MAPPING REMUNICIPALISATION: EMERGENT TRENDS IN THE GLOBAL DE-PRIVATISATION PROCESS

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Executive Summary

Public ownership of services including water, energy and healthcare is returning to the forefront of public policy at the local level. The ongoing COVID 19 Pandemic, the recent rise in energy prices, and the broader concerns about addressing climate change, have all served to question the boundaries of public and private, where it is increasingly evident that market-led and privatised solutions are failing to deal with these and other critical policy issues.

As earlier experiences of privatisation have failed to deliver on promises of improved effectiveness, investment and modernisation, public services are being brought back in-house at the local level in an increasing number of towns, cities and regions around the world. This de-privatisation trend is commonly referred to as remunicipalisation.

This brief report draws upon the most recent data and trends from the Public Futures database, a collaboration between the Transnational Institute (TNI) and the University of Glasgow to create a publicly accessible data set of de-privatisation cases, which is now available on the Public Futures website (<https://publicfutures.org>).

As of February 2022, the database had recorded 1,561 verified cases of remunicipalisation from 2000 to the present day. These are located across 56 countries on every continent, in a diverse range of sectors including water, energy, telecommunications, transport, local government and healthcare. The database is fully interactive, enabling users to both submit and analyse cases. It is the most comprehensive record of remunicipalisations available.

- Remunicipalisation is particularly prevalent in the global north, in countries such as Germany, France and the United States. However, cases have been increasing in new 'epicentres', especially the UK and Spain.

- Remunicipalisation is less common in the global south, partly because privatisation has been less pronounced there (so far) although there have been significant numbers in the water sector, where there is a common trend to push back against privatisations inspired by 'Washington Consensus' policies associated with the World Bank/IMF.

- Remunicipalisations are particularly strong in the sectors of energy (24 per cent) and water (22 per cent), followed by local government services (17 per cent) with telecoms (13 per cent) and health (12 per cent). Sectoral concentration is also bound up with particular geographies; energy is dominated by German cases, trends in water remunicipalisation are very strong in France and the US accounts for three quarters of all telecoms cases.

- The failings of privatisation are to the fore in motivations behind remunicipalisation, particularly the demand for improvements in quality of service provision (45 per cent) and achieving cost reductions (36 per cent). Other key motivations include taking back democratic and public control (23 per cent) and using remunicipalisation for wider policy objectives (22 per cent) linked to local economic development.

Implications for policy-making

- Remunicipalisation suggests a demand to bring more sectors into public ownership, where critical infrastructures, assets and services can be reoriented away from narrow commercial criteria under privatisation towards a broader set of community, social and ecological concerns.

- In the wake of the COVID-19 Pandemic, the importance of locally integrated public service control, capacity and delivery has become increasingly evident to the care, health and wellbeing of all citizens.

- Behind the trend, there is also a clear desire for more collective, democratic and transparent publicly owned utilities which are more accountable to citizens.

- There is a particular need to challenge official policy advice from the OECD, EU and IMF which continues to advocate private and market-based solutions to the provision of essential services and tackling key policy goals such as addressing climate change. Such bodies demonstrate little awareness of either the remunicipalisation trend, or the requirement for more public ownership, despite its importance in tackling critical public policy issues.

- Access to the internet and digital economy are important rights for individuals to participate in a twenty first century society. The growing number of new public enterprises in these areas is a response to a highly uneven and fragmented landscape of private provision.

For more information on this project:

- Global Remunicipalisation and the Post-Neoliberal Turn
- Transnational Institute

Introduction

The last two decades have seen the revival of public ownership at the local level as towns, cities and in some cases entire sub-national regions take formerly privatised assets, services and infrastructures back under public control. This process – which has come to be referred to as 'remunicipalisation' – is a global phenomenon occurring on every continent,[1] from large complex megacities to small towns and rural municipalities. Situating it within the context of broader global political economy, remunicipalisation represents an important pushback against the wave of privatisations - implemented as part of the political project of neoliberalism[2] from the 1980s onwards - and their failure to deliver promises of public service improvements.[3]

