

## **A Declaration of Partnership between the South Africa Department of Water Affairs (DWA) and the 2030 Water Resources Group (WRG)**

This note outlines the proposed partnership between the DWA and the WRG. This partnership has been developed in response to a request by Mrs B E E Molewa, MP (South Africa's Minister of Water and Environmental Affairs) at the World Economic Forum (Forum) Annual Meeting 2011 in Davos, Switzerland to develop and launch a DWA-WRG partnership at the Forum's 2011 Africa Summit in Cape Town (4 to 6 May).

The partnership concept, key focus areas and activities have been developed following discussions with the DWA's senior leadership and other South African stakeholders. The partnership also builds on the outcomes of an exploratory workshop the WRG held in conjunction with the UN Global Compact CEO Water Mandate in Cape Town (November 2010) and a complimentary piece of analysis commissioned by the Forum Water Initiative and produced by WWF and Pegasys (a local South African consulting company), identifying the predominant water risks based on industry sector and location, and opportunities for strategic public-private collaboration.

### **Background**

The Forum Water Initiative is currently collaborating with the WRG, a group formed in 2008 and who published a report titled "Charting our Water Future", which analyses the global water supply-demand gap to 2030 and economic options to close the gap. The name of this Forum Water Initiative-WRG collaboration is WRG Phase 2.

The WRG Phase 2 has been engaging and supporting the governments of India (State of Karnataka), Jordan and Mexico to develop and implement practical water sector transformation strategies through a unique public-private, two-step approach:

**Step 1 (Initial diagnostic):** A comprehensive fact base on the water supply-demand balance the country faces to 2030 and the economics of options available to address any gaps

**Step 2 (Country-level support):** A public-private advisory platform that helps the government shape and test concepts and governance processes, which seek to close the identified future water volume gaps. The country-level support will likely entail the establishment of a nationally run multidisciplinary contact group to work with the government to help it take concepts forward into implementation.

Based on discussions with South African and international stakeholders to date, it is recognised that South Africa is already advanced with respect to a robust fact base (Step 1). In the first phase of the WRG, analysis was already conducted for South Africa, illustrating a 17% gap between the demand and supply by 2030 and options to close the gap. In addition, the DWA has conducted reconciliation studies on key water supply schemes in the country to determine the supply-demand volume deficits and strategies to close the gap. For this reason, and as Mrs Molewa expressed at Davos, the DWA-WRG partnership will focus mostly on helping the Government develop country-level support (Step 2) to take forward the existing WRG analysis

and other studies so as to help implement key priority areas for South Africa within the context of a fact based transformation strategy.

### **Key Focus Areas of the DWA-WRG Partnership**

In South Africa, water demand is expected to rise by 52% over the next 30 years while supply of water is likely to decline if current trends of poor usage habits, physical and commercial water losses and the loss of wetlands persist. This demand growth is generally driven by population and economic growth, which in turn leads to increased water requirements for agricultural and industrial uses, and increased water consumption by a growing middle class. As South Africa has enacted legislative action freezing growth in agricultural water use demand, the increase in total water demand is largely attributable to **urban** and **industrial growth**.

In this context, the two key focus areas proposed for the DWA-WRG Partnership are:

#### **1. On Water conservation / demand management**

- Increasing water use efficiency (in agriculture, industry and households)
- Leakage reduction from distribution networks (municipal and others, including irrigation)

#### **2. On Diversifying the water mix**

- Reuse of effluent
- Desalination (sea water and acid mine drainage)
- Use of groundwater (development and sustainable management of groundwater resources, in particular for rural areas)

(Within the twin focus on demand management and water mix diversification, a specific sub-component of the DWA-WRG Partnership will look at **wastewater treatment facilities**. A small public-private task team will explore the potential for industry-municipality collaborations to upgrade and rehabilitate inadequate / deteriorating infrastructure (noting however, that wastewater treatment remains the responsibility of municipalities). This exploration will be placed within the wider economic analysis of the contributions such collaborations can provide to closing the water demand/supply gap by 2030).

These focus areas have also been validated with a select group of industry stakeholders at a round-table meeting on 7 April 2011. The participants of this round-table meeting are listed in **Annexure 1**.

Under the leadership of the DWA and by engaging industry partners and experts in the above areas, the broader goal is to build a leadership group to collaborate on an ongoing basis for dialogue and to seek innovative joint solutions that support the implementation of government water strategies and overall water security for South Africa. By promoting the efforts and activities of this partnership and leadership group, the aim is to help the Government build an even wider public-private-expert movement for action. These working groups will be able to identify and collect the best practices, experiences, technology and solution suppliers and advisors for levers of the cost-curve identified as a priority to close future water volume gaps and may be included in the creation of the global catalogue.

### **Anticipated Outcomes**

From the discussions to date, it is clear the DWA-WRG Partnership needs to focus on **Action and Replication**. The partnership will deliver two primary outputs in its initial phase.

1. **WRG will help DWA develop thematic / sector strategies** within each key focus area.

