

The water war: resistance against privatisation of water in Cochabamba, Bolivia

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ABSTRACT: The international consortium “*Aguas del Tunari*” was granted a concession to supply drinking water and a sewer system to the city of Cochabamba, Bolivia in September 1999. A month and a half later, the No. 2029 Act for the regulation of the water and sanitation sector was passed, containing a set of rules to legitimise such contracts with a strong bias towards privatisation and in addition, including rules that aimed to regulate the use and exploitation of water resources.

Both events caused popular reactions and led to mass mobilisation of the population. In urban areas, the protests were sparked by the proposed excessive increases in water rates/tariffs, and in rural communities, there was widespread concern about the effects of the new law on traditional rights and access to water for irrigation and domestic uses. Social conflict erupted in February and April 2000, with several days of intense clashes between the so called “*guerreros del agua*” (water warriors) and the police. These clashes culminated in the declaration of a national state of siege.

Social discontent was so great that the only possible solution was the cancellation of the Contract that had been agreed with the *Consortio Aguas del Tunari* and the modification of more than 30 articles of the No. 2029 Act, which would become the new No. 2066 Act. What happened in the “*guerra del agua*” (water war) in Cochabamba had a strong international impact as an example of resistance against the privatisation of water and of water services, and the start in the country of a process of wider grassroots participation in the formulation of regulations and policies concerning water resources. It is in this context that the *Consejo Interinstitucional del Agua* or *CONIAG* (Inter-institutional Water Council) has been recently created, as a forum where government representatives, social organizations, the private sector, academic institutions and municipalities participate with the mission of reaching a consen-

RESÚMEN: El consorcio internacional “*Aguas del Tunari*” recibió la concesión para el abastecimiento de agua potable y sistema de alcantarillado para la ciudad Cochabamba, Bolivia, en Septiembre de 1999. Un mes y medio después, el Acto No. 2029 de reglamentación del sector de agua y saneamiento fue aprobado, estableciendo un conjunto de reglas para legitimación de esos contratos con una fuerte tendencia hacia la privatización, además de incluir reglas cuyo objetivo era el de orientar el uso y la explotación de los recursos hídricos.

Ambos eventos causaron reacciones populares y llevaron a una movilización masiva de la población. En áreas urbanas, las protestas se originaron debido a la propuesta de aumentos excesivos en las tasas / tarifas del agua, y en las comunidades rurales, la preocupación dominante se refería a los efectos de la nueva ley sobre los derechos tradicionales y acceso al agua para irrigación y usos domésticos. Los conflictos sociales explotaron en febrero y abril del año 2000, con varios días de intensos choques entre los denominados “*guerreros del agua*” y la policía. Estos enfrentamientos culminaron con la declaración de estado de sitio nacional.

La disconformidad social era tan grande que la única solución posible fue la cancelación del Contrato establecido con el *Consortio Aguas del Tunari* y la modificación de más de 30 artículos del Acto No. 2029, que se tornó el nuevo Acto No. 2066. Los acontecimientos de la “*guerra del agua*” en Cochabamba tuvieron un fuerte impacto internacional, como ejemplo de resistencia a la privatización del agua y de los servicios a ella relacionados.

Además, representaron, en el país, el comienzo de un proceso de mayor participación de las bases en la formulación de reglas y políticas referentes a los recursos hídricos. En este contexto se ha creado recientemente el *Consejo Interinstitucional del Agua*, *CONIAG*, como foro del cual participan representantes del gobierno, organizaciones sociales, el sector privado, instituciones académicas y municipalidades, teniendo como misión llegar a un consenso en la formulación de una nue-

sus in the formulation of a new *Política y Ley de Aguas para Bolivia* (policy and water legislation for Bolivia).

This case study highlights what can go wrong in badly implemented privatisations or water reforms, but it also illustrates how civil society can organise to represent their interests, and why and how representative participation can be encouraged. These are important lessons for organisations seeking to increase their involvement in integrated water resources management across the world, and agencies seeking to improve participation and representation

KEY WORDS: Policies, legislation, water rights, social organizations, privatisation, participation, water and sanitation.

va *Política y Ley de Aguas para Bolivia*.

