



Water Justice is Possible...If....

Draft Paper

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Introduction

Throughout the 90s, '*privitisation and liberalisation as the neo-liberal way of the Future*' was forced on many developing countries through IMF and World Bank structural adjustment programmes and as conditionalities for loans. This sweeping attack on basic public services including water, energy, health and education received a further impetus under the new round of negotiations on the General Agreement on Trade in Services (GATS) in February 2000, and was again accelerated after the Doha WTO Ministerial in November 2001.

This afternoon, as the Conference organisers have requested, I will focus on the question of *Alternatives to Privatisation of Drinking Water*. But I will also examine the emerging Alternatives in the following context of the major on-going struggles globally against privatisation and for citizen's control of water.

The areas I would like to discuss briefly are the:

- Alternative Participatory models being developed in the South
- The role of EU and European TNCs in Water Insecurity in the South
- Towards Water Justice – a joint initiative by TNI & CEO
- Water's Future: Challenges to European movements and NGOs

Part 1. Resisting Privatisation and making the case for Alternatives

In our analysis, there are two inter-related dimensions to the work on Alternatives - on the one hand it means participation in the struggles against privatisation and on the other, participation in the search and development of alternative models of water management and delivery.

In the midst of these disasters, and very frequently in the context of citizen campaigns against privatisation of water utilities, many successful participatory and co-operative models are being developed as promising alternatives to both privatisation and bureaucratic state-run water utilities.

Sweeping privatisation of Public water utilities as well as other factors such as rapid industrialisation is generating a Water Crisis in many parts of the South (Santiago: 2003). But it is in this context that water struggles are developing on many fronts – all the way from building strong participatory alternatives; or local initiatives accessing safe water in urban poor communities; to resistance by major civil society coalitions of the price hikes and failures of delivery by utilities privatised by giant Water TNCs; to new cross border equitable agreements around common river basins; to international campaigns against destructive Dam projects.



In the face of the extensive pressure for privatisation not only in the International Financial Institutions (IFIs), WTO/GATS as well as the European Union's (EU) comprehensive demands for water privatisation, water struggles have had an unprecedented rise in the past few years. Water has become a major rallying point for both anti-privatisation campaigns but also as the focus of creative and participatory models of water delivery by citizen organisations and groups in many different parts of the world, particularly in the South.

Factors enabling alternatives

Two main factors seem to have intensified the search for *Alternatives to privatisation of Public Water utilities*. On the one hand the emergence of new participatory politics which has breathed new vitality and effectiveness into publicly-owned but bureaucratised water utilities e.g Porto Alegre, Santa Cruz (Bolivia) or Dhaka, and on the other hand citizens' resistance to disastrous water privatisation by the giant Water TNCs in several major cities- Cochabamba, Manila, South Africa?. (refer to Appendix 1: Matrix Framework on Alternatives)

In Brazil, particularly in cities and states where the PT (Partido dos Trabalhadores) had come into government and applied its participatory democracy and participatory budget approach to water management and delivery, spectacular results in low cost, and almost universal access to clean drinking water has been achieved and sustained within the relatively short period of 15 years. This has also been the case in the State of Rio Grande do Sul as a whole as well as in Recife. Likewise in other very different contexts, quite successful participatory models have been developed in such cities as Santa Cruz, Bolivia where the Water Utility is managed by a Consumers Co-operative and in Dhaka, Bangladesh where a Workers Co-operative runs the water utility.

Diversity of Participatory and Cooperative Models

What is very interesting in these examples is not only *the diversity of both Participatory and Co-operative models*, but each is built on a rather far-reaching involvement of citizens in the management structure with a resulting democratisation of decision-making not only of priorities in programme planning but also of setting budget priorities. This ensures that the water utilities are made accountable and responsive to the needs of all sectors of the population, especially of the poorest.

Financing

It is important to stress that it is still early days in terms of the emergence of these diverse models. While some share common features, each is arising in different political and social contexts. But one crucial and common challenge to the success and the sustainability of these participatory models, is the question of sustained independent financing not only for costs, but also for expansion of services, and renewal of infrastructure.

DMAE in Porto Alegre, operates on a non-profit but basic cost basis, but with distinctive and differentiated price structure which is both use and income related. Its water prices are among the lowest in Brazil. Besides, its participatory model of management is organized around transparency, accountability and public participation, a combination that has achieved efficiency and outstanding performance. (Joint Report of PSIRU, University of Greenwich and DMAE: 2003).



Others such as Cochabamba, which have inherited a huge debt due to the disastrous debacle of privatisation under Bechtel have a very difficult challenge to sustain operations and pay for the debt.

I will return to the important question of Financing Water Alternatives later.

Part 2. EU & EU Water TNCs role in Water Insecurity in the South

A formidable international architecture favouring Privatisation has been put together to reorganise all aspects of water services – ownership, management and access. (Santiago)

There has been a sustained and intense ideological mantra from the Multilateral Trade (WTO) and Financial Institutions (IFIs) that '*Privatisation is the Answer*' to the lack of access of the poor to clean drinking water. Privatisation of public water utilities, often in the guise of Public-Private Partnerships (PPPs), is put forward as the answer to the lack of government finance or to deteriorating bureaucratic public utilities. However the widespread push for privatisation of Public Water Utilities has generated disastrous results in terms of escalating prices and non delivery of promised services in cities such as Cochabamba, Manila, Jakarta etc.

