

Final Research Workshop

**Cross-Comparative Report D21
Socio-political and cultural dimension**

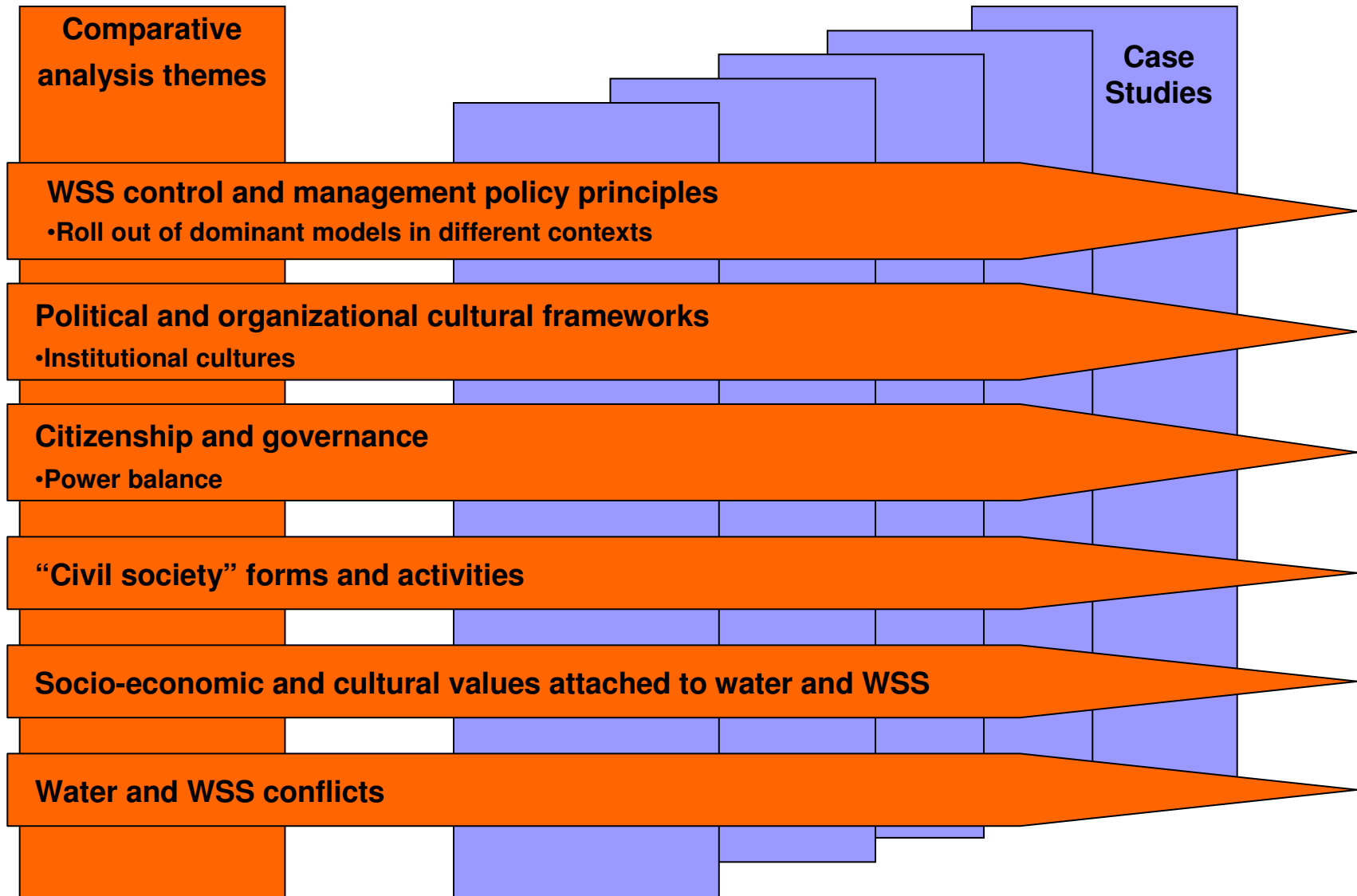
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Framework for Socio-political and Cultural Analysis





Private Sector Participation (PSP) expansion and governance

- In the mainstream literature, “governance” is presented as the articulation of management regimes and their institutional frameworks:
 - the classic forms of authority embodied in the state (hierarchical coordination; or, as the critics would prefer it, “command and control”)
 - private-management (self-organization driven by market competition)
 - co-operation (the realm of civil society structured on the basis of voluntary or reciprocal action)
- The notion of “partnership” (public-private or tripartite) draws on this ideal-type model of governance, suggesting the existence of a power balance and shared space between these three realms of social action



However, key problems ...

- **Lack of political accountability characterizing concessions**
- **Weakness or complete absence of a proper regulatory system to monitor the performance of the private operators**
- **Ignorance about or indifference towards the local cultural, social and political conditions where water-sector reforms are implemented**
- **Public and private sector corruption**
- **Citizen defenselessness to exercise democratic control over public or private water providers**



Governance in the field

- **In many cases, this has led to bitter social and political conflicts and to the collapse or early abortion of PSP projects in the Water and Sewerage Sector**
 - **Examples from Argentina, Bolivia, Brazil, Mexico**



Provisional findings (main trends)

- **Contestation of “partnership” and “governance” notions used in mainstream programmes promoting private sector participation at the theoretical level and in the field**
- **Formally, mainstream notions of governance and partnership imply that there is an even field between the private, public, and voluntary (civil society) sectors**
- **In practice**
 - **transnational private corporations participating in the most important concessions in developing countries are often far more powerful (in financial, technical, and even political terms) than the public or voluntary sectors**

this creates a power imbalance renders the notions of partnership and good governance meaningless

 - **the concept of civil society “participation” in practice often means “obedience” and “willingness to accept” decisions already taken**



Into the future? Governance and changing rhetoric

- The World Bank has recently acknowledged that though publicly-delivered essential services are often marred by problems “it would be wrong to conclude that government should give up and leave everything to the private sector” as “**private-sector participation in health, education, and infrastructure is not without problems - especially in reaching poor people**” (World Bank, 2004)
- The same report states that “the only issue that really matters is whether the mechanism that delivers key services **strengthens poor people’s ability to monitor and discipline providers**, raises their voice in policymaking, and gets them the effective services they need for their families”



However issues worth considering....

- **What conceptualisation of users and citizens is emerging here?**

These declarations come at a time when one of the main pillars of the neoliberal rhetoric has been exposed as flawed:

the argument that private investors would provide the bulk of the **funding needed to upgrade and expand infrastructure and services, especially to the poor is being questioned (even by private sector companies themselves in some cases)**

Our results suggest that private sector funding is very low and it often represents debt or subsidies.

... so who is paying the price for seemingly Private Sector Participation failures?