**Questionnaire - non-State actors**

The Special Rapporteur would welcome answers to the following questions:

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**Remunicipalization**

1. Have you studied any case of remunicipalization? Why and how has it occurred? What types of difficulties has the public authority faced to establish the new municipal provider? Please, provide details of those processes.

In overview, our latest research reported 311 water remunicipalisation cases in December 2019.[1] This number does not include renationalisation. The cases are reported from 36 countries. The biggest number of cases remains in France (109 cases) followed by USA (71 cases) and Spain(38 cases). Considering that there were only 3 cases in 2000 and it has grown to 235 cases (in 2015), 267 cases (in 2017) and 311 (in 2019), water remunicipalisation is not a negligible action by sub-national local authorities.

While emuniciaplisation case stories are documented substantially on-line available resources we have produced [2], I will summarize common problems of private water management below. Although to varying degrees,these problems are systematically observed in private sector participation in water provision. In fact local governments were pushed to halt such problems by ending privatisation.

- poor performance and unmet contractual promise (e.g. Accra, Dar es Salaam, Jakarta, Itu (Brazil), Tumbes (Peru))

- under-investment in infrastructure (e.g. Berlin, Buenos Aires, Latur (India), Itu, Tumbes, Valladolid (Spain))

- degrading water quality (e.g. Rennes, Cameron, Pittsburgh)

- disputes over operational costs and price increases (e.g. Almaty, Maputo, Santa Fe)

- soaring water bills (e.g. Buenos Aires, Jakarta, La Paz, Kuala Lumpur, Valladolid)

- environmental hazards (e.g. Hamilton)

- monitoring difficulties (e.g. Atlanta, Berlin, Paris, Arenys de Munt, Tocantins State (Brazil), Pittsburgh)

- lack of financial transparency (e.g. Grenoble, Paris, Stuttgart, Valladolid)

- workforce cuts and poor service levels (e.g. Antalya, Atlanta, Pittsburgh)

- rural and less populated areas are neglected in services provision and investment (Tocantins State, Cameroon\*)

\*the case of Cameroon is not included in the figure above as it is technically speaking renationalisation. Nevertheless I will address the Cameroon case in the following section since it shows a serious shortcoming of private actors involvement in water sector regarding human rights and universality of access.

I would like to highlight the most important features of the following six relatively new cases of remunicipalisation. More details are available in respective links.

Cameroon <http://remunicipalisation.org/#case_Cameroon%20>

After ten years of private water management, in 2018 the Government of Cameroon decided to terminate its contract with private consortium Camerounaise des Eaux (CDE) and bring water services back under public control. The states’ public-private-partnership (PPP) with CDE, advanced and complimented by the World Banks’ Urban and Water Development Support Project, was originally meant to improve access to drinking water and accelerate growth in Cameroon’s water sector. However, since rural, often poor areas provide little room for profit, positive results were limited to urban areas only.

Key problem - According to a 2010-2020 strategy document on water policies, the government set a goal of achieving a 75% access rate by 2020. While an increase in the production of drinking water in terms of volume did occur during the CDE contract period, access to this water did not improve significantly and remained at the 30% mark. Adding to this, there were problems with the exclusion of rural areas. These areas, being the home of primarily low-income families, provide little room for profit for private investors. In order to not discourage private investment, the government decided to exclude unprofitable rural areas in the CDE contract. This effectively prevented access to drinking water for all rural inhabitants.

Pittsburgh, USA Pittsburgh <<http://remunicipalisation.org/#case_Pittsburgh%20>

The Pittsburgh Water and Sewer Authority (PWSA) serves around 300,000 customers in the City of Pittsburgh, Pennsylvania in the United States. PWSA entered into a public-private partnership management contract with Veolia North America in 2012. In 2015, the Mayor of Pittsburgh, through his public PWSA Board appointees ended the Veolia contract early and turned control of the authority back to publicly accountable officials.

Key problem - Under Veolia’ s management the Authority became increasingly unpopular among the public in Pittsburgh and the infrastructure got worse instead of better. Veolia switched to a different billing system that would overcharge some customers, they laid off lab staff, and under their management the corrosion control chemical used to treat lead in the water was switched to a different, cheaper chemical. This preceded a spike in lead levels in Pittsburgh’ s drinking water that the City has still not recovered from. When ratepayers began complaining to City Council and the newly elected Mayor of Pittsburgh, the PWSA Board was pressured to terminate the contract early, and hire new, publicly accountable leadership at PWSA.

