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This is a raw transcript of the In Conversation of the World Cities Summit, held at Marina Bay Sands, Singapore, on 2 June 2014. The panel comprised:

**Moderator:**

- **Tommy KOH**  
Ambassador-at-Large, Ministry of Foreign Affairs, Singapore

**Speakers:**

- **Angel GURRÍA**  
Secretary-General, Organisation for Economic Co-operation and Development (OECD)
- **KHAW Boon Wan**  
Minister for National Development, Singapore
- **Jean-Louis CHAUSSADE**  
CEO, Suez Environnement Company

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[Start of Transcript]

**Prof Koh:** “Good morning, ministers, governors, chief ministers, mayors distinguished leaders of the corporate world and civil society, ladies and gentlemen, I join my Prime Minister in welcoming all of you to these three important meetings which are taking place concurrently in Singapore. The Singapore International Water Week, The World Cities Summit and the Clean Enviro Singapore Summit.

I would like to just say a very few words about each of these three meetings and explain why we are having these joint meetings this morning. First, let me begin with the Clean Enviro Summit. Human beings everywhere in the world aspire to live in a clean, green, healthy and safe environment. They want to be able to breathe the air, drink the water, eat their food in safety. They want to be able to swim in their rivers and lakes. They want to live in an environment which is sustainable for their children and future generations. Human beings everywhere in the world aspire to live a high quality of environmental life and this is a significance of the Clean Enviro Summit in Singapore.

What is the importance of the World Cities Summit? The importance of the World Cities Summit is that in this century, the 21<sup>st</sup> century, we are witnessing a historic change in the world. The historic change is that a majority of human kind are now living in towns and cities rather than in rural areas. The Prime Minister pointed out last evening in his remarks that in the last two years since we met in Singapore, 100 million people have moved from rural areas into cities and that by 2050, 70 per cent of the world's

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population will live in cities. This is an enormous change which bring opportunities as well as challenges. When we look at cities in Asia, we can see that they face enormous challenges in the face of this rapid urbanisation. There's a growing gap between infrastructure and the new population. Many of the cities in Asia suffer from very bad air pollution, water which is not potable, public transportation which is a nightmare, increasing number of slums and homeless people. At the same time, cities offer us enormous opportunities. Cities are the engines of growth. It is where the most talented and creative people want to live and done well, life in a city can be like heaven on earth but if we mismanage our city, life in a city can be like hell on earth and this is the choice we have in this century.

Let me now talk about the Singapore International Water Week. Why is this important? This is important because there will be no life on earth without water. We need water for our well-being, we need water for agriculture, we need water for industry, we need water in order to maintain our eco-systems. So water is of primary importance to humankind. The reason why we've decided this morning to bring these three meetings together is that there are obvious interconnections between water, environment and cities and while we are more comfortable meeting in our own silos, it is important that we emerge from our silos to meet together because many of these problems cannot be solved in a single silo but across them in a holistic and multi-disciplinary manner. This is the logic behind bringing the three summits and their constituencies together in this first segment In Conversation and then in a joint opening plenary.

I want to say two more words. One I'm very sorry that sanitation is not in any of our titles. Sanitation tends to be subsumed under water but this is in my view incorrect. If you look at the UN Millennium goals and target, we have made progress on water, we have reduced substantially the number of people in the world who have no access to drinking water to one billion, which is still a very big number. Just imagine, of the seven billion people on earth, one billion people, one thousand million people today do not have access to safe drinking water but we have made very little progress on sanitation. Of the seven billion people on earth, 2,500 million people on earth do not have access to basic sanitation. This is a public health disaster. It is also a daily danger to women and girls who are forced, who are forced to defecate openly because they are exposed everyday to the sexual predators. So we must do something about sanitation and I'm pleased to inform all of you that Singapore took the lead in the UN and has persuaded the UN to designate the 19 of November every year as World Toilet Day and I must hear, let's give this a, and I wanted to acknowledge a good friend from Singapore Jack Sim, the founder of World Toilet Organisation who has been pushing the world to recognise the importance of sanitation.

Let me conclude by saying that international cooperation is very important and hence we have in this session and the next, representatives of international organisations, representatives of national governments, representatives of the private sector and representatives of the people sector. The bottomline is, all these problems, our collective vision can't be achieved by any one actor alone. It can't be achieved by the UN or IOECD alone, it can't be achieved by national governments alone, it can't be achieved by the

private sector alone, it can't be achieved by the civil society alone. It needs cooperation and it needs ownership by the people and here I must say I'm very pleased that the World Cities Summit has taken the initiative to reach out to the next generation. So with those few remarks, it's a great pleasure for me to chair this In Conversation session and I have very great pleasure in asking the first speaker, a very good friend, His Excellency Angel Gurría, who has served his country Mexico with great distinction as Foreign Minister and then Finance Minister and has served OECD in the last eight years as its brilliant and charismatic Secretary General and the question to you my good friend Angel is I remember that last year 2013, you delivered the lecture at the London School of Economics on climate change and you said if we are going to succeed in remitting the rise of temperature by two degrees centigrade, then we must achieve zero emission from fossil combustion by 2050. So my question to you is, is this goal achievable? Can it be done without economies losing their competitiveness, can it be done without increasing unemployment which is a global problem, can it be done without increasing pain for taxpayers and consumers?"

