What water privatisation means for Africa

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Among the many business stands at the Johannesburg World Development Summit were dozens of water companies expecting to make deals with the governments of underdeveloped countries for water and sewage provision worth billions of dollars.

The “target” to halve the two billion people lacking access to clean water by 2015 made at Johannesburg is empty rhetoric that places no commitment on Western governments. But the fact that this was one of the few areas where the United States and the European Union were not at loggerheads reflects the almost universal agreement in the West to step up the pressure on the developing world—including some of the poorest countries—to sell off their water provision to big business.

That water privatisation, whether direct or in public-private partnerships, is now the favoured way forward was emphasised by United Nations Secretary General Kofi Annan, who proclaimed that “lasting and effective answers can only be found if business joins in partnership and works with others” and that “it is only by mobilising the corporate sector that we can make significant progress.”

The appalling conditions that result from lack of clean water and sanitation were described in a report from British charities Tearfund and Water Aid. Inadequate sanitation results in an environment where debilitating and life-threatening diseases can flourish. The result is that two million children a year (one every 15 seconds) are dying from wholly preventable diseases. In developing countries water borne disease is the second most common cause of death, with half of all visits to a clinic due to diarrheal disease from water borne pathogens such as cholera, E coli and shigella, which causes dysentry.

The report explains that it is not just rural areas that lack provision. Millions of people are flocking to cities seeking employment; many have to live in shantytown areas with no infrastructure including water and sanitation.

Investigations of what water privatisation means for sub-Saharan Africa—where more than half the population lacks access to safe drinking water—show a crucial role being played by the International Monetary Fund and World Bank.

A report last year on *afrol.com* showed that countries were required to open up water supply to private companies as a condition for receiving IMF loans. It lists eight countries in sub-Saharan Africa that had to move towards water privatisation or introduce greater cost-recovery. This involves introducing a market price for water supply, so governments must bring in full cost-recovery as a prelude to privatisation.

In many of these cases the IMF loans were negotiated under the Poverty Reduction and Growth Facility (PRGF) introduced in 1999. As the report shows these heavily indebted countries would be unable to gain access to loans from many other international creditors unless agreed to the IMF measures.

Among the countries involved were:

* Angola, which, in return for loans, had to adjust water tariffs to increase cost recovery.

* Benin, which had to privatise its water and electricity distribution company.

* Guinea-Bissau, where water and electricity utilities management was transferred to a private company.

* Niger, where water, telecommunications, electricity and petroleum government enterprises were to be privatised in a World Bank deal with proceeds used to payoff debts.

* Tanzania, which was told to assign Dar es Salaam Water and Sewage Authority assets to private management companies.

As a result of the IMF directives, countries already heavily indebted to Western banks have to borrow more to finance water privatisation. For example, in Tanzania the first phase of the Dar es Saalam project will mean the government has to take out loans of $145 million for “infrastructure rehabilitation and improvement”. The company winning the bid for the contract will only have to pay $6.5 million “to cover meters and standpipes.”

A more detailed report on water privatisation in Africa was prepared by British academics from the Public Services International Research Unit (PSIRU) and presented at Witswatersrand University, South Africa, in May this year. It confirms that before the late 1990s there were only a few private water companies in sub-Saharan Africa, mainly in francophone countries. The number of actual or proposed privatisation sharply increased in 1999 and 2000, many associated with World Bank/IMF conditions.

French multinationals—Saur, Suez and Vivendi—have been the main companies involved in the water business in Africa but in the last few years Portugal’s Aguas de Portugal and the British company Biwater have entered the scene. Currently, Vivendi is involved in Burkina Faso, Gabon and Niger; Suez in South Africa; and Biwater in the Republic of Congo. The PSIRU report reveals that privatisations are planned in Cameroon, Ghana, Nigeria, Tanzania and Uganda, amongst others.

Despite IMF pressure, the privatisation of water in Africa has proceeded with difficulty in the last few years. In the PSIRU report a number of cases are given where negotiations over contracts or existing contracts between multinationals and governments broke down. Revelations from Vivendi staff at a Kampala conference indicate the problem. They explained that private firms would invest only if there are “guarantees securing the flow of payments by the municipalities or governments” and/or “sufficient and assured revenues from the users of the service.”

