



Water justice is possible, if...



draft – please do not quote

This paper makes a modest attempt to explore which lessons can be learned from cities around the world where public water supply has been improved through increased popular control and other democratic reforms. In all their diversity, these models provide inspiring and viable alternatives both to failing state-run utilities and corporate-controlled water management.

The paper was prepared for the Asia-Europe People's Forum conference in Hanoi (September 6-9 2004). It will be revised after the conference – your comments are very welcome! Write to Satoko Kishimoto satoko@tni.org. The paper was written by Brid Brennan, Bernhard Hack, Olivier Hoedeman, Satoko Kishimoto and Philipp Terhorst.

Privatisation – has the tide turned?

Throughout the 1990s, privatisation of water delivery was forced on many developing countries through IMF and World Bank structural adjustment programmes and as conditionalities for loans. These International Financial Institutions (IFIs) insisted that 'Privatisation is the Answer' to the lack of access of the poor to clean drinking water and often found support among local elites for this harsh prescription.¹ Privatisation of public water utilities, often in the guise of Public-Private Partnerships (PPPs), was put forward as the answer to the lack of government finance or to deteriorating bureaucratic public utilities. As a result, private water corporations, most of them with headquarters in the EU, took over the water supply in large number of major cities in the South. The push for privatisation of public water utilities generated often disastrous results in terms of escalating prices and non-delivery of promised services in cities such as Cochabamba, Manila, Jakarta etc.² Despite of these realities, analysts just a few years ago expected this process to continue and accelerate, creating a global private water market worth hundreds of billions of dollars. 1997 was probably the peak year for this global privatisation bonanza, in terms of billions invested in buying up privatised utilities.³

Much to the surprise – and horror – of neoliberal forces in North and South, the expansion trend started collapsing at the start of the new millennium. The 'big three' water corporations (Suez, Veolia, and RWE/Thames Water – together controlling up to 85% of the global private water market) started getting cold feet as they realized that they were unable to at the same time fulfil promised improvements in water delivery in cities in with many poor and satisfy shareholder profit expectations. The rise of grassroots anti-privatisation campaigns in countries around the world, increasingly linked in regional and global networks, completed the dramatic turn of events.⁴ In 2002, Suez announced that it would pull out off cities where profits were disappointing and generally cut its operations in developing countries by one-third.⁵ New concessions would only be considered in cities where a profit was feasible within a few years time. The other water giants followed soon after and the list of cancelled concessions has been growing ever since. High-profile examples are Manila, Vietnam, Jakarta, Mozambique, Buenos Aires, and Shanghai. In cities like Cochabamba, Atlanta and Grenoble, concessions were cancelled following citizens protests and city council intervention.

The water TNCs are now licking their wounds and expansion plans focus on the potentially most profitable markets in Europe, the US and Japan, which threatens the future of public water supply in these regions. Expansion in the South, the water giants hope, can restart when International Financial Institutions (IFI's) and governments have developed subsidies and guarantee mechanisms for privatised water delivery in cities in the South.

Southern water TNCs?

A new trend in a number of developing countries is the emergence of national private water corporations, which are taking over public utilities at a steady pace. In Malaysia, for instance, the government seems determined to move ahead with privatization, granting concessions not to the EU-based water giants, but to Malaysia-based operators. Some of these private companies are becoming transnational corporations (TNCs) themselves. With the active support of the Malaysian government, they are taking over water delivery not only in South-East Asia, China and Africa, but even in the UK. Malaysia's water barons include the Ranhill Group, Puncak Niaga, Zencon and NS Water, all of which are privately owned by wealthy Malaysian businessmen.⁶ After a 600 million US\$ water supply contract in Zimbabwe being awarded to a Malaysian firm, minister Jamaludin Mohd Jarjis celebrated the deal which "enables Malaysia to take part in new and emerging businesses in the African continent".⁷ "Malaysian corporate giants which achieved success domestically", Jamaludin added, "must up the challenge of becoming global players".

Subsidising Privatisation?

The failure to deliver affordable water to the poor and the large-scale withdrawal from concessions by private water corporations have made the World Bank adapt its rhetoric. While the Bank claims to be "open to anything that works", it has in fact failed to seriously reconsider the virtues of privatisation. A study by Public Citizen of loans provided in the period April-June 2004 reveals "the World Bank continues to promote privatisation and cost recovery policies, as well as supports legal structures that undermine local democracy despite evidence that such policies reduce access, raise the price of water for the poor, exacerbate inequities, and reduce local control".⁸ Inspired by the March 2003 report "Financing Water for All", written by a panel chaired by former IMF director Michel Camdessus, the World Bank is developing a whole range of guarantee mechanisms in order to make the water TNCs re-commit to water management in the South.⁹ The World Bank is not alone in this stubborn ideology-driven response to the collapse of the global privatisation trend. Also the US government, in this case USAID, is a major supporter of helping the water TNCs back into expansion, as is the European Union (EU). For an excellent analysis of the flaws of these 'innovative finance mechanisms', see the report 'Who's Taking Risks?', written by Tim Kessler of the Citizen's Network on Essential Services.¹⁰

