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WATER PRIVATIZATION IN THE PHILIPPINES: THE NEED TO IMPLEMENT THE HUMAN RIGHT TO WATER

Sarah I. Hale†

Abstract: Water is widely recognized as an essential element to sustain life, yet attaining universal access to clean drinking water remains a perplexing issue throughout the lesser-developed world. In 1997, with backing from private investment and the World Bank, the Philippine government privatized the municipal water utility of Manila in an effort to improve service and promote efficiency. Nearly ten years later, privatization has failed to produce results and instead has engendered a contentious and polemical debate about the merits of privatization. Indeed, for policy makers, the case study of Manila has become a focal point in the debate about whether private companies or governments should operate municipal water utilities.

This Comment argues that current models for water services, whether private or public, will continually fail to address the economic, social, and political needs of lesser-developed nations unless they recognize the human right to water. Although it has not attained the status of binding international law, the human right to water offers an alternative model for understanding the terms of the privatization debate. In the context of privatization, states must protect the human right to water through strong regulatory measures that guarantee access to water and prevent private companies from infringing on this right.

Privatization in the Philippines currently does not protect the human right to water, and in future plans, the Philippine government should take steps to acknowledge and protect this right through strong regulatory controls and a universal access plan. This issue is timely for the Asian Pacific region, with its large number of failing privatized water systems. Water as a human right will be a useful model for the entire region.

I. INTRODUCTION

In 2002, the World Health Organization estimated that 1.1 billion people lacked access to adequate drinking water and 2.6 billion people still needed improved sanitation.1 The lack of safe drinking water, sanitation, and hygiene has resulted in serious diseases that kill an estimated 2 million people each year.2 A child dies every fifteen seconds from diarrhoeal diseases, which are most commonly related to contaminated drinking water

† The author would like to thank Professor Joel Ngugi, Roy Prosterman, Alexander Morrow, and the editors of the Pacific Rim Law & Policy Journal for their guidance, suggestions, and assistance in the development of this Comment.


and inadequate sanitation. A vast majority of people who lack access to adequate water and sanitation live in lesser-developed countries. For the Asian Pacific region, access to safe drinking water is an especially significant issue; a majority of countries in the region, a third of the population lacks sufficient sanitation services. The Asian Development Bank has identified water as an essential component in improving the lives of the region’s 900 million poor people. Given these numbers, it should be no surprise that the issue of water has become important on the world’s political stage. The United Nations has declared 2005-2015 to be the “International Decade for Action, ‘Water for Life.’”

Privatization of water utilities has become a central strategy both globally and in the Asian Pacific region for dealing with the water crisis. Privatization typically involves the transfer of water utilities from public ownership to private sector ownership and operation. In recent years, international financial and development organizations encouraged, and often required, lesser-developed countries to privatize state-owned companies in exchange for investment capital and loans for development projects. Privatization has been implemented in cities across the world including Buenos Aires, Argentina; Jakarta, Indonesia; and Nkobongo, South Africa. Water privatization is a big business; revenue from the global trade in water

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3 Id. at 7.
4 Id. at 6.
amounts to more than US $800 billion annually, exceeding that of the global trade in the pharmaceutical industry. Despite the apparent boom in water privatization, however, the industry is in crisis. The largest transnational companies are rescinding and canceling agreements in the lesser-developed world, including projects in Asia. Most importantly, policy makers disagree about the best course of action.

Economists, development experts, and activists actively debate the merits of privately or publicly owned water utilities. On one side, proponents of neo-liberal economic reforms offer privatization as a panacea for expanding water service, arguing the private sector is better suited than governments to delivering services because it is more efficient and responsive to consumer needs. On the other side, advocates of publicly owned water utilities consider water privatization to be part of a larger globalization trend, which allows multinational companies to exploit third world markets and resources. Indeed, the water sector has become a key battlefield for a much larger debate about neo-liberal economics and privatization. Critics of privatization contest the commodification of water and argue the private sector has no role in selling what is essentially a public resource. Thus far, both sides of this polarized and entrenched debate have failed to address the realities of many lesser-developed nations, and the debate has become stale.

Rather than focusing merely on the structures of ownership, governments should pay attention to the significant and essential role of water in sustaining life when formulating water policy, including

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15 See generally SHIVA, supra note 17, at 87-105 (explaining how multinational corporations have profited from the commodification of water, with little benefit to the public).
implementing privatization. Several international documents, as well as the domestic laws of a number of nations, recognize water as an essential human right, which must be protected by the state. The concept of water as a human right explicitly mandates that both private and publicly owned water utilities respect this right. A policy based on water as a human right would protect the public interest while simultaneously reaping the benefits of private sector involvement, namely efficiency and capital investment.

Manila, the capital city of the Philippines, serves as an important example of how privatization has been implemented in Asia. The experience of privatization in Manila shows how private sector involvement harms the human right to water through high prices, inadequate access, and insufficient quality, which pose real threats to human health. The 1997 privatization of Metropolitan Waterworks and Sewerage System (“MWSS”) in Manila has failed to provide affordable clean drinking water and sewer services. Despite the plan’s stated goals to expand water service to all of the city’s 11 million residents and provide the utility with financial solvency, the privatization of the MWSS has not delivered meaningful improvements in service and access. Like many privatization agreements, the agreement privatising water in Manila contained little regulation or oversight to protect the public interest. The Philippines is also a useful example because it demonstrates how lesser-developed nations in the Asian Pacific region lack sufficient capital to assume public ownership of water utilities. After a severe financial crisis in the MWSS, the Philippine government has recently acquired eighty-four percent of the failing utility and plans to re-privatize it by mid-2006.

This Comment asserts that as the restructuring of the MWSS occurs, the Philippines government should enact legislation that formally recognizes the human right to water and create water policies that realize this right. Part II details the privatization experience in Manila. Part III of this Comment outlines the polarized debate over privatization and explains why both positions have become stale and ultimately inadequate. Part IV describes

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23 Id. at 3.

how the international community is developing the notion of a human right to water through both multinational agreements and domestic laws. Understanding water as a human right shifts the discourse about privatization by focusing on the essential and important role of water in sustaining life. Because access to water is a fundamental human right, nation-states must protect this right and prevent private companies from infringing on this right. Part V argues the human right to water requires the implementation of regulations to ensure this right is protected. Part VI describes the inadequacy of current regulations in the Philippines and the inability of these regulations to protect the human right to water in Manila. Part VII recommends that the Philippines formally recognize the human right to water, subsidize water for the poor to achieve universal access, and adopt a regulatory system centered on the notion of the availability of water as a human right.

II. DESPITE THE PROMISES OF PRIVATIZATION, WATER AND SEWER SERVICES CONTINUE TO FAIL

The privatization of the MWSS is an illustrative case study of the promise—and eventual failure—of private sector control of water and sewer utilities. Originally enacted in 1997 as the world’s largest privatization plan, the privatization of MWSS was aimed at expanding service, lowering water rates, and improving the efficiency and operation of the utility.25 Nine years later, the MWSS has failed to realize these improvements. Instead, in the autumn of 2005, the government reacquired majority ownership of the utility in half of the city as part of a negotiated plan to save the majority shareholder from bankruptcy.26 The Philippine government’s current plan is to auction off its shares in an effort to re-privatize the utility.27 The Manila experience demonstrates the flaws in the current privatization agreements and highlights the need for an alternative paradigm.

