



WORLD WATER DAY MARCH 22, 2005

LEFT-WING WESTERN NGO'S ARE "FULL OF **IT" SAYS DEVELOPMENT ECONOMIST

Left-wing NGOs *War on Want* and the *World Development Movement* are two British NGOs campaigning to stop private sector involvement in bringing clean water and sanitation to the developing world. Driven by fanatical anti-Globalisation and anti-Capitalism these two groups put ideological purity ahead of water purity. "In a world where nearly 6,000 children die every day because of unclean water, this is political posturing that must stop now" according to development economist Paul Staines.

Two billion people in the developing world lack good access to safe drinking water and good sanitation facilities. Others have access, but get bad service – often receiving running water for only a few hours a day. Improving the services these people receive is vital. The Millennium Development Goals include halving the proportion of people without access to safe drinking water by 2015. The goals announced in Johannesburg in 2002 call for halving the proportion of people without access to basic sanitation as well.

INCREASING ACCESS BENEFIT OF TAPPING THE PRIVATE SECTOR

By engaging a private firm, and giving it defined responsibilities for the provision of water services, governments widen their reform options. Involving a private firm can make it easier to get finance for large scale water sector projects. The introduction of private participation changes the water sector by introducing an operator that is independent of the government and has a strong incentive to be customer focused. A private provider's profit incentive may cause it to operate more efficiently than its public counterpart. For example, it may provide services with fewer staff and be more diligent in billing customers and collecting payments from them. The private provider is likely to retain as profits at least some of the benefits of improved operating performance. But the improvements can also allow lower tariffs for customers, reduced subsidies from taxpayers and lead to higher quality services for the same or a lower level of tariffs and subsidies. Profit incentives may lead a private provider to make better investment decisions. It may miss fewer profitable opportunities to expand the business, such as extending access to unconnected households that want service and can pay for it. And it may build fewer "white elephants", or projects with more costs than benefits. If the private provider has some responsibility for determining and financing investment, if prices cover costs and can be expected to do so in the future, and if the operator keeps some of the profits that result from increasing access, the private provider can be expected to invest in increasing access.

PRIVATE PARTICIPATION ENCOURAGES BEST PRACTISE

Most important, private participation offers the prospect of changing policy in a way that alleviates the fundamental underlying problem that the politics of water pricing leads to prices being set below costs, frustrating the extension of access. If a private firm finances investment, it cares deeply about the rules for setting prices and subsidies, because those rules determine whether it gets its money back. The private provider will therefore insist, before investing, that the government have established clear and prospectively stable rules for setting prices and subsidies. And thereafter it will try its best to hold the government to its promises. Stable rules about pricing and subsidies will encourage investment and thus help the government achieve its objective.

In all these cases, the advantage of private participation is indirect: the benefits come from good rules and enforcement, not only private participation, but good rules and enforcement are encouraged by private participation.

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WORLD WATER DAY COMMENT

Global Growth's development economist, Paul Staines, speaking on World Water Day (March 22) said *"Practical and technological requirements for huge sanitation projects on a metropolis-wide scale require the resources of big enterprises to implement them, the private sector can not only provide the capability but also the capital required. 2 billion people thirst for clean water, Western anti-globalisation NGOs who arrogantly put their ideological interest ahead of the interests of the developing world are full of **it, and if they succeed in their campaign the fast growing cities of the developing world will be as well."*

/ends.

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BACKGROUND TO LEFT-WING NGOS:

- ☰ Ideological opposition to the private sector, combined with a desire to oppose globalisation in all its forms, has led left-wing NGOs to continue to advocate a failed, one-size-fits-all socialist model for the developing world, with disastrous results for the world's poor. With this twentieth century agenda they are more concerned about fighting corporations than fighting poverty.
- ☰ *War on Want* was founded in 1951 by Victor Gollancz a socialist idealist, the name was coined by Harold Wilson who chaired the committee that produced its first pamphlet. *War on Want's* policy objectives hark back to its socialist beginnings from half-a-century ago. Over the decades the organisation has enjoyed a certain risky radical chic, tacitly supporting the rise to power of Robert Mugabe and the Vietnamese communists. In its hey-day no anti-Western Marxist movement could fail to receive implicit support from *War on Want*.
- ☰ Mark Curtis the World Development Movement's director believes that far from taking a practical pragmatic attitude to poverty reduction that *"if anything, I see the WDM's role as becoming more radical and more challenging."* Mark Curtis believes that the British government is complicit in genocide and says he has *"calculated that Britain is complicit in the deaths of around 10 million people"*. Curtis has never worked in the private sector or had any training in economics.
- ☰ Neither *War on Want* or the *World Development Movement* currently carry out charitable or poverty alleviating work in the developing world, nearly all their raised funds goes to political campaigning in Britain.



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