



PSI Privatization Update: 8 July 2016

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[Public-private partnerships: The global debt iceberg?](#) This analysis by Tim Jones, [Jubilee Debt Campaign](#), on the financial risks of PPPs highlights the following points:

- Research suggests PPPs are the most expensive way for governments to invest in infrastructure
- PPPs are more expensive because private sector borrowing costs more, private contractors demand a significant profit
- PPP contracts often do not allow the public to see the full terms, including contracted costs and liabilities

Africa & Arab Countries

Burkina Faso: [Tollbooth workers protest government inaction](#) over **their demands to stop the privatization process initiated by the former Compaore regime**, define a clear status for agents by their integration into the public service, their inclusion on the list of fund beneficiaries, and the strengthening of devices at toll booths. About privatization, Boubacar Dianda believes that private interests “must not meddle in the management of roads built by the government with taxpayers money.”

Ghana: [Pressure continues to mount on government to stop it from privatizing the Electricity Company of Ghana](#). The Convention People’s Party is battling government over the issue in court, and the [New Patriotic Party](#) and [Civil Society Platform on Oil and Gas](#) are opposing the move. The push to privatize ECG [has been led by the Imani Center](#), a member of **the right-wing American pro-privatization Atlas Network**. Atlas, which seeks to spawn pro-privatization think tanks around the world, has been funded by conservative American foundations [and private corporations such as Exxon](#).

Gulf States: Writing for [Arabianbusiness.com](#), Sarah Townsend warns that **privatization could increase corruption in the Gulf**. “This is of concern at a time when Gulf states are hoping to privatize state-dominated sectors such as telecoms, mining and oil and gas, [Sheila Shadmand, partner-in-charge at the Dubai office of US law firm Jones Day] warned. Such industries rely upon the awarding of licences to third parties, and privatization that is not properly regulated could see decision-makers sell off parts of government, or hand out contracts, in ways that reward cronies and benefactors. This trend has been well documented in the past, for example in countries such as the US, Russia and India, Shadmand added.”

Ivory Coast: The Institut National Polytechnique Felix Houphouet-Boigny (INP-Hb) [has been paralyzed by a 48-hour warning strike against privatization](#). “According to Ouhoïn Neukahon Anderson and Yessoh Jean-Marie (faculty), respectively president spokesman of CSPAT and spokesman of the CNEC, **general management insists on driving forward the privatization process of the InP-Hb**” under a “strategic orientation plan.” Among the placards held by demonstrators were those reading “**no to privatization**.”

Nigeria: **Oyo state public service workers rally to protest unpaid salaries and proposed privatization of some schools**. “Addressing the gathering, the state NLC Chairman, Waheed Olojede, said the rally was to further protest against what he called the state’s anti-workers policy. He said while workers have fulfilled their side of service delivery, [government owes them six months arrears of salaries, backlog of pension and gratuity of pensioners](#). He said the workers are also saying no to privatization and sale of public secondary schools in the state.”

Nigeria: Faced with a near-collapse of the power supply in many parts of the country, “**the House of Representatives may review the privatization policy of the Federal Government** and thereafter [revoke agreements that have paved the way for the sale of Power Holding Company of Nigeria](#) (PHCN).” A member of the House of Representatives Committee on Privatization and Commercialisation, Sopoluchukwu Ezeonwuka “who represents Orumba North/ South federal constituency of Anambra State said that revocation was likely if power distribution does not improve in the country.”

Oman: A report on **privatization of some services provided by the government** was discussed at a meeting of the Economic Committee of the Oman Chamber of Commerce and industry (OCCI). [The government will supervise and follow up the performance of the privatized sectors](#).