A. Privatization Promised to Expand Water Service and Improve Quality

In 1996, privatization held much promise for the MWSS, a poorly run and flailing public utility. Originally built in 1878, the MWSS is one of

26 Felipe F. Salvosa II, Maynilad ‘Reprivatization’ to Be Finalized by June – Finance Dep’t, BUSINESSWORLD (Phil.), Jan. 6, 2006.
27 Mencias, supra note 24.
Asia’s oldest water and sewer utilities.28 In the early 1990s, as the country emerged from a lengthy rule by the dictator Ferdinand Marcos,29 the MWSS was marred by water losses from leaking pipes and pilfering, sporadic water service that totaled only 16 hours a day, and disappointing connection rates.30 A substantial portion of the population was unconnected to the piped network system.31 The sewer system was especially deficient in that more than ninety-two percent of the city was without sewage treatment.32 The most pressing concern for the government was the utility’s huge debt owed to international financial institutions.33

As the Philippines transitioned from the fourteen-year rule of Marcos to the democratic administration of Corazon Aquino, international lending institutions including the World Bank encouraged the new democracy to privatize government-owned industries and utilities.34 Proponents of privatization argued that government-owned utilities were inefficient and that private companies were better suited to managing utilities, because they created incentives for expanded service and efficient use of resources.35

Further, proponents of privatization contended that government-owned water bureaucracies displayed weaknesses in everything from competence and administrative acumen to political control and perverse incentive structures.36 They asserted privatization could mean more affordable water rates and increased access to clean water because the market created incentives to expand connections and charge lower rates.37

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30 Dumol, supra note 25, at 5.
31 Freedom from Debt Coalition, supra note 22, at 1.
32 Dumol, supra note 25, at 5.
33 Freedom from Debt Coalition, supra note 22, at 1.
34 The privatization of the Buenos Aires water system, for example, emerged from years of authoritarian rule as Argentina transitioned to democracy. During this period, Carlos Menem aggressively pursued economic reforms, including the privatization of several sectors by Presidential decree. See generally Alex Loftus & David A. McDonald, Lessons from Argentina: The Buenos Aires Water Concession, at 7, Municipal Services Project: Occasional Papers Series Number 2 (2001), available at http://www.queensu.ca/msp/pages/Project_Publications/Series/PapersNo2.pdf; see also David Hall, Introduction to Reclaiming Public Water: Achievements, Struggles, and Visions from Around the World 15, 19 (Belén Balanyá et al. eds., 2005).
37 Troubled Water, supra note 17, at 38.
Moreover, such expansion would be possible because private companies would have the capital to invest in infrastructure and new technologies.\textsuperscript{38}

Given the deteriorated infrastructure of the MWSS, water losses, and international debt, such arguments appealed to Philippine policymakers. Mark Dumol, a key policy maker in the MWSS, argued that bureaucratic procedural requirements, enacted after the Marcos regime to achieve transparent decision-making, actually tied projects “into knots” and produced years of delay.\textsuperscript{39} In addition to procedural inefficiencies, the MWSS was overstaffed, with 13 employees to every 1,000 water connections. In contrast, the water utility in Jakarta, Indonesia, considered an “efficient” utility, in 2001 had 5.3 workers for every 1,000 connections.\textsuperscript{40} Lastly, held entirely by the government, the MWSS was severely in debt, which added to the national debt.\textsuperscript{41}

In 1997, in response to the crumbling water infrastructure and critiques of government bureaucracy, Philippine President Fidel Ramos privatized the MWSS.\textsuperscript{42} Using concession agreements\textsuperscript{43} based on models of privatization enacted in other countries, Ramos turned over responsibility for the operation and maintenance of the MWSS to two companies: the Maynilad Water Service, Inc. and Manila Water Company.\textsuperscript{44} The former, a partnership between the transnational water company Suez and Benpres Holdings, owned by an elite Filipino family, won the western half of the city, while the latter, a group of international investors, including Bechtel and the local firm Ayala Corporation, won the eastern half.\textsuperscript{45} The 25-year concessionary agreement was ambitious.\textsuperscript{46} It established benchmarks for water quality.\textsuperscript{47} It also required the companies to obtain water connections

\begin{itemize}
  \item \textsuperscript{38} Dumol, \textit{supra} note 25, at 19.
  \item \textsuperscript{39} Id. at 16-17.
  \item \textsuperscript{41} Dumol, \textit{supra} note 25, at 93-98.
  \item \textsuperscript{43} United States Agency for International Development, Case Studies of Bankable Water and Sewerage Utilities Volume I: Overview Report 14 (2005), available at http://pdf.usaid.gov/pdf_docs/PNADE147.pdf. Such an agreement “gives a private company responsibility for not only the operation and maintenance of a utility’s assets, but also for its capital investments. In return for assuming this responsibility, the concessionaire is given full-use rights of the assets for the concession period, typically 25 to 30 years. Ownership of the assets remains with the government, and use rights revert to the government upon expiration of the concession.” Id.
  \item \textsuperscript{44} Dumol, \textit{supra} note 25, at 56.
  \item \textsuperscript{45} Id. at 82 (describing how Philippine law requires sixty percent ownership in utilities by firms incorporated in the Philippines); Const. (1987) art. XII, §11 (Phil.).
  \item \textsuperscript{46} Dumol, \textit{supra} note 25, at 56.
  \item \textsuperscript{47} Metropolitan Waterworks and Sewerage System Concession Agreement, art. 5.1.4 (1997), available at http://www.mwss.gov.ph/files/Concession%20Agreement.PDF [hereinafter Concession Agreement].
\end{itemize}
to 100% of households in their areas within the first ten years and provide 24 hours of water supply each day.\textsuperscript{48} The agreement also aimed to reduce water losses, often due to leaking pipes and illegal connections, from 56% to 32%.\textsuperscript{49} Capital investments were also required for $7.5 billion during the life of the contract for infrastructure and other improvements.\textsuperscript{50} The privatization of the MWSS was hailed as the first large-scale water utility project in Asia.\textsuperscript{51}

\textbf{B. Affordability, Quality, and Accessibility Have Deteriorated Since Privatization}

Despite its promise, the privatization of the MWSS has diminished the public’s access to quality water.\textsuperscript{52} After privatization, water became less affordable. Although water rates initially declined and services improved in the immediate aftermath of privatization, both concessionaries requested 15\% tariff increases from the regulatory body within two years of the agreement.\textsuperscript{53} This was only the first of a series of rate increases, which eventually left rates 500-700\% higher nine years after privatization.\textsuperscript{54} For most residents of the city, higher rates have resulted in a substantial portion of their income going to water and sewer service.\textsuperscript{55}

Although the MWSS has made some improvements in the number of water connections throughout the city, these figures are still below the United Nations’ goals for connectivity, and below the targets outlined in the concession agreement.\textsuperscript{56} An Asian Development Bank report found that as of 2004, approximately 58\% of the city was connected to the water network.\textsuperscript{57} The sewer service is in a particularly bad state, with no improvement since privatization. In 2001, 93\% of the city or 10 million residents lacked access to the sewer and waste system.\textsuperscript{58} A 2003 World

