

Public Citizen

Bechtel's Dry Run

Iraqis suffer water crisis



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A special report by Public Citizen's
Water for All Campaign

with Dahr Jamail

April 2004

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*Village water source north of Hilla.
All photographs by Dahr Jamail*



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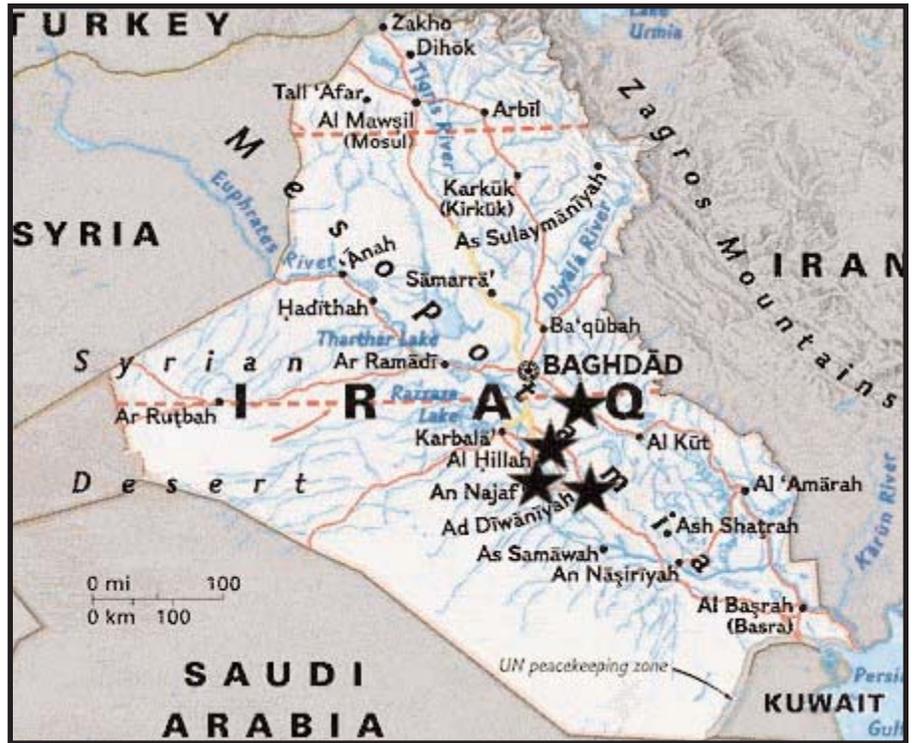
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Public Citizen, founded in 1971, is a non-profit research, lobbying and litigation organization based in Washington, D.C. Public Citizen advocates for consumer protection and for government and corporate accountability, and is supported by over 150,000 members throughout the United States.

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April 5, 2004

*The Honorable Joseph E. Schmitz
Inspector General
Department of Defense
400 Army Navy Drive
Arlington, VA 22202-4704*

Dear Inspector General Schmitz,

This letter concerns information on some of Bechtel's obligations and activities in the reconstruction of Iraq's water and wastewater systems following the United States-led invasion of spring 2003. Public Citizen is requesting an investigation of Bechtel's fulfillment of its contractual obligations to refurbish Iraq's water delivery systems. Initially, we were alarmed by the secret process that resulted in the issuance of a \$680 million contract to Bechtel on April 17, 2003 for reconstruction duties in Iraq, including vast responsibilities in the water and wastewater sector. Since then, our concerns have intensified, first as the contract package was raised to \$1.03 billion in September of 2003, then as Bechtel won an additional contract worth \$1.8 billion to extend its program through December 2005, and now as there continues to be a profound lack of institutional oversight of Bechtel's work in Iraq. Today, despite Bechtel's contractual mandate to refurbish water delivery systems in Iraq, many Iraqis suffer on a day-to-day basis from a lack of potable water. It is our opinion that Bechtel reaps taxpayers' money without sufficient accountability or consequence for its performance.

This letter details information provided by Iraqi citizens and officials about some of Bechtel's failures in the fulfillment of its duties to provide water and wastewater services in Iraq as articulated in the contract the company signed with the U.S. Agency for International Development (U.S.AID). The information contained in this letter was gathered by an independent Iraq-based investigative journalist for Public Citizen. We are forwarding it to you in hopes that you will use it to launch your own probe and delve deeper. Along with the following information, Public Citizen offers recommendations concerning the relationship between the U.S. Government and Bechtel with regard to water services in Iraq.

Sincerely,

*Wenonah Hauter
Director, Public Citizen's Water for All Campaign*

CC: Members of the U.S. Senate Armed Services Committee

Introduction:

How Bechtel Arrived in Iraq

Bechtel arrived in Iraq quietly. Before Iraqi military resistance around Baghdad melted away in the face of the US military onslaught, before a single armored vehicle rolled across the Iraq-Kuwait border, while the Pentagon polished war plans, and while America was engaged in an ostensible national debate on the very question of bringing war to Iraq, the Bechtel Corporation of San Francisco was already poised to take a leading role in the reconstruction of a presumptive post-war Iraq, including a mandate for the reconstruction of important potable water delivery and sewage systems. On April 17, 2003, after the US Agency for International Development (U.S.AID) had secretly contacted a handful of politically well-connected firms to discuss their roles in reconstruction, a decision was announced. U.S.AID officially awarded Bechtel an 18 month contract worth up to \$680 million on a limited-bidding, cost-plus-fixed-fee basis. (In September 2003, U.S.AID announced that, due to the poor infrastructure and deteriorating stability in Iraq, Bechtel would receive an additional \$350 million on the contract, raising the contract's potential ceiling to \$1.03 billion.)ⁱ This means that the lucrative contract was only tendered to a select couple of companies behind closed doorsⁱⁱ and that Bechtel is ensured, regardless of performance, of profit equaling the amount of the "fixed-fee," which is kept secret.ⁱⁱⁱ The contract covers assessment, rehabilitation, and upgrading of power generation facilities, electrical grids, transportation facilities, hospitals, schools and other municipal buildings, major irrigation infrastructure, and municipal water delivery and sewage systems.