**Mr Gurría:** "Well ladies and gentlemen, Mr Minister monsieur Chaussade told me that the answer is yes yes yes yes and then I give the word no no no."

**Prof Koh:** "Explain."

**Mr Gurría:** "This is the request or the conclusion of my LSE speech last year is that we must move toward zero net emissions coming from the combustion of fossil fuels in the second half of this century. That means it gives us some time from 2050 onwards. The question is every single one of the calculation in the targeting and everything ended in 2050 and my point is 2050 is a way station, 2050 is a place where we start moving to zero in the second half because zero is the only zero net emissions from the fossil fuels in the second half of the century is the only way in which we're going to be able to achieve the two degree warming which we have all, consensus around the fact that this is the proper warming target. Now let me be clear, the choice is not between going green or getting growth. We are pursuing green growth. Let me also tell you that some of my advisors say please Mr Gurría please say green growth, green growth and I say no no no green growth just as loud, just as strong, they go well together indeed they must go well together because there's nothing to be ashamed of about green and at the same time we can pursue growth by going green. This is exactly the choice."

New OECD projections suggest that unabated climate change could dampen World GDP by as much as 2.5 per cent if we just let it go if we let climate change unchecked. So we're talking here about, again about growth impact about less growth if we do not check the climate change effects but it can be done in a cost effective way and that means use price-based policy instruments. Carbon taxes, emissions trading schemes, let me tell you another one conclusion that I have arrived at after a lot of analysis. I was wondering why are the Europeans going through their third or their fourth attempt to get an emissions trading scheme off the ground and they're not getting anywhere, not getting the right prices and I was told it's Mr Gurría it's very simple. Politicians don't like the word tax, so they like to invent synonymous. Oh well frankly the problem is it doesn't work as easily,

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it takes a lot longer and then we have to, China is now going to an ETS in seven cities as an experiment. I'd say well just put a big fat tax on carbon and it'll be a lot easier. Many of the countries and Europe already have it, Sweden has had it for a long time, they haven't lost any competitiveness over time but the question is if we agree where the problem is, let's make very strong, very direct policy decisions that address the issue rather than go around and create very complex solutions that won't, 40 countries worldwide already have introduced this price-based climate policies but not enough and clearly the ones in Europe are not getting very far here.

Without losing competitiveness you ask to me and without increasing unemployment. Yes, a resounding yes because I think that the greener you are, the greener the growth, the more competitive it will be and that we are moving in any way into a universe in which we are all going to be just like today we are saying how socially responsible companies, this question of how respectful of the environment, how green you are become a competitive issue whether by culture or by regulation in any case. So it's going to happen. The tolerance of societies for more emissions is clearly reducing exponentially and the questions of competitiveness, let me just say we have measured objectively that the impact on competitiveness for those who move first are more than offset by the fact that by moving first they have technological and market advantages which have a price, which will more than offset the "cost of being greener" and will then provide a source of technology, of jobs, of investment, etcetera. So again I, the answer there is yes.

The pain of taxpayers and consumers. Well, it's very simple, what's going on in the world today? We are reducing generally, there are some exceptions but reducing the taxes on corporate income tax and reducing the taxes on labour. We want to create more jobs so we should reduce the taxes on labour, we should reduce the taxes on companies. How do you compensate that? You compensate it with first consumption taxes, typically the VAT, you compensate it with property taxes which are less distortive and you compensate it green taxes in order to emissions and at the same time provide the revenue to compensate for the. So the tax side can be neutral, you just change the tax mix, you make a more business-friendly, a more labour-friendly and a greener-friendly tax structure. So all good things as you can imagine, so we say yes it is possible but we need the bold decisions. We now have a great opportunity and I encourage you all in your own trenches wherever you are, you are all leaders who are here.

We have in September the Secretary General of the United Nations has called us to New York to work on the targeting and on the COP 20 and 21 then in December we'll go to Lima where we basically have to wrap up a deal if we want to be successful in Paris in the COP 21 in 2015. So I think it's within our reach, only one thing has changed from Copenhagen and that's time has passed and we have not, we've talked a lot about it but we haven't done very much about it in terms of policies and I have to say time is not neutral here. It's going to take longer and it's going to take more money to get back to the right curve, to the right trajectory to get to two degree warming, that's 450 particle per million which we have now in an orbital path which is going to certainly surpass if we don't correct the course. So time here counts and counts a lot. A lot of time has

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passed. We haven't done a lot of progress since and therefore what can I say, we're already about 10 years too late. So it's never late to get it right."

