

Press release

Finance industry joins mission to close South Africa's R30 billion annual water infrastructure gap

Johannesburg, 12 October 2017—Leading water, infrastructure and financial sector stakeholders met in Johannesburg today for in-depth talks on funding models to improve South Africa's water security.

The third Annual Water Stewardship summit, staged in Sandton today, kicked off with calls for the financial sector to look introspectively at ways to support efforts to close the water services infrastructure funding gap amounting to around R30 billion per annum; in support of the coming National Water and Sanitation Master Plan.

The Department of Water and Sanitation is currently in the process of drafting the country's new National Water and Sanitation Master Plan, expected completion March 2018. Outlining the goals of the plan, Trevor Balzer, Deputy Director General: Strategic and Emergency projects at the Department of Water Sanitation, echoed sentiments made earlier this year by his Deputy Minister, Pamela Tshwete, who, at the first dialogue on the Water and Sanitation Master Plan on 19 May this year, called upon big businesses to assist in funding sustainable development projects. Balzer said: "Today's event has brought us together at a critical time in South Africa's water and sanitation planning. We expect to incorporate the feedback we received today from the financial community and other stakeholders to create a plan that effectively addresses the country's needs."

The summit, organised by the Strategic Water Partners Network, the National Business Initiative and the Royal Danish Embassy, provided an often-neglected opportunity for public and private financiers to become involved in the initial planning and project conceptualisation stage of the new National Water and Sanitation Master Plan. By involving such financiers early in the process, it is hoped that the master plan can be designed in a way which is as beneficial to the country as it is attractive to investment.

Expert speakers noted that South Africa faced water services challenges on a number of fronts, including supply, ageing infrastructure, the need for new infrastructure, significant non-revenue water losses and the issue of revenue collection. They underlined the need for innovative new infrastructure funding models and new approaches to water management to minimise losses and improve revenue generation and collection to, reduce the budget gap in the sector.

James Aiello, Senior Advisor, Transaction Advisory Services, GTAC in the National Treasury, noted that a large number of municipalities outside of the main Metros were in an unsustainable position currently, and faced significant challenges in securing infrastructure funding. "The matter has to be addressed urgently," he said.

Speaking at the event, Catherine-Candice Koffman, Head of Infrastructure and Telecommunications Project Finance at Nedbank CIB, stated, "Getting involved at this stage of the planning process helps us from a corporate and investment banking perspective to better conceptualise how we can leverage our strategic, operational and sustainability goals to proceed in a way which will contribute to the future master plan. At Nedbank CIB we understand the intimate connectivity between leveraging natural resources and converting these into viable economic solutions to ensure the sustainability of our business and the socio-economic ecosystem in which we co-exist."

Cornelius Ruiters, Executive: Infrastructure and Programme Management Services at the Independent Development Trust (IDT), encouraged urgent and innovative new water infrastructure funding models in South Africa, as well as a focus on enhanced efficiencies in the system. "The

current funding situation presents us with an enormous range of opportunities, cunningly disguised as insurmountable problems,” he noted.

The Danish Ambassador, Ms Trine Rask Thygesen, said on the side lines of the summit: “The Government of Denmark has three main aims in supporting South Africa’s efforts to improve water security and bridge the infrastructure funding shortfalls: foreign policy and our long-standing partnerships with South Africa, our ongoing interest in helping improve water services, and the fact that Denmark has developed world class water infrastructure innovations. Stringent Government regulations around water services in Denmark have driven innovation in the sector, so we now have world class companies operating in this arena and there are opportunities for our government to support further academic research and innovation in the South African water sector.”

The private, public and civil society event gathered over 100 stakeholders from various sectors for in-depth dialogue on issues such as the future of municipal water infrastructure finance, improving municipalities’ capital budgets spending, removing bottlenecks in municipal procurement, moving the National Water and Sanitation Master Plan from financing planning into action and private sector participation.

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About SWPN

The Strategic Water Partners Network (SWPN) is a multi-stakeholder (public-private and civil society) partnership, recognised in the National Water Resources Strategy (2012) as the key platform to facilitate collective action for South Africa’s water security.

About the National Business Initiative

The National Business Initiative (NBI) is an independent and voluntary coalition of South African and multinational businesses formed in 1995 by the then President, Nelson Mandela. Today the NBI has over 100-member companies that work together towards sustainable growth and development in South Africa.

About the Royal Danish Embassy

The Danish Embassy facilitates bilateral cooperation between the Department of Water and Sanitation and the Danish Ministry of Foreign Affairs developing and sharing knowledge, know-how and technologies between the countries in urban water management, groundwater management, water efficiency in industries, water infrastructure financing and research and innovation.