Governance Crisis in Water Services in the Philippines: A Need for Rethinking and Reframing Development Policies in the Country

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ABSTRACT

Toward the end of 2019, headlines in the Philippines featured controversies surrounding private investments in public utilities, which spurred renewed debates over privatization and state-control. In the 1990s, at the height of globalization-driven economic growth in East Asia, the Philippines targetted to become an industrialized country by 2000. Confronted with environmental crisis and poor public utility services, the country ventured into privatization of public goods, such as water services, to aid in rapid industrialization. However, experiences from neighboring newly industrialized countries (NICs) in East Asia (or the Asian Miracles) proved that protection should come prior to liberalization. This essay aims to contribute to the evolving field of political sociology, specifically in the discourses on state-economy relations, reflecting on the current socio-political situation in the Philippines. Recent literature maintains that water service privatization failed to deliver on its promises due to market (capitalism), state (vested interest), and governance failures. This essay calls for the reframing of socio-political structures and institutions through policy reforms, alternative and pluralistic models of public goods management, and a new breed of statesmen and community, political, and industrial leaders.

Keywords: political economy analysis, political sociology, sociology of development, state and development, state-economy relations, water privatization

INTRODUCTION

During the latter part of 2019, headlines in the Philippinesbannered controversies surrounding private investments in public utilities, such as but not limited to the granting of permit to operate to Dito Telecommunity, a consortium that includes the Chinese government-owned China Telecom, as the country’s third telephone company player; Chinese nationals holding key leadership and management positions in the National Grid Corporation of the Philippines (NGCP), the franchise holder that manages the country’s power grid; and, most recently, the premature revocation of existing water concessionaire contracts. These issues once again spurred debates over government intervention in private businesses managing public utilities, as well as the impacts of public-private investments on local communities and the environment.

For instance, in response to the increasing water demand in Metro Manila, the government ventured into a public-private partnership (PPP) involving the construction of a new water source traversing protected areas and ancestral lands in Rizal, Laguna, and Quezon provinces. The project, dubbed as the New Centennial Water Source - Kaliwa, Kanan, and Laiban Dams,
would be funded through the Chinese government’s Overseas Direct Assistance (ODA) and managed by the Metropolitan Waterworks and Sewerage System (MWSS), although the facilities are expected to be corporatized or privatized later.

The project is expected to augment water supply in Metro Manila and neighboring provinces. Water supply in the Metro is said to be depleting due to climate changes and increasing urbanization. Several advocacy groups, including PAKISAMA (2017), a national network of farmers’ organizations, and HARIBON Foundation (2019) argued, however, that the Centennial Dam project is not economically viable and would be disadvantageous to the general public in the long run.

Current economic policies and structures prevailing not only in the Philippines but also internationally were largely shaped by Cold War experiences. The Cold War period saw the dominance of Keynesian economics, which emphasized public expenditure and fiscal control to boost economic growth. During this period of heightened state protection and regulation, radical individualism has also increasingly found footing in promoting the liberalization of economy from state intervention (Palley, 2014). As Neuman (2007) puts it, the post-Cold War era saw the diffusion of neoliberal state-economy arrangements.

These “state-economy relations” have been among the central concerns of political sociologists in the last few decades. The field of political sociology has existed since the late nineteenth century, providing explanations on new political regimes and the need for civic participation. It has since evolved and focused on understanding and providing alternatives for governing socio-political institutions (Neuman, 2007).

According to Neuman (2007), political sociology in the 21st century needs “to incorporate more sophisticated and cross-discipline modeling” toward understanding different state-economy relations, interactions, identities, and cleavages brought about by globalization and advancement of technology, among others.

This essay aims to contribute to the evolving field of political sociology, specifically in the discourses on state-economy relations and globalization, reflecting on the current socio-political situation in the Philippines. It examines how privatization, as a form of globalization of capital shaping state-economy relationship, is failing to fulfill its development promises. Zeroing in on the experiences and controversies surrounding water service privatization in the Philippines, this essay calls for the rethinking of state-economy relations in the country through policy and structural reform. Recent literature maintains that water service privatization failed to deliver on its promises due to market (capitalism), state (vested interest), and governance failures (Bakker, 2010; Water for People Network [WPN], 2017; Tadem and Tadem, 2019).

The height of privatization efforts in the country during the mid-1990s was geared toward transforming the country into a newly industrialized country (NIC) by 2000. This essay briefly reflects on the state-economy relations of neighboring NICs in East Asia that have successfully transformed from agricultural to industrialized societies. This brief yet important comparison was made to illustrate how state-economy relations impact a country’s development orientation.

