Cashing in on Water Crises: Public-Private Partnerships Are Not the Solution

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Lebanese farmers irrigate their malt fields in the Ammiq wetland in the Bekaa valley, on April 14, 2014. An influx of Syrian refugees and longstanding water management problems are leading to water shortages in the region. (Photo: JOSEPH EID / AFP / Getty Images)

Across the US, cost-cutting municipalities are looking to private companies and contractors to fix aging infrastructure. However, these privatization practices contribute to increased water bills and jeopardize water quality, endangering one of residents' most basic needs.

We can gain some perspective on the consequences of water privatization by looking to a glaring overseas example: In Lebanon, mismanagement of infrastructure has provided ample opportunity for privatization to proliferate. In both cases, the pursuit of privatization comes from cash-strapped places prioritizing cost-cutting over resource conservation and quality. The privatization of water was the subject of Canadian leading water rights activist Maude Barlow and Tony Clarke's 2002 article, "Who Owns Water," forewarning that international brokers such as the World Bank will become the intermediaries in commodifying water.

In the first major piece that echoed a Fortune article of two years prior that water was to become the next oil, Barlow and Clarke warned that the inclinations of the so-called Washington Consensus neoliberal market economists would urge developing economies to sell off the most basic and fundamental of their endowments: their water resources. This is reflected in Lebanon, where, despite recent plans to start offshore drilling by 2019, the volatile realities of water, not oil, serve as the pretext for many resource-based conflicts.

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Privatized waste collection, coupled with the inability of the government to pass a comprehensive waste treatment plan, contributed to the 2015 garbage crisis when a turgid landfill in Naameh closed up and trash collection effectively stopped. The country's political elites made use of contracts established between private companies and city services for financial gain for themselves and their friends, profiting off a system that is high cost yet dangerously lacking a sustainable or eco-friendly approach to waste management. The adverse effects to ocean shores, air quality and the health of communities continue to exemplify Lebanon's wider political dilemma. The nation has endured years without a president, continues to be afflicted by a divided parliament and thus, remains without a government able to oversee the most basic of human services.

The reality is that water is not inherently scarce in the country. In fact, Lebanon is historically known for its abundant water resources. Its groundwater and rivers have long been coveted by neighboring countries, and have been the source of many conflicts, aggravated by regional instability. Lebanon's water resources are particularly notable, given the strain that water scarcity has placed upon its neighbors: The Syrian Civil War was catalyzed in part by a three-year drought that drove displaced farmers into already crowded cities. The occupation of Palestine partially hinged on acquisition and allocation of water resources to Israel, with austerity policies against the Palestinians continuing to rest upon water extortion. Water policy became a reflection of the nation's geopolitical role in the world, as well as an articulation of its own deeply divided society, post-colonization.

For decades, the gradual shift to privatization ascended in response to Lebanon's mismanagement of its public resources, culminating in the passage of the Public Private Partnership law in August 2017. Ushered in by Lebanon's Higher Council for Privatization, the law heralds foreign investments in infrastructure. Politicians implemented the new policy with promises of mitigating governmental shortcomings of neglect and corruption, yet invited major party players to exchange the ill-gotten gains amongst themselves. Private-public partnerships consist of short-term private contracts to work on a public-sector entity -- situations in which accountability often falls by the wayside, and in which key sector management issues -- such as over-extraction of groundwater and severe wastewater mistreatment -- fail to be addressed.

Nearly 20 percent of Lebanese live without direct connection to public water.

The International Finance Corporation (IFC), the privatizing wing of the World Bank Group, continues to invest in water privatization companies such as Veolia, and more recently, SUEZ. The companies are setting their sights on ailing infrastructural systems in the Global South in places like the Arab world, particularly in response to the abandonment of public-private contracts in some large US cities.

"In the United States, SUEZ and Veolia are the two largest [water contracting] companies that haven't been growing too much [due to] failures," Food & Water Watch's Public Water for All Campaign Director Mary Grant told Truthout. Since 2000, these transnationals have lost at least 180 contracts, including at least 59 in the United States, even triggering the IFC to partially divest from Veolia in 2014, due to escalating pressure from activists to stop investing in disaster-capitalist water projects worldwide.

