

Introduction

# Calling for progressive water policies

By Emanuele Lobina

Cities, regions and countries worldwide are increasingly choosing to close the book on water privatisation and to remunicipalise services by taking back public control over water and sanitation management. In many cases, this is a response to the false promises of private operators and their failure to put the needs of communities before profit. This book looks at the growing remunicipalisation of water supply and sanitation services as an emerging global trend, and presents the most complete overview of remunicipalisation cases so far. The remunicipalisation trend is a striking fact that could not be predicted as recently as 15 years ago, and that is redesigning the landscape of the global water sector. This trend contradicts neoliberal theorists, international financial institutions, and their expectations of superior private sector performance. Also, evidence increasingly points to remunicipalisation as a credible promise of a better future for public water services and their beneficiary communities. In brief, water remunicipalisation is a story crying out to be told.

This book aims to draw lessons and stimulate debates on water remunicipalisation as an under-researched topic of high relevance for citizens, policy-makers and scholars alike. Based on empirical data, the book documents the rise of water remunicipalisation across developed, transition, and developing countries in the last 15 years. Drawing on contributions by activists, practitioners, and academics with direct experience and knowledge of remunicipalisation, the book argues that remunicipalisation is a socially and economically viable policy option for local authorities and the communities they represent. As such, the book is intended to serve as a resource for building alliances among diverse social actors – including public water

managers and decision-makers, workers and their trade unions, civic organisations and social movements, experts and academics – to encourage social learning and promote this new form of public service provision.

## Defining remunicipalisation

Remunicipalisation refers to the return of previously privatised water supply and sanitation services to public service delivery. More precisely, remunicipalisation is the passage of water services from privatisation in any of its various forms – including private ownership of assets, outsourcing of services, and public-private partnerships (PPPs)<sup>1</sup> – to full public ownership, management and democratic control. Indeed, concessions, lease contracts, other PPPs, and water privatisation are one and the same thing: all these terms refer to the transfer of management control to the private sector, at various degrees.<sup>2</sup> Water privatisation and PPPs are equally problematic, and their problems are deep-seated.<sup>3</sup> This explains why remunicipalisation typically occurs after local governments terminate unsatisfactory private contracts or do not renew them after expiry. However, the remunicipalisation process is not necessarily confined to the municipal scale. In some cases regional and national authorities act directly as water operators, so the process unfolds within this broader context as well.

Water remunicipalisation is more than a mere change in ownership of service provision; it also represents a new possibility for the realisation of collective ideas of development, such as the human right to water and sustainable water development. In other words, remunicipalisation offers opportunities for building socially desirable, environmentally sustainable, quality public water services benefiting present and future generations. As shown by several contributions to this book, the aspirations of local communities for public and accountable water services are often part of their struggle to obtain progressive social and political change. Without taking into account these aspirations for social justice, it is not possible to fully understand water remunicipalisation and its global spread. Mere ownership change is not the end goal of water remunicipalisation movements.

## Understanding remunicipalisation

Remunicipalisation is often a collective reaction against the unsustainability of water privatisation and PPPs. Direct experience with common problems of private water management – from lack of infrastructure investments, to tariff hikes and environmental hazards – has persuaded communities and policy-makers that the public sector is better placed to provide quality services to citizens and to promote the human right to water and sustainable water development. As illustrated by the cases discussed in this book and its companion briefing *Here to stay: Water remunicipalisation as a global trend*,<sup>4</sup> the factors leading to water remunicipalisation are similar worldwide. The false promises of water privatisation in developed and developing countries include: poor performance, under-investment, disputes over operational costs and price increases, soaring water bills, monitoring difficulties, lack of financial transparency, workforce cuts and poor service quality.<sup>5</sup> Therefore, another factor explaining the emergence of remunicipalisation as a global trend is represented by the limitations of the private sector to promote community development. These limitations are due to the fact that the private sector is subject to its profit maximisation imperative, so that precious resources that could be used for collective development are subtracted for private gain.<sup>6</sup>

Despite more than three decades of relentless promotion of privatisation and PPPs by international financial institutions and like-minded organisations,<sup>7</sup> it now appears that “water remunicipalisation is a policy option that is here to stay.”<sup>8</sup> Not only have many flagships of water privatisation – from Buenos Aires to Jakarta, from La Paz to Dar es Salaam – sunk inexorably. But citizens in developed and developing countries have also obtained the replacement of profit-oriented private water operations with people-oriented public water services, and they are increasingly doing so. While the World Bank and other organisations continue to enthusiastically promote PPPs, the emergence of remunicipalisation as a global trend is upsetting their plans and undermining the neoliberal project of water privatisation. And yet, the remunicipalisation trend should come as no surprise. Historically, the private sector already showed its inadequacy to develop public water services between the end of the 19<sup>th</sup> and the beginning of the 20<sup>th</sup> century.<sup>9</sup>

