



Innovation and New Public Water

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Abstract

Technological innovation has made significant improvements to water services but water delivery remains largely unchanged since Victorian times. This is because water is an essential, non-substitutable resource with little potential for economies of scale. By contrast, there has been dynamic innovation in the *governance* of water services, with privatization now giving way to a significant shift back to public ownership and management, with new and creative forms of societal engagement. This article reviews these governance changes through the lens of a 'hydrosocial cycle', arguing that innovations in 'new public water' can only be achieved by recognizing how water-society relations take place.

Policy highlights

- A review of the history of technological innovation in the water sector and the extent to which technological use and uptake differs (or not) between public and private water operators
- A review of the meaning of the 'hydrosocial cycle', how it compares to a 'hydrological cycle' and its implications for innovative water governance
- A review of the changing nature of water governance over the past 150 years
- A discussion of the growing shift back to public water management globally, with a focus on how the hydrosocial cycle is informing innovative policy making strategies amongst a new generation of public water operators

Keywords

Water, innovation, public, private, hydrosocial

Introduction

Proponents of water privatization have long argued that private ownership of water services encourages technological innovation. Self-maximizing individuals in private firms, it is argued, are forced by competition to constantly adopt new technologies in an effort to reduce costs and win contracts. Public sector bureaucrats, by contrast, lack the incentives needed to seek out technological change, preferring instead to protect the status quo (Johnson and Walzer 2000, Levin and Sanger 1994, Windrum and Koch 2008).

In reality, there is no evidence to support these claims. Public water operators appear to employ the same technology as their private sector counterparts, and there is ample indication of innovative use of technology in the public sector (Demircioglu and Audretsch 2017, Gil-Garcia et al 2014, Torfing 2016). There may be variations in how

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3 technologies are employed, but for the most part public and private water operators use
4 the same equipment, provided by the same third party suppliers.
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7 The reasons for this technological parity are inherent to the biophysical limitations of
8 water itself, and the fact that water is an essential resource demanding risk-averse
9 management. Even if private water companies were inherently more technologically
10 innovative than their public sector counterparts the implementation choices available to
11 them are limited by the nature of the water services they are trying to provide.
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14 Innovations in water *governance*, on the other hand, are dynamic, with dramatic
15 changes and fluctuations having occurred over the past 150 years. The most recent and
16 widespread of these innovations have been neoliberal forms of water governance,
17 which have seen the introduction of market-driven pricing, privatization, and
18 individualized consumption (Bakker 2010, Castro 2007, Harris and Roa-Garcia 2013).
19 Much of this reform has been driven by private water companies, but public water
20 operators have played a significant role in commercialization as well, with a dramatic
21 increase in stand-alone water utilities that operate much like private firms, with a focus
22 on their financial bottom line (Furlong 2010, McDonald 2014).
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26 A new generation of public water operators has also begun to emerge, however. These
27 new public water agencies are rejecting neoliberal logics while at the same time
28 challenging older statist models of water governance that were driven by top-down
29 welfarist and socialist-era planning. They are reclaiming and reimagining what public
30 water services look like. And although there is no singular form of 'new' public water
31 there are innovative characteristics that serve to redefine the nature of innovative
32 governance in the water sector today.
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35 The paper begins with a review of technological change in water services, laying out the
36 scope of innovation in the past, as well as its inherent limitations for the future. I then
37 examine innovation trends on the governance side, using the concept of a 'hydrosocial
38 cycle' to identify and evaluate what I argue to be fundamentally new forms of public
39 water management. My intent is not to suggest an 'ideal type' of governance innovation,
40 but rather to highlight the relative importance of hydrosocial relations to the re-invention
41 of public water, and to concretely illustrate what these changes look like in practice.
42 None of these reforms are guaranteed to work at all times in all places, but they do
43 signal a fundamental shift away from the dominance of technocratic and market-driven
44 forms of water governance towards more democratic, equitable and sustainable forms
45 of public water service innovation in the future.
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48 **It Ain't Rocket Science**

