

Toward Water Sustainability: A Blueprint for Philanthropy



March 2016

Note from the Foundations

As the leaders of eight U.S. foundations, we believe philanthropy must play a vital role in the transition to water systems that are more balanced and resilient in the 21st century. Clean, reliable water is essential for every person, economy, and ecosystem, but around the world and here at home, our freshwater resources confront rising demands and mounting threats due to climate change, population growth, pollution, and other stressors.

Our foundations have converged on the issue of water from many different directions. Some of us view water primarily through the lens of public health and social equity. Others are focused on environmental quality and biodiversity, while still others concentrate on energy or sustainable development. We are working together because we all recognize that tackling water challenges will be essential for making progress on many of the environmental, social, and economic problems that our foundations and others are dedicated to solving.

The good news is that we already know how to manage our water more sustainably. Better policies, new technologies, and collaborative approaches have shown that, in an era of extreme weather and increasingly uncertain supplies, we can use and protect our precious water resources more wisely.

Strategic grantmaking has already supported critical reforms and innovative management practices, but with the pressures on our water systems only intensifying, we believe funders must help accelerate this progress and seize new opportunities to transform our relationship with water. Investments in water solutions by the philanthropic, public, and private sectors are simply not measuring up to the escalating challenges we face.

Recognizing the urgent need to solve water problems at scale, our foundations have supported the Water Funder Initiative, a collaborative effort to identify and activate promising water solutions through strategic philanthropic investments in the United States, starting in the American West, where scarcity and reliability of clean water are urgent issues.

The Water Funder Initiative has developed this blueprint as a starting point for funders interested in working on water in the West—and beyond. The blueprint recognizes there is no silver bullet for solving water challenges. Approaches may vary greatly from watershed to watershed. Common solutions must be adapted to local conditions. But there is broad agreement that the six priority strategies outlined in this report will be essential for addressing current and growing water supply and quality problems.

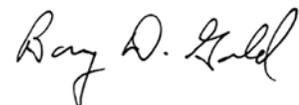
We hope other foundations—as well as funders in the private and public sectors—will join us in committing more resources to advancing water solutions and tackling one of the defining issues of our time. Philanthropy can't do it all, but funders can take risks, invest patient capital, and bring together stakeholders to achieve durable solutions. Fortunately, we still have time to act and ensure that our water supplies support healthy communities, sustainable economies, and vibrant ecosystems.



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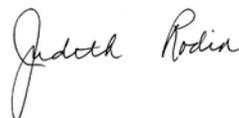
David Beckman, President
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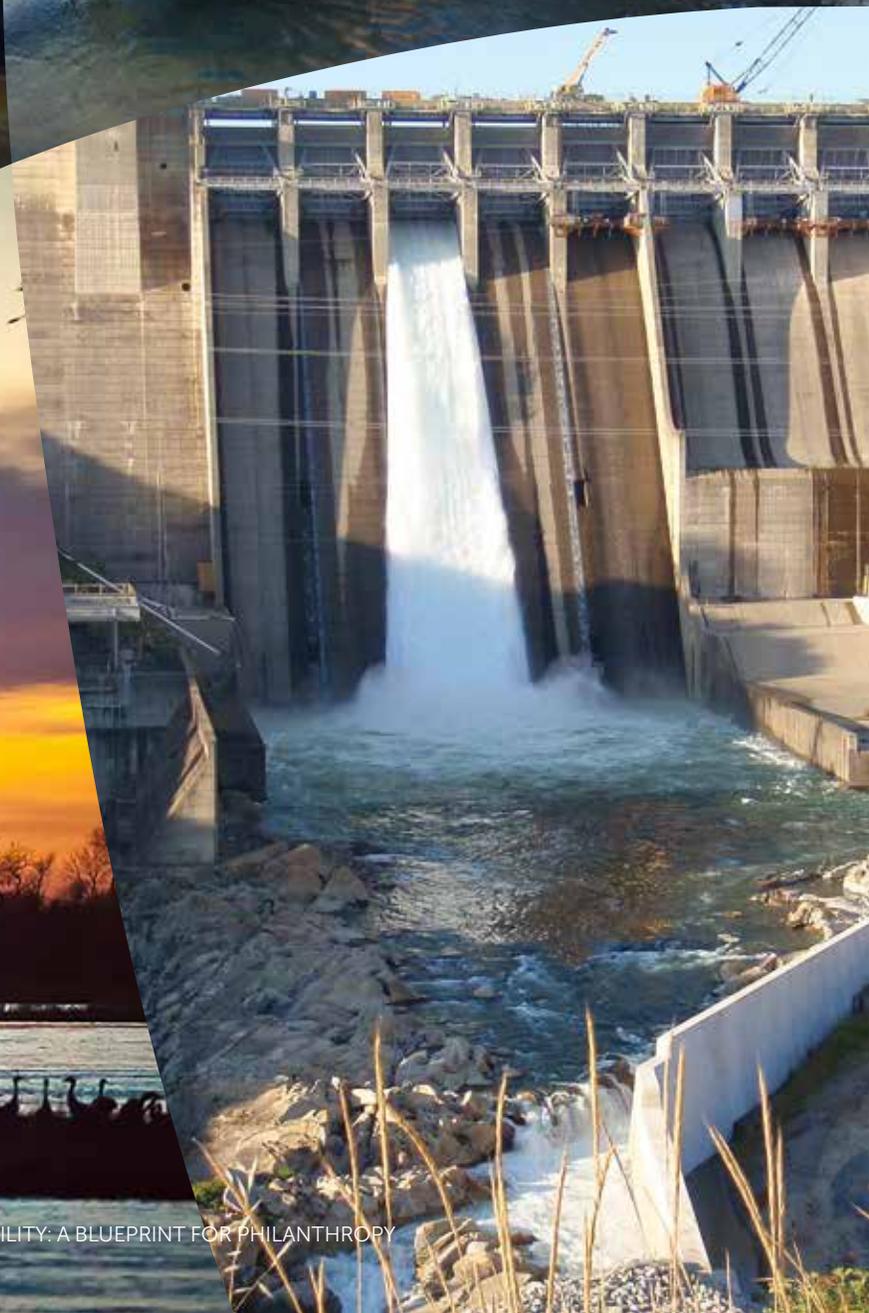
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Executive summary

