

AEFJN



Water a Right for All!

Privatisation of Water and Sanitation Services in Africa

Action Plan 2003

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*Truth will build peace if all acknowledge not only their rights but also their duties towards others;
Justice will build peace if people respect the rights of others and fulfil their duties towards them;
Love will build peace if people feel the needs of others as their own and share what they have with others.
Freedom will build peace if people act according to reason and assume responsibility for their own actions.*

John Paul II, World Day of Peace 2003

Summary

Water and sanitation, a right for all!

While the provision of clean drinking water is taken for granted in many places, it is a scarce resource for most people in Africa due either to inadequate water supply, contamination of its sources or lack of sanitation systems. Worldwide, the population in countries classified as areas of “water scarcity” will grow from 480 million in 2000 to nearly 3 billion in 2025.

The problem

As water resources become scarcer, competition for water between different types of use and user-groups increases. For the poorest people this situation is aggravated by unequal access and by their exclusion from participation in decision-making. Rival claims to water, both between and within countries, is the cause of a number of current and potential conflicts in Africa. In some countries, the state has not fulfilled its task of providing adequate water for everyone on satisfactory terms. This may be due not only to poor management, corruption and bad investment, but also to lack of public funding, the effects of ill-planned or hasty structural adjustment policies, over-indebtedness, dwindling development funds or flagging export revenue. Though the *General Agreement on Trade in Services* provides for Public Services that are not commercial to be excluded from the GATS regulations, water and sanitation services in Africa are being privatised and being run on a commercial basis.

Various solutions

For some years, a number of governments and development organisations, have mostly chosen to use private companies operating on a global scale, to solve water problems, either through so-called privatisation, public-private partnerships (PPP) or private sector participation (PSP). The alternative of a public sector water undertaking (PWU) has been generally ignored, although public-sector water undertakings are the providers of water and sanitation services for the great majority of the population of Africa.

Financial Institutions promoting the activity of private companies

The *World Bank*, the *International Monetary Fund*, the *Global Water Partnership* and bilateral development policies are supporting this approach, which demands that the state restricts itself to improving the framework conditions for the activities of private investors. Private companies are expected to provide funds for installing new plants or for upgrading old ones, together with the necessary technical and management expertise to ensure increased efficiency and long-term reliability.

GATS regulations

International creditors often demand that African countries restructure their economies so as to preserve the security of the investors. In the short term, this may mean that the poorer sections of the population make the biggest sacrifices. At international level, attempts are also being made to liberalise the services sector at the World Trade Organization (WTO), by removing obstacles to competition (GATS negotiations) and by integrating water management and distribution into global capital market structures.

Disadvantages of Water Privatisation –

1. A tendency to favour the rich at the expense of the poor

The privatisation of water management has a number of disadvantages. Marketing strategies turn water into a commodity more concerned with the profit of shareholders and the commercial interests of large companies, than with the requirements of local people and the preservation of natural resources. In practice, these companies are more interested in serving the needs of the wealthy in urban centres, in industry and intensive agriculture, where people can afford to pay commercial prices, than in supplying water to the poor of the community, who live in the slums and rural areas. Also, private enterprise has shown little interest in urgently required improvements to the wastewater systems in developing countries or in maintenance measures for older plants.

2. Uses Expensive technical solutions rather than cheaper local alternatives

The capitalisation of water management by private companies almost always favours expensive projects involving sophisticated technology. This increases the economic dependence of poorer countries and neglects those projects and forms of development that offer prospects for greater sustainability. These are mainly low-cost, decentralised, traditional, historically tried and tested solutions, such as rainwater harvesting. These technologies are more suitable to the needs and requirements of poorer sections of the populations in African countries. Concentrating capital and technology in private hands also weakens grassroots initiatives, i.e. the development of local economies, the formation of co-operative organisations, the establishment of sound knowledge based on experience, solidarity among consumers and democratic participation in decision-making processes.

3. Has long term damaging effects – on the community

Water companies maintain that they can provide solutions to the water crisis of the poor in developing countries but, so far, experience has proved that the claim is unfounded. Liberalisation and privatisation of water and sanitation services in Africa leads to a loss of community involvement and the legitimate, democratic control of the water supply. It favours an extended formation of monopolies through company take-overs and mergers, increasing dependence on foreign investors, who invariably attempt to pass on their business risk to others.

- on sustainable resources

Privatisation of water services also promotes a one-sided range of strategic options for water procurement and treatment based on economic criteria and interests. It endangers local water cycles by diverting excessive quantities of water to long-distance water supply, disregards specialist expertise and traditional knowledge and undermines local interest in the protection and preservation of natural resources and sustainable resource management.

AEFJN Position:

– Water is essential for life and is a basic right

As a Christian faith-based organisation, AEFJN believes that water is a common good and that access to water is a basic right of every person and community. It is essential in sustaining life, and for social progress and economic development in Africa. Solutions to the problem of access to water must therefore take into account, first and foremost, the well being of people.

- The state has a duty to provide water and sanitation services

It is a duty of state, regional and local authorities to provide reliable access to clean drinking water and adequate sanitation. AEFJN believes that in African countries, Public Services providing for essential needs of the people are an essential component of the society model. Hence, these services must remain under public sector management. In African countries, abandoning water and sanitation services *solely* to market forces, will not guarantee their availability for the poor.

- AEFJN advocacy position

Water management embraces access to water for industrial, agricultural and household use. Services for water for household use and basic sanitation cannot be considered equally as the use of water for industrial or agricultural activity. Therefore *services guaranteeing the access to water for household use and basic sanitation must be exempted from the regulations of the World Trade Organization's General Agreement on Trade and Service (GATS)*. In order to ensure that the African governments have the freedom to negotiate the most suitable solutions to provide access to water for household use and basic sanitation provisions for all their people, AEFJN asks:

1. That the European Commission insists at the World Trade Organization that the access to water for household use and basic sanitation services be excluded from the *General Agreement on Trade in Services*.

2. That the European Commission and national governments insist at the International Financial Institutions, that the privatisation of services that guarantee access to water for household use and basic sanitation can not be a condition for loans and grants to African countries.

3. That governments and companies that engage in Public-Private-Partnerships, include in their contracts clear pro-poor policies that guarantee the right for all to access water for household use and basic sanitation.

1. The strategic importance of water

- Today our planet supports 6.5 billion people but it is expected there will be 10 billion in 2050. The United Nations estimates that by then half of the world population will experience water scarcity. The worst hit populations will be those of the 49 Least Developed Countries (some 2 billion people), who will not have the needed 50 litres per person per day for their basic needs. Increasingly, water will be the dominant issue that determines survival and food security for the populations of many countries.
- Over 60% of the area of the earth's landmass is considered to be short of water. Irrigation for agriculture and water required for industry consumes 70% of all fresh water. Domestic use accounts for 20% of the water available and 10% is needed for health and recreational purposes. Developed nations consume up to 400 litres of water per person per day, in many African countries the daily water consumption hardly averages 20 litres!
- Only 1% of the world's fresh water reserves are presently available for public use. Hence, the strategic importance of fresh water reserves to sustain demographic, agricultural, industrial and social growth and development.
- Conflicts over water are not unknown in Africa! As recent as September 1998, fierce fighting broke out between UNITA and Angolan government forces for the control of the Gové Dam installations. The same year, in an attempt to topple president Kabila, the Inga Dam in Congo was attacked to disrupt electricity and water supply to Kinshasa. In 1999 and 2000 armed forces of Namibia, Botswana and Zambia were involved in a dispute over border and access to water on Sedudu/Kasikili Island in the Zambezi/Chobe rivers. The Kassala Dam and irrigation project in Eastern Sudan at the border with Eritrea has often been the target of Sudanese rebel forces.
- Eight Sub-Saharan *Intergovernmental River Basin Organisations* oversee the management of river and lakes resources and help to prevent or defuse tensions that arise between countries that share rivers such as the Nile, the Volta, the Niger, the Senegal, the Zambezi or the Kagera, as well as the reserves of the Great Lakes or Lake Chad.