Bechtel's lucrative contract in Iraq was easy to predict. Not only did the company have a track record in the field but it was tied into a network of corporate leaders and politicians who had long advocated a forcible regime change in Iraq. Former Secretary of

State and current Bechtel board member George Schultz is the chairman of the Committee for the Liberation of Iraq, which has close ties to the Bush White House. General (Retired) Jack Sheehan is a senior vice president at Bechtel and prominent member of the Pentagon-appointed Defense Policy Board, which is influential at the Pentagon. Ross Connelly, a 21-year veteran of the Bechtel Corporation, and Daniel Chao, another Bechtel executive, advise the government agencies that provide loans and insurance to U.S. companies operating overseas – the U.S. Overseas Private Investment Corporation (OPIC) and U.S. Import-Export Bank, respectively. The current CEO of Bechtel, Riley Bechtel, is a member of President Bush's Export Council, which advises the President on trade issues and, not coincidentally, the opening of markets with which to trade. As for Bechtel agents currently serving in government, L. Paul Bremer, the current top administrator in Iraq, is a former Bechtel director. Consistent with its record, Bechtel took advantage of intimate ties to government decision makers to secure contracts to profit from Iraq's destruction.

This was not the first time Bechtel, with its political muscle, drummed up business in Iraq. In 1983, as Iraq used chemical weapons against soldiers and civilians in Iran and Iraq, then Secretary of State George Schultz worked in close concert with then Middle East envoy Donald Rumsfeld to lobby the government of Iraq to sign a contract with Bechtel for the construction of the Aqaba oil pipeline. Schultz had formerly been Bechtel's president and director. Using its connections in government, Bechtel secured \$484.5 million in loan guarantees from the U.S. Export-Import Bank and \$85 million in political risk insurance from the U.S. government's OPIC. Although plans for the pipeline ultimately failed, Schultz and Rumsfeld were able to push the pipeline even as the U.S. government finally condemned Iraq's use of chemical weapons.^{iv} Bechtel was also among those which, in cooperation with the U.S. government, armed and bolstered Saddam Hussein's Iraqi military.^v

Despite Bechtel's enthusiasm for reconstruction contracts, on-the-ground reporting, interviews with Iraqis, and statistics on the occurrence of water-borne disease, collected here, suggest that the company has not fulfilled its obligations to the letter nor to the spirit of its contract. Bechtel, to this day, continues to be paid for work which it is simply not getting done. As Bechtel takes more time to provide water to people, Iraqis are suffering and dying. Meanwhile, Bechtel is positioning itself to assume private control of Iraq's water delivery systems once plans for the liberalization of the Iraqi economy proceed. Full-blown privatization of Iraq's potable water services on the Bechtel-corporate model would be a disastrous evolution both for water delivery in Iraq and for the progression of peaceful reconstruction in Iraq. Bechtel's philosophy in the water business is to recover its costs and create a profitable business by charging high rates which poor people cannot afford. In Argentina and the Philippines these policies instigated angry reactions, and in Bolivia the outrage spawned a popular uprising which forced the company to leave, after which Bechtel sued the impoverished country for \$25 million in potential lost profits.^{vi} A developing Iraq can ill afford further unrest and burdensome debt.

The Contract

The contract, signed by Bechtel and U.S.AID on April 17, 2003, lays out Bechtel's responsibilities in general terms. It says,

*The contractor will commence repairs of water infrastructure in 10 urban areas within the first month. Within the first 6 months the contractor will repair or rehabilitate critical water treatment, pumping and distribution systems in 15 urban areas. **Within 12 months potable water supply will be restored in all urban centers**, by the end of the program approximately 45 urban water systems will be repaired and put in good operational condition, and environmentally sound solid waste disposal will be established.^{vii}*

Additionally, the contract compels Bechtel to initially focus its water work on the thirsty regions of Southern Iraq. In June 2003, after the prevailing post-war climate made itself apparent, Bechtel submitted the "Iraq Infrastructure Reconstruction Program Assessment Report" to U.S.AID. In the document, Bechtel dictates what its responsibilities will be and delineates need assessment for water projects into the short, medium, and long term. Short-term needs include work on water infrastructure in Basrah, Baghdad, Karbala, Hillah, Najaf, Diwaniyah, Safwan, and others. Bechtel claims that actions in those places will assure that basic potable water needs and minimal standards regarding effluent sewage discharge are met. The company additionally claims that this work represents major actions at nine of the 15 major urban areas required in the contract.^{viii} While the Assessment Report does separate goals by the short, intermediate and long-term, it gives little indication as to time periods which would correlate to the above distinctions. There is little acknowledgment of the contract's stipulations in the Assessment Report or connection between the priorities in the Assessment Report and those laid out in the contract.

