

Investment Frameworks for IWQM

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Water Quality has Specific Needs

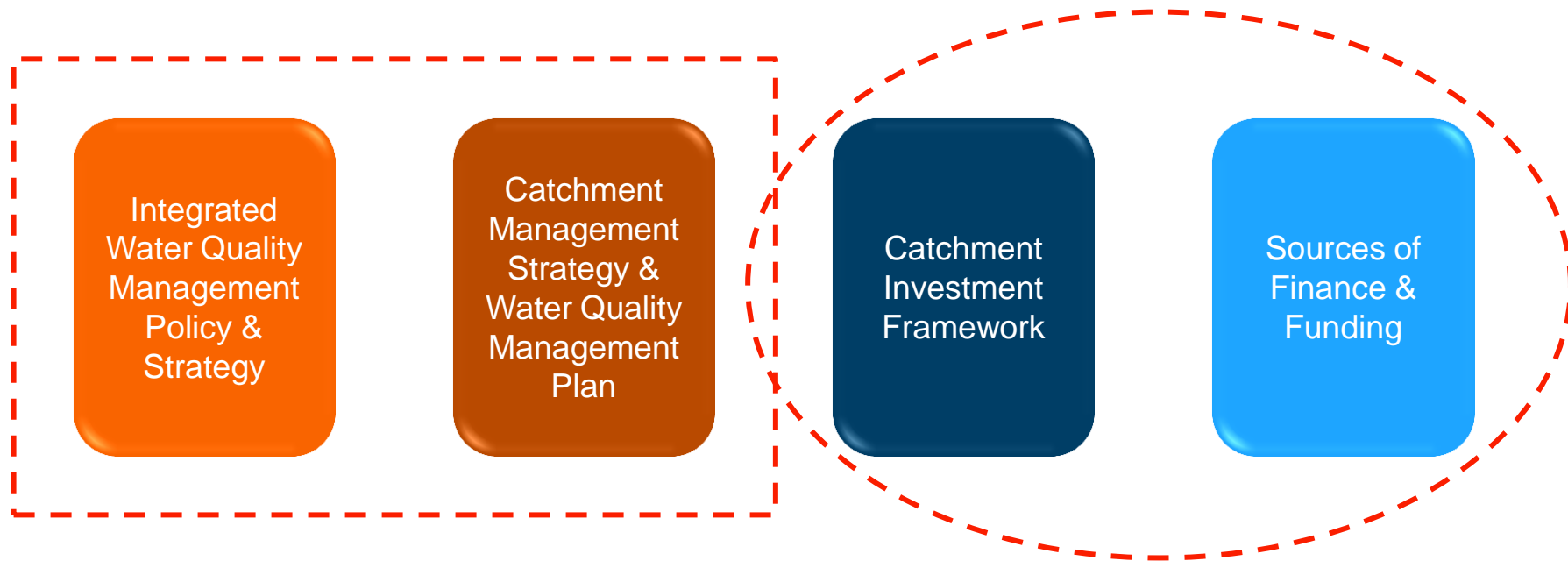
This influences the way it can be financed

- 
- Water quality management at a catchment scale is a long-term process
 - It requires coherent action across a range of sectors
 - It requires a combination / suite of interrelated interventions
 - It requires sustained effort by a range of actors
 - This is sustained by local coalitions / partnerships
 - This requires / enables a range of financing mechanisms and sources

In many ways this is more similar to climate resilience strategies than water reconciliation

