PRIVATIZATION AND THE SOCIAL VALUE OF WATER IN AFRICA

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Abstract: The paper assesses the current clamor and actual privatization of water in Africa. Though this is said to be done in view of wastage and declining access of people to water, this paper submits that the transformation of the social value of water to economic, is rather a continuation of capitalist quest for profit making, which eventually is at the expense of the poor majority.
Keywords: water; privatization; Africa; social and economic value.

Background and Statement of the Problem

That sub-Sahara Africa is the poorest region in the world has been widely acknowledged. That this poor status was informed either by internal or external factors has however been controversial even when it is a fact that internal structures are creations of its incorporation into the world capitalist system-through imperialism, slavery, "butchering" through colonialism without recourse to internal arrangements, and the neo-colonial policies. Perhaps, the impact of these, especially the neo-colonial policies, is best observed in the debt crisis in Africa. Interest rates "sky rocketed" and exacerbated the economic backwardness leading to various reforms like the imposition of austerity measures. Structural Adjustment Programs (SAPs) aimed at restructuring debtor-nations in line with capitalist dictates of free-market economy and democracy through which the economics of these nations were "freely" opened to exploitation by private capital, were instituted.

In spite of this, along with the collapse of Soviet Union, towards the end of the twentieth century, the negative effects of capitalism continue to manifest. The nations of Africa could not still repay their debts, even with the initiative of Heavily Indebted Poor Countries (HIPC) which aimed at writing-off uncollectible debts. At last the debt "sins" in some countries finally attracted debt "forgiveness" based on some stringent conditionalities.

As the nations open up to private investments through the divestiture of public institutions, structural irregularities continue to manifest since majority of the people are not able to pay for services, families have broken up with resulting increase in single-parenting; working children and prostitution; increasing drug use and violence among the youth and so on (Olutayo 1994; 2006). In most of sub-Saharan Africa, over 60% of the populations are living below the poverty line (of a dollar a day) (World Development Report, 2006). Local industries continue to face increasing competition from foreign investment (worsened by devaluation of exchange currency in the 1980s) while the governments continue to lay-off workers (El-Mefleh 2002). Internal conflicts have become the norm as contestation for space intensifies. Indeed, it has been predicted that such contestations for space, as in the access to crude oil since the 20th century, water war shall be the characteristic feature of the 21st Century!

Water "war" is the central contestation of this paper, perhaps not in terms of open conflict, but the "cold" conflict that is gradually informing new reforms which are gradually extending their frontiers to major parts of Africa. Water is a key component in determining the quality of lives, constitute 50-90% of living things. When the 3rd water forum in 2003 opened, it was to address what was termed "life and death" issue: water accessibility. This estimates the inestimable importance of water in human livelihood. Water is simply life. Water has thus been described as a fundamental human right, essential for life which every person, irrespective of status, age and gender, is entitled to for existence. The arrangement surrounding water supply is that the provision should be adequate and abundant to meet the required need of the people.

It is glaring that the contemporary world is running out of fresh water (World Bank 1996; Lief 1999; Elvaa 2002). The per capita use of water is doubling every 20 years, at more than twice the rate of human population (Barlow 2003). This constitutes one of the greatest threats to human survival; and it is further observed that half- and two-third of humanity will be living with severe fresh water shortage within the next quarter century. It is also observed that the majority of the world population lives on just two gallons of water a day for all uses. Meanwhile a daily per capita requirement includes: 5 litres for drinking, 20 litres for sanitation and hygiene, 15 for bathing and 10 for food preparation—per person (World Water Forum 2003). It has also been estimated that only about 60% of the people in sub-Sahara Africa have access to safe water supplies.

The Kyoto forum estimated that about 3 billion people face water scarcity and about 5 million die annually from water related diseases. This is without the number of deaths resulting from conflicts over water, lakes, rivers and wetlands. Similarly not only a million or more infants and children die each year from diseases directly related to provision of water and sanitation; hundreds of thousands are debilitated by illness, pain and discomfort. This adversely affects the mental, social and physical development of the children. Indeed, for the developing nations of Africa, Asia and Latin America, almost half of the population lack access to adequate water and sanitation (Table 1).

