



Sustainable Development for Urban Poor: Applying a Human Rights Approach to the Problem

David Westendorff¹

Introduction

Despite the plethora of programmes, charters and international accords promulgated since the 1992 Earth Summit to promote sustainable development, living conditions for the low-income majority in cities of the developing countries have continued to deteriorate. Essential services—housing, clean water, sanitation and energy—remain out of reach for so many, while luxury communities, smart buildings and super-highways for cars and information increasingly cater to the wants of the well-to-do from Argentina to Zimbabwe.

At the same time, national governments and international agencies are reducing transfers and aid that could allow cities in the developing world to build themselves in socially sustainable (inclusive) ways. Instead, the message national and local governments are receiving from international agencies, development banks and chambers of commerce is to rely principally on private finance to establish, rebuild or extend needed infrastructure, services and affordable housing. The pendulum has swung to the opposite

¹ I would like to thank Solon Barraclough, Edmundo Werna, Rio Hada, Miloon Kothari, Krisha Ghimire and Dinesh Mehta for their helpful comments on this chapter. The remaining mistakes are my own.

extreme of the earlier perception that the national and local state should have a crucial role in establishment and management of infrastructure and essential services.

Ample examples from around the world demonstrate that state provisioning has often failed to meet the needs of both the poor and non-poor, and continues to fail in too many cases today. For many, this is sufficient evidence that the private sector can do better and will do better if it is given an appropriate policy environment, generally understood as “letting market forces guide investment decisions and price setting”. With the growing role of the private sector in urban finance, or in many cases in advance of such changes, local governments are abdicating to the private sector not only service provisioning but also the role of planner and arbiter of the public good.² The poor are not usually brought into this kind of planning process. If they are given any role at all, it is usually later when a service market has been established. At that point, the poor pay some or all of the costs of the services they elect to receive, often having built the second-tier infrastructure through which services such as water, sanitation and energy are delivered. Still the poor pay higher unit prices for services of lower quality than those received by better-off segments of society.

More rarely, but in a growing number and array of situations, a different kind of participation for poor people has evolved—as stakeholders represented in public forums where citizens debate and negotiate development strategies for their cities along with government agencies, multinational enterprises, multilateral development banks and civil society organizations. In theory, such democratic practices allow citizens’ voices to be heard and their needs to be better served. Unfortunately the evidence available suggests that such processes have yet to empower low-income groups to shift urban development processes in their favour. A necessary, but perhaps insufficient, condition for such empowerment would be the transfer of adequate financial resources, information, skills and access to a broad range of decision-making processes internal to the city that together would allow low-income groups to articulate their demands and cause them to be fully implemented.

² The evidence that both the responses of local governments to these trends and local outcomes have varied greatly within and across nations suggests that negative impacts of globalization on vulnerable groups can be mitigated and minimized. These trends and their changes over the past decade are described and analysed in depth in the United Nations Programme for Human Settlements (UN-Habitat) global reports (UN-Habitat 1996, 2001).

This chapter reviews a range of existing and proposed cases of public-private partnerships (PPPs) in urban development and management that have emerged over the past decade. The details of these vary from city to city and country to country. But, because they are largely responding to the tendencies of economic globalization, their organization and objectives share important similarities. Among the tendencies driving these partnerships are:

- privatization and deregulation;
- the homogenization of concepts of governance in a way that primarily promotes and supports privately organized economic activity; and
- the growing infrastructure of global and regional trade and investment agreements that make such partnerships hard for governments to resist, even if it is only because they represent to a restive middle- and low-income population a politically more acceptable alternative to immediate outright privatization.

This chapter begins to sketch out the way these tendencies of economic globalization condition access to adequate housing for low-income communities, and asks whether inherent in them are the necessary conditions for improving access to housing as private sector provisioning becomes more prevalent. The working neoliberal hypothesis is that private sector provisioning is more efficient, provides a better product, responds better to demand and supplies its own finance. Whether it could be beneficial to the weakest sections of society has generally not been crucial in arguments for or against private provisioning. Some examples reviewed for this study suggest that the capacity of low-income and marginalized groups to influence private sector action is buttressed by a competent and adequately resourced local state along with civil society institutions pushing strenuously to motivate the private sector to achieve social goals. While some success is being achieved in this regard, it appears that local authorities' application of human rights principles and methods are important factors in their approach to governance.

Documented examples of how this occurs are rare, and so much remains to be understood about how local governments and communities achieve the necessary conditions of strong public-spirited leadership by both civil society and government agencies. Taking into account the weakened state of so many urban and national authorities in developing countries following a decade or more of structural adjustment programmes, it would appear that preconditions such as these will be difficult to achieve without national governments and international agencies making far greater

efforts to foster stronger, more responsive local governments and civil societies. Or, at the very least, national and supranational agencies need to find ways of minimizing the damage done to local authorities, civil society and communities themselves by unrestrained global market forces. This appears to be an emerging lesson from a small number of cities in developing countries that developed vibrant practices of local democracy.

Meanwhile, until local governments and civil societies are adequately empowered, certain processes of privatization, deregulation, and economic integration affecting the supply of “adequate housing” should be implemented only if monitoring mechanisms are in place to reflect the full range of their social costs and benefits. In the meantime, the crucial task of identifying and implementing mechanisms for monitoring the distribution and application of the benefits of these processes in urban areas needs to be undertaken. To be effective, such monitoring mechanisms need to be anchored in the language and spirit of human rights charters and covenants promulgated by the United Nations at both local and national levels.

Evidence supporting these arguments is contained in the five sections following this introduction. The first of these highlights the aspects of globalization and human rights at the centre of the debate. The subsequent sections then discuss the following issues.

- How market forces in an unregulated and rapidly globalizing economy might further exacerbate the discrimination and segregation of marginalized and vulnerable groups in terms of access to adequate housing. The growing importance of international finance in local economies is a crucial factor in this process.
- There are concerns that international agreements hastening the integration of national and local economies into the international economy should not be implemented prior to the existence of regulatory institutions that protect vulnerable and marginalized groups (including women) from the negative impacts of such agreements on the fulfilment of the right to adequate housing.
- Incipient examples of institutions and practices at the local level appear to soften the negative impacts of international economic integration. These experiences show such marked differences from neoliberal approaches to decision making and social provisioning that state parties to human rights instruments could be found in breach of their obligations for

not attempting to give related measures a higher priority over the most questionable neoliberal approaches in policy making.

- A prospective research agenda for collecting and analysing information that will help clarify in different localities around the world the kinds of policies and institutional set-ups that provide the necessary and sufficient conditions to ensure that the right to adequate housing is progressively realized.

This chapter is an updated and abridged version of a background paper submitted to the United Nations Special Rapporteur on the Right to Adequate Housing in January 2002 (Westendorff 2002). The research and data on which the paper's conclusions are based come from a variety of sources. Among these were discussions at a meeting of international experts organized by the Habitat International Coalition in New Delhi in November 2001. This meeting reviewed findings of recent studies on: access to affordable housing; the design and implementation of large-scale urban upgrading schemes; and the privatization of public services in cities in different parts of the world during rapid integration into the global economy. Among these were detailed studies by independent researchers as well as case studies compiled within a research project on urban governance carried out at the United Nations Research Institute for Social Development (UNRISD) between 1995 and 2001.³ On the basis of the review, the participants outlined a research methodology for cataloguing the characteristics of existing alternative urban management practices in different geopolitical settings as a first step toward testing the effectiveness of the different management/governance practices in protecting, promoting and fulfilling the right to adequate housing.⁴ Following the New Delhi meeting, the author travelled to Montevideo, Buenos Aires and Rosario to meet public officials, researchers and civil society groups to collect additional documentary information on the cities and to get interviewees' impressions on crucial aspects of governance in each city and the proposed research agenda. Secondary and "grey" sources form an important part of the review of privatization of water and sanitation services.

³ One of the case studies reviewed in detail at the November 2001 meeting was on affordable housing in the city of Chicago, commissioned for the UNRISD project Volunteer Action and Local Democracy: A Partnership for a Better Urban Future. This and other studies from the UNRISD project will be cited at appropriate points in the text.

⁴ Housing Rights and Globalization: Research Methodology Workshop, India International Centre, New Delhi, 24–25 November 2001.

Between Globalization and the Right to Housing: Privatization and Deregulation

At the international scale, the discourse on human rights, on the one hand, and privatization and deregulation, on the other hand, have emerged as crucial elements in recent debates over globalization. In practice, far more progress has been made on privatizing and deregulating economic activity than in ensuring the observance of human rights.⁵ In this section, several crucial terms are clarified, and then it is argued that they are becoming inextricably linked.

The definitions of “globalization” and the “right to housing” have been evolving for some time. The variety of interpretations of these will not be reviewed here. Rather, only certain aspects pertinent to the discussion of the relationship between the right to adequate housing and globalization will be offered.

Globalization is, among other things, a process of increasing interaction and interchange of persons and resources across national boundaries. It is not a new phenomenon, but appears to have quickened remarkably over the last five decades, as the pace of scientific and technological change shrunk the importance of distance and borders in economic, social and political life. Economic activity generates the most far-reaching influence among the differing facets of globalization. This is manifest in the growing impact of foreign trade, investment, borrowing and technology on domestic economies.

As will be discussed in greater detail below, “neoliberal globalization” has both economic and ideological ramifications, both of which affect the realization of the right to adequate housing.⁶

⁵ A sense for the direction and scale of these trends can be seen in two recent studies, one on privatization and the other on the right to water (see Megginson and Netter 2001; WHO 2003). Megginson and Netter (pp. 326–327), quoting Privatization International, show that annual revenues globally from sales of state-owned enterprises more than quadrupled during 1988–1997, reaching a cumulative total of \$1.0 trillion by mid-1999. In contrast, the World Health Organization (WHO 2003:21) reports that some “600 million people in cities and 1 billion in rural areas live in poor quality housing. The number of people without access to improved water sources in 2000 was a staggering 1.1 billion globally. The number of urban dwellers without access to these services reached 157 million, which represents an increase of 44 million over the comparable figure in 1990. The situation with global sanitation is much worse, with almost three times as many people denied even minimal sanitation facilities”.

⁶ “Neoliberal globalization” is a term often adopted by civil society organizations critical of the form of economic globalization promoted through the policy package known first, in the early 1990s, as the “Washington consensus” and presently, since about 2000, as the “post-Washington consensus”. Assorted critics from the centre and left claim the difference between the two versions of

Simply stated, neoliberal globalization seeks an idealized form of economic openness, in which resources flow between buyer and seller, across or within borders, unhindered by government interference (regulation or taxation). In such a world, the value of all assets is determined by relative scarcity globally. World Bank and International Monetary Fund (IMF) stabilization and structural adjustment programmes (SAPs), initially intended to help developing countries recover economic health through growth, have typically increased the degree of openness of local economies. Despite their poor record of success in improving both growth and social conditions, such programmes have coalesced into the template of preference for the development policies and strategies international organizations and treasury departments of industrialized countries urged on developed countries in the 1990s.⁷

Since the completion of the 1994 Uruguay Round of trade talks, the aspects of SAPs that promote economic openness have become the heart of the global free trade agenda. While organizations such as the World Bank and IMF, and individual donor countries, have continued to press for open trade and investment environments on a bilateral basis, the World Trade Organization (WTO), the Organisation for Economic Co-operation and Development (OECD) and regional trade groupings have sought to generalize or “globalize” economic openness through agreements that bind all countries, globally or within a specific region, to follow the same rules.⁸ These include proposed agreements of the WTO on trade in services, investment,

the consensus is only in the “soothing vocabulary” in which the newer version is “dressed” (Riddell 2002:190).

⁷ In poor countries, “overall per capita economic growth rates have steadily and consistently declined” (Rowden 2001:5).

⁸ Rowden (2001:11) argues that “structural adjustment programs and other liberalization reforms as conditions on loans by the IMF and World Bank have, and continue to be, a major method of supporting WTO trade liberalization objectives. . . . For example, between 1981 and 1994 (the end of the Uruguay Round), the World Bank made 238 loans that supported liberalization of trade or foreign exchange policy to 75 different countries. Between 1995–1999, 54 other World Bank adjustment operations (65 per cent of all adjustment operations) have supported trade policy and exchange rate reforms (IBRD 1999).” In “the last 5 years (1997–2001), 36 countries have agreed to comply with bringing their trade regime in line with WTO accession requirements, or have committed to accelerating implementation of WTO rules, as stated commitments in their official IMF loan documents. In most cases, these countries have made these commitments in their formal IMF Letters of Intent (LoI) and Poverty Reduction Strategy Papers (PRSPs) required for receiving structural adjustment loans and debt-relief. In some cases, such as Azerbaijan in 1997, conformity with WTO rules was an actual condition of IMF lending”.

intellectual property rights, among others. The North American Free Trade Agreement (NAFTA), the Free Trade Agreement of the Americas (FTAA) and the failed Multilateral Agreement on Investment (MAI) are all recent examples of agreements intended to remove governments from active roles in their national economies, in favour of private enterprises operating in an increasingly unregulated market. Taken together, the global free trade agenda, if adopted in its most radical form, will markedly alter the roles, incentives and capacities of national and sub-national authorities to implement policies intended to improve and protect the living conditions of their vulnerable citizens. Some of these concerns will be discussed in detail below.

The Right to Housing: In 1948 the Universal Declaration of Human Rights (UDHR) explicitly recognized the importance of housing, stating that: "Everyone has the right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control" (Article 25.1). Since then, the right has been repeatedly recognized in a wide range of international instruments, national constitutions and normative principles and work-plans of United Nations bodies.⁹ However, mechanisms at the international level to enforce the fulfilment of this right do not yet exist. Those seeking redress for failure to observe this right must refer themselves to very uneven and incomplete legal frameworks of the country in which they reside.

Moving from the recognition of the right to adequate housing in international covenants to its full implementation in specific national and sub-national settings has been far more difficult, and remains the major challenge to the human rights system. A crucial intermediate step in this process has been the clarification of the concept of adequate housing. Much work has been done on this as well, especially over the past decade under the guidance of, or in collaboration with, the United Nations Committee on Economic, Social and Cultural Rights (CESCR). This work counted significantly on the many civil society organizations around the world seeking to promote dignified living conditions for their fellow citizens.

⁹ For a listing of international agencies and UN processes recognizing the right to adequate housing, see the United Nations Economic and Social Council, Commission on Human Rights (ECOSOC 2001:4–16).

Over time, the concept of the right to housing has been interpreted in a progressively broad and holistic way, and in relation to other components of the right to an adequate standard of living. For example, during recent deliberations on the right to the highest attainable standard of health, the CESCR interpreted the right to health as “an inclusive right extending not only to timely and appropriate health care but also to the underlying determinants of health, such as access to safe and potable water and adequate sanitation, and adequate supply of safe food, nutrition and housing, healthy occupational and environmental conditions” (ECOSOC 2001:para. 28). Similarly, the CESCR has adopted this holistic conception of housing, pointing out that the absence of clean water, sanitation and adequate supplies of energy renders shelter unhealthy for habitation.¹⁰ For this reason, it is necessary to look not only at the impacts of globalization on the supply and distribution of shelter, but also on essential services that make shelter habitable.¹¹

Monitoring the impact of privatization and deregulation on the realization of the right to adequate housing has yet to be attempted in any formal, systematic way. It is an issue that human rights organizations are beginning to take up, and for which they have proposed a general set of principles for guiding the formulation and implementation of international agreements affecting the nature, pace and outcomes of agreements promoting international economic integration. The general approach draws upon the same set of obligations the state takes on when it ratifies the CESCR.