2. Water and sanitation services – commercial opportunities

Water is an increasingly scarce product

More than 97.5% of the world's water lies in oceans, which are too salty to drink. Of the 2.5% fresh water available, only 0.5% is accessible. In other words, more than 2% of the fresh water supply of the planet is simple inaccessible – frozen in the poles, buried deep underground, hidden in remote rivers or rendered unfit for consumption due to pollution caused by human activity.

An ever-growing universal market for water

During the last 50 years, the human population has risen from 2 billion to 6 billion and, as already stated, by 2050 the world population is estimated to reach 10 billion. Global consumption of water is doubling every 20 years. This growing demand for water essential to mere survival is compounded by the requirements of industry, agriculture and livestock maintenance. There can be no respite in the demand for water but only a relentless increase. Unlike the markets for other products, which are regulated by various consumer tastes and choices, water is an essential requirement for survival in every part of the world.

An elite clientele

Water is also becoming globally scarce. The fact that the richest fifth of the world's population consume 86% of all goods and services, while the poorest fifth consumes just over 1%, is reflected in water consumption. Elite markets can afford to pay for efficiently delivered, quality water. They encourage corporations to divert water to their own areas from less profitable markets: from slums to urban residential areas, from small villages to industrial farms, from rural farms to tourist

infrastructures, even from poor countries to rich countries (In 2000, 84 billion litres of water were bottled and sold for \$22 billion; 25% of bottled water was traded and consumed outside its country of origin).

An upward price tendency ensures sustained profits

Water is subject to the law of supply and demand. As demand increases and supply weakens the price of water, as a commodity, spirals. Water supply is either freely available or obtainable at minimal cost. Profits from the commercialised sale of water, and sanitation as a by-product, are phenomenal, both in terms of revenue-cost percentages as well as in terms of a sustained assured market.

Food and water are basic rights, but we pay for food. Why should we not pay for water?

Ismail Serageldin

At the 2nd World Water Forum, 2000, The Hague

Water has an economic value in all its competing uses and should be recognized as an economic good..

The Dublin Declaration, 1992

3. A human need can be supplied in many ways. No one can sell a human right

Is water a “Human Right” or a “Human Need”? This has been the core of the discussion over the last two decades, with the lobby of water companies arguing that water is a need, while those in favour of a social society model defending the right of all to have access to water. The pendulum swung from right to need, today many voice rise to claim again the right to water.

- **Water is a right: The UN Decade for Drinking Water and Sanitation (1981-1990)**
The *UN Water Conference* held in Mar del Plata in March 1977, launched the **UN Decade for Drinking Water and Sanitation** for the 1980s. This decade aimed to ensure all people in the world had access to adequate water and sanitation supplies by 1990. In the evaluation meeting of the decade of action in New Delhi, progress was acknowledged, even though billions of people remained without access to good water and sanitation services. Excessively supply-led and inefficient government-led programmes were singled out as the major weak points in the decade programmes. Immediately, international organisations emphasised the need for approaches that responded to demands, implying a willingness to pay for delivery on the part of the consumer and a shift to greater private sector and civil society involvement. An example of this was Chapter 18 of the Agenda 21 at the Rio Earth Summit of 1990 that states the necessity to view water as an economic good and to consider water supply development as an economic intervention. Ever since then there has been a specific emphasis on the financing issue: how viable and sustainable financing mechanisms for water and sanitation services can be achieved.
- **Water is a need: The World Water Council and its World Water Forum**
In 1994, the *World Bank* lent its support to the creation of the *World Water Council* to consider the water crisis worldwide. It was supported by the governments of Canada, France, Japan and The Netherlands and UN institutions such as the FAO, WHO, UNESCO and the UNDP, while major water multinationals generously sponsored the initiative.
In 1997, the World Water Council organised its first three yearly *World Water Forum* at Marrakech. Its mission was to formulate a long-term “world water vision” that would be the framework for a worldwide water policy, something the *World Bank* advocated since the end of the *UN Water Decade* in the 1980s. To legitimise and give political clout to the *World*

Water Forum, each meeting is crowned by a ministerial conference. At the second *World Water Forum*, in March 2000 in Den Hague, the ministers gathered agreed to the principle that water is **a need** and **not a universal right!**

- **Water as a good: The World Trade Organisation and the European Union**
Empowered by the *World Water Forum*'s decision of March 2000 to define water as a “**need**”, on the 23rd October 2000 the European Commission issued its *Directive 2000/6/EC* which says that, though water is an essential commodity, it is to be considered as a commercial **good**, arguing that commercialisation of water according to the regulations of the free market economy will assure a fair balance between the provision and demand of the scarce and expensive commodity, which water has become. Water is also to be included in the *General Agreement on Trade in Services (GATS)* at the WTO negotiations in Geneva. Signatory governments who privatise municipal water services will be obliged to permit competitive bids from trans-national water-service corporations, thus opening the door to the commercial export of water
- **Water a social and cultural good, access to it is a human right: The UN Commission for Economic, Social and Cultural Rights:**
In the running up of the *UN International Year of fresh water* (2003), the 145 country delegations at the UN Commission for Economic, Social and Cultural Rights in Geneva in November 2002 decided that “*water is a **common good** essential for life and health. **The right to water gives every person the right to sufficient, affordable and safe water for personal and domestic use.**” The final document however does not make any judgement concerning privatisation of water services!*
- **Water is business: The Global Water Partnership and its framework for action.**
While the discussion on water being **a need or a right** is ongoing, the pro-privatisation groups have been pushing ahead, preparing a series of policy proposals for the management of water resources and distribution.

The *Global Water Partnership* was created in 1996. Its task is to facilitate the implementation of the *World Water Vision* and to present a coherent framework for action and implementation, which resembles very much indeed the *World Bank's* plans and ideas on integrated water resources management.

In March 2002, the *Global Water Partnership* presented its guide for management of water resources at local and global level, called “*Tool box. An Integrated Resources Management, Policy Guidance and Operation Tool*”. This paper calls for full liberalisation and deregulation of the water sector, transparency in government procurement of water contracts, trade facilitation for private sector and privatisation or at least private-public-partnerships in the sector. Other recommendations include: the removal of all price and trade distorting subsidies, a dispute settlement organism for water issues, the promotion of “less thirsty” agricultural biotechnologies, the protection of property rights over water resources and measures for a stable and predictable investment climate.

The September 2002 *World Summit on Sustainable Development* (of which *VIVENDI* was one of the generous sponsors!) has been called the “triumph of privatisation”. At this summit the UN Commission for Sustainable Development presented a “*World Water Development Report*”, proposing to reduce by half the people who do not have access to water and sanitation thanks to increased access for private management to water resources.

Both the *Global Water Partnership's* “*Toolbox*” and the “*World Water Report*” will be presented for formal approval during the third *World Water Forum*, which will be held at Kyoto in March 2003.

4. MODELS of WATER MANAGEMENT

People have managed water supplies for centuries. According to Professor Riccardo Petrella, there have been four stages in water management. The first way of controlling water was pioneered by ancient civilisations (Chinese, Romans, Arabs, Andeans,) that harnessed water resources for irrigation and human consumption. In the second stage water was transformed into a source of power through hydro-electric technologies (mills and turbines). The third stage was related to the introduction of hygiene and health policies. The most recent water development has been commercialisation, characterised by its speed and global impact. The general trend in water management today is clearly away from the public management of water supplies towards private models, with a range of Public Private Partnerships in between.

