



(Cotton, 2018)

FLUSHING THE PLANET AND PROFITS AWAY

This report provides information on; (1) why South Africa is an excellent investment opportunity, (2) our water management challenges and (3) proposes potential business opportunities for Japanese companies seeking to fulfil their Sustainable Development Goals, with emphasis on SDG 6, Water and Sanitation.

Report by Ahista Hussain

FLUSHING THE PLANET AND PROFITS AWAY

SOUTH AFRICA OFFERS THE OPPORTUNITY TO RESOLVE THIS

WELCOME TO SOUTH AFRICA: ALIVE WITH POSSIBILITIES

South Africa is a young nation, with our first democratically chosen leader, Nelson Mandela, elected to power in 1994. This was the end to a dark period of racial oppression and segregation. Now, we are recognised as a diverse people, 55 million strong, with 11 official languages. Not only are our people diverse, but our land as well, with varied biodiversity from west to east coast, where the Atlantic and Indian oceans wash our shores (Siyabona Africa, 2017). Our oldest hominin fossils, date back 3.5 million years ago and thus we know as the Cradle of Human Kind. South Africa also features 8 world heritage sites (Brand SA, 2018).

Our constant GDP was approximately US 350 Bn in 2017 (World Bank, 2019). South Africa offers businesses access to the African continent, a customer base of a billion, via its strategic location. South Africa has abundant mineral resources, we are the largest global producer of gold and second largest producer of palladium. South Africa boasts an advanced financial sector and has a compelling business focus (Brand SA, 2018). We are high performing, globally, in terms of security and the level of disclosure. Consequently, creating an efficient financial market (Eberhart, 2017).

Our tertiary education is robust, providing the labor market with exceedingly competent graduates (Brand SA, 2018). Despite the growing pains of a young democracy, we continue to attract Foreign Direct Investment; which is a means for economic development. Most business areas are accessible to foreign investors. We are ranked 7th in the “FDI Regulatory Restrictiveness Index 2016 of the Organisation for Economic Co-operation and Development”. This puts SA in the lead of the remaining BRICS nations. We are in the upper 15% for “investor protection” as noted in the “World Bank Doing Business 2018 report”.

“Most importantly, South Africans are a warm and welcoming people. For these and many other reasons, I think you will enjoy a visit there. And you’ll enjoy it even more knowing you’ve invested wisely in the country”

Allen Eberhart,
Professor of Finance
and the Founding
Director of the Master
of Science in Finance
program at
Georgetown University
(Eberhart, 2017)

So why should companies locate their business in South Africa? As per the World Economic Forum GCI 2017–2018 report; we are in top 25%, globally, for the following:

- strength of investor protection,
- auditing and reporting standards,
- efficiency of legal framework in settling disputes,
- strength of auditing and reporting standards,
- protection of minority shareholders' interests,
- corporate tax,
- availability of financial services,
- capacity for innovation, and
- quality of air transport infrastructure (PwC, 2018).

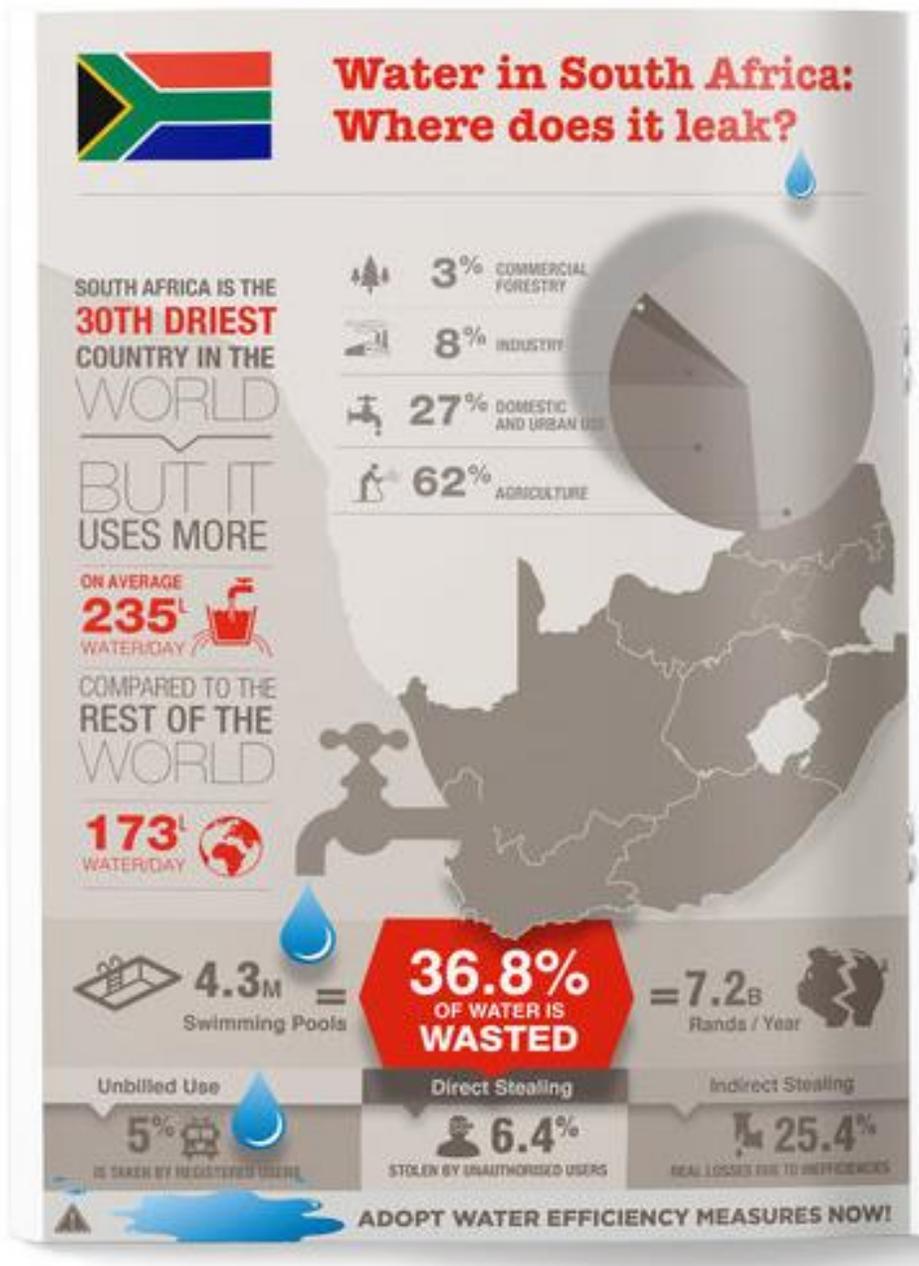
South Africa offers a strong business foundation with efficient auxiliary support that is required for firms to flourish on the African. Image from (Africa.com, 2018)