South Africa: COSATU, along with the South African Municipal Workers Union, [denounces DA Gauteng's call for the privatization of Pikitup, the official integrated waste management service provider to Johannesburg](#). "The privatization of Pikitup **will be tantamount to government outsourcing its developmental mandate to the private sector**. Privatization will detrimentally affect the socio-economic interests of the poor, which includes workers and the working class in general. It will lead to decreased and inferior quality services for the poor, since they cannot afford to pay for the services provided by or through private interests. It will lead to higher prices for the provision of basic services, which will adversely affect the poor. It will **limit the extension of basic social and municipal services to the poor.**"

Asia Pacific

India: Ajay Chhibber, the former head of the Independent Evaluation Office ([a brainchild of the IMF](#)) and a 25-year veteran of the World Bank, calls for [more public sector privatization in India](#), Chhibber says the "Modi government focused on **better functioning of state-owned companies and banks—not privatization**. India has not had much experience with privatization except for brief episode of previous NDA government which privatized several companies but with good outcomes. So India should privatize two thirds of these companies and convert those funds into public infrastructure to crowd-in more private investment. Then only will the government's slogan 'maximum governance - minimum government' come true."

India: Writing in the *Sunday Express*, Meera Bhardwaj highlights the work of ["water warriors" who are "battling privatization in thirst for justice"](#) in Karnataka. Leading the struggle is Kshithij Urs of the People's Campaign for Right to Water (PCRW). "A campaign achieved similar success in Mysuru, but only after seven years of struggle. In 2014, JUSCO, a Tata company, was sent out following protests by people, recalls Urs. 'Supply is now back safely in the hands of 102-year-old Vani Vilas Water Works. **This was a PPP concept, which involved no investment by the private company for 2007-12. Mysuru suffered six years of privatization, but people's wishes prevailed,**' he says."

Indonesia: The Administrative and Bureaucratic Reform Ministry's **proposals to reduce the number of civil servants has sparked a furor in local administrations across the country**, who say they are already short staffed and underfunded. "West Kalimantan Employment Agency head Kartius questioned the central government's plan on Tuesday, insisting that **the number of public servants in the province remained inadequate**. The central government's moratorium on recruitment of civil servants is groundless, he said, [and had forced the West Kalimantan provincial administration to pay for the services of around 2,000 non-contract staff](#). 'Currently, we have around 6,200 civil servants, but half of them are approaching retirement age,' Kartius said."

Indonesia: The *Southeast Asia Globe* reports that ["Jakarta's water management fight echoes around the world."](#) The 1997 privatization of water assets was a disaster. "However, for more than a decade, a campaign was fought against this privatization of the city's water management. At the forefront was a group of Jakartans calling themselves **the Coalition of Jakarta Residents Opposing Water Privatization (KMMSAJ)**. On the afternoon of 24 March 2015, they thought they had finally secured a victory when **the Central Jakarta District Court annulled the contracts of the two largest companies—the subsidiaries of Thames and Suez**. The presiding judge in the case stated the companies had been 'negligent in fulfilling the human right to water for Jakarta's residents.'" However, "on **2 March 2016 the ruling was overturned** by the Jakarta High Court following appeals by the government and the two private companies. Arief Maulana, a lawyer representing the KMMSAJ, told local media that the ruling's reversal was because of technicalities in the lawsuit, not the issue itself, **and vowed to continue fighting**. If the KMMSAJ is successful, then **Jakarta will join a global trend**. In the past decade, 235 cities across 37 countries have taken back their water services from private companies and delivered them to public entities, said **Emanuele Lobina, a lecturer at the Public Services International Research Unit of the**

University of Greenwich, UK. Behind all this, according to many commentators, “are the World Bank and the International Monetary Fund (IMF),” which are “pulling the strings.”

