

# Water Funds for People and for Nature

## South America



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Global warming, deforestation, pollution and other environmental pressures are shrinking the planet's clean water supply, making people look at fresh water as they never have before: as a valuable good that deserves our investment.

The Nature Conservancy is revolutionizing this approach by helping to launch water funds across South America that pay for watershed protection and reforestation — thereby helping to provide fresh water today and into the future.

### How Do Water Funds Work?

Water users pay into the funds in exchange for the product they receive — fresh, clean water. The funds, in turn, pay for forest conservation along rivers, streams and lakes to ensure that safe drinking water flows out of users' faucets every time they turn on the tap.

Some water funds pay for community-wide reforestation projects in villages upstream from major urban centers, like Quito, Ecuador, and Bogotá, Colombia. In Brazil's Atlantic Forest, on the other hand, municipalities collect fees from water users and make direct payments to farmers and ranchers who protect and restore riverside forests on their lands.

### Bogotá, Colombia

Launched in April 2008, the Bogotá Water Fund is expected to raise \$60 million over the next ten years through voluntary contributions that will finance conservation of tropical Andean forests. These forests line watersheds that supply 8 million people in Bogotá with their drinking water.

Meanwhile, the city's water treatment facility could save up to \$4 million every year because trees will be doing a large portion of their filtering work for them. And habitat will be protected for endangered spectacled bears and Andean condors.

### Cuenca, Ecuador

The Conservancy worked with local partners and government to launch a water fund in Cuenca, Ecuador's third-largest city, in October 2008. The fund will finance conservation of the Paute watershed, which supplies more than 500,000 Cuenca residents with drinking water and half the country with electricity through the local hydroelectric dam.

Projected to raise \$5 million over the next five years, the fund will also pay for the protection and restoration of habitats critical to the survival of Andean tapirs.

### **Rio de Janeiro state, Brazil**

The Guandu Watershed is a vital source of drinking water for 8 million people in the city of Rio de Janeiro, but deforestation by farmers and ranchers have reduced water quality and quantity. Now, through the Guandu Water Producer Project launched in November 2008, fees collected from water users will pay 121 farmers and ranchers to leave standing riparian forests on their lands. The project will help preserve and restore Brazil's Atlantic Forest for birds and primates found nowhere else in the world.

### **Lima, Peru**

The Conservancy and 15 government agencies, private companies and non-governmental organizations are designing a water fund to finance conservation projects in the high-elevation Rimac, Chillón and Lurín watersheds, where glaciers are melting at increasing rates because of global climate change.

When the fund launches in 2009 with the support of Lima's water company and the city's tax reviewers, it will help guarantee the quality of fresh water sources essential to the health of the city's 8 million inhabitants.

### **Quito, Ecuador**

The Quito Water Fund, also known as FONAG, protects watersheds supplying the capital's 2 million people with 80 percent of their freshwater. Though the Conservancy invested a mere \$2,000 when the project began in 2000, monthly contributions from Quito's water and electric companies now produce nearly \$1 million each year in disbursements for conservation projects in the watersheds that supply the city. FONAG has served as a model for other water fund projects the Conservancy is establishing across the region.

### **Extrema, Brazil**

Half of São Paulo's population — roughly 9 million people — drink water from the Cantareira Water System in Brazil's Atlantic Forest. The Cantareira is one of the world's largest water systems, but deforestation from farming, ranching and logging upstream has caused water quality and quantity to drop in recent years.

To help fix the problem, the Conservancy supports Brazil's first Water Producer Program, through which the Extrema municipality in the Piracicaba watershed directs funds collected from water users to pay farmers and ranchers who protect or restore riparian forests on their lands. Landowners are earning about \$28 per acre per year for the water their forests are producing and filtering.

### **Zamora, Ecuador**

The PROCUENCAS water fund will soon be financing \$50,000 worth of conservation projects in southern Ecuador's Podocarpus National Park, a massive cloud forest home to 600 species of birds as well as large Andean mammals like cats, tapirs and spectacled bears. Conservation projects will ensure 20,000 citizens in Zamora continue to enjoy their supply of clean, abundant fresh water from one of Ecuador's most remarkable protected areas.

**50 million Latin Americans lack access to potable water. If we fail to invest in protecting ecosystems that produce fresh water, that number can only grow.**