

# Water stewardship

from ideas, to implementation, to innovation

27 & 28 October 2015

Radisson Blu Hotel Sandton

## FEEDBACK REPORT

On 27 and 28 October 2015, the Strategic Water Partners Network (SWPN), GIZ's International Water Stewardship Programme (IWaSP) and the National Business Initiative (NBI) hosted the first regional conference on Water Stewardship at the Radisson Blu Hotel in Sandton. The event was officially endorsed and supported by the Department of Water and Sanitation (DWS) and the South African Local Government Association (SALGA).

The two-day conference focused on the benefits and challenges of water stewardship, what role different sectors can play in partnerships, what is required on a policy level to create a conducive environment for stewardship, as well as on how to practically implement water stewardship activities.

This report outlines the case studies that were discussed during the conference and summarises the key outcomes of discussions.

## PARTICIPATION

The response to the conference was unexpectedly high. Over the two days, 207 people attended. While the majority (145) of the participants were from South Africa, a total of 15 countries were represented.

Table 1 provides a breakdown of participants per country. The affiliation of 21 people is unknown as they did not write down the organisations they represent on the register.

Table 1: Number of participants per country

South Africa	145	Finland	1
Germany	6	Grenada	1
Kenya	6	Honduras	1
Uganda	6	Malawi	1
Tanzania	5	St Lucia	1
Zambia	5	UK	1
Botswana	5	USA	1
Egypt	1	Unknown	21

Figure 1 illustrates the attendance as percentages of the different sectors present. The analysis in Figure 1 is based on the 186 participants whose affiliation was known to the organisers.

