Chapter 9
Private-Sector Participation in Water and Sanitation Services: The Answer to Public Sector Failures?[1]

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Abstract This chapter explores the experience of private-sector participation (PSP) in the provision of water and sanitation services since the late 1980s. In particular, it examines the various justifications for PSP, including that PSP would be inherently more efficient than public water utilities, contribute to reduce the public sector's deficit by providing fresh private investment, help to extend coverage of services to the poor, and improve social equity. The chapter finds that these claims are not supported by the evidence emerging from cases in Africa, Europe, and Latin America where PSP was strongly promoted. Not only have the promises of overall improvements in efficiency, fresh private investment, public sector relief, and extended service to the poor not materialized, but there are also good reasons to link the expansion of PSP with rising levels of social inequality and the weakening of democratic governance and substantive citizenship in the management of water and water services. The chapter also argues that achieving the Millennium Development Goals will require a radical change in policy options and a stronger commitment from OECD governments, international financial institutions, donors, and other key actors to strengthen public utilities, in particular at the regional and municipal level.

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9.1 Introduction[2]

This chapter examines what we term the 'mainstream WSS policies'[3] that have been implemented since the 1980s to reorganize the provision of essential water and sanitation services (WSS) worldwide. These policies are part and parcel of the process of economic globalization, which has been characterized by the global expansion of certain forms of private-sector participation (PSP),[4] including that of multinational private water monopolies. Two indicators of economic globalization in WSS are the significant increase of international investment flows, which rose from an estimated 300 million Euros between 1984 and 1990 to 25,000 million euros during 1990–1997 (Table 9.1), and the number of contracts involving PSP in the provision of WSS in developing countries. Table 9.1 shows data for what can be considered the peak period of PSP policies in WSS, particularly 1990–1997, which is also the time frame covered in our research and discussed here (see Appendix, Table A9.2 for the period 1990–2005).

As discussed in more detail in the next section, the expansion of PSP in WSS is built on several premises, including that (1) publicly-run WSS utilities are inherently inefficient and under-resourced, (2) PSP would be inherently more efficient in the provision of WSS, (3) PSP would contribute to reduce the public sector's deficit by providing fresh private investment, (4) PSP would reduce

[2]The chapter draws on the research results of the project "Barriers and Conditions for the Involvement of Private Capital and Enterprise in Water Supply and Sanitation in Latin America and Africa: Seeking Economic, Social, and Environmental Sustainability" (PRINWASS, European Commission 5th Framework Programme, INCO-DEV, Contract: PL ICA4-2001-10041 http://www.prinwass.org), which studied the implementation of PSP projects in WSS in Africa (Kenya and Tanzania), Europe (United Kingdom, Greece) and Latin America (Argentina, Bolivia, Brazil and Mexico) and also included cases of successful public management (Finland). The full list of case studies can be consulted in Appendix A-9-1 and we have included all the research reports in the reference list. Electronic copies of the project reports, including the individual case-study reports, are available by request from the project's website: http://www.prinwass.org/proreports.shtml. A discussion of the project methodology and the criteria used to select the case studies can be found in the final report, available online at: http://prinwass.ncl.ac.uk/PDFs/PRINWASS%20D33.zip.

[3]By "mainstream" water policies we mean the policies of de- and re-regulation, liberalization, commodification, and private-sector expansion in WSS that have been the priority of the international financial institutions (IFIs) (e.g. World Bank), aid agencies (e.g. USAID), and the governments of OECD countries since the 1980s. We are aware that there are different approaches within this overall policy trend, and that there is no monolithic position even inside the institutions that have been at the forefront of these policies.

[4]We avoid using the concept of "privatization" wherever possible because its use in the literature and in public debates often obscures the fact that the private sector has always been involved in different forms in the provision of WSS and will continue to do so. Therefore, we choose the broader concept of "private-sector participation" to refer to the process in general and restrict the use of "privatization" for those specific cases involving the transfer of property rights over water sources or water infrastructure to the private sector (e.g. the full divestiture model as implemented in England since 1989 to date).

Table 9.1 International investments flows involving PSP in WSS, developing and transition countries (1984–1997) (Author's elaboration from DFID 2000)

Years	Number of contracts	Increase (%)	Value (million)	Increase (%)
All Developing Countries				
1984–1990	8		300	
1990–1997	97	1,137	25,000	7,900
Breakdown by region (1990–1997)				
East Asia	30		12,000	
Eastern Europe/Central Asia	15		1,500	
Latin America/Caribbean	40		8,300	
Middle East/North Africa	4		3,300	
Sub-Saharan Africa	8		37	

political interference and increase transparency, (5) PSP would help to extend coverage of services to the poor, and (6) PSP would improve social equity. We conclude that the empirical evidence emerging from recent and ongoing research does not lend support to these claims.[5] Moreover, the chapter argues that mainstream WSS policy reforms were not driven primarily by the need to solve the specific problems affecting these services. From our perspective, these policies are part and parcel of the "market-driven politics" characteristic of the political project of neoliberal globalization (Leys 2001), which is aimed at re-centering the organization of social life around market principles. The chapter also warns that despite increasing rhetorical recognition by the International Financial Institutions (IFIs) and other actors that mainstream WSS policies have failed to achieve their stated objectives, in practice the continuation of these initiatives under different names and by different means, and the inertial forces unleashed by these policies since the 1980s, will continue to negatively influence and shape actual developments on the ground. Therefore, in the face of the challenge posed by the Millennium Development Goals (MDGs),[6] the chapter concludes that there is an urgent need for radical change in policy options away from the explicit or implicit promotion of PSP as the solution to the grave problems affecting WSS worldwide. Efforts should be directed at strengthening public utilities, particularly at the regional and local levels, creating opportunities for north-south and south-south collaboration including supporting the development of public-public partnerships, and promoting democratic governance and substantive citizenship in the management of water and water services.

[5]This chapter provides a summary of findings. The reader will find additional details in the original project reports listed in the reference list as well as in complementary analyses of the process which have been published elsewhere (Castro 2007a, b, 2008).

[6]The MDGs aim at reducing by half the proportion of the global population that lack access to WSS by 2015. It is estimated that 17% of the world population lacks access to safe water, and 40% has no provision of basic sanitation (UN 2000, 2002).