Much of what we know about global remunicipalisation has been the result of excellent investigative research and campaigning by the Transnational Institute (TNI). TNI has been documenting cases around the world and working with other NGOs, academics and trade union partners to expose the failings of privatisation and highlight public alternatives. The data has been collected by a network of these civil society actors and, as such, is an example of a crowd-sourced dataset, generated by civil society in the absence of any 'official' data collection. Working collaboratively with the University of Glasgow's ERC[4] funded GLOBALMUN project and the Glasgow University Software Service, TNI's data gathering has been converted into the Public Futures Database: a global online portal for accessing and sharing data about de-privatisations.[5]

In this report, we provide an up to date (as of February 2022) summary of remunicipalisation trends, mapping geographical and sectoral concentrations, identifying the different forms of public ownership that emerge from remunicipalisation, and reflecting upon some of the motivations.). We begin, first, with some basic definitions.

Definitions: deprivatisation and remunicipalisation

Remunicipalisation as a term was first used in the water sector to reflect the growing trend at the sub-national level for local governments to take privatised services back into local forms of municipal public ownership.[6] De-privatisation might be an alternative concept to remunicipalisation, but fails to capture a distinctive 'localness' in the revival of public ownership over every day, vital public services. Municipalities in our broader use of the term can be urban phenomena, including mega cities and city regions, but also include small towns and rural districts. In some countries, municipal services are provided at the regional level (e.g. Thames Water or Scottish Water in the UK context, or Santa Fe province in Argentina).

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[1] See Kishimoto and Petitjean (2017)
[2] Harvey (2005)
[3] Hall et al (2013)
[4] The report is part of a five-year European Research Council Advanced Grant: 'Global Remunicipalisation and the Post-Neoliberal Turn (2019-2024). European Research Council. More information can be found at: (https://www.gla.ac.uk/schools/business/research/centres/entrepreneurship/globalremunicipalisation/).
[5] The database can be accessed at: https://publicfutures.org/.
[6] See Lobina (2015)

While there has been a trend towards re-nationalisation in recent years too, numerically this has been dwarfed by remunicipalisation, although both are captured in our database. Also reported are newly created public enterprises ('municipalisations'), alongside de-privatised municipal services. We refer to both these types here under the broader umbrella term, remunicialisation.

A global overview of trends

As of February 9th 2022, 1,511 cases of remunicipalisation (with 50 renationalisations) had been recorded by the database. Two thirds of remuncipalisations were deprivatisations and just under one third new public enterprises (see Table 1).

Table 1: Breakdown of remunicipalisations from the Public Futures database

Type of remunicipalisations	**Number of cases**	**%**
Deprivatised Enterprises	1,023	67.7
New Public Enterprises	488	32.3
Total remunicipalisations	1,511	100

Source: Public Futures database: https://publicfutures.org/

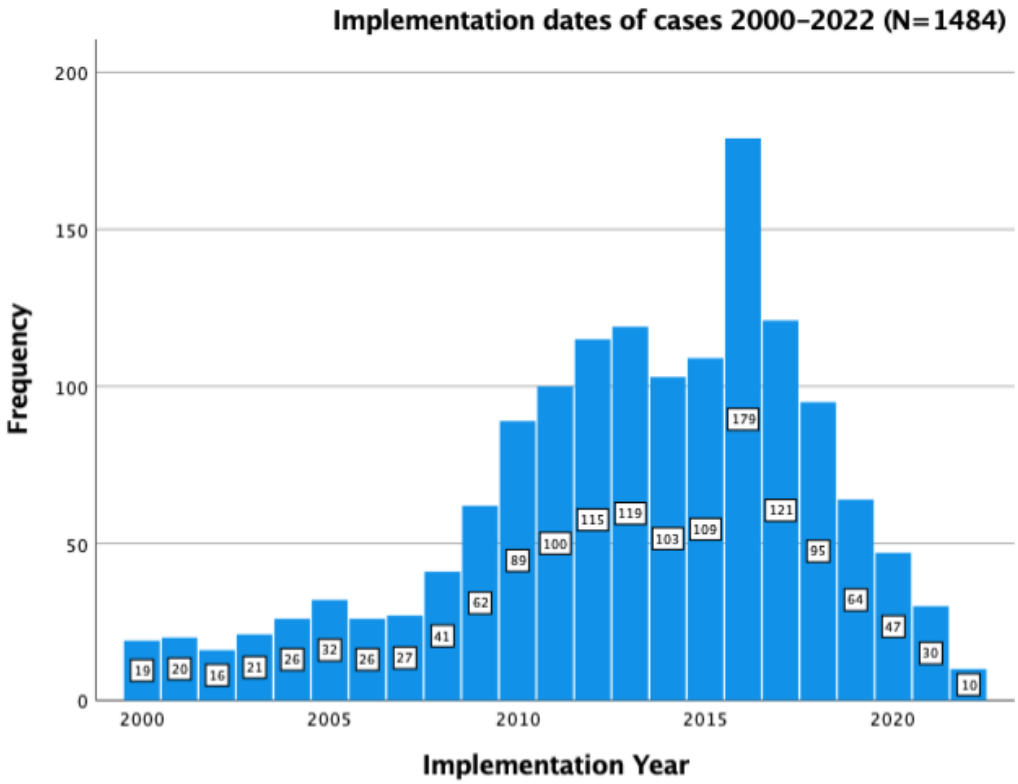
If we consider the year of implementation of cases over time – the actual return to public ownership or establishment of new forms of public ownership – there is a clear increase in cases from 2006 onwards, reaching a peak in 2016 (see Figure 1). However, as we will see, this 'global' trend is distorted by the picture in a small number of countries and sectors which have accounted for the majority of cases to date. There are more recent and continuing trends of remunicipalisation across a plethora of sectors and countries which are becoming evident with ongoing research.