One such set of principles provides the starting point for developing both planning and monitoring schemes that explicitly link states’ human rights responsibilities and their accession to international economic agreements (see box 8.1). These human rights “responsibilities” are founded on each country’s ratification of the international charters, treaties and covenants to which they are signatories. While effective means of enforcing these responsibilities internationally have yet to be devised, being a signatory of these instruments does imply a legal obligation on the part of the state, both to observe human rights law and to assist other countries to do the same. This obligation can open signatories to moral suasion by other signatories (states) and/or the actions of international and domestic civil society organizations, eventually leading to the

¹⁰ Smets (2002) shows how this broad definition is already operational in some European states’ legal and administrative frameworks.

¹¹ In December 2002, the CESCR formally recognized water as a precondition to the realization of other human rights.

establishment of social and legal institutions giving substance to the status of rights heretofore acknowledged largely in the breach.

For example, the first of the International NGO Committee for Human Rights in Trade and Investment's (INCHRITI) principles, the primacy of human rights, suggests that, because all human beings have a right to a dignified standard of living, governments should evaluate agreements affecting their international economic interactions in light of their likely consequences on the fulfilment of citizens' rights. Economic growth, which may or may not be a by-product of such activity, is an incomplete and lower-order concern than that of the realization of human rights.

Similarly, the second principle of non-retrogression obliges the country not to enter into agreements or make policy changes that are likely to worsen the country's performance in fulfilling human rights in either the short or long run. Principle three, the right to an effective remedy in an appropriate forum, implies that the assessment of the impacts of international trade and investment agreements on human rights must be made by a body with special competence. Such a body would be competent to evaluate the social consequences of those agreements, judge whether those impacts constitute a breach of the country's human rights obligations and identify appropriate remedies.

The fourth principle, the right of participation, requires that persons and groups that will be materially affected by treaties, multilateral agreements and accords with international development agencies and banks must be represented fully in the planning and implementation of such agreements, and have adequate power to ensure that their human rights are not infringed upon. The final principle is a call to remove women's unequal burden in shouldering the social impacts of recent international trade, investment and financial agreements.

The concerns taken up in the INCHRITI principles are those of governance, and have application at the international, national and local levels. In spirit, these principles imply that those who so far have been most negatively affected by decisions on international trade, investment and finance must be given the opportunity to influence future decisions, either directly or through democratic political processes in which government can be made to protect and promote their interests effectively. To the extent that increasing privatization and deregulation of urban finance is not antithetical to these pressures, the impact of economic globalization on the urban poor may become neutral or beneficial. On the other hand, under

conditions of largely unregulated economic globalization, current trends indicate that the further the locus of decision making is from the urban poor, the less likely is their chance of realizing their right to adequate housing.

While the author is unaware of any cities that have adopted these principles as a guide to economic integration, several with significant political and economic influence in the southern cone of South America have adopted participatory decision-making mechanisms and an ethos of human rights as crucial elements of local governance. Together these cities are moving toward a good approximation to a rights-based approach to development in which government is accountable, seeks to empower citizens, facilitates their full participation in decision making, practises non-discrimination/attends to vulnerable groups and expressly links its action to rights.¹²

Various aspects of these experiences are reviewed in the penultimate section of this chapter. Beforehand, the next three sections discuss the impacts of the internationalization of urban finance on the supply of affordable housing and the ability of the poor to access it, some of the emerging risks that urban low-income groups face as multinational corporations become more involved in the provision of urban water and sanitation services and, finally, the role and impact of international organizations in promoting trade and investment agreements and treaties that facilitate the “premature” acquisition of these public services by multinational organizations. The word “premature” is used advisedly. In the few developed countries where the private sector organizes large sections of water and sanitation services—most notably in France and the United Kingdom—government and civil society are competent and pro-active monitors of these services; access to water is already treated as a “quasi-right” in that it is difficult to deny service even in the case of long-term failure to pay and, in the case of denial of service, other means of accessing life-line service have been put in place. In many of the developing countries where multinational water companies are seeking to expand their business, neither government nor civil society are sufficiently developed to monitor or exercise the influence needed to protect the rights of society’s vulnerable groups.

¹² The interpretation of a rights-based approach to development is taken from the Web site of the Office of the United Nations High Commissioner for Human Rights (OHCHR) on the same topic (www.unhcr.ch/development/approaches-04.html).

Box 8.1: INCHRITI's principles

INCHRITI is a coalition of civil society organizations from five continents established in 1998 to correct the absence of the recognition and advancement of human rights within the broad international framework of trade, investment and finance. INCHRITI's work is guided by five basic principles.

- *The Primacy of Human Rights:* The promotion and protection of human rights must be accepted as the fundamental framework for, and primary objective of, all multilateral and bilateral investment, trade and financial agreements.
- *Non-retrogression:* All states have a duty to respect, protect, ensure and fulfil human rights obligations. "Rollback" and "standstill" requirements in investment, trade and financial agreements that derogate from, or limit, states' human rights obligations are inconsistent with the requirement that economic, social and cultural rights be realized progressively, as explicitly stated in the Covenant on Economic, Social and Cultural Rights.
- *The Right to an Effective Remedy in an Appropriate Forum:* Trade, investment and financial regulations that allow for the adjudication of human rights issues by trade or investment panels are in violation of Article 8 of the UDHR. Article 8 affords an effective remedy by a competent tribunal. National or international bodies charged specifically with the duty of human rights adjudication must be responsible for the effectuation of national and international human rights legislation and standards.
- *Rights of Participation and Recourse for Affected Individuals and Groups:* Human rights cannot be effectively realized without the participation of affected populations in the planning and implementation of trade, investment and financial agreements. There must be transparency, accountability and redress for human rights violations that are the result of bilateral and multilateral agreements.
- *Special Recognition of Women's Human Rights:* The human rights of women must be given special attention and protection in trade and investment treaties as women are disproportionately affected by international and bilateral trade, investment and financial agreements.

Source: www.inchriti.org.

Financing Urban Housing and Service Provision in Globalizing Cities

Despite the general recognition of the deepening inequality associated with neoliberal globalization, its direct impacts on access to land and housing are complex and varied. Globalization affects countries—and regions within countries—differently, depending on a range of factors such as the level of integration of the local economy into the international economy; the national and local policy context and degree of decentralization of power; the influence of different institutions in each country and locality; and demographic characteristics. The form of provisioning, including the mix of different kinds of access to land and/or housing arrangements existing before the implementation of neoliberal economic reforms, also condition the impacts on changes linked to the international economy.

For developing countries, macroeconomic changes linked to economic liberalization can have important direct and indirect impacts on cities by reducing the resources available to be spent on housing and essential services. This may result from the following.

- *Small or even negative returns to trade liberalization by the (developing) country:* This can happen when developed country markets remain effectively closed to the exports of the developing country, commodity prices fall relative to the prices of imported goods, or revenue from import duties fall drastically.
- *Financial volatility:* The deregulation of capital flows subjects the developing country's currency to the possibility of sharp swings in its exchange rates. Increasingly, the only tool countries have to protect the value of their currency is to raise the interest on domestic savings accounts. But this pushes up the rates for all kinds of loans, including mortgages. Such hikes can be disastrous for home-buyers.
- *Austerity programmes:* Structural adjustment programmes, whether imposed formally by the IMF, the World Bank or other international financial institutions, or adopted willingly by the developing country, are primarily designed to reduce public spending. Such reductions have tended to hit social programmes hardest.

At the meso level,¹³ two trends associated with liberalization are also having an important impact on access to housing and services.

- *Public sector reform through privatization and decentralization:*¹⁴ Decentralization of service delivery and public administration can have marked benefits when adequate resources are transferred into the hands of responsible and capable actors, including civil society groups, at the local level. When resources are inadequate for the responsibilities transferred, the gap forces local authorities to find ways to finance at least some part of their own budgets. The long-term consequences of these processes have yet to be fully studied, but they appear to be increasing the level of risk to which vulnerable groups are subjected.
- *Speculation:* Liberalization often initiates a process of revaluing land in cities. New and more profitable uses are expected to occupy prime locations, thereby beginning a process of bidding up land prices in those areas. Competition for control of these spaces can be intense, and often forces low-income residents out because they can no longer afford rents in the area. Such competition may also lead to unnecessary loss of housing when speculators time their bets incorrectly and acquire land that cannot readily realize its expected value.¹⁵

These trends are discussed in more detail below.

Two classic forms of state provisioning for low-income or vulnerable groups in the latter half of the twentieth century were the welfare state model of developed countries in which “public” or “social” housing was made available via state agencies, rent control schemes or various forms of state subsidies. Another, more prevalent approach by governments in developing countries has been to leave low-income groups to construct their own modest shelter on public land.¹⁶ Sometimes urban services were provided prior to settlement, but, in most cases, at a later time.

¹³ Between macro and micro levels, often applied to decision-making or economic processes at the municipal/metropolitan level.

¹⁴ Public sector reform can entail many more processes than simple privatization and decentralization. However, the programmes promoted by international financial institutions often conflate the process to essentially taking spending responsibility out of the hands of the central state, and passing it temporarily to lower level agencies before ultimately privatizing the delivery of services formerly denoted as “public”.

¹⁵ Examples of this are readily evident in rapidly liberalizing Asian cities such as Bangkok, Shanghai and Mumbai in the 1990s.

¹⁶ From the 1950s to the 1970s, governments in a number of developing areas

Today, state intervention in urban land and housing markets for vulnerable groups in both the developed and developing countries is increasingly being challenged by growing competition for central spaces in cities. Other factors being equal, how lower-income groups are faring in this competition depends to a large extent on the level of commitment of local authorities to seek the larger public good. As is increasingly seen, facilitating economic growth in individual cities can take higher priority, often with deleterious affects. Where a city lies between these two poles of action, and its capacity to implement the tasks it has set for itself, appear to be determining factors in where and under what conditions low-income people are to live.¹⁷

In the largest cities—which are usually among the most dynamic economically—finance for local development is now often sought from abroad in the form of export revenues, foreign direct investment (FDI), external borrowing (whether from banks, international bond markets, international organizations and bilateral donors, etc.) and decentralized co-operation.¹⁸ At the same time, the financing of urban social services and infrastructure has been broadly affected by the progressive liberalization and structural adjustment of many national economies. This has been re-enforced by efforts to reform the state via decentralization, privatization and new public management practices. The intent has typically been to reduce the burden on the fiscal and managerial capacity of the central state, and to fill the growing gap between official development assistance and the overall need for development finance by developing countries and economies in transition. These trends are acutely felt by local authorities, which, as noted above, are reflected in decreasing central-local transfers.

—Brazil, Colombia, Egypt, Hong Kong, India, Singapore—built significant amounts of public housing in their major cities. Even with subsidies, these were often too expensive for low-income families. And by the 1980s, much of the stock of public housing had been sold off (UNCHS 1996:218–220).

¹⁷ This section generalizes about trends and situations known to be occurring in many large cities around the world. The reader may refer to the UN-Habitat global reports (UN-Habitat 1996, 2001), as well as the current urban strategy papers of the World Bank, the Inter-American Development Bank (IADB) and the Asian Development Bank (ADB) for trends in policy prescription. Short passages in this chapter, one each on Chicago and Ahmedabad, are excerpted from lengthy studies reflecting the evolution of the forces and the consequences of applying policies driven primarily by market forces.

¹⁸ Decentralized co-operation is a term used for aid that is channelled directly to sub-national entities from the donor. The donors themselves may also be sub-national entities.

These changes have encouraged a privatization of urban development finance. As such, funds from domestic sources, or from abroad, will more often take the form of a loan, or the promise by the grant recipient to borrow much larger sums in the future. As is well known, the large majority of all loans must be repaid in full with a competitive rate of interest. Investments undertaken with such borrowings—whether in a factory or a hospital—must therefore produce a viable rate of return in order for the loans to be repaid. In a context where a large portion of the population lives in abject poverty, many groups cannot absorb the costs of providing a market rate of return to the investor for services provided through market mechanisms. Unless some costs are subsidized for these groups, they are likely to be excluded from receiving the services they need.

Furthermore, when obtaining development finance from international sources, cities often surrender a degree of fiscal and decision-making autonomy. They, like countries, must accept conditions imposed by the lenders or the market. For example, when a city floats a bond in international capital markets, the rate of interest paid to the bond holders is affected by the rating of the bond—which is set based on the rating agency’s estimation of the likelihood of full repayment as scheduled. If repayment is less than sure, the cost of borrowing will be higher because the city will have to pay investors a risk premium. The higher the interest rate, the more profit-seeking the city will have to be in its use of the money borrowed.

Many cities in developing countries are new to running social services and infrastructure provision as profit-making ventures. Typically, they rely on their lenders, bond-rating agencies and their consultants to help them plan their investment projects.¹⁹ As noted earlier, rates of return and healthy cash flows for making repayments

¹⁹ Joseph Berardino, head of the then global accounting firm, Andersen Plc, stated: “To my knowledge, there was nothing that we’ve found that was illegal. . . . This is a company whose business model failed. . . . The accounting reflects the results of business activities” (Stevenson and Gerth 2002). The precipitous collapse of the Enron Corporation suggests that such experts are far from fallible in their assessments of accounting accuracy or the risk and rewards in business ventures on which they advise. Their claims to expertise in proposing new business models to municipalities in developing countries — and especially models that should not further jeopardize the well-being of vulnerable groups — must, therefore, be taken circumspectly. Concise explanations of how the Enron “business model” had worked can be found in Glassman (2001) and Cohen (2002). Enron’s water-trading subsidiary, which attempted to implement trades using the principles and techniques developed by the parent company for energy trading, lost \$1.0 billion before collapsing in 2001.

will take a much higher priority in project design than will poverty alleviation, improvement in health and living conditions, etc. (Kundu 2001).

As a condition for obtaining external finance, some cities have found themselves guaranteeing repayment from their general revenues in case a project fails to generate enough revenue to make repayments. This means that the foreign lender, in case of default, has the first call on the city's revenue, regardless of the source. It is thus quite possible that a city may borrow money to develop a new sewer system, ostensibly to better serve all the city's residents. The sewer will first be extended to areas that can pay the full price for the new services, typically the better-off areas. However, if lower-income areas fail to pay the same price for its services, the project may become unable to pay for itself. The city will then be obliged to tap into other sources of revenue, from local taxes, for example, in order to meet its repayment obligations. If the money taken from the city's general revenue was to have been used to support other social services for the poor, then the poor are doubly worse off for having enjoyed neither the benefits of the sewer nor the services that would have been supported from the general revenue.

Privatization has other facets as well. Social services subcontracted to non-governmental organizations (NGOs) or private enterprises are also subject to market forces. Cost recovery often determines where services are offered and the prices demanded for them. But parceling out service delivery may fragment the overall social service delivery network, leaving some areas poorly covered or not at all, and with less oversight than before. Indeed the coverage and quality of service delivery in this context may be worse than other options, as a fragmented, privatized delivery network diffuses the community's capacity to demand proper services from the government (Clayton et al. 2000).

Recent attempts to shift housing provision to a liberalized market have yet to prove themselves as viable alternatives for the urban poor. These mechanisms typically rest on low-income groups bargaining for "development rights" in return for agreeing to temporary or permanent resettlement. Large-scale commercial complexes and/or upscale market residential developments are then built on the land where low-income groups were housed (legally or illegally). The "development right" for which the residents trade is a low-cost apartment located somewhere in the vicinity of their old residence, subsidized by the proceeds from the commercial development. If the land market remains strong throughout the

clearing, construction and operation of a redevelopment project, low-income groups may be able to afford the lodgings offered to them as part of the redevelopment deal. However, because of the speculative nature of real estate transactions in many large cities, these have proven unreliable mechanisms for providing adequate streams of affordable housing to the poor, whether in Mumbai or Chicago, São Paulo or London.²⁰ However, even in cases where housing is initially delivered through such mechanisms, sustainability of tenure remains uncertain. The underlying value of the location after improvement raises property taxes to levels which, in the absence of a sufficient income increase for the low-income household, may force a renter out or an owner to sell his/her property and move into another peripheral or degraded settlement.