4.1 Various Models of Water Management

- **Local Water Cooperatives:** In many African communities this model of water management has been successful for many years. It grew out of the tradition that every local community safeguards the local wells, springs, rivers, dams and boreholes for the benefit of the whole community. Today local users may join in a cooperative to provide public management of their water supply in the neighbourhood or the village. Such cooperatives are built upon the long acquired experience of the local situation or to remedy government neglect of new settlements and neighbourhoods. The cooperative model embodies strong decentralization, where customers have decision-making powers through the choice of different water authorities.
- **National or municipal water agencies:** In many African countries water services are provided by national, municipal, district or departmental government agencies. Most often these agencies date back to colonial times. Public managers make decisions, and public funds are used to finance construction, operation and maintenance of facilities. Funds may be provided from general government revenues, in competition with other government investments or a water agency may be self-supporting through the collection of water charges. Governments (local or national) are responsible for oversight, setting standards and facilitating public communication and participation. In many African towns, the infrastructures of such water supply systems are antiquated, under-funded and sometimes poorly managed.
- **Public Water Corporations and Corporate Utilities (British model):** In this model, ownership of water systems can be split among private and public shareholders in a corporate utility. Majority ownership, however, is usually maintained within the public sector, while private ownership is often legally restricted, for example, to 20% or less of the total shares. Such organizations have a corporate structure, a Managing Director to guide operations and a Board of Directors with overall responsibility.

A main benefit of the system is that it combines two potentially conflicting goals of water supply. Private owners seek to recover costs and maximize profits, public owners may also seek to recover costs, but they are more likely to embrace concerns about affordability, water quality, equal access and expansion of their services. Another benefit is the stronger potential for public participation and protection of consumer rights.

- **Mixed Management: Leasing Contracts (French model):** A public water utility may give private entities responsibility for operation and maintenance activities, general services or control over management of leased facilities. Ownership continues to reside in public hands. Such models do not usually address financing issues associated with new facilities, or create better access to private capital markets. They do however bring in managerial and operations expertise that may not be available on local level.

Leasing contracts may include revenue collection responsibilities as well as distribution and maintenance of facilities. Such contracts may last for 10 or 15 years, and arrangements are sometimes made for the private company to share in the increases in revenue generated from better management. Service contracts range from smaller, short-term arrangements (such as meter installation or pipeline construction) to longer-term comprehensive arrangements (such as water and sewerage networks maintenance, pumping station management, collection of fees).

- **Concession Models (Chilean model):** The *full concession model* transfers operation and management responsibility for the entire water-supply system along with most of the risk and financing responsibility to the private sector. Specifications for risk allocation and investment requirements are set by contract. In order to recuperate heavy initial investment, concessions are usually long-term (20-50 years). Technical and managerial expertise may be transferred to local municipalities and communities, as local employees gain experience.
- **Private Businesses and Small-scale Entrepreneurs**
In many African countries, private providers (water-tanker owners, roadside water sellers) coexist with public water systems, operating in poor urban and sub-urban areas, but they also serve higher income groups or businesses when water is scarce or only available at intervals. Private businesses and small-scale operators often work free of regulation, resulting in high prices and low water quality.

4.2 Public-Private-Partnership (PPP) – the poor lose out

Since the 1970s *multinationals*, interested in the water market, have capitalized on the looming “water crisis” and lobbied steadily to get the privatisation of water and sanitation accepted as the only solution for the management of this increasingly scarce resource. Already in the 1980s the *World Bank* had been promoting greater involvement of the private sector in water management on a global scale. During 1990s, the *Washington Consensus* (a model of economics rooted in the belief that a liberal market policy constitutes the one and only economic choice for the whole world) gained momentum. As a result, public water and sanitation management all but disappeared from the scene. Today, UN bodies, major bilateral agencies (EU, OECD), multilateral banks (IMF, African Development Bank) and many civil society organisations share the creed that *mixed management* models (so called **Private-Public-Partnerships**) or even privatised management, is the solution for the water crisis.

Experience shows that public and state-owned water supply companies, especially in developing countries, are often inefficient, over-staffed and lack resources to expand piped networks to provide water for all. The other extreme is an efficient, demand driven, customer-oriented approach private water company. In both models the poor loose out, hence, the concern about *Public-Private-Partnerships (PPP)*.

There are a variety of Public-Private-Partnership contracts in use in Africa, ranging from partial to full concession. There are: the *Build-Operate-Transfer (BOT)* model, the *Build-Operate-Train-Transfer (BOTT)* model, the *Build-Own-Operate-Transfer (BOOT)* model, the *Rehabilitate-Operate-Transfer (ROT)* model and the *Build-Operate-Own (BOO)* model. In all cases, both governments and companies find that responsibilities and risks must be defined in great detail in the concession contracts, if the effectiveness of PPPs is to be improved.

Figures show that over the period 1990-1999, **PPPs** in middle and low-income countries have not improved the delivery of water services to the poor. Extension of the networks to poor communities was hampered by considerations of cost-effectiveness as well as pressures from property developers and political criteria based on vote-winning tactics that conflict with the needs of poor communities. Difficulties also arose over the financing of secondary pipelines, household connections and meter installations. But most problematic of all, there was no assurance that householders could afford the water charges due to the lack of job security or regular income.

Some PPP in Africa

In **Mozambique**, SAUR International entered in partnership with “Aguas de Mocambique” for the management of cost collection and distribution of water in 5 towns: Maputo, Beira, Quelimane, Nampula and Pemba. The contract made no difference between residents who were able to pay the fees and those who could afford them.

Prepaid water meters were installed in the rural community of Madlebe, **Kwa Zulu Natal (RSA)**, one of the recommendations of the World Bank to assure full cost recovery. Having basic needs means having an income of \$120 US per month. An elderly pensioner receives only about \$70US a month.

In **Ghana**, a *National Coalition Against Privatisation of Water* brings together a great variety of community groups to oppose the privatisation of the water services as proposed by the government and the World Bank. The coalition received the backing of the Trade Union Council and studies possible alternative models of water management.

In **Tanzania**, the government has raised a credit to fund the \$145 million upgrade of the Dar-es-Salaam Water and Sewerage Authority, needed to privatise the Authority. The *African Development bank*, the *European Investment Bank* and the *Agence Française de Développement* have provided the loans. After the upgrade the company will be leased or given a concession for 10 years. The winning bidder will only contribute \$6.5 million towards “the cost of meters and standpipes”.

In **South Africa**, Nelspruit, water rates increased between 1995 and 2000 with about 400%, resulting in a cholera epidemic when people were forced to drink water from the river.

Côte d’Ivoire, Madagascar, Niger, Senegal, Morocco and Tunisia have all fully privatised their water distribution systems. However, there is no real proof that water supply and access have significantly improved since their privatisation programmes.

5. THE ACTORS ON THE WORLD WATER SCENE

Water has become big business. The major actors on the world water scene are the Trans-National Companies active in the water and sanitation sectors who see a chance for huge profits, the International Financial Institutions (World Bank and International Monetary Fund) who can finance certain projects and put pressure on African governments and the World Trade Organisation with its *General Agreement on Trade in Services* that aims at liberalising further the different service sectors, among which public services that are operated as commercial ventures.

5.1 Major Transnational Companies in the water and sanitation sectors

With such attractive prospects it is no wonder that water has quickly become big business! Several corporate giants have set aggressive expansionary targets for the near future (e.g. by 2010 water corporations expect to own or manage up to 20% of Asia’s water market, up from just 1% in 1997!). The fact that the major companies interested in the sector are rather few, they have been able to come to some agreement to share out the market and sectors of the industry among themselves, forming a most powerful lobby to defend and enhance their common goals.

- **VIVENDI:** a French corporation, holding a 36% stake in the world water market, is the biggest conglomerate. It is active in 100 countries, including Burkina Faso, Gabon, Niger, Chad and Kenya. In addition to water, *VIVENDI* also operates in other service industries, e.g. electricity, since its merger with the Italian *ENEL* electricity provider. *VIVENDI* is a member of two major lobbies to liberalize the trade in services (*US Coalition of Service Industries* and the *European Services Forum*).

