



REPORT TO COUNCIL

DATE

1. ITEM NUMBER : C 29E/05/16

2. SUBJECT

SEEKING APPROVAL FOR ESTABLISHING A WATER FUND FOR WATER FUND IN PARTNERSHIP WITH THE NATURE CONSERVANCY

ONDERWERP

BEKOM VAN GOEDKEURING VIR STIGTING VAN N WATERFONDS VIR KAAPSTAD IN SAMEWERKING MET THE NATURE CONSERVANCY

ISIHLOKO

ISICELO SOKUPHUNYEZWA KOKUMISELWA NGENGXOWA-MALI YEZAMANZI YASEKAPA IHLANGENE NEZOLONDOLOZO LWEZENDALO ISINDULULO

3. STRATEGIC INTENT

- Opportunity City
- Safe City
- Caring City
- Inclusive City
- Well-run City

#### **Opportunity City**

The creation of job opportunities for unemployed people and opportunities for communities to access nature based tourism industry, and securing water resources through attracting investment into the water fund by national and international business.

**The Safe City**

By offering employment opportunities to reduce crime. Removal of invasive vegetation to reduce hiding spaces for criminal and illegal activity. Removal of dense stands of invasive vegetation to reduce the risk of runaway wildfires which damage property and threaten lives.

**Caring City**

By controlling invasive plants, improving natural areas and landuse in strategic water provision areas, the City shows that it cares for its people and the environment. New standards of cleanliness for all communities enhance the multifunctional landscape of the City and provide vital 'green lungs' which reduce the pressure of urbanisation.

**Inclusive City**

By giving people meaningful environmental work contributes towards self-respect and respect for the City and community they live in. Teamwork contributes to new skills of communication and cooperation. Gender equity employment policies contribute to the reduction of gender stereotyping.

**Well-run City**

Contributing to the ethos of a well-run City by applying standard best practice guidelines, quality assurance, monitoring and a transparent worker selection process. A functioning ecosystem and provision of clean water is symbolic of a well-run City.

**4. PURPOSE**

The purpose of this report is to seek the approval of Council for the establishment of a Water Fund for Cape Town in partnership with The Nature Conservancy (TNC).

**5. FOR NOTING BY / FOR DECISION BY**

This report is for consideration of the Executive Mayor together with the Mayoral Committee, and decision by Council.

**6. EXECUTIVE SUMMARY**

This report seeks approval for a co-operative agreement between the City of Cape Town (CoCT) and The Nature Conservancy (TNC) to establish a Water Fund for Cape Town. The Nature Conservancy establishes Water Funds with cities in the developing world to improve water security. Water Funds are innovative mechanisms for leveraging funding for managing ecological infrastructure. The Cape Town Water Fund will be piloted in the Dassenberg Coastal Catchment Partnership

AMH

(DCCP) area with its main focus of securing water for the town of Atlantis. The Cape Town Water Fund has the potential of expanding to other water provision areas of the City of Cape Town. The agreement will be formalised by means of a Memorandum of Understanding (MoU) for the approval of the Executive Director Energy, Environmental and Spatial Planning (EESP). The local communities of Atlantis, Mamre and Pella will be the direct beneficiaries of a Water Fund through water security and job creation. Furthermore, a Water Fund will benefit the City Cape of Town through improving ecological infrastructure and thereby protecting the aquifer against pollution. It is projected that through this Water Fund, 200 work opportunities can potentially be created for local communities of Atlantis, Mamre and Pella.

A Water Fund is administered by an independent legal structure and decision making mechanism that will be specifically established for this purpose by TNC. The Water Fund does not place any statutory responsibilities on the City of Cape Town. Through co-operating with the Nature Conservancy and facilitating the establishment of a Water Fund, the City of Cape Town will demonstrate its commitment to provide essential services and creating job opportunities in line with its Integrated Development Plan (IDP) and Integrated Metropolitan Environmental Policy (IMEP).

## **7. RECOMMENDATIONS**

### For decision by Council

It is recommended that approval is granted for the establishment of a Water Fund for Cape Town in co-operation with The Nature Conservancy (TNC), and for the conclusion of a Memorandum of Understanding (MOU) between the City and TNC as per the draft annexed to this report.

## **AANBEVELINGS**

### Vir besluitneming deur Raad

Daar word aanbeveel dat goedkeuring verleen word vir die stigting van n waterfonds vir Kaapstad in samewerking met The Nature Conservancy (TNC), en vir die sluiting van n memorandum van verstandhouding tussen die Stad en TNC soos volgens die konsep wat by hierdie verslag aangeheg is.

## **ISIGQIBO SESEBHUNGA**

Kunduluwe ukaba makunikwezwe ngesiphumezo sokumisela iNgxowa-mali yezaManzi yaseKapa ngokubambisana nezoLondolozo lwezeNdalo (TNC), Kunye nokuqunjelwa kwememorandum yokuqondana phakathi kweSixeko ne-TNC ngoyilo oluqhutyoshelwe kule ngxelo.

