

To: Louis Michel  
European Commissioner for Development and Humanitarian Aid  
European Commission  
Rue de la Loi 200  
B-1049 Brussels  
Belgium

March 22 2005 – World Water Day

Dear Commissioner Michel,

The undersigned civil society groups call for a re-assessment and change of course in the EU's approach to the crisis in access to clean water and sanitation in developing countries. We represent a growing coalition of civil society groups concerned about the way in which European aid money and political influence is being used to promote policies that are not working and hinge on providing extra money to European companies, rather than meeting real development needs in water and sanitation.

In contrast to this, we welcome your statements on public services during your confirmation hearing in the European Parliament (6 October 2004). It was a very positive step forward to hear the European Commissioner for Development state, as you did, that not everything should become a commodity, that public services are key to meeting basic needs in developing countries and that essential services should be exempt from market pressures. How this is made reality in the water and sanitation sector will be a litmus test for wider EU development policy in relation to achieving the Millennium Development Goals (MDGs). We believe that there are key EU policies that need to be assessed and redirected if this is to happen.

The water privatisation wave during the last decade has proven a failed experiment. Concrete experiences in developing countries have shown that multinational water corporations are ill-equipped to deliver clean and affordable water to the poor. More recently, the companies themselves have acknowledged that their need to make reasonable profit means they only invest in the larger, richer cities. Private sector investment has not brought the expected financing for water and sanitation for the poor.

Rather than developing new policies based on what works, European governments and international financial institutions are devising new mechanisms for attracting the private sector into water and sanitation, including various financial instruments to guarantee corporate profits. This ignores the fundamentals behind the private sector's failure and the fact that public utilities continue to supply water to an overwhelming majority of those with access to water in developing countries.

Public utilities, for a variety of reasons, can fail to deliver, including to those living in fast-growing peri-urban areas. At the same time, very significant improvements in access to clean water and sanitation have been achieved in cities around the developing world, by diverse innovative forms of public water management (as documented for instance in the new book "Reclaiming Public Water"<sup>1</sup>). Working public water delivery options range from reform of existing public utilities to community-based management schemes. These examples are ignored by donors. We believe that faced by experiences of what works combined with the failure of the global private sector, the time has come to refocus the global water debate to the key question: how to improve and expand public water delivery around the world?

This call is echoed by the European Parliament's September 2003 resolution on the EU's approach to water in developing country's, which insisted on "the need for local public authorities to be given support in their efforts towards establishing an innovative, participatory, democratic system of public water management that is efficient,

transparent and regulated and that respects the objectives of sustainable development in order to meet the population's needs".

Refocusing in this way calls for coherent political action from the European Commission and EU donor governments. Public water improvements in developing countries happen against heavy odds. A main obstacle is the systematic bias against public water by international financial institutions and donor governments, which attach privatisation conditionalities to loans and grants for expansion and improvements, and use aid budgets to finance key players in the global privatisation industry.

Primarily, there is a need for funding without blatant political conditions. A recent example is the case of El Alto, Bolivia, where the government terminated the water concession of Suez, after seven years of privatisation (officially described as "public-private partnership") had failed to deliver the promised improvements. The local population wants a public utility with citizens' participation, but German aid agency GTZ refuses to provide loans unless Suez remains involved in the management. The UK's Department for International Development (DfID) has recently been accused of using its aid budget to pursue privatisation through funding 'water privatisation consultants', and promoting private-sector-only funding mechanisms.

The European Union has a clear role to play by ensuring that aid programmes for water and sanitation in developing countries (including the EU Water Facility<sup>2</sup>) are not biased towards the private sector. The EU Water Initiative process is overly pre-occupied with private sector expansion and should be re-orientated to co-ordinate joint EU efforts to support water policy that has been shown to work. EU governments and the European Commission must boost their support for public water delivery; politically, technically, financially and in other ways. European public water utilities should be enlisted to assist in meeting the water MDGs, through not-for-profit public-public partnerships. In reshaping its approach, the EU should prioritise the enlargement of its interaction with civil society actors, especially those from the South.

In international fora, the EU must use its influence to reorientate the policies of the World Bank and other IFIs to end privatisation conditions linked to financial support to those requesting it. The EU must stop exercising pressure on developing countries to liberalise water services through trade negotiations within the World Trade Organisation as well as various bilateral/regional trade talks with developing countries (EPA, Mercosur, etc.). Instead, the EU should promote the human right to water.

During the March 2003 World Water Forum in Kyoto, the European Commission presented itself as a staunch defender of liberalisation and an increased role of the private sector in water management. We urge you to ensure that by the next World Water Forum (March 2006, Mexico), the EU will champion a different approach to water and sanitation in developing countries. By providing the necessary financial and political support for workable public solutions, the EU will be part of the solution rather than the problem.

Signed by:

- Both ENDS, The Netherlands
- Coalition of the Flemish North-South Movement - 11.11.11, Belgium
- Corporate Europe Observatory (CEO), The Netherlands
- European Federation of Public Service Unions (EPSU)
- Transnational Institute, The Netherlands
- WEED, Germany
- World Development Movement, United Kingdom

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<sup>1</sup> Reclaiming Public Water is written by public water utility managers, trade unionists and civil society activists from more than twenty countries. The book was co-published by Transnational Institute and Corporate Europe Observatory in January 2005.  
<http://www.tni.org/books/publicwater.htm>

<sup>2</sup> Civil Society Response on the Establishment of an EU Water Facility, 'Effectively investing in water and sanitation in ACP countries' (March 2004)  
[http://www.bothends.org/project/euacpwaterfacility\\_statement.pdf](http://www.bothends.org/project/euacpwaterfacility_statement.pdf)