The EU has recently (2004) designated 1 billion euros for the ACP-EU Water Facility – a new budget item for improving access to drinking water and sanitation in the ACP countries (former European colonies in Africa, the Caribbean and the Pacific). Despite strong civil society critique, the European Commission's modalities for spending the Water Facility budget to a large extent echoes the proposals in the 'Camdessus Report' to use public funding and development aid to subsidise private sector investments in water.¹¹ This stance is in line with its policies throughout the 1990's, where 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. Specific European governments, particularly the French and British played – and continue to play - an active role in supporting French and British TNCs to open up new markets. A substantial share of the UK government's

development aid spending on water goes to private consultants who advise national or regional governments in India, Ghana, Tanzania and elsewhere on how to privatise water services.¹² The EU's development aid spending on water in developing countries to a large extent goes to 'administrative restructuring' and other costs related to introducing privatisation programmes.¹³ 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 aims to boost private sector involvement through subsidised Public-Private Partnerships (PPPs).¹⁴

Moreover, the EU is also working to ensure expansion for the European water giants through international trade negotiations such as the WTO's services talks (GATS). The EU's list of market access demands for the GATS negotiations was designed in close consultation with Suez, Veolia and Thames Water. The leaked list of requests revealed that the EU has asked 72 WTO member states to open-up water delivery and waste water management for European water corporations, including 14 Least-Developed Countries (LDCs).¹⁵ Also on the list are China, Indonesia, Malaysia, Thailand and other Asian ASEM countries.

The EU's aggressive role is replicated in its inter-regional and bilateral trade negotiations with countries of the South.¹⁶ In the context of the ongoing EU negotiations with Mercosur, for instance, the EU is continuously increasing the pressure on Latin-American governments to liberalise their services, including public services, in return for improved access to EU markets for agricultural products.¹⁷ 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 negotiations. In the MEBF, as in the Asia Europe Business Forum (AEBF - which plays a key role in the economic pillar of ASEM), the political dominance of European TNCs and their counterparts in Latin America and Asia is highly visible.

ASEM and water PPPs

While ASEM has not (yet) embarked on actual trade and investment liberalisation negotiations, the influential Asia Europe Business Forum (AEBF) uses the ASEM process to "speed up wide acceptance of PPP in public utility development", by convincing government officials of the concept.¹⁸ European water giants like Suez and East Asian construction and engineering companies work within the AEBF's very active working groups on Infrastructure and Environment to promote privatisation. An ASEM seminar on PPPs, to be held in Tokyo, is reportedly being prepared by the French and the Japanese government, but it remains unclear when this will take place.

The challenge for water justice activists will be to ensure that these budgets are spent in support of people-centered reforms and expansion of public water utilities and not for subsidising privatisation in support of EU-based water TNCs. The many failed privatisation experiments have shown that profit-driven trans-national water operators are ill-equipped for – of not incapable of - securing water for the poorest. While subsidies for privatisation is no solution, support for public utility reform and expansion of not-for-profit water supply is. The European Parliament has already expressed its support for such a change in course. In a September 2003 resolution on the EU's approach to water in the South, a majority in the European Parliament

insisted "on the need for local public authorities to be given support in their efforts towards establishing an innovative, participatory, democratic system of public water management that is efficient, transparent and regulated and that respects the objectives of sustainable development in order to meet the population's needs."

*"In Hyderabad, most of the water from the reservoirs is going to the prosperous people who on a daily basis use 500 or 600 liters for a two or three person family, whereas in the southern part of the city of Hyderabad people get only 10 to 15 liters, standing in a queue 5-10 hours daily. When the tanker comes to their locality a thousand people come and fight for the water. There is a lot of water in Hyderabad, but the distribution system is not proper. We need to target the corruption in public projects."*¹⁹

V.S.B. Reddy from Research in Environment, Education and Development Society (REEDS), Hyderabad, India speaking at the World Social Forum, January 2004

Reclaiming Public Water

According to some estimates 95-97% of those with access to water are supplied by public utilities. It is however also a reality that hundreds of millions in the South do not have access to clean water and sanitation, a number that has increased in the last decade. In many cities in the South, public utilities fail to deliver clean water for all. One reason is that the performance of public utilities has often been undermined by decades of insufficient investment, in many cases as a result of crippling foreign debt and disastrous structural adjustment programs imposed by the IMF and the World Bank. Beyond the impacts of global injustice, the failure of public water supply is often equally rooted in local injustice. State-run utilities in many cities deliver cheap water to rich neighbourhoods, home to powerful local elites, while failing to provide water to the poorest, especially those living in remote and informal urban areas. In any case, years of low-standard water quality, interrupted delivery and other problems has left many people disillusioned. This is why there is often a fertile ground for proposed water privatisation in cities in the South.

Luckily, there is no lack of viable and attractive alternatives both to privatisation and to inadequate state-run utilities. There are numerous examples of well-functioning public water utilities in developing countries. Moreover, dramatic improvements in water delivery have been achieved, often within a few years time, through various forms of public utility reform. A few examples are described elsewhere on this page, many more have been documented by the Public Services International Research Unit (PSIRU).²⁰

This paper focuses on improvements achieved by introducing various forms of public participation and democratic control, thereby making water utilities more responsive to the needs of the population, in particular the poorest. We will explore the degree to which such reforms are replicable in other cities and countries and which hurdles exist for up-scaling these successful models.