In both Ahmedabad and Chicago,²¹ the pressures of gentrification have been strengthened by urban development processes and are clearly leading to further social and spatial segregation that exacerbates the vulnerability of their weakest groups. In the case of the former, the structural adjustment process that has been gathering steam for the last four decades, accelerated in the 1990s, resulting in a sea-change in the ideology and practice of local government (Kundu and Mahadevia 2002).

The authors of the Chicago study argue that the recent integration of housing finance into global financial markets combines with the growing influences of speculation in urban land markets to determine what gets built for whom in the city (Ranney and Wright 2001). Thus, in the past decade, the city government has stopped building public housing and reduced or stopped maintenance on the existing stock (because funding disappeared); has emphasized the role of private developers in planning and developing new housing and commercial properties (because their projects attract private capital); and has shifted public subsidies to upscale urban redevelopment projects in the hope of improving the city's tax base (because the city has no better source of revenue and it is these projects that generate the highest increases in the tax base).

This would not be such a serious problem if during the 1990s the strong growth in the Chicago economy had been distributed more equitably. But industrial restructuring in the 1980s had a major

²⁰ YUVA 1997; Rolnik and Cruz de Oliveira 1998; Ranney and Wright 2001; Whitfield 2000; Desai 2001; Van Etten 2001.

²¹ Case studies on both cities were presented at the Habitat International Coalition (HIC) Meeting in New Delhi in November 2001. (See footnote 4.)

impact on the city's political economy. During the decade, the city lost 150,000 manufacturing jobs, some 60 per cent transferred abroad by transnational corporations (TNCs). This had a crushing impact on local unions and working conditions. By the early 1990s, when strong employment growth returned to the city and the state of Illinois, it was channeled through temporary employment agencies. Indeed, temporary employment was to become the fastest growing sector in the state's economy. But the work on offer to "temps" paid 25 per cent less for the same work in a permanent position, offered minimal benefits and subjected employees to more frequent spells of unemployment. Many temps found themselves working multiple jobs to make ends meet. Competition for better paying jobs—those that paid a living wage in Chicago—became intense: more than 200 applicants for each opening. For jobs paying the official poverty wage rate there were seven workers for each available job.²² In neither case did these salaries afford decent housing in the centre city.

The problem became further exacerbated when new federal public welfare "reform" laws began placing more people into the low end of the labour market. Persons and families on welfare were, and continue to be, given a limited time to get jobs or lose all benefits. Surveys conducted of Illinois welfare recipients who were forced off of the welfare rolls as of January 1999 as part of welfare "reform" reveal that 64 per cent were living on incomes below the federal poverty level and one third were living in "extreme poverty", which is only half of the poverty level.

The housing impacts have been disastrous for low-income residents. On the one hand, the increasing upward redistribution of income fuels the demand for up-market housing, leading to the demolition of less expensive housing. On the other, declining incomes for workers and the absence of public support for low-income housing is eliminating other sources of affordable housing in the centre city. Considering the evidence before them, the authors of the Chicago study concluded that the prevailing economic pressures and market-driven practices of urban finance all but ruled out the possibility for the local authority to work in partnership with community organizations to sustain and improve inner city neighbourhoods where low-income people could live.

²² Chicago research has estimated living wages by calculating a minimal family budget for a single parent with two children —the situation of the average person on public assistance. The living wage was estimated to be \$27,415, or roughly \$14 per hour. The official "poverty level wage" is \$11,522, or \$5.75 per hour.

Ahmedabad, like Chicago, underwent industrial restructuring in the 1980s and 1990s, losing roughly 67,000 of its 120,000 organized sector textile jobs, some to competition from elsewhere in India and others to China. But, also like Chicago, Ahmedabad managed to make up its employment loss with less well-paid and protected jobs, many in gemstone processing, casual labour and self-employment. In 1996, these new jobs were paying one third of what workers had earned in the mills.

Unlike Chicago, even before the loss of mill employment, some 40 per cent of Ahmedabad's population of 3.2 million was living in slums without access to basic amenities. By then, the Ahmedabad Municipal Corporation (AMC) was moving rapidly away from its earlier stance as a welfare provider—albeit a deficient one in many respects—and toward becoming a “growth machine”. It would raise capital from private sources to improve its investment environment, tighten its social expenditures and organize public-private partnerships that would take responsibility for reducing poverty and upgrading slums. Slum upgrading was to involve community participation—defined as a financial contribution toward defraying the total costs of the upgrading. As a result, demands on the AMC's budget would be negligible. Although the slum upgrading component of the plan was based upon “best practices” first tested elsewhere in India, the ethos and many of the components of the programmes adopted found their strongest proponents among bilateral and multilateral donors and private investment houses. These same institutions were the ones championing the AMC to transform itself from a provider of housing and services to an enabler of market provisioning.

So far, Ahmedabad's slum upgrading programme—the Slum Networking Project (SNP)—has failed to live up to its promise to improve basic services on a large scale. Nor has it proven itself market-friendly. One of the principal reasons is that the project's biggest private sector backer withdrew its support for the SNP after its own financial situation took a hard turn for the worse. But other important obstacles have emerged during efforts to upgrade Ahmedabad's slums and, without addressing these comprehensively, it is still not clear that the process could be carried out successfully. Long-term tenure for most slum residents is far from guaranteed. The burden of organizing microcredit, employment and income-generating schemes for 250,000 households has fallen to two NGOs; this is simply not feasible. The AMC has no firm implementation plan for the SNP; site selection for upgrading is *ad*

hoc. Legislation favourable to SNP implementation has been repealed or unimplemented. Communal politics (Hindu-Muslim) continue unabated, with periodic flare-ups of violence.²³

Both the Chicago and Ahmedabad cases of upgrading may be compared with three relatively successful and sustainable efforts, albeit on a much smaller scale, in the United States. Key factors in their success, largely absent in the larger cities, included:

- strong, representative and democratic community organizations that depended upon constant and thorough community organizing to guide the plans for upgrading; this resulted in high levels of motivation, participation and consistent pressure on the government to support community initiatives;
- control over the disposition of land—both through regulation of use and, at times, ownership;
- active collaboration (and conflict) with local authorities; and access to, and support from, higher level authorities; and
- the availability of public resources for use by the community either through direct grants or control of tax increment funding.²⁴

Questions of scale may remain the crucial factor in explaining better outcomes in the smaller cities. The larger the population of low-income residents who will benefit from upgrading, the larger the prospective challenge to vested interests. Losing 5 per cent of one's income is less threatening than losing 45 per cent. It is also clear that not every neighbourhood will be able to develop the cohesiveness, leadership and energy to persist in struggle to the end. A neighbourhood of elderly citizens or recent migrants from other lands could be at much greater disadvantage than, for example, an established neighbourhood of homogeneous low-income families.

²³ Throughout the month of February 2002 riots raged through Ahmedabad's poorest districts, creating 100,000 refugees among the local population. For the poorest, these riots result in massive losses of property, create insecurity, solidify spatial segregation and economic exclusion, and minimize collective resistance to economic restructuring in the city (see chapter 10 by D'Costa, in Kundu and Mahadevia 2002).

²⁴ There are undoubtedly other cases besides these, but none have been so thoroughly documented as the Dudley Street Neighborhood Initiative in Boston, Massachusetts; Cedar Riverside in Minneapolis, Minnesota; and East St. Louis, Illinois. Also, the populations involved in these cases are tens of thousands, not millions as in Ahmedabad (see Medoff and Sklar 1994; Stoecker 1994; personal communication with Kenneth Reardon).

The Privatization of Water and Sanitation²⁵

As noted above, the right to adequate housing includes access to clean water, sanitation and energy sources that render shelter safely habitable. In most cities around the world, these services have long been provided by public authorities or agencies closely monitored and controlled by them. Without safe water and proper sanitation, individual households and larger communities in cities are subject to grave health risks. In many cities in developing countries some 50–70 per cent of slum dwellers go without access to adequate water supplies and sanitation.²⁶ Freshwater resources are already scarce and are set to become scarcer because of pollution, overuse, high losses from ineffective delivery systems, salinization of aquifers, etc. Trends such as these heighten the prospects for conflicts, even wars, over water and intensify the daily struggle of those groups already fighting for survival. Privatization of water supply and distribution, as well as sanitation, where undertaken, must therefore not exacerbate their existing burdens.

The involvement of water multinationals

This section reviews briefly the chief concerns raised in current literature on the implications for the realization of the right to adequate housing arising from the involvement and/or control of local water authorities by multinational corporations since the mid-1990s. The evidence presented cannot answer whether the involvement of these corporations will ultimately prove positive from

²⁵ The poor state of provisioning of water and sanitation services in many countries and cities does not speak well for public efforts to meet citizens' needs or to protect their rights. In the view of many, government reform of provisioning has been tried and has failed, and so other arrangements must be made. Among the choices are privatization—the selling-off or long-term leasing of water company assets to private sector entities—or entrusting the assets to a joint public-private collaboration involving various mixes of public, private commercial and/or civil society actors. Another approach may involve new forms of public sector reform in which the state retains a significant role in organizing the service. All these may be feasible economically and still contribute to the realization of the right to adequate housing. This section discusses only the “multinational privatization” option and does not compare its probable advantages or disadvantages with those of other approaches. Far more research and objective data collection on the performance of existing forms of ownership and provisioning, as well as on the geopolitical context of each, will be necessary before such assessments can be made.

²⁶ Joint statement of the Water Supply and Sanitation Collaborative Council and UN-Habitat, press release, 29 January 2002.

a human rights perspective.²⁷ Nor are issues of economic efficiency between public and private sector provision and the theoretical welfare gains from private provisioning addressed. The review was not exhaustive but it did include current authoritative sources that should have mentioned, if they existed, studies rigorously demonstrating sustained and affordable improvements in the quality and coverage of services to vulnerable groups following privatization.

To the contrary, higher costs and service cut-offs of persons unable to pay tariffs have been more common, especially in developing and transition countries. This review also vindicates the concerns of housing/water rights activists and researchers that privatizations, while relatively easy to initiate, are extremely difficult to implement where universal coverage with acceptable quality at affordable prices for all are the stated goal of the service (see Hardoy and Schusterman 2000). Furthermore, when the population to be served includes low-income groups living in difficult-to-service areas, privatized service providers have generally been reluctant to invest in multiple forms of delivery or to apply cross-subsidies to effectively meet the needs of these groups.²⁸

More generally, it appears that the pressure to earn profits after privatization imperils access to clean water and sanitation for low-income or other vulnerable groups. These dangers arise from diverse pressures, such as rapid and unsupportable price increases; pressures against cross-subsidies; unworkable contracts that result in service stoppages or reductions; the resistance of private providers to adopting appropriate technologies, management practices or participatory schemes that would offer vulnerable groups affordable lifeline services. The review also revealed instances of unethical, if not illegal, practices by private providers as well as the consulting firms and other institutions that aggressively promote privatization. Examples and sources of further information on these points follow.

²⁷ This refers to whether private provision provides access to adequate water and sanitation services on a basis that does not impinge on the health and well-being of any member of the household.

²⁸ A World Bank specialist on infrastructure provision writes in her report of a conference held in May 2000 that "to date, very few infrastructure reforms have included systematic efforts to assess the impact of reform on access to services by the poor" (see Foster no date). Indeed, the first evaluation of a privatized water project attempting to provide universal water coverage in a predominantly poor urban area in Bolivia was not completed until mid-2001. Nonetheless, Bank support and encouragement of across-the-board privatization of water and sanitation services in low-income communities has been steadfast for more than a decade.

Cost hikes

In the United Kingdom, where privatization of water and sewerage has been scrutinized more carefully than in any developing country:

After privatisation profits started to soar in real terms—between 1990/91 and 1997/8 the pre-tax profits of the ten water and sewerage companies increased by 147 per cent at a time when customers faced continual price rises. Water and sewerage prices rose respectively by 36 per cent and 42 per cent from 1988–1998 (in real terms) with the bulk of the increase occurring in the period up to 1994–1995. The industry faced a public outcry in relation to high levels of directors' pay and profits.²⁹

In 1999 the Bolivian government, at the behest of the World Bank, turned over management of the Cochabamba City water and sewage system to a single-bidder concession of international water corporations. The deal, which was to last for 40 years, raised water prices immediately from admittedly negligible rates to approximately 20 per cent of monthly family incomes. Citizen protests were eventually met with an armed military response, leaving at least six residents dead. The protests continued unabated until the consortium was forced to flee the country.

Risks to service delivery stemming from privatization

Interruptions or deterioration in the quality of water service pose serious health hazards. These can occur in any number of scenarios related to privatization: examples include cases of projects failing (e.g. Tucuman, Argentina); of contracts becoming unworkable (e.g. Dolphin Coast, South Africa); of the company failing (e.g. Azurix, Buenos Aires province, Argentina); of socially unsustainable price increases (e.g. Cochabamba, Bolivia); and of corruption and distorted accounting (e.g. Grenoble, France). Most recently, a foreign investor with a 25 per cent stake in Aguas Argentinas (AA), halted contracted investments in crucial sewage treatment facilities, while awaiting government measures to ensure profit repatriation and debt repayment in dollar equivalents pegged at the pre-crisis parity level of the peso.³⁰ (See the section below on “Testing the cross-currents of water privatisation”, for mini-case studies.)

²⁹ The United Kingdom Parliament, House of Commons Select Committee on Environmental Audit, Seventh Report, Session 1999–2000, Water Prices and the Environment, “Introduction”, para 20, prepared 14 November 2000 (cited in Lobina and Hall 2001).

³⁰ Aguas Argentinas is the largest water privatization in Latin America. Its French partner, Suez Lyonnaise des Eaux, presented AA “as a new form of partnership demonstrating that privatization need not be heartless” (Schusterman et al. 2002:54).

The following tables, produced by the Public Service International Research Unit (PSIRU), list some of the major privatization efforts that have come under a cloud for one reason or another in the past few years.

Table 8.1: Termination or cancellation of water concessions/projects

Country	Concession/project	Multinational	Year
Argentina	Buenos Aires (province)	Azurix	2001
India	Bangalore	Nuon-Biwater (Cascal)	2001
France	Grenoble	Suez-Lyonnaise, Vivendi	2000
Bolivia	Cochabamba	International Water	2000
Zimbabwe*	Country	Biwater	1999
Trinidad	Country	Severn Trent	1999
Germany	Potsdam	Suez-Lyonnaise	1999
Argentina	Tucuman	Vivendi	1998

* Contract not awarded.

Source: www.psiru.org.

Table 8.2: Problems with some water concessions, 2001

Country	Concession	Multinational	Problem
South Africa	Fort Beaufort	Suez-Lyonnaise	Prices
Estonia	Tallinn	International Water	Prices and contract
South Africa	Dolphin Coast	SAUR	Prices and contract
Bolivia	La Paz	Suez-Lyonnaise	Failure to deliver to poor
Bulgaria	Sofia	International Water	Labour and prices
Indonesia	Jakarta	Suez-Lyonnaise, Thames	Labour, prices, accountability
Thailand	Pathum Thani	Thames Water	Commercial viability, service and compensation
Czech Republic	Prague	Vivendi / Anglian Water	Prices and transparency (cost estimates)
Puerto Rico	Puerto Rico	Vivendi	Service and costs (deficit)
Uruguay	Maldonado	Aguas de Bilbao	Service, prices and contract

Source: www.psiru.org.

Faulty advice

In Austria, where privatization of the water supply has been proposed by various lobbies, the Chamber of Labour found the research underlying recommendations for privatization—prepared by the international consulting firm PricewaterhouseCoopers—to be thoroughly flawed to the extent that it:

- exhibits little knowledge or understanding of the international water business;
- ignores the influence of geographical conditions on the structure of the Austrian water supply industry;
- contains serious inaccuracies with regard to European law and international practice;
- contains erroneous and incomplete information on the international situation; and
- forecasts cost savings based on conceptually flawed, exaggerated and, in part, even illegal assumptions (Hall and Lanz 2001).