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51 Innovations in material science, information systems and other forms of technological
52 advance have transformed many public services. Electricity, in particular, is undergoing
53 revolutionary technological change, with new discoveries altering the ways in which
54 energy is produced, stored and distributed. On the production side, improvements in
55 solar, wind, tidal, thermal and other forms of energy creation have opened up a broad
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3 array of new sourcing possibilities. Energy storage is also undergoing rapid change,
4 most notably with new battery developments. So too is the distribution side changing,
5 with blockchain technologies and decentralized networking systems serving to decrease
6 leakages and strengthen the robustness of larger grids (Swan 2015, Gil-Garcia et al
7 2015, Murkin et al 2016, Morris and Jugjohann 2016). As an indicator of this change,
8 investments in electricity production surpassed that of oil and gas in 2016 for the first
9 time in history (IEA 2017, 2). Similar technological disruptions are taking place in health
10 care, transportation and other service sectors (Blyth et al 2016, Hwang and Christensen
11 2008)
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15 Water services are not without their own technological innovations. Improvements in
16 water treatment, leak detection/repairs, nutrient recovery, energy reduction, piping
17 materials and water recycling/desalination have been significant, while advanced
18 computerization and information technologies have changed the ways in which water
19 services are managed (eg. smart metering and web-based digital mapping) (Gil-Garcia
20 2012, Giusti et al. 2013, Stewart et al 2010). There are countless books, journal articles
21 and conference reports dedicated to technological change in the water sector, as well
22 as websites mapping examples of innovation from around the world (eg. the OECD's
23 Observatory of Public Sector Innovation). There is enormous excitement, in particular,
24 about the potential for artificial intelligence to "transform" the water services industry
25 (Badruddin 2017).
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29 But as important as these technological innovations have been they are necessarily
30 limited and incremental in nature when it comes to the delivery of potable water (a more
31 dynamic set of technological innovations are at play with sanitation, but are beyond the
32 scope of this paper (eg. Jenkins and Sugden 2006)). For the most part, water collection,
33 treatment and distribution remains the same as it was "in the Victorian era": it is
34 extracted, cleaned and pumped through a network of pipes. Thomas and Ford (2005, 9-
35 10) use this fact to point to a "crisis of innovation", noting that the water sector "as a
36 global whole unquestionably lags behind even the average rate of progress of technical
37 change and institutional development of the societies in which they operate".
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41 There are several reasons for this slow pace of change. First, water is an essential
42 service and cannot fail. As such, water operators and their regulators are inherently risk-
43 averse and unwilling to adopt uncertain technologies. Second, water is a non-
44 substitutable good. Even if water operators and regulators were willing to take risks the
45 options for innovation are extremely limited. Unlike sectors such as health care and
46 energy – where different technologies offer multiple choices of end products – water's
47 physical characteristics do not change. Water is water is water; there are no known
48 substitutes. Developments in desalination have pried open some alternative sourcing
49 possibilities but this is a proverbial drop in the bucket relative to global demand for
50 freshwater (and actually delivers a sub-standard product in the end) (Gaffour et al 2015,
51 Liyanaarachchi et al 2014).
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55 Third, the fact that water is heavy and difficult to transport means that it is largely a local
56 good: treated, distributed and consumed within a relatively small distance. Efforts to
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3 divert water long-distances to overcome this problem have been impressive – from
4 Roman times to China's current South-to-North Water Diversion Project – but these
5 diversionary schemes are mere brute-force engineering, and have done little to advance
6 water technology or transform the local nature of water challenges. In China's case, it
7 merely "buys a little time in which to get water policies right", despite being the "most
8 expensive infrastructure enterprise in the world" (Economist 2018, 35-6; see also He et
9 al 2014).
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12 In short, the biophysical characteristics of water fundamentally limit its potential for
13 technological disruption. Little wonder then that "the water industry is notoriously slow to
14 implement change, often embracing tradition and tried-and-true methods for achieving
15 their goals". Expecting water utilities to "increase the importance of innovation within the
16 current environment is perhaps naïve" (SpeightSpeight 2015, 302).
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19 Is there any difference in this respect between public and private water operators?
20 Remarkably, there is no systematic research comparing the uptake or application of
21 technologies by public versus private water utilities. We are left with little more than
22 anecdotal evidence and meta-analytical reviews, both of which suggest very little
23 difference between the two. Despite claims that private water firms are "making waves
24 in innovation" (Clancy 2014, 1), in practice they are bound by the same biophysical
25 constraints and risk-averse regulatory standards as their public sector counterparts.
26 Private water companies have no magical inventions to offer. In fact, public and private
27 water utilities "generally rely on [the same] external parties, either research institutions
28 or supply chain companies, to perform the research work and deliver pre-tested
29 advances" (SpeightSpeight 2015, 302), with external R&D agencies equally keen to sell
30 their products to public and private buyers (as any water industry trade show attests to).
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34 Thomas and Ford (2005, 12) go so far as to argue that private water companies are
35 "exemplar" of a lack of innovation, pointing to the UK water sector in particular.
36 SpeightSpeight (2015, 302) supports their argument, noting that UK water companies
37 "are reported to invest just over one half of one percent of their capital expenditures on
38 research and development."
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41 Macro comparisons of public and private water operators reinforce this point, with
42 overall operational efficiencies showing no significant difference between public and
43 private agencies on a global basis, suggesting no substantial variance in the uptake and
44 employment of productivity-enhancing technologies (Bel et al 2010). Indeed, it is the
45 very lack of difference in efficiencies which appears to have prompted many towns and
46 cities to remunicipalize their water services, recognizing that water can be provided in-
47 house for the same cost (or less) than by private firms (Hefetz and Warner 2004). The
48 city of Paris, for example, saved 35 million euros a year after ending its private sector
49 contracts in 2010, even after having to rebuild an entire IT system because the private
50 companies refused to pass along their data and software (Pigeon 2012).
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54 If there is any difference in the way that technology is employed between public and
55 private water agencies it may be related to its impact on revenues and profitability.
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3 Technologies that enhance cost recovery and serve to discipline nonpayment (prepaid
4 water meters for example) appear to be popular with private companies (and
5 commercialized public ones) (Bond 2004, Ruiters 2007). Technologies that reduce
6 water revenues on the other hand – such as water saving devices in households – may
7 be less likely to be adopted by private firms because they can reduce revenues. Again,
8 there is no systematic research on this topic, but anecdotal evidence lends support to
9 these conclusions.
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12 In sum, technological change has had limited effects on the water sector, and there is
13 no evidence that private firms are inherently better at adopting innovative technology
14 than public ones (or vice versa). This is not so much a “crisis” in technology as a
15 recognition of water’s biophysical restrictions and the limits these place on technological
16 innovation.
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19 The real “crisis” in water services lies in the fact that 700 million people do not have
20 access to safe potable drinking water around the world, with profound social, economic
21 and environmental consequences (WHO/UNICEF 2015). No amount of technological
22 innovation is going to resolve this crisis. Innovations in governance are what is required.
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25 **Innovation in Governance**

