The Midterm Comprehensive Review of the International Decade for Action on Water for Sustainable Development amid growing tension between a human rights perspective and the commodification and privatization of water

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Abstract

Climate change and environmental degradation as a

Introduction

The international community recognized the human right to water and sanitation in 2010 as essential for the full enjoyment of life and all human rights. However, global warming, environmental degradation, commodification, privatization and mismanagement of water resources are affecting the capacity of States to realize this fundamental human right.

In this challenging context, the United Nations (UN) will hold the Midterm Comprehensive Review (MCR) of the Implementation of the Objectives of the International Decade for Action, “Water for Sustainable Development”, 2018–2028, from 22 to 24 March 2023. This is an important opportunity for the international community to assess the challenges on access to clean drinking water and sanitation. The MCR debates and outcomes should be guided by a human rights approach towards promoting access to water for all in 2030 in alignment with Sustainable Development Goal (SDG) 6.

Climate change and environmental degradation as a
cause of growing stress on access to water will be discussed, among other issues, during the MCR. This debate is highly relevant, as increasing global warming is significantly affecting the availability of water resources around the world. However, as explained below, some important issues, such as the commodification and privatization of water resources, have not been included in the Agenda of the MCR and other background documents.

Access to clean drinking water and sanitation is a very complex issue. It can be analyzed from different perspectives, such as the required investment, the impact of international conflicts, the opportunities offered by cutting-edge technologies. This paper aims to contribute to the discussions at the MCR by analyzing the inherent relationship between water scarcity and global warming, the main challenges arising from commodification and privatization of water and their impacts on access to clean and safe drinking water as a human right.

**Background**

In 2016, the UN General Assembly (UNGA) adopted Resolution 71/222, establishing the International Decade for Action, “Water for Sustainable Development”, 2018–2028. Operative Paragraph (OP) 13 of this Resolution contemplated a midterm review of the implementation of the Decade. Later, in 2019, the UNGA adopted Resolution 73/226, aiming to have a “greater focus on the sustainable development and integrated management of water resources for the achievement of social, economic and environmental objectives, the implementation and promotion of related programmes and projects, as well as on the furtherance of cooperation and partnerships at all levels, in order to help to achieve the internationally agreed water-related goals and targets, including those contained in the 2030 Agenda for Sustainable Development…”.

Resolution 73/226 also requested the UN Secretary-General to prepare a report for the seventy-seventh session of the UNGA (held in 2022) to assess progress in the implementation of the first half of the Decade, “taking into account best practices and lessons learned, to identify obstacles and constraints encountered, actions and initiatives needed to overcome them during the second half of the Decade and activities planned by Member States, the Secretary-General and other relevant organizations of the United Nations…”.9

In his report9 to the 77th General Assembly, the UN Secretary-General informed about how the international community was responding to the increasing problems of water scarcity and pollution. The report included information on initiatives at both the regional and multilateral levels through the UN agencies like the World Health Organization and with the cooperation of other multilateral entities such as the World Bank8.

However, disappointingly, the critical issues of commodification and privatization of water resources were not included in the report by the UN Secretary-General. Neither can they be found in the programme of work of the MCR, nor in the vision statement of the UN 2023 Water Conference6. These preparatory papers for the MCR also do not include references to those issues which, as will be analyzed below, are affecting the access and provision of clean and safe drinking water for all.

**Access to clean drinking water and climate change**

Climate change is worsening the availability and access to drinking water, particularly in certain regions that have suffered from water scarcity and droughts. The Intergovernmental Panel on Climate Change (IPCC) has stressed that, “Continued global warming is projected to further intensify the global water cycle, including its variability, global monsoon precipitation and the severity of wet and dry events7”. The IPCC also warned that, “Exposure to multiple and compound climate-related risks increases between 1.5°C and 2°C of global warming, with greater proportions of people both so exposed and susceptible to poverty in Africa and Asia8”.

According to the IPCC 2022 report on “Impacts, adaptation, and vulnerability”, global warming has already caused substantial damage to freshwater ecosystems with implications on their natural adaptive capacity and causing adverse socio-economic consequences. It noted that:

“Climate change has caused substantial damages, and increasingly irreversible losses, in terrestrial, freshwater and coastal and open ocean marine ecosystems. The extent and magnitude of climate change impacts are larger than estimated in previous assessments. Widespread deterioration of ecosystem structure and function, resilience and natural adaptive capacity, as well as shifts in seasonal timing have occurred due to climate change (high confidence), with adverse socioeconomic consequences (high confidence). Approximately half of the species assessed globally have shifted polewards or, on land, also to higher elevations (very high confidence). Hundreds of local losses of species have been driven by increases in the magnitude of heat extremes (high confidence), as well as mass mortality events on land and in the ocean (very high confidence) and loss of kelp forests (high confidence). Some losses are already irreversible, such as the first species extinctions driven by climate change (medium confidence)”.

