



# renoka

*We are a river*

## A Learning Journey for Cooperation with Private Sector in the Orange - Senqu

Financing of transboundary cooperation & basin development in Africa: approaches, challenges, future developments

Matsolo Migwi: Deputy coordinator, integrated catchment management unit, Lesotho





# **ReNOKA**

## **In Sesotho, re noka means, 'we are a river'**

### **Strategic vision for Lesotho**

We define integrated catchment management as “a multi-stakeholder process, which promotes the integrated, sustainable, and risk-informed development and management of water, land, and related resources in Lesotho's catchment areas.”

Our vision is:

Livelihoods and economic development for today's and for future generations are improved through the conservation of biodiversity, land, and water resources in the catchment areas of the rivers in Lesotho. This will benefit the country, the Orange-Senqu basin and the entire Southern African region.

# Renoka action in Lesotho

Achieving Integrated catchment management through 6 pillars of intervention- supported by GIZ

## Transboundary cooperation

**Policy  
framework  
developed  
and  
applied**

Policy harmonization  
and reform  
Regulatory framework  
for use of land and  
water resources  
Gender-sensitivity and  
climate-resilience  
Empowering  
Community Councils

**Effective,  
efficient &  
inclusive  
institutions**

Establishment of ICM  
governance structure,  
esp. In catchments and  
communities  
ICM guidelines  
Financing mechanism  
Private sector  
engagement

**Capacity,  
skills and  
knowledge  
for ICM**

Professional training for  
users of land and water  
resources  
Regional exchange  
Public awareness,  
behaviour change and  
advocacy

**ICM  
measures  
implemented**

Emergency measures to  
halt environmental  
degradation  
Measures for long-term  
watershed development  
Nexus measures for  
livelihoods, energy, food  
security

**Coordination,  
monitoring,  
supervision**

Management capacity  
Sector coordination  
Data, monitoring,  
learning

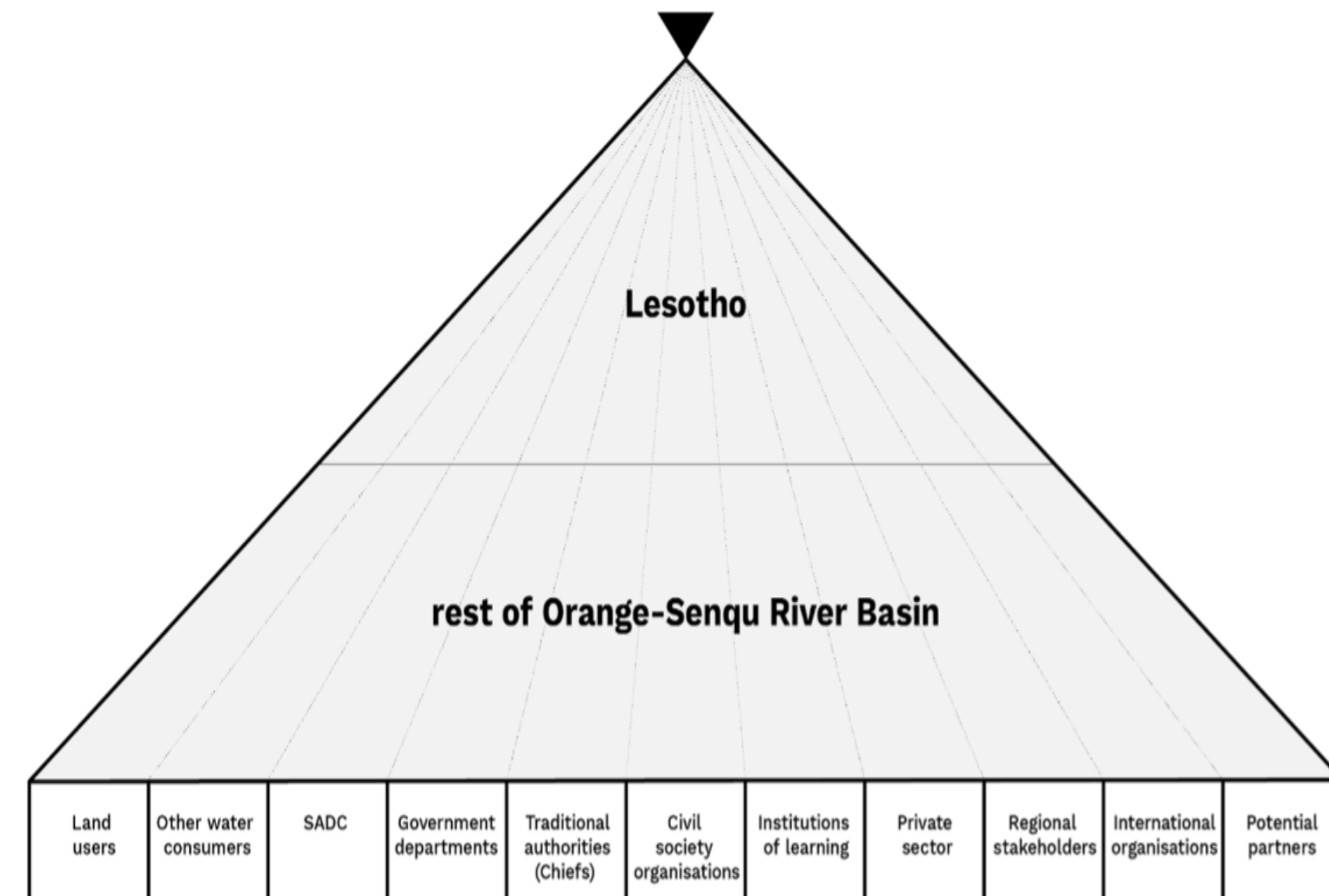
# How can a stewardship approach support ICM?