Este estudio de caso destaca los problemas que pueden originarse de privatizaciones o reformas mal implementadas en el sector de recursos hídricos, además de ilustrar las maneras en que la sociedad civil puede organizarse para representar sus intereses y las razones y maneras como puede incentivarse la participación representativa. Son lecciones importantes para organizaciones que tratan de aumentar su participación en la gestión integrada de los recursos hídricos en todo el mundo, y agencias que desean mejorar sus formas de participación y representación.

PALABRAS CLAVE: Políticas, legislación, derechos del agua, organizaciones sociales, privatización, participación, agua y saneamiento.

INTRODUCTION

This case study highlights the importance of social and community participation in the development of regulations, management rules, policies and institutions in relation to the management water resources and the provision of water and sanitation services, and what can go wrong when these processes are absent or flawed. Possibly, the conflict could have been avoided if the reform process had involved strong participation, dialogue and agreement between all the parties involved. On the other hand, the case illustrates how a combination of negotiation and social mobilization around positive proposals can lead to important changes in politics and legislation at national level.

BACKGROUND

In Bolivia there are marked differences and inequalities in access to water between urban and rural areas, and between different locations. The city of Cochabamba (the *Cercado*) (Figure 1) has approximately 470,000 inhabitants (76% of the total population in the department), and only 55% of people are covered by drinking water services. According to a study carried by Nickson and Vargas (2001), the poorest sectors of the population are in general the most deprived of services. The provision of water and sanitation services was (and is now again) a responsibility of the *Servicio Municipal de Agua Po-*

table y Alcantarillado (Drinking Water and Sewage Municipal Service) or SEMAPA, a municipal public concern, with autonomous administration and its own assets.

Cochabamba is located in a valley where the scarcity of water has generated conflicts over a long period. In fact, some of the first judicial cases during colonial times were related to water disputes. The most recent conflict started during the sixties, when the recently established SEMAPA carried out the first attempts to drill water wells in the Central Valley, aimed



at improving the provision of drinking water for the city of Cochabamba.

Over recent decades the growing water rationing and the total lack of service in several districts of the city made the population resort to alternative means of water provision, such as bulk liquid carriers and private wells that frequently were unsafe regarding quality, and to exert political pressure on the government to undertake substantial investments in long-term projects for water provision (See Box No. 1)

A rush to privatisation and reform

In a World Bank' Report (1999) the country situation regarding water services and sanitation was summarized as follows:

"In the early 1990's, the Government initiated a reform process of the water and sanitation sector. Significant progress has been made, but there have been large and inequitable increases in regional coverage (urban Vs. rural) and with a certain degree of bias against the poor. The reforms consolidated institutions and elevated the hierarchy of the sector. The current administration has formulated a modern regulatory framework which will promote PSP¹. The challenge ahead lies in implementing the regulatory framework. Further adjustment are necessary..."

According to information provided by the National Institute of Statistics (INE) in 1997 Cochabamba had a total coverage in the provision of piped water of 66% (82% Urban and 46% rural)² and a total sanitation coverage of 66% (87% urban and 39% rural). These services were mostly provided by the Municipal Water Company (SEMAPA), who faced a lot of problems relating to efficiency and sustainability. New investments were needed to expand the network and to find new sources for the increasing population of the city.

The Bolivian government's answer (under the strong influence of international cooperation bodies³) was to look for the private sector

Box No 1

The Multipurpose Project of Misicuni (energy, drinking water and irrigation)

For many decades the Bolivian government has been trying to find alternatives to provide, on a long term basis, water to the city of Cochabamba. The strategy was mainly based on groundwater exploitation and the implementation of the Misicuni project. This project became one of the most constant demands of the Cochabamba population who even organised civil strikes and protests to push for its prompt implementation.

