

GLOBAL NETWORK FOR JUSTICE

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Poverty Reduction Strategy Papers

“Private Sector Fundamentalism”

Creating a level playing field” is the buzz-phrase for the private sector development part of the policy matrix. The target is to enact, revise or implement a code of commerce (called the Business Law in the Lao PDR, the Law on Enterprises in Vietnam, the Commercial Code in Cambodia, or the Securities Law in Guyana). Changes to Foreign Investment Laws are also targeted, along with new mechanisms to allow private sector participation in the financing of public infrastructure, like the Building-Operate-Transfer (BOT) laws and their many variants.

Bank-Fund led reforms are geared towards creating hospitable environments for *foreign* private investment, and not necessarily towards expanding a responsible and publicly accountable domestic private sector. However, since much of this foreign investment is in public utilities in which a number of foreign corporations from donor countries are interested, and given the fact that privatization is a *de facto* condition of PRSPs, the true motivations behind such reforms are questionable.... The bottom-line in privatization programmes is for the private sector to take over from government, no matter what.

Deregularization: Setting Free Key Economic Sectors

Policy matrices for Asian, African and Latin American client countries dictate varying levels of wide-ranging reforms in the regulatory set-up of key economic sectors. From agriculture to finance, water to power, transport to telecommunications, all the major sectors are covered. While some reforms in the governance of economic sectors are necessary to do away with problems of corruption and abuse of privilege, poor countries are often not able to oversee economic reforms since they have relatively weak regulatory and

institutional mechanisms that can address emerging problems. A more serious concern, however, is the abrogation of preferential access or treatment for unprotected domestic constituencies, as in the case of small domestic producers and users of credit when development banking is recast in favour of financial sector.

Social Policies via the Market

Land and water are perhaps 2 types of resources that income-poor people have the strongest affinity with. Land and water represent multiple values for local populations and larger national and commercial interests.

The Poverty Reduction Strategy Papers (PRSP) tackles the controversial issues of land rights and access to natural resources through changes in the legal framework for access, use, ownership and transfer of lands and water. Specifically, land titling, tradability and marketability are made possible with the view towards ostensibly reducing uncertainty in land markets and increasing incentives for investments on land. This is the focus for the land resource management in Cambodia and Lao PDR. In Benin, Ethiopia, Madagascar, Mali, and Uganda, the policy matrices opt for “appropriate pricing policy” for water use either through “cost sharing,” “cost recovery” or “significant users’ financial participation”. User fees and cost recovery - reminiscent of Structural Adjustment Programs (SAPs) are also resurrected in other social services. In health services, they are being reintroduced in Burkina Faso, Ethiopia, Guyana, Madagascar, Malawi, Mauritania, Chad, Tanzania, and Uganda.

Article was prepared by Jenina Chavez Malaluan and Shalmali Guttal from Focus on the Global South, January 2003, <http://www.focusweb.org>

Water, An Essential Element for Life

“Inadequate access to safe drinking water affects the

well-being of over 1 billion persons, and more than twice that number have no adequate sanitation,” the Pontifical Council for Justice and Peace said in a paper for the March 16-23 *Third World Forum on Water*, held in Kyoto, Japan. This year is the United Nations International Year of Water. “The water that exists today would be enough to meet human needs if it were equitably distributed throughout the world. Since it is not, there arise situations of scarcity - some due to natural causes and others due to a range of human activities,” said the council’s paper. It said: “Sufficient and safe drinking water is a precondition for the realization of other human rights.... There is a growing movement to formally adopt a human right to water.” The principal difficulty involving water today, the council said, “is not one of absolute scarcity but rather of distribution and resources. Access and deprivation underlie most water decisions. Hence, linkages between water policy and ethics increasingly emerge throughout the world.” The poor suffer far more from scarcity of water than do the wealthy, the council said. Moreover, “sustainable water policies will not be attained in areas which are impoverished in many other aspects.” The council discussed environmental dimensions of water-related issues and examined ways that water scarcity contributes to conflicts between people. “When water is scarce, competition for limited supplies has led nations to see water as a matter of national or regional security. History provides ample evidence of competition and disputes over shared fresh water resources,” said the council. It added that “tensions arise with increasing frequency over projects to dam or divert water by countries in a powerful position upstream from their neighboring countries.”

The Water Issue: Some Ethical Consideration

Respect for life and dignity of the human person must be the ultimate guiding norm for all development policy, including environmental policy. While never overlooking the need to protect our ecosystems, it is the critical or basic needs of humanity that must be operative in an appropriate prioritization of water access. Powerful international interests, public and private, must adapt their agendas to serve human needs rather than dominate them.

The human person must be the central point of convergence of all issues pertaining to development, the environment and water. The centrality of the human person must be foremost in any consideration of the issues of water. The first priority of every country and the international community for sustainable water policy should be to provide access to safe water to those who are deprived of such access at present.



The earth and all that it contains are for the use of every human being and all peoples. This principle of the universal destination of the goods of creation confirms that people and countries, including future generations, have the right to fundamental access to those goods which are necessary for their development. Water is such a common good of humankind. This is the basis for cooperation toward a water policy that gives priority to persons living in poverty and those living in areas endowed with fewer resources. The few with the means to control cannot destroy or exhaust this resource, which is destined for all.

People must become the “active subjects” of safe water policies. It is their creativity and capacity for innovation that make people the driving force toward finding new solutions. It is the human being who has the ability to perceive the needs of others and satisfy them. Water management should be based on a participatory approach, involving users, planners and policymakers at all levels. Both men and women should be involved and have equal voice in managing water resources and sharing of the benefits that come from sustainable water use.

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