



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

Minister Mokonyane Speech at the High Level Side Event: Closing the Investment Gap on Water Infrastructure: How Governments; Utilities; and the Private Sector can Achieve SDG 6.

Date: 20 September 2017

Time: 11:30am – 01:00pm

Venue: Conference Room 5

Methodology:

This is a town-hall style interactive session, with speakers delivering remarks followed by moderated responses from invited speakers and audience.

Ms. Nomvula Mokonyane, Minister of Water and Sanitation, South Africa gives **an overview on public-private cooperation towards overcoming water challenges in RSA, and creating a regulatory framework to attract foreign investment** on the topic “Closing the water infrastructure investment gap creates jobs and strengthens the economy”.

H.E. Mr. János Áder, President of Hungary

All Ministers in attendance

Program Director

High Level Participants present

H.E. Mr. Gilbert F. Houngbo, President of IFAD and Chair of UN-Water

H.E. Ms. Keiko Honda, Executive Vice President and Chief Executive Officer of the Multilateral Investment Guarantee Agency (MIGA)

Esteemed Speakers
Panelists and
Ladies and Gentleman,

Water is viewed as the number **one global risk of highest impact in the next ten years**, with analytical studies projecting that our global demand for water will exceed available supply by **40% in 2030, and by 2050**, and that an estimated \$63 trillion of global GDP will be put at risk should the current 'business as usual' water management practices and productivity continue.

South Africa therefore welcomed the concept and mobilization of a **high-level network of private sector and other actors** to partner with the convenor countries to support the activities of the resolution and this decade to **help transform water from being a limited resource and a risk, to being a catalyst of sustainable economic growth opportunities in the coming decade.**

- In South Africa, **water plays a critical role in our socio-economic spheres**, as water is also a human right enshrined in our country constitution.
- Water scarcity and lack thereof, **equals the third ranking global risk of concern**. Our region, including a number of other countries, is already experiencing water scarcity, as a direct consequence of the El Nino-induced drought.
- The resilience of an economy to droughts, storms, floods or other related issues is a critical factor in attracting sustainable foreign direct investment. A **resilient economy is therefore a prerequisite for progress to be made towards inclusive economic growth and development.**

- The **broad-based partnership model of the Water Resources Group** offers valuable insights for partnerships towards shaping new approaches to water security and access.
- Addressing the water risk globally requires partnerships. Under current efficiency levels, it is predicted that in **2030 South Africa will face a supply-demand rise of 52%, resulting in a deficit of 17%.**
- The **scale of the water risk (faced globally, regionally and nationally)** has reinforced the need for a collective action, and wider, nontraditional and strategic partnerships are required.
- Recognising the need for collaboration across sectors to tackle this important challenge, we have been working together with the **2030 Water Resources Group since 2011 in establishing a Strategic Water Partners Network (SWPN)** in South Africa - a working model that brings together captains of industry, civil society, research institutions and others to work with government under the Ministry of Water and Sanitation towards charting a water secure future for South Africa.
- **The Network is a partnership between government, the private sector and civil society;** with these partners working collectively to close the national water gap. It is a wide inter-sectoral platform contributing to the development and **implementation of effective, innovative solutions to water and sanitation challenges yielding impeccable results,** in particular during these trying times when our country faces serious water scarcity in drought stricken areas in eight of our nine Provinces.
- Beyond the national level, South Africa also supports the development of wider and cross-institutional programmes led by Water Resource Group in partnering countries. We support the initiatives of the **High-Level Panel on Water,** on which I serve. **The Panel is calling for a fundamental shift in the**

way the world looks at water. Central to this, is to encourage increased technical exchanges and interaction between countries or urban areas sharing similar challenges; and also within the institutions working in this areas of Water and Sanitation. This includes the multilateral, private sector and regional institutions.

- These partnerships also provide significant scope for the strengthened cooperation with the African Union, and the Union's Regional Economic Communities, which are implementing various projects on water security. Africa's connectedness on water necessitates strengthened cooperation.
- While we have made tremendous strides in improving access and developing policies for smart management and efficient use of our scarce water resources, South Africa still faces its share of water challenges emanating from natural impacts, equity and demand issues.
- The WRG and SWPN continue to grow and evolve over the years and deliver some tangible results.