This document offers a blueprint for collaborative and expanded philanthropic action to advance sustainable water management at a scale never before attempted in the water field. The blueprint was developed by the Water Funder Initiative (WFI), an effort launched by a group of foundations that recognizes the urgent need to solve water problems. WFI is a collaborative initiative to identify and activate promising water solutions through strategic philanthropic investments in the United States, starting in the West where scarcity and reliability of clean water are urgent issues.

Water is the essence of life and vital to the well-being of every person, economy, and ecosystem on the planet. But around the globe and here in the United States, water challenges are mounting as climate change, population growth, and other drivers of water stress increase. Public, private, and philanthropic investment in water solutions has not been commensurate with the challenges we face. This under-investment has led to heightened conflicts and costly litigation among water users as drought and other extreme weather have caused billions of dollars in damage. Precipitous declines in water supplies—both above and below ground—simply cannot be sustained, nor can we continue operating with deteriorating infrastructure and outdated policies that further jeopardize human communities and freshwater ecosystems.

Philanthropy can—and must—play a more pivotal role in addressing 21st century water challenges. Effective, strategic, and collaborative grantmaking already has made a difference by advancing critical policy reforms and new water management practices in some places. But with the pressures intensifying, now is the time for the field to rapidly scale up this progress and transform our relationship with water from reactive crisis management to long-term sustainability.

WFI is starting with a focus on the American West, where nearly a third of the nation’s people and GDP depend on increasingly unreliable water supplies. In this region, as in many other parts of the world, risks are rising for cities, rural economies, low-income communities, recreational industries, and natural freshwater systems. Although the initial focus is on the American West, many of the approaches are applicable elsewhere in the world, and lessons from other regions can help solve water problems confronting the West.

Vision and goals

WFI envisions a sustainable water future where:

- Clean water supplies are available for people and nature.
- Freshwater ecosystems are recovering.
- Cities, agriculture, rural communities, and industry continue to thrive by proactively managing the water supply risks that accompany population growth and a changing climate.

To realize this vision, we must achieve two goals:

- 1) **Bring basins into balance for people and nature.** We must use existing supplies more carefully so that, over the long term, we use no more water than is available and our supplies can support vibrant ecosystems, communities, and economies.
- 2) **Strengthen resilience of water systems in a 21st century climate.** Extremes are becoming the norm as the planet warms, and many of climate change’s impacts will manifest through the hydrological cycle. Water management systems must be flexible and resilient enough to cope with times of water stress and mitigate risks to water users.