9.2 The Claims of Mainstream WWS Policies

The claims put forward by promoters of PSP as the key solution to the WSS crisis are wide-ranging and it is not possible to provide a comprehensive treatment of the matter in a single chapter. For this reason we will concentrate here on some aspects of what we have identified to be the main justifications used to promote these policies, as summarized by a World Bank document:

> Private participation offers enormous potential to improve the efficiency of infrastructure services, extend their delivery to the poor, and relieve pressure on public budgets that have long been the only source of finance. Encouraging more private involvement requires that governments change their role–no longer directly providing infrastructure services but mastering the new business of fostering competition among private providers, regulating where competition is weak, and supporting the private sector generally (World Bank 1998: 1; see also Savedoff and Spiller 1999).

In addition, it has also been argued that the expansion of PSP would be the most adequate tool "both to meet the UN's Millennium Development Goals and to actively contribute towards social justice the world over" (Balen 2006: 4; see also IDB 1998:120; World Bank 2006a).

From another angle, authors promoting mainstream WSS policies argue that there is no particular reason why WSS should be categorized as a public good[7] that has to be excluded from the market (Roth 1988: 240–2; Triche 1990: 4), and some have contended that "the argument in favor of direct public provision of [urban water supply] has traditionally been based on the false assumption that it is a public good" (Nickson 1996: 25), which would have misled people to believe that WSS are "a 'public service' or even a 'social good'" (WSP-PPIAF 2002: 8–10). The neoliberal campaign to erase the notion that WSS are public or social goods and reorganize the provision of these services as marketable commodities has been recently joined by UNESCO's World Water Assessment Programme, which reserves the status of public good to such activities as the protection of the aquatic environment and biodiversity but defines residential water supply and sanitation as "private commodities" (UNESCO 2006: 409). AQ1

Also, the mainstream literature keeps repeating that "the transfer of public [WSS] companies to private ownership can bring substantial improvements in productive efficiency" (Lee 1999: 101), and that "competitive private provision may well be the most efficient form of organization for the delivery of water services" (Roth 1988: 7). As already quoted before, the World Bank has officially asserted the superiority of private over public provision of WSS (World Bank 1998: 1). Moreover, leading WSS experts at the Bank have openly adopted an extreme free-

[7]The notion that essential services such as WSS are "public goods" was developed in the process that since the late nineteenth century led first to the increasing regulation of privately-delivered services such as water supply and later to municipalization and then state takeover of these services. Welfare economists argued that this was necessary because of "market failures," which arise because private markets are unlikely to provide the most efficient pattern of goods and services preferred by consumers (Roth, 1987: 6–7). See also Lee (1999).

market position and argued for "complete privatization of water assets" and the creation of "unregulated private monopolies" to solve the WSS crisis in developing countries (Brook et al. 1998: 22–23). This call for unregulated provision of WSS has also been defended by authors who argue that "privatization seems to be necessary but it is not sufficient," it must be complemented with competition, which if "effective, […] can replace regulation for network services and thereby increase efficiency" (Newbery 1999: 386).

These and other justifications for expanding PSP in WSS that can be found in the mainstream literature led us to formulate a number of research questions: What is the historical or empirical evidence to support these arguments? What has been the actual result of the implementation of these policies since the late 1980s? What lessons can we learn from this process?

9.3 Historical Background

Regarding the historical evidence, mainstream WSS policies tend to ignore, if not even misrepresent, the historical record of the switch from private to public WSS provision that took place first in Europe and the United States and then elsewhere since the late nineteenth century. A case in point is the misleading reference to the situation in nineteenth-century England discussed in the 2004 World Development Report of the World Bank. The report dedicates a box to "private participation in history" where the authors praise the private monopolies that served London in the nineteenth century as successful and even suggest that these private companies would have contributed to the universalization of WSS in the city (World Bank 2003: 167). Not only is this a gross historical mistake, but the report fails to mention the fact that the substandard performance of private WSS in nineteenth-century England led to the municipalization of the services (Hassan 1998; Laski et al. 1935; Millward 1991), and, in the case of London, to the takeover of the eight unregulated private water monopolies that served the metropolis by a joint board of local authorities in 1902 (MWB 1949). In England, by the late nineteenth century there was general acceptance that the achievement of social justice in the provision of WSS could not be left to the unregulated working of the market forces and that ensuring universal access to clean water and safe disposal of excreta was a moral community duty (Luckin 1986; Ward 1997; Mukhopadhyay 1975; Goubert 1986). In consequence, essential services like WSS that had in the past been delivered as private commodities (available only to people who could afford to pay for them) were reconceptualized as public goods whose provision became a moral responsibility of the state and their universal access became a social right of citizenship. Eventually, the achievement of such broad consensus, which was supported even by some free-market liberals at the time, led to the universalization of public WSS in the country. Similar processes took place elsewhere in Europe including France, the country that produced the private companies that today dominate the global market of privately-run WSS (Juuti et al. 2006; Goubert 1986; Pezon 2000).

The process was similar in the Americas. While in 1806 about 94% of waterworks in the United States were private, by 1896, 53% had already been taken over or directly built by the public sector, a trend that was especially significant in the largest urban centers. Sewerage systems, like in England, were almost exclusively a public sector endeavor and their development did not start until the second half of the nineteenth century (Hukka and Katko 2003; Melosi 2000; Ogle 1999; Warner 1987; Schultz and McShane 1978). The situation in Latin America resembled the experiences of Europe and the United States – private water monopolies that served the well-off neighborhoods in the most important cities failed to expand the services to cover the growing population and were progressively taken over by the public sector since the late nineteenth century (see, e.g., Catenazzi and Kullock 1997 for Argentina; Connolly 1997 and Aboites 1998 for Mexico; Pérez-Rincón 2002 for Colombia; Swyngedouw 1999, 2004 for Ecuador; Rezende and Heller 2002 for Brazil).

Although there is a very rich literature on the history of WSS, mainstream policy documents either consistently fail to make any reference to it or tend to misrepresent the actual development. The fact that the universalization of WSS in developed countries was only achieved because the public sector intervened in a field previously run as a for-profit private business is completely ignored and substituted by mainstream policy prescriptions. This oversight has been recently acknowledged, somewhat reluctantly, by the World Bank, which has admitted that it would be wrong to conclude that government should give up and leave everything to the private sector. […] If individuals are left to their own devices, they will not provide levels of education and health that they collectively desire. […] Not only is this true in theory, but in practice no country has achieved significant improvements in child mortality and primary education without government involvement. Furthermore, as mentioned earlier, private sector or NGO participation in health, education, and infrastructure is not without problems – especially in reaching poor people. The extreme position is clearly not desirable (World Bank 2003: 10–11).[8]

Summing up, the historical record does not lend support to the claim that PSP can provide the solution to public sector failure in providing universal access to WSS in developing countries.