Water from Human Right to Commodity

An intense ideological battle is also being fought around the question of water. It has been transformed from a human right and communal property into a highly profitable commodity (Santiago: 2003). Private-Public Partnerships (PPPs) are placed at the core of management and distribution; ownership is moving from the public sector and governments to private companies and TNCs and access to safe drinking water is to be determined by ability to pay and not on human need.

Besides the role of the IMF, WB and WTO in accelerating this ideological and actual shift, such bodies as the World Commission on Water for the 21st Century as well as the Global Water Partnership, both dominated by the giant Private Water TNCs have played a very influential role in preparing public opinion for privatisation. It was at the 2nd World Water Forum held at The Hague in March 2000, where the CEOs of these same Water bodies, called for the recognition of water as an economic good rather than as a human right.

The Ministerial Meeting immediately following the Water Forum pushed this rhetoric further with its Declaration's recognition of water as an economic good and its official promotion of Public-Private Partnerships (PPPs).

The EU-Corporate Mix in Focus

Besides the role of the EU in pushing privatisation of Water in these multilateral Institutions and International Forums, particularly in GATS which "is first and foremost an instrument for the benefit of big business," (European Commission: it's aggressive role is also replicated in its Inter-Regional and Bi-lateral Trade Agreements with countries (e.g Mexico, China) and regions (e.g Mercosur and SADC) of the South.



In the context of the ongoing EU negotiations with Mercosur it is significant that it is the Mercosur European Business Forum (MEBF) which has functioned as an engine of the neo-liberal economics which is driving the agreement. In the MEBF, as in the AEBF (the Asia Europe Business Forum), the political role and policy dominance of European TNCs and their counterparts in Latin America and Asia (sometimes subsidiaries of the European Companies) is highly visible. By contrast, there is no official forum for citizen participation. (Torelli: 2003 and Hoedeman: 2002) and 'offers' and substance of the negotiations are conducted in a highly secret manner.

It is through such privileged access, that TNCs, including Water TNCs have been able to set the pace on privatisation in the past decade.

Enter EU Water TNCs-Global Players in Water Privatisation

If current privatisation trends continue, the global private water market of the next decade will be firmly controlled by only a handful of giant corporations, all with headquarters in Europe. The world's two largest corporations, France-based Suez and Vivendi, already control approximately 70% of the global private markets. (CEO Water Infobrief #1) [4]

These French Water TNCs have had an early head start from their consolidated power base in their French home market where they control 85% of the water market. Throughout the 90s, they have established themselves as the dominant players internationally, threatened only by the German 'environmental services' and utilities giant RWE, which has expanded its global water portfolio through acquisitions of companies such as the UK's Thames Water and American Water Works.

The collapse of the US Enron and its water division Azurix, paved the way for the almost exclusive dominance of the global water market by EU based TNCs. France's Saur, as well as International Water and Severn Trent, both headquartered in the UK, aim to increase their share of the market, but further concentration is currently in the hands of the big three (Suez, Vivendi, and RWE is a more likely scenario.(CEO WaterInfobrief #1)

The focus for Water TNCs in the 90s was on the newly privatised markets in the South. While this will continue, we can expect much more attention to the potentially more profitable markets in the Europe itself, the US and Japan. While privatisation or public-private partnerships (PPPs) are still the exception in most industrialised countries today, analysts estimate that no less than 75% of European and 65% of US water utilities will be privatised by 2015.[3]

The EU – as TNC Water godfather

It is important to note that the accelerated global expansion of the European water TNCs has been given a significant impetus by the policy and financial support they have received from European governments, the European Commission and other international institutions. The World Bank, in which European governments play a decisive role, has dramatically accelerated water privatisation in developing countries by making water supply and structural adjustment loans conditional on privatisation. Through its affiliate, the International Finance Corporation (IFC), the World Bank has been directly involved in promoting and shaping privatisation processes in such cities as Buenos Aires and Manila. [7] Besides this the role of the EU's own *European Investment Bank* (EIB), needs close monitoring and analysis.



Specific European governments, particularly the French and British play an active role in supporting French and British TNCs to open up new markets. Also, the EU's development aid spending on water in developing countries effectively subsidises the EU-based water corporations. Rather than supporting water infrastructure improvements, the aid budgets primarily go to administrative restructuring' and other costs related to introducing privatisation programmes. [9]

Similarly, this pro-privatisation bias is also shown in the *EU Water Initiative*, presented during the World Summit on Sustainable Development (WSSD) in Johannesburg. This *EU Water Initiative* which has a budget of 2.4 billion euros committed from EU member states boosts private sector involvement through subsidised Public-Private Partnerships (PPPs) presented as a 'win-win' approach. However the most likely winners are likely to be Suez, Vivendi, RWE and other large EU-based water TNCs cashing-in on new water markets. [10]

Similarly with the *EU Water Facility* which seems to echo the 'Camdessus Report', which called for public funding and development aid to subsidise private sector investments in water. (Santiago: 2003). The EC has recently (2004) designated 1 billion euros for the *EU Water Facility* – a new budget item and facility ostensibly for support to the development of Public Water utilities in the ACP countries.

