
**PUBLIC-
PRIVATE
PARTNERSHIPS**

**GLOBAL
CAMPAIGN
MANIFESTO**

SOUNDING THE ALARM ON DANGEROUS PUBLIC-PRIVATE PARTNERSHIPS (PPPs)

We, 152 national, regional and international civil society organisations, trade unions and citizens' organisations from 45 countries, are increasingly alarmed by the growing use of PPPs around the world.

What is a 'Public Private Partnership?'

PPPs are essentially long-term contracts, underwritten by government guarantees, under which the private sector builds (and sometimes runs) major infrastructure projects or services traditionally provided by the state, such as hospitals, schools, roads, railways, water, sanitation and energy.

PPPs are promoted by many G20 governments, and some public development banks – such as the World Bank – as the solution to the shortfall in financing needed to achieve the Sustainable Development Goals. Since the late 1990s, some countries including the United Kingdom, Portugal and Hungary have embraced PPPs ranging from healthcare and education to transport – with troubling consequences. They have been less common in the global South - but that is changing rapidly, with many countries in Latin America, Asia, and Africa now passing enabling legislation and initiating PPP projects.

The experience of PPPs has been overwhelmingly negative and very few PPPs have delivered results in the public interest. Common problems include:

THE THREAT TO PUBLIC FINANCES: PPPs are often expensive and high risk

PPPs are, in most cases, the most expensive method of financing. They cost governments - and hence citizens - significantly more in the long run than if the projects had been directly financed through government borrowing. Yet, they are attractive because they can be hidden 'off balance sheet' so they don't show up in the budget and government debt figures, giving the illusion of 'free money'. Also, despite claims to the contrary, PPPs are often riskier for governments than for the private companies involved, as the government may be required to step in and assume the costs if things go wrong. For example:

- A PPP hospital in Lesotho costs three times more than the public hospital it replaced – US\$67 million per year – eating up more than half the public health budget.
- The St Bartholomew's Hospitals PPP in the UK involved initial investment by the private sector of £1.149 billion, but has left the public sector having to pay six times more – £7.194 billion – between 2007 and 2048. These very high costs have necessitated cuts in health services and quality of care provided by the local health authorities.

- In Liberia, the PPP contract with Bridge International Academies, a commercial chain of school backed by the World Bank, costs 13 to 21 times more than government schools, and students were expelled en masse from their original schools.

THE THREAT TO EQUALITY: PPPs generally fail to address the gender gap, or the increasing divide between rich and poor

PPPs risk fostering inequality by profiting those who are already wealthy – i.e. asset holders who invest in and profit from PPP projects – whilst simultaneously extracting wealth from those who are already poor and vulnerable, including women. The more governments pay to private firms, the less they can spend on essential and gender responsive social services, such as universal social protection, which are vital to realise women’s rights. Furthermore, PPPs often come with new or increased fees for users of services. For example:

- The high costs of PPPs in Tanzania’s electricity system were pushed onto consumers, increasing energy tariffs by 40 percent in just one year;
- The PPP for tertiary care rolled out in Karnataka, southwest India, suffered from poor governance, accountability and grievance redressal mechanisms, with rapidly declining access to services for patients below the poverty line.

THE THREAT TO DEMOCRACY: PPPs increase risks of corruption and reduce the capacity of governments to regulate in the public interest

PPP contracts are extremely complex. Negotiations are covered by commercial confidentiality, making it hard for civil society and parliamentarians to scrutinise them. This lack of transparency significantly increases the risk of corruption and undermines democratic accountability. For example:

- In Australia, an Independent Commission against Corruption found that politicians unlawfully influenced a decision on a water PPP so that AUS\$60m of state money was siphoned off to a minister, his family, and associates;
- The Brazilian construction company Odebrecht paid bribes to government officials in a dozen Latin American countries. The cost of a PPP road linking Brazil and Peru rose from US\$800m to US\$2.3bn through corruptly secured renegotiation processes.

