

## D2 | Water

Access to enough clean water, taken for granted by most people in developed countries, is a matter of life and death for millions (see Box D2.1). The daily grind of searching for and collecting water is also part of a state of poverty that affects dignity, self-respect and other aspects of well-being that transcend the notion of 'basic' needs (Jarmon 1997).

Water scarcity should also be framed as an environmental and political issue. Climate change could account for 20% of the projected increase in global water scarcity, while continuing deforestation and the destruction of wetlands would also reduce freshwater access to many communities. Freshwater resources are further reduced by environmental pollution – for example, two million tons of industrial wastes and chemicals, human waste, agricultural fertilizers, pesticides and pesticide residues are disposed of in receiving waters every day (UN/WWAP 2003). As ever, the poor are the worst affected, with half the population of developing countries exposed to polluted water sources.

This chapter focuses on one particular aspect of the global water crisis – the privatization and commodification of water and water services. UN agencies and governments often refer to the essential human right to adequate access to water, its special cultural and religious value and the requirement for the governance of water to be democratic, just, transparent and accountable: 'Water should be treated as a social and cultural good, and not primarily as an economic commodity' (United Nations Economic and Social Council 2002). However, increasing privatization suggests a gap between the rhetoric of human rights and the treatment of water as a commodity governed by market forces.

### **Access to water and sanitation**

An estimated 2.6 billion people – about 40% of humanity – lack adequate sanitation and 1.1 billion lack access to 'improved' water sources (WHO/UNICEF 2002). The lowest drinking water coverage rates are in Sub-Saharan Africa (58%) and in the Pacific (52%), but the largest numbers of unserved people are in Asia. India and China have nearly 1.5 billion people without adequate sanitation. The number of people without access to adequate sanitation rose between 1990 and 2000 (WHO 2002) and none of the regions with inadequate sanitation are on track for meeting the MDG sanitation target. A growing

*Box D2.1 The importance of water to health*

A child dies every 15 seconds from water-related diseases. This amounts to nearly 6000 deaths every day, the equivalent of 20 Jumbo jets crashing. In 2000, the estimated deaths due to diarrhoea and other diseases associated with water, sanitation and hygiene were 2,213,000.

The ingestion of contaminated water can lead to a variety of illnesses including cholera, typhoid and dysentery. Up to 2.1 million deaths a year due to diarrhoeal diseases are attributable to the 'water, sanitation and hygiene' risk factor, 90% in children under five. The malnutrition that accompanies diarrhoeal disease places millions more at greater susceptibility to death from other diseases.

Waterborne diseases also cause illness. For example, more than 200 million people worldwide are infected by schistosomiasis, causing 20,000 deaths a year; 88 million children under 15 are infected each year with schistosomes (bilharzia).

The supply of adequate quantities of water is important for household and personal hygiene. Disease can be spread through contaminated food and person-to-person contact. For example, trachoma is spread by flies, fingers and clothing coming into contact with infected eyes, especially among young children. It is common in areas that are hot, dry and dusty and where there is not enough water for people to wash regularly. It is the main cause of preventable blindness in the developing world, with six million people already permanently blinded. (*Source: WHO and UNICEF 2000*)

proportion of people without access to adequate water and sanitation live in the fast-growing peri-urban slums of third world cities.

There has been some improvement in access to an improved source of water since the 1990s, defined as access to a household connection, public standpipe, borehole, protected dug well, protected spring or rainwater collection tanks. It does not mean regular, easy and reliable access and the figures under-represent the extent of water insecurity. For example, water services to hundreds of thousands of families with a household connection or access to a public standpipe are often interrupted. People may also have their supply disconnected when they cannot pay municipal or private sector bills, and the use of automatic disconnection devices such as prepaid water meters is growing.

Since 1950 total water consumption has increased six-fold while the world population has doubled, indicating a highly skewed distribution of global

water consumption worldwide. Each person in the US uses 250–300 litres of water a day, while the average person in the developing world uses only 10 litres for drinking, washing and cooking. Furthermore, the price of water relative to income shows huge differences from one country to another. In the UK a family of four spends 0.22% of its income on water, while a family of six in Ghana spends 20%, as well as the time spent queuing at a communal tap and taking the water home.

