

SECRET REPORTS AND PUBLIC CONCERNS
- a reply to the USAID paper on water privatisation 'skeptics'

by

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Most of PSIRU's research is published on its website, www.psiru.org. It is centred around the maintenance of an extensive database of information on the economic, political, financial, social and technical experience with privatisation and restructuring of public services worldwide, and the multinational companies involved in these processes. This core database is financed by Public Services International (PSI - www.world-psi.org), the worldwide confederation of public service trade unions.

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1 Introduction

On 21st March 2002 there was a private meeting of “Partnering for Sustainable Water Supply and Sanitation” - a group of businessmen, including representatives from Ondeo, RWE-Thames, and Severn Trent, civil servants and others. They discussed the development of business opportunities in water and sanitation in South Africa, Nigeria, and Uganda: although the organisation was created to develop innovative approaches in water and sanitation “directed at the poor”¹, the poor were not mentioned at the meeting. It was the group’s sixth meeting, and they agreed to adopt a new name: “Partners in Africa for Water and Sanitation (PAWS)”.

At the end, a document was circulated, prepared by a USA consultancy called Padco, entitled “A Review of Reports by Private-Sector-Participation Skeptics”, consisting largely of a critique of some PSIRU reports on water privatisation.² Its stated purpose was to help persuade South African municipalities that privatisation of water is not a bad idea.

This is a response both to the context of the paper as well as its contents:

- the context of international, state-financed support for water privatisation in South Africa
- the context of secret reports avoiding public scrutiny, and the suppression of public criticisms of privatisation.
- the weakness of the arguments in the paper itself.

2 Public finance for private briefings

2.1 USAID support for private water in South Africa

The Padco document was produced and distributed as a confidential paper to support private interests. Yet it concerns an issue of great public interest, the impact of the private sector in water and sanitation services. And it was funded by public sector resources and taxpayers’ money – in effect, no less than three governments were involved: the USA, UK, and South Africa itself.

Politically, the South African government has been under strong internal pressure to retain a commitment to public sector provision of water and sanitation, whilst it is now seeking to encourage, with support from the World Bank and others, more private sector involvement in developing water and sanitation. Advice and support for municipal services is provided through the Municipal Infrastructure Investment Unit (MIIU), which is wholly owned by the government of South Africa.

Under the municipal services framework, local authorities have a choice: they “can enter into partnerships with other public sector entities, the community, or the private sector.”³ And at this point the political resistance to privatisation shows itself: “MIIU has often been confronted by claims from some groups that few or even no PSP arrangements in the water sector worldwide has been successful.”⁴

2.1.1 Padco: long-term advisor

It was this resistance that prompted the commissioning of the Padco report, which was financed by the USA Government’s development agency USAID.⁵ The objective, as stated by Padco, is to help MIIU to maintain a pro-private stance in this internal South African debate: “MIIU has often been confronted by claims from some groups that few or even no PSP arrangements in the water sector worldwide has been successful” and so asked Padco “which has been providing long-term advisory services to MIIU through USAID funding, to review and respond to these claims”.⁶

As this implies, USAID has financed Padco to do much else with infrastructure finance in South Africa. The most general project is described by Padco themselves as “providing long- and short-term technical assistance to the MIIU to support the creation of a sustainable framework for private infrastructure investment in the Republic of South Africa”⁷. Padco have also helped convince doubters by travel therapy,

organising a USAID funded study tour “for 12 South African officials to observe the workings of public-private partnerships — primarily in water utilities — in South America and Australia. PADCO selected host municipalities with relevant MSP activities, arranged the program and logistics, provided all administrative support for the tour, and compiled a final report on the activity.”⁸

Padco can speak with confidence about MIIU, since according to their fellow USA-consultants, RTI “RTI and PADCO created the MIIU as a non-profit company, with its own CEO and Board of Directors, and began laying a foundation for a mature financial market that will facilitate the flow of private capital into municipal infrastructure projects”.⁹

2.2 OFWAT – briefing Canadian privatisation campaigners

A similar example of a state-funded body providing support for pro-privatisation campaigns occurred last year. There was a public enquiry in Canada into water, and one of the recognised stakeholders, the Canadian Union of Public Employees (CUPE) commissioned a report from PSIRU on the experience with water privatisation in the UK: this was submitted by CUPE to the enquiry.¹⁰

The Canadian Council for Public-Private Partnerships, a private sector pressure group which favours water privatisation, disliked the fact that the PSIRU report was critical of many aspects of the UK experience. Instead of submitting their own review, however, they simply contacted the UK taxpayer-financed regulator, OFWAT. OFWAT obliged by providing, free of charge, a pro-privatisation briefing in a letter addressed to “Ms J Peatch, Executive Director, The Canadian Council For Public-Private Partnerships..” and starting “Dear Jane....”.¹¹

It is of course welcome that there should be a public discussion of different views of the results of UK water privatisation. What is surprising is that privatisation advocates in Canada should be provided free support from the UK taxpayer.