**Prof Koh:** "Thank you, thank you very much Angel. The second speaker is Mr Khaw Boon Wan. Mr Khaw is the Minister for National Development of Singapore and he's one of Singapore's most popular and respected leader. Boon Wan, I want to ask you this question, Singapore has succeeded in making housing affordable and accessible to all Singaporeans. We probably have the world's highest percentage of home owners. Singapore has no slums and few homeless people. You also appear to have succeeded in reconciling high density living with a green environment. To many visitors to Singapore from the region, Singapore looks like a paradise. So my question to you, is Singapore really a paradise? What are the challenges that you face? Are there any useful lessons both positive and negative which other cities and countries can learn from our experience?"

**Mr Khaw:** "Thank you Tommy and good morning to our visitors to Singapore as well as to Singapore delegations. Tommy, they said paradise like beauty is in the eye or the mind of the beholder. So as a government we take a more practical approach, we dare not promise paradise but we try to make Singapore an endearing home for all Singaporeans. So after 50 years, I think we can be proud of some of our achievements but as a goal like this it's always a work in progress and we continue to do our best. As for challenges, all cities have many common challenges. In fact yesterday at the World Cities Summit Mayors Conference, we have more than 130 mayors this time round meeting, discussing and focusing on what are the common challenges. So I don't intend to repeat those points that were made except to say that as a tiny city state, Singapore has additional challenges and I thought I will just highlight three of those additional challenges as a tiny city state.

First is an obvious point, we are both a city and a state, so we have to accommodate all the services and functions of a sovereign state within a tiny state of merely 700 sq km. So whether it is from the army to the zoo, we have to accommodate all of those functions. The Chinese has a good saying, 麻雀雖小,五臟俱全. The sparrow is a tiny bird so although it's a small bird, like all the other giant birds, its internal organs are complete. So we have to accommodate all things within this little rock and you can feel the extra challenges that we have to face.

The second additional challenge is with our natural hinterland, the impact of globalisation on Singapore and Singaporeans as a state are more acute because in larger countries or even in medium-sized countries, citizens for example who want to seek lower cost of living, they have alternatives, they can go to the villages or they can go to second-tier cities. For us it's either east or west, north or south, all within this 700 sq km.

And the third additional challenge is a serious challenge because the state consists of only one city, if the city fails, the country fails. So for example, Detroit may be bankrupt

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but there are many other American cities which continue to prosper and America remains a major world power.

As for lessons Prof Koh from our development story, in Singapore we do not seek out to be a model, a reference for other cities because we believe that every country, every city has to find its own way forward but in the spirit of sharing, I thought I'll just highlight four areas. First is motherhood. Don't waste resources, don't waste resources. Spend within our means, save for the rainy day, this is what we always hear from our mothers and grandmothers. It's obvious but unfortunately empirically if we look around, many cities do not walk the talk.

Second is keep the economy open, keep the economy open. Free trade, talent and ideas. Protectionism has no place because in the case of Singapore, our domestic market is too small but even in countries with larger or very large domestic economy, they too can still benefit from free trade and fair trade. The third point is invest in education, invest in skills training. We cannot shield ourselves from globalisation from competition but we can prepare our people to face the changing external environment so that there will always be good jobs which they can undertake and there will always be opportunities for them.

The last point we think is even more important, which is keep politics honest, keep politics honest. Just now Mr Gurría shared with us that politicians don't like dirty words like taxes. In fact, nobody likes taxes but I think in all honesty we must acknowledge that all of our people or most of our people will always want more but would never want to pay more in taxes and I think it is incumbent on our part to be honest with our voters because if every election is a mere auction between political parties to give as much goodies as they can with as little taxes that they need to pay, I think democracy of that manner must lead to insolvency and eventually political cynicism. So finally let me also join Professor Tommy Koh in welcoming our visitors to Singapore and especially for those who are coming for the second time, you would have noticed that this event is growing and this time round as I said we have more than 130 mayors and more than 40 ministers in our midst but do get out of this venue, explore for yourself. We are tiny 700 sq km but we still have some surprises to offer you. Thank you very much."

**Prof Koh:** "Thank you Minister, thank you. It's important for us to hear from the private sector and from a company that is much admired around the world. Suez Environnement Company is a green company. It provides environmental services, especially water to millions of people around the world. It recycles water, disposes off waste and the Chief Executive Officer of Suez Environnement is this good man here, Jean-Claude Chaussade. So Jean-Claude, can you tell us what role can the private sector play in helping us achieve our vision of water and sanitation for all and to live in liveable and sustainable cities."

