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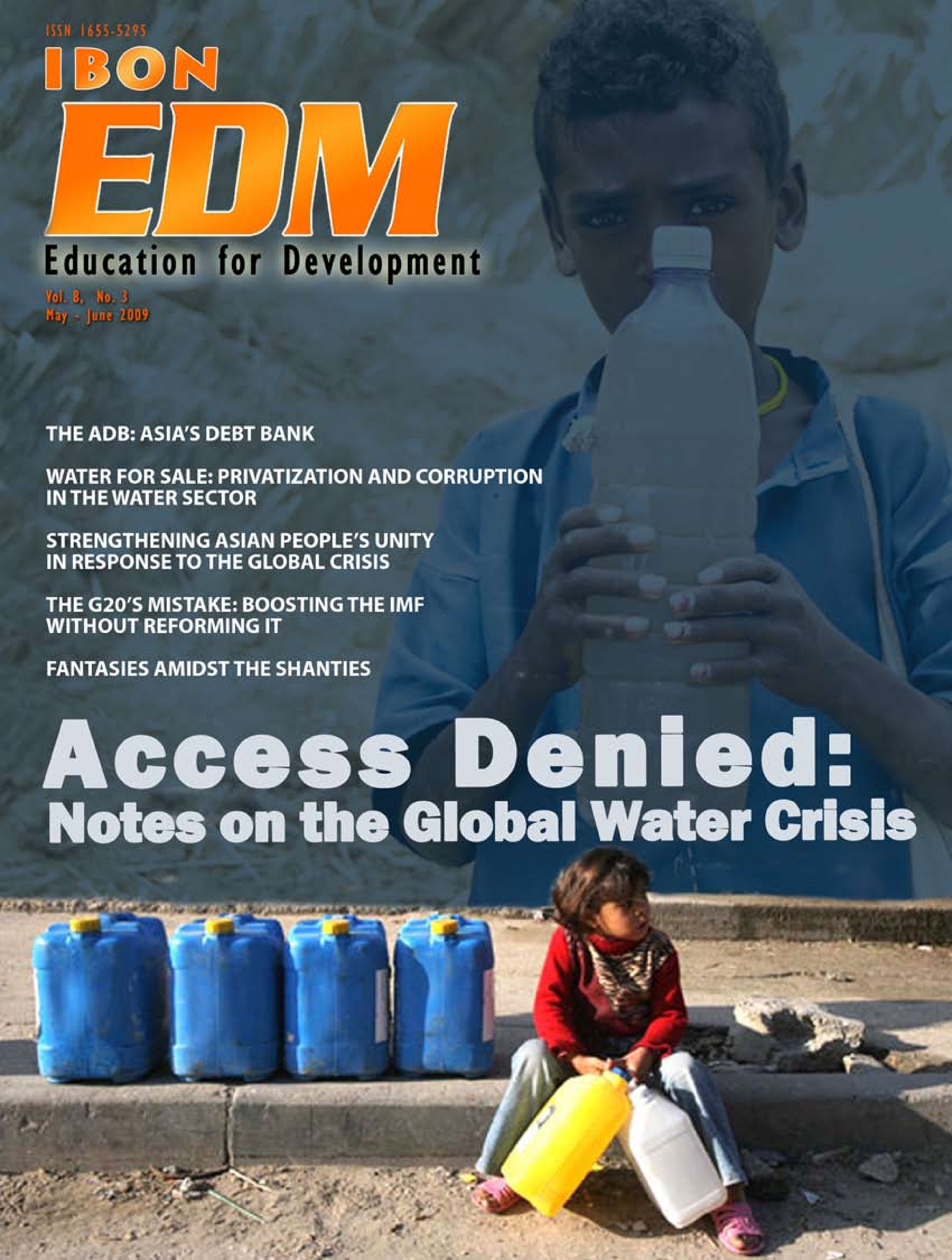

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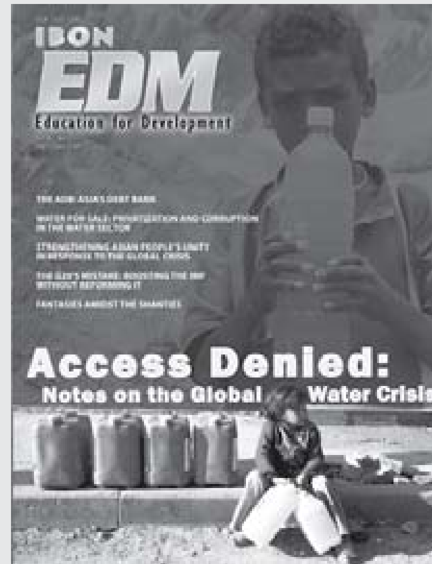

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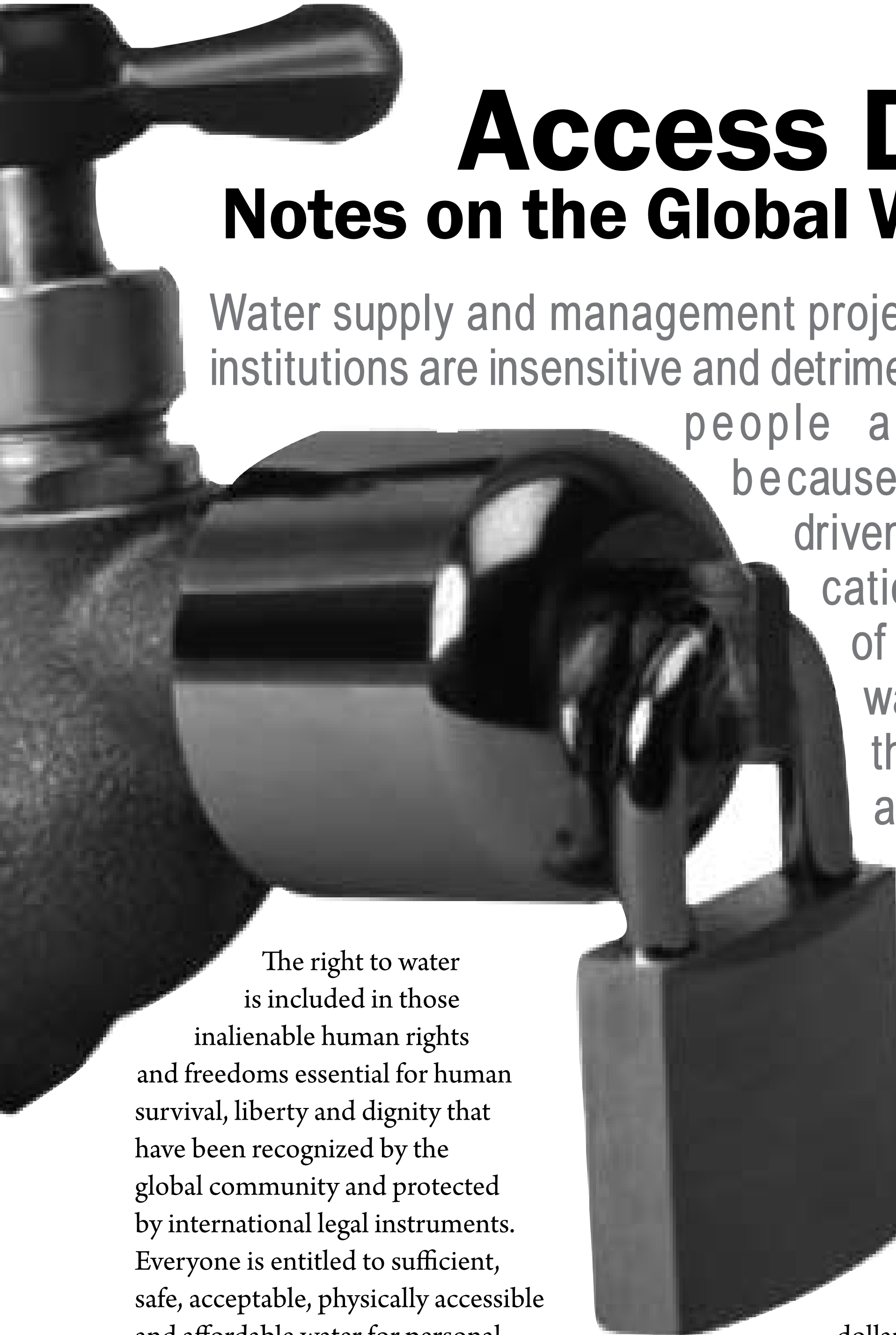
IFI Water Watch [i]

Access Denied:
Notes on the Global Water Crisis



Water supply and management projects of multi-lateral institutions are insensitive and detrimental to the needs of people and communities because they are market-driven. The commodification and privatization of water supply and water services violate the principle of water as an inalienable human right.

The right to water is included in those inalienable human rights and freedoms essential for human survival, liberty and dignity that have been recognized by the global community and protected by international legal instruments. Everyone is entitled to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic uses. The human right to water unequivocally affirms that water is a public good and not a commodity.

A global water crisis is threatening the life and health of millions of vulnerable sectors and marginalized, impeding them in attaining their right to development. The 2006 United Nations Human Development Report (UNHDR) estimates that 1.1 billion people lack access to safe water while 2.6 billion people lack access to decent sanitation, 63% of this number is in Asia. People who subsist under less than a dollar a day are the immediate victims.

The Water for the People Network (WPN) cites that 443 million school days are lost to water-borne illnesses. Almost half of the total population in developing countries suffers from health problems linked to lack of water and sanitation. Countless women and children are forced to walk long miles and carry backbreaking gallons of water from questionable sources every single day. Lack of access to safe drinking water has become the world's second largest killer of children, killing 1.8 million children annually.

As more and more peoples experience water shortages, inequity in access gives rise to intensifying conf icts in the demand for water. The economic, social and political impacts surrounding the control, accessibility and affordability of water resources are sources of economic and political conf ict.

The Culprit: Profit-driven growth

Big investors in the profit-driven game of mining and other industrial activities cannot but continue to pollute natural water supplies such as underground water, rivers, lakes and streams. The unreasonable speed of industrialization creates heavy metals and acids—pollutants that contaminate water resources.

To deliver water to commercial and industrial sites, mega dams have been constructed and streams diverted. The total number of dams from all over the world has increased from only 5000 in 1950 to 38,000. The number of altered waterways for navigation increased from 9000 in 1990 to half a million today.

Infrastructure projects have caused f ooding, displacement, loss of access to the land and its livelihood resources. Indigenous, agricultural and poor urban communities are grossly affected by waste water, 90% of which is discharged untreated by big business into local streams and rivers. Water-related diseases like cholera and the deadly E. coli bacteria are most rampant in Asian, African and Latin American countries. Altered water systems have led to serious environmental, social and economic problems such as siltation, increased salinity, physical and economic displacement among other things.

The profit-driven model takes advantage of the fact that resources are not infinite. In the

watercommunity.blogspot.com

case of water, only 1% of the total water on earth is freshwater. Human and animal water consumption is only limited to half of this small percentage as the remaining amounts constitute glaciers that are inaccessibly buried in ground water and soil. Continental rainfall which is approximately produced in 40,000-45,000 cubic km. annually is the only renewable source of water.

The control and supply of water are seen by big business as capital and a source of profit. Under the guise of greater efficiency of private over public ownership, big business and multi-lateral financial institutions exploit this limited resource, treating it as if it were a tradable commodity like others supplied by the market. This is their justification for the privatization of utilities and the accumulation of profit.