Priority strategies for philanthropy

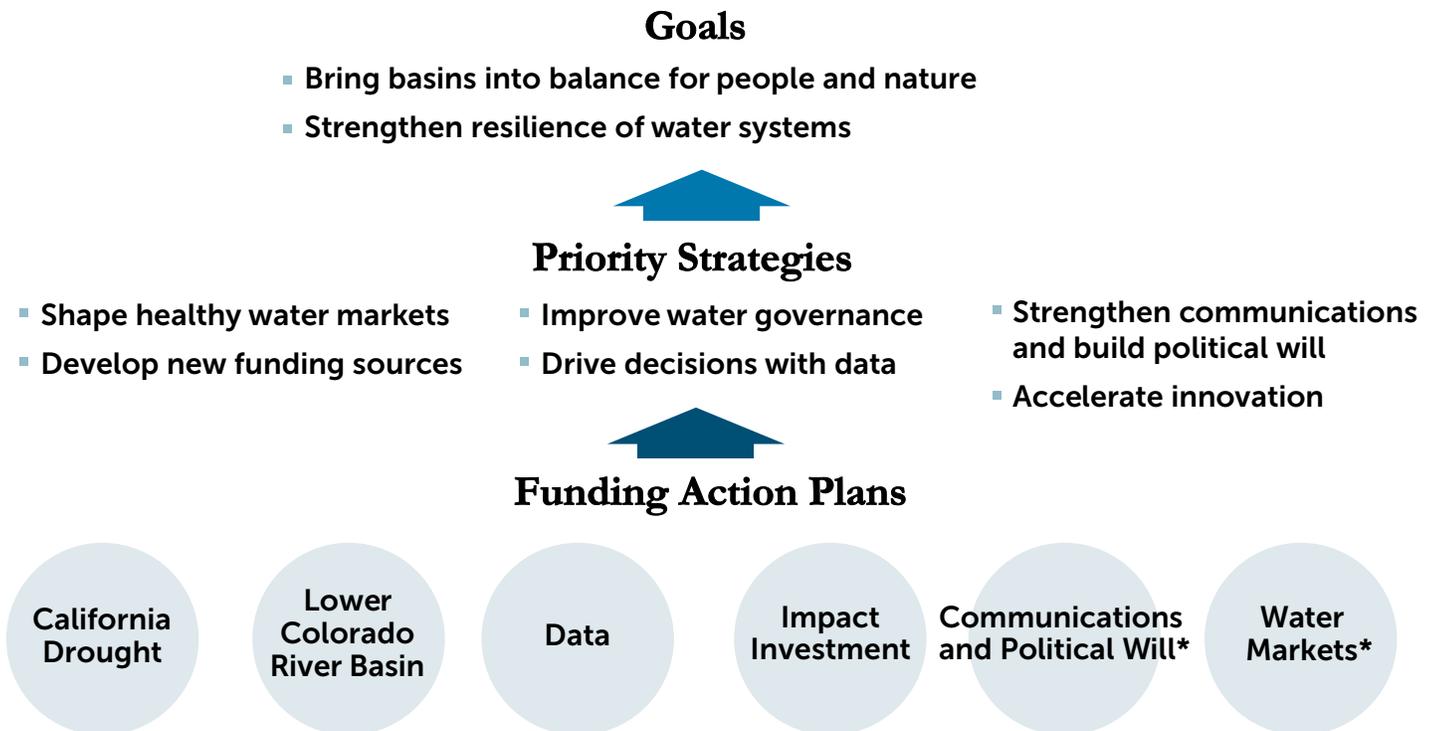
Over the past year, WFI has been gathering the most promising ideas from across the American West—and from a broad spectrum of stakeholders, including NGO experts, policymakers, funders, scientists, farmers, tribal leaders, attorneys, water utility executives, and others. More than 140 people have contributed through individual interviews and six WFI workshops in Arizona, California, Colorado, and Texas.

These consultations have highlighted critical windows of opportunity for reform, and have pointed the way to the following priority strategies that can achieve the goals of balance and resilience in our water systems:

- **Shape healthy water markets:** Meet changing needs, reduce over-allocation, and embed social equity and environmental considerations into fair and transparent markets.
- **Develop new funding sources:** Expand and diversify funding for sustainable water management and infrastructure, including by properly valuing water.
- **Improve water governance:** Promote governance structures that reduce over-allocation, protect environmental values, support disadvantaged communities, and respond to climate variability.
- **Drive decisions with data:** Accelerate the development of open data and information systems to support sustainable management.
- **Strengthen communications and build political will:** Improve the field’s strategic communications capacity and build the political will and constituencies needed to support water management reforms.
- **Accelerate innovation:** Accelerate development and deployment of innovative technologies and practices to advance goals in the urban, agricultural, environmental, and energy sectors.