The project attempts to supply water for the city, for agricultural activities and energy generation. According to a World Bank report (1999) it had an estimated cost of \$US 252 million for its four main components: a tunnel, water supply, electricity generation and water distribution. It was linked to the Concession granted to the Consortium, under the premise that if Cochabamba wanted Misicuni, then it will have to pay for it following the principle of "full cost recovery"...

to provide the necessary investment to restructure the water and sanitation system. The assumption underlying this was that promoting Private Sector Participation (PSP) would not only increase efficiency but liberate public funds for investment in rural areas. Thus, in September 1999, fulfilling an agreement with the World Bank, the privatisation of the public utility company SEMAPA was arranged favouring the multinational consortium "*Agua del Tunari*". The Contract gave the Company exclusive rights of exploitation of water resources and provision of services in an area that comprised almost the total area of *Cercado* (where the city of Cochabamba is situated). These rights could also be extended to the nearby valleys. This is precisely where several traditional organizations of *regantes* (users of irrigation waters) and sources for small neighbourhood, communal or municipal services of drinking water are located, the rights of which were all affected by this clause of the Contract. In addition, a new structure of water tariffs agreed in the Contract had a progressive char-

¹ Private Sector Participation

² Source: INE, November 1997

³ "Municipal Water utility companies are subject to political intervention and operational efficiency is low. The Only solution is to introduce PSP through a concesión or an arm-length relationship such a a management contract.". Report No. 19232 – BO, June 14, 1999

acter that classified the users into nine groups. In accordance with this structure, the licensee (concessionaire) was guaranteed a minimum return rate of 15% and a maximum of 17% on their investment. To obtain these returns, an increase in the tariffs (charges for water) was necessary, which during January 2000 was an average of 35%, but reaching at times levels of 150%. Furthermore, it was allowed according to the Contract that “the value in dollars of all the rates ... will be adjusted annually... taking into account cost-inflation in American dollars expressed as variations in the Consumer Prices Index in USA”. (Annex inc, 1.5 of the Contract of AdT). All this, together with irregularities in the tender process and in the execution of the Contract caused an immediate reaction from several sectors of the population of Cochabamba.

Soon after signing the Contract that privatised SEMAPA, the No. 2029 Act on the *“Prestación de Servicios de Agua Potable y Alcantarillado Sanitario”* (Provision of Drinking Water and Sewage Services) was approved. This Act was a national set of rules aimed at regulating the sector, but in addition due to the absence of relevant legislation in the country the Act contained stipulations about the use and exploitation of the resource itself. Among other things, through an Interim Section, the Act gave ample faculties to assign rights over the water resources to the sector authority for Basic Sanitation, without establishing any regulation over guidance criteria, limitations, rights and obligations of the licensee.⁴ On the other hand, despite progress in discussions about the acknowledgement of the rights of the indigenous and peasant communities in the process of the drafting of the new Act, the No. 2029 Act did not include any stipulation to this respect. Regarding the provision of services, the No. 2029 Act granted special privileges to large companies and cooperatives, such as exclusive rights for providing basic sanitation services and util-

isation of water sources for a period of 40 years. More precarious rights were granted to water committees, cooperatives, communal systems etc. with a duration of only 5 years.

The exclusive rights to the Concessions, implying a de facto monopoly, were further complemented by other stipulations such as: the prohibition of establishing new abstraction points by others in the area of the Concession, the obligation of consumers to be connected to the system and the prohibition of alternative systems of provision of services within the area in concession. The bias of the Act towards privatisation was explicit and expressed itself through stipulations seeking economic efficiency *without regulation to ensure benefits also passed to the users*,⁵ instead of seeking to provide a universal, social and equitable access to the service. There were regulations clearly aimed at favouring private companies (greater legal safeguards and monopoly) and stipulations discouraging a more social and community-oriented management of the service, imposing a never-ending string of limitations, such as the possibility of preventive interventions, for example. This bias was also expressed in the policy of decreasing public subsidies to the sector, under the principle of “full-cost recovery” expressed in the tariff regime.