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\item \textsuperscript{48} Id. at art. 5.1.2.
\item \textsuperscript{49} Id. at art. 5.1.4.
\item \textsuperscript{50} Id. at art. 5.
\item \textsuperscript{51} DUMOL, supra note 25, at 1.
\item \textsuperscript{52} See FRANCES T.C. LO, MAKING THE PUBLIC WORK: ALTERNATIVE TO MANILA WATER PRIVATIZATION, http://www.tni.org/asem-hanoi/franceswater.htm (last visited Oct. 15, 2005).
\item \textsuperscript{53} FREEDOM FROM DEBT COALITION, supra note 22, at 1; Public Citizen, supra note 21.
\item \textsuperscript{54} FREEDOM FROM DEBT COALITION, supra note 22, at 1-2.
\item \textsuperscript{55} Public Citizen, supra note 21.
\item \textsuperscript{56} Concession Agreement, supra note 47, at art. 5.
\item \textsuperscript{57} WATER IN ASIAN CITIES, supra note 40, at 53.
\item \textsuperscript{58} Id. at 52.
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Bank study found that Manila was one of the worst major Asian cities, second only to Jakarta, in relation to water and sewer access.\textsuperscript{59}

In addition to coming up short on the claims of privatization, on several occasions the transfer of the MWSS has proven to be dangerous to public health. In 2003, the treatment of water by the companies produced an outbreak of cholera, which left more than 600 sick and six dead.\textsuperscript{60} A study that same year by the University of the Philippines’ Natural Sciences Research Institute found that Maynilad’s water was contaminated with \textit{E. coli} bacteria at 16 per 100 ml of water or more than 700\% the national regulatory standard of 2.2 per 100 ml of water.\textsuperscript{61} Private sector operation of the water utility has created no meaningful improvements in water quality and failed to meet the standards of the concession agreement.

C. Despite the Significant Problems, Private Sector Involvement Is Still Needed

Despite the failing system, the Philippine government does not have the capital to invest in the MWSS and make it operationally viable. The utility owes well over US$ 150 million in international and domestic debt.\textsuperscript{62} As many critics of privatization in the Philippines have conceded, for developing countries, private sector investment may be necessary.\textsuperscript{63} A re-nationalization of the MWSS is simply impossible because “the current government is mired in a fiscal crisis that may degenerate into an economic meltdown if not resolved within the next two or three years. There are no public funds to finance the utility.”\textsuperscript{64} Given the lack of funds, privatization remains an important mechanism for bringing both investment and efficiency to the utility.

\textsuperscript{60} FREEDOM FROM DEBT COALITION, supra note 22, at 7.
\textsuperscript{61} Id.
\textsuperscript{64} Id. at 222.
III. CURRENT FRAMEWORKS FOR WATER UTILITIES ARE FIXATED IN A DEBATE OVER PUBLIC OR MARKET BASED UTILITIES

Privatization has become an increasingly contentious yet prominent economic model often promoted by international lending agencies like the World Bank and the International Monetary Fund. Privatization of water utilities accelerated in the 1990s, including projects in Laos, Indonesia, and Malaysia. As these international organizations pushed plans for privatization, an often contentious and polarized debate emerged within the international community among policymakers, economists, and social justice advocates about who should provide water services. The debate turns on a market-based or public-based approach to water policy. This debate and the proposed models of private or public water fail to account for the realities of lesser-developed countries, where water privatization has proved harmful to water access and where government ownership is simply not feasible.

A. Proponents of Privatization Argue the Private Sector Is More Capable of Expanding Water Services

For more than two decades, proponents have argued that privatization can solve the vexing problem of water distribution through the competitive marketplace. In laying out their position, advocates of privatization first criticize government ownership of water utilities as inefficient and bureaucratic. They contend governments are ill-suited to distribute resources because they lack the expertise and incentives to act efficiently. For government actors, they argue, there is simply no economic incentive or pressure from shareholders to expand service areas or lower the number of employees. Curtailing government corruption is also proffered as a benefit of privatization. Proponents of privatization argue that individuals engage in rent seeking behavior by seeking public involvement in the economy in ways that benefit themselves but artificially set prices or create demand. Without a commercial basis for these prices or demand, individual actors in the government seek to benefit themselves.

65 Martin, supra note 17, at 3.
66 WATER IN ASIAN CITIES, supra note 40, at 44, 50, 66.
70 Id. at 283.
In addition to criticizing government ownership of water utilities, proponents contend privatization creates social benefits. Privatization promotes economic stability, creates markets that are more responsive to consumer demand than centralized governments, and provides incentives to invest in infrastructure. To be profitable, private companies typically require full cost recovery for all expenditures. As a standard model, full cost recovery methodically establishes pricing where utilities recover operation and maintenance costs based entirely on the rate consumers pay for water. Profitability hinges on these consumer rates.

Proponents also argue de-regulation and a limited role for the state are central to the project of privatization. Private companies are best able to deliver goods such as water because market competition encourages efficiency. Privatization requires an “unbundling” of the government’s role, including ownership and de-regulation. This “unbundling,” meaning a withdrawal of state regulation, is a prerequisite to allowing free market competition free from government interference.

Although rhetorically privatization calls for governments to assume a smaller role in the economy, the state plays a central part in the private sector model by maintaining and improving economic conditions. According to proponents of privatization, the proper role for the government in a privatized system is to promote market competition. This is to prevent abuses associated with monopoly control, where a state-owned entity simply transfers ownership to private hands. Thus, governments should act to break up monopolies and encourage competition. Such reforms to promote competition include removing entry barriers such as licensing requirements, opening markets to foreign competition, and enforcing competition laws.

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72 Id.
74 Matthias Finger, Regulation, in LIMITS TO PRIVATIZATION: HOW TO AVOID TOO MUCH OF A GOOD THING 292 (Ernest von Weizsäcker et al. eds., 2005).
75 Id.
76 Swyngedouw, supra note 18, at 81.
77 Baker, supra note 9, at 259.
78 Id. at 260.
79 Jaffery, supra note 71, at 378.
80 Baker, supra note 9, at 267 n.125.
B. Advocates for Public Water Critique Privatization for Commodifying Water and Harming the Public Interest

In sharp contrast, proponents of public ownership of water contend privatization is a failed model, and public ownership is the only viable alternative. Critics lodge two main arguments against privatization: first, water is a public resource and should not be commodified. Second, privatization is incompatible with regulation because it fundamentally alters the democratic control of public resources. Given these substantial flaws, they argue water utilities should be publicly owned.

Public water advocates contest the very assumption that water should be privatized, arguing that water is a public resource and should not be sold because it would be as implausible as “leasing the rain.” Sociologist Erik Swyngedouw explains the transformation of a public resource to a commodified good:

[P]rivatization is a process through which activities, resources, and the like, which had not been formally privately owned, managed or organized, are taken away from whoever or whatever owned them before and transferred to a new property configuration that is based on some form of ‘private’ ownership or control. Privatization, therefore, is nothing else than a legally and institutionally condoned, if not encouraged, form of theft.

The shift from water utilities as a public service operated by the government to a privatized system operated for profit seems antithetical to the essential nature of water to sustain life. Governments are the only legitimate actors who can provide water services and simultaneously protect the public interest through regulation and policy initiatives.