Moderator, Allow me to give 2 examples:

- The "War on Leaks" programme, a Presidential water saving initiative that contributes greatly in reducing municipal water leakages, thus saving 7 billion rands annually.
- Working together with industry and other actors , we also developed the "No Drop" programme that will help us reach a potential saving of over 630 million meter cubic of water (which is equivalent to over 23% of the projected 2030 national water gap).

Since adopting the No Drop programme in 2013, we are now implementing it in 8 largest metropolitan municipalities, which together account for more than 90 percent of total municipal losses.

- Another example is the agricultural water efficiency were we are implementing an innovative automation system that has already reduced water use by 64

million meter cubic in six irrigation schemes, representing 3% of the national water gap. **More importantly is the significant potential for scaling up this work across South Africa.** The SWPN is now in dialogue with our National Treasury and the South African Landbank whose interest is to fund a roll-out of a next phase of the system.

- The SWPN-SA has truly established itself as the **“go-to” vehicle for public-private cooperation on water in South Africa** and we encourage other countries to replicate this model for a working water sector.
- Looking ahead – and based on Political mobilization on water issues provided by the President of South Africa being a member of the **United Nations and World Bank convened High Level Panel on Water** – I see this experience in platforms of public-private collaboration playing a key role in advancing the panel’s action plan on water across more areas to deliver on the water SDG.
- South Africa has **committed to leading initiatives on urban water and wastewater** and we hope to leverage our 2030 WRG and SWPN experience to accelerate progress in this piece of the water agenda.
- As South Africa, we are therefore very **committed to participating and supporting the work of the Water Resources Group and the High-Level Panel on Water**; to partner with other countries to share experiences and expertise through the models of the Water Resources Group and the Strategic Water Partnership Network – which will in turn support us towards achieving the **Sustainable Development Goal on Water and Sanitation.**
- **We also note that alongside strong political commitment,** the delivery of this **Sustainable Development Goal** can only be a success if effective vehicles for delivery are put in place. **It is vital for governments to own the implementation agenda,** while all the partners play their supportive role.

Closing Africa's infrastructure gap is a top priority in order to put the continent on a path for double digit growth and sustainable development; however, many African countries are finding it difficult to find finances needed to advance the rollout of improved services.

Thus African governments, which increasingly rely on the private sector to build, finance and operate infrastructure facilities that were previously managed by state-owned companies, are no exception.

Likewise investments in South Africa's water infrastructure can positively affect economic growth and employment. We all know that the **biggest concern** for investors in all over the world has become the direction of economic policy. The local consumer also faces an uphill battle against high unemployment, rising inflation and elevated debt levels.

Realistic, fully-costed financial plans for the sector must match government priorities with available resources. The plan should indicate the respective sources of finance whether public, donor, private sector, or from households.

The enormous challenge of reaching universal coverage through achievement of the sustainable development goals means new sources of financing are essential; these will include harnessing domestic resources such as domestic capital markets.

Responding to these needs forced South Africa into finding an alternative way of financing its infrastructure. Public Private Partnerships (PPPs) are an interesting mechanism to respond to these upcoming challenges. "Public Private Partnerships or tripple Ps in South Africa are about the public that gets better, more cost-effective services; and the private sector that gets new business opportunities. Both are in the interests of the nation." It is clear that the South African government has placed the development of infrastructure high on the country's expenditure list.

It has become clear that countries need to invest in water infrastructure at all levels of government, and private sector and for communities to, address capital needs and position for future growth through sustainable investment options, streamlining delivery, leveraging new tools and technologies, and developing creative funding packages. By setting a higher priority for the nation's water infrastructure needs, and enabling better value-based project implementation methods, available funds can be leveraged through the PPP models to greatly accelerate infrastructure development.

Findings made it clear that investment in water infrastructure generates high quality jobs, increases the competitiveness of businesses, and leads to a significant injection of economic activity throughout the country.

The government's contribution to water infrastructure capital spending has decreased compared to total capital spending. However, when we as leaders commit to obtaining the investments needed in our water infrastructure, we will all reap the benefits through improved infrastructure, and the creation of more jobs will result in.

With the most advanced, broad-based economy on the continent, South Africa offers investors a diverse and mature economy with vibrant financial and other service sectors. Preferential access to export markets is generally similar to those in most developed economies. South Africa thus offers ample opportunities, and continues to attract investors in the water sector.

We would like business to continue partnering with government in ensuring that we achieve goal 6.

I thank you.