These strategies will –

- identify a pipeline of potential projects for each key focus area and assessing its collective potential to close the water volume gap if implementation takes place;
- identify the best practices, experiences, technology and solution suppliers and advisors
- identify the challenges for replication; and
- recommend a strategy to overcome challenges, including incentives for widespread adoption and contributions by each stakeholder to enable replication.

2. **At DWA's request, the WRG will then provide expert support to help the NEPAD Business Foundation design pilot projects** within each key focus area (a number of projects have already been identified). Expertise from the WRG network can help NBF to:

- Develop joint public-private-expert collaborations to structure and take forward pilot projects, and
- Highlight the DWA-WRG Partnership at COP17 Durban as practical examples of what South Africa is doing to adapt to climate change

### **Partnership Structure**

A crucial component of the DWA-WRG partnership is Government ownership of the process and the domestic development of public-private support structures. To this end, a public-private-expert leadership group, chaired by the Director-General of the DWA, will be formed to oversee the activities and progress of the work. A co-chairperson will be nominated from industry in South Africa. The leadership group will bring together existing and new stakeholders in the water sector of South Africa.

This group will formally be called the “South Africa Strategic Water Partners Network”. Stakeholders will include:

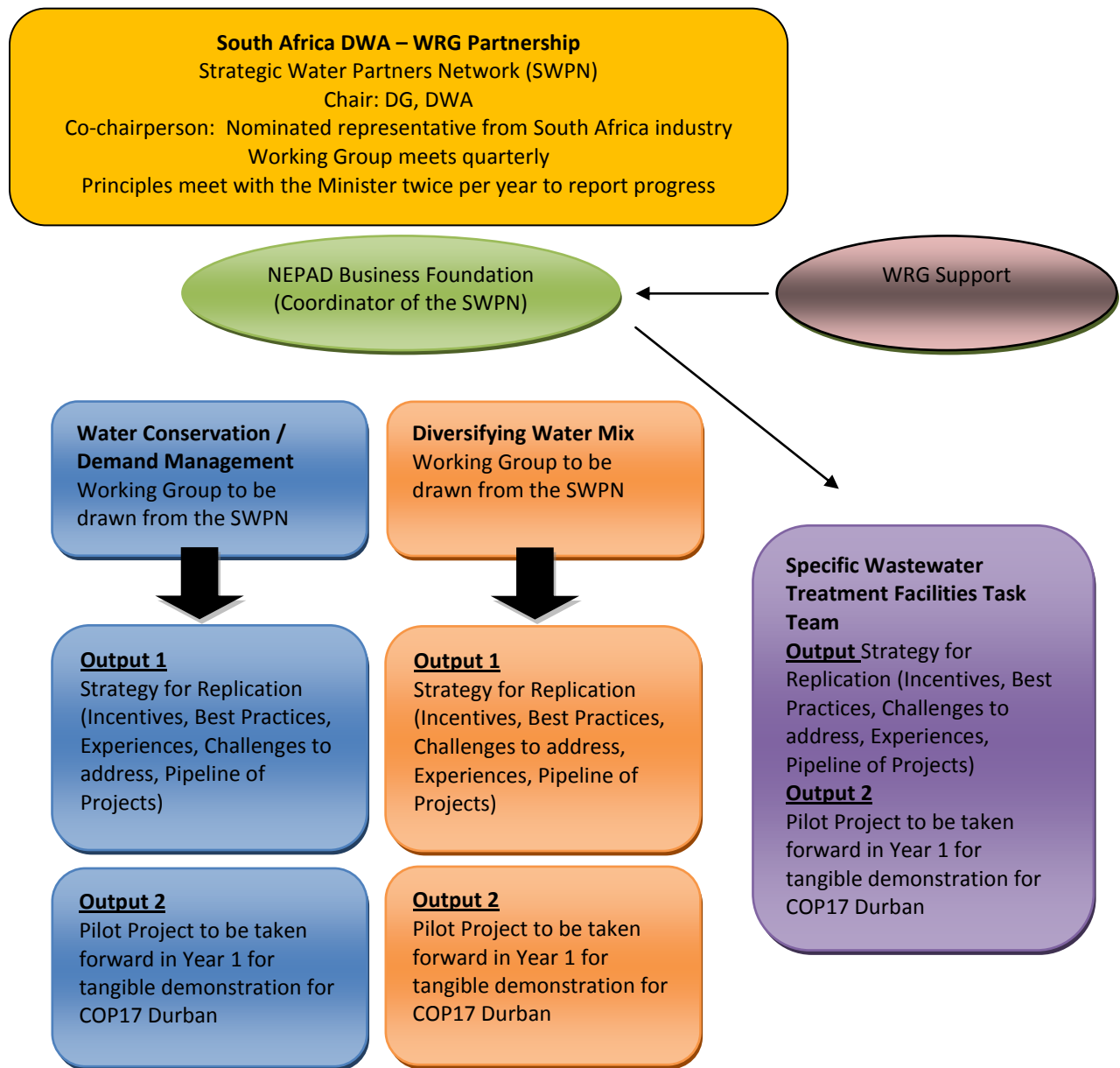
- Department of Water Affairs (Chairperson: the Director-General)
- Industry (key economic sectors such as Food/Beverage, Mining and Metals, Energy)
- Other government departments (National Treasury, National Planning Commission, Local Government)
- Development finance institutions (Development Bank of Southern Africa, Industrial Development Corporation, International Finance Corporation)
- Business organisations (NEPAD Business Foundation (NBF), Business Unity South Africa (BUSA), Business Leadership South Africa (BLSA), National Business Initiative (NBI))
- Civil society organisations (WWF South Africa)
- Multi and bi-lateral development agencies (USAID, GIZ)
- A senior representative of WRG