In addition, PPP contracts often undermine the right and obligation of the state to regulate in the public interest. PPPs can limit the capacity of governments to enact new policies – for example strengthened environmental or social regulations – that might affect particular projects. In addition, PPPs further threaten national democracy because PPP contracts tend to favour opaque and unaccountable international adjudication rather than local or national courts, without considering the drawbacks of these investor-state dispute settlement (ISDS) systems. Under World Bank-proposed PPP contracts, the state can even be liable for costs from strikes by workers.

- In Manila, after private water operator Manila Water Company (MWC) raised water rates by 845 percent, the public regulator rejected yet another rate hike. The MWC took the public regulator to arbitration at the International Chamber of Commerce. The arbitration panel rejected MWC's rate hike and the MWC is now seeking US\$1.79 billion in compensation from the government for projected revenue losses. Despite this, the World Bank has promoted the project as a success.

THE THREAT TO FUNDAMENTAL RIGHTS: PPPs can result in the abuse of human, social and environmental rights

PPPs are now a popular way to finance 'mega-infrastructure projects', but dams, highways, large-scale plantations, pipelines and carbon-intensive energy infrastructure can wreck habitats, displace communities and destroy natural resources such as lakes and rivers. PPPs have also led to forced displacement, repression and other abuses of protestors, local communities and Indigenous Peoples. For example:

- the Bujagali Dam – a US\$860m PPP project in Uganda jointly financed by the African Development Bank, the European Investment Bank and the World Bank – has damaged Lake Victoria and the livelihoods of local people.

There are also growing numbers of dirty energy PPPs, involving oil, gas, coal and waste to energy incineration, all of which contribute to climate change. And social and environmental legislation is increasingly being weakened in order to create 'competitive' business environment for PPPs.

What are we calling for?

We urge the World Bank, the International Monetary Fund and other public development banks, together with the governments of wealthy countries, to:

- Halt the aggressive promotion and incentivising of PPPs for social and economic infrastructure financing, and publicly recognise the financial and other significant risks that PPP entail.
- Support countries in finding the best financing method for public services in infrastructure, which are responsible, transparent, environmentally and fiscally sustainable, and in line with their human rights obligations.
- Prioritise domestic resources to provide efficient and accountable public services, whilst augmenting them with long-term concessional and non-concessional finance.
- Ensure that high transparency standards apply, particularly with regard to accounting of public funds, and disclosure of contracts and performance reports of social and economic infrastructure projects.

Finally, we urge all those concerned with justice, equality, sustainability and human rights to resist the encroachment of PPPs and to push instead for high-quality, publicly-funded, democratically-controlled, accountable public services. The wellbeing of our communities and societies depends on it.

List of signatories

11.11.11

ActionAid International
Africa Network for Environment and Economic Justice
African Forum and Network on Debt and Development (AFRODAD)
African Law Foundation
Agoec
Alliance Against Conflict of Interest
Ambiente y Sociedad Colombia
APIT Portugal (Tax and Customs Inspectors Trade Union)
Asian Peoples Movement on Debt and Development
Asociacion de Usuarios del Agua de Saltillo
Asociación Nacional de Industriales de Transformación A.C. (ANIT)
ASODEFENSA
Baby Food Action Network
Bangladesh Women Welfare Workers Union
Berliner Wassertisch
Both ENDS
Breastfeeding Promotion Network of India
BRICS Policy
Center Centre for Human Rights and Climate Change Research
Centro de Iniciativas en Políticas Ambientales
Centro de los Derechos del Campesino
CGSP ALR
CGSP AMiO
Citizens' Initiative for the non privatisation of Water in Greece
CNCD-11.11.11
Collectif des Associations Citoyennes (CAC)
Collectif des ONG pour la Sécurité Alimentaire et le Développement Rural
Cameroun Comisión Nacional Enlace Costa Rica Comité Defensor del Patrimonio Histórico, Cultural y Ambiental de Puebla Community & Public Sector Union State Public Services Federation Western Australia Branch
Consejo Laboral Afrocolombiano- CLAF Coordinadora Civil
Corner House UK
Corporate Accountability International
Council for the Regulation of Freight Forwarding in Nigeria
Counter Balance
Debt and Development Coalition Ireland
Democratic Nursing Organisation of South Africa
Derecho Ambiente y Recursos Naturales (DAR)
Diálogo 2000 - Jubileo Sur Argentina
East African Centre for Human Rights (EACHRights)
Eau Secours 34
Ecoa – Ecology & Action Education International Environmental Association Za Zemiata - Friends of the Earth Bulgaria
EPSU European Federation of Public Service Unions
Erlasjahr.de (Jubilee Germany)
European Network on Debt and Development (Eurodad)
European Services Strategy Unit
European Water Movement
Federacion de Asociaciones de Medicus Mundi en España
Federación Trabajadores Municipales Santa Fe
Federation des syndicats du secteur public ISP/Mali
Fédération Nationale des Syndicats du Secteur Public du Mali
FNSSP/MALI Federation of Universities Senior Staff Associations of Ghana
Federation of Universities Senior Staff Associations of Ghana of Trades Union Congress
FENAJUD
FESP-UGT
Focus Association for Sustainable Development
Fondazione Finanza Etica
Food & Water Europe
Food & Water Watch
Foro Social de Deuda Externa y Desarrollo de Honduras (FOSDEH)
Foundation Krila nade/Wings of Hope
Frente Cívica Fundación Ambiente y Recursos Naturales (FARN)
Fundación Jubileo Bolivia Fundación para el Desarrollo de Políticas Sustentables
Fundación SES
Gemeingut in BürgerInnenhand
Gender & Development Network
Gender Action
Global Initiative for Economic, Social and Cultural Rights
Global Peace and Development Organization
Global Policy Forum
Government Services Employees Association

