

3.6 Gender and Water Privatisation

Introduction

During the late 1970s and early 1980s and the global economic recession, international financial institutions such as the World Bank (WB) and the International Monetary Fund (IMF) redirected their policies and demanded macro-economic adjustment, economic stabilisation and market development policies from countries requesting loans. The economic crises during the early 1980s and the shift toward market-based economies across the world in the early 1990s, focused on inefficiencies in state-owned companies and the potential role of the private sector in economic growth and development. This marked the beginning of the current trend to privatise state-owned enterprises, public companies and their services.

It was argued that private investment and funding were needed to supplement government efforts to respond to the enormous challenges of meeting growing demands for drinking water and sanitation in the coming decades. Moreover, in a typical city in the South, 40% to 60% of water is lost due to leakages and 'theft'; privatisation was expected to cut these losses and increase efficiency of delivery systems. In light of the rapidly increasing urban population, it is important to understand how privatisation affects the poor, and in particular poor women, and how negative impacts can be addressed.

The Human Right to Water

In November 2002, the UN Committee on Economic, Social and Cultural Rights (in its General Comment 15) ruled that access to an adequate amount of clean water for domestic and personal use is a fundamental right to which all people are entitled. The Comment also emphasises the obligation of States to fulfil progressively the right to water, without discrimination, which guarantees physical access for all to the minimum essential amount of water that is sufficient and safe for personal and domestic uses. Water is to be treated as a social and cultural good, and not primarily as an economic good. This recognition implies that countries should not be forced to rely on markets or the private sector or reduce subsidies, but should provide universal access to basic amounts of drinking water and sanitation.

The costs of privatisation

While privatisation has generally been used to mean the transfer of water services from state-owned to private companies, at the same time, it has meant that governments have had to take on new responsibilities to regulate the private companies or make up for the social protection that had previously been provided by state-owned companies. Private sector companies may seek to recover their investments, not looking beyond the contract period, or withdraw if they fail to meet expected profit margins. Operation and maintenance are likely to suffer in such cases, and governments will foot the bill for this negligence.

Despite all that has been said and written about the privatisation of essential services such as drinking water and sanitation, there is limited quantitative information available on the real effect of privatisation on women, as different from that on men. However, there is a great deal of information on women's ability to resist private expropriation of their fundamental rights.

Gender-related effects of privatisation

Experiences reviewed generally highlight three gender-related issues:

- Privatisation can be more damaging for women working in privatised state services;
- Privatisation means, among other things, an increase in water user rates and thus affects poor people negatively, particularly poor women and female-headed households;
- Privatisation fails to take into account community water management experiences and a gender perspective.

In order to maximise profits, private companies try to recover their start-up capital as quickly as possible by increasing water user rates and cutting back on wages and jobs, with women and unskilled workers being most vulnerable to salary cuts and loss of benefits. This happens particularly in countries where governments do not strengthen labour laws and other regulations, and where the negotiating power of trade unions or associations is weak. Consequently, and to avoid these kinds of situations, governments should conduct a more in-depth analysis of the impact of privatisation on people previously working in state-owned water and sanitation companies.

Privatisation of water supply services can have serious negative impacts on the service levels of poor households, and in particular of female-headed households. This is due to the fact that:

- To maximise the returns on invested capital, private companies might prefer to invest in areas that are economically better off and ignore poor neighbourhoods and illegal settlements in particular.
- An increase in water tariffs can lead to the dis-continuation of services to poor households. Home-grown vegetable gardens, which often supplement women's income and households diet, are also affected when water user rates are increased.
- Privatisation schemes that grant companies the exclusive right to provide drinking water services severely affect community drinking water systems, where women's contribution in terms of labour is significant. It is a form of expropriation of water sources in peri-urban and rural communities.

The real cost of water services and the increase in water user rates as a result of privatisation

In Chile, research was conducted on the variation in the average water rates charged by water and sanitation companies throughout the country since water and sanitation services were privatised in 1990. The study shows that 68 percent of all earnings from water rates, which should be invested in improving the systems and/or services - reducing losses, introducing technology, renewing facilities, etc. - were not being invested in these activities, according to figures and results of these companies as shown by the indicators and statistics of the regulating body, even though the private companies had committed themselves to do so. The study also found out that water user rates had increased from 1989 to 2003, i.e., over a period of 14 years, by 314 per cent.

If we consider that one in three households is currently female headed, this has a dramatic impact on more than five million people who rely on women for their subsistence.(Source: Alegría & Celedón 2005).

This situation is further compounded by the negative impact on health of drinking poor-quality or contaminated water, which results in an increase in water-related disease. This is especially crucial for older women and children who head households in AIDS-infected areas of Africa. Finally, when water user rates increase, women have to allocate a larger proportion of the household income to pay for the water bill, at the expense of food, health, clothing and education. All this is likely to dissapropriately affect poor women.

The “War over Water” in Cochabamba, Bolivia, in 2000

This popular uprising, where women played a significant role in the defence of the right to water, was not only about urban water users challenging an increase in water user rates. The conflict went far beyond that: privatisation of water in a country such as Bolivia - with almost 40 per cent of its rural population living from subsistence farming and close to 70 per cent of the indigenous population living in poor communities with a traditional culture of community water management – violated the water rights of indigenous peoples and affected their self-management systems, that were developed as an alternative to the failure of the government to provide this service. What triggered the conflict was the passing of a law that the government approved to permit privatisation without previously consulting with the people. (Source: Peredo Beltrán, 2003).

As indicated in the above example, privatisation can have a negative impact on indigenous people, and peri-urban and rural women, who are usually responsible for providing food and water to their households. Women are also greatly affected by the degradation of water resources and the ensuing damage to ecosystems.

Conclusion

People, including the poor women and men are willing to pay a reasonable and fair price for a quality service. However, clear rules and regulations are needed to ensure that privatisation does not negatively affect poor households, and in particular women and female-headed households

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or

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Case Studies

The complete case studies are found in the annex of this resource guide

- Indonesia: The Impact of Women's Participation in the Aqua-Danone Advocacy Programme – A Case Study in Klaten District, Central Java
- United States: Refusing to Back Down
- Uruguay: Privatisation with Protest