style="list-style-type: none"> <li>• Assume local needs or capacities based on experiences in other contexts</li> <li>• Seek to engage on issues unrelated to and in lieu of a company's most significant impacts</li> <li>• Advocate for policy change that undermines SWM</li> </ul>
<b>Principle 2: Respect Public and Private Roles</b>	
<ul style="list-style-type: none"> <li>• Ensure your internal house is in order and that the company is in compliance with existing regulations prior to engagement</li> <li>• Support policy initiatives that enhance public sector capacity to protect and improve water resources, establish and enforce requirements, and develop and maintain needed infrastructure</li> <li>• Understand the public sector's relationship to water-related risks (e.g., lack of authority or resources to manage water resources effectively) to formulate informed engagement strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Fulfill traditional public roles without explicit consent from public officials and local stakeholders</li> </ul>

<sup>1</sup> These principles are drawn from the CEO Water Mandate's [Guide to Responsible Business Engagement with Water Policy](#).

DO	DON'T
<b>Principle 3: Strive for Inclusiveness and Partnerships</b>	
<ul style="list-style-type: none"> <li>• Fully characterize the stakeholder landscape related to corporate operations</li> <li>• Include local stakeholders (e.g., affected communities, local NGOs, academia, etc.) as equal partners in the development of engagement objectives and strategies</li> <li>• Engage stakeholders to better understand perceptions and concerns and to assess local conditions and company impacts</li> <li>• Enable effective participation where low stakeholder capacity would otherwise limit their contribution</li> </ul>	<ul style="list-style-type: none"> <li>• Seek partnerships without providing partners with a meaningful role in the engagement process</li> <li>• Engage stakeholders unless prepared to consider and be responsive to their suggestions</li> <li>• Fail to carefully establish clear expectations for the scope, structure, and duration of engagement, as well as any constraints on the capacity to respond</li> <li>• Fail to establish working relationships prior to the emergence of difficult issues</li> </ul>
<b>Principle 4: Be Pragmatic and Consider Integrated Engagement</b>	
<ul style="list-style-type: none"> <li>• Seek to improve local conditions and public water management before they lead to crises</li> <li>• When developing engagement objectives, consider unexpected adverse impacts on communities, ecosystems, management capacities, and policy arenas</li> <li>• When developing engagement strategies, consider a wide range of policy contexts (e.g., economic, social, cultural)</li> </ul>	<ul style="list-style-type: none"> <li>• Seek to engage only when a company experiences acute crises</li> <li>• Prioritize achievement of specific objectives at the expense of attaining general SWM</li> <li>• Rely on specific timeline or financial commitment; engagement may necessitate or create expectations for ongoing support</li> <li>• Engage unless the company is fully committed to the challenge</li> </ul>
<b>Principle 5: Be Accountable and Transparent</b>	
<ul style="list-style-type: none"> <li>• Coordinate internal levels of management with respect to engagement motivations, objectives, strategies, and external messaging</li> <li>• Communicate engagement plans to stakeholders from the outset of and throughout engagement</li> <li>• Track and disclose outcomes of engagement to stakeholders</li> <li>• Establish feedback mechanisms to allow stakeholder input about engagement and disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Allow inconsistent implementation and messaging from different levels of internal management</li> <li>• Develop one-way avenues of communications with stakeholders</li> <li>• Filter disclosures of the engagement to include only positive results</li> </ul>