9.4 Evidence from Recent and Ongoing Research

One of the main claims to promote PSP expansion in WSS has been the need to bring fresh private funding to "relieve pressure on public budgets that have long been the only source of finance" (World Bank 1998). However, after mounting evidence that the private investments expected from the implementation of mainstream WSS policies did not materialize, the World Bank and other actors, including the private companies themselves, have recognized that this claim was flawed from the start. As

[8]In this passage the World Bank implicitly acknowledged that another claim used to justify PSP, that it helps to expand WSS coverage to the poor, is also flawed. We have discussed this particular claim in more detail elsewhere (Castro 2007a; also see Laurie 2007).

stated by Katherine Sierra, the World Bank's Vice-president of Infrastructure and Development during the 2006 Fourth World Water Forum in Mexico:

> Always the bulk of the investment in water has to be provided by the public sector […] given the magnitude of the resources needed, in the 1990s we believed that the private sector could make important investments to save the water sector. However, there has not been much private investment and 90% of the resources came from the public sector even during the period when private participation was at its height (La Jornada 2006; see also World Bank, 2003: 10–11; Klein 2003; Hall et al. 2003: 5–7).

Our research found a consistent pattern in the cases studied: actual investment by the private companies involved was very modest or even negligible (see Summary of findings in Box 4.2).

An outstanding example is the case of Aguas Argentinas in Buenos Aires, the private concession granted in 1993 to a consortium led by the French company Suez, which was eventually cancelled by the Argentinean government in March 2006. As shown in Table 9.2, the actual private investment in this project represented just

Box 4.2. Economic-financial aspects of PSP: summary of findings

- Revenues from WSS fees – with some variations from case to case – are the most important source of funding for WSS operators, whether public, private or mixed Azpiazu and Schorr (2004)
- Direct state subsidies and borrowing are the next most important sources of funding; these sources are increasingly becoming a structural component in WSS funding
- "Fresh resources" (genuine private capital) have a significantly lesser role
- As a general trend, capital formation has been far lower than expected, with a pattern of recurrent non-compliance of investment commitments according to contract
- There was significant renegotiation of contracts to reduce the original investment commitments of the private company or outright transfer of the burden of investment back to the public sector

Table 9.2 Sources of funding – Aguas Argentinas (May 1993–December 2001) (in and %) (Elaborated from Azpiazu and Schorr 2004)

Source	(millions)	Share
Revenues	2,976.5	78.1
Net increase of debt	577.4	15.2
Fresh capital from partners	98.1	2.6
Other financial income	114.5	3.0
Other	44.2	1.1
Total	3,810.6	100.0

US$1 = 0.8171

2.6% of the total funding sources of the company between 1993 and 2001. This case is significant because it has been praised as a success story and a model to follow as recently as in the 2004 World Development Report (World Bank 2003: 168). The example of Aguas Argentinas illustrates the pattern of low or negligible private investment in PSP found across the different case studies, although with variations, which is also consistent with other research results (see, for instance, Hall 2002, AQ2 2006; Hall et al. 2004; Hukka and Katko 2003). Moreover, representatives of the IFIs and global private water companies have openly acknowledged that the claim about fresh private investment did not live up to the expectations (e.g. Aylard 2004, Labre 2004, see also PRINWASS 2004).

Another claim used to justify mainstream WSS policy is that public utilities would be irredeemably wrangled in a vicious circle of inefficiency and could only be saved through PSP reforms. As another World Bank-related document argues:

> Publicly-run utilities in developing countries have been singularly unsuccessful in providing reliable water supply and sanitation services. Most find themselves locked in a downward spiral of weak performance incentives, low willingness to pay by customers, insufficient funding for maintenance leading to deterioration of assets, and political interference. A common reform measure is bringing in the private sector to provide specialized expertise, efficient management and new sources of capital (WSP-PPIAF 2002: 8–10).

However, the evidence gathered in this research suggests that when we consider the WSS process as a whole, from water intake to wastewater disposal, private utilities tend to perform as poorly as the much criticized public entities (Torregrosa et al. 2004). Conversely, the best-performing WSS utilities in the countries studied tend to be public and not private companies, such as in Brazil and Mexico.[9] In this regard, the evidence shows that although private water operators tend to introduce significant improvements in commercial efficiency and increase revenue, they also tend to under-invest in infrastructure renewal, even failing to comply with investment commitments agreed upon by contract. Generally, private companies introduce significant improvements in user management technologies and infrastructure, such as billing and fee collection systems, and also expand water supply coverage to include new customers in commercially viable sectors. For instance, in Buenos Aires and Cochabamba the expansion of the networks and the investment in asset renewal, maintenance, and improvement of service quality was mainly directed to the areas offering the greatest profitability (Azpiazu et al. 2003; Crespo et al. 2003). Also, in the cases of Brazil (Limeira, Niterói and the Lakes Region), Buenos Aires, and Aguascalientes, private companies made substantial progress in improving user

[9]The well-established fact that many public operators in both developing and developed countries are highly efficient has been largely ignored or neglected in the mainstream literature as well. For instance, after around 15 years of PSP experience in the WSS sector, the best performing utilities in Brazil and Mexico are public: SABESP (the state water utility of Sao Paulo) and DMAE (the municipal water company of Porto Alegre, in Rio Grande do Sul), among others, in Brazil, and the state water company of Nuevo León, SADM, in the case of Mexico. In Colombia, the multi-utility *Empresas Públicas de Medellín* created in 1955, owned by Medellín municipality, is another outstanding example of sustained public sector efficiency rarely, if ever, mentioned in the mainstream literature (see also Balanyá et al. 2005).

databases, metering consumption, and billing for WSS (Vargas 2003; Azpiazu et al. 2003; Torregrosa et al., 2003). The private operations in the Kenyan cases of Nyeri and Tala have also reported significant improvements in overall user management, from registration to metering and billing (Nyangeri 2003).