**METHODOLOGY**

Using political economy analysis (PEA), this essay examines political developments vis-à-vis public utility management, focusing specifically on the emergence of privatization in the Philippines in the last four decades. The PEA approach focuses on power relations, distributions, and contestations within society, as well as on the influence of political structures and/or governance on resource use and economic development (Department for International
Development [DFID], 2009). It is often used to assess aid effectiveness or development initiative outcomes to inform programming and policymaking.

![Figure 1. Drivers of Change Framework for Macro-Level PEA (DFID, 2009)](image)

Discussion is limited to macro-level analysis through review of narratives or accounts and case studies on privatization of water utilities in the Philippines and in selected neighboring countries. Cases reviewed include Esguerra (2003), Japan International Cooperation Agency (JICA) (2003), Chia et al., (2007), Chng (2008), Rivera (2014), and WPN (n.d., 2017). This paper examines the interplay of structures (social organizations, etc.), institutions (policies, power relations, etc.), and actors (political leaders, private sectors, etc.) in influencing the management of public utilities, particularly water utilities, in the country.

**RESULTS AND DISCUSSION**

State-economy relations influence the distribution of benefits, such as public goods or utilities, to the members of society. In managing public goods, some prominent approaches to distributive benefits include utilitarianism and libertarianism. Both theories, while somewhat opposing views, tackle the relationship of society’s development and growth with the individual’s interests and rights. Utilitarian view supports the notion of maximized distribution of benefits for the common good while libertarian philosophy favors individual freedom and property rights.

In the Philippines, liberalism is the prevailing political-economic paradigm since the post-Cold War period. Policies and programs that paved way for privatization and/or commodification of public goods have heavily accompanied the country’s transition toward industrialization. A classic example is the privatization of water utilities in Metro Manila during the 1990s. According to JICA (2003), this has been one of the largest water supply privatizations in the world.

**Libertarianism and Liberalism in the Philippines: The Technocrats and the Private Concessionaires from the 1970s-90s**

Libertarianism upholds individualism and property rights or self-ownership as key to one’s freedom, resulting in societal development in the long run. Libertarians assert that government control over resources or goods must be divided or limited, as in the case of free market and privatization, to allow for economic development and growth (Boaz, 2020). Smith (as cited in Curtis, 2008, p.117) postulated that private individuals, with freedom of action, work toward the advancement of society in general and prevent “faulty distribution” of profits:

> “Without any intervention of law, therefore, the private interests and passions of men naturally lead them to divide and distribute the stock of every society, among all the different employments carried on it, as nearly as possible in the proportion which is the most agreeable to the interest of the whole society.”
In the Philippines, nationalist and protectionist policies largely dominated during the Cold War, especially during the presidency of Diosdado Macapagal, when Hilarion Henares, Jr. was at the helm of development policy planning and making in the country (Tadem, 2019).

Toward the end of the Cold War and at the onset of post-Cold War Philippines, neoliberal policies and approaches started to gain footing with the introduction of industrial capitalization, privatization, and participation in free trade agreements. This required “modernizing elites” or “technocrats”—those who have been educated and trained in Western theories, models, and strategies—to contribute to the industrialization and modernization of developing countries.

Tadem (2019) provided a significant account of the role of technocrats in the emergence of current development models in the country. According to her, these technocrats occupied key positions in government, big private corporations, and premiere academic institutions upon their return to the country. Technocrats occupying government positions (such as Mapa, Virata, and Sicat) had the luxury and political backing to facilitate the shift to liberalization policies and export-oriented industrialization development approaches, particularly during the Marcos regime (Tadem, 2019).

The presence of political dynasties, however, prevented economic liberalization from taking off, resulting in compromised policies and patronage politics favoring the interests of free marketeers and the ruling elites. Compromises were made in the form of privatization and industrial incentives policies (Tadem, 2019).

These technocrats were confronted later by anti-Marcos movements both from the business community and the masses that successfully overthrew the dictator. Tadem (2019) argued that this helped end the dominance of Cold War technocrats in the country.

Nevertheless, trade liberalization continued during the administration of Corazon Aquino, with the Philippines signing into the ASEAN Free Trade Agreement (AFTA) toward the end of her term (Laluna, Paras, and Soliva, 2006). Non-performing public assets and poor public sector service that continued until the next administration, however, compelled the succeeding administration of Fidel Ramos to divest and sell properties through the creation of the Philippine Privatization Program (Proclamation 50) (Dolan et al., 1993; Private Investment and Trade Opportunities [PITO], 1993).

