

Conditions

Apply.....

**Karnataka - Water sector
and Loans**

Quality of life for citizens

- Clean Air (CNG in Delhi)
- Fresh Water (Tarun Bharat Sangh) &
- Wholesome Food (organic farmers all over)
- Poor migrant workers remitted more than IFIs to India 2006 = \$ 10 bn ~double the \$ 5.8 bn from software industry
- While tied Govt aid and Bank aid is stagnant and private sector is not really coming forth with investment
- WB is net revenue collector than a net lender

IFI loan Challenges

- States and countries are “outwardly accountable” to IFIs
- Financial processes privilege Global capital
- Conditionalities and restructuring precede water sector loan sanction
- Sub-national loans with no sovereign guarantee launched by World Bank in July 2006
- Higher loans and debt repayment obligation on states and cities

A curious situation ...

- Indian State Govts are cash rich (06-07)
- Due to FRA unable to spend on social needs
- Yet Local govts are forced to take debt
- **JNNURM / UIDSSMT :Gol scheme forcing debt on cities**
- **24 X 7 water supply guidelines introduced stealthily in JNNURM**
- Privileges foreign companies
- Indian water utilities & companies not experienced in 24 X 7
- water being scarce, how can we have 24 X 7?

Centralising decision making with conditionalities

- 1. Not implementing the 74th C A**
- 2. Forming Karnataka State Urban Water and Sanitation Council --- KSUWSC**
- 3. Steering committees,
“Empowered committees”
and other bodies at State
level oversee and monitor
projects**

Decentralising debt

(public risk, private profit)

- **Commercial tariffs & user charges**
- **Depoliticising decision making**
- **Corporatising water utilities**
- **Privatising / outsourcing services**
- **Financial Risk on Local govt**
- **Private sector profits**
- **No contractual obligation to supply water to the poor**

Who is involved..

Policies and IFI loans

- National and State Water Policy 2002
- State Urban Water Policy 2003
- Greater Bangalore Water Project 2003
- IFIs have pushed water sector reforms in policies
- World Bank helped draft the policy
- USAID, JBIC, World Bank, WSP & others promote PFDF

More IFI loans....

- **KUWASIP O C contract 2005**
- **JBIC loan Cauvery IV stage Phase II Rs 3300~ crs 2005**
- **JNNURM projects 06-07**

- **Rs 219 crs contract so far**
- **JBIC many contracts will be outsourced**
- **BWSSB Rs 2782 crs**

Urban drinking Water policy 2003

- National & State water policies 02
- IFI's Water for All
- City Government responsible
- Water supplied to those who want and will pay for it
- Priority to drinking water
- For those who pay
- Water Boards / private sector supply water
- NO Citizens RIGHT to water based on need

Citizen / Customer is not King

- **Contracts negotiated secretly and signed in Delhi or Washington**
- **NO ROLE to decide or participate in water needs or demand assessment**
- **NO ROLE to participate / decide the agreements with IFIs**
- **Do citizen / community / customer understand who really pays ?**
- **We are paying for private sector development and private sector led development**

Private contracts in place now

- **BWSSB Systemic Leakage reduction – Thames Water and Larsen & Toubro 2003**
- **GBWAS (PMC) Meinhardt Group 2005**
- **KUWASI project O & M contract CGE, Seureca JV France 2005**
- **KMRP sewerage PMC dh Group Benelux BV (netherlands) 2005**

What is next ...

- **Private Operations & Maintenance in GBWAS Project areas for water supply and sewerage?**
- **Systemic leakage reduction Rs 400 crs JBIC loan to be outsourced?**
- **Rest of BBMP Operations & Maintenance**
- **Since many water supply and sewerage operations are outsourced**
- **So then, does decision making and financial control over projects still rest with Govt**
- **Absolutely NOT**

KUWASIP T A contracts

- 6 studies 'awarded' Rs 2.28 crs
 - We have no formal role or knowledge
 - Will transform Karnataka Urban water
1. Institutional (KSUWSC) and Legal reform (PSP etc)
 2. Tariff designing for 24 X 7 water
 3. Water and Sanitation Investment framework etc

KUWASIP Consultancy Contracts

Sl. No.	Particulars	Name of Consultant	Consultancy fee (Rs. in crores)
A1 (a)	Establishment and Operationalization of Karnataka State Urban Water Supply Council (KSUWSC)	M/s.Tahal Consulting Engineers Ltd., New Delhi	0.22
A1 (b)	Creation of Water and Sanitation Information System (WASIS) and Benchmarking of Service Provision	M/s. Feedback Ventures Pvt., Ltd., New Delhi	0.82
A1 (c)	Water and Sanitation Sector Investment and Tariff Frameworks	M/s A.F.Ferguson & Co. Bangalore – 560 025	0.30
A1 (d)	Strengthening of Urban Water supply and Sanitation (UWSS) Service Delivery in ULBs	M/s.SMEC International Pty. Ltd., Bangalore-560 042.	0.21
A1 (e)	Review & Establishment of the Regulatory and Legal Framework	M/s CRISIL Infrastructure Advisory Bangalore – 560 042	0.40
A1 (f)	Tariff Design for Continuous Water Supply	M/s Fichtner Consulting Engineers (India) Pvt. Ltd., Chennai – 600 018	0.33
TOTAL			2.28

Make draft study reports public...

- All 6 contracts must present a report at a multi-stakeholder workshop
- But are citizens/ consumers or customers being involved ?
- NOT until now
- NOT unless there is a demand for **TRANSPARENCY**

next steps

- **Urban Poor needs have to be addressed**

- **Right to water**
- **Water Policy suited to people's needs and protection of resources**
- **Not Privatisation or 24 X 7**
- **Potable Water ; not for profit extraction or Golf / Horticulture**
- **Important Role for elected Reps MLAs, Local Corporators/ Councilors**

Conclusion

- Revisit State Urban Water Policy 2003
- Stall upscaling to State level projects until an independent evaluation has been done and public discussion held on such report
- Reclaim water as a public service
- Promote Public- Public partnerships between utilities such as BWSSB, Metro Water Chennai, Mumbai and Hyderabad, KUWSDB etc



Thank you
for your time