



Urban Water Utilities and Upstream Communities Working Together

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A report based on a learning exchange held from May 30 to June 2, 2013 between Latin American public water utility operators and other strategic water sector actors in conversation with New York City and State source water protection advocates

Executive Summary

While there are plenty of reasons to be discouraged by the state of the world's water, this study offers **good news for innovative watershed stewardship**. The report explores cooperative arrangements among urban public water operators, municipalities, civil society organizations and the rural communities from where cities often draw their water.

This paper – and the global conference on which it was based – investigates the common interest and practical collaboration for source water protection that exists between urban and rural communities in Latin America. Because of its instructive track record in working with upstream communities, the NYC-Catskills/Delaware Program was chosen as a departure point for discussion. **Participating in a learning exchange with the NYC Water System were representatives from some of the largest and most progressive water utilities in Latin America – including Montevideo, Quito, Lima and Medellin.** They were joined by mayors and municipal workers from cities in Central

America and Mexico, as well as representatives from water funds and environmental and forestry agencies. Civil society organizations were well represented. A list of participants can be found in the annex of the full report.

With water use on the rise and **hydrological cycles less and less predictable due to climate change**, thoughtful stewardship of our water sources has become increasingly complex – and urgent. In the name of economic development, for example, **extractive industries are often granted free rein to draw down aquifers and pollute watersheds**. The ecosystems, on which we depend and which depend on us to ensure their survival, are often shortchanged and wither. Lacking confidence in public water, families of modest means spend many times their water bill on bottled water, resulting in even greater wealth disparities.

While water management may be painted as a classic “Tragedy of the Commons”, there are paths forward that differ starkly from the one portrayed in the much-cited article of the same name. While author Garret Hardin suggests that shared goods such as water are better held in private hands to overcome mis-management, this work finds an opposite solution, closer to the discoveries of the Nobel Prize winning economist, Elinor Ostrom, who studied the economics and sociology of **the commons**. She found **dynamic**

local resource management arrangements in unexpected places. One of those places is the collaborative nexus between urban water managers and rural water stewards.

Within a watershed, there are literally dozens of types of actors, from farming communities to urban water consumers, from beer bottlers to environmental regulators. Ideally, they all sit together at a table, ironing out how to co-manage a shared water commons. Indeed, multi-stakeholder dialogues are increasingly common to facilitate this complex social and ecological negotiation. Some of these dialogues have been more fruitful at moving forward an action agenda; others have stalled in protracted, inconclusive meetings.

In such a non-linear planning process – unfolding through both scheduled meetings and informal advocacy – visionary leadership, political power and financial resources clearly help move an agenda forward. This study looks at illustrative cases in which urban utilities put these assets to work in partnership with municipalities and rural communities to satisfy mutual self-interests – access for all to affordable, clean public water; a healthy landscape; and sustainable livelihoods that lift communities and protect the environment. They borrow a page from NYC, which brokered a deal with upstream farming communities based on

the simple logic that **a good environment yields good water**. That urban utility made investments from its operating budget to **strengthen a rural economy based on stewardship, rather than simple extraction, of natural resources**. This model resonates with other utilities around the globe, although each faces unique contextual challenges in its application.

Of course the urban-rural link isn't always a positive one; upstream communities may be wary of utility bureaucracy and political partisanship. They may feel “used” by utilities getting back little for their water stewardship and unable to interest them, for example, in paying for reforestation of the upper reaches of



the watershed or increasing access to water for communities without. They may resent urban sprawl and resource extraction. **The sweet spot takes shape when the urban areas recognize their dependency on rural areas for clean, affordable water and rural areas concede that the urban footprint on their landscape is inevitable – on both the landscape and local economy.** A virtuous circle isn't always obvious, at times obscured by relationships of a colonial nature. It's urgent to make urban-rural cooperation work in which rural livelihoods improve as resource stewardship improves. Without it, well, the future starts to look pretty bleak.

Civil society organizations can play a key role in building a bridge between urban decision makers and communities in recharge zones and in pressuring operators to be more transparent and accountable. Organizations rooted in upstream communities that understand their ecological, social, cultural and political conditions, can, for example, help hammer out and monitor fair compensation for ecological services programs – ensuring that such programs truly resolve economic and ecological problems and are not profitable green-washing schemes.

