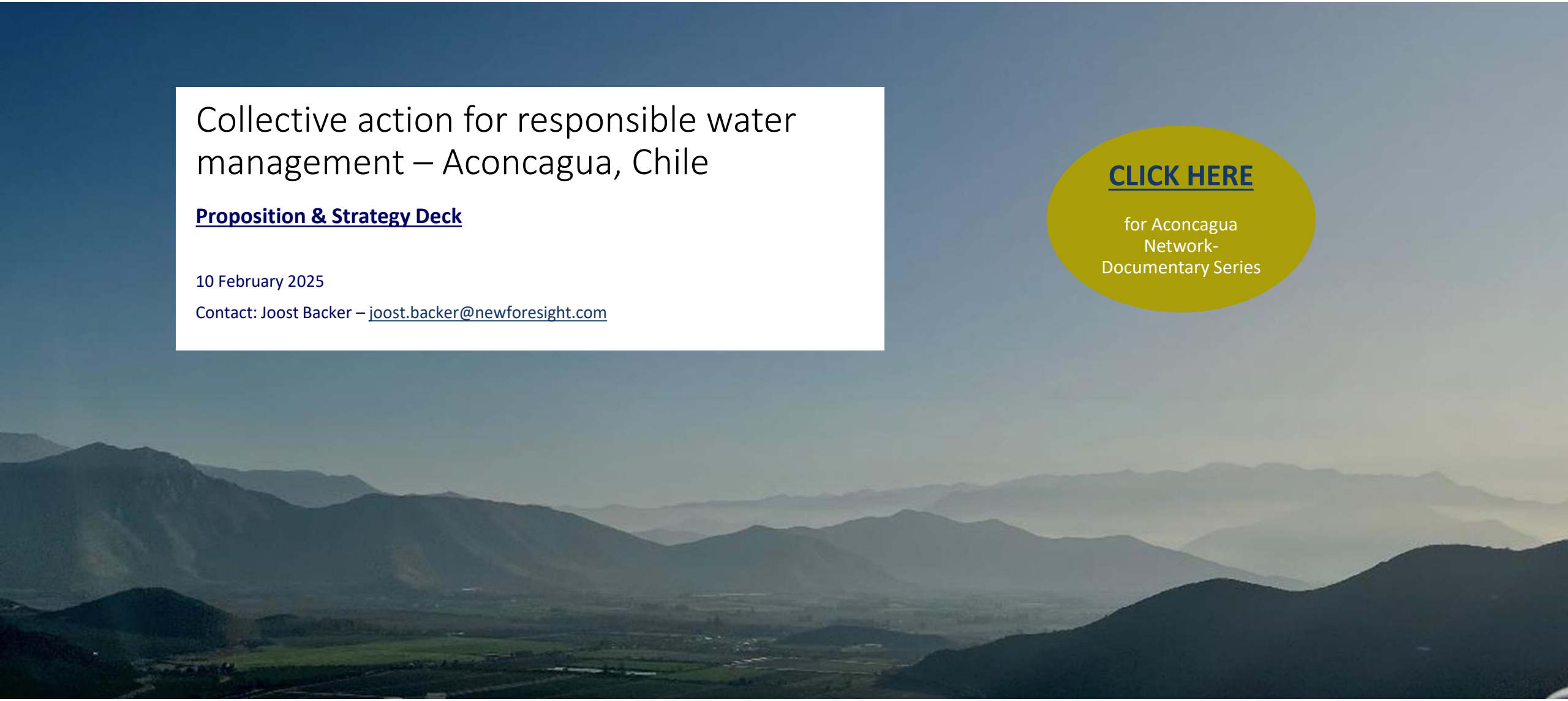
Collective action for responsible water management – Aconcagua, Chile

Proposition & Strategy Deck

10 February 2025

Contact: Joost Backer – joost.backer@newforesight.com



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for Aconcagua Network- Documentary Series

This deck sets out the key value proposition and strategy of the Partnership

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Context | This Partnership is not just a single initiative – it is an approach to sustainable market transformation which we will scale to origins around the world

What is the problem?

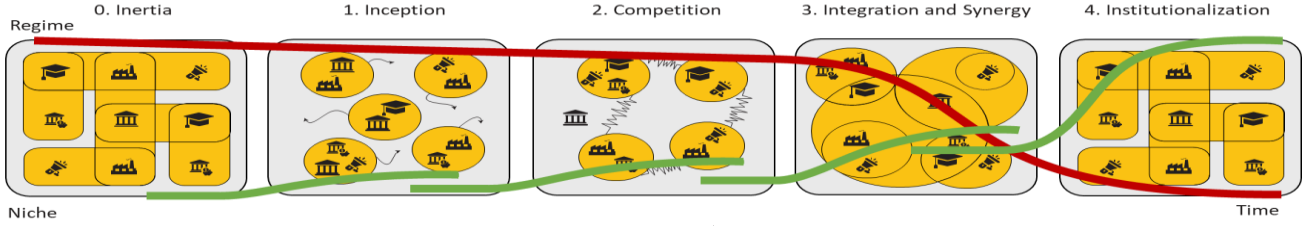
The future of **agricultural production worldwide is in jeopardy** due to climate change, loss of biodiversity and increasing stress on water resources - with demand outstripping supply.

Why is collective action needed?

The transition towards sustainable water management requires **coordinated efforts from all stakeholders**.

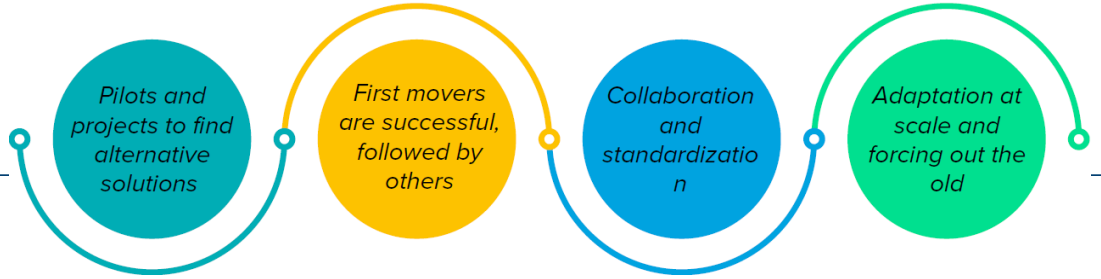
What are the phases of moving towards more sustainable water management?

We believe complex water transitions go through phases and can be managed, with each stakeholder having their own role to play.*



*See *TransMission (2023)* for the full theory on sustainable market transformation