Utility reform: where there's a will...

In some situations, drastic improvements in public water delivery seem to be 'simply' a matter of political will and vision. In the 1990's progressive mayors in Bogota, the capital of Colombia, refused to privatise water, despite continued pressure from the World Bank. Instead they successfully reformed the Water and Sewerage Company of Bogota (EAAB), transforming it into one of the most efficient and equitable utilities in Colombia, if not Latin America.²¹ Expanding water delivery into the poorer neighbourhoods received the highest priority. By 2001, 95% of the population had clean tap water, while 87% were connected to the sewage system, an impressive achievement considering the rapidly growing population of the city. The expansion was financed by introducing a progressive tariff system, so the city's wealthy pay up to 200% of the real cost of their water. The poorest pay affordable, subsidised rates. At the same time, educational campaigns have reduced water consumption per person by around 30% in ten years.

Also highly motivated utility managers can make a major difference. In Phnom Penh, capital of Cambodia with over a million inhabitants, the number of households receiving running water has increased from 25% to almost 80% in the last ten years.²² The water flows 24 hours per day instead of the ten hours that was common before. The inhabitants of the city's large slums are no longer dependent on unreliable private vendors and the health situation has improved. Many observers point to the inspiring role played by Ek Sonn Chan, who in 1993 became director of Phnom Penh Water Supply Authority (PPWSA), the city's public water utility. Chan emphasises that PPWSA's autonomy from the city government's bureaucracy has contributed to the efficiency and achievements of the utility. "Our salaries are not very high but there is a high level of motivation," Chan explained in a newspaper interview. Chan's goal is that 95% of all households receive clean tap water before 2015. The Phnom Penh case is being promoted by the Asian Development Bank as proof of the merits of full cost-recovery, which highlights the need to look critically at tariff structures and affordability of water for the poorest in the city.

Participatory water management in Brazil

The most well-known example of participatory water management is probably the Departamento Municipal do Agua e Esgoto (DMAE), the water company of Porto Alegre which is the capital of the Rio Grande do Sul province in Southern Brazil. Water management in Porto Alegre was transformed when the Workers Party gained power in the city 15 years ago (Partido dos Trabalhadores, PT).²³

DMAE features a far-reaching degree of public participation and democratic control over its operations and investments. Not only does a council of local civil society representatives control the daily work of the utility, DMAE's operations and investment decisions are subject to a participatory budget process. Like many other areas of public life in Porto Alegre, the population directly decides the budget priorities of their water company. Through a process of public meetings, every citizen can have a say in which new investments should be made first. This participatory model is one of the reasons that poor communities in Porto Alegre have gained dramatically improved access to clean water: their needs are prioritised because they participate directly in deciding about new projects. Some 99.5% of the residents of Porto Alegre have access to clean water, far more than anywhere else in Brazil.

There are many other advantages to this participatory system, such as awareness-raising from being involved in decision-making, and a collective sense of ownership which allows the possibility for occasional price increases which may be necessary for new projects. The tariff system is highly progressive: low-income groups pay a

low, cross-subsidised price, water use above a basic level is relatively expensive. DMAE's water price is one of the lowest in Brazil, but at the same time environmental information campaigns and the progressive price structure has made overall consumption go down. DMAE is publicly owned, but financially independent from the state and fully self-financed through the water bills paid by the 1.4 million inhabitants. It is a not-for-profit company that re-invests profits into improving the water supply.

"Through social control, democracy and transparency, people push us to be more efficient"

**Carlos Todeschini of the Porto Alegre Water and Sanitation Department
(DMAE)**

A comparable participatory model functioned in the rest of Rio Grande do Sul between 1998 and 2002. Local participatory budget assemblies and 'committees of user citizens' played a decisive role in the decision-making of the state utility Companhia Riograndese do Saneamento (CORSAN), which supplies supplies around 6.5 million people in Rio Grande do Sul (but not the state capital Port Alegre).²⁴ This contributed to CORSAN becoming one of the most effective water companies in Brazil, with an excellent record in expanding access to water. The participatory experiment was however scaled down after the state election in October 2002, where the Worker's Party (PT) was defeated by the centrist PMDB. These events highlight the importance of a supportive local government, both in establishing and in ensuring the continuity of this type of participatory water management.

The successes booked in Porto Alegre and Rio Grande do Sul have inspired many other cities in Brazil to introduce forms of participatory budgeting and other radical democratic reforms. Examples of Porto Alegre-style participatory water management can be found in cities like Caxias do Sul in the state of Rio Grande do Sul, Recife in the north eastern state of Pernambuco, and Santo André, Jacareí and Piracicaba, all in the state of Sao Paulo.²⁵ In Recife, a fast-growing city with over 1,5 million inhabitants, the failing state-owned water company was very unpopular. Following an extensive process of popular consultations, the Recife Municipal Council of Water and Sanitation was set up to improve the water delivery.²⁶ The results of the restructured company have improved dramatically over the course of only a few years, due to the active involvement of community representatives and NGOs. The extensive public consultations and the resulting plans for improving the quality of public services helped the utility managers in the negotiations with World Bank in 2003 about a 84 million dollars loan. The World Bank continuously insisted on privatisation, but after intense negotiations accepted to give up any such conditionalities for the loan.²⁷

"We cannot only defend to maintain things the way they are, usually they are not very well in developing countries. We can change very deeply the reality, improving the quality of the public services through popular participation, through mechanisms of social control".