Thailand: The Employee Council of Thailand, the Thai Labour Solidarity Committee, and the State Enterprises Workers' Relations Confederation have [submitted a set of demands to the government to improve labor conditions](#). “They requested the government ratify two ILO conventions aimed at strengthening labour groups and their bargaining power. ILO Convention 87 grants laborers **the right to form groups without the need for state permission and prevents the government from interfering with their domestic and international activities**. ILO Convention 98 allows workers to collectively negotiate with employers and **protects workers against unfair treatment and dismissal** resulting from involvement in negotiations. The organisations also demanded an increase to the minimum daily wage from 300 baht to 360 baht nationwide **and the scrapping of the policy to privatize state enterprises**. They also want the government to pass amendments to the 1998 Labour Protection Act and promulgate a new law to insure workers against job loss and push for passage of the bill on the development of state enterprises.”

Vietnam: Deputy Prime Minister Vương Đình Huệ urges Ho Chi Minh City “**to identify the public service agencies which could qualify for equitization**. Eligible units would then be submitted to the Prime Minister for approval and equitized in accordance with the Government’s Decision No 22/2015/QĐ-TTg on **transformation of public non-business units**. Huệ stressed the need for the city to seriously implement [financial autonomy policies at local public service units](#).”

Vietnam: The government wants to privatize state firms, **but is reluctant to shed big stakes in the companies**. “The intention became apparent last week when State Capital Investment Corporation (SCIC) [revised its plan of exiting from 10 of its biggest firms](#) in its portfolio. The state has now truncated that list drastically to only two enterprises from which it will make an exit. (...) ‘We will revise the divestment portfolio for 2016 under necessary requirements,’ the state investment firm said in a statement. ‘We will consider between holding and selling the shares. The stake sale will be implemented **should there be new, more efficient sources for investment**,’ added the SCIC chairman Nguyen Duc Chi, according to local media reports.”

Inter-America

Barbados: Christopher Sinckler, the Minister of Finance and Economic Affairs, says [privatizing public services is not the answer to budget problems](#). “To that end, Sinckler is adamant that Barbados has not yet reached the stage of development where government can ask people to pay for such services at the point of delivery, as they do not have the capacity to do so. ‘So if that it is the case, then **we have to take the responsibility as a society and say that there are certain things we are going to provide for the public**, and therefore the public, collectively, through the taxes they pay or the fees they pay, are going to pay for them,’ he indicated.”

Brazil: With the postal and telegraph service running into cash problems, it may not be able to pay workers by the end of the year. “The Administration of interim President **Michel Temer has expressed intentions to privatize the company**, but before that to put it under restructuring to become attractive to investors.” [O Estado de São Paulo 9 June 2016- SABI]

Brazil: Bloomberg News reports that interim **President Temer may use the widely-reported pollution problems in Rio to launch a campaign to privatize the sewage facility**. “Maria Silvia Bastos, the new president of BNDES, the state development bank, said [the bank would help privatize it](#). She noted that less than half the country has access to sewage collection or treatment and has chosen a sanitation specialist as one of her new

directors. 'BNDES has the technical capacity to do it and we are going to support it,' she told reporters after her inauguration speech on June 1."

United States: Donald Cohen of In the Public Interest publishes **an in-depth history of privatization** in the United States. "Today, privatization is weakening democratic public control over vital public goods, expanding corporate power and increasing economic and political inequality. Domestic and global corporations and Wall Street investors covet the \$6 trillion in local, state and federal annual public spending on schools, prisons, water systems, transit systems, roads, bridges and much more. "A new pro-public movement, with this history in mind, is growing quickly. It has become clear that the 40-year conservative assault on government is enriching some and leaving more and more Americans behind. [Groups across the country are organizing and starting to see success.](#)"

United States: Citizen activists beat Nestlé again on the company's efforts to vacuum up local water. Last Wednesday night, "[the residents' nearly yearlong fight culminated in victory](#)" when Nestlé withdrew a zoning permit application for the Chestnut Springs water extraction facility in Eldred (New York)."