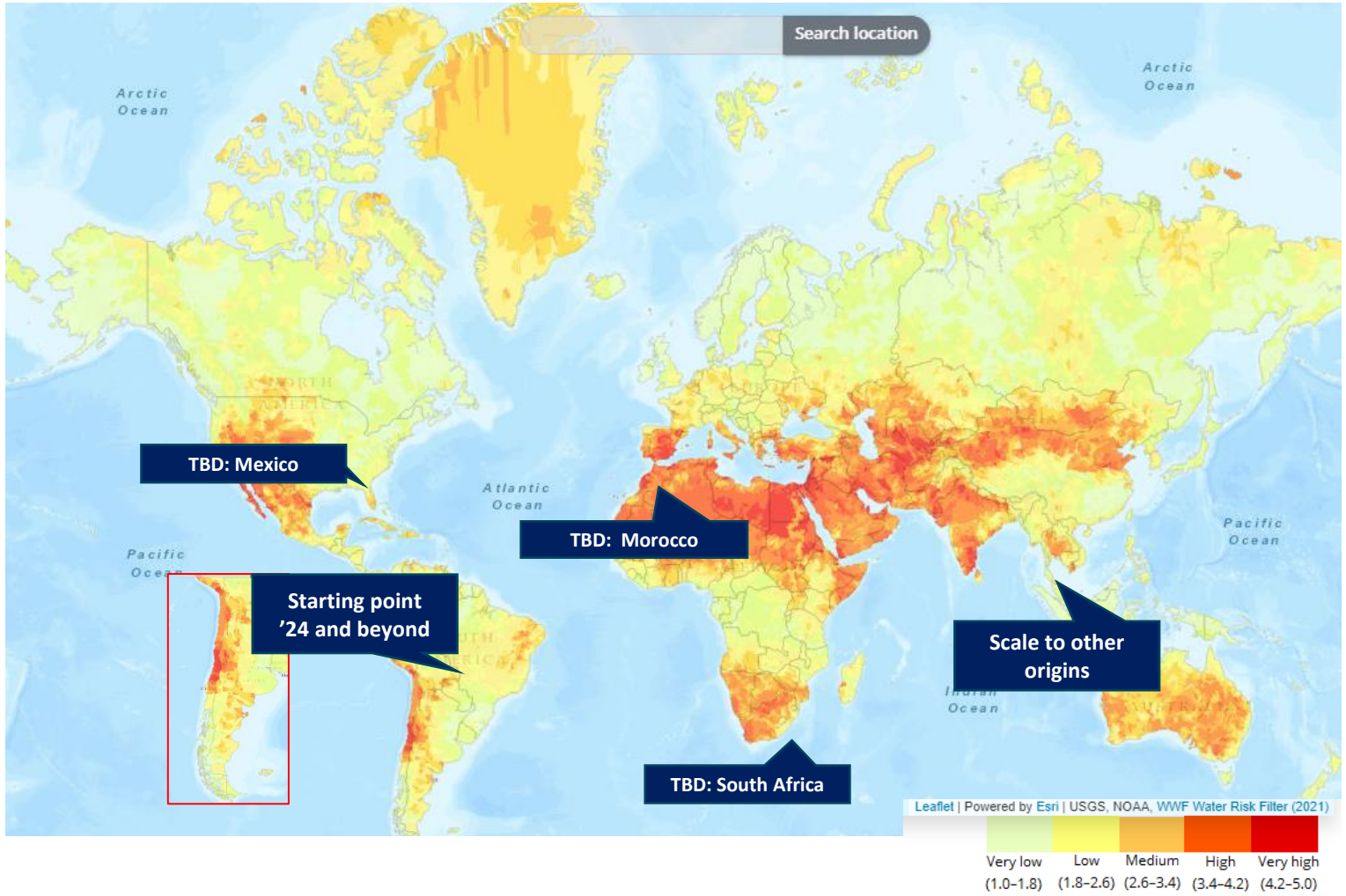
See *Unpacking Collective Action in Water Stewardship (2024)*



Context | This Partnership is not just a single initiative – it is an approach to sustainable market transformation which we will scale to origins around the world

Our aim is to change the way we do business, to promote collective action on water catchments worldwide – starting our work in Aconcagua, Chile.

Over the longer term – we aim to progress the work in other localities with water challenges, such as Morocco, Mexico and South Africa.



*See *TransMission (2023)* for the full theory on sustainable market transformation

See *Unpacking Collective Action in Water Stewardship (2024)*

Starting point | Aconcagua is an important source for fruits like avocados – however, supply is under threat due to an imbalance between water supply and water demand

Why the Aconcagua valley

Aconcagua is an important producing region for the EU and UK	• Chile is a high-quality supplier of avocados, citrus, cherries, and other fruits for the UK and EU • The Aconcagua valley in particular has a long history of agriculture – currently using significant water resources in the region
Climate and water risk are threatening supply	• The current water withdrawals are 35% higher than what can be renewed: available water in Aconcagua will reduce by 50% in the next 25 years • Future avocado and fruits production is therefore in jeopardy and poses a serious supply risk • Other production countries of sub-tropical fruits are increasingly facing similar water issues
The region is ready to implement sustainable solutions at scale	• The Partnership offers a solution. It allows buyers to contribute to sustainable farming, whilst tackling the complex challenges in the enabling environment and supply chains. • The Partnership builds on 4 years of pioneering work

The journey so far | Six organizations have been involved in laying the foundation for the Partnership on collective action for responsible water management

Early-stage partners to work this Partnership

Netherlands Enterprise Agency

The Netherlands Enterprise Agency (RVO), part of the Dutch Ministry of Economic Affairs and Climate Policy, supports entrepreneurs and businesses, fostering collaborations and strengthening positions through funding and networks for successful global ventures.

Government of the Netherlands

PARTNERS FOR WATER
CO-CREATING IMPACT

Responsible water management is one of the priorities in the Dutch government's foreign policy. The embassy in Santiago actively promotes this policy in Chile and supports the Aconcagua Network and this Partnership providing a liaison with the Chilean authorities.

Partners for Water is the Dutch government's premier program for responsible water management. It supports innovative water projects around the world.

Dirección General de Aguas
Ministerio de Obras Públicas
Gobierno de Chile

Chile's General Water Department (DGA by its Spanish acronym) is a public entity responsible of promoting water resources' management and administration in a sustainable framework. IT is part of the Chilean Ministry of Public Works (MOP).

The Partnership engages the DGA through its 'water round tables', enabling it to be more effective to building a supportive enabling environment in the Aconcagua catchment.

Nature's Pride FOUNDATION

The Nature's Pride Foundation contributes to solving collective challenges in the fruit and vegetable sector worldwide, particularly in the areas of responsible water management and nutrition.

Aconcagua Network.

FRUTICULTURA SUSTENTABLE REGIÓN DE VALPARAÍSO

Chilean stakeholders in the Aconcagua Valley have united in the Aconcagua Network to coordinate joint actions. It works closely with PERfrut, a public-private partnership and strategic program of the authorities from the Valparaíso region to promote sustainable fruit production.

