

COCHABAMBA, BOLIVIA: PUBLIC-COLLECTIVE PARTNERSHIP AFTER THE WATER WAR

By Luis Sánchez Gómez and Philipp Terborst

AND AFTER THE WATER WAR... WHAT?

This “million dollar” question is spray-painted on a wall in Villa Sebastián Pagador, a poor neighbourhood in the southern zone of Cochabamba. It echoes the concern shared by many who hope the victory over the U.S. water multinational, Bechtel, can be transformed into a long-term success for SEMAPA, a public water and sewerage utility of Cochabamba, Bolivia.

There are strong forces who want to see SEMAPA fail because it stands as proof that popular struggle can indeed open paths for viable alternatives to privatisation. The defeat of water privatisation was the first step in SEMAPA’s ongoing bid to create a public service that is transparent, efficient, based on participation and builds social justice. These are the four pillars for “SEMAPA of the population”, the proclaimed objective of the Coordinadora del Agua y de la Vida (Coalition for Water and Life).

However, the construction of a new model of public management and participation has proved to be very complex and riddled with problems. The lack of finance, interference by state institutions, party politics, corruption and conditions imposed by international financial institutions (IFIs) are just some of the hurdles the new SEMAPA faces. As a result, progress in improved access to water and sanitation has been slow. SEMAPA’s main challenge now is that it needs to

strengthen as a public-popular partnership and deliver the improvements the people want and need.

THE WATER WAR

Cochabamba's municipal water and sewerage services (SEMAPA) were privatised in September 1999 and sold to Aguas del Tunari after pressure by the World Bank and an obscure tendering process. At the end of 1999, the people of Cochabamba mobilised in response to the disastrous record of the U.S. corporation, Bechtel, which controlled Aguas del Tunari. Privatisation had resulted in dramatic water tariff increases and the expropriation of community water systems. Bechtel had made excessive profits, 15% real return, in the secret privatisation contract that was illegal at the time, but made legal later by a pro-privatisation law (Law 2029) drafted by the German development agency GTZ. Civil society groups, trade unions, irrigation farmers and water committees formed the Coordinadora del Agua y de la Vida (Coalition for Water and Life), in response.

The Coordinadora's modest initial demands for tariff reductions were not heeded by Aguas del Tunari or the city government, but were met with hostility and repression by the police and military. Public pressure increased and, in a referendum organised by the coalition, 50,000 people demanded the end of privatisation. In April 2000, the water war culminated in a weeklong general strike that shut down Cochabamba and triggered heavy government repression, leaving hundreds injured and a 17-year-old boy dead. The result was that people turned out with more determination. Finally, on 11 April 2000, the government conceded defeat and Aguas del Tunari fled.

TAKING CONTROL

The demands of the Coordinadora were met; Aguas del Tunari had to leave, Law 2029 was recalled and later rewritten (Law 2066) and SEMAPA returned to its former municipal control. The Coordinadora joined an interim directorate with the trade union and the local government and thereby gained partial control to decide on the future of the utility. The public company was rescued from immediate collapse and a new general manager, chosen from the ranks of the Coordinadora, started to build a more democratic public service. The victory of the water war made possible a more democratic management led, to a large degree, by the citizens' organisations. However, while local government was largely disruptive, co-operation with workers and trade unions was crucial but so difficult it, in fact, stalled rather than helped the process.

REFORMING SEMAPA

On the basis of a participatory process, civil society organisations and other groups developed proposals for the reformation of the statutes of the municipal, corporatised public water company SEMAPA. The Coordinadora wanted to establish popular participation and control through elected citizens being the majority on the board of directors. This proposal was blocked by the trade unions and local government which has allowed the board to be controlled by the New Republican Force (NFR), the party in control of local government, a sore issue in SEMAPA's politics. Nor did the Coordinadora succeed in removing SEMAPA from municipal ownership and regulation by state authorities to gain more operational freedom. Despite the setbacks, in October 2001 radically new statutes were passed by the interim board and in April 2002 the first

secret and free elections for the board were held. Three out of seven board members were elected by the residents of the southern, central and northern areas of the city and, for the first time, SEMAPA's trade union had a permanent seat on the board. Another seat was given to the College of Professionals and the mayor controls two seats, one of which is the chair of the board.

