PRIVATIZATION WATCH Produced by Public Services International

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October 8, 2016 - WASHINGTON DC., 2016 IMF / World Bank Annual Meetings. World Bank Group President Jim Yong Kim; IMF Managing Director Christine Lagarde; Indonesia Finance Minister and Development Committee Chair Sri Mulyani Indrawati. Photo: Simone D. McCourtie / World Bank – Creative Commons

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This year's Annual Meeting of the IMF and World Bank took place against the backdrop of continued sluggish growth in developed and developing countries alike. The impact of the commodity price crash weighs heavily on many developing countries and has caused a significant fall in global trade. While the IMF warns that both private and public debt levels remain dangerously high, that the anticipated deleveraging did not happen, the main response of the Bretton Woods Institutions (BWIs) is new lending facilities that create new debts. *[Eurodad, 10 October 2016]*

Speaking at the Brookings Institution ahead of the World Bank Group and International Monetary Fund annual meetings in Washington, World Bank President Jim Yong Kim says "with increasing reliance on private sector investments, **we're going to have to increase our vigilance to ensure that privatization does not equal exclusion of the poor and the marginalized**. Our top priority is to end poverty and boost shared prosperity. So all of our engagements with the private sector have to be anchored in these two core values."

The **World Bank and the IMF won't admit their policies are the problem** reports The Guardian. The World Bank, IMF and WTO can sense that they are sitting on the edge of a volcano that could blow at any time. They fear, rightly, that a second big crash within a decade would create a backlash leading to protectionism and the rise of dark political forces that would be difficult, if not impossible, to control. While aware of the risks, there was not the slightest hint from the IMF or World Bank during the meetings in Washington early October, that the policies they advocated during the heyday of the so-called Washington consensus – austerity, privatization and financial liberalization – have contributed to weak and unequal growth, with all the political discontent that this has caused.

In order to intensify the effort to advance the 2030 Agenda for Sustainable Development, the UN is exploring financial solutions for the Sustainable Development Goals. This includes examining the transformations needed in the financial sector that will encourage implementation and addressing a number of questions such as: What are the most effective means to better align the trillions of dollars of annual private investment with the sustainable development goals and their targets? Can this approach be prioritized with regard to long-term investments made with funds from multiple domestic and international sources? Can it be made to cover the full range of the 2030 Agenda – and might it reach into all countries, including the least developed and small island developing states? [Global Policy Watch Briefing – October 2016)

Public Services International "will increase pressure on UN WOMEN by consolidating alliances with women's social movements that are campaigning against privatization and global corporate power and for universal access to quality and gender responsive public services, challenging the promotion of public-private partnerships as an investment tool in public services."

PSI has commissioned its research unit – PSIRU – to research and provide an overview of issues which affect local and regional governments. The report, "Overview of global megatrends affecting local and regional governments" predicts that in countries that had both adopted privatization policies and, more recently, austerity measures, the extent of local and regional government public services will soon be reduced to basic services only. The private sector is gaining increasing power and influence at local and regional government level and the future of democracy is threatened by these changes**.**

Africa & Arab Countries

Africa/China: Commenting on **the G20's announcement of its first Initiative on Supporting Industrialization in Africa**, the Chinese publication *Global Times* praises the shift from "the aid-dependent development model" to a focus on "investment and cooperation," citing the role of the China-Africa Development Fund. "With the leading effect of public finance, CADF **leveraged 17 billion of private investment for those projects**, which generated 2 billion worth of export and 1 billion of revenue growth for Africa."

Algeria: The government is again **moving to privatize its banking sector**. "Analysts estimate that it is difficult to know if the privatization of banks, via IPO, will attract foreign capital. Indeed, in June 2016, the listing of a state-owned cement plant was abandoned, due to a lack of demand."

Cameroon: In his inaugural lecture on the **World Day of the Teacher** in Bafoussam, Augustin Ntchamande says "in many countries, the increasing privatization of education has often been a source of disparities in terms of qualification and work of teachers and a loss of job security, especially among contract teachers." The "liberalization and uncontrolled privatization of the education sector" has "resulted in a decline or even deleting of some previous social gains."