The advice of the World Bank

Private companies and consultants are not the only groups whose advice on water privatizations may be less than solid. The World Bank's own Operations Evaluation Department (OED) indicates that "it is not certain that the private sector can meet the needs of the poor, that World Bank investment in public sector operations should remain an option, and that the World Bank needs to be far more sensitive to local perceptions and the needs of the poor. Specific recommendations concern consultation and evaluation of effects on the poor, but the strategy paper ignores these completely" (Hall et al. 2001:1).

The Bank has been further criticized on a range of other issues related to its support of water and sanitation privatizations.

- The Bank is itself an investor in privatizations, both through loans and guarantees to private corporations. To suggest the public ownership is a viable option could undermine the coherence of its own advice.
- The Bank recommends privatization on the grounds that private sector participation brings needed finance for expansion/improvement of infrastructure and services. But financial markets' demands for returns in the short term do not sit well with the long-term development framework required for water and sanitation systems.

- The Bank minimizes risk to private investors by providing loans through the International Finance Corporation (IFC) and guarantees through the Multilateral Investment Guarantee Agency (MIGA), but the finance that Bank participation brings in comes at commercial rates.
- The Bank has supported privatizations whose tariffs, in the words of the OED, “discriminate against the poor”. The OED says “The Bank’s ability to give practical advice on pricing is diminished because few staff or consultants have experience in setting tariffs or managing the finances of utilities and irrigation authorities”.
- In the Bank’s own terms, governments need to be run with transparency and public access to information. Privatized water and sanitation companies typically restrict access to information in the name of commercial confidentiality (Hall et al. 2001).

With respect to solid waste collection, an area of urban services in many ways analogous to the provision of water and sanitation, the Urban Management Program (UMP), in which the Bank is a partner, published an external consultant’s analysis in 1994 that was no more than circumspect in its support for privatization of solid waste services. One of the key concerns expressed in the report was that privatizations in developing countries would be taking place where weak private sector firms would be the new service providers, where government’s capacity for oversight was questionable and where corruption in both the public and private sector were widespread. See box 8.2 for some key findings of the UMP report.

Other concerns about privatization of water and sanitation services arise from the oligopolistic nature of private sector operators in the industry. Two companies, Lyonnaise des Eaux³¹ and Vivendi, dominate privatizations in developing and transition countries. The imbalance between these companies and local authorities with whom they negotiate is immense.³² This power imbalance can lead to a series of other problems for the water companies in developing (and in developed) countries

³¹ Recently renamed Ondeo so as to shed associations with the numerous public scandals attached to its former name.

³² In a recent study of the process of establishing a PPP to manage the city of Cartagena’s water system, Nickson (2001:29) relates that “the city has only limited capacity to exercise informed decision-making on PPP in service delivery in relation to wider urban management goals”.

**Box 8.2: Privatizing urban solid waste service:
The opinion of the Urban Management Program**

The World Bank is a large and complex institution in which competing visions and positions on important issues often exist simultaneously. Indeed, through its Urban Management Program, established in co-operation with the United Nations Development Programme and the then United Nations Centre for Human Settlements (now UN-Habitat), the Bank received a highly nuanced evaluation of the privatization of urban solid waste services up to the mid-1990s. The following statements made in the report reflect the concerns of the UMP's external consultant that domestic private sector participation in the delivery of urban solid waste services was unlikely to improve upon public delivery unless a large number of conditions related to governance were already in place. Among those mentioned in the report were well-run private enterprises in sufficient numbers to promote real competition, a local authority with sufficient technical competence to monitor the service effectively, efficient and transparent tendering procedures, effective policing of corruption, etc.

Private sector participation is a possible opportunity—not a panacea. In situations in which existing service delivery is either too costly or inadequate, private sector participation should be examined as a means of enhancing *efficiency* (and thus lowering costs) and mobilizing *private investment* (and thus expanding the resources available for urban infrastructure and equipment) (Cointreau-Levine 1994:2).

In dealing with inefficiencies in government, the first response should be to determine if they can be corrected within the purview of public service (Cointreau-Levine 1994:11).

Whether to involve the private sector in solid waste management services is an issue that is separate from cost recovery. [Private sector participation] is not to be undertaken as end in itself, but as a means to an end: to use resources more efficiently. . . . Whether to involve the private sector in solid waste management activities is to be examined from the perspective of service coverage, efficiency, reliability, cost, economies of scale, equitability, and accountability (Cointreau-Levine 1994:7).

But efficiency, at base, is merely one aspect of a more fundamental quality-accountability. The term suggests the idea of taking 'into account' the consequences of one's actions for the welfare of others (Donahue 1989, cited in Cointreau-Levine 1994:11).

If the citizenry cares about *how* goods and services are produced, about how equitably they are distributed, about the pay, benefits, and working conditions of those who produce them, then any legitimate measure of efficiency must incorporate these concerns (Cointreau-Levine 1994:12).

when being acquired by, or entering into long-term partnerships with, water multinationals. These include:

- avoiding competition through collusion, such as when two or more multinationals agree to split service areas, or to form joint ventures to serve single areas;
- demanding and receiving payments for services specifically excluded in the contract between the multinational and the municipality;
- a propensity to borrow heavily from international lenders, backed by guarantees from the local government, and to pass these debts on to the government in case of contract breaks or threats thereof;
- ringfencing service areas to include only the higher-income districts, while excluding those that are hard to service or house low-income groups where new investments can be substantial and payments difficult to collect.³³

It is important to note that efforts to hasten privatization of public services typically fail to note that some of the best providers of water and sanitation in developed and developing countries are publicly operated, or that they achieved universal access to high-quality service at low costs and with simpler technologies than are available today. For example, the vast majority of North Americans, Europeans and Japanese receive water and sanitation services from publicly owned and operated facilities. These often compare favourably, in terms of efficiency, to privately operated facilities. Similarly, high-quality water services are publicly run in developing and transition countries. These include services in Porto Alegre and São Paulo, Brazil; Bogota, Colombia; Debrecen, Hungary; Lilongwe, Malawi; and Tegucigalpa, Honduras.³⁴ Indeed, a multicountry comparison of public service delivery in developing countries found that “purely public water supply systems were among the best performing services overall” (cited in Martin 2001:28). Recent public opinion surveys in Canada show that the overwhelming majority of respondents oppose privatization of public waterworks and favour continued investments in upgrading public water and wastewater facilities (CUPE 2000).

Not least among the strong points of some of these better performing public facilities is that they tend to play important roles in helping establish or improve services in other localities in the

³³ Current examples of these are found in Hall (2002) and ICIJ (2003a).

³⁴ For further examples and evidence, see Hall (2001). Details of the Bogota case may be found in ICIJ (2003b), and the Porto Alegre case in Hall et al. (2002).

same country or internationally. They do this by advising other utilities on appropriate technologies and materials, by offering training courses for employees of other waterworks, by providing back-up facilities for smaller systems, and, in some cases, loans or grants to other utilities. Individual waterworks and their national associations in Sweden and Finland have even undertaken to assist multiple developing and transition countries in their successful efforts to improve or restructure public sector water companies without resorting to privatization. These have been done with public-public partnerships or twinning arrangements.³⁵ It is also worth noting that these same public sector water companies have appeared to have extremely high levels of democratic accountability and transparency in operational practices and financial dealings, in contrast to the water multinationals.

Testing the cross-currents of water privatization³⁶

Since the beginning of 2002, a number of high-profile cases of the international private sector's growing involvement in the provision of water and sanitation have either stalled, been reversed or otherwise collapsed. While the allocation of blame remains controversial for parties on both sides of the privatization debate, many of the prime movers of the trend—the international development banks, bilateral donors and multinational water corporations—are beginning to rethink their assumptions about taking over public water utilities. In the evolving context of globalization, risk levels are appearing higher than anticipated for both consumers and producers, with both suffering either unacceptable service conditions or economic losses. Suez, the largest of the water multinationals, has said that it will reduce its investments in developing countries by one third, that new projects in developing countries will need “currency-risk exempt financing”, that it will finance all its investments out of cash flow, which will most likely be those generating quickest “free cash flow” (Hall 2003:4). Vivendi and Saur have echoed their concerns as well. Saur's General Manager, in a speech to the World Bank in early 2002, commented that “. . . substantial grants and soft loans

³⁵ To understand the origin of these domestic and international solidarity practices in Sweden, see Gustafsson (2001); on Finnish and Swedish assistance to European transition countries, see Lobina and Hall (2002) and on an example of solidarity assistance in Brazil, see the case of Porto Alegre in Hall et al. (2002). The author did not find similar examples of solidarity by multinational water companies.

³⁶ This section draws on Plummer (2002), Development Committee (2003), Vidal (2003), Foster (2001) and Hall (2002).

are unavoidable to meet required investment levels” and that growth of the water sector in the developing world will depend to a considerable extent on “soft funding and subsidies” (Talbot 2002). Some analysts are now claiming that “these corporations are requesting such high levels of risk protection and profit guarantees that it undermines the very reason for having partnerships” (Vidal 2003). Yet important voices in the private sector are beginning to view the sector’s role in a different light than before: “We now agree that water is a public asset and should not be appropriated by the private sector. Water is a public service and that belongs to everyone. All people should have the right to water, but we need to transform that right into a reality”.³⁷

The following examples highlight selected aspects of cases in the Americas, where partial or complete privatizations in water and sanitation have proceeded more rapidly than in other regions.

Atlanta, United States

In January 2003 the City of Atlanta and United Water (UW), the local subsidiary of the multinational water company Suez, agreed to break the company’s 20-year contract to manage the city’s water utility. Only four years into one of the largest privatizations ever in the United States, United Water claimed to have lost nearly \$10 million a year because the city had underestimated the extent of repairs that would be necessary to the system and refused to pay UW for the additional work. The Mayor, Shirley Franklin, claims the promised savings that privatization was to have generated for Atlanta fell short by some \$10 million annually. On top of that, the city cited UW for deferring needed maintenance, tardy meter repairs and installations, laxity in bill collection and “an epidemic of water main breaks and brown tap water”. The city was set to regain control of the water utility in June 2003, promising a leaner and more efficient system than it turned over to UW in 1997. Both sides of the privatization debate will closely watch the city’s efforts.³⁸

Hamilton, Canada

In 1994, Stuart Smith, a former leader of Ontario’s opposition Liberal Democratic Party, presented the city of Hamilton with a proposal to turn its water and sanitation utility into a global water services company. The idea was first to privatize the company and then to capture profits by exporting technical and managerial

³⁷ Gerard Payen, Executive Vice-President, Suez, quoted by Vidal (2003).

³⁸ See www.gppf.org/pubs/analyses/2003/atlanta_water.htm; and lists.cupe.ca/pipermail/waterwatch/2003-January/000117.html.

services to other cities and countries. The proposal came at a time when the city was anxious to change its image from a declining smokestack town to new economy energy and water technology centre. City councillors accepted the proposition under the condition that the new entity include as its partner one of the city's biggest employers and strongest technology companies, Philip Services, a \$2 billion industrial recycling giant. Philip Utilities Management Corporation (PUMC) came into being in 1994, with Stuart Smith as president. In December of the same year, without public consultation or tendering of the contract, the city turned over the management of its water and sanitation utility to PUMC for the next 10 years for \$115 million. At the time, this was the largest PPP in North America. Within a year of the privatization, large-scale sewage spills began. PUMC refused to accept responsibility for more than three years. Yet, despite its problems in Hamilton, in the same year PUMC beat out some of the biggest multinational water companies for a design-build-operate water project in Seattle, United States. Almost immediately thereafter, the fortunes of the parent company, Philip Services, began to take a turn for the worse. A 1996 audit of its copper trading activities revealed \$363 million less in revenue than the company's accounts stated. This was to become the largest case of fraud in Canadian history, and helped to contribute to Philip's snowballing debt, which was to reach \$1.1 billion by 1998.

In May 1999, close to bankruptcy, Philip Services sold its 70 per cent stake in PUMC to the Enron affiliate, Azurix, for \$44.8 million. In order to consummate the sale, PUMC was forced to settle all the claims against it. The terms of the settlement remain secret. Like Philip, Enron was to become engulfed in scandal, and, to protect itself, also sold assets. Azurix went to American Waterworks, Inc. of Vorhees, USA, but like PUMC also had to pay off large fines stemming from environmental violations in Hamilton as a pre-condition of sale in 2001. Then, in November 2001, Hamilton's water services passed into the hands of the German water giant, Rheinisch-Westfälisches Elektrizitätswerk Aktiengesellschaft (RWE), which acquired American Waterworks. In eight years, five different companies had been managing Hamilton's water. Although the original contract with PUMC called for annual performance reviews, the only one that was conducted took place in 1995, and resulted in a critical appraisal. Since then, most pertinent information concerning the business operations of the company has remained out of view to Hamilton's citizens, raising further questions about

public accountability. Over the coming decade, Hamilton projects a need to invest some \$710 million in renovating its physical plant and distribution system, significantly raising the stakes for both the city and whatever entity is managing its water. Whether a public or private enterprise implements these investments, the crucial issue for the citizens of Hamilton will be how to render the managers accountable to the public.³⁹

Enron/Azurix

No other example best captures the rapid evolution of the possibilities, problems and risks of water privatizations than the activities of the Enron affiliate, Azurix, during the four years leading up to the parent company's spectacular bankruptcy in November 2001. Seeking to reap the similarly massive profits from water as it had from energy trading, Enron formed Azurix in 1998 to establish a market for trading surplus water across larger geographical regions than had been practised previously. It sought to do so by assembling buyers and sellers of water from across North America and then by facilitating the processing and transport of water for the buyer by locating excess infrastructure capacity (pipes and treatment facilities) to accomplish the needed tasks. Much of this trading was to be managed through a Web site run by Azurix, which would take a commission for its matchmaking service. Azurix also sought to enter the field as both a proprietor of water resources and as a water and sanitation company. It accomplished the latter in 1998 by acquiring Wessex Water, one of the United Kingdom's most efficient water companies, with \$2.4 billion raised with a combination of debt and proceeds from sales Azurix shares in a public offering. The company then launched a campaign to acquire businesses to design, build and/or manage water and sanitation in both developing and developed countries. According to the Water Science and Technology Board of the National Science Foundation (United States), Azurix's business model reflected a "miscalculation" of "rapidly evolving" utility markets. Between the time the company issued its business plan in June 1999 and its reorganization by Enron in late 2001, the needed "fast revenue growth from radical change in the market structure of water supply and service delivery in the United States and abroad" failed to materialize. Whether this miscalculation affected the company's local business practices is a matter for speculation. But it must be noted that many of the company's deals turned out badly for both the company and consumers. In the

³⁹ See *Canada—Hard Water: The Uphill Campaign to Privatize Canada's Waterworks*, www.icij.org/dtaweb/water/.

province of Buenos Aires, Argentina,⁴⁰ Azurix defaulted on its largest contract just two years into its 30-year term. In Hamilton, Canada, the company pleaded guilty to 19 counts of violating environmental statutes before selling its share in the business to American Water. Its bid to operate the metropolitan water system of Accra, Ghana, dissolved under claims of bribery and the appearance of documents showing “a \$5.0 million up-front payment by Azurix”. In the United States, too, Azurix regularly drew attention in the press for attempting to influence politicians to loosen regulatory frameworks that would allow the company to gain control of raw water sources—above and below ground—thereby facilitating speculation on water. More banal instances of influence-peddling to obtain contracts were also reported.⁴¹

Buenos Aires, Argentina

The 1993 concession of water and sanitation services for some 9.3 million residents in metropolitan Buenos Aires to the joint venture Aguas Argentinas was the largest of its kind in a developing country. It was hailed as a success from the start by the companies involved (Suez, Vivendi and Anglian Water), as well as by its promoters (the World Bank, IFC and the government of Argentina). If nothing, the company was consistently highly profitable through its first seven years in operation.

