

CASE STUDY

RTI Spurs Debate on World Bank Involvement in Delhi Water Deal

Documents recently released under Delhi's Right to Information Act 2001 have raised a major public controversy over World Bank (WB) involvement in contract bidding and have fuelled a public debate over a proposed scheme to privatise Delhi's water system. On 28 July 2005, Parivartan (a Delhi based anti-corruption ngo) citing internal documents it obtained through a freedom of information request, charged that World Bank officials had repeatedly overruled Indian civil servants in the selection of a contractor to plan a reform of Delhi's water system.

In 1998, the Delhi Government put out a tender for a contract to develop a plan to privatise Delhi's water supply. The multi-million dollar contract was awarded to a Calcutta subsidiary of PricewaterhouseCoopers (PwC) in 2001, allegedly despite strong opposition from the Delhi Jal Board (DJB), who consistently ranked PwC lower than other corporations during three subsequent rounds of bidding. The documents obtained under the Delhi Right to Information Act 2001 by Parivartan revealed that the World Bank had intervened on behalf of PwC consistently during the bidding process.

Publicly exhibiting the documents, Arvind Kejriwal of Parivartan stated, "Despite reservations DJB cancelled the earlier evaluation and invited fresh bids. A new evaluation committee was formed to go through the financial and technical evaluation. The PwC again failed to clear the evaluation test. WB asked for detailed scores given by each member of the evaluation committee and subsequently demanded that the scores given by one member, RK Jain, be omitted as he had given low marks to PwC." Rights activist Aruna Roy called the Bank's project mismanaged and unethical, and stated: "Water is an essential commodity and it is something linked to the right to life that needs to be maintained and run by the government and not private companies."

Parivartan also called attention more generally to the importance of transparency and open decision-making in international organizations like the World Bank: "If the World Bank claims that such disclosure is not allowed under its current policies, we also demand that in the interests of being a 'transparent public institution,' it should change its global disclosure policies to enable public access to such information by the citizens of any of the countries concerned. The records of the Delhi Jal Board and their correspondence with the Bank indicate that the only way people can understand the reasons for certain crucial decisions taken is through access to the relevant correspondence," said Kejriwal.

Michael Carter, World Bank Country Director, India, responded to Parivartan's accusations in a press statement on 29 July and defended the Bank's intervention in the contract bidding: "In order to ensure that the development outcomes for which its money is borrowed are achieved, the Bank has developed, with the concurrence of its members, a high set of standards in areas such as procurement, financial management, and environmental and social safeguards to which its borrowers commit. These are accepted as global benchmarks by its supporters and critics alike. . . .The insinuation that the Bank attempted to favour PwC is completely unfounded-on the contrary, this is an excellent example of the Bank's close monitoring of the procurement process to ensure transparency and fair competition."

In a subsequent letter to World Bank President Paul Wolfowitz, Parivartan challenged the Bank's commitment to transparency and disclosure. The group also cited alleged suggestions from Bank officials that the Delhi project "was not the first time they were interfering in this manner" and had done so on several other projects. Under fire, the World Bank defended its selection criteria; one Bank official stated that "[t]here has been no firm favoured or discriminated against in the Delhi scheme." In a response letter to Parivartan, Mr. Carter charged that the allegations by the non-profit organisation fail to consider the detailed explanation of the Bank's procurement policy as well as rationale for the Bank's close oversight of the project in this case, set forth in his July press release, and accuses Parivartan of "a gross distortion of the record" of the World Bank in Delhi and other similar development projects.

The project's stated aim is to make available a 24-hour water supply for Delhi but the documents obtained by Parivartan reveal that the deal promises to accrue super profits for a few water companies and in so doing significantly push up the water bills of ordinary people as well as deny water to those unable to afford the heavy bills. Under the project, the management of each of Delhi's 21 zones would be handed over to water companies which will collect management fees, engineering consultancy fees and a bonus. Parivartan has estimated that at 24, 400 US dollars per month, management fees to each expert alone, would work out to more than 25 million dollars a year. Further, each water company has a say in deciding its own annual operating budget and there are provisions for upward revision which can be misused to make extravagant demands on the government.

Parivartan's calculation is that, if the project is accepted, a typical family may find its water bills increasing five times over. There is also a heavy emphasis on reducing non-revenue water. In practical terms, this translates into making water so expensive that poor people's access to water will be badly affected, despite statements that some subsidies will be maintained for the poor.

Several voluntary organisations, residents' welfare organisations, experts and citizens have come together in Delhi to form the 'Right to Water Campaign' (RWC) to oppose this project. The RWC has demanded that the Delhi Government should immediately withdraw its loan application to the World Bank for carrying out reforms in the water sector.

Under intense public criticism, the Delhi Jal Board has decided not to go ahead with the recommendations of the World Bank report prepared by PricewaterhouseCoopers after Chief Minister Sheila Dikshit met with a group of NGO representatives and activist and National Advisory Council member Aruna Roy. Instead, Ms. Dikshit has announced that she intends to open for public debate the issue of how to solve Delhi's severe water problems: "We are not that stupid to accept all the recommendations of the World Bank. We are open to suggestions and other ways to deal with this serious situation in the Capital. If people and voluntary groups can do that, it is all the more welcome." Aruna Roy has stressed the importance of public participation in the sensitive matter of the water system: "There is an urgent need for people's participation in such projects rather than opt for privatisation knowing very well that these multinational companies have failed miserably when implementing such projects in other countries."

In a letter to Chief Minister Sheila Dikshit, RWC activists expressed their grave misgivings about the water reforms proposed by the Delhi Jal Board, in particular the impact that the proposed water scheme is likely to have. Activists urged the Delhi Chief Minister to depute senior officials of the Delhi Government and the Delhi Jal Board for the 'Jansunvai'

organised on water held on 17 October. Though World Bank and DJB officials were invited, they did not send representatives. A panel of eminent individuals and activists including Aruna Roy, founder of MKSS and well-known author Arundhati Roy attended the public hearing and gave their verdict on the controversial reforms proposed by the Jal Board. At the hearing, examples of mismanagement from cities of many developing countries including South Africa, Bolivia and Columbia where water supply has been handed over to private companies, were shared with the public. Speaking on the power of the right to information, Aruna Roy was quoted as saying "This entire episode shows the great utility of the right to information in preventing flawed projects and policies before any damage is done. This is possible when right to information laws empower citizens to access detailed and reliable, authentic information."

Source:

- *'Documents Spur Public Debate about World Bank Involvement in Awarding Contract for Delhi Water Deal'*, Kristin Adair, as posted on [freedominfo.org](http://www.freedominfo.org) – IFTI Watch (14 September 2005). <http://www.freedominfo.org/ifti.htm>
- *'Depute Officials for Public Hearing on Water, Shiela told'*, *The Hindu* (9 October 2005) <http://www.hindu.com/2005/10/09/stories/2005100903430400.htm>
- *'Right to Information Exposes World Bank Water Deal'*, Bharat Dogra, *IPS News*, (6 November 2005)