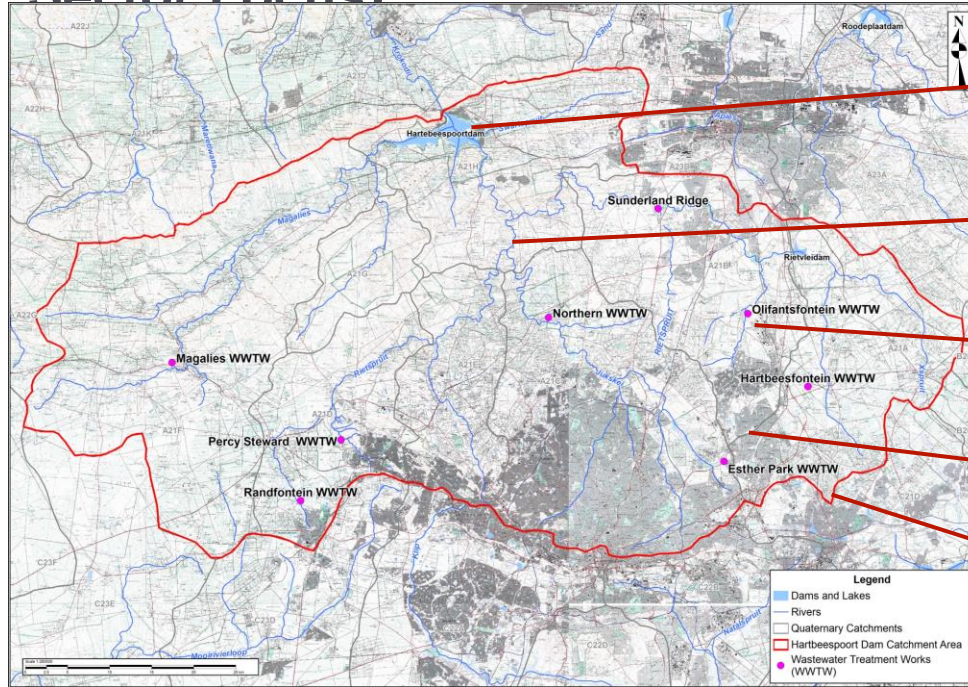
Investment Frameworks

Financing Catchment Interventions



Hartebeespoort Dam

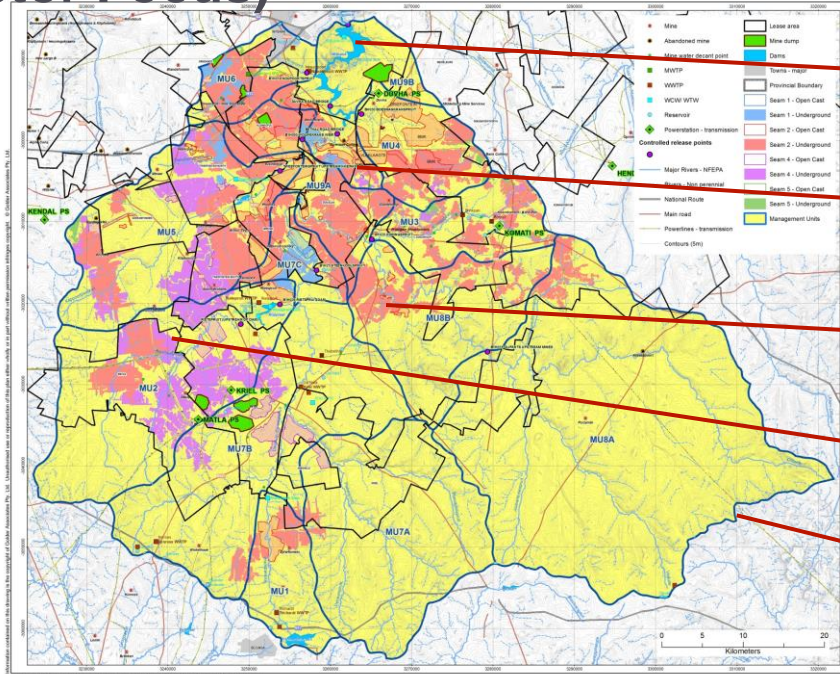
Eutrophication (Nutrient Management Issue Specific IWQM Plan – Public Sector Focus)



- Impoundment interventions
- Improved monitoring
- WWTW upgrading
- Sewer rehabilitation
- Regulatory capacity

Upper Olifants

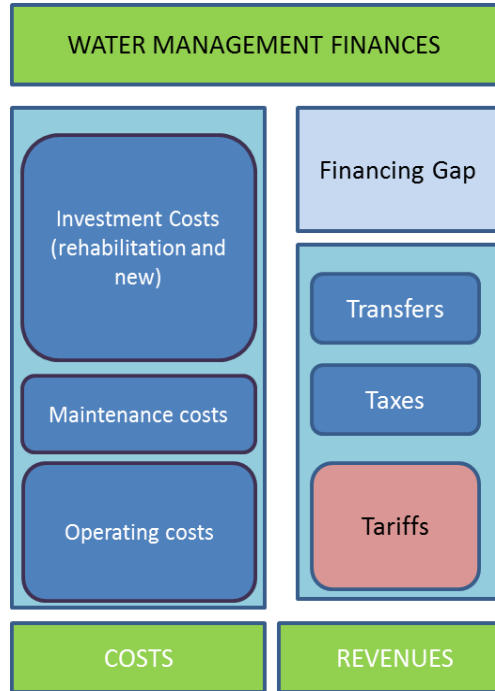
Acidification/Salinisation WQM Plan – Private Sector Focus)