Liberalization policies and strategies, such as privatization and redistributive reforms, were heightened during the Ramos administration, when several public utilities, including water services, were privatized (Laluna, Paras, and Soliva, 2006; Bernardo and Tang, 2008).

Privatization, as Bakker (2010) described, results in a new state-economy relation that is characterized by the management of public resources by private entities and commodification of public goods.

**Utilitarianism and the East Asian Miracle**

Utilitarianism is said to be more influential in the development of NICs in East Asia and Latin America, where redistribution of wealth and power both followed an egalitarian approach but with different results (Gereffi, 1989). Simply put, utilitarianism is the advancement of the greater good or pleasure based on morality and/or ethics. However, what is morally good is subjective; hence, utilitarianism is seen to be partial or preferential.

Kay (2002) highlighted the importance of state capacity, policy reforms, and agricultural and industrial co-development in East Asia that took place differently in Latin America. She discussed how the combination of authoritarianism and egalitarianism made it possible to implement agrarian reform, leading to agricultural and industrial development in South Korea. She underscored the importance of state control
and “welfare-oriented and distributive policies” in altering state-economy relations leading to a promising climate for industrialization.

Meanwhile, Gereffi (1989) offered an alternative view to understanding the East Asian experience. He debunked the usual development theories that have been deduced from East Asian and Latin American experience. While he also underscored the importance of “egalitarian income distribution” in the East Asian Miracle, he disregarded the contribution of agrarian reform, which is typical of many Western scholars when referring to East Asian development.

Powell (2004) described the Asian Miracle or the success of the (East) Asian Model as a combination of “heavy state control” coupled with market forces. Wade (2000) explained that the Asian Financial Crisis of the late 1990s was due to the reversal of this model, allowing for rapid integration to the global free market and infusion of significant private capital inflows through crony capitalism and foreign debts, among others. He also attributed this to the weak domestic economic structures that are relationship-based, lack transparency, and unable to regulate appropriately.

Wade (2000) advocated for rules-based state intervention. In contrast, Powell (2004) argued that in many developed countries, such as in East Asia, development is attributed to free markets and that state intervention, if there’s any, usually focused on industrialization efforts rather than welfare and environmental protection-oriented suggested by Wade (2000).

‘Governance Failure’ in Water Supply Management in the Philippines

Metro Manila’s water distribution systems originated in the 1800s during the Spanish colonization era and is said to be among the oldest in Asia. In 1878, the Carriedo Waterworks was founded, sourcing its water from Marikina River. It was later renamed as Metropolitan Water District in 1919, with Angat River and Ipo Dam as its new water sources. As part of the country’s move to centralize management of water utilities in the country, it was integrated into the National Waterworks and Sewerage Administrator or NAWASA in 1955, although problems with centralized management led to the dissolution of NAWASA (JICA, 2003).

Nevertheless, this paved the way for the enactment of Republic Act (RA) 6234 or “An Act Creating the Metropolitan Waterworks and Sewerage System (MWSS) and Dissolving the National Waterworks and Sewerage Authority” in 1971. The MWSS is a government-owned and controlled corporation mandated to provide water utility services in Metro Manila and its neighboring provinces, such as Rizal, Cavite, and Bulacan. It sources its water supply from Angat River, Ipo Dam, and La Mesa Watershed (Rivera, 2014).

According to Rivera (2014), however, the MWSS was “caught in [a] vicious cycle” of high debts, high losses, under-investments, and underperformance. Metro Manila’s water services were tailing behind its neighboring capital cities in Southeast Asia in terms of water availability (17 hours/day compared with 24 hours/day in other capital cities), coverage (only 67% of population), and non-compliant water quality, to name a few (Chia et al., 2007). This was exacerbated by the El Niño phenomenon in the early 1990s.

The water crisis in the early 1990s and the poor services of MWSS pushed the government to enact RA 8041 or the National Water Crisis Act of 1995, which allowed for the privatization of water services. The privatization of MWSS in 1997 was implemented by awarding split concession agreements (CAs) to Maynilad Water Services, Inc. for the West Zone (Maynilad) and to Manila Water Company, Inc. (MWCI) for the East Zone to prevent monopolies. This followed the Paris model of privatization that was also adopted in Jakarta, Indonesia at around the same time (Esguerra, 2003; Rivera, 2014).