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27 Fortunately, the potential for innovation in water governance is enormous. Evidence of
28 this can be found in the dramatic swings in water management practices over the past
29 150 years, shifting back and forth between public and private ownership, with variations
30 in scalar organization, pricing systems and state-society relations. From municipal
31 socialisms to neoliberal privatization, water governance has undergone frequent and
32 considerable change (Castro 2007, Djanibekov et al 2016, Finewood and Holifield 2015,
33 McDonald 2016a, Swyngedouw 2014).
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36 But much of this governance has also been dominated by a (Western) scientific
37 understanding of the ‘hydrological cycle’ – a belief that water has universal properties
38 that render it “the province of agencies and experts with technical knowledge...and the
39 power to engineer it” (Linton and Budds 2014, 171). As such, modern water governance
40 – be it on the left or the right of the political spectrum – has tended to be fixated on
41 technology. Socialist and welfare-era water services were dominated by this
42 hydrological perspective – “characterized by an emphasis on the development of water
43 supplies by state agencies, the view of water as a resource to be exploited, and the
44 equation of water management to hydraulic engineering” (Linton and Budds 2014, 171-
45 2; see also Sehring 2009) – as are neoliberal models, with their emphasis on business-
46 like management (Bakker 2010). The goal, it seems, has been to strip social meaning
47 from water, rendering water governance a seemingly apolitical act.
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51 A new breed of public water operators, by contrast, has begun to flip this hydrological
52 cycle on its head. Instead of trying to find technological solutions to every water
53 challenge, they have begun to take seriously the notion of a ‘hydrosocial cycle’, putting
54 social meaning at the center of water governance, examining the “socio-natural process
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3 by which water and society make and remake each other over space and time". Rather
4 than treating water as homogenous and apolitical, the hydrosocial cycle "directs
5 analysis towards the hybrid nature of different waters by attending to water's different
6 states, forms and qualities, which make it act and give it meaning in distinct ways". As
7 such, the hydrosocial framework acts "as an analytical tool by compelling us to look for
8 relations and patterns that we might otherwise ignore" (Linton and Budds 2014, 170,
9 176-7; Swyngedouw 2009).