Europe

France: Baptiste Talbot, secretary general of the CGT public service, says [the current wave of strikes over the new labor law is "an important and special moment."](#) For the CGT and FSU [the conclusion is clear: public service officers are threatened by this law.](#) Talbot says there is also strong disappointment over insufficient wage increases for the public service, concerns about the reorganization of the public service, job cuts and [worsening working conditions under government reform efforts.](#)

France: Over 400 delegates attend **the Fifth Congress of the National Federation of Force Ouvrière (FO) Energy and Mines,** notwithstanding the floods and their commitment to mobilize resistance to the new labor law. The congress took an aggressive stance against "the **devastating effects of the liberalization of the energy sector,**" under which "thousands of jobs are doomed to disappear." [Vincent Hernandez, who was reelected secretary general of the federation,](#) said that name changes of energy companies were a prelude to "the dismantling of our businesses, to isolate them from each other, **weakening them socially to better then sell them.**"

France: The Cato Institute, a right-wing American think tank, [has begun propagandizing France to privatize its air traffic control.](#) A major battle is currently [taking place in the United States](#) over the issue. The [Cato Institute has been funded by Koch oil interests,](#) and David Koch sits on its [board of directors.](#)

Ukraine: The **International Monetary Fund (IMF)** has brought pressure to bear on the government to pass legislation "that [removes companies of the fuel and energy complex](#) from the list of state-run companies **which are ineligible for privatization.**" The EBRD has also chimed in to [criticize the pace of privatization,](#) and, writing on the website of the Atlantic Council (the governing body of NATO), Aivaras Abromavicius, Ukraine's economy and trade minister from December 2014 to April 2016, says the government must "[stop dragging its feet on privatization.](#)"

United Kingdom: Despite frequent denials by the government of charges that **they are out to privatize the National Health Service on a piecemeal basis,** the *Financial Times* [reports](#) Health Secretary Jeremy Hunt has asked Deloitte, the consulting firm, "to advise on an overhaul of NHS Professionals, which manages more than 60,000 doctors, nurses and other healthcare workers, **a step that could lead to a part-privatization of the service.**" The FT says "there are widespread concerns about the rates charged by some private operators. An

investigation by the *Daily Telegraph* last year found agencies—of which there are more than 100 in the UK—charging anything from 11 per cent to 49 per cent in fees.”

Barrie Brown, Unite national officer for health, [said](#): “The mind boggles at the fact that health secretary Jeremy Hunt thinks the best way to tackle the recruitment and retention crisis facing the health service is to privatize part of NHS Professionals to a profit-hungry private firm.”

United Kingdom: [Privatization has added to the burden of public museum workers](#). “When visitor services at the Imperial War Museum were privatized in 2014 we warned that handing them to a security firm with no museum experience would be a mistake. The company, Shield, has now gone bust and **staff are still waiting for outstanding pension contributions**. In the relatively short time the firm was in charge, our representatives raised **numerous concerns about health and safety** on HMS Belfast and security issues at the main Lambeth site.

“At the National Gallery, where **outsourcing of visitor services to Securitas triggered a high-profile dispute** last year, workers wince at press reports that director Gabriele Finaldi thinks the privatization is “working rather well”. This is not the experience of staff **who have been engaged in a six-month battle just to have seats provided** during exhibitions and are **still waiting for the commitment to pay them the living wage** to be finalized. The same company has recently won a lucrative contract to supply zero-hour staff at the Tate and is trying to deny workers their collective trade union rights as part of our recognition agreement.”

United Kingdom: The controversial decision to close a Sheffield government office and move its work to London [will be scrutinized by a public spending watchdog](#). “Amyas Morse, comptroller and auditor general of the National Audit Office, has written to **Mark Serwotka, general secretary of the Public and Commercial Services Union**, to confirm an investigation will take place.”

[Public Services International](#) is a global trade union federation representing 20 million working women and men who deliver vital public services in 150 countries. PSI champions human rights, advocates for social justice and promotes universal access to quality public services. PSI works with the United Nations system and in partnership with labour, civil society and other organisations.