- ICM requires the buy in and active supports of all stakeholders
- Sustainable ICM efforts requires financing, which the **government alone cannot sustain**
- The Stewardship approach has proven successful in **leveraging private sector financing** towards IWRM
- **Orange Senqu** is a key resource for businesses in SA
- Water Stewardship identifies: **shared water risks to co-create and co-implement joint solutions**



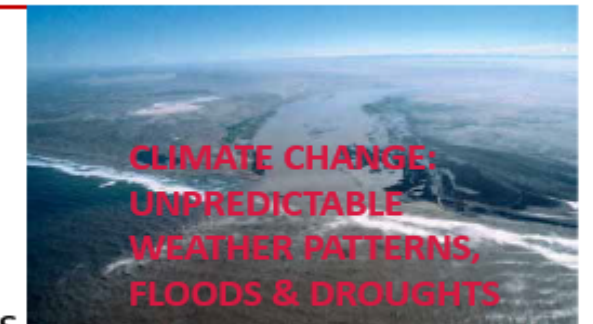
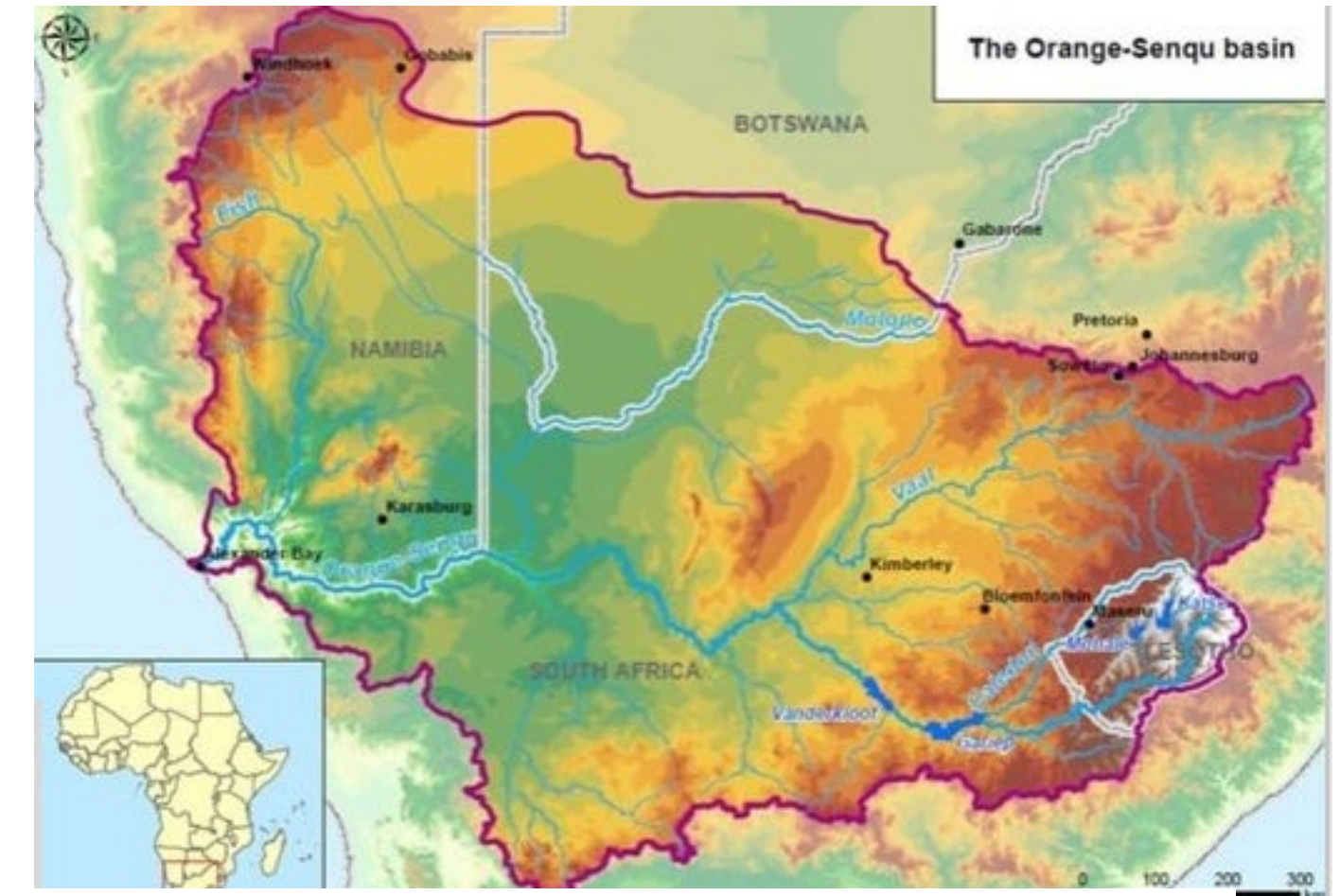
# The Orange Senqu Basin Cross- Boundary Learning Journey