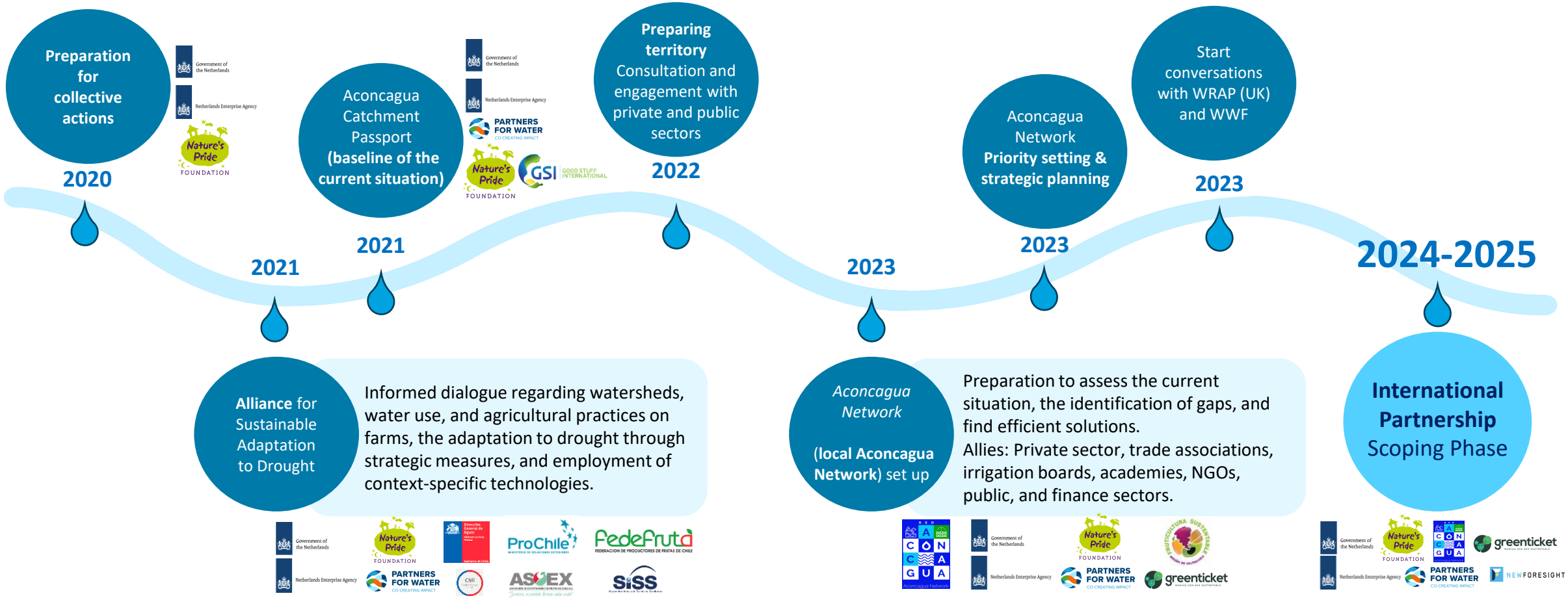
greenticket
MARCAS CON ADN SUSTENTABLE

NEWFORESIGHT

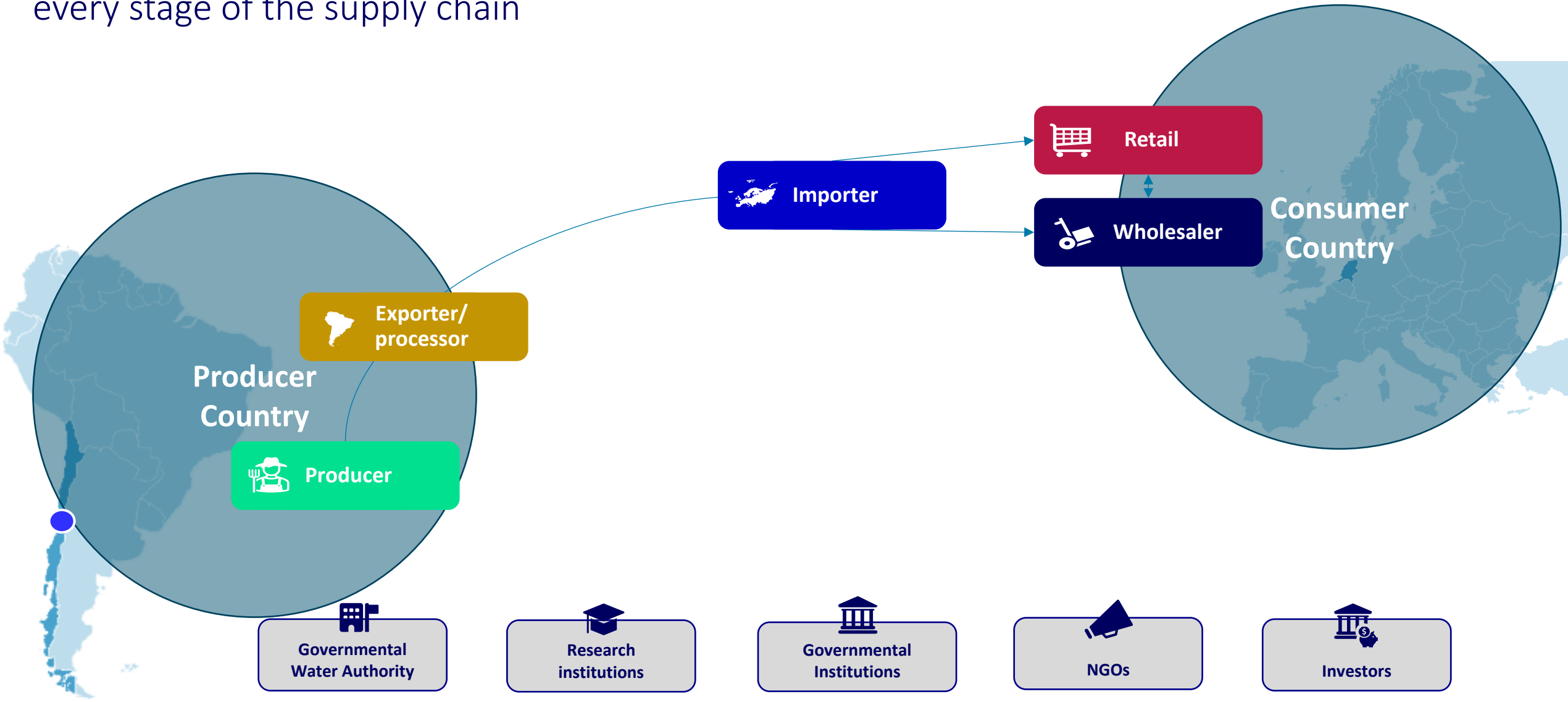
Greenticket is a Chile-based consultancy providing advisory support to the Aconcagua Network in Chile.
NewForesight is a strategy consultancy firm dedicated to driving transitions to sustainable economies. NewForesight provides advisory support to the Partnership, connecting the supply chain to the collective action in Chile.

The journey so far | The current collective action work builds on 4 years of ongoing efforts towards a sustainable Aconcagua Valley

Since 2024, the Netherlands Enterprise Agency (RVO) and the Embassy of the Netherlands in Chile, in collaboration with Nature's Pride, NewForesight, and the Aconcagua Network in Chile, are establishing an International Partnership that builds on the groundwork of water management and resilient agricultural practices laid by various organizations in the last four years.