- Impoundment operations
- Improved monitoring
- Mine-water treatment (RO)
- Regional treatment
- Regulatory capacity

Financing Interventions

Understanding Source of Finance and Funding



Taxes

- Fiscus / Rates / WDCS levy

Tariffs

- WDCS charge / Trade effluent

Transfers

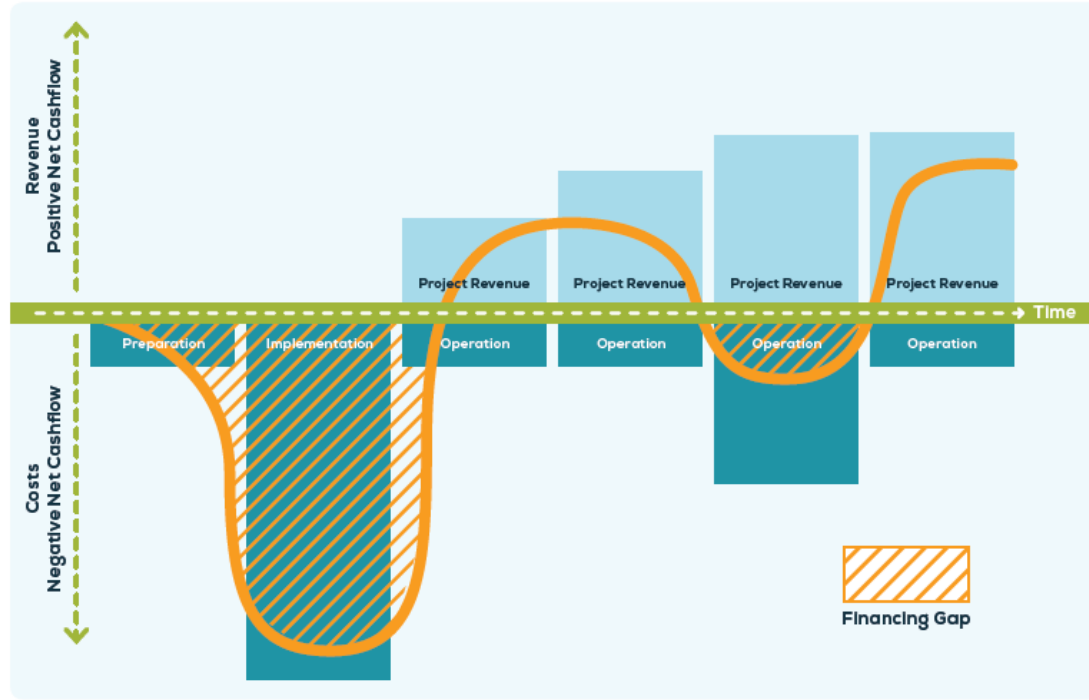
- GCF / GEF / Donors ??
- Private sector stewardship