Table 1: Different Estimates of the Number of Urban Dwellers without Adequate Provision of Water and Sanitation in the Year 2000.

Region	**Indicative Estimates for the Number (and Proportion of Urban Dwellers without Adequate Provision for Water and Sanitation)**
Africa	Water Sanitation
	100-150 million 150-180 million (35-50%) (50-60%)
Asia	500-700 million 600-800 million (35-50%) (45-60%)
Latin America and the Caribbean	80-120 million 100-150 million (20-30%) (25-40%)

Source: UN Habitat (2003) Water and Sanitation in the World's Cities, Local Action for Global Goals, EarthScan, London; Editorial, 2003.

These have negative implications for the nations in these continents. Poor households are confronting huge water stress daily in terms of high prices (for drinkable water), long lines, irregular supplies, dirty water, and people wait until dark to defecate in open and public spaces (Editorial 2003). This signifies the amount of time and ingenuity required daily to meet the need for water. The amount required per person is not usually met in Africa and many have to travel to more than a kilometer away for portable water. Up to 35-50 of the urban population in Africa lack adequate provision of water (Table 1).

The issue of water supply is also one of the major targets of Millennium Development Goals (MDGs) (Table 2).

Table 2: Millennium Development Goals: 2005 Progress Chart

Goals	**Targets**	**Africa**	
		Northern	**Sub-Sahara**
Eradicate extreme poverty and hunger	Reduce extreme hunger by Half	Low poverty Very low hunger	Very high poverty Very high hunger
Achieve Universal Primary Education Promote Gender Equality and empower women	Universal Primary Schooling	High enrolment	Low enrolment
	Equal girls' movement` in primary school	Close to parity	Far from parity
	Women's share of paid employment	Law share	Medium share
Reduce child motility	Women's equal representatives in National Parliament	Low representation	Low representation
	Reduce mortality of under-five by two-third	Moderate morality	Very high mortality
	Measles immunization	High coverage	Very low coverage
Improve maternal health Combat HIV/AIDS, malaria and other diseases	Reduce maternal mortality by three quarters	Moderate mortality	Very high mortality
	Half and reverse spread of HIV/AIDS	-	Very high prevalence
Ensure environmental sustainability	Half and reverse spread of Tuberculosis	Low mortality	High mortality
	Reverse loss of forest	Small area	Medium area
	Halve proportion without sanitation	High coverage	Very low coverage
	Improve the lives of slum dwellers	Moderate proportion of slum dwellers	Very high proportion of slum dwellers

Source: United Nations; 2005.

Provision of sustainable improved drinking water is one of the targets in ensuring environmental sustainability. The UN progress report indicates that there is low coverage of safe water supply in sub-Saharan Africa while that of North Africa is relatively high. Improved water supply is an inestimable value in the actualization of the MDGs. A critical assessment of the value of water places water as core to the actualization of all the goals. Adequate access to water will promote better health for Africans. This will reduce all water-related and other related diseases and thereby reduce child mortality (Goal 4) and improve material health (Goal 5). Access to water will save long time spent on queue, trekking long distance (for water) which sometimes facilitate vulnerability of young girls to sex abuse (Goals 6). This can also untie some young girls from stressful domestic roles and improve enrolment in schools (Goal 2 and 3). While it is clear that access to improved drinking water will ensure environmental sustainability, it can also be a panacea to reduce poverty and hunger (Goal 1). High prices of water, expenses on water and sanitation-related diseases, time spent on queue and in search of water and so on, would have been ploughed into other productive activities. Adequate water for irrigation will also improve agricultural produce which will eventually reduce poverty and hunger.