Figure ES-1:

From goals and priority strategies to funding action plans



*Being developed

Funding action plans

To ramp up implementation of the priority strategies and advance sustainable water management, coordinated philanthropic action is urgently needed. WFI is working with funders, grantees, and other partners to develop detailed funding action plans for philanthropy to advance the priority strategies in the near term while laying the groundwork for longer-term systemic change.

The set of actions in the funding action plans vary according to the strategy, current circumstances, and geography. In some cases, such as data and communications, the plans describe Westwide opportunities to strengthen tools or approaches. By contrast, the regionally focused action plans addressing the California drought and Lower Colorado River Basin help advance multiple priority strategies in a specific place and are tailored to suit the regional conditions. The blueprint summarizes each of these plans and their current state of development.

Additional plans—and campaigns and activities within the plans—will be developed based on the field’s needs, funder interests, opportunities to make progress, and other factors.

A collaborative approach for philanthropy

Funders of all types—from individual donors to community foundations to the largest philanthropies—can play a crucial role in addressing 21st century water challenges and help ensure that cities, farms, rural residents, and wildlife all have access to the clean water they need to thrive in a changing climate.

First and foremost, the field needs the capacity to implement the strategies and funding action plans described in this blueprint. We need capable, adequately resourced practitioners, experts, and champions to pursue advocacy campaigns, conduct research, represent stakeholders, communicate solutions, explore new ideas, accelerate innovation, and lead all of the other activities that will ensure individuals and institutions make the right water management decisions, day in and day out.

Inherent in the ambition and structure of this blueprint is the recognition that no single philanthropic entity can successfully pursue this set of activities alone. To change entrenched systems across the West and fundamentally transform water management, funders and their grantees will need to partner with other organizations, businesses, and government—and, most importantly, with each other.

Ultimately, greater coordination and collaboration in water philanthropy can result in greater and more effective funding for scalable solutions to today’s water problems. Funders working together can deliver powerful messages to policymakers and industry, leverage public and private sector funding, and identify entry points for funders eager to engage. In other fields, ranging from climate change to public health, we have seen how funders can effectively work together to identify priorities, share lessons learned, fill gaps, and complement each other’s strategies. Water issues are ripe—indeed overdue—for philanthropic attention.

With population growth, climate change, and other pressures mounting, the field must scale up its successes and seize this unique window of opportunity to transform how we manage water. Together, we can support healthy ecosystems, vibrant economies, and sustainable water systems that are balanced and resilient.

