

Open letter to donors contributing to the Public-Private Infrastructure Advisory Facility: Asian Development Bank, Canada, European Commission, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, United Kingdom, United States, World Bank
cc: European Investment Bank

15 May 2007

Dear PPIAF donor,

We are part of a coalition of civil society organisations which has been monitoring the work of the Public-Private Infrastructure Advisory Facility; this follows the publication of a report in November called *Down the Drain* which assessed the work of PPIAF (in the area of water) since its creation in 1999. In case you have not seen it, the report can be accessed here: <http://www.wdm.org.uk/campaigns/water/ppiaf.htm>

The report made many criticisms of PPIAF, and since it was published, the government of Norway has announced that it will not support PPIAF in the future. In particular, the Norwegian ministry of foreign affairs has said that it no longer views PPIAF as a means to solving the problem of access to water for the poor.¹ A further reason given for the withdrawal was PPIAF's bias towards private sector 'solutions'.²

We are aware that the Program Council of PPIAF will meet in The Hague on 23-24 May and that you will be asked to re-confirm your political and financial support for PPIAF at this meeting. We ask that you review your support for PPIAF's water work in the light of its obvious flaws.

PPIAF's mission is to "help developing countries ...tap the full potential of public-private partnerships in infrastructure".³ In particular, PPIAF has told us that because of "tight fiscal constraints and stagnant ODA" developing countries have to look to the private sector to bring investment if they are to meet the MDGs.⁴ We deeply regret this decline in overseas aid, especially as it relates to water and sanitation. Although some donors are now working to reverse this decline, we criticise the extent to which, on a collective basis, donors are seeking to escape this reality by trying to leverage private money into the water sector. After all, the evidence shows that the private sector has shown a great reluctance to commit finance to connecting the poorest people to clean, affordable water.

In *Down the Drain* the authors found 18 developing countries where PPIAF was operating but where international financial institutions or donors previously or subsequently imposed one or more conditions relating to water services and privatisation. As the report makes clear, the relationship between PPIAF and conditionality is complex; we consider it to be disingenuous to ignore these conditions and argue that PPIAF is fully demand-driven.

We consider PPIAF's 'consensus building' work to be amongst the most unpalatable of all its activities as it works to convince stakeholders about the 'benefits' of public-private partnership reforms. Genuine, open-minded, independent consultation on all possible options for water utility reform, which includes the wide range of public management options, is clearly appropriate. But, PPIAF's priority is "to work through a broad range of public-private partnerships, choosing the arrangements that best fits the infrastructure sector and the political and institutional context".⁵

We also have strong concerns about the way in which PPIAF operates. We note the non-existent developing country membership of the Program Council which governs

PPIAF; as PPIAF says it is “owned and directed by its participating donors”.⁶ The *Down the Drain* report also criticises PPIAF for a lack of transparency regarding its activities.

In the light of these criticisms, there are very serious questions to be asked about whether donor funding for PPIAF’s water projects can be considered to be the most effective and appropriate expenditure of this aid. Our conclusion is that this aid could be better spent and we ask donors to withdraw this funding accordingly.

We are aware that at the May Program Council meeting there will be discussion about “a new window within PPIAF to support sub-national entities and select public enterprises as they access market-based private financing to invest in improved service delivery”.⁷ PPIAF has said that we should be “happy” about this as this addresses another important criticism of PPIAF in *Down the Drain*, namely the lack of PPIAF support for public-led reforms such as those possible through public-public partnerships.

No information on these proposals is available on PPIAF’s website; however, from the little that we do know, we feel strongly that this proposal is very far removed from the agenda that was put forward for donors in *Down the Drain* in the area of public sector reform and public-public partnerships. That report said:

“It is clear that a new facility is required to promote public-public partnerships; one which places commitment to the public sector at the heart of its ethos. It would not be desirable to add public-public partnerships into the remit of PPIAF, an organisation which is set up to promote private sector participation. A wholly new organisation is required to address the criticisms of the way in which PPIAF operates and which employs staff with experience of, and commitment to, public provision of water and sanitation services.”