The UNHDR's 2006 report states that there is more than enough water to go around. What this means is that the limited physical availability of water is not the sole factor that affects water shortages worldwide. The shortage of water, particularly for the poor who suffer from it, is a problem of inequity in access among countries and within societies.

One in every five people in developing countries lack access to at least 20 liters of safe water- the basic access to water set by the World Health Organization (WHO). In contrast, average use is 10-15 times that amount for Europe and close to 30 times that amount for the United States. Inequity to water does not only exist between rich and poor countries but within societies. Urban residents have more reliable supply than rural residents. According to the United Nations Children's Fund (UNICEF), 10% of the urban population and 28% of the rural population do not have access to potable water while 21% of the urban populations and 75% of rural populations do not have access to sanitation services worldwide.[ii]

That water is finite need not result in world populations suffering for big business. The issue of inequity in access as a factor that greatly affects water shortages more than other variants such as climate change, population explosion, geographical make up, urbanization and increasing demand is telling of how the commodification and the privatization in the water sector cannot solve the water shortage. Therefore, any institution that reinforces these schemes must be exposed and opposed.

ADB: Bungling it Badly

The Asian Development Bank's (ADB) "Water for All" policy stands as its water sector agenda in the Asian Region. The governing logic of this policy are tradable water rights, private sector participation/provision, full cost recovery and the elimination of subsidies. Disastrous results have followed after each and every project that is shaped by this flawed logic.

The Melamchi Project (Nepal)

www.adb.org

In 2008, ADB's multi-million Melamchi Project in Nepal showcased water-related corruption in the country. The $371 million project that aimed at conducting 170 million litres of water every day from the Melamchi Valley to the parched Kathmandu valley through a 26 km tunnel. Transparency International (TI) suggests that the project "was bogged down by vested interests."

The controversy involved former prime minister Sher Bahadur Deuba and Minister Prakash Man Singh who allegedly awarded the contract to their supporters. The two ministers were subsequently found guilty and jailed, delaying the project which was conceived 17 years ago.

The Melamchi Project demonstrates that where private lucrative contracts are concerned, the "water for all" policy can only spawn corruption in the water sector and deprive many of their right to a vital government service.

Kirindi Oya Irrigation and Settlement Project (Sri Lanka)

Photo by Rollie del Rosario

The Kirindi Oya Irrigation and Settlement Project (KOISP) in south-eastern Sri Lanka is one project funded by ADB which generated water shortage and social unrest.

As a considerable number of citizens live in congested areas, the project aimed to develop a resettlement that was conducive to farming. Irrigation and the development of new lands became the project's central focus in order to ensure employment, increased agricultural output, enhanced foreign exchange savings, and improved nutritional standards and income.[iii]

The project, however, was conducted without proper analysis of costs and benefits, not even with an Environment Impact Assessment (EIA) or participation from the community dwellers. Fertile fields were sacrificed for a reservoir that was rendered useless by the remaining infertile fields. Due to the shortage of irrigation water, laboring people had to move out of their village to seek for employment. Those who are fortunate enough to find one, and they are only a few, worked as farm laborers, earning for themselves a measly Rs 125 per day compared to their previous Rs 220 per day. Women in particular ended up looking for domestic work in the Middle East, making them vulnerable to horrible working conditions and exploitation. While some journeyed to Colombo and were prostituted. Children's education had to give on account of family conflicts and territorial disputes.[iv]

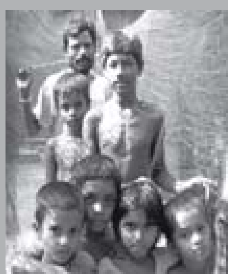


Photo by Melissa Dale

Khulna Jessore Drainage Rehabilitation Project (Bangladesh)

Khulna Jessore Drainage Rehabilitation Project (KJDRP) was approved by the ADB in 1993 and completed in 1999. Contrary to ADB's claim of a satisfactory project output, the KJDRP is one of the most controversial projects in Bangladesh. The Water for the People Network (WPN) and other local and civil society organizations hold the ADB accountable for funding a project that simultaneously inundated several hundred hectares of land and dried up rivers, making it impossible for the people to survive.

Earlier on, local communities had already expressed their suggestions for an effective way to manage tidal flows based on their own experience in the area. These alternative methods were ignored by the ADB. Wanton disregard for democratic participation and indigenous knowledge have caused KJDRP to fail miserably. Rather than effecting an increase in livelihoods and agricultural outputs, the KJDRP exacerbated environmental problems in the area. Civil society organizations assert that KJDRP resulted in "more water logging in Northwest area (Jessore) of the project, worsening the existing drainage problem as the Hamkura River dried up. They also claim that KJDRP contributed to the extinction of local fisheries and loss of livelihood of local fisher-folks."[v]

On August 2006, a Writ Petition was filed by the Bangladesh Environmental Lawyers Association (BELA) and the Bangladesh Legal Aid and Services Trust (BLAST). These organizations sought judicial intervention in order to address the suffering of the people who lived in the 144 affected villages. The High Court ruled that all the services, goods, medicines and other forms of support be delivered to the affected villages.[vi]

Clearly, ADB's Melamchi Project, KOISP and KJDRP are proofs of the bank's unconscionable methods of governance that has caused people their livelihood, peaceful coexistence and dignity.

Water and the Private Sector: A dangerous mixture

The Philippine case proves wrong ADB's assumption that the private sector is more efficient than its public counterpart. The privatization of the Manila Metropolitan Waterworks and Sewerage System (MWSS) initially promised continuous water supply,

optimum quality water and lowered tariffs. None of these promises have ever been fulfilled. Instead, the people have been subjected to rising water rates, poor water service, threatened public health and burdened the government with increased debt.

The current Macapagal-Arroyo administration warns the public of a full-blown water shortage by 2010 as a pretext for the Integrated Water Resource Management (IWRM) approach. This approach, as critiqued by the WPN, would open the door for the wholesale corporate takeover of water resources in the country. At present, each Filipino only has 1,907 cubic meters of freshwater–the second lowest freshwater availability in Southeast Asia. After a ten-year period of privatization from August 1997 to January 2007, water rates hiked by 357.6% for Maynilad (operated by Suez) and 414.4% for Manila Water (under UK's United Utilities and Mitsubishi Corporation).

While the poor are literally dried up and deprived of their right to water, the rich profiteers through their institutional conduits such as ADB, the World Bank and similar institutions benefit from this dire condition by selling the expensive drama of "water scarcity."

ADB's "Water for All" policy has driven the commodification of water and the privatization of water service to a speed that has injured the health and threatened the lives of poor communities. This complete disregard for their right to water is unjust and an act of absolute exclusion to those who are already marginalized. For the poor and the laboring people, there is no time like the present for a decisive struggle for the human right to water.

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i This article is reproduced from the April 2009 maiden issue of IFI Water Watch Alerts, a project of the Water for the People Network. The IFI Water Watch monitors IFI funded water projects in Asia.
ii Right to Water Module by the Water for the People Network
iii International Financial Watch
iv Ibid.
v Monitoring Post Project Completion Evaluation Process: Khulna-Jessore Drainage Rehabilitation Project, Water for the People Network.
vi Ibid.

THE ADB: Asia's Debt Bank

IBON Features

In a two-day people's opinion tribunal held in Bali, Indonesia on May 2 and 3, 2009, the Asian Development Bank (ADB) was charged by civil society groups and grassroots sectors from the Asia Pacific region for human rights violations.

Organized by non-government organizations (NGOs) led by the Asia Pacific Research Network (APRN), International NGO Forum on Indonesian Development (INFID), and Institute for National and Democratic Studies (INDIES) together with peoples' organizations in the region, the Asia Pacific Peoples' Tribunal on ADB raised the voices of grassroots and marginalized sectors and exposed how the ADB has played a significant role in worsening poverty through debt entrapment, unsound governance policies and environmental degradation.

Testimonies and evidence from experts and victims from affected communities on the negative impact of ADB policies and projects were presented.

According to the groups, the ADB since its establishment in 1966 has largely focused on creating business opportunities on the f awed premise that market forces will lead to development. This has contributed to turning vital health, education, power and water

services into luxury goods inaccessible to poor majorities. The underdeveloped countries of the region have also been made to suffer high and mounting debt burdens.

Increased commerce, widened disparities

The ADB is the region's main international development finance institution and its third largest source of such funding after Japan and the World Bank. It has 67 member countries, 44 of which are categorized as "developing countries" while 19 are developed country members from outside the region including North America and Europe.

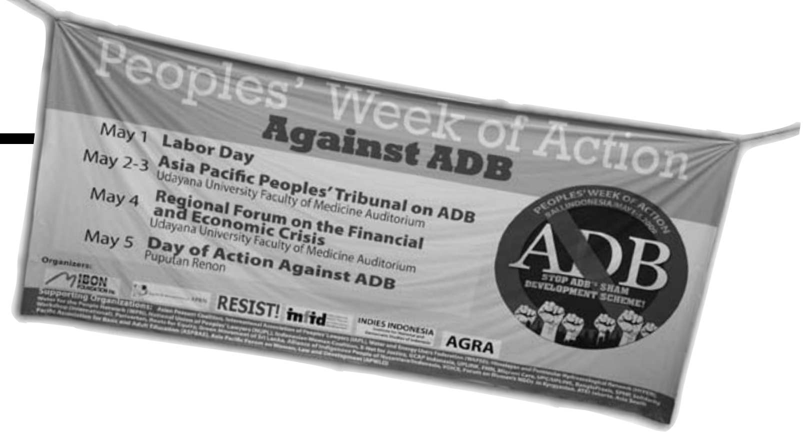
The region has supposedly seen rapid growth and great structural transformation in the last three to four decades. Yet the rapid economic growth recorded merely reflects greatly increased commerce and other economic activity whose benefits have accrued to a few. Of the 3.5 billion people living in the region, 550 million are reported hungry and 1.7 billion poor. Also, two-thirds of the world's poor and half its undernourished people are said to be in the Asia and the Pacific. The region also accounts for 40% of children who die before age five, 60% of those without safe water and 70% of those without access to improved sanitation.

Moreover, the last decades have seen widening disparities within and between countries in the region. These are not accidental. To a large extent they are the result of the distorted economic model pushed by the ADB, among others, through its loans. In this model, the economy, labor and natural resources exist to be exploited for profit rather than to improve the welfare of people.

Harmful to people and environment

Over four decades of ADB lending has resulted in vast amounts of debt used for projects harmful to people and communities as well as harmful to the environment. Loans have been used to leverage policy conditionalities which have made public utilities inaccessible, undermined social services of health and education, and destroyed local agriculture and industry.

The ADB's lending has, in short, not gone towards development. The people of the



underdeveloped countries of Asia and the Pacific region remain deeply indebted, endure intensifying poverty, and suffer economic backwardness. The underdeveloped ADB member countries' combined foreign debt stock of US$344.2 billion in 1988 (39 countries) has even increased five-fold to US$1,635.2 billion by 2006 (44 countries).

Overall, the ADB has used its lending as leverage to compel retrogressive "free market" economic policies on the underdeveloped countries of the region. These policies sustain and deepen domestic conditions of underdevelopment: trade and investment liberalization has undermined domestic agriculture and industry; privatization has turned social and public services into opportunities for profit; and deregulation has unleashed unbridled profit-seeking.

