

# **WATER MANAGEMENT IN CÓRDOBA (SPAIN): A PARTICIPATIVE, EFFICIENT AND EFFECTIVE PUBLIC MODEL**

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## **WATER MANAGEMENT IN SPAIN**

Spain is a highly politically-decentralised state and it is geographically organised into autonomous regions. The three existing government levels – state, regional, and local – are involved in water management. As far as the urban water cycle is concerned, the main responsibility is usually with local corporations, though there are some exceptions where responsibility depends upon regional public organisations, as in the case of Canal de Isabel II in the Madrid region.

In Spain there are more than 8,000 municipalities that vary considerably in size. Local responsibilities include drinking water supply, sewerage and sanitation services. In many cases, these services are supplied through multi-municipal associations or consortiums, which help improve scale economies.

Historically, there is an important tradition of public water management through basin organisations (Confederaciones Hidrográficas or Hydrographic Confederations) and public utilities, some of which, such as Canal de Isabel II, have been active for over 150 years. The 1985 Water Law establishes three basic principles: the oneness of water (included in the water cycle), water is public (through public hydraulic control by the state) and water is subject to hydrological planning (through Basin Hydrological Plans and the National Hydrological Plan). Nevertheless, some water is still in private hands, such as bottled drinking water, which is subject to mining legislation and, though relatively minor in volume (300 annual cubic hectometres in 1994), generates significant business worth around €500 million every year. Another exception is that of the Canary Islands, where the existence of different legislation has allowed the private ownership of underground water and the creation of a market for it.

Water privatisation in Spain can be addressed on several levels. On the one hand, public administrations are undertaking structural changes that favour the privatisation trend, such as the introduction of emerging water markets in the 1999 Water Law reform, the departure from public law in hydrological projects, or the externalisation of tasks usually performed by hydraulic administrations. On the other hand, there is a promotion of the private sector in the construction and management of hydraulic infrastructures for irrigation. Besides, the water supply and sanitation services management in cities is privatised. Finally, business is expanding towards the management of large hydraulic infrastructures (regulatory and supply dams, piping and general pumping, etc).

Management of water supply and sanitation systems in cities has been the traditional target for privatisation. According to data from the last National Survey on Supply and Sanitation<sup>1</sup> (2002) conducted by AEAS, bodies operating in this sector were billing around €3 billion. Privatised management increased around 8% from 1998 to 2002.

The characteristics of the private sector involved in water management in Spain can be summed up as follows:

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<sup>1</sup> Encuesta Nacional de Abastecimiento y Saneamiento.

- The existence of two large multi-service groups, Aguas de Barcelona (Agbar) and Fomento de Construcciones y Contratas (FCC), with an aggressive expansionist trend and strong international projection, especially towards Latin America. These two groups control 80% of private water management business in Spain.
- Its strength and lobbying capacity determines the rules of free competition and this affects the neutrality and rigour of tenders.
- There are difficulties in exerting effective public control over service performance and quality, and compliance with contracts.
- There are significant increases in tariffs, since they not only have to include the private company's benefits, but also the gradual paying of millions of Euros-worth of taxes to town councils for concessions.
- Insufficient human resources. Difficulties in regulating working relationships within the sector (collective agreements, trade union representation, etc.).
- Impossible to articulate participation and citizen control channels in water management and difficulties for citizens to successfully channel individual complaints.

Agbar has become a multi-service multinational with the help of Suez-Lyonnaise, which has a 30% share of the company, and has diversified its activities to cover a wide range of services (water, environment, health insurances, cleaning, automotive services, construction, etc). Its international business portfolio in the water sector is 50% higher than its Spanish portfolio.

Veolia Water (previously Videndi) has a 28% share in FCC and it has diversified activities in water, environmental, cleaning, real estate and construction services. All its water supply and sanitation management companies have unified under the name of Aqualia. :

These two groups also hold joint shares, which gives them a monopoly in the market. Agbar and FCC have a 50% share in Searsa and Aguas Filtradas.

It is worth noting that the privatisation cases analysed by the Public Services Watch at the Complutense University in Madrid<sup>2</sup> did not respond to the lack of efficiency but to the political willingness to open the doors of water management to private business sectors and/or to get extra-budgetary financing through the tolls paid by selected bidders when getting a concession. There are examples of well-managed public utilities: Canal de Isabel II (Madrid), Zaragoza, Consorcio del Gran Bilbao, EMASESA (Sevilla), EMACSA (Córdoba), EMAYA (Palma de Mallorca), Aguas de Gijón, Aguas de Santa Cruz de Tenerife, etc. These utilities are amongst the most efficient and effective organisations in the sector and are approved of by citizens; nevertheless, in some cases they are the object of continuous pressure for privatisation. The mismanagement of other municipal companies or services is generally due to the lack of political will or to the incompetence of government officials unable to analyse problems affecting water services and find public and functional organisational solutions appropriate to each case.