Nevertheless, there has been a clear imbalance between the efforts made to improve the commercial efficiency of the private companies and enhancing the overall efficiency of the systems. This has often led to widespread user dissatisfaction because the rising commercial efficiency in billing and fee collection – accompanied by steep increases in water fees – is seldom matched with higher service quality. For instance, in Buenos Aires the regulatory body, the Tripartite Entity of Sanitation Works and Services (ETOSS), and the Ombudsman had to intervene frequently due to spreading user protests against irregularities in the implementation of the new user management technologies by the private company (e.g. errors in registration and billing, overcharging, unjustified payment orders, etc.), which led to the repeated application of fines and other sanctions with some cases even reaching the Supreme Court of Justice (Azpiazu et al. 2003). Another example is the case of Aguascalientes, Mexico, where given the poor condition of the distribution network that carries a mixture of water and air, improving water metering led to an unfair increase in the volume of water/air charged that affected the most deprived sectors of the population in particular. According to a survey carried out by the municipality one third of the users complained that the private company kept invoicing and pressing the collection of fees with disregard for the fact that their drinking water supply was intermittent and unreliable (Torregrosa et al. 2003).

World Bank analysts have recognized that PSP has had "mixed" results in the supply of urban WSS (Richard and Triche 1994: 4), and that "private sector or NGO participation in health, education, and infrastructure is not without problems – especially in reaching poor people" (World Bank 2003: 11). These conclusions are consistent with our research findings, which show that the structural social inequalities in access to WSS that have existed for decades in developing countries, often under public-sector monopoly, are not being reversed, but are rather exacerbated by mainstream WSS policies. Private operators need to focus their investments to secure a return on capital for their shareholders, which is their main priority, and therefore expanding the networks to the poor has clearly not been part of their strategy, with few exceptions that tend to confirm the rule (Laurie 2007; UN-United Nations – Habitat 2003: 180–181). They would, admittedly, only expand services to the poor if this is a term of the original contract. However, too often companies have not lived up to the letter of the original contracts, particularly with regard to infrastructure expansion to cover the most deprived populations. Even when the investment requirements are stipulated in the contract, in the absence of proper regulation and public control, non-compliance by private providers has been the pattern in most cases studied.

[10]It is important to note here that the notion of public or social good does not imply that these services should be free of charge, as the two notions are often conflated in current debates.

9.5 From Citizens to Consumers?

Another crucial aspect of mainstream WSS policy is the attempt to erase the notion that these services are common or social goods that must be provided regardless of the market position of the users, that is, regardless of their capacity to pay for them.[10] The policy aims at rebranding these services, (and we can add all other essential services such as public health or basic education) classically conceptualized as social goods since the late nineteenth century and enshrined as social rights of citizenship since around World War II, as private goods or commodities. Consequently WSS users themselves have to be re-categorized: there would be no social right to WSS as such, but only the right that can be gained by purchasing them in the market, that is, consumer rights.

As a note of caution, it is clear that the process of commodification of essential services such as safe drinking water has been in progress for decades despite their sanctioned status of social rights and public goods, as demonstrated by the well-known fact that millions of urban poor in developing countries have to buy unsafe water from unregulated private vendors at prices several times higher than those charged by network WSS utilities in the same city. The exponential growth of the bottled water industry, both in developed and developing countries, is another example. Nevertheless, the commodification process has been much slower in the case of networked WSS, and, as already discussed, one of the explicit objectives of mainstream WSS policies has been to move this process forward by accelerating the marketization of these services and cancelling the notion that they constitute a public good or a universal social right.

In doing so, the main efforts of mainstream WSS policy have been focused on transforming the identity of the service provider through the process of public-sector reform and PSP expansion. An important implication of the transition to greater PSP has received much less attention: that of transforming the identity of the citizen, from a holder of the social right to access WSS as a public good into a consumer of commodified WSS and customer of a private provider. Perhaps mainstream policymakers assumed that the transition would be mechanical and that people would simply accept the changes once the PSP-based system of WSS provision was set in place. However, pro-PSP reformers have been largely oblivious to the potential response that these policies would elicit among the population. Thus, the introduction of PSP in WSS during the 1990s often took the form of an experiment of social engineering that assumed that values, practices, cultural norms, material interests, and social relations associated with water and water services could be transformed through legal-institutional changes.

For instance, the Mexican government announced in 1993 that "water has ceased to be a free good and from now on it is a resource which has an economic value, and society must pay for it" (CNA 1993, p. 11; see also Rogozinski 1993, 1998). The assumption that water in Mexico was free before these reforms is a fallacy, as in practice for most Mexicans safe drinking water had already become an expensive commodity long ago. More importantly, the assumption that the transformation from "free" to economic good can be operated through legal and institutional mechanisms alone is at the

heart of the failure experienced by these policies in Mexico and elsewhere. The attempted social engineering associated with mainstream WSS policy faces not only the specific problems involved in the transformation of water from "public" or "social" good into a commodity, but also a wider range of problems prompted by the attempt to reduce the often conflicting values and material interests held by different actors regarding the social organization of WSS to a market equivalent.

However, this exercise of social engineering has not been successful and the attempted commodification of networked WSS has faced significant challenges including strong citizen opposition, which, in extreme cases, has led to the cancellation of PSP contracts (e.g. Tucumán in Argentina in 1997, Cochabamba in Bolivia in 2000, Grenoble in France in 2000, Wales in the UK in 2001, Atlanta in the US in 2003, Buenos Aires in Argentina [Azurix] in 1999, Dar es Salaam in Tanzania in 2005, Buenos Aires in Argentina [Aguas Argentinas] in 2006, and La Paz-El Alto in Bolivia in 2006), and even to the prohibition of introducing privatization in WSS (e.g. Chaco, Argentina in 1994, and Uruguay in 2004). Awareness or actual experience of user unrest caused by the introduction of PSP policies led to the recognition of the need for "user involvement" or "participation" to induce public acceptance of these policies. Thus, in most cases examined in our study, there was an explicit reference to the crucial importance of citizen involvement and participation to ensure the success of PSP implementation. Unfortunately, in most cases, this was merely a rhetorical device and meaningful citizen involvement, even in their role as individual customers, has been largely neglected in the process.

For instance, in Mexico sweeping reforms were introduced in 1992 in the water sector seeking to replace the traditional clientelist practices characterizing public sector WSS policies by a "new water culture" based on citizen involvement, community responsibility, and private sector delivery (Castro 2006). In Bolivia a Popular Participation Law was passed in 1994, seeking to promote more citizen involvement in local government affairs, which was complemented by the creation of an inter-sectoral regulatory framework that allowed for citizen participation in the regulation of WSS operators (Crespo et al. 2003). In the European Union, the European Water Framework Directive of 2000, which is being transposed into each country's national legislation, declares that its success "relies on close cooperation and coherent action at the community, Member State and local levels as well as on information, consultation and involvement of the public, including users" (EU 2000). It would not be difficult to extend the number of examples of this formal acknowledgement of the crucial importance of involving citizens and water users in WSS projects. Nevertheless, there is overwhelming evidence that in practice, citizen involvement, even when citizen roles are reduced to that of customers has been highly restricted in most cases, and particularly so in processes involving pro-PSP reforms in WSS. Let us consider a selection of examples.

