



**Will the World Bank Back Down?
Water Privatization in a Climate of Global Protest**

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A special report by Public Citizen's
Water for All program

Sara Grusky and Maj Fiil-Flynn

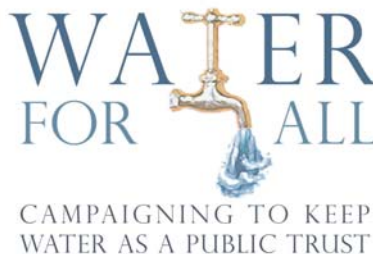
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Photograph by Maj Fiil-Flynn



Water for All Campaign
215 Pennsylvania Ave. S.E
Washington, D.C. 20003
tel: 202.588.1000
fax: 202.547.7392
cmep@citizen.org
www.wateractivist.org

Water for All Campaign, California
1615 Broadway 9th floor
Oakland, CA 94612
tel: 510.663.0888
fax: 510.663.8569
california@citizen.org
www.citizen.org/california/water



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Introduction

For over two decades the World Bank has used its powerful economic and political influence to pressure governments to privatize services and industries such as telecommunications, electricity, banks, oil and mining companies, ports, and transportation. The Bank's official line is that the private sector is more efficient and cost-effective, but the reality is much starker. As countries struggle to pay heavy debt loads, the International Monetary Fund and World Bank-proposed solution is to auction off the natural resources and productive enterprises of the country. Privatization World Bank-style becomes a feeding frenzy for foreign multinational corporations, eager to scoop up struggling enterprises at bargain prices.

In the 1990s, the World Bank added public water services to the list of enterprises recommended for the auction block. In collaboration with governments and regional development banks, in many countries across the world, the World Bank pushed water privatization and promoted multinational water corporations as the answer to water and sanitation problems. Water pollution and the growing specter of climate change is bringing the issue of water scarcity to center stage and causing large transnational corporations to view investments in water as lucrative profit-making potential. Meanwhile, the North/South disparities in access to clean and affordable water have grown to more than a billion people without access to potable water and 2.4 billion without sanitation services.

The global water industry has become highly concentrated with three major multinational corporations controlling more than 40 percent of the private water market. These major corporations were granted numerous "showcase" water privatizations during the last 10 years in Argentina, the Philippines, Bolivia, Indonesia, South Africa and other countries. The results have been disastrous including unaffordable water rates, public health crises, weak regulation, lack of compliance with contractual commitments for

investment, lost jobs, weakened trade unions, pollution and other environmental catastrophes, secret deals, and social turmoil. The social and environmental impact of water privatization has caused fresh waves of protest across Africa, Latin America, and Asia.

The World Bank's promotion of water privatization has contributed to a growing social movement. Standing in firm opposition to the privatization of our most essential natural resource, this emerging global movement declares water is a human right, a public good, and part of the global commons. Water is not a market commodity that can be bought and sold for profit. Voices from this growing social movement call for a new development model that respects the eco-system that gives us life and involves civil society at all levels in the protection and public management of our water resources. As this growing social movement positions itself directly against World Bank, government, and corporate policies that seek to privatize and exploit the natural resources of the world, the question is simple: Will the World Bank Back Down?

The History of World Bank Water and Sanitation Policies

The World Bank has not always promoted privatization as the answer to problems in the water and sanitation sector. From the 1960s through the 1980s, World Bank loans to developing country governments focused on the creation and expansion of **public** water utilities. In fact, large infrastructure projects were the central focus of Bank lending. Probably the most infamous legacy of this period was the large dam projects that later became highly controversial as they displaced millions of people, destroyed livelihoods and had unexpected environmental consequences.

In the 1960s and 1970s, the prescription of World Bank economists and other development "experts"

was that investment in public utilities and other large infrastructure projects would trigger the development “take off.” Water utilities were viewed as a “natural monopoly” that generally precluded market competition and therefore required public ownership or government regulation. The thesis was that “*public utilities, accompanied by financial stability and the encouragement of private investment, would do more than almost anything else to trigger development.*”¹

The turnaround in World Bank policy from support for *public water* to promotion of *privatization* mirrored the global trend toward supply-side economics.

During the 1980s and 1990s the theories that took dominance argued that government was too big and should be rolled back. The private sector could do it better. Budget deficits must be cut and a balanced budget achieved. Government regulation and protectionism discouraged private investment, according to the standard wisdom. Deregulation, privatization and trade liberalization were the solution. This collection of policies became known as the Washington Consensus and they were adopted by the World Bank and pushed on governments around the world in the form of structural adjustment loans.

Following this trend, in the 1990s, privatization became the centerpiece of World Bank policies in the water and sanitation sector. According to the Bank’s policy, only “*where the private sector cannot deliver or sees the risks as too high, there may be a case for the Bank to intervene to improve capacity and policy to upgrade public sector utilities.*”² The 1993 World Bank Water Resources Management report set the stage for the new privatization agenda stating that the underlying problems in the water and sanitation sector were due to “*a vicious cycle of poor-quality and unreliable services that result in consumers’ unwillingness to pay.*”³ The report went on to state that “*the mix between private and public capital for investments in water resources will need to change, with the private sector share increasing*

sharply.”⁴ The Water Resources Management Policy Paper was followed by numerous optimistic statements promoting private sector solutions. In 2000 the World Water Commission, working closely with the global water companies, announced proudly in the “*World Water Vision: A Water Secure World*” at the 2nd World Water Forum that private sector investment would increase 620% in a 30-year period and provide three times the public sector investment by 2025. Vivendi, one of the world’s largest water companies, projected that by 2010 its water subsidiary Veolia would own or manage 20% of Asia’s water market.

Table 1: A Much Greater Role for the Private Sector

Source	Investment (\$ billion)		Increase
	1995	2025	1995–2025 (%)
National			
Public sector	45–50	30 ^a	-37
Private firms	12–15 ^b	90 ^c	620
International			
Donors	9	12	33
Private investors	4 ^b	48	1,100
<i>Total</i>	70–80	180	140

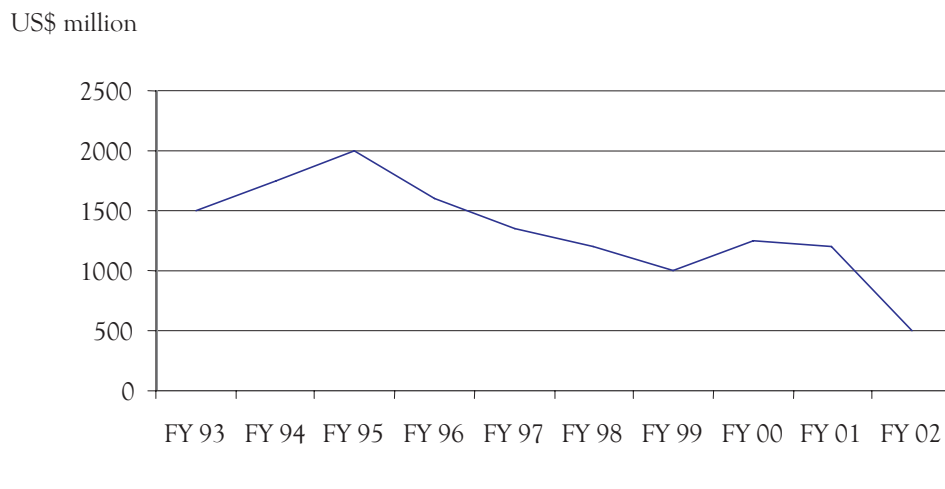
a. Assumes direct government subsidy of \$20 billion to the poor.

b. Does not include investment by industry.

c. Includes investment by industry, excluding hydropower.

These exaggerated predictions did not materialize. Private investments in water in the Global South have fallen drastically after the slight peak in private investment in 1997.⁵ As the World Bank had projected a massive increase in private funding for water and sanitation infrastructure their portfolio declined dramatically from the mid 1990s to the early 2000s. Reluctantly, the World Bank had to acknowledge that the private sector was unable to fund the gap.

Table 2: World Bank lending for water supply and sanitation (fiscal year 1993-2002)



Source: World Bank Water Week 2004 "The World Bank and Water Resources: Management AND Development" PowerPoint presentation by David Grey, Senior Water Advisor (slide 25)
<http://www.worldbank.org/watsan/waterweek2004/opening.htm>.

Millennium Development Goals: A Wolf in Sheep's Clothing

In an attempt to disguise this corporate water grab in the clothing of humanitarian corporate responsibility, the World Bank and the global water companies have worked together to paint the picture of the private sector as the ambulance that will rescue the ailing public water sector and ensure that the Millennium Development Goals in the area of water and sanitation are met. The Millennium Development Goals aims to "Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation."⁶ The World Bank, the global water companies and a web of think tanks, government agencies and lobby groups all claim that that the "private sector" will bring much-needed financing, efficiency, management skills and technology to the water services sector. The global water companies and the World Bank have claimed that the goals are altruistic – getting water and sanitation services to the billions who are without. In order to meet the Millennium Development Goals in water and sanitation, the *World Panel on Financing Water Infrastructure* argued that annual investment in water and sanitation would

need to triple in size from \$30 billion per year to \$80-\$90 billion.

But, this pretty little vision has already begun to crumble. The major water companies have found that the profit potential is not quite what they expected in the developing world, and in fact, some have suffered losses due to the Asian financial crisis and the Argentine peso crisis, when domestic governments refused

to provide protection against exchange rate fluctuations. In Manila, Buenos Aires and other cities, the global water companies discovered there are limits on how far government regulatory structures would succumb to corporate demands. Even weak regulatory structures created to "partner" with corporate interests had limits in their political ability to burden consumers with continuous rate hikes in order to compensate for currency devaluations or other corporate misfortunes. In some cases where profit hasn't met the company's expectation or losses have been suffered, the global water companies have not hesitated to use the World Bank's international arbitration court, the International Centre for the Settlement of Investment Disputes, or other arbitration mechanisms in an attempt to dump the debt burden back on the state.

World Bank rhetoric on the Millennium Development Goals aside, the fact of the matter is that private sector companies are organized to make profit, not to fulfill socially responsible objectives such as universal access to water and sanitation services. In many developing countries where most of the population earns less than \$2 a day, private companies cannot meet shareholder obligations to provide a market rate of return and also implement universal coverage with acceptable quality and at affordable prices. Private sector companies have little incentive

to address the fundamental need to expand access to potable water when large sectors of the population are poor. Investment costs are too high to expand the piped water system and future revenue flows too low. Because water and sanitation services provide an essential public health and public welfare function, government subsidies have been provided to public water utilities in most countries to ensure access and affordable rates. Now, the global water companies would like to partake in such public subsidy programs.

Ex-IMF Director Chairs Panel on Financing Water Infrastructure

In 2002, Michel Camdessus, ex-Managing Director of the International Monetary Fund, was appointed to chair the *World Panel on Financing Water Infrastructure* (the Camdessus report). The panel made its final report at the 3rd World Water Forum in Kyoto, Japan in March 2003 while over 200 representatives from civil society organizations around the world gathered to protest the water privatization agenda. The report made clear that a major objective of the World Bank, the global water corporations and their lobby organizations is to restructure international institutional and financial frameworks to formulate a lucrative “investment climate” in water infrastructure. In order to accomplish this, the report recommended methods to reduce corporate liability and risk, and suggested new financial mechanisms to provide public financing, including financial guarantees, and political risk insurance.

Contrary to World Bank rhetoric, the private sector was not going to provide new sources of financing to ensure universal access to water and sanitation services. In fact, according to the Camdessus report, the global water companies are seeking to drain the coffers of the World Bank and other multilateral and bilateral aid agencies, including Export Credit Agencies, and even local pension funds, to guarantee their own profits. And, this will all be done in the

name of meeting the Millennium Development Goals of reducing those without water services by half by 2015.

Watching the Bank: World Bank Water and Sanitation Loans 2000-2004

World Bank lending in the water and sanitation sector peaked in 1995, and has since declined. With the focus placed on the Millennium Development Goals, the Bank has put water and sanitation back on the agenda with a projected increase in funding. This increase projects more than doubling the water and sanitation portfolio from the US\$523 million in fiscal year 2002, to US\$1.3 billion in fiscal year 2003.