Independent accountability of Bechtel's work toward the fulfillment of its contract and of the company's claims in the Assessment Report has been very difficult and in some areas impossible. Efforts to investigate the progress of Bechtel's work in the development of Iraq's water infrastructure are often thwarted by security precautions and the general institutional opacity of Bechtel and the Coalition Provisional Authority. The Open Society Institute reports that agencies within the Bush Administration have "refused to disclose basic information about large purchase contracts and [Development Fund for Iraq] expenditures in Iraq."^{ix} **What follows in the next section represents the most significant attempt undertaken as of this time to provide an independent evaluation of Bechtel's water work in Iraq.**

Unaccountability in Action

On the colorful promotional brochure produced by Bechtel to laud its water work in Iraq, Bechtel only gives a concrete finishing date for two projects, one of which is the rehabilitation and capacity-building of Baghdad's Sharkh Dijlah water treatment plant.^x Work on the plant, which would increase potable water to Baghdad by 225 million liters per day, is due to finish in May 2004.^{xi} According to the Washington Post, however, city officials said Bechtel spent four months studying plans for the expansion made by Iraq's state water company, concluded they were adequate, tinkered a little, and reissued orders for parts from the same supplier – a process estimated by Bechtel to cost 16 million dollars.^{xii} Bechtel is eager to promote this alleged reconstruction success, but actually visiting the facility to check up on the work is not possible. Access to the Sharkh Dijlah water treatment plant, like many of Bechtel's other project sites, is made difficult by the fact that while work is being done there by Bechtel, the U.S. military restricts access for security purposes. Attempts by journalist Dahr Jamail to contact the appropriate military personnel to obtain clearance were not responded to. Attempts to obtain clearance in person were thwarted as well.^{xiii}

The following research was compiled by journalist Dahr Jamail, who traveled extensively throughout the region.

Hilla



Hilla, 60 miles south of Baghdad, has a water treatment plant and distribution center, which is specifically named in Bechtel's Assessment Report as one that they are responsible for rehabilitating in the short term to meet urgent needs for water.^{xiv} It would also seem that Bechtel counts Hilla as one of 15 urban areas in which it should rehabilitate water infrastructure within six months (a time period which



A mother and daughter washing clothes in a drinking water source for their village on the outskirts of Najaf.

expired October 17, 2003). However, aside from Bechtel's assessments and claims, there is little evidence that they are responding to the water delivery needs of Hilla's population.

The plant in Hilla is managed by Chief Engineer Salmam Hassan Kadel. Mr. Kadel said that even during the war they had running water in every house, and just had the normal problems of needing to replace old pipes and pumps.^{xv} In the war's aftermath, looting and a lack of electricity caused the water infrastructure to stop working. Now, despite help from UNICEF, Red Cross and several NGOs, the plant is only supplying 50 percent of the needed water for the people of Hilla. The surrounding villages have no water, and they have not been supplied with the pipes they need to get the work done.^{xvi} Mr. Kadel reports that his plant has had no contact from Bechtel, or any of its subcontractors, despite complaints of massive outbreaks of cholera, diarrhea, nausea, and kidney stones in his area.^{xvii} Mr. Kadel contends that Bechtel is acting irresponsibly by "spending all of their money without any studies." He said, "We give our NGO's all of our information before they do the work, and they know what to do. Bechtel is painting buildings, but this doesn't give clean water to the people who have died from drinking contaminated water. We ask of them that instead of painting buildings, they give us one water pump and we'll use it to give water service to more people. We have had

no change since the American's came here. We know Bechtel is wasting money, but we can't prove it."^{xviii}

Bechtel spokesman Francis Canavan responded, "Bechtel did not begin spending money "without any studies" as stated by Mr. Kadel: We conducted an in-depth assessment of Iraq's water and wastewater system, and the assessment has guided the selection of projects."^{xix}

Najaf



Mr. Mehdi, an engineer and Assistant Manager at the Najaf water distribution center, reports that Bechtel arrived in February and has begun working on an assignment, called the Arzaga Water Project, to help bring water into the city center.^{xx} It has been painting buildings, cleaning and repairing storage tanks and repairing and replacing sand filters. This is the only project he knows of that Bechtel has been working on in Najaf. There has been no work on desalinization, which is critical in this area, or other purification processes. And, because Bechtel has neglected to improve the electricity grid on which the water plant depends, he says, "Bechtel's work has not produced any more clean water than what we already had. Bechtel has not spoken with us, or promised us to do anything else."^{xxi}

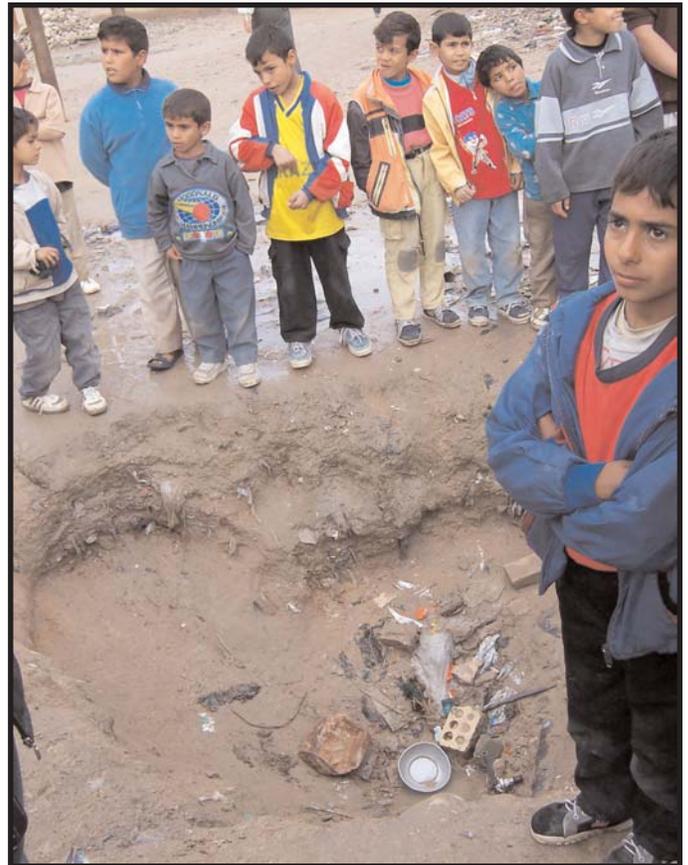
Bechtel's behavior in Najaf clearly contradicts the company's responsibilities outlined in the contract of April 17, 2003. The contract states:

The contractor will focus immediate repair activities on restoring or maintaining electric supply to key services such as health facilities and water supply systems. Generator sets will be supplied where necessary to restore immediate electric supply, remaining as a back up once grid supply is re-established. It is envisioned that up to 500 generator sets will be required to ensure the immediate func-

tioning of facilities crucial to the health and welfare of the population and in support of humanitarian, relief, and reconstruction activities.^{xxii}

Mr. Mehdi states that at least 30 percent of Najaf does not have clean water simply because of lack of electricity and said he doubts very much that Bechtel will rehabilitate the water plant by April 2004.^{xxiii} Bechtel claims it intends to have the Najaf sewage treatment plant rehabilitated by June, 2004, more than a year after the contract was signed.^{xxiv}

Because the people of Najaf do not have the luxury of waiting for Bechtel to supply them with water – clean water is an essential requirement for public health and survival on a day-to-day basis – Mr. Mehdi, with help from Red Cross and the Spanish Army, has begun doing some of the rebuilding on his own.^{xxv}



The putrid water source for a small village outside of Najaf.

Diwaniyah



Another project which Bechtel lists as a goal is the rehabilitation of the sewage treatment plant at Diwaniyah, by May 2004. This plant is currently discharging untreated waste into the Euphrates River. Salam Fahim Noor, the manager of the Diwaniyah Ministry of Municipalities and Public Works, said that the city center of Diwaniyah was only receiving 55 percent of the potable water necessary, and that much of the population in his service area was suffering from cholera, diarrhea, kidney stones and nausea.^{xxvi} According to Mr. Noor, the water treatment facility only averaged 10 hours of electricity per day, sometimes only 6 hours per day, despite Bechtel's contractual obligation to "focus immediate repair activities on restoring or maintaining electric supply to key services such as health facilities and water supply systems." The water facility he manages has pipes dating from the 1950's, and he explained that these needed to be changed right away, along with finding a solution which would provide the facility with 24 hours of electricity per day.^{xxvii} "We need to replace all of our pipes because of corrosion, he said. "We sent information about this to the Spanish Military who are supposed to help us here and the Ministry of Water, but we have yet to hear from either of them. We have electricity, in that we have a generator for our water pumps, but we don't have enough fuel."^{xxviii}

Sadr City



Sadr City, formerly Saddam City, a large slum of Baghdad, has a largely Shi'ite population of over one million poverty stricken inhabitants. The water situation is at a crisis level. Ahmed Abdul Rida points to his tiny, dilapidated water pump which sits quietly on the ground in his small home in Sadr City. "We have one hour of electricity, then none for 8 hours," he says. "This

pump is all we have to try to pull some water to our home. So whenever we get some electricity we try to collect what water we can in this bowl."^{xxix} He points to an empty metal bowl that sits near the lifeless pump.



A woman washing clothes in a village water source near Najaf. Villagers report several children have drowned here while trying to collect water.

When Mr. Rida and other Sadr City residents do get water, most of the time it is brown water from the Tigris. Due to all of the dams upriver from Baghdad, the volume of flow from the Tigris has dropped from 40 billion cubic meters in the 1960's to 16 billion cubic meters today. So the water Mr. Rida gets during his two and a half hours a day of electricity is a concentrated cocktail of pesticides, fertilizers, heavy metals from antiquated piping, and unknown amounts of depleted uranium, raw sewage and other chemicals released from American and Iraqi munitions from the 1991 Gulf War, and the more recent Anglo-American Invasion.^{xxx} He points to a bottle of the last water they collected to show a sample of what his family has to drink. It has the color of watered down iced tea and smells like a dirty sock.

It is no wonder he and his family are constantly plagued by diarrhea, with many of them suffering from kidney stones. And these are just the most obvious effects for the families in Sadr City who drink the contaminated water; heavy metals in their water also damage the liver, brain and other internal organs.

While the water situation in Sadr City has never been good, after the invasion the taps literally ran dry.^{xxx1} Today, the situation is not much better, with one to four hours of electricity per day with which to pull polluted water through corroded piping. All of the houses visited in Sadr City have this very problem. There is little or no electricity, and consequently no running water aside from two to three hours a day of the brown smelly liquid that sputters from their pipes. Raw sewage pools up outside in the streets where the children play. This was on a good day. The last rain was several days ago, and not a big one at that. Mr. Rida says, as do several of the other men throughout the poverty-stricken area, that during most rain showers there are literally lakes of raw sewage that fill the streets and flood into the nearby homes.^{xxx2} Topographically, Sadr City is a low point in the region, so most of the water flows towards it, carrying garbage and raw sewage when the rains come. When this happens, there is no capability to draw away the sewage.

Down the street, children are playing catch with an old piece of black rubber until it lands in the greenish water standing on the side of the small road between the two houses. A little girl with dirt smeared arms picks up their 'toy' and tosses it back to her friend as sewage drips off it. "Our children are always sick here," a neighbor of Mr. Rida's says. "We have tried picking up areas so they have somewhere clean to play, but people always throw their garbage there anyway. The government hasn't done anything to help us yet, and we have asked them." He goes on to say that they pay the government a monthly electrical bill, even though they lack potable water and average 2.5 hours of electricity per day. There is no



Idle water pumps outside of Hilla.

sewage system, and pools of it are standing throughout the neighborhood. Sometimes, during particularly bad periods, they are forced to drink it.