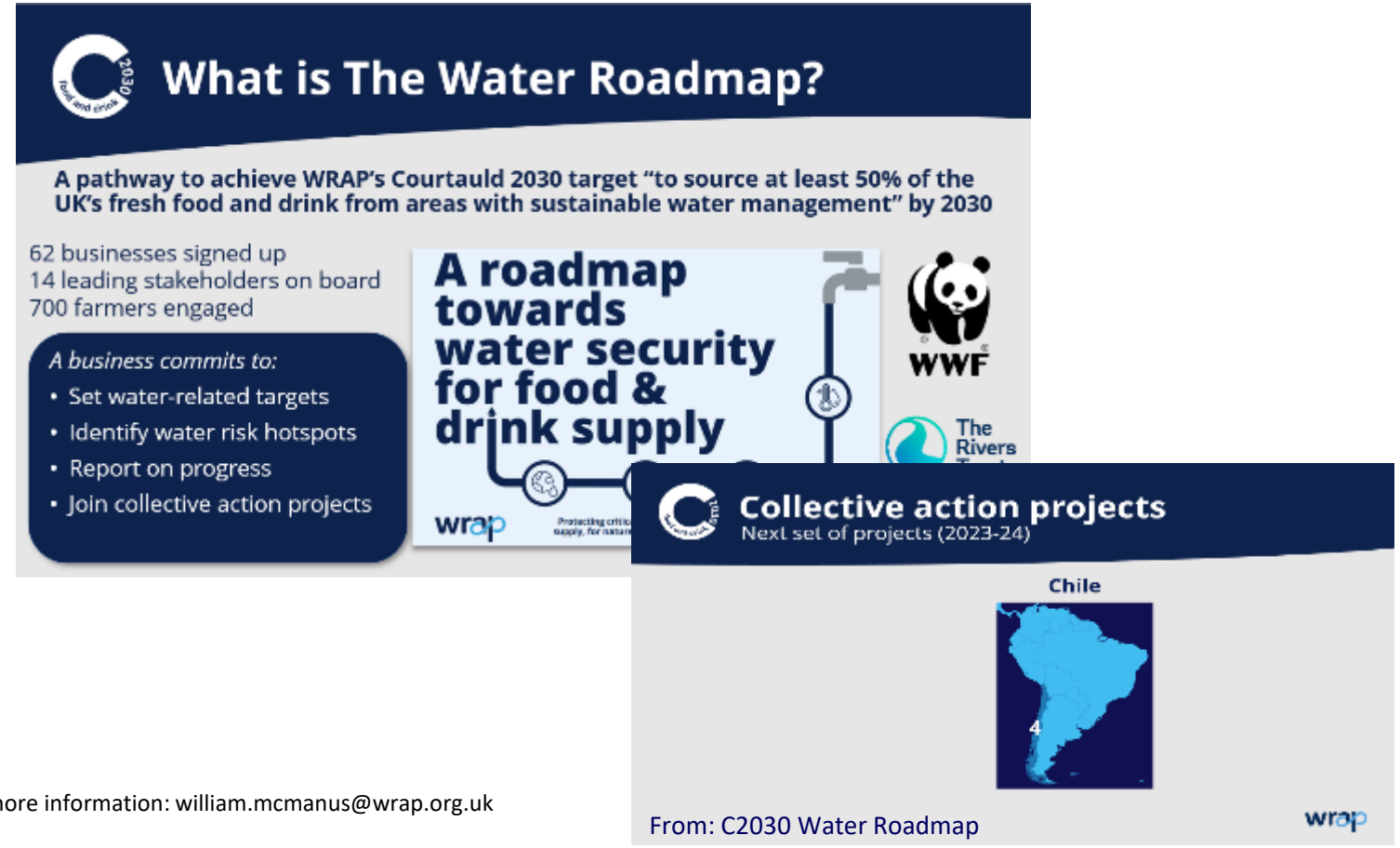
Collective action in this Partnership | Shared water challenges require solutions that address every stage of the supply chain



Commitments | The Scoping phase directly contributes to the Courtauld 2030 commitments – where Chile is identified as a priority area for a collective action project

How does this connect to the Courtauld 2030 and WRAP work?

- By 2030, WRAP aims to have more than 300 businesses involved, working across 20 collective action projects.
- Chile has been agreed with current Roadmap members to be an important sourcing location facing high levels water stress and scarcity
- Subject to review and approval by the Water Oversight Panel (Nov'24), WRAP/C2030 can support the Partnership as a C2030 collective action project*



*Contact Will McManus – Specialist Food System Transformation at WRAP, for more information: william.mcmanus@wrap.org.uk

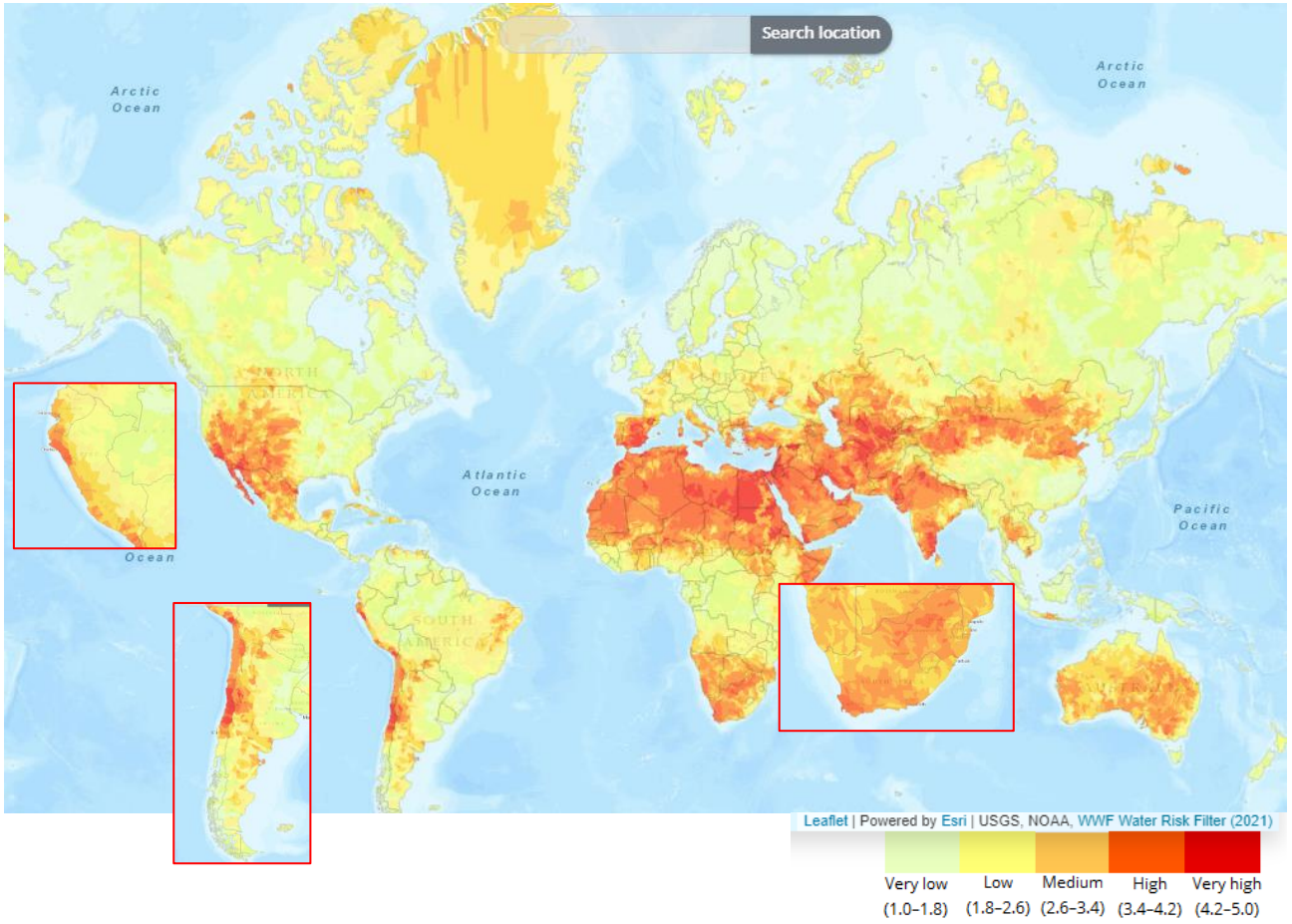
The problem | Shifting sourcing areas is not an option anymore - worldwide, impacts of climate change and water scarcity pose significant risks to production of avocados and other fruits

How is avocado related to water risk?

Globally, agriculture uses **70%** of all freshwater[1]

Country	Share agriculture in total water use (%)	Physical water risks
Chile - Aconcagua	75%	**High- Very high**
Peru – Ica	86%	**High- Very high**
South Africa	62%	**Medium- High**
Kenya	76%	**Medium**
Morocco	80%	**High- Very high**
Mexico – Michoacán	77%	**High- Very high**

Droughts, floods, water quality → Increase in water scarcity → Risks on agriculture and food production



[1] Food and Agriculture Organization (FAO).

The problem | Addressing these problems is hard - there are significant barriers at the level of farmers, buyers and the enabling environment which inhibit decisive action

What are barriers to change?