The Director-General of DWA, as chair of the South Africa Strategic Water Partners Network, will formally invite a senior representative of each organization to join the South Africa Strategic Water Partners Network and to nominate a designate from their organization.

The designates will form a working group to take forward the thematic / sectoral strategies and pilot projects. This working group will be coordinated by the NBF. WRG will support NBF and the working group in their delivery of the work. NBF will provide regular reports to the South Africa Strategic Water Partners Network. The working group will meet on a quarterly basis, and principles of the South Africa Strategic Water Partners Network will meet with the Minister of Water and Environmental Affairs to report progress twice a year.

The day-to-day activities and coordination of stakeholders, the NBF – a national South Africa non-for-profit organisation – will serve as the “hub” and the lead organisation responsible for the delivery of the agreed work. The Forum Water Initiative has collaborated with the NBF since 2006. Other business associations (BLSA, BUSA, NBI) will be invited to collaborate to ensure communication and capturing synergies.

**Diagram to illustrate the DWA-WRG partnership, key focus areas and anticipated outcomes**



## **World Economic Forum on Africa 2011**

The DWA-WRG Declaration of Partnership, key focus areas and structure will be announced at a private water session at the World Economic Forum on Africa 2011 in Cape Town. The session will take place on 5 May from 08:00 to 10:00.

Mrs Molewa has confirmed her participation at the session and will announce the DWA-WRG Declaration of Partnership. Mr Peter Brabeck-Letmathe, Chairman of Nestlé, Switzerland and Chairperson of the Water Resources Group, has also confirmed his participation at the session.

In addition to launching the DWA-WRG Declaration of Partnership, the session will also include many of the representatives of the organizations who will form the South Africa Strategic Water Partners. This will enable a discussion on how to take forward the proposed activities for each key focus area.

Following a successful discussion in this private session, it is envisioned that a Declaration of Partnership between the DWA and WRG will be publicly announced by Mrs Molewa and Mr Brabeck-Letmathe in a joint statement and possible press conference (to be confirmed).

## **Way Forward and Points of Engagement**

The following activities timeline for the DWA-WRG partnership is suggested:

### *April – May 2011: Submission of DWA-WRG Partnership to Mrs Molewa*

- An official submission to Mrs Molewa for approval of the concept, key focus areas and structure
- With the approval of Mrs Molewa, the drafting of a Declaration of Partnership to be presented in Cape Town to announce the partnership, key focus areas and structure

### *5 May 2011: World Economic Forum on Africa 2011, Cape Town (4 to 6 May)*

- 5 May, Cape Town – Private water session (and related press conference / press release) to announce the partnership (signing of an MoU) and action plan / key focus areas
- Session to invite the engagement of and start compiling a catalogue of organisations (public, private, civil society) who have experience and/or technology as best practice / innovative partnership examples in each of the key focus areas (ie Sasol-Ernfuleni water demand management partnership)

### *Late May through September 2011: Operationalizing the DWA-WRG Partnership*

- Identifying resource partners and developing the Memorandum of Understanding
- Working with the NBF and other partners to start identifying the best practices, experiences, advisors and technology and solution providers
- Develop a detailed workplan with the South Africa Strategic Water Partners Network to
  - i) Identify a pipeline of potential projects for each key focus area and assessing its collective potential to close the water volume gap if implementation takes place
  - ii) Identify the challenges for replication
  - iii) Recommend a strategy to overcome challenges, including incentives for widespread adoption and contributions by each stakeholder to enable replication
- Establish a cross-Ministerial contact group based on the government partners of the South Africa Strategic Water Partners Network

- Holding the first Principles meeting to present and agree on the detailed workplan, arrangements and MoU with a view for rapid mobilization thereafter (Date for meeting to be confirmed based on Mrs Molewa's schedule and availability)
- Possible participation of Mrs Molewa and discussion of the DWA-WRG Partnership at the Autumn Meeting of the World Bank (October 2011), linked to the launch of the global WRG entity

*December 2011, Durban: Workshop at COP17 to present programs as tangible examples of projects to support climate adaptation / build resilience in South Africa and other WRG supported countries*

*January 2012: World Economic Forum Annual Meeting 2012*

- Private water session – progress update of DWA-WRG Partnership as part of WRG update