At the same time some consumers have become adept at capturing more of the state's water supplies at discounted rates. Large water consumers such as the corporate industrial and agricultural sectors and parts of the leisure industry pay less for consuming more – like golf tourism in Thailand, Indonesia, Malaysia and South Africa, which induces water 'scarcity' and groundwater pollution.

### **Commodification and privatization**

'Commodification' refers to processes that reduce water to a private good to be traded and priced according to market signals. The metering and volumetric pricing of water is often advocated as a mechanism to reduce overconsumption and encourage conservation, and a rationale for the establishment of a market model in which the price of water and a 'willingness to pay' determines how water is produced, allocated, distributed and consumed (McDonald and Ruiters 2005).

Pricing water has been a crucial part of neoliberal and 'new public management reforms' allowing the 'true' cost of managing and supplying water to be recovered directly from consumers, and shifting the management and financing of public water services to private firms. Privatization includes selling public assets, tendering water concessions and awarding management contracts to private companies, usually to manage the supply and cost-recovery of water services, with the capital assets remaining in public ownership. They may also receive public subsidies to help them ensure coverage of the poor. Such arrangements, typically described as public-private partnerships, are sometimes structured to provide a public guarantee of private profits. For millions of people in peri-urban slums and informal settlements, privatization takes the form of an informal and unregulated market supplied by providers such as street vendors; even here, self-help schemes may be encouraged by governments as another way of shifting responsibility to communities.

The major private water companies supply water to only about 5% of the world's population, but their activities are crucial to the water question more generally. The biggest four had a total combined revenue of over US\$ 25 billion

in 2001 (Table D2.1). The profitability of the control and supply of water is evident not just in the revenue, but also in the vast sums spent on promoting privatization. The European Commission, and in particular the UK and French governments, have also supported the global liberalization of the water sector in support of the big corporations. Meanwhile for much of the past decade French magistrates have been investigating allegations of corruption against Suez and Vivendi, and convicted senior executives of paying bribes to obtain water contracts (Friends of the Earth 2003).

Most of the commodification and privatization of the water sector in developing countries has been undertaken at the bidding of the World Bank and IMF (McDonald and Ruiters 2005). Twelve of the 40 Fund loans to different countries in 2000 included conditions on water sector policy reforms that included increased cost recovery and privatization. Nearly 90% of Bank water and sanitation sector loans approved in 2001 contained cost recovery conditions and 86% contained privatization conditions. In 2002 and 2003 all loans promoted privatization. Cost recovery was promoted with 91% of funds in 2002 and 99% in 2003 (Grusky and Fiil-Flynn 2004). Some of the poorest countries, including Mozambique, Benin, Niger, Rwanda, Tanzania, Cameroon and Kenya, have privatized their water supply under pressure from the Fund and the Bank.

Various global forums foster the commodification of water. The Global Water Partnership is funded by several government aid agencies, the World Bank, UNDP and other organizations like the Ford Foundation. The World Water Council (WWC) was established to provide decision-makers with advice and assistance. Both institutions portray themselves as committed to human development, but are heavily influenced by the for-profit sector. Because the concept of water as a commodity is still unpopular and politically unacceptable, they provide a vehicle for the major water companies and multilateral banks to influence UN agencies and NGOs, and to disguise their commercial motives as public interest (Friends of the Earth 2003). This is especially apparent at the triennial World Water Forum, which resembles a UN global convention with thousands of participants and a concurrent meeting of senior politicians and bureaucrats who produce a ministerial statement.