**Antonio da Costa Miranda, municipal director for water and sanitation in
Recife**

In the city of Matão, state of São Paulo, privatization was narrowly avoided after advice from ASSEMAE, the federation of public water utilities.²⁸ This city of 50,000 people in the interior of Brazil lacked funds for the major new investments needed to supply water to the growing population of the city. ASSEMAE proposed holding a public meeting on how to overcome these challenges. 150 people attended and decided not to privatize the water. The independent public utility that was created instead has within five years achieved 100% coverage for water and sanitation, without any external finance. One of the ways this was done was by changing the tariff structure to reduce waste and encouraging the fixing of leakages. This solved the problem of water scarcity and made new investments unnecessary.

“We strongly believe that these examples from Brazil show that open discussion can solve apparent unsolvable problems.”

Antonio da Costa Miranda, municipal director for water and sanitation in Recife, Brazil

The achievements in Porto Alegre and elsewhere in Brazil have also inspired communities elsewhere in Latin America to introduce forms of democratic control in order to build more effective and equitable water management systems. An example is Cochabamba, Bolivia, where a unique model of participation and public-popular management is under development.

Cochabamba: Public-Popular Partnership

In the spring of 2000, the population of Cochabamba mobilised against the disastrous record of the Bechtel, the US corporation that had led the 1999 privatisation of the municipal water company. Following the privatisation (technically illegal at the time), Bechtel and the conglomerate Agues del Tunari expropriated community water systems and resources and raised water prices dramatically. Community groups, trade unions and irrigation farmers organised themselves in La Coordinadora del Agua. Despite heavy government repression, a public referendum and several major mobilizations were organised, which forced out the Agues del Tunari. The Coordinadora gained control over SEMAPA's governing body and embarked on building a fairer and more democratic system of water supply. While the local government was largely hostile and disruptive, cooperation with the workers and trade unions was crucial. The statutes of the municipal, corporatised public water company SEMAPA were rewritten through a participatory process, which established a popular participation on the Board of Directors by elected citizen representatives. In May 2002 three out seven members of the board were elected by the inhabitants of the southern, central and northern areas of the city.²⁹ For the first time, SEMAPA's trade union was given a permanent seat on the Board. This new management structure replaced the reality of unchecked public bodies and manipulative party politics that had prevented SEMAPA from serving the poor and develop into a progressive, effective utility. The company is being restructured and

develops into a transparent public utility with a high degree of participation and sense of ownership by the citizen-users.

The model under development in Cochabamba, which can be described as an emerging public-popular partnership/management, has been successful in (re)-claiming SEMAPA as a public, democratic entity with a pro-poor mission.³⁰ Major challenges, however, remain in the pursuit for clean water for all the inhabitants of Cochabamba. SEMAPA is facing a terrible heritage from decades of mismanagement: deteriorated pipe systems, huge debt, insufficient treatment of sewerage, discontinuous water flow, and a large part of the urban poor being unconnected. In the fast growing neighbourhoods in the southern part of the city over 130,000 inhabitants need to be connected to SEMAPA's water and sewerage services. Most water supply in this poorest and marginalised part of Cochabamba is organized by water committees, in which neighbours work together to run wells and other facilities and supply the communities. Now that SEMAPA is being transformed into a public-popular utility, with the clear objective of serving the urban poor and allowing citizens a major influence, these water committees have created an association in order to be collectively connected the services of SEMAPA.

The background is the bad quality of the groundwater in the valley in which Cochabamba is situated. As the groundwater is too saline to drink, most households still depend on water vendors for their drinking water, despite the water committees. The vendors sell overly expensive and often unclean water. Unconnected to SEMAPA's sewerage system, the neighbourhoods currently depend on pit latrines and septic tanks. The committees are therefore working with SEMAPA to develop a model of shared management, building on the organizational capacity and expertise of the committees in their local area and SEMAPA's ability to deliver bulk water and sewerage services. In the words of Luis Sanchez and Raul Salvatierra, the Southern zone's representatives on the Board, the water committees have entered "a dialogue and consensus-building process with the authorities to define a model of co-management of basic services, where each assumes their own roles and functions."³¹ The constructive cooperation between the city's utility and the informal water committees is an impressive improvement compared to Bechtel's record of expropriating the wells and pipes of the water committees and only expanding the pipe system into the Southern area in return for excessive tariff increases. Except for ensuring the expansion of water delivery into unconnected neighbourhoods, the new public-popular management is also facing a real challenge concerning the access to water resources. Reducing leakages will help, but a new sustainable and fair approach needs to be developed to reconcile competing needs for water: the ever-growing urban demand for water and the needs of rural agriculture in the regions around the city.