3 Secrecy and suppression

3.1 Secret commercial reports – weak and undemocratic

Despite the public funding, the Padco document itself is not published on any website in the world. There is no trace or mention of it on the USAID website, nor on Padco’s website. The only Padco product shown on the MIIU website is a presentation on how to make water privatisation work.¹² It is in effect treated as a confidential document with a restricted circulation.

This is a serious limitation. It means that those who financed it (USA taxpayers) and those who are interested in it or affected by it (South Africans) have no access to it. It purports to be a criticism of the very public reports published by PSIRU and others, and yet it consciously avoids being available for public scrutiny itself. It does not therefore contribute to any public process of debate, it is intended as a ‘commercial advantage’ briefing for MIIU, to give the defenders of privatisation access to advice which was not available to the critics.

Privatisation policies are frequently introduced on the basis of consultant reports which are intended to remain secret. This practice obviously hinders democratic debate, but it also leads to bad quality reports and bad advice. No public exposure means that documents are not subjected to rigorous criticism. Flawed assumptions remain unchallenged, inadequate evidence is not critically evaluated, incompetent work is not exposed, alternative policy options are submerged.

Yet secrecy is the normal environment for consultants’ reports on water privatisation and many other issues. When they do emerge into the light of day, the contents may look less impressive. Two examples illustrate the problem.

- Pricewaterhousecooper (PCW) produced a report on water privatisation for the Austrian government in 2001. It was initially secret, then leaked, and finally officially released. The problems with the report included: inaccurate and incomplete data, unsustainable assumptions, and failure to recognise the importance of local factors.¹³ It is impossible to

know whether the same problems afflict the other, confidential, reports on water which PCW have done for many countries.

- Ernst & Young, commissioned to carry out an environmental impact assessment (EIA) in India, was caught simply copying another organisation's EIA on another project. This was identified by a vigilant environmental NGO, which has published the evidence on its website.¹⁴ When reports are kept secret, it is impossible to know how many have been simply plagiarised.

3.2 Libel laws used to suppress debate

The water companies have actively sought to suppress critical public debate on privatisation by their use of libel laws. This has mainly been aimed at restricting public discussion of the incidence of corruption in water concessions, but also more broadly at restricting discussion of companies' difficulties.

Suez is currently pursuing libel action against Radio France and an individual contributor because of a reference in a broadcast in 2001 to the use of corruption by French water companies in obtaining water concessions in France¹⁵. This case is due to be heard in Paris in October 2002. The effect of such a case is to deter critics, and suppress publications, for fear of legal action. It is the public interest which suffers.

Suez has taken legal action to prevent the public discussion of problems on at least two other occasions:

- in 2000 Suez' concession at Potsdam in Germany was terminated, less than 3 years after it started, because Potsdam were unwilling to allow the price rises demanded by Suez' subsidiary. Suez insisted not only on compensation for loss of future profits, but also on a gagging clause so that Potsdam officials are not allowed to discuss the termination and the reasons for it.¹⁶
- In 1995 Suez (then Lyonnaise des Eaux) took a libel case against a Euro MP, Thierry Jean-Pierre, who had written in a booklet that 80% of all the political corruption in France was attributable to two groups, which he did not name. However the court agreed that he obviously meant Lyonnaise des Eaux (now Suez) and Generale des Eaux (now Vivendi), and Lyonnaise were awarded 1 franc (10 cents) for the damage to their reputation.¹⁷

The English company Biwater (joint owners of Cascal) has also taken libel action against media criticism.