The case of Cochabamba is the only one among our case studies where the rights over water resources were at stake, when the new water law passed in 1999 and the concession granted to a private consortium in the same year threatened to expropriate the existing water rights of the indigenous farmers of the Cochabamba Valley. In fact, indigenous water rights, based on what is locally known as "uses

and customs," were neglected in the relevant policy reforms carried out in Bolivia during the 1990s such as the Basic Sanitation Plan (1992–2000). Moreover, by transferring all water rights to the private company, including those abstraction rights previously in the hands of Cochabamba's municipal operator SEMAPA, the expropriation would have extended to the whole community, which owns the water rights through the municipal body. This was one of the key reasons for the mass mobilization that led to the cancellation of the private concession less than a year into the contract, in March 2000 (Crespo et al. 2003).

In Bolivia, the institutional framework for user participation has been limited to creating formal channels for the presentation of complaints and appeals about service deficiencies and grievances. There is also a provision by which the regulator has the power to call public audiences for consulting users on particular issues. In general, these instruments have not helped to promote meaningful citizen involvement, as showed by the fact that a public audience held in Cochabamba in December 1999 to consult users over the tariff increases to be implemented by the private concessionaire attracted only 14 participants. Although the regulator was supposed to act in defense of users' interests, the prevailing perception among the population was that the interest of the private water operator was receiving priority over those of the community (Crespo et al. 2003). These feelings were further accentuated because the municipality was also left out of the discussion over the tariff increases, effectively curtailing the only other mechanism available to citizens for exercising control over the process. Moreover, people had been alienated from the start, as the process leading to the granting of the concession had been conducted with complete disregard for citizens' preferences and opinions, in conditions of secrecy whereby essential information such as the contractual obligations and the financial plans of the private operator were hidden from public scrutiny through a confidentiality clause included in the contract (Crespo et al. 2003).

In Argentina, most concessions to private companies made during the 1990s were carried out by bypassing the congress (through the issue of special presidential "Decrees of Necessity and Urgency") and avoiding public consultation or citizen involvement, such as the 1993 case of Aguas Argentinas in Buenos Aires. Moreover, concessions were granted in the absence of any anti-monopoly legislation, specific regulatory bodies or consumer representation. In the case of Buenos Aires, successive renegotiations of the original concession contract followed the same model favoring the private company's interests over the public. In the extreme, even the regulator ETOSS was excluded from crucial negotiations in 1997 when the body tried to exercise some degree of control given the overt lack of compliance by the private company with its contractual obligations in relation to investment commitments (Azpiazu et al. 2003).

Another crucial aspect affecting citizen participation in Buenos Aires is the monopolization of the production of, access to, and use of vital information about the running of the water utility by the private operator, which resulted in both the regulators and the users' organizations being dependent on the information released by the company, which left little room for independent assessment and monitoring. The role of users' organizations was only defined after the concession was granted and it was limited to presenting legal and administrative complaints. After a review

of the role of users in the face of mounting citizen unrest in the late 1990s, user involvement remained severely restricted and it was mainly limited to people's engagement as providers of labor and materials for the expansion of the network in poor neighborhoods, a program that was jointly developed by the private company and the local office of an international NGO (UN-United Nations – Habitat 2003: 176). Although these forms of "civil society" engagement were obviously a step forward from the alienation that users suffered in the original concession contract, they still had little say on crucial aspects of the governance of WSS, especially regarding decisions about who governs the system, how, at what cost, and for the benefit of whom. Eventually, the private concession was terminated by the Argentinean government in 2006 on grounds of the alleged failure of the private operator to comply with the contractual commitments.

In the case of Tucumán, the overall process leading to the concession of the public utility in 1995 was marred from the start by lack of transparency and widespread suspicion of corruption of public officers and politicians. The negotiations were carried out in the absence of public debate or even consultation, and citizens were also excluded from the activities of control and regulation foreseen in the regulatory framework and the licensing contract. However, in sharp contrast with the case of Buenos Aires, the authoritarian character of the process in the end resulted in the early collapse of the concession. The increase of 106% applied to water bills shortly after the private operator took control of the service provoked widespread unrest among water users and prompted the organization of a wide-ranging front of opposition through a "refusal to pay" campaign that was joined by municipal authorities, provincial legislators, and workers who had been laid off by the private company. In addition, problems with the quality of water being delivered and the extremely high temperatures of the summer of 1995–1996 compounded the situation and the protest movement grew rapidly to the point that 86% of the users, including businesses and government departments joined in the civil disobedience by refusing to pay their water bills (Crenzel 2003).

In the three case studies carried out in Brazil, Limeira, Niterói, and the Lakes Region, the pattern was very similar: the processes leading to the granting of the concessions were marred by political controversy, allegations of corruption, and long litigations in the judicial system. Against this background, it is possible to perhaps understand why the former Director of the World Bank's Brazilian office, Vinod Thomas, declared in late 2003 that "when there is risk that privatization might create a monopoly, it is better to leave the services in State hands. … [He referred] to the case of Russia, a country that in the last few years has had one of the worst performances in social terms, as an example of privatization processes that should have never happened" (Folha de Sao Paulo 2003). Similar problems were already affecting the process of PSP expansion in Brazil. A common trait in the Brazilian cases is secrecy involving contracts, especially the lack of information about issues such as the authorized rates of return on investment or the details of the committed investment and financial plans, which renders regulatory monitoring and public scrutiny unfeasible (Vargas 2003). AQ3

Conversely, there have also been important examples of what may happen when citizens are meaningfully involved in the decision making process or local authorities

have some degree of autonomy to decide between alternative possibilities, free from the pressure to introduce PSP coming from loan conditionalities or the imposition of mainstream WWS policies by the national governments. One such instance took place in the province of Chaco, in Argentina, when in 1994 the provincial government called for public consultation on the acceptability of introducing PSP in the running of public services, WSS included. Voters massively rejected the PSP option and decided to keep public services in public hands. This result of the consultation, which was legally binding, took the political establishment by surprise since the most important political parties supported, or at least did not challenge, the federal government's far-reaching program of PSP expansion at the time. This decision was inscribed in the provincial constitution, which as a result forbade the introduction of PSP in its territory. Unfortunately for Chaco, the democratic decision taken by the citizens was punished by the federal government, which excluded the province from the national funding scheme for WSS infrastructure, partially funded by the Inter American Development Bank, as access to funding was conditional on introducing PSP in WSS (Roze 2003).