Breaking the global trend down geographically, in raw quantitative terms, the global north dominates over the global south (Figure 2). More than 90 per cent of cases are located in North America and Western Europe, with the latter accounting for nearly 60 per cent of all global cases. One obvious explanation for Europe's dominance is that the continent was previously at the epicentre of privatisation during the 1990s.[7] Western Europe alone accounted for 50 percent of all privatisation proceeds in OECD countries, which in turn was two thirds of the global total.[8] Unsurprisingly, as the limits of privatisation have been revealed, the continent has been at the heart of the remunicipalisation 'push-back'. Initially,

[7] See Cumbers (2012, chapter two).
[8] OECD (2000).

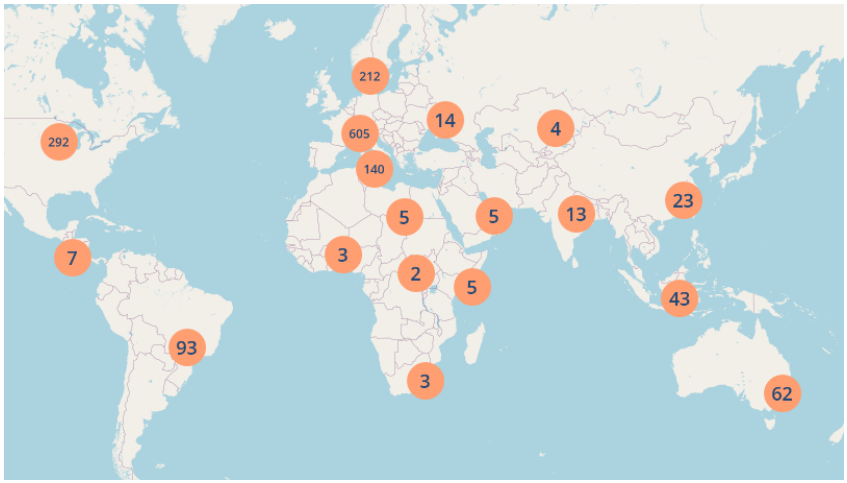
the rise in European cases was particularly evident in the "dual epicentre" of (re)municipalisation, France's water sector and Germany's energy sector,[9] although there has been some interesting subsequent diversification, as we detail below.

Figure 1: The global remunicipalisation trend by year (N=1484; 27 missing cases)



Source: Public Futures database

Figure 2: Geographical distribution of remunicipalisation cases since 2000



Source: Public Futures database

[9] Hall *et al*, (2013); Kishimoto & Petitjean, (2017), Kishimoto et al (2020)

Given its significance, remunicipalisation has received surprisingly little attention in official policy circles, which still tend to emphasise the benefits of privatisation and market-led reforms of state enterprise, rather than dealing with the many problems that such solutions have encountered.[10] With the current COVID-19 Pandemic reminding us all of the importance of collective and public solutions to critical policy problems, and the limits to privatised mindsets and individual action, a re-engagement with the possibilities of public ownership is surely overdue.