81 Hall, supra note 34, at 19 (critiquing privatization, but arguing for public centered and controlled water utilities).
82 See, e.g., SHIVA, supra note 17.
83 See generally MAUDE BARLOW & TONY CLARKE, BLUE GOLD: THE FIGHT TO STOP THE CORPORATE THEFT OF THE WORLD’S WATER 87 (2003) (“Some things are not for sale—things like natural resources (including air and water), genetic codes and seeds, health, education, culture, and heritage. These, and other essential elements of life and Nature, were part of a share inheritance or rights that belong to all people. In other words, they belonged to ‘the commons.’”); William Finnegan, Leasing the Rain: The World is Running Out of Fresh Water, and the Fight to Control It Has Begun, NEW YORKER, Apr. 8, 2002, available at http://www.newyorker.com/fact/content/?020408fa_FACT1.
84 Swyngedouw, supra note 18, at 81.
86 See Swyngedouw, supra note 18, at 81.
Public water advocates cite a number of failed privatization projects, which demonstrate the adverse impacts of privatization on poor communities. For example, the introduction of water meters in black townships of Johannesburg, South Africa by a privately owned water utility meant many residents were “forced to choose between buying enough food to eat and buying water for basic hygiene and sanitation.” Public water proponents argue that under a capitalist system, private companies are predisposed to rate increases in order to expand profits and achieve growth. These recurring rate increases force poor people to make trade-off decisions between water and other necessities. Critics of privatization worry that as water becomes increasingly scarce, markets will price water out of the reach of ordinary people across the globe.

Further, public water proponents argue water privatization results in diminished regulation, oversight, and accountability because agreements often remove all mechanisms that normally protect the public interest. Under a capitalist scenario, private companies have little incentive to pursue public policy goals, such as water subsidies for the poor, because such subsidies may be unprofitable. Moreover, regulation is often voluntary or included within the privatization agreements. In voluntary self-regulation agreements, the loss of public accountability and public policy goals are especially acute because private companies are not accountable through democratic participation. Even if water is provided by the private companies, the task remains “[a] public responsibilit[y] . . . and the market is often more a metaphor than a reality.” Finally, and most incisively, critics of privatization argue privatization reconfigures the relationship between the state and private sector in ways that hurt the public interest.

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87 Vandana Shiva, Don’t Buy the Lie: Myths of Privatization, in Troubled Water, supra note 17, at 34-45.
88 Matthew Kavanagh, Operation Vula Manzi; (Open Water); Resisting Water Privatization in South Africa, CLAMOR, Nov./Dec. 2005, at 44.
90 See Barlow & Clarke, supra note 83, at xviii (arguing that water is a collective good and should not be allowed to be “privatized, commodified, traded, or exported for commercial purposes”); John Luoma, Water for Profit, MOTHER JONES, Nov./Dec. 2002 at 34, 88. For example, in Ghana after the government privatized water utilities, the cost of running water topped $110 a year, in a country where the average annual income is less than $400. Id.
91 Alfred Aman, Jr., The Democracy Deficit: Taming Globalization Through Law Reform 89-90 (2004) (arguing globalization and privatization have created a new form of “governance,” which has shifted the relationship between the state and the market, and private companies have increasingly defined public policy and left the state with a substantially narrower role).
92 See id. at 89-90.
94 Aman, supra note 91, at 99.
creates a governance model aimed solely at building a competitive marketplace, not at achieving public policy goals.\textsuperscript{95} Once water utilities have been privatized, water policy is subsequently driven not by public objectives, but by private interests and market demands.\textsuperscript{96} Further, privatization may affect citizens' relationship with the state, by discouraging democratic participation and engendering a general alienation from the government.\textsuperscript{97}

C. The Debate over Private or Public Ownership of Water Utilities Ignores the Realities of Developing Countries

The current models for privately or publicly owned water utilities do not adequately account for the conditions within developing countries. Lesser-developed countries pose unique challenges to the framework of privatization, because their economies often lack a strong and competitive marketplace.\textsuperscript{98} First, it is worth noting that privatization most often occurs in lesser-developed countries after other economic models have faltered. Privatization is implemented after a different economic strategy has failed, and to comply with requirements by international lending agencies to secure loans or other forms of investment.\textsuperscript{99} As development scholar and law professor Maxwell Chibundu notes, “the current trend toward privatization expresses the belief that a dead end has been reached in one direction, and the other road must be taken.”\textsuperscript{100} Because the economy is weak when privatization is implemented, the conditions are not suitable for private competition.

Similarly, proponents of public water ignore the lack of capital in lesser-developed countries and ignore the legacy of public utilities, which are often marked by inefficiency and corruption. The Asian Development Bank estimates US$ 6.3 billion annually is needed to provide universal access to clean drinking water.\textsuperscript{101} In the face of such drastic undercapitalization and a dearth of public funds, publicly owned systems are

\textsuperscript{95} Ernst von Weizsäcker, The General Context, Post-War History: The Ups and Downs of the Public Sector, in LIMITS TO PRIVATIZATION, supra note at 74, at 175, 185.
\textsuperscript{97} Ernest von Weizsäcker et al., Lessons Learned from Privatization, in LIMITS OF PRIVATIZATION, supra note 74, at 351, 357.
\textsuperscript{98} Baker, supra note 9, at 258.
\textsuperscript{99} Id. at 243.
\textsuperscript{101} Sector Note on Water Supply, supra note 5, at 5.
simply not feasible. Moreover, as the experience in Manila in the 1980s and early 1990s indicates, publicly owned water utilities can suffer from chronic inefficiency and corruption.102 Lesser-developed countries are in dire need of an alternative water-supply paradigm, one that recognizes the unique, essential nature of water for life.

IV. EMERGING NOTIONS OF WATER AS A HUMAN RIGHT RECAST THIS DEBATE AND PROVIDE AN ALTERNATIVE FRAMEWORK

Recognizing water as fundamental to life provides an alternative model for the debate about private or publicly owned water utilities. Water as a human right has become an important force over the last decade, with both international and domestic recognition of this right.103 Unlike the current discourse over water, which identifies ownership as the key criteria to shape water policy, a human rights paradigm shifts policy to focus on the role of water for individuals and communities.104

A. International Law Recognizes the Human Right to Water

International bodies and some nations recognize the human right to water as an emerging legal category within international law.105 International bodies like the United Nations have recognized that water is fundamental to human life instead of regarding it as an economic good.106 Although the right to water has not been expressly recognized, some scholars have implied it from international agreements,107 because water “sits at the very essence of the right to life and other fundamental rights.”108 Additionally, some international instruments have explicitly recognized this right.109

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104 See SCANLON, supra note 103, at 24.
106 Id. at 966; SCANLON, supra note 103, at 41-60 (listing both binding and non-binding international and regional documents that include a human right to water).
107 SCANLON, supra note 103, at 18.
108 Id.
109 Bluemel, supra note 105, at 963.
1. **Treaties and Conventions Recognize the Human Right to Water**

The Universal Declaration of Human Rights (“UNDHR”), adopted in 1948, articulated the basic components of human rights, including the concept that human rights are universal and international. One of the most significant rights established by the UNDHR is stated in Article 3: “everyone has the right to life, liberty, and security of person.” In addition, Article 25 of UNDHR explains that each person has the “right to a standard of living adequate for the health and well-being of himself and of his family.” Both of these provisions are a significant basis for the human right to water because water is a necessary precondition to realize these rights. While the most fundamental provisions of the UNDHR are incorporated into international customary law, the provisions that imply a right to water, namely Articles 3 and 25, are not binding on states.

