

## NEW RELEASE

The report titled: ISSUES AND OPPORTUNITIES IN SOUTHERN AFRICAN WATER SECURITY (April 2016) has been released on the intranet on

### ABSTRACT

Water security is intact for most metropolitan and large urban municipalities, bar limited supply interruptions. In small towns and rural areas, a substantial and growing proportion of households are already water insecure. Through the lens of water security, the paper reviews water services and resources in South Africa and SADC countries.

*Significant risks to South Africa's water security could cascade across many other sectors of social and economic life. At the same time, addressing these would create business opportunities, many of which could present significant prospects for lending operations.*

Main findings:

- The principal risk in water resource management is that the performance of the planning-implementation-operation cycle will continue to deteriorate. It is recommended that reforms be made to the institutional framework for water resource management.

- Better management at Municipal level would solve many water security problems. It is recommended that greater oversight by national government of the use of conditional grants be enforced.
- Municipal funding opportunities exist in traditional project based loans for direct implementation by the client, performance based lending for revenue-enhancing development activities, and financing of private sector and public utility partners for BOTT and similar projects.
- Government needs to finalise policy clarity about the standards to be adopted and the focus of and balance between grant funds and Municipalities' own sources. In the absence of such clarity it will not be possible for the DBSA to finance service provision in rural and small town municipalities.
- DBSA should continue to participate in the funding of DWS projects such as the Lesotho Highlands Water Phase 2 as well as others, initiated by Municipalities and Water Boards.
- DBSA should consider helping to facilitate and structure complex regional water management interventions in stressed areas such as the Olifants Catchment and to deal with specific challenges such as Acid Mine Drainage (AMD).
- Recognising that a South African offtake agreement is, in many cases, a critical success factor for regional hydropower projects, and the DBSA may have an opportunity to take a more active role in the preparation of such projects.
- If DBSA chooses to increase its engagement in the water resource sector, a long term commitment will be required to significantly strengthen its internal strategic level capabilities.