



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

**ADDRESS BY MS NOMVULA MOKONYANE, MINISTER OF WATER AND
SANITATION AT THE WATER INFRASTRUCTURE INVESTMENT SUMMIT HELD
AT THE SANDTON CONVENTION CENTRE, CITY OF JOHANNESBURG**

5 DECEMBER 2017

Programme Director, Gabsie Mathenjwa

David Mahlobo, Minister of Energy

Lindiwe Zulu, Minister of Small Business

Pam Tshwete, Deputy Minister of Water and Sanitation

MECs Present

Ambassadors and High Commissioners

Parks Tau, SALGA President

Sifiso Mkhize, Acting DG of the Department of Water and Sanitation

Chairpersons and CEOs of State Owned Entities and Agencies,

Senior Government Officials,

Invited guests

Media in attendance

Ladies and gentlemen

It is with humility and sense of togetherness that we requested your presence and participation at this first ground-breaking and inclusive stakeholder engagement in investment within the water and sanitation space.

This gathering today, could not have come at a better time than now, because it forms part of our narrative in the drive towards attaining the Sustainable Development Goals (SDGs).

Together with 192 other countries, South Africa committed itself to achievement of the new globally set Sustainable Development Goals (SDGs), one of which is Goal 6: whose objective is to: **Ensure availability and sustainable management of water and sanitation for all.**

Targets 6.1 and 6.2, which relate to drinking water and sanitation, set a higher bar than the Millennium Development Goals (MDGs) did; they call for **universal and equitable access.**

In the drive to achieve the **universal and equitable access** to both water and sanitation, development and maintenance of infrastructure plays a critically important role. Thus, the State of the Nation Address of 2015 further highlighted the need for infrastructure projects to encourage economic growth and for the creation of jobs, pushing the frontiers of poverty and narrowing of inequality, through such projects.

It is within this context, that the importance of this **Water Infrastructure Investment Summit** we are holding today should be seen. Critically, the event intends to introduce the paradigm shift for water and sanitation industrialisation under the banner: **CREATING A NEW PUBLIC-PRIVATE PARTNERSHIP IN WATER AND SANITATION INFRASTRUCTURE.**

Programme Director,

Radical socio-economic transformation entails, amongst other, the introduction of new models and mechanism of working relationships that will enhance the effective and efficient delivery of service to the people.

This, therefore, then, means that we have to look at new ways for an integrated water resource management. Efforts to manage, protect and preserve water as a critical resource in a sustainable manner speak to collective responsibility of all the stakeholders in the water sector.

Water security and management are vital components of social and economic development in South Africa. Putting in place appropriate internal measures will enable a significant benefit in realising external opportunities to save water and use it more efficiently.

It is also imperative that the country has to think innovatively about new ways of making water available outside the traditional engineering solutions of supply-side infrastructure development.

Growing populations and economies, changing lifestyles and global climate change are all increasing the pressure on the planet's water resources. People and nature alike are threatened by a lack of responsible water management. Water is a resource with a diversified utility. It is the basis of life itself and it is not produced.

Water is and remains a shared resource critical for human health, driving the economy, and maintaining freshwater species. Yet due to a myriad of factors, including growing demand, climate change and pollution, fresh water in many regions is increasingly at risk.

To fully understand and grasp the *value of water*, in its broader sense, we should apply proper economic impact analysis to appreciate how increasing investments in the

nation's water infrastructure can have a positive impact on both, economic growth and employment.

Moreover, we will have to review the projected capital needs of water, wastewater, and storm-water utilities, and be able to estimate the associated economic benefits that would be realized if we were to make those investments.

These benefits include the economic opportunities created by water infrastructure projects, the long-term productivity savings to the customers of water utilities, as well as the avoided costs of frequent disruptions in water and wastewater services to business.

The recent water disruptions in the Greater City of Johannesburg, especially in areas such as Sandton and Bryanston, has had a devastating effect to business. Because many sectors are reliant on water, a disruption of water and wastewater service - even for a day- can cost business significant amounts of revenue and almost instantly shrink the annual national Gross Domestic Products (GDPs).

Indeed, water is essential to all aspects of life. Water sustains families and communities. It supports economic productivity. From industries such as manufacturing and mining, to agriculture, hospitality and general services - virtually all sectors of the economy rely on water.

Many of the nation's water and wastewater infrastructure and systems have been operated for five or more decades. As pipes, pumps, and plants reach the end of their expected life lifespan, water infrastructure capital needs are growing rapidly, yet investment in water infrastructure is not keeping pace.

It can be argued further that if the estimated investment gap was to be closed, it would result in billions of Rands in total annual economic activity to the country. These investments would generate and sustain substantial amount of jobs over a period time.

Like South Africa, many developing countries need water infrastructure to improve the livelihoods of citizens and their quality of life. While there are many constraints to the delivery of water infrastructure, one of the most obvious factors that hamper delivery is project finance.

Access to finance is the lifeblood of water infrastructure delivery, as is the packaging of the funding model for each project or groups of projects. Unfortunately, the cost of water infrastructure delivery continues to escalate to the point where it has become prohibitive.

Programme Director,

In the aftermath of the launch of this Summit last month, we received mixed reaction to the announcement. One of the articles talked about a change in policy. Others hinted at the privatisation of water. **Let me clarify once and for all.** We have no change in policy. Our aim is to empower the current water and sanitation policy environment with new partnerships between the public sector, the private sector and civil society to build a strong, powerful and effective Team Water SA.