Tumbes, Peru <http://remunicipalisation.org/#case_Tumbes%20>

Tumbes, a north-western city in Peru, was the first town in which a water supply concession was handed to private operators in Peru in 2005. After several complaints about non-fulfilment of obligations were filed against the company Aguas de Tumbes S.A. (ATUSA) by civil society and the mayors of the three towns supplied by ATUSA, the government of Peru ended the contract officially on 7 November 2018 and promised investments to improve water supply and sanitation in that region.

Key problem - The report written by trade union FENTAP showed a decrease of access to drinking water in the region from 82.7% in 2005 to 80.22% in 2014. According to the contract, the company was committed to reaching 91% in 2010 but did not comply. Another unmet commitment of the contract was to build a sewage treatment plant. During the 13 years of the concession, ATUSA used only external finance from KfW, donations and state resources to carry out their work.

Itu, Brazil <http://remunicipalisation.org/#case_Itu>

After ten years of poor performance by private operators, including serious construction delays, non-transparent management, water rationing and rate hikes, the ownership and control of water and sanitation services of Itu were returned to public hands in early 2017. Today, Itu has seen advances for citizens, but also serious challenges to their rights to decent public services.

Key problem - although Aguas de Itu, owned by a Brazilian conglomerate Grupo Bertin, S.A. had installed some new infrastructure, the private firm was failing to meet its contractual obligations. In 2013 city hall fined it for not achieving construction targets on time and for failing to undertake other tasks such as formulating a plan to prevent operational problems. The company was thus poorly prepared for the serious crisis in early 2014 that led to water rationing. In the following year, the company failed to improve its performance. It did not carry out contracted tasks, notably in meeting investment obligations, with consequent shortfalls in capacity.

Tocantins state, Brazil <http://remunicipalisation.org/#case_Tocantins%20State>

To deal with the failure of privatised systems for the supply of drinking water, sewage services, sanitation and solid waste management and drainage, the Legislative Assembly of the Brazilian State of Tocantins in March 2010 ended the private concession over these services in 79 of the state’s 139 municipalities and created the Tocantins Sanitation Agency (Agência Tocantinense de Saneamento - ATS), a public company.

Key problem - Under terms of the programme Sanitation for All of Brazil’ s Ministry of Cities, with funding from the publicly-owned Federal Savings Bank, Saneatins received more than R$500 million (Euro 115 million) to extend sewage services to all residents of the state. However, under terms of the privatisation contract, Saneatins effectively covered only those municipalities in Tocantins State with populations of more than 50 thousand, that is, only the cities of Palmas, Araguaína, Gurupi and Porto Nacional. Effectively, privatisation blocked significant improvements of services in smaller municipalities and rural areas. The only solution was to reintroduce public control.

Valladolid, Spain http://remunicipalisation.org/#case\_Valladolid

In 1997, after nearly 40 years of public management of the integral water cycle (1959-1983 municipal provider; 1983-1997 public enterprise), Valladolid City Council granted a concession to Agualid-Aguas de Valladolid, a subsidiary company of Agbar-Aguas de Barcelona (owned by Suez). Thus, water supply (and later wastewater) was privatised until 2017. In 2016, the Valladolid City Council decided to remunicipalise the water supply in the metropolitan area as the private contract was expiring in July 2017.

the privatisation process encountered problems such as that of the wastewater dumping fee. This fee was included in the financial schedule by Agualid-Aguas de Valladolid S.A. at the time of applying for the concession, but remained unpaid with no claims by the City Council until 2010. During this period, the City Council covered this fee for the company. The privatisation raised the tariffs by 37.28% over 20 years, making it unaffordable for poorer households, especially after the 2008-2009 economic crisis. An additional problem was the lack of investments in the water network while profits remained high, which the local government did not demand from the company either. According to the City Council’s technical report, there could be an investment shortfall of up to €96 million despite an average annual profit of €2.66 million. In addition to these issues, there have been regular floods on rainy days. The city had difficuluties to facilitate flood control tasks due to lack of transparency and information from the company.