- A cross boundary pilot (LST-SA)
- Hosted under ORASECOM
- 5 sessions to:
  - Spark a dialogue between upstream/downstream water users
  - Create a shared understanding of the catchment and its challenges
  - Unpack the economic and social value of the catchment for the countries and its people
  - Explore the potential for collaboration on mutually beneficial projects
  - Establish a cross boundary stewardship platform



# Step 1 : Develop a common understanding of the water resources to prioritize shared risks and threats

- The OSB: running across 1M m2 across Lesotho, South Africa, Botswana and Namibia.
- Over 19 M people depends on the sustainable management of its water resources
- Unique highland and wetlands ecosystem crucial to basin flow
- The River mouth between Namibia and South Africa has been declared a Ramsar site
- Key economic function: power generation, agriculture, industrial development and business growth.
- ORASECOM: key transboundary institution



## SOME KEY FACTORS THAT ARE THREATENING THE OSB:

- Large-scale industrial pollution from industries and mines.
- Toxic runoff from large-scale agri-business.
- Soil erosion from agriculture & urban development.
- Sedimentation resulting from eco-system degradation, such as wetlands.
- River bank degradation from large & small-scale agriculture.
- Disruption of flow & silting affecting estuary ecology.

# Step 1 : Develop a common understanding of the water resources to prioritize shared risks and threats

## The economic and social value of water

LHWP Dams concerningly low :Katse 22%,Mohale at 3% in 2020.

**For Lesotho:** the total revenue **M944 Maltuhi in 2019** , or 3.7% of the national **GDP** accounting for **16 058 direct and indirect jobs** = 14% of taxes, 48% health expenditure and 41% education expenditure.