*'Enabling environment' refers to the set of institutions, conditions, and players that together have the potential to make a substantive positive impact on the catchment area. It includes government, knowledge brokers, civil society – in addition to farmers and buyers.

"There is no shared, structural space for multi-stakeholder dialogue. Furthermore, the commitment from local government to create the necessary regulatory frameworks is uncertain."

"Even if I want to work with other partners, I'm unclear which buyers, farmers, and organizations I should talk to."

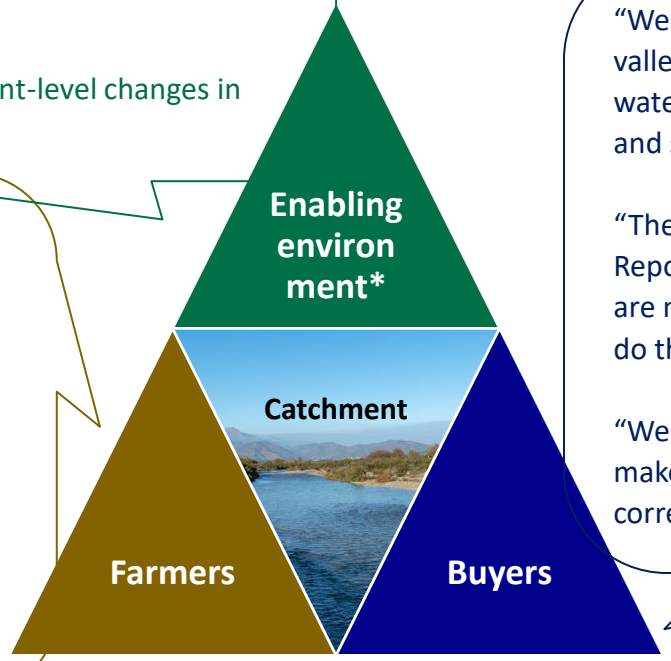
"The correlation between avocado farming and catchment-level changes in water supply and demand is obscure and misleading."

"Expectations from certification systems are confusing and too diverging."

"We lack the capacity to monitor key (water) metrics, and do not have access to data and knowledge from fellow farmers to learn."

"We carry the cost burden for the necessary sustainability transitions expected by EU buyers."

"We worry that we are not well-enough prepared for the expected climate impact in the next 10 years."



"We are unclear who the other companies sourcing from the valley are, and what they are doing to promote responsible water management - let alone how to work with our our buyers and suppliers towards structurally improved sourcing practices."

"The Corporate Sustainability Due Diligence Directive and Reporting Directive will require action in our supply chain. We are not sure how to go about this and feel iti s overwhelmign to do this on our own."

"We lack proper data from farmers and the catchment area to make a quantified, long-term, analysis and define corresponding lines of action."

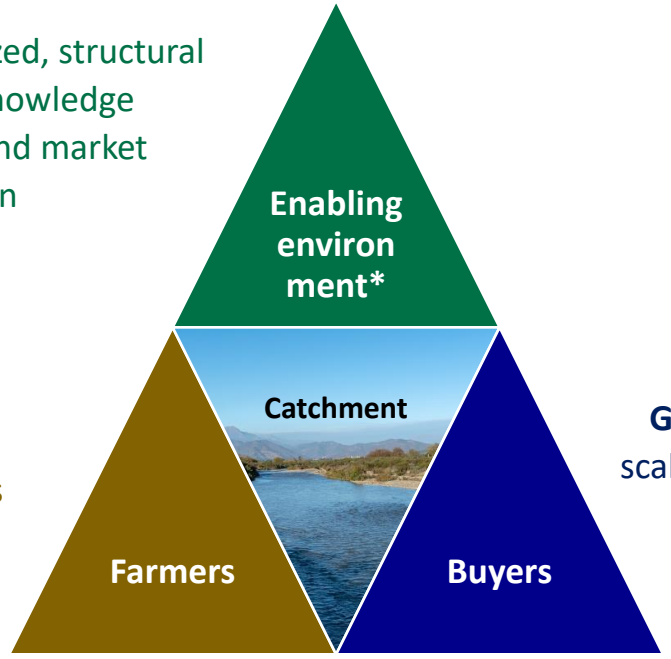
The solutions | To overcome these barriers, we created a partnership with farmers, buyers, and authorities to work collectively on responsible water management in the Aconcagua valley

Strategy of the Partnership: Three levels

Vision for catchment**:**
A catchment in balance: including, but not limited to, bringing water use in the Aconcagua catchment within annually renewable limits, promoting water infiltration and refilling of aquifers.

Mission of collective action:
Facilitate the transition to sustainable, regenerative, water-resilient **farmer production practices**, by promoting a supportive **enabling environment** and being a partner to **buyers for sustainable sourcing innovation**.

Goal: Co-create an organized, structural space for dialogue, knowledge exchange, advocacy, and market transformation



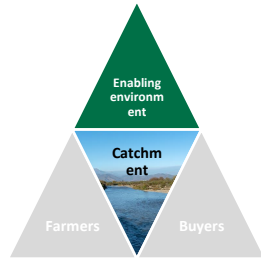
Goal: Enable climate- and water-resilient production of avocados and other crops, whilst supporting farmers in climate change adaptation.

Goal: Partner with buyers to create scalable, sustainable sourcing practices and risk mitigation.

*'Enabling environment' refers to the set of institutions, conditions, and players that together have the potential to make a substantive positive impact on the catchment area. It includes government, knowledge brokers, civil society – in addition to farmers and buyers.

Draft ideas, for discussion with involved parties

The Partnership | At an **enabling environment** level, the Partnership provides a structural space for dialogue, knowledge exchange and advocacy.



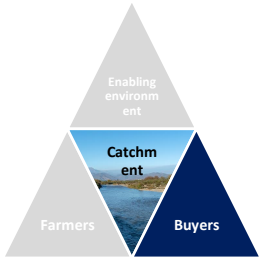
*'Enabling environment' refers to the set of institutions, conditions, and players that together have the potential to make a substantive positive impact on the catchment area. It includes government, knowledge brokers, civil society – in addition to farmers and buyers.

Challenge	Activities	Outputs	Outcomes
In Aconcagua, there is no neutral platform for structural dialogue between farmers, government, and buyers	• **Provide dialogue:** Build a space for structural multi-stakeholder dialogue on issues and solutions at catchment-level	• Platform setup for structural dialogue through in-person and virtual, recurring strategy meetings and workshops	**All stakeholders have a holistic 'awareness' of the catchment**
Avocado sector voices in Chile are too fragmented to effectively raise urgency on water issues and solutions No cost-effective way to turn opinions and visions into a communication strategy	• **Advocate through a unified voice:** Communicate and lobby for improved regulatory guidance for sustainable water management	• Shared position papers and other communications material • Participation in key events that concern agricultural production, water management.	**Regulation guides balanced water (rights) management**
Lack of shared database in Aconcagua which provides credible, relevant and timely catchment-level metrics	• **Measure:** Build a database of key catchment-level metrics	• Shared knowledge hub that contains baseline and progress data on key water metrics in the catchment area – including physical and regulatory updates	**Water supply and demand is transparent and up to date**

***Impact:** An effective and structure space for dialogue, knowledge exchange and advocacy advances sustainable water management efforts.*

Draft ideas, for discussion with involved parties

The Partnership | At a **buyer** level, the Partnership connects with buyers to create scalable, sustainable sourcing practices, and risk mitigation.