Climate change and extreme weather events have already exposed millions of people to acute food insecurity and reduced water security, most severely in many places and communities in Africa, Asia, Central and South America, small islands and the Arctic10. As the IPCC emphasized, “[t]he rise in weather and climate extremes has led to some irreversible impacts as natural and human systems are pushed beyond their ability to adapt”11. Thus, there is no doubt that this human induced deterioration of ecosystems is affecting water security around the world, which may be, in some cases, irreversible.
Commodification and privatization of water resources

The water market

The future of the ecosystems, including those related to the provision of clean drinking water, is conditioned by human activities and influenced by unsustainable patterns of development. As the IPCC has stated, the “[f]uture vulnerability of ecosystems to climate change will be strongly influenced by the past, present and future development of human society, including from overall unsustainable consumption and production, and increasing demographic pressures, as well as persistent unsustainable use and management of land, ocean, and water”12.

The commodification and privatization of water resources is one of the factors that affects the provision and the access to clean and safe drinking water. In his 2021 report, the UN Special Rapporteur on the human rights to safe drinking water and sanitation, Pedro Arrojo Agudo stressed that,

“the prevailing neoliberal vision tends to consider water as a simple economic resource, useful and scarce, to be managed as a commodity. That approach opens up business opportunities in the privatization of water and sanitation services, in the sale and purchase of water rights or even in the management of water as a financial asset based on speculative strategies. By applying that vision, people become mere customers, which increases the vulnerability of those 2.2 billion impoverished people by turning them into poor customers who find it very difficult to pay. In short, that vision, far from solving the global water crisis, actually aggravates it by making those living in poverty more vulnerable, weakening compliance with human rights and seriously degrading democratic water governance.”13

A recent example of commodification and financialization of water resources is from the USA, where in 2018, an index of the average price of volume-weighted water in Southern California was listed on the Chicago Mercantile Exchange (CME)14. This was taken even further in 2020 when the CME Group launched “Water Futures”, allowing traders and speculators to manage water price risk and bet on the availability of water in Southern California15. It meant that farmers, as well as investors, municipalities and hedge funds, can enter into “futures contracts” that lock in a predetermined price for water that will be applied in the future.16 Simply put, this lets people place bets on the future price and availability of water. This kind of speculative trading is usual for commodities such as coal, gold or oil, but not for a life-sustaining resource such as water.

The speculation with water resources in the United States motivated Senator Elizabeth Warren and United States Representative Ro Khanna to introduce a bicameral Act in 2022, proposing an amendment to the Commodity Exchange Act to prohibit futures trading of water or water rights and protect US water resources for human consumption, so as to fulfill the human right to water which is fully consistent with international law17.

Likewise, privatization of water resources18 became common in the 1980s and was promoted globally by the World Bank and IMF19. Literature is ambiguous on its results, but in many cases, privatization proved unable to resolve the problem of water accessibility and sustainability, particularly for vulnerable populations. Instead, privatization has delivered positive outcomes for private companies and those population segments that can pay more20.

Australia, for example, started privatization and trading of water resources towards the end of the 1990s. Australian law allows investors to own water resources for their exploitation and profit making. In recent years some private entities have built several dams (with support from public funds) and pumped water from different sources to sell it to those who can pay for it.21 The price of water is not related to the rainfall but the market conditions.22 Indeed, privatization is currently causing several problems with access to water for small farmers and towns in Australia.23 There, private companies are selling a megaliter (1,000,000 litres) of water at around 2.700 Australian dollars, thereby affecting the capacity of small farmers and other vulnerable groups to access water. An Australian expert noted in this regard that “this has priced small to medium farmers out of agriculture. The only way they can turn a buck is to sell their low security water licenses. The cost of water doesn’t justify them farming. The only people that can afford water now are the large-scale corporate irrigators and the mines.”24 According to the expert, private companies capture inflows and the water being captured in floodplain harvesting is not getting into the water systems. Instead, speculators hold water in private dams, driving it up to the highest price.25 Similar problems have been found in Chile26, Spain27, Bolivia, France28 and other countries where water privatization initiatives were put in place.

By privatizing natural water resources, governments and local authorities transfer control and responsibilities over this vital public resource to a private entity which aims to maximize profits and is accountable only to its stakeholders and not the society. The problem is worse than in the case of other resources because “it is a natural monopoly that lacks a true market. Consumers can exercise choice only at the ballot box through the election of the public officials who oversee their utility. They don’t have a vote in the corporate boardroom.”29 In practice, providers privilege businesses and wealthy neighbours rather than making water accessible for all.

