

WATER SECTOR COMPANIES AGAINST DISLOYAL COMPETITION IN THE RURAL AREAS OF MADAGASCAR

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ABSTRACT

The life of water sector companies in the rural areas of Madagascar depends on the existing natural resources: wells, waterfalls, streams, rivers, lakes or rains. The more water there is, the more people will not use potable water supplied by private companies no matter how great the service is. Indeed, natural resources are free, a means of socialisation and it is also psychologically less burdening to pay more but divided in small amount daily than to pay a certain amount of fees every month. The solution can be summed up by saying to choose wisely. The NGOs and projects that finance the water supply infrastructure should choose the community and the company well before anything.

Keywords: rural areas, water sector, private companies, Malagasy, potable water supply infrastructure

1. INTRODUCTION

In Madagascar, 27,7 % of Malagasy people have access to what could be called potable water (definition used by INSTAT) and only 18,6 % [1] for people living in the countryside in 2018. Thus, many international Non-Governmental Organisations (NGOs) and projects are working on improving the water sector situation in the country. They mainly work with local private companies to build, invest and/or manage water supply infrastructure. Under normal conditions, those companies should be thriving, but instead they are facing great challenges.

This paper aims to present the situation of the water sector in the country, then to describe one of the challenges the private sector faces in the countryside and finally to make some recommendations regarding those challenges.

2. SITUATION OF THE WATER SECTOR IN MADAGASCAR

In general, 03 points should be talked about to understand the situation of the water sector in the country. They are:

- the existing governmental institutions;
- the conditions of water resources;
- the management and supply of potable water in the countryside.

2.1. Governmental institutions in the water sector

In Madagascar, the water sector is generally associated with the sanitation and hygiene sectors. They form the so-called WASH or Water, Sanitation and Hygiene sector. Therefore, the governmental institution in charge is called in Malagasy "Ministeran'ny Rano sy Fanadiovana ary Fidiovana" or literally Ministry of Water, Sanitation and Hygiene. The institution is in charge of the entire WASH sector either for urban or rural areas. And it has a regional branch for each region in the country.

Besides this governmental institution, the country has a national public company: the JIRAMA (Jiro sy Rano Malagasy or literally: Malagasy electricity and Water). JIRAMA has been founded in 17th of October 1975 and it only operates in cities. As a matter of fact, thus national public company is having supply problems in the water sector.

Also, the water sector in the country has its own code called "code de l'eau" [2] which was published in 20th of January 1999. It is a set of rules that regulates everything related to the water sector from the management of natural resources, the contract between a private sector with a local authority to the sewage system.

2.2. Conditions of water resources and their management

There are regions that are well-deserved in terms of water resources in the country while others are in great difficulty (mainly the southern part of the country). It does not mean that those regions have no worry in terms of water supply because climate change and the deterioration of the environment have great impacts too.

2.3. Management and supply of potable water in the countryside

Regarding the management of those water resources to supply potable water, JIRAMA is in charge of big cities as mentioned earlier. For rural areas, there is no infrastructure to be managed at all, or if there is, the task is either done by local authorities and communities or by private companies.

At first, Malagasy people in the countryside were using wells or fetching water from waterfalls, streams, rivers or lakes as means of water supply in their household. And during the rainy season, they would collect rainfalls. Thanks to many projects and NGOs, potable water supply infrastructure was built. People from rural areas could use public taps. And it would be managed by the community and the local authority.

However, those did not last long as conflicts and technical problems arise to the point of giving up on the infrastructure itself. That situation led to the creation of a new strategy by NGOs, the famous private sector management of water supply known as ICG: Investment, Construction and Gestion. NGOs and projects would financially and technically support while a small portion of the investment, the entire construction and the management would be done by the companies.

3. CHALLENGE FACED BY PRIVATE COMPANIES OF THE WATER SECTOR IN RURAL AREAS OF THE COUNTRY

Seeing the market's size above and the great opportunity at hand (NGOs and projects' financial and technical support), what kind of challenges those private companies might face?

So far, this research paper identifies 01 great challenge which covers up the most important problem those private companies face in their undertaking, during the exploitation phase: disloyal competition. Indeed, this problem arises when the question phase starts after the construction of infrastructure is done: unfair competition. Surely, the private sector might have weaknesses such as management deficiencies, or lack of human, financial resources, etc. The same goes with threats such as political, economic (decrease of households' purchasing power after the covid-19) and environmental challenges. Yet, those are well-known problems during this type of disloyal competition.

