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Water Challenge - a blog by Peter Brabeck-Letmathe

Water is a human right – but not a free good

04 October 2012 - by Peter Brabeck-Letmathe **Tags:** water, human rights, municipal water, is water free?, drinking water, free water, water demand

UN Resolution 64/292, 28 July 2010 states:

"The General Assembly

- 1. Recognizes 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;
- 2. Calls upon States and international organizations to provide financial resources, capacity-building and technology transfer, through international assistance and cooperation, in particular to developing countries, in order to scale up efforts to provide safe, clean, accessible and affordable drinking water and sanitation for all."

http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/64/292

Some years ago there was a rather heated debate about whether water should be considered a human right. On the one hand, some might have found the discussion rather bizarre: the right to life is an essential part in the 1948 Universal Declaration of Human Rights (Art 3.); since there is no life without water, the access to water for survival is logical part of it. And with Article 24 expressing the right to a standard of living adequate for human health, it is clear that this is about safe water. With this thinking in mind, Nestlé formally (in its business principles) and I personally, in numerous public speeches, have long been strong supporters of water as a human right for many years before the 2010 resolution.

On the other hand, however, some at that time might have found the interpretation of a human right to water rather undifferentiated and radical. This rather extreme interpretation considered any withdrawal a human right and water as a free good. This interpretation is much less widespread today, but if accepted by more people, it could potentially have had serious consequences. The people defending this very extensive view were quite vocal, at times even aggressive. Whoever wanted to set a focus and add some more clarity here – and I was among those – was attacked.

Resolution 64/292 sets this record straight and provides the necessary clarification

about the nature of the right and the responsibilities involved. First, it talks about water that is safe and clean for drinking, and about basic hygiene. The World Health Organization estimates the need for drinking, cooking and basic hygiene in emergency situations at 15 litres per person and per day. WHO also mentions a number of out-of-home water requirements, in hospitals, mosques for ceremonial purposes, schools etc. Ultimately, basic needs are estimated by different sources at 25-50 litres per capita and per day. Assuming 25 litres, this would be a global volume of 1.5% of water withdrawals for human use. In other words, the problem here is not shortage of water, but something one might consider bad management.

Second, the United Nations General Assembly in its resolution of 28 July, 2010, leaves no doubt: responsibility is clearly with the state. And actually, more than 97% of municipal water in developing and emerging economies is distributed by publicly owned and publicly managed entities. Most of the remaining 3% are run in public private partnerships: http://www.ppiaf.org/sites/ppiaf.org/files/FINAL-PPPsforUrbanWaterUtilities-PhMarin.pdf. The only notable exception is Chile, which I will come back to.

Rather than concentrating on a legalistic understanding, however, let me illustrate with some practical examples of what seems to work and what may be problematic with respect to water as a human right.

Water as a free good

I mentioned this as an extreme case, and it is still much too often a reality. In the Indian Punjab, for instance, everybody pumps up water from the underground aquifer – mostly to irrigate the fields. There are no limits; electricity for the pumps is provided for free by the government. As a result, water tables are falling by up to one metre per year (National Geophysical Research Institute):

http://www.tribuneindia.com/2009/20091109/main6.htm. Everybody, particularly the farmers withdrawing most of this water, knows that they are destroying their livelihood. But with water as a free good, even if an individual decides to reduce the amount withdrawn by pumping, this individual knows that the neighbours and neighbouring villages will pump up anyway. Water as a free good leads directly to what is known as the 'tragedy of the commons'; exploited by all, protected by none. For good reasons, it is not part of resolution 64/292.

Untargeted subsidies are counterproductive

Many municipalities are avoiding full cost recovery, both in terms of the capital cost of investment, and often also running costs, which are not covered by the tariffs charged to those who have tap water at home. They do it as a measure of social support to the poor, but actually they only make the water for the more prosperous less expensive. The poor pay the price. The municipal schemes lack resources for proper maintenance and for expansion to those arriving from rural areas. Ultimately, as the chart shows, the poor pay a much higher price for water to street vendors.