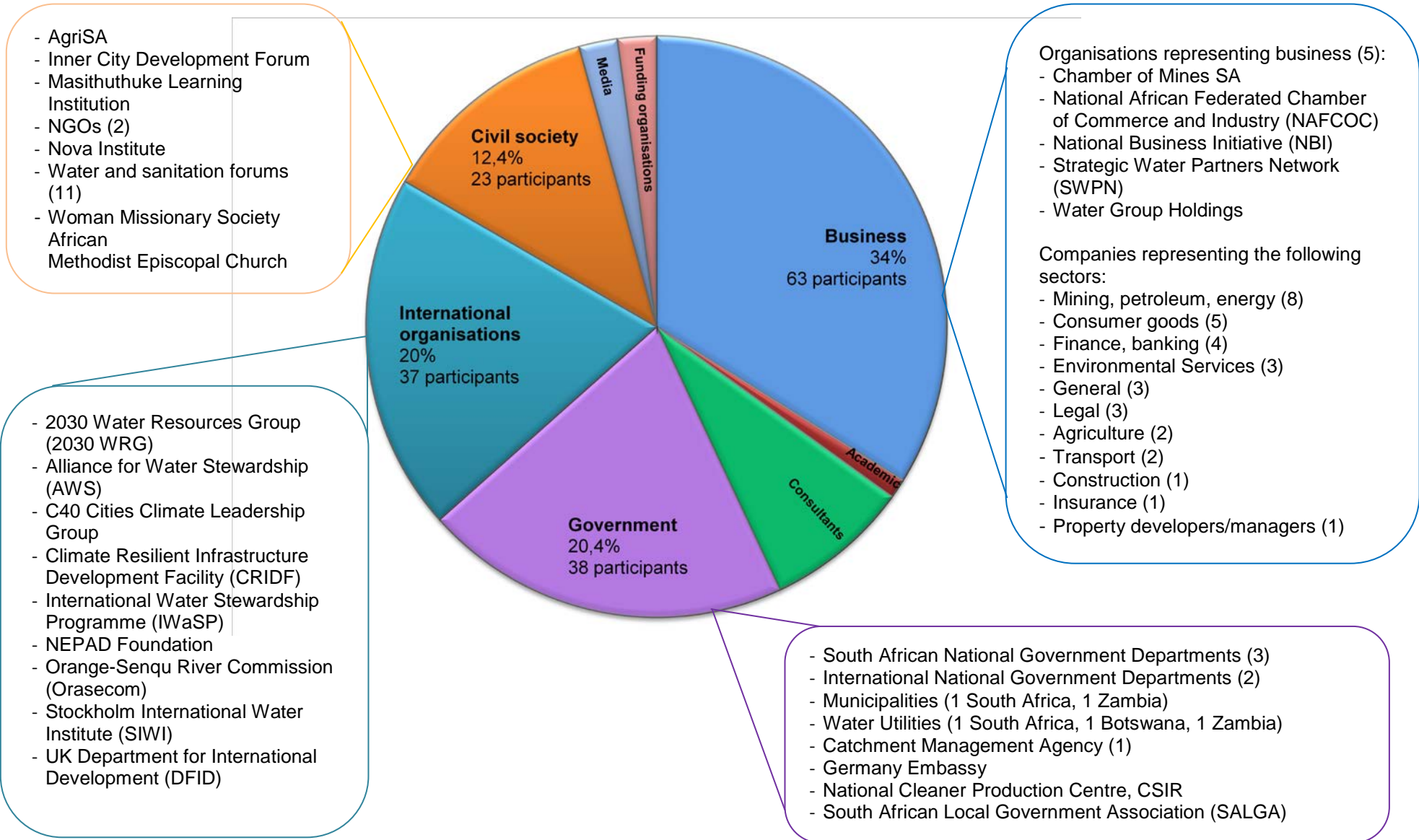


Figure 1 shows that the largest share of participants (34%) was business, with 63 people from 38 different companies (and organisations representing business interest) attending over the two days. Government departments (South Africa and international) and international organisations had the second highest attendance, with 38 (20,4%) and 37 (20,4%) participants respectively. Twenty-three people from civil society organisations (12,4%) attended.

## CONFERENCE OUTCOMES

### The business case for water stewardship

Considerable attention at the conference was dedicated to the question on how companies could be motivated to engage in collaborative approaches to water stewardship. Several explanatory patterns were explored through a number of case study presentations from throughout the region, ranging from rational choice approaches and business case considerations to the role of policy frameworks and other more external incentives.

The business case for water stewardship denotes a purely rational choice approach: 'why does a business benefit from engaging in water stewardship'? Benefits might derive from purely commercial considerations, such as improved access to much needed water resources, as well as reduced or capped cost in accessing this resource. Case studies presented from Zambia and South Africa demonstrated that cost-related rationales and risk mitigation motives often constitute the initial incentive for engaging with water issues, and embarking on stewardship initiatives more specifically.

An example is the project run by **Zambian Breweries** in the town of Ndola on mitigating water quality risks to a local spring area, which is the main source for the company's crucial resource of high quality water. The company, however, soon realised that they were not the only user of the spring and that an array of factors led to the pollution pressure experienced. The complexity of the problem thus prompted a more collaborative approach to water stewardship involving local government, community representatives and the GIZ as a neutral convener. In engaging with community members another important motivation for risk mitigation emerged: managing reputational risks as well as community expectations. For many multinational brand-name companies operating in developing countries or emerging economies, controlling potentially negative reputation impacts from over-abstraction or pollution of a common-pool resource constitutes an increasingly important motivation.

Another type of risk-mitigating approach, which is related to supporting an enabling environment for business growth, was outlined by a representative from Santam, a large South African short-term insurer. Santam is investing in partnership approaches targeted at better understanding and eventually mitigating water-related risk in areas where they provide insurance services. They engage in these activities in collaboration with governments and NGOs in order to achieve the most balanced approach. While these activities assist farmers, households and businesses in

reducing their risk exposure, Santam also benefits from a lowered risk environment in the geographical areas in which they operate and insure – in essence a win-win scenario and a convincing business case for Santam and their partners.

Additional variations of the motivational patterns were presented in the context of other case studies discussing challenges in the Kenyan flower industry, South African hops farmers (water quantity assurance and mitigation of climate change impacts) as well as beverage production in Central Uganda (wetland restoration and river bank rehabilitation).