Organic contaminants in the water make disease a way of life in Sadr City, but that is only half of the story. The proximity of the settlement to petrol facilities and other industry puts Sadr City inhabitants at grave risk for effects from heavy metal and chemical exposure and inhalation. "Yesterday our water smelled like petrol," Mr Rida said, "because there is a station nearby, and we all know the benzene leaks into our

water." The health effects of benzene are severe. Short-term exposure can cause damage to the nervous system, suppression of the immune system, and death. Long-term effects, which one might experience from habitually drinking water contaminated with Benzene, include cancer (particularly Leukemia), damage to the reproductive system, and an increased likelihood of death.^{xxx3}

Throughout the rest of Sadr City, which was formerly called Saddam City, the same news is recounted by residents again and again: Constant diarrhea, nausea, and oftentimes kidney stones. As the lack of essential services continues to initiate the same cycle of poverty, unemployment and disease, residents lose any enthusiasm they initially held for the ouster of Saddam and the arrival of U.S. authority. In Sadr City, the hearts and minds are busy coping with death and disease.

A man, a resident of Sadr City, who asked to remain anonymous says, "We hear that companies are coming here to rebuild, but we haven't seen anything rebuilt. We know they only came for the oil. Our situation hasn't changed one bit since the Americans

arrived here. We are still suffering just as we did under Saddam. But now it is worse because there are fewer jobs, and it is even more dangerous for us.”^{xxxiv} As previously noted, Bechtel’s infrastructure repair and rehabilitation contract states that the company was to repair or rehabilitate critical water treatment, pumping, and distribution in 15 urban areas in central and southern Iraq within the first 6 months. Sadr City, obviously, is not high on their priority list.

Often, residents without service in or near their homes must trudge to the water’s edge, the banks of the Tigris, to procure their daily water. This is a particularly dangerous problem because very few sewage treatment plants in Baghdad are operational. Sewage from Baghdad might get pumped through the system, completely bypass any treatment, and course right into the river.^{xxxv} This compounds the problem of acquiring clean water for those, like many residents of Sadr City, that go draw water directly from the river.

The numbers bear out the suffering of Iraqis. The Office for the Coordination of Humanitarian Affairs (OCHA) reported in August 2003 that the incidence of diarrhoeal diseases, such as typhoid, dysentery and cholera, had doubled since the same time the previous year. Seventy percent of all children’s sickness was reported linked to contaminated water.^{xxxvi}

Two Wars and a Decade of Sanctions: A Recent History of Iraq’s Water Services

Two devastating wars, a decade of debilitating sanctions, and a recent lawless spate of looting have left the Iraqi water infrastructure struggling and, for the most part, failing to provide Iraqis with potable water. According to the United Nations, prior to the 1991 Gulf War, “Baghdad received about 450 liters per person supplied by seven treatment stations purifying water from the Tigris River. The rest of the

country had about 200-250 liters per person per day, purified and supplied by 238 central water-treatment stations and 1,134 smaller water projects.”^{xxxvii}

However, with the bombing from the U.S.-led coalition during the first Gulf war came the vast destruction of power plants, oil refineries, water treatment facilities and manufacturing plants for water treatment chemicals. In addition, all facilities which depended on electricity for operation went out of service. As a result, the supply of water per person in Baghdad dropped to less than 10 liters per day.^{xxxviii}

After the Gulf War ended, recovery efforts brought supplies back up to what was still less than ten percent of the previous overall usage. Fuel for backup generators was in short supply, as were parts and manpower necessary to run backup devices. Bombed water treatment facilities, and the bombed electrical facilities that supported the water plants, were unable to operate to stem the release of untreated sewage directly into the Tigris River, which is the primary source of water for Baghdad and most of the rest of Iraq’s water treatment plants.

During the following decade, delayed effects from the Gulf War combined with the strict sanctions to create a water scarcity-driven humanitarian crisis of immense proportions. The sanctions prevented Iraq from importing much specialty equipment on which it depends for processing the brackish water found in the region. Chemicals used to treat water, such as chlorine, were also barred from entering the country. According to UNICEF and others, the water services-crippling sanctions resulted in the deaths of some hundreds of thousands of Iraqi children.^{xxxix} In a 1991 Defense Department document declassified in 1995, the Pentagon revealed that it had predicted the crisis and acted to limit Iraqi potable water capability anyway. The document says, “Failing to secure supplies will result in a shortage of pure drinking water for much of the population. This could lead to increased incidences, if not epidemics, of disease.”^{xl}

Providing Potable Water in the South

One of the obligations in the Bechtel contract was to ensure the provision of potable water supplies to the population of southern Iraq in the first 60 days of the program. The contract states, "The provision of potable water to Southern Iraq will...be an immediate priority."^{xli} While it is very difficult to ensure services to citizens in the immediate aftermath of war, Bechtel did sign a contract which said it could and would. Furthermore, there is little evidence of any Herculean Bechtel operations – or even attempts at such operations – to provide water to thirsty citizens in southern Iraq or other parts of the country.

Southern Iraq: Outside of the cities

The lack of clean drinking water in Iraq is fundamentally changing the way typical Iraqis lead their everyday lives. Households find themselves consumed by problems associated with bad water, such as cholera, kidney stones and epidemic diarrhea, and their lives increasingly defined by the pressures exerted by the scarcity of water.

Bechtel was supposed to be part of a valiant American effort to alleviate the burden of water scarcity on the new and hopefully grateful subjects of U.S. power. In addition to the portions of Bechtel's contract which compel the company to improve water services in urban areas (stipulations that have, as demonstrated above, gone largely unfulfilled), the contract states: "In smaller towns and villages water, waste-

water, and solid waste systems will be repaired or rehabilitated as needed and as identified by local development advisors."^{xlii} The hope was that Bechtel would be able to work with other organizations on the ground in different places to ensure, in an efficient manner, that necessary quantities of water be provided to thirsty Iraqis

However, needs associated with this contractual stipulation have gone largely unrequited. Where "need" has been demonstrated, often by epidemic proportion of cholera, kidney stones and diarrhea, Bechtel has failed to act. For instance, just outside of Hilla, several men of a small village tell the usual story – no running water, maybe two to four hours of electricity per day to run their feeble pumps to pull in contaminated water for them to use.^{xliii} One of the older men in the group, Hussin Hamsa Nagem, says, "This is just like Saddam's time. In fact, it is worse. We have less water now than before. We are all sick with stomach problems and kidney stones. Our crops are dying."^{xliv}

Nearby, in another small village between Hilla and Najaf, one begins to realize that these individual stories represent a broader portrayal of the reality in



Women of village take donkeys loaded with water bladders to muddy water source.