**Mr Chaussade:** "Okay thank you, Tommy. Well I think that when I look to the history of Suez Environnement, that in fact our history is totally linked to the industrialisation of

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the world. In fact we have been set up during the 19<sup>th</sup> century at the time of the first industrial revolution when people start to join in the cities and the cities to grow and at that time the major problem they had to face was why so many people in big cities are getting disease and in fact a French well-known professor discovered pasquale discovered that in fact everything was coming from water and therefore we set up companies able to treat water and to provide water to big cities.

So in fact big companies, private sector and cities are in fact very well connected since if I can say the beginning of the history of the big cities but what we have been, what we have discovered, what we have been living in the 19<sup>th</sup> century is going to repeat and will be much stronger in this coming century. Why? As you mentioned before, there is three major factors today which will make very important link between private sector and I should say cities or public-private sector. One of course is the global growth but not only the global growth. In fact it's the global growth of the cities as you mentioned before probably by 2040, we don't know exactly, between 65 and 70 per cent of the population, world population will be living in cities.

The second one, second element, it's probably a big stress on resources, on water resources. We know very well that by 2040, probably 40 per cent of the world population will live in area where you could have water stress or even water shortage, so how can we manage that and those elements if you add to those two elements, the climate change and the consequences of the climate change, all that together clearly means that we will need cooperation between private and public sector not only because one is private and the other one is public but because technology is going to be a key element of the solution. Of course it's not the only one. We have been talking about how to manage water in terms of let's say train the populations and in order to consume less etcetera but technology is going to be very important.

In growing cities, one of the major issues is going to be the management of large capex investment for infrastructures. How can we spend less and allocate it better? I think it's going to be a key element in the future because the bigger the cities, the bigger the spending and therefore as we know everybody here, you cannot spend all the money you want. You have to allocate your money in terms of efficiency and efficiency in big cities in terms of money allocation, in terms of capex allocation, in my view is one of the biggest challenges when we live in the coming decades.

Of course technology is going to be a clear element of leadership. The yesterday technology are not, are just adapted to the challenges of the 21<sup>st</sup> century. Therefore, we need to have more efficient technology, new technology, probably smart technologies in order to make the city smarter and when we speak about smart city, it's the same thing in my view then to speak about green city. A green city will be smart and if you're not smart, it will not be green. Therefore you have to mix both elements in order to be an efficient city and the Minister mentioned that before efficient city means a city able to attract new industry, attract new investment and it's very important because if you look to the next coming years, you will see that more or less 60, sorry 600 main cities in the world will probably in the coming 10 years generate between 60 and 70 per cent of the

overall world GDP. It means GDP growth are coming from the cities and out of those 600 cities, more or less 400, 450 cities are the cities coming Asia, Africa, it means the developing world and they are growing very fast and therefore they will need if they want to be at the same time growing fast and being green, they will need more technology, more capex investment and of course more talent. You need talent in order to manage probably the investment.

Before and which in my view is very important, which is a big change also, is the relationship between if I can say infrastructures and populations. The population are not anymore satisfied just because politicians are saying that they are building new infrastructures. They want more dialogue, they want more transparency, they want to discuss with city people, with industry. They want to discuss about what kind of infrastructure they want, what needs they believe they have and these solutions have to be interactive if we want to be efficient in the choice we will have to do between various kinds of infrastructures and investment.

So this new dialogue probably is of course part of the big data capacity we're able to do, to manage today much more data than before. We know that we can, if I can say, put them together and we are able to study and analyse them nearly in real time and this real time is going to be the time of the dialogue between the populations and the politician and at the end of the city and when you look to big systems, big technology which I believe will be necessary tomorrow and which need a complete, if I can say work together between the cities, the population and the industry. I will give you the example of old float management that you can, you know very well that in big cities, cities that are larger, if you add to that the change in climate change, at the end of the day the problematic, the real problems to be able to manage, to cope with big storm management, big storm is a really problem which has to be solved and it's a mix between population needs, infrastructures and also capacity of new technologies in order to prevent, to manage on real times the infrastructure to reduce the infrastructure.

This is a real simple example of what can be done and again and I don't want to be too long but again I think that there is no hope in my view in the future to build a green city if this city is not a real mix between a long-term view, I should say a short dialogue with the populations and of course a lot of cutting edge technologies which will make this dialogue and the response to the dialogue possible. Thank you so much."

**Prof Koh:** "Merci Jean-Claude, thank you. Thank you very much for your wise words. We will now have a Q&A session. We started this session about 10 minutes late, so may I have the permission of the organisers to extend the Q&A session and conclude this at about 5 past 10 or 10 past 10? Is it okay? You can ask your questions either by using your digital device or put up your hand. So let's have the first question."

**Mr Adelkoa:** "Thank you."

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**Prof Koh:** “Please can you introduce yourself and then indicate whether your question is for the whole panel or for anyone of them please.”