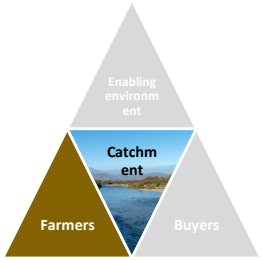


Challenge	Activities	Outputs	Outcomes
• Increased burden of due diligence is **scattered**, with every company re-inventing the wheel itself • Available risk data at farm- and catchment level **do not reach** the buyers	**Risk report**, informed by primary data collection and secondary sources from other initiatives (e.g. SIFAV, WRAP UK, WWF Filter) that informs due diligence efforts for buyers	• **Due diligence:** Up to date, field-informed, granular information to make due diligence of sustainability risks more credible, whilst also more cost-efficient – and comply with e.g. CSDDD	**More efficient and cost-effective due diligence**
• Buyers often lack a shared, realistic **vision** of what the 'right' sourcing practices look like • **Pricing** rewards quality, quantity and timeliness, but is not yet structurally linked to **sustainability**	**Conditions** for sustainable sourcing arrangements – and incentives to reward sustainable performance	• **Purchasing strategy & pricing:** Guide buyers to optimize their sourcing practices to incorporate sustainability at scale through policies, contracts, pricing and others	**Market conditions reward actions to create healthier, more sustainable catchment**
• Measurement and reporting efforts are **fragmented**, rendering it highly **cost-inefficient**. • Real, **primary data** connecting farmer and catchment data is scarce. **Vague communications** obscures companies' real progress on water issues	Provide shared **database** at aggregate farm, catchment- and supplier-level of baseline and progress data used for measurement & reporting	• **Measurement & reporting:** Data-driven insights into baseline situation and progress made at Tier-1, Tier-2 and beyond, within the wider catchment area - and comply e.g. with EUDR	**Catchment-level action is more effective and harmonized**

***Impact:** Partner with buyers to create scalable, sustainable sourcing practices and mitigate risks*

Draft ideas, for discussion with involved parties

The Partnership | At a **farmer-level,** the Partnership enables climate- and water-resilient production of avocados and other crops.

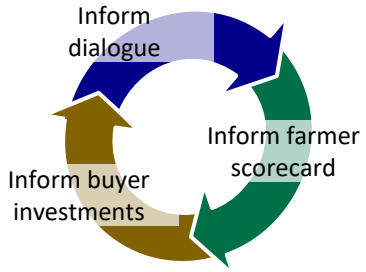


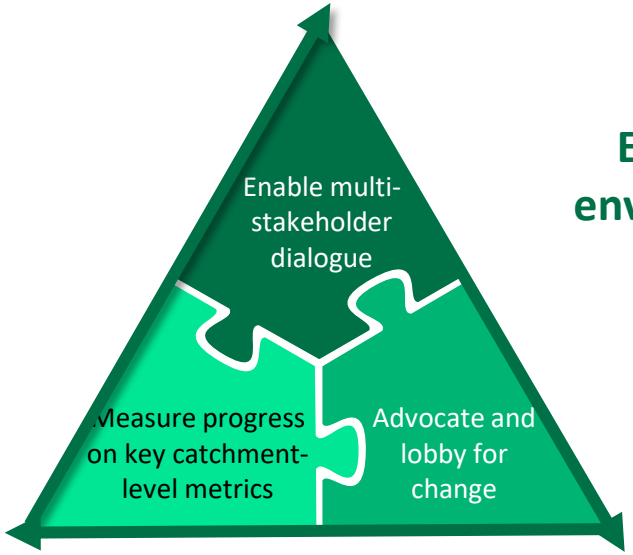
Challenge	Activities	Outputs	Outcomes
• **No shared baseline measurements** of farmer water footprint • **Misalignment** on expected dot on the horizon regarding water-resilient practices	**Farmer scorecard:** Create a farmer scorecard based on baseline measurements and key sustainable and water-resilient farming practices – may incorporate existing voluntary sustainability standards	**Agreed upon, aligned insights into the desired situation** of farming practices, expressed in a comparable, clear, progressive journey	**Farming practices contribute to water-resilient catchment**
• The **true cost of sustainable**, water-resilient production is **unknown** • Difficulty to get required investments in sustainability transitions when to buyers, the Return on Investment and commercial benefits are unknown	**Calculate COSP:** Calculate Cost of Sustainable Production (COSP) in line with scorecard KPIs	**Understanding the real, quantified costs and Return on Investment of sustainability transitions** – to inform strategic decision-making and financial planning	**Market conditions are geared to a balanced catchment**
• **Burden of sustainability weighs on farmers** without proper support and partnerships • Compliance and check-box thinking dominates over continuous, progressive improvement	**Improvement plan & Measurement:** Support to devise the right transition journey, supported by capacity building, and recurring measurements	**Partner with farmers:** Support farmers in their transition to water-resilient production practices, based on output- and outcome-based data	**Exponential increase in water-resilient agri-practices**

Impact: *Enable climate- and water-resilient production of avocados and other crops, whilst supporting farmers in climate change adaptation.*

Each of the three levels are mutually reinforcing and inform the holistic action needed to create a balanced and water-resilient Aconcagua catchment

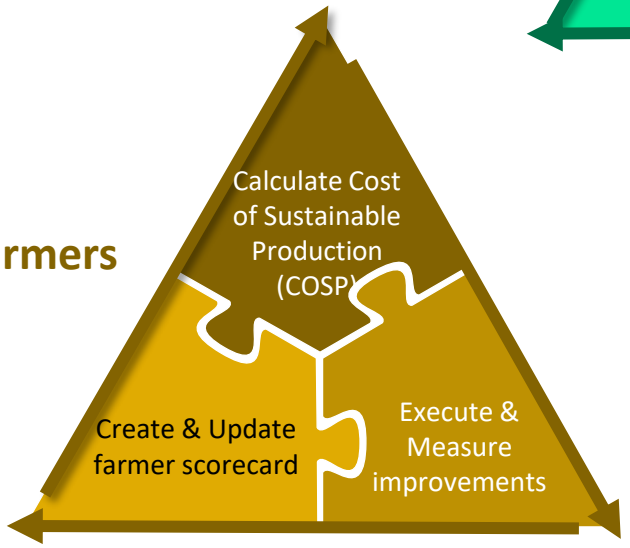
Strategy: Break-down per triangle

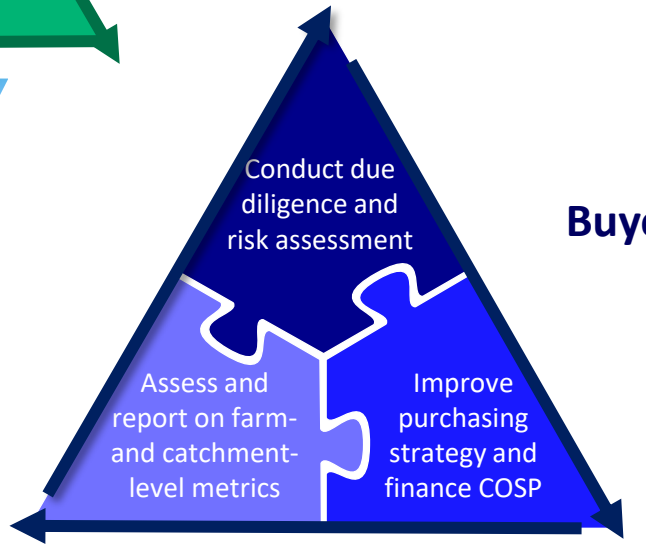




Enabling environment

Farmers





Buyers

The Scoping Phase - what will we do? | A range of key deliverables will be developed over the coming months (Jan – July 25) which we will test and refine with stakeholders

Key outputs

Support for traceability analysis

To map supply chains from Aconcagua basin (i.e. farmers -> exporters -> importers -> retailers)

Long-term Strategy of the Partnership (2025 onwards)

Sets out a Theory of Change, vision, objectives, context and rationale (evidence base), activities, intended outcomes and KPIs.