Sources of Finance

- DFI / Commercial
- Impact investors / Green bonds
- Private sector equity

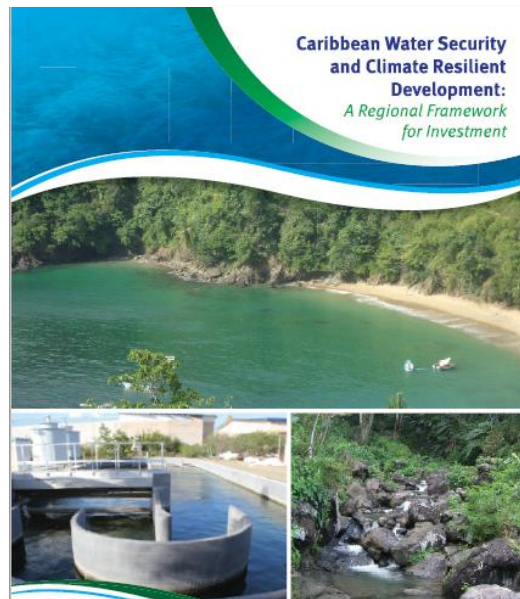
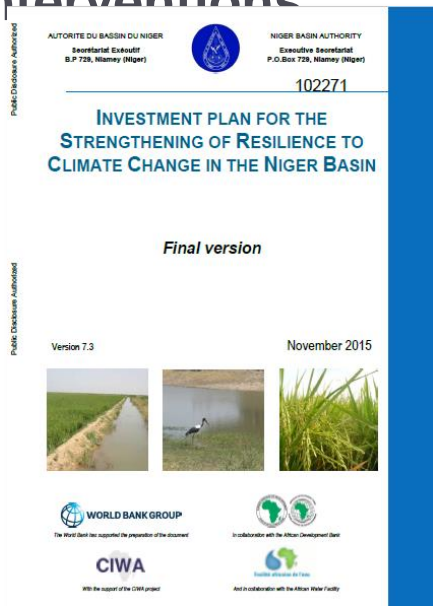
Understanding the Financing Gap

Availability of Finance over Time



Investment Frameworks

Matching Sources of Finance to Water Management Interventions



Programmatic Approach

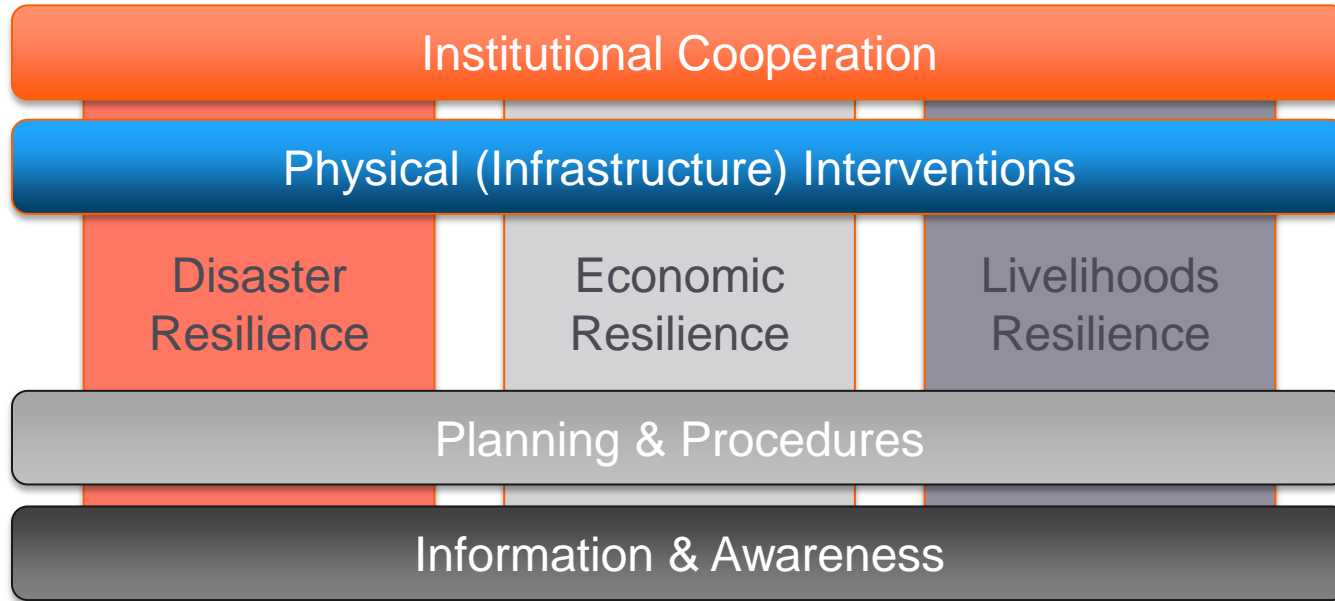
- Outcomes based
- Suites of Interventions
- Mixed finance sources
- Phased implementation

Resilience / Climate lens

- Additional sources of finance
- Cross-cutting interventions
- Short & long term perspective
- Embrace variability