- threats of legal and economic action were used to obtain an apology from South African television (SABC) over a news item on the company, which Biwater had refused to contribute to. On the 17th November 1997 Biwater issued a press release which complained about the broadcast and stated: *"Until an apology and corrections are issued by SABC3, parent company Biwater plc in the UK has indicated its intention to withhold its R200million investment in the proposed pipe factory in Brakpan, Johannesburg, which was to have created jobs for several thousand local people. The company will also take steps to clear its name through legal action."*¹⁸ This warning had the desired effect, and SABC broadcast a long apology.
- In April 1998 Biwater issued letters threatening libel action against internet sites unless they withdrew certain items about the company. Subsequently extensive critical research on Biwater's background and record was published widely across the internet, and the company has taken no further action.¹⁹

4 Public resistance

4.1 Limited view of opposition

Another weakness of the Padco report is their very restricted view of opposition to, and criticism of, water privatisation. It names ten groups as being very critical of PSPs. This list includes USA trade unions, South African trade unions, PSI, and research units including PSIRU and Ilrig (a South African research unit).²⁰ But this list is hopelessly incomplete. In the first place, it omits opposition to the water privatisation that

comes from many organisations in many countries around the world. Secondly, it ignores critical work on water privatisation that is being published by an increasing number of researchers around the world.

One reason for this limited perception of opposition is the report's limited explanation for opposition, which it identifies solely with ideological resistance to change. Padco says that it acknowledges "the legitimate political nature surrounding the controversy generated", and then implies this is because of resistance to change and that it is based on "political philosophies". By contrast it claims that the Padco paper itself is based on a "factual, analytical, and quantitative review" and supported by references to "substantial economic theory and best practices" – a claim which can be judged against the review of the paper's arguments below.

4.2 Resistance and alternatives

Resistance to water privatisation has been widespread and taken many forms in many countries. The opposition has come from many sources, not only – not even mainly – labour. In many cases this resistance has included support for and development of viable public sector alternatives.

Two recent rejections of privatisation illustrate the range of opposition. One case was the city of Poznan in Poland (pop 650,000). In May 2002 the city council unanimously rejected a proposal to privatise their water services, because the city had already improved the efficiency of its water services, and had obtained investment finance from various sources including the European Investment Bank (EIB) and so what would have been the point of privatising?²¹

The other is the country of Paraguay: in June 2002 the Paraguay parliament voted by 32 to 7 to suspend indefinitely the privatisation plans for the state-owned water company Corposana. The proposal to privatise Corposana had been driven by fiscal motives, in order to comply with IMF targets: its rejection was hailed as "*una gran victoria contral el FMI, el BM, la globalización y el neoliberalism*" ('*a great victory against the IMF, the World Bank, globalisation and neoliberalism*').²²

These follow many other cases in developed and developing countries alike. The table below shows a number of the countries and cities which have rejected privatisation proposals, or terminated private concessions and reverted to public sector services. This happened for a range of reasons, including efficiency, environmental concerns, better financial possibilities in the public sector, and political concerns.

The opposition and criticism comes not just from labour, but includes environmentalists, consumer groups, citizens' organisations, elected politicians frustrated by conditionalities. The reasons for the breadth of this opposition are easy to find in any campaign – a belief that water supply is an essential service, which should be public, that companies should not be allowed into a position where they can profit from their monopoly of vital resource. It also includes reaction against what is usually perceived as a foreign private capture of a vital national service, and resentment of the imposition of conditionalities by the World Bank and IMF.

The current campaign in Brazil is an example of the breadth of opposition. The Frente Nacional pelo Saneamento Ambiental [National Front for Environmental Sanitation] – FNSA - brings together 17 entities⁵

⁵ FNU/CUT - Federação Nacional dos Urbanitários (National Federation of Urban Services Workers); ABES - Associação Brasileira de Engenharia Sanitária e Ambiental {Brazilian Association of Sanitary and Environmental Engineering}; ASSEMAE - Associação Nacional dos Serviços Municipais de Saneamento Ambiental [National Association of Municipal Services of Environmental Sanitation Services]; FNRU - Fórum Nacional da Reforma Urbana [National Urban Reform Forum]; CMP - Central dos Movimentos Populares [Popular Movement Center]; MNLN - Movimento Nacional de Luta pela Moradia [National Movement for the Struggle for Housing]; UNMP - União Nacional por Moradia Popular [National Popular Housing Union]; FASE - Federação de Órgãos para Assistência Social e Educacional Federation of Social Assistance and Educational Organs/ Observatório de Políticas Públicas e Gestão Municipal [Observatory of Public Policy and Municipal Administration]; ANSUR - Associação Nacional do Solo Urbano [National Urban Land Association]; POLIS - Instituto de Estudos Formação e Assessoria em Políticas Sociais [Institute for Training and Assistance in Social Policies]; IDEC - Instituto Brasileiro de Defesa do Consumidor [Brazilian Consumer Defense Institute]; FISENGE – Federação Interestadual de Sindicatos de Engenheiros [Interstate

of organized civil society - unions, sectoral entities, managers, professional associations, NGO's involved in urban reform, social control and consumer defense and social movements.