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12 Not all 'new' public water operators employ this hydrosocial lens, and few would utilize
13 such academic language, but there is an emerging practice of public water governance
14 which has moved explicitly away from techno-centric management practices in an effort
15 to hydrosocial perspective allows them to engage differently with the physical properties
16 of water and to better incorporate as well as water's varied cultural and political
17 interpretations. Some of this rethink is coming from existing public water operators, but
18 the most dramatic changes are to be found in the growing phenomenon of
19 remunicipalization, with newly constituted public water utilities not only taking back
20 public control of water services but also rethinking what water means in a democratized
21 public sphere.

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25 Over the past 15 years there have been at least 267 cases of water remunicipalization
26 in 37 countries, affecting more than 100 million people (Kishimoto and Petitjean 2017).
27 Not all of these remunicipalizations have been done for progressive reasons – some
28 have been undertaken by autocratic governments wanting more control over water
29 services and some are being run like private companies once back under public control
30 (McDonald 2018) – but there are disruptive forms of hydrosocial remunicipalization
31 taking place, and it is these cases that I will focus on in the remainder of this paper.

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34 The most widely studied and celebrated of these examples are social-democratic
35 governments introducing more equitable pricing policies and sustainable environmental
36 management systems (Heller 2007, Spronk et al 2014, Tankha and Fuller 2010). There
37 are also cases of anti-capitalist states and civil society movements searching for non-
38 commodified forms of water delivery (Spronk and Webber 2007, Terhorst et al 2013) as
39 well as anarchist/autonomist movements seeking alternative ways of delivering water
40 that are not controlled by state or corporate interests (Driessen 2008, Gorostiza et al
41 2013, Marston 2013). These new public water operators are profoundly changing the
42 ways in which water is governed, rethinking managerial structures and approaches to
43 equity. Much of this innovation is motivated by a rejection of neoliberalism, but it is also
44 a refusal to return to a supposedly golden-age of welfarism or socialism, where public
45 management was often top-down, exclusionary, opaque and blindly technological and
46 productivist in its orientation (*cf* Newman and Clarke (2009) for a discussion of the UK
47 experience in this regard).

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51 I will highlight three particularly important areas of governance innovation that these
52 new public water operators are exploring: co-production, de-commodification, and
53 public-public partnerships. While not the only forms of hydrosocial innovation taking
54 place (and still only practised by a minority of public water operators worldwide), these

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3 innovations are nevertheless fundamentally different in theory and practice to the
4 dominant hydrological water governance practices of the past. They are disrupting the
5 commercialization pressures of contemporary neoliberal water services while at the
6 same time distancing themselves from the overly bureaucratic water management
7 practices of state-centric water systems of the welfare era.
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10 Although far from perfect – and not without their own internal contradictions and
11 tensions – the hydrosocial principles outlined here represent some of the most
12 innovative models of water governance reform in a century. Other public water
13 operators are taking notice, with some water agencies forming new clusters of
14 progressive public water associations to share best practices amongst themselves,
15 often in collaboration with trade unions and citizen groups (eg. Aqua Public Europea,
16 the Catalan Association of Municipalities and Entities for the Public Management of
17 Water, RedVIDA).
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20 It is not my intent to suggest that ‘new’ public water operators are the only ones
21 introducing innovative governance practices. Many private and commercially-run public
22 water operators have adopted similar-sounding reforms, with ‘public engagement’ and
23 ‘sustainability’ being central to the rhetoric (if not the practice) of most water operators in
24 the world today (Sharp 2017). My argument – as we shall see below – is that a new
25 breed of public water operators is offering a fundamentally different approach to such
26 governance innovations – ones that involve citizens in meaningful ways, which (re)value
27 water in decommodified forms, and which promote a more holistic approach to pro-
28 public service reforms (often in collaboration with other public service operators such as
29 health care and electricity, cutting against the grain of sector-specific silos introduced by
30 new public management (McDonald 2014)). Private and commercially-oriented water
31 companies might include co-production and collaboration in their development
32 strategies, but their goals are far more instrumentalist, and often serve to reinforce –
33 rather than challenge – the commodification of water. In this respect, new public water
34 operators can offer governance innovation that is simply not available to their private
35 and commercial counterparts.
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40 **Co-Production of Water Services**