Other examples of what may happen when citizens have the opportunity to voice their opinions are provided by the participatory processes implemented in several Brazilian cities, such as Porto Alegre and Recife. The case of Porto Alegre is much better known as a successful example of citizen participation in the organization of public services (World Bank 2003: 42). Porto Alegre's Municipal Department for Water and Sewerage (DMAE), an autonomous municipal utility created in 1961, is one of the best WSS providers in Brazil. Since the 1990s DMAE became repeatedly the target for the introduction of PSP. The reasons for this pressure were not the need to improve infrastructure efficiency, relieve public sector budgets or expand the services to the poor, as the DMAE was self-sufficient, and had already achieved high standards of efficiency and coverage. The main reasons were political, as the federal government was pushing an aggressive policy of PSP expansion with the support of IFIs like the World Bank, the International Monetary Fund (IMF) and the Inter-American Development Bank (IDB). The main instruments of this policy were the new Concessions Law passed in 1995 by the government of President Fernando Henrique Cardoso, and the Modernization Program for Water and Sanitation Services (PMSS) implemented by the federal government with World Bank funding. In this context, DMAE was approached systematically by representatives of the IFIs with offers of loans for financing infrastructure renewal and expansion always on the condition that the utility should be open to PSP. These offers, which, at times, allegedly took the form of bribing attempts, were consistently rejected by DMAE's authorities who aimed to keep the company in public hands, thanks to the high level of political and public support they held locally.[11]

[11]Interview with Eng. Atílio Todeschini, former Director of DMAE and currently elected municipal councillor, Chamber of Councillors of Porto Alegre, Porto Alegre, January 2005. The "bribing attempts" refer to situations where allegedly officers of the IFIs were trying to negotiate loans in exchange for consultancy contracts for private companies run by themselves, family relatives or friends. This reminds us of Joseph Stiglitz's statement that privatization as promoted by the IFIs should be rather termed "briberization" (Stiglitz, 2002: 58).

In Recife, capital of the state of Pernambuco, since 1995, the state's Water and Sanitation Company (COMPESA) became a target for the PSP program fostered by the federal government. By 1999/2000 preparations for launching a bid were already well advanced with the agreement of the federal, state, and municipal governments and with support from the World Bank through the PMSS. In addition, a loan being negotiated with the World Bank for investment in basic infrastructure in the Recife Metropolitan Area was also tied up to the condition that COMPESA become open to PSP. However, the unexpected electoral success of an alliance led by the Workers' Party (PT) in Recife and other important municipalities of the metropolis changed the dynamic of the process, as the PT won the election with a program that opposed mainstream PSP policies in public services. In 2002, the municipal government of the capital organized Recife's First Municipal Conference on Water and Sanitation, opening the debate about the future of public services in the city – together with other crucial topics – in a highly participatory process which led to a massive vote in favor of keeping public services, including WSS, in public hands. Faced with the outcome of the Conference, and with the determination of the municipal authorities to keep their campaign promises, the state governor agreed to freeze the bidding process. Nevertheless, further pressure was put on the municipal government to accept the introduction of PSP in the state utility COMPESA through the conditions included in the loan negotiated with the World Bank for the recuperation of degraded areas of the city. It was only after very difficult negotiations carried out in Brazil and Washington, and after the intervention of the federal government of Brazil, that the Bank's negotiators agreed to withdraw the conditionality of PSP from the loan contract as requested by Recife's municipal authorities.[12]

These are very relevant examples of what may happen when people are given a meaningful opportunity to participate and express their preferences and this is combined with a minimum degree of autonomy for the local authorities and regional governments. Unfortunately, as already mentioned, this has been seldom the case in the mainstream policies promoting PSP in the water sector. It can be argued that although rhetorically social participation has been recognized as a crucial factor in ensuring the success of WSS policy reforms (EC 2002, 2003; GWP 2002, 2003; UNDP 2003), the prevailing practices continue to alienate and exclude rather than include citizens in the government and management of these services.

It is important, however, to place this critique in historical perspective. It must be recognized that citizen participation has not been a characteristic of the ways in which water and WSS have been governed and managed in the past. As pointed out

[12]Interview with Eng. Antônio da Costa Miranda Neto, former Secretary of Sanitation of the Municipality of Recife and International Representative of the Brazilian Association of Municipal Water and Sanitation Utilities (ASSEMAE), Recife, 12 December 2003. We have omitted the details of the negotiations for reasons of space, but the interview provided good evidence of the strength with which IFIs use loan conditionalities to foster PSP policies in developing countries. The final negotiations for this project, called Prometrópole, took place in Washington in November 2002, and the contract was finally signed on 23 June 2003.

by John Dryzek, in the tradition of administrative rationalism, the highly technocratic model of public service delivery that prevailed during much of the twentieth century and that has been the target of the public sector reforms since the 1980s, the organizing principle was "leave it to the experts" – citizens were expected to be passive and obedient beneficiaries (Dryzek 1997). However, it must also be recognized that in the policies mainstreamed since the 1980s, opportunities for substantive citizen participation are limited.

Citizen "participation" often means willingness to accept decisions already taken with little or no consultation. This is not a new problem, and in most cases it could be observed that social struggles for the democratization of water governance are long standing, as vividly illustrated by the experiences of the Latin American countries examined here. Despite a limited degree of success achieved during the 1980s through the experience of decentralization in some countries, the persistence of paternalistic and authoritarian political arrangements continue to hinder the possibilities for deepening the exercise of substantive citizenship and democratic governance. Unfortunately, the expansion of PSP promoted by mainstream WSS has tended to exacerbate existing problems and even create new ones, raising the level of citizen contestation and unrest, as reflected in the declining acceptance of PSP policies found by the Latinobarómetro opinion poll (see Table 9.3).

