



Water Stewardship Funding of Large Projects

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Private Sector could consider?

- But the overarching key problem lies in project design, according to Gena Gammie, a Manager in the Water Initiative of Ecosystem Marketplace publisher Forest Trends.
- Stewardship: Project developers and organizations shape their projects and products to appeal to the traditional philanthropic modes of funding

Taking a longer term view and consider formal participation in the blended finance structuring and alternative service delivery models

Setting up Project success

- Large private sector water users could consider using their financial resources to support water utilities in:
 - Integrated planning and project feasibility processes
 - Committing equity contributions
 - Signing long term take off agreements

to enhance the feasibility and bankability of long term contracts with the private sector.

- In essence supporting the notion of promoting the use of blended financing

Case Study Rustenburg Water

- Rustenburg was facing unprecedented growth due to mining developments
- The municipality did not have capacity (financial, operational) to extend its infrastructure to meet the demand
- The result was
 - Over loaded sewage treatment works
 - Regional potable shortages
 - Municipality faced censure from DWS
 - The MEC of housing did not want to provide any further approvals for new housing developments

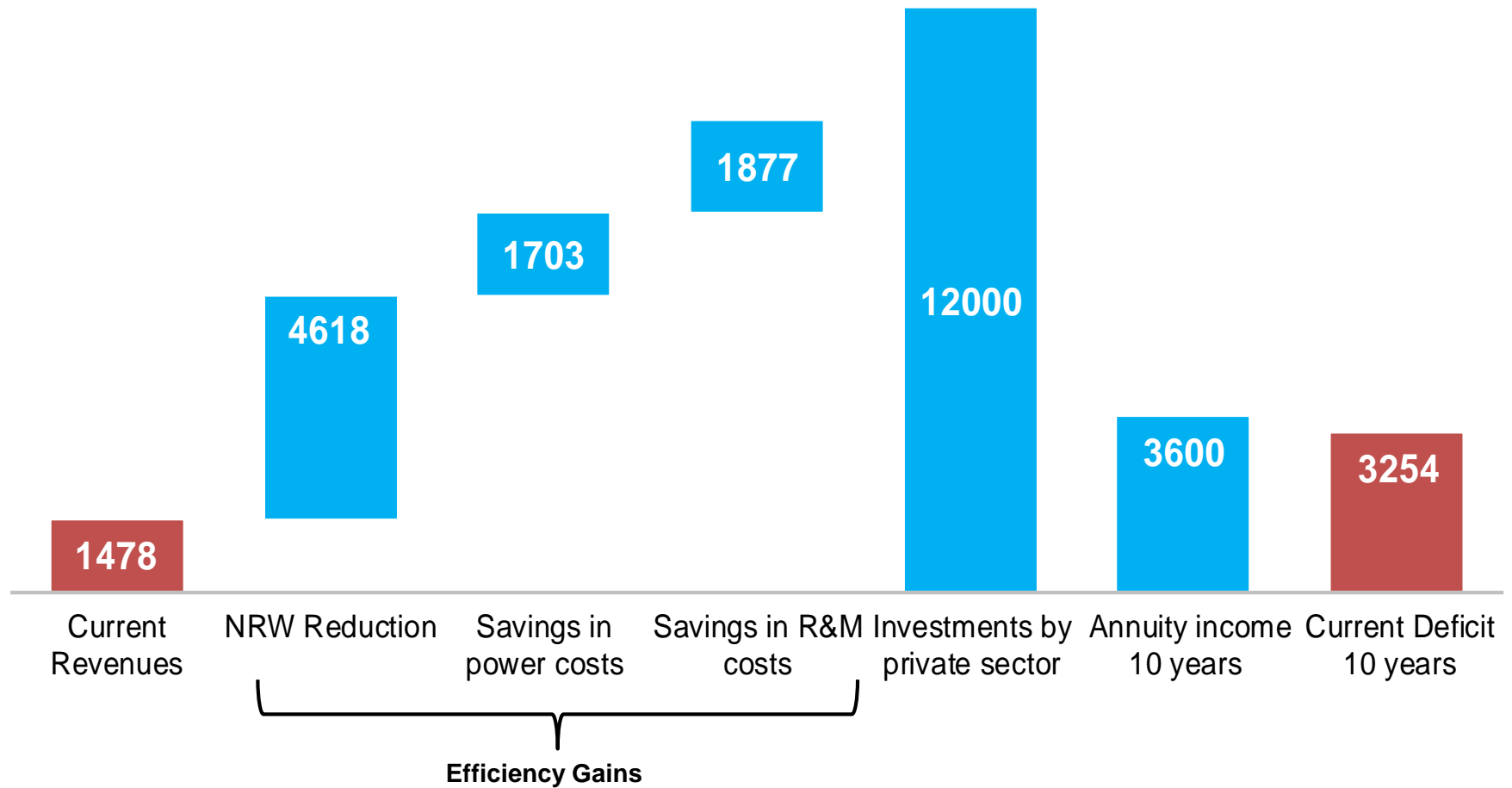
Local mining operations realised that its stewardship initiatives should go further and was looking at a solution to also ensure long term operational sustainability

Case Study Rustenburg Water

- Funding for the project was raised as limited recourse project finance
- To secure funding the Consortium had to demonstrate / prove that:
 - Project is adequately ring-fenced
 - Capacity to operate and maintain on a best practice basis
 - Income to be generated through the project is secure
 - Full compliance with all applicable laws, regulations, policies etc.
 - Lay-off construction risk
- Key mechanism to achieve this was the establishment of the Rustenburg Water Services Trust:
 - Provide means to ring-fence the project
 - Provide O&M capacity
 - Ensure on-going legal compliance

Case Study: Integrated Capital Planning Technical + Financial

Capturing Efficiency Gains over a 10 year Period



Financing of Water Projects

- Effective use of grants, project preparation funds to prepare feasibility studies
- Large private sector users
 - Support project preparation
 - Equity provision
 - Long term take-off agreements by large private sector users
- Bonds (green and or Project bond) } **36%**
- Pension funds and or Insurance funds } **36%**
- Export credit agreements(ECA) **14%**
- Local and International bank loans **14%**
- DFI's **14%**

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