4.2.1.1 Opposition to privatisation of water: some worldwide examples

Year	Country	City	Event
2002	Brazil		Continuing campaign
2002	Ghana		Continuing campaign
2002	Indonesia		Continuing campaign
2002	S Africa		Continuing campaign
2002	Paraguay	All	Privatisation proposals rejected
2002	Poland	Poznan	Privatisation proposals rejected
2001	Argentina	BA Province	Termination of privatisation
2001	France	Grenoble	Termination of privatisation
2000	Bolivia	Cochabamba	Termination of privatisation
2000	Germany	Potsdam	Termination of privatisation
2000	Mauritius	all	Privatisation proposals rejected
2000	USA	Birmingham	Termination of privatisation
1999	Brazil	Rio	Privatisation proposals rejected
1999	Canada	Montreal	Privatisation proposals rejected
1999	Panama	all	Privatisation proposals rejected
1999	Trinidad	all	Termination of privatisation
1998	Germany	Munich	Privatisation proposals rejected
1996	Argentina	Tucuman	Termination of privatisation
1996	USA	Washington DC	Privatisation proposals rejected
1995	Honduras	Honduras	Privatisation proposals rejected
1995	Hungary	Debrecen	Privatisation proposals rejected
1995	Sweden	Malmo	Privatisation proposals rejected
1994	Poland	Lodz	Privatisation proposals rejected

Source: PSIRU database

5 Limitations of Padco paper

5.1 Prices

The content of the Padco paper now needs to be addressed. The paper consists of a mixture of counter-assertions, relying on the weight of the 'official line', supported in some cases by reference to evidence. It is selective and patchy, which may be excused by constraints of time and the limits of the US government budget. But it also fails to subject its references to critical examination, resorts too much to rhetoric, and has no plausible analysis of what forces drive the economics of privatised water.

The paper's comments on prices show this well. They create an over-simplification of PSIRU's view on prices, which they then criticise by saying that prices rise under privatisation "because the prices were too low to begin with" – which they explain as meaning that "Prices were not enough to cover costs of operating and maintaining the system". But this is just a certain policy on water pricing ('full cost recovery' – which a water multinational's CEO has recently dismissed as impossible in developing countries²³), not 'the reason' why prices go up.

Federation of Engineering Unions]; OAB – Ordem dos Advogados do Brasil [Order of Brazilian Attorneys] (Taboão da Serra-SP Section); SEESP - Sindicato dos Engenheiros do Estado de São Paulo [Engineers Union of São Paulo State]; SENGE-RJ – Sindicato dos Engenheiros de Rio de Janeiro [Engineers Union of Rio de Janeiro]; AESABESP – SABESP Engineers Association of the São Paulo Sewerage and Water Authority]; APU – Associação dos Profissionais Universitários da SABESP [Association of University Professionals of SABESP]; Água e Vida [Water and Life].

The key question about privatisation and prices is what new factors are brought into play, how do they affect prices, and what are the consequences. One factor is government's desire to make the business more attractive to investors, which leads governments to increase prices *before* privatisation - as happened in Buenos Aires, for example.²⁴

Another factor is the profit-maximisation of MNCs, and how this is pursued in the context of a 30-year monopoly in an essential service. Padco, like most supporters of privatisation, feel this question cannot be discussed. But it is a central problem for the pro-privatisers, who may be the only group of people in the world who believe that MNCs would not take advantage of their monopolies as much as possible.

This refusal leads Padco into a ridiculous position on the profitability of concessions, where they believe companies operate for a decade or more without any return to shareholders. (see below)

5.2 Efficiency argument – but inefficient research

Padco treats the question of the relative efficiency of public and private water operators as a key question. They state at the outset that “the evidence on the efficiency of private sector is extremely strong and compelling.” (p.2), which they then demonstrate to be untrue by use of evidence which is neither strong nor compelling.