Both in the awarding of the Contract of Concession as well as in the process of approval of the No. 2029 Act, the participation of the population was limited. The government invited those that were considered as “stakeholders” but that in reality did not represent the key sectors of the population. Representation was formal and legalised, but not necessarily legitimate. And awarding the service to a private company meant a subsequent reduction in the possibilities for social control and users’ participation.

A combination of factors including the discontent of the peasant communities concerned about access to water for irrigation and community managed water supplies, urban consumers and social organizations who were dissatisfied with the new tariff regime that the

⁴ This type of regulation had the approval of financial institutions such as the World Bank, which in a report on the country stated, “(...) in the Bolivian context, it is appropriate for the Superintendence to award the concessions. In principle this poses a conflict of interest but the arrangement has worked well in other sectors...” (WORLD BANK, 1999 xxvii.).

⁵ Under English legislation, companies are obliged to pass the gains in efficiency to the users, so the rates come down.

Consortium attempted to impose, and irregularities discovered in awarding the Contract⁶ generated the conflict known as “*Guerra del Agua*” (water war) in Cochabamba in February and April 2000. Social protests were channelled through the “*Coordinadora Departamental en Defensa del Agua y de la Vida*”⁷, an umbrella organization that brought together diverse urban and rural groups around a common demand: the cancellation of the Contract with the Consortium “*Aguas del Tunari*” and changes to the No. 2029 Act. What happened next is a clear example of what can occur when primarily economic criteria are

used to make fundamental decisions about the administration of resources and services that are fundamental to the life and health of the community.

DESCRIPTION OF THE ADOPTED ACTIONS

The water war

In order to understand what happened in Cochabamba during the “*Guerra del Agua*”, a brief summary of events is necessary, from the beginning of the conflict, through its development and most important stages until its final resolution.

Chronology of the “*Guerra del Agua*” in Cochabamba

Date	Events
10 January	<i>Meeting of la Coordinadora to analyse the Contract with Aguas del Tunari and the 2029 Act</i>
11 January	<i>Blockade of the city of Cochabamba, Community Stoppage/Civil strike</i>
13 January	<i>March and Open Meeting of the Council</i> <i>Negotiations start with representatives of the Coordinadora and the Community Committee, seeking agreement on the following topics:</i> <ul style="list-style-type: none"> - <i>Creation of a commission to study the charges/tariffs</i> - <i>Revision of the Contract with Aguas del Tunari</i> - <i>Revision and change of the 2029 Act within 45 days</i> - <i>Agreement on the proposals about the General Act on Water Resources in public hearings</i>
4 February	<i>March and “Occupation of Cochabamba”. Strong repression from the government</i>
5 February	<i>Clashes between demonstrators and the police</i> <i>Signing of the “Cochabamba Agreement”. Its main points were:</i> <ol style="list-style-type: none"> 1. <i>The implementation of the Misicuni project</i> 2. <i>Rates would be revised, and meanwhile they would be frozen at October 1999 levels</i> 3. <i>Open negotiations on proposals for changes to the 2029 Act</i> 4. <i>Creation of commissions to revise the technical, financial and legal aspects of the Contract with Aguas del Tunari</i>
End of February	<i>Negotiations and the work of commissions stagnated</i>

(continua)

⁶ Many aspects were questioned about the Contract, regarding technical, socio economic and legal issues and also about the formalities that should have been follow (for more details see the document written by Crespo, Carlos; 2001). However, specifically in relation with the bidding and awarding process the main observation was that regardless “Aguas del Tunari” -the only proponent- didn’t accomplish with all the conditions asked in the bid, a Commission was formed in order to go on with the negotiations for awarding the Contract. This obviously put the company in the position to impose some conditions to the Bolivian government, modifying in this way the initial conditions for the Contract; these were mainly related to accept less guarantees, a reduction on the invested capital, an increment on the Internal Return Rate, and increases on tariffs (CRESPO, 2001).