## **8. DISCUSSION/CONTENTS**

### **8.1. Constitutional and Policy Implications**

The project is aligned to the imperatives of Section 24 and 27 of the Constitution, National Environmental Management Act (NEMA), The National Environmental Management Biodiversity Act (NEMBA), National Water Act and a number of City by-laws and policies dealing with environmental and water conservation.

The Nature Conservancy aims to improve water supply to urban areas through entering into partnerships whereby Water Funds are established. Water Funds are established in various cities across the globe to protect water resources through partnering with multiple stakeholders and thereby securing funds to manage green infrastructure. Water funds are innovative funding mechanisms for watershed conservation through attracting public and private partnerships. Water funds directly improve environmental services, help conserve biodiversity at a landscape/ecosystem scale and help preventing/reducing negative impacts of natural disasters associated with climate change. Water funds are contributions from the public and private sector and international corporations, with financial and administrative autonomy and specific objectives to conserve water and protect ecosystems to ensure the water provision.

The partnership is facilitated through the establishment of a legal structure and decision making mechanism to administer the Water Fund without placing any statutory obligations on the City of Cape Town. All financing is channelled through this legal structure.

## 8.2. Sustainability Implications

Does the activity in this report have any sustainability implications for the City?

No  Yes

8.2.1 The Cape Town Water Fund in partnership with TNC will improve environmental sustainability and protect water resources through the improved management of the Witzands Aquifer Protection Zone. It will have socio-economic benefits through the provision of an estimated 200 work opportunities for the impoverished local communities of Atlantis, Mamre and Pella. In addition to the job creation through controlling invasive plants, the potential access to nature based tourism opportunities, will further contribute to poverty alleviation through the establishment of Small, Medium and Micro Enterprises (SMMEs). Economic benefits will arise through improving land use practices and thereby securing water provision in the Witzands aquifer protection zone, responsible for 40% of the water provision to the town of Atlantis

8.2.2 The Cape Town Water Fund, will contribute to the IMEP 2020 vision for the environment of Cape Town through the following activities:

- There will be a positive relationship between local government and civil society, collective responsibility for the environment, and an ethic of partnership building.
- The City of Cape Town population will be environmentally educated, aware and conscious.

- Equitable environmental education will have ensured that people care for and respect their environment.
- The environmental quality will have improved in terms of air, water, land and sea.
- Environmental poverty will no longer exist and all communities will live in an environment that is not detrimental to their health or well-being.
- Wastewater treatment facilities will be efficient and comply with legislative requirements.
- There will be adequate and well-distributed open spaces for recreation and sustaining biodiversity.
- The City of Cape Town communities will have adequate shelter and basic services and will have access to education, employment and recreation
- The livelihoods of citizens will be sustainable and in harmony with the natural environment
- Water and energy resources and utilisation will be optimally and efficiently managed.

The Water Fund will give effect to the following Sectoral approaches to IMEP

- 4.2 Water resources
- 4.4 Fauna and Flora
- 4.11 Economy
- 4.12 Environmental health
- 4.13 Environmental education and training
- 4.15 Environmental governance

### 8.3. Financial Implications

There will be no financial implications for the City of Cape Town

### 8.4. Legal Implications

The Memorandum of Understanding envisages that the City will:

- Provide a platform for publicity and awareness creation for the idea of a Cape Town Water Fund.
- Assist in rallying private and public sector participation in a Steering Committee for the effort
- Provide public data necessary to generate an appropriate investment plan and business case for any Water Fund
- Partner with TNC and other members of the Steering Committee to mobilize funds and other resources for the development of the Water Fund

- Nominate suitable representatives to serve in the governance board of the Water Fund as per need and laid down procedures.
- Provide leadership and share information across the planning, implementation, and monitoring of projects or studies undertaken pursuant to this MOU.
- Meet bi-annually, or as otherwise agreed upon with representatives of TNC, to strategically plan collaboration and negotiate guidelines for projects and project proposals to meet the purposes of this MOU.

A Water Fund is administered by an independent legal structure and decision making mechanism that will be specifically established for this purpose by TNC.

#### 8.5. Staff Implications

Does your report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

No

Yes

#### 8.6. Risk Implications

None

#### 8.7. Other Services Consulted

Utilities

Water and Sanitation : (Mr P. Flower - 021 400 4859)

Bulkwater : (Mr. Vernon Marinus - 021 487 2459)

Water Services : (Mr. Rodney Bishop - 021 487 2454)

EESP

Biodiversity Branch : (Ms. Julia Wood 021 - 514 4170)

(Mr. Bongani Mnisi - 021 514 4164)

(Mr. Clifford Dorse 021 514 4150)

Finance

Valuations : (Ms. Louise Muller – 021 400 3940)

Business & Development : (Mr. Richard Wootton – 021 400 2701)

Legal services

(Ms. Susan Mosdel 021 - 400 3918)

## ANNEXURES

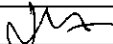
Annexure A: Water Funds Background and Detail

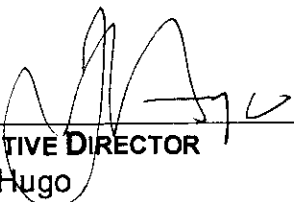
Annexure B: Draft Memorandum of Understanding