Having demonstrated the value of water in the actualization of the MDGs, there is a pressing question: will commodification of water improve access to drinking water which will in turn impact on the actualization of MDGs in Africa? Privatization of water or full cost recovery (from water supply) is one of the structural agenda of IMF in Africa. Many African countries are already adopting the principle (Backeberg 2005; Doukkali 2005). In general, it is African countries, and the smallest, poorest and most debt-ridden countries that are subjected to IMF conditions on water privatization. Angola, Benin, Guinea-Bissau, Niger, Rwanda, Sao-tome, Senegal and Tanzania, were, between 2000-2001, forced to privatize water and cost recovery policies. By 2003, the French service provider-groups Vivendi-Environments, SAUR and SUEX-ONDEO, controlling together 74% of the world water market, have been contracted -some for up to 25 years for water and sanitation services in Cote d'Ivoire, Guinea, Mali, Chad, Mozambique, Niger, Morocco, Cameron, Gabon, South Africa, Senegal, Burkina Faso and Kenya (Coppejans 2003).

Following this trend, the pressing question again: will commodification of water, considering its centrality in achieving the MDGs, be a better option for the developing countries of Africa? Having provided the full background to the paper, the other parts of the paper will examine the trends in the privatization of water and its implication for Africa.

Trends of Water Privatization in the Developing World: Profit rather than Social Service

By and large, the developing nations have had to privatize in order to meet the conditions of "modernization" as spelt out by the Breton Woods institutions and the developed countries. More often than not, these conditionalities have always formed the basis of negotiation for needed loan and assistance from the World Bank, IMF and Western nations. It is such that the trio (that is, World Bank, IMF and Western nations), work in concert to protect the interest of multinational corporations who go all out to export capital for profit maximization throughout the whole world. Thus, the modus operandi of these three with respect to developing nations is the insistence on meeting the conditions of western-dominated Breton Woods's institutions before any assistance could be secured (Amenga-Etego 2003).

From the 1980s, the process of privatization and commercialization of public enterprises and utilities have increasingly gained ground in Africa as the continent is unendingly inundated with imposed policies from the Northern hemisphere for implementation. Indeed, African nations have had to adopt IMF/World Bank economic policies calling for the divestment of the government from the provision of services and full recovery of funds expended on the provision of social services. For some, these policies came in the nomenclature of Structural Adjustment Programme (SAP) while it was christened Economic Recovery Programme (ERP) in some others. As the programmes were implemented, services hitherto viewed as a matter of social responsibility such as education, health and power generation and distribution, among others, took up capitalist notions with services available on the basis of "pay as you go". Since emphasis is on profit, those who cannot pay are simply left out as their plight degenerate.

As if the successes made by capitalist industries in profit making should be replicated in all sectors, the emphasis now is on the privatization of water in the Third World. In fact, it is presented as the only viable option for a more universal access to this vital resource. More importantly, just as it was done in other cases, it (water) is now being used as a "weapon" of negotiation by the World Bank and the IMF against cash trapped African nations (Hennig 2001) and some have been forced to privatize water. This has been the trend since the 1990s as the international financial institutions vigorously clamour for water privatization in the Third World (Budd and McGranahan 2003). As stated earlier, this coincided with the supposed victory of neo-liberalism (capitalism) over communism with the collapse of the Soviet Union in the 1990s. Thus capitalism seems to be the only viable ideology through which any country may strive to develop. Hence, in adherence to neo-liberal dictates, governments must minimize their spending and limit their involvement in fiscal policies to the barest minimum. A period of privatization, of hitherto social services, therefore, began.

Since the private sector must be the supplier of social services, then, these services must be re-conceptualized from their "social" statuses to "economic" ones. As for water, it is described as a public utility which has been misused in many developing countries because nationals are not made to pay in equitable terms. This, therefore, leads to wastage where water is available, while many are unable to have access still. It is often said "people do not value what they do not pay for". To redress this anomaly then, water needed to be re-conceptualized. Thus in a WMO (1992) quoted by Budds and McGranahan (2003, 91), the following submission was made:

> Water has an economic value in all its competing uses and should be recognized as an economic good. Within this principle, it is vital to recognize first the basic right of all human beings to have access to clean water and sanitation at an affordable price. Past failure to recognize the economic value of water has led to wasteful and environmentally damaging uses of the resource. Managing water as an economic good is an important way of achieving efficient and equitable use and of encouraging conservation and protection of water resources.

