



# drishti

## UN Report on Privatization and Human Rights

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A new report by UN Special Rapporteur on Extreme Poverty and Human Rights has raised concern on the widespread privatization of public goods in many societies and its impact on human rights.

Privatization is a process through which the private sector becomes increasingly, or entirely, responsible for activities traditionally performed by government, including many explicitly designed to ensure the realization of human rights.

### Impact of Privatization on Human Rights

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- Privatization is supported as the private sector is projected to be more efficient, more capable of mobilizing finance, more innovative and better able to capitalize on economies of scale (more units of a goods or a service are being delivered, with fewer input costs) and minimize running costs. However, the study conducted by the National Audit Office of the United Kingdom concluded that the private finance initiative model had proved to be more expensive and less efficient in providing hospitals, schools and other public infrastructure than public financing.
- Privatization is based on assumptions fundamentally different from those that underpin respect for human rights, such as dignity and equality.
- Profit is the overriding objective, and considerations such as equality and non-discrimination are sidelined.

- Privatization arrangements are rarely conducive to human rights. Those living in poverty or on low incomes can be negatively affected by privatization in the following ways:
  - As aspects of criminal justice systems are privatized, many different charges and penalties are levied with far greater impact on the poor, who then must borrow to pay them or face default. The quality of the services that they can afford diminishes, and their prospects of obtaining justice reduce.
  - The privatization of social protection often results in the poor being subjected to a new even more underfunded public sector. The model of training social workers to recognize the specific social, psychological, economic challenges faced by individuals is replaced by a model that is driven by economic efficiency concerns.
  - Infrastructure projects are most attractive to private providers where significant user fees can be charged and construction costs are relatively low. But the poor are not able to pay thus cannot afford to use many services like water, sanitation, electricity, roads, transport, education, health care, social services and financial services.
  - Social security systems are increasingly being privatized, which is leading to service outsourcing, social insurance marketization, commercializing administrative discretion and paying by results. These approaches empower private for-profit actors to make determinations about the needs and capacities of individuals, incentivize them to do so within a corporate rather than a public goods framework, and reward spending reductions rather than the achievement of positive human outcomes.

## Recommendations

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The report recommends that while privatization, in theory, is neither good nor bad, the ways in which it has occurred in recent decades need to be examined. The steps should be taken are:

- Insist that appropriate standards be set by public and private actors involved with privatization to ensure that data on human rights impacts are collected and published.
- Undertake systematic studies of privatization impact on human rights in specific areas, and on poor and marginalized communities.
- Insist that arrangements for the privatization of public goods specifically address human rights implications.
- Explore new ways in which treaty bodies, Special Procedures, regional mechanisms, and national institutions can meaningfully hold States and private actors accountable in privatization contexts.

## In the Indian Context

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There are many government projects in India which are based on Public-Private Partnership. Recently, NITI Aayog also released Guidelines for Public-Private Partnerships (PPPs) for tackling Non-Communicable Diseases (NCDs) in government-run district hospitals. This report by the UN can help Niti Aayog in reconsidering its guidelines.