Shared Roadmap for the Aconcagua Basin

The Roadmap will set out the implementation plan - including outlining specific steps, inputs, timelines and milestones needed to execute the strategy – and roles and responsiblites of each stakeholder.

Ensuring buy-in from all stakeholders and a strong evidence base is critical towards the partnership's longer term growth and success

Key inputs

Primary data: Stakeholder engagement

- **Aconcagua Network**
- **Importers / retailers**
- **Exporters**
- **NGOs/Standards organizations** (e.g. WWF, AWS, LEAF, Spring, Rainforest Alliance)
- **Research Institutions** (e.g. Chilean universities, TU Delft, Wageningen)
- **Government** (national and district level)
- **Local communities**

Secondary data: Research

- **Academic research**
- **Government publications**
- **Business and industry reports**
- **Media sources**

ANNEX 1

Frequently Asked Questions – Why join the Partnership?

Joining the Partnership makes not only sense from an ethical angle – it is a smart business decision

Overview of Frequently Asked Questions

Why should I join the Partnership?

Why is the challenge urgent?

- How is avocado related to water risk?
- How important is Chile as a sourcing origin?
- How has water availability in Aconcagua reduced over time?
- What happens if we do not act?

Why should I act?

- What are the reputational risks of inaction?
- What reporting requirements are expected from companies?
- What is 'collective action' and what are the benefits?

Why is this Partnership innovative?

- What are barriers to change with current work in the region?
- How does the Partnership address current barriers to change?

Why should I join now?

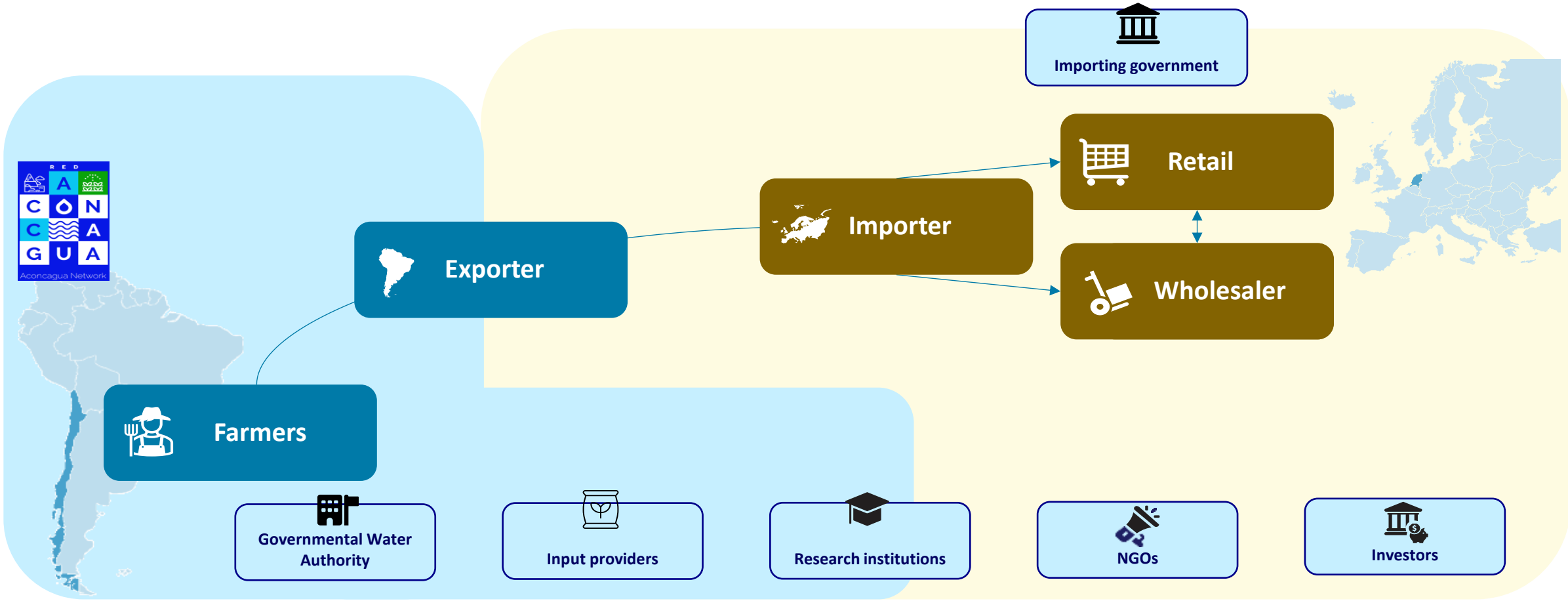
- What work has already happened in Aconcagua?
- How does this connect to the Courtauld 2030 and WRAP work?
- What commitment is asked from me?

Legend

[Question]	**[Click page]**

Collective, multi-stakeholder action enables you to address issues outside your immediate scope of influence

What is ‘collective action’ and what are the benefits?



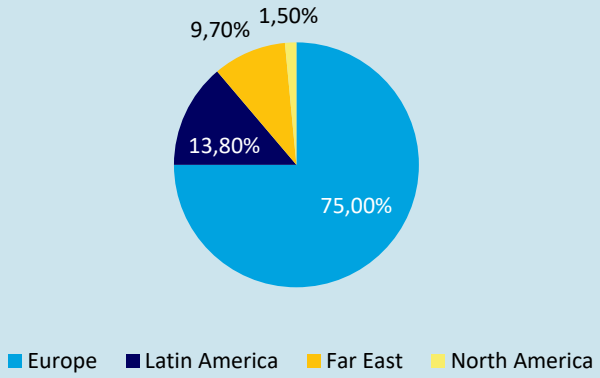
Chile is a long-term strategic fruit exporter to the EU and UK markets thanks to its counter-seasonal production and strong trade agreements

How important is Chile as a sourcing origin?

EU & UK as key markets

- The **EU** is the main importer of avocado from Chile.
- **52%** of the exported avocados from Chile currently go to the Netherlands[2].

Export destinations for avocados from Chile



Strategic trade agreements with Chile

- EU-Chile Association Agreement.
- UK-Chile Association Agreement.
- Key aspects: Tariff reductions, trade volume.

Chile as key fruit supplier, particularly during European off-season

- Other key fruits include **grapes**, **apples, blueberries** and **pears.**

[2] Netherlands and You, "Water Management in Chile".

By 2040, renewable water availability may have dropped by 40% compared to 2019 – and decrease further in the years after

How has water availability in Aconcagua reduced over time?