Indeed, as stated, water is a basic human right of all human beings and it ought to be maintained and sustained. The only solution, which was however sought, was institutional reforms through privatization (Livingston 2005; Saleth and Dinar 2005). It was (and is) simply the continuation of a process which had been experimented in western Europe and North America (Petrella 2001; Goubert 1986), with enormous profit to the multinationals. Without thinking of the consequences, a one-size-fits-all has to be applied. If it is successful in the developed world, it should in the developing world!

With the market in the developed world captured, attention is now directed to the Third World, more than ever before. And thus, in a number of developing countries including Bolivia, Argentina, South Africa, Ghana and Philippines among others, water has been privatized

(Bakker 2003). Expectedly, the plum market is controlled by a few companies such as Biwater, Suez Lyonnaise des Eaux and Vivendi/Generale des Eaux, who are provided supportive assistance by the international financial institutions in form of finance and friendly policies while local companies hardly have any chance to compete with them.

The entrance of multinational corporations to water provision in the Third World has usually been justified on the basis of huge investments they are able to bring in. Of course, the total of US$33 billion which the World Bank claims was invested in Third World water projects within a spate of 14 years (Bakker 2003) seems enormous. Nevertheless, it is important to ask how much of it was actually directed at providing water for the improvement of the lives of the majority of the people and not merely for the purpose of profit making. If indeed water privatization is directed at profit making, then how sincere is the commitment of the international community to the Millennium Development Goals, if a few multinational corporations make huge profits from the Third World water supply while the poor majority is priced out? It is in view of this that this paper spotlights the fate of two African nations namely, South Africa and Ghana.

For Ghana and South Africa, water privatization was presented as the only key to getting water to the nooks and crannies of the countries. Interestingly, what further casts doubt on the way the privatization process was done was the specter of secrecy which was created around it in both countries (Amenga-Etego 2003, South African Municipal Workers Union 2001). Water was privatized in South Africa in the late 1990s. Biwater, a British multinational corporation was granted a 30-year lease to provide water at market prices to Nelspruit community in South Africa in 1999 (Public Citizen 2003). The project was first initiated in 1997 but was suspended for two years due to persistent protest from the South African Municipal Workers Union (SAMWU). To placate dissenting voices, the South African government promised to provide a public alternative which should cater for the underprivileged. This it never did. Rather, the government awarded the contract to a joint venture between Biwater and Sivukile, christened the Greater Nelspruit Utility Company (GNUC). Of course, whereas Biwater secured about 70 percent of the initial fund as a loan from the government owned Development Bank of South Africa (DBSA), the immediate and long-term results have been skyrocketed and inflated water rates (Public Citizen 2003). On the contrary, access to water has not increased while those who could not pay are immediately disconnected. Besides, even in instances when the services are provided, it comes irregularly while consumers' meters read as they turn on their taps even while waiting for the flow of water. The result of this is that consumers actually pay for air along with water (Public Citizen 2003). From this initial attempt, water privatization has been implemented in other South African cities such as Johannesburg with appalling consequences to consumers still as about 10 million consumers were disconnected between 2002 and 2004 (Barlow and Clarke 2004; South African Municipal Workers Union 2001).

