

**CIVIL SOCIETY  
COALITION AGAINST  
WATER PRIVATIZATION  
IN NIGERIA  
(CISCAWP NIGERIA)**

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## **WATER IS LIFE**

**ADDRESS DELIVERED BY MR. BABATOPE BABALOBI, COORDINATOR, CIVIL SOCIETY COALITION AGAINST THE PRIVATISATION OF WATER IN NIGERIA. (CISCAWP NIGERIA) PRESS CONFERENCE TO MARK WORLD WATER DAY 2005.**

Gentlemen and Ladies of the Press,

I welcome you all to this Media briefing, the first to be organized by the **Civil Society Coalition Against Water Privatization in Nigeria (CISCAWP NIGERIA)**.

**CISCAWP NIGERIA** is an alliance of Community based organizations and non-governmental organizations campaigning against the World Bank financed water privatization schemes in Nigeria, particularly by the Lagos and Cross River States Government

As you are aware, today 22 March, marks World Water Day and it is being celebrated with the theme 'Water for Life.' It was John F. Kennedy who once said that "*Anyone who can solve the problem of water will be worthy of two Nobel prizes - one for peace and one for science*". **CISCAWP** members are collectively united to advocate for policies and practices that will solve the problem of water in Nigeria, not necessarily with the aim of winning the Noble Prize, but to ensure that Water, the lifeline of all, is not traded like a commodity in the supermarket.

It is for this purpose that we have decided to brief you on the planned privatization of water and sanitation resources in Nigeria by the Federal Government, the Federal Capital Territory, and the Governments of Lagos and Cross River states with the support of the World Bank. So far, the World Bank has extended a loan facility of US\$173.2mn guaranteed by the FGN with a maturity period of 14.5years (spanning: 1st February 1994 to 1st August 2008) with repayment dates on 15th October and April at a rate of 5.59%. The World Bank also approved a project called "Privatization Support Project" in 2000 worth US\$114.29 million. These two World Bank loans prepare the necessary conditions to attract foreign multinational water corporations through promotion of cost recovery tariffs and promotion of private sector involvement.

Privatisation of Government agencies basically entails the production and distribution of water to end users by Private firms, instead of Government agencies that have traditionally handled this duty. An important element of all privatisation schemes is maximization of profit and full cost recovery by investors. This in all cases lead to high water tariffs by the firms that have invested in the water business. Water is an essential service, which should be affordable by the citizenry, particularly the poor who need it most. Privatisation of water does not favour the poor, as they would not be able to afford the high water rates charged by private investors. It is therefore essential that production, distribution, and management of water services for the public remains in the hands of the Government or a public body, rather than water barons.

This morning's Press Briefing will specifically focus on the water reform process in Lagos, and we hope to take up others in the near future. There is an ongoing effort since 1999, by the Lagos state Government to privatize the delivery of water services to the people of Lagos state through a World Bank loan of over \$100. The state is proposing a Private Sector Participation (PSP) model, which consists of the following three major components: A management and regulatory contract; a contract for water and sewerage services in the Lagos Mainland zone; and a concession for water and sewerage services in Lekki and the Islands zone.

**CISCAWP NIGERIA** is opposed to the privatization option, which the Lagos state Government had chosen, for the following reasons.

First, the on going privatisation process of the Lagos State Water Corporation is not inclusive, open, transparent, and participatory. So far, the Lagos state Government has vigorously pursued the policy without any consultation, discussion, or approval by grassroots organizations that represent the peoples of the state, including water users and consumers, workers, women and children groups, farmers, fishermen and women, labour and trade groups, civil society groups, and private firms.

All the documents/reports that would have aided the civil society in monitoring this exercise to ensure its transparency are still kept in the secret files of government officials. A project of this nature involving a multimillion-dollar loan, and awards of several contracts for the delivery of a vital service must be inclusive involving all stakeholders, and not state officials and investors alone. All the documents must be placed on the table in order to critically examine the philosophy of the whole project, and the capability of the strategy being adopted to deliver water at affordable price to the various segments of the society. Let it be noted, that this project is to be financed by a REPAYABLE World Bank credit of over \$100m repayable over 35 years. **So, WE HAVE A RIGHT TO ASK QUESTIONS BECAUSE IF THE LOAN IS NOT JUDICIUOLSY EXPENDED AND PROPERLY MANAGED, OUR CHILDREN AND GRANDCHILDREN WILL REPAY THE WORLD BANK LOANS.**

The World Bank will find itself in an embarrassing position if it goes ahead and supports the Lagos State Water reform process, as it is being presently implemented. This is because the Bank lauds transparency in official documents, and canvases for openness as a way of minimizing official graft and corruption. Why is it that we do not have access to official documents on the Water Reform process in Lagos state? The World Bank must ensure these international standards of transparency, openness, and inclusiveness are adhered to for the Water Reform process in Nigeria; otherwise, the reputation it has been trying to build for itself will be tainted.