The uneven geographies of remunicipalisation

France and Germany have undoubtedly played a major role in the early stages of the (re)municipalisation phenomenon, not just in Europe but across the world. The large number of cases in France's water and Germany's energy sectors drew attention to remunicipalisation as an emerging, and likely lasting, process.[11] First emerging in the late 1990s, the trend towards remunicipalisation in these countries continued strongly over the past decade in particular, with 67 per cent of cases in France (N=164) implemented between 2010-2016, and 83 per cent of cases in Germany (N=400) implemented between 2009-2017. The *Public Futures* database now shows that of the 981 total cases of remunicipalisations in Europe, 57 per cent of these are located in France and Germany.

However, while this hints at a strong wave of deprivatisation in this traditional dual epicentre in particular, other European countries have also seen growing numbers of cases, notably Spain (N=133), UK (N=117), Norway (N=42) and Denmark (N=35). Spain is arguably emerging as a new and distinct epicentre in Europe, as remunicipalisations are not just rising, but have doubled since 2017. Collectively, the top five countries (Table 2) account for nearly 70 per cent of all cases.

Table 2: Top five remunicipalisation countries

Country	**Number of cases**
Germany	400
USA	239
France	164
Spain	133
UK	117

Source: Public Futures database

After Europe, the US represents the second highest cluster of remunicipalisation with 239 cases. The telecommunications sector makes up by far highest share of recorded cases with

[10] See for example the recent IMF report responding to the COVID-19 Pandemic, which provides one brief mention of remunicipalisation in its chapter on state ownership but continues to warn about the inefficiencies of public compared to private ownership, and the market distortion effects of government subsidy (IMF 2020). Tellingly it suggests that the failure of privatisation in Latin America in the 1990s "indicates the failure of efforts to achieve competition in markets" (ibid, 68) rather than anything wrong with the concept itself.
[11] Hall et al (2013)

60 per cent,[12] followed by the water sector (31 per cent). Whereas the water sector reflects de-privatisation and the expiry of contracts, the majority of cases in telecommunications sector (140 out of 144) are the creation of new public enterprises rather than deprivatisations. The latter appear to be linked to the growth of community and publicly owned broadband networks in response to the paucity and unevenness of private provision, especially in rural areas and small towns as well as in lower income communities.

There have been far fewer cases of remunicipalisation in the global south for the relatively straightforward reason that, thus far, there has been less privatisation of public utilities than in the wealthier global north. Another factor behind the lack of privatisation and subsequent remunicipalisation has been the reluctance of multinational corporations to invest in poorer countries in which they are not guaranteed a satisfactory financial return. Indeed, our database indicates that 92 per cent of remunicipalisation cases are located in high income countries (N=1511).

Latin America was one of the first places to see larger mobilisations and resistance to privatisation in the late 1990s, culminating in the "Water Wars" and subsequent remunicipalisation of water services in Cochabamba, Bolivia. Subsequently, celebrated water remunicipalisations and renationalisation occurred broadly across Latin America, although not on the scale experienced in Western Europe. The most significant remunicipalisation trend in recent years has been in Chile. The country's neoliberal reforms from the era of the Pinochet dictatorship, have created vast inequalities, making basic health unaffordable for many under the privatised system. In reaction, 44 municipalities established their own public pharmacies between 2015 and 2018, based on social need rather than the ability to pay, with estimates suggesting reductions in the cost of medicines of up to 70 per cent.[13]

Asia has 83 cases of remunicipalisation, with water and education representing one quarter of all cases and prominent countries being Philippines (22), Japan (18) and Malaysia (16). The Philippines, in particular, was subject to early interventions by the World Bank from the 1980s, which entailed extensive deregulation and privatisation of state-run services. Africa has so far had the fewest remunicipalisation cases (15), confined to waste and water sectors. The question for the continent is now a matter of whether it is on the threshold of a push in privatisation if global corporations and governance institutions sense new market opportunities there.

