

Defend the Global Commons

Water is Life! Safe and Affordable Water is a Human Right!

Defending Water as a Common Resource

Norway Pulls Support from World Bank Privatization Fund



In February Norway announced that it will pull all funds from the World Bank based Public Private

Infrastructure Advisory Facility (PPIAF) starting July 2007. Since 1999 Norway has contributed \$2.85 million to the facility. Norway was the sixth largest contributor. The United Kingdom provides more than half the PPIAF budget.

PPIAF consultants have promoted privatization of water utilities around the world. Even as privatization projects faltered, PPIAF trained journalists to report favorably on infrastructure privatization and held workshops that promoted privatization to local and national decision makers. PPIAF has been involved in almost every single World Bank loan that has conditioned on water privatization to sovereign governments in return for funds.

The Norwegian withdrawal comes at a time when government representatives to the World Bank are discussing future funding policies. The funding runs in three-year cycles. In the past, U.S. activists have been successful in stopping World Bank unfair conditions related to healthcare fees. This time around water activists are gearing up to hold our governments accountable and demand that

the World Bank stop conditions to increase cost-recovery tariffs and privatization.

More information about PPIAF is available in:

Will the World Bank Back Down?
<http://www.foodandwaterwatch.org/water/pubs/reports/worldbank>
 and *Down the Drain* (WDM/FIVAS):
<http://www.wdm.org.uk/campaigns/water/indepth/index.htm>



No more money down the drain

Dear Reader

I am delighted to welcome you to the new edition of Defend the Global Commons. I know you are going to enjoy our great new layout, designed to get you the information you need in an even more timely and accessible format.

I am a proud board member of Food & Water Watch and have come to rely on this excellent publication for up-to-date information on the global struggle to defend local water sources and assert the universal right to water for all.

Food & Water Watch has become an indispensable member of the global movement to defend the right to water as well as the leading voice in the United States fighting the private takeover of Americans' most precious resource and working with local communities across America to keep local water sources in public hands.

This edition, with updates from around the world and across the nation, is chock full of great new material. By reading - and supporting - Defend the Global Commons, you are taking part in the most exciting and inspirational movement in the world. Welcome.

*Maude Barlow
 Council of Canadians*

**Celebrate World Water Day March 22 – visit
www.foodandwaterwatch.org to TAKE ACTION**

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Imminent World Court Ruling on Water Rights

Lawyers have less than a month to submit their final arguments to an obscure World Bank court, which will, in closed session on April 16, rule on a question that could influence international water policy for decades to come.

Should Tanzania, whose economy is the 15th poorest in the world, have to pay a multimillion-dollar penalty for deciding to terminate its contract with a British water corporation that defaulted on the contract in 2005? The firm, Biwater, says that Tanzania's decision deprived it of as much as \$25 million in "future... profits."

The Tanzanian government contracted with Biwater in 2003 after the World Bank, as a condition for a \$61 million loan, required the coun-



Informal water vendors pull small carts with jugs full of water.

try to privatize water delivery in the capital, Dar es Salaam.

providing water in areas that were already receiving piped water, mostly middle- and high-income neighborhoods.

The contract did, however, require the company to establish a fund to finance special projects for serving the poor. But Biwater never deposited any funds for the projects. Neighborhoods not served by Biwater were forced to depend on wells and informal water vendors reselling the Biwater supply. Those relying on water vendors pay as much as twenty times the price of those connected to a formal network.

The water contract in Tanzania was a flagship project and one of the most ambitious in Africa. But it quickly became a massive failure that should provide a lesson for policy makers in the World Bank, the International Monetary Fund and elsewhere.

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Today, Tanzanians' access to the water they need to survive, much less thrive, has been all but sucked dry. After Biwater took over water tariffs soared, while water quality deteriorated. Worse, promised extensions to poor neighborhoods didn't occur and customers continued to receive bills without receiving water.

The tragedy should have come as no surprise, for when the contract was written, the needs of the country's most water-starved residents were largely ignored. The contract defined "service areas" that excluded the poorest, largely unserved, neighborhoods. Instead Biwater was mainly responsible for

March 18-20: the World Water Assembly for Citizen's and Elected Officials is meeting in Brussels. It is the first global meeting that will bring together elected representatives, unions, and civic organizations promoting the right to water. The Assembly will discuss practical solutions to promote access to water and implement participatory structures in water management.

March 24-25: Peru will host the second hemisphere wide assembly of the Inter-American Watch for the Defense and Right to Water (Red VIDA). The assembly, titled *Toward New Models of Public & Community Management of Water*, will be part of a series of events organized in Lima to celebrate International Water Day.

Will You Be My Valentine?

The Citizen's Public Service Observatory is charging that Interagua, the company that runs the water system in Guayaquil, Ecuador, is too cozy with the government appointed council, ECAPAG, that regulates the utility and sets rates and performance standards. To illustrate the situation, the Citizen's Observatory held a mock Valentine Day's wedding between Interagua and ECAPAG.

The company, a subsidiary of U.S. based Bechtel, refuses to use its own funds to make needed drinking water and storm drainage systems improvements. Instead, guayaquilenos will pay almost US\$300 million in the next five years in taxes to fund these projects. Meanwhile, Interagua will be making an enormous profit – an estimated US\$ 80-100 million.

The Citizen's Observatory demanded that General Manager of ECAPAG resign immediately. Cesar Cardenas, the President of the Citizen's Observatory, insists Interagua's contract be revoked. Cardenas wants to see the Constitution changed to make water a right and that the government be held responsible for providing water for all.