I. Introduction: the need and opportunity in water

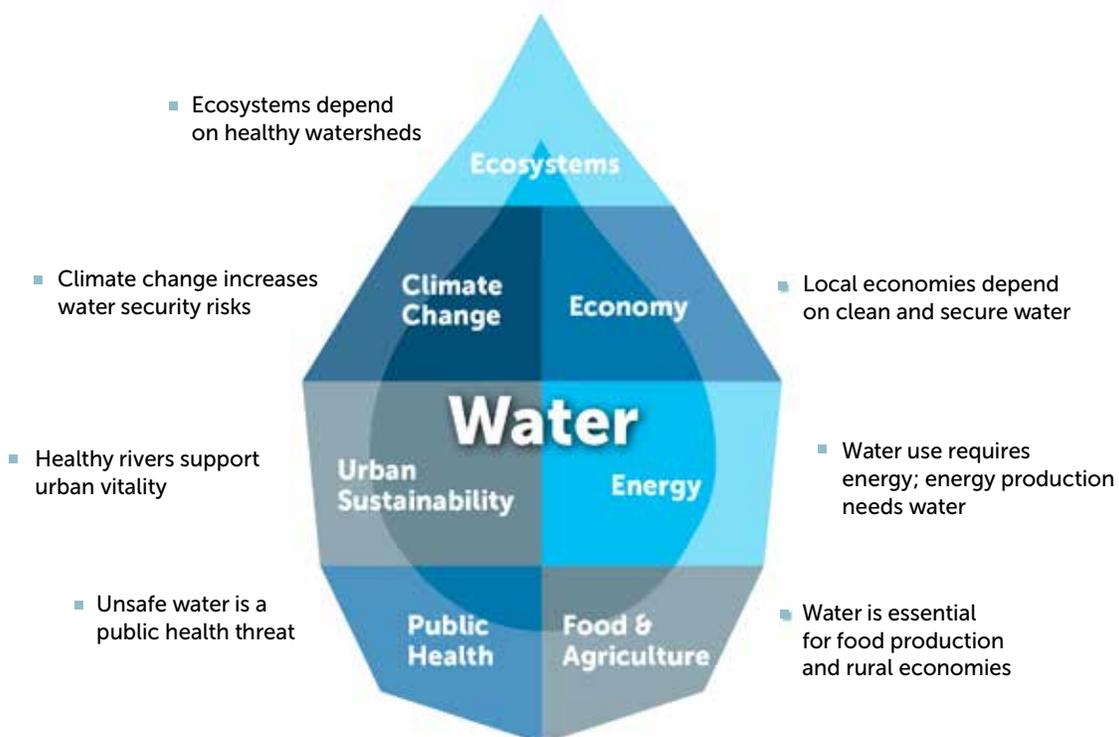
A watershed moment for philanthropy

Water is the essence of life and vital to every person, economy, and ecosystem on the planet. But around the globe, freshwater resources are being stretched beyond their limits, leading the World Economic Forum in 2015 to list water crises as “the biggest threat facing the planet over the next decade.” From Australia to Yemen, acute water shortages have struck at the heart of national economies. Globally, nearly one billion people lack access to improved drinking water supplies, according to the World Health Organization.

The United States confronts its own mounting water challenges. At least 40 states will face some type of regional water shortage in the next 10 years, according to the U.S. Government Accountability Office. Nowhere in the nation is the situation more worrisome than in the American West, where major rivers such as the Colorado are severely over-allocated. In California and Texas, epic droughts have revealed the vulnerability of municipal supplies, inflicted deep damage on agriculture, and depleted groundwater aquifers. More than 80% of the West’s original riparian habitat is gone, as are many endemic fish species. Critical rivers and coastal estuaries that depend on freshwater inflows are also unraveling as human water use is increasing.

The drivers of water stress are intensifying. Population growth is adding new demands. Climate change is exacerbating both droughts and flooding, thinning the snowpack, and increasing temperatures, which can lead to more evaporation from reservoirs and higher water demand. Some sources of freshwater are unavailable for human use due to past or continuing pollution. Because water is intertwined with so many social, economic, and environmental issues, tackling the world’s water challenges will be essential for making progress in health, energy, urbanization, and the food supply (Figure 1).

Figure 1: **Water is integral to social, economic, and environmental issues**



We have the knowledge and most of the tools needed to make progress on the problems that plague our freshwater systems—and there is an essential role for philanthropy to play in advancing these solutions. In California, for example, strategic philanthropic investments helped break decades of political gridlock and supported passage of historic groundwater reforms. In the Colorado River Delta, intensive work by foundations and NGOs led to an unprecedented binational agreement to rejuvenate the declining ecosystem with restoration flows. In Texas, a collaborative effort among NGOs and foundations has elevated the profile of water conservation and initiated a precedent-setting process to define environmental water needs for rivers and bays.

Philanthropy can—and must—play a more pivotal role in addressing 21st century water challenges. Effective, strategic, and collaborative grantmaking already has made a difference by advancing critical policy reforms and new water management practices. But with external pressures only mounting, the field must rapidly scale up this progress and take advantage of opportunities to transform our relationship with water.

Recognizing the urgent need to solve water problems at scale, a group of foundations launched the Water Funder Initiative. WFI is a collaborative effort to identify and activate promising water solutions through strategic philanthropic investments in the United States, starting in the West, where scarcity and reliability of clean water are urgent issues.

WFI is supported and guided by the S. D. Bechtel, Jr. Foundation, Energy Foundation, the William and Flora Hewlett Foundation, the Cynthia and George Mitchell Foundation, the David and Lucile Packard Foundation, Pisces Foundation, The Rockefeller Foundation, Walton Family Foundation, and Water Foundation. WFI is led by Susan Bell, Principal of Susan Bell & Associates and former Vice President of the William and Flora Hewlett Foundation. A small team with diverse expertise is executing the project, working in partnership with a Steering Committee of foundation representatives.

WFI is a project of these funders, and the focus of this 15-month effort has been to:

- 1) **Identify priority strategies for water-related philanthropy.**
- 2) **Engage funders and support coordinated action on priority strategies.**
- 3) **Increase support for priority strategies over time.**

Guide to document

In Section II, we describe the **goals** for philanthropy's engagement in water issues and outline an approach focused on key geographies, starting in the American West.

In Section III, we summarize six **priority strategies**, including potential roles and near-term opportunities for philanthropy.

Section IV summarizes **funding action plans**, which describe near-term opportunities where philanthropic investment can advance the priority strategies.

Section V describes **approaches for funders** to work together to increase both the magnitude and effectiveness of water-related grantmaking so that philanthropy can help shift water systems toward sustainable management.

