

*Water remunicipalisation as a global trend:
Calling for progressive policies*

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The Public Services International Research Unit (PSIRU) investigates the impact of privatisation and liberalisation on public services, with a specific focus on water, energy, waste management, health and social care sectors. Other research topics include the function and structure of public services, the strategies of multinational companies and influence of international finance institutions on public services. PSIRU is based in the Business Faculty, University of Greenwich, London, UK. Researchers: Prof. Steve Thomas, Dr. Jane Lethbridge (Director), Dr. Emanuele Lobina, Prof. David Hall, Dr. Jeff Powell, Sandra Van Niekerk, Dr. Yuliya Yurchenko

Introduction

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 paper looks at the growing remunicipalisation of water supply and sanitation services as an emerging global trend, and discusses 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 paper draws on two recent contributions, a book¹ and a booklet,² both collaborative efforts between activists, policy practitioners and academics with experience in the field. The main lessons arising from these essays are identified and offered as contributions to the Spanish and European debate. For details on the data and the case studies discussed in the paper, see the book and booklet which have been translated, respectively, in Catalan³ and Spanish⁴ among other languages.

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)⁵ – 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.⁶ Water privatisation and PPPs are also equally problematic, and their problems are deep-seated.⁷ 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.

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 the book,⁸ 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 the book⁹ and its companion briefing *Here to stay: Water remunicipalisation as a global trend*,¹⁰ 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.¹¹ 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.¹² 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.¹³

Despite more than three decades of relentless promotion of privatisation and PPPs by international financial institutions and like-minded organisations,¹⁴ it now appears that “water remunicipalisation is a policy option that is here to stay.”¹⁵ Not only have many flagships of water privatisation – from Paris to Berlin, from Atlanta to Buenos Aires – 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 European Commission 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 19th and the beginning of the 20th century.¹⁶

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.¹⁷ The first wave of municipalisations resulted in the present dominance of public operators in the global water sector.¹⁸ This historical surge in public ownership, public finance, and collective civil rights allowed for the universalisation of service coverage in Northern America and Europe. This public predominance is now being further reinforced by the widespread and increasingly rapid diffusion of water remunicipalisation that is illustrated below. These precedents point to the developmental potential of water remunicipalisation in the 21st century. Still, while public ownership can be a powerful vehicle for community development, it is not a guarantee of success.¹⁹ In fact, under the influence of neoliberal forces, many public water operators are being commercialised and behave much like private companies.²⁰ 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

The empirical data on the identified cases of water remunicipalisation that have occurred in the 15 years between March 2000 and March 2015 is available online as part of the book *Our public water future: The global experience with remunicipalisation*.²¹ This data has been obtained through the refinement and extension of data published in the companion to this book,²² 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 the 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.²³ 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 shows 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 greatest 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, while 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.

Concluding remarks

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,²⁴ 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.²⁵

The lessons from case studies from the global North and global South include the following. First, the limitations of the private sector to promote community development are due to the unsustainability of the profit maximisation imperative, and represent a fundamental driver of water remunicipalisation.²⁶ The question for policy makers is therefore why privatise water services only to have to remunicipalise a few years later?²⁷ Also, it would be unwise for the European Commission 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.²⁸ Second, remunicipalisation offers important opportunities to promote the human right to water by building democratic governance and enhancing the inclusiveness, effectiveness and efficiency of public water operations.²⁹ Third, based on solidarity and the absence of profit motives, public-public partnerships can and do support the remunicipalisation efforts of local governments and local communities.³⁰ Otherwise put, progressive water policies mutually strengthen each other and, by so doing, promote quality public water services and foster the achievement of key developmental objectives.

Notes

¹ Kishimoto, S., Lobina, E., Petitjean, O. (eds.) 2015. *Our public water future: The global experience with remunicipalisation*. Amsterdam, London, Paris, Cape Town and Brussels: Transnational Institute, Public Services International Research Unit, Multinationals Observatory, Municipal Services Project and the European Federation of Public Service Unions (<http://www.psiru.org/sites/default/files/2015-04-W-OurPublicWaterFutureFINAL.pdf>). In particular, see Lobina, E. 2015. Introduction: Calling for progressive water policies. In: Kishimoto, S., Lobina, E., Petitjean, O. 2015, op.cit., pp. 6-29.

² Lobina, E., Kishimoto, S. and Petitjean, O. 2014. Here to stay: Water remunicipalisation as a global trend. Report by PSIRU, Transnational Institute, and the Multinationals Observatory, November <http://psiru.org/sites/default/files/2014-11-W-HeretoStay.pdf>.

³ Kishimoto, S., Lobina, E., Petitjean, O. 2015. *Un futur per l'aigua pública: L'experiència mundial de la remunicipalització*. Amsterdam, London, Paris, Cape Town and Brussels: Transnational Institute, Public Services International Research Unit, Multinationals Observatory, Municipal Services Project and the European Federation of Public Service Unions (<https://www.tni.org/files/publication-downloads/ourpublicwaterfuture-cat-web.pdf>).

⁴ Lobina, E., Kishimoto, S., Petitjean, O. 2014. *Llegó para quedarse: La remunicipalización del agua como tendencia global*. (<https://www.tni.org/files/download/heretostay-es.pdf>).

⁵ While the focus of this paper 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>.

⁶ 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-JAKARTANOVEMBER2013FINAL.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>.

⁷ 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.

⁸ Kishimoto, S., Lobina, E., Petitjean, O. 2015, op.cit. See also Lobina, E. 2017. Water remunicipalisation: Between pendulum swings and paradigm advocacy. In Bell, S., Allen, A., Hofmann, P., Teh, T.H. (eds.) *Urban Water Trajectories*, p. 149-161. London: Springer International Publishing.

⁹ Kishimoto, S., Lobina, E., Petitjean, O. 2015, op.cit.

¹⁰ Lobina, Kishimoto and Petitjean 2014, op.cit.

¹¹ Ibid.

¹² Lobina 2017, op.cit.

¹³ Lobina, E. 2013. *Remediable institutional alignment and water service reform: Beyond rational choice*. *International Journal of Water Governance*, 1(1/2): 109-132.

¹⁴ 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>.

¹⁵ Lobina, E., Kishimoto, S. and Petitjean, O. 2014. Here to stay: Water remunicipalisation as a global trend. Report by PSIRU, Transnational Institute, and the Multinationals Observatory, November <http://psiru/sites/default/files/2014-11-W-HeretoStay.pdf>.

¹⁶ 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>.

¹⁷ Hall, D., Lobina, E. and Terhorst, P. 2013. Re-municipalisation in the early 21st century: Water in France and energy in Germany. *International Review of Applied Economics*, 27(2): 193-214.

¹⁸ 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.

¹⁹ Lobina 2013, op. cit.

²⁰ 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.

²¹ Kishimoto, Lobina and Petitjean 2015, op.cit.

²² Lobina, Kishimoto and Petitjean 2014, op.cit.

²³ 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>.

²⁴ Hall, D., Lobina, E., Terhorst, P. (2013) Re-municipalisation in the early 21st century: water in France and energy in Germany, in *International Review of Applied Economics*, 27(2), pp. 193-214.

²⁵ Lobina 2015, op.cit.

²⁶ Kishimoto, Lobina and Petitjean 2015, op.cit. Lobina, Kishimoto and Petitjean 2014, op.cit. See also Lobina 2017, op. cit.

²⁷ Lobina, Kishimoto and Petitjean 2014, op.cit.

²⁸ Lobina 2015, op.cit.

²⁹ Lobina, Kishimoto and Petitjean 2014, op.cit.

³⁰ Ibid.