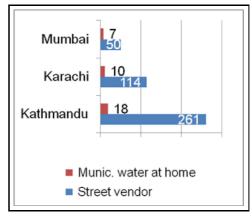
Focused subsidies in South Africa and in Chile

Not everybody can afford to pay a tariff for water that covers all costs. So the subsidies for tap water address a real issue, although with the wrong instruments. There are better ways! Let me mention just two examples.

In 2000, the South African government introduced the Free Basic Water policy. Every household who cannot afford to pay will get up to 6,000 litres of water per month at no cost (based on a 25 litres per person per day for an assumed average family of

eight): http://www.acwr.co.za/pdf_files/02.pdf

Chile, the main exception where municipal water is distributed by independent private firms, where all costs are fully recovered through water tariffs, introduced the Solidario system in 2002. As part of it, authorities set a percentage of a household's water bill that can be subsided: not less than 25% or more than 75% of consumption, up to a total consumption of 20 m3 per month. In 2010, 702,000 households received such a subsidy.



Paid per m³ of drinking water, in US¢

A lot remains to be done

About 800 million people in the world still lack access to safe drinking water – the discussion about the human right to water has to continue, not in largely abstract, legal terms but rather as debate about its practical, and in that respect also political, implementation.

This blog is only one among many sites looking into this important topic – but with your comments we may add a few new ideas. I welcome your thoughts.

17 Comments

Reply | Link

William Sarni - Director and Practice Leader, Enterprise Water Strategy @ Deloitte Consulting LLP

October 25 2012 - 02h54

Historically, the issues of a human's right to water and pricing water according to its value have been viewed as conflicting positions. However, I think access to water and 'fair' pricing can be reconciled.

In order to do so, the questions to be addressed are:

- How can access to clean water be provided for everyone?
- How can water be managed sustainably for human and ecological needs?
- How can water be priced "fairly" to cover infrastructure costs such as extraction, treatment, delivery capital costs and maintenance?

Many people might agree that considerable progress is needed in providing access to clean water along with sanitation and that the answer to the second question above is the topic of considerable research and public policy initiatives.

I think the third question is of certain importance. In order to price water fairly, the challenge of how to pay for the water extraction, treatment and delivery of clean water has to be addressed. This challenge is not only relevant to developing countries but also developed countries as their water infrastructures are likely in dire need of repair to meet the increasing demand.

The two examples cited in the post – public policy and water pricing aligned – provide viable answers to the quandary of providing access to clean water (at a set volume) at a "fair" price while not providing "free" unlimited use of water.

One point that was not prominently raised in the discussion is how can public policy and pricing increase the efficient use of water? Overall, the general populations' use of water is very inefficient, possibly because there are no real incentives to use water efficiently. We simply cannot continue this behavior as we will certainly see the impact of scarcity in the near future if we do.

I think public policy – which establishes water use and efficiency targets – could be aligned with pricing, resulting in cost aligned with usage. The result could be the higher the usage of water the higher the price, creating awareness of the cost and encouraging responsible usage behavior in the general population.

I believe this could potentially be a sound start to building sustainable water management practices.

Best, Will

William Sarni
Deloitte Consulting LLP
Director and Practice Leader, Enterprise Water Strategy

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Peter Brabeck-Letmathe - Chairman @ Nestlé

November 06 2012 - 10h01

Dear Mr Sarni

Thanks for this comment – and apologies for a late reply, I was travelling. I agree with your questions, I think they address the heart of the matter. And stories like those from Phnom Penh water supply show that those who follow your implicit and explicit advice get to the right solutions. I also agree with the importance you give to public policy, less however with an approach for general efficiency targets, but more with comprehensive, watershed-based solutions, that bring withdrawals back into line with natural renewal in a cost-effective way. I wonder whether this approach is also part of your advisory work in this area.

Best

Peter Brabeck-Letmathe

Reply | Link

Valerie @ Deur Design

April 17 2013 - 16h18

I am wondering what Peter Brabeck-Letmathe thinks about horizontal drilling (fracking) for natural gas and the damage it can do to water, whether it is water in the public domaine, private wells or the water, spring or otherwise, that Nestle pumps to sell.

