

Assessment of Public Attitude Towards Water Privatization in Lagos and Ibadan, Southwest, Nigeria

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Abstract In recent times, there has been an increased global call for the privatization of essential services especially public water supply, in order to ensure efficient and fast service delivery. This paper in the light of this experience, examined differences in public assessment of water privatization in two Nigerian cities based on some socio-economic factors such as gender, marital status and socio-economic background. The result revealed that there were no significant differences on the basis of gender and marital status while there existed a significant difference in terms of socio-economic background. The implication of the findings were discussed and recommendations made as to how water privatization can be encouraged as a way of enhancing efficient public water supply.

Keywords Socio-Economic Background, Gender, Public Perception, Water, Privatization, Public Water Supply

1. Introduction

The issue of privatization particularly as it relates to the provision of utility services such as water has been a highly controversial and topical one in the last three decades owing to the dismal failure of public service delivery and the need to enhance unhindered access to these services. The need for privatization has been hinged on economic realities particularly the theoretical benefits of allowing competition within an economic setting. It is the opinion of many that the invitation and involvement of the private sector in the provision of potable water will allow for effective service delivery in view of the success made by the private sector in the provision of power and telecommunication services. Whether this argument is plausible and economically reasonable is still a subject of debate given the fact that water privatization is still limited largely to the developed countries, even though it has a long history in Africa beginning from its introduction in Cote D'Ivoire in 1960 following a lease agreement entered into by the country with SODELI a subsidiary of SAUR. Since 1999, the argument in favour of water privatization has been on the increase due to the result of pressure being mounted on developing countries undergoing economic reforms to embrace privatization as a step towards economic rejuvenation (Dagderviren, (1998), Finger and Alluche, (2002), Kirpatrick and Parker, (2005), Oshodi and Oloni, (2008), Robinson, (1998), Lee and Floris (2003), Tortajado et al (2003).

However, recent experience has shown that endeavours targeted towards water privatization have met with failure. In several situations, there have been withdrawals from privatization schemes based on reasons ranging from bad relations between investors and government to breakdown in contract renewal negotiations. In Nigeria, water privatization is still in its infancy even though there has been arrangements towards a partnership between public water corporations and private water investors. Currently, only Lagos and Ogun States are contemplating privatizing their water schemes. Lagos State came into the forefront in 1988 when the State Government instituted reforms in the water sector and sought the assistance of the International Finance Corporation in refurbishing its water production outfit. Ogun State in 2010 came out with its policy on water resources and sanitation and stated explicitly the need for private sector involvement in the management of its existing water resources.

1.1. The Concept of Water Privatization

Water privatization is a highly controversial topic and borders on issues surrounding the need to encourage the involvement of the private sector in the provision of portable water for public use. It exists in some models. According to Ann-Christen, (2005), Bailey, (2005), Barlour, (2008), Macdonald and Ruiters, (2005), Prasad, (2006), Renzetti and Dupont (2003), they include:

1. a management contract under which the private investor is largely responsible for running the entire water system for a fee. Under this arrangement, the funding of the water system is borne by the public sector while the existing water structures remain publicly owned.

2. a lease contract in which case existing physical assets in the water system are leased to the private operator who

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recoups the cost from the end users. In this arrangement, investment is still owned and funded by the public sector but implementation is undertaken by the private operator.

3. concession under which the private operator is largely responsible for running the entire system including planning and financing the investment. This contract often run for a large time period, say 20 to 30 years during which assets remain publicly owned.

4. asset sale, that is, full privatization under which the assets are sold to private owns the asset for an undermined period. Additional structure is the BOT (Build-Operate-Transfer) which exists where the private investor builds and run it for some years before handing it over to the public water company.

1.2. Statement of Problem

This study examined whether there were significant differences in the way Nigerian public perceive the issue of water privatization using Ibadan and Lagos as case studies. This is in the light of recent calls for the privatization of essential social services in the country given the inefficiencies that exists in their operations in recent times. It is the opinion of many that the provision of potable water should be divested of the government and placed in the hands of private organizations to manage and run so as to ensure efficient and fast service delivery. This study considers it critical and essential to examine the subject of water privatization and the attitude of the Nigerian public to it and determine whether there are significant differences in the perception based on some socio-demographic factors such as gender, and socio-economic background.

1.3. Research Question

To what extent do respondents differ in their perception of water privatization on the basis of gender and socio-economic background using Lagos and Ibadan as case studies?

2. Methodology

2.1. Sample and Sampling Procedure

The study involved 450 respondents (consisting of 247 males and 193 females) spread over Lagos and Ibadan. The respondents were selected using stratified random sampling on the basis of local government areas and wards.

2.2. Instrument

The instrument used in the study for the purpose of obtaining information from respondents was a questionnaire titled “Questionnaire on public perception of water privatization. It consists of three sections. Section A covered issues relating to the personal background information of respondents such as age, sex, occupation, marital status, educational background and family size. Section B covers issues relating to the native and concept of water

privatization while Section C dwells on the perception of the subject of water privatization. Before administration on respondents, the instrument was tested for reliability and it yielded a Cronbach alpha value of 0.712.

2.3. Procedure

The data collection exercise was undertaken by the researcher with the assistance of three trained research assistants. Questionnaires were administered on the respondents and were retrieved immediately after they had been filled. The exercise lasted two months.

2.4. Data analysis

Analysis of the collected data involved the comparison of the means of responses from the respondents using the t-test statistic for independent samples. The significance level was set at 0.05. analyses (SPSS) software version 15.0 for windows.

3. Results

The t-test statistics was used in analyzing the data since the variables under study, that is, gender and socio-economic background exists in two groups. The results are presented in tables 1 and 2.