Sofia, Bulgaria

Although this is not a case of remunicipalisation, I want to share about the case of Sofia, Bulgaria. Sofia is the only city in Bulgaria privatized water services. A sharp price hike hit badly population and impact is greater for the Romani communities. Public pressure pushed political forces to organize a local referendum to ask about water services ownership but the attempt was unsuccessful mainly due to a fear of huge compensation claimed by Veolia in case of terminating its contract before the expiration (2025). Subsequently momentum was lost. The academic paper published 2019 ‘Which way will the winds blow? Post-privatisation water struggles in Sofia, Bulgaria’ by Georgi Medarov and David A. McDonald [3] is the most updated study. I hope it would be helpful that I extract the most relevant and striking parts below inline with your questions about private sector participation.

***Price increases without improvement***

*One of the foundational arguments for creating PPPs in the water sector is that the private sector would reduce prices (through improved efficiencies) and invest more heavily in infrastructure (because they have more capital than the state and are contractually bound to extend and improve services) (Bayliss, 2002; Bakker, 2010). This was the expectation in Sofia, with the initial concession contract stipulating that the concessionaire was to decrease unaccounted-for water losses from 60% to 30% within the first five years and down to 16% by the end of the contract in 2025, while maintaining an average price of 0.435 BGN/m³ for the entire concession period (T. Ilieva, interview). In reality the exact opposite occurred.*

***Fraud and corruption***

*More direct forms of fraud were also recorded. Omonit’s director in the mid-2000s, Dimiter Dinev, received anonymous whistleblower copies of internal communication and other documents related to Sofiyska voda management. They identified serious misconduct, including the overbilling of customers, sending money illegally to the parent company in the UK, fake contracts, fake invoices and other instances of "accounting gymnastics". As Dinev wrote at the time, these schemes included "high level accomplices", including from the municipal political elite (Dinev, 2007: 591; NARB, 2008). Notably, Dinev is generally in favour of privatisation, but, as he noted in our interview with him, "not when it is done this way". Shortly after this incident Dinev was removed from his role as Director of Omonit, and the regulation of Sofia Water was shifted towards the national regulator.*

***THE ROMANI STRUGGLE***

*The situation of Romani people in Sofia demands special attention in this paper, and we turn to this briefly now.Romani are one of the largest ethnic minorities in Bulgaria, constituting about 5% of the population (NSI, 2012). They tend to live in segregated and extremely destitute neighbourhoods, with poor access to water, healthcare, electricity and other basic amenities, as well as having high rates of unemployment (FRA, 2009). In 2017 nearly 80% of Romani in Bulgaria lived in poverty (NSI, 2018). The largest Romani neighbourhood in Sofia is Fakulteta, with a population of about 45,000 people, but there are many smaller neighbourhoods as well.Romani are regularly blamed by the press and politicians, as well as managers of Sofiyska voda, for unaccounted-for water losses in Sofia, who claim they do not pay for the water they use.The far-right VMRO tried to pass legislation making non-payment of water a criminal offence in 2017, and has proposed widespread cut-offs in Romani neighbourhoods. Veolia has attempted to do the same in the past, such as efforts in 2013 to forcefully disconnect the entire neighbourhood of Fakulteta from the water network, but riots against Sofiyska voda employees forced the company to reconnect them (bTV, 2013).*

.....*water pressure is very low in these neighbourhoods and leaks are rampant (with water streaming down the road in the communities we visited). According to Miroslav Kolev, the mayor of Filipovtsi, residents have filed more than 1000 requests to Sofiyska voda asking for independent meters and adequate water infrastructure, to no avail (Dimitrova, 2017). Instead, Romani households have had to invest in expensive pumps to increase water pressure. In some cases elderly people find themselves with massive water debts and their pensions have been suspended as a result (A. Ilieva, interview).*

1. ‘Future is Public: Towards Democratic Ownership of Public Services’ conference draft report, December 2019, Transnational Institute, Multinational Observatory etc.

<https://futureispublic.org/wp-content/uploads/2019/11/TNI_the-future-is-public_online.pdf>

The provisional database of cases is avaiable here:

<https://futureispublic.org/remunicipalisation-across-sectors/>

1. remunicipalisation tracker collects 79 cases of remunicipalisation and fights for remuniciaplisation. <http://remunicipalisation.org/>
2. Water Alternatives 12(2): 438-458 [http://www.wateralternatives.org/index.php/alldoc/articles/vol12/v12issue3/535-a12-2-18/file)](http://www.water-alternatives.org/index.php/alldoc/articles/vol12/v12issue3/535-a12-2-18/file%29)