**Economy of the Vaal River water system : R1.7bn in 2018**

**A 17% water shortage would reduce the economy by R3.6bn, = to 0.2% of GDP and 26 000 job losses – 0.3% of all jobs.**

**A 25% water shortage would reduce the economy by R34bn = 2% of GDP and 244 000 job losses- 3.0% of jobs**

**A 50% water shortage would reduce the economy by R129bn = 11% of GDP and 924 000 jobs,- 11% of total.**



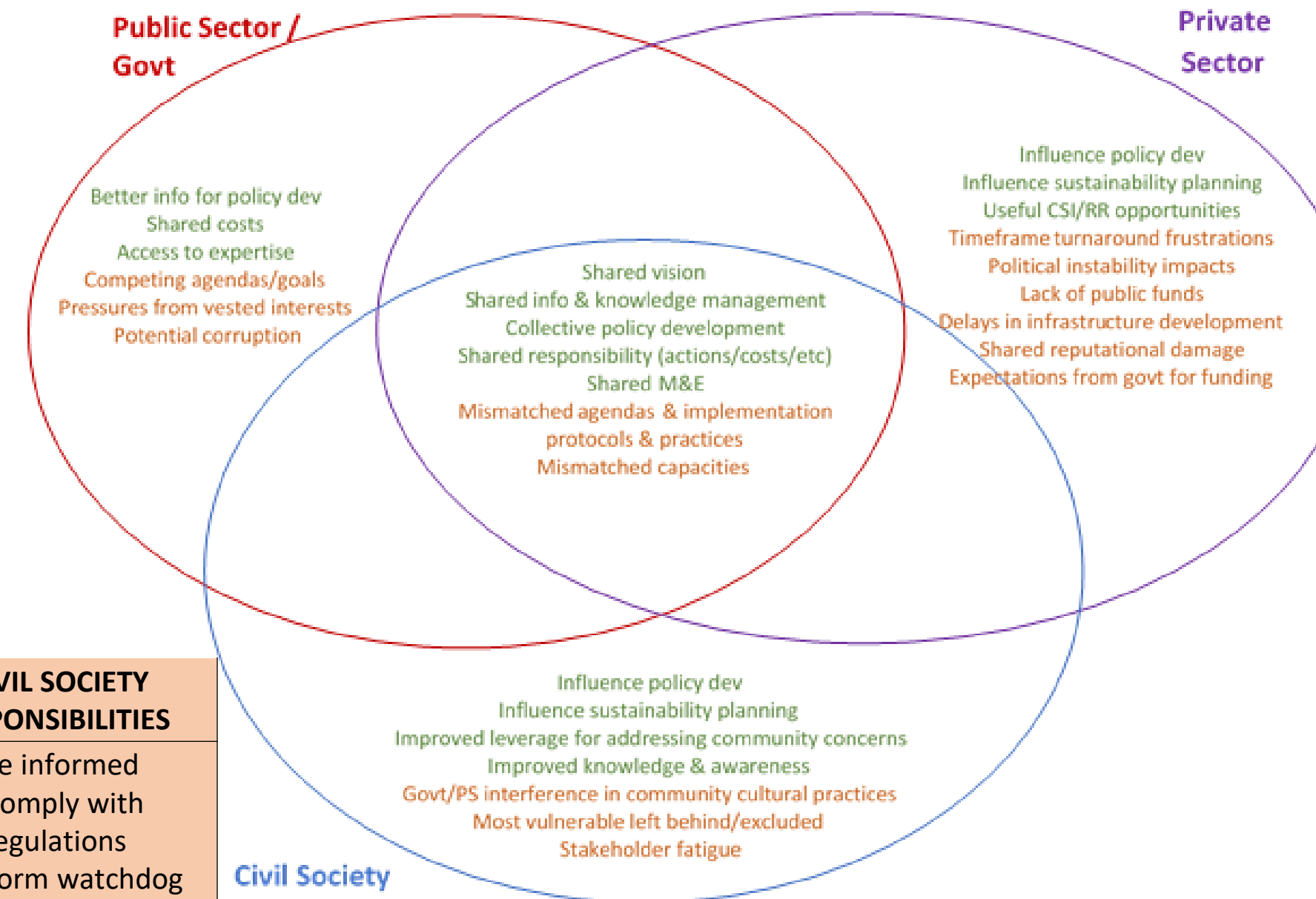
# Step 2: Understand key stakeholders and their responsibilities

PUBLIC SECTOR INTERESTS	PUBLIC SECTOR RESPONSIBILITIES
Water quality Water quantity Governance & regulation Revenue Service delivery Environmental factors Energy Bulk storage Livelihoods WASH	<ul style="list-style-type: none"> <li>•Ongoing consultation &amp; communication</li> <li>•Develop appropriate policies &amp; regulations</li> <li>•Enforce policies &amp; regulations                             <ul style="list-style-type: none"> <li>•Manage water pricing optimally</li> </ul> </li> <li>•Maintain accurate information &amp; knowledge                             <ul style="list-style-type: none"> <li>•Source expertise</li> <li>•Resource infrastructure requirements &amp; maintenance</li> <li>•Resource conservation &amp; environmental rehabilitation (including PES)</li> </ul> </li> </ul>

