
The Coalition for World Bank Reform

TO: Legislative Assistants Covering World Bank Issues

FROM: Sara Grusky, International Water Working Group and Public Citizen's Critical Mass Energy and Environment Project

RE: World Bank Water and Sanitation Policies Undermine Public Health

DATE: August 3, 2002

Congress will soon be asked to authorize the United States' participation in the 13th funding replenishment of the World Bank's International Development Association (IDA), the arm of the World Bank that provides loans to the poorest countries. To improve the development effectiveness of the taxpayer-supported World Bank, an unprecedented coalition of civil society organizations has united to propose a comprehensive set of reforms as part of an IDA legislative package. Reforms to cancel poor country debt, improve transparency, achieve positive health and education outcomes, ensure respect for core worker and gender rights, and protect the environment can deliver positive change to hundreds of millions of people in poor countries.

The proposal presented here is submitted by Public Citizen, a member of the Coalition for World Bank Reform, to address some of the problems with World Bank water and sanitation lending. The information was collected from a number of non-profit groups that are active on issues related to poverty, hunger and public health, including Public Citizen, Christian Aid, RESULTS, and the Council on Hemispheric Affairs.

Key problems with World Bank water and sanitation lending include:

- Loan conditions require increased cost recovery (increased consumer water rates) rather than promoting expanded access for low income communities and improved public health outcomes.
- Loan conditions require privatization of water utilities without undertaking a comparative analysis of the option of restructuring or re-engineering the public water utility.

The proposed amendment to the 13th funding replenishment of the World Bank's International Development Association (IDA):

INCREASED COST RECOVERY FROM POOR PEOPLE TO FINANCE BASIC SERVICES

The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) and the International Monetary Fund to oppose the endorsement or approval of any loan, grant, document, or strategy specific to an IDA-only country by the board of directors of any such institution, which includes increased cost recovery from persons with incomes of less than

\$2/day to finance basic public services such as education, health care, clean water, or sanitation; or which includes reduced public, intersectoral or intrasectoral subsidy to such persons to finance the consumption of such services by such persons; and to report within 10 days to the Committee on Financial Services of the House of Representatives and the Committee on Foreign Relations of the Senate if the board of directors of any such institution endorses or approves any loan, grant, document, or strategy specific to an IDA-only country which includes increased cost recovery from persons with incomes of less than \$2/day to finance basic public services such as education, health care, clean water, or sanitation, or which includes reduced public, intersectoral or intrasectoral subsidy to such persons.