The private sector limitations that led local governments in the US and across Europe to turn to the public sector for an answer to developmental needs 100 years ago are the same that find a response in the growth of remunicipalisation today.<sup>10</sup> The first wave of municipalisations resulted in the present dominance of public operators in the global water sector.<sup>11</sup> This historical surge in public ownership, public finance, and collective civil rights allowed for the universalisation of service coverage in North America and Europe. This public predominance is now being further reinforced by the widespread and increasingly rapid diffusion of water remunicipalisation that is documented in this book. These precedents point to the developmental potential of water remunicipalisation in the 21<sup>st</sup> century. Still, while public ownership can be a powerful vehicle for community development, it is not a guarantee of success.<sup>12</sup> In fact, under the influence of neoliberal forces, many public water operators are being commercialised and behave much like private companies.<sup>13</sup> This suggests that progressive collective action cannot be satisfied with water remunicipalisation as mere ownership change but should aim at promoting practices that, through public ownership, enhance community development and social justice.

## Charting the emergence of the remunicipalisation trend: An overview

This introduction is followed by empirical data on the identified cases of water remunicipalisation that have occurred in the 15 years between March 2000 and March 2015. This data has been obtained through the refinement and extension of data published in the companion to this book,<sup>14</sup> and represents the most comprehensive catalogue of water remunicipalisation cases produced so far. Data collection has been a joint effort in which a number of contributors to this book have participated, together with many other water activists, practitioners and academics who have generously offered their time, dedication and knowledge.

The water remunicipalisation cases are listed in two tables, one for high-income countries and the other for middle- and low-income countries.<sup>15</sup>

Each case indicates the population affected by remunicipalisation so as to give a measure of the magnitude of this trend and to enable distinguishing between urban centres of varying dimensions. In that sense, the listed cases range from megacities to small villages. This varied picture suggests that remunicipalisation is not only happening in urban areas. Indeed, despite their limited size and resources, and faced with the unsustainability of privatisation, many small towns and villages have challenged powerful private interests and remunicipalised their water services.

The data show that the global remunicipalisation trend is strong, particularly in developed countries. Globally, the cases of remunicipalisation have increased from two cases in two countries in 2000, when less than one million people in total were affected by remunicipalisation, to 235 cases in 37 countries by March 2015. By then, the total number of people served by remunicipalised water services had grown to exceed 100 million. Cases are more concentrated in high-income countries, where 184 remunicipalisations took place in the last 15 years, compared to 51 cases in middle- and low-income countries. Two countries, France with 94 cases and the US with 58 cases, account for the great majority of cases in high-income countries. Cases in high-income countries show a marked acceleration: 104 remunicipalisations took place in the five years between 2010 and early 2015, while 55 occurred between 2005 and 2009. The number of remunicipalisation cases has nearly doubled after 2009. This is due to the example of Paris which signalled an even stronger acceleration in France, where the number of remunicipalisation cases trebled in the same period: 63 remunicipalisations have been completed in the five years between 2010 (when Paris remunicipalised) and early 2015, whereas 19 remunicipalisations occurred in the 10 years between 2000 and 2009. In middle- and low-income countries, the extent and acceleration of remunicipalisation are less pronounced. However, the list of high profile cases in upper-middle, lower-middle and low-income countries is impressive and includes: Accra (Ghana); Almaty (Kazakhstan); Antalya (Turkey); Bamako (Mali); Bogota (Colombia); Budapest (Hungary); Buenos Aires (Argentina); Conakry (Guinea); Dar es Salaam (Tanzania); Jakarta (Indonesia); Johannesburg (South Africa); Kampala (Uganda); Kuala Lumpur (Malaysia); La Paz (Bolivia);

Maputo (Mozambique); and Rabat (Morocco). Also, the population affected by remunicipalisation in middle- and low-income countries is far greater than in high-income countries: over 81 million people, compared to nearly 25 million people. The surge in water remunicipalisation is global.

The main lesson that can be drawn from this analysis is that in the last 15 years water remunicipalisation has emerged as a global trend that is here to stay. Despite the lack of encouragement from international financial institutions, national governments and other powerful players,<sup>16</sup> remunicipalisation has spread across developed, transition and developing countries, primarily as a result of the demands of local communities and the responsiveness of local governments. The water remunicipalisation trend that only 15 years ago was inexistent has since accelerated dramatically and keeps gaining strength. It is now impossible for observers to ignore this new form of water service delivery, while stakeholders and activists have the opportunity to take inspiration from so many remunicipalisation cases for their practice and advocacy. Finally, it would be unwise for the World Bank and other promoters of water privatisation to continue neglecting the calls for water as a common good that fuel social resistance against privatisation and drive the global remunicipalisation trend.

