

Yerevan Ministerial Conference
Introductory Remarks

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Mister Prime Minister, Ministers, Colleagues

I appreciate the opportunity to say a few words at the start of this meeting, as well as the opportunity to visit this historic and charming country.

As you know, the meeting is organized within the framework of the EAP Task Force. And I am speaking on behalf of OECD which has served as secretariat of the EAP Task Force since 1993.

The main purpose of the meeting is to take stock of progress achieved in reforming the water sector in EECCA countries since the Almaty Conference in 2000, and to provide further support for those efforts. Documentation for the meeting paints a somewhat somber picture. The main conclusion is that, overall, people's access to safe water and basic sanitation in EECCA has not improved since 2000. In EECCA countries the main problem is not so much the extension of water networks – though this challenge exists. The main challenge is maintaining the existing infrastructure which, in many cases, is close to collapse. Deteriorating water infrastructure has an adverse impact on water quality and ultimately on human health and the economy. On current trends the water-related Millennium Development Goals will not be met.

Clearly there is a big challenge ahead. But it is important that we do not fall into the trap of thinking that because progress is slow and difficult, we need not maintain or strengthen our efforts. Water is essential for human health and dignity, and for economic development. Moreover, it is not sufficiently recognized that the water sector represents a good social investment. WHO figures show that the return on investment in the water sector is 1:13. That is why it is so important for Economics and Finance Ministers to be part of this discussion.

Environment and Water Ministries need Economics and Finance ministers to agree to allocate financial resources for the water sector. Having worked in the Norwegian Ministry of Finance before joining OECD, I know that Environment and Water Ministers also need to convince Economics and Finance ministers that the use of scarce resources for water supply and sanitation will provide net welfare gains for society as a whole, and that the resources will be used efficiently and effectively. I hope that our discussion will support closer dialogue and cooperation between the Economics/Finance and Water/Environment sides on the important role of water in national development strategies, and how the sector could best be financed.

While overall progress since 2000 has been disappointing, there have nevertheless been some positive developments since the Almaty conference. The economies of most

EECCA countries are in better shape than in 2000, underpinning a stronger financial situation for public budgets and households.

The Guiding Principles for reform of the water sector adopted at the Almaty conference continue to provide useful guidance. Implementation of the Guiding Principles is now supported by a range of tools that have been developed through the EAP Task Force. Moreover, many EECCA countries have initiated reforms in line with the Guiding Principles; the experience of Armenia is particularly noteworthy in this respect. The documentation that we have prepared for this meeting may not sufficiently capture the impact of some of these reforms. I hope that you will take the opportunity to participate in side events and to visit the poster exhibition at the Congress Hotel. These events illustrate some of the positive progress that has been achieved on the ground in some EECCA countries.

There is probably no simple explanation for why progress overall since 2000 has not matched our hopes and expectations. So in our discussion tomorrow, it would seem most constructive to concentrate on how the positive experiences from the region can be replicated; on how to ensure that the green shoots that are starting to appear could multiply and bloom. This will require political will, capacity building and the establishment of an appropriate set of incentives to guide the reform effort. I believe that participants at this meeting have the right blend of skills and experience to address this challenge.

I also hope that this meeting will help draw more attention to the EECCA region. Our analysis suggests that there is scope for more cooperation with the countries of this region: the poorer EECCA countries generally do not receive the same levels of donor support as countries of similar income levels in other regions. Equally, the progress achieved in the EECCA region can be better disseminated. We have tried to do this at the last two meetings of CSD. Two events in 2006 provide further opportunities to share some of the positive experiences from the EECCA region with the broader international community: the 4th World Water Forum in Mexico in March, and the meeting of OECD Environment and Development Ministers in April.

On the side of OECD, we are very much looking forward to listening and participating in the discussions. In our capacity as secretariat to the EAP Task Force, we stand ready to continue our work with you and to support the implementation of the conclusions from the meeting.