

PUBLIC SERVICES IN COLOMBIA: A MATTER OF DEMOCRACY

By Hildebrando Vélez

Bogotá is situated on a broad plateau in the equatorial Andes. About seven million people live at an altitude of 2,600 metres. Bogotá is an example of what happens in the cities of southern hemisphere countries where violence, social and economic inequalities, marginalisation and insecurity are daily features. Subjecting their inhabitants to poor and scarce public services is to create the risk of social upheaval. There is no doubt that, due to the rapid destruction of the water sources, the uncontrolled deployment of the freatic waters that are the only reserves, and the general pattern of use and abuse of available sources, the threat to the drinking water supply is increasing.

Despite improvements in the last decade, there are still people in Bogotá who do not have adequate amounts of water of the quality that they demand. Moreover, if the city's demographic trend continues, in the next 20 or 30 years the demand for drinking water will double. Where will this water will come from? What are the efforts needed to avoid this? These are the questions public services providers need to answer.

The situation in a country like Colombia is such that without good public services, peace is threatened. But a precondition for obtaining good public services is democratic access to economic and environmental wealth. Services must also be considered to be the fundamental right of every person. A study of the National University of Colombia reveals that 66% of its 44 million citizens are poor, while half of the wealth is in the hands of the richest 10%. Popular sectors who fight for public services also fight for democracy.

Privatisation has a direct influence in the fundamental rights of the people. In many countries, privatisation took place to create resources to pay the external debt interests acquired, in many cases, by dictatorial regimes and corrupt governments, generally without public consent. In South America, water market liberalisation and the privatisation of public services have benefited TNCs and big national companies, while access to water services has decreased due to the significant tariff increases and reduction in investment.

PUBLIC WATER DELIVERY IN BOGOTÁ

It's not possible to show here all the problems associated with water in Bogotá, but we can sketch the conditions and features of the public service supply to a city with over seven million inhabitants. The mission of the Water and Sewerage Company of Bogotá (EAAB)¹ is to contribute to the improvement of the quality of life of the city and the country through a committed team providing an efficient supply of water and sanitation that is of a high quality and makes a profit. Its goal is to capture, carry, treat and supply drinking water, as well as recollect and treat waste and rainwater. This goal is achieved despite the fact that the utility does not purify water. Fulfilling this goal guarantees that citizens do not see their food, health, environmental or political security threatened.

In the 1990's, progressive mayors in Bogotá refused to privatise water, despite continued pressure from the World Bank. Instead, they successfully transformed EAAB into one of the most efficient and equitable utilities in Colombia, if not Latin America. Expanding water delivery to poorer neighbourhoods was the highest priority. By 2001, 95% of the population had

¹ Empresa de Acueducto y Alcantarillado de Bogotá.

clean tap water while 87% were connected to the sewage system - quite an achievement considering the rapidly growing population. The expansion was financed by introducing a progressive tariff system in which the city's wealthy pay up to 200% of the actual cost of their water. The poorest pay affordable, subsidised rates. At the same time, educational campaigns have reduced water consumption per person by around 30% in ten years.²

EAAB has an external and internal debt of \$800,000 million (approximately US\$350 million) and a three-year-old loan with the World Bank for US\$200 million, negotiated under the Astrid Álvarez administration and approved by the Council of Bogotá. The money from these loans will be spent on expansion, service and coverage increase.

The Constitution of Colombia establishes that public services are "inherent to the mission of the state" and that it is its "duty to guarantee an efficient supply to all the inhabitants of the national territory". Contrary to what neoliberal orthodoxy establishes, the state can offer better results than private business between individuals through the market. The state can guarantee that those services are provided with clarity, with continuity, with security and at an affordable and fair price, in accordance with the social conditions of the people who receive them.

That is why the Water and Sanitation Utility of Bogotá, EAAB, aims to be a leading public company rooted in society. To guarantee that this utility continues operating is, in some way, to resist the neoliberal business model imposed on our countries by transnational corporations. Models imposed generally on countries other than those of their origin, which

² Garland, Sarah. 2004. Keeping it public in Bogotá in NACLA Report on the Americas.

encompass colonialist and archaic methods. To ensure the survival of the company is not an easy task, as that model can easily slip through the cracks. For instance, Petrobras, a company of which the majority of its capital is Brazilian, operates in other countries in the region by imposing worse conditions than many of their competitors from northern countries. To be a public company does not guarantee that it follows democratic procedures and acts ethically.