## A glance at this book

The global list of remunicipalisation cases and this introduction serve as background to the book contributions. The following chapters focus on: the experiences with water remunicipalisation in key countries, such as France, the US, and Germany; in major cities such as Paris and Jakarta; and on cross-cutting themes such as the challenge posed to public water services by investor protection clauses, the position of the trade union movement vis-à-vis remunicipalisation as a social project, and performance evaluation as a way of measuring the success of remunicipalisation. These chapters aim to draw important lessons on the nature, process and outcomes of water remunicipalisation by combining in-depth analysis of developments at country and thematic levels, and the unique insights of privileged observers. These lessons are brought together in the concluding chapter.

In Chapter 1 Mary Grant of Food & Water Watch discusses the extent of water remunicipalisation in the US, its relative significance compared to privatisation, and identifies the main determinants of local government decisions to remunicipalise. The importance of this contribution is partly due to the fact that the US are often regarded as a reference point in relation to public policy, and partly due to the contrast between the progressive policies of local governments that have decided to remunicipalise their water services and the neoliberal policies promoted and often imposed by Washington-based multilateral agencies.

In Chapter 2 Irfan Zamzami and Nila Ardhianie of Amrta Institute for Water Literacy write about the failure of the flagship water privatisation in Jakarta that led to its recent termination before expiry. They explain the role played in the local campaign against water privatisation by a civil lawsuit based on the human right to water, and consider the urgency of activating a solidarity-based public-public partnership to develop the capacity of the new public water operator to guide remunicipalisation in Jakarta. This contribution is a helpful reminder of the inability of the private sector to deliver on its own promises of efficiency, and points to the potential of collective civil rights as a tool for progressive change.

In Chapter 3 Christa Hecht, General Manager of the Alliance of Public Water Associations (AöW), sketches the institutional framework of the German water sector, provides an overview of noteworthy cases of remunicipalisation in the country, and identifies the key lessons from this national experience. These lessons are important as German public water services are considered a model of efficiency and effectiveness, and German citizens and local governments are rediscovering these virtues in light of the failed experiments with water privatisation.

In Chapter 4 Christophe Lime, President of the association of public water operators France Eau Publique, describes the institutional framework of the French water sector, identifies the determinants of and challenges to water remunicipalisation, and considers the opportunities for the development of quality public water services in France. This country is highly emblematic

given that it is now witnessing the surge of remunicipalisation after having privatised water services more than most countries; therefore it has precious lessons to offer, both positive and negative.

In Chapter 5 Anne Le Strat, former President of public water operator Eau de Paris and architect of water remunicipalisation in the French capital, engages in conversation on the outcomes of water remunicipalisation after five years of public water operations. She then turns to reflect on the difficulties of the Parisian transition from private to public ownership. This is followed by her insights on citizen participation and the greater level of transparency and democratic accountability that remunicipalisation has made possible, and the role played by Eau de Paris as a source of inspiration for remunicipalisation and public service strengthening outside Paris. This chapter complements both the French and global pictures of water remunicipalisation. In fact, the Paris remunicipalisation is symbolically powerful and many cities in France and elsewhere have regarded and still regard Paris as an example to follow. In addition, Eau de Paris has been proactive in establishing French and European associations of public water operators to promote progressive ideas of public water services.

In Chapter 6 Christine Jakob and Pablo Sanchez of the European Federation of Public Service Unions (EPSU) discuss remunicipalisation as an opportunity to rethink the way in which water and other public services are provided, improving working conditions and strengthening quality public services. This chapter is an invaluable reference for workers and social movements to understand their respective agendas and build alliances for progressive change.

In Chapter 7 David McDonald, co-director of the Municipal Services Project, takes a critical look at current benchmarking systems as pressurising public utilities to behave commercially, and proposes alternative methods for performance evaluation that are more respectful of the needs of community development. These reflections are essential to help the public sector rediscover its true public ethos.

In Chapter 8 Satoko Kishimoto of the Transnational Institute (TNI) explains how investor-state dispute settlement mechanisms protect private sector



interests to the detriment of public authorities, threatening the viability of remunicipalisation. She therefore calls for remunicipalisation to be safeguarded as a window of opportunity for the exercise of local democracy and local communities' decisions on their future.