Subsequent covenants to the UNDHR are also a basis for the human right to water. The International Covenant on Economic, Social, and Cultural Rights (“ICESCR”), which was approved by the United Nations in 1966, “recognize[s] the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions.” Often called a “second generation right,” water has been primarily understood to be a right that is implied in the ICSECR because it is “necessary to achieve primary human rights.” Beginning in the 1970s, the international community explicitly recognized water as an essential human right. In 1977, the Mar del Plata Conference in Argentina marked the international community’s first declaration on the necessity of water for life.

In 2002, General Comment 15, issued by the Committee on Economic, Social, and Cultural Rights (“ECOSOC”), characterized water as

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111 Universal Declaration, supra note 110, at art. 3.
112 Id. at art. 25.
113 McCaffrey, supra note 20, at 8; see Ramin Pejan, The Right to Water: The Road to Justiciability, 36 GEO. WASH INT’L L. REV. 1181, 1184 (2004); Universal Declaration, supra note 110, at arts. 3, 25.
114 Hardberger, supra note 110, para. 24; SALMAN, supra note 7, at 9.
116 Bluemel, supra note 105, at 967-68; SALMAN, supra note 7, at 2 (discussing second generation human rights).
117 SALMAN, supra note 7, at 7.
118 Id. at 8.
both a fundamental human need, essential for life, and a prerequisite for the realization of other human rights. ECOSOC issues comments to assist state parties with fulfilling their obligation under ICESCR and to create authoritative interpretations of the covenant. Although not binding customary international law, like some provisions of UNDHR, the comments are authoritative interpretations of the covenant. General Comment 15 formally recognizes an independent right to water, and explains “the human right to water is indispensable for leading a life in human dignity.” As the Comment states, “safe water is necessary to prevent death from dehydration, to reduce the risk of water-related disease and to provide for consumption, cooking, personal and domestic hygienic requirements.”

Comment 15 also establishes state obligations to realize the right to water. States have a duty to “move as expeditiously and effectively as possible towards the full realization of the right to water.” Further, states are obligated to prevent the infringement of these rights by third parties, including private companies operating water utilities. When water is distributed by the private sector, “[s]tates parties must prevent them [the private sector] from compromising equal, affordable, and physical access to sufficient, safe and acceptable water.”

2. **States Should Recognize and Protect the Human Right to Water Through Non-Binding International Agreements**

General Comment 15 provides the strongest mechanism for enforcement by making the first incorporation of an explicit right to water into the ICESCR. General Comment 15 is not a legally binding document, but it is significant because it interprets ICESCR to include a right to water. The Comment offers guidance to state parties on how to implement the ICESCR and should be viewed as an authoritative interpretation of ICESCR. Currently, ECOSOC lacks the legal authority to create new obligations for states under ICESCR and does not have

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119 Comment 15, supra note 20, at 1; SALMAN, supra note 7, at 54.
121 SALMAN, supra note 7, at 42.
122 Bluemel, supra note 105, at 972; Comment 15, supra note 20, at 15.
123 Comment 15, supra note 20, at 2.
124 Id. at 18.
125 Id. at 24.
126 Hardberger, supra note 110, para. 59.
127 SALMAN, supra note 7, at 86.
128 Id.
129 SALMAN, supra note 7 at 49.
mechanisms to solve disputes about the dimension of obligations under the ICESCR.\textsuperscript{130} Although states are not required to immediately guarantee covenants, they must implement the agreements progressively and to the extent permitted by their resources.\textsuperscript{131} General Comment 15 could obligate states to progressively achieve the human right to water if its provisions were adopted into a legally binding international instrument.\textsuperscript{132} Thus, General Comment 15 possesses the important function of establishing a settled interpretation of ICESCR and could be an effective mechanism for ensuring the human right to water.\textsuperscript{133}

\textbf{B. Nations Are Implementing the Human Right to Water into Domestic Laws}

In addition to international treaties and covenants that recognize the human right to water, nations have also recognized this right domestically.\textsuperscript{134} A right to water is implied in the constitutions of 42 nations, which provide general guarantees for a healthy environment to sustain life.\textsuperscript{135} These nations include several in the Asian Pacific region such as Bangladesh, Cambodia, Japan, Korea, and Laos.\textsuperscript{136} As of 2004, eight nations have included provisions to protect access to water in their respective constitutions.\textsuperscript{137} For example, Article 14 of the Ugandan Constitution creates an affirmative duty on the state to protect the right to water by mandating that “[t]he State shall endeavour to fulfill the fundamental rights of all Ugandans to social justice and economic development and shall, in particular, ensure that . . . all Ugandans enjoy rights and opportunities and access to . . . clean and safe water. . . .”\textsuperscript{138} Most recently, in Uruguay a popular referendum reformed the Constitution to add provisions that

\begin{itemize}
\item \textsuperscript{130} Id.
\item \textsuperscript{131} McCaffrey, \textit{supra} note 20, at 8-9.
\item \textsuperscript{132} CRAVEN, \textit{supra} note 120, at 129.
\item \textsuperscript{133} Id. at 91.
\item \textsuperscript{134} Pejan, \textit{supra} note 113, at 1193.
\item \textsuperscript{135} SCANLON, \textit{supra} note 103, at 42-46 (listing the following nations’ constitutions as recognizing a general right to a healthy environment: Argentina, Belarus, Benin, Brazil, Bulgaria, Burkina Faso, Cambodia, Cape Verde, Chile, Colombia, Congo, Costa Rica, Ecuador, Eritrea, Ethiopia, France, Gambia, Greece, Guatemala, Honduras, Hungary, India, Japan, Kazakhstan, Korea, Kyrgyzstan, Laos, Macedonia, Mali, Mexico, Moldova, Namibia, Netherlands, Nicaragua, Panama, Paraguay, Peru, Philippines, Portugal, Slovakia, Slovenia, South Africa, Spain, Switzerland, Togo, Turkey, Uganda, Venezuela, and Zambia).
\item \textsuperscript{136} Id. at 42.
\item \textsuperscript{138} Id.; see\textit{ CONST.} (1995) art. 14 (Uganda).
explicitly recognize the human right to water.\textsuperscript{139} Passed with more than two-thirds of the popular vote, the constitutional amendment called access to water “essential for life,” amounting to a “human right.”\textsuperscript{140} Although such efforts represent a minority of nations, the global direction as indicated by Comment 15 is for greater recognition of such rights. Further, the numerous recognitions of the human right to water can be interpreted as state practice to establish customary international law. As more nations execute these norms into domestic law they will create a solid basis for a right to water under international customary law.\textsuperscript{141}

V. IN ORDER TO PROTECT THE HUMAN RIGHT TO WATER, DOMESTIC IMPLEMENTATION IS NEEDED

Regardless of whether private or public entities own and operate water utilities, governments must first recognize the human right to water and ensure these entities respect the human right to water. States must therefore retain control over water policy and regulation to “ensure both minimal and progressive access to needed services on a nondiscriminatory basis.”\textsuperscript{142} In contrast to the model proposed by advocates of privatization, where governments cede all control and regulation except to foster competition, a human rights framework mandates active government protection of these rights.\textsuperscript{143} This means “states cannot allow market forces and pure profit to drive the provisions of basic service.”\textsuperscript{144} This section outlines the basic elements of a domestic implementation of the human right to water. Although no nation has fully implemented the human right to water,\textsuperscript{145} South Africa’s Water Services Act and program to create universal access represent the best efforts to date to implement a comprehensive water policy that recognizes and protects the human right to water.\textsuperscript{146}