But World Bank statements about meeting the Millennium Development Goals and projected funding increases do not yet appear to be affecting Bank operations in the Water and Sanitation sector. In order to assess World Bank operations, this section will review water and sanitation loan disbursements from fiscal year 2000 to fiscal year 2004. The loans reviewed include direct privatization support and loans where water and wastewater provision combined represents over 20% of the loan provided. The loans reviewed are from financial year 2000 through 2004 (including all loans approved for financial year 2004 which ends June 30, 2004).⁷

Central Asia, Eastern Europe and the Mid-East

Aided by the collapse of the USSR, Central Asia, Eastern Europe and the Mid-East opened their markets to private sector involvement in the 1990s. The international financial institutions flocked to the area in order to provide loans and promote privatization, liberalization and de-regulation policies. In the water and sanitation loans reviewed in 2000-2004 only

Russia was not subject to direct privatization promotion. The World Bank acknowledged that the financial risks in 2001 were too high to attract private investments, therefore demands and conditions would make no sense. Instead the Bank prepared for future privatization by demanding full cost recovery, impacting heavily on the consumer cost of water.⁸ Only in Serbia did the Bank fail to mention the issue of cost recovery, though it does call for “*proper tariff and collection mechanisms.*”⁹ The World Bank, along with the European Bank for Reconstruction and Development, are strong proponents of privatization and the involvement of multinational corporations in the opening of markets in Central Asia, Eastern Europe and the Mid-East. Bank loans also focused on legal restructuring in order to allow market intervention on all levels.

the Public-Private Infrastructure Advisory Facility approved a US\$75,000 communications grant provided to do the public relations “sell” to promote acceptance for the privatization of the water and wastewater utilities.¹² Water supply for Elbasan, Albania (population 100,000) was privatized in a 30-year concession awarded to Berlinwasser International April 1, 2002.¹³ The World Bank loan proposes to abolish the national water tariff and pass a law on decentralization that enables the privatization of water supplies in four cities: Durres, Lezhe, Fier and Saranda.¹⁴

Azerbaijan. In Azerbaijan, a project to prepare “*private sector provision of water and waste water services in the Greater Baku metropolitan area*” preceded the World Bank loan.¹⁵ The World Bank loan document states that increasing consumer water rates to

Table 3: World Bank Loans 2000-2004 to Central Asia, Eastern Europe and the Mid-East

Country	Project	Loan amount (US\$ mill)	Fiscal year	Cost recovery promotion	Privatization promotion
Albania	Municipal Water & Wastewater Project	15	2003	X	X
Albania	Water Supply Urgent Rehabilitation Project	10	2000	X	X
Azerbaijan	Greater Baku Water Supply Rehabilitation Project - SUPPLEMENTAL CREDIT	12.92	2003	X	X
Bosnia-Herzegovina	Mostar Water Supply and Sanitation Project	12.92	2000	X	X
Georgia	Municipal Development and Decentralization Project (02)	19.41	2003	X	X
Hungary	Municipal Wastewater Project	88.9	2000	X	X
Kosovo	Emergency Water Supply and Sanitation Project	5.92	2001	X	X
Kyrgyz Republic	Rural Water Supply & Sanitation Project	15	2002	X	X
Macedonia	Water Utility Improvement Project	29.27	2001	X	X
Moldova	Pilot Water Supply and Sanitation Project	12	2003	X	X
Poland	Rural Development Project	120	2000	X	X
Romania	Rural Development Project	40	2002	X	X
Russian Federation	Municipal Water & Wastewater Project	122.5	2001	X	
Serbia and Montenegro	Montenegro Environmental Infrastructure Project	2.8	2002		X
Tajikistan	Dushanbe Water Supply Project	17	2002	X	X
Ukraine	Lviv Water and Wastewater Project	24.25	2001	X	X
Uzbekistan	Bukhara and Samarkand Water Supply Project	40	2002	X	X
Total		587.89		99.5% ¹⁰	79% ¹¹

Albania. The World Bank grants loans in tandem with a number of organizations such as the Public-Private Infrastructure Advisory Facility (PIAF), which is a multi-donor technical assistance facility that provides financial support for privatization. In Albania, the Municipal Water & Wastewater Project loan granted for privatization was given at the same time

the levels of full cost recovery would be affordable to residents, including the poor.¹⁶ One of the measures used to recover the full costs by AMI Water operations in Azerbaijan is to threaten families with denying their children access to the public schools if their water bills are not paid.¹⁷ In 1995, the European

Bank for Reconstruction and Development provided a loan to promote private sector involvement with €21,7 million.¹⁸ World Bank funding was used to hire consultants to advise management on corporate restructuring, pricing, and collection.¹⁹ Baku is a historical city where water wells in residential courtyards would provide water through an ancient system of “kahrizes.” In the 15th century an underground water system made of ceramic elements connected all houses in the city to the sewer system.²⁰ Privatization was allowed in 1993 with the Law on the Privatization of State Property, although privatization of water services still requires approval of the president.²¹ Azerbaijan’s “Development Gateway” website lists several water projects open to foreign direct investment.²²

Georgia. Privatization in Georgia was also coordinated between the Public-Private Infrastructure Advisory Facility and the World Bank. The Public-Private Infrastructure Advisory Facility granted the government US\$471,445 to develop recommendations for private sector solutions in the country and increase cost-recovery.²³

Hungary. 25% of Budapest’s wastewater company, FCSM, was sold in an acquisition sale and, in addition, the buyer was awarded a 15-year operation and management contract. The contract was given to Berlinerwasser International in 1997.²⁴ In 1998, city officials regretted the contracts due to problems caused by excessive consumer price increases and disappointment with the lack of capital investment. In 1999, the city council refused to approve the water company’s business plan.²⁵ However, the European Bank for Reconstruction and Development still went ahead to support the project with €13,7 million in 1998.²⁶ The World Bank loan requires full cost recovery and promotes legislation that will relieve the private sector from “constraints.” In 2002, Berlinerwasser International received €12 million in after-tax profits from the Budapest sewerage project.²⁷ Despite strong promotion of privatization of water

and wastewater management across the country, in the city of Szeged Vizmu, a 15-year concession contract managed by Servitec (Vivendi) was terminated in 1999 in order to place water operations under public control.²⁸

Kazakhstan. The World Bank did not approve a water sector loan in Kazakhstan during the period reviewed, but in 1999 the Bank lent US\$ 16.5 million for a legal reform project to improve the legal framework for private investment.²⁹ The Public-Private Infrastructure Advisory Facility meanwhile gave support to develop the technical capacity to negotiate privatization contracts and to showcase the benefits of water privatization (US\$357,420, 2001)³⁰ and a grant that would serve to promote privatization in small and medium-sized cities (US\$456,000, 2002).³¹

Kosovo. The World Bank loan to Kosovo promises to ensure the sustainability of the project by promoting increased cost-recovery and the involvement of the private sector. Similarly, the Public-Private Infrastructure Advisory Facility used US\$158,000 in 2000 to facilitate a management contract in the city of Gjakove-Rahovec.³²

Poland. World Bank support for Poland’s rural water provision promotes full cost recovery and privatization along with protection against corporate losses through automatic tariff adjustments aligned with international currency fluctuations.³³ Simultaneously, the European Bank for Reconstruction and Development promoted privatization of Poznan’s water and wastewater, but in 2002 the City Council voted to keep water in public hands.³⁴ 34% of Dabrowa Cornicza’s water utility was sold to RWE in 2002 along with a 25-year concession agreement. Bielsko-Biala contracted the upgrading of their wastewater to International Water Ltd (Bechtel) and Vivendi was awarded a 25-year operations and management contract in Tarnowskie and Miasteczko Slaskie in 2001.³⁵

Romania. The World Bank loan to Romania's rural water supply funds a "sensitization campaign" in order to promote privatization and cost-recovery provisions.³⁶ In 2000, Romania had already relinquished control over Bucharest's water supply by awarding Vivendi a concession for over 25 years. The advice and support for the privatization came from the World Bank's International Finance Corporation.³⁷ The same year Vivendi won concession contracts for water and wastewater in the cities of Poliesti and Timisoara.³⁸ The European Investment Bank lend €55 million in 2002 to Braila, Cluj, Craiova, Focani and Pascani contingent on consumer tariff increases above the rate of inflation.³⁹

Russia. Although the World Bank loan to Russia did not have explicit privatization conditions, the full cost recovery conditions were unambiguous. Funds from development banks for Russian infrastructure had already included strict private sector conditions and the water multinationals have had their eyes set on the vast opportunities. The European Bank for Reconstruction and Development has given massive loans to underwrite privatization of government entities, such as the Yuzovatadnaya wastewater treatment plant.⁴⁰

Tajikistan. In Tajikistan, the Public-Private Infrastructure Advisory Facility granted US\$240,000 in 2000 to provide legal and technical support to promote privatization in the water sector.⁴¹ The World Bank followed with a loan approved in fiscal year 2002 that promotes cost-recovery and seeks to privatize "key management and operations."⁴²

Uzbekistan. World Bank support for Uzbekistan again promotes cost-recovery and privatization. The Public-Private Infrastructure Advisory Facility paved the way with a US\$355,000 grant in 2000.⁴³ The privatization of water and sanitation utilities in the former Eastern block opened the door to the large water multinationals, especially Vivendi and

Suez. The World Bank's single-minded focus on privatization and cost-recovery ignores "*the need to protect and enhance universality of access.*"⁴⁴ While lending to Central Asia, Eastern Europe and the Mid-East declined in the World Bank during the period reviewed, the loans that are currently in the pipeline continue to promote privatization and cost-recovery policies. The proposed project in Bosnia-Herzegovina puts a stronger focus on cost-recovery,⁴⁵ the project in Georgia promoted private sector participation and better cost recovery in Tblisi,⁴⁶ while projects in Armenia and Kazakhstan both propose that cost-recovery and a focus on delivery to the poor go hand in hand with water privatization.⁴⁷

East, South and South-East Asia

The Asian Development Bank plays a leading role in the promotion of water privatization in the Asia region, with a solid backup from the World Bank. The Asian Development Bank is set to increase its influence as it accepts the Camdessus recommendations on regional coordination. As does the World Bank, the Asian Development Bank has serious credibility problems. Environmental Defense and ADBwatch recently concluded that "*70% of Asian Development Bank funded projects in Indonesia, Pakistan, and Sri Lanka fail to produce lasting economic or social benefits.*"⁴⁸

The World Bank lent over US\$1.26 billion to water and wastewater service delivery in Asia between 2000 and 2004, whereof 95% promoted increased cost-recovery and 88% promoted increased private sector involvement.

Afghanistan. In March 2004, prominent donors and private sector representatives met in Berlin to discuss increased privatization and private sector involvement in Afghanistan. The panel presentations were heavily populated by private sector advisors from the Asian Development Bank and the World Bank. World Bank loans to Afghanistan do not yet promote priva-

Table 4: World Bank Loans 2000-2004 to East, South and South-East Asia

Country	Project	Loan amount (US\$ mil)	Fiscal year	Cost recovery promotion	Privatization promotion
Afghanistan	Emergency Infrastructure Reconstruction Project	33	2002		X
Afghanistan	Emergency National Solidarity Project	?	2004		X
Cambodia	Provincial and Peri-Urban Water Supply and Sanitation Project	19.9	2003	X	X
China	Liao River Basin Project	100	2001	X	
China	Chongqing Urban Environment Project (CUEP)	200	2000	X	X
China	Hebei Urban Environmental Project	150	2000	X	X
China	Rural Water Supply and Sanitation Project (04)	46	2000	X	
India	Maharashtra Rural Water Supply and Sanitation "Jalswarajya" Project	181	2004	X	X
India	Kerala Rural Water Supply and Environmental Sanitation Project	65.5	2001	X	X
India	Karnataka Rural Water Supply and Sanitation Project (02)	151.6	2002	X	X
Indonesia	Water Supply and Sanitation for Low Income Communities Project (02)	77.4	2000	X	X
Philippines	LGU Urban Water and Sanitation Project (02)	30	2002		X
Sri Lanka	Community Water Supply and Sanitation Project (02)	39.8	2003	X	X
Vietnam	Ho Chi Minh City Environmental Sanitation Project (Nhieu Loc-Thi Nghe Basin)	166.34	2001	X	X
Total		1260.54		95% ⁴⁹	88% ⁵⁰

tization of water although they do suggest increased cost-recovery. Increased cost-recovery would aid the Asian Development Bank notion that “[p]rivate companies could provide urban services.”⁵¹ Such policies do not give consideration to post-war desperation and the pervasive poverty in the country.

Cambodia. The 2003 World Bank loan to Cambodia was preceded by a Public-Private Infrastructure Advisory Facility grant of US\$73,600 in 1999 that investigated private sector versus public sector delivery.⁵² A fair guess would be that the Public-Private Infrastructure Advisory Facility project concluded the private sector would solve the project. But whether it did or not, the 2003 World Bank loan promotes private sector management of financing in Phnom Penh and notes that consumers accept the principle that water tariffs should reflect the costs of service delivery.⁵³

China. According to Shanghai Industrial Holdings Ltd Chairman, China can “capture the largest possible return on investment.”⁵⁴ The multinational water companies are flocking to the country after the water and sanitation market was opened with little scrutiny

given to the impact on workers, consumers, and the environment. With China’s entry into the World Trade Organization, the profit potential for the multinationals increased. Suez gained 14 bulk water contracts between 1992 and 2001.⁵⁵ Vivendi is involved in several construction contracts and signed a 50-year management contract in Pudang in 2002.⁵⁶ The World Bank loans for both rural and urban water and wastewater supply all promote privatization and rely on cost-recovery measures. The World Bank loans in 2000 were followed by a 2001 US\$380,000 grant from the Public-Private Infrastructure Advisory Facility to investigate private sector participation in Chongqing. The Asia Development Bank approved a Water Infrastructure Development Facility loan in 2002.⁵⁷ Asian Development Bank assistance is dependent on the introduction of the cost-recovery principle as the basis for determining water tariffs in cities.⁵⁸

India. According to World Bank loan documents the Government of India is committed to treating water as an economic good,⁵⁹ rather than a human right as demanded by Indian water activists. The Bank’s proj-

ects are focused on promoting cost-recovery and privatization by facilitating the necessary institutional reforms. Supported by US\$520,000 from the Public-Private Infrastructure Advisory Facility, the Indian government worked towards “implementation of reforms leading to increased private sector participation in the provision and financing of water supply and sanitation services.”⁶⁰ The reforms were launched in a workshop in 1999 attended by “250 key decision makers from national, state, and local governments and the private sector” – again with money from the Public-Private Infrastructure Advisory Facility.⁶¹ Meanwhile, citizen opposition is mounting to the Suez’ Sonia Vihar project in Delhi and Bechtel’s project in Tirupur.

Indonesia. The proposal for a new national water law in Indonesia brought thousands of activists into the streets protesting the provisions promoting privatization of water. The World Bank loan to poor communities promotes increased payments for consumers, while noting the public good characteristics of water and the failure of the private sector. (despite the fact that it seeks to involve private sector entities).⁶² The Public-Private Infrastructure Advisory Facility granted two loans, in 2001 and 2003, that assisted privatization in the cities of Pekanbaru and Surabaya.⁶³

The Philippines. The World Bank, the International Finance Corporation, and the Asian Development Bank promoted the privatization of water and wastewater services in Manila. One of the first large “showcase” privatizations, the concession contracts in Manila have been a scandal for consumers and another debt-trap for the government. Five years after winning the bids for the 25-year concessions the projects were an unmitigated disaster with tariffs increases up to 700%. However, this did not deter the Public-Private Infrastructure Advisory Facility from granting US\$73,000 in 2002 to teach local governments how to use privatization in the water sector.⁶⁴ World Bank loans continue to support increased water privatization. Many local and international civil society and

community groups have exposed the downfalls of the privatization agenda in the Philippines, but international financial institution policies are unrelenting.