⁷ The “Coordinadora de Defensa del Agua y de la Vida”, is a social organization that joints different groups and organization around the defense of the rights to “water and life” in Cochabamba. It brought together the Comité de Defensa del Agua (Committee for the Defence of Water), the Federacion de Regantes de Cochabamba (Federation of Irrigation Waters Users of Cochabamba), the Federacion de Fabriles (Federation of Factory Workers), the Federacion de Maestros (Federation of Teachers), the Federacion de Comerciantes (Federation of Commerce), the Federacion de Campesinos (Peasants Federation) and others and professional bodies such as the associations of civil engineers, lawyers and economists.

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26 March	<i>Popular Consultation of the Coordinadora del Agua y de la Vida</i> <i>Questions:</i> 1. Do you accept the tariff increases? 2. Should the Contract with Aguas del Tunari be cancelled? 3. Do you agree with the privatisation? of water resources in the 2029 Act? <i>Results:</i> 48,276 persons voted. Question 1: 99% answered No Question 2: 96% answered Yes Question 3: 97% answered No
31 March	<i>A Civic Stoppage/civil strike is called for the 4th of April</i> <i>Peasant's road blockades start at a national level</i>
4 April	<i>Civic Stoppage/civil strike in Cochabamba</i>
5 April	<i>Thousands of people meet in the Cochabamba Square and demand the departure of Aguas del Tunari.</i>
6 April	<i>The Square is taken again</i> <i>Negotiations with a government delegation start</i> <i>Several delegates from the Coordinadora are detained</i>
Date	Events
7 April	<i>A crowd occupies the Square demanding the cancellation of the Contract and the revision of the No. 2029 Act</i> <i>Barricades are set up and the Square is occupied by the people</i> <i>The Governor announces both the cancellation of the Contract with the Company and his resignation</i> <i>During the night several leaders of the Coordinadora are arrested and their houses are raided</i>
8 April	<i>A state of siege is declared in the country for 90 days</i> <i>Clashes in the city between police and demonstrators ("Water Warriors") intensify</i>
9 April	<i>Official announcement of the withdrawal of Aguas del Tunari, but the population demand to see the documents</i>
10 April	<i>An agreement between the Government and the Coordinadora is signed, establishing that:</i> 1. SEMAPA will again be in charge of the service under the direction of the Municipality and of popular/civil and professional organizations 2. The blockades will be lifted when the changes to the No. 2029 Act in Parliament are approved and evidence of the cancellation of the Contract is produced <i>The first condition is fulfilled in the evening of the same day</i>
11 April	<i>The President enacts the new No.2066 Act that reforms 36 sections of the previous Act</i>
20 April	<i>The state of siege is lifted</i>

Sources: Elaborated by the author from newspapers and periodical library, January- April 2000

Key factors in successful resistance

Amongst the actions taken during the conflict, the following are considered fundamental by the author to the outcome described above:

☒ **Negotiations combined with effective social organisation and pressure.** The organization that led the demonstrations, the *Coordinadora Departamental del Agua y de la Vida*, became the legitimate representative of the demands of the population of Cochabamba despite the hostility of the government. The *Coordinadora* participated through its members in several negotiations to try to solve the conflict, but when the government showed to be unyielding, it resorted to

demonstrations and social pressure. This combination was successful in achieving their aims.

☒ **Effective technical arguments in negotiations.** The social organizations and the *Coordinadora* were able to effective mobilise technical arguments, in contrast with the political approaches traditionally employed by such agencies.

☒ **Generation of alternative proposals.** A fundamental factor was the civil societies capacity to propose solutions. Not only demands were put across, but also alternative solutions regarding the Contract of Concession, and the changes necessary to reform the No. 2029 Act. Once

the conflict was finished, a proposition on the regulation of the No. 2066 Act was prepared, whose approval is pending and is part of the current demands of social organizations.