5.2.1 Shirley and Walsh – not much water

They firstly quote a WB study by Shirley and Walsh²⁵ (which is captioned ‘not to be quoted’, but available on the web), and claim that out of 24 comparative studies in infrastructure, half found private efficiency superior, 7 no difference, and only 5 found the public sector superior.

But Padco fail to note that in the Shirley/Walsh paper, only 2 of these 24 studies concerned the water industry, both carried out in 1970s: one of them, in the USA alone, with a sample size of 2, is said to have concluded that private was more efficient; the other, with a sample size of 214, found that public sector performance was superior. This cannot really be said to show that private water companies perform better in water.

Shirley/Walsh are in any case inclined to give a generous, pro privatisation, interpretation of the evidence: they classify a Newbery/Pollitt study on electricity privatisation in the UK as ‘neutral’, although, as they partly admit in a footnote, the study in fact showed that there were efficiency gains, but that the only beneficiaries were corporate shareholders, whilst both government and consumers were net losers because the companies extracted extra dividends far greater than all the efficiency savings. This rather supports the notion that private monopolies will lead to higher prices through the extraction of monopoly profits, and so the corporate gain is at the expense of the wider public interest.

5.2.2 Estache and Rossi – no significant difference in efficiency

Padco also claim that a study by Estache et al²⁶ on 50 cities in Asia in 1995 shows that “private water companies are more efficient”. Unfortunately for Padco, it does not. The earlier working paper published by the World Bank in 1999, which they refer to, did conclude that the results showed “the private operators are more efficient” - but the final report, published in 2002 in the World Bank's own economics journal, presents a very different conclusion: “The results show that efficiency is **not** significantly different in private companies than in public ones”²⁷ [our emphasis].

In any case, the study should not really be used by anyone to draw conclusions about the comparative performance of private or private water operations. The Asian Development Bank data on which the study was based classifies only 4 of the 50 cities as ‘privately operated’ – two of these are pacific islands, and one – Manila – was not privately operated at the time of the data used in the study.

5.2.3 Ignoring Washington

They next move on to quote extensively from a paper by Elizabeth Brubaker, a well-known Canadian supporter of water privatisation, who in turn quotes studies from the USA in the 1970s and 1990s, comparing public and private water performance. But the Padco team make not a single reference to Washington DC (except in their own address), which made the decision in 1996, after one of the very few comparative studies, that the capital of the USA, home to the World Bank and Padco, would be better served by a public sector option.²⁸

5.2.4 Trinidad and labour: confusion

Padco then spend two confusing sections on Trinidad and labour. They correctly quote PSIRU as saying that the 3 years of private management in Trinidad did not improve reliability, upgrade infrastructure or improve the finances – but then defend the contractor, Severn Trent, who says, not surprisingly, that it did what the contract required. This is not necessarily a contradiction of the PSIRU position.

A strange section on labour argues that the public or private sectors may lay off labour, and seeks to support its argument by quoting an ILO report, which was partly written by the Director of PSIRU, showing that job cuts in water have been less sharp than in electricity. It then argues that nowadays layoffs are done with more care, and makes the unsupported claim that Indonesian concessions have protected labour (not the view of the workers who have been engaged in strike action for some years over their employment rights). It is not clear what Padco are arguing here.

5.3 Regulation, democracy, competition, accountability, profits

At this point Padco give up any attempt at referring to evidence, and simply write long speeches stating the official line on various issues, for example that regulation can enable a fair balance to be struck between users and providers. However, finding real life examples is a harder matter.

This section is remarkable only for some implausible claims eg that “PSP arrangements are by their very nature democratic.... because competition during the bidding allows government, consumers, labor, and other stakeholders to evaluate the relative benefits of various bidders”. This ignores all the many cases of non-competitive privatisation, privatisation by dictatorships, virtually all cases where labour and consumer voices were positively excluded from any chance of influence. It also overlooks the fact that the main issue is whether the public sector should be the provider – and that issue has already been pre-judged when a concession is offered to private sector bids. Moreover, Padco’s concept of democracy is somewhat limited if they think that the democratic aspirations of people and nations can be satisfied by letting them select tenders from multinationals for 30-year monopolies for vital public services.