Increasing water risks in Chile

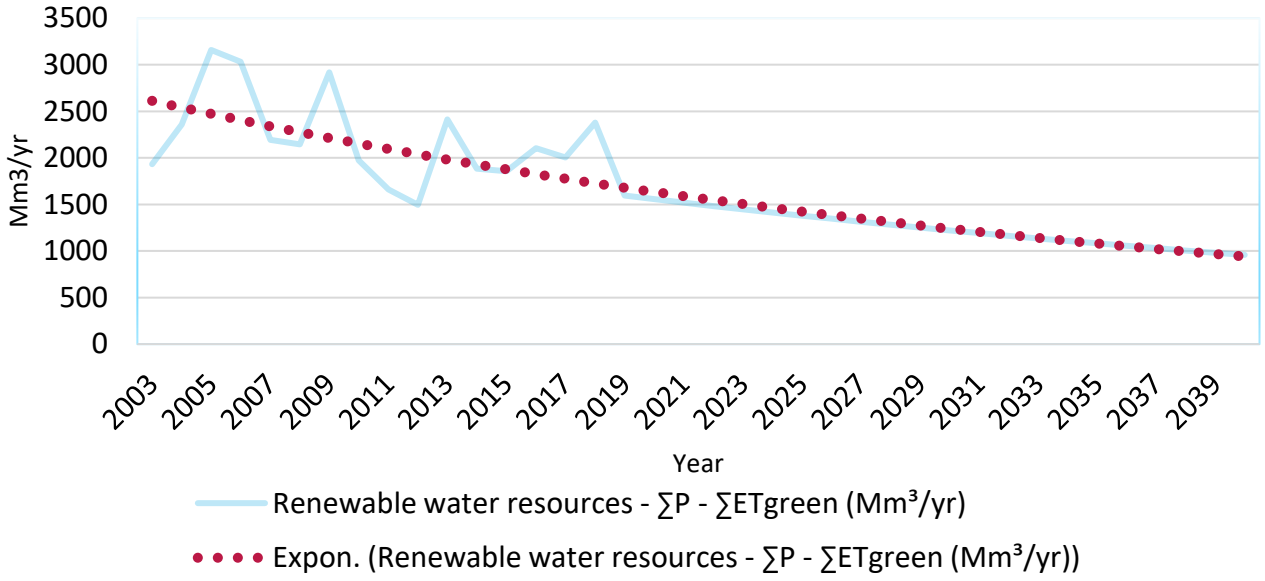
Key projections

- Annual reduction in renewable water resources is **2.4%**[3].
- By 2040 renewable water availability is projected to drop by **40%** compared to 2019.
- Annual reduction in blue water resources is **1.3%**[3].

Physical risk

- In 2020, severe drought conditions in central Chile hampered avocado exports with a **reduction of 33%** compared to 2019[4].

Reduction in trend of available renewable water resources 2003-2020, with 2.4% reduction projected until 2040



*ETgreen as volume of rainwater consumed during the production process (Bastiaanssen).
*Renewable water resources as P – ETgreen because all rainfall and snowfall that is not evaporated back into the atmosphere from its source remains physically present in the basin and can be used by various water sectors.

[3] Bastiaanssen (2021) Water Accounts of Selected Chilean River
[4] Statista (2024) Export volume of avocados exported from Chile

In Petorca, Chile, avocado production hectarage reduced by 75% as a result of unaddressed water risks

What happens if we do not act?

Case study – Water Crisis in Petorca

The region has faced severe water scarcity, exacerbated by prolonged droughts and overextraction of water.

This has led to a water crises, characterized by water **access problems**, **reductions in agricultural productivity**, and potential **ecological damages**[5].

The avocado agribusiness and the water crisis in Petorca, Valparaiso Chile

Last update: 2021-11-30

Petorca (Chile) has been covered with thousands of avocado trees which have aggravated a water crisis in the region causing negative impacts to the environment and to the lives of the inhabitants.

[5]Global Atlas of Environmental Justice, water crises in Petorca

Reputational risk for companies is not only of an environmental nature - **social** conflicts over water access form an increasingly important **risk** to companies' brand image

What are the reputational risks of inaction?

Increasing **human rights concerns** - Water scarcity has led to increasing conflicts between large avocado farms and local communities who struggle to access basic water needs.

Rising media coverage and activism call for greater corporate responsibility, urging companies to adopt sustainable water management practices

Home › CLIMATE › Avocado Production In Chile Over Human Rights, UN Experts Say

CLIMATE NATIONAL

Avocado Production In Chile Over Human Rights, UN Experts Say

22 August, 2020

Le mag · ENVIRONMENT

In the midst of Chile's megadrought, anger turns toward avocados

NEWS DEFEAT POVERTY

Chile's Booming Avocado Business Blamed for Water Shortages

As drought worsens in the region due to climate change, flaring tensions over lack of water supply.

The regulatory environment for managing water risks in the agricultural sector is rapidly evolving – demanding ever more detailed metrics

What reporting requirements are expected from companies?

- Corporate Sustainability Reporting Directive (CSRD)
- EU Corporate Sustainability Due Diligence Directive (CSDDD)
- Taskforce on Nature-related Financial Disclosures (TNFD)
- Science-Based Targets for Nature (SBTN)

Mandatory water risks reporting: CSRD and CSDDD.

Regulatory risk

Regulatory frameworks require businesses to actively manage and disclose water-related risks.

Examples of key metrics under CSDDD:

- Supply chain water risk assessment (Article 6).
- Water usage and efficiency in supply chain (Article 7).
- Stakeholder engagement with suppliers and local communities (Article 7).
- Supply chain monitoring and reporting (Article 11).

ANNEX 2

Photos of previous gatherings of the Partnership

The Chile-based Aconcagua Network

comprised of farmers, trade associations, research institutions, NGOs, public and finance sector

Kingdom of the Netherlands

PARTNERS FOR WATER
CO-CREATING IMPACT

Nature's Pride
FOUNDATION

FRUTICULTURA SUSTENTABLE
REGIÓN DE VALPARAÍSO

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Meeting with the national, regional, and local authorities at the Netherlands' Ambassador in Chile

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Presentation for the Aconcagua Network at the Agricultural Water Summit in Santiago, Chile

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ANNEX 3

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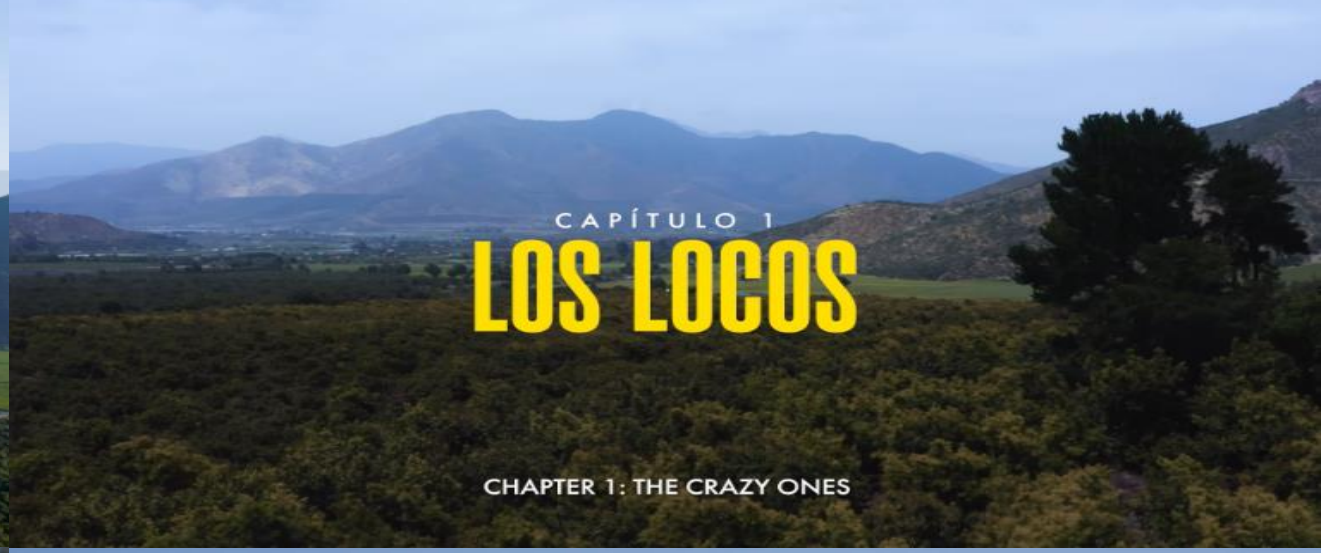

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