The President of the Cameroon Federation of Education Trade Unions, Hobie Emmanuel Mbassi, says "the primary school is not free in Cameroon. Primary school is left to the parents. This is a kind of privatization of the school. We're privatizing it because it is the parents who finance it."

Cameroon: *Global Energy Research* reports that although a decree was published in 2000 for the liberalization of the downstream oil sector, "to date, only the SCDP (Société Camerounaise de Dépôts Pétroliers) has been partially privatized." But **it argues that "the country wants to boost the privatization of public companies**." [*Global Energy Research*, 2 October 2016]. The World Bank has been promoting privatization in Cameroon for at least two decades.

Ethiopia: The executive board of the IMF pushes privatization. Directors "welcomed the remit of the new Ministry for Public Enterprises to strengthen the commercial profitability and governance of the key state-owned enterprises, while advancing in the privatization of those with a less strategic role. Fostering public sector oversight and transparency would enhance macroeconomic management and reduce fiscal risks."

Ghana: Employees of the Electricity Company of Ghana (ECG) stage a protest at the company's head office in Accra, **demanding the removal of Managing Director Robert Dwamena from office**. The workers said the MD had exceeded the age of retirement. "The disgruntled [**Public Utility Workers' Union of TUC] members have in recent times protested against the privatization of ECG** and demanded the review of the Millennium Challenge Corporation (MCC) compact which reportedly has **a roadmap for massive layoffs**. The workers told the media in Accra that they had been reliably informed that the MD had been offered a one-year extension of his term. 'That is what we are not happy about,' they stated."

Ghana: A concerned citizen who is fighting against the privatization of Electricity Company of Ghana (ECG) "has petitioned the US Ambassador to investigate what he says are 'unethical' and 'unlawful' acts in the whole deal involving the Millennium Development Authority (MiDA). According to Richard Asante Yeboah, **there is no transparency in the proposed Private Sector Participation (PSP) in ECG to be run by [Ghana's] MiDA.**" Copies of the petition were also sent to President Obama, U.S. House Speaker Paul Ryan, the Speaker of Ghana's Parliament, both the majority and the minority leaders in parliament, as well as the Attorney General.

Democratic Republic of Madagascar: Street protests by traders break out over a municipal "sanitation operation" in Analakely, Antananarivo. They "gathered outside the main entrance of the City Hall with whistles and banners. '**We are against the privatization of all market locations in Tana**," their banners said.

Morocco: The French consulting firm FIT launched a feasibility study last month for **a project of privatization and land registration for 46,000 hectares in the Gharb region**. The project is funded by the American Millennium Challenge Corporation, "which supports the Moroccan 'melkisation' government program, that is to say redistribution of public land occupied by customary law, their current operators."

Nigeria: Civil society and NGO advocates speak out against privatization. **Labour has condemned the idea**, "saying it will make a few to amass the wealth of all and deepen the seeming despair in the land," reports AllAfrica's *Premium Times*. "All the major labour unions, NLC, TUC, PENGASSAN, and NUPENG described those calling for the sale of national asset as 'enemies of Nigeria.' The **NLC President, Ayuba Wabba, described those behind the proposal as 'economic vampires government must beware of**.' PENGASSAN also labeled the recommendation as a self-destructive move Nigerians must resist."

The Chairman of the Pentecostal Fellowship of Nigeria in Cross River State, Dr. Lawrence Ekwok, says "before taking a position on this, I would enjoin us to recall [the] past, ask questions about what happened to Nigeria's national assets that were sold under the guise of commercialization and privatization in the past. (…) Apart from the fact that the assets were grossly undervalued, **due process was not followed in most of the sales** as 'powerful' government officials and businessmen were the ones who 'bought' most of the assets and most of the funds that were supposed to accrue to government coffers never came in."

The acting Chairman of Revenue Mobilization Allocation and Fiscal Commission (RMAFC), Shettima Gana, spoke out against the proposal to sell Nigeria LNG Limited saying it was improper to sell a company that "paid about $12.9 billion to the Nigerian National Petroleum Corporation (NNPC) from its operations over an eight-year period."

A **former Director in the Budgetary Department of the Central Bank of Nigeria, Titus Okunronmu**, said sale of the country's asset to boost the economy would further restrict income, as only very few would be able to buy them.

