

Market-Based Approaches to Resolve Water Conflicts in the Apalachicola-Chattahoochee-Flint River Basin

Shannon Bonney¹, Laurie Fowler¹, Laura Early¹, Brian Easley²,
Torre Lavelle³, Daniel Read⁴, and Katie Sheehan Hill¹

Affiliation: ¹River Basin Center, Odum School of Ecology, University of Georgia, Athens GA; ²School of Law, University of Georgia; ³Odum School of Ecology, University of Georgia; ⁴Department of Ecological & Environmental Anthropology, University of Georgia

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Abstract. Georgia, Alabama, and Florida have been entrenched in a dispute over the waters of the ACF River Basin for decades. In recent years the debate has become ever more serious because there is insufficient water to meet environmental and public water demands during droughts. A variety of approaches have been employed in attempts to resolve this dispute, including political negotiations and litigation, but have been unsuccessful to date, perhaps because they do not ensure the benefits derived from water and burdens borne by lack thereof are shared equitably amongst water users. Market-based instruments (MBIs), typically divided into four major types: instream buybacks, trading and offsets, beneficiary-pays fund, and bilateral agreements, offer a way to resolve water disputes by redistributing benefits and burdens experienced by water users, in lieu of litigation and politics. However, with the exception of irrigation reduction auctions twice held in the Flint River sub-basin, MBIs have largely been ignored. No auction programs or other MBIs are currently employed at a basin-wide scale, which excludes many potential beneficiaries and providers. This multi-year study explores MBIs for water allocation in trans-boundary river basins and aims to determine their feasibility for use in the ACF River Basin. To accomplish these ends we will: identify all cases where MBIs were used to resolve interstate water allocation disputes, characterize emerging and well-established MBIs utilized in river basins of select industrialized nations, and determine the institutional and political feasibility of different market-based instrument types and design elements in the ACF River Basin.