Sectoral trends

The geographical clustering of cases in the global north largely determines the sectoral breakdown, with almost half of all remunicipalisations occurring in two sectors: energy (24 per cent) and water (22 per cent) (Figure 3). Local government services (12 per cent), telecoms (13 per cent) and health (12 per cent) make up the lion's share of the remainder of cases. In turn, remunicipalisations in these two sectors are geographically concentrated with Germany accounting for 80 per cent of global cases in the sector and France accounting for 70 per cent of water cases. An additional country-led instance of sectoral expansion in remunicipalisation

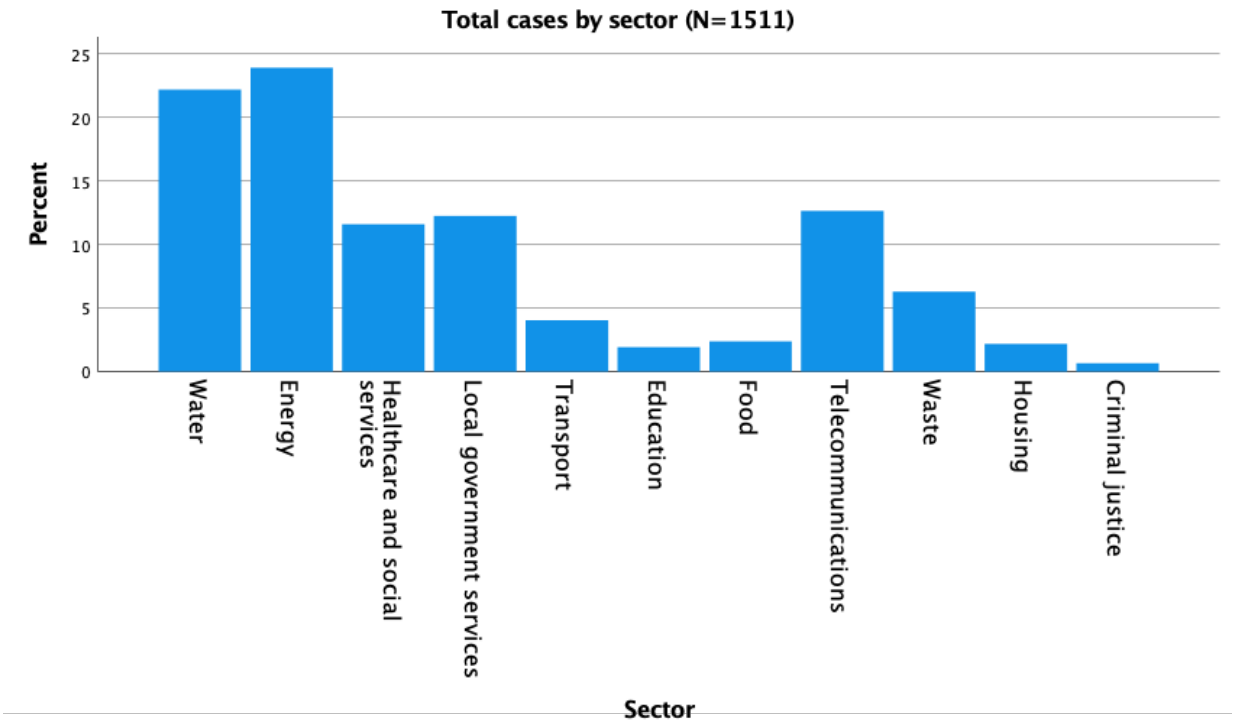
[12] See also: Hanna & Mitchell (2020)

[13] Panez Pinto (2020)

is the USA and telecoms, with 75 per cent of overall telecoms cases in the database located in the USA (N=191). Thus, overall trends are significantly shaped by developments in a few key countries and sectors.

However, European deprivatisations have also diversified along sectoral lines. While the water and energy sectors still make up a combined 53 per cent of total remunicipalisations in Europe (N=981), local government (15 per cent), waste (8 per cent), health and social services (8 per cent), transport (5 per cent), and telecoms (4 per cent) have all seen consistent growth.

Figure 3: Cases by sector



Source: Public Futures database

Understanding how and why remunicipalisation happens

Our database records some information on how and why remuncipalisation happens. In the first instance, the data for 'deprivatisations' is explored, removing the 'new public enterprises'. As the table below shows, remunicipalisation tends to happen relatively 'passively' in most cases, rather than through an overt political struggle. Of the 1023 de-privatisation in the database, more than half occurred when a contract expired (see Table 3).