- **SUEZ-LYONNAISE des EAUX:** a French company that holds 22% of the world water market is combined with the second US operator *U-WATER* and the British *NORTHUMBRIAN*. *SUEZ* specialises in local and municipal water distribution systems. It operates especially in South Africa, Guinea-Bissau and Cameroon. *SUEZ* is a member of the *European Services Forum*. It generously sponsored the Johannesburg 2002 *World Summit on Sustainable Development* and managed to secure several contracts funded by World Bank loans in developing countries.
- **RWE:** an American company linked with *Thames Water UK*, serves some 23 million homes with water and holds some 18% of the world water market.
- **SAUR:** a French concern that holds 16.5 % of the world water market, is very well represented on markets in developing countries. In Africa it is present in Côte d’Ivoire, Guinea, Mali, Senegal, South Africa and Mozambique.
- **BETCHEL CORPORATION:** an American company that is responsible for 19.000 water projects in over 140 countries. It is best known for its action at Congress in Washington where it secured additional debt cancellation for African countries in 2000.

Some recent water contracts awarded in Africa

- **In 2002 ONDEO-SUEZ**, was to build and operate water production and pumping stations installations in **Senegal** and **Burkina Faso**.
- **In 2001: VIVENDI-Water** was awarded a €150 million renewable lease contract to provide water services for the entire country of **NIGER**; two 25-year concessions to operate water supply and sanitation in Tangiers and Tetouan (**Morocco**), estimated worth: \$350 million; and a 5-year support and service contract in **Burkina Faso**, comprising customer services and finance activities in preparation for the opening of the Ziga Dam in Ouagadougou. *ONDEO – Suez* obtained a 5-year water management contract in **Johannesburg (RSA)** involving management of water and wastewater services, billing and customer services.
- **In 2000: VIVENDI-Water** was awarded a \$25 million contract with Nairobi (**Kenya**) to cover all aspects of water management including reservoirs and distribution systems. *SUEZ* got a 51% stake in the **Cameroon** national water authority and gained concessions for a 20-year period

5.2 The International Monetary Fund and the World Bank

In many African countries the public water utility is in desperate need of restructuring, rehabilitation and expansion, as water and sanitation services fail to meet the needs of the growing populations. Since the 1980s, the World Bank and the IMF have argued that only the private sector is in a position to resolve this crisis.

Rather than increasing grant aid with clear performance objectives focusing on the restructuring, rehabilitation and expansion of water and sanitation services, the World Bank and IMF require that governments privatise their water utility as one of the conditions for new loans, thus using their position as “public institutions” to push countries to privatise public water services. Two of the most frequently used loan conditions are “Full Cost Recovery” and/or “Automatic Tariff Adjustment” in the water distribution sector.

- **Full Cost Recovery**

Many World Bank structural adjustment loans and water sector restructuring loans now require governments to replace public subsidy for water services with a policy promoting “full cost

recovery” or “economic pricing”. This means that water consumers must pay the full price for operation and maintenance of the water utility. Increasing the price of water in developing countries, where the majority of the population makes less than \$2 per day, reduces access to clean water.

In 2000, a review of IMF loans revealed that water sector policy conditions, which included increased cost recovery and water privatisation, had been imposed on 12 out of 40 countries. Increased cost recovery often precedes privatisation because an “improved tariff” structure will make the public water utility more lucrative on the international market.

- **Automatic Tariff Adjustment**

IMF loans also promote “automatic tariff adjustment”. This ensures that the consumer water rates reflect the shifts in the international exchange rate of the domestic currency. This is a common requirement of multinational corporations who want to be shielded from the effects of shifts in soft currency exchange rates when they operate in developing countries.

In 2000, a review of the IMF loan policies for (among others!) **Angola, Benin, Guinea Bissau, Niger, Rwanda, Soa Tome and Senegal** reveals that conditions for new loans included imposing privatisation of water facilities and water tariff adjustments that will be periodically reviewed to provide full cost recovery and assure a reasonable return on capital.

In 1991 the **Zambian** government started implementing the IMF’s Structural Adjustment Programmes. A policy of “full cost recovery” in the municipal water services was implemented. Results have been disappointing: in 2001 56% of the people in Lusaka still had no access to water. Negotiations are ongoing to rent or give the water services in concession to SUEZ and VIVENDI corporations.

Prepaid water meters were installed in the rural community of Madlebe, **Kwa Zulu Natal (RSA)**, one of the recommendations of the World Bank to assure “full cost recovery”. Having basic needs means having an income of \$120 US per month. An elderly pensioner receives only about \$70US a month.

In May 2001, after the IMF and World Bank policies led to an increase in water fees, three buckets of water cost a family in **Ghana** almost 20% of the daily minimum wage.

In May 2000, the IMF and the World Bank made privatisation of **Cameroon’s** Water a condition of debt relief. The French corporation *SUEZ* took over a 51% stake in Cameroon’s “Société Nationale des Eaux” and gained a concession to operate the Cameroon water supply for 20-years

5.3 The World Trade Organisation (WTO) *General Agreement on Trade in Services (GATS)*

*One of the effects of globalisation is the rapid and often unnecessary pressure for the privatisation and corporate takeover of public services – including education, healthcare, water management and municipal services – in countries all over the world. Large trans-national corporations in the service industries are working with national governments and international bodies, to establish a set of powerful trade rules that will prise open the services market internationally. This is the subject of the negotiations presently ongoing at the headquarters of the **World Trade Organization** in Geneva, where national governments are negotiating a new trade and investment treaty: the **General Agreement on Trade in Services (GATS)**.*

What is the General Agreement on Trade in Services?

- The *General Agreement on Trade in Services (GATS)* is an international trade agreement within the *World Trade Organization (WTO)* system that establishes the multilateral trade rules governing cross-border trade in services. It was negotiated during the 1986-1994 *Uruguay Round of trade negotiations*.
- “Services” are defined as “including any service in any sector, except services supplied in the exercise of governmental authority”(Art.1:3b) “that are supplied neither on a commercial basis, nor in competition with one or more service suppliers”(Art.1:3c). They could include among others: health and hospital services, education services, social services, postal services, transportation services, port facilities, broadcasting services, environmental services and also, water and sanitation services.
- On 30 June 2002, WTO members were invited to make requests to other members on a bilateral basis. Members are expected to respond to these requests by submitting their initial offers by **March 31 2003**. More detailed negotiations will then proceed till September 2003, after which further negotiations will draft a binding agreement on progressive liberalization of trade in services **by 31st December 2003**.
- By January 1st 2005, all WTO members (144 countries of which 40 are African) will have to comply with provisions of the revised GATS. Failure to do so may render them open to binding and economically enforceable dispute settlement proceedings in the WTO.

Exception for Public Services?

WTO dismisses claims that GATS will lead to the privatisation of governments services such as health, education or water and sanitation, referring to the fact that GATS does not apply to *services supplied in the exercise of government authority* and that *governments’ right to regulation and policy*. However, nowhere is GATS on shakier ground! The terms *commercial*, *competitive* or *governmental authority* are left undefined and subject to conflicting interpretations and thus of little or no practical effect.