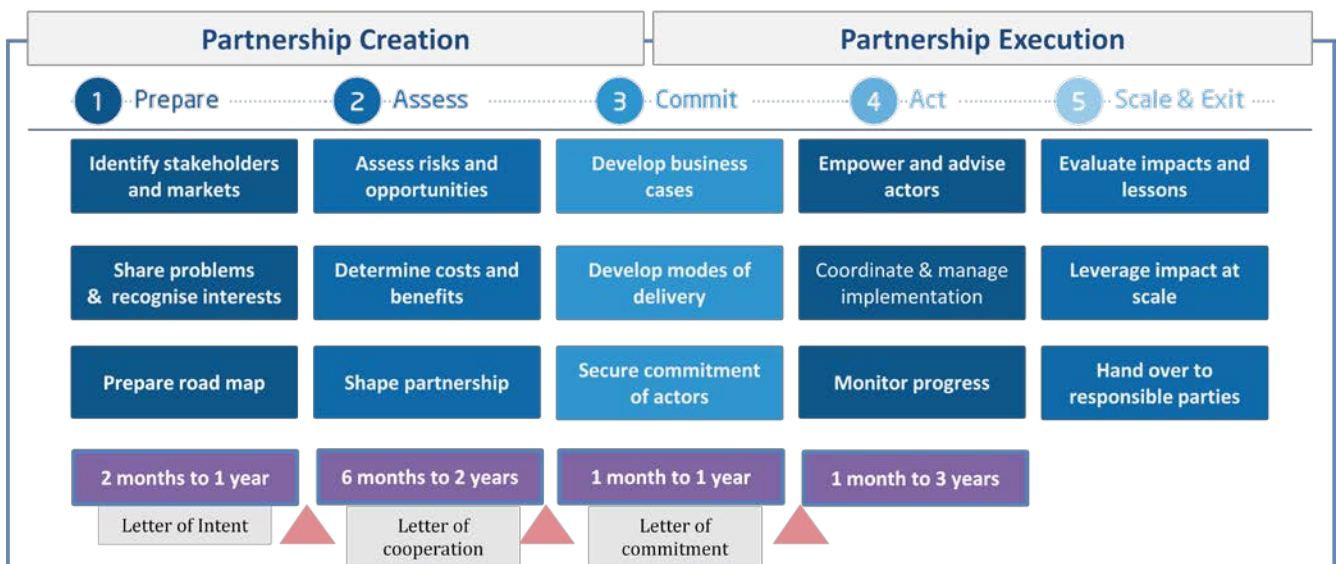
### How to translate risk into action: tools for water stewardship

This section will provide a brief overview of different tools (all freely accessible) that have been developed for water stewardship implementation, as presented at the conference.

#### 1. Water Risk and Action Framework

The Water Risk and Action Framework (WRAF), developed by IWaSP in 2015, provides a guide to anyone to enter a multi-stakeholder water stewardship partnership and see the project through to completion. Figure 2 provides the outline of the WRAF process. The framework proposes setting up and managing the partnership in five phases, and provides different methods and tools to use for each partnership phase. The WRAF will soon be published and be accessible to anyone.

Figure 2: The Water Risk and Action Framework



▲ Exit Option

## 2. CEO Water Mandate

The CEO Water Mandate, an initiative of the UN Global Compact, provides a web portal that any company or individual can use in support of their water stewardship efforts. The portal includes the [Water Stewardship Toolbox](#), which connects companies at different stages of water maturity to information, guidance and tools to improve their water stewardship practices, as well as the [Water Action Hub](#). The Water Action Hub is a global interactive online platform created to connect businesses with peers and other potential partners on water-related projects.

## 3. Alliance for Water Stewardship

In the midst of growing interest in water stewardship, the need arose to somehow identify and quantify what a water steward is, in order to ensure that claims are not made unjustifiably. In 2008 the Alliance for Water Stewardship was formed by a number of companies and organisations around the world to develop a standard with globally consistent criteria, which will allow companies to officially call themselves 'water stewards'. The AWS Standard was officially launched in 2014 and is available for use. The Standard offers a systematic guide on how to start and work through the water stewardship journey. The organisation has regional coordinators responsible for training any interested parties on the use of the tool, with a regional coordinator for Southern Africa also in place.