**ANNEXURES**

Annexure A: Water Funds Background and Detail  
 Annexure B: Draft Memorandum of Understanding

**FOR FURTHER DETAILS CONTACT :**

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<b>DIRECTORATE</b>	EESP; ERMD
<b>FILE REF NO</b>	
<b>SIGNATURE : DIRECTOR</b>	



**EXECUTIVE DIRECTOR**  
 Japie Hugo

COMMENT:

NAME

DATE

15.04.2016



**CHIEF FINANCIAL OFFICER (EXECUTIVE DIRECTOR: FINANCE)**  
 KEVIN JACOBY

COMMENT:

NAME

DATE

18.04.2016



REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.

NON-COMPLIANT

*[Signature]*  
LEGAL COMPLIANCE

NAME Joan-Mari Holt

COMMENT:

TEL 021 400 2753

DATE 20/04/2016

Certified as legally compliant: *JFH*  
Based on the contents of the report.

*A. G. Ras*

EXECUTIVE DIRECTOR: CORPORATE SERVICES AND COMPLIANCE (ED: CORC)  
**GERHARD RAS**

SUPPORTED FOR ONWARD SUBMISSION TO MAYOR  / MAYCO  / COUNCIL

NOT SUPPORTED

REFERRED BACK

DATE 10/5/16

COMMENT:



*[Handwritten signature]*

MAYORAL COMMITTEE MEMBER

COMMENT:

NAME JFH v/d mEnt

DATE 11/05/2016

*[Handwritten signature]*

EXECUTIVE MAYOR

- SUPPORTED FOR ONWARD SUBMISSION TO MAYCO  / COUNCIL
- PC RECOMMENDATION
- RECOMMENDATION AS CONTAINED IN ORIGINAL REPORT
- ALTERNATIVE RECOMMENDATION TO BE REFLECTED BELOW
- APPROVED I.T.O. DELEGATED AUTHORITY
- NOTED
- REFUSED
- REFERRED BACK

DATE 24.05.2016

COMMENT:

## ANNEXURE A: WATER FUND BACKGROUND AND INFORMATION

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## **Executive summary**

This document serves as background to Water Funds and provides information about the proposed Water Fund for Cape Town in partnership with The Nature Conservancy (TNC).

The Cape Town Water Fund will be piloted in the Dassenberg Coastal Catchment Partnership Area (DCCP) with its main focus of conserving the Atlantis Aquifer Protection Zone and thereby securing an important strategic water source for the City of Cape Town. The Water Fund has the potential of expanding to other water provision areas for the City of Cape Town. The partnership is to be formalised by means of a Memorandum of Understanding (MOU). It is envisaged that the Water Fund will be an entity to enable land acquisition, invasive plant control and will be providing access to surrounding impoverished communities to earn income through nature based tourism. It is projected that through this Water Fund, 200 job opportunities can potentially be created for local communities of Atlantis, Mamre and Pella.

### **1. Who is the Nature Conservancy?**

The Nature Conservancy (TNC) an American charitable environmental organization, with its headquarters in Arlington, Virginia, is the largest environmental nonprofit organization by assets and by revenue in the Americas. Its mission is to "conserve the lands and waters on which all life depends";

#### Some facts about TNC:

- Active in more than 35 countries including all 50 states of the United States;
- Over one million members;
- Protected more than 48 000 000 ha of land, 8 000 km of rivers and operates in more than 100 marine conservation projects globally;
- In 2014 the organization's assets totaled US \$ 6.18 billion;
- Rates as one of the most trusted national organizations in Harris inter-active polls every year since 2005;
- Forbes magazine rated The Nature Conservancy's fundraising efficiency at 88 percent in its 2005 survey of the largest U.S. charities;

- The Conservancy received a two-star rating from Charity Navigator in 2012
- In 2012 TNC was named by Charity Navigator on their list of "10 of the Best Charities Everyone's Heard Of";
- The American Institute of Philanthropy gives TNC an A- rating and includes it on its list of "Top-Rated Charities";
- The Nature Conservancy is led by President and CEO Mark Tercek, a former managing director at Goldman Sachs, and an adjunct professor at the New York University Stern School of Business.

## **2. What is a water fund?**

The Nature Conservancy aims to improve water supply to urban areas through entering into partnerships whereby Water Funds are established. Water Funds are established in various cities across the globe to protect water resources through partnering with multiple stakeholders and thereby securing funds to manage green infrastructure. Water funds are innovative funding mechanisms for watershed conservation through attracting public and private partnerships. Water funds directly improve environmental services, help conserve biodiversity at a landscape/ecosystem scale and help preventing/reducing negative impacts of natural disasters associated with climate change. Water funds are contributions from the public and private sector and international corporations, with financial and administrative autonomy and specific objectives to conserve water and protect ecosystems to ensure the water provision.