- **Technical support of social organisations.** The process of generating proposals was supported by an advisory technical team, capable of adequately combining academic theory with the demands made by social organisations, and based on a solid knowledge of the water problems in the country.
- **Alliances and partnership.** Another key element was the strategic alliance developed between urban and rural sectors that allowed the consolidation of a strong movement that was subsequently able to put forward clear and socially legitimate demands to the government.
- **Direct democracy.** This was an important strategy that gave legitimacy to the protest movement. Decisions were taken in open public spaces, where the whole population without exception could participate. These open meetings decided on future steps in a collective and inclusive way, thus recovering direct forms of democratic participation. Another mechanism employed was the Popular Consultation that put three questions to the population and obtained answers from around 50,000 citizens.

IMPACTS

Positive achievements of the resistance

Through an objective assessment, the following are, in the authors opinion, the main positive achievements of the social protests:

- Restoration of the public character of the water company SEMAPA, but now with a better level of social participation and control in its board of directors.
- Change of the *Ley de Servicios de Agua Potable y Alcantarillado Sanitario* (Water and Sewage Services Act) in 36 of its sections. Among other things the new Act guar-

antees: respect of small systems for drinking water supply; recognition of the rights of indigenous populations and peasants to their water sources and drinking water systems; social control of contracts and charges/tariff reviews.

- Opening-up of government and international financial organisations to the processes of dialogue and social consultation that should be followed in the formulation of laws and regulations on water. This is expressed in the start up of several consultation processes, for example, in developing the regulations of the No. 2066 Act and *Normativa de Riego* (set of regulations on irrigation) as well as the creation of the *Consejo Interinstitucional del Agua* or CONIAG (Inter- Institutional Water Council) as a "[...] *space of dialogue and concertation between the government and the economic and social organizations to the current legal, institutional and technical framework on water-related issues, so as to tidy up and regulate the water resources management* " (Action Plan, CONIAG).

Challenges following the resistance

However, there are still many challenges to confront, since following the water war:

- The water problem in Cochabamba is not yet resolved and still around 40% of the population has no access to adequate services. There are extra and easily accessible water sources for the short term, except groundwater where large investments are needed and not easy to obtain.
- SEMAPA itself faces some specific challenges.
 - The Bolivian government has forced SEMAPA to sign a Contract of Concession for 40 years. This Contract binds the Company to pay the *Superintendencia de Saneamiento Basico* (Basic Sanitation Regulatory Authority) a regulatory rate of 1.5% of its income annually.
 - Additionally, the Contract excludes the Company from public subsidies available to the sector. Furthermore, it is

subject to double regulation, due to its public character⁸.

- In the National Plan for Water and Sanitation (2001 – 2010), it has been established that SEMAPA has to increase the coverage from 58% to 90%, mostly through the use of new sources like Misicuni (30% of the drinking water component cost being financed by SEMAPA); increase the sanitation coverage from 55% to 70% and to improve the network and control leakage.
- There are also attempts to create a metropolitan area (joining various municipalities near Cochabamba city) that according to the Plan would be managed by SEMAPA under an operation contract.
- In order to do all this, recently SEMAPA has obtained a credit of US\$3.9 million from the IADB through the Regional Development National Fund (FNDR) to implement a project to expand water supply, study a minimum cost solution for sewage treatment and begin a program of institutional development for the company. Another US\$13 million is expected to be invested once the first phase of the project is concluded.

☞ Another battle in this war will still be fought at the International Court on Controversies and Investments (CIADI) in The Hague, where the Consortium has presented a lawsuit for 25 million dollars

⁸ We consider that there is a “double” regulation because, the company has to follow the procedures established for the public sector regarding management, acquisitions, contracts, etc. so is being regulated in that way and at the same time because it has a Concession, has to be also regulated by the Superintendency of Basic Sanitation (SISAB) under procedures that are designed to regulate private companies.

⁹ As soon as the presentation of a lawsuit by the company Aguas del Tunari was known, a coalition of several groups was organised, with the aim of lodging complaints before different bodies. Members of this coalition include the Coordinadora del Agua y de la Vida, the Federacion de Regantes and the Fundacion Solon (Solon Foundation) in Bolivia; the Democracy Center, Public Citizen, International Forum on Globalisation, Global Exchange and the Institute for Policy Studies in USA; and X Minus Y in Holland.

