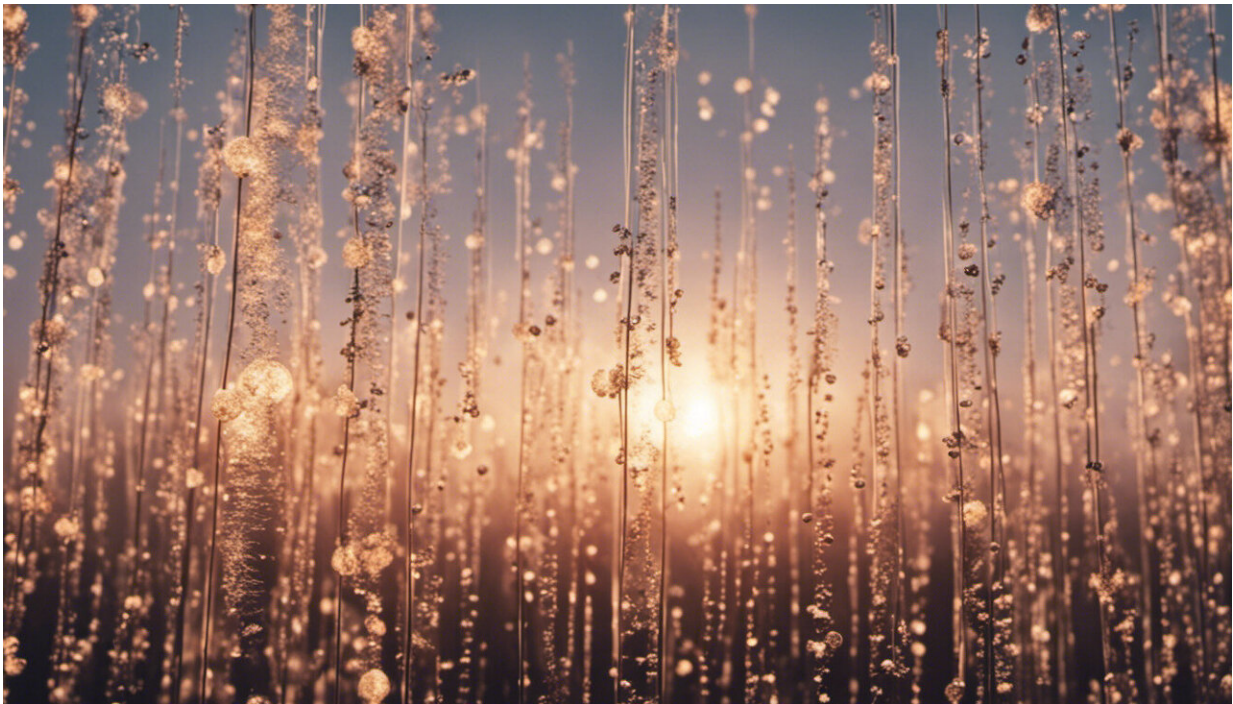


# COVID-19 has decimated water systems globally, but privatization is not the answer

March 18 2021, by David McDonald and Susan Spronk

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Credit: AI-generated image ([disclaimer](#))

The financial impact of COVID-19 has been devastating for public water operators around the world. Millions of households and businesses have not been able to pay their water bills due to lost income, while operating expenses have risen sharply.

## Data collected

in June 2020 found that revenues had fallen by up to 40 percent for some

water operators. In the United States alone the financial impact on water utilities is expected to exceed \$27 billion as a result of COVID-19.

This temporary financial crisis is made worse by long-term budget deficits, with at least \$150 billion a year required to meet global backlogs for water and sanitation. As much as one might like to think that COVID-19 will be the contagion that finally wakes the world up to the need for adequate funding for these basic public services, there is no indication that the required public money will be forthcoming.

## **COVID-19 and privatization**

Alarmingly, one possible consequence of COVID-19 may be an increase in privatization in the water sector. Our recent book, co-edited with Daniel Chavez, a fellow at the Transnational Institute in Amsterdam, demonstrates how many governments are using the crisis to promote private sector participation in water and sanitation.

