

DRAFT

**THE WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT:
ESTABLISHING AN ECONOMIC PLATFORM FOR POVERTY
ERADICATION AND SUSTAINABLE DEVELOPMENT**

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I am delighted to have been asked to address this important conference. This event comes at a crucial juncture in our preparations for the World Summit on Sustainable Development. It provides us with an opportunity to take stock of the outcome of the International Conference on Financing for Development in Monterrey. It also falls between the two ministerial Round Tables on Financing the Environment and Sustainable Development, the first of which was co-chaired by my Minister, Mr Valli Moosa, in Monterrey.

I would like to take this opportunity to highlight the issues which South Africa, as host country of the World Summit on Sustainable Development, believes need to be addressed in Johannesburg if we are to put in place the economic platform to support poverty eradication and sustainable development, and in particular to finance the environmental dimension.

For South Africa, as for many developing countries, the issues of poverty eradication and sustainable development are inextricably linked. Today global poverty and inequality continue to present the main challenges to sustainable development. Over one billion people worldwide live on less than one dollar a day. An additional 1.6 billion people live on less than two dollars a day. While in percentage terms this figure has decreased since 1970, in absolute terms the number of poor people has increased by an average of 10 million per annum for Latin America, South Asia, and sub-Saharan Africa since 1990. But poverty is about more than lack of income; it also results from lack of access to health care, education, productive assets and secure livelihoods.

At the same time unsustainable consumption and production patterns, coupled with poverty and underdevelopment, have contributed to strains on the environment that impact on climate, energy resources, the pollution and degradation of freshwater ecosystems, forests, oceans and coasts. These so-called “global public goods” transcend national boundaries and action is therefore needed at the international level to ensure that they are safeguarded for present and future generations.

South Africa has argued that the World Summit is an opportunity to define a new relationship between North and South – a new deal for sustainable development, based on commitments from both developed and developing countries. This new deal will need to address both trade and finance issues – both of which directly affect our ability to protect the environment - building on the outcomes of the WTO Ministerial Conference in Doha and the recent International Conference on Financing for Development in Monterrey.

In South Africa’s view such a global deal should comprise the following elements:

- a high-level political agreement to accelerate the implementation of Agenda 21 and address the problems of global inequality and poverty;
- a concrete Programme of Action to deliver on the Millennium Declaration targets and Agenda 21, focused around a clear set of targets, with delivery and coordination mechanisms, resource commitments, timeframes and monitoring mechanisms; and
- a range of specific sectoral agreements, partnerships and actions, in priority areas such as water, energy, food security, health, education and technology, which give expression to the Global Deal at a variety of local, national, regional and international levels.

An effective global deal will require a level of reciprocity, in which both developed and developing countries commit themselves to certain actions. For developed countries it is important that they announce a package of measures at Johannesburg, which should include the following measures:

- Extending the current HIPC debt relief initiative in order to relieve more developing countries of their unsustainable debt burdens
- phasing out of agriculture, fishing and other unsustainable subsidies in the North, combined with commitments to increase market access for products from developing countries, especially least developed countries
- Incentivising private sector investment in developing country economies
- Opening up technology transfer mechanisms for developing countries
- Providing additional ODA to implement the Millennium Declaration Goals so as to move towards the target of 0.7% of GDP.

Both developed and developing countries also need to commit themselves to:

- Ensuring sound governance at local, national, regional and international levels
- Mobilising national resources to achieve the Millennium Declaration Goals and other WSSD targets
 - Recognizing and collectively protecting certain global public goods in the environmental sphere e.g. the atmosphere, oceans, forests.

I would now like to unpack some of these issues a little further, identifying the action that is needed at the international, regional and national levels.

At the national level, governments have a responsibility to create an enabling environment which not only attracts foreign direct investment but ensures that this investment supports sustainability. Public policies need to be comprehensive and integrated, aimed at macroeconomic stability, fiscal and monetary discipline, transparent and prudential regulatory systems, with significant investment in human, institutional and physical infrastructure. But it must be remembered that many developing countries lack the capacity to put in place such policies unless international support is provided.