In Spain there are some good examples of urban water cycle public management that are little known but could be extended to other places. This is the case of Córdoba, a town that has created a participative model for municipal public management in the Córdoba Municipal Water Utility (EMACSA).<sup>3</sup> Participation and political will have been decisive factors in establishing this high-quality, citizen-centred water service.

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<sup>2</sup> Observatorio de los Servicios Públicos, Escuela de Relaciones Laborales-Universidad Complutense de Madrid.

<sup>3</sup> Empresa Municipal de Aguas de Córdoba.

## **WATER MANAGEMENT IN CÓRDOBA: EMACSA IS BORN<sup>4</sup>**

Córdoba is the capital of a province with the same name and belongs to the autonomous region of Andalucía. It has a population of 316,528 inhabitants (2001), a surface of 1,253 square kilometres and a population density of 245 inhabitants per square kilometre. Córdoba has more than 2000 years of history. The fact that Córdoba has been declared an historical and cultural World Heritage Site requires all maintenance or repair work, as well as the development of new supply and sanitation systems, to be undertaken in a specific way, without altering the urban environment and with the utmost speed.

The main milestones of Córdoba water history, for the purpose of this document, can be summed up in three. The first milestone took place in 1891 with the foundation of the Córdoba Drinking Water company<sup>5</sup> and the first water supply project for the town. In 1938, the town council purchased the Córdoba Drinking Water company and the water supply thus became a municipal service. The new company was renamed Córdoba Drinking Water Municipal Service.<sup>6</sup> In 1955, with the construction of the Villa Azul water treatment plant, Córdoba began benefiting from a better-quality water service. The second milestone took place in 1969, when the water service was changed into a public utility, EMACSA. Thus Córdoba became one of the first Spanish municipalities to create an autonomous organisation for water management. The legal definition chosen, that of a public utility, was an important strategic decision, not only because it gave the organisation the ability to successfully face the challenges of service renovation and modernisation, but also because this kind of organisation would later allow for the development of mechanisms for participation and transparency.

In 1979, after the first democratic elections were won by a Left-wing candidature, the third and maybe most important milestone took place: the introduction of a participatory model in EMACSA that allowed citizens organisations, trade unions and opposition political parties to participate in the organisation's decision-making processes. This participation, consolidated in the following years, has been a key element in guaranteeing financially, socially and environmentally efficient management.

The success of this initiative has probably been due to a number of factors: the past and current strength of associative movements in Córdoba; the relevance of the alternative Left in the town, whose policies have focused on safeguarding citizens' rights and participation; and the continuous support of successive municipal governments, all of them Leftist since 1979 until today, except for the period 1995-1999, when the Right-wing party (Partido Popular) was in office. Even in that period, when there were rumours of possible privatisation of EMACSA, the Right did not dare to remove the existing participatory model.

## **PARTICIPATION MECHANISMS AT EMACSA**

It is worth pointing out that participatory mechanisms at EMACSA are similar to those existing in all public utilities of Córdoba's town council, since they all follow the basic principle of promoting citizens' participation in public management, a principle defended by

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<sup>4</sup> A more detailed description of this case is available at [www.watertime.net](http://www.watertime.net)

<sup>5</sup> Aguas Potables de Córdoba.

<sup>6</sup> Servicio Municipal de Aguas Potables de Córdoba.

successive governments. For this reason, a "Citizens Participation Regulation" was enacted in 1981 (one of the first in Spain) and a new department for citizens' participation was created within the municipal structure.

EMACSA's structure is that of a public limited company (general shareholders' meeting, board of directors, president and manager) completely owned by the town council. Participation takes place directly through its main management organ, the board of directors. The board has a plural membership, the result of the renounce by the political group or groups with a majority in the town council to transfer this majority to the board.

The current board is made up as follows:

\*) With rights to vote: two counsellors nominated by each of the three political groups represented in the town council (IU, PP and PSOE)<sup>10</sup>, two counsellors nominated by each of the two main trade unions (CCOO and UGT)<sup>11</sup>, and one more counsellor nominated by civil society movements.

\*) With rights to speak but not to vote: EMACSA's manager, general secretary and the town council auditor.

This system provides for participation that guarantees a joint decision-making process shared by the different actors on the board of directors. The board takes decisions related to the company's budget formulation, elaboration, implementation and control; Information is fully available for all board members and it is also available to citizens through different channels (website, news bulletins, etc). Political groups' representation is on an equal basis and not according to election results. Representatives proposed by trade unions depend on provincial branches and not on the company's union sections, which helps to reflect the general interests of all workers in Córdoba. The civil society representative is chosen by neighbourhood associations and other organisations (ecologists, consumers, housewives, etc.). These kind of organisations have a long tradition and are well established in Córdoba, where neighbourhood associations alone have around 40,000 members (13% of total population).