A drain on capital and finance

The ADB's conditionality-heavy loans have recently taken the form of Development Policy Support Programs (DPSPs). DPSP loans are worth hundreds of millions of dollars and identify specific policy outcomes and results as conditions for loan release which, in the absence of genuine democratic grassroots participation, are violations of peoples' sovereignty over national policy-setting and prioritization.

The debt owed to the ADB and other profit-seeking creditors is also a direct and severe drain on the scarce capital and finance of economies in Asia and the Pacific. The most evident loss is how national governments spend large chunks of their limited budgets on debt servicing at the expense of vital social services such as education, health and housing. This is made worse by the privatization of public utilities and other services, as well as regressive taxation.

Moreover, ADB loans have been used to push the privatization of power, water and health. The

guardian.co.uk

bank has imposed policy changes and financed specific projects whose main beneficiaries have been foreign capitalist monopolies in the energy and water industry and their domestic counterparts.

The ADB's debt program also creates significant commercial opportunities for companies with about US$5 billion dollars worth of contracts awarded annually for civil works, goods and services, aside from about US$175 million being spent annually on various consulting needs.

In the 2003-2007 period the US had the largest value of procurement contracts among donor members at US$1.13 billion followed by Japan (US$1.10 billion), Australia (US$484 million), Germany (US$427 million) and the United Kingdom (US$372 million).

Meanwhile, the ADB has profited and continued to grow. The ADB's net income, for instance, has been rapidly increasing despite the global crisis from US$570 million in 2006, to US$765 million in 2007 (34% increase), and US$1,126 million in 2008 (47% increase).

Accountability

People's organizations have called the ADB a bank for profit and not for development, as its programs are designed to support private sector profits, especially of big foreign capitalist interests and the ADB itself.

According to the tribunal's organizers, holding the ADB accountable for its past debt misdeeds is a first step towards justice and putting a stop to their destructive and anti-people operations. There must also be a return of payments on these debts as partial rectification of the long-standing injustice of their unremitting servicing. Holding the bank responsible would hopefully pave the way for the repudiation of all illegitimate ADB debts and their absolute and unconditional cancellation. **IBON Features**

Controversial **Laiban Dam Project** Opposed

IBON Media

Research group IBON Foundation, a convenor of the Water for the People Network, asked the Metropolitan Waterworks and Sewerage System (MWSS) to stop the joint-venture proposal of San Miguel Corp. (SMC) as well as the bidding process that will revive the controversial Laiban dam project because it is marked by allegations of corruption and cronyism.

A report by the Philippine Center for Investigative Journalism (PCIJ) revealed that San Miguel Bulk Water Co. submitted an unsolicited joint-venture proposal to build and operate the P52-billion Laiban Dam in Tanay, Rizal, but the proposal reportedly favors alleged Arroyo crony SMC Chair Danding Cojuangco. The deadline for rival bidders of SMC is on July 8, but the PCIJ report said that MWSS only made an announcement on July 2, making the project almost a done deal for SMC.

Displaced Dumagats

In truth, the Arroyo administration has been trying to revive the Laiban dam as early as 2003 when it listed the project for Asian Development Bank (ADB) loans, and later for a $910-million-loan from China. As in many anomalous infrastructure projects under the Arroyo government that are marked by allegations of corruption such as the NBN-ZTE, IMPSA, Piatco, Northrail, World Bank road projects etc., the Laiban project could possibly contain concessions that may prove profitable for a few Arroyo allies.

The SMC proposal is the latest attempt to revive the project after the MWSS abandoned it in 1989, but the deal is allegedly lacking in available public data. According to IBON, the MWSS should fully disclose details of the joint-venture deal especially since the impact of the project on water rates will be effectively shouldered by consumers.

The group fears that the deal might contain questionable details such as a guaranteed fee provision similar to the controversial CE-Casecnan Multipurpose Project which required government to pay for 20 years whether or not water is actually delivered.

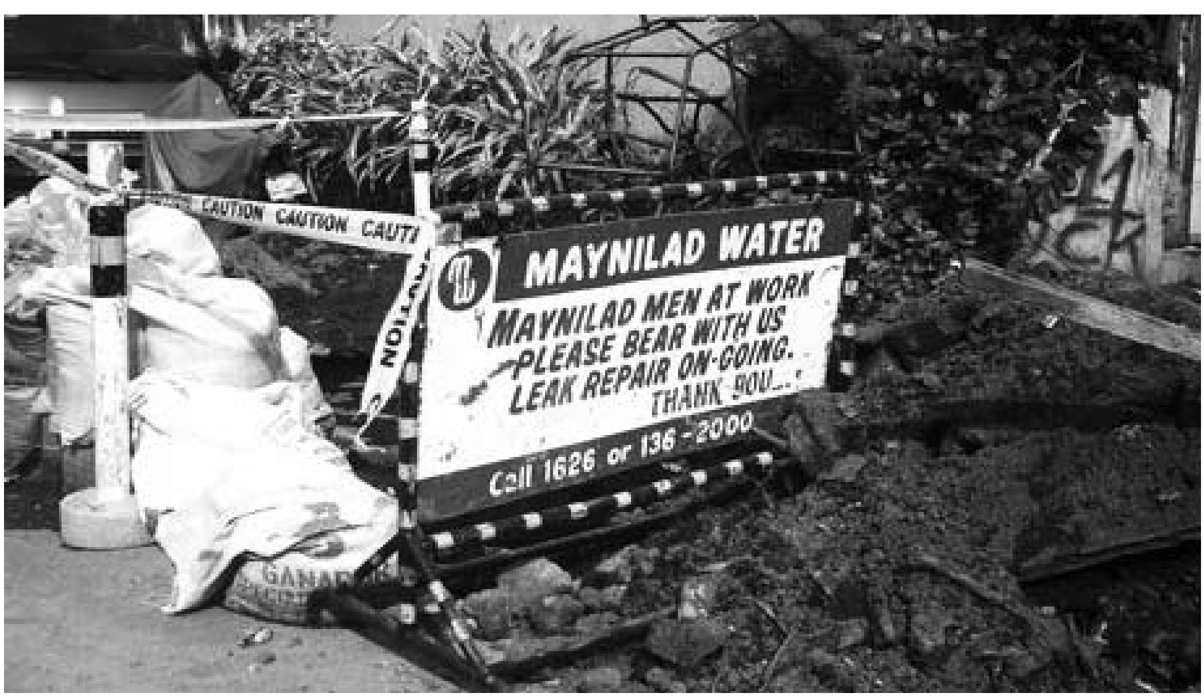
Moreover, the cost of rehabilitating the Laiban dam includes the displacement of about 10,000 residents, including Dumagat communities. The project will also affect around 27,800 hectares of ancestral and agricultural lands.

IBON also questions the supposed water shortage as a reason behind the Laiban dam revival. In the first place, the perceived water shortage in Metro Manila should have already been addressed if private concessionaires Manila Water Company Inc. and Maynilad Water Services Inc. only fulfilled their long-standing obligation to improve the infrastructure of the water system.

The two water companies, which took over when MWSS was privatized in 1997, have failed to improve water services and provide adequate access to water to Metro Manila residents. Water losses, for instance, due to poor and dilapidated pipe networks and pilferage remain high at around 70% in the west zone (Maynilad) and 36% in the east zone (Manila Water).

In addition, the construction of Laiban Dam will not ensure that poor consumers in Metro Manila will enjoy efficient and affordable water services from the private water companies as their 10-year track records show.

While the construction of dams is not necessarily bad, the practice of building and operating large-scale dams has become a mechanism of control over water resources that seriously undermines the interests of vulnerable social sectors. IBON says that the joint-venture deal should be cancelled because it allows private corporations to manage the Laiban dam and further gain control over the country's water resources. **IBON Media**



Ann-Kathrin Schneider
Third World Network Features

DAM BOOM IN HIMALAYAS WILL CREATE MOUNTAINS OF RISK

The governments of India, Pakistan, Nepal and Bhutan are planning to transform the Himalayan rivers into the powerhouse of South Asia by building hundreds of mega-dams to generate electricity. However, the possible impact of climate change will jeopardize the viability of the hydropower projects as well as the safety of the dams.

theora.com

The Himalaya is one of the fastest changing regions of the world due to global warming. The mountains' mighty glaciers, the source of most large Asian rivers and a critical "savings account" of South Asia's water supply, are melting. In early February 2009, Chinese scientists warned that glaciers on the Tibetan plateau are melting at a "worrisome speed," according to Xinhua news agency.

Against these dramatic developments, the governments of India, Pakistan, Nepal and Bhutan are planning to transform the Himalayan rivers into the powerhouse of South Asia. They want to build hundreds of mega-dams to generate electricity from the wild waters of the Himalayas. More than 150,000 megawatts (MW) of new hydropower is proposed to be built in the next 20 years in the four countries. At that rate, the Himalaya could become the most heavily dammed region in the world. Some of these dams – including the 3,000 MW Dibang project in India, the 1,000 MW Tala project in Bhutan, and the US$12.6 billion Diamer-Bhasha Dam in Pakistan – are among the world's largest and most expensive planned dams.

Shockingly, this dam boom is not being analyzed for the biggest threat to hydrological projects of our time: global warming. "The possible impacts of climate change are not being considered – neither for individual dams, nor cumulatively," says Shripad Dharmadhikary, author of Mountains of Concrete: Dam Building in the Himalayas.

A dam-building boom in the Himalayas in times of global warming is like investing billions of dollars in high-risk, non-performing assets. In the Himalayas, "melting glacier water will replenish rivers in the short run, but as the resource diminishes, drought will dominate the river reaches in the long term," says Xin Yuanhong, a senior engineer with a Chinese team that is studying the glaciers of the Tibetan plateau.

Both the initial increase in river flows as well as the subsequent decline threatens the safety and viability of the planned hydropower projects. As Dharmadhikary points out, "Most dams are designed based on historical data of river flows, with the assumption that the pattern of flows will remain the same as in the past. Climate change has effectively destroyed this assumption. It is likely that dams will be subjected to much higher flows, raising concerns of dam safety, increased flooding and submergence, or much lower flows, affecting the performance of such large investments."

The International Centre for Integrated Mountain Development, ICIMOD, in Nepal and the Intergovernmental Panel on Climate Change agree that global warming will also lead to more storms and floods, especially in tropical and mountainous regions. A report by ICIMOD on the impact of climate change on Himalayan glaciers states: "On the Indian subcontinent, temperatures are predicted to rise between 3.5 and 5.5°C by 2100. An even higher increase is predicted for the Tibetan Plateau. Climate change is not just about averages, it is also about extremes. The change in climate is likely to affect both minimum and maximum-recorded temperatures as well as triggering more extreme rainfall events and storms." These heavy storms and floods will jeopardize the economic profitability of hydropower projects, as well as the safety of these mountains of concrete.

The sudden bursting of glacial lakes is another major concern for the safety of planned dams, and ultimately the rivers and peoples of the Himalayas. Glacial lake outburst floods (GLOFs) are a recent phenomenon. As glaciers in high-altitude regions such as the Himalayas melt, they can form large lakes behind temporary dams of ice and rock. When these moraine dams collapse, millions of cubic meters of water are released, resulting in massive flash floods. The Dig Tsho GLOF in Nepal in 1985 was one of the most devastating glacial lake bursts in recent history. The bursting of this glacial lake near Mount Everest caused a huge flood wave that travelled down the valley, killing five people and destroying one hydropower station, many acres of cultivated land and 14 bridges.