This would suggest that most deprivatisations happen through top-down management processes at local government level rather than because of civil society engagement, although more research would be needed to verify this. An important point to make here is that such actions always have a broader local social and political context, even where there are no overt signs of public mobilisation or agency.

Table 3: How deprivatisation happens (N=1023)

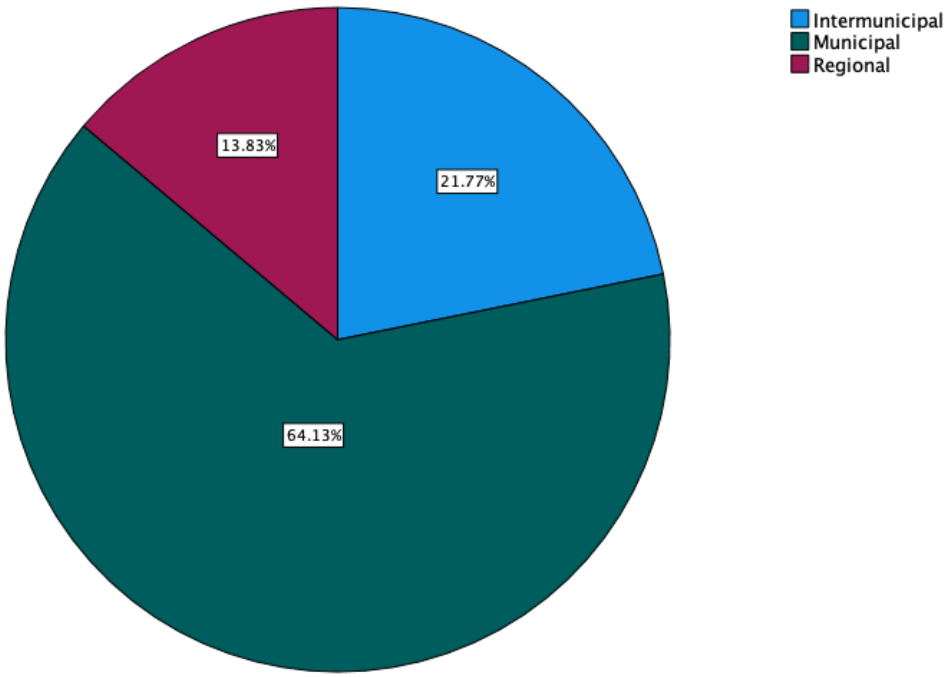
Contract expiration: Contract with private operator expires and is not renewed	571	55.8%
Contract termination: Contract terminated before expiration	172	16.8%
Private withdrawal: Private operator withdraws from management	45	0.04%
Private shares sold: Private company announces it is selling shares to public operator	38	0.04
Decision: Official decision to remunicipalise made, implementating is pending	35	0.03%
Public acquisition: Expropriation by referendum and/or government decisión	24	0.02%

Source: Public Futures database

Forms and levels of ownership

Returning to the database as a whole (including newly created public enterprises), we now explore the scale at which remunicipalisation happens. A majority of cases (64 per cent) are remunicipalisations at the *municipal* level (Figure 4, below); that is at city or local authority level. Just under a quarter of these are in the water sector, with energy, local government services and health and social care also strongly represented. Almost three-quarters of the telecommunications cases are implemented at this scale (140 of 191).

Figure 4: Level of remunicipalisation (N=1511)