The major debt inherited from the previous owners make the expansion of services to the urban poor and the reduction of leakage in the existing pipe systems dependent on international financial institutions such as the Inter-American Development Bank (IADB). Even though the IADB is mainly pro-privatisation and understood to be instinctively hostile to the kind of changes envisaged by La Coordinadora, the bank agreed to a two-tiered loan for SEMAPA under public-popular management. This was a major achievement by the new board and managers who aim to make SEMAPA deliver to the urban poor and become financially independent

with this loan. The most serious opposition to the transformation towards public-popular management has not come from the IADB, but from local and national economic elites, who are throwing up many obstacles. Water delivery in Cochabamba is a high-profile political issue because the success of the water war against Bechtel and the public-popular management have massively boosted the Bolivia-wide social movements that are fighting the neoliberal politics of the national government in La Paz.

The current support of a large majority of the population for the public-popular management of SEMAPA may dwindle if people do not see the improvements in access to drinking water and sewerage to actually reach their homes. Building a progressive public utility that is financially sustainable and effectively serves the urban poor is a greater, more long-term challenge than kicking out Bechtel, which has to be overcome by the dedicated work of the new management, the social movement organisations, the local government and citizens.

Ghana: Public-Community Partnerships

In Ghana, the National Coalition against Privatization of Water (NCAP) has to a large extent won the privatization debate and de-legitimised the government's plans for selling off the public water utilities. The next stage of the campaign is to develop alternative proposals for solving the country's water crisis, going beyond both "government bureaucrat management" and "private management".¹ "What we want to see work in practice in Ghana is participatory democracy in the provision of water," says NCAP-activist Adam Al-hassan.

NCAP's vision for delivering water for all in Ghana is inspired by the achievements of local communities in Savelugu, a town in the north of Ghana with a population of around 25,000 people.³² Ghana Water Company Ltd. (GWCL), the national water utility supplies water in bulk to the community, which is in turn responsible for pricing, distribution, and pipe maintenance. The township is divided into six areas, each with a water management committee, comprising equal numbers of men and women. The committees collect the tariffs and report faults and malfunctions of the water system to the district assembly. The partnership was supported by NGOs like World Vision International, Global 2000, the Carter Center as well as UNICEF, all of which hoped that community-management would bring clean water and reduce the high numbers of guinea worm infection in Savelugu.³³ Between 1998 and 2002, the percentage of households with access to safe water went from 9% to 74%. Guinea worm disease in the community was reduced by over 98% since the project started.

If you have the consumers participating in the management of the water there is likely to be transparency and democracy in the system. We will not see the bureaucracy that existed before."

Al-hassan Adam, National Coalition against Privatization of Water, Ghana.

The Savelugu model – which can be described as a Public-Community Partnership (PCP) - is facing a number of challenges which also indicate the hurdles that will need to be addressed in order to replicate the model elsewhere in the country. One problem is that GWCL, on which the community depends for its bulk water, has trouble delivering sufficient amounts of water. Similar to the situation in Cochabamba, water resource problems beyond the control of the local community, creates a serious challenge for the Savelugu model. Furthermore, GWCL has introduced rather steep tariff increases in recent years due to the national government's full cost recovery policies, promoted by IMF and World Bank. The result is that more and more Savelugu households cannot afford the cost of water. Both the failing water delivery and the tariff increases point to the crucial challenge of changing central government water policies before progressive models can be replicated and up-scaled.

There are numerous examples from around the world of highly successful community-managed water delivery made possible through financial and other support by international NGOs (see box). Without doubting the effectiveness of the projects and the improvements achieved, there are a number of reasons for caution before these models are promoted as the way forward. The projects are established in communities where the government has fundamentally failed to secure water and sanitation to the poorest. In terms of fairness, it is hardly ideal that the poor have to do their own construction work while richer neighbourhoods do not. It must be emphasised that redistribution of wealth is a key government function and that democratic decision-making about public investments is crucial to achieving essential services for all. Add to that the fact that international NGOs are not per definition always accountable to local communities.

Community-managed, NGO-supported water projects

An impressive example of improvements achieved through community-managed water delivery is Port-au-Prince, Haiti, where the French NGO GRET initiated a partnership involving the public utility (CAMEP), the local water committees in 37 shantytowns, and the communities themselves.³⁴ The project, supported by European development aid, provides water through stand pipes, constructed by the public utility CAMEP and the local community. The management is done by community water committees, which hire a standpipe manager to run the system. The water committees buy the water in bulk from CAMEP and collect the payment from the users. Around 600,000 people in 37 communities have benefited from the project, which provides far cheaper and safer water than the private water vendors who otherwise are the only option in the shantytowns of Port-au-Prince.

Another successful example is the Orangi Pilot Project (OPP) in Karachi (Pakistan), supported by UK-based WaterAid.³⁵ This project in the Orangi township, an area without proper sanitation, enabled low-income households to finance, construct and maintain sanitation systems themselves. The initiative came from a Pakistani NGO which promotes community organization and self-management to solve problems. The NGO first developed a simplified sanitation solution that is affordable and technically feasible to be implemented and maintained by the low-income local population. They also contributed with know-how and other advice, training for local, small-scale building contractors, and most of all, empowering the population to take the responsibility for providing sanitation into their own hands. Groups of 20-40 households co-operate to implement and maintain a common sewage system. As everyone has invested in establishing the system, there is a strong incentive to undertake the necessary maintenance. Because of the use of low-cost technologies and local skills instead of expensive external contractors, external credit is not necessary. The Orangi model has already been transferred to 42 settlements in Karachi and work is done on replicating the programme in other Pakistani cities. The biggest problem has probably been the failure of the Karachi municipal government to construct the necessary main drains and treatment plants, despite continued lobbying from OPP. Because the municipal government does not live up to its responsibilities, the sewage runs into the river and overflow during heavy rain.