The second forum in 2000 endorsed a large role for the for-profit sector while rejecting the principle that water be considered a fundamental human right. There was little reference to debt relief, overconsumption, community empowerment, land reform or corporate regulation, despite their importance in resolving water crises worldwide. The views of civil society organizations could only be presented from the floor or in their own press conferences. There was a much bigger media and civil society presence at the third forum

TABLE D2.1 Top corporate players in the world water industry

Corporation	Water subsidiary	Country base	Total revenue 2001 (\$bn)	Total profits 2001 (\$bn)	Water revenue 2001 (\$bn)
Vivendi Universal	Vivendi Water	France	51.7	-1.02	11.90
Suez	ONDEO	France	37.2	1.8	8.84
RWE	Thames	Germany	55.5	1.11	2.8 (1 yr projected)
Bouygues	SAUR	France	17.9	0.301	2.18
United Utilities	United Utilities Water	UK	2.7	0.467	1.35
Severn Trent		UK	2.6	0.307	1.28
AWG plc	Anglian Water	UK	2.6	0.195	1.03
Kelda	Yorkshire Water	UK	1.1	0.231	0.8
Bechtel	International Water	US/UK	15.1 (2000 figures)	n/a	n/a

Source: Polaris Institute 2003

in 2003, but it was again used to promote policy proposals in favour of the corporate sector.

Trade agreements also seek to reduce government control over domestic water supplies. Under the General Agreement for Trade and Services (GATS), discussed in more detail in part A, WTO member states, under pressure from the EC in particular, are agreeing to liberalize their public water services and open the water sector to corporate investment. GATS also allows federal, state and local water regulations to be challenged as barriers to trade, and makes it extremely difficult to reverse failed privatization experiments.

Social, public health and environmental considerations clash with the imperatives of trade and commerce. That is why 146 NGOs from all over the world issued the Evian Challenge at a G8 summit, calling on the EU to withdraw its water requests of other WTO members immediately and to withdraw its proposal to bring ‘water for human use’ into the current GATS negotiations (Public Citizen 2003a).

Corporations have already started to sue governments to gain access to domestic water sources. For example, the US company Sun Belt is suing the government of Canada under the North American Free Trade Agreement because British Columbia banned water exports several years ago. The company says this law violates several NAFTA-based investor rights and is claiming US\$ 220 million in compensation for lost profits (International Forum on Globalization 2005).

Under cover of these international trade agreements, companies are setting their sights on the mass transport of bulk water, for example by towing icebergs, diverting rivers and transporting water in super-tankers, and developing technology to tow huge sealed bags of fresh water across the ocean for sale. The US Global Water Corporation, a Canadian company, has signed an agreement with Sitka, Alaska, to export 18 billion gallons of glacier water a year to China, where it will be bottled in ‘free trade’ zones to take advantage of cheap labour (see part A, and Barlow and Clarke 2002). The company brochure entices investors ‘to harvest the accelerating opportunity...as traditional sources of water around the world become progressively depleted and degraded’.

### **Commodification and privatization in practice**

Given the importance of water to health, and the reshaping of relationships between government, business and civil society in the water sector, the commodification and privatization of water naturally cause concern in civil society worldwide – but have received surprising little attention in health policy circles.





**16 Protesting against the privatization of water in Cochabamba, Bolivia.**

WHO says governments hold the 'primary responsibility' for ensuring the realization of water rights (WHO 2003). Yet government bureaucracies are being shrunk to make way for private sector ownership and control, and responsibility for ensuring access to water is being transferred to individual

*Box D2.2 The public sector can do it just as well*

Porto Alegre City in Brazil has developed one of the best water utilities in Latin America. Porto Alegre's civil servants campaigned to bring the leftist Worker's Party to power in the city in 1989 and set up what is now cited by the UN as a model for local governance – participatory budgeting processes that allowed the new administration to raise taxes and invest them wisely and rationally for the city's overall prosperity. In ten years Porto Alegre improved water coverage to 99.5% of residents, and reduced infant mortality to 13.8 deaths per 1000 births compared to a national average of 65.

households. This is highlighted by the growing use of self-disconnecting pre-paid water meters in countries such as Brazil, the US, the Philippines, Namibia, Swaziland, Tanzania, Brazil, Nigeria and Curacao. Banned in the UK in 1999 because they were considered a health threat and an affront to the notion of citizenship, an international civil society campaign is under way against them (see Resources).

