What drives a developing country’s government to provide access to clean drinking water in urban and rural areas? Because creating water infrastructure is expensive, practicality and efficiency considerations might motivate governments to locate such infrastructures in urban areas with high population density. In contrast, we provide a political explanation of how political incentive shapes where governments locate water infrastructures which, in turn, shapes citizens’ water access. In our perspective, developing countries’ governments consider the competing pressures of industrialization and democratization. Industrialization enables urban collective action and incentivizes governments to listen to the voice of urban residents. Democratization, in contrast, gives the right to vote to rural residents and incentivizes government to provide water access in rural areas. This means that in nondemocracies, rural areas suffer when the country is undergoing industrialization. Importantly for the policy community, we show that foreign aid does not alter such fundamental political dynamics. Foreign aid accentuates the pro-urban bias in industrializing nondemocracies. Our analysis of 112 developing countries for the period 1991–2010 provides support for our argument about the critical role of regime type in ensuring equitable drinking water access to rural areas.