Second, the "Lagos water sector law 2004" which is the legal framework for the privatization programme, passed into law by the Lagos State House of Assembly on July 29 2004, and signed into law on the same date by Governor Ahmed Tinubu, is a scandalous document unacceptable to the civil society. The law was passed secretly and hurriedly by the State House of Assembly without a public hearing, presently most Lagosians are now aware that there is a new water law in place, and would just wake up one morning and see water profiteers installing meters on their water pipes.

Moreover, the law contains many objectionable provisions. We will cite some examples. Section 35 of the law empowers the 'Corporation' to collect fees from primary schools through the Local Governments, and empowers the new Lagos Water Company to disconnect water supply to public primary schools defaulting in payment of water bills. LASG presently has problems in paying Teacher's salaries, where would Local Governments get funds to pay for water used by school pupils? What is the guarantee they when their present financial crisis is over, Local Governments will be committed to paying water tariffs on behalf on School children. A government that cannot provide free water for pupils of primary schools is of no value to the community. South Africa had a crisis when utilities cut water from schools due to non-payment. A cholera outbreak in KwaZulu-Natal in 2000 highlighted the importance of improved sanitation (and hygiene) if the health benefits of water supply are to be fully realized. Lack of access to clean water is a chief cause of child illness in Bolivia, where nearly one in ten children dies before age five.

6(h) of the law states that the charges for water should be 'reasonable'. Reasonable could be subject to interpretation – what would be preferable would be language such as 'affordable to all users'. Reasonable could easily be un-affordable to a vast number of users as it merely refers back to recovering the cost of delivery. **CISCAWP NIGERIA** posit that **Water is a social and cultural good and should not be treated as a commodity governed by the rules of market. Any pricing scheme introduced to manage water resources must allow the poor to satisfy their basic needs.**

7(n) (pi-iii) empowers the water body to enter into any premises as early as 6 am to repair or disconnect supply of water. This power is awesome, an infringement of privacy, and should not be allowed unless in emergencies. Water is life. We believe every citizen has a right and is entitled to a minimum quality of safe water, at an affordable price. The Lagos State Governments, as a primary duty bearer, must take concrete steps to respect, protect and fulfill Lagosians right to water and sewage services.

10(e) states that the Procurement and Evaluation committee of the water Body shall be responsible for fulfilling the requirements of the World Bank and other such donor agencies' What are these requirements of the Bank? To what extent is the World Bank influencing and dictating the direction of the water reform process in Lagos state? The World Bank does not have an enviable record in financing water projects in Nigeria. In spite of billion of World bank financed loans spent on River Basins, Dams, and Urban/Rural water safe, affordable water is not accessible for domestic, agricultural or industrial use in most parts of Nigeria.

38(2) stipulate that the Water Body should only supply water to premises that are metered. Installing meters for all users poses a number of additional questions. Who bears the cost of installing meters, because meters are expensive to install. There are no proper affordability requirements that would ensure that even though the 'Corporation' embarks on metering all users, that every person would be able to afford access to water

Our third basis for opposition is that Water privatization all over the world, including in African countries like Ghana, and South Africa, has been shown to decrease access to clean and affordable water and discriminate against poor and under-represented communities who cannot pay "market prices" for water.

Privatization disguised as Concessions or management contracts has ended in fiascos in almost every country where it has been introduced in the past. More often than not the contracts were always terminated midstream either because of disagreements in contractual obligations between the Contractors and the public corporations involved, proven cases of bribery and corruption of public officials in an attempt to secure water contracts, or that the contractors were booted out by popular obloquy resulting from high water tariffs. It is therefore obvious that Water privatization as conditioned by the World Bank will impede the achievement of the water-related goals of the Millennium Declaration, Johannesburg Plan of Implementation of the World Summit for Sustainable Development and Agenda 21.

We are all living witness to the failed Pentascope Management contract for Nigeria's Telecommunications Limited (NITEL). The Contract was terminated few weeks ago, after millions of dollars have been paid out as consultancy fees, because the company could not deliver its commitment of turning around NITEL. An enquiry by the Nigeria's House of Representatives into the scandal shows that Pentascope is not qualified for appointment as Management contractors in the first instance, and it was also revealed that the firm operates from an uncompleted House in Netherlands with only eight members of staff, including the cleaner!

In Johannesburg, South Africa riots erupted in August 2003 when Suez, the water contractor attempted to install pre-paid meters and shallow sanitation systems in Orange Farm and Soweto. In Cochabamba, Bolivia, five years ago the issue of water privatization exploded when massive public protests forced out the California engineering giant, Bechtel. Within weeks of taking over the city's public water company Bechtel hiked up rates by as much as 200%, far beyond what the city's poor could afford to pay. The people revolted, and in the ensuing government repression and violence left one 17 year old boy dead and more than a hundred others wounded.

Fourth, privatization will subject water tariffs in Lagos state to International water pricing, as foreign exchange rate changes are Grounds for Extraordinary Adjustments (GEAs). Through the Extraordinary Price Adjustment mechanism, anytime the naira depreciates, the International' water contractors will pass the additional debt servicing cost to consumers as a tariff rate increase. The World Bank driven privatization of water and sanitation services in Lagos sate will therefore result in unending water tariff increase because of the constant depreciation of the naira.