Dhaka: Public-Workers Partnership

A unique model has proven successful in Bangladeshi capital Dhaka, where the water supply in parts of the city is managed by a workers co-operative. In 1997 the proposed privatisation of the water supply in a part of Dhaka (imposed by the World Bank) was met with strong trade union opposition.³⁶ In response, the Dhaka Water Supply and Sewerage Authority (DWASA) decided to contract out one zone to the DWASA Employees Union, while another zone was given to a local private company (EPC Ltd.), also on a trial basis of one year. After this first year's experiment, the Employees Co-operative's results were so much better that DWASA handed over the private sector's contract to the workers. The Employees Co-operative achieved substantial improvements not only in customers services, billing and collection of fees, but also in reducing water losses. They out-performed the private company but also DWASA, a public utility suffering from bureaucracy and inertia.

According to Zahirul Hoque, the Employee Co-operative succeeded "by cashing in on experience, participative decision-making and buying integrity with higher salary". Corruption, a widespread problem in Bangladesh, was targeted by doubling the salaries of the employees, who "can now afford to be more honest and more actively committed to achieving the organizational goals". Another innovation by the Employee Co-operative was to work with NGOs to improve water delivery to slum dwellers. As is the case in many cities in the South, the slums in Dhaka were traditionally not supplied by the public water utility as they lack legal status. Slum dwellers were left to buy water at exorbitant prices from private vendors. The situation has improved in those areas where DWASA and the Employee Co-operative have now introduced street taps.

Co-operative water management in Bolivia

Consumer co-operatives have proved an excellent way to deliver clean water in many smaller communities around the world, both in rural communities and in urban slum areas where the state fails to supply basic services.³⁷ The experience in the Bolivian city of Santa Cruz proves that co-operative models can also be very successful in major urban centers. Santa Cruz has 1,2 million inhabitants. The city's water utility has been run by a consumer co-operative since 1979 and is regarded as one of the best-managed water utilities in Latin America. All customers are members of the Cooperativa de Servicios Publicos Santa Cruz Ltda (SAGUAPAC) and have the right to vote in the co-operative's General Delegate Assembly. The assembly elects part of the utility's administrative board and the supervisory board. SAGUAPAC is financially independent and ensures that all costs are recovered from the water users (full-cost recovery). As part of its socially responsible approach the co-operative charges a lower price for the first 15 cubic meters of water consumed per household each month and customers failing to pay are not disconnected.

"The co-operative structure of SAGUAPAC is a major reason for its high performance", concludes Andrew Nickson of the University of Birmingham in a study.³⁸ In other large cities in Bolivia political intervention by municipal mayors (in their capacity of presidents of the boards of directors of the utilities) caused problems

ranging from corruption and cronyism to bureaucratic delays. The co-operative structure, Nickson points out “shields management from undue political interference, especially with regard to personal matters, tariff setting, and the awarding of contracts”. In sharp contrast with other water utilities in Bolivia, SAGUAPAC has “an unblemished record with regard to corruption.”

Inspired by the achievements in Santa Cruz, consumer-owned water co-operatives were set up several other Bolivian cities in the 1980's and 1990's, for instance as Tarija (145,300 inhabitants) and Trinidad (80,700 inhabitants). In Argentina, co-operatives have traditionally played a key role in water delivery to small and medium-sized cities, covering up to 1/10th of the population.

Water Solidarity Via Public-Public Partnerships (PUPs)

Major improvements in water delivery can be achieved through transfer of management and other skills between public operators. An example of a successful Public-Public Partnership (PUP) can be found in South Africa, where the local authorities in Harrismith teamed up with Rand Water. Harrismith has a very high poverty rate and under-developed water delivery services, while Rand Water is among the largest and most effective public water utilities in the world. The 3-year management contract ran between 2000 and 2003. During the partnership, the water and sanitation sector was ring-fenced financially and run as an autonomous business unit under the name of Amanziwethu Water Services (AWS). Rand Water staff were responsible for management, Harrismith city council workers for the operations. Labour and service users were closely involved in a consultative process.

Laïla Smith and Ebrahim Fakir of the Centre for Policy Studies in Johannesburg, emphasise that “the challenge of service delivery alternatives is to ensure that the local authority capacity to govern is built up in the process of partnering”.³⁹ They conclude that the Harrismith partnership has “made significant achievements that will hopefully help to set precedence in the development of future service delivery alternatives”. At the same time Smith and Fakir observe that “the household quality of life has only marginally improved” for low-income groups. Harrismith has a 38% unemployment rate and many are simply not able to pay for water. The 6,000 litres free water per household per month - guaranteed by the South African constitution - is simply insufficient for the often large families in Harrismith. “Such minimal levels of universal provision does not resolve the legacies left by apartheid’s spatial dislocation where entire communities are deprived of economic opportunities necessary to afford the cost of essential services”, Smith and Fakir conclude. They recommend to increase the guaranteed amount of free water per household to 12,000 litres.