On competition, Padco make the surprising claim that “Global competition for transparent competitive tenders in the water sector is fierce”. Yet over two-thirds of the global private water market is controlled by just two firms, Suez and Vivendi, and those same two firms frequently form joint ventures, both in France and abroad, both with themselves and with any possible competitor.²⁹ The only examples Padco offer are of tender lists for two BOT/construction contracts, one in Seattle (USA), one in Egypt. Could they not find convincing examples of competitive water concessions? The authors seem unaware of what was said by Enron, a company notorious for its ruthlessness, which tried (and failed) to compete with Suez and Vivendi, and complained that they, Enron, were “shocked” by the behaviour of the French water companies.³⁰

On profitability – Padco claim that government guarantees are rare, but goes on to pontificate that “If not allowed full commercial freedom to manage according to the terms of their contract, most PSP operators (and their shareholders) would demand that the firm not risk a single dollar in such an environment.”. Padco miss the opportunity to consider whether this may create some complications in MNC relationships with public services in developing countries: does it perhaps mean that no risk will be transferred, the government will in effect hold ultimate liability for all debts, and in addition the profits of the operator? And if so what has been gained by privatising?

On accountability – Padco make the untrue statement that “Many countries have laws such as the Freedom of Information Act in the United States that requires all public agencies or publicly funded activities to disclose records and documents on a variety of matters to any member of the public.” It would be very good if this were true, but in reality hardly any countries have US-style freedom of information laws.

On profits being expatriated by MNCs, Padco use ludicrous rhetoric, about multinationals patiently waiting for a few crumbs to fall into their deserving laps, which is worth quoting: *“After many, many years, once profitable, world-class companies begin to provide returns to equity investors in the form of dividends and returns on equity. If companies are fortunate to have surplus profits after meeting all financial obligations including operations, taxes, debt service, and profit dividends/remittances it is very unusual that profits would go to “subsidize” other global investments.”*

This is laughable. Suez and Vivendi have both made good profits from many developing country concessions – between 1994 and 2000, Aguas Argentinas S.A. recorded, on average, a 20% profit rate over its net worth: by comparison, in the same period, the two hundred biggest corporations in Argentina recorded, again on average, a 4.5% profit rate over net worth.³¹ Vivendi in particular have been outstanding practitioners of using public service concessions to finance other parts of the business - in 2000 they transferred the entire €16 billion debt of the group to the environmental services division, including water, which had been built up by investment in other sectors such as films and internet.³² Moreover, Padco cannot possibly provide evidence to support their claim about what happens “after many many years” in developing countries: there are almost no concessions which have been running even for as long as 9 years.³³

Finally, Padco choose to concentrate on a narrow selection of cases – Buenos Aires, Guinea, Cote d’Ivoire, and argue that there were some good results. They fail to mention some significant problems even in these cases – Aguas Argentinas, for example, is currently (July 2002) rated as in default and unlikely to be able to pay its debts, which poses a real challenge to the financial case for water privatisation. They turn a blind eye to cases like Tucuman and Cochabamba, where private concessions were terminated; to Manila, where regulatory decisions were overruled, and where companies are now in default; and cases such as Debrecen and others in eastern Europe, who have successfully developed water and sanitation without privatisation. Padco should at least try and deal with these cases, which pose problems for their own position.

5.4 Limited analysis

What is striking is that Padco have no real analysis of what happens. While they acknowledge problems and difficulties in some cases, their simple response is that it is due to faulty design: “However, ample evidence suggests that countries with independent regulatory authorities, and clear legal procedures for procurement and monitoring of PSP projects can yield substantial benefits by mobilizing the management and financial resources of the private sector.” Their model is just that: there is a perfect, Platonic ideal of a privatised water concession, which true believers know will work perfectly if only the parts are assembled correctly. There is no realisation that company interests are at stake, no interest in relative strengths of state and companies, no sense of dynamics or developments, no acknowledgement that there may be different and conflicting interests involved.

6 Conclusion: public debate

Lessons should be learnt from the Padco paper, and the process of its production and restricted circulation.

- Public debate on development of water services, not forced to assume privatisation
- No conditionality
- No secret consultants reports
- Donor countries should make funding available for research as determined by the priorities of developing countries themselves, not to assist the marketing of MNCs

Notes

¹ See <http://www.sustainable-development.gov.uk/wssd/water/>

² “A Review of Reports by Private-Sector-Participation Skeptics”. By Padco. February 2002. Prepared for the Municipal Infrastructure Investment Unit (MIIU), South Africa and The United States Agency for International Development (USAID). No known public location: made available through <http://www.psiru.org/others/PadcoSkeptics.doc> as service to those interested. Subsequent references to this document are quoted as “Padco Skeptics”.