The general secretary's and general auditor's presence on the board, with the right to speak but not to vote, provides the board with legal and accountancy advice, thus ensuring compliance with current laws and the company's accountability. Counsellors are appointed for four years and cannot be dismissed unless they resign, giving it stability and independence. They are paid less than €200 per session (as compensation for expenses), so that their decisions are not biased by economic interests. As a result of this participation mechanism, the party or parties in local office do not hold a majority in the board so as to "impose" any kind of decision. The board dynamics are based on a search for consensus in the decision-making process, especially with regard to strategic decisions. The board is also a forum to debate and look for solutions that take into account the interests of all those affected. The manager's position as a key actor in the utility's management has systematically been assigned to a water sector professional, something that was prioritised over the ideological closeness to the group or groups with a majority in local government.

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<sup>7</sup> PCE, Partido Comunista de España or Spanish Communist Party; PSOE, Partido Socialista Obrero Español or Spanish Socialist Workers Party; PSA, Partido Socialista de Andalucía or Andalucía Socialist Party.

<sup>8</sup> IU, Izquierda Unida or United Left.

<sup>9</sup> PP, Partido Popular or Popular Party.

<sup>10</sup> IU, Izquierda Unida or United Left, PP, Partido Popular or Popular Party and PSOE, Partido Socialista Obrero Español or Spanish Socialist Workers Party

<sup>11</sup> CCOO, Comisiones Obreras or Workers Commissions; UGT, Unión General de Trabajadores or Workers General Union.

## **ADAPTING EMACSA TO NEW SOCIAL, LEGAL AND ENVIRONMENTAL DEMANDS**

In 1980, EMACSA started a modernisation process that improved the service quality and adapted to new social and environmental demands, thus becoming one of the most prestigious companies in the water sector. These improvements can be evaluated through several indicators.

First of all, it is important to note that citizens have a good opinion of EMACSA. We should also stress the low number of complaints submitted by users (0,009 complaints per connection per year).

The improvement in the company's performance has been seen especially in the guarantee of a drinking water supply, the service quality, the environmental improvements achieved and the receptiveness to citizens' demands.

In order to avoid problems traditionally arising during drought periods, collection and storage infrastructures were improved and enlarged. That is why during the serious drought in 1995, Córdoba was the only town in the southern Andalucía region without water restrictions. Additionally, policies for consumption reduction have been launched through awareness campaigns, meter installations (they are currently installed in a 100% of connections) and leakage reduction measures in the supply network. All these activities have helped to reduce leakages in the system by 15% and to reduce the daily supply of drinking water to the current 250 litres per person/day.

The excellent quality in drinking water today has been achieved using the best technologies available and adopting strict quality control systems. In 2000, a new laboratory for quality control was constructed where all analysis and controls required by European regulations are done.

The water environment improvement has been an essential component in EMACSA's performance. Amongst its greatest achievement, the following can be highlighted:

- In 1991, La Golondrina sewage treatment plant started operating. Water sanitation and treatment services currently cover 100% of the population.
- New correcting policies against pollution caused by industrial effluent dumped into the sewerage system or the Guadalquivir River.
- Together with the Hydrographic Confederation, the environmental recovery of the Guadalquivir River in the town area.

In the social field, the following are notable: reasonable water tariffs (€0,84 /cubic metre on average) covering all water service-related costs; 100% supply coverage; the establishment of a Users' Rights Charter; commitment by the town council to guarantee a minimum supply in case of non-payment if the user can prove his/her insolvency; sufficient and qualified staff with 214 workers and one of the best collective agreements in the Córdoba province; and collaboration with the university by financing water-related R+D projects. Importantly, there have been educative programmes in the town's schools on saving water and the urban water cycle.

## CONCLUSIONS

The example of urban water cycle management in the town of Córdoba, through a public utility with citizens' participation, shows that there are mechanisms to be used from the public sphere to supply a quality service more efficiently than through private companies. It also shows that a good service is compatible with reasonable tariffs and good working conditions for the company's workers.

This model has proved its operational capacity throughout the whole period of democratic government (nearly 30 years) by combining a technically and financially sustainable approach with social and environmental criteria. Quality management gives Córdoba an advantage when competing for European Union funds.

The development of this model has encountered some obstacles. The most important of them is probably the expansion of privatisation processes and the companies' pressure to foster these processes in diverse forms.

Some favourable elements for this model, already mentioned, can be highlighted, such as the important associative tradition in the town of Córdoba, and the well-established tradition of Left-wing parties, widely supported by Córdoba's citizens since 1979.

Finally, we would like to highlight some exemplary characteristics of this management model that could be very useful in other towns. The discussion and diffusion of good management practices in the field of water public services must be made a priority objective if we wish to strengthen the public sector. With this aim, we should establish an international network to develop public-public partnership mechanisms favouring the exchange of knowledge, management standards, mechanisms for transparency and participation, as well as to defend the public sector in a world where private business groups are acting as lobby groups at an international level.<sup>12</sup>

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<sup>12</sup> International Private Water Association (IPWA).