

**WAR AGAINST POVERTY AS IMPORTANT AS WAR AGAINST
TERRORISM**

MINISTER RONNIE KASRILS

**KEYNOTE ADDRESS TO MINISTERIAL MEETING AT
BONN INTERNATIONAL FRESHWATER CONFERENCE 3-7 DECEMBER**

WATER – A KEY TO SUSTAINABLE DEVELOPMENT

I WELCOME THIS OPPORTUNITY to address you on the vital issue of finance for water as a prelude to the Johannesburg Earth Summit at which we hope to see real progress on a range of issues which are critical for sustainable global development

The terrible events of 11th September have strengthened my government's belief that the focus of our efforts at the Earth Summit must on ways to address poverty since this, and the related phenomenon of inequality, pose the greatest threat to social and political sustainability. We know that without solid political and social foundations we will not achieve the economic and ecological sustainability we all seek.

It is not coincidental that many of the larger environmental problems we face are in countries with weak, ineffective or corrupt governments; neither is it coincidental that there is a clear correlation between good governance, social and economic development and environmental conservation. The recent tragic events of September 11th emphasise the urgency of addressing the needs of the poor in all sectors to end the marginalisation of the excluded - for all our sakes.

It is in this context that I would like to highlight the need for special attention to be given to the financial dimension of our challenge in the water sector. I say this as a relative newcomer to this field based on my own experience, starting with the shock of finding, in a village with a text book community water project, a young woman with her baby on her back, digging for water in a river bed, metres from the safe supply that we had provided. She was doing this because she had to choose between buying food or buying water.

I decided then and there that if this was the consequence of applying sound financial principles developed in august meetings such as this one, I could not be part of them. And I believe that the way we have developed the financial structure of our water sector since then, particularly the adoption of a policy whereby we aim as a national government to ensure that all South Africans can access a free basic supply of safe water, has gone some way to charting a way forward.

Our South African experience and the approaches we are taking will be covered in more detail by my Director General in the working group on finance on Wednesday. What I would like to do today is to outline what needs to be done.

I will cover a number of areas starting with the immediate challenge of water services, the trilogy of water supply, sanitation and soap, about the challenge of maintaining those services once they are provided. I will also address some dimensions of the management of water resources. And because we cannot view our sector in isolation,

particularly not in the context of the Earth Summit, I want to identify and highlight certain key linkages to the broader issues of development finance, trade and environmental regulation.

In the area of water services, there are four key sources of finance:

- Government budgets;
- Community contributions through tariffs or other forms of cost recovery;
- Private investment; and
- External financial assistance (grants and loans).

We cannot address the global water challenge without mobilising all these sources and using them to best effect. To do this, we must start by recognising the central role of government in not just in financing service provision but also in establishing frameworks and at different levels, actually operating services.

The private sector does have a role to play. Opponents such as organised labour would be more easily convinced of this if we all recognised the continued centrality of government's role and if private interventions demonstrably addressed the needs of the poor as well as the potential profits from the rich.

Social consensus is also essential if we are to achieve the potential of community contributions through tariffs and less direct methods. In South Africa, we have learnt that providing free basic water is one of the best ways of separating the really poor can't pay from the "free rider" won't pay.

And finally, until we create the conditions in which developing countries can fund their service needs as we can in South Africa, we must recognise the responsibility – and I use the word advisedly – of the rich world to contribute through overseas development assistance to meeting the needs of the developing countries.

So my Government endorses the call for governments to increase their allocations to this sector, for the private sector to be challenged to address the needs of the poor as well as of the better off and for an increase in ODA to incentivise these processes. We also believe that much more careful attention must be given to ensuring that the very poor have access to basic services than has been done to date.

Since we are here not just to talk about water services but also to promote sound water resource management, there are some other issues which should be addressed. It is generally recognised that water resource management to ensure the availability of a reliable quantity and quality of water is a public responsibility. We believe that users should contribute to the costs, especially as water sources are more intensively utilised and managed.

We are pleased to see the recognition in the draft statement that LDCs still need to develop water resources in support of water services and economic development. The corollary of this is that they must receive the necessary support from multilateral financial institutions which should not allow themselves to be bullied out of business by a handful of activists.

A gap in our current approach is the financing of measures to address drought and flood disasters. While investment in information systems is important if we are to manage and mitigate disasters, there is inadequate recognition of the fact that climate change is likely to aggravate these disasters. We should recognise that in terms of the “polluter pays” principle, the costs of adaptation to climate change ought to be carried, at least in part, by those who have been the major contributors to climate change.

Finally, while we support the need for greater investment in promoting common approaches to the management of water in shared rivers, which should be seen as an investment in co-operation rather than in conflict prevention, such funds are best channelled through the countries concerned rather than through parallel mechanisms.

Since we are preparing for the Johannesburg Earth Summit, at which questions of environmental sustainability are obviously going to be high on the agenda, it will be useful to address briefly the linkages between the social and ecological sustainability issues. We need to emphasise that the key to economic and ecological sustainability is to focus on the needs of the poor and unblocking the obstacles to their economic development. This will create a climate in which there will be both the support for and the ability to meet the needs of ecological sustainability. So measures to open agricultural trade which increase economic activity in poor countries will contribute directly to both the challenge of water service delivery as well as to more effective water resource management. There is the potential for a global deal on these matters,

In conclusion, I need to remind you of the urgency of the challenge of addressing basic water services. Every day, an estimated 6000 children die for lack of safe water and sanitation as many as died in the September 11th incidents.

Our war against terrorism must be matched with an equally intensive war against these preventable consequences of poverty. As the world economy slows to a crawl and economists worldwide agree on the need for a public expenditure stimulus, we should campaign for at least part of this financial injection to focus on constructive investment in addressing the water challenge.