- According to **GATS**, a service is “supplied in the exercise of governmental authority” *only* when it is “supplied neither on a commercial basis, nor in competition with one or more service suppliers.”
In African countries, the service-sector (up to 60% the economy) is mostly made up of public authorities (health, education, transport, water, sanitation). Both the *International Monetary Fund* and the *World Bank* actively promote the provision of services at commercial or “full cost recovering” rates and “Public-Private-Partnerships”, even making them a condition for granting debt relief or new loans. Hence, these institutions are undermining the GATS exception and laying the foundation for subjecting the service sectors to liberalization and privatisation.
- **GATS** recognizes the “right of a government to regulate in the public interest, subject to the rule that services regulations are administered in a reasonable, objective and impartial manner and do not constitute unnecessary barriers to trade”. Again, none of these terms are specified, and therefore can be interpreted and disputed. It leaves open the possibility that any domestic regulation could be subjected to a complaint at the *WTO Dispute Settlement Mechanism* where a dispute panel appointed by the WTO would judge the case. Past experience of the difficulties

involved for developing countries that have pursued cases at this institution, indicates that it is most unlikely that GATS will protect government services.

GATS and Water Services

- Even though GATS claims that Public Services are not endangered by its regulations, if they are offered on a non-commercial basis, water supply and sanitation services in Africa, among other reasons under pressure by the IMF and the World Bank, become rapidly a privatised sector with large multinational companies involved in collecting, extracting and distributing bulk and retail water.
- Market access commitments, that prohibit quantitative restrictions, could limit the right to governments to restrict the quantities of water collected from lakes, rivers and groundwater sources by private service operators.
- The lack of clarity surrounding the GATS rules on public provision of services means that local governments may be required to open their water collection and distribution systems to private firms.
- The loss of the power of national or local authorities to regulate water access may lead to the end of all subsidies for water, and to a dramatic rise in water rates, thus denying the poorest sections of societies their right to water and sanitation.

Arrested for stealing water

David Shezi stole water for his eight children after he could no longer take the humiliation of seeing them begging for water from neighbours.

While he sat in a cell at a police station on KwaZulu-Natal's South Coast, the *Dangaye Water Authority*, who buys water in bulk from *Umgeni Water* and went to the police about the theft, continued to sell water to people selling 25 litres for one Rand for people who have no pipe. They also charge 500 Rand for installing a tap at the house. Samson Nqayi, chairman of the *Dangaye Water Authority* said: "I know the people are entitled to free water, but I will not give them free water until *Umgeni Water* gives it to them free!" Shezi, sells fruit and vegetables to motorists, earning only 100Rand a month. 5 years ago he had saved the 500 Rand for the pipe in his house. But then school fees, transport and food costs drove him into debt. When his water was cut off three months ago, he became dejected. He used a pipe to bypass his water meter. Then he was arrested for stealing water!

Shezi is among one million poor in KwaZulu Natal who are forced into drastic measures to get water. These people are losers in a water war between the national Department of Water Affairs and the municipalities of Durban.

5.4 THE EUROPEAN UNION

Supporting the GATS and privatisation of Services

In a statement before the European Parliament on the 14th of May 2002, the Commissioner for trade, Pascal Lamy, outlined quite clearly the EU position regarding the liberalization of trade in services:

- **EU and GATS:** For the European Union, GATS is particularly relevant to development, as it provides a key opportunity for all countries to attract stable long term investment and to improve the related infrastructure (transport, telecommunications, financial services, etc), fostering their long-term growth and the competitiveness of their economies as a whole. It is, in their view, the most flexible agreement within the WTO, as GATS takes due account of the diversity of the participating countries' economic and social situations. It provides for each country to draw up a list of activities for which it is ready to provide market access and offer foreign operators the same treatment as national companies. The liberalisation of services in developing countries should also help them acquire vital infrastructure and know-how in services. Because GATS is concerned only with *trade* in services, the EU position is that a country can exclude from its commitments public services not provided on a commercial or competitive basis and does not consider universal and free education, cultural diversity and health for children as commodities. Governments are free to lay down quality, public service or price obligations for all the undertakings concerned.
- **EU and Water:** The European Commission, in its Directive 2000/6/EC of October 2000 on water policies in the Union, embraced the notion that though water is an essential commodity, it is also a “need” and can therefore be considered as a service to be traded. According to the EU, water services can be privatised, mainly because the capital investment needed to provide access to water for the billion and a half people who have currently no access to water is in the range of \$120 billion. Public funding, according to the EU, is not going to be able to provide such capital and therefore the EU believes that the GATS negotiations could, if pointed in the right direction, make a useful contribution to the international effort under way to achieve the UN's Millennium targets for water. On these premises, the EU has indeed made requests to third world countries concerning water distribution, believing that **Private-Public-Partnerships** will provide the needed capital and expertise to alleviate the plight of those who have no access to water and sanitation.
- **EU and IMF-World Bank loan conditions:**
The EU looks favourably upon privatisation as a means to reduce state expenditure. The Commission considers the WTO negotiations to be unrelated to the conditions for privatisation demanded by the IMF or the World Bank from certain African countries. The EU has stated that countries which have accepted IMF and/or World Bank conditions for privatisation of public services (also water services) in order to qualify for debt cancellation or new loans, can draw on such credit in WTO negotiations. In other words, at best, the EU is not against the International Financial Institutions' drive to privatise public water services in developing countries.
- **EU Member states and EU political parties**
A brief look at the national positions on the water issue reveals that all 15 member states of the European Union support the Commission's stand on privatisation of water services, both within the European Union and at the GATS negotiations.

Though some EU member states have a strong history of public management of their own water resources and distribution systems, there is a clear tendency to favour the Public-Private-Partnership. Governments refer to the need to improve the management of water resources and the environment, to avoid conflict over water resources, to improve allocations of water between different uses, to deliver sustainable water services and sanitation to meet poor people's needs and to improve coordination between the international players. As for the developing countries, they share the opinion that investment for improving the water access in poor countries is so costly that private enterprise is the only way out.

European Political Parties

At the European Parliament, the **SOCIALIST**, the **GREENS** and the **European United Left** parties have a clear strategy against the further liberalisation of services. In the December 2002 debate in the European Parliament, MEPs came clearly out in favour of the general service interest, insisting on the need for a debate on the impact of liberalisation on the quality of such services.

6. THE CHURCH'S PERSPECTIVE

Water, a common good

*I am the Alpha and the Omega, the beginning and the end.
To the thirsty I will give water without price from the fountain of the water of life.
Revelation 21,6*

In African traditional cosmologies, as well as in Christian and Islam cosmologies, water has a divine connotation and is presented as *life-giving*: the female element from which all living creature come; *healing*: water that prolongs life, cleanses and heals; and *punishing*: water that can threaten and even destroy life. Many rituals, such as baptism, libations or ablutions, use of water as a symbol to express holistic and divine purification, healing, reconciliation or communion.

Guidance of the Biblical Tradition: A struggle to balance private and public property.

- **The Old Testament tradition:**

Amos, Hosea, Isaiah, Micah, Zephaniah, Jeremiah, Habakkuk and Ezekiel all called for law and justice, which had been lost through the introduction of property laws in Hebrew society (Isa.5,8). For them repealing justice and the right of the poor meant rejecting the God of Israel Himself. Knowing God is identical with creating justice for the poor (Jer.22,6). Economic justice in the OT is an “economy of enough”, in opposition to the economy of unlimited property accumulation through money mechanisms. This is expressed in the story of the manna (Ex.16) where the bread given by God from heaven in the desert is enough for every person for each day.

- **The Gospel tradition:**

While the disciples wanted to go to the market to buy food for the 5000, Jesus empowered the people to feed each other by sharing what they had (Mark 6,35ff): Life of just relationships and sharing resources assures that all that is needed for life will be given to those who seek the kingdom of God and its righteousness, because there is enough for everybody (John 10,10). Like Micah and Isaiah, Jesus denounces that the accumulation of property is a structural cause of impoverishment of the poor and that over-accumulation of property is a barrier for those wanting to follow Him (Mark 10,17-22).

- **The Early Christian Communities:**

The early communities lived this alternative of sharing and just relationships (Acts 4,32-35). Jesus came alive among them not by their use of property, but through the community living together in such a way that there was no hardship among them.