The Urban Water Blueprint Report launched at the Global Water summit in Chicago in 2014 offers science-based recommendations for natural solutions, such as rehabilitation of indigenous vegetation, repairing stream banks, and improving agricultural practices on farms in catchments – that can be integrated alongside traditional engineering solutions to improve water quality. According to this report, one in four cities globally could realize a positive return on investment and more than 700 million people could benefit from cities integrating natural solutions into future infrastructure development plans.

### **3. Why a water fund for Cape Town**

The ongoing drought in South Africa and water restrictions in Cape Town once again highlight the importance of protecting freshwater resources. The bulk of Cape Town's water supply originates from catchments and dams outside the borders of the City of Cape Town managed by Department of Water Affairs (DWA). The Department of Water Affairs manages 70 – 75% of Cape Town's water supply and about 15% are obtained from the City of Cape Town's own sources of which the Atlantis aquifer supplies about 1.5%.

### **4. What will the partnership entail?**

The cooperation and coordination between TNC and City of Cape Town may involve a wide range of activities, including, but not limited to, the following:

- Participation in initial outreach to get feedback on the concept of a Water Fund to benefit Cape Town water customers and the ecological infrastructure that supports it;
- Participation in a feasibility assessment to quantify estimated Water Funds benefits and costs;
- Participation in the development process of a Cape Town Water Fund;
- Convening of stakeholders consultative forums for major water consumers and interested corporates in Cape Town;
- Facilitation of data sharing and new strategic data collection to generate a business case for Water Fund;
- Design of a legal structure and decision making mechanism to administer any Water Fund;
- Implementation of targeted investment programs that are dedicated to aquifer and/or watershed conservation; and
- Implementation of ecological infrastructure protection and maintenance actions.

## 5. Alignment with City of Cape Town's water demand plan<sup>1</sup>

The City of Cape Town progressive water demand plan aims to ensure sustainable supply of water. Every effort needs to be made to support the Utilities Directorate (Water and Sanitation) to meet its objectives. One such mechanism is a Water Fund in partnership with The Nature Conservancy (TNC).

The **purpose of the WC/WDM strategy** is to ensure the long-term balance between available Water Resources and water demand, to postpone the need for expensive capital infrastructure projects for as long as it is economically viable and to minimise water wastage.

The water fund will contribute to water resource and environmental protection by improving land-use practices and controlling invasive species to improve water run-off and water yield.

The Water Fund will furthermore contribute to the attributes adopted in the framework for effective water and wastewater utility management by the Water and Sanitation Department.

- The ability of the department to meet the environmental management requirements and ecological needs.
- To achieve community sustainability by creating jobs to assist in improving the disposable income of households and enhance their ability to pay for water and sanitation services. The department must ensure that its operations, services output and by-products such as sludge and wastewater effluent do not harm the environment and compromise community health. Infrastructure Management and Operations must be managed to ensure efficient utilisation of water resources, energy and promote economic vitality with minimum impact on the environment. Efforts should therefore be made to ensure investments are green and climate change impact is managed.
- **Water Resource and Demand Management:** as it is, this business attribute focuses on the ability of the department to ensure security of water supply. The

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<sup>1</sup> SOURCE: UPDATE AND ADDITONS TO EXISTING LONG-TERM WATER CONSERVATION AND WATER DEMAND MANAGEMENT STRATEGY WATER & SANITATION WATER DEMAND MANAGEMENT & STRATEGY Review: 2015/16

department has a challenge to ensure that by 2017 a new source of water supply to the City will have been developed either directly by the department or through Department of Water Affairs. The department has to keep pace with future customer needs for basic services and economic expansion through long term resource planning, long term demand analysis and conservation of the existing resources.

## 6. Examples - Water Funds in other cities

One of the world's most successful water funds, the Quito FONAG in Ecuador, was created with an initial investment of US\$ 1,000 from TNC and US\$ 20,000 from the Quito water company. Other water users have since joined the water fund, such as the Quito electric company and private organizations including a beer company (Cervecería Nacional), a water bottling company (Tesalia Springs Co.) and a Swiss Cooperation (COSUDE). The endowment reached US\$ 5.4 million by the end of December 2008 and almost US\$ 8 million in 2014.

Africa's first water fund the Upper Tana- Nairobi water fund was launched in March 2015 and designed to generate US\$ 21.5 million in long term benefits over a thirty year period. The Upper-Tana Nairobi water fund attracted partners such as Coca-Cola, Pentair and East African Breweries and is aimed at reducing sedimentation as a result of poor farming practices leading to erosion.

## 9. Rationale for selecting the DCCP

The total size of the DCCP is 34 500 ha and includes the surface area of the Witzands Aquifer protection zone. The landownership includes 45 % Public land, 37 % Private land and 18 % Community land (Mamre).