Writing in *The Sun*, Uche Atuma says "they already own everything. They own our politics, our economy and our money. Even the [Central Bank of Nigeria] is being privatized and controlled by this cartel. **The same cartel now wants to control the water we drink and the air we breathe—to complete their vicious cycle of privatization**. (…) Why will any sane government contemplate the sale of its 49 per cent equity in a thriving concern like the NLNG, which has two wholly- owned subsidiaries: Bonny Gas Transport and NLNG Ship Management Limited. **The company's total revenue from 1999 to 2015 was US$90.3billion while the figure for the last five years was US$ 48.54billion. Why sell such a concern? To whom and for what?**"

Writing in *Business Day*, M.A. Johnson says "**the prescription to sell national assets can only benefit a few rich individuals, while compromising Nigeria's long term economic and national interests**." Since in the past "proceeds from the sale of oil, and privatization of other assets have been squandered," public trust is "the missing link in governance."

Nigeria: Members of Amalgamated Union of Public Corporations, Civil Service Technical and Recreational Services Employees (AUPCTRE), in collaboration with Public Services International (PSI) and Environmental Right Action (ERA), have cautioned against privatizing water services highlighting that water is a human right and therefore cannot be commoditized or priced. A small delegation of representatives from the three organisations visited the FCT Water Board on 30 September to brief the FCT Water Board Management on the advantages of a Public-Public Partnership (PuP) as opposed to a Private-Private Partnership (PPP).

Uganda: On World Teachers' Day, and in the face of the privatization of their school system, Ugandan educators gathered for an event attended by the thousands to demand quality education for all. In Kampala, **President Museveni "has joined thousands of teachers who have rallied today against the privatization and commercialisation of their education system** by the for-profit edu-business Bridge International Academies (BIA) to amplify the meaning of the theme. Bridge International Academies, known to many as Bridge, is a multinational chain of low-fee profit-making private primary schools targeting poor families in Kenya, Uganda, Nigeria, among other countries. In Uganda, Bridge has expanded rapidly since February 2015, with an estimated 12,000 fee-paying students in 63 schools. (…) **On 6th April 2016, the Permanent Secretary of the Ministry of Education & Sports of Uganda decided to 'halt the expansion' of Bridge** citing concerns regarding the legality of these schools in violation of the Education Act 2008."

Asia Pacific

Australia: Greens MP Jamie Parker leads a protest outside Parliament House against the importance of supporting our public servants and against the wholesale privatization of public services by NSW government. He says that public pressure has made the government afraid of talking directly about privatization, so it now talks about "asset recycling," "concessions" and "long term leases." Public services "should be about serving citizens, not shareholders." [Video]

Australia: The federal government is going to put the country's triple-zero emergency calls service out to tender for private, for-profit companies.

Australia: Western Australia Opposition Labor leader Mark McGowan vows not to privatize "part or all" of Western Power if it wins next year's state election. "Mr McGowan said if elected, he would not sell Western Power or other core monopoly assets in a bid to solve the financial problems. "**Under no circumstances will we sell Western Power, Water Corporation or Fremantle Port**," he said. "That is a core, iron-clad, non-negotiable commitment." **The Australian Services Union and Electrical Trades Union WA branches** helped organize a meeting between politicians and Western Power employees to discuss the potential privatization of the state-owned utility.

Australia: The Australian Education Union welcomes the Federal Government's decision to scrap the disastrous VET FEE-HELP loans scheme, but has warned all governments now need to invest in TAFEs [Technical and Further Education courses] to ensure Australians have access to high quality vocational education. **AEU Federal TAFE Secretary, Pat Forward** says "what is certain is that all governments **now need to admit that privatization of vocational education and training has failed** and make properly funding TAFEs a priority."

Australia: The Australian Securities and Investments Commission may outsource its registry. "The big question throughout the auction has been how much of ASIC Registry's revenue will go to the new counterparty and how much will stay with the government as tax."

Australia: The Federal Government has just released a report introducing competition and contestability into "human services". Social housing, public dental services and public hospitals could soon be opened to more market competition reports The Guardian. The Productivity Commission has said they are among six "priority areas" in the services sector where the quality of services could be greatly improved if people are given a greater say over how they use them.