Investment Framework (Lower

Limpopo)
Different Types of Interventions have Different Financing Needs



Project Development Lifecycle

Taking projects to Finance

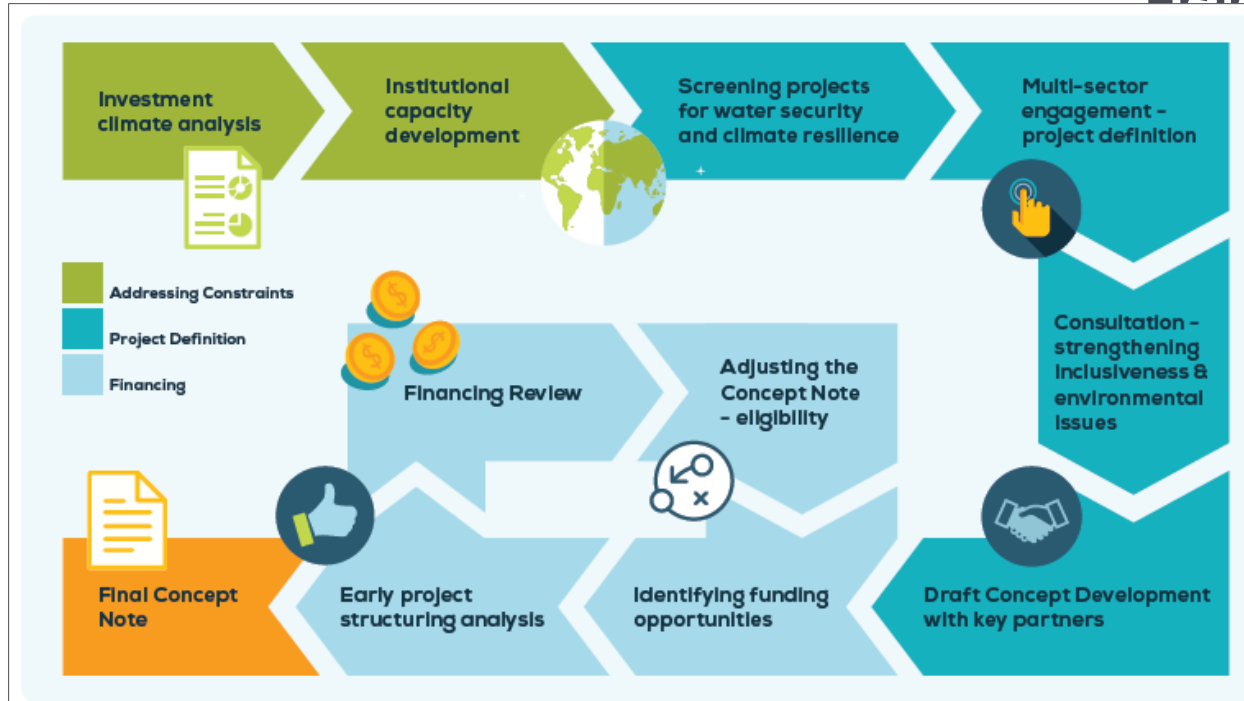
PROJECT DEVELOPMENT LIFECYCLE



Programmatic Approach

(WACDER)

Embedding Project Development into an Investment Framework



Developing an Investment Framework

Consider Finance early in the Process



Prioritisation Criteria



Assessing Relevance of Financing Sources

- For
- Country
 - Catchment
 - Sector
 - Intervention

Project subtypes include:

- 1) Increased agricultural production - incremental annual crop production on a cultivated land area of 2,000 ha
- 2) Increased employment - farm employment for about 50,000 beneficiaries, including women
- 3) Development of water management systems and services for large number of water users, particularly farmers
- 4) Improved livelihoods of communities in the 3 districts to assist access and floods, leading to improved agricultural productivity, food security, and increased livelihoods
- 5) Improved livestock production, covering approximately 20,000 head of cattle, sheep and goats, improving income, livelihoods and food security
- 6) Restoration of wildlife and forest reserves within the 3 selected areas

Project Characteristics

Hard Adaptation	Soft Adaptation	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes:

Indicates project cost is US\$10 million

Project will be viable to generate revenue internally. Harvested water could potentially be sold to surrounding communities, but given the developmental objectives of the project, this is unlikely, and any revenue generated would be largely negligible due to inability to pay market related rates. This rules out many potential commercial funding mechanisms and sources.

Project has up stream climate adaptation elements, opening scope to climate change funding.

Project will contribute to food security, opening access to agricultural improvement and food security funding.

