

## **BOGOTÁ WATER FUND FREQUENTLY ASKED QUESTIONS**

### **WHAT IS THE BOGOTÁ WATER FUND?**

The Bogotá Water Conservation Mechanism, or, as it is commonly known, the Bogotá Water Fund, is a tool that allows water users to financially compensate private landowners and protected areas for their efforts to conserve riparian forests and soils along rivers that provide drinkable water to the city of Bogotá. Conservation activities funded by this mechanism will be in compliance with the guidelines and policies defined by Colombia's environmental authorities.

### **WHY IS IT NECESSARY TO CREATE A WATER FUND?**

Forests and páramos (high-altitude grasslands), which provide water to Bogotá, are being converted from their natural state. This conversion results from agriculture and ranching activities that landowners conduct on their lands as their only way to earn a living.

Similarly, the protected areas in the region are constrained by budgets that limit their capacity to effectively conserve their lands. Currently, neither landowners nor protected areas receive incentives or sufficient resources to effectively conserve the forests and páramos that produce the water Bogotá consumes.

### **HOW DOES IT WORK?**

The Bogotá Water Fund involves pooling resources from the public and private sectors to finance shared conservation objectives and specific investment projects. It has a Technical Secretariat and Executive Board charged with defining its guidelines and areas of investment.

### **WHO BENEFITS?**

Eight million people in the city of Bogotá and its surrounding areas will see an improvement in water quality and an increase in water quantity when the forests and páramos that produce their water are better protected. Neighboring local communities will also benefit from productive projects (such as eco-friendly cattle ranching), conservation agreements and the promotion of ecotourism as an economic alternative. Finally, Chingaza and Sumapaz National Parks and private landowners in the park buffer zones will benefit from having the capacity to effectively conserve their riparian lands that impact the water that flows to the city.

### **HOW DOES THE FUND BENEFIT THE CITY OF BOGOTÁ?**

Investment in the conservation of the watersheds surrounding the city will prevent approximately two million tons of sediments from entering the Bogotá water supply. Water quality will be improved, and reduced treatment costs will save 88 billion Colombian pesos over the next 10 years. The Fund will support the long-term conservation of the upper watersheds by promoting more efficient use of lands and the maintenance of vegetation coverage on public and private lands according to the guidelines set by Colombia's environmental authorities. These investments are guaranteed and will significantly support the conservation of forest and páramo ecosystems.

### **WHAT ECOSYSTEMS DOES THE FUND BENEFIT?**

The resources raised by the fund will be directed to the conservation of Andean forests and páramos in the upper watersheds surrounding Bogotá. These forests and páramos harbor extraordinary biological diversity and are essential habitat for many endangered species, including spectacled bears, woolly tapirs, Andean condors and Andean guans. These ecosystems are also home to more than 2,000 plant species, including the frailejon, a plant endemic to the páramos. Thus, the Bogotá Water Fund will not just guarantee water supply and quality for city residents, but will also significantly contribute to the conservation of alpine biodiversity—one of the deforested ecosystems in the country.

### **HOW WILL THE BOGOTÁ WATER FUND GROW?**

The Bogotá Water Fund seeks to attract more than US 60 million over the next 10 years. As the figure is an endowment fund, the conservation investments will be derived from the interest that the fund produces. This figure allows for the fund to be self-sustaining, but also provides for the long-term financing of watershed conservation from the yields generated by financial markets.

**DOES THIS FUND AFFECT WATER PEOPLE'S WATER BILLS?**

The Fund will not affect people's water bills. It is a voluntary mechanism and is fed by public and private contributions as well as donations. Bogotá's residents will not see their water bills increase from the creation of the Bogotá Water Fund.

**ARE THERE ANY SUCCESSFUL PRECEDENTS TO THE FUND?**

Yes. The Nature Conservancy supported the creation and establishment of FONAG, the National Fund for the Protection of Quito's Water (commonly referred to as the Quito Water Fund). With a mere \$10,000 invested as seed capital in 2000, FONAG grew to \$6 million by 2007. To date, FONAG has invested approximately one million dollars in conservation projects, including reforestation, the hiring and training of park guards, improved park management and alternative economic livelihoods for local communities. The conservation projects help abate threats to the rivers that provide drinking water to Ecuador's capital city. More information can be found at [www.fonag.org.ec](http://www.fonag.org.ec)