The artificial creation of water markets is based on economic efficiency theories like the Pareto optimum30, an argument often used to justify public goods’ privatization. However, this economic theory does not consider the growing capacity of private corporations to influence public decisions to maximize their profits. The Special Rapporteur on Water highlighted some of the consequences of commodification and privatization of water resources for the human right to water as follows:
“The management of water as a commodity has weakened its consideration as a public good and weakened the role of the State as guarantor of the general interest, of the enjoyment of the human rights to safe drinking water and sanitation and of the sustainability of aquatic ecosystems;

Priority for personal and domestic uses have tended to be relegated and replaced by the purchase of rights, with the risk of abusive prices and unaffordable tariffs for people living in poverty;

With this commodified approach, in a number of countries where water trading markets have been legalized, the allocation of water to guarantee the sustainability of aquatic ecosystems has also tended to be managed through the market, treating the environment as just another user, and not as the basis of life”.

But there are more negative effects; for instance, non-user interests may set the market price of water, which may lead to market speculation and price manipulation. The prospect of future profit may incentivize those investors to manipulate the water market to increase prices. This over-speculation could artificially signal a future price increase.

The role of the private sector

Many private corporations exploiting water resources have organized around the World Water Council (WWC) since the 1990s. It organizes the World Water Forum (WWF) every three years. The WWC has been criticized for its promotion of the privatization of water.

Notably, even though it is claimed that different stakeholders attend WWF, it was noted in past editions of this forum the participants were mostly entities and experts linked to the private firms that co-sponsor their events. In this forum, water is treated as a private good but not as a public common good, and no consideration is given to the fact that access to clean drinking water is a human right.

For the purpose of this policy brief, it is important to bear in mind that the same actors that are promoting the privatization of water resources worldwide through the WWF are actively participating in the UN process under the umbrella of “multistakeholderism”.

In the UN Global Online Stakeholder Consultation for the Proposed Themes, held in October 2022 as preparatory work for the MCR, many corporations participated with comments on all four themes of the Interactive Dialogues. For instance, AquaFed, which is a lobby group representing more than 400 private water corporations, in response to the question of what the primary suggested key issue of the 2023 UN Water Conference should be, stated that “[organizing] meaningful and representative participation in the 2023 conference,” is the most important question on the table because “2030 and beyond is unreachable without participation from private sector delivery of services”.

Through AquaFed, large water multinational corporations like Veolia Environment S.A. and Suez S.A. as well as Coca Cola - Femsa (Fomento Economico Mexicano S.A.) and Heineken N.V. also participated in the UN global online consultation. These private entities have confronted legal problems in Mexico and other countries due to their practice of overexploiting scarce water resources for producing bottled water, among others.

Thus, water corporations are participating in the UN processes seeking to shape the agenda and influence its outcomes in the context of the so-called “multistakeholder” participation. Multistakeholder processes, however, should clearly differentiate between the private sector and civil society (grassroots) participation. This approach could provide States with a clearer picture of the debates, the proposals and outcomes from these processes.

The human right to water and sanitation - the foundations for international cooperation

As the Committee on Economic, Social and Cultural Rights noted in its General Comment No. 15 of 20 January 2003, the right to water as part of the human rights law was recognized in a wide range of international documents, including treaties, declarations and other standards, as indispensable for the realization of the right to an adequate standard of living, before its formal recognition as a human right by the UN General Assembly (UNGA) in July 2010.

The adoption of resolution 64/292 was a watershed moment in the international debate on access to clean drinking water. Before its adoption, the international debate was largely guided by the consideration of water as an economic good, despite the efforts of human rights entities, such as the Committee on Economic, Social and Cultural Rights, to highlight how essential water is for life and that access thereto is a human right in itself.

The rationale behind the UNGA Resolution 64/292 is the very fact that water is essential for life; without water, there is no life, and it is also essential for the realization of all other human rights. As this resolution notes:

“...the right to safe and clean drinking water and sanitation as a human right that is essential for the full enjoyment of life and all human rights.”

The recognition of this right has been repeatedly affirmed in the Human Rights Council by consensus; it is unambiguously affirmed under international human rights law. Therefore, the UN Midterm Review should adopt a well-defined human rights approach to the problem of access to clean drinking water and sanitation. Almost 2.2 billion people still lack access to drinking water (more than 4 billion have no access to safety management sanitation facilities). This means that one in three people...
on this planet cannot access clean drinking water. Moreover, this situation will likely worsen as water demand is projected to increase by 55% globally between 2000 and 2050\(^{46}\) and, as noted, climate change and privatization of water is reducing its supply particularly to the most vulnerable. In addition, those who suffer the most are women because in many regions of the world, they are the main water providers for their families and are responsible for obtaining safe drinking water.\(^{46}\) Therefore, a gender-sensitive approach also needs to be adopted for the Midterm Review.