*...‘presents **South Africa** with a platform to showcase its **attractiveness as an investment destination**’, and that the delegation aimed to communicate ‘that **South Africa remains open for business**’*

South African President Ramaphosa, Davos, 2018 (PwC, 2018)

CHALLENGES: WATER RESOURCES

Water is a renewable resource, with a constant quantity worldwide. However, as the number of people continually grows on the planet, pollution increases, and environmental degradation continues. South Africa is a water stressed country, which receives about half (492 mm) the annual rainfall compared to the global annual averages of 985 mm. The evaporation rate also exceeds the rainfall received. Our rainfall is unevenly distributed across the country, with a wetter eastern half and a drier western half. We also struggle with droughts and floods. Climate change amplifies and exacerbates the devastation caused by droughts and flooding. By 2025, South Africa's demand for water will exceed its supply. Agriculture is the largest user of water, followed by domestic and then mining and industrial. In both, low and mid-to-high income homes toilets use the most water, 73% and 37%, respectively (Rand Water, 2019). Due to the nature of our water infrastructure, we use potable water in our toilets.



CAPE TOWN: DAY ZERO

Last year, the City of Cape Town was at risk of reaching Day Zero, i.e. shutting of water supply residents and businesses due to a lack of water. This means four million people in “one of Africa's most affluent metropolises” would be waiting in line for water.

The issue was caused by several factors:

- Population growth
- Record Drought
- Climate change
- Poor planning
- Over consumption

Concerns over anarchy were rife, considering 4 million residents would be left stranded. Two hundred emergency water stations were established, and residents were urged to drastically reduce their consumption. Prices of bottled-water and Jo-Jo tanks (large storage tanks) sky rocketed.

While the City of Cape Town narrowly averted day zero; “famine and unrest” as a result of water shortages already plague Iran and Somalia. Other cities are at risk; including Mexico City, Melbourne and Jakarta.

ESKOM STRATEGIC WATER USER: INTERVIEW WITH NANDHA GOVENDER

I interviewed Mr. Nandha Govender, the General Manager for Water Operations and Environmental Management. He has 20 years of experience in the water sector and is the Eskom Water Champion. Eskom is the state-owned power utility and is a strategic water user. We discussed the United Nations Sustainable Development Goals. The entire discussion provided valuable insights to the South African water situation, however, I emphasize the following points that he mentioned below:

- Quality education and partnerships are key to the success of any SDG implementation.
- SDG 6 is significant to South Africa because we are facing a water crisis.
- We need to consider the water-energy nexus, i.e. water and energy are linked. For example, consider the food we consume, and the quantity of water required to propagate it.
- The “Day Zero” crisis in Cape Town was a wake-up call to all South Africans to reflect on our water consumption habits.
- Water solutions such as grey- or rain-water can be utilised in our toilets.
- Due the current infrastructure, grey water solutions will need to be retro fitted in our homes.