In the "code de l'eau", it is clearly stated that when a private company is legally working on a given territory, none of its peers has the right to compete with him. The same goes with existing public taps. They are shut down when a private company is legally working in a community. That article was made to protect companies from going bankrupt as the investment for infrastructure goes beyond the hundreds of million ariary in general.

Instead of other entities, the disloyal competition that we are talking about here is between private companies and the natural water resources. In fact, Malagasy people in the countryside are still fetching water from wells, waterfalls, streams, rivers, lakes or collecting raindrops even if they have potable water close to them. And that is despite the development of new water services and products for rural areas like shared taps, private connections at home or automatic kiosks. Hence for, during the rainy season from December to February, the profit made by water private companies are falling as people fetch water from their wells, waterfalls, streams, etc. So far, 03 reasons explain this situation.

- Economic reasons:

For instance, water from wells, waterfalls, streams, rivers, lakes or rains are free. In the countryside, many believe that water is free and for everyone to use. So logically, the service of supplying water should be free of charge too. Also, physical activities and time are needed to get water. And those who cannot do so, they prefer to ask someone to fetch their water daily instead of paying a monthly fee by using the water service by private companies. The choice is economically unprofitable but it is psychologically the best [3]. For an average water consumption of 04 canisters daily (200 Ar paid per fetched canister) 800 Ar in total per day to fetch water is psychologically less burdening to a Malagasy household in the countryside than paying a monthly fee of 12.000 Ar by using the private sector service (01 liters of water= 02 Ar on average). The damage of spending 12.000 Ar all at once is greater to the mind than paying daily a total amount of 24.000 Ar.

- Social reasons:

The time consumed to fetch water is a socialisation time for women as they are generally the one in charge of supplying water for their household. The same goes for when they are doing the laundry or take a bath in the lake, the stream or the river. To use the service provided by private companies means giving up on that socialisation time.

- Cultural reasons:

As long as water literally looks clean in their eyes, most people in the countryside conceive it as potable water. There is even a belief in Madagascar that considers all moving water as clean no matter what happened before since all the dirt is without fail driven away by the movement.

It is also important to mention that water is classified under the label "goods for survival" in a rural Malagasy household. It is a priority for them to have clean water (water that looks clean) at home while paying a service to get potable water is going beyond survival: it is close to a luxury good.

4. RECOMMENDATIONS

It is important to note that this disloyal competition faced by the private sector is a problem that has only been identified recently. So, the proposed recommendations are still to be proven.

First NGOs and projects should change the criteria in determining the community that will benefit from the construction of potable water supply infrastructure. Indeed, the past criteria were mostly technical, environmental, financial (community capacity in paying monthly fees), commercial (motivation of the community in using the service). Now they should consider using the data collected about the traditional ways for households to supply water as a main criterion. Wisely choosing the communities that really need those infrastructure because their natural water resources are scarce (for instance low level of water during the dry period of the year) is a prerequisite in avoiding private companies' bankruptcy. The entire income of the company depends on the situation of water in a community. The more available (in terms of scarcity during dry periods of the year and of distance between the village and the water resources), the more a community should not be chosen no matter how great is the number of potential clients or how polluted their water is.

The same goes with the kind of private companies that will invest, build and manage the water supply infrastructure. The companies chosen by NGOs and projects should be prepared in facing those disloyal competitions. It takes time and financial means to get people used to only consuming potable water from the infrastructure. And that takes more efforts if we are talking about water used for hygiene, for the laundry, etc. The company needs to work in promoting behaviour changes and to be patient financially speaking. Not only the income will be on the negative on the first years (around 05 years in a row), but then the income is not sure to stay positive all the time.

5. CONCLUSION

This disloyal competition should be a key factor in every step of the process. As we are fighting against a natural predisposition of water resources, we cannot complain to the authority or any other entities. The only solution available is to make wise decisions in the choice of the community who will benefit from the infrastructure and in the choice of the company. A hasty decision will ruin the company while losing the opportunity to really help a community in desperate need of potable water supply infrastructure.

6. REFERENCES

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