Reply | Link

Victoria Kelley - Citizen @ Individual

April 17 2013 - 16h57

Hi Peter. I came across this blog when you posted it as a response to a rather inflammatory interpretation of an interview you gave on the issue. keithpp.wordpress.com/.../

While I didn't agree with that fellow's interpretation of your intent, truth be told, my inner idealist tends to throw in with the free for all (or free-for-all, as it may be) rendition of Water as a basic human right. I wanted to illuminate for you one point of view that this idea tends to come from.

Things I feel I know, that have colored my perception:

#1 - The vast majority of water is not used in home or in small scale general public use as you've focused on. "Domestic" world wide water usage accounts for 10 percent of total consumption. In some Industrial nations, Industry can account for up to 80% of all water use. In developing nations, of course, Agriculture is the primary consumer, tipping the worldwide average for this use to 70% or 90% by some estimates. Now, when we talk about Agriculture, are we really talking about Mr. Smith or Mrs. Punjabi pumping water for small scale, inefficient family farms as you've illustrated, or are we talking about large scale, water intensive cereal crops and meat producers? As Sandra Postel (and others) has said, "Grain is the currency by which we trade water." These are large, manageable systems, not intrinsic acts of individuals.

#2 - Fresh water is inherently clean and potable in it's natural state with minor purification. The only reason it needs to be sanitized and managed to begin with is because of our irresponsibility in keeping this precious resource clean. I grew up in various parts of Appalachia where it used to be common to pull our weekly water from a public spring on the side of the road. Others, anyone who owns a good bit of property, have their own springs and wells. At some point, after one suspected bacterial contamination, all of our usual springs were closed to the public. You may say "well, yes, that is a big risk with that kind of free system." Translated in the developing world, where water can be more scarce and population more dense, and where sanitation is not something to take lightly, this kind of bacterial contamination of the water supply can account for a rather high percentage of total disease and death.

Your solution, that of Industrial sanitation and management of household water even in rural areas, includes a rather grim assumption that disease and pollution is essentially part of the "natural state" of water. This is worrisome to many people, myself included. In that sort of world, protecting our fresh water supply is a non-issue as it is believed human ingenuity can defeat any contaminate but it can't defeat the necessity for contamination. Many of us on this lovely and abundant earth do not believe a government or private issued bubble is the solution to our environmental and social woes. We believe the solution to carry into the future for

clean, readily available water must start with the problems.

A partial list of areas that problems can be found, in no particular order: Human waste sanitation in dense and low populations, Agricultural practices, Industrial practices, and very lastly, other domestic management (grass watering and car washing for instance).

My father in law used to regale me with stories in his neck of Appalachia, where some of the particularly poor or less forward thinking individuals would pump their septic and water waste straight into the creek or river in the backyard. As you can imagine, Industries along the James River were no less forward thinking, and did the same thing on a larger scale. Thank goodness someone stepped in and made some rules. But even so, it was the very poor and under educated, and large, private companies who chose to do this. A small percentage of people with a large impact rather than, as you've alluded to, all of us significantly contributing in a way that cannot be reasonably legislated or otherwise controlled. In my research years ago on pollution of the Ganges River in India, I turned up about the same proportions as in the James of pollutants from poor, rural families and large industrial operations, mainly poorly run waste water treatment facilities from larger cities. Part of my own definition of a Public good is that if one person exploits or diminishes the good, they are robbing from all their neighbors. The "tragedy of the commons" is a terrible straw man in the industrialized world where there are resources to educate the population on hygiene (that is already largely educated in this area). As such, with representation from a democratically elected government from a body of educated individual citizens, public stewardship is inherent and the private sector does not fill this need.

All that said, if you'd like to run your experiments in privatizing an essential component of life in the developing world where governments aren't as robust, public dollars as plentiful, and citizen participation as practiced, it could surely be an improvement. I can't help but worry, though, that here in America, Privatizing our waterways and aquifers would be taking several steps back to the time of the old James River. If you would like to spell out precisely your proposed mechanism of ownership and accountability to the public at large, I would be happy to pass it on in order to dispel the general fears of robber barons guarding the town Well. Thank you for taking your time and putting on your most patient hat to read my post. Best wishes.