**Table 8.3: Profitability rates for Aguas Argentinas S.A. 1994–2000
(post-tax profits as percentage of net worth)**

Year	Percentage
1994	20.0
1995	14.4
1996	25.4
1997	21.1
1998	12.5
1999	18.6
2000	21.4
1994–2000	19.1

Source: Economy and Technology Department, FLACSO-Argentina on the basis of the History and Balances of Aguas Argentinas S.A. and information from the Users' Committee of ETOSSS, cited in Hall 2002.

Critics of Aguas Argentinas argue that the company achieved its high profitability by choosing not to implement its promised

⁴⁰ The area of Azurix's concession did not overlap with that of Aguas Argentinas.

⁴¹ See www.publiccitizen.org/cmep/energy_enviro_nuclear/electricity/Enron/articles.cfm.

investment programme while pushing the government regulator to accept rate increases of 13.5, 4.5, 11.8 and 15 per cent between 1994 and 2001. In addition, the regulator allowed the company to apply a new bi-monthly tariff to all customers in order to reduce the existing one-off connection charge that was too high for most low-income families in neighbourhoods not already served by the company. As part of this agreement, the regulator accepted the company's demand for a new contract clause effectively releasing the company from its service expansion targets.

Beyond these financial incentives, getting the company to extend services to low-income neighbourhoods required significant pressure from residents, civil society organizations and from local authorities, as well as large in-kind contributions from the first two groups. According to the main NGO assisting in these efforts, "Aguas Argentinas presented a budget for the construction of the networks in each settlement, divided into three items: technical assistance, building materials, and labour. The utility could take responsibility for the first item, including training for specialised labour, and proposed that the community provide the labour and look for ways to obtain the materials (e.g. from the local government)" (Schusterman et al. 2002:40–42). Once service was established in the pilot communities, each community took on responsibility for maintenance, collection of bills, liaison with the utility, cut-offs and restarts of service. This has been perceived as a challenge to the quality of service within these neighbourhoods, for which solutions are constantly evolving.

Although Aguas Argentinas's newly connected low-income customers are pleased to have water service, the nature of the different parties' contribution and the very low level of investment put forth by the company suggests that its much-disparaged public sector predecessor could have done as well. For the moment, however, new connections have ceased. In February 2002, Aguas Argentinas unilaterally voided agreements it signed in January 2001 to undertake new investments. The company cited as cause the government's unwillingness to cover losses the company would incur when paying down its \$687 million in external debt with pesos that lost half their value in the first half of 2002. More than two thirds of this debt is owed to the IFC, IADB and the European Investment Bank.⁴²

⁴² See *Liquid Assets: Enron's Dip into Water Business Highlights Pitfalls of Privatization*. www.publiccitizen.org/documents/LiquidAssets.pdf.

Cartagena, Colombia

Colombia's first example of private participation in the water and sanitation sector began in 1994/5 when the city of Cartagena dissolved its public utility and then turned over its operation to a joint venture between the municipality of Cartagena (50 per cent), Aguas de Barcelona—a Spanish company controlled by Suez—(46 per cent) and a group of local private investors (4 per cent). The initial contract was to last for 26 years. The new company, Aguas de Cartagena (AGUACAR), achieved rapid success financially and in service delivery. Within six years, the foreign party had recouped its full investment. AGUACAR also dramatically improved its water works by expanding capacity and strengthening service delivery. The company did not, however, make significant efforts to extend service to low-income neighbourhoods; indeed the concession contract did not call for such extensions and even prohibited them from areas lying outside municipal boundaries. Excluded were the shantytowns housing a large portion of the city's population and workforce. AGUACAR has nonetheless begun participating (since 1999) in innovative pilot efforts to improve water supplies to several of the poorest shantytowns within and outside the municipality.

This process, as well the long-term prospects for this public-private partnership to significantly improve conditions for Cartagena's poor, appears to have been hampered more by institutional weakness within the municipality of Cartagena than any other factor. Much of this stemmed from the contract assigning the concession to AGUACAR. Initially negotiated under a cloak of secrecy, the first contract was rejected by the public when it became apparent that the foreign partner would hold the majority share. Even after adjusting the city's share upward, the terms were such that public oversight and control were effectively very limited. The core technical and managerial staff of the public utility were transferred to AGUACAR, leaving the municipality without specialized knowledge of the industry. The mayor, though formally holding the presidency of AGUACAR, presided over meetings for which s/he received no adequate briefing beforehand. On the whole, the municipality has played the role of a silent partner. At the same time, community input in the affairs of AGUACAR has been largely absent, stemming from the long tradition of clientelism in the municipality. This tradition has left Cartagena with a weak civil society, further compounding the difficulties of trying to influence AGUACAR to respond expeditiously to the large unmet needs of the poor.

La Paz and El Alto, Bolivia⁴³

Suez moved aggressively in Latin America in the 1990s, acquiring by far the largest share of water and sanitation concessions awarded during the period. Among those where it held controlling interests were Aguas Argentinas and Aguas de Illimani, the main service providers in the capital cities of Argentina and Bolivia. The two concessions deserve comparison in their approach to extending service to low-income communities. Unlike the original (1993) contract with Aguas Argentinas, in which the government did not explicitly require the company to extend services low-income settlements, the Bolivian government did require it of Aguas de Illimani upon granting its 30-year concession in 1997. According to Plummer (2002:138), “A major objective of the concession contract was to improve access to water and sewerage services in El Alto, where about 60 per cent of the population lives beneath the poverty line, and about 40 per cent beneath the extreme poverty line”. The expansion targets for the first four years of the concession included 100 per cent water coverage in the El Alto community and 38,000 new sewer connections. To achieve such rapid expansion, the company would have to keep connection and maintenance costs as low as possible. With the financial assistance of international donors and the technical contributions of a water sector NGO, the government brought together a partnership that joined its own efforts to those of NGOs, community members, international donors and eventually Aguas del Illimani, to adapt and implement a condominium approach to expanding water and sanitation to individual households in several El Alto neighbourhoods. Applying simplified technology, inexpensive piping and shallower trenching, the approach successfully reduced the monetary outlays for materials and construction by as much as 50 per cent, and resulted in a higher connection rate—75 versus 66 per cent—over that of the control neighbourhood. In a supporting document to the April 2003 *Development Committee Report* (2003:7), the World Bank-IMF state that El Alto now has universal water coverage, and suggests that this has been achieved because the condominium approach is both affordable and desirable to low-income households.⁴⁴ A different Bank report states El Alto is the only instance in which the

⁴³ El Alto is a peri-urban settlement of 600,000, adjacent to the capital, La Paz.

⁴⁴ This figure is not confirmed in other sources. A recent newspaper article states that the new connections in El Alto serve some 46,000 (Vidal 2003). This number would represent somewhat more than 10 per cent of those living in extreme poverty in El Alto, the majority of whom would not have had running potable water on their property.

international private sector has participated in such a development of condominial wastewater management (Foster 2001). Despite the promising assessments of condominial and other alternative approaches, they have been criticized for relying on large inputs of community labour and for releasing private companies from investing in facilities that offer poorer customers similar levels of quality, cost and convenience as offered to the better-off users, while facilitating larger water sales for the private company. In the case of El Alto, where the contract calls for 100 per cent connections, the company argues that for some this may no longer mean that water will be delivered by tanker truck or drawn from a standpipe (Hall 2002:9).

Summary

This brief review of the rapidly growing, but incomplete, literature on the negative impacts of privatization of water and sanitation for low-income and isolated communities suggests the urgency of undertaking systematic research in this area. One of the most important goals of this research would be to establish baseline data on service delivery (quality and coverage of vulnerable groups) in pre- or early privatization situations so that effective monitoring can be carried out. Without reliable empirical evidence of the impacts of changing conditions of service provision, it will be difficult to argue against the early implementation of trade and investment rules that are likely to further social distress.

The most influential international organizations and agencies—those that spend the largest amounts on development assistance—support in varying degrees large-scale privatization of industry and public services. While these organizations may use both carrot and stick of “development finance” to encourage recipient countries to privatize state assets and services, the recipient’s refusal to do so does not always result in punishment. This element of “choice” will be largely removed if the current versions of orthodox trade and investment treaties like the General Agreement on Trade in Services (GATS) and FTAA are implemented. The reasons for, and prospective consequences of, this are elaborated in the following section.

Global Trade Agreements and Forced Integration

The discussions in the preceding two sections have highlighted situations in which privatizations threaten fulfilment of the right to

adequate housing. This does not mean that in every case privatization is likely to have negative impacts on poor or vulnerable groups. For example, following the privatization of water in Bolivia, urban hook-ups increased by some 15 per cent, albeit with price rises that were considered burdensome for the poor and no significant improvements in rural areas (Oxfam International 2002:230). Under the GATS agreement now being negotiated, it is likely, for example, that the Bolivian government in its regulatory capacity could not require the private provider to set fees to cross-subsidize improvements in rural delivery, nor could the government itself provide the services.

To understand this apparent paradox, it is necessary to return to the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), completed in 1994. The implicit deal struck then was that the industrialized countries would open their markets much more to agricultural products and labour-intensive manufactured goods from the developing countries and, in return, the developing countries would agree to include negotiations on new issues for agreements on trade in services (GATS), intellectual property (TRIPs) and investment (TRIMs) in the next round (Rowden 2001:22). These were to be a single undertaking, which is to say that all three aspects had to be negotiated and agreed to simultaneously. The logic was quite simple. The proponents of economic liberalization recognized that structural adjustment packages—that fundamentally altered the role of foreign trade and investment in domestic economies—could be undone. Agreements negotiated between the international financial institutions (IFIs) and developing countries in the 1980s and 1990s could be made irrelevant if other sources of finance were available to developing countries or if a country grew out of eligibility for concessionary aid. The answer was to lock in structural adjustment through a system that guaranteed effective punitive measures against countries that failed to maintain openness to the needs of foreign trade and investment. The GATS, TRIMs and TRIPs of the WTO are designed to remove any remaining barriers to the operations and profitability of foreign investors in a domestic economy after the removal of tariffs.

GATS ensures that there will be no barrier to trade and competition in services. This is crucial to investors because services now constitute the largest sector of the global economy, and trade is set to continue growing. Already services accounts for one quarter of global trade, or about \$1.2 trillion annually (Oxfam International 2002:225). Four fifths of this is among developed countries. If, as

envisioned by GATS, public services become privatized and tradable internationally, these sums will expand exponentially. Annual trade in health care, education and water—sectors with major public participation and regulatory interest—are shaping up to become the most lucrative. Based on current levels, their tradable value could reach as high as \$3.5, \$2.0 and \$1.0 trillion, respectively. The following section, from Public Service International (no date), summarizes the scope and mechanisms of the GATS now under negotiation.

The GATS covers all services in sectors that affect the environment, culture, natural resources, drinking water, health care, education, social security, transportation services, postal delivery and a variety of municipal services. Its constraints apply to virtually all government measures affecting trade in services, from labour laws to consumer protection, including regulations, guidelines, subsidies and grants, licensing standards and qualifications, and limitations on access to markets, economic needs tests and local content provisions.

Currently, the GATS rules apply to all modes of supplying or delivering a service including foreign investment, cross-border provisions of a service, electronic commerce and international travel. Moreover, the GATS features a hybrid of both a “top-down” agreement (where all sectors and measures are covered unless they are explicitly excluded) and a “bottom-up” agreement (where only sectors and measures which governments explicitly commit to are covered). What this means is that presently certain provisions apply to all sectors while others apply only to those specific sectors agreed to.

The GATS negotiations taking place in the World Trade Organization are designed to further facilitate the privatization of public services by:

- Imposing new and severe constraints on the ability of governments to maintain or create environmental, health, consumer protection and other public interest standards through an expansion of GATS Article VI on domestic regulation. Proposals include a “necessity test” whereby governments would bear the burden of proof in demonstrating that any of their countries’ laws and regulations are the “least trade restrictive”, regardless of financial, social, technological or other considerations.
- Restricting the use of government funds for public works, municipal services and social programmes. By imposing the WTO’s national treatment rules on both government

procurement and subsidies, the new negotiations seek to require governments to make public funds allocated for public services directly available to foreign-based, private service corporations.

- Forcing governments to grant unlimited market access to foreign service providers, without regard to the environmental and social impacts of the quantity or size of service activities.
- Accelerating the process of allowing corporate service providers guaranteed access to domestic markets in all sectors—including education, health and water—by permitting them to establish their commercial presence in another country through WTO rules being designed to promote tax-free electronic commerce worldwide. This would guarantee transnational corporations speedy irreversible market access, especially in Third World countries (PSI no date).

These conditions explain the Bolivian government's conundrum in trying to find a way to provide clean water to the 2.5 million rural residents currently without access. In the commercially non-viable regions the government is considering direct consumer subsidies or transfers to the local authority, but with the service provided publicly. Under case 2 above, the Bolivian government could be guilty of "discrimination" against the private (foreign) provider because (i) the foreign provider must receive the same treatment as any other provider in the market—which would not be the case in the non-commercially viable service regions where no special tariff regulations existed; and (ii) the government's cross-subsidization of rural service delivery from taxes on urban rate-payers may not be allowed. The WTO asserts that scenarios such as these are yet locked in by the GATS. Even if this is the case, the concern remains valid that "powerful companies will be able to use the WTO to add to other pressures being brought to bear on developing country governments, notably through the IMF and World Bank. A random review of IMF loan programmes in 2000 discovered that loan conditions negotiated with 12 countries stipulated water-privatization provisions" (Oxfam International 2002:230).

With the collapse of the 1999 WTO Seattle Ministerial Meeting, GATS moved into a temporary limbo. In the interim, the business-IFI-OECD government lobby has redoubled efforts to strengthen regional trade agreement processes. Within these they have focused on incorporating into new agreements the most radical form of protection for investors so far available. This is the investor-state dispute mechanism first seen in Chapter 11 in the NAFTA treaty, then later in the draft MAI treaty, and now as

the centre-piece of the FTAA.⁴⁵ These clauses are so far-reaching in the powers they give foreign investors that it makes the current language in GATS on “investor rights” look tame. There is, however, a strong presumption that Chapter 11 clauses will find their way into the TRIMs.

The investor-state dispute mechanism provides corporations the opportunity to challenge governments—at any level—to a secret hearing in front of a tribunal in which monetary damages can be assessed against a government if its actions or policies have been shown to reduce the opportunities for commercial operations by a foreign company or its local affiliates. In technical terms this is called “expropriation” because it is theoretically “taking of profit” from the corporation. In the NAFTA agreement expropriation is defined in the broadest of terms. Examples of how this has worked in practice are found in box 8.3.

As currently analysed by the Hemispheric Social Alliance, NAFTA grants unprecedented power to corporations and “restricts the ability of governments to protect the environment and public welfare and to ensure that foreign investment supports national development plans” (HSA 2001).

The principal proponents⁴⁶ of the GATS and FTAA argue that privatization will increase the efficiency of resources invested in service delivery and thereby contribute to faster growth of the local and global economies. They argue that this is eventually good, because the benefits will eventually trickle down to everybody in developing and developed countries. Some of the most active backers of privatization further claim, relying on uncertain empirical evidence, the theoretical gains to privatization in service of the public good have been and are being achieved on a broad scale.⁴⁷ Such assessments do not take into account the human costs of leaving vulnerable households uncovered, or of further reducing the quantity and quality of the services they have been receiving, or of raising costs

⁴⁵ For a comprehensive, plain-language description of the major components of GATS and NAFTA, upon which the FTAA is being developed, see PSI (2001). For an overview of the relationship between globalization, public services and privatization, see Martin (2001).