Sri Lanka. In Sri Lanka, popular movements are challenging the free market policies and water privatization agendas in the National Resources Policy, Water Service Reform Bill and Water Management Policies – all of these legal and institutional reforms are promoted by the World Bank and funded by the Public-Private Infrastructure Advisory Facility.⁶⁵ The World Bank loan strengthens these controversial policies by promoting privatization and ensuring increased cost-recovery.⁶⁶

Vietnam. As in the case of India, the World Bank demands of Vietnam that water is treated as an economic good, not as a right. The loan promotes decentralization, privatization and cost-recovery policies.⁶⁷ Coupled with the Public-Private Infrastructure Advisory Facility US\$406,000 grant to pilot privatization in the water sector⁶⁸ the combined effect is an increased policy focus on privatization.

The World Bank involvement in East, South and South-East Asia might be second to that of the Asian Development Bank, but the continued promotion of privatization and cost-recovery policies undermine the effort to improve water and sanitation delivery to those in most need.

Africa

Jamal Saghir, Director of the World Bank’s Water and Energy division, has declared that World Bank involvement in Africa’s water infrastructure has to include private sector participation.⁶⁹ With a weak African Development Bank, the World Bank plays a key role in lending policies on the continent.

Burkina Faso. In January 2001, just prior to the World Bank loan approval, Vivendi Water received a five-year management contract in Ouagadougou. The World Bank loan cushions the Vivendi contract with

Table 5: World Bank Loans 2000-2004 to Africa

Country	Project	Loan amount (US\$ mil)	Fiscal year	Cost recovery promotion	Privatization promotion
Burkina Faso	Ouagadougou Water Supply Project	70	2001	X	X
Chad	Critical Electricity and Water Services Rehabilitation Project	54.8	2003	X	X
Comoros	Infrastructure, Water and Environment Project	11.4	2001	X	X
Ghana	Community Water and Sanitation Project (02)	25	2000	X	X
Guinea	Water Supply and Sanitation Project (03) - Supplemental credit	25	2002	X	X
Guinea-Bissau	Private Sector Rehabilitation and Development Project	31.4	2002	X	X
Mauritania	Urban Development Project	99.06	2002	X	X
Malawi	Supplemental Credit to the National Water Development Project	3.2	2003		X
Malawi	Privatization and Utility Reform Project	28.9	2000	X	X
Mozambique	National Water Development Project	115	2000	X	X
Nigeria	Privatization Support Project	114.29	2001		X
Nigeria	Small Towns Water Supply and Sanitation Program Pilot Project	5	2000	X	X
Rwanda	Rural Water and Sanitation Project	20	2000	X	X
Senegal	Long Term Water Sector Project	125	2001	X	X
Tanzania	Rural Water Supply and Sanitation Project	132	2002	X	X
Tanzania	Dar es Salaam Water Supply and Sanitation Project	61.5	2003	X	X
Tunisia	Water Sector Investment Loan Project	103	2000	X	X
Total		1024.55		86% ⁷⁰	100% ⁷¹

US\$70 million while, as usual, the Burkinabé are responsible for repayment.

Chad. The World Bank loan to the government in Chad followed decades of violent conflict in the country. Setting aside the desperate needs of the poor in Chad, the World Bank loan demands changes in the country's legal framework that allow transfer of control to Vivendi and ensures that investments will be recovered, including a profit margin.⁷² Meanwhile, the African Development Bank has been busy lending Chad money to service its debt; activities that only make sense to officials in the World Bank.

Comoros. Privatization of the water utility on Grande Comore and cost-recovery policies were established prior to the loan approval. Under World Bank guidelines water was privatized on Anjouan and Moheli.

Ghana. The World Bank loan promotes policies for cost recovery and privatization. Consumer water rates have more than doubled in Accra during the

last three years. Simultaneously, the Public-Private Infrastructure Advisory Facility awarded US\$295,000 to similar privatization activities via promotion of increased decentralization.⁷³ The proposal for privatization of water utilities in urban areas has been met with fierce resistance and the World Bank is currently promoting a shorter service and management privatization proposal, although civil society resistance remains strong.

Guinea. The African Development Bank has funded rural water supply in Guinea. Funding from the World Bank for the water sector includes clear instructions on how to spend the money to promote privatization. At the time the loan was approved Guinea had been unable to attract a private corporation for the 15-year concession, but the loan spells out renewed conditions in order to attract the "needed" private sector involvement.⁷⁴

Guinea-Bissau. As the International Monetary Fund already demands privatization and cost recovery from Guinea-Bissau⁷⁵ it is no surprise that the World Bank loan promotes water privatization, cost recov-

ery, and infrastructure reform that attempts to improve the “investment climate” to attract the foreign corporations.

Kenya. Despite the fact that Kenya does not make it to the list of 2000-2004 World Bank loans promoting water privatization, it’s worth mentioning that the capital city of Nairobi is the latest target of the privatization campaign. The Public-Private Infrastructure Advisory Facility is sponsoring a conference on May 15, 2004 that will explore the opportunities for private sector participation in infrastructure and discuss the reforms required.⁷⁶ In addition, the Public-Private Infrastructure Advisory Facility has sponsored analyses of privatization strategies for Kisumu,⁷⁷ Nairobi⁷⁸ and Mombasa.⁷⁹

Mauritania. The World Bank loan in Mauritania was awarded to SONELEC even though the water utility is set for privatization. The loan demands call for increased cost recovery in order to improve the revenue flow and attract private water corporations.⁸⁰

Milawi. Both water loans awarded to Malawi promotes privatization as essential development and lends money to develop a cost recovery strategy. Along with the World Bank loans the Public-Private Infrastructure Advisory Facility awarded a US\$194,350 grant in 2000 to build consensus in Blantyre and Lilongwe for privatization of water.⁸¹

Mozambique. The US\$115 million World Bank loan granted to Mozambique in strong terms conditioned privatization in all major cities (Maputo, Beira, Quelimane, Nampula, and Pemba) and demanded a national policy based on full cost recovery.⁸² The loan facilitated a concession contract with the SAUR Corporation and Aguas de Portugal. However, SAUR pulled out of the concession in December 2001 and after a number of attempts to restructure the concession the final documents were signed in March 2004 making Aguas de Portugal the lead concessionaire.

Nigeria. These two World Bank loans prepare the necessary conditions to attract foreign multinational water corporations through promotion of cost recovery tariffs and promotion of private sector involvement. The Public-Private Infrastructure Advisory Facility funded similar promotional projects along with specific funds given towards the privatization of water in Lagos and⁸³ expansion of private involvement in Ogun State.⁸⁴

Rwanda. Despite the history of war and violence in Rwanda, and the prevalence of abject poverty, the World Bank loan promotes increased cost recovery and claims that there is willingness to pay, while failing to mention the necessity of the ability of the poor to pay more for water. The loan also seeks to mobilize support for privatization.⁸⁵

Senegal. Water in Senegal’s capital, Dakar, has been privatized under a contract with the French multinational SAUR since 1996. The contract has been criticized by a coalition of civil society groups and many citizens complain that they can no longer afford water for basic needs due to the price increases. As the contract is coming up for renewal in 2006, civil society groups are preparing analysis of the social impact of privatization by the French multinational. The World Bank loan institutes “a new tariff policy for better cost recovery” and invites privatization of construction of water treatment facilities from the Senegal River.⁸⁶ The International Finance Corporation is giving the government advice on negotiation of privatization of Dakar’s water for the next thirty years.⁸⁷

Tanzania. The World Bank loan to Tanzania’s capital, Dar es Salaam, required increased cost recovery and privatization and led to the rapid privatization of the Dar es Salaam Water and Sewerage Authority. The 10-year privatization is handled by a consortium consisting of Biwater and Gauff Ingenieure. Civil society groups were locked out of the privatization decision which took place without proper public hearing and participation.

Tunisia. In Tunisia, the World Bank is attempting to commercialize and privatize water and sanitation in various regions and sectors. Both in terms of water for irrigation and water for household consumption, cost recovery must apply.⁸⁸ According to *Public Works Financing*, Tunisia's state water agency is currently investigating a 25-year concession contract for Tunis wastewater.⁸⁹

World Bank loans in Africa promote water privatization and cost recovery regardless of the post-conflict situations that governments have to tackle and regardless of the extreme poverty levels in many of the recipient countries. In addition to the requirements included in the water and sanitation loans, countries are also required to privatize under many of the International Monetary Fund loan conditions. Increasingly, the Development Bank of Southern Africa is assisting water multinationals in their goal to acquire concessions around the world. This was the case with the Nelspruit concession in South Africa. The World Bank policy is explicit: money for public sector and community-run water and sanitation is not available. However, the World Bank and

other institutions do not hesitate to provide loans to assist the multinational water corporations. The privatization of water utilities is clearly an exercise in "cherry-picking" as the first cities to privatize offered the greatest profit potential.

Latin America

A recent review of the Inter-American Development Bank's (IADB) loan portfolio on water and sanitation from 1996-2003 showed that the IADB lends directly to multinational water corporations and the concessions that they have been granted in Latin America.⁹⁰ The Inter-American Development Bank plays a more decisive role in Latin American water and sanitation lending than the World Bank. The World Bank's portfolio in the four years reviewed only totals US\$573.6 million. However, the World Bank has the same explicit demands to governments in Latin America as does the Inter-American Development Bank: privatize water and sanitation or you will not receive the funds needed.

Table 6: World Bank Loans 2000-2004 to Latin America

Country	Project	Loan amount (US\$ mil)	Fiscal year	Cost recovery promotion	Privatization promotion
Argentina	Water Sector Reform Project	30	2000		X
Brazil	Recife Favela Upgrading Project	46	2003	X	X
Brazil	Ceara Integrated Water Resources Management Project	136	2000	X	X
Colombia	Bogota Urban Services Project	100	2003	X	X
Colombia	Water Sector Reform Assistance Project	40	2002	X	X
Colombia	Cartagena Water Supply, Sewerage and Environmental Management Project	85	2000	(X) from the rich/ business	X
Dominican Republic	Wastewater Disposal in Tourism Centers Project	5	2000	X	X
Ecuador	Rural and Small Towns Water Supply and Sanitation Project	32	2001	X	X
Peru	Lima Water Rehabilitation and Management Project - Supplementary Project	20	2003	X	(no Project Appraisal Document available)
Peru	National Rural Water Supply Health and Sanitation Project	50	2003	X	X
St. Lucia	Technical Assistance Water Sector Reform Project	2.6	2002	(X)	X
Uruguay	OSE Modernization and Systems Rehabilitation Program Project	27	2000	X	X
Total		573.6		95% (80%) ⁹¹	100% ⁹²

Argentina. The World Bank loan to Argentina continues the policy of reform of the water sector through increasing privatization and cost recovery.⁹³ Argentina was a Latin American magnet to corporate water interests in the late 1990s. The Public-Private Infrastructure Advisory Facility supported a water reform project in Tucuman in 1998 in order to promote privatization.⁹⁴ The money was awarded after the water multinational Suez announced it was leaving Tucuman. This happened after continuous protest from consumers due to the increased water prices, the poor conditions of the service and the resulting massive consumer payment boycotts.⁹⁵ The Public-Private Infrastructure Advisory Facility project failed in its purpose to convince consumers that privatization would be good for them, much to the delight of the residents. The Buenos Aires concession, supported by the International Finance Corporation⁹⁶ is also held by Suez. The concession is currently being arbitrated in the International Center for the Settlement of Investment Disputes – due to the Argentine government’s refusal to give in to another price adjustment in favor of Suez. In the province of Santa Fe and in Buenos Aires, Suez practice indiscriminately cuts off water if households fail to pay on time. Despite on-going rate increases, environmental catastrophes, and failures to invest the concession has been allowed to continue. The Inter-American Development Bank granted large loans to the Suez concessions in Buenos Aires and Santa Fe province. In Santa Fe, civil society organized a plebiscite signed by thousands of residents to demand the exit of Suez.

Brazil. Luiz Inácio Lula da Silva, the president of Brazil, is generally thought to oppose outright privatization of water services. However, the World Bank and the International Finance Corporation continue to push their policies in the country. The International Finance Corporation funded privatization of water in both Sao Paulo and Ceará.⁹⁷ Ceará was also the target for the 2000 World Bank loan that demands cost recovery tariffs in order to repay the US\$136 million loan. The World Bank loan to

the Recife Favela calls for privatization and cost recovery of the investments.⁹⁸

Colombia. In Columbia, World Bank loans seek to reform the water sector in order to further privatization and cost recovery.⁹⁹ In Cartagena, the loan requires privatization and states that the Bank will assist in attracting private sector investment. The Public-Private Infrastructure Advisory Facility preceded the World Bank loans in 2001 by providing funds to develop the regulatory framework for privatization.¹⁰⁰

Dominican Republic. The World Bank loan to the Dominican Republic focuses on wastewater disposal in tourism centers. It requires privatization and places targets on cost recovery. A price that foreign tourists probably can afford, but as in the case of Cancun, Mexico, is likely to negatively affect the price and local access to services for permanent residents.