In January 2009, the government of Bhutan identified more than 2,600 glacial lakes in the country, of which 25 are considered to be at high risk of bursting, according to Yeshi Dorji of Bhutan's Department of Geology and Mines. While Bhutan is aware of the risk of GLOFs and is improving its early warning system, the country, together with India, is still currently constructing one of the largest hydropower dams in the region, the 90-meter-high Tala project on the Wangchu River.

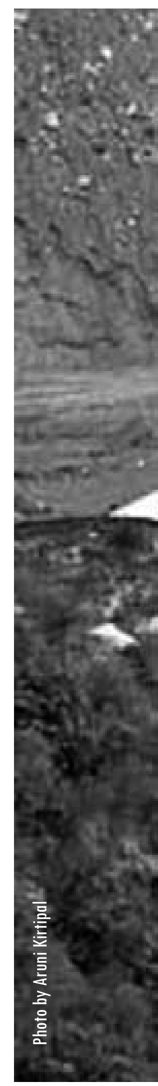


Photo by Aruni Kirtipal

One billion people in South Asia and many millions in China are dependent on the Himalayan rivers. While we can't predict the future course of change to these lifelines from global warming, we can no longer presume that there will always be abundant snow and glaciers in the Himalayas. If the Himalayan governments go forward with their planned dam boom, they deny that global warming is actually transforming their region and our planet. The prudent course would be for the Himalayan countries to develop water resources in a way that helps the people of the region adapt to the changing climate, and reduces their risks. This dam building plan does the opposite. – **Third World Network Features**

About the writer: Ann Kathrin Schneider is the South Asia Program Director and Policy Analyst for International Rivers, an organization that is devoted to protecting rivers and defending the rights of communities that depend on them.

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Ganga Dam Himalayas

Water for Sale

Glenis Balangue
IBON Research

Corruption in the water sector cannot be de-linked from the issue of privatization of the water sectors around the world, as water resources become increasingly controlled by corporations and subjected to profit-maximization.

51-year-old Emy Faustino, a housewife from Bulacan, rushed her two daughters to the Barangay health clinic after complaining of persistent stomachaches. She learned that her girls were suffering from amoebiasis, a condition characterized by abdominal pain, diarrhea and fever.

"I was shocked when the doctor said that my children acquired the disease from drinking unclean water," she said. Like many of the households in their area, Emy's family gets their drinking water from an old well at the back of their house near the farm. She and her husband decided not to avail of the local water service because they cannot afford the rates. "With the meager income from our farm and poultry, we could not afford an expense that costly," Emy explained.

The Faustino family's case is just one of the many scenarios around the country, which demonstrates people's lack of access to clean water and the high cost of availing water service.

Whereas water services should be provided by the government, the water sector is rapidly being privatized, with the public carrying the costly price. At present, projects in line with privatizing water systems water districts are fraught with allegations of corruption-- ranging from petty administrative corruption to big-ticket scandals.

The Philippines however is not the only country that is experiencing this crisis. The issue of massive corruption brought about by the privatization of the water sector is in fact a global concern.

Private control and corruption

Privatization has opened extensive areas for profit opportunities for Transnational Corporations (TNCs) around the world. Fortune Magazine in 2000 reported that water is the best investment opportunity of the century. Estimated potential annual revenues in the global water service industry range from US$400 billion to US$3 trillion. True enough, the total water-related revenues amounted to US$522 billion in 2007. The bulk of revenues were made in water services at US$385 billion.

With such massive profits at stake, the water industry has been increasingly monopolized by a few corporations. In the last 10 years, there were 506 mergers and acquisitions in the water sector with a total worth of US$176 billion. Major water service TNCs, mostly based in rich countries such as France and Germany, have entered into joint ventures and other forms of business relations with each other, forming a tight network of interlinked interests.

Also, corporate giants from other sectors such as water, energy, food and beverage and shipping have also ventured into investments in the various water subsectors like waterworks and sewerage, irrigation, dams and water trade.

Not only corporations have benefited from the privatization of the water sectors but also International Financial Institutions (IFIs) such as the World Bank. From 2004-2008, the Bank's water and sanitation portfolio had a total of 157 projects for a total cost of US$9.5 billion. The bulk of project costs (70%) are for privatization promotion.

Corruption in the water sector has intensified alongside increasing privatization efforts.

Corruption is prevalent in drinking water, sanitation and sewerage, water resources management and infrastructure and even in tradable water rights, accomplished in various ways.

According to Transparency International 2008 Global Corruption Report (GCR), around 10%-30% is being siphoned off annually from the sector. Estimates by the World Bank are even higher: as much as 40% of water sector finances are being lost to dishonest and corrupt practices.

Moreover, corruption is intrinsic in the very structure of privatization: the monopolization of a basic service fosters corrupt practices that are not addressed within a policy environment dedicated to liberalization and deregulation.

Due to corrupt practices in water service delivery, the already steep cost of household connections worldwide, which the GCR pegged at an average of US$400, would increase by 45% to US$580. As it is, utility connections are beyond the financial capacity of the poor. The cost of a utility connection in Kenya, for instance, is equivalent to about six months the average household income.

Also, the urban poor especially those living in the slums generally do not have piped water but ironically pay more than connected consumers for water from informal water vendors. Currently 2/3 of the roughly 2.1 billion people who do not have access to safe drinking water live on less than US$2 a day and half of some 2.6 billion people who lack basic sanitation live below the poverty line.

Since the business of big dams has proven to be a very profitable venture for construction TNCs, their local counterparts and the government which facilitates the construction, the subsector has now become a venue for grand scale corruption.

However, since IFIs and TNCs are not accountable to the public, either they look the other way or wash their hands of corruption's dirt since they have already earned from the interest on the loans made.

Meanwhile, corruption in the construction of irrigation facilities is also a major concern because under privatization, big-ticket irrigation facilities are constructed, which by design already marginalize small farmers. This is exacerbated by corruption at various levels that do not bring the water to the farms of its intended recipients.

Carrying the burden

According to the 2008 GCR, the impact of corruption brought about by the privatization of the water sectors is more extreme in developing countries.

The privatized water sector in these places result in the marginalized population being exploited and robbed thrice over: their water resources are diminishing into the pockets of corporations; they are made to pay exorbitant rates for a public service; and they are again made to bear the burden of the cost of corruption due to privatization's fundamental f aws.

Dams and irrigation facilities are among the mechanisms by which corporations control water resource management and infrastructure development, oftentimes to the detriment of communities which are meant to be the "beneficiaries" of the projects. The construction of large dams to harness river systems has been promoted by TNCs and IFIs primarily for profit rather for the needs of communities.

Also, water from dams most often is used to irrigate corporate farms and plantations while small farmers are systematically being deprived of irrigation. This is illustrated by the 65% of the world's fresh water f owing into industrialized agriculture.

Corporate water resources management also dictate that because water is supposedly an economic good, it can be traded as any other commodity. This further disenfranchises people and creates barriers to water access for the poor. Thus under a policy environment of attracting foreign direct investments, corporations are given priority over residential consumers and guaranteed the right to directly draw water from the ground.

Philippine setting

For an agrarian economy like the Philippines, an efficient irrigation system is a key component for increasing the productivity of small farmers who are still bound by inequitable social relations and traditional farming methods. Latest data from the National Statistics Office report that only 30% of the country's farmlands are irrigated.

One of the major irrigation projects instigated by the government's National Irrigation Administration (NIA) with a US power multinational is the CE-Casecnan Multipurpose Irrigation and Power Project in Central Luzon which was designed to irrigate 53,000 hectares of rice land and rehabilitate existing systems for an additional 55,100 hectares in the coming decades.

Originally slated to be operational by 2004, irrigation for only 62,000 hectares has been built or rehabilitated as of June 2007 and the NIA acknowledged that these areas might not necessarily have water yet. Also questionable is the agreement of NIA and the contractor on a guaranteed fee for 20 years that the government will pay whether or not water is actually delivered. The payment of P14.3 billion (US$318.5 million) from 2002 to 2006 for 3.6 billion cubic meters of water was given even though most of it never reached farmland because irrigation facilities from the dam had not been built.

Also in the Philippines, local water utilities have different status as some municipalities have their own water supply projects funded by foreign donors while some areas are under water districts which operate as quasi-public corporations. Inefficient service, labor issues and even violence are results of questionable and corrupt practices in various local water utilities.

The Magdalena Water Project in Laguna is a classic case of a privatized local water utility which did not deliver. Water from the Magdalena water system was found to be "not fit for drinking" by the Department of Health. Despite the findings, the local government and the World Bank hailed the project as a success for providing clean, safe water 24 hours a day for Magdalena folk.

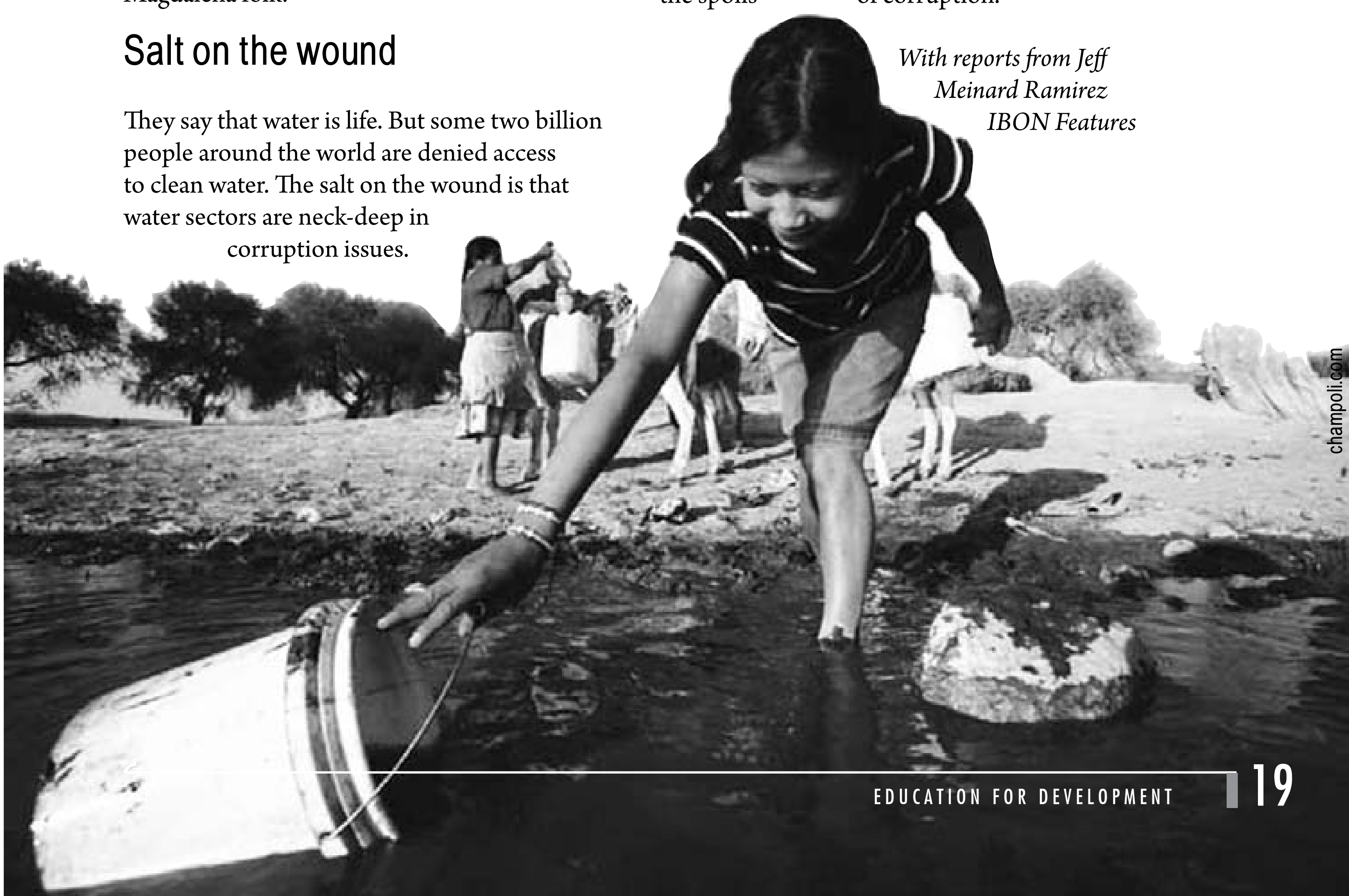
Salt on the wound

They say that water is life. But some two billion people around the world are denied access to clean water. The salt on the wound is that water sectors are neck-deep in corruption issues.

