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**Promotion and protection of all human rights, civil,
political, economic, social and cultural rights,
including the right to development**

Written statement* submitted by Corporate Accountability International, a non-governmental organization in special consultative status

The Secretary-General has received the following written statement which is circulated in accordance with Economic and Social Council resolution 1996/31.

[23 August 2012]

* This written statement is issued, unedited, in the language received from the submitting non-governmental organizations.

Human Right to safe drinking water and sanitation

Corporate Accountability International, a grassroots organization with tens of thousands of members actively working to realize the human right to water, welcomes the reports submitted by the Special Rapporteur on the Human Right to Safe Drinking Water and Sanitation.

We applaud the Special Rapporteur's work and wish to comment on her recommendations regarding critical components to ensure the realization of the human right to water and sanitation. Notably we highlight the threat water privatization in all forms presents to the full realization of these rights, specifically with regards to access and quality, affordability, accountability and prioritization of the poor and vulnerable. The World Bank, through its funding, influence and advisory services is supporting the expansion of the private sector to the detriment of more lasting and participatory water management solutions. Recognizing this we ask that the Special Rapporteur investigate the International Finance Corporation (IFC)'s role in promoting private sector control over water services and the resulting impacts on the human right to water and sanitation.

For nearly 35 years Corporate Accountability International has worked to stop life threatening abuses by transnational corporations and increase their accountability to people around the world. Working alongside the World Health Organization (WHO) we played a key role in the creation and implementation of the Framework Convention on Tobacco Control, which prioritizes health over trade and focuses on the right to health in the context of global tobacco control. This ground-breaking treaty sets an essential global precedent that public health policy-making must be protected from the interference of profit-seeking corporations who have an inherent conflict of interest when it comes to policy-making.

Similarly the human right to water and sanitation, and all the elements necessary for realization of these rights, must be prioritized above the profits of transnational water corporations. Our aim is to ensure that the UN investigate and act to ensure the World Bank's promotion of private water management does not undermine this precedent. A quarter of the World Bank's funding now goes directly to the corporate sector, with the IFC increasingly making direct investments in private water corporations.¹ These direct investments create an inherent conflict of interest, especially when the IFC and World Bank present themselves as neutral advisory bodies for governments while at the same time working to ensure the profits of transnational water corporations. In addition, direct investments in private corporations bypass public budgets and accountability measures while distracting from the real need for funding water infrastructure.

In each of her reports the Special Rapporteur highlights affordability, access and quality, accountability and prioritization of the poor and vulnerable as elements crucial and necessary in order to achieve full enjoyment of the human right to water and sanitation. Yet, the World Bank's use of Public Private Partnerships (PPPs) to promote water privatization fundamentally threatens States' abilities to provide these key elements. The IFC's increasing support for private water corporations has too frequently led to ambiguous or detrimental impacts on the human right to water and sanitation, and routinely threatens democratic water governance through bypassing democratic processes, transparency, and accountability. Furthermore, the PPP model routinely redirects scarce public funds to bolster private profits. In 2004 the IFC loaned \$66 million directly to Aguas Nuevo Sur Maule² bypassing government involvement, with the stated purpose of keeping tariffs at a

¹ International Finance Corporation, "IFC Financials and Projects 2011."

² A Chilean subsidiary of UK based Thames Water.

reasonable rate. However, the extra financing did not prevent the company from raising rates to the point where, in 2010, the Chilean Supreme Court fined ANSM for “abusive prices”.³

According to the Committee on Economic, Social and Cultural Rights “water, and water facilities and services must be affordable for all. The direct and indirect costs and charges associated with securing water must be affordable, and must not compromise or threaten the realization of other Covenant rights.”⁴ Yet, where water corporations have successfully made cost recovery the centrepiece of policy, this principle is often forgotten, as highlighted in the Special Rapporteur’s report on Namibia. In Ghana, under a plan designed by World Bank consultants, Aqua Vitens Rand Limited took over service of Accra’s water supply. Rates went from \$0.10 per cubic meter in 1998 to \$0.75 in 2001, a 650 per cent increase, at a time when more than half the population was earning less than \$2 per day.⁵ Requiring higher profit margins, private providers routinely increase prices, cut off unpaid or unauthorized connections, and enforce bill collections even where unaffordable, under the guise of “operational efficiency.” Unfortunately this is not an isolated incident but illustrates how private control of water services undermines States’ abilities to ensure affordable access to water.