**Q:** “I come from Bilbao, the city of Bilbao, Jon Andoni Adelkoa, a middle-sized city. What kinds of opportunity do middle-sized cities have in this part of mega city and which specific actions can we take to compete for business and for economic activities?”

**Prof Koh:** “I didn’t quite hear that. Did you?”

**Mr Khaw:** “The sound system is not very good.”

**Mr Gurría:** “I heard, I heard the...”

**Prof Koh:** “The sound on stage is not very good. Could I ask the technicians to please turn on the microphones on the stage so we can hear better? Angel you heard the question? So you want to reply to him?”

**Mr Gurría:** “Okay.”

**Prof Koh:** “Repeat his question first. Yeah repeat.”

**Mr Gurría:** “He’s a gentleman from Bilbao, a middle-sized city in Spain and he’s asking what kind of opportunities are there for a middle-sized city in order to be competitive and in order to thrive and take advantage of today’s opportunities and I would say that Bilbao itself is a very good example because Bilbao was originally a few decades ago a very strong place for industry in Spain. All the hardware was done there, all the...”

**Q:** “Steel industry.”

**Mr Gurría:** “Steel and aluminium and coal and then what happened is that it went because of a number of reasons through a period of slump and depression together with the rest of Spain but also because of their own regional reasons etcetera and now its rebirth has to do with services, with knowledge and they still have a few of the traditional hardware industries but they’re now a very green city, cleaner and cleaner all the time but like most cities in Europe, middle-sized cities are very good example and that is now with technology and with communication, you do not have to go into the mega cities and even smaller cities you can stay because you are very well plugged in, you’re well-connected but in a place which already has universities, already has research centres, already has the museums, already has a quality of life, it doesn’t have to turn into a mega city to be successful, it can remain a middle-sized city with more and more knowledge injected into the traditional manufacturing systems because you have all the inputs in there and I’d say you’re already pretty well on the way. So I’d say congratulations, stay the course.”

**Prof Koh:** “I would point out that Bilbao is the first winner of the Lee Kuan Yew City Prize and I’d like to ask Minister Khaw to make a few comments.”

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**Mr Khaw:** “Yes indeed I was going to briefly interject to join in what Mr Gurría had just said that Bilbao is an excellent example of transformation. How cities have to last for centuries and millenniums but as external environment changes, you have to change with it, you have to keep on reinvent yourself and I thought Bilbao was really an excellent example and for that reason they were real deserving of being the first Lee Kuan Yew World City.”

**Prof Koh:** “I would also point out that many other cities have turned around and becoming success stories. If you look at Columbia not so many years ago, both Bogata and Medellin were in big trouble but now Bogata and Medellin are shining examples of success. Second question from Professor Rouse, from you.”

**Q:** “Michael Rouse, University of Oxford, is that coming through okay?”

**Prof Koh:** “Yeah.”

**Q:** “Looking at the rapid urbanisation in the future, I mean we can take there has to be the integration that you mentioned Mr Koh in terms of people getting out of their silos but it seems to me the big question is with rapid urbanisation, how is it going to be financed because you are looking at infrastructure which has a very long life and how can you spread those cost over time and particularly how can you make provisions for the poor?”

**Prof Koh:** “Thank you. Let’s take two more questions. You in the second row please. The first question is how are we going to finance all this.”

**Q:** “Good morning, my name is Ilmar Reepalu from the city of Malmo. I think that it’s very important when we’re talking about cities that we also include its hinterland. Big cities are working together in a region and I think that we should work much more on polycentric structures that is about water, that is about food, that is about transportation, that’s about emissions so that we don’t focus too much on the core of the city but on the living space for people there.”

**Prof Koh:** “Thank you, thank you. One more question. Asit.”

**Q:** “Asit Biswas from Lee Kuan Yew School of Public Policy. I’ll follow up that question. My thesis is in the future, it’s not in the mega cities or the large cities will have the problem because they have the money, they have the power, they have the technical and the administrative resources. The real problem will come from the medium and the small-sized cities which do not have those type of power. So you won’t have problem in Bogata or Delhi or Dhaka. They will manage somehow but how do you manage the small cities which don’t have all these resources?”

**Prof Koh:** “Thank you, thank you Asit. Maybe we will ask the panel whether you’d like to respond to any of the three questions? One, how are going to finance all this. Second, you

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need to look not just at the city but also its hinterland and third, the challenges faced not by the mega city but the small and medium city. So maybe Jean-Claude you go first and then Minister and then Angel.”

