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WATER PRIVATIZATION AND OBSTACLES TO ACHIEVING MILLENNIUM DEVELOPMENT GOAL SEVEN'S TARGETS FOR SUSTAINABLE DRINKING WATER


by Maria Vanko*

Privatizing water resources in developing countries calls into question whether Goal Seven of the Millennium Development Goals ("MDGs") will be met. Under this goal to ensure environmental sustainability, the number of people living without sustainable access to safe drinking water and basic sanitation should be halved by 2015. Meeting this target would connect 350 million people to safe drinking water and 650 million people to basic sanitation services.¹ At any given time, nearly half of the developing world is afflicted with one or more diseases associated with the inadequate provision of water and sanitation.² Access to these infrastructures will not only enable meeting environmental sustainability and health targets, but will speed the achievement of all eight goals, including poverty reduction, disease eradication, and gender equality.³

Water privatization failures across the developing world highlight the problem of placing profits above public health and access concerns. For example, militant uprisings in Cochabamaba, Bolivia in 1999 occurred after the private water provider implemented a 300 percent fee increase. In 2003, tariffs increased 700 percent while the water operator's negligence led to cholera outbreaks in West Manila, Philippines.⁴ Increased prices make safe water unaffordable for vulnerable populations, forcing families to make trade-offs between water, schooling, food, and healthcare.⁵ Private industry is also less likely to participate in areas where recovery of their investment is riskier.

Strong worldwide, public resistance to privatization has made a substantial impact on political leaders' willingness to champion water privatization and also on international lenders' attempts to tie aid to the privatization of state resources.⁶ The World Bank's position that the private sector is more efficient than public-run utilities has shifted: a recent study in Asia concluded that there is only a marginal difference between public and private sectors in service efficiencies.⁷ In an effort to support innovative, grassroots initiatives in solving development issues, the World Bank is currently holding a competition to seek new ideas in providing water and sanitation services.⁸

Generalized alternatives to privatization will unlikely be developed because local conditions and demands vary; however, a focus on the public interest is crucial in implementing successful reforms.⁹ Sustainable and successful water utilities typically share characteristics of accountability, reinvestment of profits to expand connectivity, income differentiated tariff structures, and government political or financial sup-

port.¹⁰ Because the water and sanitation targets are so essential to meeting all eight of the MDGs, exploring alternatives to the private provision of water and sanitation services is crucial. A focus on privatization alone presents a multitude of risks, and calls into question whether meeting the developing world's growth and public health needs is consistent with the full-cost recovery objectives of the private sector. 

ENDNOTES:

- ¹ See UNITED NATIONS, INVESTING IN DEVELOPMENT: A PRACTICAL PLAN TO MEET THE MILLENNIUM DEVELOPMENT GOALS 1 (2005) available at <http://www.unmillenniumproject.org/documents/overviewEngLowRes.pdf> (last visited Oct. 24, 2005).
- ² See e.g., Sara Jane Marshall, *Flagging Global Sanitation Target Threatens Other Millennium Development Goals*, 82 BULLETIN OF THE WORLD HEALTH ORGANIZATION 234, 234 (Mar. 2004), available at <http://www.who.int/bulletin/volumes/82/3/News.pdf> (last visited Oct. 25, 2005).
- ³ See WORLD HEALTH ORGANIZATION, *International Decade for Action: Water for Life, 2005–2015*, 80 WEEKLY EPIDEMIOLOGICAL RECORD 193, 195 (June 3, 2005), available at <http://www.who.int/wer/2005/wer8022.pdf> (last visited Oct. 25, 2005).
- ⁴ See Sarah Grusky, *Privatization Tidal Wave: IMF/World Bank Water Policies and the Price Paid by the Poor*, MULTINATIONAL MONITOR, Sept. 2001, available at <http://multinationalmonitor.org/mm2001/01september/sep01corp2.html> (last visited Oct. 24, 2005).
- ⁵ See e.g., John R. Luoma, *Water for Profit*, MOTHER JONES, Nov./Dec. 2002, available at http://www.motherjones.com/news/feature/2002/11/ma_144_01.html (last visited Oct. 28, 2005).
- ⁶ See David Hall, et al., *Public Resistance to Privatization in Water and Energy*, 15 DEV. PRAC., 286, 287 (June 2005), available at <http://www.psiu.org/reports/2005-06-W-E-resist.pdf> (last visited Oct. 24, 2005).
- ⁷ See generally Antonio Estache & Martin A. Rossi, *How different is the efficiency of public and private water companies in Asia?* 16 WORLD BANK ECON. REV. 139 (June 2002).
- ⁸ See Press Release, THE WORLD BANK, World Bank Seeks Best Ideas for Water, Sanitation and Energy Projects, (Oct. 3, 2005) at <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTWRM/0,,contentMDK:20669151~menuPK:337246~pagePK:64020865~piPK:149114~theSitePK:337240,0.html> (last visited Oct. 24, 2005).
- ⁹ Estache & Rossi, *supra* note 7, at 296.
- ¹⁰ WORLD DEVELOPMENT MOVEMENT, HEADING FOR FAILURE: HOW WATER PRIVATIZATION THREATENS THE MILLENNIUM DEVELOPMENT GOALS, at 12 (Sep. 2005), available at <http://www.wdm.org.uk/resources/briefings/general/failure.pdf> (last visited Oct. 10, 2005).

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