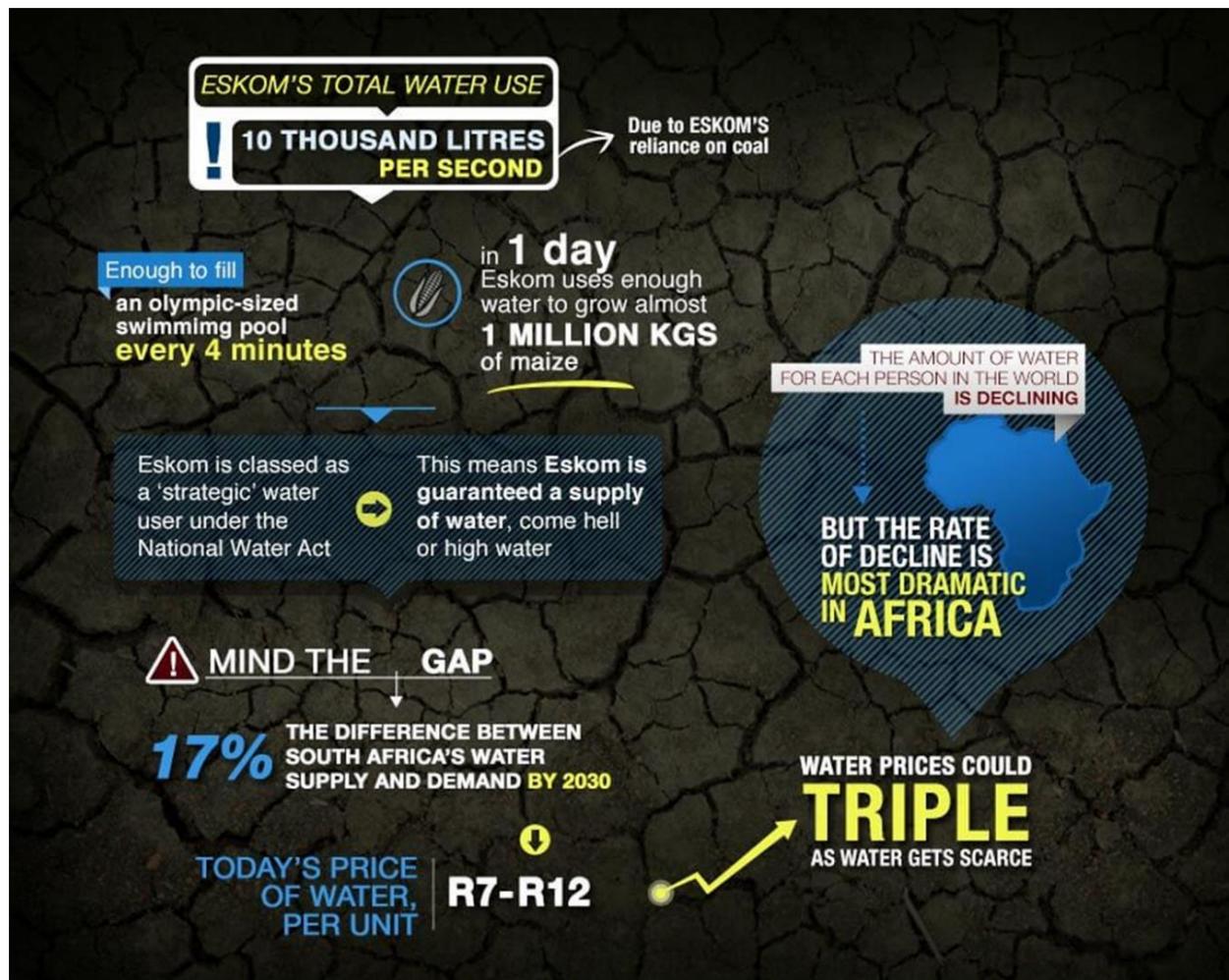


Image from <https://www.aquazania.co.za/author/bevp/page/19/>

OPPORTUNITIES FOR JAPANESE BUSINESSES

Solving the world's most pressing issues offers job opportunities and significant financial returns (Business and Sustainable Development Commission, 2017).

In terms of water technology solutions, I identified LIXIL as potential company that could be a strategic partner to jointly develop water solutions. LIXIL has already developed SATO, a solution for basic sanitation. In terms of their product range, they offer products that use grey water in toilets. Their designs are sleek and pricey. Several of their subsidiaries are already operating and are well known within South Africa, e.g. Vaal, Grohe and Cobra (LIXIL, 2017).

I think, we can collaborate on a product for middle and elite home, that uses grey water in their toilets. According to Philip Scheltens, managing owner of Renovators Home Makeovers "Kitchens and bathrooms are the most common areas to be overhauled, although many owners are also looking at full home renovations". Mike Greeff, the Chief Executive of Greeff Christie's International Real Estate; noted that "The need to save water is seeing rainwater tank installations, hot water reticulation systems, and grey water systems that feed the toilet cisterns. *Environmental awareness has "never been more important", and sustainable materials have increased in popularity*" (Fourie, 2018).

CLOSING THE TAP

South Africa has plenty to offer as a business investment, as do SDG's. Our water crisis is a potential business opportunity that can address profit, people and the planet.

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