

REMARKS BY TOM K ALWEENDO, DIRECTOR-GENERAL OF NPC
WATER INVESTMENT CONFERENCE, WINDHOEK
12 SEPTEMBER 2012

I would like to thank the organizers of the Conference for inviting me to make some remarks.

There is no doubt that water is a resource none of us can live without. Water is so essential to our everyday lives. We use it for the very basic human needs. Our communities cannot exist without it, our economy is dependent on it and our environment survives on it.

However, at a global level water supply is being threatened by a number of factors. For example, we are witnessing unprecedented rise in the demand for food, rapid urbanization and climate change. These are all factors that are threatening the supply of water and urgent new innovative approaches how to manage water is needed.

A recent report from the United Nations estimates that about 1.1 billion people worldwide do not have access to fresh drinking water and 2.6 billion do not have adequate sanitation systems. The UN have also estimated that there will be a 70 per cent increase in demand for food by the year 2050, and this will lead to a 19 per cent surge in water used for agriculture worldwide. At the moment, 70 per cent of freshwater is already being used for agricultural purposes.

Over the last two decades we have witnessed how many developing countries have grown quickly and are emerging into world economic powers. As more countries develop into mature economies, the needs for basic modern amenities will also grow. To provide these essential services requires better infrastructure and resource management. There is no doubt, however, that the most basic ingredients for facilitating modernization are clean water and sanitation. Developed countries where the need for water continues to grow also aggravate the problem. In most of these countries much of the water infrastructure is old and in need of replacement and modernization.

The impact of climate change on the supply of water should also not be underestimated. There is now clear evidence how climate change has impacted on water resources as it alters rainfall patterns and soil humidity, melts glaciers and causes water-related disasters such as floods and

droughts, which impact food production. Again the UN has estimated that by 2070, this impact will affect up to 44 million people all over the world.

Worldwide more than 50 per cent of the population lives in urban areas and the urbanization rate is on the increase. Urbanization will therefore continue to put pressure on sanitation infrastructure. Already there are a number of cities where waste water is neither collected nor treated, increasing the prevalence of diseases.

The solution to the water problem therefore requires a collective response by the whole international community, and not by individual countries only. Without a global response, water pressure will exacerbate economic disparities within and between countries, with the potential to cause global instability.

Coming closer to home, our fourth national development plan, NDP4, has three main goals to be achieved by 2017. These are high and sustainable economic growth, employment creation and increased income equality. With regard to economic growth, the plan is targeting an average of 6 per cent over the five-year period. In order to achieve that target, we have identified specific sectors that have the potential to generate the needed growth provided that they are supported appropriately and sufficiently. These sectors are agriculture, manufacturing, tourism and logistics. Among some of the major bottlenecks we are likely to experience is the shortage of water. The activities needed to obtain the required growth from the identified sectors will have a consequent increase in the demand of water.

Current figures suggest that 85.5 per cent of all Namibians have access to potable water. Under NDP4 this percentage is to be increased to 100 per cent. However, given the future industrialization need for water, access to potable water could be under threat if we do not find new water supply sources.

The water sector is set to continue to face severe challenges in meeting the financial requirements for maintaining, extending and upgrading new and ageing water infrastructure in the face of growing water scarcity and competition for capital. The gap between the required financing and the projected financing is said to be growing but there are no good estimates available. What is clear, however, is that the Government alone might not be in a position to finance the entire required water infrastructure. There is therefore a need for private sector funding.

There is a good reason why private sector investment in water infrastructure can be a profitable investment. Water is a natural resource that has a limited supply and that has no true substitute. As the economies of developing nations continue to improve and those of the developed nations continue to use more water, worldwide water use is expected to increase.

It can therefore be said that solving those problems by building and renovating water-system infrastructure, developing technologies to purify water and transporting water to people who need it, present powerful financial and investment opportunities. To meet the future demand, some analysts project that the world may need to spend as much as \$1 trillion per year through 2030 applying technologies to conserve water, maintain and replace water-related infrastructure and to construct sanitation systems. In order to facilitate private sector financing of water supply infrastructure, it may also be necessary for Governments to review the related regulatory framework to identify potential bottlenecks.

Another challenge is that of affordability, especially for low-income households and other vulnerable consumers. While private sector financing is certainly a viable option to address the supply of water, the resultant increased commercialization of the water sector could have negative effect on the pricing of water. This becomes a big challenge, especially in view of the growing recognition that access to water is an essential human right. It is therefore critical that in our policy deliberations with regard to access to water, we need to consider the social impacts for consumers.

In conclusion, the risk to future supply of water is real and it needs our concerted efforts find sustainable solutions. Like many other things in life, there will be no easy solution and some compromises might be necessary. What is needed is to think innovatively.

I thank you.