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  \item \textsuperscript{139} CONST. (2004) arts. 47, 188 (Uru.).
  \item \textsuperscript{140} DAVID HALL, MAKING PRIVATIZATION ILLEGAL—NEW LAWS IN NETHERLANDS AND URUGUAY 2 (2006), available at http://www.world-psi.org/TemplateEn.cfm?Section=Water&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=32&ContentID=2516.
  \item \textsuperscript{141} SCANLON, supra note 103, at 9.
  \item \textsuperscript{143} BORTOLOTTI & SINISCALCO, supra note 67, at 7; SALMAN, supra note 7, at 80.
  \item \textsuperscript{144} Naegele, supra note 10, at 114.
  \item \textsuperscript{145} Bluemel, supra note 105, at 985.
\end{itemize}
A. The Human Right to Water Requires Accessibility, Adequate Quality, and Quantity of Water

As General Comment 15 outlines, implementation of the human right to water requires states to protect the essential elements of this right. The substantive components to a human right to water include accessibility, sufficient quality, and adequate quality of water. The most central element to the human right to water is that water must be accessible. Accessibility means water is obtainable within a short distance from the home, it is affordable, and the distribution of water is free from discrimination. Additionally, accessibility also means the ability to participate in decision-making about water policy and information about water issues. Both quantity and quality of water are also essential items to ensure the right to water is both sufficient and healthy.

B. As the South African Model Shows, Universal Access Is a Fundamental Component to the Human Right to Water

South Africa is one of the few countries that recognizes a human right to water in its Constitution and has enacted domestic legislation guaranteeing each person a minimum amount of water per day. The explicit recognition of the human right to water is coupled with a national water policy that implements a universal access program. Although the water policy has faced criticism for not expanding water access expeditiously enough, it nevertheless exemplifies one major approach to implementing the human right to water.

In response to the disparities of apartheid South Africa, the 1996 Constitution attempts to remedy socio-economic inequalities by broadly guaranteeing basic rights, including the right to sufficient water. Section 27(1)(b) of the Constitution defines that “everyone has the right . . . to have

147 SALMAN, supra note 7, at 65-66.
148 Comment 15, supra note 20, at 1; SCANLON, supra note 103, at 18.
149 Id. at 13.
150 Id. at 12.
151 Pejan, supra note 113, at 1194-95.
152 Id. at 1205.
access to sufficient food and water.”155 Further, the state must “take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights.”156

In order to implement these rights, the South African legislature passed the Water Services Act (“WSA”), which creates a domestic framework to protect the right to water.157 The law declares that because water is a human right “every water services institution must take reasonable measures to realise these rights. Every water services authority must, in its water services development plan, provide for measures to realise these rights.”158 WSA has created several significant measures including decentralized control of water decisions through Water Services Authorities (“WSAU”). Every WSAU has the duty to “all consumers or potential consumers in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water services.”159 The law explicitly allows for the contracting of water services to private companies, but requires such companies to abide by all provisions of the WSA.160 Further, in interpreting the Constitution and WSA, South African courts have held that the right to water requires proper due process before a utility can disconnect a user for lack of payment.161 Moreover, in Residents of Bon Vista Mansions v. South Metro Local Council, a court held that service cannot be disconnected if a person shows they do not have the means to pay.162

In 2000, a major modification was made to the WSA when South African President Thabo Mbeki initiated the Free Basic Water policy (“FBW”), which provides 6000 liters per month to poor households each month free of charge (based on an average size of a household of eight people).163 The FBW supplies this water subsidy to poor households

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155 S. AFR. CONST. 1996 ch. 2, §27.
156 Id.
158 Id. at ch. 1, sec. 3.
159 Id. at ch. 3, sec. 11.
160 Id. at ch. 3, sec. 19.
161 Hardberger, supra note 110, para. 65.
through an application process. FBW is a landmark achievement; within two years of implementation, 27 million South Africans enjoyed this right.

Although some lawmakers and poverty activists in South Africa contend the water policy has not fully implemented a human right to water, the WSA and FBW are significant improvements over the previous system based solely upon privatization. Whereas before this legislation water prices had soared beyond what poor and middle class South Africans could afford, now the poorest of South Africans are provided with at least a minimal amount of water. The South African model is an important, but not ultimate, step in achieving the human right to water.

C. To Realize the Human Right to Water, States Must Regulate Water Utilities

In order to translate the rhetoric of the human right to water into concrete protections, states must respect and tend the human right to water through regulation. In addition to policies aimed at achieving universal access, regulation is essential to achieve these goals and protections for the human right to water. Although a full fledged regulatory scheme that protects the human right to water has not been developed, such a system would be based on the essential elements of the human right to water. In order to foster accessibility, this regulatory system would include independent monitoring, public participation, and transparent decision-making. To ensure water quality is not compromised, the state must monitor for health and safety and impose penalties when water suppliers do not comply. Further, as will be discussed further in Part VII, elements of the human right to water exist in the regulatory systems of a number of countries, including Malaysia and Brazil.

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164 Mehta, supra note 146, at 17.
165 DWAF FAQ, supra note 163.
167 Mehta, supra note 146, at 20.
168 Hardberger, supra note 110, para. 65.
169 Bluemel, supra note 105, at 973.
170 Comment 15, supra note 20, at 26.
171 Id.
172 Id. at 24.
173 Sean Flynn & Katherun Boudouris, Democratising the Regulation and Governance of Water in the United States, in RECLAIMING PUBLIC WATER, supra note 34, at 73 (describing the functionality and significance of the consumer regulatory boards); Naegele, supra note 10, at 114.
VI. THE HUMAN RIGHT TO WATER IS NOT PROTECTED IN THE PHILIPPINES

The basic components of the human right to water are not protected in the Philippines. Foremost, there is no explicit recognition of this right. The Philippine Constitution, enacted in 1987, contains a number of human rights provisions, including a general right to a healthy environment. This does not ensure or protect the human right to access to water. Further, the two main components of domestic implementation of the human right to water are inadequate.

A. Lack of Access Prevents the Realization of the Human Right to Water

Although in June of 2005 Gloria Arroyo vowed to bring clean drinking water to all households in the Philippines within 5 years, such efforts have not been initiated. Water appropriation is not based on equality or guaranteed access. Issued in 1976 by President Ferdinand Marcos, Executive Order No. 1067, the Philippine Water Code establishes a basic framework for appropriation and utilization of water, including establishing a system of water rights. Specifically, the Water Code declares that all water belongs to the state and can be appropriated by the state. The code specifically allows for the appropriation of water for domestic purposes, meaning, “Use of water for domestic purposes is the utilization of water for drinking, washing, bathing, cooking or other household needs, home gardens, and watering or lawns or domestic animals.” However, the code does not include any recognition of the human right to water or provide for universal access. Water rates in Manila compound the issue of access. As detailed above in Part II, water rates are tremendously high and connection fees often run upwards of $100.