The CAs provided Maynilad and the MWCI with
25-year exclusive rights for arrangements in regulation of rates, payment of MWSS debts, and use and management of water services facilities. The government, through the MWSS, would still own the water utility facilities and assets. All facilities and assets, including improvements made, would be turned over to the MWSS upon expiration of the CAs. The MWSS, through its Regulatory Office, also serves as the regulatory and arbitration body of the concession agreement.

After five years, the concession has generated improvements in water utility management in Metro Manila, as shown in Table 1.

Table 1. Selected water service performance indicators of concessionaires in 2002

<table>
<thead>
<tr>
<th>Service Indicators</th>
<th>Prior to Privatization</th>
<th>Actual Accomplishments in 2002</th>
<th>Total (2002)</th>
<th>Gains</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Manila Water</td>
<td>Maynilad</td>
<td></td>
</tr>
<tr>
<td>Population served</td>
<td>7.3 M</td>
<td>3.4 M</td>
<td>5.2 M</td>
<td>8.6 M</td>
</tr>
<tr>
<td>Water Coverage</td>
<td>67%</td>
<td>62%</td>
<td>78%</td>
<td>79%</td>
</tr>
<tr>
<td>(Based on Official No. of Connect-</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>ions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Availability</td>
<td>17 hours</td>
<td>21 hrs.</td>
<td>21 hrs.</td>
<td>21 hrs.</td>
</tr>
<tr>
<td>No. of Leaks repaired</td>
<td>20,585</td>
<td>37,461</td>
<td>92,189</td>
<td>129,650</td>
</tr>
<tr>
<td>Staff per 1,000 connections</td>
<td>9.8</td>
<td>4.1</td>
<td>4.1</td>
<td>4.1</td>
</tr>
</tbody>
</table>

(Source: MWSS, 2002 as cited in Chia et al., 2007)

Privatization of water supply outside Metro Manila followed and expanded under the Arroyo Administration with Executive Order 279 of 2004 (WPN, 2017). Bernardo and Tang (2008) have initially seen this privatization project as a success owing to:

“(a) expanded service delivery...; (b) increased operational efficiencies...; (c) less politicized rate setting; and (d) reduced reliance on government to fund MWSS budget shortfalls and needed capital expenditures.” (p.22)

Several case studies on the impact of water privatization in Metro Manila and other provinces in the country, however, have shown otherwise. While water utility has been more accessible, especially to poor households, privatization has proven unsustainable in the long run due to irregularities in the management and delivery of water services and advancement of corporate or private interests to the detriment of the public. Privatization of public utilities aims at providing incentives to the private sector to maximize profits and minimize losses, thereby providing efficient services and infrastructures. In Privatization and the Urban Water Crisis, however, Bakker (2010) argued that public utilities serving multiple functions such as water should not be privatized. Access to water, especially potable water, is a basic right that the state should control and regulate and should not remain captured by a few elites (Bakker, 2010; WPN, n.d.).

A WPN documentation on MWSS privatization showed that privatization of water utilities, as exemplified by Maynilad’s water rationing in Caloocan City and management of Leyte Metropolitan Water District, proved disadvantageous to consumers, with water cut-offs due to high rates and/or supply shortages undermining the country’s sovereignty and the people’s right to water. Water concessionaires were also reported to have committed graft, corruption, and labor malpractices and have contributed in the exacerbation of environmental issues, such as freshwater resource depletion and contamination (WPN, n.d.).
The concession agreements required Manila Water and Maynilad to install public faucets in depressed areas that are unable to secure individual access to water. In this regard, Manila Water implemented its Tubig para sa Bayan community-based program for urban poor areas. Manila Water installed shared water meters for clusters of two to five households and installed water supply meters in areas where individual clustering is not viable. With the support of local government units and commissioned non-government organizations (NGOs), infrastructures or arrangements for individual household tapping were established, co-management structures were defined, and payment schemes were operationalized (JICA, 2003).

In the accounts of Chng (2008) on community-based water management in Taguig City, the bulk-water supply agreement between Manila Water and a community association has contributed to the empowerment and emancipation of the urban poor. This success was threatened, however, by the local political dynamics that hampered improvements and expansion plans and by Manila Water’s expansion of direct water services to households, which undermined their bulk-water supply agreement.