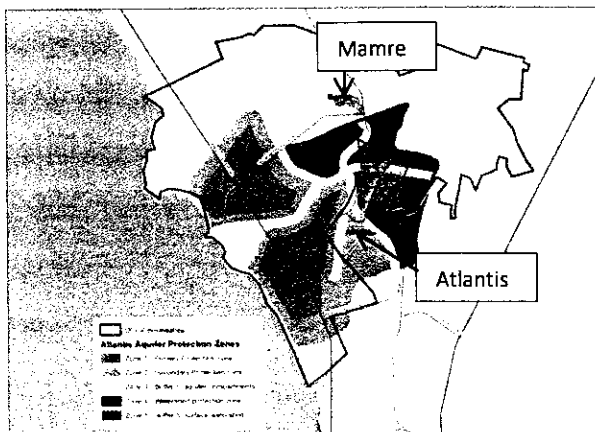


Figure 1: Map of the DCCP

The landownership includes 45 % Public land, 37 % Private land and 18 % Community land (Mamre).

- The DCCP is a critical water supply area, responsible for 40% of the water supply to Atlantis. The aquifer has a capacity of 3 million m<sup>3</sup> per annum,

- According to the CoCT Utility Directorate, the aquifer faces several threats such as salinity, bio fuelling of bore holes, industrial storm water runoff with heavy pollutants due to the lack of coordination to secure the protection zone.
- The DCCP was identified by Table Mountain Fund (TMF) study as one of two critical climate change corridors in the Western Cape.
- High existing poverty levels and unemployment in the surrounding communities.
- Partnerships already exist in the DCCP and the Water Fund will provide the necessary momentum through unlocking funding to assist with achieving the following objectives
  - Improve water Security
  - Create Socio Economic Opportunities
  - Climate Change Resilience and Adaptation
  - Conserving Natural and Cultural Heritage of the Area

## **10. Potential of the Cape Town Water Fund**

Control invasive plants to improve water yield and recharge

- To protect the aquifer by improving the landuse practices and securing land for conserving the critically endangered vegetation Alleviate poverty and improve the socio-economic conditions for five surrounding impoverished communities Atlantis, Mamre, Pella, Chatsworth and Riverlands through skills development and creating job opportunities to control invasive plants
- Develop Nature Based Tourism opportunities and access to natural areas for surrounding communities

## **11. Alignment with IDP Strategic Focus Areas**

- The Opportunity City
- The Safe City
- The Caring City
- The Inclusive City
- The Well run City



## **Memorandum of Understanding**

**between**



**and**

**City of Cape Town, Directorate: Energy Environmental and Spatial Planning**

XXXX 2016

**A. This Memorandum of Understanding is hereby made and entered into by and between  
PREAMBLE**

This document contains a Memorandum of Understanding (MOU) between TNC and CITY OF CAPE TOWN and sets out the principles and values which underlie the relationship between the two parties. The MOU seeks to clarify and maintain the highest standards of cooperation and understanding between and within the resources available to both organizations, in order that each can complement the other's activities in areas of common interest and ultimately achieve their own organizational goals.

The MOU does not restrict any of the parties from participation in similar activities or arrangements with other public or private agencies or parties.

**B. BACKGROUND**

The CITY OF CAPE TOWN is located at 33.55° S and 18.25° E and is a 949,80 sq mi (2,460 km<sup>2</sup>) metropolitan municipality extending from Cape Point in the south-west, Somerset West in the south-east and Atlantis in the north and includes Robben Island. Cape Town is the third most populous urban area in South Africa, after Johannesburg and Durban with 2,800/sq mi (1,100/km<sup>2</sup>). The population according to the South African national Census of 2011, is 3,740,026 people, represents an annual growth rate of 2.6%, making the City of Cape Town the 10<sup>th</sup> most populous city in Africa and home to 64% of the Western Cape Province's population. Unemployment rate 23.7% with average annual household income of R161,762, average household size of 3.3 people, of the 1,068,573 households 78.4% are in formal structures and 20.55% in informal structures. 94.0% of households use electricity for lighting, 87.3% have piped water to the dwelling while 12.0% have piped water through a communal tap.

Cape Town is the economic hub of South Africa's Western Cape province, the second main economic center in South Africa and Africa's third main economic hub city. GDP US\$ 56.8 billion GDP per capita of US\$ 15,721. Main companies having their headquarters in Cape Town include Woolworths (food and fashion retailer) Pick n Pay and Shoprite (supermarket chains), The Foschini Group (independent chain store group), MWEB (internet service provider), Mediclinic International, Discovery Health (private healthcare fund) Naspers (mass media) Sanlam (financial services) Belron (vehicle glass repair) Coronation fund Managers (third-party fund management) ICS (Meat processing and distribution), Johnson & Johnson South Africa (Medical Services), GlaxoSmithKline (pharmaceutical), Levi Strauss & CO (clothing), Adidas (apparel, accessories), Bokomo Foods Nampak (Manufacturing), Chevron South Africa (SAs third- largest crude oil refinery), Energy development Koeberg nuclear power station, Cape Town International Airport and Cape Town harbor, Three national roads start in Cape Town: N1 links Cape Town with Bloemfontein, Johannesburg, Pretoria and

Zimbabwe, N2 links with Port Elizabeth, East London and Durban, N7 with Northern Cape Province and Namibia.