The transition from old to new roles and from old to new rules in this re-arrangement of relationships has not been altogether successful (Gutierrez et al. 2003). Granted, the private sector can fill the gap and provide a better service when governments are corrupt and inefficient. The non-profit independent sector has demonstrated its ability to improve access to water, particularly to the poor. But even well-intentioned private efforts cannot be sustained without a democratic, accountable state. There is no evidence of the intrinsic superiority of the private sector over the public (1997), and many examples of public sector effectiveness and efficiency (Box D2.2) and private sector collapses.

Furthermore, profit-maximizing companies tend to abuse their natural monopolies, underinvest, overcharge consumers, cut off supplies to those who cannot pay, neglect the environment, and shift pollution costs to the public. 'The rising level of private investment in water services has been accompanied by an alarming number of incidents involving corporate malfeasance and irresponsibility and rising charges that effectively exclude the poor' (Friends of the Earth 2003).

The capacity for effective regulation is often weak, in low and middle-income countries owing to an absolute lack of human and financial resources, while even strong regulation, as in the UK, can be costly and sometimes ineffective (Box D2.3). Countries that have seen privatization accompanied by cuts in public sector budgets are particularly susceptible to regulatory capture or failure.



### *Box D2.3 Regulating private water companies in the UK*

Water privatization in England and Wales is sometimes cited as a positive model that dramatically reduced financial burdens on taxpayers, mobilized billions in private capital, improved water quality standards, and increased efficiency in water and sanitation services.

The supposed success is partly ascribed to an effective regulatory framework with three sets of regulators – economic, environmental and quality. Various rules and rights have emerged, including price-setting by the economic regulator and a system of penalties and fines for contractual breaches and environmental offences. Private companies cannot disconnect any user and prepaid meters are outlawed.

Nevertheless there is evidence of regulatory and market failure despite this robust regulatory framework, active consumer groups and an open media. Water companies continue to breach environmental standards and underinvest in infrastructure. The system tolerates high levels of leakage because it is considered more cost-effective to increase desalination capacity than to conserve water. Although profit margins and profits have recently decreased, it remains questionable whether the public and the environment are better served by privatization (Lobina and Hall 2001, Hall 2004).

Indeed, a major indictment of the thrust to privatize the water sector, especially in developing countries, has been the simultaneous insistence on downsizing governments and failing to invest in empowering civil society to hold government and the private sector accountable to social and environmental standards. In some countries, deregulation and privatization are actively supported by government officials and local elites who may benefit personally (Box D2.4).

Many governments are also being coaxed to ‘decentralize’ – dismantle central government water services and create smaller local structures – while changing their role from direct provider to stakeholder, facilitator or enabler of services. With no accompanying capacity development of the decentralized structures, this weakens regulatory capacity. Case studies from Accra, Dar es Salaam and Kathmandu reveal the power imbalance between poorly paid local civil servants, with insufficient information and staff support, having to oversee and negotiate with highly paid, well-connected and well-informed lawyers from multinational companies (Gutierrez et al. 2003).

Public sector failure is rarely improved by the introduction of for-profit companies. Communities can find their interests and views further marginal-

*Box D2.4 Water privatization hits the poor in the Philippines*

With the support and advice of the World Bank, Manila agreed to one of the world's biggest water privatizations in 1997, when 25-year rights to operate and expand water and sewerage services were granted to Manila Water (co-owned by Bechtel and the Ayala family from the Philippines) and Maynilad Water (co-owned by Ondeo/Suez and the Lopez family from the Philippines).

Suez promised to lower rates and expand the infrastructure for the 7.5 million households covered by the concession. While the government promised a price freeze until 2007, the contract had several mechanisms permitting 'extraordinary price adjustments'. Other promises included 100% infrastructure coverage by 2007 and US\$ 7.5 billion of new investments over 25 years. Unaccounted water would fall to 32% in 2007 and the city would save US\$4 billion over 25 years.

Maynilad asked for the first rate increase only a year into the contract. The Asian Labor Network calculated that an ordinary Filipino family would therefore have to forgo 87–147 pesos a month, effectively depriving them of three full meals or three kilos of rice. The ordinary householder now has to spend a day's income on water.