Ecuador. Ecuador has struggled with a controversial privatization in Guayaquil since 1994. The private takeover was preceded by reforms in order to corporatize the utility and enable privatization. Funds for the privatization came from the Inter-American Development Bank and the IADB is currently planning to lend additional funds directly to the Bechtel joint venture in the city.¹⁰¹ The World Bank loan promotes policy reform in order to achieve increased cost recovery and privatization in Rural and Small Towns across Ecuador.¹⁰²

Peru. The World Bank awarded Peru two water and sanitation sector loans in the period reviewed. The Project Appraisal Document is unavailable for the loan for the rehabilitation of Lima’s water. Lima’s water services are undergoing privatization and in 2000 a 27-year “build operate and transfer” contract was granted.¹⁰³ Cost recovery and privatization are also part of the loan awarded in 2003. The loan seeks to increase the possible consumption of water to 50

liters of water per day per person – a minimum required by the World Health Organization. In a second loan the same year, the World Bank focused on health and water in rural areas, but also required cost recovery and private sector participation.¹⁰⁴ The Public-Private Infrastructure Advisory Facility simultaneously funded a project to develop new regulatory models to improve the “tariff structure.”¹⁰⁵

Saint Lucia. The objective of the World Bank loan to Saint Lucia is to prepare a new legal and regulatory framework that will permit and protect privatized water provision. The measures also include full cost recovery. The Bank claims that its presence lends credibility to the project as it claims elsewhere.¹⁰⁶ The new legal framework will permit abstraction of groundwater.

Uruguay. In Uruguay, as in many other recipient countries, citizens are organizing to expel water corporations as a result of the concessions in Maldonado and Punta del Este.¹⁰⁷ Despite the popular protests, the World Bank continues to promote full cost recovery and the benefits of privatization.

Civil society opposition to water privatization is growing in Latin America. The orchestrated collaboration between numerous international institutions and governments in Latin America is meeting fierce resistance from civil society groups and communities that are tired of corporate corruption and the socio-economic erosion of their lives that these institutions have brought. The Inter-American Development Bank plays a particularly large role in Latin America,

but the World Bank is not exempted. The loan requirements pushed by these institutions undermine national democracies and self determination.

Middle East

As the prediction is that the future wars will be fought over water, the Middle East situation is especially dire. With the current rate of extraction of water the aquifers in the region will be depleted in 50 years. In the 5-year review undertaken, the World Bank awarded only six loans with a focus on water and sanitation in a region with a desperate need for sustainable solutions. Iraq is currently the largest recipient of fiscal transfers to improve water and sanitation, but not from the World Bank. Instead the occupying power, the United States, has contracted improvements to the Bechtel Corporation in a no-bid contract.

Iran. The Teheran sewerage project in Iran seeks full cost recovery through the revised tariff structure and encourages privatization. It sets the stage for a “build operate and transfer” contract.¹¹⁰ Iran is currently involved in building a water line from Iran to Kuwait. The project is established in a 30-year concession contract worth US\$2 billion.¹¹¹

Jordan. Jordan is not part of the World Bank 2000-2004 portfolio, but it’s worth mentioning that privatization is being pushed in the country despite resistance from the government. The Public-Private Advisory Facility awarded funds in order to increase private sector participation and facilitate regulatory

Table 7: World Bank Loans 2000-2004 to the Middle-East

Country	Project	Loan amount (US\$ mil)	Fiscal year	Cost recovery promotion	Privatization promotion
Iran	Tehran Sewage Project Loan	145	2000	X	X
Lebanon	Municipal Infrastructure Project	80	2000	X	
Lebanon	Ba'albeck Water and Wastewater Project	45.53	2002	X	X
West Bank & Gaza	Emergency Water Project	12.5	2004		
Yemen	Urban Water Supply and Sanitation Project	130	2003	X	X
Yemen	Rural Water Supply and Sanitation Project	20	2001	X	
Total		433.03		97% ¹⁰⁸	74% ¹⁰⁹

reform that would allow this with US\$600,000 in 2000.¹¹² Already, two wastewater projects and one water project, involving both Vivendi and Suez, are operating in the country.¹¹³

Lebanon. The World Bank gave Lebanon two loans in the period we researched. In 2000, it approved a loan that set the stage for privatization by demanding cost recovery practice implementation.¹¹⁴ In 2002, it funded the Ba'albeck Water and Wastewater Project further promoting cost recovery and regulatory reform provisions. The project objective is to award an operations and maintenance contract to the private sector.¹¹⁵

West Bank and Gaza. In the West-Bank and Gaza, residents have long withdrawn water at a rate outstripping the shallow aquifer supply. As a result, salt has entered the water supply and leads to a number of health problems. The World Bank loan does not explicitly demand cost recovery or privatization – instead the loan is an emergency project to enable water delivery. However, privatization did take place in 1996 with Suez being awarded a 4-year contract, with World Bank funding, in order to improve water

services.¹¹⁶ According to local organizations, the water delivery has instead declined and Suez has exited the country.

Yemen. Yemen received funding for both urban and rural water and sanitation supply. In the urban areas, the World Bank loan requires cost recovery and privatization,¹¹⁷ while in the rural areas it has a harder time encouraging private sector interest. Instead, the rural project seeks to involve private sector participation for delivery of spare parts and similar services. However, as in the urban project, it demands full cost recovery.¹¹⁸

Reviewing World Bank Loans Over Time

As the previous section made painfully clear, World Bank loan policy is consistently promoting privatization and cost recovery in recipient countries. This section reviews whether World Bank loan policies have changed over time, as many World Bank officials appear to be claiming that there is now a reduced focus on water privatization and that it may be reduced even further in the future. With the projected loan portfolio doubling, increasing from US\$523 million in fiscal year 2002 to US\$1.3 billion

Table 8: World Bank Loans Fiscal Year 2000

Country	Loan amount (US\$ mil)	Cost recovery promotion	Privatization promotion
Albania	10	X	X
Argentina	30		X
Bosnia-Herzegovina	12.92	X	X
Brazil	136	X	X
China	200	X	X
China	150	X	X
China	46	X	
Colombia	85	(X)	X
Dominican Republic	5	X	X
Ghana	25	X	X
Hungary	88.9	X	X
Indonesia	77.4	X	X
Iran	145	X	X
Lebanon	80	X	
Malawi	28.9	X	X
Mozambique	115	X	X
Nigeria	5	X	X
Poland	120	X	X
Rwanda	20	X	X
Uruguay	27	X	(X)
Total	1407.12	98% (92%) ¹¹⁹	91% ¹²⁰

Table 9: World Bank Loans Fiscal Year 2001

Country	Loan amount (US\$ mil)	Cost recovery promotion	Privatization promotion
Burkina Faso	70	X	X
China	100	X	
Comoros	11.4	X	X
Ecuador	32	X	X
India	65.5	X	X
Kosovo	5.92	X	X
Macedonia	29.27	X	X
Nigeria	114.29		X
Russian Federation	122.5	X	X
Senegal	125	X	X
Tunisia	103	X	X
Ukraine	24.25	X	X
Vietnam	166.34	X	X
Yemen	20	X	
Total	887.77	87% ¹²¹	86% ¹²²

Table 10: World Bank Loans Fiscal Year 2002

Country	Loan amount (US\$ mil)	Cost recovery promotion	Privatization promotion
Afghanistan	33		X
Colombia	40	X	X
India	151.6	X	X
Kyrgyz Republic	15	X	X
Lebanon	45.53	X	X
St. Lucia	2.6	X	X
Guinea	25	X	X
Guinea-Bissau	31.4	X	X
Mauritania	99.06	X	X
Philippines	30		X
Romania	40	X	X
Serbia and Montenegro	2.8	X	X
Tanzania	132	X	X
Tajikistan	17	X	X
Uzbekistan	40	X	X
Total	704.99	91% ¹²³	100% ¹²⁴

Table 11: World Bank Loans Fiscal Year 2003

Country	Loan amount (US\$ mil)	Cost recovery promotion	Privatization promotion
Albania	15	X	X
Azerbaijan	12.92	X	X
Brazil	46	X	X
Cambodia	19.9	X	X
Chad	54.8	X	X
Colombia	100	X	X
Georgia	19.41	X	X
Malawi	3.2		X
Moldova	12	X	X
Peru	20	X	NA
Peru	50	X	X
Sri Lanka	39.8	X	X
Tanzania	61.5	X	X
Yemen	130	X	X
Total	585.53	99% ¹²⁵	100% (97%) ¹²⁶

Table 12: World Bank Loans Fiscal Year 2004

Country	Loan amount (US\$ mil)	Cost recovery promotion	Privatization promotion
Afghanistan	?		X
West Bank & Gaza	12.5		
India	181	X	X
No total since fiscal year ends June 30, 2004.			

in fiscal year 2003 and an expected US\$1.5 billion in fiscal year 2004, it is important to try to assess any significant policy changes.

Our review of World Bank lending in water and sanitation from 2000-2004 makes it clear that little has changed. In 2000, 91% of funds were tied to privatization, while 98% of the funds promoted cost recovery. The size of the loan portfolio this year topped the period reviewed with US\$1.4 billion. In 2001, 86% of funds were used to promote privatization, 87% were used for cost recovery promotion. The total portfolio was US\$887 million – almost half that of 2000. In 2002, all loans promoted privatization, just as they did in 2003. Cost recovery was promoted with 91% of funds in 2002, while with 99% in 2003. It is also noteworthy that the US\$585 million disbursed to water and sanitation delivery in fiscal year 2003 falls far short of the commitment to disburse US\$1.3 billion.

Fiscal year 2004 is ending June 30, 2004. It is therefore not possible to conclude on the few loans that have yet been approved. Only three loans were approved from July 1, 2003 to April 15, 2004, two of which are in conflict areas – far short of the US\$1.5 billion goal. Could it be that the Bank is unable to prepare loans for approval when they include controversial conditions requiring privatization and cost recovery? Loans in fiscal year 2000-2003 were approved all year around, but in order for the World Bank to reach its current goal it will have to approve a large number of water and sanitation loans between April 15 and June 30, 2004. The World Bank currently has over 40 loans in its pipeline portfolio totaling over US\$2.8 billion.¹²⁷ With an average 20-month lead time to prepare an infrastructure loan at the World Bank the goals might be far fetched.¹²⁸

Has the World Bank Backed Down?

The public rhetoric of the World Bank has changed in recent years in favor of less emphasis on cost recovery and privatization, while in reality the loan policies have changed little, if at all. The World Bank acknowledges that privatization has not brought the needed finances to breach the gap in access to water and sanitation services, but through its loan policies and the policies of sponsored and affiliated institutions it continues to promote the same privatization policies.

One example highlighted is the Public-Private Infrastructure Advisory Facility, launched by the World Bank in July 1999. By constructing new institutions the World Bank relinquishes direct control over loan conditions imposed on recipient countries. This happens, despite the fact that Public-Private Infrastructure Advisory Facility is in fact headquartered in the World Bank (along with another World Bank-sponsored organization “the Water and Sanitation Program”) and keeps its offices in regional World Bank offices in Kenya and Singapore – and just conveniently down the road from its offices in Pretoria, South Africa. The Public-Private Infrastructure Advisory Facility’s funding, in addition to the funding already mentioned, provided to specific countries, include training journalists to report favorably on privatization as well as global and regional workshops set up to promote privatization to local and national decision-makers.

Key to the future of the water privatization agenda, is the implementation of the Camdessus recommendations. By establishing a new cross-institutional task force to implement the recommendations, the World Bank is ensuring renewed coherence on the privatization agenda. The World Bank works with the International Finance Corporation and the Multilateral Investment Guarantee Agency within the World Bank group in order to implement recommendations from the Camdessus report. Below, we assess the status of some of the key recommendations from

the Camdessus report.

The Municipal Fund is an initiative shared by the World Bank and the International Finance Corporation and created in 2003. The Fund “provide[s] states, municipalities, and municipally controlled institutions with new financial products and access to capital markets. Our objective is to strengthen their ability to deliver key infrastructure services such as water, wastewater management, transportation, electricity, and power, and to improve efficiency and accountability.”¹²⁹ It was set up to circumvent the national oversight in recipient countries in order to provide loan resources directly to sub-federal governments to facilitate support to the privatization process directly in regions, provinces, states, and municipalities.

The Backstopping Liquidity Facility recommended by the Camdessus report was proposed to protect foreign investors by mitigating their foreign exchange risks. Other facility aspects are still being investigated. Foreign exchange risk mitigation was used in the Tanzania concession by exchanging the World Bank U.S. dollar loan for the privatization into a local currency loan held by a bank based in Tanzania. The World Bank still guarantees the loan to the country, but repayment is made to the local bank.

DevCo will facilitate privatization by assisting project identification, preparation and tendering for a privatization contract. Financial support will be available through a revolving fund.¹³⁰ ***GuarantCo*** insures bonds issuing for local governments seeking to privatize water.¹³¹ The latest World Bank idea is to privatize the independent regulation that oversees privatization.¹³²

Meanwhile, the Multilateral Investment Guarantee Agency is investigating other risk mitigation mechanisms. The Agency ensures that multinational corporations are able to work risk free in the Global South, while it does nothing to ensure that the projected beneficiaries- people in need of water and sanitation -

are in fact receiving the service. Neither does the Agency ensure recipient countries against corporate abuse.

The World Bank coherence policy with the Multilateral Investment Guarantee Agency and the International Finance Corporation ensures that the privatization agenda stays front and center. The risk mitigating instruments implemented in 2003 all ensure that the multinational water corporations will receive insurances for profits if they increase their investments in the Global South. And with open access to regional development bank, World Bank, and International Finance Corporation assistance they do not need to drop a dime in order to fill their shareholders pockets.

Conclusion

Communities around the world are organizing to stop the corporate takeover of their water supply and to force the corporations to exit once privatization has been accomplished.

But, who is ultimately responsible when water privatization fails? The debt burden falls on governments, taxpayers, and finally the poorest consumers who continue to be denied access to clean and affordable water.

Looking at World Bank lending from 2000-2004 it is clear that, despite improved public relations rhetoric, little or nothing has changed in the water sector. The policy goal for World Bank involvement in the water and sanitation sector continues to be privatization. But, a growing social movement is demanding that the World Bank **BACK DOWN**.

If the Bank is committed to funding the corporate takeover of water rather than sustainable solutions why not use the taxpayer money, bonds, and investments that sustain the World Bank for sustainable projects somewhere else?