The new statutes were a hybrid of the former municipal ownership and citizen control and reflected the powerful dynamics of the time. The Coordinadora, of course, had hoped for wider-sweeping changes but after the water war it became more and more difficult to mobilise supporters, who were "distracted" by other erupting social issues in Bolivia. Despite this, the Coordinadora assured that popular participation was not limited to the official OTB structures (state-induced level of local participatory democracy, mostly in the hands of political parties) but was to be based on direct and secret elections and open to informal organisations such as the water committees. Article 15 of the new statutes incorporated popular participation and control, a right that remains to be fully operationalised in the future.

The changes were significant, not just for their actual outcomes but for the way in which they were brought about by a coalition of social movements and civil society organisations (CSOs). But a major point is that the democratic reforms in the management need to be sufficiently formalised and explained within the utility and its workforce in order to be effective. Public participation has, in fact, been minimal since the water war and political interference has been high, especially by the New Republican Force (NFR) and the Cochabamba mayor.

Democratic management in SEMAPA is now assured by the representatives of the directorate and the main drivers from 2002 to 2004 have been the water committees in the

southern zone. How to extend the earned rights to participation in governance and management and to operate effective public control to get more efficient and fair service delivery are issues currently on the agenda.

PROPOSAL FOR A UNIT FOR PUBLIC PARTICIPATION WITHIN SEMAPA

An important step is the creation of a unit for "vigilance and social control" within SEMAPA. This should be independent and made up of a mix of civil society and SEMAPA itself and have the right to investigate incidences of corruption or inefficiencies and malfunctions. The idea is to create a method of control by civil society so that, via public vigilance, SEMAPA develops more fully into a "company of the population". The unit is to complement the representatives on the board of directors, and partially fulfil the notion of participation in management but also the aim of social control expressed in Article 15 of the statutes.

Apart from the fact that this unit has been rejected by the board so far, a further sign that SEMAPA has a long way to go is the high incidence of nepotism. An internal review found 52 cases where family members had been employed at all levels, from directors to street level workers. The fact that this is being tackled is a sign of improvement but it will take time and effort to transform the culture of public service within SEMAPA.

INVESTMENT AND WATER RESOURCES

The major debt inherited from the previous owners make the expansion of services to the urban poor and the increase of water resources, ie, by reducing leakage, dependent on loans from international financial institutions. The main problem for

SEMAPA is that most IFT's are unwilling to invest in Cochabamba because they disagree with the idea of a public company being in the hands of the people and with the anti-privatisation struggles that have occurred. Finance institutions will only invest in Cochabamba with stringent conditions, such as creating a semi-private company, which would reverse the gains of the water war.

Despite this, the Inter-American Development Bank (IADB) did agree to a loan. Though this was a major achievement, the conditions are restrictive and hinder progress. The loan has a first phase of US\$3,8 million ring-fenced for capacity building, reduction of leakages and management reform. For the latter, 40% of the loan has to be spent on external capacity building by the transnational consultancy company Gerentech, who were chosen by the IADB. This condition increases the debt burden for external consultancy and could be done in-house or at least decided by the public-popular regime itself instead of by the bank. In addition, in October 2004, a year after the contract was signed, Gerentech has not yet done any substantial work for SEMAPA, which causes delay for the loan procedure and thus SEMAPA's improvements. In the second phase, the bank will invest US\$13 million for the expansion of piped water to the southern zone and other improvements, but only after the completion of the delayed first phase.

The second phase of the IADB loan will also only be released if considerably more water resources have been secured. SEMAPA is on track to fulfil its part of the deal with the reduction of leakages and the increase of legal connections having reduced unaccounted-for-water by between 18 and 20% from a level of around 60%. (Water shortages and growing demand have been long-term reasons for conflict in Cochabamba such as during the so-called "War of the Wells"

in the 1990s. The competing urban and rural demands have not been resolved and overall resource management remains volatile.) Water resources for Cochabamba will also be increased by the Misicuni dam project which is under construction.

PUBLIC-COLLECTIVE PARTNERSHIP: CO-MANAGEMENT AND EXPANSION OF SERVICES IN THE SOUTHERN ZONE

Most water supplies in the southern zone, a poor and marginalised part of Cochabamba, are organised through 120 water committees, but groundwater in the zone is too saline to drink and most households still depend on private vendors who sell expensive and often unclean water. Unconnected to SEMAPA's sewerage system, these neighbourhoods currently depend on pit latrines and septic tanks. Following the start of progressive reforms in SEMAPA, the water committees have created an association called ASICA-SUR in order to be collectively connected to the services of the utility. Together they have entered a dialogue and consensus-building process with the authorities to define a model of co-management of basic services, where each assumes their own roles and functions. During its brief time in charge of water supply, Bechtel simply expropriated the wells and pipes that had been constructed by the water committees. The company only expanded the pipe system into the southern area in return for excessive tariff increases. Today's constructive co-operation as a public-collective partnership between the central utility and the informal water committees is therefore an impressive improvement.