Reply | Link

Peter Brabeck-Letmathe - Nestlé @ Chairman

April 18 2013 - 14h49

Hi Victoria,

Many thanks for your very thoughtful comments - I cannot respond to all of your points, but I will take some time to think about them.

Just two aspects: there has been a increase in population growth since our parents and grandparents' generation, and the fact that water was still abundant compared to all our withdrawals is now being overused. I posted several comments on this: industry playing a big part in energy production, cereal production across the world, and increasingly biofuels (again several posts).

But my point is: The water you need for survival is a human right, and must be made available to everyone, wherever they are, even if they cannot afford to pay for it. Here is my latest post: www.water-challenge.com/.../...t-some-clarity.aspx

You address other important aspects, which I will come back to at a later stage. But maybe other readers of my blog might have ideas on this? Regards,

Peter

Victoria Kelley - Citizen @ Individual

Reply | Link

April 18 2013 - 20h10

Peter, thank you so very much for taking the time to consider the perspective of some of your detractors and myself. I have a great deal of respect for you and your willingness to reflect on and deeply consider your approach to an issue that I'm beginning to see is very important to you. I am grateful to have the opportunity to do the same, by researching primary sources and reading arguments on all sides that put them forth. In a recent Guardian interview, you said: "This amount of water [approx 30 litres] is the primary responsibility of every government to make available to every citizen of this world, but this amount of water accounts for 1.5% of the total water which is for all human usage."

Here is my concern: Going by my statistics above (which may or may not line up with ones you have), the other approx. 9% of total water usage that is used domestically is considered a luxury and should have a market value like any other. I understand that you're concerned about food security and the "nexus" relationship between that and water. It seems you understand the depth and breadth of this nexus better than just about anyone. However, some of your customers and the concerned public see this as insincere grandstanding in light of comments coming from your otherwise very professional PR dept (don't recall if you've said anything of the sort) that seem to blame our scarcity on swimming pools and lawns. From someone who is beginning to see where you're coming from, I believe emphasizing the responsibility that Big Agriculture and Big Industry have in being good stewards of our resources, will go a long way in calming the storm. The "blame 'em then save 'em" approach seems to be the real thorn in the side. Calling on your fellow Multi-nationals to do everything in their power to conserve, mitigate impact, and repair our precious water (I understand that you feel commoditization will have this effect, but many would like to see the muck boots and work gloves come out) would be a better long term approach for all concerned parties than pointing the finger at NGO's and individuals.

Thank you again. My sincerest support to you on your journey to discovering the best solution to this growing crisis.

Reply | Link

Michael Barnett - Backroom Lead @ Sears Holdings

April 21 2013 - 07h01

At this point, I would simply like to thank the both of you for a levelheaded, intelligent discussion. I came here "mad as hell" because of a meme that's floating around the internet, but I was (pleasantly) stunned to discover the depth of rational thought put forward on the matter by Mr. Brabeck-Letmathe, and to discover adults having serious discussions. I believe we're on the same page regarding one most serious ethical issue: every single human being has a right to clean water for personal hygiene and for consumption. Where we diverge, I think, is opinions on best management practices, as well as the "relationship" humans have with water, particularly in the so-called First World nations. (i.e., is it a basic right or a consumer commodity? If it is a commodity, how do we assign value and trade?)

Reply | Link

Chris Granner @ cgmusic

April 17 2013 - 17h51

The case made by the author and affirmed by Dr. Sarni supports and provides justification for sound management of a potentially scarce resource. However this argument doesn't provide more than implicit support for privatization of any part of that management, with its (also implicit) profit component; without question a double-edged sword as efficiencies of capital allocation under competitive circumstances are set against the extractive (and potentially cost-externalizing) financial flows to the private entity.