**Concluding remarks**

Access to clean and safe drinking water is a human right essential for the enjoyment of all other human rights. Thus, it is an obligation of the international community to promote access to clean drinking water for all, which will support efforts towards the fulfilment of human rights and achieving the 2030 Agenda, in particular Sustainable Development Goal (SDG) 6. The Midterm Comprehensive Review should promote a human rights, gender-sensitive, approach to realize access to clean drinking water for all. Unfortunately, many private entities will also be lobbying and trying to influence the UN process to promote an economic approach that could misinform the debate.

Climate change is increasing the global stress on water resources. Many experts and bodies, particularly the IPCC, have warned about it, and water aquifers and ecosystems preservation issues should be analyzed in the light of climate change impacts. The problem of water scarcity will affect many regions in the world, particularly those that usually suffer from water scarcity. Moreover, the problem will aggravate with the increase in global temperatures. Therefore, climate change considerations should be central as well to the Midterm Comprehensive Review.

Recent trends towards water commodification and privatization could exacerbate the problem since they are guided by profit maximization strategies. These trends have shown that privatization and commodification of water resources will not deliver positive outcomes for vulnerable groups, but only for those who can afford them. Therefore, it is disappointing that the Midterm Comprehensive Review Agenda, as well as the most relevant documents for this review, do not consider the impact of privatization and commodification of water. Since global warming is already putting some countries at high risk of drinking water scarcity, this situation, together with commodification and privatization, presents a gloomy scenario for many people around the world, in particular for the most vulnerable.

The recognition of a human right to clean water and sanitation by the UN General Assembly in 2010 was a milestone in international human rights law. Adopting a human rights approach to access to water can change the mindset of governments and the international community when looking for measures to effectively address this major threat to the realization of other basic human rights. It should be the guiding principle for the forthcoming debates of the MCR and future endeavours towards securing access to water for all.

**Endnotes:**

3. UN General Assembly Resolution 73/226, OP 6.
5. Ibid.
8. IPCC, “Summary for Policymakers”, in Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty (Cambridge University Press, 2018), page 10, paragraph B.5.6.
10. Ibid., page 9, paragraph B.1.3.
11. Ibid., page 9, paragraph B.1.
12. Ibid., page 12, paragraph B.2.3.


Privatization of water resources “refers to the delegation of public water and sanitation services management for-profit actors, whether private companies or public-private partnerships. Privatization can refer also to the private ownership of water as a resource or of the infrastructure required to manage water and sanitation services”. For more conceptual details on privatization and commodification used in this Policy Brief please see the report of the UN Special Rapporteur on water and sanitation, Pedro Arrojo Agudo, Risks and impacts of the commodification and financialization of water on the human rights to safe drinking water and sanitation, available at https://www.ohchr.org/sites/default/files/Documents/Issues/276-159, 2001.


Carpenter Tracey from Water for Rivers, op. cit.

Ibid.

Ibid.


See
Both corporations have been involved in lawsuits for mismanagement and misinformation about water and sewage spills and contamination and for violating state regulations in the US. Veolia was involved in a couple of lawsuits related to the control of chemicals used in lead contamination prevention in Pittsburg without approval, violating state regulations and also in another case in Plymouth, Massachusetts, a sewage spill in which Veolia violated state law and failed to safely maintain and operate Plymouth’s water treatment facility, resulting in over 10 million gallons of sewage flooding into the town and harbor. See Kayla Ruble, “Company sued over Flint’s water crisis wages digital PR war during trial”, The Detroit News. Available from https://eu.detroitnews.com/story/news/local/michigan/2022/09/09/veolia-north-america-flint-water-crisis-google-advertising/7959344001/.


Coca Cola was involved in the water scarcity crisis in Chiapas, Mexico, resulting from the corporation drawing over 1 million litres of water per day from the bottling plant in San Cristobal de las Casas, Chiapas, and restricting surrounding local communities’ access to water, which could lead to dependency on sugary Coke beverages, thereby increasing the risk of suffering obesity and diabetes among the population, a situation that was denounced several times. Heineken N.V., a multinational brewing company, was deemed responsible for the water shortages in Puebla and Monterrey, Mexico, by draining public reservoirs and forcing inhabitants to buy expensive bottled water. While these corporations have been involved in lawsuits in different parts of the world for mismanagement or misinformation, they are now participating in the UN processes on water. See https://mronline.org/2022/04/13/the-horrific-scam-that-water-billionaires-are-running-on-poor-countries/ or https://www.theguardian.com/global-development/2022/jul/28/water-is-the-real-thing-but-millions-of-mexicans-are-struggling-without-it.

Committee on Economic, Social and Cultural Rights General Comment No. 15: The Right to Water, paragraphs 3 and 4.

UNGA Resolution 64/292


Ibid.


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