With Satoko Kishimoto and Olivier Petitjean of the Multinationals Observatory, we offer concluding remarks in Chapter 9. Here, in addition to a check-list for citizens and policy-makers, we offer a summary of all the contributions to this book. This allows us to identify the outcomes of many remunicipalisation experiences as: cost savings, increased investment, innovative social and environmental policies, and democratic accountability. We also consider how public-public partnerships, workers' involvement, and social mobilisation offer opportunities for promoting remunicipalisation and quality public water services. This contrasts with the imposition of policies that prioritise commercial interests over those of communities. Remunicipalisation is here to stay and promises a public water future in which community development comes first. We need progressive policies to help remunicipalisation deliver progressive change.



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## Endnotes

- 1 While the focus of this book is on remunicipalisation as a reaction to the privatisation of water supply and sanitation services, water privatisation policies are also extending to water resources management and are no less controversial. On the problems with Build-Operate-Transfer (BOT) contracts for the abstraction and storage of water, see: Hall, D. and Lobina, E. 2006. *Pipe Dreams. The failure of the private sector to invest in water services in developing countries*. London: Public Services International and World Development Movement <http://www.psiru.org/sites/default/files/2006-03-W-investment.pdf>. On the problems with large scale consumption of water by multinationals for industrial production, see: Hall, D. and Lobina, E. 2012. *Conflicts, companies, human rights and water – A critical review of local corporate practices and global corporate initiatives*. PSIRU Reports, March 2012 <http://www.psiru.org/sites/default/files/2012-03-W-Resources-noannexe.docx>.
- 2 For a detailed explanation of why PPPs are an euphemism for water privatisation, see: Lobina, E. and Hall, D. 2013. Water Privatisation and Remunicipalisation: International Lessons for Jakarta. Report by the Public Services International Research Unit prepared for submission to Central Jakarta District Court Case No. 527/ Pdt.G/2012/PN.Jkt.Pst, November <http://www.psiru.org/sites/default/files/2014-W-03-JAKARTA-NOVEMBER2013-FINAL.docx>. Also see: Lobina, E. and Corporate Accountability International. 2014. *Troubled waters: Misleading industry PR and the case for public water*. Report published by Corporate Accountability International, November <http://psiru/reports/troubled-waters-misleading-industry-pr-and-case-public-water>.
- 3 On the problems with water privatisation and PPPs in developing countries, see: Lobina and Hall 2013, op. cit. On the problems with water privatisation and PPPs in developed countries, see Lobina and Corporate Accountability International 2014, op. cit.
- 4 Lobina, E., Kishimoto, S. and Petitjean, O. 2014. Here to stay: Water remunicipalisation as a global trend. Report by PSIRU, Transnational Institute and Multinationals Observatory, November <http://psiru/sites/default/files/2014-11-W-HeretoStay.pdf>.
- 5 Ibid.
- 6 Lobina, E. 2013. Remediable institutional alignment and water service reform: Beyond rational choice. *International Journal of Water Governance*, 1(1/2): 109-132.
- 7 Lobina, E. and Hall, D. 2009. Thinking inside the box: The World Bank position on the private and public sector. PSIRU Reports, March <http://www.psiru.org/sites/default/files/2009-03-W-wbank.doc>.
- 8 Lobina, Kishimoto and Petitjean 2014, op. cit.
- 9 Hall, D. and Lobina, E. 2009. Water privatization. In Arestis, P. and Sawyer, M. (eds.), *Critical essays on the privatization experience*. International Papers in Political Economy Series, p. 75-120. Basingstoke and New York: Palgrave Macmillan <http://psiru/sites/default/files/2008-04-W-over.doc>.

- 10 Hall, D., Lobina, E. and Terhorst, P. 2013. Re-municipalisation in the early 21<sup>st</sup> century: Water in France and energy in Germany. *International Review of Applied Economics*, 27(2): 193-214.
- 11 Lobina, E. and Hall, D. 2008. The comparative advantage of the public sector in the development of urban water supply. *Progress in Development Studies*, 8(1): 85-101.
- 12 Lobina 2013, op. cit.
- 13 Castro, J. E. 2009. Systemic conditions and public policy in the water and sanitation sector. In Castro, J. E. and Heller, L. (eds.), *Water and sanitation services – Public policy and management*, p. 19-37. London and Sterling, VA: Earthscan; McDonald, D. 2014. Public ambiguity and the multiple meanings of corporatization.- In McDonald, D. A. (ed), *Rethinking corporatization and public services in the global South*, p. 1-30. London: Zed Books.
- 14 Lobina, Kishimoto and Petitjean 2014, op.cit.
- 15 To distinguish between high-income countries and middle- and low-income countries, we followed the World Bank's classification of countries and lending groups: <http://siteresources.worldbank.org/DATASTATISTICS/Resources/CLASS.XLS>.
- 16 Hall, Lobina and Terhorst 2013, op. cit.