



Project Finance Factsheet

Transformative Riverine Management Programme (TRMP)

eThekweni (Durban),
KwaZulu-Natal, South Africa

TYPE
Adaptation



SECTOR
Water

OVERVIEW

The project will provide a scalable and replicable model for how cities across the world can manage and maintain their waterways while maximising socio-economic benefits. Therefore, the CFF is supporting eThekweni to develop an integrated high-leverage business case for a Transformative River Management Programme (TRMP) for managing and transforming 7,400 km of eThekweni's watercourses to be resilient to climate change. The business case motivates for the prioritisation, expansion and funding of partnership-based river management in the eThekweni Municipal Area and is supported by a thorough Benefit Cost Analysis (BCA) guided by a hydrological modelling and climate vulnerability assessment. The BCA indicates highly favourable returns under the most conservative assumptions.

Implementing agency

City of eThekweni

Timeline

The programme is likely to have a duration of 10 years.



Financing Strategy

The TRMP will mobilise the required funding using a partnership-based approach and will include the following:

- Green bonds
- PPPs
- Grants or loans from development banks
- Climate funds
- Special levies

Key Climate Impacts

The TRMP will significantly increase the city's resilience to climate change through ecosystem-based and community-based transformative adaptation of the city's river and streams.

Development Outcomes

- Mitigation of flooding and impacts of warmer air and water due to climate change
- Establishment of hydro-ecological systems, which generate sustained flows of life-supporting and risk-mitigating ecosystem services
- Benefit for the community from riverine spaces, that are liveable and have strong social and human connection
- Support to the economy by constructing riverine corridors which improve livelihoods and foster the green economy





Investment Summary

According to the draft business case a transformative management scenario for the TRMP will cost the following over 10 years:

Municipal costs for leverage, facilitation and enforcement	€14 million
Ecological & community infrastructure: on municipal land	€36 million
Ecological & community infrastructure: on private & third part-owned land	€41 million
Riverine management and social development	€306 million
Total costs	€397 million

This will create a conservative minimum of the following jobs and enterprises:

Jobs - construction for 10 years	2,215
Jobs - maintenance yearly	6,965
Number of potential cooperative enterprises	1,045

According to the draft business case the TRMP will generate a conservative minimum Benefit Cost Ratio of **3,4** (with a social discount rate of 6% for municipal savings and -1% for riverine corridor users).

Financing

The total project volume is 397 million EUR, of which a maximum of 165 million EUR (17%) will need to be financed externally by donors.

The bulk of the finance and funding will come from the municipality, property owners and businesses in eThekweni.

The core business model will be direct capital and operating budget expenditure by the municipality from its own sources which is supported by river management partnerships and donor funding.

The supporting business model will be the formation of 10-15 river management partnership institutions that will raise management fees from affected property owners for river management services. This will comprise around 60% of the annual operating costs for river management services.

Readiness Issues

The TRMP has already been operating in various pilot projects for seven years. The upscaling as a multi-year programme will require detailed articulation, contracting, partnering, phasing, sequencing and resourcing.

Legal

There is currently an unclear mandate for South African municipalities to manage riverine corridors. The CFF has thus undertaken a regulatory framework study to chart a clear way forward for financing and institution building to achieve the bigger picture of safe, clean, and climate resilient riverine corridors.

CFF Support Summary

The main area of support from the CFF is to develop a business case with supporting technical studies and to enhance it with a knowledge and learning framework, capacity building and financial partnerships.

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