PRIVATE SECTOR INTERESTS	PRIVATE SECTOR RESPONSIBILITIES
Water quality Water quantity Energy Industrial processing water requirements Irrigation supply Bulk storage Environmental factors	<ul style="list-style-type: none"> <li>•Develop &amp; implement internal water protection protocols &amp; practices (use, contaminant management, conservation)</li> <li>•Manage abstraction &amp; use optimally                             <ul style="list-style-type: none"> <li>•Contribute to policy development</li> <li>•Share knowledge, expertise for common benefit</li> </ul> </li> <li>•Share financial resources                             <ul style="list-style-type: none"> <li>•Fund innovation</li> <li>•Resource water-related CSI</li> </ul> </li> </ul>

SHARED INTERESTS	SHARED RESPONSIBILITIES
Water quality Water quantity Environmental factors Energy	Overall collaboration in the service of the protection of the OSB <ul style="list-style-type: none"> <li>•Policy development, enforcement &amp; compliance</li> <li>•Knowledge &amp; expertise</li> <li>•Financial resourcing                             <ul style="list-style-type: none"> <li>•In-kind resourcing</li> </ul> </li> <li>•Infrastructure design, development &amp; maintenance                             <ul style="list-style-type: none"> <li>•M&amp;E</li> </ul> </li> </ul>

CIVIL SOCIETY INTERESTS	CIVIL SOCIETY RESPONSIBILITIES
Water quality Water quantity Livelihoods Service delivery WASH Research & Development Environmental factors Energy	<ul style="list-style-type: none"> <li>•Be informed</li> <li>•Comply with regulations</li> <li>•Perform watchdog role in respect of both public &amp; private sectors</li> <li>•Engage in local conservation &amp; rehabilitation projects                             <ul style="list-style-type: none"> <li>•Involve schools and learners</li> </ul> </li> </ul>



Main benefits(green) and risks (red) from cooperation



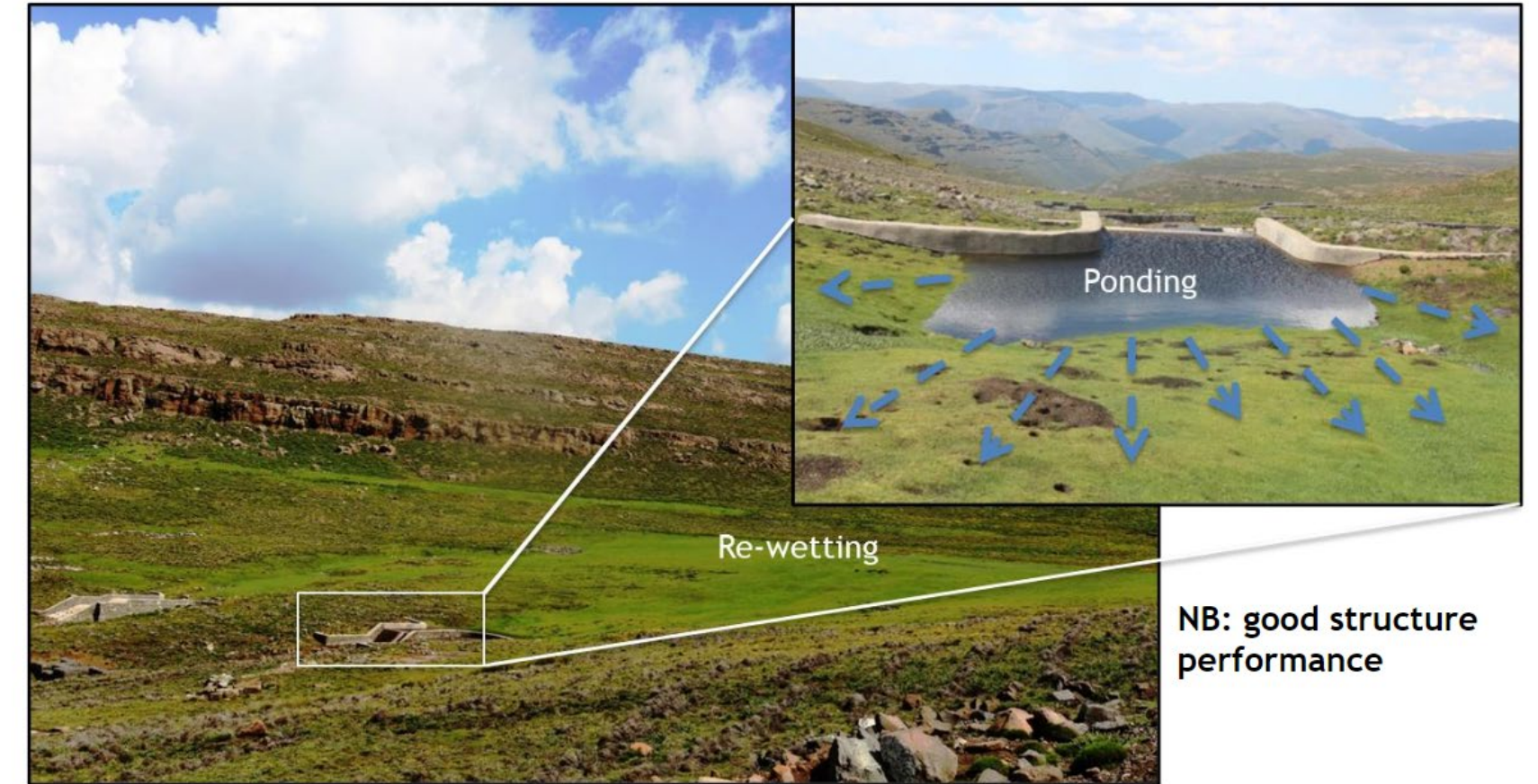
# Step 3: Get inspired and learn about Stewardship from Stewardship champions