The intensification of corruption in the water sector cannot be de-linked from the issue of privatization of the water sectors around the world. Under privatization, water resources are now under the control of corporations and subjected to the profit-maximizing logic of market forces. Thus, water has been made available only for those who have the capacity to pay while the poor and the marginalized lose access to water. On the other hand, the government relinquishes its responsibility to ensure that water resources are equitably allocated and that the majority has efficient and adequate access to water services. To make things worse, the poor are made to shoulder the cost of corruption in the water sector.

Just like Emy Faustino and her family, more poor people will be denied access to clean, safe and adequate water service for as long as the water resources and services remain in the hands of the profit-oriented private corporations and a privileged few benefit from the spoils of corruption.

With reports from Jeff Meinard Ramirez
IBON Features



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Strengthening Asian People's Unity

in Response to Global Crisis

Lilian Laurezo
IBON International

Amidst the worsening global financial and economic climate, the Regional Forum on the Economic and Financial Crisis organized by several leading Civil Society Organizations (CSOs)* from the Asia-Pacific region provided a timely discussion of its causes and impacts on the poor in Asia.

The forum was held in the Santhi Hotel Ballroom in Bali, Indonesia last May 4, 2009. This was attended by more than 150 participants from different sectors in Indonesia, as well as civil society leaders from Bangladesh, Hong Kong, Nepal, Pakistan, the Philippines, Sri Lanka, and Vietnam.

On the Causes of the Crisis

Starting from the Indonesian context, Mr. Don Marut of the International NGO Forum on Indonesian Development (INFID) described the current crisis as worse than the 1997 Asian crisis. Counting the issues of food and energy crises, and climate change, Marut cited some actions taken by governments in response to the current crisis but described these as palliative. The significance of the forum, according to Marut, is that it provides a venue for civil society stakeholders to critically examine the fundamental problems with the existing economic structures and formulate alternative and genuine pro-people solutions.

Dr. A. Prasetyantoko, economist and lecturer from Atma Jaya Catholic University of Indonesia, criticized the common notion that the current crisis originated in the subprime mortgage crisis and credit crunch in the US. He noted the structural imbalances within the US economy that was not limited to the housing and financial markets but also in other industries. He also pointed out the structural imbalances in the global economy that led to global financial and economic collapse, citing data from different countries across the world.

Like Marut, Prasetyantoko commented that the policy measures adopted by different governments and multilateral institutions to deal with the crisis -- such as fiscal stimulus packages and financial sector regulations -- are merely reactive and short-term responses. He warned that for as long as there is no strong initiative to correct "market fundamentalism" in economic policy, the world is likely headed for another series of downturns in the future. What is needed, concludes Prasetyantoko, is serious policy and structural changes in the global financial and economic architecture.

Mr. Antonio "Tony" Tujan, Jr. of IBON Foundation traced the global crisis to the failures of the neo-liberal tradition which began several decades ago. Going back to the 1970s, Tujan recalls the worsening crisis of overproduction that af icted the world economy at the time. Imperialist "globalization" -- in the form of trade and investment liberalization, privatization of public services and assets, and deregulation of economies -- became the response of global elites to this crisis. He further explained that part of the globalization project of imperialists is the use of new technologies for artificial, speculative expansions. Moreover, neo-liberalism was promoted not just in the industrialized counties but also in the developing South, resulting in speculative profits from finance and trade liberalization.

Tujan argued that these schemes which were intended to forestall the crisis of overproduction further intensified the neocolonial exploitation of developing economies. The discrepancy between the massive growth in the digital "financial economy" versus the real economy has also exposed the crisis of over-accumulation of capital and concentration of profit. The soaring public and household debt, debt-driven consumption and the sub-prime housing loan crisis came at the expense of the people.

The failures in the US market have consequently affected its trading partners as well, citing Japan and the European Union (EU). It was also noted that the US, EU and Japan are among the biggest trading partners of most of the developing countries and those from the South. Indeed, since the three countries combined account for 52% of the total world gross domestic product (GDP), global turmoil has been the inevitable result. The actions taken in response to the financial collapse have not addressed the global issues of chronic exploitation, oppression and underdevelopment. Since the 1980s, poverty has increased and deepened, unemployment has risen along with the number of "working poor", and inequality has sharpened acutely.

Tujan emphasized that the current crisis is an opportunity to expose not just neo-liberalism and globalization but imperialism itself. Like other speakers, he stressed the need for structural reforms to overhaul or replace the international financial institutions (IFIs) and other related multilateral and regional agreements and formations. He ended his presentation with a call for the promotion of economic independence and equity, debt cancellation and reforms in the aid architecture, more effective economic packages, social protection and support for social welfare.

The crisis hits the poor in Asia

Ms. Margarita "Maita" Gomez of IBON Foundation discussed the current financial and economic crisis in relation to other crises. Recalling the oil price shock of 2007 to 2008 and the recent food crisis, the impacts have clearly worsened the plight of the poor and fixed income earners in developing countries. Gomez elaborated on the effects of the oil crisis on the economy including the sky-rocketing price increase in food and other basic commodities.

Gomez cited studies indicating that a 10% increase in food prices translates to 2.72 million more Filipinos plunged into poverty; in Pakistan, the figure is 7.05 million. As the prices increase, there is an upward pressure on the cost of living and thus lower the overall standard of living of the majority.

Economic indicators confirm the economic contraction experienced all across Asia. Statistics show a downward trend in export growth and a corresponding upward trend in unemployment. There is a significant decrease in the availability of credit, foreign direct investment (FDI), foreign exchange f ows (from exports and remittances), relative expenditure on social services, and effective demand in the market. Shrinking economies have aggravated debt, fiscal deficits, closure of business enterprises, underemployment, and ultimately, it has worsened poverty. Decline in GDP growth has been persistent in neighboring countries such as Pakistan, India, Thailand, Cambodia, Indonesia, the Philippines, China, and Korea. With each 1% drop in GDP, another 21 million people fall below the poverty line.

On the role of the ADB

Mr. Rashed Al Mahmud Titumir of Action Aid zeroed in on the role of the ADB in promoting development in the region as the impact of the "triple crises" of economic, food, and climate change hit more and more of the poor in Asia. He presented evidence showing that the ADB's policy and programs actually exacerbate rather than mitigate climate change impacts in terms of the destruction of livelihoods, environmental degradation, and greater water and food insecurity. He also cited a number of ADB projects in the social sectors and utilities which created more barriers for poor people to accessing essential services.

Titumir called for changes in the ADB's development strategies and poverty reduction programs, particularly its policies on liberalization, privatization and deregulation. Given all the adverse impacts of ADB's policies on the poor, the speaker asserted that the Bank must be made accountable to the peoples of Asia and the Pacific. He called for changes in the ADB's governance structure, ending policy conditionality and a tripartite review of ADB strategy. With respect to the triple crises, Titumir called for:

Financial and Economic Crisis

- Additional, permanent and stable sources of condition-free funding for developing countries
- Debt cancellation
- National stimulus package
- Social security and social protection
- Expansion and improvement on the delivery of essential services

Food Crisis

- Increased public investment in agriculture
- Sustainable food production and innovative technologies
- Impose restriction on speculation and moratorium on bio-fuels
- Regional cooperation to fight against food crisis

Climate Crisis

- Stop financing fossil-fuel extraction
- Pledge new and additional resources for mitigation and adaptation purposes, accountable to the United Nations Framework Convention on Climate Change (UNFCCC)
- Agriculture should be recognized as most vulnerable sector to climate change and farmers should be given adequate support
- Active participation of women from affected communities and civil society

People's Response to the Crisis

To round up the overview session, Mr. Jose Enrique Africa of RESIST! (International People's Campaign to Confront Crisis and War), criticized the imperialist powers, governments and domestic business elites for passing on the burden of adjustment onto the people. According to Africa, this situation confirms that nothing more can be expected of monopoly capitalism but more hostile competition between and among the ruling elites. On the other hand, he described this as a favourable situation to draw more of the basic masses into the struggle for change. He then shared the response of the people's movement in the

Photos by ActionAid

Philippines to confront the global economic crisis which include:

1. more vigorous education campaigns among activists, communities and basic masses, and the broader public;
2. better and more aggressive organizing, more mass mobilizations of basic sectors on economic demands covering
   a. immediate relief, as well as
   b. basic reforms such as genuine agrarian reform and national industrialization;
3. more aggressive and effective broadening of alliances between the different sectors.

Africa concluded his input by saying that the people's response must be within the framework of the struggle for the fundamental long-term social transformation of society towards a more just, equitable, humane and peaceful world.

Civil Society in the Frontline of Pro-People Development

During the afternoon, participants at the Forum formed workshop groups where they shared the concrete implications of the global crisis on particular sectors and identified key advocacy points and possible strategies for action at the national, regional and global levels. Participants underscored the role of civil society in advancing pro-people and pro-poor solutions in response to the global crisis, and in taking the lead in formulating and promoting alternative development strategies. This recognizes the crisis as an opportunity to expose the inherent defects of the prevailing global market economy and to put forward the aspirations of the people for genuine development.

The workshops focused on the importance of effecting changes in the real economy to respond to and ref ect the actual situation of the people. Participants reaffirmed the necessity of ensuring sustainability and conservation of resources since this directly affects the lives of the people in the community. They insist that projects and programs to develop and utilize such resources do not and should not necessitate enormous loans. Attaining economic independence and self-determination would uplift the lives of the people.

Capacity-building among grassroots organizations remain essential to effectively promote advocacies at the community level. Alliance-building among organizations sharing the same causes and those in the other sectors is critical to launch an effective movement to respond to the crisis at the national level. As the global crisis continues to unleash it harsh impacts on people's lives, it should be dealt with at the global level as well. Regional events such as the forum serve as a venue to bring together peoples from various countries to strengthen unity in promoting and advocating a pro-people development framework across the region and the rest of the world.