Similarly, private water corporations, driven by a profit motive have no incentive to prioritize the poor and vulnerable, and even where new access points are created the affordability of those connections is often out of reach for the most vulnerable. Private water corporations frame water in business terms, placing economic outcomes over social objectives, preventing prioritization of the poor and vulnerable. Treating water as a mere commodity also relegates it to the whims of the market and bypasses the accountability and transparency of the public sector. In Camden, NJ, a 91 year-old resident received a bill from United Water, a subsidiary of Suez Environnement, for \$2,167.02 despite no change in her water usage and no explanation from the company. Due to exemption from public disclosure laws United Water continues to refuse comment and even the city of Camden is unable to help the customer seek redress for the unexplained bill.⁶

The examples above illustrate the pervasive, systematic and inherent threat that transnational water corporations pose to affordability, access, accountability and prioritization of the poor and vulnerable. The World Bank’s own research shows that 34 per cent of all private water contracts entered into between 2000 and 2010 are failed or in distress, four times the failure rates of comparable infrastructure projects.⁷ Governments seeking to fully realize the human right to water and sanitation must not only respect these rights, but also protect individuals from harm by water corporations and facilitating institutions such as the IFC. Through its active promotion of water privatization the IFC interferes with people’s full enjoyment of the human right to water and sanitation and therefore merits increased scrutiny and investigation from the Special Rapporteur.

Even within the United Nations itself, governments are under pressure to delegate much of the work of water governance to the corporate sector. Through a concerted decades-long effort, corporations have gradually embedded themselves in the policy-making process,

³ “Supreme Court confirms ‘abusive’ charges by water utilities,” Business News Americas, May 20, 2010.

⁴ General Comment No. 15, para. 12 (c)(ii).

⁵ Rudolf Amenga-Etego, “Water Privatization in Ghana: Women’s Rights under Siege,” <http://www.washdoc.info/docsearch/title/125179>.

⁶ Wenonah Hauter, “Outrage Files: Private Water Company Squeezes Elderly N.J. Woman for Every Last Drop,” *Huffington Post*, August 3, 2012.

⁷ Sector Updates, ‘World Bank Private Participation in Infrastructure Database,’ the World Bank Group and Public-Private Infrastructure Advisory Facility.

providing financial resources and advice, and establishing joint initiatives where they can further leverage UN processes for business advantage. One such initiative is the CEO Water Mandate, a voluntary corporate initiative facilitating corporate involvement with policy making at the UN. Initiatives like the CEO Water Mandate give false legitimacy to corporations and overlook the reality that transnational corporation's priority will always be increasing profits for investors, not advancing the public interest. To protect policy making for the public good the United Nations should withdraw its institutional support for the CEO Water Mandate, recognizing it as a corporate entity with motives contrary to those of the UN.

Both the World Bank's promotion of private water management and transnational water corporation's systematic infiltration of policy making spaces fundamentally threaten the human right to water and sanitation. They also go against the increasing call for the management and control of water to be public, cooperative, participatory, equitable, and not for profit. From the over three thousand strong participation at the Alternative World Water Forum, to the Italian referendum overturning private control of water, to the exposure of corporate co-option of the Rio + 20 conference and the 'green economy', people are no longer willing to accept the systematic interference of private water corporations with their fundamental human right to water and sanitation.

Transnational water corporations have gained influence in these crucial policy making spaces with the support of the World Bank and its ideologically-driven push to privatize water. Recognizing this, we call on the Special Rapporteur to investigate the impacts of the IFC's activities on the human right to water and sanitation. IFI's, and multilateral development banks like the World Bank in particular, have a crucial role to play in developing, funding, and even implementing global water policy frameworks. They must not, however, be allowed to continue bypassing the public sector and funding the private sector to the detriment of publicly accountable water management systems.

These actions will lay the groundwork for competent democratic water governance to ensure that the rights to water and sanitation can be realized and sustained, and that competing interests are balanced for the common good.
