

Reconciling the combat against poverty and quality of the environment

Antoine Frérot –Institut Veolia Environnement/AFD Conference, June 27, 2011, Paris

Honorable Managing Director of the Agence Française de Développement,
Honorable winner of the Nobel Peace Prize,
Honorable winner of the Nobel Economics Prize,
Honorable Representative of the Ministry of the Economy, Finance and Industry,
Ladies and Gentlemen,

"Poverty is the most serious form of pollution". Indira Gandhi's declaration is engraved in all our memories. She made it in 1972, at the United Nations Conference on the Environment. But the obverse is equally true: living in a polluted environment is one of the worst forms of poverty.

Poverty and pollution: these two terms are inextricably linked, as we all know. And yet, it took time for this obvious fact to gain acceptance.

Not so long ago, we did not believe that the degradation of the environment could be one of the main causes of poverty. Not so long ago, we thought of environmental protection as the preserve of rich countries.

"Poverty and environment, environment and poverty": within this irregular couple, relations are ambivalent. While degradation of the environment and poverty often go hand-in-hand, protecting the environment is not enough on its own to guarantee prosperity.

In their determination to emerge from poverty, certain regions of the world have built their economic growth to the detriment of the environment, while others have developed while respecting it. But prosperity built to the detriment of the environment is only temporary. Sooner or later, over-exploitation and pollution of the environment, this *"collateral damage"* of progress, turns against man. Over the longer term, neither a country, a city or a company can continue to grow in a ravaged environment.

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How can we reconcile the combat against poverty and quality of the environment? This is the theme that brings us together today.

- *An ambitious theme*, since it has multiple facets, the examination of which will structure the work of our conference: poverty and climate change, poverty and biodiversity, poverty and urban environment, etc.;
- *A theme that, in one sense, is "impossible" to deal with given its complexity and numerous ramifications, but a theme that we cannot not deal with*. Indeed, if we do not succeed in harnessing the combat against poverty and protection of the environment, sustainable development will remain wishful thinking;

- *A theme that calls for humility, given the ocean of man's needs, but a theme on which depend many hopes, as we will see from the concrete cases that will be presented today and tomorrow.*

Today's conference is the sixth organized by the Institut Veolia Environnement. Created 10 years ago, this forecasting institute focuses on issues arising at the interface of society and the environment. Continuing on from earlier work, the Institut Veolia, the members of whose Forecasting Committee do us the honor of being present with us today, was keen to look at the question of poverty and the environment.

This conference has been organized in partnership with the Agence Française de Développement, France's official development assistance agency. I would like to express my warm thanks to its Managing Director, Mr. Dov Zérah, and his teams, for the experience and passion they brought to preparing the very full program of these two days.

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At the beginning of the 21st century, 900 million people do not have access to clean drinking water; 1.4 billion have no access to electricity, and 2.6 billion do not have basic sanitation. Since handicaps do not come singly, it is very often the same people who lack water, energy, transport, medical care and jobs – who cumulate all the different forms of poverty.

Behind these abstract figures are very painful human realities. In concrete terms, poverty means more pollution and fewer essential services, more disease and fewer schools, more expenses – what economists call the *"penalties of poverty"* – and less income.

The poor are the first victims of a polluted environment, and a polluted environment is one of the worst poverty traps that exists! In the megacities overwhelmed by their demographics, urban inflation generates unbearable levels of pollution. The destructive potential of waste and wastewater neither collected nor treated is explosive. The related *"health time-bombs"*¹ are ticking, ready to explode one after the other, sowing poverty, disease and death.

True, the Millennium Goals have ushered in a positive dynamic, but their results are still mixed. Take the case of water. While globally the world is close to keeping the commitments made concerning clean drinking water, we cannot say the same for sanitation, which is definitely lagging.

Poverty can also be found in the midst of abundance, by which I mean in the developed countries. For reality has two sides, everywhere: in the middle of a given urban area, wealth and poverty exist side by side. As precariousness spreads in Europe and North America, the public authorities and their partners have been prompted to strengthen solutions for maintaining access to basic services for people who already have it but run the risk of losing it due to financial difficulties.

This sorry arithmetic of misery and the suffering it engenders must not however conceal the remarkable progress achieved. We must not see the scarcity of basic services as something that cannot be remedied. Humanity's defeats are not inevitable:

¹ *Loïc Fauchon, Chairman of the World Water Council*

- In just one decade, China has brought electricity to almost half a billion people – an exploit without equal in the history of energy;
- In the same period, Chile has increased its rate of collection and treatment of wastewater by 15% to almost 90%;
- In 1999, Benin had one of the world's lowest rates of school attendance. Today, it is on track to achieve the goal of primary education for all in 2015.

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Our conference brings together multilateral organizations and financial backers, local and regional government and public authorities, universities and elite colleges, research centers and NGOs, but also companies. Perhaps some of you are asking yourselves why private companies are involving themselves in the combat against poverty. I would like to attempt to answer this question.

Providing essential services for all is one of the responsibilities inherent to Veolia's business. In developing countries, our mass transit and water and electricity supply contracts systematically include targets for expanding supply to the people deprived of these services. Hence, as long as it acts with professionalism, an operator of essential services is always a provider of support and solidarity.

Whatever its sector of activity, it is in the company's own interests to go beyond its immediate concerns and mobilize its energies in favor of the underprivileged. Its continued survival as an organization that creates wealth depends on this. Its legitimacy rests on the way it treats the underprivileged and most vulnerable people.

This question is in no way anecdotal – quite the contrary, it is crucial. Because the way in which a company is integrated into its environment and forges links with its *"stakeholders"* – including poor people – governs its acceptability to produce and sell. No economic activity can continue to exist if it ignores the urgent calls addressed to it by its time. The combat against poverty is without contest one of these calls.

If the company does not make its contribution to the social expectations of its time, it will be unappreciated. Unappreciated and hence challenged. More than in the recent past, it is being asked to become involved in challenges other than strictly economic challenges. More than in the recent past, it is expected to take an interest in something other than the sole creation of value: indeed, this governs its very legitimacy to create value. Hence it must espouse causes that go beyond its scope but that are nonetheless crucial for its future.

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"Don't expect anything from the 21st century; it's the 21st century that expects everything from us". Gabriel Garcia Marquez launched this appeal some 10 years ago. Our century expects us to succeed in reconciling the combat against poverty and the quality of the environment. May this conference do what it can to help us progress along this path.

I hope that our work will be fruitful and productive for all of us.