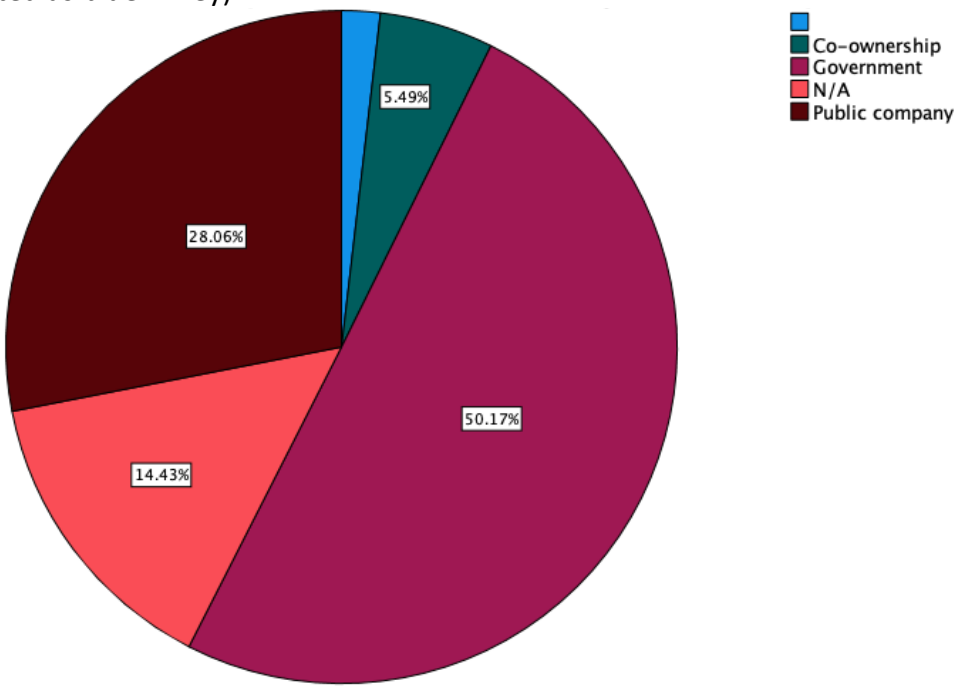


A not insignificant 22 per cent of cases happen at *intermunicipal* level. Intermunicipal ownership describes cases where two or more local authorities cooperate in either setting up new public enterprises or taking back control over in the form of de-privatising and

subsequently jointly managing a public service or infrastructure. The phenomenon of intermunicipal ownership following (re)municipalisation is under-researched. Yet, intermunicipal ownership opens up new questions around how these new ownership structures affect service provision, the extent to which they differ from ther remunicipalisations, and the context in which this happens, particularly in relation to austerity debates. The sector with greatest representation here is energy (147 of 329 cases) and therefore Germany is a key site for further investigation.

The remaining 14 per cent of cases take place at the *regional* level. The database also provides evidence of ownership structure (Figure 5, below), illustrating that in the majority of cases (both de-privatisation cases and cases of new municipal enterprises being created) it is through a form of direct ownership by local government. Direct ownership by local government constitutes 50 per cent of remunicipalisations (N=1511), with the sectors of water, health and social care, telecommunications and local government services being particularly strongly represented among these.

Figure 5: Ownership structure of remunicipalisation cases (N= 1,511; with 28 missing cases represented as blue in key)