As the World Bank turns sixty it is facing increased opposition to the water privatization policies that have caused such havoc and turmoil around the world. This growing social movement, in the face of an institution that refuses to listen or change, continues to tell the World Bank to back down. Their demands are to:

- * fully recognize the human right to water in all Bank policies related to water and sanitation;
- * remove all conditions, implicit or explicit, that demand full cost recovery from household water users;
- * remove all conditions, explicit and implicit, that require public/private partnerships in order to permit government access to loan resources;
- * cease loans that promote the reform of national water laws in order to permit and protect private sector participation and increased cost-recovery;
- * work to strengthen the role of the public sector and meaningful participation of civil society and affected communities; not undermine it.

APPENDIX

Eastern Europe/former USSR

Country	Project	Loan amount (US\$ mil)	Fiscal year	Cost recovery promotion	Privatization promotion	Loan document text
Albania	Municipal Water & Wastewater Project	15	2003	X	X	"Abolishing of the national water tariff and passing of the Law on Decentralization that provides the right of tariff-setting to local authorities [...] The private sector participation (PSP) arrangement for the four utilities under the Project is expected to set a positive example as to how the targets of the Action Plan can be achieved. [...] Use of PSP as a key element of urban water sector reform by turning over utility management and operation responsibilities to a professional private operator." "Initiate cost-recovery principles in the rural areas, and move sector financing from government subventions to user charges [...] Water supply tariffs will gradually be adjusted upwards to reflect the true cost of water supply." ¹
Albania	Water Supply Urgent Rehabilitation Project	10	2000	X	X	"This Project envisions the participation of the private sector in the management of the water and wastewater services in the cities of Durres, Fier, Lezhe and Saranda [...] The Municipal Water and Wastewater Project will introduce Private Sector Participation (PSP) into Albania's water sector in the form of a management/lease contract." ² "Short-term priority investment program: Commercialization and cost recovery in order to achieve, through operational revenues, coverage of at least all operating costs including adequate maintenance and debt service obligations within a bound timeframe" ³
Azerbaijan	Greater Baku Water Supply Rehabilitation Project - SUPPLEMENTAL CREDIT	12.92	2003	X	X	"A small portion of the Supplemental Credit funds would support the initial steps in the implementation of the Government's policy to involve the private sector in water supply, as defined in the recently completed National Water Supply and Sanitation Strategy [...] Wastewater. Projections indicate that these full operating and maintenance costs and capital depreciation on all wastewater facilities and drainage equipment can be recovered through charges that would be affordable to city residents, including low-income households." ⁴
Bosnia-Herzegovina	Mostar Water Supply and Sanitation Project	12.92	2000	X	X	"Training on cost recovery methods and financial management is being conducted in 60 municipalities." ⁵ "The introduction of cost recovery principles will enable MWSU to gradually become a financially viable institution [...] This approach is pragmatic - first for the utility to be reunited, then to establish a modern planning and management system, undertake system rehabilitation and carry out major improvements in financial management and bill collection. Such a process would result in a modernized and strengthened utility, which in the future could lead to further measures including private sector participation" ⁶

¹ Albania - Municipal Water and Wastewater Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000094946_0301300401371.

² Albania-Water Supply Urgent Rehabilitation http://www-wds.worldbank.org/servelet/WDSContentServer/WDSP/IB/2000/05/02/000094946_99092312395948/Rendered/INDEX/multi0page.txt.

³ GOVERNMENT OF ALBANIA FOR THE WATER SUPPLY URGENT REHABILITATION PROJECT http://www-wds.worldbank.org/servelet/WDSContentServer/WDSP/IB/2000/03/03/000094946_00021805401161/Rendered/INDEX/multi_page.txt.

⁴ Azerbaijan - Greater Baku Water Supply Rehabilitation Project (Supplemental Credit) http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000094946_01060104462861.

⁵ Bosnia and Herzegovina - Mostar Water Supply and Sanitation Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=00010405304477.

⁶ Bosnia and Herzegovina - Mostar Water Supply and Sanitation Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000094946_00060905451062.

Georgia	Municipal Development and Decentralization Project (02)	19.41	2003	X	X	<p>“The proposed project will support the key objectives of the CAS in assisting Georgia in attaining stronger and more broadly-based growth, and removing policy, institutional and infrastructure obstacles to private sector development.”¹</p>
Hungary	Municipal Wastewater Project	88.90	2000	X	X	<p>“The main issues that the Bank would address through its lending are...[full cost recovery from consumers--there is still a tendency for municipalities to set tariffs at levels that only cover operating costs...[and] constraints to private sector participation--there are only two successful examples so far[.]”² “The institutional arrangements chosen by the Municipality of Budapest are fully expected to result in efficient operation and maintenance of the sewage treatment facilities provided under the project, through commercial contracts, with sufficient cost recovery.”³</p>
Kosovo	Emergency Water Supply and Sanitation Project	5.92	2001	X	X	<p>“Ensuring sustainability through improved cost recovery and enhanced management and efficiency [...].The project will support the establishment of a financially sustainable model of service provision, including the involvement of the private sector, and the development of the critical policies and institutional framework for sector reform, particularly with regards to water resources management.”⁴</p>
Kyrgyz Republic	Rural Water Supply & Sanitation Project	15	2002	X	X	<p>“Cost recovery & sustainability: To ensure genuine demand for services and commitment, participating communities will make an initial contribution of 20% (mix of cash and in-kind) to the investment costs. An additional 5 percent will be repaid by communities over a 7 year period, including 4 years of grace; there will be no interest charges on the five percent loan portion. The remaining 75% of the investment cost shall be provided by the central government to the communities as an investment grant. To ensure sustainability, the CDWSA will collect user fees that cover full operation and maintenance costs and cover a contribution of 1% of the investment cost per year to a replacement/investment fund [...]. DIRWS will be a policy making and advisory body that will facilitate provision and management of water services at the community level, and will encourage use of the private sector for delivery of goods and services, including operations and management.”⁵</p>

¹ Georgia - Second Municipal Development and Decentralization Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcnt=details&eid=000094946_02071604105357.

² Hungary-Municipal Wastewater http://www-wds.worldbank.org/servelet/WDSContentServer/WDSP/IB/1997/09/05/000009265_3971229181853/Rendered/INDEX/multi0page.txt.

³ Hungary - Municipal Wastewater Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcnt=details&eid=000094946_99091002405740.

⁴ Kosovo, Federal Republic of Yugoslavia - Pilot Water Supply Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcnt=details&eid=000094946_0101100548494

⁵ Kyrgyz Republic - Rural Water and Sanitation Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcnt=details&eid=000094946_0111160402169.

Macedonia	Water Utility Improvement Project	29.27	2001	X	X	<p>"The development objectives of the project are to: (i) improve the operational efficiency of the Skopje Vodovod, the largest water and wastewater utility in the country, to enable it to provide quality service at affordable prices to the population [...]. The first objective will be met through a lease contract which will introduce the private sector to address institutional, technical, commercial and financial issues [...]. Tariff levels are calculated based on (i) a base tariff required for full-cost recovery; and (ii) estimated surcharge for project financing contributions and cost-recovery of project investments."¹</p> <p>"Component B - Village Water Supply - implementation of cost recovery procedures to cover at a minimum system operation and maintenance [...]. The Note would assess the current crisis in the sector, ways to enable Apa Canals to become financially viable utilities, cost-effective investments, commercial practices and local private sector involvement and prioritization of water management policies."²</p> <p>"[S]ustain and foster private sector growth, by increasing private sector participation in infrastructure development. [...]. Tariffs. For revenue generating infrastructure services, a tariff will be applied to recover the costs of full O&M and debt service, as well as to include the depreciation of the new investment, and to protect against the effect of inflation."³</p> <p>"[W]ith adequate cost-recovery provisions that beneficiaries agree to before project implementation [...] in the case of water by carrying out the upfront field inquiry and sensitization campaign, with adequate cost-recovery provisions."⁴</p> <p>"Full recovery of costs, including operations, adequate maintenance, depreciation, finance charges and opportunity cost on invested equity from user charges is essential to ensure the long term viability of the water utilities and recovery of their ability to provide an acceptable level of service [...]. Initially, the most likely form of private sector involvement would be management type contracts with foreign or domestic partners that does not expose the operator to any large financial risk, but even these would be difficult to secure under present conditions. Therefore the project does not require any private sector involvement at this stage."⁵</p>
Moldova	Pilot Water Supply and Sanitation Project	12	2003	X	X	
Poland	Rural Development Project	120	2000	X	X	
Romania	Rural Development Project	40	2002	X	X	
Russian Federation	Municipal Water & Wastewater Project	122.5	2001	X	X	

¹ Macedonia - Water Utility Improvement Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_01060804102296.

² Moldova - Pilot Water Supply and Sanitation Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_03052804031423.

³ Poland - Rural Development Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_00032505302294.

⁴ Romania - Rural Development Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_02030604010440.

⁵ Russian Federation - Municipal Water and Wastewater Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_00121301483492.

Serbia and Montenegro	Montenegro Environmental Infrastructure Project	2.8	2002	X	X	<p>“The international private sector has shown interest in the management of the large water systems in Belgrade, Nis and Novi Sad, and their involvement in service delivery will probably be the most efficient way to address current problems in larger systems in the medium term [...] Furthermore, the fact that PEW is in a consortium that includes the participation of the private sector for the management of the water and sanitation services in the coastal area [...] As an added requirement for sustainability, proper tariff and collection mechanisms were confirmed in the implementing agencies, together with full stakeholders support to the project objectives and operation and maintenance costs.”¹</p>
Tajikistan	Dushanbe Water Supply Project	17	2002	X	X	<p>“Implement a financial recovery plan with a view to have DVK collect sufficient revenues to cover its operational costs, ensure a basic level of maintenance of its assets at the end of the project and service its debt [...] The sustainability of the project depends on a realistic assessment and projection of the minimum financial capabilities of the utility and the commitment of the municipality to support the financial recovery plan based on higher collection and commensurate tariff increases [...] Contracting key management and operation responsibilities of the water supply system to a private operator under a Service Contract.”²</p>
Ukraine	Lviv Water and Wastewater Project	24.25	2001	X	X	<p>“The gradual introduction of full cost recovery for operations and investments is essential for allowing Vodokanal to generate the resources needed to improve services. [...] The objective of the proposed projects in Lviv and Odessa are to a) strengthen the managerial, financial, and operational capacity of the Vodokanal through programs of technical assistance and training [...] In Lviv through a management service contract with an international private utility operator”³</p>
Uzbekistan	Bukhara and Samarkand Water Supply Project	40	2002	X	X	<p>“Progress on these fronts would have a substantial impact on softening the constraints that bind Uzbekistan’s low-income families, and on moving towards cost recovery, institutional strengthening and privatization of municipal services.”⁴</p>

¹ Yugoslavia, Federal Republic of (Serbia/Montenegro) - Montenegro Environmental Infrastructure Project http://www-wds.worldbank.org/servet/WDS_IBank_Servlet?pcont=details&eid=01080304114073.

² Tajikistan - Dushanbe Water Supply Project http://www-wds.worldbank.org/servet/WDS_IBank_Servlet?pcont=details&eid=0206060403145.

³ Ukraine-Municipal Water and Wastewater http://www-wds.worldbank.org/servet/WDSContentServer/WDSP/IB/1997/11/05/000009265_3980929095020/Rendered/INDEX/multi0page.txt.

⁴ Uzbekistan - Bukhara and Samarkand Water Supply Project http://www-wds.worldbank.org/servet/WDS_IBank_Servlet?pcont=details&eid=0203010409113.

Asia

Country	Project	Loan amount (US\$ mil)	Fiscal year	Cost recovery promotion	Privatization promotion	Loan document text
Afghanistan	Emergency Infrastructure Reconstruction Project	33	2002		X	"In the urban water supply and sanitation sectors, there is already substantial private participation in service delivery mainly through communities, NGOs and UN agencies." ¹
Afghanistan	Emergency National Solidarity Project	?	2004		X	"Activities will either be implemented directly by the communities or through sub-contracting to the private sector." ²
Cambodia	Provincial and Peri-Urban Water Supply and Sanitation Project	19.9	2003	X	X	"The project design aims at building partnerships with the private sector and user groups in financing, operating, and maintaining constructed facilities [...]. Families in Phnom Penh could borrow from a revolving fund, and repay the loan through the water bill [...]. On the positive side, policy makers, as well as consumers accept the principle that water tariffs should reflect the costs of service delivery." ³
China	Liao River Basin Project	100	2001	X		"[T]ariff reforms will be a centerpiece of the policy dialogue with the LRB municipalities, and adjustments of tariff levels are an integral part of the project design [...]. Tariffs, charges, and reallocation of existing taxes and urban construction charges would help ensure adequate funds for operation and management [...]. Demand management through economic pricing of water and wastewater" ⁴
China	Chongqing Urban Environment Project (CUEP)	200	2000	X	X	"[F]inancially autonomous wastewater companies [...] would, from now on, rely increasingly on user charges to finance their operational costs and debt service requirements. The already established financially autonomous water supply companies would, through tariffs, finance their operational and debt service costs. [...] Local governments expect to rely increasingly on user fees and charges to finance these services in the future [...]. Support for Municipal Government on policy review, government's role, tariff setting, private sector involvement." ⁵

¹ Afghanistan - Emergency Infrastructure Reconstruction Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_02041204541921.

² Afghanistan - Emergency National Solidarity Project, Vol. 1 of 1 http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000012009_20031016145122.

³ Cambodia - Provincial and Peri-Urban Water and Sanitation Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_03041004024444.

⁴ China - Liao River Basin Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=0106050402130.

⁵ China - Chongqing Urban Environment Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=00006205382594.