⁴⁶ On the public sector side, these include the US Treasury Department, the OECD, the European Union (EU), the World Bank and the IMF. From the private sector, these include individual TNCs and trade associations they have established for the purpose. Pre-eminent among them are the European Service Forum and the US Coalition of Service Industries.

⁴⁷ A recent study published by the National Science Foundation of the United States seems to have challenged this notion with respect to privatization in the

**Box 8.3: Trade versus the public interest: NAFTA
Chapter 11 disputes**

Ethyl: In settlement of a NAFTA challenge by Ethyl corporation, the Canadian government repealed a ban on the gasoline additive MMT. It also paid the company \$13 million, and issued a statement saying that MMT has no known health effects even though manganese—a major ingredient of the additive—is a known carcinogen.

S.D. Myers: Canada lost a dispute initiated by a hazardous waste disposal company, which claimed \$30 million for losses it allegedly incurred as a result of a Canadian ban on exports of PCBs in the mid 1990s—even though allowing PCB exports would have brought Canada into conflict with its commitments in the Basel Convention on the Transboundary Movement of Hazardous Wastes and with US legislation banning PCB imports.

Metalclad: Mexico was ordered to pay \$16 million in damages to a US-based hazardous waste disposal company because Guadalupe, a small municipality in the state of San Luis Potosi, denied the company a permit to establish a hazardous waste site on land already seriously contaminated by toxic wastes. The Mexican government has resorted to Canadian courts in an effort to have this decision set aside.

Methanex: A Canadian-based company is suing the US government for \$970 million in losses due to a California state order to phase out the use of MTBE, a methanol-based gasoline additive which has contaminated groundwater from leaks in underground storage tanks.

UPS: The US-based courier is seeking \$230 million in damages from the Canadian government, claiming that Canada's national postal system is being used to support its courier business and is preventing UPS from competing for more of Canada's courier business.

Source: PSI 2001:9.

of the services received to levels that impact negatively other necessary consumption. Nor do they acknowledge the value of having the trade-offs between economic efficiency and equity a permanent feature of public debate and democratic decision making.⁴⁸

United States when it stated “that some studies of water services privatization had been conducted, but that a comprehensive review that characterizes many NRC studies would be timely and useful” (National Research Council, Committee on Privatization of Water Services in the United States 2002:viii). For studies cited by institutions with longstanding positions favouring privatization, see the following Web sites: www.privatization.org; www.rppi.org; and the World Bank Web site, [wbln0018.worldbank.org/eap/eap.nsf/Attachments/Water-informe/\\$File/InformeFinalApr09.pdf](http://wbln0018.worldbank.org/eap/eap.nsf/Attachments/Water-informe/$File/InformeFinalApr09.pdf).

⁴⁸ None of the pro-privatization publications reviewed for this study mentioned the need for maintaining a public debate over possible future adjustments to the form of ownership once public services have been privatized. The assumption is that there is no going back, and indeed that appears to be the intent of the GATS.

The closed and top-down processes in which the WTO and FTAA agreements are being negotiated, and the concerns that such agreements are likely to diminish significantly the power of national and local governments to take action to protect vulnerable groups from situations where the market will not provide adequate levels of essential service should caution against the implementation of these agreements in the near future. Rather, it appears imperative to slow down implementation of international agreements on trade and investment until there is credible evidence that already vulnerable and marginalized groups will not be further harmed by the deepening integration of local economies into the global economy.

Humanizing Neoliberal Urban Development and Management in MERCOSUR⁴⁹

The negative social impacts of the privatization of water, as described in the cases above, are likely to become more widespread as agreements like the GATS and FTAA come into force. Further privatization will reduce the degrees of freedom local authorities have in adopting policies to protect their most vulnerable citizens. With living conditions already deteriorating for the majority in many cities, local authorities and organizations of civil society in many cities around the world are expressing this concern, and seeking to provide alternative approaches to urban development and management guided by the tenets of neoliberalism.⁵⁰

Incipient examples of new approaches are found in cities implementing participatory budgets, or attempting to guide municipal decision making by adopting a human rights framework, or implementing thoroughgoing decentralization of administration and decision making through democratic processes. The variants of such processes are many. Some have demonstrated promise, but have yet to be properly documented and analysed for concrete and sustained results. Indeed, because many of these experiences are not more than a few years old, available studies have tended to describe only the innovative aspects of their design and some immediate gains in terms of improved levels and quality of

⁴⁹ MERCOSUR is the regional trade block comprising Argentina, Brazil, Paraguay and Uruguay.

⁵⁰ The more than 50 mayors from around the world who met in Porto Alegre for the first World Social Forum agreed to a charter that committed their cities to meet the challenges of globalization without sacrificing social policies and programmes that promoted social inclusion for all residents of their cities.

participation. Notable exceptions include the participatory budget in Porto Alegre and Kerala's participatory planning programmes.⁵¹ However, even these have not been systematically studied for their robustness in the face of adverse local consequences of international economic integration. One of the few research projects that has followed participatory planning experiences involving local authorities and community organizations for more than a decade has shown ambiguous results in this area.⁵²

The rest of this section focuses on one region of the world that has been increasingly attracting attention for innovative urban management and governance under globalization, MERCOSUR.

Before discussing individual cities in the region, the intent of MERCOSUR itself deserves mention, as it expresses aspirations that go well beyond those of other regional economic integration schemes. At the regional level MERCOSUR has sought to promote integration in a way that prepares members for the rigours of eventual full integration into the world economy. This signifies recognition among the member countries that they do not see themselves prepared to compete on equal footing in trade with the industrialized countries. Rather, they need a stronger bargaining position in determining the terms of global agreements to which they eventually hope to accede. Indeed, MERCOSUR members had hoped to have completed by 2001

⁵¹ In 1999 more than 70 cities in Brazil were in varying stages of implementing participatory budgets. Other Latin American cities and towns have also followed suit. Some of the best known examples are Villa El Salvador in Peru and Montevideo in Uruguay. Decentralized decision-making processes and efforts to enhance local-level participation are legion. Some of the best known experiences are found in Kerala (India), Bolivia, Peru and the Philippines. Recent constitutional amendments or new laws promoting local governance, women's participation, improved transparency and accountability of local authorities have also been set in place in India, Brazil, Bolivia and elsewhere. References to these and many other experiences can be found at www.ids.ac.uk/ids/particip/information/pp4.html, www.bestpractices.org and fcis.oise.utoronto.ca/~daniel_schugurensky/courses/examples.html#11. See also *Developing Sustainable Human Rights Cities*, available at: www.pdhre.org/projects/hrcommun.html; Rosario, Argentina; Thies, Senegal; Nagpur, India; Kati, Mali; Dinajpur, Bangladesh; Graz, Austria; The People of Abra, Philippines.

⁵² While not focusing explicitly on the local impacts of economic globalization, these studies described many of the promising micro-level planning experiences occurring in the mid-1990s. Very few ever managed to link up into broader municipal processes. More often than not, it was because the municipal processes either did not exist or collapsed. The case of Chicago, cited above, is one of the more pessimistic scenarios. A summary of the provisional findings of these studies is available in the Spring/Summer 2001 issue of *UNRISD News*, No. 24, pp. 16–17, available at www.unrisd.org.

negotiations with the three other Latin American and Caribbean trade blocs to form a South American Free Trade Area, thus further strengthening their position in the WTO negotiations (PSI 2001:10). The World Bank has termed these “bad” regional trade agreements (RTAs), because they are likely to slow down the pace of liberalization internally and internationally by not pushing hard enough to increase competition domestically or lower trade barriers far enough to non-members.

Unlike other regional trade agreements, MERCOSUR has attempted to go beyond simply bolstering protections against what it considers unfair advantage of external competitors. It has also sought to help members improve social conditions broadly in advance of full global economic integration. MERCOSUR’s precedent-setting steps in this regard included internal negotiations on social and labour rights and the establishment of a consultative forum on economic and social policy. These resulted in, among other things, the MERCOSUR Social and Labour Declaration in 1998 and the establishment of a body to monitor labour market and employment conditions.

The prospects for MERCOSUR to be able to deliver a more balanced form of integration has been dealt a serious blow by the recent economic crisis rippling through member states since Brazil devalued its currency in 1999 and the current problems in Argentina. MERCOSUR’s largest members, Brazil and Argentina, have now given higher priority to commercial concerns than to building the social and political mechanisms needed to develop the region in a balanced fashion. The point must not be lost, however, that if MERCOSUR countries consider themselves unprepared for full competition with the industrialized countries, member states should be less inclined to hurry weaker countries into the more “orthodox” trade agreements that the stronger MERCOSUR economies wish to avoid as well.

At the regional level, there is a high degree of formal and informal networking and sharing of experience among urban authorities.⁵³ One of the most active areas of co-operation is on urban

⁵³ Many cities of MERCOSUR participate actively in networks sharing experience on urban governance. Among them are programmes supported by the Urban Management Program of Latin America, URB-AL, the decentralized co-operation programme of the European Union and other international associations of cities, such as the International Union of Local Authorities (IULA), the World Alliance of Cities Against Poverty (WACAP), etc. However, the association that most clearly reflects the particularity of the MERCOSUR’s more socially progressive cities is the MERCOCIUDADES network. This grouping recognizes

social policy in the face of globalization. An important example of an outcome of this networking is the Charter of Porto Alegre, signed by more than 50 mayors from the southern cone of Latin America and a selection from other cities around the world. The content of the Charter reflects the prevailing attitudes of the more socially progressive cities in the region, in which they assign themselves crucial roles.

- Extending to all residents of the city access to the network of social and public services that make urban living dignified.
- Working jointly with citizens through direct democratic processes to promote policies to overcome the housing crisis, poverty and other forms of social exclusion and marginalization affecting large numbers of people in their cities.
- Ensuring that the policies adopted by the city play a decisive role in protecting human rights, and especially those of the most disadvantaged and marginalized groups.
- Using public action to promote employment growth while reducing unemployment and precarious working conditions.
- Establishing networks of co-operation and solidarity among cities throughout the world capable collectively of limiting (regulating) the negative impacts of globalization.⁵⁴

Individual MERCOSUR municipalities are developing and refining concrete efforts to achieve these goals through innovative initiatives in participatory government. Three million-size cities emblematic of such aspirations are Montevideo (Uruguay), Porto Alegre (Brazil) and Rosario (Argentina). Despite major differences in their economic bases, political status nationally and social contexts, the governments of each of these cities have become known for persistent and largely effective efforts to minimize the gaps in social provisioning between different urban neighbourhoods and social groups. In the past decade, all three have in varying degrees reorganized municipal administration by decentralizing decision making, monitoring and

that regional responses to globalization must reflect the concerns of the MERCOSUR cities. Among them is finding means of reducing the growing gap between macro decision making emanating from the global economy and the needs of local communities (www.montevideo.gub.uy/merco2.htm#2).

⁵⁴ The Charter also noted that cities should have rights to participate fully in international political, economic and cultural life and to represent themselves in entities of global governance. (Translated and paraphrased by David Westendorff from the Portuguese version of the Charter of Porto Alegre, 27 January 2001, promulgated at the Forum of Local Authorities for Social Inclusion, the First World Social Forum; for an updated version, see www.forumsocialmundial.org.br/main.asp?id_menu=4&cd_language=2.)

bureaucratic functions to sub-municipal “governments”, establishing long-running non-exploitative partnerships with civil society organizations in planning activities and service provision and increasing markedly public availability of information about government processes and finances.

The backbone infrastructure of change in these cities has been administrative decentralization. By establishing itself within the neighbourhoods, the municipalities have opened direct lines of communication with residents near their homes, providing information about affairs of the city that touch citizens’ lives on a daily basis and facilitating interaction with, and sometimes organizing efforts of, community organizations in public programmes and campaigns.

In Porto Alegre and Montevideo, local authorities have gone well beyond this. In both cities citizens from all quarters have been participating in decisions over the municipality’s expenditures. This process is called the “participatory budget”. In it local authorities provide the public with detailed calculations on expected revenues, existing investment commitments, rates of achievement of previously agreed-to public investments, etc. It then organizes public debates in every district of the city to allow individuals and groups to propose priorities for spending in their neighbourhood and region. In both cities, residents elect representatives to follow the debates and decision-making processes throughout the lengthy period of budget setting. These representatives are held to high standards of transparency, accountability and professionalism, including continuous report-backs to neighbours and participation in negotiations with persons who may be negatively impacted by a project that the larger community wants implemented.

These processes are extremely complex, labour intensive and costly to manage. Yet both residents and city officials apparently feel the investment is worthwhile. Both have been operating for more than 10 years, and between 5,000 and 15,000⁵⁵ persons participate annually in various stages of neighbourhood and zonal/regional debates on priority setting, report-back sessions and working

⁵⁵ The lower number refers to Montevideo in 1999. However, a related and expanded process of preparing a five-year plan for the city, also related to the participatory budget, involved 10,000 persons (Masdeu 2001:3). The larger number is from Porto Alegre in 1995 (Abers 1999:47). Other reports suggest as many as 100,000 persons in Porto Alegre in 1995, and in Montevideo both 20,000 and 100,000 in 1998, the latter being the number of voters in the first election of “neighbourhood councilors” in 1998 (Urruzola 2000:3).

meetings with public agencies. The resources apportioned through the processes have risen steadily both in relative and absolute terms.⁵⁶ And the number of low-income neighbourhoods that have influenced spending priorities has varied and grown over time (Abers 1999).

Equally important, the process is claimed to have made a marked difference in conditions on a large scale:

[W]hole regions of the city have been transformed. One striking example is the Cruzero region. Six or seven years ago, the favelas there were unpassable shambles of shacks and mud. Outsiders would rarely pass through. Today, although it remains one of the poorest regions of the city, the main streets are paved and many of the major drainage problems have been resolved. The result is that, where once it was cut off from the rest of the city, now the region is accessible. Buses go there. Garbage trucks go there. Taxis and ambulances and police cars go there. Outsiders regularly use the health post sited there or drive through the region between parts of the city, a route they would never take before because it was both unpaved and widely considered 'dangerous'. The people who live there continue to be poor, but their neighbourhoods are now included in the city. This process has occurred throughout the poor regions of Porto Alegre (Abers 1999:52).

In Montevideo the impact of innovative governance appears to be less a case of generating improvements in low-income neighbourhoods than in preventing more precipitous gaps from emerging between low-income groups and the rest of the city's population. Urban blight and peripheral slums are both of recent vintage and have not achieved the dispiriting proportions of many similar-size cities in Latin America. Yet the decline in the city's fortune is palpable.⁵⁷

⁵⁶ When the Worker's Party came to power in Porto Alegre in 1989, 98 per cent of the revenue went to pay salaries. By 1995, some \$30 million was spent on projects prioritized by the regional assemblies (Abers 1999:52). According to Masdeu (2001:8), 78 per cent of the 2001 municipal budget of Montevideo was to be spent directly on the community through services and public works intended to strengthen social provisioning, to the extent possible through the local government, to improve the quality of life for the residents of Montevideo. 28.7 per cent of budget has to be spent on rider subsidies for public transport, land purchases for housing, health and social programmes and the Department of Culture. This amount is one quarter more than spending on the activities of the municipal administration.

⁵⁷ Gonzalez (2000) discusses this with respect to housing. Conversations and interviews by the present author in November 2001 with some 25 researchers and activists intimately involved in local social and political action tended to confirm these assertions.

Nonetheless, the city has become known internationally for its high-quality and egalitarian public services.⁵⁸ This has occurred despite the fact that the Montevideo municipality (IMM) receives no state revenues to support its service programme.⁵⁹ Some of its most important achievements include: a system of free health clinics, which received 525,000 visits in the year 2000, representing a 500 per cent increase over 1984; a school milk programme covering 70,000 children daily; the renovation of more than half of the city's 300 plazas and neighbourhood public spaces; free public transportation for the handicapped; and reduced rates for a range of other public services.