We are seeking a new partnership with the business and investment sector to ensure water security in South Africa in a manner that firstly ensures access to safe water and sanitation universally and in line with the SDGs, *secondly* with the goal of making water available to enable and encourage economic growth and prosperity in way that enhances South Africa's competitiveness, and *thirdly*, characterised by the best science and innovation that will help make South Africa one of the leading water countries that will enable us to play our role internationally to move the world to higher levels of water security.

We are clear, having followed the global and local risk registers, as well as our experiences with the recent and in some areas, continuing drought events, that low levels of water security is a paramount threat to our economy and intimately affects every sector of that economy – from agriculture to tourism, from mining to retail – as we have seen in the past three years, the impact is enormous and in some cases devastating.

The solution is simple but complex. The simple is organising to address the fundamentals as we have stated in the draft Water and Sanitation Master-Plan, currently in development with wide consultation. Our infrastructure while currently reasonable needs to be upgraded to world class.

We have to refurbish the current networks, simultaneously modernising them with such interventions as real-time monitoring with distribution sensor networks converting the water and sanitation networks into intelligent systems. We need to deal with our infrastructure backlog innovatively, taking advantage of new solutions and innovations coming out of research and development.

It is against this backdrop that we have gathered here today, to have a meaningful conversation on how we can crowd in investment to mitigate the gap in the funding model provided by the fiscus, as well as internalize new ideas to resolve various challenges experienced in the water and sanitation space.

The conversations that will ensue during the course of the engagements will tap into the cumulative experience and institutional expertise of the various role-players present here today.

The initiative has 2 parts to it, and these are the following:

Dialogue and Planning entails the conversation we are having today, involving various partners – Investment, Technical and Policy partners.

- This event will unpack the key investment opportunities, constraints and solutions in the areas of bulk water infrastructure, municipal water infrastructure, and emerging innovations and solutions.

Water Investment Stewardship Programme: The Summit will be followed on by a year-long Investment Stewardship initiative.

- Here the investment project opportunities and needs identified in the Summit will be pulled into a series of focussed, specific engagements, led by a range of different water sector organisations.

Programme Director,

As you will hear later, and what you will have found in the three **Water and Sanitation Prospectuses** in your document packs, South Africa has large bulk infrastructure to build and maintain. These include the classical candidates for large dams and associated pipelines. These are projects with high investment value and which are crucial to the ensuring South Africa's water security and that of neighbouring countries.

There is also a special focus on the municipality universe. This is the coal-face of our individual experiences of water services and water stress. Our continuous monitoring of local government through the blue drop and green drop annual reports, reveals that while there have been significant improvements in some cases, we know that we need to induce a radical change at local government level.

Recently, we have been on a campaign to deal with local government bulk water debt. This is a crucial intervention to deal with many issues simultaneously. The most pressing issue is: prioritising the payment for water services throughout the value chain.

This is a mainstay of ensuring that the water is indeed an attractive investment. Investors, either private investors or public through the fiscus must always have the assurance of payment guarantees. Secondly, this is a crucial component of dealing with non-revenue water. We must set our sights of reducing our current 37% Non-Revenue Water to 10% over the next twenty years.

Accordingly, this can only happen through a combination of dealing with actual water loss as we are doing with the War-on-Leaks programme, and ensuring that the financial management in all our municipalities is highly functional. This includes metering, billing and efficient collection by the municipality, and, ensuring that the municipality pays its bills to the Water Boards and the DWS.

Looking into the next twenty years, we would like innovation to be a dominant characteristic of our system. Our scientists tell us that knowledge and technology exist for us to double our water security through new ways of reusing and recycling water to a minimum of seven reuses at various quality levels for each drop that comes from our water purification works, and to take the leap to new sanitation that not only saves water but produces energy and even high value products through beneficiation of waste.

And we can also mainstream the diversification of supply options with a combination of smart groundwater supply on the back of a managed aquifer recharge strategy and desalination of seawater along South Africa's very long coastline and brackish aquifers and polluted hotspots like acid mine-water inland.

In addition, there is the sanitation revolution where dry or low flush sanitation has a potential to save 30% of household water every day. When we install combined off-grid solutions we have demonstrated around the country that we have the ability to ensure

not only water security, but also energy security through the treatment of our waste in bio-digestors.

These solutions must become an increasing proportion of our service offerings as we move into the future. It must be clear to you that all three categories of infrastructure offer tremendous investment and business opportunities.

We have called for this Summit being conscious of the fact that as individual entities, working in isolation from each other, we will fail dismally in addressing the challenges of our country and people in the water and sanitation space. We can only succeed by forging strong and meaningful partnerships based on a clear Programme of Action and a shared vision.

All of us would like to see this Summit come out with a strong commitment and framework for investment that will auger well for the second stage of the programme which is the Water Investment Stewardship, envisaged as a year-long follow-up process towards the goal of crowding in concrete investment for water infrastructure.

As a parting shot, let me reiterate the fact that as a country we do have strong pillars for co-operation and partnership between government and the private sector, to see to the successful execution of envisaged objectives of this Summit and the Water Investment Stewardship that will follow.

All of us, jointly and separately, have specific roles to play to ensure that through Infrastructure Development we can bring about inclusive economic growth and prosperity for the African child. In this manner we shall take a bow knowing that we have not failed in our mandate.

Dankie

Ngiyabonga