China	Hebei Urban Environmental Project	150	2000	X	X	<p>"Hebei is no different in the challenges it faces in the sector and has embarked on a series of reforms both aimed at improving cost recovery and improve efficiency of service delivery by the companies." "Bank Group assistance will also draw on our growing experience in addressing institutional and financial reform within water supply and wastewater utilities [...]. However, private sector participation, e.g. in form of a build-operate-transfer (BOT) schemes, is currently limited to pilot programs."¹</p> <p>"Ultimately, most of the costs of the project will be borne by individual beneficiaries, through capital and in-kind contributions and through water tariffs that finance loan repayment."²</p>
China	Rural Water Supply and Sanitation Project (04)	46	2000	X		
India	Maharashtra Rural Water Supply and Sanitation "Jalswarajya" Project	181	2004	X	X	<p>"Private Service Providers: Currently the role of private sector is limited in rural water supply schemes to suppliers of materials like pipes and pumps, construction material etc. A large section of the private sector involved in urban water supply schemes perceives rural areas as remote and risky. The project would facilitate interaction between private sector providers and communities to expose the providers to various opportunities and also appeal to the social corporate responsibility of the private sector to be able to provide reasonable services at a reasonable cost. It is also critical to involve the private sector to identify and pilot technology applications in area of metering, IT applications and distribution networks. [...] obtain a partial capital cost recovery and 100% O&M financing by the users."³</p> <p>"To facilitate scaling up, private sector participation would be promoted"⁴</p>
India	Kerala Rural Water Supply and Environmental Sanitation Project	65.5	2001	X	X	<p>"GOI [Government of India] is committed to principles that: (a) treat water as an economic good [...]. Self-financing of new or upgrading existing infrastructure through cost recovery will be difficult to implement in the near future in rural areas, but a beginning needs to be made through appropriate policy changes and political support and a reorientation of users' perceptions that they should pay for good quality services [...]. Bank assistance to rural development will focus on supporting policy (e.g., cost recovery, privatization) and institutional reforms at the state-level (e.g., beneficiary participation, demand-driven development activities, and reorientation of the role and functions of the public sector's agencies) [...] (c) promote private sector development. Bank assistance to rural development will focus on supporting policy (e.g., cost recovery, privatization) and institutional reforms at the state-level (e.g., beneficiary participation, demand-driven development activities, and reorientation of the role and functions of the public sector's agencies)."⁵</p>

¹ China - Hebei Urban Environment Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000094946_00061505312020.
² China - Fourth Rural Water Supply and Sanitation Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000094946_99052708473642.
³ India - Maharashtra Rural Water Supply and Sanitation "Jalswarajya" Project, Vol. 1 of 1 http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000090341_20030801110611.
⁴ India - Second Maharashtra Rural Water Supply and Sanitation Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000094946_02112104094084.
⁵ India - Kerala Rural Water Supply and Environmental Sanitation Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000094946_00102405574783.

India	Karnataka Rural Water Supply and Sanitation Project (02)	151.60	2002	X	X	<p>“The project would specifically implement the CAS program priorities of: [...] (v) promoting cost recovery; (vi) targeting the poorest areas and most vulnerable groups [...] (A) requirement for partial capital cost recovery and 100% operations and maintenance (O&M) financing by users [...]. To facilitate scaling up, private sector participation should be promoted.”¹</p> <p>“Communities will be responsible to finance a portion (at least 20%) of the capital costs and 100% of the operations and maintenance costs of water systems providing a basic level of service. Incremental service improvements (e.g. house connections) will be accommodated in the system design, but their construction will be fully financed by beneficiaries [...]. Service contracts to help district and lower level agencies reorganize and develop more appropriate staff profiles and modus operandi to effectively and efficiently support demand responsive, community-based programs, including closer collaboration with NGO and private sector entities.”²</p> <p>“Municipal level: [...] contracting with private sector contractors and communities.”³</p>
Indonesia	Water Supply and Sanitation for Low Income Communities Project (02)	77.4	2000	X	X	<p>“Project Benefits. Major benefits of the project are: [...] (iv) strengthened private and public sector stakeholders leading to improved and more efficient service delivery [...]. The Private Sector is expected to play an increasing role in project activities [...]. With the exception of a few cases, there is no private sector involvement in the operation and maintenance of water supply schemes [...]. Help the GOSL to develop a post-project strategy to facilitate sustainable operations through early identification of problem issues and CBOs, and will also be useful for providing consumer protection and ensuring viable recurrent cost recovery and management of systems.”⁴</p> <p>“The project’s sustainability will depend principally on sufficient costs being recovered to enable the new infrastructure to be effectively operated and maintained.”⁵</p> <p>“This includes: treating water as an economic good; managing water and sanitation at the lowest appropriate level to ensure responsiveness to consumers; involving the private sector to a greater extent.”⁶</p>
Philippines	LGU Urban Water and Sanitation Project (02)	30	2002		X	
Sri Lanka	Community Water Supply and Sanitation Project (02)	39.8	2003	X	X	
Vietnam	Ho Chi Minh City Environmental Sanitation Project (Nhiều Loc-Thi Nghe)	166.34	2001	X	X	

¹ India - Second Karnataka Rural Water Supply and Sanitation Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_01120604003220.

² Indonesia - Second Water Supply and Sanitation for Low Income Communities Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_99080405380812.

³ Philippines - Mindanao Rural Development Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_99111305341720.

⁴ Sri Lanka - Second Community Water Supply and Sanitation Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_03050804031616.

⁵ Viet Nam - Ho Chi Minh City Environmental Sanitation (Nhiều Loc-Thi Nghe Basin) Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_01030705343542.

⁶ Viet Nam - Ho Chi Minh Environmental Sanitation Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_00011905350768.

Africa

Country	Project	Loan amount (US\$ mil)	Fiscal year	Cost recovery promotion	Privatization promotion	Loan document text
Burkina Faso	Ouagadougou Water Supply Project	70	2001	X	X	"[C]apacity building and institutional strengthening of ONEA with: (i) capacity building in technical, commercial, administrative and financial management of water utilities; (ii) strengthening ONEA's commercial, accounting and financial operations through a service contract performed by an international water operator and an accounting firm; and (iii) providing operating investment resources, which will be used by the international water operator to improve ONEA's commercial and financial operations [...]. Much remains to be done by the Government as the operation and management of the sub-sector will become more complex. The Bank considers that Government has not come up with a viable solution due to its long-standing opposition to private sector participation (PSP) in managing the urban water supply sub-sector. This opposition to some form of PSP has since been modified, as exemplified by the selection of an international water company coupled with an international auditing firm to run ONEA's commercial, accounting and financial operations. Difficulty in reaching a consensus on the institutional management of the sub-sector and on PSP and persistent weaknesses shown by ONEA in cost recovery and financial management are considered as the main reasons for the long project preparation period." ¹
Chad	Critical Electricity and Water Services Rehabilitation Project	54.8	2003	X	X	"A change of the ownership of fixed assets (mainly infrastructure of electricity & water) by the transfer of those assets from STEE to the State to incorporate the new legal framework of the CONCESSION [...]. The assets created by this financing will be the patrimony of the State, but will be operated, managed, and maintained by the strategic private partner, the Vivendi-Dietsmann consortium [...]. The principles of the tariff setting in the law ensure that a private operator can recover all normal exploitation costs, including a normal gross margin." ²
Comoros	Infrastructure, Water and Environment Project	11.4	2001	X	X	"Privatization of water utility operations. The operations of the water utility have been privatized on Grande Comore, a tariff system has been set up, and cost recovery mechanisms established. This is working well, and similar schemes will be established on Anjouan and Moheli under the project. The selection of the private operator will be made on the basis of competitive bidding according to World Bank guidelines." ³

¹ Burkina Faso - Ouagadougou Water Supply Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?point=details&eid=000094946_01022805320043.

² Chad - Critical Electricity and Water Services Rehabilitation Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?point=details&eid=000094946_02092404081641.

³ Comoros - Infrastructure, Water and Environment Project http://www-wds.worldbank.org/servelet/WDS_IBank_Servelet?point=details&eid=000094946_01021405375480.

Ghana	Community Water and Sanitation Project (02)	25	2000	X	X	<p>"[D]evelopment of district-level capacity to deliver CWS services, including an active role of the private sector [...]. Small towns water boards will be encouraged to enter into service management contracts with the private sector [...]. Financial policy for subprojects: CWSP2 will apply GoG's policy for the sector of at least 5-10 percent community cash contribution to the investment cost and 100 percent cost recovery for O&M."¹</p> <p>"On the management side of water operations, SEEG and SONEG have signed an interim, one-year lease contract, in effect since December 31, 2000. During this period, a 15-year lease contract was being negotiated, which would have become effective on January 1, 2001. Regrettably, negotiations were unfruitful, and consequently, Government decided to launch a competitive tender to recruit a new private operator [...]. The Government is committed to taking appropriate measures [...] (ii) organize international competitive bidding to recruit a new private operator [...]. Conakry's Strategic Sanitation Program (PADEULAC) reviewed all aspects related to the improvement of [...] community and private sector participation, and cost recovery."²</p>
Guinea	Water Supply and Sanitation Project (03) - Supplemental credit	25	2002	(X)	X	<p>"First, encouraging greater domestic and foreign private participation in economic activities through privatization, infrastructure reform and the rehabilitation of existing viable productive assets. Second, enhancing the investment climate through legal and business environment reform and improved supply chains for six sectors that are considered key entry points by stakeholders [...]. The project will benefit entrepreneurs by reducing uncertainties and transaction costs of doing business in Guinea-Bissau by: (a) providing transparent commercial legislation and effective property rights and improving the functioning of the judiciary [...]; (c) better working supply chains in six key subsectors. Other benefits will also accrue through improved institutional capacity to emerging private sector association, which will strengthen private/public partnerships [...]. The identified indirect benefits were quantified to obtain their monetary values because no direct cost recovery mechanisms have been built into the project."³</p>
Guinea-Bissau	Private Sector Rehabilitation and Development Project	31.4	2002	X	X	<p>"Provision of water and electricity in the slums of Nouakchott. This sub-component would be onlent to and implemented by the utility company, SONELEC, which is being privatized [...]. The costs of infrastructure provision to support economic activities and water supply will be directly recovered since beneficiaries are willing to pay for them [...]. Water tariffs are determined (by SONELEC) to ensure total cost recovery."⁴</p>
Mauritania	Urban Development Project	99.06	2002	X	X	

¹ Ghana - Second Community Water and Sanitation Project (CWSP2) http://www-wds.worldbank.org/servert/WDS_IBank_Servlet?pcont=details&eid=000094946_99082405303871.

² Guinea - Third Water Supply and Sanitation Project - SUPPLEMENTAL CREDIT http://www-wds.worldbank.org/servert/WDS_IBank_Servlet?pcont=details&eid=000094946_01011005493515.

³ Guinea-Bissau - Private Sector Rehabilitation and Development Project http://www-wds.worldbank.org/servert/WDS_IBank_Servlet?pcont=details&eid=000094946_02031304003783.

⁴ Mauritania - Urban Development Program Project http://www-wds.worldbank.org/servert/WDS_IBank_Servlet?pcont=details&eid=000094946_01101104043684.

Malawi	Supplemental Credit to the National Water Development Project	3.2	2003		X	[I]ncreasing private sector provision of goods and services for water supply facilities in ten districts and enhancement of public sector capacity in ten districts to facilitate community management of water supply services. ¹
Malawi	Privatization and Utility Reform Project	28.9	2000	X	X	“The involvement of the private sector is considered essential in order to establish autonomy and appropriate incentive structures and a study of Private Sector Participation (PSP) options will commence shortly to identify options for involving the private sector in provision of water supply service [...] The PSP Options study will be performed in conjunction with development of a Cost Recovery Strategy.” ²
Mozambique	National Water Development Project	115	2000	X	X	“The main objective of the project is to improve the quality, reliability and sustainability of water services for the cities of Maputo, Beira, Quelimane, Nampula, and Pemba (target cities) through promoting greater private sector participation in the provision of these services [...] Mandated tariff policy that water pricing will be based on principles of full cost recovery.” ³
Nigeria	Privatization Support Project	114.29	2001		X	“[T]o create an enabling environment for private sector participation and competition in infrastructure services [...] Implementation of Phases Two and Three of FGN’s privatization program, focused upon rollback of state involvement in key productive sectors, services, and infrastructure, through divestiture of about one hundred PEs [Public Enterprise]. This will improve economic efficiency in the non-oil sectors and expand private-sector led growth.” ⁴
Nigeria	Small Towns Water Supply and Sanitation Program Pilot Project	5	2000	X	X	“Developing private sector to actively support the water supply and sanitation development in small towns.” ⁵ “The project promotes cost recovery, that is, user charges will cover the full cost of operations, maintenance and replacement [...] Agreement to the project rules regarding credit financing and cost recovery is a pre-requisite for participation in the project.” ⁶

¹ Malawi - Supplemental Financing for the National Water Development Project (NWDPI) http://www-wds.worldbank.org/servert/WDS_IBank_Servlet?pcont=details&eid=000094946_01051804021725.

² Malawi - Privatization and Utility Reform Project http://www-wds.worldbank.org/servert/WDS_IBank_Servlet?pcont=details&eid=000094946_00061705510767.

³ Mozambique - Second National Water Development Project (II) http://www-wds.worldbank.org/servert/WDS_IBank_Servlet?pcont=details&eid=000094946_99060706045384.

⁴ Nigeria - Privatization Support Project http://www-wds.worldbank.org/servert/WDS_IBank_Servlet?pcont=details&eid=000094946_0106050402141.

⁵ Nigeria - Small Towns Water Supply and Sanitation Program Pilot Project http://www-wds.worldbank.org/servert/WDS_IBank_Servlet?pcont=details&eid=000094946_99031911072093.

⁶ Nigeria - Small Towns Water Supply and Sanitation Program Pilot Project http://www-wds.worldbank.org/servert/WDS_IBank_Servlet?pcont=details&eid=000094946_00051605321580.