Indonesia's poor can't even afford to wash hands <https://t.co/YE9OQ2qsue>

— KRuHA Indonesia #AirRakyatUntukRakyat (@KRuHA\_Indonesia) [April 11, 2020](#)

This pressure to privatize is particularly notable in places where there was already a push to do so, such as Brazil. In other cases, fiscal strains are pushing authorities to consider privatization, such as in Philadelphia. In Jakarta, COVID-19 has emboldened the state to retract its promise to

reverse water privatization.

Some multilateral organizations are also using COVID-19 to promote water privatization. The [World Bank](#) has created a "blended financing" program that requires private sector participation before public water operators can receive financial support. [UN-Habitat and UNICEF](#) are promoting public-private-partnerships to "engage and empower" small private water vendors.

Ironically, these calls for privatization contradict the warnings of a large group of [UN Special Rapporteurs who recently published an op-ed](#) outlining how "COVID-19 has exposed the catastrophic impact of privatizing vital services" like water and sanitation, with private water companies putting profit ahead of basic needs and public health.

Nevertheless, private water companies are also on the offensive. As the CEO of one [private equity water company](#) noted in May 2020: "We believe water utilities are amongst the most resilient sectors to an epidemic.... Water consumption is rigid by nature and we think the sector will actually become even more attractive to investors."

COVID-19 appears to be contributing to a rash of mergers and acquisitions in the sector, further concentrating the power of big multinational water firms. [Some analysts](#) are predicting a "complete restructuring of the water industry," exemplified by one of the most dramatic potential takeovers of the past 50 years: a hostile [takeover bid](#) by French water multinational Veolia for rival company Suez.

Another concern is that COVID-19 will deepen the trend towards [commercializing public water services](#), with budget cuts and neoliberal doctrine (such as small government, low corporate tax and deregulation) forcing public water agencies to act like private companies, charging market prices even when households cannot afford to pay. Many public

water operators have relaxed these policies during COVID-19, but some have made it clear that market-based pricing will return once the health crisis is over.

In [Colombia](#) Empresas Públicas de Medellín introduced emergency measures to make water affordable for the poor during COVID-19, but these are temporary reprieves from market-oriented policies. In [Uruguay](#), reforms introduced during the pandemic have intensified the trend towards the commercialization of their national water utility.

## **Reclaiming public water**

Is this [disaster capitalism](#) at work with private business and their state backers pushing aggressively to normalize neoliberal relations and expand profitability in the wake of a crisis? There are certainly signs of it, but it is not a foregone conclusion. With progressive governments, unions, NGOs and community organizations continuing to [fight against privatization](#) while at the same time advocating for [more progressive](#) forms of public water services.

Our book provides a critical but optimistic overview of these "pro-public" forces, illustrating how public water operators have responded effectively to COVID-19 in the short-term while working towards improved democratic engagement and accountability in the long run.

Examples include free water services for marginalized communities, moratoria on cutoffs, emergency services for vulnerable groups, remote technical support for households, finding ways for low-income communities to participate in decision-making, public education campaigns to assure residents their water and sanitation systems are secure, and child care for front-line workers.

To make this happen, hundreds of thousands of public water employees

around the world have worked long hours to keep their systems running, with little in the way of public recognition. Many also engaged in [peer-to-peer learning](#) and knowledge sharing, deepening their sense of public purpose and expanding their [networks of solidarity](#).

Hopefully, these examples of positive performance by public water operators will curtail pressures for privatization. They may even contribute to an acceleration of demands for [remunicipalization](#), as cholera outbreaks did during the initial waves of making water services public [in the 19th century](#).

Despite the challenges they continue to face, many public water operators around the world have demonstrated not just the significance of public ownership in times of crisis but the value of public services that are transparent, democratic and oriented towards equity and sustainability. It is essential that we use this opportunity to [reclaim and remake public water](#) in the post-pandemic period.

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