We urge donors to oppose the extension of PPIAF’s remit and instead to collaborate together to create a wholly new mechanism to support public-public partnerships in the water sector. In recent months, several PPIAF donors (UK, Japan, Asian Development Bank, as well as Norway) have indicated support for the UN’s proposal for water operator partnerships; we believe that this agenda should be followed vigorously with strong political and financial support as part of an alternative strategy to funding PPIAF.

A number of us have approached PPIAF for permission to observe the Program Council meeting in The Hague; regrettably our request was rejected.

We look forward to your response to this letter and an indication of how you will scrutinise and review your support for PPIAF.

Yours faithfully,

1. 11.11.11- Coalition of the Flemish North South movement - Belgium
2. ABVAKABO FNV – Netherlands
3. Acción Ecológica - Ecuador
4. Afectados por el Sistema de Represas de la Región Lagunera - México
5. African Water Network
6. Afrika–Europa Netwerk - Netherlands
7. AID/WATCH – Australia
8. Alliance of Government Workers in the Water Sector – the Philippines
9. Alliance Sud - Switzerland
10. A SEED Europe

11. Asienhaus - Germany
12. Association Camerounaise des juristes de l'environnement - Cameroon
13. Attac – Finland
14. Attac Flanders - Belgium
15. BanglaPraxis - Bangladesh
16. Bread for the World – Germany
17. Bretton Woods Project - UK
18. Bund für Umwelt und Naturschutz Deutschland e.V. - Germany
19. Campagna per la Riforma della Banca Mondiale - Italy
20. Campaña el Agua un bien Público y un Derecho Fundamental - Colombia
21. Canadian Union of Public Employees - Canada
22. CEE Bankwatch Network Europe
23. Centre for Civil Society Economic Justice Project - South Africa
24. Centre for Human Rights, Justice and Peace – India
25. Centro de Ecología y Desarrollo - México
26. Centro de Pesquisa e Assessoria - Brazil
27. Coalición de Organizaciones Mexicanas por el Derecho al Agua - México
28. Collaborative for Advancement of Studies in Urbanism through Mixed Media - India
29. Collective Initiative for Research and Action - Nepal
30. Comisión Nacional en Defensa del Agua y la Vida - Uruguay
31. CONREHABIT- México
32. Coordinadora de Defensa del Agua - Bolivia
33. Corner House - UK
34. Corporate Accountability International - USA
35. Corporate Europe Observatory – Netherlands
36. Council of Canadians + Blue Planet Project - Canada
37. Ecologistas en Acción - Spain
38. ECOVIDA - Peru
39. Educación para la Paz – México
40. Ingeniería Sense Fronteras - Spain
41. Environment and Social Development Organization - Bangladesh
42. European Federation of Public Service Unions
43. Federación de Funcionarios de OSE – Uruguay
44. Federación de Trabajadores Fabriles de Cochabamba - Bolivia
45. Fivas – Norway
46. Focus on the Global South
47. Food & Water Watch – USA
48. Forest Peoples Programme - UK
49. Forschungs und Dokumentationszentrum Chile-Lateinamerika - Germany
50. Foundation for Gaia - UK
51. France Libertés Fondation Danielle Mitterrand - France
52. Freedom from Debt Coalition – the Philippines
53. Frente Cearense por uma Nova Cultura de Água - Brazil
54. Frente Nacional de Saneamento Ambiental - Brazil
55. Friends of the Earth - Australia
56. Friends of the Earth - Bolivia
57. Friends of the Earth / Center for Environment and Development - Cameroon
58. Friends of the Earth - Canada
59. Friends of the Earth / CENSAT – Colombia
60. Friends of the Earth / COECOeiba - Costa Rica
61. Friends of the Earth / Limassol - Cyprus
62. Friends of the Earth - Europe
63. Friends of the Earth - Finland
64. Friends of the Earth - France
65. Friends of the Earth - Guatemala

