
GLOBALIZATION AND WATER MANAGEMENT: THE CHANGING VALUE OF WATER

AUGUST6-8 AWRA/IWLRI, UNIVERSITY OF DUNDEE INTERNATIONAL SPECIALTY CONFERENCE 2001

PRIVATE TO PUBLIC - INTERNATIONAL LESSONS OF WATER REMUNICIPALISATION IN GRENOBLE, FRANCE

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ABSTRACT The paper treats the experience with water and sanitation in Grenoble, France, in the period from 1989 to 2001, and the lessons for Public-Private Partnerships (PPPs) worldwide. In 1989, Grenoble privatized water supply in a corrupt deal between the company (Suez-Lyonnaise) and the mayor. The terms of the concession lacked transparency and allowed excess price increases, non-competitive subcontracting, and other mechanisms for inflating profits. After criminal convictions for bribery in 1996, the deal was renegotiated and a public-private joint venture was established. This remained excessively expensive and was terminated in 2000 after a consumers campaign, when it was decided to remunicipalise. The lessons concern the technical, economic and political relations between private water companies and public authorities; the capacity of public authorities to regulate or partner multinationals; and the relative economic efficiency of public or private water undertakings. They are relevant to developed, transitional, and developing countries.

KEYWORDS: Public Private Partnerships (PPP), Corruption, Efficiency, Regulation, Public Sector

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