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Strategic Water Partners Network (SWPN): Cross-sector collaboration to close the water gap in South Africa

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Background

One of the most pressing development issues facing South Africa today is water security. The 2030 Water Resources Group estimates that South Africa's water demand will increase by 52% and outstrip supply by 17% by 2030, driven largely by population growth, the increased water requirements of agricultural and industrial users, inadequate infrastructure and poor water management practices. Water plays a crucial role in the economic growth and social development of the country, and water scarcity has the potential to affect price and supply security for the citizens and businesses of South Africa. More broadly, the new Sustainable Development Goals (SDGs), which establish new global development priorities to replace the Millennium Development Goals (MDGs), include Goal 6, which calls for 'availability and sustainable management of water and sanitation for all'.

Following the World Economic Forum meeting in Cape Town in 2011, the Strategic Water Partners Network (SWPN), a public-private-civil expert leadership group, was launched by South Africa's Department for Water and Sanitation and the Water Resources Group to help address the water resource challenge, with the initial business leadership and support of SABMiller and country subsidiary South African Breweries (SAB), alongside other partners including WWF, Eskom, Nestlé, The Coca-Cola Company, Water Research Commission and South Africa Local Government Association.

Since its formation, the SWPN has provided a mechanism for the private sector to engage at the highest level with the government on addressing the shared challenges of water scarcity. The Network comprises a coalition of businesses, the South African Government's Department of Water and Sanitation, the Development Bank of Southern Africa, the South African Water Research Commission, donors and development finance institutions such as GIZ

and IFC and civil society organisations including WWF. SWPN sits within the 2030 Water Resources Group, a wider coalition that similarly works to influence public-private partnership for future water security.

Objectives

The mission of the SWPN is to reduce South Africa's projected gap between water supply and demand and to advance the policy priorities of the Department of Water and Sanitation to tackle water scarcity.

Strategy

The SWPN brings together key stakeholders to identify high potential areas of intervention and then to pilot, prove, and catalyse the replication and scaling of projects with significant potential to help close the gap between water supply and demand. The strategy is aligned with the National Planning Commission's growth path for South Africa.

Activities

Initially SWPN focused on building relationships between stakeholders, securing seed funding and establishing a secretariat. In year two, following sectoral analysis and a review of government policy priorities, SWPN formed three main working groups to identify and develop pilot projects to strengthen water use efficiency and diversify the water mix, to identify best practices and innovative solutions, and to understand the key barriers and incentives for stakeholders to replicate pilots developed by the working groups:

- **Water Use Efficiency and Leakage Reduction Group:** focuses on developing solutions for reducing water losses in municipal, industrial and agricultural water systems. Inefficient water usage and water loss is a prime risk to all water users. 25% of all water

consumption in South Africa occurs in urban areas and 25% of the water supply in those areas is lost via municipal supply and distribution systems.

- **Agricultural Supply Chain Working Group:** aims to develop mechanisms to redress ageing and inefficient water infrastructure and solutions for water use efficiency in irrigation through financing for scheme upgrades and evidence to strengthen the business case.
- **Effluent and Waste Water Management Group:** coordinates private and public sector players to optimise the utilisation of treated effluent and wastewater as a means to diversify the water mix. The EWWM recognises that mine water's treatment can be expanded or improved to produce more water that meets potable water standards.

Year three has focused on conducting pilot projects and measuring and communicating results to stakeholders. Moving into year four and beyond, the Network will focus on replicating successful pilot projects and refreshing the pilot pipeline.

Structure

The SWPN comprises a mix of public, private and civic entities, each contributing their own expertise and resources:

- The South African Department of Water and Sanitation sets the direction of the SWPN and contributes convening power, policy and regulatory tools and funding. Local municipal government entities, through the South Africa Local Government Association, provide implementation support.
- Private sector companies, including SAB, Eskom, Nestlé, The Coca-Cola Company, Sasol and Anglo American contribute funding, play a role in partnership governance and provide operational support to projects.
- Donors and development finance institutions including IFC and GIZ provide technical expertise and funding.
- NGOs such as WWF and the Endangered Wildlife Trust contribute subject expertise and implementation capacity.

Results

To date, SWPN's three working groups have initiated five pilot projects. Two of them, 'No Drop' (housed within the Water Use Efficiency and Leakage Reduction Group) and Mine Water Management (housed within the Effluent and Waste Water Management Group) are now in second phases, focusing on replication.

The most important overarching Key Performance Indicator for SWPN is a reduction in the projected gap between water supply and demand at the national level, but it is recognised that measurable differences will only be observable in the medium to long term and will be difficult to attribute solely to SWPN. Project-specific KPIs are designed to gauge whether they are on track, including measures of effectiveness, efficiency, and extent of replication.

Results to date for the *No Drop* pilot, a water loss performance scorecard approach to reducing municipal water loss, shows that:

- All municipalities adopting the scorecard approach are reporting on at least the three most critical Key Performance Areas (KPAs)
- All eight major metropolitan municipalities are reporting on all seven KPAs; these municipalities account for 90% of the value of municipal water lost nationwide
- *No Drop* performance data has been analysed and opportunities to reduce water losses identified

Aside from project-specific results, the SWPN has also been able to share learning and knowledge to inform broader national and international policy and industry discussions related to water security and public-private collaboration.