At the same time developed countries have a responsibility to promote socially and environmentally responsible investment in developing countries. Export credit agencies

have an important role to play here, given that a significant proportion of FDI is supported by export credit guarantees.

Action at the national level can be supported by regional initiatives such as the New Partnership for Africa's Development (NEPAD). NEPAD is a pledge by African leaders and governments, based on a common vision and commitment, to eradicate poverty and place their countries, individually and collectively, on the path of sustained growth and development. NEPAD is a comprehensive response, developed and owned by Africans, that assumes continental responsibility for political and economic governance, but it is also a basis for calling on the international community for support. As such, NEPAD articulates an African programme for sustainable development based on shared global responsibility.

NEPAD's Capital Flows Initiative sets out a number of ways in which African countries can take steps to mobilize the financial resources needed to support sustainable development on the continent. These include mobilizing domestic resources, ensuring that ODA is used more effectively by recipient countries, and – crucially - increasing private capital flows by addressing investors' perception of Africa as a “high-risk” place to do business.

Meanwhile the NEPAD Environment Initiative recognizes that measures taken to achieve a healthy environmental base can contribute greatly to employment, social and economic empowerment, and reduction of poverty. The Environment Initiative targets eight areas for priority intervention: combating desertification; wetland conservation; invasive alien species; coastal management; global warming; cross-border conservation areas; environmental governance; and financing. Detailed implementation plans are currently being worked up with a view to securing donor support.

But we will not succeed in our efforts at national and regional level unless we get the supporting international framework right. The International Conference on Financing for Development was a step in the right direction, but it must be viewed as a beginning rather

than an end in itself. It has generated a renewed sense of commitment from all countries and has elevated the debate on combating poverty to the highest levels. The increases in ODA announced by the US and the EU are welcome but still fall a long way short of the target of 0.7% of GDP. These announcements grabbed the headlines but also deflected attention away from the much larger issues of market access, debt relief and so on. We still need more discussion on reforming the financial markets, combating short-term speculation, protecting developing country economies from market volatility, and on the reform of the Bretton Woods institutions. Monterrey also failed to address in any serious way the linkages with the World Summit on Sustainable Development, and in particular how the substantial programme of action that we want to see emerge from Johannesburg will be financed.

The WTO Ministerial Conference in Doha must also be seen as important building block for the economic platform of WSSD. South Africa believes that the interests of developing countries must be firmly at the heart of the Doha agenda. The Doha trade round must deliver better access for developing countries to the markets of the North, particularly in sectors where developing countries enjoy a comparative advantage, such as agriculture, textiles and resource-intensive industries. But in order to realise a shift in global production from North to South, developed countries must also commit to far-reaching structural adjustment in their economies by reducing a range of protective and support measures to inefficient 'grandfather' industries and sectors.

Much of the debate around financing for the environment at the international level focuses on the area of "global public goods". It has been estimated that desirable spending on global public goods may be of the order of \$20 billion a year. Compared to this current funding levels appear hopelessly inadequate. The Global Environment Facility, which is currently the principal source of funding at the international level for environmental global public goods, suffers from underfunding. The second replenishment delivered a mere \$2.75bn to address climate change, biodiversity and protection of the ozone layer and international waters. The third replenishment negotiations illustrate the difficulties in mobilizing additional resources for the GEF.

And this despite the fact that the GEF was also identified in December 2000 as the principal entity for the interim financial mechanism of the draft Stockholm Convention on Persistent Organic Pollutants.

Mobilizing the financial resources needed to protect the environment and promote sustainable development remains a major challenge. South Africa hopes that the impending deadline of the World Summit on Sustainable Development will serve to focus minds and that Johannesburg will establish a solid economic platform from which will enable us to achieve our goals of poverty eradication and sustainable development. I hope sure that this conference will generate an interesting discussion and stimulate some creative ideas, and I look forward to participating in the debate.

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