In the case of Ghana, the process of water privatization started also in the late 1990s sequel to pressures from the World Bank. Since then, consumers have had to pay higher rates for water. More importantly, the more lucrative aspects of the Ghanaian water supply in the urban areas have been reserved for multinational corporations who will charge on dollar equivalent while local authorities are left with the management of the less lucrative rural water supply and sanitation (Amenga-Etego 2003). Even at that, the rural areas are to be provided with wells and boreholes for which they will have to pay between 5 and 10 percent upfront for capital cost before water projects could be implemented. Thereafter, inhabitants of local communities will bear the cost of maintenance. Consequently, the cost of having water has been a major drain in the finance of an average Ghanaian family that has to pay as much as 3,000 cedis (US$ 0.36) out of 7,000 cedis (US$ 0.85) it earns per day to secure its daily water needs (Hennig 2001). This represents as much as 42 percent of daily family income on water alone. Hence, the majority are alienated from water. The resultant effect of this has been an upsurge in the reported cases of water borne diseases as residents are forced to rely on unsafe water to subsist. Specifically, Ghana currently ranks the second after war-ravaged Uganda in the incidence and prevalence of guinea worm.

In Nigeria, learning from the experiences of Ghana and South Africa, the issue of water privatization is taken out of the public glare. It has been a gradual and subterranean process of implementation in some Nigerian cities. In both Abuja and Port-Harcourt main cities, pre-paid metres have been installed, thus reducing access for the majority of the poor people. Indeed, in most of the cities in Nigeria, public water corporations are no longer functional not because of inefficiency but due to deliberate neglect.

With these, it is important to consider the implication and consequences of water privatization in Africa—especially with respect for the poor in securing this essential necessity of life in the age of privatization. This is further discussed below.

The Implication and Consequences of Water Privatization for Africa

In spite of the "beautiful colouration" of virtue rather than vice, which has been constructed around water privatization by the international players in the capitalist world, it is important to note that the poor majority of Africans are set to be short changed once again. Beyond the economic value, which has recently been constructed around water (Livingstone 2005; Budds and McGranahan 2003), its social value, which is central to human survival, far outweighs the profit which may be extracted.

Once again, what Africa is experiencing is the continuation of the institutionalization of liberal policies, commenced with colonization, and modified and perfected through the latter part of the 20th Century, and more forcefully, since the 1990s. Thus, the prime target again, is the breaking down of social networks, which serve as the mainstay for social survival—for the "survival of the fittest" and profit making. In the case of water, by instituting neo-liberal principles in the provision of this vital resource, the obvious implication is, simply, out-pricing the poor majority who live under $1 a day. Since water provided by multinational corporations will be priced on dollar basis, how will the SAPPED majority—wretched and with little economic power possibly afford it? Hence, as in the cases of South Africa and Ghana, they will only be by-passed in water provision in favour of the elite class who can afford it as the financially "fittest to survive". Indeed, it is this elite class who now become the "distributors"—since buying and selling is the hallmark of and the most profitable in most developing nations-as lumpen bourgeoisies. And since no human being can survive without water, the poor may be forced to utilize unhealthy water resources that may predispose them to life endangering diseases and other vices which the Millennium Development Goals (MDGs) seek to tackle. Against this backdrop, this paper posits that water privatization is rather a "war" against humanity. It is not directed at providing improved water to the majority and enhancing life thereby. Rather, it is aimed at providing easy access to profit for a few multinational corporations and their surrogates at the expense of the poor. In case the multinationals win, Africa's poor majority is simply in the danger of gradual liquidation for the sake of the globalization of capital.

Conclusion

Since the 1980's, the socio-economic and political dynamics of world societies have been hinged on neoliberal principles as dictated by Breton Woods's institutions under the control of the western victors of the cold war. At the core of this principle is the necessity of continuously making profit by all means. Hence, economic value is the yardstick for measuring human rationality and existence. On the contrary, social value is driven to the background now couched within the precincts of irrationality, inefficiency and wastage. Lip-service is now paid to human welfare in terms of "corporate responsibility".

Water, the basis of human existence, now acquires the economic sense in human life. The effects of this are most precarious for developing nations where water was supplied through communal access—no matter how "impure". The individualization of water access breaks down the social network and the internalization of the "survival of the fittest". It reduces the capacity of people to internally define their existence—what is defined as "pure" water is defined by "outsiders". Thus the perpetuation of the underdevelopment process.

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