Shortly before Maynilad took control almost 2000 workers were retired to lower costs. Six months into the contract, a further 750 were laid off. But it continued to seek contract renegotiations, including rate increases and postponement of obligations to meet investment targets. This should have caused it to forfeit its performance bond, but the company used legal action to block it.

The most controversial contract renegotiation involved passing foreign exchange losses on to consumers. This ensured that Suez could continue to use its major foreign corporate suppliers and consultants (rather than local sources) while billing consumers to cover for the effects of peso devaluation. However, this demand was refused by the government. The companies threatened to terminate their contract when, after six previous rate increases, they were unable to persuade the regulator to approve another one. (Source: Public Citizen 2003b)

ized where services or water projects have been defined by contracts between governments and for-profit contractors. When problems arise, blame is shifted to and fro between governments and contractors.

The private sector overestimates the cost of expanding water services. Investment needs to rise from an annual US\$ 75 million to US\$ 180 billion to achieve the MDG targets (Winpenny 2003), but the International Rivers Network says the targets could be met with an additional US\$ 10 billion a year if more cost-effective and appropriate approaches were used, while Women in Europe for a Common Future agrees that much less money is needed if the technology is right (European Public Health Alliance 2003). A socially oriented approach to water services is often cheaper and politically more sustainable. Donor focus should therefore shift to other key players – government officials, NGOs, small-scale and micro enterprises and civil society organizations.

Finally, the argument that privatization fills the public financing gap (it

#### *Box D2.5 Civil society fights back*

In 1999, at the insistence of the World Bank, the Bolivian government awarded a concession to a private company to manage and supply water in Cochabamba. The local press reported that foreign investors acquired the city water system, worth millions of dollars, for less than US\$ 20,000 of up-front capital in a sale in which they were the only bidder.

The government had promised no more than a 10% rise in prices as a result of the privatization, but Aguas del Tunari, a subsidiary of the Bechtel Corporation, implemented massive hikes up to three times higher. Families earning a minimum wage of US\$ 60 a month suddenly faced water bills of US\$ 20 a month.

Cochabamba residents shut down their city for four straight days in 2000, with a general strike led by a new alliance of labour community leaders and academics. The government was forced to agree to a price cut. When nothing happened, the residents took to the streets again. In response, the government declared martial law, arrested protest leaders and shut down radio stations. Protesters were shot at and even killed. But finally the government conceded and agreed to every demand. Bechtel's contract was cancelled and replaced with a community-controlled water system that is providing water more equitably and universally than before. Bechtel responded with an unsuccessful US\$ 25 million lawsuit for lost profits.

Five years later a new privatization scheme was attempted in the city of El Alto, again with the full backing of the World Bank. Civil society fought back and once again won the battle through mass mobilizations (*Source: Public Citizen 2003b*).

*Box D2.6 Two flushes a day*

The government of South Africa, armed with World Bank policy advice, has promoted water commodification, cost recovery and privatization. Trade unions and other civil society groups initiated a campaign against the privatization of essential municipal services in 1997. A cholera outbreak affecting more than 150,000 people in KwaZulu-Natal province was triggered when municipal governments cut off the water supply. The government then revised its policy to include the provision of up to 6000 litres of free water per household per month, after which charges would be levied. A number of settlements had prepaid self-disconnection water meters installed, to ensure effective and efficient cost recovery. The 6000 litres are inadequate for many households, representing only two toilet flushes a day per person for a household of eight, for those lucky enough to have flush toilets. Secondly, the price of consumption over 6000 litres is unaffordable for many: to receive sufficient quantities for dignified living, poor households spend up to a quarter of their available income on water. The response by organized communities is often to reconnect disconnected systems illegally.

is better to have private sector investment than no investment) has begun to unravel. Less than 1% of total private investment in the water and sanitation sector has occurred in Sub-Saharan Africa, the region with the greatest need. Furthermore, private sector investment in developing countries has often been accompanied by financial losses and social protests in response to water cut-offs and rising prices. There is growing awareness that the private sector is unable to establish a model that combines profits and service to the poor. Transnational water companies are treading more softly, having found the profit potential is not quite what they expected in the developing world. They are more reluctant to manage the supply of water services to poor communities without financial guarantees from governments.