Cape Town is found in the heart of the Cape Floristic Kingdom, a biodiversity hotspot and the smallest and most diverse of the world's six Floral Kingdoms - 9600 species of vascular plants (about 456 species per 1000 km<sup>2</sup> (383,10 square mi)). The Cape Peninsula lies entirely within the boundaries of the City and has the highest concentration of threatened species of any continental area of equivalent size in the world. Cape Town is home to 19 different vegetation types, of which 11 are critically endangered and 6 are endemic. The main threats to Cape Town's unique biodiversity are rapid population growth, urban sprawl, alien plant infestation and human induced run-away wild fires. The City of Cape Town has one of the highest levels of biodiversity in the world estimated at 3250 plant species (30% of the species in the Fynbos Biome in less than 3% of the area) of which 190 are endemic. It also has 29 amphibian species of which four species are endemic and 10 species considered threatened. Of the 3250 plant species, 319 are threatened with extinction, and 13 are extinct in the wild. Cape Town covers only 0.1% of South Africa, but has 18% of SA's Red List species. Table Mountain National Park a UNESCO World Heritage Site and one of the seven natural wonders of the world is found within the boundaries of the Cape Metropolitan Area.

The climate of Cape Town is of the Mediterranean type, with mild, moderately wet winters (average max temp 64°F) and minimum of 47°F), lasting from beginning of June to end of August, and dry, warm summers (average maximum temperature of 79°F (26.0° C) and minimum of 61° F (16° C ) featuring strong south-easter winds caused by the high-pressure South Atlantic High system to the west of Cape Town. Annual rainfall average (20.3 in (515 millimeters)

### **The Nature Conservancy**

The Nature Conservancy is a leading conservation organization working around the world to protect ecologically important lands and waters for nature and people. To date, TNC and its more than one million members have been responsible for the protection of more than 15 million acres in the United States and have helped preserve more than 102 million acres in Latin America, the Caribbean, Asia, the Pacific and Africa.

TNC's mission is to conserve the lands and waters on which all life depends. TNC's Africa Region, formally launched in 2006, is based on strong partnerships with African conservation organizations and government entities. TNC has offices in Kenya, Tanzania, Zambia, Gabon and the Seychelles.

The Nature Conservancy's Africa Region vision statement is to conserve functioning places of high biodiversity value where connectivity and natural processes can be maintained. In these places local people are dependent on natural resources for their survival. TNC aims to create sustainable mechanisms for local people to benefit from improved resource management and

in doing so, reduce poverty and conserve biodiversity. TNC has led the process in development of over 30 Water Funds in Central and Latin America over the last 12 years where cities and major water users downstream contribute to maintain millions of hectares of catchment areas upstream thus safeguarding the integrity of their water sources. In 2015, TNC launched the first Water Fund in Africa, the Upper-Tana Nairobi Water Fund, which is primarily focused on reducing water quality degradation due to soil erosion and sedimentation. Spikes of suspended sediment in the rivers of the Upper Tana are damaging Nairobi Water Company's ability to deliver water to the citizens of Nairobi and the hydropower generation capacity that supports energy for much of the country. The Nairobi Water Fund has been established as an independent Trust under Kenyan law, is developing an endowment fund, and is working with thousands of smallholder farms in the Upper Tana catchment to reduce soil erosion and increase agricultural yields.

The Nature Conservancy recently completed the *Urban Water Blueprint* report, which identified more than 125 cities around the world that could see significant benefits to water quality from investing in conservation through a mechanism like a water fund.

### **C. PURPOSE:**

The purpose of this MOU is to provide a general framework for cooperation and coordination between The Nature Conservancy and the CITY OF CAPE TOWN to assess the feasibility of, and potentially facilitate the development of, a Water Fund or similar financial/governance mechanism.

Cooperation and coordination between TNC and CITY OF CAPE TOWN may involve a wide range of activities, including, but not limited to, the following:

1. Participation in initial outreach to get feedback on the concept of a Water Fund to benefit Cape Town water customers and the ecological infrastructure that supports it;
2. Participation in a feasibility assessment to quantify estimated Water Funds benefits and costs;
3. Participation in the development process of a Cape Town Water Fund;
4. Convening of stakeholders consultative forums for major water consumers and interested corporates in Cape Town;
5. Facilitation of data sharing and new strategic data collection to generate a business case for Water Fund;
6. Design of a legal structure and decision making mechanism to administer any Water Fund;
7. Implementation of targeted investment programs that are dedicated to aquifer and/or watershed conservation; and
8. Implementation of ecological infrastructure protection and maintenance actions.

**D. STATEMENT OF MUTUAL BENEFIT AND INTERESTS:**

Both TNC and the CITY OF CAPE TOWN have responsibilities and interests in the conservation, and management of lands and waters for the benefit of people and nature.

It is the desire of both parties to cooperate with each other, including exploring opportunities to share personnel and other resources, in matters relating to sustainable development through cooperative efforts as follows:

**TNC SHALL:**

1. Complete initial outreach to key stakeholders and potential partners, and assemble a Steering Committee over time;
2. Take a leadership role in conducting a feasibility assessment for any Cape Town Water Fund;
3. Facilitate studies, assessments and sharing of experiences that are necessary for the development of the Water Fund;
4. Support a legal analysis to determine the appropriate legal structure for any future Water Fund;
5. Facilitate an effort to create a business case for any future Water Fund; and
6. Actively participate in private and public fundraising for resources to support Water Fund development.