Guidance of the Social Teaching of the Church:

We must ask ourselves if the proposed solutions for access to water resources are compatible with the notion of Christian economic justice. The six fundamental principles of social teaching of the Church can guide us in evaluating solutions proposed by our governments and international institutions:

- **The common good:** All must contribute to the advancement of humanity and respect the right of all to participate in the welfare this advancement produces. The common goods of our world should be shared fairly by all mankind under the guidance of justice tempered by charity. Management policies for water resources and access to water must therefore guarantee access to water for all.

- **Solidarity:** Concern for the needs of all must guide the orientation, organisation and implementation of economic policies. A water policy that favours only those who can afford to pay would therefore not deserve our support.
- **The preferential option for the poor:** The poor and marginalized sections of our societies have a privileged place in our reflection, so that every economic activity must care for these groups. A just water policy must therefore build in provisions that assure the poor are not left out.
- **Subsidiary:** Whatever can be done on a local level should be done at that level. What needs assistance and aid from higher levels of authority should be provided by the State in an efficient, transparent and responsible manner. Therefore, water policies should encourage local involvement with support from the public government on regional, national and international levels.
- **The ultimate common aim of all goods:** Private ownership is conditioned by the fact that the use of the property must be beneficial for society as a whole. Companies owning water resources should not export it to the detriment of the community living in the area where it originates.
- **The integrity of creation:** Any economic activity must respect the environment and the wise use of our natural resources. Hence any water management policy that adversely affects our environment would not carry our support.

Economic Justice is:

*Men and women, subjects not objects of economic activity,
who collaborate in structures of production consumption and management,
aware that they are part of the community of creation, in view of
an integral human and a sustainable development of the whole society.*

The Jesuit Centre for Theological Reflection, Lusaka, Zambia

Pope John Paul II on the water crisis

In a letter of Pope John Paul to the UN Food and Agriculture Organization, dated 7 October 2002, at the occasion of the *World Food Day*, the Holy Father stated clearly the Church's position regarding the water crisis:

- **On the right for all to access to water:**

“Adequate levels of development in every geographical area will be legitimately and respectfully guaranteed only if access to water is considered a right of individuals and peoples”.

- **On water being a common good:**

“International policy must give fresh attention ... so that water resources do not become the patrimony of only a few, since they are the common good of the whole of humanity.”

- **On commercialisation and pricing of water:**

“It is necessary for the international community and its agencies to intervene more effectively and visibly...in protecting water supplies from contamination and improper use, and from that exploitation which aims only at profit and privilege. The primary objective of the international community must be the well-being of those people – men, women, children, families, communities – who live in the poorest parts of the world and therefore suffer most from any scarcity or misuse of water resources.”

7. Civil Society Water, a Human Right for All!

Worldwide civil society groups have are advocating to keep Public Services (especially water, sanitation, education and health services) out of the GATS negotiations. Their common interest is how the GATS agreement may put into danger public services in developing countries, others focus on different aspects of the water issue: human rights, corporate responsibility, influence of international financial institutions, development, health, poverty eradication, etc. All agree that water for domestic use is a human right for all and should be kept from being merchandised !

AEFJN will seek to contact international networks that work on different aspects of the water issue, to form to join the common platform. National groups are invited to contact the groups of civil society working on the water issue to present the AEFJN position and actions.

International networks concerned with water privatisation

Africa Focus:

- **Third World Network – Africa** (<http://www.twnafrica.org>) Based in Accra, Ghana, TWN Africa is engaged in research and advocacy on economic, environmental and gender issues related to *globalisation in Africa*.
- **African Medical and Research Foundation (AMREF)** (<http://www.amref.org>) is an NGO with contacts in Kenya, Uganda, Tanzania, South Africa, Ethiopia, Sudan, Somalia and Rwanda focussing on *health issues*, with an interest in water and health.
- **Southern Links Global Action Network** (<http://www.southernlinks.org>) An organisation with partners in Africa, Latin America and Europe working on issues of economic injustice affecting the world's poorest people. Southern Links runs the “*Water for life*” campaign and focuses on the role of the relation between the water services’ privatisation issue and the *international financial institutions*.

European Union focus:

- **SOS-WTO-EU** Is a broad European coalition of NGOs that focuses on WTO policies and the role of the European Union. Two of the lead NGOs are: ATTAC-France (<http://france.attac.org>) and Friends of the Earth-Europe (www.foeeurope.org/trade). SOS-WTO-EU and ATTAC were most instrumental in managing the European campaign against GATS and the MEPs call to oppose the liberalisation of public services under the **WTO** and for *transparency and democratic control of negotiations* in progress.
- **European Trade Network (ETN)** Is a platform of European NGOs that campaign on trade and *human rights* issues focussing on European policy-making, *EU-ACP trade negotiations* and the WTO trade negotiations. Some of the lead NGOs are: CIDSE (<http://www.cidse.org>), Christian Aid (<http://www.christian-aid.org.uk>), WWF-European Policy Office (<http://www.panda.org>), the International Confederation of Free Trade Unions (<http://www.icftu.org>).
- **The Institute for Agriculture and Trade Policy (IATP)** (<http://iatp.org>) Has a **Water Policy Observatory** (<http://www.waterobservatory.org>). It focuses worldwide on the alternative of a *Public Water Undertaking (PWU)* to the Public-Private-Partnerships. They run the campaign *Keep Water and Water services out of the WTO and the GATS* in the run up of the World Summit on Sustainable Development in September 2002.
- **The Global Water Contract**(<http://www.watervooriedereen.be/comitecontratmondial.htm>) This worldwide campaign aims at a “*World Water Contract*”, under the leadership of Riccardo Petrella and Mario Soares. It promotes the recognition of access to *water as a human right* and to keep water management in the public domain.
- **Catholic Institute for International Relations (CIIR)** (<http://www.ciir.org>) CIIR aims at *eradication poverty* through a programme that combines advocacy at international level.

North American Focus:

- **GATSwatch** (<http://www.gatswatch.org>) is a project of the *Corporate Europe Observatory* (<http://corporateeurope.org>) working on social and economic injustice posed by *political power of corporations and their lobby groups*. Also an interest in EU policy campaigns: *Public Citizen: Stop the GATS attack Now!* (<http://www.focusweb.org/our-world-is-not-for-sale/>)

Some national NGOs concerned with water privatisation

- **Belgium:** *Association Belge pour le Contrat Mondial de l'Eau* : info@leaupourtous.be and *Oxfam-Solidarité*: WTO and GATS campaign: raoul.jennar@oxfamsol.be
- **Netherlands :** *Water, mensenrecht of handelswaar*, Milieu Defensie Campagne: www.milieudefensi.nl/globalisering and *Stichting Onderzoek Multinationale Ondernemingen* (www.somo.nl).
- **Switzerland:** *World Coalition against Water Privatization - L'eau comme bien public* : Coalition avec Swissaid, Action Carême, Pain pour le prochain, Helvetas, Caritas. (<http://www.swisscoalition.ch>)
- **Spain :** *ATTAC Espagna* <http://www.attac.org/indexes/index.html> and *Ecologistas en Accion* (<http://www.ecologistasenaccion.org>).
- **France :** *Pour une coalition mondiale contre la privatisation et la marchandisation de l'eau* (<http://www.acme-eau.com>) and *ATTAC : campagne contre l'AGCS* (<http://france.attac.org>)
- **Italy :** *CIPSI : Acqua per tutti* (<http://web.tin.it/cipsi/acqua/index.html>) and *ATTAC : Acqua !* (<http://attac.org/italaia/acqua/indice.htm>).
- **Great Britain:** *World Development Movement campaign Stop the GATSastrophe!* (<http://www.wdm.org.uk/campaign/GATS.htm>) and *Water AID and Tear Fund campaign: Water Matters!* (<http://watermatters.org.uk>).
- **Germany:** *ATTAC Netzwerk GATS Kampagne* (<http://www.attac-netzwerk.de/gats/>) and *AG Wasser im Forum Umwelt und Entwicklung* on alternatives for privatisation and water markets <http://www.forumue.de/themenundtags/wasser/index.html>).
- **Niger:** A report of the « Fédération Internatioanle des Ligues des Droits de l'Homme » (FIDH) on distribution of water in Niger (<http://www.fidh.org>)
- **Ghana:** *National Coalition Against Privatisation of Water* PO Box AN19452 Accra isodec@ghana.com