Fifth, the multi million-dollar credit about to be accepted from the World Bank would be solely and wholly spent on existing infrastructure; there is no provision for extending water and sanitation services to new users in the State. As you are all aware, most parts of the State are not connected to the public water supply. It is therefore clear that what the World Bank seeks to achieve through this loan is to open up the water markets of the high profile areas of Ikeja, Victoria Island, and Lekki to International water profiteers, while the mass of the people residing in the semi urban and periphery areas are left uncatered for.

Sixth, the Lagos State Water sector Law 2004 runs counter to several statutory provisions in International agreements which Nigeria is a signatory to, and even some Laws of the Federation of Nigeria. For instance, the Fire Service Law of 1988, grants the Fire service, the right to take water from any source, without payment or compensation, for the purpose of extinguishing a fire. The Lagos Water Law is silent on the provision on the legal right of the fire services to free water to carry out their emergencies and most times critical assignments.

In 2002 the United Nations Committee on Economic, Social and Cultural Rights declared, "The human right to water is indispensable for leading a life in human dignity. Water, and water facilities and services, must be affordable for all." Moreover, the National Water Supply and Sanitation Policy published in January, 2000, by the Federal Ministry of Water Resources states that the national policy is to guarantee free access for the poor for the "basic human need" level of water supply and sanitation. This policy is drafted by all Government agencies and authorities in Nigeria including the Lagos State government. Governments have a moral duty to respect their own laws.

Under the Federal Utilities Charges/Prices Commission Act 1992, the Commission has the duty "to keep charges and tariffs under constant surveillance and propose measures to regulate tariff charges and to prevent undue exploitation of consumers by Scheduled Utilities". Water Corporations of State Governments are scheduled utilities.

*We like to use this medium to advise International investors against expressing interest and participating in the Lagos state water reform process as the recently enacted Legal framework runs foul of existing statutes. If this golden advise is however ignored, Civil Society Coalition Against Water Privatization in Nigeria. CISCAMP NIGERIA, would seek judicial interpretation of these extant statutes as they relate or conflict to the Lagos State Water sector reform process.*

**We demand that that the World Bank should**

1. *Back down and back out of corporate driven support for water privatization in Lagos and Cross River states.*
2. *That privatization cease to be used as a condition on international lending to finance the development of water and sewage resources in the Nigeria*
3. *The World Bank should fully recognize the human right to water in all Bank policies related to water and sanitation.*
4. *Remove all conditions, implicit or explicit, that demand full cost recovery from household water users in Lagos and Cross River states.*
5. *Remove all conditions, explicit and implicit, that require public/private partnerships in order to permit Nigerian Government agencies access to loan resources.*
6. *Strengthen the role of the public sector and meaningful participation of civil society and affected communities; not undermine it.*

The many failed privatization experiments have shown that profit-driven transnational water operators are ill equipped for - if not incapable of - securing water for the poorest. Support for public utility reform and expansion of not-for-profit water supply is a far more obvious way forward. Local initiatives such the water committees in parts of Latin America and Public [state]-community partnerships such as the Ghana water company /Savelugu township partnership are pointers to alternatives to privatisation and could be important instruments of interaction and managements.

Other examples of successful reforms of public sector water undertakings including that of SABESP, the world largest water utility, in Sao Paulo, Brazil. This is a state owned water company covering the majority of the 22 million inhabitants of Sao Paulo state. Others are the world Bank funded water and sanitation services project in Lilonge, Malawi; the National Water and DRAINAGE board water and sanitation project in Sri Lanka; the Hyderabad Metropolitan Water Supply and Sewerage Board project in India, and the city council of Debrecen waterworks in Hungary.

In the 1990's, progressive mayors in Bogotá, the capital of Colombia, refused to privatise water, despite continued pressure from the World Bank. Instead, they successfully reformed the Water and Sewerage Company of Bogotá (EAAB), transforming it into one of the most efficient and equitable utilities in Colombia, if not Latin America.

*If the Lagos State Government is genuinely interested in seeking alternatives to water privatization, Studies could be commissioned, and the civil society engaged towards deciding the best public-public partnership (PUP0 or Public water undertaking (PWU) that is best suited for the cosmopolitan state of Lagos. On its part, CISCAMP NIGERIA would soon commission a study in this direction.*

Access to safe water is a universally a basic human right and is essential to human life. The peoples of Lagos state must control water, as a public trust and an inalienable human right. Furthermore, projects intended to develop water resources in the state, must be based on respect for the rights of all Lagosians, and must provide full and meaningful participation in decision-making.

The Lagos State Government should initiate the process for the repeal of the 'Lagos Water Sector Law 2004' as it is a fraudulent document inimical to the health and well being of the people of Lagos. Let me end this address, by affirming the resolve and determination of members the **Civil Society Coalition Against Water Privatization in Nigeria (CISCAMP NIGERIA)**, to mobilize the people of the Nigeria against water commodification and privatisation, under any guise.

Thank you for coming.

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