In some cases where profit has not reached targets or losses have been suffered, companies have used the World Bank's international arbitration court, the International Centre for the Settlement of Investment Disputes, or other mechanisms to transfer losses to the state or development budgets. They seek to drain the coffers of the Bank and other multilateral and bilateral aid agencies, including export credit agencies and local pension funds, to guarantee their own profits. The Camdessus report from the World Panel on Financing

### *Box D2.7 US citizens told to boil their water*

In 1998 the city of Atlanta, Georgia, US, signed a 20-year US\$ 428 million contract with United Water, a subsidiary of Suez. The company vastly overstated the amount of money it could save the city and vastly underestimated the work needed to maintain and operate the system. Almost immediately after signing the contract, it started asking for more money. When the city refused, it came back with a bill of US\$ 80 million for additional expenditures. Again, the city refused to approve the payments.

Meanwhile United Water was improperly charging the city for work it did not do. It billed an extra US\$ 37.6 million for additional service authorizations, capital repair and maintenance, of which the city paid nearly US\$ 16 million. Pay was withheld for the rest because the work was either incomplete or had not been started. Routine maintenance was billed as 'capital repairs' and much-needed infrastructure rehabilitation was neglected. Trust in the company eroded to the point that the city spent US\$1 million to hire inspectors to verify United Water's reports.

Desperate to cut costs, United Water reduced the number of employees from 700 to 300. The much-vaunted privatization savings still did not materialize, and the promise that a consumer rate hike could be averted through savings was broken. Sewer bill rates rose about 12% annually.

The deputy water commissioner admitted that people had lost confidence in the water itself due to the number of warnings to boil water before consumption and the frequency of discoloured water coming from their taps. Officials finally concluded it was time to end the relationship. Now they face the daunting task of taking back their water system and performing the needed upgrades neglected during United Water's tenure. (*Source: Public Citizen 2003b*)

Water Infrastructure (Winpenny 2003) clarified the intention of the Bank, the global water corporations and their lobby organizations to restructure international institutional and financial frameworks to reduce corporate liability and risk, and suggest new financial mechanisms to provide public financial guarantees and political risk insurance to the private sector.

### **The role of WHO and UNICEF**

WHO and UNICEF have a long history of promoting access to water as an essential part of the right to health. However, their role and relevance in the

water sector have diminished. In the face of influence from the World Bank, IMF, EC, WTO and corporate sector, they are not at the forefront of influencing the policy agenda – but they should be.

A joint WHO/UNICEF monitoring programme tracks progress towards the MDG targets related to water supply and sanitation. Its interim report lists the major obstacles to improving access in Sub-Saharan Africa as conflict and political instability, high rates of population growth and the low priority given to water and sanitation. Among the approaches shown to be effective in speeding up progress, it says, are ‘decentralizing responsibility and ownership and providing a choice of service levels to communities, based on their ability and willingness to pay’ (WHO/UNICEF 2004). These statements, which essentially endorse privatization and public sector fragmentation, could just as well have been found in a World Bank or WWC-inspired document.

Furthermore, the report’s discussion of disparities in water coverage was entirely limited to intracountry disparities between urban and rural populations, between income quintiles and between men and women. Disparities between regions and countries were completely ignored. This is an inadequate analytical framework for an increasingly integrated world, and gives the false impression that unsustainably high consumption levels in rich countries have nothing to do with water problems in poor countries.

*Right to Water*, published by WHO and developed with UNHCR, made strong reference to the central role of government in instituting comprehensive regulatory measures with respect to pollution, disconnection of water supplies, land use and access to water supplies (WHO 2003). It says countries should adopt ‘comprehensive and integrated strategies and programmes to ensure there is sufficient and safe water for present and future generations’. Such strategies and programmes may include reducing depletion of water resources; reducing and eliminating contamination of watersheds and water-related ecosystems; increasing the efficient use of water by end-users; and reducing water wastage in its distribution.