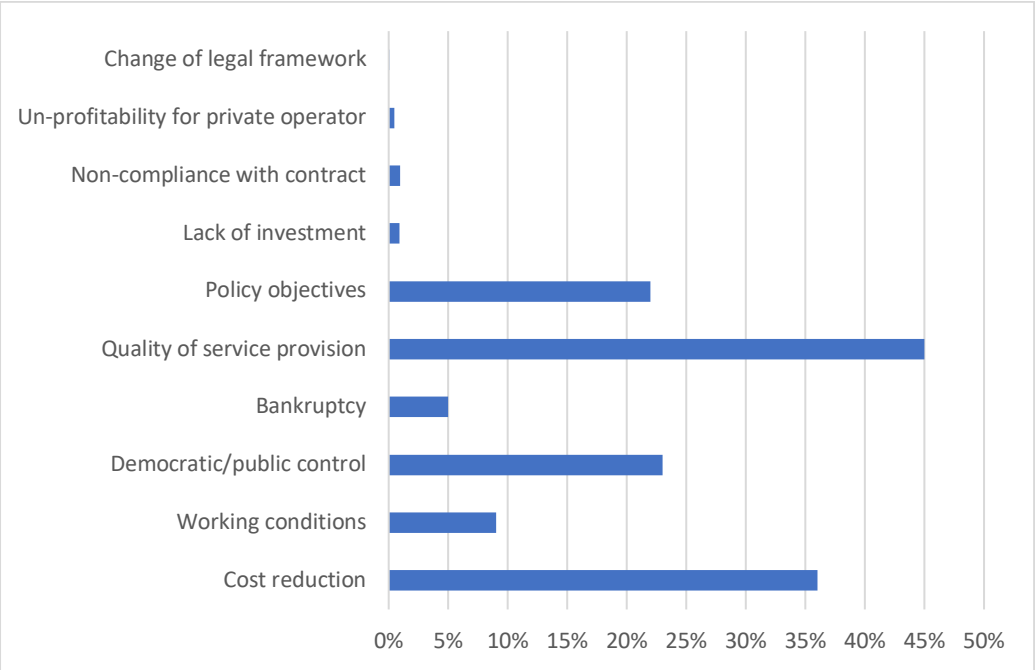
Source: Public Futures database

The second most frequent form of ownership by local governments is the establishment of a standalone public company, which makes up 29 per cent of cases. The majority of these (63 per cent) are in the energy sector. Co-ownership is a less common yet interesting form of ownership. Just over 5 per cent of cases (amounting to 83 enterprises) are examples of this kind of public-civil society partnerships in the form of bespoke public-cooperative organisations. These are found in the energy, water, health and social care, and telecommunications sectors.

Motivations behind remunicipalisation

The database also records data on the motivations behind remunicipalisation, although only for less than half of cases (N=766). Because the information is supplied by activists and verified through our researchers, rather than from those officials or political actors involved in the processes, it is important not to overclaim from these results and there is a need for further research that can provide more detailed explanation. Nevertheless, the data does capture basic trends for why remunicipalisation is happening (Figure 6).

Figure 6: Motivations behind remunicipalisation (N=766)



Source: Public Futures database

Overwhelmingly, in those cases where we have been able to identify motivations, the failings of privatisation are to the fore. A decrease or absence of improvements in the quality of service provision is the leading motivation for deprivatisation (45 per cent), followed by the desire for greater cost reductions (36 per cent). These patterns are broadly the same for both de-privatised cases and new municipal enterprises. It is important to note here that market efficiencies, in form of improve quality of service and cost reduction, have been two of the key arguments behind the (continuing) support for privatisation from influential supranational governance and policy bodies such as the IMF, European Commission and OECD.

Additional motivations for remunicipalisation include the desire for greater democratic/public control of the service (23 per cent) and the rather broader category: meet policy objectives (23 per cent). Behind the 'policy objectives' category, when one digs down into individual cases, what becomes apparent is the desire to use municipal public ownership for local economic development purposes, in some senses linked to community wealth

building ideas,[14] which include using public assets to create local employment, support local suppliers, improve skills and training, as well as enhancing local public management capabilities.

Conclusion

This report has set out the most recent findings (February 2022) from the Public Futures database of deprivatisation and remunicipalisation. As an 'unofficial' database that is reliant upon activist research and reporting of cases, it is a considerable achievement. But we are also keen to be open and transparent about its limitations and therefore do not try to overclaim from its findings. At the same time, it is likely that it significantly under-reports de-privatisation processes[15] because it is based upon the partial knowledge of a particular community of organisations, scholars and activist networks. This civil society pro-public community is also geographically unevenly distributed (and overly dominated by organisations from Western Europe and North America). We recognise therefore a need to broaden the network of sources, but also the importance of ongoing verification and critical evaluation of reported cases.

While recognising the database's limitations, the magnitude of the remunicipalisation trend reported here suggests a considerable demand to bring more sectors and activities into public ownership. Driving this is a growing realisation by local policy makers and citizens - reinforced by the COVID-19 Pandemic – that as a global society we need a shift away from a marketized and profit driven model of public service delivery. Behind the trend, there is a clear desire for more collective, democratic and publicly owned services and utilities over which citizens have greater accountability and control. Frustration at the problems arising from privatisation is driving remunicipalisation trend but also the desire for local governments and citizens to take back control over key services to both improve performance but also to provide broader benefits for local communities.

In view of this trend, there is a particularly urgent need to challenge official policy advice from the OECD, EU and IMF which continues to advocate private and market-based solutions to essential services and shows little awareness of privatisation's failings or the existence of public alternatives. Addressing this lack of balance, our aim in this report has been to contribute new evidence to critical policy debates about how local and municipal governments around the world and across a diverse range of sectors are returning to forms of public ownership to deliver more effective and equitable local public services.

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[15] On this, see the points made by Petitjean in relation to French remunicipalisation (Petitjean 2017).

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