Rwanda	Rural Water and Sanitation Project	20	2000	X	X	<p>“The project will promote cost recovery schemes based on the results of a willingness to pay study that is being carried out as part of the project’s preparation.”¹ [Mobilizing communities’ support for the rehabilitation/expansion of major (regional) water systems and their operation by the private sector [...].]The experience under the Second Water Supply Project showed that community willingness to pay for services may be much higher than expected and this is often not reflected in financial policies that have high subsidy levels. The project will promote cost recovery schemes based on the results of a willingness to pay study that is being carried out as part of the project’s preparation.”²</p> <p>“Private sector participation was considered to be required to achieve these objectives [...] instituting a new tariff policy for better cost recovery.”³ “The private sector has been invited to participate in the financing and construction of the needed investments to treat water derived from the Senegal River [I]mproving Cost Recovery and Increasing Access to Sanitation Services: The project will support implementation of a tariff policy aimed at increasing the level and scope of the sanitation surcharge for all water users and reducing the gap between the water and the sanitation parts of the tariff over time [...] surcharge.”⁴</p> <p>“The private sector usually responds well; competition between suppliers should be enhanced and alternative ways of packaging participatory and construction activities should be considered to improve service.”⁵ “[T]echnical assistance available to both NGOs and private sector [...] Appropriate Financial Policy and Cost Recovery: Water resources are finite and should therefore be managed as an economic good.”⁶</p> <p>“Cost recovery strategy: The “Customer Tariff” will be initially set at a level sufficient to cover O&M costs, service the debt and contribute to the investment program with the objective of eventually raising it to a level that will compare with the Long Run Marginal Cost (LRMC) of distributing water and safely disposing wastewater generated, so that it also becomes a key instrument of demand management [...] The project will support the “privatization” of DAW/ASA’s operations through a ten-year “Lease Contract” with a professional private “Operator”, as a first step towards the transfer of more responsibilities and risks to the private sector.”⁷</p> <p>[D]efining future tariff policy for public delivery of irrigation water, going beyond O&M recovery to include partial capital cost recovery, and thereby encouraging water savings in agricultural uses [...]. Parallel efforts at commercialization/privatization of the Water Supply and Sanitation sector are also ongoing.”⁸</p>
Senegal	Long Term Water Sector Project	125	2001	X	X	
Tanzania	Rural Water Supply and Sanitation Project	132	2002	X	X	
Tanzania	Dar es Salaam Water Supply and Sanitation Project	61.5	2003	X	X	
Tunisia	Water Sector Investment Loan Project	103	2000	X	X	

¹ Rwanda - Rural Water Supply and Sanitation Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_00051905305043.

² Rwanda - Rural Water Supply and Sanitation Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_99031911062746.

³ Senegal - Long Term Water Supply Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000009265_3980929174009.

⁴ Senegal - Long Term Water Sector Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_01021705482844.

⁵ Tanzania - Rural Water Supply and Sanitation Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_00121906041067.

⁶ Tanzania - Rural Water Supply and Sanitation Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_02030604011942.

⁷ Tanzania - Dar es Salaam Water Supply and Sanitation Project, Vol. 1 of 1 http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000090341_20030508103932.

⁸ Tunisia - Water Sector Investment Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_00061505312123.

Latin America

Country	Project	Loan amount (US\$ mil)	Fiscal year	Cost recovery promotion	Privatization promotion	Loan document text
Argentina	Water Sector Reform Project	30	2000		X	"The main objective of the project is to support and consolidate the reform of the water and sanitation sector in Argentina through increased private sector participation in investments and management of water utilities." ¹ "Sector issues to be addressed by the project and strategic choices: [...]The lack of a coherent approach to tariffs, cost recovery [...]" ²
Brazil	Recife Favela Upgrading Project	46	2003	X	X	"Measure cost recovery of OM&R of investments (tariffs, urban services fees, property tax and other mechanisms such as betterment levies) [...]A] program of privatization of state owned enterprises - the two most notable of which are CELPE and COMPESA, the statewide power and water utilities respectively (CELPE is already in private hands whereas the privatization of COMPESA is being modeled by BNDES)." ³
Brazil	Ceara Integrated Water Resources Management Project	136	2000	X	X	[F]or financial and economic sustainability, the following components of the project will be of major importance: (i) resources originating from the improved collection of tariffs for the supply of bulkwater;(ii) promotion of bulk water tariffs which reflect the real cost of water; (iii) contribution of the water user associations and their direct participation in the administration, operation and maintenance of the infrastructure works; (iv) adequate economic criteria in the selection and prioritization of works to assure that only the most viable are chosen." ⁴ [T]he development and consolidation of sustainable cost recovery, management, operation and maintenance systems for the hydraulic infrastructure." ⁵
Colombia	Bogota Urban Services Project	100	2003	X	X	"Cost recovery is an essential element in upgrading programs, if not for recovery of capital investments and expansion, at least to the degree needed for continued operation and maintenance of the assets crafted [...].Previous projects show that NGOs and CBOs can be effective vehicles for promoting cost recovery, given their unique relationship with the community...[O]ver the years, the Bank has provided assistance to the EAAB in various investment and reform measures, the latest being Loan 3952/53-CO, under which the EAAB has undertaken an ambitious modernization program aimed at rehabilitating and maintaining its key assets, reducing the vulnerability of water supply system by securing backup sources and increasing coverage in poor neighborhoods. EAAB is also making preparations to address efficiency and service quality issues through plans for cost reductions and greater private sector participation in its operations." ⁶

¹ Argentina - Water Sector Reform http://www-wds.worldbank.org/servet/WDS_IBank_Servlet?pcont=details&eid=000009265_3971229184811.

² Argentina - Water Sector Reform Project http://www-wds.worldbank.org/servet/WDS_IBank_Servlet?pcont=details&eid=000094946_99052708473743.

³ Brazil - Recife Urban Upgrading Project http://www-wds.worldbank.org/servet/WDS_IBank_Servlet?pcont=details&eid=000094946_0304090401350.

⁴ Brazil - Ceara Integrated Water Resources Management Project http://www-wds.worldbank.org/servet/WDS_IBank_Servlet?pcont=details&eid=000094946_99031911060533.

⁵ Brazil - Ceara Integrated Water Resources Management Project (PROGERIRH) http://www-wds.worldbank.org/servet/WDS_IBank_Servlet?pcont=details&eid=000094946_99122105451787.

⁶ Colombia - Bogota Urban Services Project http://www-wds.worldbank.org/servet/WDS_IBank_Servlet?pcont=details&eid=000094946_03022604021461.

Colombia	Water Sector Reform Assistance Project	40	2002	X	X	<p>"The development objectives of the project are: (i) to support water sector reform by facilitating the incorporation of the private sector into the management and operation of water utilities [...].The structure provides for recovery of operational costs associated with volumetric demand and facility costs related to existing and projected capital values."¹</p> <p>"General financing support to ACUACAR's investment program: This alternative was rejected since ACUACAR can achieve full cost recovery from its investments in rehabilitation and extension water supply in affluent neighborhoods and hotel areas. The project's financial support, therefore, is targeted to those which full cost recovery is hard to achieve, namely, sewerage networks for low-income neighborhoods surrounding the Cienaga, wastewater conveyance, treatment and disposal systems [...].One of the loan conditions is to maintain the private sector participation in the provision of water and sewerage services in Cartagena [...].The Bank has helped attract private sector participation in Cartagena and played a crucial role in ensuring the success of the privatization by promoting ideas, providing a framework for considering different PSP options, extending technical assistance, convincing the political decision makers to support worthwhile institutional changes, acting as an important catalyst to accelerate process implementation and serving as a mediator in the negotiations."²</p>
Colombia	Cartagena Water Supply, Sewerage and Environmental Management Project	85	2000	(X)	from the rich/business	<p>"[I]nvolvement of a private sector operator of water, sewerage, and solid waste services with specific targets, tariff structure, and payment options in the contract."³ "[P]repare and implement, for the first time in the Dominican Republic, an innovative model for incorporating the private sector in the provision of water supply and sewerage services in tourism centers [...].The Government and the Bank agreed that only the private sector would be able to provide the management capacity and cost-recovery approach needed for the provision of a high level and sustainable water and sewerage services."⁴</p> <p>"Phase 3 - (i) Policy reform consolidated; (ii) improved sector efficiency, complete O&M and investment cost recovery and widespread private sector participation in service delivery achieved."⁵</p>
Dominican Republic	Wastewater Disposal in Tourism Centers Project	5	2000	X	X	
Ecuador	Rural and Small Towns Water Supply and Sanitation Project	32	2001	X	X	

¹ Colombia - Water Sector Reform Assistance Project http://www.wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_01101104043080.

² Colombia - Cartagena Water Supply, Sewerage and Environmental Management Project http://www.wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_99072307394180.

³ Dominican Republic - Wastewater Disposal in Tourism Centers Project http://www.wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_99072807543448.

⁴ Dominican Republic - Wastewater Disposal in Tourism Centers Project http://www.wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_0004270531510.

⁵ Ecuador - Rural and Small Towns Water Supply and Sanitation Project (PRAGUAS) http://www.wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_00092805302221.

Peru	Lima Water Rehabilitation and Management Project - Supplementary Project	20	2003	(X)	(no Project Appraisal Document available)	<p>"In accordance with norms issued by the regulatory agency SUNASS, SEDAPAL has gradually raised its tariffs since 1995 to full average cost levels [...].The absence of adequate water and sanitation services exacts a heavy burden from these families. Most of them currently pay around US\$2.00 per cubic meter for water from tankers; about eight times the price charged by SEDAPAL for piped water, and are often forced to carry the water across considerable distances and gradients from the tanker supply points to their homes. As a result, water consumption is very low (15 to 30 liters per capita per day), and the water consumed is often unsafe, leading to a high incidence of diarrhea and cholera in the metropolitan area. The project will ensure that these families receive potable water, and allow them to raise their consumption towards 50 liters per capita per day."¹</p> <p>"Agreement to project rules regarding cost recovery is a prerequisite for project participation."²</p> <p>"Private sector participation. Small Management Units, SMU's (Pequeñas Unidades de Gestión), which can be public or private organizations or a combination of both, can be brought in for the management, operation and maintenance of W&S services in rural areas and small towns. While the previous sector law recognized private sector participation (PSP) as an option, it did not include appropriate provisions for fostering PSP."³</p> <p>"The development objective of the project is to prepare and transit the water company to private sector management within a sound legal and regulatory framework. The project will be financed by the World Bank and the Caribbean Development Bank on parallel financing basis. The specific objective of the Bank-financed components of the project is to help the transition of WASCO from a publicly-managed utility to a privately-operated company under a well-functioning regulatory framework. [...].The Bank's presence would lend credibility and transparency to the process of introducing private sector participation in the operations of WASCO which in turn would foster an efficient delivery of services[...]. Reducing the fiscal burden on the government, so that the government can allocate scarce funds to the production of other public services that are unable to provide full cost recovery or targeted subsidies in the water sector."⁴</p>
Peru	National Rural Water Supply Health and Sanitation Project	50	2003	X	X	
St. Lucia	Technical Assistance Water Sector Reform Project	2.6	2002	X	X	
Uruguay	OSE Modernization and Systems Rehabilitation Program Project	27	2000	X	X	<p>"OSE's well-intentioned efforts to achieve full cost recovery have resulted in a tariff structure that lacks simplicity, transparency and fairness. [...].The GoU and OSE now recognize the need for sector reform including increased private sector participation, primarily to meet increasing investment shortfalls [...].At the utility level, efficiency and effectiveness gains with in OSE can only be sustained if the company is continuously exposed to public scrutiny (e.g. by publishing performance targets) and private competition (e.g. from a private operator in Maldonado)."⁵</p>

¹ Peru - Supplementary Project to the Lima Water Rehabilitation and Management Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_03011704085591.
² Peru - Natural Rural Water Supply and Sanitation Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_02081904011341.
³ Peru - Natural Rural Water Supply and Sanitation Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_02081904011341.
⁴ Saint Lucia - Water Sector Reform Technical Assistance Project http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_01120704034341.
⁵ Uruguay - OSE Modernization and Systems Rehabilitation Program Project (API) http://www-wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_00052705302843.

Middle East

Country	Project	Loan amount (US\$ mil)	Fiscal year	Cost recovery promotion	Privatization promotion	Loan document text
Iran	Tehran Sewage Project Loan	145	2000	X	X	"[T]o further strengthen the sector entities, including the TSC, through organizational and staffing development and to make them financially viable, with the objective of reaching full cost recovery, through the introduction of appropriate tariff structures and adequate tariff levels [...]. To encourage and facilitate private sector participation [...]. In addition, the objective would be to assist in mobilizing private sector participation which, in a second phase (not part of the project), possibly could lead to a Build, Operate and Transfer (BOT) contract for the wastewater treatment works. This could, through joint public and private sector participation, result in more efficient sector operation, which could lead to similar approaches to be pursued by other companies in other parts of the country." ¹
Lebanon	Municipal Infrastructure Project	80	2000	X		"In the proposed project, given the weakness of the municipal sector and the tax collection systems, cost-recovery practices should be introduced starting in those areas that show a more solid municipal budget and more responsive community willingness to contribute to the delivery of services." ²
Lebanon	Baalbeck Water and Wastewater Project	45.53	2002	X	X	"Weak financial resources exist because of inadequate cost recovery and because of unclear and non-transparent regulatory arrangements for setting tariffs. [...] The weak institutional capacity of the water utilities adversely affects operational efficiency and prevents joint planning, prioritization of investments and private sector participation in the sector. [...] Project Development Objective [...] Involving the private sector in the operation and maintenance (O&M) of the water and wastewater facilities; and rationalizing the use of water through the introduction of water meters." ³ "Average tariffs will be initially set at less than O&M and gradually increased so as to reach full O&M cost recovery by 2007." ⁴
West Bank & Gaza	Emergency Water Project	12.5	2004			"Sustainability is addressed through the framework of creating clusters of local joint services councils among the municipalities and villages benefiting from the additional water supplies. Several donors indicated willingness to provide necessary technical assistance to help create such local capacity to operate and manage retail services to the consumers. In addition, the creation of these clusters will facilitate the establishment of a regional utility planned for the long-term, as local conditions improve." ⁵

¹ Iran - Tehran Sewerage Project http://www.wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000094946_0004200546513.