I submit that any public/private partnership to deliver safe drinking water (NOT a right, in my view, but rather an opportunity to extend the amount of time any bioregion can support a human population) be constrained by certain criterion, primarily an ongoing, objective measure of the health of the natural water supply - in the Punjab, for instance, this would be done by observing an increase in the water table elevation. Evidence of the opposite result should trigger a review in which the partnership is investigated for extractive behavior (either of the water, as in the case of Ice Mountain's practice of mining fresh water from the Michigan watershed, or of outsized financial flows to the private partner) or of out-and-out corruption — with the burden of proof on the officers managing both sides of the partnership.

Reply | Link

Michelle Beauchamp - writer / editor @ self-employed

April 17 2013 - 21h00

This is an interesting debate to be sure. However, there is one point that I think is crucial. Water is a human right. As such there should be no charge for access to adequate, safe, clean, water. EVER.

I do agree that there needs to be regulation so that water is not wasted and measures taken at every level - individual, community, state, as well as corporate - to ensure this. The first step is education, not deprivation. Untargetted subsidies, as you point out, do not seem to work; providing water free up to the level of basic needs seems a better idea.

If Nestle is serious about water conservation, I was wondering if you could please tell me what measures have been taken worldwide to reduce water consumption in your many processing plants, and whether you have undertaken any educational initiatives in the communities where you operate, with your employees as ambassadors. I know I certainly haven't heard of any in the Pacific NorthWest.

Could you also confirm that none of your top-level executives have private swimming pools at any of their residences? That would not fall under "basic human need."

I enjoy quite a few of Nestle's products, and would prefer not to boycott, or encourage others to do so, if Nestle is in fact promoting water conservation out of anything other than self-serving profit-centred policies. However, that does not seem to be the case.

I look forward to a response.

Reply | Link

Peter Brabeck-Letmathe - Nestlé @ Chairman

April 18 2013 - 17h26

Dear Michelle,

Thank you for your comment. I agree, water for survival is a human right and should be free. Here is my latest post: www.water-challenge.com/.../...t-some-clarity.aspx

We take the issue of water conservation very seriously and are supporting sanitation and hygiene projects worldwide. Take a look at our initiatives in the communities where we operate: http://bit.ly/Water projects

Also we're working hard to reduce water consumption. We've cut water withdrawals per tonne of product by almost 1/3 since 2002. Regards,

Peter

Reply | Link

Santhosh Kumar @ Own Company

April 18 2013 - 12h33

Hope you get some time to read the comments in this post..

keithpp.wordpress.com/.../

Reply | Link

Peter Brabeck-Letmathe - Nestlé @ Chairman

April 18 2013 - 14h57

Dear Santhosh,

I have read this and it seems people are using it to misrepresent my views on this important issue. Water for survival is a human right and should be free. Here is my latest post: www.water-challenge.com/.../...t-some-clarity.aspx Regards,

Peter

Reply | Link

Geoff Keey @ consultant

April 18 2013 - 23h47

The 'tragedy of the commons' is an argument, not for privatisation, but for well regulated management of common resources. Privatisation is no guarantee of

sound management in of itself because the owner of a firm may have an incentive to asset strip and incest elsewhere.

For example, owners of fishing quota may find it beneficial to promote expansion of quota beyond sustainable limits if the income they gain can be re-invested in higher returns than fishing. In New Zealand, the then new private owners of the rail network asset-stripped by refusing to invest in maintaining track and rolling stock which enabled higher dividends but nearly destroyed the rail network - the rail networ was renationalised to ensure its survival because the public good value of the rail network was not reflected in company behaviour.

Likewise efficient market pricing does not mean a fair outcome. Efficient market pricing of a scarce resource means that it goes to those who are willing to pay the most for it. For a vital need - such as water - this can mean very unjust outcomes. Furthermore, in a market where entry to the market is limited (such as utilities) there can be a strong incentive to constrain supply in order to lift the price. This has certainly been the case with the New Zealand electricity market.

All these features of private marets suggest to me that public ownership and control of water is the way to go.