** The forum was organized by the alliance on Agrarian Reform Movement of Indonesia (AGRA), Asia Pacific Research Network (APRN), IBON Foundation-Philippines, the Institute for National and Democratic Studies (INDIES - Indonesia), the International NGO Forum on Indonesian Development (INFID), and RESIST! in line with the Peoples' Week of Action on Asian Development Bank (ADB) carrying the theme "Oppose the Neoliberal Framework! Assert the Genuine and Pro-people Development Framework for the People of Asia and the Pacific!"*

The G20's Mistake:
Boosting the IMF without Reforming It

Martin Khor
South Centre

The G20 Summit in London on 2 April did not achieve what had been expected in terms of reforms to the global financial architecture, on regulation, or on coordinated macro-economic policy response.

There was no move towards correcting the global payments imbalances.

The summit was rescued from disaster, according to an article in The Economist, by the announcement of a US$1,100 billion package of measures to boost the sagging world economy.

The trillion figure was what caught the headlines. But as serious analysis shows, this figure purporting to be new money was more hype than reality. Some of it had already been decided long before the Summit, and some of it ref ected only an intention rather than concrete pledges.

Moreover, much of the money will be channelled through the International Monetary Fund (IMF), which has been discredited by the wrong prescriptions of the past, and had lost a lot of its loan business until the current global crisis, and now the G20 decisions, gave it a new lease of life. Yet the much-needed and much-recognised reforms to the IMF have not been carried out. Giving such a boost to an unreformed IMF may turn out to be the G20's biggest mistake.

An incisive Financial Times article by Chris Giles commented caustically: "Figures at the end of any international summit need to be examined closely, particularly those presented by the UK prime minister. His reputation for numerical inf ation, repeat announcements and double-counting precedes him.

"The emphasis on quantities rather than concrete agreements also serves to mask the big missing element in the communiqué: a new and

binding commitment to specific measures to clean up the toxic assets of the world's banking systems."

Rather than the US$1,100 billion announced, the new commitments were estimated by Giles to be below $100 billion and most of those were already in train without the G20 summit. While the inflation of small and old commitments into an enormous amount "does not render the summit a failure, the desire to produce large headline numbers as the main result of the gathering suggests the splits on other issues were considerable," he wrote.

The biggest winner was the IMF. It was announced the IMF would get $500 billion more funds. Japan and the European Union had already offered about $100 billion each. The Summit did not formally announce where or when the other $300 billion will come from, but unofficial and unconfirmed reports indicated that the United States would put in $100 billion and China $40 billion. These would be loans by the countries to the IMF, which will recycle them as loans to crisis-hit countries that are running out of foreign reserves.

There are questions whether countries should give loans to the IMF and whether the IMF will impose the wrong conditions when it recycles the funds to crisis-hit countries.

According to former UNCTAD chief economist Yilmaz Akyüz, countries should not be requested to provide loans to the IMF to augment its resources because this would compromise the ability of the IMF to carry out its surveillance function and to discipline the policies of countries that provide the loans. It can obtain resources from the market or from the issuance of Special Drawing Rights (SDRs), instead of obtaining loans from governments.

The G20 meeting did agree for the IMF to issue $250 billion in SDRs, but instead of distributing it according to countries in most need, it was decided to allocate this to the 186 IMF members according to their quotas or voting shares. As a result, 44% will go to the richest seven countries, while only $80 billion will go to middle-income and poor developing countries.

As many critics of the IMF had pointed out before the Summit, it would be counter-productive to augment the funds to the IMF for re-lending to crisis-hit countries if the agency does not reform its policy conditions but continues to insist on policies that lead the countries deeper into crisis, as had happened during the Asian crisis a decade ago.

Unfortunately the G20 did not insist on any IMF policy reform, but boosted its resources. This may be the most serious error of the Summit.

The G20 Communique states that it will make available $850 billion to the global financial institutions in order to support emerging market and developing countries, including to finance counter-cyclical spending.

IMF's new loans are still pro-cyclical

"Counter-cyclical spending" is normally used to mean the kind of significant increases in government expenditure that the United States and Europe are engaged in, as the "fiscal stimulus" to jump-start economic recovery.

The IMF is presumably charged with the new resources to enable cash-strapped developing countries to participate in this fiscal stimulus, which is the newly re-discovered policy formula to get a country out of recession.

However, an analysis by the Third World Network of the nine most recent IMF loans to countries affected by the crisis (including Pakistan and several East European countries) clearly demonstrates that the IMF is still prescribing "pro-cyclical policies" (policies that accentuate the downturn in a recession) of fiscal and monetary policy tightening.

"The Fund's crisis loans still contain the old policy conditions of cutting public sector expenditures, reducing fiscal deficits and increasing interest rates -- which is the stark opposite of the expansionary, stimulus policies being supported in the G20 countries," according to TWN researcher Bhumika Muchhala.

Asia Russell, of the US-based Health Global Access Project, said that "the IMF has imposed disastrous conditions on poor countries that have contributed to massive underinvestment in health, HIV/AIDS and education, particularly in sub-Saharan Africa. The G20 must make sure the IMF abandons these policies before infusing the Fund with new resources."

The same day that the G20 Summit was giving a boost to the IMF supposedly to help countries undertake counter-cyclical policies, the IMF suspended lending to Latvia (one of the countries it has recently extended emergency crisis loans to) "until it sees more progress in cutting public spending", according to a news report. Latvia had agreed to limit its budget deficit to 5% of GDP, but due to the sharp fall in its GDP (by 12% this year, according to latest estimates compared to the 5% estimate when the IMF loan was made last December), the budget deficit could now jump to 12% of GDP.

The incoming government had hoped to persuade the IMF to accept a slightly higher budget deficit of 7% of GDP, but the IMF insisted on sticking to the target and suspended its lending, and thus Latvia is now "racing to prepare more spending cuts", according to the report in the Financial Times.

The Latvia case indicates the IMF has not changed, and that funds channelled through the IMF are likely to lead to greater economic contraction in countries that take the IMF loans and the attached conditions.

It is thus unfortunate that the biggest result of the G20 Summit is to boost the IMF instead of other more appropriate organizations that can help countries with economic recovery.

The G20 Summit made some progress, though not significant, in other areas, such as expanding the membership of the Financial Stability Forum (renamed the Financial Stability Board) to include developing countries that belong to the G20, agreeing that the heads of the IMF and World Bank need not be from Europe or the United States, and initial measures to regulate hedge funds and rating agencies, and to take

note of the status and reports of tax havens that the Organization for Economic Cooperation and Development (OECD) will publish.

Issues the Summit did not resolve

There are several issues that the Summit failed to resolve, besides the biggest omission – failure to reform IMF policies.

First, it failed to produce anything tangible on a coordinated fiscal stimulus policy, which the Americans wanted but which Germany and France objected to.

Secondly, it did not come up with a plan of action to clean up the crisis-hit banking systems.

Thirdly, there was no plan for regulating cross-border activities of financial institutions or cross-border financial f ows, nor an acknowledgement that a framework should be created that facilitates developing countries' ability to regulate the f ow of crossborder funds. Fourthly, there was no move to assist developing countries to avoid wrenching debt crises through plans to establish a international system of debt standstill and debt work-out, through an "international bankruptcy mechanism". Without this, developing countries would be deprived of the kinds of schemes by which banks or companies in trouble pay back only a portion of their loans whose market values would have fallen.

One positive aspect of the Summit is that a few leading developing countries have become an accepted part of a G20 which thus has better representation than the G8 as a forum for global economic decision-making. Countries like China, India, Brazil and South Africa are now participants. China in particular was able to have its inf uence felt, having argued a few weeks before the Summit for the need to have a new global reserves system, and together with the other developing countries being able to argue for a greater say in the affairs of the IMF and World Bank.

Nevertheless, there is still grossly inadequate "say" or decision-making authority by developing countries either in the IMF and World Bank or in the G20. Moreover, the vast majority of developing countries are absent from the G20 table, and thus the G20 does not have international legitimacy.

The United Nations is the better venue for discussion and decision-making on the global economy and the way out of the crisis, with a greater chance that the interests of developing countries will be taken care of.

The Commission of Experts set up by the President of the General Assembly presented their forthcoming report's draft recommendations, which included proposals for actions that were more relevant to the basic changes required to the international financial system, including changes that would meet some of the critical needs of developing countries.

The UN General Assembly will hold a summit-level session to discuss the global financial and economic crisis and its implications on development in the first week of June. This will be an occasion for a more comprehensive review of and plan of action on the global crisis.

For a Democratic and Just Response to the Global Financial and Economic Crisis

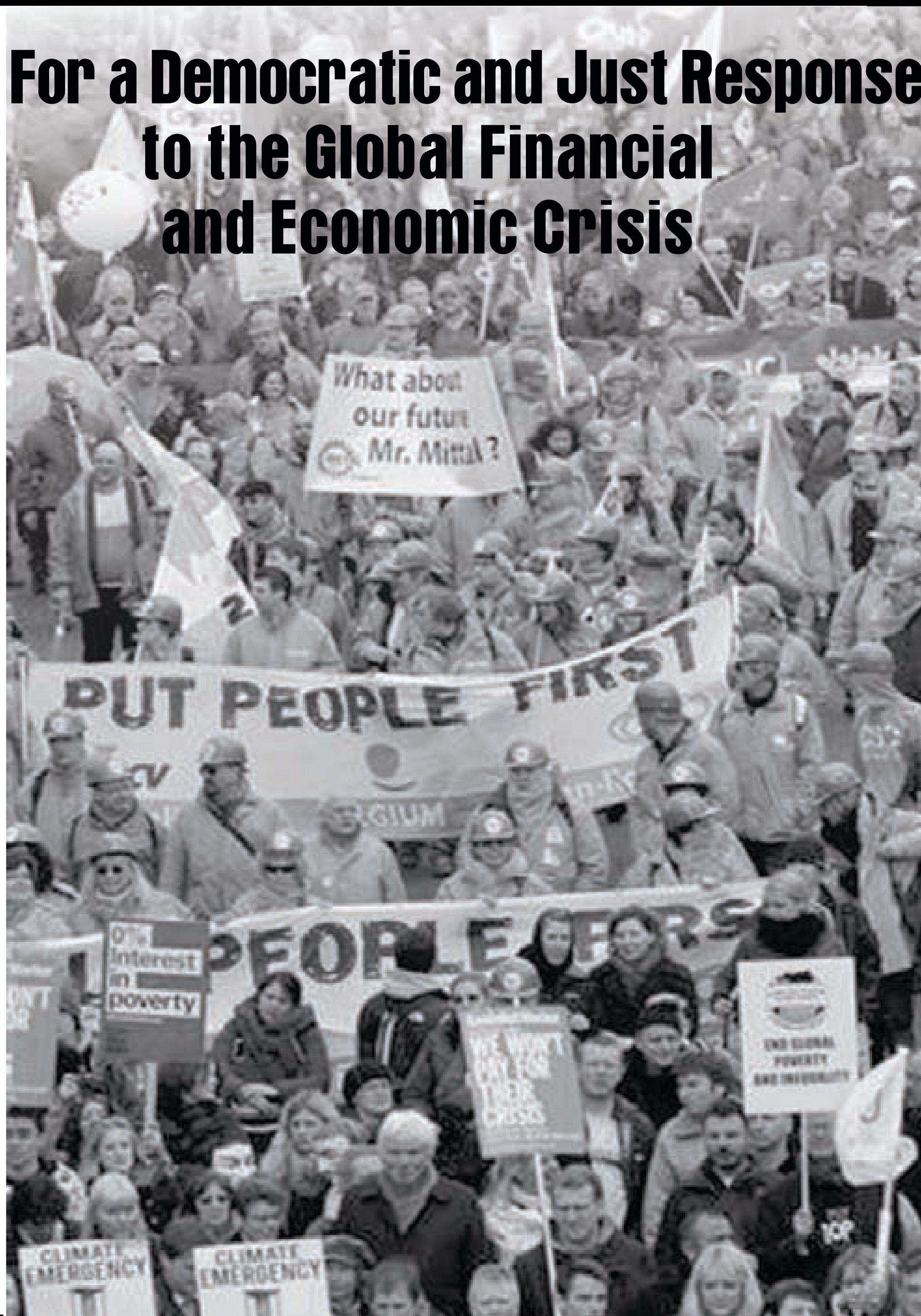


Photo by People First

A Sign-on Statement initiated by RESIST!

