

## **Journal of Co-operative Organization and Management (JCOM)**

Book review of:

Tapio S. Katko (2016), Finnish Water Services. Experiences in Global Perspective. Helsinki: Finnish Water Utilities Association. 288 pages.

This book is a welcome contribution to the literature on essential water and sanitation services (WSS). Although its main objective is to present the Finnish WSS experience to an international readership, it also provides useful information and reflections about factors and processes that affect or even determine the organization, management and delivery of these essential services that tend to be neglected or even ignored in much of the mainstream international literature on the topic. In this regard, the author approaches the topic from a historical and futures research perspective, with emphasis on the significance of historical developments to both understand and tackle current and future challenges associated with the provision of WSS. The book was developed based on several decades of research and post-graduate training that includes studies comparing WSS delivery in a range of countries in Europe, Africa and the Americas.

The role of co-operative organization and management in WSS is addressed in diverse ways in the book. From a general perspective, this includes the significance of international networking and co-operation in the development of WSS scientific knowledge since the late 19<sup>th</sup> Century, which was not limited to experts based in the capital Helsinki but also involved those located in smaller, mainly coastal cities. In the early days, this co-operation took place mainly with experts from Sweden and Germany, but after the end of World War II the co-operation networks were widened to include networks with experts from other European countries and the United States (pp. 52-57). Another important aspect is inter- and supra-municipal formal and informal co-operation, particularly since the 1950s. This is significant, given the vital role of municipalities in the development of essential public services in Nordic countries. In Finland, the first “municipal water federation” was created in 1954, followed by the first “regional water company” established in 1965. By 2010, there were 39 supra-municipal water and wastewater utilities in the country, seven of which were municipal federations and the other 32 taking the form of stakeholder companies. The author highlights the fact that inter and supra-municipal co-operation has induced the merger of water and wastewater services, and the increasing regionalization of the utilities, and alerts about the pros and cons of these developments. Although inter- and supra-municipal co-operation has brought important benefits in relation to efficiency improvements, the evidence suggests that these trends have important limits, particularly when the analysis goes beyond issues of technical, administrative and economic efficiency and takes the political, social and environmental dimensions into account (pp. 132-127).

However, of more direct relevance to the remit of this Journal is the topic of water co-operatives, which have played a fundamental role in the development of WSS in Nordic countries at large. In this regard, Finland passed a Cooperative Act in 1901, when it still was part of Russia, as the autonomous Grand Duchy of Finland, almost two decades before achieving independence in 1917. Shortly after, in 1907, the “first official water co-operative was established in Pispala, a working-class peri urban settlement” in the outskirts of the city of Tampere, which delivered water services for about 55 years (p. 45). However, despite this early peri-urban origin and the fact that they also serve some townships, in Finland water co-operatives have been the fundamental providers of WSS in rural areas, a characteristic shared mainly with Denmark, as in other Nordic countries like Sweden or Norway rural

areas tend to be served by municipal utilities. In Finland, the first water co-operatives were consumer-managed, created during the first half of the 20<sup>th</sup> Century, and were developed without financial support from the State and run largely based on voluntary work. The first official water co-operative created in Pispala in 1907 mentioned earlier falls within this category. After the end of World War II, the State assumed a more active role in the sector, and in 1951 new legislation was enacted to promote the development of WSS in rural municipalities. The legislation made provision for grants and loans to support municipalities in this development, which prompted the creation of water co-operatives in rural areas between the 1950s and 1970s. Since the 1970s, other water co-operatives were created, some in sparsely populated regions but also in urban areas not covered by municipal utilities. Although most water co-operatives tend to serve small communities, some provide services up to 15 thousand people. Also, having often being created as a temporary solution to the lack of essential services, water co-operatives have boosted the development of WSS infrastructure, and several co-operatives serving mid-sized townships have evolved over time to become “autonomous public utilities”. Water co-operatives have become a thriving sector, represented since 2009 by the Finnish Association of Water Co-operatives (SVOSK). At the time of publication of the book, Finland had about 1400 co-operatives providing water supply and, increasingly, sewerage services. The author also reflects on the challenges facing water co-operatives, which resemble the well-documented problems historically facing co-operatives and voluntary organizations of all sorts worldwide. Some difficult problems arise from their dependence on voluntary or low-paid work and on the initiative of individual leaders (“champions”), which become increasingly difficult to maintain over time. Also, significant limitations result from the often-small size of the units, such as lack of financial stability or difficulties to recruit adequately-trained personnel for technical and organizational tasks. In many cases, particularly in successful co-operatives, often the original objectives and dynamics of the co-operative movement tend to be replaced by private interests, transforming the nature of the organizations. The government is trying to force the merger of small co-operatives, but the author warns that this may not always be the best solution, as it could be more effective to promote collaboration rather than merger between co-operatives. For example, it would be better to encourage cooperation for the adoption of more professional structural organizations while keeping the advantages of small-scale units, such as the sense of ownership that is often missing in the largest water co-operatives (pp. 45, 131-133).

In addition to the topics covered, the book offers contributions on a wide range of fundamental issues related to WSS, including lessons on technical, operational, economic, institutional and policy aspects that can be derived from the Finish experience in an international perspective. A significant topic worth highlighting here concerns the relationship between the public and the private sector in the organization of WSS in Finland. Katko points out that although the first urban WSS utility in Finland, created in Helsinki in 1871, was a private concession, it was short-lived, as it was municipalized in 1883. That was the only private concession ever granted in Finland, as another concession planned for the city of Tampere was rejected at the time. Following the 1875 Local Government Act, the country adopted the model of municipal utilities, complemented later by water co-operatives as discussed earlier. Nevertheless, the centrality of publicly-run WSS has not affected the interaction between the public and private sectors, which is very strong. Katko prefers to refer to this interaction as “public and private sector collaboration”, as opposed to the much publicised “public-private partnerships (PPPs)” promoted by international financial institutions and other actors, which are often forms of privatization in disguise. In this regard, the author develops a very critical appraisal of the recent wave of privatization policies in WSS implemented worldwide since the 1980s, a practice mainly prompted by “political and ideological” reasons, which had “worse than expected results”. In contrast with

privatization and PPPs, the author argues for “public-public partnerships (PUP)” and “responsible public-private co-operation” (pp. 204-217).

Finally, it is worth highlighting some of the challenges and propositive suggestions made by Katko. He correctly remarks that despite much progress made over the last few decades in relation to WSS internationally, “water services are not recognized in terms of their societal importance” (p. 247). This is not merely a problem of users not recognizing their importance, as it is often claimed, but the main problem is the lack of recognition by governments and other power holders, which is reflected in the enormous difficulties we face worldwide to “solve the biggest challenges of water services: very low investment in rehabilitation and renewal, and far too little input in R&D [Research and Development]” (p. 137). The author argues that the way forward to tackle these and other challenges posed by increasing societal complexity requires holistic and systemic policies and strategies, grounded on historical knowledge and futures thinking to develop WSS systems that are “customer and citizen-oriented” (pp. 152-161).

The book will provide excellent material for academics and students, practitioners, public sector officials involved with policy making and management, international development institutions, aid agencies, and NGOs, as well as civil society groups working on these matters. The Finnish experience in the provision of WSS has certainly a range of significant lessons to help us tackling the difficult challenges ahead.

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