³ Padco Skeptics p.1

⁴ Padco Skeptics p.1

⁵ The paper states that it was produced under contract to the United States Agency for International Development (USAID) Contract No. 674-0312-C-00-8023-0.

⁶ Padco Skeptics p.1

⁷ Padco’s own summary of their experience, p.5:

<http://www.padcoinc.com/Statement%20of%20Contractor%20Past%20Performance-9.1.01.pdf>

⁸ Padco: Statement of Contractor Past performance’ August 2001, p.6:

<http://www.padcoinc.com/Statement%20of%20Contractor%20Past%20Performance-9.1.01.pdf>

⁹ Where in the World is RTI? <http://beta.rti.org/cid/newsletter/2002feb/startingup.htm>

¹⁰ The PSIRU report is available at

<http://www.walkertoninquiry.com/part2info/partieswithstanding/pdf/CUPE18UKwater.pdf> .

¹¹ The OFWAT letter to the CCPPP is available at

<http://www.walkertoninquiry.com/part2info/publicsubmissions/pdf/EmeryresponsetoPSIRUpaper.pdf>

¹² Padco <http://www.miu.org.za/Laila.ppt>

¹³ For a critique of the PCW report see <http://www.psiru.org/reports/2001-12-W-Austria-PWC-en.doc>

¹⁴ Environmental Support Group, Bangalore: <http://web.estart.com/~esg/>

¹⁵ See a leaflet prepared by the defendant Jean-Philippe Joseph in [French](#) or [Spanish](#). For further information contact eau@altern.org .

¹⁶ For the concession award see Global Water Report, January 8, 1998, 199 words, Potsdam Management Award; for the termination see taz, die tageszeitung, April 28, 2001 Ende der Monopole; the ‘gagging clause’ information comes from two different sources.

¹⁷ Le Monde December 16, 1994: DIFFAMATION : Thierry Jean-Pierre condamne.

¹⁸ press release faxed from Biwater UK, 17/11/1997.

¹⁹ The report is available at www.psiru.org/reports/1998-Biwpro.doc .

²⁰ Padco Skeptics page 1

²¹ Global Water Report 149 •2 July 2002 Poznan Goes It Alone

²² Email from Sitrande 11 June 2002

²³ See PSIRU paper on companies

²⁴ Of liquid dreams: a political ecology of water privatization in Buenos Aires *Alexander J Loftus and David A McDonald* . Environment&Urbanization Vol 13 No 2 October 2001

p.190p http://qsilver.queensu.ca/~mspadmin/pages/Project_Publications/Journals/Loftus.pdf

²⁵ Shirley, Mary, and Patrick Walsh. 2000. “Public vs. Private Ownership: The Current State of the Debate.” *World Bank Policy Research Working Paper 2420*. Washington, D.C.: World Bank.

<http://econ.worldbank.org/files/1175wps2420.pdf>

²⁶ Estache, Antonio and M. Rossi, Comparing the Performance of Public and Private Water Companies in Asia and Pacific Region— What a Stochastic Costs Frontier Shows, 1999 .

http://www.worldbank.org/wbi/regulation/pdfs/2152water_asiapacific.pdf . The quote is from the final paragraph.

²⁷ Antonio Estache and Martín A. Rossi: *How Different Is the Efficiency of Public and Private Water Companies in Asia?* World Bank Econ Rev 2002 16: 139-148 . The quote is from the abstract at

<http://wber.oupijournals.org/cgi/content/abstract/16/1/139> . The reason for the difference is due to the use of better econometric filters (A. Estache pers. comm.)

²⁸ Wateraid will shortly be publishing their summary on Washington : see

<http://www.wateraid.org.uk/research/index.html>

²⁹ See Hall presentation to the World Bank.

³⁰

³¹ Azpiazu and Forcinto section 3.2, p. 29

³² Vivendi Press release 28 Jan 2000

³³ Aguas Aregentinas, the ‘flagship’, started in 1993. Before that there were only one or two concessions that had been set up in former French colonies in west Africa in the 1970s and 1980s.