**CITY OF CAPE TOWN SHALL:**

1. Provide a platform for publicity and awareness creation for the idea of a Cape Town Water Fund;
2. Assist in rallying private and public sector participation in a Steering Committee for the effort;
3. Provide public data necessary to generate an appropriate investment plan and business case for any Water Fund;
4. Partner with TNC and other members of the Steering Committee to mobilize funds and other resources for the development of the Water Fund;
5. Nominate suitable representatives to serve in the governance board of the Water Fund as per need and laid down procedures;
6. Consistent with CITY OF CAPE TOWN plans and priorities, provide leadership and share information across the planning, implementation, and monitoring of projects or studies undertaken pursuant to this MOU; and

7. Meet bi-annually, or as otherwise agreed upon with representatives of TNC, to strategically plan collaboration and negotiate guidelines for projects and project proposals to meet the purposes of this MOU.

#### **E. MISCELLANEOUS PROVISIONS:**

It is agreed and understood by both parties that the following miscellaneous terms and conditions will help to ensure efficient administration of this MOU and strengthen organizational and staff ties, which are essential for collaboration.

1. *Joint Projects and Programs.* TNC and CITY OF CAPE TOWN will carry out joint projects and programs as negotiated and agreed to by staff, in which case both organizations will work together to plan and raise funds as necessary.
2. *Modification.* Modifications to this MOU shall be made by mutual consent of the parties, by the issuance of a written modification, signed and dated by authorized officials of both parties, prior to any changes being performed.
3. *Funding.* TNC and CITY OF CAPE TOWN will work together to raise funds for project activities. This MOU does not commit any funding from either TNC or CITY OF CAPE TOWN. Rather, it represents the good faith intention of both parties to work together in the areas outlined above. Any funding or fund-raising support must be outlined in a separate legal agreement signed by both parties. Any transfer of funds between the parties for project implementation and any reimbursement of one party's expenses by the other shall be made in accordance with separate agreements to be entered into between the parties.
4. *Intellectual Property.* Under the provisions of this MOU, the parties may produce documents, reports, studies, photographs, maps, etc. (collectively, "Works"). Unless otherwise agreed to by the parties in writing, the copyright and other intellectual property rights in any such Work will belong to the party that produces the Work. If a Work is jointly produced by the parties, the copyright and other intellectual property rights will be jointly owned by the parties. Neither party will publish or otherwise distribute the Work of the other party without prior written consent and without crediting the other party in such Work. TNC agrees not to use the name, trademark or logo of CITY OF CAPE TOWN without the express written permission of CITY OF CAPE TOWN. Similarly CITY OF CAPE TOWN agrees not to use the name, trademark or logo of TNC without the express written permission of TNC.
5. *Review and Advice.* TNC and CITY OF CAPE TOWN will seek each other's advice and review on relevant reports, workshops, databases, maps, and other materials in order to work in a collaborative approach.
6. *Sharing Data and Information.* Each organization will provide the other with published

reports and documents as such providing organization deems appropriate.

7. *Confidentiality.* During the course of the performance of this MOU, one party may have access to materials, data, strategies, systems or other information relating to the other party and its programs which is intended for internal use only. Any such information shall not be used, published or divulged to any individual or corporation, in any manner or for whatever purpose, except through the previous written permission of the party to whom the information belongs, which may be withheld by such party at its sole discretion.
8. *Party Contacts.* The MOU will be managed by Ms. Louise Stafford, CITY OF CAPE TOWN and Mr. Colin Apse, TNC's Africa Freshwater Conservation Director.
9. *No Joint Venture.* This MOU is intended as an expression of the intent of the parties and is not intended to create a joint venture or partnership arrangement between the parties and is intended to be non-exclusive, that is, the parties shall be free to enter into arrangements with other individuals or entities to undertake programs of conservation work of mutual benefit.
10. *Termination.* This MOU can be cancelled by either party upon two months written notice to the other party.
11. *Effective Date and Term.* This MOU becomes effective upon the signatures of the representatives of CITY OF CAPE TOWN and TNC and will remain in full force and effect for an initial term of 3 years or until terminated pursuant to Section 10, whichever comes first. Any extension beyond such term must be in writing and signed by the parties prior to expiration or termination of this MOU.
12. *Entire Agreement.* This MOU, including any attachments, embodies the entire and complete agreement and understanding between the parties, and any amendments to this MOU will only be valid if in writing and signed by both parties.

The parties hereto have executed this instrument.

