

# BEHIND THE WORLD BANK'S SPIN: PRIVATE WATER'S FAILURES IN MANILA AND NAGPUR



Photo by Kuni Takahashi

**The World Bank's flagship "success" stories—in Manila, Philippines and Nagpur, India—are not what they seem.** The World Bank's private investment arm, the International Finance Corporation (IFC), is aggressively promoting these public-private "partnerships" (PPPs) as the new "solution" to the crisis facing the 1.8 billion people in need of safe, clean water today. But the dark reality is that PPPs are just privatization under a new name, producing the same dire results as before: rate hikes, sporadic access, unsafe water, and infrastructure neglect. In short, PPPs have left a trail of broken promises that have put millions more lives at risk.

**IMAGE:** Low-income residents in Nagpur, India have anywhere from limited access to clean water to none at all. Here, residents rely on water tankers that come only once every other day.

# The World Bank's go-to success story

Behind the spin: Unreliable access, unaffordable rates, and dirty water

The World Bank markets its 1997 privatization of Manila's water system to public officials as a model to replicate around the world. But the system improvements that have been achieved have come at a devastating cost to residents and democratic control of water. Public officials now face corporate challenges to their right to govern the system. What's more, the project fails to deliver on its promises of infrastructure investment and universal access to safe drinking water.

“Calling the Manila Water project a success smacks hard against the fact that the water corporations continue to fail in securing Manila's water needs. Much of the Metro's population still suffers from poor water service and inadequate coverage, which is a biting reality considering the enormous debt incurred by the government to finance private water projects. In the end, the water corporations continue to make profits despite their floundering performances while the

government is saddled with debt obligations that are being subsidized by the taxpayers.

“If the government had spent that same money to finance the infrastructure we desperately need, Manila would be light years ahead in the struggle to provide safe water. My message to other governments is clear: turn down the IFC. You don't want to follow in our thirsty footsteps.”

REP. IBARRA “BARRY” GUTIERREZ III | AKBAYAN PARTY, HOUSE OF REPRESENTATIVES, PHILIPPINES



Increased bill collections and rates hiked more than five-fold have made drinking water unaffordable for Manila's low-income people. Here, residents of Quezon City, Metro Manila demand the immediate implementation of rate cuts.



“Seventeen years after Metro Manila's water service was privatized, the water corporations still refuse to bring pipes into poor communities like ours. After years of waiting, we have been forced to make do with sub-standard PVC connections that we ourselves have to put up and maintain. How can this be called a success story when poor families have to pay more than the rich just to get water flowing from their taps?” – Mercedes Donor, resident of a low-income community within Metro Manila's East Zone Concession Area.



# The World Bank's new poster child for privatization

Behind the spin: Price hikes, water shut offs, and multiple breaches of contract

The World Bank is marketing its PPP in Nagpur as the exemplary model to replicate in cities across India. But the private scheme has repeatedly failed to deliver on its promised infrastructure improvements. Low-income residents have endured multiple project delays, inequitable water distribution, and service shutdowns. What's more, allegations of corruption and illegal activity, ongoing protests by residents, and direct testimony from public officials abound: all clear indications Nagpur is far from the success promoted by the World Bank.

“The results of Nagpur’s PPP project—and the PPP in Delhi—are less than encouraging, and a far cry from the solutions they were thought to be. The water corporations are not obligated to invest much into infrastructure, yet they are guaranteed profits before any actual progress is made. Worse, the corporations have failed to complete their contractual commitments to improve water service and ensure regularity,

reliability, quality, and efficiency. Instead, increased water tariffs have fueled the high profit margin of the private operators.”

**S. A. NAQVI** | CONVENER FOR CITIZENS FRONT FOR WATER DEMOCRACY AND NATIONAL COORDINATOR OF THE NATIONAL PLATFORM AGAINST WATER PRIVATISATION



Throughout Nagpur, the water concessionaire has repeatedly failed to meet its deadline to complete the contractually obligated infrastructure investments. Pictured here is one of many water pipe construction sites on hold.



This resident of Nagpur, pictured here washing dishes outside her house, receives water only for 30 minutes to one hour, every other day, and with weakened water pressure.

# > THE PATH FORWARD

## Strong, public water systems



Public officials in Nigeria, India, and other places targeted for World Bank expansion have every reason to be skeptical when considering research and services offered by the IFC, private water corporations, or both. The most important consideration is this: in whose interests does the system run? Does the operation of a water supply system prioritize profit or the welfare of residents?

The word “partnership” implies that each partner shares a common goal. For governments, the goal is universal access to water. For a private corporation, the priority is generating shareholder

profits and minimizing its risks, rather than investing in necessary infrastructure.

Water is a fundamental human right. As such, it should be managed by government as a public good, not delegated to corporate control. Indeed, once cities realize that the pitfalls of PPPs outweigh any short-term benefits they might provide, they often face uphill battles to regain control of their water systems. Even so, municipalities across the world from Berlin to Paris to Jakarta are successfully taking their water back and reversing the harmful impacts of water privatization that have devastated communities worldwide.

“For years Paris was not only the home for private water giants Suez and Veolia, but also the poster child for water privatization in cities across the globe. But in 2010, Paris ended twenty-five years of mismanagement by the private sector when it took its water back into public hands. The remunicipalization of our water has been a resounding success from both a financial and human rights perspective. We have regained financial mastery of the service, reduced water rates, developed a long-term investment program, and implemented social and environmental policies. And, crucially, we have bolstered democratic governance of the water service as a whole.”

**ANNE LESTRAT** | FORMER DEPUTY MAYOR OF PARIS IN CHARGE OF WATER AND FORMER PRESIDENT OF EAU DE PARIS (PARIS’S PUBLIC WATER UTILITY)



Residents in Nagpur voice their complaints about water delivery to their community under Orange City Water Limited. Under this scheme, people are guaranteed water delivery only once a day for half an hour.

Further information about Manila, Nagpur, and the World Bank’s misleading marketing of PPPs is available at [www.stopcorporateabuse.org/Behind-World-Bank-Spin](http://www.stopcorporateabuse.org/Behind-World-Bank-Spin). Please contact [info@stopcorporateabuse.org](mailto:info@stopcorporateabuse.org) for more information on keeping your water public.