Southern Iraq. Here, 1500 people drink water from a dirty stream which slowly trickles around the homes. Everyone has dysentery, many with kidney stones, a huge number with cholera. One of the men, holding a sick child says, "It was much better before the invasion. We had 24 hours running water then. Now we are drinking this garbage because it is all we have."^{xlv}

A little further down the road at a village of 6000 homes, called Abu Hidari, it is more of the same. Here, the previous Iraqi government was rebuilding the pipes, but this ceased during the invasion and has yet to be resumed. The women are carrying water from a nearby dirty creek into their homes, because they have no other option.^{xlvi}

At another village on the outskirts of Najaf, which falls under the responsibility of Najaf's water center (also in Bechtel's contract), the people had been actively collecting funds from each house to install new pipes.^{xlvii} However, due to a lack of electricity and a lack of water from the Najaf water treatment center, new pipes have little use, and a town eager to turn on its own water must instead habituate itself to bad water while it waits for Bechtel. Residents of the village have dug a large hole and tapped into already existing pipes to siphon water. (Bechtel's Assessment Report states that they intend to resolve illegal water taps on the network by providing an acceptable substitute that reduces the potential for contamination of the water supply.^{xlviii}) Overnight, the earthen hole fills with water. In the morning, children stand around it as women collect what little bit of dirty water stands in the bottom of the hole.^{xliv}

In addition to the usual waterborne diseases, this village has had to cope with tragedies stemming from the everyday struggle for water. According to locals, eight children from the village have been killed when attempting to cross the busy highway to go to a nearby factory in order to retrieve clean water.^l Often, village women walk one kilometer down to a stream, which dries up in the summer, to collect water for their homes - time which would normally be spent on productive activity. In the same stream other people wash their dishes and do laundry. According to residents, children from the village have drowned in this stream while collecting water.^{li} Further south in Diwaniya (another waste-water treatment center specifically mentioned in Bechtel's contract) and each of the five other villages visited in the area, the story

is the same: disease and lives turned upside-down by the daily struggle for water.^{lii}

The population in this part of Southern Iraq is predominantly Shi'ite Muslim. These are the people who were long persecuted by and suffered under the government of Saddam Hussein, the people of whom the U.S. hopes to gain the support. They have been promised much and now hope for a better life outside of Saddam's shadow. However, every single one of the residents surveyed in this area south of Baghdad stated unequivocally that their living conditions are worse now than when Saddam Hussein was in power. Mr. Hassan Mehdi Mohammed lives in a small village with his wife and eight children, about an hour's drive south of Baghdad. He would welcome Bechtel into his village to work on water service. But people cannot just wait on water. He says, "We like to hear that companies are coming here and we can work for them... And where are these companies? They have done nothing to help."^{liii}

Because there has been no independent accountability - institutionalized or otherwise - of Bechtel's water work in Iraq, it appears that the company is free to decide for itself what are the most crucial and necessary steps to relieve human suffering. In a war-torn country, without an independent legal regulatory or institutional framework of accountability, Bechtel appears to have very little incentive to respond to the desperate needs of the Iraqi people. While the contract is surprisingly vague, given its large dollar amount, in defining specific requirements in rebuilding Iraq's water services, the information collected here shows that in key areas Bechtel has not lived up to the letter of its contract and has shown general disregard for the spirit of bringing essential services to the Iraqi people.

Bechtel's Reasons for not Meeting Contractual Obligations

In February 2004, Bechtel spokesman Francis Canavan said, "Essentially, Iraq, a country of 24 million people, has no wastewater treatment anywhere, and very little water treatment; an alarming condition..."^{liv}



Washing clothes in drinking water source near Najaf.

The issues that Bechtel cites as their reasons for not meeting contractual obligations include the following:

Repairs are often constrained by lack of security. Many of the water and sewage treatment plants are dependent on electricity for their normal operations. Some back-up generators exist but many of these systems are plagued by the lack of spare parts and normal maintenance, vandalism, and lack of fuel. Generally there is a lack of trained and available manpower to operate the treatment plants on a regular basis.

Solid waste collection and disposal is hampered by a lack of a trucking fleet and excavators.^{lv}

Mr. Canavan says that Bechtel has a limited mandate and resources, but is working hard to rebuild a water treatment system that had been almost completely destroyed after two wars and more than a decade of

sanctions. Canavan says of the \$1.03 billion deal, "Under the contract, Bechtel is responsible for specific reconstruction projects, chosen by U.S.AID to have the greatest impact in improving the respective infrastructure sectors. With a finite, and relatively modest, amount of funding for this sector, project selection was very important and carefully considered."^{lvi}

Mr. Canavan adds, "The expressions of frustration about what is not being done are understandable; but they are a function of the enormous gap between the cost of fully restoring Iraq's water and wastewater system and the amount of funds currently available to address the problem. The funds that are available are being directed to the most critical projects, which are on schedule and will markedly improve the system."^{lvii}

Most of the actual successes Bechtel have realized are due to the fact that Bechtel, via U.S.AID, has farmed out much of the work to the Red Cross/Crescent, UNICEF, CARE, other UN groups, and NGO's.^{lviii} Many of the other successes they cite are no more than planning efforts, rather than actual reconstruction or rehabilitation projects completed on the ground. Examples of this include Bechtel's preliminary estimates for repairing water treatment plants in eastern Baghdad that would increase treated water by 45 percent, and rehabilitation plans for eight potable water treatment facilities in the Basra region and six wastewater treatment plants in south central Iraq.