Colombian Citizens Seek Constitutional Amendment on Water Rights

Sixty unions, environmental, scientists and users groups are promoting a referendum on a Constitutional amendment that would put a stop to water privatization and establish water as a fundamental human right. The alliance is alarmed by dramatic increase in water prices across the country since cost-recovery tariffs and privatization were introduced. Bogotá, Colombia now has the highest water rates in South America.



The alliance plans to collect more than a million signatures to push for a vote in Congress. If the congressional initiative is rejected the proposal could go to a popular vote.

Struggling to Pay for Water in the United States

More than 86% of Americans get their household water from a public utility. But public utilities are struggling to come up with the money to meet federal clean water standards and properly maintain their water systems.

As pipes and treatment systems age, more and more sewage spills into streams, rivers, lakes, and oceans, creating serious public health hazards. Population growth has put even more strain on water systems.

The National Research Council recently warned that Americans should expect more water-borne disease outbreaks if there are not "substantial investments."

Under U.S. water law, the government has an obligation to fund improvements. But there is currently a shortfall of more than \$22 billion per year between the funds available and what is needed to keep water safe for human and environmental health. And nearly every year, the U.S. Government cuts funding.

The struggle to pay has led many communities to consider privatization – a solution that the U.S. Government is strongly supporting. But those communities that have privatized have seen rates increase, water quality suffer, and customer service decline.

Food & Water Watch is pushing to increase the amount of money that is available through current programs, and also to create a new, dedicated funding source.

It's time to fill the funding gap with a trust fund – a dedicated funding source and sustained commitment to clean and safe public water.

Read more about the work on:
www.foodandwaterwatch.org/water/americaswater

Defend the Global Commons is available on the Internet at www.foodandwaterwatch.org in three languages: Spanish, English, and French.

If you have updates or comments for the next newsletter please contact us on water@fwwatch.org.

American Water and the U.S. Movement for Local Control of Water



A working mother of three—we'll call her Jan—makes her way through the crowd of 180 neighbors packed into the Blendon Township Senior Center on this Tuesday night, and approaches the podium. A friend hands Jan a shopping bag. She reaches in and pulls out something bulky, revealing a water filter that after only 17 days had filled up with brown muck.

This is Jan's testimony. Why should Ohio American Water, subsidiary of American Water and RWE, be awarded a rate increase when the company continues to deliver brown water to her family? She and 29 other citizens testify this evening, raising similar questions.

"They have a monopoly and are robbing us," one neighbor said. "If this company cannot provide us with good water for a reasonable price, then they need to fold up business here and we should tap into Columbus or Westerville for water and sewer. If there was a disaster in our water supply, where would we get our water? We'd get it from Columbus or Westerville. Well, this is a disaster."

These Ohio citizens are not alone in their frustration with American Water, the largest private water company in the United States. After the German utility conglomerate RWE purchased American Water in 2003, many customers saw their water bills skyrocket and the quality of customer service plummet.

Now, just four years later, RWE is turning around and selling American Water. RWE plans to sell American Water to Wall Street investors later this year. To explain his company's move, RWE's CEO Harry Roels told the Wall Street Journal in 2006 that water "is a very local business." He went on to say that a multinational firm like his "just doesn't have outstanding advantages."

What does this mean for American Water's customers? For one, it means that they will have to bear the high costs of this new transaction, essentially paying for the mistakes that RWE made. Furthermore, American Water's customers will be subjected to the uncertainties that accompany yet another change in control of an essential service.

Tiring of being the hot potato that gets tossed from one corporation to the next, more than a dozen U.S. communities are exploring a possible purchase of their local water system from American Water. In doing so, they are breaking new ground for public participation in local water policy.

In February, the San Lorenzo Valley Water District in Northern Santa Cruz County, California, filed a lawsuit against California American Water that members of the grassroots organization Felton FLOW hope will be the final step to reclaiming local, public control over their water. Members of FLOW, which stands for Friends of Locally Owned Water, knocked on every door in Felton to build support for local ownership of water. In 2005, 76% of Felton voters chose to raise money to buy the water system from Cal-Am. Having refused to come to the table to negotiate Felton's offer of \$7.6 million, Cal-Am now finds itself in court.

Other approaches to reclaiming local control of water are being discussed in Illinois, Tennessee, Indiana and elsewhere. While American Water struggles to hold on to some of its utilities, the company is finding that it isn't always easy to strike new business deals. In Knox, Pennsylvania and O'Fallon, Missouri, citizens have spoken up at City Council meetings in opposition to the privatization of their water services. And in Fillmore, California, 150 people rallied in February against an expensive new sewage plant deal with American Water, just a couple weeks after their mayor and American Water's CEO, Don Correll, touted the benefits of such deals at a meeting of U.S. Mayors.

As Mr. Correll prepares his company for its Wall Street debut later this year, his customers will be watching to make sure that potential investors know the full story of this company's record in the United States.

The World Bank's focus on privatization wasted a decade that could have been spent improving water access for the poor. Instead, World Bank funds benefited large companies that were unable to meet the needs of the local population.

Our greatest challenge is to bring water to the 1.2 billion people across the globe who currently do not have proper access. Subsidies for water provision must be clearly designed to reach the poor, not to benefit richer parts of the population who usually already benefit from piped water services. It is time to abandon failed policies and stop pushing countries to privatize water services.

We hope you like the new design. Defend the Global Commons is still available for free. You can sign up to receive Defend and other updates from Water for All on water@fwwatch.org.

In the future Defend the Global Commons will appear quarterly. Please send us your comments!