A major problem with both these Facilities is that their purpose and implementation is not subject to public scrutiny and accountability not only to the citizens of the poorer countries of the South but also to the citizens and parliaments of the EU.

The challenge will be to ensure that these budgets are spent in support of Public water utilities and not for subsidising privatisation and sidelined to the support of EU Water TNCs.

Part 3 Participating in *Water Justice* campaigns

In conclusion I would like to share some of the work TNI is participating in. Currently this is concretised in the initiative *Towards Water Justice* – with a focus on Participatory models of Water Management and on the role of EU Water TNCs in generating *Water Insecurity* around the world.

Towards Water Justice is a joint project of TNI and Corporate Europe Observatory (CEO Netherlands) and is developing in the context of an international network of organisations (South and North) working on Water Justice issues which aim to:

- promote and popularise sustainable and people-centered Public models as alternatives to both privatisation and low performance public utilities
- facilitate indepth information sharing and cross fertilisation of ideas and lessons between organisations involved in running or developing participatory models
- research the crucial issues of Finance for Participatory Models and develop a campaign strategy around this, particularly towards the EU Water Funding facilities
- Intervene in the debate on Water privatization by increasing awareness about the potential of public sector alternatives to put pressure on international financial institutions (IFIs) as well as on governments of donor countries to move away from



This specific focus is taken to complement on-going work by many other organisations but also to contribute to advancing in a few critical areas such as ensuring sustainability of existing alternatives, providing ‘antecedents’ and tackling the crucial question of Financing.

For communities wanting to pursue alternative models, there are however often many obstacles ahead.

A number of initiatives are being developed to accelerate indepth learning and exchange of experience across successful participatory models. These include – a Chronicle of Lessons from experiences in Porto Alegre, Dhaka, Ghana, South Africa, Columbia etc. It is especially vital that activists, professionals can learn from each other across cities and across borders.

An internet space is also being developed as a ‘Commons’ to facilitate more joint approaches to tackling Participatory-Models-in-Progress.

The existing patchwork of excellent alternatives in different parts of the world functions to give very important signals that people have choices between privatisation and inadequate services of Public utilities. However these breakthrough experiences need to be sustained, replicated and multiplied.

Nevertheless the sustainability of these existing models is far from assured. Even the vibrant successful models we have touched on could be swept away –with a change of government policy at municipal or State level. This could happen with a change of government as well as if countries like Brazil decided to open water for ‘liberalisation’ and ‘privatisation’. In fact several countries where successful alternative models are in place are among the 62 countries where the EU has demanded ‘water privatisation’ in its GATS offers. (Argentina, Brazil, Botswana, Bolivia, Colombia, Chile, Bangladesh, Philippines etc)

Part 4 Water Justice is Possible if....

Finally I would like to return to the theme of my talk *Water Justice is possible if....*

It is very encouraging to witness the growth of water justice struggles globally. Water has become a major focus for citizen’s campaigns, social movements and NGOs in the South. Here in Europe, water struggles are also developing side by side with other anti ‘Privatisation’ campaigns.

Of course we all realise that winning the struggle for *Water Justice* will also entail fundamental changes in the current neo-liberal paradigm of development including de-globalisation of the current global neo-liberal architecture.

The process of local engagements with actual struggles for alternatives will be crucial in this. But the process around the World Social Forum and the Regional Social Forums, including the *European Social Forum* are also accelerating the convergence of agendas among different social movements, sectors and campaigns in the global justice movement. The new coalitions around water justice are bringing together an exciting alliance between activists, experts, trade unionists, women’s organisations, consumers, environmentalists, rights based movements, social movements and some parliamentarians and government representatives.



These moments of concentration can accelerate the cross fertilisation of ideas, experiences and strategies among movements and activists. For example debt cancellation would clear the way forward for substantive Water Justice in some of the poorest countries in the South.

In conclusion I would like to pose some challenges –mainly questions - which are particularly addressed to those of us who work in Europe. Perhaps we can focus our discussion on these:

- What new forms of inter-regional solidarity are necessary to tackle the core neo-liberal agendas of the current EU Regional Trade Agreements e.g with Mercosur?
- What common strategies and campaigns are needed to tackle ‘privatisation’ of water and other sectors in the in the context of EU-Mercosur?
- How can we keep Water out of GATS? What strategies and campaigns are necessary to Stop the EU GATS attack on Water? Are we anticipating ‘privatisation’ of Water or other services within Europe? How will the EU pursuit of ‘privatisation’ play out in the context of the Water delivery in the 10 new countries of the recently enlarged EU?

Muchas gracias!

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