Because of the constraints of the IADB loan and other factors, there have been long delays in starting the expansion project. Acceptance of government agencies (such as the regulator who decides on the concession for the expansion project) is

also problematic as it lends legitimacy to a system of government that the Co-ordinadora opposes and had tried to avoid by changing the ownership status of SEMAPA, for instance taking it out of municipal control. This was not possible because of the legal constraints of the Bolivian state and also resulted in the dependency of SEMAPA on local government. An example of the influence by the NFR, the ruling party in the city council, over SEMAPA is the fact that alternatives to the expensive and environmentally controversial Misicuni dam have never been discussed.

The project to expand the distribution system of SEMAPA to the fringes of Cochabamba, part of the delayed phase funded by the IADB loan, includes the delivery of 200 litres of water per second and then, in a second stage, 400 litres/second. This depends on the Misicuni development. So far the construction work has been too slow and social organisations in the southern zone want to increase pressure on SEMAPA and co-operate with the company.

Another issue is that there are parts of the urban fringes and peri-urban areas that are not included in the co-management package and still need infrastructure development. Besides ensuring the expansion of water delivery to unconnected neighbourhoods, the new management also needs more water resources to serve more people and improve the intermittent supply. Unfortunately, the Misicuni development is not under control of SEMAPA but of private entrepreneurs, although Aguas del Tunari had been granted control over it.

CONCLUSION

The basic principle of the public-collective SEMAPA is that social control and participation are necessary for efficiency and both can only be achieved in tandem. The successful water war and appropriation of SEMAPA, although limited by state law and difficulties of maintaining grassroots pressure over time, has demonstrated that participation via social struggle and proactive appropriation can lead to fundamental transformations, although these will be delayed or not materialise if the environment is not conducive, ie, finance is not available. The secret of success in the long-term will be to transform the social dynamic of April 2000 into a sustainable and effective system of social participation that attracts long-term support from Cochabamba's people, something that may not be achieved at all if the awaited investment does not reach them. Participation in governance should be complemented with management participation and social control, for example through the Unit for Vigilance and Social Control and the co-management in the southern zone. Tangible improvements in services will be the decisive factor, without which the population will lose either interest or trust.

With the work of the Co-ordinadora, the company has the potential to slowly develop into a transparent public utility with a high degree of participation and sense of ownership by citizen-users. In order to flourish, it will require more external support in terms of unconditional finance, technical support to the CSOs and, crucially, the termination of Bechtel's ludicrous lawsuit currently being dealt with by a World Bank arbitration panel. Their US\$15 million compensation claim can potentially destroy SEMAPA's future.

SEMAPA also operates in the volatile political situation of Bolivia that could prove either highly conducive or detrimen-

tal, according to whether neo-liberal elites or the populations of Cochabamba and Bolivia keep the upper hand. Water delivery in Cochabamba remains an important political issue. The success of the water war against Bechtel and the public-popular management have massively boosted Bolivia's social movements fighting the neo-liberal policies of the national government in La Paz. Transforming a long-standing culture of neglect and corruption into a functioning public-popular alternative based on effectiveness, participation and social justice, is a task that will take a long time and will have to overcome many hurdles.

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THE VENEZUELAN EXPERIENCE IN THE STRUGGLE FOR PEOPLE-CENTRED DRINKING WATER AND SANITATION SERVICES

By Santiago Arconada Rodríguez

PART OF THE CONSTITUTIONAL PROCESS

In February 1999, President Hugo Chávez Frías took office in Venezuela. Between March and April he named the team in charge of the water sector and in May this team, responsible for drinking water and sanitation services, organised a workshop of veteran social activists. The delegates had varying experience and were trade unionists, students, environmentalists, co-operative movement activists, academics, and came from neighbourhood and cultural groups. Their goal was to outline what, from June 1, 1999, was known as the Communal Management of HIDROCAPITAL, the water company of the capital, Caracas.

At that workshop, they discussed the experience of the so-called Water Technical Tables (Mesas Técnicas de Agua) during the municipal government of Aristóbulo Istúriz (1993 - 1996) in Caracas, particularly in the Antímano and El Valle neighbourhoods. Some elements of this experience were selected and discussion of them generated a proposal to tackle problems concerning drinking water and sanitation.

This analyses the development of that proposal in the country after its first five years of existence.