Next Steps

The SWPN is currently considering the future evolution of the platform, including the identification of new pilot projects and scope for strengthening the capacity of the secretariat function, widening membership to include more businesses and civil society organisations, and attracting new sources of funding.

Citi



Mobilising \$100 billion to fight climate change and to protect the environment

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Background

Climate change is a global challenge that stands to affect the majority of businesses, the economy and societies around the world. To have an 80% chance of capping the global temperature at two degrees Celsius above pre-industrial levels, Ceres has estimated that an additional \$1 trillion in clean energy investment is needed annually above current investment rates for the next 36 years.

In early 2015, Citi launched an enhanced sustainability strategy to align a wide range of environmental and climate change related activities across its business and operations, and to focus its resources around three thematic priorities: Combating Climate Change, Championing Sustainable Cities and Engaging People and Communities.

Included in this strategy is a commitment to lend, invest and facilitate \$100 billion towards environmental solutions and climate change related activities by 2023. This builds on a previous Citi initiative, launched in 2007, to mobilise \$50 billion in climate change financing, which was achieved in 2013, three years ahead of schedule, indicating growing client interest in and market demand for financing solutions that address climate and environmental challenges.

Objectives

The \$100 billion goal aims to reduce the impacts of climate change and to protect the environment, meet growing client demand for innovative environmental financing solutions, and support Citi's corporate mission to enable progress.

Strategy

Citi is specifically looking to identify opportunities to finance greenhouse gas reduction and resource efficiency efforts in a range of sectors, infrastructure improvements that increase access to clean water and manage waste, and activities that enable communities to adapt to climate change impacts such as affordable housing in low- and moderate-income communities.

This goal is embedded in Citi's core business operations and leverages the core competencies and expertise of its business units and operations. Through the scale of the initiative and by demonstrating impact through a transparent and robust reporting mechanism, Citi aims to catalyse wider interest and additional resources to scale up investments in climate change and environmental protection solutions.

Activities

Citi has established criteria to evaluate each transaction to be included within the \$100 billion target to ensure activities and expected outcomes align with the desired impacts.

To illustrate the potential opportunities, during 2014, Citi helped to raise and direct nearly \$23.6 billion in the following main project areas:

- **Clean Energy Financing:** Providing access to new sources of capital for clients worldwide working on clean energy projects and investing in existing efforts to develop projects, technologies and services that reduce greenhouse gases and other emissions.
- **Energy Efficiency Financing:** Developing new methods to finance energy efficiency for corporations, state and local governments and homeowners.

- **Green Bonds:** Supporting the development of green bonds, which are dedicated to activities that have environmental benefit and have the potential to significantly expand environmental financing worldwide.
- **Financing Clean Water:** Underwriting bonds for local governments for projects that help improve water quality and mitigate future water risks.
- **Sustainable Transportation Financing:** Supporting urban mass transit systems and low-emission vehicles to help cities and communities thrive whilst reducing greenhouse gas emissions.

In addition, as part of the new sustainability strategy, Citi is committed to reducing impacts associated with its own operations and value chain. This includes establishing new environmental footprint goals for 2020, including 35% reduction in greenhouse gas emissions, 30% reductions in energy and water use and 60 percent reduction in waste to landfill, all against a 2005 baseline. The initiative also includes a longer-term 2050 greenhouse gas emissions reduction goal of 80%, with both the 2020 and 2050 greenhouse gas emission goals created using a climate science-based methodology.

Structure

Citi's Citizenship and Sustainability function undertakes global co-ordination of the initiative and provides support to each participating business unit. Business units across Citi engaged in the \$100 billion financing initiative include Alternative Energy, Municipal Securities, Citi Community Capital, Export Agency Finance, Commodities, Asset Finance, Capital Markets Origination, and Citi Mortgage, as well as Citi's Operations and Technology team.

Citi also collaborates with a range of external partners, including government agencies, local government, development finance institutions, country-based and state-based green banks, and environmental NGOs.

Results

During 2014, financing activities in support of the new goal helped to raise and direct nearly \$23.6 billion. The majority of these activities took place in North America, Europe, Middle East and Africa and came from the banking and capital markets or green bonds sector. Examples include:

- In the clean energy financing area, Citi supported SunEdison with an innovative \$160 million facility to finance a pool of distributed generation solar projects for commercial and industrial properties in the United States, averaging 1.1 megawatts each.
- In the area of energy efficient financing, Citi is a leading collaborator on the Warehouse for Energy Efficiency Loans (WHEEL), a U.S. public-private financing platform that brings lower-cost capital to public residential energy efficiency loan programmes.
- In the area of green bonds, Citi underwrote the auto industry's first asset-backed green bond issuance. Citi worked with Toyota Financial Services to develop the \$1.75 billion offering, net proceeds from which will fund retail finance and lease contracts for Toyota's portfolio of qualifying green vehicles.

In terms of reducing its own impacts across its operations, Citi invested nearly \$200 million in 2014 in energy efficiency measures and green building. Citi achieved certification to U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) standards of 41 Citi offices, bank branches, and data and operations centres around the world during 2014.

Next Steps

Citi is currently in the process of establishing a methodology to measure the environmental and social impacts of the \$100 billion financing initiative, to be reported in 2016.