² Lebanon - First Municipal Infrastructure Project http://www.wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000094946_00061705413160.

³ Lebanon - Ba'albeck Water and Wastewater Project http://www.wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000094946_02052204034990.

⁴ Lebanon - Ba'albeck Water and Wastewater Project http://www.wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000094946_02052204034990.

⁵ West Bank and Gaza - Emergency Water Project http://www.wds.worldbank.org/servelet/WDS_IBank_Servelet?pcont=details&eid=000094946_03041004025851.

Yemen	Urban Water Supply and Sanitation Project	130	2003	X	X	“When possible and desirable, water and sanitation services shall be provided by the private sector on cost recovery basis under an appropriate PPP Option.” ¹
Yemen	Rural Water Supply and Sanitation Project	20	2001	X		“[O]rganized exploitation of groundwater, through the introduction of community-managed water supply systems with full cost recovery for operation and maintenance and spare parts, will help reduce water wastage.” ² “[P]roper financial arrangements in place (mainly operation and maintenance (O&M) cost recovery from beneficiaries) [...] should the project work in a small town in which there is a need to empty cess pits and septic tanks, it would be conditional that the local authority provide a suitable vacuum truck (approximately US\$35,000) or contract a private sector service provider [...] S]MTs would help identify private enterprises for O&M and spare parts as potential back-up services. They would bring private partners in contact with the interested communities.” ³

¹ Republic of Yemen - Urban Water Supply and Sanitation Program Project (API) http://www.wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_0207220918199.

² Republic of Yemen - Rural Water Supply and Sanitation Project http://www.wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000009265_3980929101314.

³ Republic of Yemen - Rural Water Supply and Sanitation Project http://www.wds.worldbank.org/serlet/WDS_IBank_Servlet?pcont=details&eid=000094946_00121301431366.

NOTES

- ¹ Mason, E and Asher R. *The World Bank Since Bretton Woods*. The Brookings Institute, Washington, D.C., 1973, p.190.
- ² World Bank Operations Evaluation Department (2002) "Bridging Troubled Waters" p25 [http://wbln0018.worldbank.org/oed/oeddoclib.nsf/View+to+Link+WebPages/033CAC99ECB8122885256AEA0057495B/\\$File/water.pdf?OpenElement..](http://wbln0018.worldbank.org/oed/oeddoclib.nsf/View+to+Link+WebPages/033CAC99ECB8122885256AEA0057495B/$File/water.pdf?OpenElement..)
- World Bank (1993) "Water Resources Management" p9 http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000178830_98101911251888.
- World Bank (1993) "Water Resources Management" p58 http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000178830_98101911251888.
- ³ World Bank Water Week 2004 "Diving into Implementation: The World Bank and Water Resources: Management AND Development" PowerPoint presentation by David Grey, Senior Water Advisor (slide 28) <http://www.worldbank.org/watsan/waterweek2004/opening.htm>.
- ⁴ Millennium Development Goals <http://www.developmentgoals.org/Environment.htm>.
- ⁵ Only two loans in fiscal year 2004 meets that criteria. Furthermore, a loan awarded Niger in fiscal year 2001 and a loan awarded Brazil in fiscal year 2003 were excluded from the analysis given that the loan documents are unavailable (Niger): <http://web.worldbank.org/external/projects/main?pagePK=104231&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P061558> - Brazil: <http://web.worldbank.org/external/projects/main?pagePK=104231&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P078310>.
- ⁶ Millennium Development Goals <http://www.developmentgoals.org/Environment.htm>.
- ⁷ Only two loans in fiscal year 2004 meets that criteria. Furthermore, a loan awarded Niger in fiscal year 2001 and a loan awarded Brazil in fiscal year 2003 were excluded from the analysis given that the loan documents are unavailable (Niger): <http://web.worldbank.org/external/projects/main?pagePK=104231&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P061558> - Brazil: <http://web.worldbank.org/external/projects/main?pagePK=104231&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P078310>.
- ⁸ Russian Federation - Municipal Water and Wastewater Project http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000094946_00121301483492.
- ⁹ Yugoslavia, Federal Republic of (Serbia/Montenegro) - Montenegro Environmental Infrastructure Project http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000094946_01080304114073.
- ¹⁰ Calculated based on the value of the loans.
- ¹¹ Ibid.
- ¹² The Public-Private Infrastructure Advisory Facility (PPIAF) Activities and Outputs "[ALBANIA] Communication Program for Private Participation in Municipal Water and Wastewater" <http://wbln0018.worldbank.org/ppiaf/activity.nsf/DocByUnid/69FFB74D1907373285256CBE00581010?Opendocument>.
- ¹³ Berlinwasser International is owned 50.1% by the City of Berlin and 49.9% of RWE/Thames and Vivendi) and has investments in Budapest, Hungary, China, Azerbaijan, Namibia, Thailand, Vietnam and Turkey. Berlinwasser Elbasan, Albania http://www.berlinwasser.net/ENG/home/products_and_references/references_international/elbasan__albania/index.php.
- ¹⁴ Albania - Municipal Water and Wastewater Project http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000094946_0301300401371.
- ¹⁵ The Public-Private Infrastructure Advisory Facility (PPIAF) Activities and Outputs "[AZERBAIJAN] Private Sector Involvement in the Provisions of Water and Wastewater Services in Greater Baku" <http://wbln0018.worldbank.org/ppiaf/Activity.nsf/DocByUnid/7B470946B18D0BAA85256ADB00516EEC?Opendocument>
- ¹⁶ Azerbaijan - Greater Baku Water Supply Rehabilitation Project (Supplemental Credit) http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000094946_01060104462861.
- ¹⁷ Presentation by lawyer to AMI Water at the World Bank Water Week "Diving Into Implementation" 2004.
- ¹⁸ European Bank for Reconstruction and Development "EBRD investments 1991-2002" p3 <http://www.ebrd.com/pubs/general/invest/invest02.pdf>
- ¹⁹ PADCO, a private company, specializes in legal and regulatory reform, privatization, pricing, billing and collection, decentralization and finance. PADCO Expertise by Core Competencies "Privatization of Urban Services & Utility Restructuring" http://www.padcoinc.com/web_17.htm.
- ²⁰ Azerbaijan Development Gateway "Baku" http://www.gateway.az/cgi-bin/cl2_gw/item.cgi?lang=en&item=20031111102551792.
- ²¹ "PRIVATIZATION IN THE REPUBLIC OF AZERBAIJAN FOR THE PERIOD FROM 1995 TO 1998" <http://www.pangaeapartners.com/azpriv.htm>.
- ²² Azerbaijan Development Gateway http://www.gateway.az/cgi-bin/cl2_gw/item.cgi?lang=en&item=20031111174705663.
- ²³ The Public-Private Infrastructure Advisory Facility (PPIAF) Activities and Outputs "[GEORGIA] Private Participation in Georgia's Water and Wastewater Sector" <http://wbln0018.worldbank.org/ppiaf/activity.nsf/DocByUnid/A18055C88C0DCD6985256C46004586DE?Opendocument>.
- Berlinwasser International is owned 50.1% by the City of Berlin and 49.9% of RWE/Thames and Vivendi) and has investments in Budapest, Hungary, China, Azerbaijan, Namibia, Thailand, Vietnam and Turkey. Berlinwasser Elbasan, Albania http://www.berlinwasser.net/ENG/home/products_and_references/references_international/elbasan__albania/index.php.
- ²⁴ Azerbaijan, Namibia, Thailand, Vietnam and Turkey. Berlinwasser Elbasan, Albania http://www.berlinwasser.net/ENG/home/products_and_references/references_international/elbasan__albania/index.php.
- ²⁵ Hall, David and Emanuele Lobina "Water and privatisation in central and eastern Europe, PSIRU 1999" pp5 -6 <http://www.psiru.org/reports/9909b-W-CEE.doc>.
- ²⁶ European Bank for Reconstruction and Development "mei signed projects" <http://www.ebrd.com/country/sector/muninfra/index.htm>.
- ²⁷ Hall, Dave, Emanuele Lobina, & Robin de la Motte "Water privatisation and restructuring in Central and Eastern Europe and NIS countries, 2002" PSIRU p13 <http://www.psiru.org/reports/2003-03-W-CEENIS.doc>.
- ²⁸ Hall, David and Emanuele Lobina "Water and privatisation in central and eastern Europe, PSIRU 1999" p5 <http://www.psiru.org/reports/9909b-W-CEE.doc>. Additional Hungarian privatizations include Favaroszi Vizmuvek water held by Suez (51%) and RWE/Thames water (49%), Kapososvari utilities managed by Suez (35%) and Pecs water and wastewater, a 25 year concession awarded Eurawasser (Suez). Source Public Works Financing "2003 International Major Projects Survey" October 2002 Volume 177 p94.
- ²⁹ Legal Reform Project <http://web.worldbank.org/external/projects/main?pagePK=104231&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P046046>.

- ³⁰ The Public-Private Infrastructure Advisory Facility (PPIAF) Activities and Outputs “[KAZAKHSTAN] Privatization Strategy for Water Supply Systems in Northeastern Kazakhstan” <http://wbln0018.worldbank.org/ppiaf/Activity.nsf/DocByUnid/B18E4EC2F5F3CC7A85256A2600646F10?Opendocument>
- ³¹ The Public-Private Infrastructure Advisory Facility (PPIAF) Activities and Outputs “[KAZAKHSTAN] Private Sector Options in Water for Small and Medium Sized Cities” <http://wbln0018.worldbank.org/ppiaf/Activity.nsf/DocByUnid/29FB29C62D1BE18F85256AD9005B7599?Opendocument>
- ³² The Public-Private Infrastructure Advisory Facility (PPIAF) Activities and Outputs “[KOSOVO] Private Sector Participation in Water Supply and Sanitation in Gjakove-Rahovec” <http://wbln0018.worldbank.org/ppiaf/Activity.nsf/DocByUnid/08A61D2E0C8EBD9F8525690B006E35EA?Opendocument>
- ³³ Poland - Rural Development Project http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000094946_00032505302294.
- ³⁴ Public Works Financing “2003 International Major Projects Survey” October 2002 Volume 177 p139.
- ³⁵ Ibid, pp139-140.
- ³⁶ Romania - Rural Development Project http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000094946_02030604010440.
- ³⁷ “ROMANIA: Bucharest Water and Wastewater Concession” <http://ifcln1.ific.org/ifcext/enviro.nsf/Content/Water&WastewaterProjects#romania>.
- ³⁸ Public Works Financing “2003 International Major Projects Survey” October 2002 Volume 177 p146.
- ³⁹ Hall, Dave, Emanuele Lobina, & Robin de la Motte “Water privatisation and restructuring in Central and Eastern Europe and NIS countries, 2002” PSIRU pp22-23 <http://www.psiru.org/reports/2003-03-W-CEENIS.doc>.
- ⁴⁰ Public Works Financing “2003 International Major Projects Survey” October 2002 Volume 177 p148.
- ⁴¹ The Public-Private Infrastructure Advisory Facility (PPIAF) Activities and Outputs “[TAJKISTAN] Private Sector Participation in Water Supply” <http://wbln0018.worldbank.org/ppiaf/Activity.nsf/DocByUnid/A6976E07882AA8CE8525696D005BC0F7?Opendocument>.
- ⁴² Tajikistan - Dushanbe Water Supply Project http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000094946_0206060403145.
- ⁴³ The Public-Private Infrastructure Advisory Facility (PPIAF) Activities and Outputs “[UZBEKISTAN] Private Sector Participation in the Water Sector” <http://wbln0018.worldbank.org/ppiaf/Activity.nsf/DocByUnid/F8516BDB8EAA0B428525696D005BD2F8?Opendocument>.
- ⁴⁴ Staddon, Chad “PRIVATISATION AND ACCESS TO WATER RESOURCES IN POSTCOMMUNIST EASTERN EUROPE” Submitted to Water Science and Technology <http://www.riverfestival.com.au/2002/files/symposium/StaddonChad.doc>
- ⁴⁵ Urban Infrastructure & Service Delivery <http://web.worldbank.org/external/projects/main?pagePK=104231&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P083353>.
- ⁴⁶ Tbilisi Water Supply <http://web.worldbank.org/external/projects/main?pagePK=104231&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P049171>.
- ⁴⁷ Armenia: Municipal Water and Wastewater <http://web.worldbank.org/external/projects/main?pagePK=104231&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P063398>, Kazakhstan: Northeastern Kazakhstan Water Supply and Sanitation Project <http://web.worldbank.org/external/projects/main?pagePK=104231&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P070008>.
- ⁴⁸ AIDWATCH “Media release: Billions spent on wasteful, harmful Asian Development Bank projects” http://www.aidwatch.org.au/index.php?current=68&display=aw00412&display_item=1.
- ⁴⁹ Calculated based on the value of the loans.
- ⁵⁰ Ibid.
- ⁵¹ Asian Development Bank (2002) “INITIAL COUNTRY STRATEGY AND PROGRAM (2002-2004) AFGHANISTAN” p6 <http://www.adb.org/Documents/CSPs/AFG/2002/default.asp>.
- ⁵² The Public-Private Infrastructure Advisory Facility (PPIAF) Activities and Outputs “[CAMBODIA] Private Versus Public Provision of Water in CAMBODIA: What Are the Results?” <http://wbln0018.worldbank.org/ppiaf/activity.nsf/DocByUnid/D46416AC3C91D4C58525681600483051?Opendocument>.
- ⁵³ Cambodia - Provincial and Peri-Urban Water and Sanitation Project http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000094946_03041004024444.
- ⁵⁴ Chairman Cai Lai Xing of Shanghai Industrial Holdings Ltd in *Global Water Intelligence* Volume 4, Issue 11, November 2003 p16.
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Public Citizen

215 Pennsylvania Ave SE, Washington DC 20003 tel. +1-202.588.1000
1615 Broadway 9th floor, Oakland, California 94612 tel. +1-510.663.0888
www.citizen.org
e-mail: cmep@citizen.org