### **What is needed to make a partnership successful?**

The nature and scope of technical interventions which can be considered for the protection and responsible use of the limited water resources vary significantly. Interventions presented ranged from joint public/private sector water-loss reduction programmes at the municipal or utility level, on-farm adaptation to more water efficient technologies, removal of alien invasive vegetation, infrastructure development and wetland rehabilitation, to water quality focused initiatives. These initiatives included those aimed at water source preservation, treatment for release back into the environment at acceptable standards, or water treatment for direct re-use.

Across all case studies presented, there was a common thread of challenges and success factors which enable the implementation of water stewardship interventions. These key issues were broadly outlined as follows:

#### *Multi-stakeholder implementation is complex and challenging*

Multi-stakeholder project implementation is by no means simple. There are often competing priorities and water uses amongst stakeholders which may impact on the identification and application of technical solutions and technologies. Great success can, however, be achieved if priorities are reasonably negotiated by affected or participating parties, where the good of all is prioritised not the good of one. This is particularly pertinent when implementing interventions beyond the fence at the catchment and national levels.

### *Measure the impact of interventions*

On the journey to fostering trust in multi-stakeholder partnerships and environments, the impact of water stewardship interventions must be carefully monitored and measured. The status quo or baseline prior to project commencement must also be agreed upon in order to ensure transparent project implementation where all role players can openly and easily assess the value, impact and effectiveness of their investment, and the appropriate returns for possible ring fencing and reinvestment.

### *Local champions*

Water stewardship is often made possible by local champions who drive implementation and ensure that interventions are sustainable in the long term. Although the impact of the interventions may be far reaching, implementation takes place within a geographical and community context. Successful project implementation thus requires the commitment of local role players that can steer and champion water stewardship for lasting change.

### *Skills development*

One of the key components of effective water stewardship programmes is the development of appropriate skills and capacity in the local context to implement and sustain the interventions. The reality is that projects and programmes have a shelf life and limited funding. In order to build on the gains made on the initial investment, the skills must be transferred to the local environment in which the programmes take place. The private sector possesses significant skills and resources which can be utilised as an “in-kind” contribution over and above financial assistance in a project. This can be done through knowledge sharing and ensuring that project or programme champions in the public sector are involved and trained throughout the project life cycle.

## **Role of the public, private and civil society sectors in water stewardship**

Water stewardship as a practice is not exclusive in nature. Each sector has a role to play in improving water security and promoting responsible water management. Conference participants were asked at the conclusion of each day to reflect on their role in water stewardship and what the public, private and civil society sectors can do in their varying capacities and mandates. The roles were identified by the participant as follows:

### *Public sector*

The role of the private sector was defined primarily to be the creation of an enabling environment through legislative instruments and incentive structures to facilitate greater involvement of the private and civil society sectors in water management and care. As the water sector leader, government also has the responsibility to monitor and regulate all other sectors to make sure that at the very least, the minimum standards of care are met. The public sector is also aptly placed to raise awareness and foster commitment to water stewardship amongst the other sectors, whilst carrying the mandate to enforce legislation, a dual role that combines both

supportive and corrective measures. This dual approach can serve to strengthen responses to the call for implementation. The facilitation of political buy-in and the political will to prioritise water stewardship in all planning activities is a further important function of the public sector.

#### *Private sector*

The role of the private sector was expressly identified to be that of financial and skills resource provision. The private sector, with an emphasis on maximising returns for a given level of investment, is by virtue one that prizes efficiency and appropriate resource allocation. This is a valuable contribution in partnership arrangements where maximum high quality benefits can result from marginal investment, particularly in financially deficient environments. The private sector can also contribute significantly to research and development which can lead to innovative solutions to every day water challenges. Capacitation of communities and positive action towards risk mitigation to protect business operation were also highlighted as key advantages of the involvement of the private sector in water stewardship programmes.