Heinrich Boell Foundation-North America
Inclusive Development International
INFACCT Canada/IBFAN North America
Iniciativa para las Inversiones Sustentables China-América Latina
Institute of Church and Society
Instituto Jajachupan
Instituto Justiça Fiscal
INTERNACIONAL DE SERVICIO'S PUBLICOS ISP
International Code Documentation Centre
International Rivers
International Trade Union Confederation
IT for Change
Jamaa Resource Initiatives Kenya
Jubilee Debt Campaign
Jubilee Scotland
Kairos Europe
Kenya National Union of Nurses KRUHA Indonesia
Latin American Network on Debt, Development and Rights (Latindadd)
Local Authorities Employees Union
Lumière Synergie pour le Développement
Médecine pour le Tiers Monde
Nagpur Municipal Corporation Employees Union
National Justice & Peace Network
National Society of Conservationists - Friends of the Earth Hungary
NGO Forum on ADB
Norwegian Civil Service Union
Norwegian Civil Service Union (NTL)
NPSWU Otros Mundos /Chiapas
Oyu Tolgoi Watch
Public Service International
Public Services Labor Independent Confederation
Public Services Workers Union of TUC
Red de Organizaciones de la Sociedad Civil de Managua Red Mexicana de Acción frente al Libre Comercio (RMALC)
Red Nicaragüense de Comercio Comunitario
Right to Education Initiative
Rivers without Boundaries Mongolia
SANIPLAN-USA
SIFUESSAP
Sindicato Único de Trabajadores del Gobierno de la Ciudad de México
SINTRAEMCALI - EMPRESAS MUNICIPALES DE CALI
Sisters of Charity Federation
International Society for International Development
Society of Catholic Medical Missionaries
STUNAM
SÜDWIND e.V. - Institut für Ökonomie und Ökumene
SYNAPECOCI
Synasec (syndicat des Agents de l'électricité et du combustible)
Syndicat de la fonction publique et parapublique du Québec
The Bretton Woods Project
Third World Network (TWN) Africa
Transnational Institute
Transparência e Integridade, Associação Cívica
Turkish Medical Association
Tzuk Kim pop/Guatemala
UFRGS
Unión General de Trabajadores
UITOC
Umeed-e-Nao Citizen Community Board
UNION DE SINDICALISTAS DE EMCALI -ASOSIEMCALI
UNISON
UNTM
urgewald
USE
WEED – World Economy, Ecology & Development
Wemos foundation
World Public Health Nutrition Association
Zambia United Local Authorities Workers Union
Zukunftskonvent

For more information, please contact Maria Jose Romero: mromero@eurodad.org