Sharing best-practice in management and technology through PUPs is obviously not only an option on the domestic level. Partnerships between public utilities hold great potential for experience-sharing in order to make water management more effective and responsive to people's needs. Such partnerships, can be developed within a country, such as the South African example elsewhere on this page. No less relevant are cross-border partnerships between utilities in the North and the South, as well as South-South.⁴⁰ These partnerships can be anything from an experienced water

manager being seconded to work with a utility elsewhere in need of support to far more extensive support programmes. Development aid money can play a very positive role in making this form of domestic and international water solidarity possible.

The establishment of the International Association of Public Water Operators, planned for the end of 2004, will be a very significant development which can give a real boost to the growth of Public-Public Partnerships.

Public Utility Partnerships (PUPs) in Malaysia

In response to the Malaysian government's plans to privatise water, civil society groups point to the highly effective water utility Perbadanan Bekalan Air Pulau Pinang (PBA) as an alternative model.⁴¹ Via Public Utility Partnerships (PUPs), public water providers in the rest of Malaysia could improve their performance. Due to effective monitoring, PBA has the lowest non-revenue water in the country, just 18 percent. This is one of the reasons that it can generate the highest surplus, although its water tariffs are the lowest in the country. According to Charles Santiago (Monitoring Sustainability of Globalisation) "the appropriate lesson for Malaysia would be to learn from PBA in terms of operation, management, distribution, billing, reduction of non-revenue water and still keep the management and control of water resources in the hands of the state and public control."

Thoughts on replicability and up-scaling

Many examples of major improvements in public water delivery in the South have been described in this paper. Increased citizen's participation and democratic control has proved to be effective in a range of diverse circumstances. The emergence of new participatory politics has breathed new vitality and effectiveness into publicly-owned but often dysfunctional and bureaucratised water utilities. Noticeable in these examples is the diversity of participatory and co-operative models and the shared feature of far-reaching involvement of citizens in the management structure with a resulting democratisation of decision-making. This ensures that the water operators are made more accountable and responsive to the needs of all sectors of the population, especially of the poorest. A range of not-for-profit partnerships are being developed, ranging from public-popular and public-community to public-worker partnerships.

The question remains what the potential is for replicating these successful models elsewhere, whether within the same country, in other, comparable countries in a region, or in very different countries in other parts of the world. We would generally argue that boosting transparency, accountability and responsiveness through democratic control could probably improve the performance of most utilities, regardless of socio-economic circumstances and political realities. As Tim Kessler of the Citizen's Network on Essential Services points out: "creating participatory institutions for public service provision is inherently *political*. The process will take time and cause conflict, and it will not result in perfectly representative governance".⁴² Far more research and discussion is clearly needed to assess the exact potential for replicating key features of a successful model elsewhere.

For instance, is Porto Alegre's participatory management model feasible in cities without a PT-style progressive party holding power? The experience in Cochabamba, for instance, suggests that it is. A similar model of people-centred water management based on social control is being developed despite absence of support – if not outright obstruction - from the mayor and the city council. The reforms are driven by community activists who have build up a lot of countervailing powers due to their struggles, particularly the water war against Bechtel in 2000.

Is participatory water management achievable in a mega-city like Manila, with 10 million inhabitants, many of which live in slums with no access to piped water? Can decentralization – such as dividing the city in 5 or ten more zones- overcome this challenge?

How relevant is participatory water management in Europe, where public utilities generally manage to supply clean and affordable water to all? In Italy, citizen's participation in water management is already being introduced in Grottamare and several other municipalities.⁴³ Also elsewhere in Europe, such experiments with 'water democracy' may provide opportunities for revitalizing public utilities and boosting their performance on the background of looming privatization promoted by national and regional governments.

We will not attempt to answer these questions in this briefing, but underline the need for in-depth information sharing and cross-fertilisation of ideas and lessons, particularly between those directly involved in running or developing participatory models. The forthcoming book on participatory urban water management could provide a major leap forward. The waterjustice.org website provides a virtual resource centre and meeting place for exchanging experiences, debate and strategise on these key issues.

At international conferences like the World Water Forum, the pursuit of clean water for all is presented as a technical issue. This blurs the reality that access to water is fundamentally a matter of political struggle. Decision-making on urban water delivery in cities of the South is often an intense political battleground where the vested interests of political and economic elites clash with those of the poorest. As many examples in this paper have shown, the most direct path to water justice is when the marginalised people mobilize and their power is boosted, for instance through radical democratic reforms.

For the international community, the priority should be to help overcome obstacles to up-scaling of successful people-centred models, for instance financing challenges (see also separate paper on this issue). After a decade failed experiments with water privatisation, the time has come for embracing the many available options for improved public and community-controlled water delivery.