**Mr Chaussade:** “You want us to answer these three questions in a row?”

**Prof Koh:** “Yeah.”

**Mr Khaw:** “If you wish.”

**Mr Chaussade:** “Okay about the finance or the financing of the infrastructures, I believe it’s a real problem which has to be tackled in various ways. There is not one single answer to your question. Of course first point is can we be efficient and reduce the cost of the infrastructure, for me it’s the key element. There is a series of new technologies which could reduce the cost of infrastructures and at the meantime be efficient. So the first point for me is how can we reduce the level of investment by being more efficient. The second point is can we have mixed financing, which means we have PPP type is clearly a way to have private and public financing together in order to reduce the cost, admin, the upfront cost for the city and also to manage at the same time efficiency and private financing. The third one if a good planification. I think that long-term planifications are absolutely necessary if we want to reduce the level of investment. To the second question and the third one, the two are in my view connected. If a big city is successful, then the region is going to be successful because you will have a lot of industry, a lot of people not living in the city but living around the cities and therefore the success of a big city in my view is the success of a whole region and Singapore is a good example of that. I do not believe you can really believe that because we would have people financing for the big cities, the medium-sized or small cities will be behind. In fact, the history that we have in Europe is very clear. We have been successful thanks to the medium and small cities have been able to grow faster than big cities. It’s less in terms of technology, it’s easier in terms human resources and human cooperation. Therefore medium-sized cities in my view are, no small cities are much easier to manage than very big cities where the problems are really complex due to the size.”

**Prof Koh:** “Thank you Jean-Louis. Boon Wan?”

**Mr Khaw:** “Thank you, Tommy. At the fringe of this summit, yesterday a few of the economies infrastructure ministers had a gathering. We had a ministerial meeting yesterday, a very successful one and we have that forum for 20 years. We meet every second year and there was a good discussion about the point precisely made by the Mayor of Malmo. How do we arrange for regional cooperation because after 20 years of discussing internal opportunities and challenges, we thought it is time to look beyond and look at how as a whole region we can compete as one region. In fact by doing so, your whole region becomes competitive and everybody benefits. Of course the stake players do not benefit equally but everyone benefit and it is really win-win and we were just giving the example, for example a high speed rail project that Malaysia and Singapore decided recently to proceed into and which we are confident will be a game

changer for both Malaysia and Singapore, as well as for the region. As for the point about funding infrastructure, my own sense is I think there is no shortage of money, but there is a shortage of good ideas. There's a shortage of ideas which are sustainable, which will truly bring benefits to all sectors, government, people, private and so long as projects are bankable, that is why no shortage of funding but inevitably there will always be need for government themselves to also co-pay in some of these to help the poorer sector of the population and that's why I make an earlier point that just like individuals, just like families, governments too must spend within your means and save for the rainy day. So when the economy is doing well, please save money and if I offer Singapore as an example, we are now 49 years, next year we are celebrating 50 years. If you look at the history of our budget outcome every year, practically every year it is budget surplus. So every year we save because we know that occasionally there will be need to go into deficit and those are exceptions rather than the rule.

The last point about what about cities or countries where they lack resources and if these are poorer cities, poorer countries then how do you help those people, especially the poor and what struck me when the question was raised was in fact I see small cities not so much funding is the issue, as ageing of the population. In many cities now because opportunities are lacking, in many of these rural areas, population are shifting to the cities. So in a big country like Japan, Tokyo continues to grow but the rest of Japan actually are shrinking and in fact give another 10 years, 20 years, the population will shrunk further. I made a visit two years ago in some of the these outlying cities and I find that the governments are respond, cities governments are responding to it through merger. So several towns are merged together to save on the cost of overhead so that they can continue to support their people in the midst of this changing circumstances. Thank you."

**Prof Koh:** "India fortunately not suffering from ageing problems. Angel."

**Mr Gurría:** "Well first of all, is it okay can you hear me?"

**Prof Koh:** "Yes."

**Mr Gurría:** "On the question of financing, the question of financing, just to tell you about the complexity. In seven sessions of the last G-20, finance ministers meeting in Sydney, four were dedicated to the question of how to liberate, how to allow the trillions and trillions in pension funds in insurance companies etcetera to move towards medium and long-term infrastructure, especially long-term infrastructure, water infrastructure, services infrastructure and clearly there are many many regulatory obstacles, accounting obstacles, the fact that these are long-term investments that are relatively immobile. You can't, you have to keep them in your portfolio for long. Banks are not the right vehicles to back that. These are long-term shortages of financing and then the regulations that we have imposed upon them, both national regulations and then the EU regulations and all sorts and the United States there are 50 different regulators, make it absolutely difficult to release. So here you have a problem. I'm not sure that we have a lack of good ideas, I think we have a lack of feasibility or regulatory feasibility which is