PROJECT PREPARATION FINANCING - POSSIBLE SOURCES

Global Subsidies Regional Subsidies Donors

Ranking	Name	Impact?	Applicable factors	Type	Capacity	Lower Bracket	Upper Bracket	Public	Beneficiaries	Private	Cross-Border	Topic	Sub-National
	Local Government Agency Building	Yes		to local govt	?								
	Private Infrastructure Development Group (PIDG) Technical Assistance Fund	Yes	Water drinking water supply, forest development, afforestation, WFP production, WFP education	Grant, loan	US\$7 million	US\$20,000	US\$1 million	No	Yes	Yes	Yes	Yes	Yes
	Public-Private Partnership for Accessing Health, Water	Yes	Water drinking water supply, forest development, WFP education	Grant	US\$1.7 million	US\$10,000	US\$100,000	Yes	No	No	Yes	Yes	Yes
	OP-ORCA Project Preparation and Feasibility Study Fund	Yes	Water supply and sanitation (large systems)	?	US\$1.7 million	US\$10,000	US\$100,000	Yes	Yes	Yes	Yes	Yes	Yes
	Orissa Water Facility (Water Development Fund)	Yes	Water drinking water supply, forest development, afforestation, WFP production, WFP education	Grant	US\$55 million	US\$20,000	US\$50 million	Yes	Yes	Yes	Yes	Yes	Yes
	INPAD Infrastructure Project Preparation Facility	Yes	Water drinking water supply, forest development, afforestation, WFP production, WFP education	Grant	US\$14.7 million	US\$20,000	US\$10 million	No	Yes	International institutions	Yes	No	No
	OP-ORCA Infrastructure Fund Fund	Yes	Water drinking water supply, forest development, afforestation, WFP production, WFP education	Grant	US\$107 million	US\$100,000	US\$100 million	Yes	Yes	Yes	Yes	Yes (not regional impact)	Yes (not regional impact)
	Global Partnership for Development	Yes	Water drinking water supply, forest development, afforestation, WFP production, WFP education	Grant	US\$155.2 million	US\$20,000	US\$100 million	Yes	No	Yes	No	Yes	Yes
	Infrastructure Development Collaboration Partnership Fund (IDPC - IDPC, IDPC)	Yes	Water drinking water supply, forest development	Grant	US\$24 million	US\$20 million	US\$20 million	Yes	?	No	Yes	Yes	No
	Africa Climate Change Fund (Africa Development Fund)	Yes	Climate change, climate resilience, climate finance and flows, capacity building, low carbon agriculture	Grant	US\$15.5 million	US\$20,000	?	Yes	?	NGOs and private sector	Yes	Yes	Yes
	Adaptation Fund Project Formulation Grant	Yes	Climate change adaptation, climate resilience	Grant	?	?	?	Yes	?	Govt, cooperation agencies	Yes	Yes	No
	Non-Development Fund	Yes	Climate change adaptation - infrastructure, climate resilience, capacity building	Grant (to private)	?	US\$2 million	US\$5 million	Yes	?	?	?	Yes	Yes
	Global Environment Facility (GEF) Project Preparation Grant	Yes	Climate change resilience, food security, sustainable livelihoods for management, biodiversity conservation	Grant	?	?	?	Yes	?	?	Yes	Yes	?
	Green Fund for Economic Cooperation and Development (GFEF)	Yes	Agribusiness development, water supply and sanitation, food security, climate adaptation and resilience	Grant, concessional loans, private finance, equity	?	?	?	Yes	Yes	Yes	Yes	Yes	Yes

Returning to Water Quality

Investment

What does this mean for our two catchments and others?

Crocodile River

- Public finance – Treasury
- Municipal budget allocations
- Waste discharge charges
- Green / climate grant finance
- Green / Impact related loan finance
- Waste discharge levies (taxes)

Olifants River

- Private finance (mine & commercial)
- Waste discharge charges
- Water supply tariffs
- Stewardship contributions
- Public finance – targeted
- Waste discharge levies (taxes)

Systemic opportunities (WDCS Approach provides the Platform for Coherent Intervention)

- Need a coherent investment framework that takes a phased approach to rehabilitation
- Need mechanisms to ensure funding that enables sustainability of interventions
- Match a range of finance sources to the required interventions over time

Thank you