A decade prior, a fallout between Atlanta, Georgia, and the SUEZ subsidiary United Water following a public-private partnership agreement, resulted in the city taking back control of its municipal water systems. The 20-year contract, launched in 1999, was terminated in 2003 following city complaints of subpar service, erratic and mismanaged billing, and poor water quality. In other cities, contracts fell like dominoes; Indianapolis shunned Veolia in 2010 following concerns of water safety and misplaced costs. Poor water quality, underqualified staff and failure to perform maintenance checks caused Gladewater, Texas, to break off a 16-year contract with Veolia in 2012.

Beyond service problems, Grant pointed out that private contractors that gain popularity in cash-strapped or poorly governed lands generally do not actually solve the infrastructural issues at hand. Addressing these issues requires experts, not contractors, to undertake rehabilitation efforts. "Again, this is in the name of cost-cutting and saving," she said.

SUEZ, whose contract with Atlanta was terminated, is credited with having secured 24-hour water access in Tripoli, though unable to conduct an independent review assessing water quality and sanitation in nearby waters. Unequipped with independent, local government watchdogs, Tripoli was not able to oust privatizers for subpar service -- but it nevertheless abandoned its contract in 2007, due to government disorganization.

Privatization follows the excess of waste and mismanagement of the water infrastructure in Lebanon's historically ample and pristine water supply. As is, many only have access to water for a few hours per day. An estimated 60,000 illegal wells have been dug in Lebanon alone, and according to the World Bank, a third of them are in the Greater Beirut area. Many pipes in Lebanon's system are leaking. Lebanese people already buy from private sources regularly, including purchasing water tankers and water bottles instead of drinking from taps, and nearly 20 percent of Lebanese live without direct connection to public water.

And it is not just water systems that are the transnationals' cash cows. Bottled water -- the vast majority of which falls short of quality drinking standards -- makes up a significant portion of water consumption in Lebanon. Nestlé -- the Swiss transnational responsible for over-extracting water in California during a drought, buying up aquifers in West Michigan for cheap as Flint residents continue to be overcharged for contaminated water, and unfairly tapping into groundwater access in multiple small towns and municipalities across the US for cheap -- fully purchased Sohat in 2001, effectively gaining control of 35 percent of Lebanon's bottled water market share.

Today, Lebanon is facing down an impending severe water shortage. According to the World Resources Institute, it is one of 33 countries projected to be among the world's most water-stressed in 2040. Lebanon's water over-extraction is furthered by a rapidly rising population, including a million-and-a-half Syrian refugees. Along its borders, Lebanon has witnessed multiple water wars that have impacted the nation -- such as the entanglements from the Shebaa farms to Litani River that have characterized its own water-based conflicts with Israel.

Through development projects in Lebanon, as well as much of the Global South, transnational corporations and the World Bank have benefited from offering loans -- over $1.3 billion in

Lebanon, with $674 million alone for the water sector -- to fund projects that ignore pollution and groundwater waste. Projects, such as Lebanon's Bisri Dam, a World Bank experiment of the Water Augmentation Project, have provided no actual solution to stymie pollution or solve water shortages, yet the threat of displacing local farmers of the Bisri valley and the dam's haphazard placement on a geographic fault line imply that the stakes for the average citizen are much higher than the alleged benefits.

Lebanon's water pollution reached new levels a few years after the 2015 garbage crisis, a fault of the little attention given to proper waste management and water sanitation -- issues that privatizing loan sharks do not fix. "The European Union gives loans to Lebanon, and then the only entity controlling what is done with the loan is the Council for Development and Reconstruction," said social activist and economist Jad Chaaban in July 2017. "No independent organization checks what is done with this money -- it is a political problem."

In 2014, Lebanon's Civic Influence Hub, a lobbying group of predatory businessmen urging support for "economic development initiatives," touted the Blue Gold Project as the solution to Lebanon's water shortages. Little information, aside from television ads and promotional material, had offered an objective insight into the realities of the project as the campaign excessively heralded the virtues of "transforming water from a simple commodity to a national wealth." The five-year plan to manage water resources essentially delegates systems to private-sector pundits. The Blue Gold project represented a microcosm of Lebanon's push to privatize its failed water system, undertaken by opportunistic private-sector politicians, business executives, lobbyists and pundits.

As disaster capitalism ventures into the war-torn and droughted Arab world, will Lebanon be the next nation for water privatized to cash in on the crisis? Will Lebanon's plans to off-shore drill compound its existing issue of water as the frontier of existing resource wars?

In Lebanon and around the world, the basic issues of water quality and safety must find a place in policy-oriented discussions over water. If this occurs, countries and municipalities stand a chance of eschewing private-public partnerships -- and ensuring that water is not treated as simply another commodity to be sold.

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