Indonesia: The EU and Indonesia concluded a first round of negotiations on a free trade pact. **On the question of government procurement**, the parties reported that they "held a fruitful first exchange on the possible architecture of rules part and **on the level of ambition as regards market access**. The EU pointed at procurement rules as useful tools to combat corruption **as well as ensuring good use of public funding**. **Indonesia expressed an interest in efficient procurement rules to ensure proper use of budgetary means**. The Parties agreed to use as a basis for the discussions on rules, the revised WTO/Government Procurement Agreement—and to explore possible additional provisions tailor made for the bilateral relation. As regards market access, the EU underlined the importance of concluding an economically meaningful procurement Chapter."

New Zealand: Concerns persist over contracting differences and the possible privatization of radiology services, but discussions are underway. "Representatives from industry **unions APEX and ASMS said in July they were concerned the call for tenders meant privatization was inevitable**. However, DHB chief executive Chris Fleming said all options were still on the table, including a fully in-house service, a contracted service or a hybrid model combining the two. (…) **APEX national secretary Deborah Powell** said she was pleased the board had decided to create a plan before deciding if privatization was necessary. 'Privatization is full of risk, so we're still a little bit nervous the board might go down that track.'" [*Nelson Mail*, 6 October 2016]

New Zealand: The Public Service Association says a damning report into problems at Mount Eden Correctional Facility proves private operators are not suited to running New Zealand prisons. "The report by Andy Fitzharris, the Chief Inspector of Corrections, examines how videos of organised fighting clubs at MECF came to be uploaded to the video-sharing site YouTube. It found **Serco was not in effective control of the prison, and understaffing meant prisoners were able to participate in organised fighting** and other illicit activities. **PSA National Secretary Glenn Barclay** says the union welcomes the report. 'The PSA has always opposed private operation of prisons in New Zealand, and the complex issues at Mt Eden meant that it was a poor choice for privatization.'"

Philippines: Makabayan legislators have "raised worries on the unsure fate of tens of thousands of indigent mothers, as **the closure and transfer of the Dr. Jose Fabella Memorial Hospital** highlights **the hemorrhage of hospital budgets due to the unchanged policy of privatization and corporatization of public hospitals**."

Vietnam: The government is attempting to come to grips with the problem of "state capital losses caused by wrong stake valuations while selling State Capital Investment Corporation (SCIC)'s shares in businesses."

Inter-America

Argentina: Encouraged by President Macri's plan to bring private financing into the field of cultural patronage through a law that would give corporations tax breaks, neoliberals in Argentina **are demanding that he extend his private financing model to education**, in order "to carry out a real educational revolution."

Canada: The Columbia Institute's Centre for Civic Governance publishes **a major report on local government insourcing of public services**. *Back in House: Why local Governments Are Bringing Services Home* says that across Canada and around the world **public services that were once outsourced are now finding their way back in-house to municipalities, mainly because using in-house services saves money**. Simply put: Privatizing services hasn't delivered the benefits that were promised. Dozens of examples are provided, and perspectives are included from the United States, United Kingdom, France, Germany and other countries.

Honduras: Civil society activists protest against the privatization of the public health service. The Honduras Doctors Association is leading a struggle against the government's intention of approving a new general health law. [Video]

Mexico: Major cuts to budget resources allocated to the Program of Water and Wastewater (Proagua) proposed by the Federal Executive for 2017 **opens the door for privatization of the service**, as local authorities will have minimum resources for infrastructure construction. **They will be forced to seek private financing**, which is consistent with the recommendations of the World Bank and the pressures that made Conagua privatize elements of the public service in recent years.

Mexico: Social protest and legal action mounts against Aguakan, the licensee company for drinking water in Quintana Roo, for high charges and illegal water cuts. **The Party of the Democratic Revolution (PRD**) has announced the launch of a campaign to collect signatures to be delivered to the mayor, Remberto Estrada Barba, and the state Congress to request the cancellation of the Aguakan's concession to provide potable water, drainage and sewerage systems in the municipalities of Benito Juárez (Cancun), Isla Mujeres and Solidaridad.