3 case studies: B2B, B2G

- **The Resilient Waters Programme (RWP)**, focuses on improving the sustainability of the **Limpopo River Basin** through integrated planning and nexus approaches
- **Letseng Diamond Mine from Lesotho**, projects carried out in Oxbow-Senqu Critical Habitat Priority Area of Lesotho,
- **Sasol**, a private sector stakeholder operating within the **Integrated Vaal River System**

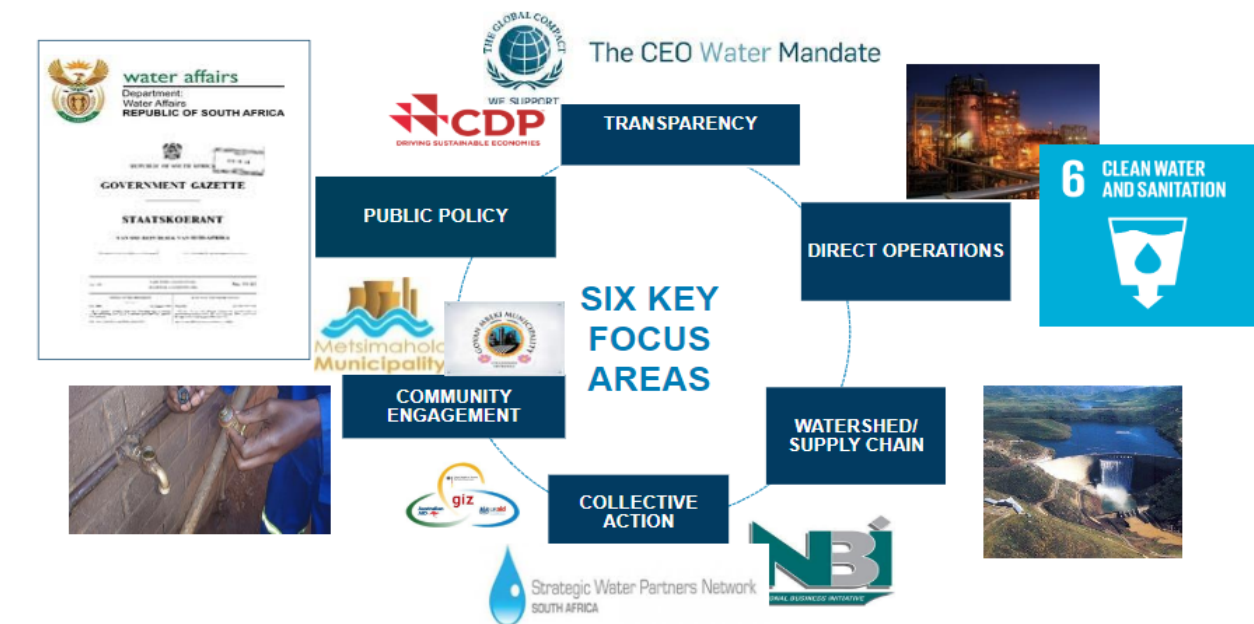
## Lessons on:

- Programme design
- Project Management
- Partnerships
- Financing
- Stakeholder engagement
- Capacity building



Above Letseng: Khubelu sponges wetland rewetting

Sasol continues to respond to water risks through a Corporate Water Stewardship approach



Water stewardship is about responding to a shared challenge, taking collective responsibility and being transparent and accountable.