8. AEFJN POSITION

Water for household use and basic sanitation services are a human right for all and cannot be commercialised

- The *Africa Faith and Justice Network (AEFJN)*, as a Christian faith based organization, believes that water is of primary importance for health, nature and our society as a whole, as well as for the sustainable development of all communities. Without sufficient access to safe and affordable water for domestic use and basic sanitation services, millions of people in Africa will still be denied the basic conditions for a better and healthier life.
- AEFJN does not agree that right of access to safe and sufficient water for household use and basic sanitation services are considered at the same level as water and sanitation services for industrial or agricultural use. In the current trend of liberalization of services, the project proposed at the *2002 World Summit on Sustainable Development* to reduce by 2015 by half the population that has presently no access to safe drinking water and sanitation services, will favour privately owned companies that provide water for domestic use and basic sanitation on a commercial basis and that therefore the poorest sections of the populations will not be able to afford access to these vital services.
- AEFJN defends the right of every person and community to sufficient and safe water for household use and therefore, effective control of water management must reside with the public authorities and cannot be entrusted to private undertakings that are driven by profit making only.
- AEFJN calls on our national governments in Europe and Africa and on the European Commission to safeguard water and basic sanitation services as a right for all and to assert that no one has the right to appropriate these services for profit.

We therefore ask our governments and the European Commission to ensure:

1. At the World Trade Organization:

- that within the ongoing negotiations at the GATS council, our national governments and the European Commission commit themselves to clear and unambiguous language exempting all services for household water and basic sanitation from the regulations of the renegotiated General Agreement on Trade in Services.

2. At the World Bank and the International Monetary Fund:

- that privatising of water services in African countries would not be a condition for new loans granted by the International Financial Institutions. Instead, that grants and loans be provided for projects of sustainable, transparent and pro-poor water management facilities in African countries.

3. At the World Water Forum of Kyoto in March 2003 to agree:

- that the ministerial declaration of The Hague 2000 be revised in that water is not only a universal social and cultural good, but also that access to it is a human right for all and that therefore water for household consumption be excluded from any future international and bilateral trade agreements.

4. At the European Service Forum:

- that governments as well as the European commission encourage corporations in the services sector refrain from lobbying to include water services in GATS and insist that those corporations in the water sector commit themselves to contracts that guarantee a sustainable management of the water resources, respectful of the environment and the rights of the poorest people.

9. AEFJN CALL FOR ACTION

9.1 NATIONAL ACTION

Water is an issue in all countries, African and European alike! Unless the public becomes aware of the trend to commercialise water and sanitation, the present trend of privatisation will continue. It is therefore important that local communities know and understand what is happening in their country, in their area, in their town. Parish groups, JPIC commissions, religious communities can play a crucial role, by studying their local situation and joining both national and international action groups.

How to bring the struggle against privatisation of services for water and sanitation home?

1. Find out how water is managed in your country, region or town.

- How is the “water fee” calculated? Is there a policy of “full cost recovery”?
- What measures are taken to provide water to those who cannot afford it?
- How are the water and sanitation services run? Privately, partnership, public?
- What models of Public-Private-Partnerships are used?
- What is the degree of customer or community participation in the management?

2. What is the water and sanitation policy in your country?

- Has your government taken steps to privatise public water and sanitation services?
- Was this policy of privatisation embarked on as a condition for loans or debt reductions from the World Bank or the International Monetary Fund?
- Has your government proposed to other WTO members to liberalize the water and sanitation services in your country?
- Has your government made a social and environmental impact assessment regarding privatisation of water and sanitation services, prior to engaging in liberalising the sector? Is the study open for public consultation?
- Have groups of civil society or parliament asked the government to demand that access to water and sanitation services be excluded from the GATS?

3. Know the positions and join the efforts of NGOs, civil society groups, academics or communities in your country that are working against liberalization and commercialisation of services for water and sanitation.

9.2 INTERNATIONAL ACTION

AEFJN proposes to members and friends 3 actions on national and international level:

1. Targeting ministers and delegations at the **World Water Forum at Kyoto, March 17 2003**, to ask to recognize the access to water as a human right and not just a need!
2. Targeting the national Ministers for Trade and the European Commission for Trade to defend at the **GATS negotiations** clear language to exclude the access to household water and basic sanitation services from the renegotiated GATS agreement.
3. Targeting the **companies** involved in providing services for household water and basic sanitation, to ask for pro-poor provisions in their contracts.

***1. THE DAY of AFRICA at the WORLD WATER FORUM
February 2003***

The World Water Forum

The *World Water Forum* is an international 3-yearly meeting organized by the *World Water Council*. The first *World Water Forum* took place in Marrakech in 1997 its mission is to elaborate a “world water vision” that would be the framework for a worldwide water policy, something the World Bank advocates since the 1980s. Though a gathering of specialists, academics, government and private sector officials, each *World Water Forum* ends with a ministerial meeting, which gives the conference also political clout. During the second *World Water Forum* in The Hague in 2000, the ministerial meeting adopted into its declaration the principle that water is a “need” not a universal “right”, therefore opening the avenue to commercialisation of water as a commodity.

Day of Africa

On the 17th of March the *Day of Africa* will be held at the conference. On the agenda are issues of water, poverty, health, financing and the New Partnership for Africa’s Development (NEPAD). On this occasion we want delegations to be reminded of the importance of the ***right of water for all***.

AEFJN wants to reiterate the demands of the worldwide campaign “*Water for All*” which was held in the run up to the *Johannesburg 2002 World Summit for Sustainable Development*:

1. That water is an irreplaceable source of life and must therefore be considered a common **good** for all of humanity.
2. That access to water is an undeniable **human right** for each person and each community.
3. That it is the duty of the **public authorities** to assure financial resources for the access for all to sufficient clean water to provide for people’s basic needs. Beyond these minimal provisions, the cost of water should be borne by consumers according to the criteria of solidarity and the prevention of abuse or waste of water.
4. That the management of water is the concern of the population, starting from the local communities. It is therefore urgent to support the establishment of water management mechanisms and democratic institutions. Water cannot be left to the market forces neither can it be ruled by the paradigm of profit.

A letter to members of the national delegations to *World Water Forum*

During the month of February 2003, invite civil society groups, church members and the general public to write personally or sign a common letter to the minister and delegation representing your country at the at the Kyoto forum.

Dear Minister, Delegate, NN,...

As a network of Catholic religious with members in Africa and Europe, we are concerned about the effects of the privatization of basic water and sanitation services in Africa.

The fourth objective of the Third World Water Forum at Kyoto, from the 16th to the 23rd of March 2003, which you will attend, is to intensify the private, public and associative partnerships and to integrate an ethical perspective as well as good governance in water management. At the second World Water Forum, in March 2000 in Den Hague, ministers agreed to the principle that water is a need and not a universal right!

As a Christian organization, we consider that the access to basic domestic water and sanitation services is an undeniable human right for each person and community and of primary importance for health and society as a whole. Therefore the control of water and sanitation management must reside with public authorities. Water cannot be ruled by the paradigm of profit!

