



Brussels, 8<sup>th</sup> January 2020

To: European World Bank Executive Directors

Re: Follow up to the 2019 Annual Meetings - WBG promotion of Public-Private Partnerships

Dear Executive Director,

Many thanks for the fruitful dialogue we held on 16 October 2019 in Washington D.C. on the Bank's Maximising Finance for Development (MFD) approach and public-private partnerships (PPPs). We are writing to follow up on these particular issues as we are interested in hearing your views on our recommendations.

Two years ago, over 150 organisations released [a PPP Global Campaign Manifesto](#) expressing concerns about the growing evidence of the detrimental fiscal and development impact of many PPP projects. Since then, [more evidence](#) has become available that supports our concerns. For instance, to date it is clear that the use of PPPs has represented a significant challenge for many European governments, including Germany, France, UK, [Ireland](#), Spain and others. It is important to reiterate that the [UK's National Audit Office](#) and [Parliament](#), the [German](#), [French](#), [Albanian](#) and [European](#) court of auditors, and the [French Senate](#) have underscored the negative experiences with PPPs, calling into question the validity of the assumptions on which their use is based.

Even more, this evidence shows that the implementation of PPPs in both the health and the education sectors increases inequality, including [gender inequality](#), and risk undermining fiscal sustainability and the commitments made in the 2030 Agenda.

Our concerns about the fiscal impacts of PPPs have also been supported by staff from the IMF Fiscal Affairs Department (FAD). The [IMF 2018 'How to Notes'](#) on PPPs highlighted that most of the conditions that have to be met for PPPs to serve the public interest do not materialise. In the real world, they lock countries in risky PPP projects, which compromise states' budgets: 'a survey of 80 advanced and emerging market economies showed that the average fiscal cost of PPP-related contingent liabilities that crystallized during 1990–2014, was about 1.2 percent of GDP, while the maximum cost was 2 percent of GDP.'

As we noted in our previous meetings, we consider that the European Executive Directors bear a particular responsibility to ensure that the PPP model that has proved so problematic in Europe and other countries from the Global North is not exported to other countries. We emphasise that the failures of PPPs in the Global North have taken place in contexts of well-resourced and experienced public administrations. This contradicts the argument that the problems of PPP result from the lack of state capacity to negotiate PPP contracts. They must be understood as part of the structural problems of the PPP model. The propitious conditions that exist in the Global North are unlikely to be replicated in most borrowing countries in which the Bank operates and even less so in IDA and 'fragility, conflict and violence' (FCV) contexts.

Given the above, we reiterate our call for the European Executive Directors to ensure the World Bank reorients its approach to PPPs so that it can clearly and publicly demonstrate that each PPP is in the public interest and a better option than publicly delivered and financed options. Unfortunately, and despite several requests, we have not been given the opportunity to analyse or provide inputs to the Guidance Notes developed to implement MFD.

Specifically, we urge you to work with WB Management to:

- A) Develop and open for public consultation the necessary tools to assess thoroughly the private versus the public options for financing and delivery of public goods and services, including considerations around development additionality, equity, human rights and value for money.
- B) In regard to education, we urge the Bank to stop promoting and financing market-oriented education PPPs and focus on expanding quality public schooling as a human right for all.
- C) With regard to health, we urge the Bank to stop promoting market-based approaches to reach Universal Health Coverage. Instead, the WB should work with countries to strengthen national health systems that are publicly financed and delivered, which has proven to be key in addressing socio-economic and gender inequalities in healthcare access.

We believe it is important to hold a constant dialogue with civil society on these critical issues that impact people's lives and the planet. To move this dialogue forward, we would welcome your views on point A above, premised on the idea that the Bank should have the technical resources and tools to help borrowers take an informed decision on financing modalities based on a robust analytical methodology. It would also be useful for us to understand, for instance, whether you question the premise of the European experience. If not, it would be useful to know how you think the European experience should inform the WBG support for the model in the Global South, particularly given administrative resource differentials.

We would welcome the opportunity to meet with you in Europe to benefit from your specific feedback to the arguments, evidence and requests expressed above, and explore possible avenues to provide our inputs to the WBG on these different points.

Best regards,

**Action Aid**, UK; **Advance Media Institute**, Greece; **African Forum and Network on Debt and Development (AFRODAD)**, Africa; **Alliance Sud**, Switzerland; **Arab NGO Network for Development (ANND)**, Lebanon; **Bank Information Center (BIC) Europe**, Netherlands; **Both ENDS**, Netherlands; **Bretton Woods Project**, UK; **Catholic Agency for Overseas Development (CAFOD)**, UK; **CCFD-Terre Solidaire**, France; **Christian Aid**, UK; **Collectif des Associations Citoyennes (CAC)**, France; **CNCD-11.11.11**, Belgium; **Counterbalance**, Belgium; **Debt Free Project**, Greece; **DEMNET**, Hungary; **European Network for Debt and Development (Eurodad)**, Belgium; **European Public Service Union (EPSU)**, Belgium; **Financial Justice Ireland**, Ireland; **Focus**, Slovenia; **Global Policy Forum**, Germany; **Gemeingut**, Germany; **International Trade Union Confederation (ITUC)**, US; **Jubilee Debt Campaign**, UK; **Jubilee Scotland**, UK; **Observatorio de la Deuda en la Globalización (ODG)**, Spain; **Oxfam**; **Public Services International (PSI)**, France; **Red Latinoamericana por Justicia Economica y Social (Latindadd)**, Peru; **The Society for International Development (SID)**, Italy; **Urgewald**, Germany; **World Economy, Ecology & Development (WEED)**, Germany; **Wemos**, Netherlands; **Womankind Worldwide**, UK.