(International People's Campaign to Confront Crisis and War)

The world is now in the grip of the worst capitalist crisis since the Great Depression that continues to deepen and cause untold misery to millions of people across the globe.

The political elites are desperately searching for ways out of this current crisis while denying that there is anything fundamentally wrong with the prevailing economic system. They have thrown trillions of dollars of public money to bailout failing financial institutions, revive the f ow of credit and restore investors' confidence in the markets – to no avail.

In contrast, they have made no similar commitments to help millions of poor people keep their jobs and their homes, let alone help the billions of people especially in the South who have long suffered abject poverty and underdevelopment even before the current crisis erupted. Rather, the burden of coping with the crisis is placed squarely on the shoulders of working people who are forced to survive on lower wages, slashed benefits, and restricted access to health and other basic services while confronting intensifying discrimination, racism and repression.

There is a lot of talk about the need for fiscal stimulus to revive the real economy through the employment of people in public works, the expansion of social services and the development of a greener economy which, it is hoped, would raise effective demand and spur industrial production. But the funds committed for such programs have been miniscule compared to the funds made available to the titans of finance and are first delivered to the corporations for profit-taking.

Acknowledging the need for a global response to the crisis, the world's biggest economies convened as the G20 last April 2009. It is a recognition of the relative weakening of the leading imperialist powers – the G7 -- that they need to secure the support of the governments of the larger developing economies such as China, India, Brazil, South Africa, South Korea, etc. in their attempts to stabilize the global economy. Nevertheless the majority of countries and peoples – including those most adversely affected and least responsible for the crisis -- are excluded from this process.
The results of the G20's London Summit basically endorses the same neoliberal economic paradigm and buttresses the same international institutions that have served the interests of monopoly capital and have caused untold suffering and misery for the vast majority of the world. The G20 governments reaffirm their commitment to trade and investment liberalization and bat for the conclusion of the Doha Round of the World Trade Organization (WTO).

They have pledged more funds for the International Monetary Fund (IMF) to prop up an institution long discredited for imposing onerous conditionalities on poor and indebted countries and thus deepen their underdevelopment. Nowhere in the agenda were basic people's demands such as decent work, universal access to basic services, people's participation, progressive taxation, or debt cancellation let alone reparations for peoples of the South suffering the wanton destruction of productive forces caused by the advanced industrialized countries.

The G192 or the United Nations General Assembly has the potential of a more inclusive platform where all member nations of the UN have a seat, even though not everyone can sit in the front row. The UN Conference on the World Financial and Economic Crisis and its Impact on Development this June is therefore a potentially important venue as it initiates a process of examining the causes of the current crisis, reviewing economic policies, and reforming international governance structures. For this reason, underdeveloped countries must

Photo by BAYAN USA

take advantage of this space to assert greater economic and political independence from the major powers and break from the Washington Consensus imposed by the Bretton Woods institutions.

The first Draft Outcome Document (DOD) for the UN Summit drafted and released by Father Miguel d'Escoto Brockmann, President of the General Assembly who hails from Nicaragua, ref ects many of the aspirations of common people if not their governments, e.g. "The objective of our economic and social activity should not be the limitless, endless, mindless accumulation of wealth in a profit centered economy but rather a people centered economy that guarantees human needs, human rights, and human security, as well as conserves life on earth."

The fact that the Summit has been postponed and the PGA was immediately forced to withdraw this draft text and release a new draft, sans the "radical" passages and proposals, in order to appease officials from the advanced capitalist countries and get negotiations off the ground, demonstrates the limits of this space that is primarily the domain of officials representing elite propertied interests. The imperialist powers are attempting to derail the UN-based process and discredit the PGA. In any case they are also prepared to utilize this venue to push for a convergence around the basic elements of the G20 agenda.

For instance, while the new draft outcome document acknowledges the gravity of the current crisis, it reduces its causes to one of regulatory failure. It calls for "credible and enforceable regulations" but quickly cautions against "needlessly onerous regulatory requirements" – with a wink and a nod at all those financial speculators (so-called innovators) in Wall Street and London.

Like the G20 communiqué, this document affirms that "Globalization and free trade have been important drivers, among other factors, for economic growth and prosperity, and the global recovery from this financial and economic crisis, and our future global resilience, require a speedy conclusion of the WTO Doha Round and provision of much needed trade finance".

The contribution of the UN is indicated in a most telling paragraph which states, "We view the unique perspectives and representativeness of the United Nations as critical to lending legitimacy to the reform and functioning of our International Financial Institutions. Accordingly, we call for mechanisms to ensure increased cooperation and exchanges between the United Nations and International Financial Institutions."

Hence, there is the danger that the UN process will result not in bold reforms that really address the roots of the crisis and lay the foundations for an alternative economic order that upholds the public good over private profits, but in the re-legitimization of the old Bretton Woods Institutions backstopped by new UN oversight mechanisms.

The ultimate objective of the proposed reforms in the international financial and economic architecture is, of course, to strive for "a new balance between the market and public interest". Indeed, at the rhetorical level at least, a new Manhattan consensus extolling the market held up by the visible hand of the state could take the place of the old discredited Washington consensus while preserving the unjust and exploitative ruling system just the same.

For peoples of the world, all these mean that we cannot leave the most important decisions governing our lives and our future in the hands of those in power, whether ensconced in the national capital or huddled in the halls of these multilateral fora. The challenge before us is to strengthen the mass movement for change. A movement strong enough to cause meaningful reforms or fundamental social transformation.

We therefore vow to intensify our struggles especially against the maneuvering of the exploitative and oppressive elites to pass the burden of crisis onto the people through lay-offs, labor flexibilization, taking back hard-won benefits and social entitlements, cutbacks on social spending, as well as further restrictions and repression of organizing and mass action.

We shall strengthen our solidarity and continue our fight against imperialist domination of peoples of the South whether this takes the form of war, occupation, intervention or through the operations of multinational corporations, the international financial institutions, the WTO or bilateral trade agreements.

We shall take advantage of all available spaces – our communities, our workplaces, our schools, our streets, our public institutions, the mass media, cyberspace -- for educating ourselves and the broader public, for mobilizing the biggest number of organizations and individuals, and for challenging those in power.

We challenge the UN to draw up a response that reflects the needs and demands of poor countries and holds the rich countries accountable for their exploitative and oppressive practices. This response must focus on creating jobs, equity, sustainability and have a strong gender perspective.

We call on the G77 to resist all attempts by the imperialist powers to prevent the democratization of the governance structures of International Financial Institutions and international economic cooperation. These reforms must not only grant a greater voice to developing countries but must institute mechanisms that enable people to hold these institutions as well as the WTO accountable for the consequences of their policy decisions, programs and projects.

We shall be vigilant against all attempts by the imperialist powers along with their client states to dictate the outcome of these institutional reforms in the interest of international monopoly capital. We shall pressure our governments to adopt a more democratic and just response to the economic crisis that addresses the immediate and longer-term needs of the poor and marginalized sectors first and foremost.

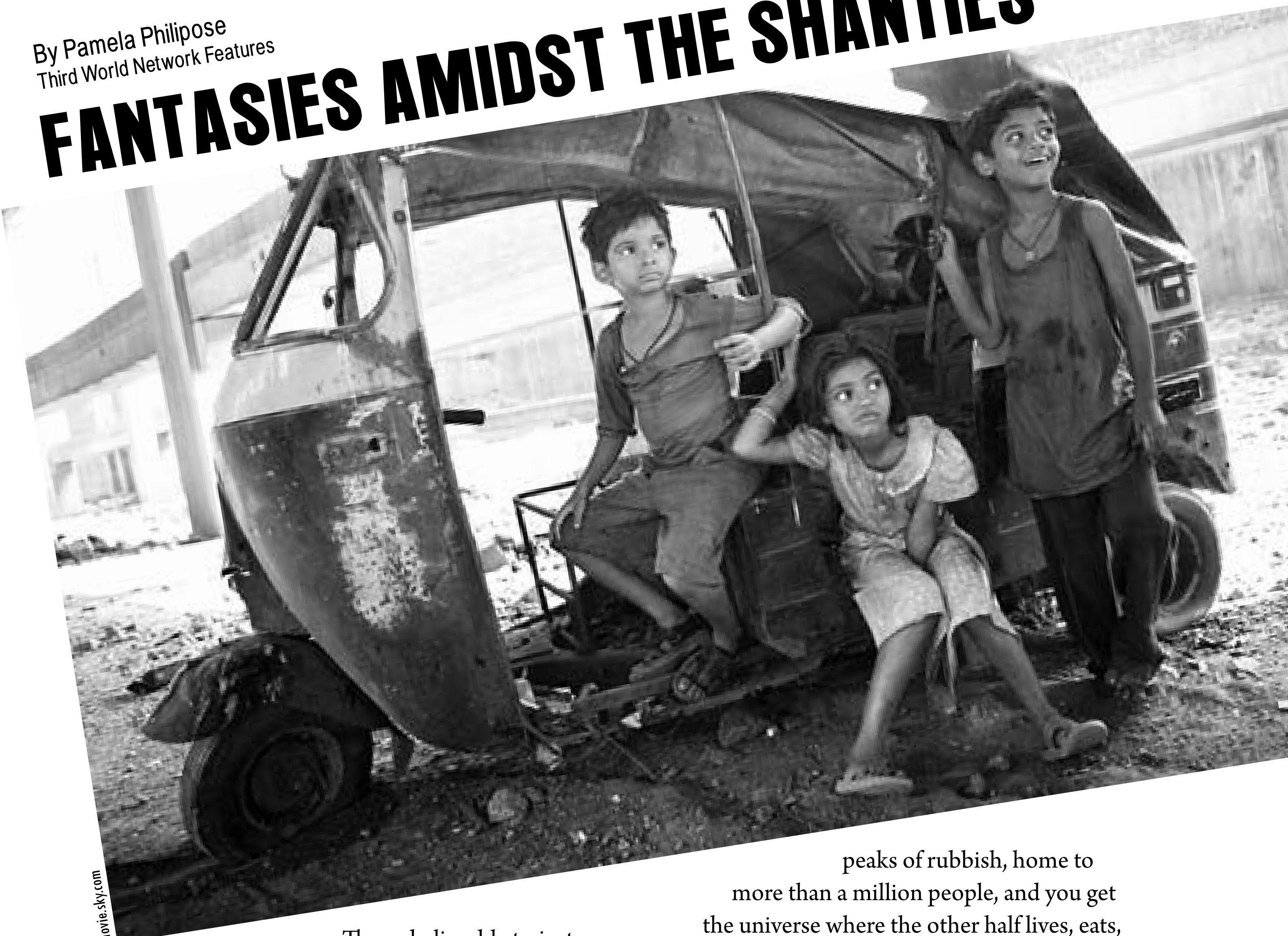
We call on the people to be aware that the current global crisis is symptomatic of deeper systemic problems in the world capitalist system that necessitate fundamental changes. For this reason we shall build our movements, expand our alliances, and intensify our struggles, in various forms and in all available spaces to empower the people for the long-term transformation of society towards a future based on genuine democracy, people's sovereignty, solidarity, sustainability and social justice.#

108 signatories as of June 30, 2009
www.peopleresist.net

Photo by BOPM

By Pamela Philipose
Third World Network Features

FANTASIES AMIDST THE SHANTIES

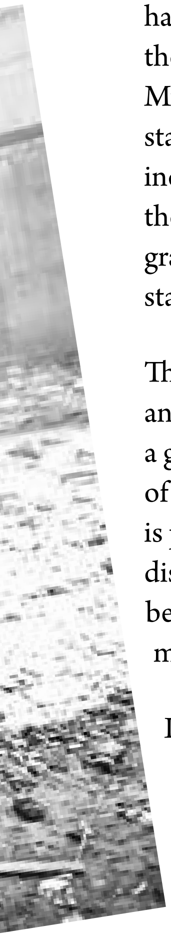


movie.sky.com

The unbelievable trajectory of Danny Boyle's Slumdog Millionaire in the universe of film awards has aroused endorsement and loathing for the film in equal measure. Poverty porn/hymn to hope; slum tourism/no-bull honesty; cliché-ridden bilge/heart-warming tribute - contending adjectives multiply with every review.