Maynilad, meanwhile, implemented the Bayan Tubig program, which installed Level 1 (from direct source) public faucets, Level 2 water facilities (from main pipes), or direct household connection in depressed areas. This program was co-implemented with NGOs and community associations, the latter providing counterparts such as labor and materials for installation and serving as its managing structure (JICA, 2003). However, the program was compromised by mismanagement of facilities and service delivery, local political dynamics, and conflicts arising from water billing and collection, among others, while Maynilad continued to expand installation of direct household connections (JICA, 2003; WPN, n.d.). Although both programs significantly contributed to bringing water to more households, they failed to institutionalize co-management structures in many urban areas, thus necessitating higher capitalization or investment costs from the concessionaires’ part, which translated to higher tariffs for households later on.

In another case documentation by WPN in Magdalena, Laguna, privatization has also resulted in higher rates yet poorer service quality. The initiative, started in 1999 and completed in 2001, was funded by the World Bank through a loan to the municipal government granted by the Development Bank of the Philippines (DBP) for the construction of water system facilities. The management of the water system was privatized through a 15-year agreement with Bayan Water Service, Inc. owned by Benpres Holdings and Montgomery-Watson New Zealand. Water supply from the project, however, was certified non-potable and the agreement with Bayan Water Services prematurely terminated due to unfinished construction of facilities by the local government. This resulted in inaccessible and unaffordable potable water (IBON, 2003 as cited in WPN, n.d.)

The privatization of water utilities in the country has not been spared from the influence of global players or capitalists. Private companies, such as Maynilad, Manila Water, and Bayan Water, were backed up by international operators, such as Suez (French), Montgomery-Watson New Zealand, International Water Limited (USA), United Utilities (UK), and Mitsubishi Corporation (Japan) (Chia et al., 2007). The MWSS also received overseas direct assistance and loans from international finance institutions for organizational development, rehabilitation of facilities, capacity building on regulation, and establishment of new water sources, among others.

Aside from the failed, if not negative, experiences discussed above, the concession agreements, including their amendments, between and among MWSS, Maynilad, and Manila Water also contain onerous provisions favoring private interests over public welfare. These include provisions allowing for extraordinary price adjustments (EPA); rate rebasing or recovery of historical and future capital and investment ex-
penditures; foreign currency differential adjustments (FCDA), which allowed for quarterly rate adjustments; accelerated extraordinary price adjustments (AEPA); and currency exchange rate adjustments (CERA) that offset foreign exchange losses. All these rates or tariff-setting schemes passed the repayment burden to consumers (WPN, n.d.). Esguerra (2003) inferred that the concession agreements with Manila Water and Maynilad are but “corporate mud-dles” that allowed them to enjoy profits, ironically under the watch of government and international finance community.

Recent controversies concerning CAs have called for the current administration’s premature revocation of existing agreements, which some fear would result in even higher water rates in Metro Manila.

Bakker (2010) called this phenomenon “governance failure” or “mismatch in decision-making between citizenship and associated political rights, on the one hand, and institutional and cultural practices on the other” (p.45). When controls and regulations are overpowered with protection of private interests and control of public goods are put in the hands of the elite, public welfare is compromised, resulting in negative impacts.

Free marketeers maintain that the pursuit of rational self-interests would lead to efficient resource use, management, and allocation, hence economic development. The preceding discussions, however, showed that the pursuit of individual happiness—by politicians and private entities—does not always translate to public welfare (Curtis, 2008).

Smith (1776) emphasized that an individual, without state intervention, naturally direct favor toward personal interests, causing ‘faulty’ resource distribution. Mill (1937 as cited in Curtis, 2008) has already forewarned that representatives would naturally use their power at the expense of the people, and he suggested having short term of office as possible counter-solu-

tion to power abuse. WPN has been strongly campaigning for the scrapping of privatization agreements on water services. Bakker (2010), however, cautioned that total abolition of private-sector management would also be problematic.

So, what then would be the most appropriate state intervention?

Re-thinking Development in the Country: Alternative Models and New Breed of Leaders

Recent controversies on the premature revocation of CAs were followed by a series of water service interruptions in Metro Manila. This stimulated discussions on the need for new water sources and new players in the water utility service sector. Instead of investing in extractive industries or facilities (e.g., Centennial Dam Project), some groups recommended the “restoration and conservation” of existing watersheds and reservoirs as a sustainable means of increasing water supply; reforms in the governance of water services, including the review and amendment of existing CAs; and investments in alternative water sources, such as rainwater harvesting and desalination of Laguna de Bay (PAKISAMA, 2017; IBON, 2018; HARIBON Foundation, 2018).