In addition, Canavan's glib assertion that there is no wastewater treatment and very little water treatment is a product of extreme exaggeration. A UNICEF and CARE report picked up by U.S.AID states that in 14 governorates in Central and Southern Iraq, out of 177 water treatment plants, 19 percent were classified as good, 55 percent acceptable, and 26 percent poor.^{lix} There is no doubt that in Iraq, a country ravaged by two wars and more than a decade of targeted sanctions, there exist great challenges in redeveloping water services. However to insinuate that a bleak *terra*

rasa exists in Iraq with regard to water services is more of an excuse than an accurate portrayal of the situation.

Privatization: Who will own Iraq's water?

While much of Baghdad and Southern Iraq are gripped daily by water shortages, thirst and water-borne illness, the employees of the General Co. for Water Projects, Iraq's state water company, list their daily accomplishments: playing a shoot-'em up game, learning some functions in a design computer program, discussing religion with each other, and trading rumors about the future of their employment.^{lx} These civil engineers, many of them with distinguished degrees and decades of experience in providing water services in an Iraqi context, have reason to worry about their jobs. They are currently prohibited from using their extensive skills to bring water to the Iraqi people because of Coalition Provisional Authority guidelines which state that U.S. agencies and contractors should not acquire services or supplies from entities owned by the government of Iraq.^{lxi} While they, some of the most talented water engineers in Iraq right now, are forced to sit idly by, Bechtel is establishing corporate dominion over much of the Iraqi water services infrastructure. Bechtel is one of most prolific players in the privatization of water delivery and wastewater systems in the world. It is involved in over 200 water and wastewater treatment plants around the globe, largely under the sign of its numerous subsidiaries and joint-ventures. Worldwide, the company is one of the top ten in the business, behind Suez, Vivendi (now Veolia), and RWE/Thames Water.

Bechtel has positioned itself very well to transition its operations into a full-blown privatization of water services. The company's contract could easily be extended from the reconstruction of water and wastewater systems to include the "distribution of water," just as Halliburton's was for oil.^{lxii} Bechtel's experi-

ence with the systems, their institutional presence in the country, and their influence over policy would surely give them a competitive edge in any bidding process.

The policy engine for a wholesale privatization of Iraq's state-owned entities has already been created. On September 19, 2003, the Administrator of the U.S. Coalition Provisional Authority (and a former Bechtel board member) L. Paul Bremer issued executive Order #39. The order allows for privatization of all state-owned entities, with the exception of the oil industry but including the water company, permits 100 percent foreign ownership, entitles foreign corporations to investment terms no less favorable than those applicable to an Iraqi, allows for the unrestricted flow of investment profits, without any local reinvestment clause, and locks contracts made under these rules in for 40 year lease periods.^{lxiii}

Today these plans are on hold, due to reluctance to grant and accept contracts before a legitimate Iraqi authority is in place. In the meantime, Iraqis fear the effects of a second *corporate* invasion. According to the Wall Street Journal, "Iraqis worry privatization will mean more layoffs in a country where nearly 7 out of 10 people are out of work. There is also concern that Iraq's wealthy merchant families, many of whom had close ties with Saddam Hussein's regime, could further enrich themselves by scooping up state concerns on the cheap...few in Iraq would be in any position to participate when the larger companies are put on the block."^{lxiv}

Corporate involvement in the water sector could also provide the basis for long-term U.S. control in the region. Former CIA senior political analyst Stephen C. Pelletiere, writing in the New York Times, said, "America could alter the destiny of the Middle East in a way that probably could not be challenged for decades – not solely by controlling Iraq's oil, but by controlling its water. Even if America didn't occupy the country, once Mr. Hussein's Baath Party is driven from power, many lucrative opportunities would be

open for American companies.”^{lxv} Neither U.S. officials nor their supporters/benefactors have put forth much effort to veil their intentions to privatize much of Iraq. In September 2003, during a talk at the conservative Heritage Foundation, Ariel Cohen, Research Fellow, was quoted as recommending “a modern legal environment that recognizes property rights, which are now non-existent in Iraq, and is conducive to privatization.”^{lxvi}

In another move towards privatization, the Research Triangle Institute (RTI) of North Carolina was awarded a contract on April 11, 2003 by U.S.AID. While originally worth \$7.9 million, the contract will be worth more \$167.9 million over 12 months - and even more if it is renewed for the next two years. The contract includes the “strengthening of management skills and capacity of local administrations and civic institutions to improve delivery of essential municipal services such as water, health, public sanitation...”^{lxvii} What RTI also provides is privatization consulting. In 1997, the company used a grant from U.S.AID to

push local governments in South Africa to privatize their water systems.^{lxviii} Today, RTI may be applying the same expertise toward the future of Iraq’s water infrastructure. The World Bank and IMF have extensive plans to enter into



This makeshift water pump only gets one to three hours of electricity per day to pull in meager amounts of highly salinated water. The family reports suffering from diarrhea and kidney stones.

the development of Iraq, as well. Their brand of structural adjustment policy and development has gone hand-in-hand with corporate privatization schemes from companies such as Bechtel.

Conclusions and Recommendations

Bechtel’s dismal record in the service and reconstruction of Iraq’s water and wastewater sector, as shown in this report, represents an apparent breach of its U.S. Government contract, a dangerous precedent for corporate lawlessness in developing Iraq and in the U.S. (where corporations ignore government contracts at will), and an alarming course toward multinational corporate dominance of Iraq’s resources. As Iraqis and their U.S. occupiers work toward the ostensible goal of setting the country on its feet and on a course toward democracy and economic sustainability, there should be no place for timorous and profit-driven corporations for whom it appears reconstruction is more about making a profit from lucrative government contracts than about helping the people of Iraq. In order to make sure U.S. Government contractors such as Bechtel work efficiently to fulfill America’s responsibility of reconstruction and not just to maximize profits and then perpetuate their own dominance in the country, there are several actions which must be taken by Bechtel and the U.S. Government immediately to ensure reconstruction results for Iraqis.