The film is all of this, of course, but it manages to replace -- at least for yet another f eeting cinematic moment -- the power towers of Manhattan and Nariman Point with Dharavi's quilted rooftops. Map this enormous wasteland of 3 square kilometres fringed by mountain peaks of rubbish, home to more than a million people, and you get the universe where the other half lives, eats, defecates, melds into succeeding generations amidst constant and imminent dangers, ranging from chronic diarrhoea to thriving networks of girl-child traffickers.

In the film, Salim, protagonist Jamal's elder brother, proclaims in his moment of triumph, "India is at the centre of the world and I am at the centre of this centre." He could just as well be speaking for Dharavi, which wears lightly the sobriquet of being Asia's largest slum, and which is supposedly the setting of the film. Dharavi, having long outgrown the fetid drained-out mangrove swamp that had once given it birth,



has now come to be the core of Mumbai, as the city grew amoeba-like to encapsulate it. Mumbai, remember, is the capital city of the state of Maharashtra, which has a per capita income that is more than 40% higher than the all-India average. But the state also has the gravest intra-state disparities among all Indian states, and the largest slum-dwelling population.

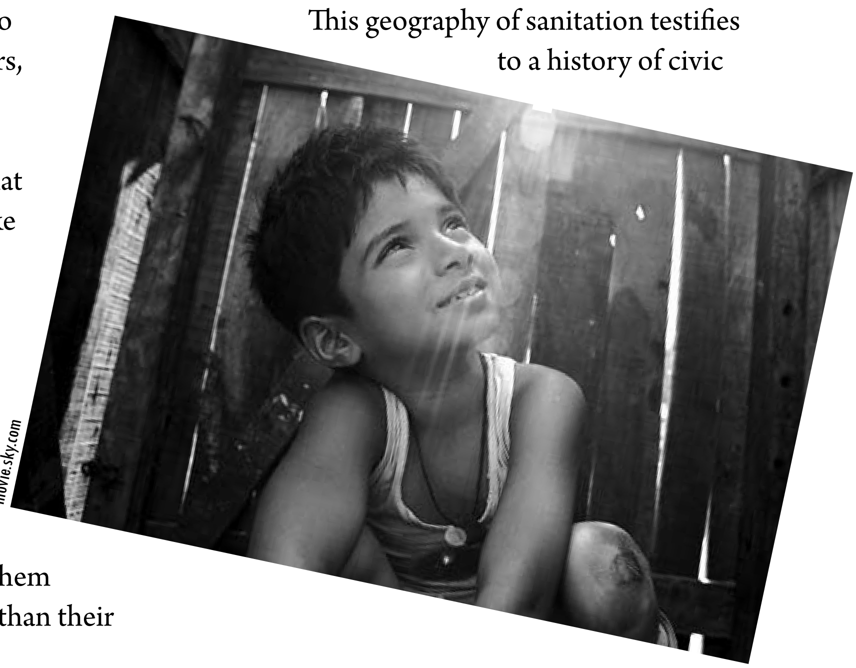
These concentric circles of immense wealth and abject poverty could well provide us with a glimpse of India in the year 2050, when 55% of its population (an estimated 900 million) is projected to be urban-based and where the disparities and inequalities of the country could be replicated in mega-slums slicing through monster megapolises.

Like in most cities of the world, those who controlled Mumbai regarded new settlers with ambivalence: they needed their labour but made little provision for their well-being. In his essay, 'Migration and Urban Identity: Bombay's Famine Refugees in the Nineteenth Century', social historian Jim Masselos quotes a Government of Bombay note of 1889 that complained, "Bombay is becoming more and more subject to an inf ux from Native States of paupers, helpless, troublesome and diseased persons." A report from the Bombay Gazette of the same year grumbled that these people lie "huddled together like sheep and (are) breeding disease".

These faceless women and men were the forebears of Salim, Jamal and Latika, the child protagonists of Slumdog Millionaire, discarded children growing up on forgotten peripheries. Perhaps nothing underlined the separations between them and the more privileged citydwellers than their close proximity to human waste. The scene that arguably had the highest cringe value in the film shows a young Jamal swimming through human faeces in his desperation to get an autograph from the great Amitabh Bachchan, superstar and icon. Covered in the foul odorous substance of the soakpit, he holds up the prized autograph, screaming out, "Amitabh ka autograph mil gaya! (I've got Amitabh Bachchan's autograph!)" While the scene offended many viewers in India, it also drives home a point made by Mike Davis in his book, Planet of Slums: "Constant intimacy with other people's waste, is one of the most profound of social divides... living in shit -- truly demarcates two existential humanities".

Doyle's Dharavi cinemascape has some striking shots of humongous sewer pipes criss-crossing the bleak rubbish-strewn environs adjoining the slum. Ironically, those pipes carrying Mumbai's waste out of the city centre pass through Dharavi but none of them service the area itself. According to one estimate, dating back to November 2001, Dharavi has only one toilet per 1,440 residents.

This geography of sanitation testifies to a history of civic



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neglect, first under the British Raj, and later in independent India. Swapna Banerjee-Guha, Mumbai-based geographer, writes about how Mumbai's urban developers replicated the model of the rulers. She writes: "Systematic urban planning in Bombay took a long time to evolve. In the late-1950s, when it finally took shape, its link with the business class had already been forged; in later plans this bias became ever more evident." Interest in Dharavi today is driven more by the value of the land on which it is located rather than the welfare of its people.

The saucer-eyed Latika in Slumdog Millionaire, who tags along with her Jamal and Salim as part of a ragged threesome in the first half of the film, symbolises innumerable little girls like her who end up being trafficked. A Department of Women and Child Development report notes that 80% of Indian children who are trafficked belong to families dependent on wage labour for survival. In Mumbai, according to National Crime Record Bureau statistics, over 2,000 women and over 4,000 children are reported missing every year, and these are only the reported numbers. For traffickers, dealing with children's "re-usable" bodies is a high-profit, low-risk venture.

Of course, Slumdog Millionaire is also a fantasy. How does Jamal mutate into that incredibly healthy specimen who has all the right answers at a game show? How do Jamal and Latika, two f oating fragments in a sea of humanity, get to meet again and fall in love? If this is realism, we will have to term it magic realism. In any case, the story of one Jamal winning 20 million rupees in a game show does not alter the reality of India's innumerable lost children and lost childhoods. But what the film does do is touch lightly on many themes that should rightly resonate through a country that misses no opportunity to showcase itself as the new participant at the high table of global dominance. – **Third World Network Features**

About the writer: Pamela Philipose wrote the article for Women's Feature Service in which it was first published in February 2009. It is reproduced here from Infochange Features India.

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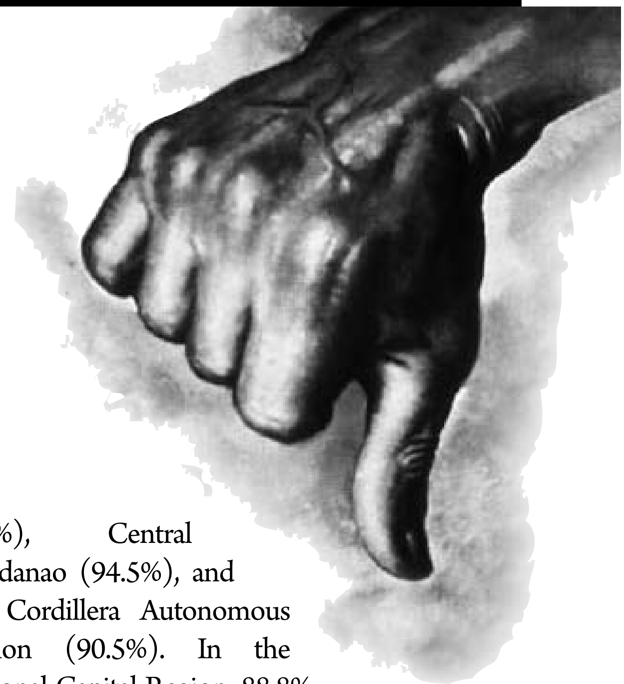
MAJORITY OF FILIPINOS DO NOT FAVOR CHA-CHA

IBON Survey



Results of the April 2009 nationwide survey of research group IBON Foundation show that most Filipinos are not in favor of Charter change (Cha-cha).

Eighty percent (80%) of respondents who are aware of the current moves on Cha-cha said they do not approve of proposed amendments to the 1987 Constitution. This is an increase from the 79.3% in the January 2009 survey round, and the 77.4% in October 2008.

The top three regions that registered the highest opposition to Cha-cha are Western Mindanao (95%), Central Mindanao (94.5%), and the Cordillera Autonomous Region (90.5%). In the National Capital Region, 88.8% are against amending the Constitution.

The latest IBON survey was conducted on April 17-26 among 1,496 respondents across various sectors and regions nationwide and has a margin of error of plus or minus three percent.

Below is the tabulation of results of the respondents' perception on Charter change.

Do you know the Arroyo administration has a proposal to amend or change the 1987 Philippine Constitution (Cha-Cha)?

	April 2008	October 2008	January 2009	April 2009
Yes	68.76	72.36	81.73	73.33
No	30.90	27.18	17.60	26.14
No Answer	0.33	0.47	0.67	0.53
Total	100.00	100.00	100.00	100.00

Are you in favor of the proposal of the current administration to change the Constitution?

	April 2008	October 2008	January 2009	April 2009
Yes	25.68	18.41	13.05	14.68
No	68.00	77.43	79.28	80.04
Don't Know	5.54	3.89	7.42	5.20
No Answer	0.78	0.28	0.24	0.09
Total	100.00	100.00	100.00	100.00

The full results of the April 2009 survey may be viewed at www.ibon.org.

kakuma.wordpress.com