Tadem and Tadem (2019) and WPN (n.d.) argued that two decades after water privatization, the water crisis persists as an issue that, in fact, continues to worsen. Sundaram (2018 as cited in Tadem and Tadem, 2019) claimed that privatization failed to deliver on its promises of reduced monopolies and efficient services. This is consistent with Bakker’s (2010) arguments that the persistent water crisis is due to market failure (capitalism), state failure (vested interest of government), and governance failure (systemic and structural power issues).

While others would push for total state control on water supply, other scholars, including Tadem and Tadem (2019), provided alternative models to water privatization based on expe-
riences in neighboring Asian countries. These alternatives include:

“1. Reforms to water privatization – devolving management and regulation to local governments and communities;
2. Public/non-profit partnerships of co-privatization – co-management by private and non-government entities such as community associations;
3. Public-private partnerships – collective management; and,
4. Single non-profit agencies – management by non-government organizations.”

Bakker (2010) contended that there is no single or universal approach in water supply governance and management, and a “pluralistic approach” is rather needed. Community governance, through cooperativism, would be best in rural areas where collective private rights is predominant. In urban areas where property rights and water systems are much more complicated, co-management or governance mechanisms where communities would have greater participation and influence would be preferable (Bakker, 2010). The challenge remains in ensuring utilitarian goal in managing public goods. Tadem and Tadem (2019) maintained that a tripartite approach, with strong civic participation, is critical to this end.

The cases discussed above have indicated that institutionalized tripartite management could be the best approach. Management by private sector alone is not as efficient and effective as targeted, while regulation by the public sector is not as accountable and transparent as it should have been. Moreover, co-management is only as potent as the political will of authorities and capacity of civil society to engage. Tripartite management of water utilities requires sustained state intervention (regulation of national agencies and cooperation of local government units) and co-sharing of resources among public-private-people stakeholders.

For this to be practicable in the country, structures and institutions governing public utility management must first be reformed. This author believes that, privatized or not, there is a need for a new breed of neo-utilitarian statesmen and community, political, and industry leaders. At the truest sense of utilitarianism as defined by Mill (1861 as cited in Curtis, 2008), there is a need for utilitarians of noble character who favor personal pleasure that would lead to society’s happiness and/or promotion of public welfare. The Philippines has been saturated with too much laissez faire development approaches that are not working at all. Most of them have caused misdevelopment, e.g., the development of a few billionaires rather than of billions of people. Among the 2019 Forbes List of Billionaires in the country are individuals and siblings from conglomerates managing public utilities and services, such as power, energy, water, and telecommunications.

The Philippines had targeted to become an NIC by 2000 with the aid of privatization of public utilities to hasten the industrialization process. Experiences from the East Asian Model or the Asian Miracles, however, proved that protection should come prior to trade liberalization. Rapid liberalization through huge private and foreign capital inflows increases the country’s risks to socio-economic and political crises as seen in the Asian Crisis in the late 1990s and mid 2000s.

CONCLUSION AND RECOMMENDATIONS

While the first few years of privatization of water utilities in Metro Manila had seen significant improvements, current controversies surrounding private investments in the country’s water supply prove that current models and policies are not working. Free market logic argues that private entities could better provide efficient and effective services to public, resulting in growth and development of society. Discussions set out in this paper, however, suggest that the model does not work in the management of public goods, such as water. Moreover, rapid and huge infusion of private capital inflows without ready domestic economic system and political structures would only result in crises and governance failures. Learning from the experience of NICs,
state intervention should first and foremost follow an egalitarian or utilitarian approach that upholds basic human rights prior to economic liberalization.

The governance failures and undelivered promises of privatization call for a reframing of socio-political structures and institutions through:

Reform of economic policies to strengthen state interventions through control, regulation, and co-management (tripartite) of public goods; this includes reviewing and restructuring privatization arrangements and related enabling policies;

- Rationalization of various government water agencies and their competing functions in controlling, managing, and regulating water sources, supply, and use;

- Pluralistic approaches to public goods management in urban and rural areas that seek not only to service basic human needs but also to keep environmental dignity and human rights intact;

- Elimination of systemic barriers (e.g., bureaucratic procedures and policies) to accessing public goods to ensure peoples’ participation in different aspects of water services; and

- Priority investments and public expenditures in sustainable restoration and conservation of watersheds and other natural water sources, instead of extractive and destructive facilities such as dams.

These measures must be coupled with the development of a new breed of leaders to enact and implement these policies and models. This author also suggests further studies on comprehensive socioeconomic impact assessment of the concession agreements with Maynilad and Manila Water in the last 20 years. Available literature regarding this is limited to several case documentations and few impact evaluation studies done between five to 17 years after privatization.

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