Key findings of this report include:

1. **Public water utilities can and should play a lead role in watershed stewardship.** Their technical know-how, public accountability requirements and financial resources can help ensure that watershed management form part of a broad public, territorial planning agenda, in which watersheds – and not just water – are treated as a commons and private watershed protection efforts are well-coordinated under a public umbrella.

2. **The value proposition for urban water utilities to invest upstream is convincing.** Their business depends on high quality, abundant and affordable water, which is more economical when filtration treatments can be reduced. This water standard can be achieved through cooperation with upstream actors.

3. An **authentic participatory watershed governance structure** is essential, with legally-recognized, publicly-funded watershed councils working in concert with public agencies and private interests. Water utilities as well as rural communities should both form

part of water governance stakeholder roundtables. Civil society organizations often play an important role in ensuring multi-sectoral co-management.

4. Watershed protection ought to include **traditional investments** such as reforestation, as well as **non-traditional investments**, for example, support for upstream watershed stewardship organizations, sanitation infrastructure or environmental policing. Investments should be guided by a vision of **restoring a healthy “hydro-social” cycle that protects working landscapes** where rights to livelihoods are respected and technologies are applied that work with, rather



than against, nature. Such investments should adhere to a long-term, sustainable economic development plan, recognizing urban and rural areas' distinct interests and interdependence, without urban bias.

5. Effective watershed recovery requires **strong public institutions to curb domestic, industrial and agricultural pollution and ensure that all concessions are subject to public scrutiny.** A transition to agroecology and agroforestry practices in the watershed is essential, but fruitless without reviewing water use permits and stopping pollution points, including from untreated sewage.

6. **Compensation for ecosystem mechanisms, including water funds, are essential watershed pro-**



tection tools but must: a) complement and/or catalyze public investments rather than seek to supplant them, b) be governed transparently to avoid political manipulation c) insert themselves into long term, community-driven sustainable economic development plans to avoid becoming distortionary payment schemes. While these mechanisms may be expensive, the ultimate cost to society will generally be much less than traditional engineering solutions that don't resolve source sustainability issues. At the same time, it is important not to insist on full cost recovery for these programs from households of modest means. Such an unfair burden could interfere with the implementation of the human right to water. There exist myriad creative tariff structures to pay for upstream improvements, which include weighting the cost burden towards bulk users and concessionaires.

7. Experimentation and learning is critical to better understand how urban utilities can improve their watershed protection role in concert with their rural neighbors, public agencies and supporting civil society organizations. From this experimentation, technological innovations, new business models and institutional forms may emerge. Such learning should be encouraged and supported, particularly through partnerships among public entities

8. Watershed protection and advancing rights to potable water and sanitation are intimately connected, yet too often separated. In Latin American cities, it is rare for consumers to drink from the tap, tending to spend many times their water bill on bottled water. Declaring that a goal of watershed resto-

ration to provide high quality water to downstream users – which was the driver of NYC's interest in watershed protection – would likely encourage a powerful multi-sectoral coalition to emerge: the public health and economic justice gains would be enormous. Reciprocity is likewise essential; advocates for the right to safe water and sanitation should actively support the efforts of watershed conservationists.

9. The ultimate protection for watershed health is an informed groundswell of advocates. Simple water conservation campaigns are not likely to generate the "army" of active water citizens required to overcome the world's water crisis. Patient, in-depth community education is essential for consumers to re-imagine their relationship to water, and assume an identity as **water citizens who understand the socio-economic-ecological realities of the communities from which water derives and embrace a sense of upstream and downstream solidarity.** It is these water citizens who will continue to carry a progressive water agenda forward, across sectors, even as elected officials come and go.

This report describes a growing, community of watershed stewards seeking to advance urban-rural cooperation in managing a shared water commons. It is the contributing writers' greatest hope that this publication contributes to an active learning community reinforcing the link between cities and watersheds to guarantee water security. The path to collaboration is too often neglected even as it is well worn and obvious – simply follow the water back from the tap to the rural landscape.



The full document can be downloaded free of charge at www.ourwatercommons.org.