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42 Co-production refers to the active engagement of citizens in the development and
43 delivery of water services. It can range from decision making about investments in water
44 infrastructure to the digging of trenches for pipes. Typically associated with the work of
45 Elinor Ostrom (1996), co-production is intended to move beyond the binaries of
46 market/state and government/civil society to a concept of a ‘commons’ in which citizens
47 are not just clients to be acted upon but where they are conscious participants in the
48 production and distribution of public goods and services that are of consequence to
49 them.
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52 But not all co-production is created equally. Critics of Ostrom argue that her work was
53 “never imagined in a revolutionary frame” (Springer et al 2016, 276), serving to reinforce
54 concepts of state failure and promoting notions of rational decision making in quasi-
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3 market systems. The widespread embrace of the concept of co-production by neoliberal
4 policy makers attests to this point, with notions of entrepreneurial citizenship promoted
5 as a justification for a reduced role for the state and an off-loading of production costs
6 onto citizens in the name of participation (Caffentzis 2010). As Spronk (2009) notes in
7 the case of neoliberal-era water reforms in Bolivia, the mobilization of poor people's
8 labour in the construction of urban water and sewage systems was simply used to shift
9 the costs associated with service delivery onto the poor and deflect accusations of elite
10 decision making.
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14 New generation public water providers, by contrast, see co-production and citizen
15 engagement as a tool to disrupt commercial logic, openly challenging hierarchies of
16 power in the state and the market. Co-production in these cases is intended to empower
17 citizens and give them a sense of ownership/control over water services. Participatory
18 budgeting is one concrete example, with developments in Brazil being the most robust,
19 where tens of thousands of residents participate in annual decision-making processes
20 on how municipal budgets are spent (Wampler 2010). The model has since spread to
21 other parts of Latin America and beyond and has been taken up in other service sectors
22 (Goldfrank 2012, He 2011, Sintomer 2008).
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26 There are also examples of co-production that include hands-on labour, but rather than
27 merely off-loading labour costs onto residents these engagements are intended to
28 conscientize citizens and open up new democratic spaces for decision making. In
29 Colombia, for example, community aqueducts have transformed the social and political
30 role that citizens play in water governance, “generating new forms of political
31 participation and citizenship”, serving to challenge former power relations through the
32 development of governance initiatives with “communitarian characteristics”. These new
33 forms of citizenship are grounded in self-organization and “based on claims of
34 sovereignty over natural, common goods” and are “gradually transforming Colombian
35 democratic space” (Arias 2015, 77). Similar initiatives have emerged in Venezuela,
36 where participation in water committees is seen as a form of empowerment and “part of
37 a wider political agenda” intended to “engage citizens in a broader process of social
38 change, promote rethinking of the concept of citizenship” while at the same time
39 “avoiding elite capture” (McMillan et al 2014, 201; see also Allen et al 2017).
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43 One must be careful, of course, not to exaggerate the transformative potential of co-
44 production; the devil is always in the details. In many cases it is still the most
45 marginalized people that are expected to ‘participate’, while real power remains in the
46 hands of a relatively small elite. Participatory budgeting has come under particularly
47 intense scrutiny in this regard, with accusations of tokenism being levelled at many such
48 efforts (Baiocchi and Ganuza 2014). All forms of co-production are necessarily “tense
49 and riddled with power asymmetries and political aspirations” that go beyond the goal of
50 water provision (Ahlers et al 2014, 2) and no single model of citizen engagement fits all
51 situations.
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55 What differentiates new forms of co-production from their statist and neoliberal
56 predecessors are their attempts to situate citizen engagement within a contextualized
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3 understanding of the hydrosocial cycle, with culturally appropriate forms of co-
4 production being distinct to each place. What works in Brazil might not work in
5 Germany, and what works in rural areas might not apply to urban ones. Innovative
6 forms of co-production are those that commit to a participatory process that are more
7 transformative than exploitative. They represent a demonstrative shift from the
8 marketized forms of co-production promoted by neoliberal organizations such as the
9 World Bank while at the same time refusing to revert back to the top-down bureaucratic
10 models of 20th century welfarism and socialism.
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13 **De-commodification**