The results of expansion of PSP have been often catastrophic for poor countries, particularly if we think in terms of the missed opportunities for achieving the

Table 9.3 Declining public support for PSP in Latin America[a] (1998–2003) (Lagos 2004)

Country	1998	2002	2003
Costa Rica	60	32	–
Brazil	51	38	33
Venezuela	51	38	32
Mexico	49	28	31
Chile	51	22	29
Honduras	47	34	25
Colombia	39	23	24
Paraguay	46	19	23
Peru	44	32	22
Ecuador	52	40	20
Nicaragua	46	30	20
Bolivia	49	23	19
Guatemala	62	29	16
Uruguay	29	16	16
El Salvador	54	35	15
Argentina	32	14	12
Panama	20	31	10
Latin America	46	28	22

[a]Percentage of positive responses to the question: "Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following phrases that I am going to read: The privatization of state companies has been beneficial to the country." The table only shows results for the responses "Strongly Agree" and "Somewhat Agree."

AQ4 MDGs in cases like Bolivia.[13] The experience has been also catastrophic for some private operators that have ventured into the program of PSP expansion with very limited knowledge and understanding of the local socio-political and cultural conditions. As a recent assessment by the Executive Vice-President of Suez put it:

> I would like to have a brief look back at 2002 and 2003, whose disastrous results shook our convictions to the core: The overly hasty expansion of water internationally ended in failures that were painful for all of us; ONDEO and SITA's acquisitions of companies that should have been sources of growth instead generated losses or were a cause for concern. We were forced to pull out of unprofitable projects (Puerto Rico, Atlanta, etc.) and to sell part or all of companies such as Northumbrian and Cespa, whose development we were no longer able to finance. This sorely tried our nevertheless proven business models and our certainties. (Chaussade 2004)

This experience of business failure is shared by others, to the point that the global water operators announced their retreat from developing countries. In the words of an analyst, "Can anyone imagine investing hard currency in water projects in countries like the Philippines, Argentina and Bolivia now?" (GWI 2004). This question provides insight into the assessment that global water companies have made about the role that they can play in helping developing countries to achieve the MDGs. It also provides mutatis mutandi, a contribution to our own evaluation of the claims made in mainstream WSS policies about the role of the private sector in solving public failures in developing countries.

9.6 Conclusion

This chapter has presented some of the key findings and conclusions on mainstream WSS policies implemented worldwide since the 1990s. The empirical evidence derived from our study does not support the claims that PSP can provide the solution to protracted public sector failures, especially in developing countries. These examples suggest that most of the arguments used to justify the expansion of PSP are either flawed, like the claims that PSP can provide the needed investment by tapping private sources of funding or that it can be the best strategy to expand services to the unserved poor, or grossly exaggerated, as PSP does not necessarily produce higher levels of overall efficiency in the provision of WSS. When we observe the whole cycle of the

[13]An important calculation that is often missing in the debates is the cost of introducing PSP in developing countries: the cost in terms of the preparation of public utilities for privatization. In addition to this, in cases like Bolivia, the failed PSP contracts in Cochabamba (2000) and more recently in La Paz–El Alto (2006) have placed a heavy burden on the country, given that the private operators have sued the Bolivian government to claim compensation for the loss of future revenues over the remaining life of the contracts. A similar situation is faced by Argentina in relation to a number of failed PSP contracts and the country currently faces compensation claims from private companies that run in the hundreds of millions of dollars (for a discussion on arbitration tribunals created under international investment agreements, see Solanes, this volume).

production and distribution of WSS from intake to safe wastewater disposal, private operators tend to fair poorly while there are excellent examples of highly efficient and well managed public companies. While private operators tend to concentrate their investments on enhancing the commercial aspects of the business (e.g. metering and expanding coverage for drinking water), they often neglect much needed investment in infrastructure renewal and in the overall management of wastewater. There is no evidence in our cases that private operators pay adequate attention to demand management initiatives, environmental planning, or integrated management of natural resources – that are core components of sustainability strategies – even when these activities are stipulated by contract or otherwise subject to strict regulation.

In historical perspective, rather than being driven by a genuine search for efficiency improvements and universalization of service access, mainstream PSP policies form part of a pendular cycle between private and public-sector expansion that has been closely intertwined with transformations in the socioeconomic structures of the leading capitalist countries. While during much of the twentieth century, and especially since the post Second World War period, the state was given a central role as the key economic actor, by the early 1970s, significant changes in the global economy completely transformed the relative weight of the state vis-a-vis other actors, in particular the trans-nationalized private sector. One of the most significant consequences of WSS policies inspired by free-market liberalism, has been the attempt to radically transform the structure of governance of WSS, which had traditionally been developed around the principle that these are essential services that should be universally available and, therefore provided under strict public sector control or directly by the public sector. Under the conditions prevailing internationally since the 1980s, attempts have been made to reorganize the governance of WSS around market principles, reducing state control over private operators to a minimum and transforming the status of WSS from essential public services into commodities.

However, this has not been a linear process and has not produced a uniform model. Despite some common "megatrends" (e.g. the monopolization of the private water market by a handful of multinational operators, mainly European) we have also found differences and diversity in policies and strategies between and within countries and regions. Even within the key institutions that have promoted the model since the 1980s, like the World Bank, there exist internal tensions and debate which have produced a diversity of outcomes. While during the 1990s critics of the model (for instance, within the Bank) were few and their voices very moderate, since 2002 the dissent has been more open and pronounced. Finally, in its World Development Report 2004 and further public statements the World Bank has openly admitted that mainstream WSS policy, in the face of the challenges assumed by the international community in relation to the MDGs, cannot be grounded on a market-centered structure of governance and that the private sector cannot be considered to be the main actor for universalizing WSS in developing countries.

In hindsight, it is clear that these changes may be related to the recurrent failures experienced by projects involving private-sector participation in WSS during the 1990s, and to the increasing reluctance of private water companies to engage in the provision of WSS in developing countries owing to the financial and political risks

involved. Although private operators may be willing to undertake the provision of these services under conditions that guarantee a sustained return for their shareholders, countries cannot rely on PSP for the expansion and maintenance of WSS to the large population in developing countries who have limited or no access to these services. These are normally the poorer sectors of society, in which a large proportion of the population lives in extreme poverty and can barely afford to pay for WSS at the true international market price (and often not even at their cost-recovery price), and whose situation has been systematically worsened throughout the 1990s owing to increasing inequality and deprivation (Crenzel and Forte 2004; Wade 2004; Perry et al. 2003; IDB 1998).

Furthermore, the long standing tradition of limiting or excluding citizen involvement in the provision of WSS (whether publicly or privately organized) continues, despite recent rhetoric that civil participation has become a key element in current WSS policy programs. This is particularly true in developing countries, but it can also be detected in developed countries. In the extreme, the absence of channels for adequate citizen involvement (or the actual violation of the right to meaningful citizen participation and monitoring) has led to bitter confrontations in many cases involving increased PSP since the 1980s. Such confrontations have led to the collapse of concessions, violence, political crisis, destruction of property and, most regrettably, the loss of human life, such as in Cochabamba, Bolivia in 2000.