self-imposed. We shot ourselves in the foot. Well we can kind of fix it because we created the problem, we can fix it. Provision for the poor always, absolutely, no matter how tough and how tight the budgets are, how difficult the situation may be, one always to have a provision in order to deal with the most vulnerable and the reason is moral, ethical, yes but it's fundamentally economic and also political. If you want to keep the stability, if you want to keep the social peace, you have to give opportunities, it's a question of opportunities, not just a question of provision of services to the poorest. Make sure that they have access to the basic services regardless of the tightness of budgets. Now Malmo, let me just give a, long time ago, maybe 10 years ago, we did Malmo and Copenhagen are singled out. What Malmo is in Sweden, Copenhagen is in Denmark and they were across water and one day they decided to build the bridge and now the people in Malmo are more worried about what happens in Copenhagen and vice versa than what happens in the rest of their own countries because they have now become a single economic region. They're developing together, they're growing together and all it took, well all it took but because they've been there for centuries, it took this bridge and the complementation, the natural complementation happened so in the Oresund region, which is the way the two cities is called, it's a very good demonstration of how you get the services together, how you add up and how you come up with something better. Now Professor Biswas for once I disagree with you and that is because I do not feel that the problem is going to be with the medium and smaller cities. I think if you have a well-based, if you have a good fiscal base and that is you can have a proportional response and that is your water needs are going to be proportional and if you want prices determine the feasibility of every one of the services provision and I also would agree that because they are still more manageable, for example, metros. In a big city it's just enormously costly to add to the downtown congestion etcetera whereas in medium and smaller cities you can plan ahead. The price and the political price as well as the economic price is not as astronomical and you can create a better condition of life. I think United States is a very interesting example where you have mostly medium-sized cities rather than huge, there are only three or four very large cities in a 300 million population and mostly there you have medium-sized cities and it works reasonably well. I'd say that this is, whereas the megalopolis that we have created in places like Sao Paulo and Mexico City or even in China, in India etcetera, really are facing a lot of problems, a lot of quality of life provision of services etcetera. This question of merger that Mr Khaw was mentioning, I think that this is happening even in France, there is attempt to reduce the number of communes "*Anti-communautaire*" we are working, we worked on Marseilles for example. This is second largest city in order to reduce the number. Denmark is working on reducing the number of provinces and communities, also Sweden but even Russia for example, even Russia asked us to take a look at the numbers..."

**Mr Khaw:** "Russian population is probably shrinking too."

**Mr Gurría:** "Because the economic base is not enough. Here Mr Biswas I would say the problem is if you have 6000 or you have 10,000 then you cannot get the fiscal base but a medium-sized city the way we understand it may be upwards of a million or two million, really has a fiscal base. It's a much smaller, completely spread out, very remote smaller

villages that are not sustainable because if you have a decentralised services system and at the same time a very shallow, weak fiscal base, you are supposed to provide hospitals, you're supposed to provide education. Clearly you cannot do it with a weak fiscal base. So consolidation in certain minimum size but not necessarily into a mega city, simply into a more manageable, more fiscally sustainable is something we are certainly recommending."

**Prof Koh:** "Thank you. I think it's time for me to reward those of you who send in your question digitally. So I'm going to put on the screen a question directed at you Angel. So you see on the screen, question for you Angel, what should China and India do to mitigate climate change? And then there's a question for you Jean-Louis, I'm going to put it on the screen. Yes. Question for Jean-Louis, given the mixed results of the private provision of water services and infrastructure in developing countries, what can both the public and private sectors do to improve their performances? And the third question is for all three of you and this for some reason has the highest number of votes you know. I think it is a criticism of the organisers of this panel. There's no women here. Question to all three of you is why are there no women in the leadership positions?"

**Mr Khaw:** "I can reply to this immediately."

**Prof Koh:** "Boon Wan please."

**Mr Khaw:** "Yesterday at the welcome lunch for all the delegates and we specially, specially profiled two mayors, both are ladies. One was the oldest delegate 93-year-old Hazel from Canada. I hope she's around here and the youngest mayor, 32 years old from Philippines and both are ladies."

**Prof Koh:** "I think the lesson we should learn from this is that in two years time when we create this panel and the joint plenary, we should respect the need for gender equity. Jean-Louis your turn, question for you."

**Mr Chaussade:** "I disagree when it is said that the private sector has mixed results worldwide. First of all, you mean in the water management industry and to provide water to the population. First of all, we should not forget that roughly 92, 93 per cent of the world population today is served by public bodies. Second, even when private company is doing some services, the major cushioning such as tariff, such as the level of investment etcetera are always discussed with public body. So and we have been doing, I think I can speak about environment, we have been doing a lot of development in developing world with very large and big success. So to say that the result has been mixed, I don't share this view that sometime it's difficult, yes, that we have to rethink sometimes the government of the system, why not but I have one point which I believe will be true, it's true today, will be true in the future, without the private sector, without the technology of the private sector, it will be very difficult to answer to all the questions which have been raised today about how to provide good services to many many people and many many cities around the world."