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16 Another way in which new models of public water governance are changing is in their
17 approach to valuing water. Neoliberal water governance is largely about 'getting the
18 prices right' – i.e. letting market-oriented price signals shape consumer patterns and
19 assist with the recovery of production costs. The assumption here is that people
20 respond to market-oriented prices because they are self-interested, self-maximizing
21 individuals seeking to optimize utility. Cost-reflexive pricing, it is argued, will reduce
22 waste while at the same time raising revenue to extend and improve water services
23 (Araral 2008, OECD 2010).
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27 New public water operators do not ignore pricing signals, but they see a multiplicity of
28 ways in which people attach value to water. Spiritual beliefs, ecological concerns and
29 social justice all play into the complex processes of thinking about water production and
30 consumption. In most cultures water is a source of inspiration as much as it is a
31 biophysical necessity. In Hinduism all water is sacred. For Buddhists, water is said to
32 symbolize purity, clarity and calmness. In Judaism water plays an important role in ritual
33 cleansing practices, while in Christianity it is associated with environmental stewardship.
34 In Islam water is seen as a gift from God not be bought or sold (Schelwald-van der Kley
35 and Reijerkerk 2009).
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39 Incorporating non-commodified values of water into hydrosocial governance is not easy,
40 but many public water operators are attempting to recognize and implement alternative
41 valuation principles through enhanced ecological practices, stronger social tariffs and by
42 listening to indigenous voices (Dellapenna 2001, Pigeon 2012, Jackson 2006,
43 Dumontier et al 2016). The intent is to work towards de-commercializing water services
44 as well as reducing consumption patterns and challenging the growth mantra of the
45 hydrological model where any increased use of water is impulsively associated with
46 progress. True decommodification is admittedly difficult in a global market economy
47 where water (and water pricing) plays a central role in all facets of social and economic
48 life, but efforts to challenge the centrality of unit-based cost-recovery and market-based
49 pricing schemes do represent a significant shift in governance innovation and a
50 willingness to see the broader spectrum of water's value within the hydrosocial cycle.
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Public-public partnerships

A third innovative feature of water governance being developed by new generation public water providers is that of public-public partnerships (PUPs). Defined as two or more public agencies working together on a not-for-profit basis with the aim of improving and promoting public service delivery, PUPs have been in operation in the water sector since the 1980s but the practice has accelerated since the early 2000s (Hall 2000; Hall et al. 2005, Boag and McDonald 2010). The advent of the UN-based Global Water Operators' Partnerships Alliance (GWOPA) in 2009 hastened this process further, with PUPs now operating in every region of the world (see www.gwopa.org).

PUPs are multi-scalar and multi-stakeholder in their orientation, involving government agencies, public sector unions, NGOs and social movement representatives working within and across jurisdictions, on topics ranging from public education systems to information technology. Not all PUPs are designed to dislocate mainstream water governance logic (some are explicitly about cost recovery, and the private sector has attempted to insert itself into the GWOPA process (Hall et al 2009)) but many are an unambiguous rejection of hierarchical statist models and commercialized neoliberalism, with the most progressive public water operators often working together to advance their mutual agendas (eg. Dumontier et al 2016).