Table 1. T-test Comparison of the Mean Perception of Respondents on the Basis of Gender

Gender	Sample (N)	Mean	Standard Deviation	T.cal	T.cri	P
Male	247	1.1879	0.1926	1.912	1.96	0.072
Female	193	1.1790	0.3497			

*Not significant as p>0.05

Table 2. T-test Comparison of the Mean Perception of Respondents on the Basis of Socio-Economic Background

Socio-Economic Background	Sample (N)	Mean	Standard Deviation	T.cal	T.cri	P
Low	205	1.23	1.003	2.656	1.96	0.043
High	243	1.965	1.011			

Significant difference as P<0.05

From table 1, it is evident that respondents do not differ in their perception of water privatization because the t value calculated (1.1912) is less than the t value observed from the statistical table, which is 1.96. Furthermore, the p value of 0.072 obtained is greater than the significance level set at 0.05. In other words, it can be summed up that respondents do not differ in their perception or view about water privatization as they tend to see it the same way whether male or female.

Table 2 reveals that respondents vary and indeed are different in their perception of water privatization on the basis of socio-economic background. This is so, because the

t value calculated (2.656) is greater than the t value observed from the statistical table which is 1.96. Furthermore, the p value of 0.043 obtained is lesser than 0.05 and is therefore significant at 5% confidence level. Hence, it can be safely concluded that there exists differences in the perception of water privatization on the basis of socio-economic background as both the rich and poor differ significantly in the way they view the concept of water privatization.

4. Discussion

The results in the preceding section showed that there was no significant difference in the public perception of water privatization on the basis of gender. This implies that both male and female respondents perceive it the same way. This result is not surprising in view of the fact that whether male or female both are affected or involved if water privatization is adopted. Also, in one way or the other their lives are affected since they all need and consume water considering the fact, that Nigeria is a developing country where water is seen as a public good and a free gift of nature. For this reason, water privatization is not likely to be an issue that will be freely accepted since it is going to involve some financial commitment such as payment of water tariffs and over the years people have been known to have an aversion for the payment of tariffs, taxes or levies in whatever form. The result also showed that there was a significant difference in the perception of water privatization on the basis on socio-economic background. This implies that the rich and the poor do not view water privatization in the same way. The difference may stem from the perspective of economic demands and affordability. Economically, the rich may likely approve of water privatization in view of the fact that they possess the purchasing power to make payments or any form of financial commitment which the poor may not readily be able to do. Furthermore, it is very likely that the rich are likely to afford whatever tariff or levies they are made to pay as they possess the purchasing power. On the other hand the poor are not likely to be well disposed to water privatization as they may not be able to afford the tariff or levies charge owing to their low real income and purchasing power. The above implication raises the issues of desirability or otherwise of the subject of water privatization. It is indeed a highly controversial topic as it touches virtually all aspects of the live of the society. In developing countries, there is an aversion for it owing to the financial commitments tied with it whereas it is a common phenomenon in developed countries. To those who feel that it is desirable, their view has always been premised on economic arguments. First, they believe that water is a commodity or good and not a right hence it can only be appropriately valued or priced using established economic principle and for people to have access to it or use it for any purpose, a price must be paid either in form of a tariff, rate or levy. Since water is not freely produced they argue further that there is no justification for it to be subsidized or made free for peoples consumption.

Furthermore, they opined that since costs are often incurred in the process of providing water it becomes mandatory that consumers must pay something in turn as a way of assisting the government in recovering part if not all the costs so incurred, Segerfeld, (2006) and Swynedaiv, (2005).

On the other hand, arguments against water privatization are many and profound. One of such is that water is never a good but a resource for which there is no substitute, hence it is a necessity as its consumption is necessary for human existence. As such, it is essential that water must be made available to people as a matter of right, in order to prolonging their existence. To this end, accessibility and affordability of water must be guaranteed by the government. Furthermore, privatization thrives where public water supply is well funded, organized and a realistic price is fixed. In Nigeria, currently this is not feasible in the sense that agencies responsible for public water supply are not properly funded as they operate under serious resource constraints occasioned by lack of independence in decision making, inadequate budgetary allocation and severe political interference. In addition, they lack both the ability and willingness to fix and collect tariffs nor could they prosecute those engaged in illegal connections and water pipe vandalism. All of these have largely resulted in unsatisfactory and inefficient performance especially with respect to poor service delivery and waste on the part of customers. In essence, most state water corporations and agencies are usually not commercially viable no wonder why most of them depends solely on government subventions. To further compound the problem, recent developments in the Nigerian water sector have portrayed a blurred distinct delineation of duties whereby all the tiers of Government – Federal, State and Local Governments are now involved in the provision of water. In spite of this, the demand gap keeps increasing in relation to water supply such that there has been an overlapping of functions among these tiers. This had further resulted in massive wastes in public expenditure in the face of rapid growth of communities and population. The current realities portray a situation where majority of Nigeria's population connected to large-scale systems of water supply. Rather it relies on is not traditional forms of water supply from streams, or wells or boreholes sunk by governments, individuals or through communal effort or the practice of rain water harvesting in the southern past where there is copious rainfall during the wet season. Good and desirable as arguments in support of privatization may sound, yet the existing atmosphere is not still conducive and appropriate for its adoption. This paper will however recommend a public-private partnership initiative which will largely involve the invitation of private investors to manage and operate the water services while government retained ownership of the water system. Necessary modalities must be put in place that will ensure institutional and financial reform of the water sector including the enhancement of efficiency, restructuring, cost recovery and improved revenue generation.

5. Conclusions

The paper determined whether there were differences in public perception of water privatization on the basis of gender and socio-economic background and established that there were none. It also recommended public-private participation in the management of existing water systems.

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