We ask you to defend at the World Water Forum of Kyoto:

- *That water and sanitation are undeniable rights for all;*
- *That the option of efficient public water and sanitation services be favoured over those privately owned;*
- *That the national and international financial institutions should provide assistance to public authorities in order to assure the resources needed to guarantee the access to water and sanitation for all.*

We thank you in advance for your cooperation.

2. PETITION ON POSITION AT THE GATS NEGOTIATIONS to Ministers of Trade and EU Commissioner Pascal Lamy March and September 2003

At the Doha Ministerial Conference of the World Trade Organization (WTO), in November 2001, the **Council on Trade in Services** was given the go ahead to renegotiate the GATS agreement “...*in view of progressively augmenting liberalization...in a way to assure effective access to markets.*” (GATS Art. XIX).

- The first phase of these negotiations ended on June 30th 2002, with WTO members requesting from one another which services they would like to be liberalized in other WTO member countries.
- The second phase, till 31st March 2003, requires that WTO members respond to these demands, specifying which sectors they are ready to open for competition on their territories.
- The third stage of negotiations, till December 31st 2003, will be the time for first bilateral, than multilateral negotiations. Each concession granted to one member country will be granted to all WTO members under the principle of “*most favourite nation*” status. The logic of GATS is to bring all partners to make concessions and gradually to open more service sectors. The EU has joined in asking for the liberalisation of public services in not less than 29 different countries.

The European Commission argues that public services will not be affected by GATS. Yet services for water and sanitation in Africa are being privatised under the pressure of the World Bank and the IMF. They have several times put as a condition for new loans that African countries privatise partly or completely public water and sanitation services be. This proves that the exceptions for certain public services foreseen (GATS Art. I,3b and I,3c) are not working!

Public sector water management is a necessary option to be considered by African governments. Leaving the services of water and sanitation for the whole population solely to market forces will not guarantee the access to water and sanitation for the whole population and will put in jeopardy sustainable social, environmental and economic development in African countries.

AEFJN asks:

- that the our governments and the EU defend at the World Trade Organization’s GATS negotiations that services for access to water for household use and basic sanitation in African countries should be excluded from the GATS Agreement.
- that our governments do not offer to other WTO members their country’s public services for water and sanitation for liberalization.

A Letter on the EU position at the GATS negotiation

Invite AEFJN members and other groups of civil society to join in sending a **letter to the EU commissioner Lamy and / or the national Minister of Trade and your local MPs**. Ask them to use their influence so that the EU defends at the negotiations at the WTO clear and unambiguous language exempting domestic water and sanitation services from the GATS agreement.

Two target dates could be used:

1. **During the month of March 2003:** The end of the second stage of negotiations is set for 30 June, when countries should respond to the offers to open their markets for privatisation of services. Members, especially in Africa, should ask their governments not to open their water services to privatisation offers!
2. **During the month of September 2003:** the end of the third stage of negotiations is expected to be 31 December, when bilateral negotiations should be closed and final decisions taken to open water markets to privatisation.

A letter could read as follows:

Dear ...,

As member(s) of AEFJN, a network of 40 Catholic religious congregations with members who live and work both in Africa and Europe, we are concerned about the effects on the poor of the privatization of water and sanitation services. In most African countries, public services in general and domestic water and sanitation services in particular are essential elements of a social society model that facilitates sustainable development.

The EU Commission's insistence that privatisation or Public-Private-Partnerships are the only solutions for assuring finance for improved access to water and sanitation services for the poor worries us deeply. More over, the exceptions foreseen in the General Agreement on Trade in Services (GATS Art. I,3b and I,3c) to safeguard public services such as basic water and sanitation services, are not effective. Indeed, under pressure of the World Bank and the IMF, who make new loans condition to the privatisation of their public services, several African countries have privatised water and sanitation management systems and are liberalising the access to these service markets.

As a Christian faith-based organisation we believe that water is a common good and that the access to water and sanitation is a basic right of every person and community. They are essential in sustaining life, social progress and economic development in Africa. Providing reliable access to clean drinking water and basic sanitation is a duty that befalls the State, regional and local authorities. Water is the common property of all and no one has the right to appropriate it for profit. Solutions to the problem of access to water and sanitation must therefore take into account, first and foremost, the well being of all people, including the poorest sections of society.

For Africa, public sector water management and sanitation is a necessary option. Leaving the services of domestic water and sanitation solely to market forces and the paradigm of profit, does not guarantee the access to clean water and basic sanitation for the poor population.

The members and friends of AEFJN ask your support so that the European Union, within the ongoing negotiations at the GATS council, withdraws its proposals for liberalisation of water and sanitation services in African countries and commits to defend clear and unambiguous language that water and sanitation services for domestic use are exempt from the obligations of the General Agreement on Trade in Services.

In the coming months we will closely monitor the EU positions at the GATS negotiations and we look forward to your reply.

Yours faithfully,

**3. CORPORATE RESPONSIBILITY
of MULTINATIONAL WATER COMPANIES
The International year of water 2003**

2003 is the UN International Year of Freshwater. A year to focus attention on protecting and respecting our water resources as individuals, communities and countries (<http://www.unesco.org/water/>).

At the *World Economic Forum*, Davos, on 31 January 1999, the UN Secretary General Kofi Anan challenged world business leaders to “embrace and enact” the **Global Compact**, both in their individual corporate practices and by supporting appropriate public policies. This initiative between the United Nations and businesses aims at encouraging global corporate responsibility by incorporating agreed values and principles of the Universal Declaration of Human Rights, the 1995 Social Summit of Copenhagen and the 1992 Rio Earth Summit into mission statements and corporate practices.

Global Compact’s nine principles are completely non-binding and Corporations involved in the programme continue to avoid the imposition of binding rules, promoting “self-regulation” as the solution. However, the fact that the corporations’ *best practices* are awarded and published on the UN Global Compact website (www.icfhosting.com/un/gc/unweb.nsf), *Global Compact* is a means of putting pressure on companies.

Referring to the 2003 UN Water Year, AEFJN members can write to water corporations working in their country or with headquarters in their country in Europe asking them to comply with the principles of *UN Global Compact* by ensuring that their Public-Private-Partnership contracts in water and sanitation services concluded with governments of African countries:

- Support and respect the international human right to access to water (Principle 1);
- Make sure that their corporations are not complicit in limiting access to water to the those who can afford to pay (Principle 2);
- Support a policy which safeguards the scarce resource of water (Principle 7);
- Undertakes initiatives to promote greater environmental responsibility in conservation and use of water (Principle 8).

AEFJN members could write and invite other groups to join in a letter to water companies that already operate or are starting operations in certain African countries, asking them:

1. Under what form of Public-Private-Partnership model they are contracted,
2. To abide by the *Global Compact* principles for ethical and socially responsible enterprise.

A letter to water companies, to be written at any time during 2003 could read:

Dear Sir,

As a network of 40 Catholic religious congregations, with members who live and work both in Africa and Europe, we are concerned about the effects of the privatization of water and sanitation services on the poor in Africa. We are aware that your corporation is presently involved in (... African countries...) to provide to access to water and sanitation services.

*As you may very well be aware, at the World Economic Forum, Davos, on 31st January 1999, the UN Secretary General Kofi A. Annan challenged world business leaders to embrace and enact the **Global Compact**, both in their individual corporate practices and by supporting appropriate public policies. The nine principles of this compact cover topics in human rights, labor and environment.*

We would be grateful if you could let us know how far the terms of contract under which your company works in (... African country..) embraces these principles, specifically:

1. *How your corporation supports and protects the basic human right to access to affordable drinking water for all;*
2. *How your corporation makes sure its price policy does not exclude the poor from this basic right to sufficient and affordable drinking water;*
3. *How your corporation implements a policy, which safeguards the scarce resource of water in these countries and what initiatives you undertake to promote greater environmental responsibility.*

Thanking you in advance for your attention and looking forward to your reply, we remain,

Yours truly,