Although the city has no statutory responsibility or assigned resources, it has made important efforts to ensure access to adequate housing. It has done so by extending sanitation to over 90 per cent of residences; providing public transportation to all of the city's peripheral settlements; purchasing over 220 hectares of centrally located urban land (double the area of the city's historic centre) that is being turned over to groups with responsibility for constructing low-cost housing (co-operatives, NGOs, the Federal Ministry of Housing, etc.); and establishing low-cost material banks and technical assistance centres (Gilio 2000:6–7).

Montevideo's programme of working with co-operatives in renovating central city housing has been hailed as one of the most promising processes yet devised for allowing low-income residents to remain in "revitalized" core urban neighbourhoods (Nahoum 1999:17). Indeed, many of the political and social activists consulted by the author expressed the sentiment that the city was doing as much as it could in the social policy arena, given the long state of conflict between the left-leaning municipal authority and the rightist national administration. That those remaining in unhealthy or marginalized situations are not easily mobilized against the municipality was attributed to the high level of contact and dialogue between those families and members of the municipal and sub-municipal (zonal) government and agencies.

⁵⁸ The European Union and the United Nations Educational, Scientific and Cultural Organization (UNESCO) have separately selected Montevideo for distinction for the high quality and inclusiveness of its social services (Gilio 2000:6).

⁵⁹ Montevideo made net transfers of between 55 and 60 million dollars annually to the central government between 1995 and 1998. During the same period, the central government transferred 75 to 98 million dollars to other municipal governments (Urruzola 2000:3). According to official materials describing the city's 2001 participatory budget, Montevideo receives no transfers from the national government.

Rosario (Argentina) is less well known internationally than either Montevideo or Porto Alegre for innovations in urban management and social policy. Nonetheless, the city has implemented a thorough programme of administrative and functional decentralization to the district level, established good working relations with civil society organizations and among “social democratic” municipal governments in Latin America and Europe, and has achieved distinction for innovative and effective social programmes. This is all the more surprising when considering that the metropolitan region of Rosario has suffered a precipitous economic decline since the 1970s. With the opening of Argentina’s markets to international competition, formal sector employment in the city’s major industries and largest employers—metalworking, steel, paper and chemicals—has all but disappeared as a result of restructuring. Rail and river port employment serving these industries has also vanished. Together, the loss of economic activity and employment brought on a social crisis that continues to the present (PER 1998:Sec.4.5). At 23 per cent, the open unemployment rate is the highest of any city in the country. If the active population of peripheral settlements around the city, which are growing rapidly with influx of rural migrants, are taken into account, the figures may look even worse.

This continuing expansion of peripheral settlements played an important role in setting the parameters of the Strategic Plan for Rosario, completed in 1998 (PER 1998). The plan recognizes that the overall health of the city will be achieved only if growing peripheral settlements are incorporated into a complete social and urban service network. Rosario has thus extended medical services and urban infrastructure beyond the city’s physical boundaries.⁶⁰ Preventing further social exclusion of communities that are closely linked with the social and economic life of Rosario is an ethical concern as well.

Two other initiatives of note relate to the city’s explicit alignment with human rights approaches to governance. One such programme is the City for Children, inspired by the United Nations Children’s Fund’s (UNICEF) campaign on the rights of the child. The other is the Human Rights City approach developed by a civil society group.⁶¹ These commitments require a level of openness to probity within the working of government by citizens that few cities

⁶⁰ The city’s clinics and hospitals receive some 500,000 visits per year by non-Rosarinos, at a cost to the city of about 10 million pesos per year.

⁶¹ People’s Decade for Human Rights Education—an NGO based in New York: www.pdhre.org.

have adopted. For example, in the People's Decade for Human Rights Education (PDHRE) approach, a committee of citizens continuously examines Rosario's obligations and commitments under international law with respect to poverty, unemployment, violence against women, malnutrition, marginalization, education, police brutality, gay and lesbian issues, and the relationship with the business and industrial community. Upon finding situations where the municipality appears to be in violation of obligations, the committee—with the assistance of human rights experts, educators, lawyers, and members of the media—presents the city with proposals for resolving the situation. The committee then organizes training for municipal workers, whether police, judges, business people, teachers or health care workers. The committee eventually expects to lobby for amending local and national laws, and for an allocation of financial resources that ensures the ongoing city development plan will meet the needs of the community.

The experiences of these cities can only begin to be described in this paper. What is of crucial importance is to understand the changes wrought by them, not just in the distribution of resources but also in the downward redistribution of power. This is reflected most directly in the overt processes of public decision making. More subtly, it shows itself in the growing capacity of persons and groups previously excluded from decision making to assimilate information, debate principles of governance and distribution and, even, to recognize and accept that even those who do not participate in the political process still have a right to society's resources. This last situation has been recounted in detail in Porto Alegre's participatory budgeting process. Among the many poor people who do mobilize and participate vigorously in the process, there are hardliners who argue that communities failing to send representatives to meetings, forums and working groups should not expect investments in their neighbourhoods. These voices have grown fewer and softer over time as participants have begun to differentiate between neighbourhoods with truly more desperate needs and minimal participation, and those with lesser needs (Abers 1999:61–65).

More recent debates over the transformational aspects of the participatory budget in Porto Alegre have suggested that leaders from low-income communities have been among the most creative and systematic thinkers about urban reforms and urban management in Brazil. They have proven capable in many areas: in deliberations about the implementation of Brazil's new national

legislation called the City Statute, linking the abstract concepts in the statute to local processes; in comprehending and working with the need to plan regionally, not just at the neighbourhood level; and in facing down clientilistic politicians who attempt to influence public debate without the same degree of preparation to debate the issues.⁶¹

These processes are not without their critics on both the left and the right. From the right they often focus on economic efficiency of existing city services and participatory processes or on concerns of “growing clientilism of the left” or direct democracy’s “threat” to representative democracy. From the left, the worry is that participatory processes have failed to be adequately institutionalized, that municipal decentralization has yet to devolve adequate resources and decision-making powers to lower level bodies, that participatory budgets cannot be truly democratic with prevailing low-level information and training among most of the population, etc.⁶² Nonetheless, these experiences appear to be among the most positive and self-sustaining innovations in urban governance in many decades, and hence remain worthy of continued support, development and study, not least as evidence that globalization and equity are possible in the same city.

A Research Agenda for Cities in a Globalizing World

This chapter argues that unregulated economic globalization is changing the forces that shape the quality of life in many cities around the world. By increasing the importance of international financial markets in determining the nature and locus of urban investments, economic globalization weakens the incentive and capacity of local authorities to take effective action to promote socially inclusive forms of development across the metropolitan space. Technological advances in the production of goods and services, coupled with supportive international trade and investment policies are making increasingly large sectors of the global labour force redundant. Incomes and livelihoods everywhere are under pressure. State reforms, including privatization processes, appear to be exacerbating the already poor record of governments to meet the needs of their urban citizens for housing, clean water and sanitation.

⁶² For original texts in Portuguese and Spanish on the Urbared Web site, see www.urbared.ungs.edu.ar/experiencias_foro.php?expID=2.

⁶³ For discussions by Daniel Schugurensky and Betania de Moraes Alfonsin, see the Urbared Web site.

The analysis in the preceding sections of this chapter suggests an urgent need to conduct research seeking to understand better how to govern global economic integration so that it ensures everyone's right to adequate housing, the foundation of healthy urban settlements. In the meantime, governments and international organizations would do well to eschew agreements that are likely to speed the unregulated economic integration. They should, instead, establish monitoring processes that reflect reliably the impact of ongoing processes of integration on the realization of the right to adequate housing for vulnerable populations.

A good first step in guiding this monitoring process would be to undertake research in a number of cities undergoing rapid integration into the international economy, in order to identify and understand the differences in policy and outcomes in different regional, national and local contexts.⁶⁴ More specifically, the research could:

- identify the policy parameters of competing approaches to the integration of urban (metropolitan) economies into the international economy;
- identify the roles of different social actors in promoting (i) integration of the local economy into the international economy, and (ii) actions to ameliorate the negative impacts of such integration;
- measure changing levels of economic integration over time;
- identify the causal links between economic integration and the well-being or exclusion of different social groups within the metropolitan area and estimate their impacts; and
- assist government and civil society organizations to use a human rights framework to identify policies and measures that are most likely to improve conditions in cities for low-income and marginalized groups.

Another important area of concern and for research is to understand better the role of modern institutions in accelerating the recognition and realization of human rights. The long historical processes through which, for example, access to clean water achieved the status and universal protection of a human right in Belgium needs to be telescoped rapidly in all but a few countries around the world where such protections do not exist. Civil society

⁶⁴ Detailed case studies along these lines are now underway in Buenos Aires, Rosario and Curitiba in Latin America, and in Ahmedabad and Bangalore in India. Preliminary results from the Latin American studies are available at www.microenergia.org/derechovivienda.

organizations will bear the brunt of fighting for these protections but can only be successful when national governments support their efforts. To the extent that the institutions of global governance, including United Nations agencies, the multilateral development banks, the IMF, and the WTO acknowledge their crucial role in protecting human rights, national governments may be encouraged to establish and implement appropriate institutional measures to do the same.

From below, as some cities and associations of cities have shown, it is possible to create a human rights lobby sub-nationally. These, too, can help promote grassroots demands for rights among would-be citizens. Equally important, they may also create and channel political pressure for national governments to take positive steps to give substance to the human rights instruments to which they are already signatories. One of the ways cities can lead the way is by monitoring the efficacy of certain policies or practices of governance that minimize the negative impacts of economic globalization locally, or more positively, promote social inclusion throughout the metropolitan area even as integration with the international economy proceeds.

Policies that lead to the progressive realization of human rights, and the contexts in which they occur, need to be diffused and scaled up. Indeed it is hard to imagine that these can have wide influence if they do not penetrate and become a significant part of a new and humanistic post-post-Washington consensus.

Annex: The Changing Role of the Ahmedabad Municipal Corporation under Globalization

Ahmedabad, India, is one of the few cities in the developing world where the social impacts of a full embrace of globalization have been analysed relatively comprehensively over the decade up to and including the year 2000. The analysis is drawn from multiple case studies depicting the interactions among structural change, international development assistance, public-private partnerships (PPPs), local politics, civil society activism and parochialism, communal strife and, most important, the changing stance of the local authority toward urban development processes and its social outcomes. The most worrisome conclusion of the studies is that the evolving model of urban development—promoted by the Ahmedabad Municipal Corporation (AMC)—exacerbates segregation and discrimination against the poorest groups, compounding the already formidable barriers they struggle against in their efforts to achieve a dignified life in the city.

The remainder of this brief case study highlights the key components of the AMC's changing approach to governance and some of the main concerns about its consequences as raised by a series of studies in the new book *Poverty and Vulnerability in a Globalizing Metropolis: Ahmedabad*.⁶⁵

⁶⁵ This brief case study attempts to describe concisely the forces and decisions behind changes in the roles and responsibilities of the Ahmedabad Municipal Corporation over the past decade, and to highlight their possible consequences for the city's large slum population. The case study is based on the author's reading and interpretation of the sometimes divergent evidence provided in the 10 chapters of Kundu and Mahadevia (2002).

PPPs in sanitation for low-income neighbourhoods: In an attempt to foment a comprehensive upgrading⁶⁶ of all slum neighbourhoods, the AMC sought to apply the experience of the Slum Networking Programme (SNP), an innovative process developed earlier in the decade in the Indian city of Indore. The experience there and in a second test case in Vadodara provided useful lessons that were taken into account in the design of Ahmedabad's SNP. The main stumbling block in Indore was the absence of security of tenure, without which slum residents were loathe to provide counterpart investments for installation of household water and sewerage linkups. In Ahmedabad the AMC offered a guarantee of 10 years' secure tenure to entice better community participation.

Ahmedabad's SNP included other innovations, reflecting the evolving attitudes of the AMC toward decentralization, privatization and PPPs.

Decentralization: The local authority (AMC) minimized its own role and responsibilities by dispersing responsibility for the SNP's implementation (and its success/failure) among its three partners: an industrial enterprise, NGOs and slum residents.

Privatization: Project finance was to be entirely privatized. The AMC's expenditures on environmental and infrastructure upgrading were to be paid from commercial-rate loans. These eventually accounted for nearly two thirds of total SNP expenditures. Private industry—Arvind Mills, one of Ahmedabad's largest employers—would provide another 15 per cent, as would community residents. The remainder was to be the responsibility of NGOs.

Partnership: Implementation would be undertaken as a partnership among the AMC, the private sector, civil society organizations and the community beneficiaries (slum dwellers). Their roles, respectively, were to: organize and co-ordinate the collaboration; make environmental improvements, construct facilities and provide between 30 to 60 per cent of the needed resources; organize microcredit groups and establish income-generating

⁶⁶ The various physical components to be improved or provided include roads and paving, individual water supply and underground drainage from households, storm water drainage, streetlights, solid waste management, landscaping and, eventually, toilets. The SNP was also designed to include important community development activities, such as strengthening community organizations, mobilizing resources through the formation of savings and credit groups, providing educational opportunities, especially for children, providing health facilities and promoting health awareness and support for income-generating activities.

projects; build capacity among community organizations; and pay a share of the costs of upgrading.

Implementation began in 1996 and was planned to continue for five to seven years until all the slums in the city had been upgraded. This would improve the living conditions of some 40 per cent of the city. By end-2000 only four slums had been upgraded, while some 14 others were in process. Together these projects cover perhaps 6,600 of Ahmedabad's 255,000 slum households.⁶⁷ The reasons for the slow expansion of the SNP are many, but a few stand out.

- The withdrawal of Arvind Mills from the SNP following a sharp decline in the company's profitability in the late 1990s. The AMC has been unable to locate other donors—from the private sector or multi/bilateral aid—to fill the financing gap. The World Bank has expressed some interest, but only under the condition that beneficiaries increase their contribution by as much as 150 per cent.⁶⁸ The Bank, aware of the already high debt burden of the AMC, is also seeking the removal of welfare payments within the SNP.
- The AMC's failure to include the SNP in the city's overall planning scheme. As such, the implementation of the project is erratic and *ad hoc*. The criteria for selecting slums for upgrading, timetables for implementation and sources of finance remain undefined. The AMC's unwillingness to grant secure tenure for more than 10 years reinforces residents' perception of a lack of commitment by the authorities.
- The absence of AMC ownership or control of tenure on enough city land to guarantee tenure for more than a small portion of slum households.
- The unconvincing demonstration effects of the SNP. Income-generating activities in the slums that were expected to accompany the upgrading process have been disappointing. As a result, residents may not be able to earn enough income to maintain the improvements installed by the SNP. Already the

⁶⁷ Total number of slum households is derived from the oft-quoted figure of 40 per cent of total population living in slums or chawls, total population of 3.5 million persons and estimate of 5.5 persons per slum household. For estimates of households covered, see Kundu and Mahadevia 2002:259, table 7.3.

⁶⁸ In the original scheme, household contributions for physical infrastructure were pegged at Rs 2,000. The World Bank proposed that it be raised to Rs 5,000, with the tenure guarantee extended from 10 to 20 years (Kundu and Mahadevia 2002:172).

quality of drinking water is often below standard and hours of availability are limited. Sewage back-ups are common.