Reply | Link

Lorrie Beauchamp @ Journalist-Writer

April 19 2013 - 21h12

Too funny. Water is not a human "right" any more than is air. Why all this debate over the semantics? Some visionaries understand that humanity has polluted both air and water and some opportunists see that, as a dwindling resource necessary for our survival, water can be controlled like gold and oil and exploited for profit. Can we at least agree that this is what we're talking about? Otherwise, I'll just go empty my free bucket of rain water to brush my teeth with...

Reply | Link

Amar Singh @ Individual

April 20 2013 - 13h19

I agree with Mr. Keey. The conclusion that seems to be implied by Mr. Brabeck that water should be a good to be bought and sold by private companies does not emerge from the 'tragedy of the commons'-argument. This seems a rather crucial point to me and I wonder whether there will be an interesting answer to it.

Reply | Link

Anders Lindström - thinker @ water drinker

April 29 2013 - 00h29

First of all, I must say that I totally agree with Mr. Peter Brabeck-Letmathe.

But there is just a small problem with idea private companies owning the water supply. Everybody in the western world is already paying for their clean healthy water. But who are the people that doesn't have access to clean water? Yes, poor people in developing countries.

Peter, don't you think it be fair enough if large multi national companies who have made billions in profits because they have taken advantage of these countries resources, polluted the air and ground due to lax law and used their cheap labor, had to pay back with providing clean water to those poor people? You could never do these profits you are making if it wasn't for these imbalances. I am a market liberal. I am in all for profits. But not if someone else have to subsidize YOUR profits, which is the case when you can put the pollution and clean up burden on someone else. I.e the people. Try the methods that you use in south east asia to produce food with in Europe if you think they work so well. Nestlé will spend the next 50 years in courtrooms settling suits for polluting the drinking waters with pesticides.

What will this lead to? Hopefully that MNE's becomes much much more careful when it comes polluting the air/water. Because it will be them who will have to pay to get it clean again. No, don't say that it's subcontractor or subcontractors subcontractors responsibility.

Water should be privatized. There are no free lunches, this time its time for the MNE's to take the bill and clean up the mess they have created.

Regards

/Anders

Reply | Link

Jonathan Abra - Water professional @ writing in a private capacity

May 01 2013 - 18h11

The Tragedy of the Commons is a very real issue when it comes to water. It is often said that water is a 'God-given right'. Sadly God doesn't always put it where people are or make it very easy to get at or crystal clear and pathogen-free. He also doesn't, generally speaking, remove the effluent that we generate or treat that to ensure that our watercourses and aquifers aren't polluted. Nowhere in the world is clean water and sanitation provided for free. Water is heavy and expensive to move and treat. Where it is free at point of use that means citizens' tax dollars have been appropriated in subsidizing the collection, treatment and distribution of the raw water, building and maintaining the infrastructure. Governments are not good at running utilities efficiently and there are all sorts of reasons why the mayor running for re-election will build a shiny new library ahead of allocating funds to fixing leaky distribution mains that no-one ever sees.

There are, of course, horror stories relating to the unfettered privatization of stateowned assets. While it is by no means perfect, the UK model of regulated privately-owned water and wastewater utilities has demonstrated the ability to raise enormous sums on the financial markets for investment in improvements to processes, cleaning up rivers and maintaining supply of top-quality tap water. This is reliant on political will and sound governance. As long as water is unregulated and 70% of it is used in the production of food (at least, 70% is the figure quoted for irrigation - much more is used in processing and preparing food) how can the value of it be captured? Until serious investment is made in water infrastructure the poor will be disadvantaged - the rich will develop their own supplies or bribe officials or buy bottled water (don't even get me started on bottled water!). A properly regulated water industry that is incentivised to make a reasonable level of profit is a political good and an economic good - only with a reliable supply of clean water and sanitation will a population thrive, work and grow.

Lots more to say but given that most folk will have given up by this point I shall leave it at that!

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www.water-challenge.com/post/2012/10/04/Water-is-a-human-right --- but-not-a-free-good.aspx#. UcCSvLVTrUI-right --- but-not-a-free-go