* A broad Federal government investigation must be launched to scrutinize Bechtel’s expenditures and actions in Iraq, with the power to impose or seek punitive measures for contract violations and overexpenditure, and to provide oversight, regulation and accountability of Bechtel’s work in the application of its contract. No entity whatsoever should be trusted to spend \$1.03 billion million without firm independent regulation. The U.S. Congress should be informed of the findings.

* Expert Iraqi engineers and workers in the water and wastewater services sector must be allowed to put their skill sets to work immediately and given the resources to provide potable water and sewage service where there currently is none. Bechtel, U.S.AID and the CPA should work together to create an exemption to the CPA order which bars contracting with Iraqi state companies, in order to make sure that this indigenous capacity for the development of water infrastructure is exercised. Access to water is a human rights issue that ought to transcend questions of politics.

* If the security threat is too great in some places for Bechtel to carry out its contractual obligations for water service reconstruction, the work must be immediately subcontracted out to Iraqi firms and/or government workers and international aid organizations, or military protection sought.

* An institutional regime of local Iraqi oversight, which would include a legitimate body of Iraqi experts on essential services and representatives of civil society, must be immediately implemented. Iraqi engineers, hydrologists and planners with decades of experience and education would best be able to hold Bechtel accountable for its actions and claims. If Bechtel is contracted to bring services to Iraqis, Iraqis should have the ability to articulate their thoughts and demands to Bechtel, U.S.AID and the CPA. Contracts issued on a no-bid basis must immediately be reopened and submitted to a competitive bidding process.

* Bechtel and the U.S. Government should explicitly rule out plans for the privatization of Iraq's water. Bechtel specifically should not be eligible for privatization contracts, so as to avoid a conflict of interest between their duties regarding reconstruction of water services infrastructure and any plans the company may harbor to position itself to privatize the water. The U.S. Government should not promote the corporate privatization of water as part of its foreign policy and development initiatives.

* Cost-plus contracts, which provide incentive for corporations to bloat expenditures, should be abandoned.

* This series of actions would constitute a small but important step forward in securing for the people of Iraq access to clean and affordable water.

Endnotes

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- ^{vii} Bechtel-U.S.AID contract, April 17, 2003, pg. 12-13 (our bolds).
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- ^{ix} Revenue Watch, "Keeping Secrets: America and Iraq's Public Finances," Report No. 3, Open Society Institute, October 20, 2003.
- ^x Water/Wastewater: U.S.AID/Bechtel Infrastructure Reconstruction Program, http://bechtel.com/PDF/Iraq_Water.pdf.
- ^{xi} By rough estimate, this would equal, in Baghdad, about 40 liters per person per day. The WHO recommends 25 liters for basic survival. Optimal access would be about 100 liters of water. This does not take into account the extreme heat in the region.
- ^{xii} Ariana Eunjung Cha, "Iraqi Experts Tossed with the Water," *Washington Post*, February 27, 2004.
- ^{xiii} In an attempt to visit both the Sharkh Dijlah water treatment plant in Baghdad, as well as the Al-Adahmiya military base as instructed to obtain permission on January, 27, 2004, American journalist Dahr Jamail was unable to gain access due to the water treatment plant being occupied by U.S. soldiers, and by personnel at the military base not returning phone calls.
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- ^{xv} Dahr Jamail, interview with Salmam Hassan Kadel, at the Hilla water treatment plant, January 25, 2004.
- ^{xvi} Jamail, Kadel.
- ^{xvii} Jamail, Kadel.
- ^{xviii} Jamail, Kadel.
- ^{xix} Francis Canavan, Bechtel spokesperson, written in response to an article written by Dahr Jamail which was posted on the website Guerrilla News Network on February 18, 2004. (http://www.guerrillanews.com/human_rights/doc3833.html).
- ^{xx} Dahr Jamail, interview with Mr. Mehdi, at the Najaf water distribution center, January 26, 2004, interpreted by Mohammed Ibrahim.
- ^{xxi} Jamail, Mr. Mehdi.
- ^{xxii} Bechtel Contract, 2003, page 12-13 (authors' italics).
- ^{xxiii} Jamail, Mehdi.
- ^{xxiv} Bechtel's spokesman Mr. Canavan insists their contract goes until the end of 2004 rather than until April 17, 2004, which is one year after the initial Bechtel-U.S.AID contract was signed.
- ^{xxv} Jamail, Mehdi.
- ^{xxvi} Dahr Jamail, interview with Salam Fahim Noor, January 26, 2004, at the Diwanayah Ministry of Municipalities and Public Works.
- ^{xxvii} Jamail, Noor.
- ^{xxviii} Jamail, Noor.
- ^{xxix} Dahr Jamail, information gathered by Jamail via interviews and surveys, January 17, 2004, Sadr City, Baghdad.
- ^{xxx} Dahr Jamail, interview with Husni Mohamed (PhD in 1991 from University of Lancaster Environmental and Biological Science Department, UK), January 17, 2004.
- ^{xxxi} The Integrated Regional Information Network (IRIN) for the Office for the Coordination of Humanitarian Affairs (OCHA) of the UN, "Iraq: Water - a source of life and death," August 13, 2003. <http://www.cidi.org/humanitarian/hsr/iraq/03b/ixl21.html>.
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- xli Bechtel Contract, page 7
- xlii Bechtel Contract, page 13
- xliii Dahr Jamail, interview at rural farmhouse 5km north of Hilla, January 25, 2004.
- xliv Jamail, near Hilla, January 25, 2004.
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- l Jamail, January 26, 2004, Al-Radathiya village.
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