CITY OF CAPE TOWN

THE NATURE CONSERVANCY

\_\_\_\_\_  
**Mr. Japie Hugo**                      **Date**  
 Executive Director  
 Energy, Environmental and Spatial Planning

\_\_\_\_\_  
**Mr. David Banks**                      **Date**  
 Africa Region Managing Director  
 The Nature Conservancy



# Securing Freshwater in Africa

## WHAT IS THE NATURE CONSERVANCY?

The Nature Conservancy (TNC) is a leading conservation organization working in 69 countries around the world to protect ecologically important lands and waters for nature and people. Guided by science, we pursue pragmatic, non-confrontational solutions to the most pressing conservation threats facing our planet.

## WHAT IS TNC'S APPROACH TO FRESHWATER CONSERVATION?

Water is at the center of the world's growing demands for food, energy, and material goods. It is as essential for industry as it is for life. Competition for this finite resource is escalating rapidly and the demand for solutions that meet human needs without jeopardizing life-sustaining freshwater systems is strong and urgent.

Since 1951, TNC has invested in nearly 600 freshwater projects worldwide—from restoring wetlands in the U.S. to re-operating dams in China. These site-based projects are laboratories where we design and test strategies that hold potential for replication around the globe. Within these sites, we apply science, innovation, and unconventional partnerships to:

- facilitate proactive resource planning that prevents ecological damage and prioritizes conservation investments to deliver the greatest returns (e.g., basin-wide hydropower planning that delivers on energy goals while protecting essential ecological functions such as maintaining healthy fisheries)
- help major water users—corporations, agriculture, cities, and citizens—become principal investors in safeguarding their water supplies by maintaining healthy upstream ecosystems and implementing water-saving practices in their operations
- address trans-boundary and regional threats to freshwater systems and the services they provide to people such as fish/food, drinking water, and transportation

We are able to work at the forefront of applied science to pioneer practical solutions because TNC has more freshwater and spatial scientists on staff than any other conservation organization—including experts in sustainable hydropower, ecosystem economics, hydraulics, and ecology, as well as world-leading expertise in modeling, remote sensing, and development of multi-sector, integrated freshwater development and conservation plans.



## FRESHWATER CONSERVATION IN AFRICA

More than \$8 billion in water infrastructure investments currently flow into Sub-Saharan Africa annually, funding infrastructure projects such as dams, large scale irrigation, and water treatment facilities. An unprecedented transformation is underway in African watersheds. We have a fleeting opportunity to deliver proactive solutions that enable leaders to make wise choices and show the world a better, more balanced way to grow.

To do this, we are focused on large freshwater systems with global ecological importance, where enabling political and social conditions for conservation exist, and where there is potential for high return on conservation investment. Replication and scaling are built into our business plans from the start to ensure that the methods we develop in one place can efficiently deliver much broader impacts.





Our current freshwater-focused efforts in Africa include:

### **KENYA: AFRICA'S FIRST WATER FUND**

Water Funds are an innovative governance and conservation finance tool that addresses threats to water security at their source through targeted, long-term investments by water users in watershed conservation and resource management. Since 2000, TNC has used water funds to mobilize more than \$300 million for watershed conservation across three continents. In 2015, we launched Africa's first water fund in Nairobi, linked to the critical Tana River.

### **SOUTH AFRICA: SECURING WATER FOR PEOPLE AND NATURE**

Municipal government officials from Cape Town are working with TNC to explore development of a Cape Town Water Fund. This new public-private partnership would aim to help secure the fresh water supply for this fast-growing city while protecting and restoring globally unique plant communities and creating environmental jobs within an economically disadvantaged part of the city. This would be the first Water Fund in South Africa, a country that has significant opportunities for Water Fund development.

### **ZAMBIA: DESIGNING A SUSTAINABLE FRESHWATER FUTURE**

The Kafue River supplies municipal water to 40% of Zambia's population and generates 50% of the country's electricity. Here, we are supporting a public-private partnership to ensure the long-term viability of power generation, water for the capital city, Lusaka, and the globally recognized Kafue Flats floodplain ecosystem. We recently launched an ecosystem protection effort in the Lukanga Swamps—a critical source of dry season water to the Kafue River and important filter for pollutants coming from the mineral-rich Copperbelt Region.

### **GABON: SCIENCE-BASED FRESHWATER CONSERVATION AND DEVELOPMENT PLANNING**

In this nation-wide project launched at the invitation of Gabon's leaders, we are helping the country chart a course for balanced development by building freshwater science into planning tools, demonstrating smart hydropower design, and strengthening government and community management of priority freshwater and wetland sites. We aim to ensure the future of the nearly intact and globally significant Ogooué River and the livelihoods that depend on it.

### **LAKE TANGANYIKA & THE AFRICAN GREAT LAKES REGION: FROM SITE TO SCALE**

Building on our site-based success working on community-based fisheries and freshwater management along the Tanzanian shore of biodiversity-rich Lake Tanganyika, we're scaling-up efforts to the Lake Basin and regional scales to improve the enabling conditions for effective conservation and sustainable development. This includes creating a conservation and sustainable development blueprint for the Lake Tanganyika Basin, building strong collaboration with the U.S. Great Lakes Restoration Initiative, and hosting an information-sharing network and conference across all African Great Lakes nations.

*Photos, front page: Ami Vitale. Back page: Tim Boucher, Jean Pierre Vandeweghe*