#### *Civil society sector*

The role of civil society in water stewardship is one which is distinct and complementary to that of the public and private sectors. Civil society can facilitate large scale citizen participation and awareness through the creation of platforms for constructive water dialogue. Civil society can also play a significant role in the promotion of transparency and accountability in partnership contexts, supporting social and environmental justice in the application of technological and governance solutions to water challenges. Civil society also has an important role to play in fostering commitment and ownership of water stewardship interventions by affected communities. In this manner civil society can provide a bridge between public and private sector priorities, identifying and integrating solutions within the communities that are to benefit from the interventions.

### **Financing water stewardship**

Real financial resources are required to develop and implement requisite programmes to improve water security. The burning question is always – what funds are available for implementation of water stewardship and how can they be accessed? The answer to this will be different depending on the sector, organisation and institution, however the following is pertinent when it comes to financing such programmes:

#### *Multiple funding sources*

The plethora of challenges facing water-scarce environments and South Africa in particular, are often too big to be addressed or financed by a single institution or organisation. Multiple funding sources must therefore be considered ranging from internal public sector funds such as the Municipal Infrastructure Grant (MIG) and Regional Bulk Infrastructure Grant (RBIG) funds, commercial bank loans and equity

funds which can be provided by the private sector. A combination of these sources can be utilised in a blended finance model.

### *Water stewardship can and should move beyond the domain of philanthropy*

In previous years, water stewardship interventions have relied primarily on philanthropic and Corporate Social Investment (CSI) funding which has to a large extent fostered the view that water resource protection is not a necessary condition, but rather a social conscience matter. Whilst this form of financing has been necessary and essential in kick starting many interventions, water stewardship is able to move beyond the domain of philanthropy to more structured programmes which can draw on private and commercial financing, as well as funding associated with company strategy, business growth and risk management. Such progression however requires careful thought on project structuring and making the investments viable from a business perspective.

### *Project structuring for investment protection*

Water stewardship projects that are feasible from a business point of view can possibly be structured in a blended finance model where available grant funding can be used for project preparation towards feasibility, with private sector partners providing equity for commercial financing. Defined off-take agreements can also be established in cases of water treatment which also make commercial project financing viable. Mechanisms for cost recovery in instances of infrastructure development, replacement, upgrading or refurbishment can also be done through the private sector and are a critical consideration for investment protection. Cost recovery mechanisms may, in the public sector, take the form of water tariff increases and varying user and environmental charges depending on the nature of the project.

### *Budget priority shifts*

South Africa and the world alike have entered the era of the Sustainable Development Goals (SDGs), where the focus has shifted from a resource access point of view to resource sustainability and long term provision of services. This means that in considering water stewardship projects for the future, financing must not only take into account initial project development and establishment but requirements for maintenance, adaptation and resilience. This requires an acknowledgement that whilst addressing the present issues is critical, careful consideration must be applied to the future implications of current action and intervention.

## **Policy and incentives**

In addition to looking at these business-related factors, the influence of policy and the water governance framework in any specific country or region must not be underestimated. Government can incentivise businesses to take on water stewardship through direct or indirect interventions. Obviously, regulations and the enforcement thereof play an important role in shaping both citizen and company behaviour, with the threat of enforcement often sufficient to effect compliance.



## CONCLUSION

The Water Stewardship Regional Conference, the first of its kind in Southern Africa, provided participants with a clear understanding of the nature and characteristics of water stewardship activities, the company drivers for these initiatives, and the role of different actors in stewardship programmes.

Case studies of business, civil society and government partnerships were outlined from a number of countries, in order to demonstrate the practical approaches that are being adopted across Southern and East Africa. Emphasis was also placed on the various water tools (the majority of which are freely accessible to the public) that businesses and practitioners can employ to support companies at each stage in the water stewardship journey.

At an overriding conceptual level, it was acknowledged that water is a critical enabler and connector, which is at the centre of development in Southern Africa. As such, water can play a key role as a catalyst for societal partnership. Water stewardship therefore offers the opportunity for enhanced relationships between public, private and civil society actors, based on a shared value approach, as already evidenced in initiatives undertaken to date.

The stewardship practices highlighted within the conference provide an important indication of what can be done, of successful stakeholder engagement processes and practical project types that are replicable in additional contexts.