COMMERCIALISATION OF PUBLIC SERVICES

Unfortunately, some of the measures applied by EAAB follow the same model. For instance, the labour model of private companies abuses the outsourcing of labour, and so has EAAB. It imposes a flexible model with workers tied to precarious contracts through third parties that bring instability and social insecurity. The fragmentation of the business and the handing of some tasks to private companies, who are not required to follow labour and social standards, only economic goals, is the model that EAAB follows. This is a slow way of adapting to the privatisation processes by promoting market principles.

EAAB has no shareholders as it is a public company. Nevertheless, one of its corporate goals is to make a profit through good financial performance. To collect the water fees, the company has created five zones and each zone has been given to a private operator, who does the commercial management and oversees customer relations. They are expected to optimise operations and to reduce both the losses and the time spent in attending to customers. Those operators collect, on average, US\$4,368,023 per zone per month, a total monthly income of approximately US\$20 million. Research shows a significant financial surplus could be achieved by taking action

against clandestine connections, undermeasuring, leaks and faults in stratification, that would provide new resources not yet used.

The increased use of specialised commercial operators is intended to reduce and control operational costs. It is expected that, in this way, the company gets access to the specialised knowledge that the operators possess and improves the focus of the utility itself on the integral control of the processes. One of the central things those operators oversee is the improvement of the service. Such improvement will be measured by various indicators: reduction of complaints, dealing with all complaints, efficiency in dealing with complaints and less time for repairing minor damages in tubes smaller than three inches. The Water Regulation Commission³ says 60% of the time is spent on fixing breakdowns and this is paralysing the company.

Among the official goals of EAAB is for citizens to feel ownership of the company, but the image of public participation that it promotes is not the reality. The utility spent \$3,200 million on a change of image and a public relations campaign to announce the establishment of new systems of management. This simply served the purpose of promoting the new processes which had been handed to private operators. It is obvious that the reality is not management in the hands of the public, but is private economic actors now taking over the role previously played by the company. However, it is also true that the citizens of Bogotá did not show any organised opposition to these changes.

This process of privatisation of management goes together with granting concessions. Following the Performance Plan of 1993, EAAB granted the concession for the water treatment

³ Comisión de Regulación de Agua, the national regulatory body.

plant of Tibitoc for 20 years to the French transnational water giant, Generale d'Eaux (Veolia). This twisted process of privatisation is one of the biggest conflicts the company currently faces. Both the local municipality and the district council want to reverse the concession and give a new direction to the company as a municipal public utility.

IN DEFENCE OF PUBLIC SERVICES

There is no process that has citizens controlling the performance of private operators and the utility itself. Recently, a number of consumer organisations, environmental and popular groups initiated a movement to defend the national wealth and the right to public services. It operates nationally and is gaining political weight.⁴ As part of a nationwide campaign in defence of public services, grassroots groups, farmers, human right organisations, neighbourhood associations, students, community mothers and others joined forces. A demonstration by this movement took place on December 10, 2004 in Cartagena. On the international day of human rights, hundreds of people took part in a bike caravan, with drums and cultural activities to defend public services and to demand that public companies return to the state.

GOVERNMENT: BUREAUCRACY AND QUOTAS

The Council of Bogotá is responsible for exercising political control over the district administration and its companies. But the involvement of councillors in the past has been mostly about political ruling of the companies and enjoying the bureaucratic quotas derived from such ruling. Some councillors

⁴ See www.censat.org

even participate in contracts through straw men. This reduces the capacity of the local government to fully comply with their duties and limits the autonomy of the company.

Some of the conflicts that EAAB faces are related to other national entities, such as the conflicts with the environmental authorities, the ministry of environment, CAR and DAMA (administrative department of environment). Those are due to the conflict and definition of competences and to the clash of interests about benefits and investments connected with the water treatment plants in which French transnationals and national contractors are involved.

EAAB GOING GLOBAL?

EAAB has shown it has the capacity to attend to the service demands beyond the city where it sells bulk water competitively. At a national level, it participates in contracts in local aqueducts of the municipality of La Calera and part of its strategy is to offer technical consultancy services and to develop new projects and studies. By using the income provided by this, the company hopes to get investments for improving the water service and the sanitation of the city, and to negotiate a new agreement with the Water Regulation Commission over the tariffs system. EAAB, as part of its strategic plan, has established “Agua de Bogotá Internacional” with the goal of competing in markets such as Ecuador, Peru and Morocco. This would be a further step towards commercialisation and undermining EAAB’s identity as a public water utility.

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