Private Sector Participation in the Water Sector and the MDGs

Turning local waters into global money?

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The MDGs and Private Sector Participation: A rude awakening

- Circa US$ 180 billion/year
- 50% - 70% from private sources
- Currently 14 - 16 US$ billion and going down (mainly public investment)
- Question of investment and the power to control flows of money
- Limited and checkered ‘success’ of private sector participation in water service delivery

MDGs remain a pipe dream.
Private Sector Participation in the Water Sector

1. The Shifting Political-Economy of Water
2. A Dangerous Liaison: Finite Resources and Produced ‘Scarcity’
3. The Private Water Services Sector as Oligopoly
4. The Omnipresent State
5. Financing the MDGs.
1. The Shifting Political-Economy of Water

The public/private nexus

A checkered history

The neo-liberal agenda: crisis+restructuring

- Debt crisis
- De-regulation – state failure
- Institutional reconfiguration
- Proliferating tensions (the rise of civil society)
- Capital Exansion-by-dispossession
Table 1. Water and Sanitation Privatisation.

<table>
<thead>
<tr>
<th>REGION</th>
<th>% Privatised, 1997</th>
<th>% Privatised, 2010</th>
<th>Value of privatised market (US$, billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>20</td>
<td>35</td>
<td>10</td>
</tr>
<tr>
<td>Central and East Europe</td>
<td>4</td>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>North America</td>
<td>5</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Latin America</td>
<td>4</td>
<td>60</td>
<td>9</td>
</tr>
<tr>
<td>Africa</td>
<td>3</td>
<td>33</td>
<td>3</td>
</tr>
<tr>
<td>Asia</td>
<td>1</td>
<td>20</td>
<td>10</td>
</tr>
</tbody>
</table>
1. The Shifting Political-Economy of Water

- The demand-supply-investment trialectic in a ‘competitive’ context
  - Profit motive in absence of price signal on the one hand and high fixed capital investment on the other
  - Limited demand expansion (developed world inelastic demand / developing world: inability to pay)
  - Towards a new public/private arrangement
2. A Dangerous Liaison: Finite Resources and Produced ‘Scarcity’

The discourse of ‘scarcity’ and the fear of the ‘Big Event’

Markets and scarcity: la pensee unique

The politics of the technological fix.
3. Private Sector Participation: An oligopolistic structure
<table>
<thead>
<tr>
<th>Company (water subsidiary)</th>
<th>Country base</th>
<th>People served with water (Million)</th>
<th>Water Business Revenues (Billion €)</th>
<th>Total Revenues (Billion €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vivendi (Vivendi Water)</td>
<td>France</td>
<td>110</td>
<td>12.8</td>
<td>26.48</td>
</tr>
<tr>
<td>Suez (Ondeo)</td>
<td>France</td>
<td>115</td>
<td>10.1</td>
<td>42.36</td>
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<tr>
<td>Bouygues (SAUR)</td>
<td>France</td>
<td>30</td>
<td>2.5</td>
<td>20.5</td>
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<tr>
<td>RWE (Thames Water)</td>
<td>Germany</td>
<td>43</td>
<td>1.69</td>
<td>62.9</td>
</tr>
<tr>
<td>American Water Works</td>
<td>US</td>
<td>10</td>
<td>1.44</td>
<td>1.44</td>
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<tr>
<td>Anglican Water Group</td>
<td>UK</td>
<td>4.1</td>
<td>0.892</td>
<td>1.29</td>
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<td>Severn Trent</td>
<td>UK</td>
<td>8</td>
<td>0.887</td>
<td>1.68</td>
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<tr>
<td>Kelda Group (Yorkshire Water)</td>
<td>UK</td>
<td>4.5</td>
<td>0.62</td>
<td>0.775</td>
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<td>United Utilities</td>
<td>UK</td>
<td>7</td>
<td>0.2</td>
<td>1.78</td>
</tr>
</tbody>
</table>
3. Dynamics of Private Sector Participation

- Globalisation through Shared Control
- Cherry-picking as Strategic Device
- Splintered Networks
- Corruption as Institutionalised Practice.
Local H2O into global money: RWE’s ‘glocal’ water business
4. The Omnipresent State

- The Myth of the Neo-Liberal Model: ‘From ‘Rolling-Back to Rolling-Over’

- Institutional re-scaling: from water government to water governance

- The Absent Citizen: New Actors and Grey Accountability
5. Financing the MDGs: Public and Private?

- Thinking out of the water box: recognising the political nature of water
- The limits of the market (poor and disempowered people die of thirst and water-born disease)
- Financing the MDGs: markets versus fiscal measures.
- Who pays for what (cross-subsidisations)
- Subsidising the market or subsidising the public – Fiscal redistribution