- The weakness of SNP's community development component. The two strong NGOs that have been deeply involved—SEWA/MHT (Self Employed Women's Association/Mahila⁶⁹ Housing Trust) and SAATH⁷⁰ cannot cover the whole city, nor can they build rapport quickly when they enter new SNP neighbourhoods. Some NGOs not involved in the SNP perceive it as "an old housing upgradation programme . . . under a new guise". They are concerned that it will not address the underlying cause of urban poverty if real issues like "land redistribution, tenure rights, etc. are not addressed at the city level".
- NGOs are put off the top-down planning processes for the SNP and the AMC's failure to implement the 74th Amendment—which theoretically gives civil society organizations the right to participate in city-level planning decisions. At the same time, NGOs fear the results of the newly empowered ward committees in the city's wealthier districts. From these there have been demands for better services and the establishment of separate local bodies for the eastern (poor) and western (rich) parts of the city. This would render cross-subsidization in the provision of amenities and services far more difficult in the future.
- NGOs fear that the market-oriented policies of the AMC, which condone forced evictions in slum locations scheduled for commercial redevelopment, may eventually be applied to SNP neighbourhoods, resulting in gentrification and further marginalization of the poor.

Despite these concerns about the SNP, it continues to be marketed as a "best practice" by the AMC and some bilateral donors and multilateral agencies. This is irresponsible in the absence of careful empirical analysis of the short- and long-term impacts of these programmes on slum residents and other vulnerable groups in the cities where the SNP and programmes like it are being implemented. According to the studies reviewed here, such research has yet to be conducted on a city-wide scale.

⁶⁹ Mahila means woman/women.

⁷⁰ A non-governmental organization registered as a public charitable trust.

References

- Abers, Rebecca
“Learning democratic practice: Distributing government resources through popular participation in Porto Alegre, Brazil”, in Michael Douglass and John Friedmann (eds.), *Cities for Citizens: Planning and the Rise of Civil Society in a Global Age*, John Wiley & Sons, Chichester, 1999.
- Canadian Union of Public Employees (CUPE)
Who's Pushing Privatization? Annual Report on Privatization, CUPE, Ottawa, 2000.
- Carty, Bob
Hard Water: The Uphill Campaign to Privatize Canada's Waterworks, 13 February 2003. www.icij.org/dtaweb/water/.
- Clayton, Andrew, Peter Oakley and Jon Taylor
Civil Society Organizations and Service Provision, Programme on Civil Society and Social Movements, Paper No. 2, UNRISD, Geneva, October 2000.
- Cohen, Richard
“They pay no taxes? It's a rip-off”, *International Herald Tribune*, 23 January 2002.
- Cointreau-Levine, Sandra
Private Sector Participation in Municipal Solid Waste Services in Developing Countries, Vol. 1, *The Formal Sector*, published for the Urban Management Programme by World Bank, Washington, DC, 1994.
- D'Costa, Wilfred
“In the cauldron of communal conflicts: Shrinking political space and vulnerability of minorities”, in Amitabh Kundu and Darshini Mahadevia (eds.), op.cit.
- Desai, Padma
“Slum redevelopment in Mumbai: Building castles in the air? Review of the proposed institutional framework for implementing SRS”, in Meine Pieter van Dijk, Marike Noordhoek and Emiel Wegelin (eds.), *New Institutional Forms in Urban Management: Emerging Practices in Developing and Transitional Countries*, Institute for Housing and Urban Development Studies (IHS), Rotterdam, 2001.
- Development Committee (Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries)
Progress Report and Critical Next Steps in Scaling up: Education for All, Health, HIV/AIDS, Water and Sanitation, DC2003-0004/Add.3, *Addendum: Water Supply and Sanitation and the Millennium Development Goals*, World Bank/IMF, Washington, DC, 1 April 2003.

- siteresources.worldbank.org/DEVCOMMINT/Resources/Document/DC2003-0004-ADD3.pdf.
- Donahue, J.D.
The Privatization Decision: Public Ends, Private Means, Basic Books, New York, 1989.
- ECOSOC. See under United Nations Economic and Social Council.
- Foster, Vivien
Condominial Water and Sewerage Systems: Costs of Implementation of the Model. El Alto, Bolivia, Pilot Project, Water and Sanitation Program, World Bank and UNDP, Washington, DC, 2001. www.wsp.org/pdfs/and_elaltostudy.pdf.
-
- Economic and Financial Evaluation of El alto Pilot Project: Condominial Water and Sewerage Systems and Related Innovations*, Water and Sanitation Program, Andean Region, World Bank Group, no date. [wbln0018.worldbank.org/eap/eap.nsf/Attachments/Water-Informe/\\$File/InformeFinalApr09.pdf](http://wbln0018.worldbank.org/eap/eap.nsf/Attachments/Water-Informe/$File/InformeFinalApr09.pdf).
- Gilio, Maria Esther
“A modo de balance”, *Brecha*, Montevideo, 11 May 2000.
- Glassman, James K.
“What to learn from the fall of Enron, a firm that fooled so many”, *International Herald Tribune*, 10 December 2001.
- Gonzalez, Nery
“Gobierno, municipio y vivienda: Coyuntura critica”, *Brecha*, Montevideo, 11 May 2000.
- Gustafsson, Jan-Erik
Public Water Utilities and Privatisation in Sweden, Working Paper, EPSU Public Service Conference, Brussels, December 2001. www.psiu.org/reportsindex.htm.
- Hall, David
Water Multinationals—No Longer Business as Usual, paper commissioned by Public Services International to be presented at the 3rd World Water Forum (Kyoto, March 2003), PSIRU, University of Greenwich, 2003. www.world-psi.org.
-
- The Water Multinationals 2002: Financial and Other Problems*, August 2002. www.psiu.org/reportsindex.htm.
-
- Water in Public Hands. Public Sector Water Management—A Necessary Option*, June 2001. www.psiu.org/reportsindex.htm.
- Hall, David, Kate Bayliss and Emanuele Lobina
Still Fixated with Privatisation: A Critical Review of the World Bank's Water Resources Sector Strategy, paper prepared for the International Conference on Freshwater (Bonn, 3–7 December 2001), PSIRU, London, 2001. www.psiu.org/reportsindex.htm.

- Hall, David and Klaus Lanz
A Critique of the 2001 PricewaterhouseCoopers Report on Water Services in Austria, Public Services International Research Unit (PSIRU) and International Water Affairs (IWA), Hamburg, 2001.
www.psiru.org/reportsindex.htm.
- Hall, David and Emanuele Lobina
International Solidarity in Water: Public-Private Partnership in North-East Europe, PSIRU, University of Greenwich, March 2003.
www.psiru.org/reportsindex.asp.
- Hall, David, Emanuele Lobina, Odete Maria Viero and Hélio Maltz
Water in Porto Alegre, Brazil—Accountable, Effective, Sustainable and Democratic, Municipal Department of Water and Sanitary Sewage (DMAE) and Public Services International (PSI), August 2002.
www.psiru.org/reportsindex.htm.
- Hardoy, Ana and Richard Schusterman
“New models of privatization of water and sanitation for the urban poor”, *Environment and Urbanization*, Vol. 12, No. 2, 2000, pp. 63–75.
- Hemispheric Social Alliance (HSA)
NAFTA Investor Rights Plus: A Summary of an Analysis of the Draft FTAA Investment Deal, HSA, June 2001.
- International Bank for Reconstruction and Development (IBRD)
World Bank Support for Developing Countries on International Trade Issues, Washington, DC, 25 August 1999.
- International Consortium of Investigative Journalists (ICIJ)
Cholera and the Age of the Water Barons, Center for Public Integrity, 11 February 2003a. www.icij.org/dtaweb/water/PrintReady.aspx?AID=01.
- _____
A Tale of Two Cities, Center for Public Integrity, 11 February 2003b. www.icij.org/dtaweb/water/PrintReady.aspx?AID=10.
- _____
Hard Water: The Uphill Campaign to Privatize Canada's Waterworks, 13 February 2003c. www.icij.org/dtaweb/water.
- Kundu, Amitabh
“Institutional innovations for urban infrastructural development: The Indian scenario”, in David Westendorff and Deborah Eade (eds.), *Development in Practice*, Vol. 11, Nos. 2/3, May 2001, pp. 174–189.
- Kundu, Amitabh and Darshini Mahadevia (eds.)
Poverty and Vulnerability in a Globalising Metropolis: Ahmedabad, Manak Publications, New Delhi, 2002.
- Lobina, Emanuele and David Hall
Water in Porto Alegre, Brazil. Accountable, Effective, Sustainable and Democratic, August 2002. www.psiru.org.

- UK Water Privatisation—A Briefing, 2001. www.psir.org.
- Martin, Brendan
Privatization of Municipal Services: Potential, Limitations and Challenges for the Social Partners, ILO Working Paper No. 175, ILO, Geneva, 2001.
- Masdeu, Willan
Decentralización participativa y presupuesto municipal: El proceso de definición de los compromisos de gestión en Montevideo(mimeo), Unidad de participación y coordinación, Intendente Municipal de Montevideo (IMM), Montevideo, 2001.
- Medoff, Peter and Holly Sklar
Streets of Hope: The Fall and Rise of an Urban Neighborhood, South End Press, Boston, 1994.
- Meggison, William L. and Jeffrey M. Netter
“From state to market: A survey of empirical studies on privatization”, *The Journal of Economic Literature*, Vol. 39, June 2001, pp. 321–389.
- Nahoum, Benjamin
“Los programas de vivienda de la Intendencia Municipal de Montevideo en el periodo 1990–1999”, *Estudios Cooperativos*, Vol. 6, No. 2, November 1999, pp. 6–23.
- National Research Council, Committee on Privatization of Water Services in the United States, Water Science and Technology Board, Division of Life and Earth Studies
Privatization of Water Services in the United States: An Assessment of Issues and Experience, National Academy of Sciences Press, Washington, DC, 2002.
- Nickson, Andrew
Establishing and Implementing a Joint Venture: Water and Sanitation Services in Cartagena, Colombia, GHK Working Paper 442 03, Building Municipal Capacity for Private Sector Participation Series, DFID Knowledge and Research Project R7398, in collaboration with the United Nations Development Programme Public Private Partnerships for the Urban Environment Programme (UNDP PPPUE), GHK International, London, January 2001.
- Oxfam International
Rigged Rules and Double Standards: Trade, Globalisation and the Fight against Poverty, MakeTradeFair/Oxfam International, 2002. www.maketrade-fair.com/assets/english/Report_English.pdf.
- Plano Estratégico Rosario (PER), 1998. www.rosario.gov.ar.
- Plummer, Janelle
Focusing Partnerships: A Sourcebook for Municipal Capacity Building in Public-Private Partnerships, Earthscan, London, 2002.

- Public Citizens's Critical Mass Energy and Environment Programme
Liquid Assets: Enron's Dip into Water Business Highlights Pitfalls of Privatization, Washington, DC, March 2002.
www.publiccitizen.org/documents/LiquidAssets.pdf.
- Public Service International
Democracy or Dominance in the Americas? The FTAA vs Public Services, PSI, Ferney-Voltaire, 2001. [www.world-psi.org/psi.nsf/WebAllMessages/25D4905E6D8BD0BFC1256A5D00563252/\\$FILE/FTTA_Americas.pdf?OpenElement](http://www.world-psi.org/psi.nsf/WebAllMessages/25D4905E6D8BD0BFC1256A5D00563252/$FILE/FTTA_Americas.pdf?OpenElement).
- _____
Stop the Gats Attack Now!, no date. www.world-psi.org/psi.nsf/c21eb7c93e96a7c9c125692200092672/bf5722cf7eb918c4c1256a030057b6ba?OpenDocument.
- Ranney, David C. and Patricia A. Wright
Chicago's Near South Side: Five Years Later (mimeo), UNRISD, Geneva, 2001.
- Riddell, Barry
Review of Development Policy in the Twenty-First Century: Beyond the Post-Washington Consensus (Ben Fine, Costas Lapavitsas and Jonathan Pincus (eds.), Routledge, London, 2001), *The Journal of Development Studies*, Vol. 38, No. 6, August 2002, p. 189.
- Rolnik, Raquel and Walter Cruz de Oliveira
Communities and Local Government: A Case Study in São Paulo—Housing Construction by Self-Managed Community Work "Apuanã" (mimeo), UNRISD, Geneva, 1998.
- Rowden, Rick
IMF-WB-WTO Synthesis Report: An Overview of the Increased Coordination of the International Monetary Fund (IMF), World Bank and World Trade Organization (WTO) Trade Liberalization Policies, 2nd Draft Working Paper, RESULTS Educational Fund, Washington, DC, 2001. www.brettonwoodsproject.org/topic/adjustment/synthesisreport/pdf.
- Schusterman, R., F. Almansi, A. Hardoy, G. McGranahan, I. Oliverio, R. Rozensztejn and G. Urquiza
Public Private Partnerships and the Poor: Experiences with Water Provision in Four Low-Income Barrios in Buenos Aires, Water, Engineering and Development Centre (WEDC), Loughborough University, Loughborough, United Kingdom, 2002. www.lboro.ac.uk/wedc/projects/ppp-poor/.
- Smets, Henri
Le droit à l'eau, Académie de l'Eau, Conseil européen du droit de l'environnement (CEDE)-Agence de l'eau Seine-Normandie (AESN), 2002. www.oieau.fr/academie/travail/gege/DroitAIEau.PDF.

- Stevenson, Richard W. and Jeff Gerth
“Collapse of Enron exposes ‘regulatory black hole’”, *International Herald Tribune*, 21 January 2002.
- Stoecker, Randy
Defending Community: The Struggle for Alternative Redevelopment in Cedar-Riverside, Temple University Press, Philadelphia, PA, 1994.
- Talbot, J.F.
Is the International Water Business Really a Business?, World Bank Water and Sanitation Lecture Series, 13 February 2002.
www.worldbank.org/wbi/B-SPAN/docs/SAUR.pdf.
- United Nations Human Settlements Programme (UN-Habitat)
Cities in a Globalizing World: Global Report on Human Settlements, Earthscan Publications Ltd., Sterling, VA, 2001.
-
- An Urbanizing World: Global Report on Human Settlements*, Oxford University Press, New York, 1996.
- United Nations Economic and Social Council (ECOSOC)
Economic, Social and Cultural Rights. Report of the Special Rapporteur on Adequate Housing as a Component of the Right to an Adequate Standard of Living, Miloon Kothari, submitted pursuant to Commission Resolution 2000/9, Commission on Human Rights, Fifty-seventh Session, Item 10 of the provisional agenda, E/CN.4/2001/51, United Nations, New York, 25 January 2001.
- United Nations Research Institute for Social Development (UNRISD)
UNRISD News, No. 24, Spring/Summer 2001.
- Urruzola, Maria
“Diez años de gobierno del EP-FA en Montevideo: Un estilo definido”, *Brecha*, 11 May 2000.
- Van Etten, Joris
“Public, private and community partnerships for urban low-cost housing in Indonesia”, in Meine Pieter van Dijk, Marike Noordhoek and Emiel Wegelin (eds.), *New Institutional Forms in Urban Management: Emerging Practices in Developing and Transitional Countries*, IHS, Rotterdam, 2001.
- Vidal, John
“All dried up”, *The Guardian*, 19 March 2003.
- Water Supply and Sanitation Collaborative Council in collaboration with UN-Habitat
WSSCC and UN-Habitat Call for Urgent Action to Address Water and Sanitation Crisis, Press Release, New York, 29 January 2002.
www.water-2001.de/Johannesburg/CSDPrepcomEn020129.pdf.
- Westendorff, David
Preliminary Analysis of the Effects of Globalization on Housing and Land Rights (mimeo), Special Rapporteur on the Right to Adequate

Housing, Office of the United Nation's High Commissioner for Human Rights, Geneva, 2002.

Whitfield, Dexter

Public Services and Corporate Welfare, Pluto Press, London, 2000.

World Health Organization (WHO)

The Right to Water, WHO, Geneva, 2003.

Youth for Unity and Voluntary Action (YUVA)

A City Paper on Citizens Participation in Local Governance (mimeo), YUVA, Mumbai, 1997.