As the report notes, this requires a strong and central role for government, and one where individual and corporate freedom might need to be curtailed to ensure public benefits. Furthermore, where water services have been devolved, national governments must ensure that local authorities ‘have at their disposal sufficient resources to maintain and extend the necessary water services and facilities’. Yet it falls short of identifying the factors that undermine the capacity of governments to fulfil their responsibilities, and the capacity of civil society to ensure they are held accountable. Meanwhile it says citizens may have to contribute financially and in other ways to ensure the realization of their rights

to water. Worse still, it does this while accentuating the human rights obligations of government and downplaying those of the private sector.

### **The health sector response**

Many civil society groups say water policy should be governed through democratic structures; the right to water should be a fundamental responsibility of governments; and comprehensive regulatory measures are needed on environmental protection and land use. There is less agreement on the role of the private sector. For example, the People's World Water Forum says water services must be provided by the public sector; where there are failures, they should be addressed directly rather than privatizing the sector. Others have no ideological opposition to public-private partnerships, especially when the public sector can be undemocratic and unaccountable. Some argue that public-private partnerships of the right kind can be beneficial, including partnerships with and improved government regulation of the many informal small-scale vendors in middle and low-income countries. They want clearer distinctions between profit-maximizing private companies and other private sector actors, and between the supply and pricing of water on market-based principles as opposed to social and environmental criteria.

Whether or not civil society agrees there should be a role for the private sector, it can unite on a number of positions. There is a re-emergence of highly politicized civil society activism in the water and health sectors. Health professionals' organizations cannot be expected to monitor water sector reform closely, but they can endorse, publicize and support nongovernmental networks, policy recommendations and position papers – see Resources for further information.

### **Recommendations**

*Strengthen the public sector* The public sector needs to be strengthened, in low and middle-income countries in particular, to finance and manage the delivery of services and to regulate the private sector. This requires an institutional framework that promotes accountable and ethical government. Meanwhile, the recommendations of the Camdessus report should be rejected, at least until there are clear criteria and plans for establishing transparent, efficient and accountable statutory and non-statutory systems and procedures for regulating for-profit operations in the water sector.

*Resist pro-privatization reforms* Pro-privatization reforms promoted by the World Bank and certain donors (often under the cloak of the WWC, GWP,



WWF and trade agreements, and with the backing of the corporate sector) should be resisted. Where significant public sector failures and corruption are found, donors should put greater emphasis on helping the non-profit private sector to develop skills, experience and aptitude to implement better water projects.

*Increase overall investment in the water sector* Increased private sector investment has not materialized or has resulted in problems, while development assistance is inadequate. When overall levels of aid began to rise again in 2001–2 (see part E, chapter 5), aid for water continued to decline. The bilateral water sector share dropped from 9% in 1999–2000 to 6% in 2001–2 (Manning 2003).

*Stronger support for Water for All* WHO and other agencies should adopt a bolder and more progressive position. They should research, monitor and challenge the effects of neoliberal water sector policy, and promote Water for All.

## Resources

*The Water Manifesto*, developed by a group of officials, academics and civil society representatives, aims to establish fundamental principles to guide public policy on water management and supply. ‘Water is a common good, it is the trust of humanity, and belongs to all of us. Water is a citizen’s business. Water policy implies a high degree of democracy at local, national, continental and world levels,’ it says (Global Initiators Committee for the Water Contract 1998, Petrella 2001).

*The People’s World Water Forum*, based on feeder social movements from rural and urban areas across the world, calls for the decommodification of water. Its founding statement declares: ‘Water is a human right... corporations have no business profiting from peoples’ need for water... governments are failing in their responsibilities to their citizens and nature’ (People’s World Water Forum 2004).

*The European Federation of Public Service Unions*, which represents 8 million public service workers and works with a wide coalition of NGOs, also opposes privatization, citing evidence that public water systems give quantifiably better results on quality, cost, and accessibility (<http://www.epsu.org>).

For details of the campaign against prepaid water meters, including *Eleven reasons to oppose prepaid water meters*, see (<http://www.citizen.org/documents/opposeppm.pdf>) and Public Citizen (<http://www.citizen.org>).

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