

Remarks by Angel Gurría, OECD Secretary-General, at the Opening ceremony of the 6th World Water Forum

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(As prepared for delivery)

Ladies and Gentlemen,

It is a great honour to speak to you today to celebrate the opening of the [6th World Water Forum](#). I want to thank Prime Minister Fillon / President Sarkozy for inviting me to speak on this special occasion. I also want to thank the International Forum Committee for organising this important week.

The progress we have achieved as a water community over the years is certainly encouraging. Since 1990, almost 2 billion people have gained access to improved water. Aid to water and sanitation has doubled over the past ten years, to over 8 billion dollars in 2009-10. Water is finally becoming a central issue in international discussions on climate change including in the forthcoming Rio+20 conference.

However, these important achievements should not be a cause for complacency.

The world is still facing enormous challenges.

The gaps between our political aspirations and what is really happening on the ground are still significant.

While many more people have access to water today, it is not necessarily to safe water. And with urbanisation outpacing connections to water, there are now more city dwellers without water access than in 1990.

The Millennium Development Goal on access to sanitation is far from being met. Disappointingly, aid flows are still low in relation to the scale of the challenge, and we are struggling to expand promising pilot projects in many emerging market economies and developing countries.

So, if we simply stick to business as usual, what will the water outlook be for the next decades? The [OECD's Environmental Outlook to 2050](#) raises important challenges.

In the context of rapid urbanisation, population and economic growth, water demand is projected to increase by 55% until 2050. By then, almost 4 billion people – more than 40% of the world's population – are likely to be living in river basins facing severe water stress. This is a dramatic panorama.

More than 240 million people - most of them in rural areas - will still be without access to an improved water source and an alarming 1.4 billion people will lack access to basic sanitation. Increased flows of nitrogen, phosphorus and pesticides from agriculture and poor wastewater

treatment will further contaminate groundwater, rivers and oceans, harming human health and the environment.

The theme of this World Water Forum - Time for Solutions - is thus highly appropriate. This Forum is rightly shifting the focus from discussion to action. Indeed, this must be our highest priority. The OECD is contributing to this effort with a report on [Meeting the Water Reform Challenge](#), which we will release tomorrow.

What are the ingredients for successful reform?

Our starting point must be sustainable financing, which lies at the heart of many of the solutions to improved water management, and not just in developing countries. In fact, OECD economies face huge costs to replace and modernise ageing water infrastructure, and to upgrade systems to meet stricter quality standards.

The global capital costs of maintaining and developing water and sanitation infrastructure in OECD countries, together with Brazil, China, India and Russia, could amount to between 0.35 and 1.2% of their GDP. This corresponds to total projected annual needs of nearly 800 billion dollars by 2015, up from a current estimated expenditure on water infrastructure of close to 580 billion dollars annually.

Obviously, the investment needs to meet human and social challenges are much greater in developing countries. Substantial funding is already required just to maintain existing water supply and sanitation infrastructure in these countries, let alone make further progress towards the MDGs.

Governments can do a lot to meet the water financing challenge. In our report, we have identified concrete strategies and policy tools to mobilise sustainable finance. Key amongst these is the need to take a strategic approach to financial planning, to encourage greater use of water pricing and to enhance the use of water tariffs as a central part of what we call the 3Ts – Tariffs, Taxes and Transfers!

We must also look at how we can shift private investment to support “green infrastructure”, including for water supply and sanitation. Despite the crisis, the issue is not a shortage of capital. Pension Funds alone have nearly 30 trillion dollars under management with annual inflows of 850 billion dollars. OECD analysis shows that less than 1% of these assets are allocated to infrastructure projects, and an even smaller slice goes to green infrastructure.

At the same time, water policies need to help empower people to make sustainable choices. Unfortunately, many people worldwide – especially those lacking access to basic water or energy services – live in situations where they have very little choice or no choice at all. And ironically, those that do have this opportunity do not always make the right choices.

Governments have a duty to provide the right incentives and information to consumers to enable them to make better choices. [Greening our Household Behaviour](#) is a first step which everybody in this room can take.

Meeting the water challenge is also a question of effective governance.

While there is no “one-size-fits-all” approach, there is a fundamental need to provide the water sector with a stable set of institutions and a strong regulatory framework.

To address this challenge, the OECD has identified governance instruments that can help build capacity and co-ordinate water policies. We want to spread this knowledge. We are proposing a set of guidelines to help diagnose the governance challenges and identify practical solutions. These will also be discussed further here at the Forum.

Finally, coherence and consistence are necessary to ensure that our policies on water, energy, food and the environment work together and not against one another.

Unravelling historical policy and institutional legacies as well as sharing information are key steps toward more coherent policies. Agricultural support and fossil fuel subsidies are just two examples. The OECD report on [Water Quality in Agriculture](#) – which we are also releasing here in Marseille – highlights a number of concrete actions that can be taken to address issues at the interface of water and agriculture policy.

Ladies and Gentlemen,

Without major policy changes, we are putting our health, our environment and our economies in jeopardy. Business as usual is simply not a viable option for managing water.

But with sustainable financing, effective governance and coherent policies, governments can unleash the full potential of water and make it a major driver of growth, of human and social development. It is encouraging to see that many of these crucial issues will be discussed here in Marseille, and it is our duty to make sure that these discussions translate into action.

If we want to improve lives today and for generations to come, we need effective solutions, we need better water policies, and we need stronger and deeper cooperation. I wish you an inspiring week and productive exchange!

Thank you.