As a result of the failures and of the contentious situations created, promoters of (for-profit) PSP increasingly recognize the need to take into account socio-political and cultural conditions when designing water and sanitation policies. This change has been reflected in new programs to develop "partnerships" between the private sector and other actors, especially "public-private partnerships" and "tri-partite partnerships" (between the public, private, and voluntary sectors). However, unawareness or even disregard for socio-political and cultural processes continues to be a crucial factor in the large number of highly controversial experiences and failures recorded. In many cases, this has led to bitter conflicts and to the collapse or early abortion of programs involving PSP (especially with foreign private operators) in the provision of WSS. In the institutional dimension, the weakness or absence of adequate legislation and regulatory frameworks has been a recurrent problem in the cases studied, which is confirmed by research carried out by peers (e.g. Hall 2002, 2006; Hall et al. 2003, 2004; Hukka and Katko 2003). Some case countries have reformed legislation (e.g. water laws) to facilitate the expansion of PSP in WSS in ways that showed little regard for important considerations such as ecological sustainability (e.g. water resources conservation) and socio-political accountability (e.g. mechanisms to protect citizens' rights in their role as users of WSS). In most developing-country cases PSP was introduced in the absence of any regulatory structures and institutions, while little attention has been paid to local capacity building in the public sector to strengthen institutional capabilities for regulation and control. As a rule PSP contracts for WSS have been kept away from public scrutiny, and crucial information needed for effective monitoring of compliance by private operators is not available in the public domain (it is considered the private property of the companies).

At the heart of the problem, there is a confrontation between alternative models of governance, structured around competing principles, which in the current historical stage have taken the form of a confrontation between a revival of market-centered governance against the pre-existing model of state-centered governance that had prevailed in the WSS sector for most of the twentieth century. One of the crucial questions this study addressed is whether the theoretical, historical, and empirical evidence supports the notion that the failure of state-centered governance in the WSS of most developing countries could be solved by radically transferring the role of the state to private monopolists. This study found scant historical support for this argument. New evidence produced by the most recent wave of PSP in the water and sanitation sector strongly disproves claims that chronic WSS problems facing developing countries can be resolved by relying on the private sector. This suggests that achieving the MDGs will not be possible by relying on the private sector, which is accepted even by the private global water companies.

Nevertheless, this has been a highly dynamic process, with frequent changes in direction and a very unclear horizon in terms of where the system will move next. On the one hand, despite the arrogant neglect of citizen preferences and opinions, especially but not only in poor developing countries, there has been mounting dissatisfaction and open defiance to the PSP policies in many countries. It would be a mistake to characterize this opposition as a mere rejection of market policies or PSP; in fact, there was some degree of support among important sectors in the early 1990s in countries like Argentina. However, lack of participation in decisionmaking and implementation, widespread perception of public and private corruption in the negotiation of concession contracts, and increasing evidence that the PSP model privileges the interests of the private operators rather than the needs of communities, contributed to the observed marked decline in acceptance or least tolerance of PSP and to the explosion of public protest, civil disobedience, and even violence against these policies.

From another angle, despite the promotion of PSP in WSS during the 1990s, the actual impact of these policies has been rather modest and private water companies today still serve less than 10% of the world population (Hall et al. 2004: 25; UN-United Nations – Habitat 2003: 177, 178). Even in the United States, whose government is one of the world champions in the promotion of PSP, only 15% of the population is served by private companies and this proportion is unlikely to increase in the future according to a government-commissioned report (NRC 2002). Developing countries that in the 1990s became the leading experimental field for neoliberal WSS policies, like Argentina, where between 1991 and 1999 the proportion of the population served by private WSS utilities increased to around 70%[14], have started an accelerated process to place WSS back in public hands as a consequence of PSP failing to deliver the promised goods. Similar trends can be identified elsewhere in both developing and developed countries, while several countries have even banned the privatization of WSS at the national level (e.g. Uruguay,

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[14]This figure includes 10% served by cooperatives (Azpiazu and Schorr 2004: 3–4).

Sweden, The Netherlands). It is not surprising, therefore, that some analysts have argued that the PSP debate has been blown out of proportion (Budds and McGranahan 2003: 88). Although this is true, there is a danger in playing down the significance of the forces unleashed by mainstream policies since the 1980s, as their impact may have far-reaching negative consequences for years to come independently of the degree of actual PSP expansion. In particular, the process of transforming the status of WSS (and other essential services such as health and education) from public or social goods into marketable commodities and cancelling the rights of citizens by reducing their role to mere consumers is taking place independently of PSP expansion. This is because the policy of reform is also implemented in public utilities, which are pressed to reorganize WSS on the basis of commercial principles and adopt market efficiency criteria, abandoning the notion that these services are public goods that must be universally available independently of the market status of the users. Moreover, despite a rhetoric of change, IFIs and other mainstream actors continue to push the expansion of PSP under different forms and names, disregarding lessons learned from recent experiences.

Some key lessons can be drawn from the recent experience with PSP in WSS in order to think ahead and contribute to the construction of feasible alternatives. Such alternatives should prioritize social rights and the common good over market interests.[15] As in the past, policies embracing these principles would be accepted and supported by a wide range of social and political forces, even by sectors that in other respects defend free-market liberalism but recognize that the universal provision of WSS requires different arrangements. Achieving success in the design and implementation of present and future WSS policies and meeting the UN Millennium Development Goals can only happen through the amalgamation of a broad and universalistic alliance of social forces to foster a new vision for defending the common good. This process is already taking place, and should be supported by strengthening local capacity, fostering public-public cooperation and partnership, and consolidating the substantive democratization of the governance and management of water and water services. AQ6

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[15]For an in-depth discussion of the challenges and opportunities for developing such alternatives see Castro and Heller (2009).

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Author Queries

[AQ1] Roth 1987 is not in the list. Please provide.

[AQ2] The citation '2004' (original) has been changed to 'Hall et al., 2004'. Please check if appropriate.

[AQ3] Folha de Sao Paulo 2003 is not in the list. Please provide.

[AQ4] Cochabamba (2000) is not in the list. Please provide.

[AQ5] Azpiazu 2004 has been changed to Azpiazu and Schorr 2004 as per the reference list.

[AQ6] Please update Castro (2008)

[AQ7] Please confirm running head