Equally important is the inter-departmental collaboration that is being (re)built by many new public water operators, much of which was eroded by corporatization and the creation of managerial silos under neoliberalism (Nor-Aziah and Scapens 2007; Pollitt 2006; Pollitt and Talbot 2004). Some public water operators have managed to work creatively around this isolating effect, creating robust cross-departmental engagement through strong political commitment to collaborative planning and the inclusion of non-state actors in the cooperative process, such as unions and community organizations (McDonald 2014).

Of particular interest with PUPs is the recent revitalization of public banks. Now constituting some 25% of global banking assets, public banks have begun to re-assert themselves into debates about the financing of public services, pointing to the advantages they offer over private banks in terms of counter-cyclical lending, commitments to green infrastructure, and reduced borrowing costs (Butzbach and von Mettenheim 2015, Marois 2016, Mazzacuto and Penna 2015). As Mazzacuto (2017) argues in her advocacy of "mission-oriented public investing" within the public sector, real public innovation is only possible with public investment because of the long-term time horizons and multi-sectoral perspectives required. Although formal partnerships between public water operators and public banks are still relatively rare, they hold promise for addressing the massive infrastructural gaps that exists in the world today while at the same time improving transparency on financing costs and accountability. These and other forms of PUPs promise to be some of the most innovative forms of public water governance in the future.

Conclusion

With a growing number of public water operators committed to new forms of hydrosocial governance there is a profound shift underway in how we think about ‘innovation’ in the water sector. But change will not be easy. The majority of the world’s water operators remain entrenched in old-school hydrological models of technology-driven change, while financing agencies continue to promote innovation in the form of commercialization and privatization. Private water companies remain powerful actors in policy making arenas and many municipalities are forced by austerity or political pressure to adopt or expand neoliberal water governance agendas.

Another barrier to new forms of public water innovation is the existence of performance metrics that favour neoliberal hydrological models. Benchmarking in the water sector is highly technocratic, promotes commercialization and imposes universalistic (and Eurocentric) values on a heterogeneous water sector (McDonald 2016b). Developed in large part by private companies and pro-privatization agencies such as the World Bank, the aim of most water benchmarking frameworks is to promote competition and celebrate “financially viable” water operators: “the ultimate value of utility benchmarking” (Van den Berg and Danilenko 2011, 8). Improved cost recovery and reduced expenses have become the gold standard in the water sector, with financial indicators such as ‘unpaid-for water’ or ‘employees per 1,000 connections’ often serving as proxy for overall water service performance. Financial criteria are not the only standards in the 260+ indicators that make up the ISO 24500 series that form the basis for most water benchmarking models (ISO 2012)) but they attract a disproportionate share of attention from policy-makers and funders, reflected in part by the massive literature on financial outcomes and cost recovery in the water sector (Alexander 2005, Breen and Doyle 2010).

Developing new benchmarking standards will be necessary to the growth and recognition of non-hierarchical, non-commercialized forms of water governance innovation. Once again this will not be an easy task, especially given the authority and resources of mainstream benchmarking organizations with vested interests in existing models. So too will many public water operators resist change, particularly those that have sunk resources and political capital into current benchmarking frameworks. Even public sector water managers and policy makers who share the concerns raised in this paper will find it difficult to change benchmarking standards given the inertia of existing systems and the time and energy required to shift analytical and operational gears. It has taken two decades of intense funding, lobbying and institutional support from major international organizations such as the International Water Association to get water benchmarking to where it is today. Changing the ways in which we measure innovation is not going to happen overnight.

Innovation can take place without performance metrics, of course, and in a world of hydrosocial complexity there is some philosophical merit in rejecting universal indicators. As Zwarteveen and Boelens (2014, 151-2) note, “knowledge about water will

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3 always and necessarily be uncertain and provisional,” reminding us that we must
4 “remain vigilant about the temptation to unequivocally use ‘science’ and the
5 objectification it entails in dealing with water’s complexity.” And yet, without metrics for
6 measuring change, new generation public water operators may find it difficult to gauge
7 their progress, engage citizens in transparent decisions on water governance futures, or
8 share ‘best practices’ around the world. As dull as it may sound, the most important
9 change in water innovation may come from the very ways in which we measure it.
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