On 1st July 2002, this coalition obtained its first victory in the

as indemnity for breach of Contract⁹. The case is going to be resolved by a secret court and according to the regular procedure is going to be kept under secrecy.

☞ Finally, although demonstrations initiated mainly from the organization of *regantes* (*users of water for irrigation*) and small drinking water systems to defend their rights over the water sources that they currently use, these rights are still not secure as the regulations that would allow their legal recognition have not yet been approved.

CONCLUSIONS: LESSONS LEARNT AND THEIR APPLICABILITY ELSEWHERE

The main conclusions and lessons that can be learnt from these experiences relate to both water resources, and to the provision of water and sanitation services:

With regards to water resources, the Cochabamba experience shows:

☞ How difficult it is to formulate and implement policies and legislation on water resources management from upper levels (top-down) in a context like Bolivia where there has been, for a long time, an autonomous administration of resources by peasant communities and social organizations based upon what they call “customs and traditions” i.e. rules defined and legitimised by local communities.

USA. The Directing Board of Supervisors of San Francisco (the highest authority of the municipal government of San Francisco, California), approved a Resolution demanding that the Corporation Bechtel “immediately withdraw its punitive legal lawsuit in the international courts against Bolivia and its people, and refrain from initiating any other litigation or lawsuit of mediation – in or out of the EEUU borders- against that South American country”. Resolution of the The Directing Board of Supervisors of San Francisco, 1st July 2002).

On 29 August 2002, several non-governmental organisations sent a letter to the World Bank Group, demanding public access to the proceedings at ICSID. They are still awaiting a response from this entity, but in a similar previous case, the Court rejected a legal action against the Federal Government of Tucuman, Argentina that had been filed by another international company. The Bolivian government has hired a law firm to defend its case, but little information is being made public.

That organisations and the movement representing civil society expressed a total rejection, during the water war, of the privatisation of water resources. They were against any individual or collective appropriation that would allow commercial transactions of a natural element, which for the local culture is even considered to be a live being. Both in rural and urban areas, water was defended as a common good for which management should be collective.

Finally, that it is not possible to regulate the use and exploitation of water resource with sector-related legislation alone. This is and has been attempted in other sectors like the mining sector, the hydro-electrical sector, and others. That is one of the reasons why it is not possible yet to approve a new Water Law in the country, regardless the process started in the 70's and that by the year 2000 ended up with 32 different proposals. That is why the Bolivian government is trying to open the discussions about a new legislation, but starting first with the definition of a national water policy that should be agreed upon in a participative process.

Regarding the provision of the drinking water and sewage services, we should make several conclusions:

Some basic assumptions of privatisation should be questioned and qualified. For example, it is evident that the participation in reformed service provision should not be limited exclusively to private enterprises, but it should consider other organised bodies, such as the cooperative movement and other community bodies as well as possibilities for co-

operation between the public and the private sector.

Exceptions to the principle of "full-cost recovery" and a more flexible approach must be considered in some cases, especially in poor countries like Bolivia, where public investment through subsidies and other forms of assistance are necessary.

The regulation of the services is an important issue. Regulations need to be strengthened and made more efficient as the first step in any privatisation. If this is not the case, companies will take advantage of the weaknesses of government against the interests of consumers. It is necessary to create mechanisms of social control that allow for more transparency, and therefore less corruption in the regulation of basic services.

It is evident that social participation, public access to information, and transparency in the administration of services and resources are fundamental. The exclusion of the population from the decision-making process creates a basis for the emergence of problems and conflicts. The constructive participation of everyone, not only a few, in reform processes must be attempted. In this sense, laws and policies should be a social creation and in their elaboration the participation of the population should be considered. This is even more important when resources and services that are essential for life and health are at stake.

Finally, it is worth investing time, effort and resources in processes of dialogue and agreement as a way of avoiding conflicts whose social and economic costs are incalculable.

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