# Step 4: Exploring financing mechanism for private sector contribution

MECHANISM	KEY FEATURES
<b>TNC Water Funds</b>	Multi-sectoral governance structure carrying out collective action projects. Nature-based solutions for sustainable integrated catchment management that are science/evidence based.
<b>DBSA and KfW SA DC Water Fund</b>	Established by SADC as a blended financing instrument to promote grey and green infrastructure, managed by DBSA, supported by KfW.
<b>Development Impact Bonds</b>	Performance-based investment instrument to promote investment in e.g. water infrastructure on the basis of returns on investment through a guaranteed off-taker (need to be specific, evidence based and quantifiable).
<b>GIZ/DeveloPPP</b>	Carried out by GIZ and DEG, the instrument is demand oriented and based on developing partnership with private sector, through topping up their contribution.
<b>Regeneration Opportunity Fund (ROF)</b>	LST based Fund to reduce biophysical degradation, 3 windows: 1) Landscape support ; 2) Sustainable enterprises; 3) Innovation Aims to disburse found at the local level and leverage funds from DPs, Climate Finance (i.e carbon offsets).
<b>Alliance for Water Stewardship</b>	International standard - to get reliable evidence of water stewardship actions of private sector sites.

# Step 5: Identifying projects for joint implementation and suitable governance

## Potential Shared Project

- 1 Priority sub-catchments: climate change vulnerability as well as water availability assessments will be carried out to inform catchment interventions. The pilot methodology will be institutionalized for scalability of ICM
- 2 Economic and social value of wetlands: focussing on confirming and quantifying the main causes contributing to decreasing volumes of water in storage in Katse and Mohale Dams- ICM
- 3 Protecting important headwater wetlands through the RAMSAR convention -ICM
- 4 Establishing a National ICM Data System- ICM
- 5 Green livelihood measures-ICM
- 6 Protection rehabilitation and restoration of wetlands- HDA
- 7 Conservation and sustainable use of rangelands- LHDA
- 8 Prevention and control of soil erosion- LHDA
- 9 Pollution control- LHDA
- 10 Livelihoods diversification- LHDA
- 11 Innovative Private Public Partnership schemes building on successful pilot project with Emfuleni municipality - Implemented by UNDP, GEF and ORASECOM
- 12 Potential for implementation of trans-boundary Paying for Ecosystem Service - UNDP, GEF and ORASECOM

## Governance models

- Learning from regional champions on structure to cooperate with private sectors: i.e Strategic Water Partners Network
- Create country institution to cooperate with private sectors to foster cross- boundary dialogue
- The right host is crucial: i,e ORASECOM
- Value proposition is critical for the sustainability of an institution





# Reflections & Way Forward

- Integrated Catchment Management needs all sectors/stakeholders to be on board
- Private sector can contribute financially or in kind (i.e Letseng Diamond)
- Private sector contribution can be inside or outside the fence lines of their businesses
- Private sector need to understand the importance of its contribution - as an investment on its long term sustainability
- Business cases based on sound scientific evidence are keys
- Cross-boundary dialogue is a powerful tool for improved collaboration and efficiency
- A stepping stone to leveraging contributions and collaboration
- The learning journey served to inform a holistic strategy on private sector engagement & development of financing mechanism for Lesotho



# Reflections & Way Forward

Sustainable cooperation with the private sector needs to be anchored in institutions:

1. Explore potential financing mechanism
  - To sustain ICM institutions (revenue generation)
  - To implement ICM rehabilitation action (operational budget)
2. Develop business cases and feasibility for financing mechanism(s)
3. Design and implement financing mechanism embedded in local institutions
4. Develop capacity to access financing mechanism and implement at local level- subsidiarity principle



# Thank you

Mmmm