**Prof Koh:** "Thank you, thank you. Angel."

**Mr Gurría:** “Well first of all, on the question of women, I’d like to say that that is one of the world’s greatest challenges because Mr Khaw just mentioned something which you did in order to signify the problem but this is to signify the problem. There are countries in which women are the promise because they’re in general I would say women are the world’s most under-utilised economic assets and it’s not just a question of level playing field and opportunities. It’s a waste, an enormous waste of talent and opportunities. The Minister mentioned ageing, that means every abled hand has to be on deck and that means every women, the elderly have to stay on longer and of course every young men and women have to be on-board also. So in many of our economies and our ageing economies, this is not only the only solution, the solution in countries like Japan, in countries like Korea, just to get the average participation that the men have, if you would get women to have the average participation, you can add several points of GDP at times when we are struggling to get out of deflation and into sustained growth of the medium term. So in, within our own societies, we have the answer, the question is we really have to be very consistent and very serious about it. Things like daycare centres which are relatively simple, massive investment in them and greater availability and then we have a lot of daycare centres but they cost a fortune. So then you have women who are working all day in order to pay for the daycare centre which defeats the whole purpose. So these are just simple ways. There’s no doubt that women are smarter, they get equal or better grades, they get equal or better performance in schools and universities but then we make it so expensive for them to come into the job market. When they come, we make it very expensive for them to become mothers. We produce a series called Babies and Bosses, signifying that we want the women to have babies and bosses or maybe be the bosses instead of having to choose. Not babies or bosses but both and then last but not least, the problem is their reinsertion into the job market is so expensive for them because they typically are left behind, they cannot catch up so there’s a kind of penalty for motherhood. So let me just stop there because then I get carried away with this. Now on the question that was posed to me. China and India. Okay about now China is a place where renewables are increasing faster. China is a place where nuclear is increasing faster and China is a place among others together with the emerging economies where emissions are going faster because also China is a very well-endowed as many of the other emerging economies and some developed economies with coal and with gas. Think about it. Already moving from coal to gas in a long-term progression is a very great advance because you are having a very important reduction. Now what we are saying is zero net emission from fossil fuel to the second half of this century, which means that when you go to gas, it’s not the definitive solution, it’s a wastation but it will take 20 or 30 years to amortise that. In that time we move to prepare to the next generation where we would have zero net emissions from fossil fuels towards the end of the century. Now already the EU is saying 80 or 90 per cent reduction by 2050 that means they’re talking perhaps going to this zero net in the second half of the century. It’s not out of reach. It is possible if we have the pricing right but here one thing I would focus one thing that has to be absolutely just eliminated. In many of the poorest countries in the world, the largest single item of the budget is the subsidies for the consumption of fossil fuels. I have seen countries with hundreds of millions of inhabitants where the fiscal invoice for fossil fuel consumptions was higher than the

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education budget. This doesn't really make any sense. It is a tremendous distortion, it is a waste for the budget, it is a waste, it is very aggressive against the environment because it encourages consumption and last but not least it is socially regressive because the people who use the subsidies should benefit from the subsidies are the people who need them the least. They are the people who consume more energy and therefore just this one single it could redirect, reassign more than one half trillion US dollars into the poorest economies in the world to the poorest people in the world simply by stopping this enormous waste which are the subsidies to the consumption and the production when you move to the OECD countries, upwards of \$100 billion, around \$100 billion in subsidies, of production and consumption of fossil fuel. So we are speaking on one side of our face with saying let's fight emissions, let's go green and on the other side we are saying let's subsidise the consumption of something that produces emissions which we are trying to abate. So let's be consistent, a bit of consistency here recommends itself as the first very obvious solution. "

**Prof Koh:** "Thank you. I've just been reminded that I've exceeded my time by 15 minutes. So I apologise for keeping you but it's been a very interesting conversation and I will invite you to join me in thanking the three panellists. Let's stand in front take a picture together."

**Emcee:** "And thank you Your Excellency Mr Gurría as well as Minister Khaw and Mr Chaussade and Professor Koh. And thank you to Mr Gurría for making that statement about women having babies and also to be bosses though I think many women here would say that once you have babies, the babies are the bosses for quite awhile. We'd also like to thank the audience for all your participation as well as your questions. You have made the Q&A very lively indeed and we'd like you to continue to do so for the latest sessions as well. We're about to adjourn for a short break and the next session will start at 10.35 and will be back here in the ballroom. So we will see you then. Remember that there will be simultaneous interpretation for the next session as well in Mandarin, Spanish and Japanese. Do ensure that you pick up a headset from the booth located at the front of the foyer outside the ballroom should you require any interpretation. We'd like to remind everyone to please be seated while our distinguished guests, our VIPs from the front rows will take their leave and to our distinguished guests thank you for joining us this morning and our ushers will lead the way. Please do enjoy your break. "

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[End of Transcript]