66. Friends of the Earth / WALHI - Indonesia
67. Friends of the Earth / Federation for Environmental Movements - Korea
68. Friends of the Earth - New Zealand
69. Friends of the Earth / Environmental Rights Action - Nigeria
70. Friends of the Earth / CELCOR – Papua New Guinea
71. Friends of the Earth / Sobrevivencia - Paraguay
72. Friends of the Earth / Legal Rights and Natural Resources Center – the Philippines
73. Friends of the Earth / CEPA - Slovakia
74. Friends of the Earth / Groundwork - South Africa
75. Friends of the Earth / Pro Natura - Switzerland
76. Friends of the Earth / Sobrevivencia – Uruguay
77. Friends of the Earth International
78. Fundación Abril Escuela del Pueblo Primero de Mayo – Bolivia
79. Fundación M´Biguá, Ciudadanía y Justicia Ambiental - Argentina
80. Gamana - India
81. Globalisation Monitor – China
82. Globalization Challenge Initiative - USA
83. Green Alternative - Georgia
84. Green Policy Institute – Bulgaria
85. Habitat International Coalition
86. Indian Social Action Forum – India
87. Indonesian Indigenous People Alliance - Indonesia
88. INFID - Belgium
89. Institute for Community Organisation Research – India
90. Instituto Mexicano para el Desarrollo Comunitario - México
91. Irrigation Training and Economic Empowerment Organization – Tanzania
92. Japan Center for a Sustainable Environment and Society – Japan
93. Jubilee South Asia / Pacific Movement on Debt and Development
94. Koordination Suedliches Afrika e.V. - Germany
95. Labour, Health and Human Rights Development Centre - Nigeria
96. Latin America Solidarity Centre - Ireland
97. Malawi Economic Justice network – Malawi
98. Mani Tese - Italy
99. Manthan Adhyayan Kendra - India
100. Millennium Solidarity - Switzerland
101. MISEREOR e.V.- Germany
102. Mumbai Paani – India
103. National Civil Society Network for Water and Sanitation - Nigeria
104. National Coalition Against Privatisation - Ghana
105. National Rural Women Coalition – the Philippines
106. NGO Forum on Asian Development Bank
107. Norwegian Campaign for Debt Cancellation - Norway
108. Oakland Institute - USA
109. Otros Mundos - México
110. Our Water - Germany
111. Oxfam - Canada
112. People's Coalition for the Right to Water - Indonesia
113. People's Union for Civil Liberties (Tamil Nadu and Puducherry) - India
114. Planeta Agua - Colombia
115. Public Services International
116. Rede Brasil sobre Instituições Financeiras Multilaterais - Brazil
117. Rede Brasileira pela Integração dos Povos - Brazil
118. Right to Food Movement - Bangladesh
119. Sindicato de la Empresa de Agua Potable y Saneamiento - Uruguay
120. Solidarity Workshop - Bangladesh

121. South Durban Community Environmental Alliance - South Africa
122. Spire, Utviklingsfondet - Norway
123. Sri Lanka Environmental Journalists Forum – Sri Lanka
124. Su Politik Grubu – Turkey
125. Sustainable Obtainable Solutions - USA
126. Transnational Institute
127. Umeedenao Citizen Community Board - Pakistan
128. UNISON - UK
129. Urban Research Centre Bangalore – India
130. Urgewald e.V. - Germany
131. Vikas Adhyayan Kendra – India
132. War on Want - UK
133. Water for the People Network Asia
134. Water Movement - Norway
135. World Development Movement - UK
136. World Economy, Ecology & Development - Germany
137. World Information Service on Energy - Netherlands
138. XminusY Solidarity Fund - Netherlands

¹ FIVAS. 2007. *Norway withdraws support from controversial World Bank fund*. 22 February 2007.

² Bistands Akuel. 2007. Issue nr. 2. *The MFA lessened to the organisation FIVAS instead of their own staff advice*.

³ PPIAF, 2007. *2006 Annual Report*. January 2007.

⁴ Letter to the World Development Movement from Jyoti Shukla, Program Manager, PPIAF. 20 March 2007.

⁵ PPIAF, 2007. *2006 Annual Report*. January 2007.

⁶ PPIAF, 2007. *2006 Annual Report*. January 2007.

⁷ Letter to the World Development Movement from Jyoti Shukla, Program Manager, PPIAF. 20 March 2007.