B. Regulatory Mechanisms Do Not Protect the Right to Water

In addition to the general laws of the Philippines being inadequate to protect the human right to water, regulation of the MWSS is inadequate and allows the utility to violate this right. Although the Local Water Utilities Authority law governs the regulation of most water utilities in the

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174 Const. (1987) art. XIV, §17 (Phil.).
177 Id. at art. 3.
178 Id. at art. 10.
179 FREEDOM FROM DEBT COALITION, supra note 22, at 7.
Philippines, it exempts the MWSS from this oversight. Instead, the regulation of the MWSS is part of the privatization agreement. The contract established a semiautonomous body to approve rate adjustments and oversee implementation of the contract. These responsibilities include ensuring water quality meets national levels and approving rate increases. The private companies fund the operations of the regulatory body. Members of the regulatory body are appointed and are not democratically elected.

As detailed above in Part II, the privatization of the MWSS has failed to achieve the targeted goals of the contract. The Regulatory Office failed to regulate the MWSS in any meaningful way; it has allowed rapid rate increases and water quality to fall below national standards. The regulation’s structure is not conducive to ensuring the goals of the contract were met and the public’s interest was protected. As a number of critics of privatized water in Manila have pointed out, the Regulatory Office has no “teeth” to enforce the provisions of the agreement. Even the current head of the Regulatory Office, Herman Cimafranca, has noted the body’s lack of enforcement mechanisms: “This is, to tell you frankly, almost a spineless and toothless paper tiger . . . if we tell them to cease and desist from implementing these rates . . . they will not follow because the concessionaires will say that we have no right to do that.” This lack of clear enforcement and mandate forced the Regulatory Office to behave more as a “neutral negotiator” between the companies and the Philippine government than as a regulator. The Regulatory Office’s role as a negotiator rather than regulator is evident in the recent tariff price increase. The Regulatory Office negotiated lower rate increases, still beyond the contract’s provisions, in exchange for reduced service targets.

Another structural problem in the concession agreement with the private companies is the lack of public participation and transparency. The Regulatory Office members are explicitly appointed, with no term limits and no public accountability. Further, the Regulatory Office has no provision for public participation or inclusion, which might shape the policy of the board. The lack of transparency has left the Regulatory Office open to accusations

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180 Local Water Utilities Authority, Pres. Dec. No. 198 (1973) (Phil.).
181 Concession Agreement, supra note 47.
183 Concession Agreement, supra note 47, at Art. 11.
185 SEGERFELDT, supra note 36, at 102.
186 Landingin, supra note 184.
of corruption and collusion with the private companies. Civil society groups, like the Philippine Water Vigilance Network, have been especially critical of the repeated government funded bailouts of the private companies, and the Regulatory Office’s approval of these arrangements. Most recently, they point to the government’s decision in late 2005 to buy an eighty-four percent interest in the Maynilad Corporation, which allowed some of the company’s shareholders to withdraw from the agreement without serious financial harm. The Regulatory Office approved the deal, even though the contract contained no provision for a buyout arrangement. An audit by a nonpartisan government agency was critical of the buyout, saying it was “disadvantageous” to the government and at the expense of the public interest. Such accusations indicate the lack of transparency and fundamental lack of public confidence in the concession agreement and Regulatory Office.

C. Policy Makers and Social Justice Advocates Are Overly Fixated on the Public/Private Dichotomy in Envisioning a New Water Policy

Discourse over privatization in the Philippines, like the global debate, is stale and fixated on public or private ownership of water utilities. Re-privatizing the utility has simply renewed promises of greater efficiency, heightened expectations for improved performance, and decreased water rates. Simultaneously, social justice advocates continue to wholly reject privatization, pointing to the recent failure of the MWSS as proof that utilities must be owned by the government.

VII. The Philippines Should Implement the Essential Components of the Human Right to Water

Privatized water in Manila shows the need for the Philippines to provide greater protection of the public’s interest, including the recognition

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187 Montemayor, supra note 63, at 221; FREEDOM FROM DEBT COALITION, supra note 22, at 1.
188 Water in People’s Hands, supra note 9, at 21.
189 Lo, supra note 52, at 2.
190 Iris Cecilia C. Gonzales, Regulator at a Disadvantage Under Maynilad Rehab Plan, BUSINESS WORLD (Phil.), Dec. 2, 2005; Christine A. Gaylican, Maynilad Takeover Bad for Govt, PHILIPPINE DAILY INQUIRER, Dec. 6, 2005, at 1.
192 Lo, supra note 52.
194 FREEDOM FROM DEBT COALITION, supra note 22, at 8.
of the human right to water. Like many developing countries, the Philippines does not have public capital to invest in water utilities. As the experience of Manila shows, the essential right to water is violated by inadequate access to clean, affordable water and insufficient regulation. The Philippines must reshape how privatization is taking place by enacting legislation that regulates the water sector and provides protections for the human right to water. In the case of the Philippines, the human right to water serves as a basis to balance the interests of the public and private sectors.

A. Recognition of the Human Right to Water Is Essential

A constitutional amendment that recognizes the human right to water is essential to ensure that all Filipinos have access to water. A constitutional amendment would establish water as an entitlement and create a government obligation. Such a step would create a fundamental right that guarantees “sufficient, safe, acceptable, accessible and affordable water, without discrimination.”

Making the right to water an explicit constitutionally protected right would mean citizens have a cause of action if that right is infringed. As cases in South Africa show, this is an important legal tool. For example, the Supreme Court of South Africa held in Government of South Africa v. Grootboom that the government had a duty to ensure constitutional rights are achieved, and that it must take reasonable steps to realize these rights.

A constitutional provision creates an affirmative obligation for the government to safeguard this right, regardless of who owns a water utility. Thus, a guaranteed right to water in the Philippine Constitution is important because it will protect the right to water, regardless of whether public or private companies operate water utilities.

195 Montemayor, supra note 63, at 217.
196 FREEDOM FROM DEBT COALITION, supra note 22, at 3.
197 For model language, see S. AFR. CONST. 1996; SCANLON, supra note 103, at 46.
198 WORLD HEALTH ORGANIZATION, THE RIGHT TO WATER, supra note 2, at 28.
199 Although Constitutional protections to the right to water have been subject to very little litigation, cases in France and South Africa support the argument that these rights are justiciable. See SCANLON, supra note 103, at 46.
201 Montemayor, supra note 63, at 216.
B. To Achieve Universal Access, the Philippines Should Develop a Free Basic Water Program

Following the example of South Africa, the Philippines should adopt a policy of universal water access. The full cost recovery model, currently used by the private companies in Manila, impedes universal access because it has produced significant rate hikes. Because water privatization often prices the poorest water users out of the market, the Philippine government should guarantee this population a sufficient amount of water for survival.\(^{202}\) Moreover, this population is most likely to lack access to water.\(^{203}\) Using the WHO’s calculations for need, the Philippine government should adopt legislation to implement a free basic water program.\(^{204}\) Implementing a subsidized water program would be an important first step to universal access because it would guarantee that even those most likely to be priced out of market-based water systems have access, including economic access to water.