United States: The privatization of public services is contributing to increasing inequality in terms of income, wages, wealth, and opportunity, In the Public Interest (ITPI) reports. The creation and increase in user fees, privatization of the social safety net, decreased wages and benefits, and increased socioeconomic and racial segregation have helped fuel an increasingly unequal society. ITPI **recommends four steps to address this problem**: Invest in the public; understand the social and economic impacts of privatization; ensure government contracts promote instead of undermine shared economic prosperity; and increase transparency. Donald Cohen, executive director of In the Public Interest, tells *In These Times* that **since the right wing made privatization an ideological project, it has generated huge profits for corporations and harmed public sector workers and their unions**. "They want to contract out not because it makes sense, but because that's their jobs. They're right-wingers. (…) **Part of the strategy of management is to contract out part of the work to keep the pressure on the non-contract part of the work**." [*How privatization is increasing inequality*; McKinsey report on global inequality]

Europe

The European Services Strategy Unit have published a new report on offshore PFI/PPP funds. The research reveals the rapid growth and power of offshore secondary market infrastructure funds - a £17.1bn industry buying and selling equity in PFI/PPP project companies. The three-way profit gain - original SPV shareholders, secondary market fund sales and shareholder dividends of secondary market funds – means the total annual rate of return could be between 45%-60% - three to five times the rate of return in PFI/PPP final business cases. The five largest listed offshore infrastructure funds made a total profit of £1.8bn in the five-period 2011-2015 but paid ZERO tax.

The report recommends termination of PFI/PPP programmes, nationalisation of SPVs, increased public investment and many more policy changes.

Belarus: The **European Bank for Reconstruction and Development** (EBRD) launches a new €8 million credit line under the Belarus Sustainable Energy Finance Facility to help Belinvestbank to finance energy efficiency and renewable energy, **but also to carry out a planned privatization process**.

Europe/Canada: The **European Centre of Employers and Enterprises Providing Public Services (CEEP)** publishes a "Possible Binding Protocol on Public Services for CETA." CEEP is advocating for "a legally binding statement that nothing in this agreement shall be interpreted as restricting or adversely affecting the essential role and the wide discretion of national, regional and local authorities in defining, providing, commissioning and organizing services they consider as being delivered in the general interest."

United Kingdom: National Health Service GPs are being offered thousands of pounds to give private consultations via app. Katherine Murphy, chief executive of the Patients Association, said "what this means is that NHS doctors are being targeted to give up their role working for our NHS and instead work for private companies, which I think most patients would consider unethical. When the NHS is so desperately short of GPs, how can this be right?" Last month it emerged that another Uber-style app-based medical service, Doctaly, was being rolled out nationally.

United Kingdom: Sandwell social workers are poised to strike to protect their pay. "Earlier this year, **Unison members voted for a motion calling for an industrial ballot** should plans for a trust be announced. **Joint branch secretary Tony Barnsley** said today the mandate to vote for industrial action was still on the table. He said the union would seek assurances from the new commissioner heading the trust that existing pay, pensions, terms and conditions would be guaranteed. If that was not forthcoming, he said the union would press ahead with a ballot for strike action. Mr Barnsley added: '**Our members work extremely hard to protect children in Sandwell. Many work longer than their contracted hours and many of them have workloads that are too high**. Creating uncertainty over the future pay and pensions of our members does nothing to improve the service to children.'"

United Kingdom: MP Rob Flello breathes a sigh of relief that the idea of privatizing cancer care seems to have receded in Staffordshire. "It isn't even just the myriad of health organisations that are wallowing in the mire that is the health economy in the region. **Perhaps the most scandalous of all the recent proposals was the seemingly-aborted plan to privatize cancer and end-of-life care in Staffordshire at a cost of £1.2bn, put forward by a number of local [Clinical Commissioning Groups] with Macmillan Cancer Support on board to presumably provide the acceptable face of the move**. A charity, and one of the country's most beloved at that, threw away somewhere in the region of £1m on supporting a policy it should never have been anywhere near. **Fortunately this now looks not to be going ahead, but only after an outcry from politicians, residents, and a number of health professionals**."

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.