One way around this, according to the PSIRU report, is the use of management contacts. In this case the company manages water provision, but government or local government are required to meet the far greater infrastructure costs. This is happening in Chad, South Africa, Mali, Gabon, Burkina Faso and Mozambique.

However, a key new development explained in the report is for Western governments to make aid available for infrastructure development, conditional on the African country agreeing to privatisation. This has been the approach of the British government’s Department for International Development (DFID), which set up a financing fund worth $305 million earlier this year specifically for this purpose.

It seems likely that the participation of water firms at Johannesburg was not just a public relations exercise but to ensure that financial backing was provided for their African investments through Western government aid projects.

A striking example of how water privatisation will affect the population is in Ghana. Water charges in the capital Accra were increased by 95 percent in May last year and it is expected that they will have to increase by a further 300 percent for the “market rate” necessary for privatisation. Already 35 percent of Ghana’s population has no access to clean water. Rudolf Amenga-Etego of the Coalition Against Privatisation (CAP) explained: “The current water tariff rates are already beyond the means of most of the population in Ghana. How will the population be able to absorb a so-called ‘market price’ in the context of privatisation?”

The British government is heavily involved in pushing through privatisation in Ghana. Christian Aid revealed last year that DFID made a donation of £10 million ($15.7 million) dependant on Ghana privatising its urban water supply.

So far the most horrendous experiences of water privatisation have occurred in South Africa. Although only a small number of areas detailed in the PSIRU report have moved to full privatisation, South Africa’s ANC government is committed to privatisation and has begun to implement full cost-recovery against widespread opposition from working people in the country.

The worst outbreak of cholera in South Africa’s history began in August 2000 as a result of this process. It started outside Empangeni in Kwazulu Natal and spread to Guateng in the Northern Province and the greater Johannesburg area. By February this year the death toll had risen to 260. ANC Water and Forestry Minister Ronnie Kasrils has admitted that the outbreak would not have happened if free water had been available. “The problem is that when we try to implement cost-recovery, many of the poor cannot pay,” he said.

Investigations showed that although residents of the Empangeni district did have access to government-provided water schemes, many of them were too poor to pay the R51 ($4.80) registration fee charged by the local water board. Although the district municipality had a reserve of R98 million at the time and was offering tax concessions to businesses to invest in the area, it demanded communities paid cost-recovery for water.

In the Johannesburg suburb of Alexandra four people protesting water privatisation were recently injured in clashes with the police according to *afrol.com*. The area has been identified as a cholera danger zone. Residents believed they were to be provided with clean water and sanitation but the newly privatised water company run by Suez has refused to install taps in the area, which depends on chemical toilets. Efforts to investigate what the company is contracted to provide have been blocked.

Other experiences of South African privatisation detailed in the PSIRU report include the British firm Biwater operating in Nelspruit, capital of Mpumalanga province, and the French-owned Saur in a public-private partnership operating in the Dolphin Coast resorts of Kwazulu-Natal.

Saur hit financial problems in 2001 with the result that water prices rose by 15 percent with more increases likely to follow. A local investigation has revealed that enlargement of the project “faces difficulties” because of the “higher charges it makes for water provision to the poor.”

Biwater’s project has also faced strong local opposition. An investigation indicated that “Biwater has not extended services and water infrastructure over the past three years—it still stands at only one tap for every 10 households” and “the [local protest] organisations say that residents were paying a flat rate of R70 a month before Biwater took over in 1999, but are now paying between R400 and R500. Where residents have stopped paying, their water supply has been cut off . . . Residents who are in arrears now risk being sued by the council, which has just hired a legal firm to track down defaulters.”

These examples graphically illustrate how water privatisation has hit communities in South Africa. The impact privatisation will have on the rest of sub-Saharan Africa, where poverty levels are generally far higher, can hardly be imagined. Yet, as the Johannesburg summit has shown, it has now become completely acceptable to Western governments and a growing number of NGOs to extract a profit from the provision of the most basic necessity of life to the poorest people in the world.