Unlike other free water programs, like the policy enacted in South Africa, the Philippines should not allow for disconnections if poor households fall behind on payment of any water above the subsidized amount.\(^{205}\) Without such a provision, the very purpose of the free water program to guarantee universal access would be undermined. Further, in some rural areas, the policy may need to be expanded. Cost benefit analysis may show, as it has in South Africa, that the government is better off paying for additional subsidized water since this population is at heightened risk of exposure to contaminated water in household use.\(^{206}\)

C. The Philippines Should Enact New Regulations to Ensure the Human Right to Water Is Not Infringed

Even if private companies operate water utilities, the Philippines has an obligation to ensure the human right to water is protected.\(^{207}\) A comprehensive new regulatory law requiring all water utilities, whether publicly or privately owned, to comply with basic standards for water access, quality and quantity would ensure that the elements of the human right to water are respected. The current method of enacting regulations

\(^{202}\) Barlow & Clarke, supra note 83; Hardberger, supra note 110, at para. 72.  
\(^{203}\) World Health Organization, The Right to Water, supra note 2, at 22.  
\(^{204}\) Id.  
\(^{205}\) Mehta, supra note 146, at 19.  
\(^{206}\) Id.  
\(^{207}\) Naegele, supra note 10, at 114.
within concession agreements creates the potential for a patchwork of regulations, where the public interest right to water is better protected in some service areas, while not protected at all in others. Like the Philippines’ recently enacted Clean Water Act, national regulations would create a comprehensive national policy. The case of private-company abuses of the MWSS shows the need for regulation cannot be overemphasized. Regulation is “necessary to ensure the consistent delivery of service obligations, to determine ‘efficient’ pricing, to conserve water, to extract professionalism from managerial staff, and to ensure the financial viability of the utility. . . .” Regulation is an essential component of any water policy that seeks to protect the right to water.

1. The Philippines Should Create an Independent Regulatory Body with Strong Oversight Mechanisms

Essential to the implementation of any regulation is the creation of an independent regulatory body, with enforcement mandates to hold companies or public sector operators accountable if they violate the human right to water. An independent regulatory structure makes it less likely that an authority would be “captured” by private companies, yet promotes the greater efficiency of privatization that benefits the consumer.

Unlike the Regulatory Office created out of the privatization agreement, any new agency must be transparent, accountable, and have clear mechanisms to sanction violators. To achieve this, members of the regulatory board should be democratically elected in order to promote responsiveness to the public. Examples from water management in Penang, Malaysia suggest such elements are essential to creating a water policy that is both efficient and protects the public’s interest. Although the utility in Penang is government-owned, its management emulates private participation in the water sector by focusing on budget consciousness, yet simultaneously retaining an ethos of public service. In particular, demands by locals for

209 Montemayor, supra note 63, at 221.
210 Id.
211 Alberto Heimler, Competition and Regulation in Public Utilities, in PRIVATISATION, COMPETITION, AND REGULATION 175 (2000); Raimund Bleischwitz, ‘Co-evolution’ Between State Regulation and the Private Sector, in LIMITS TO PRIVATIZATION, supra note, at 74, at 341.
212 Heimler, supra note 211, at 189.
213 FREEDOM FROM DEBT COALITION, supra note 22, at 8.
215 Id. at 57-58.
transparency and accountability resulted in unprecedented levels of scrutiny, including election of representatives to the water board. Because the regulatory board was ultimately responsible to voters, political parties made strong regulation of the utility a cornerstone of their platforms.

2. The Regulations Should Provide for Increased Public Involvement

While General Comment 15 includes public participation in water decisions as an essential element of the human right to water, the current concession agreement contains no such mandate. In adopting a new regulatory framework, the Philippines should include the right of citizens and community groups to contribute to water policy. Such public involvement in water management adds an element of “responsive regulation,” which allows for flexible and adaptive approaches by including perspectives not traditionally included in privatization agreements and traditional command and control regulation. The participatory budget process in Porto Alegre, Brazil, about which other scholars have written extensively, exemplifies responsive governance. The water and sanitation utility includes a “deliberative council” where citizens can voice concerns and demands to the utility. This level of participation includes shaping the developments of the water network into certain parts of the city, decreasing contamination of waterborne bacteria, and proposals from citizens for budgetary allocations. This practice has produced a close relationship between users and the utility and has resulted in greater problem solving, as the utility is more able to judge community needs and demands. The council model used in Porto Alegre makes the regulation of the utility more fair, “more deliberative, and more accountable.”

In the Philippines, public participation in water policy has empirically promoted public awareness and increased efficiency. For example, community participation has proved effective in water management to

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216 Id.
217 Id. at 58-59.
218 Bleischwitz, supra note 211, at 346-47.
219 Hélio Maltz, Porto Alegre’s Water: Public and for All, in RECLAIMING PUBLIC WATER, supra note 34, at 29-31.
220 Id. at 30.
221 Id. at 30-34.
222 Id.
prevent leakage and illegal connections.\textsuperscript{224} Citizen involvement is key to implementing a water policy that is both responsive and effective.

\textbf{D. Successful Implementation of the Right to Water Will Depend on Extra-Legal Factors}

Whether these efforts are ultimately successful in fixing the failures in the privatization of the MWSS and establishing a domestic implementation of the human right to water will ultimately hinge on the political will of the Philippine government and how private companies respond to such measures. In particular, establishing a broad human right to water in the constitution may have implications beyond the utility sector.\textsuperscript{225} Given the Philippines’ chronic water shortages and struggles over water allocation, the human right to water may affect the agricultural sector as well.\textsuperscript{226} Recognizing this right may, for example, create challenges to riparian water rights or to large-scale water projects like dam building and water-diversion projects. Although General Comment 15 provides guidance on these issues, the magnitude of these issues may discourage a full implementation of the human right to water.

Given the mobility of private companies, especially the large multinational companies that often participate in privatization agreements, enacting a domestic right to water policy may create a disincentive for them to invest. Although such possibilities are real, concerns over private sector investment should not delay the implementation of the human right to water. The experience of the MWSS in the Philippines shows how private investment in its current form is unworkable, because it fails to improve water service, and in some cases, makes water too expensive to be accessible to much of the population.

Finally, any implementation of the human right to water will take flexibility and creativity. Balancing the public interest in the human right to water and privatization will necessarily require a responsive administration. Policies enacted to protect one element of the human right to water may negatively affect another. In South Africa, the implementation of the FBW has discouraged private companies from expanding water services into poor communities because these communities are less likely to pay for any additional water they use.\textsuperscript{227} Facing challenges like these, the regulatory

\begin{thebibliography}{9}
\bibitem{224} Montemayor, \textit{supra} note 63, at 217.
\bibitem{225} Bluemel, \textit{supra} note 105, at 985-1005.
\bibitem{227} Francis, \textit{supra} note at 166, at 181.
\end{thebibliography}
board must create incentives for private investment without jeopardizing the human right to water.

VIII. CONCLUSION

Privatized water in Manila exemplifies how the privatization of water utilities jeopardizes the public’s interest through full cost recovery and inadequate regulation. For lesser-developed countries like the Philippines, the answer to this dilemma is not to simply forsake private sector involvement in favor of public utilities, because these nations lack the capital to make the necessary investments to improve water and expand access. Instead, states must recognize that water plays a crucial role in sustaining life and should be defined as an entitlement through a human rights framework, rather than as a commodity. In the case of the Philippines, current water law and regulations are inadequate to protect the human right to water. The human right to water could be protected in the Philippines through constitutional recognition of this right, a universal-access policy that provides subsidized water to the poorest residents, and stronger regulation of water utilities.