Book on alternatives to water privatisation - democratic & participatory public water supply models

TNI is currently co-ordinating a book project providing diverse positive examples of positive how the performance public water utilities has been improved by increasing citizens participation and control. The book (to be published in January 2005) will provide an inventory of public water solutions and key lessons-to-be-learned, as well as identify obstacles to consolidating and replicating these models. Case studies will include cities like Porto Alegre and Recife (Brazil), Santa Cruz and Cochabamba (Bolivia), Bogota (Colombia), Buenos Aires (Argentina), Caracas (Venezuela), Nuevo Leon (Mexico), Manila (The Philippines), Dhaka (Bangladesh), Jakarta (Indonesia), Penang (Malaysia), Kerala (India), Harrismith (South Africa), Savelugu (Ghana), Grenoble (France), Odessa (Ukraine), Slovakia, Germany and the US.

Get involved in waterjustice.org!

The website waterjustice.org came out of the fourth World Social Forum (Mumbai, January 2004). Inspired by seminars on alternatives to water privatisation and how to finance public water, groups from around the world committed to intensify their co-operation. One of the decisions was to develop waterjustice.org into a virtual resource centre and meeting place for exchanging experiences, debate and strategise.

Waterjustice.org is an open space to connect people from around the world dedicated to effective, democratic and equitable water solutions, including community activists, NGO campaigners, academic researchers, trade unionists and water utility managers. The success of the website will depend primarily on the active participation of these diverse groups. The site has a content management system which allows you to upload contributions (from articles, report and case studies to calls for action and campaign news) and a discussion forum for sharing opinions on water justice issues. We warmly invite you to get involved!

Subscribe to email listserves

TNI manages two email listserves on water justice issues. The [[waterjustice](http://waterjustice.org)] listserve facilitates information exchange and strategy debate among activists from around the world campaigning for people-centred alternatives to water privatisation. The [[waterstrategyamsterdam](http://waterstrategyamsterdam.org)] listserve is dedicated to follow-up from the water strategy meeting in Amsterdam (October 2003), such as further development of strategies and activities on areas like solidarity campaigning, GATS and water, EU water policies, International Financial Institutions and alternatives to privatisation. For more information, contact <satoko@tni.org>

Further resources

▶▶ GATSwatch

GATSwatch is a joint project of Corporate Europe Observatory (CEO) and Transnational Institute (TNI). GATSwatch brings together the growing body of NGO and academic critique of the GATS as well as documents by governments and corporate groupings. www.gatswatch.org

▶▶ ASSEMAE (Associação Nacional dos Serviços Municipais de Saneamento)

Progressive federation of public water utilities in Brazil.
www.assemae.org.br

▶▶ REDES

Friends of the Earth Uruguay
www.redes.org.uy/

▶▶ Public Services International (PSI)

The international trade union federation of public sector workers, involving more than 600 trade unions in over 140 countries.
www.world-psi.org

▶▶ Public Services International

Research Unit: To learn about alternatives and finance and for a wealth of research on water privatisation
<http://www.psir.org/reportsindex.asp>

▶▶ European Federation of Public Service Unions

<http://www.epsu.org/>

▶▶ Public Citizen

Water for All project, Campaigning to keep water as a public trust
www.citizen.org/cmep/water

▶▶ Polaris Institute

The Canadian institute that serves the Public Service - GATS Project and The water project
<http://www.polarisinstitute.org/>

▶▶ Friends of the Earth International (FOEI)

Federation of autonomous environmental organizations from 68 countries.

www.foei.org/water/index.html

▶▶ Council of Canadians

Campaigns to ban the bulk export of water and head off the gradual commodification and privatization of this priceless, public resource.

www.canadians.org/

▶▶ World Development Movement

The UK-based WDM campaigns tackle the root causes of poverty. To read about the EU's proposals within the GATS negotiations for developing countries to open their water markets, go to
www.wdm.org.uk/

▶▶ World Economy, Ecology and Development (WEED)

<http://www.weed-online.org/themen/english.html>

▶▶ Institute for Popular Democracy (IPD)

is a political research and advocacy institute serving social movement groups, non-government organizations (NGOs) in development work, and progressive local government officials.

<http://www.ipd.ph/about/about.html>

▶▶ Freedom Debt Coalition

<http://www.freedomfromdebtcoalition.org/>
Jubilee South is a network of jubilee and debt campaigns, social movements, people's organizations, communities, NGOs and political formations. The Jubilee South network aims to and is in the process of emerging and developing as an international South movement on the debt.

<http://www.jubileesouth.org/>

▶▶ **Municipal services project is** a multi-partner research, policy and educational initiative examining the restructuring of municipal services in Southern Africa.
<http://www.queensu.ca/msp>

▶▶ Institute of Development Studies

Sussex, is a leading centre for research and teaching on international development.
<http://www.ids.ac.uk/ids/>

Contact

Corporate Europe Observatory (CEO)

is an Amsterdam-based research and campaign group targeting the threats to democracy, equity, social justice and the environment posed by the economic and political power of corporations and their lobby groups.

tel/fax: +31-20-612-7023

<http://www.corporateeurope.org/>

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Transnational Institute (TNI),

Founded in 1974 is an international network of committed activists-scholars from the region of the South, and from Europe and the US. In the spirit of public scholarship and aligned to no political party, TNI seeks to create and promote international co-operation in analyzing and finding solutions to such global problems as neoliberal globalisation, militarism and conflict, poverty and marginalisation, social injustice and environmental degradation.

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Notes

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